BOARD OF SUPERVISORS FOR THE
UNIVERSITY OF LOUISIANA SYSTEM

AUDIT COMMITTEE

August 22, 2024

Item H.1.   **University of Louisiana System's** report on internal and external audit activity for the period of June 4, 2024 to August 13, 2024.

EXECUTIVE SUMMARY

Attached is a list of internal and external reports completed by various auditors since the June Board meeting. The internal audit reports are prepared based upon independent review of university departments and functions. The internal audits are designed to ascertain compliance with established policies and procedures, to evaluate operational efficiencies of business and management practices, and to determine adequacy of internal controls. The internal audits are conducted to provide management with recommendations and comments designed to improve the operations of university departments and functions. External audits are conducted in accordance with laws, regulations, or contracts. Also included are internal audits that are currently in progress and a Follow-up Time Table to ensure recommendations made in prior reports are implemented.

This is a report only and no action by the Board is necessary.

AUDIT SUMMARY

August 2024

UNIVERSITY OF
LOUISIANA
SYSTEM

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UL System Board Office

<u>Report Name:</u>
Audit of the P-card and CBA Programs

<u>Audit Initiation:</u>
This audit was included on the Board-approved audit plan.

<u>Audit Scope and Objective:</u>
To determine whether the internal control structure for the P-card and CBA programs are properly designed and operating effectively to provide reasonable assurance that operations are in compliance with state-wide policy and the UL System Board Office's policies and procedures.

<u>Audit Findings and Recommendations:</u>
- Observation 1: UL System Board Office did not annually evaluate their internal procedures.
    Recommendation: Management should annually update their procedures.

- Observation 2: There was no documentation of the preparation or review of the budget to actual expenses.
    Recommendation: Management should document an annual review of the budget to actual.

- Observation 3: There were three transactions totaling $9,397 that were not timely reimbursed by the UL System Foundation. In addition, there were two transactions totaling $5,744 that were not reimbursed by the foundation as documented.
    Recommendation: Management should create procedures that establish reimbursement requirements for the foundation.

- Observation 4: There were two transactions that did not have a documented approval.
    Recommendation: Management should ensure all transactions are properly approved with supporting documentation updated in the Works system.

- Observation 5: The employee with delegation of authority to approve employees' travel authorizations approved their own travel authorization.
    Recommendation: Management should ensure employees do not approve their own travel authorizations.

- Observation 6: There were two transactions that did have required information in the Works system.
    Recommendation: Management should ensure all required information is in the Works system to ensure the approver has enough evidence the transaction is allowable and properly supported.

- Observation 7: There is no sign-in sheet for special meals or support noting attendees for special meals.
    Recommendation: Management should ensure compliance with state-wide policy.

Management Response and Action Plan:
Management concurred with the observations and provided corrective plans.

Grambling State University

<u>Report Name:</u>
Internal Assessment and Ongoing Monitoring of GSU's Internal Audit Activity FY24

<u>Audit Initiation:</u>
In accordance with Section 1300 of the *Standards*, GSU conducted an internal self-assessment.

<u>Audit Scope and Objective:</u>
To evaluate conformance with the *Standards* and Code of Ethics.

<u>Observations:</u>
None noted.

<u>Management's Response and Corrective Plan:</u>
Not applicable.

Louisiana Tech University

Report Name:
Review of Year-End Inventory Observations

Audit Initiation:
This audit was conducted to comply with IIA *Standard* 2500 – Monitoring Progress, which requires follow-up reviews to ensure management's actions have been effectively implemented.

Audit Scope and Objective:
To evaluate the inventory counting process and review the written inventory count and valuation procedures for reasonableness and accuracy. To determine the validity of inventory dollars appearing in the financial records and confirm the existence of inventory items.

Observations:
None noted.

Management's Response and Corrective Plan:
No response and corrective plan required.

Southeastern Louisiana University

<u>Report Name:</u>
Audit of Inventories

<u>Audit Initiation:</u>
This audit was included on the Board-approved audit plan.

<u>Audit Scope and Objective:</u>
To review provide an independent verification of inventories as reported on the annual financial statements for FYE June 30, 2024.

<u>Observations:</u>
None noted.

<u>Management's Response and Corrective Plan:</u>
No response and corrective plan required.

University of Louisiana Lafayette

<u>Report Name:</u>
Campus Food Services Contract (1st Follow-up)

<u>Audit Initiation:</u>
This audit was conducted to comply with IIA *Standard* 2500 – Monitoring Progress, which requires follow-up reviews to ensure management's actions have been effectively implemented.

<u>Audit Scope and Objective:</u>
To determine if management has taken reasonable steps to implement the recommendations from the report titled *Campus Food Service Contract Audit* issued on August 19, 2022.

<u>Audit Findings and Recommendations:</u>
Management substantially implemented the four recommendations noted in the prior audit.

<u>Management Response and Action Plan:</u>
Not applicable.

University of Louisiana Monroe

Report Name:
Review of ULM Information Security Incident Response Plan

Audit Initiation:
This audit was included on the Board-approved audit plan.

Audit Scope and Objective:
To perform an assurance review of the University's information security incident response plan for the period July 1, 2023 to June 30, 2024.

Observations:

- Observation 1: The current incident response plan does not clearly document the criteria for determining an incident.
  - Recommendation 1: Management should document in the incident response plan how the University distinguishes between an event that does not meet the criteria for an incident and an event that does which necessitates the activation of the plan.

