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Report Highlights

Louisiana State University and Related Campuses

Louisiana State University System

Audit Control # 80180090
Financial Audit Services • March 2019

Why We Conducted This Audit

We performed procedures at the Louisiana State University and Related Campuses (LSU & Related Campuses) as part of the Louisiana State University System audit and the Single Audit of the State of Louisiana, and to evaluate LSU & Related Campuses' accountability over public funds for the period July 1, 2017, through June 30, 2018.

What We Found

- The LSU Agricultural Center (AgCenter) for the second consecutive year, and LSU A&M did not ensure compliance with Special Tests and Provisions requirements. In a test of four AgCenter federal Research and Development (R&D) Cluster awards, AgCenter records for three (75%) of the awards tested did not contain evidence that the key personnel requirements applicable to each award were met. In a test of six LSU A&M R&D Cluster awards, records for three (50%) of the awards tested did not contain evidence that the key personnel requirements applicable to each award were met.
- For the third consecutive fiscal year, the AgCenter did not have adequate controls in place to ensure that financial reports are accurate prior to being submitted to the federal agency for its federal appropriations awards. In addition, the Pennington Biomedical Research Center (PBRC) did not maintain supporting documentation for its financial reports or evidence of its review of the financial reports. This is the second consecutive fiscal year for PBRC to have a finding related to reporting.
- For the second consecutive year, PBRC did not comply with federal equipment management regulations. In a sample of 37 items provided by management as being purchased with federal Research and Development funds for PBRC, two (5.4%) items selected either could not be located or could not be properly identified due to lack of an identification number.
- For the second consecutive year, the AgCenter did not have adequate controls in place to ensure compliance with federal requirements. The AgCenter implemented an internal control to monitor expenses charged to non-appropriations to ensure it was in compliance with federal requirements prior to requesting reimbursement from the federal agency. However, audit procedures identified two instances (7%) from a sample of 29 items tested in which the control was either not performed or failed to prevent an unallowable cost from being requested from the federal agency.
- LSU & Related Campuses (LSU) disclosed a nine-month faculty member at the LSU School of Veterinary Medicine had not satisfactorily fulfilled his employment obligations to LSU during the period of August 2015 to September 2018. As a result, it appears the faculty member may have been improperly compensated more than \$400,000 in salary and related benefits. In addition, management at the School of Veterinary Medicine did not take sufficient action to address the faculty member's lack of performance.
- Louisiana State University Office of Internal Audit issued an audit report dated September 28, 2018 on the University Laboratory School (ULS) and disclosed multiple findings related to ULS. The findings are related to LSU funds inappropriately deposited; actions taken by ULS employees to circumvent university policy; incomplete documentation related to the ULS aftercare program; arrangements that create an appearance of, if not actual, conflict of interest; and noncompliance with applicable policies regarding proper administration of summer camps.

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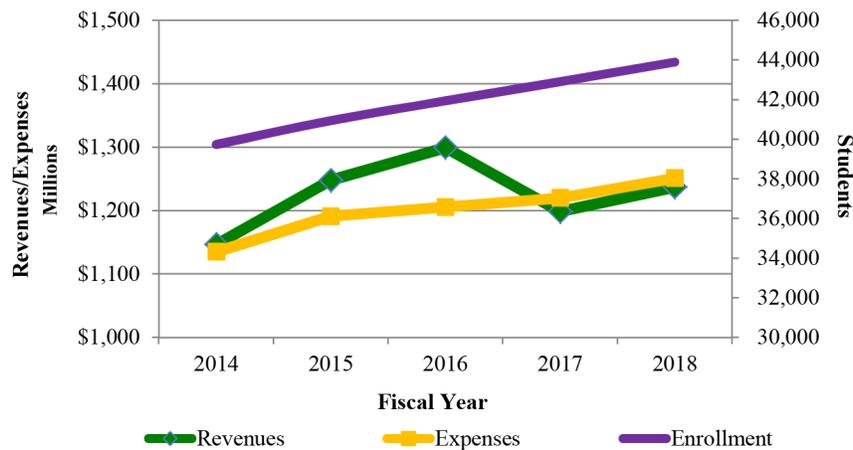
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What We Found

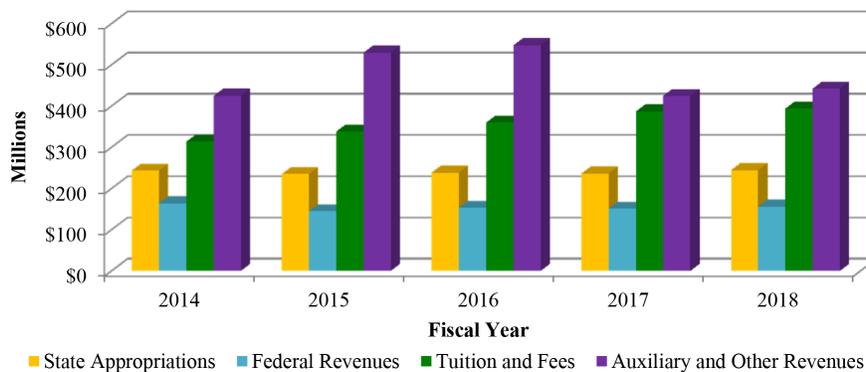
- We determined that management has resolved the prior-year findings related to Noncompliance with Federal Equipment Management Regulations at LSU A&M and the LSU Agricultural Center, Inadequate Controls and Noncompliance over Return of Title IV Funds Requirement, and Weaknesses in Controls over Borrower Data Reconciliation Requirements.
- In analyzing financial trends of LSU over the past five fiscal years, expenses have increased by 10.2% since 2014, while state appropriations have remained fairly consistent, increasing 0.39%. Over that same period, tuition and fees have increased by 25.6%, mainly because of the increases in tuition permitted by the GRAD Act (Act 741 of the 2010 Regular Session of the Louisiana Legislature). Total enrollment for LSU and Related Campuses has increased by 10.5% since 2014.

Fiscal/Fall Enrollment Trends



Source: Fiscal Year 2014-2018 LSU System Audit Reports; Louisiana Board of Regents website

Five-Year Revenue Trend



Source: Fiscal Year 2014-2018 LSU System Audit Reports