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Louisiana

**Single Audit Report
for the Year Ended
June 30, 2002**

Legislative Auditor

State of Louisiana

Single Audit Report
For the Year Ended June 30, 2002



This document is produced by the Legislative Auditor, State of Louisiana, Post Office Box 94397, Baton Rouge, Louisiana 70804-9397 in accordance with Louisiana Revised Statute 24:513. Two hundred forty copies of this public document were produced at an approximate cost of \$5,815.67. This material was produced in accordance with the standards for state agencies established pursuant to R.S. 43:31. A copy of this document is available on the Legislative Auditor's Web site at www.lia.state.la.us.

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STATE OF LOUISIANA
Independent Auditor's Reports on
Compliance With State and Federal Laws
and Regulations, Internal Control, and
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2002

The Auditor's Report on the State of Louisiana's Basic Financial Statements dated January 22, 2003, has been issued under separate cover.

Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Attorney General, and to other public officials as required by state law. A copy of this report has been made available for public inspection at the Baton Rouge, New Orleans, and Shreveport offices of the Legislative Auditor. Copies of this report are also being submitted to the federal clearinghouse. The clearinghouse will retain an archival copy of the report and also distribute a copy of the report to each federal awarding agency that provided federal financial assistance to the State of Louisiana for which audit findings were disclosed in the schedules of findings and questioned costs or the summary schedule of prior federal audit findings. The report will be distributed to any pass-through entities that provided federal financial assistance to the state for which audit findings were disclosed in the schedules of findings and questioned costs or the summary schedule of prior federal audit findings. The report is also being transmitted to the Office of Inspector General of the United States Department of Health and Human Services, which is the cognizant federal agency for the Single Audit of the State of Louisiana.

March 31, 2003



March 10, 2003

To the Governor, the Members of the Legislature, and the Taxpayers of Louisiana

The Office of the Legislative Auditor audits the activities of state departments, agencies, universities, and other organizational units to ensure accountability and to review compliance with certain laws and regulations relating to financial matters. The audit scope encompasses both state and federal funds. The State of Louisiana Single Audit Report, along with the June 30, 2002, *Comprehensive Annual Financial Report*, provides an overview of the financial operations of Louisiana state government.

This year, we issued an unqualified opinion on the state's June 30, 2002, basic financial statements. Significant changes in financial reporting were required in Fiscal Year 2002 as a result of the implementation of Statements 34 and 35 of the Governmental Accounting Standards Board.

The 2002 Single Audit Report includes a report on the Schedule of Expenditures of Federal Awards, along with reports on compliance with laws and regulations and internal control over financial reporting and federal programs for the State of Louisiana. The state resolved 67% of its findings included in the prior Single Audit Report. This year's report contains 99 matters that require the attention of state government, including questioned costs in federal programs totaling in excess of \$201 million. The respective federal grantors will ultimately determine the resolution of the questioned costs.

The Executive Summary highlights the statewide issues that are major concerns, as well as issues that are material to the state's financial operations. The report identifies seven findings that are considered to be material weaknesses in internal control over financial reporting. Three findings relate to the Louisiana State University Health Sciences Center (Health Care Services Division) and four relate to the Department of Revenue. The Executive Summary identifies numerous control deficiencies that exist within the financial operations of the Department of Revenue impacting its efforts to efficiently and effectively collect taxes in the state.

Sincerely,

Grover C. Austin, CPA
First Assistant Legislative Auditor

STATE OF LOUISIANA
SINGLE AUDIT REPORT
For the Fiscal Year Ended June 30, 2002

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Executive Summary



EXECUTIVE SUMMARY

For the Fiscal Year Ended June 30, 2002

Introduction

The Single Audit Report for the fiscal year ended June 30, 2002, contains the Schedule of Expenditures of Federal Awards along with the auditor's report thereon. Also included are the auditor's reports on internal control and compliance related to the financial statements and internal control and compliance related to major federal award programs. These audit reports are supported by the schedules of findings and questioned costs in the accompanying report.