- Observation 2: The incident response plan does not clearly define the primary members of the incident response team, as well as their contact information and order of communication in the case of an incident.
  - Recommendation 2: Management should clearly define who the incident response team members are, other University personnel involved in the incident, their contact information, what must be reported to them and by them, and at what times in the incident response plan.

- Observation 3: Management did not document roles and responsibilities of incident response team members.
  - Recommendation 3: Management should establish and document the roles, responsibilities, and decision-making authority of each specific incident response team member in the IRP and ensure that such individuals are provided with awareness and training.

- Observation 4: The Incident Response Information Security Plan did not include a detailed communication and reporting plan for external third-parties.
  - Recommendation 4: Management should establish and include in the IRP a detailed external communications and information reporting plan.

- Observation 5: Management did not document unilateral decision-making authority procedures.
  - Recommendation 5: Management should document in the IRP how unilateral decision-making authority is exercised, when it is exercised, who is able to exercise it, what kind of decisions can be made, and how the decisions are reviewed and approved in the post-incident review.

- Observation 6: Management did not define business impact classifications used during incident response.

  Recommendation 6: Management should clearly define in the IRP the business impact classifications and considerations for determining the potential business impact of an incident.

- Observation 7: The incident response plan did not require third-parties to provide documentation of incident response activities.

  Recommendation 7: Management should include in the IRP a requirement for all external third-parties involved in the incident response to document their activities in detail and provide these records as evidence of successful incident response and remediation upon request by the University.

- Observation 8: Management did not prepare a tabletop exercise after action report.

  Recommendation 8: Management should prepare, review and approve an after action report documenting the opportunities for improvement and recommendations identified from each tabletop exercise going forward.

Management's Response and Corrective Plan:

Management concurred with the observations and provided a corrective plan with an expected completion date of September 30, 2024.

Internal Audit Reports
Issued in Fiscal Year 2025[*]

Report Title by Institution	Issue Date
UL System Board Office	
1) Audit of the P-card and CBA Programs	6/18/2024
Grambling State University	
1) Internal Quality Assessment	6/28/2024
Louisiana Tech University	
1) Review of Year-End Inventory Observations	7/8/2024
Southeastern Louisiana University	
1) Audit of Inventories	7/29/2024
University of Louisiana at Lafayette	
1) Campus Food Service Contract (1st Follow-up)	6/27/2024
University of Louisiana Monroe	
1) Review of ULM Information Security Incident Response Plan	8/5/2024

*-These are issued reports presented during the FY2025 UL System Board of Supervisor meetings. The issued date is after 6/3/24

Internal Audit Reports
In Progress

Report Title by Institution
Grambling State University
1) Investigative Audit
2) Electronic Payment Systems Desk Review (2nd Follow-up)
Louisiana Tech University
1) Review of Aramark Food Service Contract
2) Quality Assessment for External Validation
McNeese State University
1) Review of R.S. 42:31: Eligibility to Hold Office or Position
Nicholls State University/University of New Orleans*
none.
Northwestern State University
1) Quality Assessment for External Validation
Southeastern Louisiana University
1) Quality Assessment for External Validation
2) Review of Onboarding for the Athletics' Business Office
University of Louisiana at Lafayette
1) Auxiliary Services: Campus Bookings Audit
2) Quality Assessment for External Validation
University of Louisiana Monroe
1) Quality Assessment for External Validation

* - The position is vacant.

Schedule of Internal Audit
Follow-ups

Report Title by Institution	Follow-up Number	Date to Begin Follow-up
Board Office		
1) Audit of the P-card and CBA Programs	1st	6/18/2025
Grambling State University		
1) Electronic Payment Systems Desk Review	2nd	6/23/2024
2) Facilities Management, Inventory, and Key Control Audit	4th	8/24/2024
3) University Funded Cell Phone Desk Review	2st	3/13/2025
4) Vault Reconciliations Report	5th	5/2/2025
McNeese State University		
1) Governor's Program for Gifted Children	1st	4/23/2025
Nicholls State University		
1) Investigative Audit of Music Conservatory Program	1st	4/22/2022
2) Investigative Audit of Graduate Assistant Timesheet	2nd	6/24/2022
3) Investigative Audit of Residential Living	1st	6/23/2023
4) Bridge to Independence Fundraising Audit	1st	6/23/2023
Northwestern State University		
1) Procedural Review of Private Athletic Camps	1st	11/30/2024
2) Review of Athletic Business Operations	1st	3/4/2025
6) Review of Purchasing Card	1st	5/16/2025
Southeastern Louisiana University		
1) Audit of Cash Collection Points	1st	8/23/2024
2) Audit of Transportation Services	1st	11/16/2024
University of Louisiana at Lafayette		
1) Campus Safety Assurance Engagement	1st	2/23/2024
2) Family and Medical Leave Act Assurance Engagement	1st	4/26/2024
3) Hiring and Separation Practices Assurance Engagement	1st	3/13/2025
University of Louisiana Monroe		
1) Review of Internal Control & Compliance over ULM Rental Facilities Usage	1st	4/26/2024
2) Review of College of Health Sciences Dean's Office Operations	1st	11/15/2024
3) Review of ULM Information Security Incident Response Plan	1st	8/5/2025
University of New Orleans		
1) Change in Payroll Process	1st	6/23/2023
2) College of Sciences	3rd	6/23/2023
3) Review of Legislative Changes for the 2022 Session	1st	8/23/2024