The single audit, as performed by the Office of the Legislative Auditor and other auditors, meets the requirements of the Single Audit Act as amended in 1996, and the associated U.S. Office of Management and Budget (OMB) Circular A-133.

The single audit includes various departments, agencies, universities, and other organizational units included in the *Comprehensive Annual Financial Report* of the State of Louisiana using the criteria established by Governmental Accounting Standards Board Statement 14, "The Financial Reporting Entity."

Findings and Questioned Costs

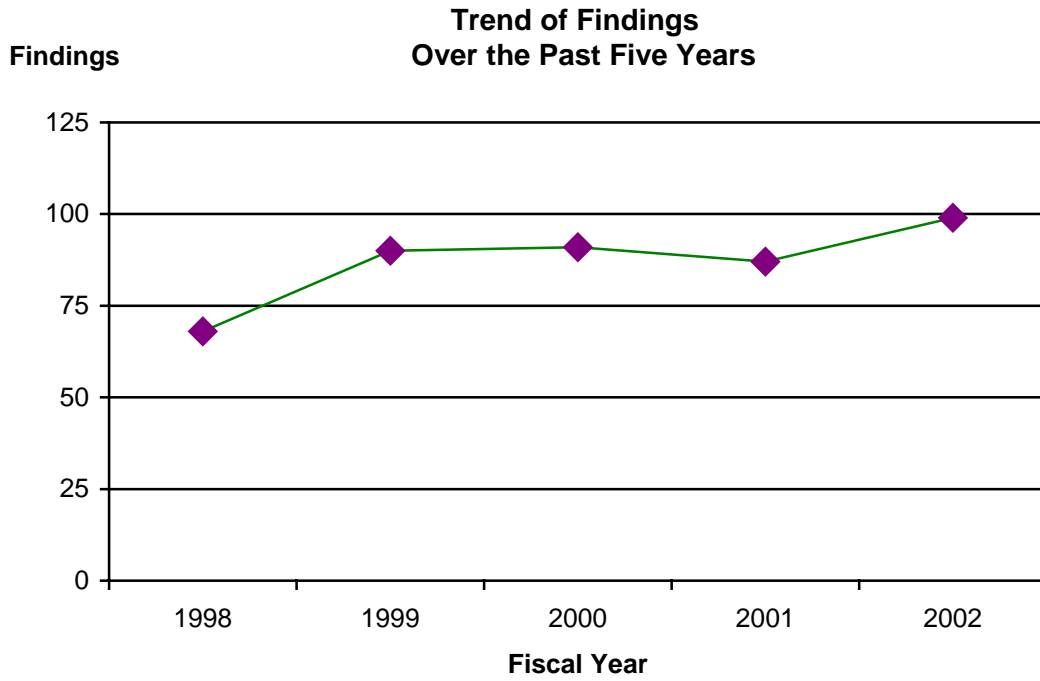
As a result of auditing Louisiana's basic financial statements and Schedule of Expenditures of Federal Awards, we noted certain deficiencies concerning internal control and compliance with laws and regulations. These deficiencies are presented in the schedules of findings and questioned costs as described in the Table of Contents of the accompanying report.

Our audit for fiscal year ended June 30, 2002, indicated that approximately 67% of the findings reported in prior audits were resolved. A total of 99 findings were reported within this year's Single Audit Report. This total includes 31 findings (31%) that were repeat findings from a prior audit.

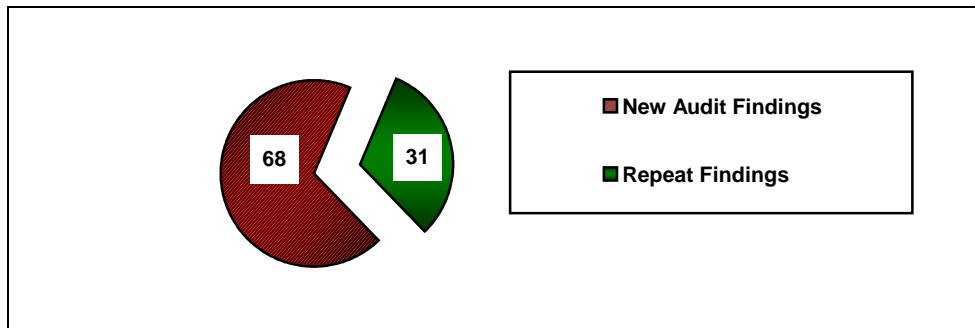
The 2002 Single Audit Report discloses questioned costs of \$201,388,245, which are detailed within the findings that are presented in the Schedule of Federal Award Findings and Questioned Costs (Schedule C) of the accompanying report. The resolution of these questioned costs will be determined by the respective grantors.

The following pages contain graphical descriptions of the trend of total findings over the past five years, the number of repeat findings as compared to new findings for this fiscal year, and the state's reported questioned costs over the past five years.

EXECUTIVE SUMMARY
For the Fiscal Year Ended June 30, 2002



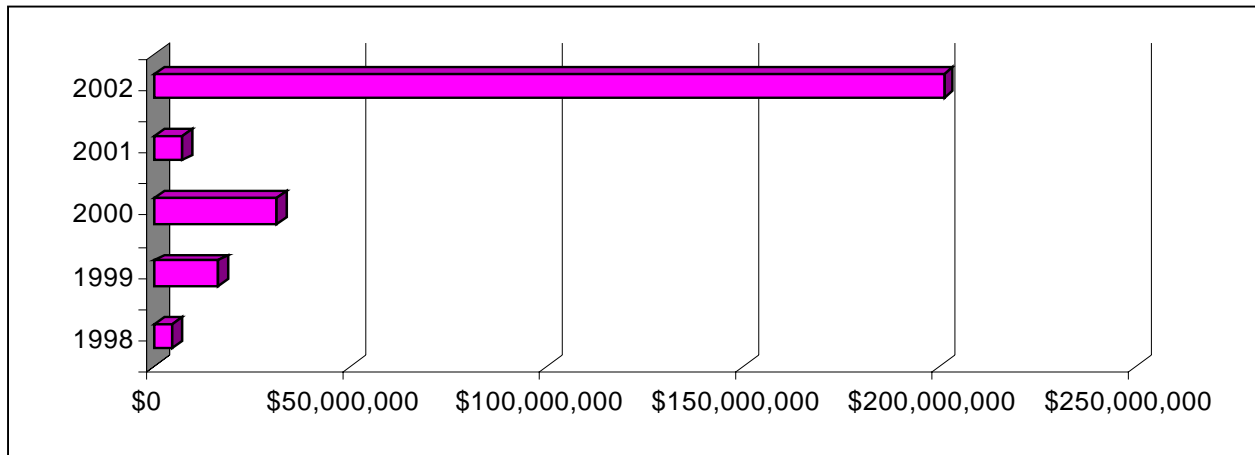
**Fiscal Year 2002
Comparison of Repeat Findings
to New Findings**



EXECUTIVE SUMMARY

For the Fiscal Year Ended June 30, 2002

Trend of Questioned Costs Over the Past Five Years



Statewide Areas of Concern

Five findings were reported in the 2002 Single Audit Report that warrant statewide concern and were reported as statewide findings. For a finding to be considered a statewide finding, it has one or more of the following characteristics:

1. It exists at numerous departments throughout the state.
2. It arises from current statewide policies that do not satisfactorily address the state's needs.
3. It could have a significant fiscal impact on either the state as a whole or on a segment of the state.

EXECUTIVE SUMMARY

For the Fiscal Year Ended June 30, 2002

Statewide Findings

FS-02-SW-EXEC-1 - Deficiencies in State's Disaster Recovery Plans

The State of Louisiana did not have adequate disaster recovery/contingency plans for four universities, three state agencies, two courts, one community college, and one levee district to include offsite operations during a disaster. Failure to implement formal disaster recovery/contingency plans in state entities increases the risk that untimely or excessive delays in processing critical data may occur and that critical data may be lost. A disaster could have a significant impact on financial accountability, and state entities may not be able to continue business operations, including processing payroll and providing services to the public. See Schedule B, page 15.

FS-02-SW-EXEC-2 - Ineffective Internal Audit Function

For the twentieth consecutive year, the State of Louisiana did not have an effective internal audit function for state government to examine, evaluate, and report on its internal control, including information technology, and to evaluate its compliance with the policies and procedures of the control system.

Although internal audit resources exist within some agencies, a study and evaluation of the state's internal control found that an effective internal audit function did not exist at six state agencies and one university. See Schedule B, page 18.

FS-02-SW-EXEC-3 - Noncompliance With State's Movable Property Regulations

The audit of movable property records throughout the state disclosed that three state agencies, three community colleges, two state hospitals, and one state commission did not maintain an adequate movable property control system. Several of these agencies have had movable property audit findings for more than one year. See Schedule B, page 19.

F-02-HHS-CAFR-1 - Inappropriate Billing of Insurance Premiums

For the fifth consecutive year, the State of Louisiana may have charged federal programs an inequitable share of insurance costs. During fiscal year 2002, the Office of Risk Management, under the direction of the Office of Planning and Budget, did not bill premiums for Road and Bridge Hazard coverage to the Department of Transportation and Development (DOTD), thereby requiring the use of receipts from other state agencies' insurance premiums to pay Road and Bridge Hazard claims. Part of these claim costs were likely funded by federal program funds for state agencies other than DOTD; however, the amount cannot be readily determined. See Schedule C, page 122.

EXECUTIVE SUMMARY

For the Fiscal Year Ended June 30, 2002

FS-02-CAFR-2 - Weaknesses in Information Systems' Controls

The Division of Administration did not have adequate internal control over passwords, physical and logical access to the state's computer systems and facilities, and certain system settings. In addition, the disaster recovery plan was not fully tested for all critical applications. The lack of adequate controls could result in the loss of state assets, system failure, and inaccurate data and could place the state at risk for noncompliance with certain federal and state laws and regulations. See Schedule B, page 13.

Material Weaknesses in Internal Control

Financial Statement Findings

During the 2002 Single Audit, seven findings were considered material weaknesses in internal control over financial reporting.

LOUISIANA STATE UNIVERSITY HEALTH SCIENCES CENTER (HEALTH CARE SERVICES DIVISION)

FS-02-HCSD-1 - Improper Disproportionate Share Payments

The Louisiana State University Health Sciences Center (Health Care Services Division) (HCSD) requested and was paid disproportionate share hospital (DSH) interim payments by the Department of Health and Hospitals that exceeded the maximum allowed by federal regulations for the DSH program. HCSD prepared estimates of uncompensated care costs (UCC) that exceeded actual UCC by \$257,222,818 for fiscal years 1996 through 2002 because state appropriations did not provide sufficient operating funds. See Schedule B, page 40.

FS-02-HCSD-3 - Inadequate Support for Restatement of Capital Assets

HCSD was unable to provide adequate documentation to support its restatement of capital assets (at cost) as of June 30, 2001, from \$378,654,254 to \$467,118,081 (an increase of \$88,463,827). The restatement included the nine hospitals under HCSD as well as its administrative unit and was reported in HCSD's Annual Fiscal Report (AFR). Furthermore, because HCSD could not support capital asset cost, depreciation expense for 2002 of \$24,083,923 and accumulated depreciation as of June 30, 2001, of \$330,604,506 reported in its AFR for June 30, 2002, as well as the depreciation expense reported by HCSD in its Medicare and Medicaid cost reports, may be overstated since both are based upon that cost. See Schedule B, page 43.

EXECUTIVE SUMMARY

For the Fiscal Year Ended June 30, 2002

FS-02-HCSD-4 - Internal Control Weaknesses in Cost Reimbursement Department

The Cost Reimbursement Department of HCSD did not prepare accurate estimates for the DSH payable for the fiscal years ending June 30, 2001, and June 30, 2002, which were included in the AFR for the year ended June 30, 2002. It also could not provide adequate supporting documentation for the net Medicaid cost report receivables estimate for June 30, 2002, which was included in the 2002 AFR. As a result, the DSH payable for the fiscal year ended June 30, 2001, was overstated by \$762,136 and the DSH payable for the fiscal year ended June 30, 2002, was understated by \$1,290,606. See Schedule B, page 45.

DEPARTMENT OF REVENUE

FS-02-DOR-1 - Accounting Records and Reports Not Reconciled to Tax Information Database

The Department of Revenue (the department) does not have procedures in place to ensure that accounting records, as well as the information in the department's tax information databases, are accurate and complete. An adequate reconciliation between the accounting records and the related tax information database is not performed by the department. In addition, there is no periodic reconciliation between change documents and the accounting records. Furthermore, amounts recorded as collections by the department and the tax information database are not reconciled to ensure that all amounts recorded as collections represent actual collections according to the financial records. See Schedule B, page 48.

FS-02-DOR-2 - Financial Statement Information Not Properly Prepared

The department did not submit an accurate AFR for fiscal year ended June 30, 2002, to the Division of Administration, Office of Statewide Reporting and Accounting Policy. The account balances for gross receivables, allowance for doubtful accounts, refunds payable, and protested taxes were misstated by as much as \$37 million because of errors made by the department. See Schedule B, page 49.

FS-02-DOR-3 - Information Systems Control Weaknesses

The department does not have adequate internal control over information system functions that could affect the integrity of programs, processing, data, and financial reporting. Numerous control deficiencies were noted in the department's Uniform Accounts Receivable System. These deficiencies contributed to unreliable financial information as well as inaccurate receivable estimates. This system processes \$6 billion in taxes and over six million returns as well as various other types of transactions. See Schedule B, page 53.

EXECUTIVE SUMMARY

For the Fiscal Year Ended June 30, 2002

FS-02-DOR-8 - Lack of Support for Receivables

The department did not timely provide the methodology used and supporting documentation for the fiscal year 2001 estimate (\$57.8 million) or the fiscal year 2002 estimate (\$55.5 million) of receivables expected to be realized from protested tax balances held in escrow. In addition, subsidiary ledgers for the fiscal years 2001 and 2002 gross accounts receivable and the allowance for doubtful accounts were not provided timely by the department. Gross accounts receivable amounts for June 30, 2001, and June 30, 2002, were \$289 million and \$294 million, respectively. Allowance for doubtful accounts amounts for June 30, 2001, and June 30, 2002, were \$126 million and \$118 million, respectively. See Schedule B, page 61.

Federal Award Findings

During the 2002 Single Audit, three findings were considered material weaknesses in internal control over compliance with federal program requirements.

DEPARTMENT OF EDUCATION

F-02-CC-EDUC-1 - Improper Charging of Administrative Expenditures to Federal Awards

For the second consecutive year, the state Department of Education (SDE) does not have adequate procedures to ensure that direct costs charged to federal programs comply with federal regulations when administering federal programs. Based on audit tests, administrative expenditures were charged to programs other than the actual program affected. For some expenditures, detailed documentation necessary to make a determination of allowability was lacking for costs charged to several federal programs. Total questioned costs are \$610,219. See Schedule C, page 73.

F-02-CC-EDUC-2 - Ineffective Controls Over Subrecipient Monitoring

For the second consecutive year, the SDE does not have adequate internal control to monitor subrecipients for compliance with program requirements of federal programs. OMB Circular A-133 requires the SDE, as a pass-through entity, to monitor subrecipients for compliance with applicable federal laws and regulations. SDE management did not ensure that external CPA audits were submitted to the department as required and contained the proper CFDA numbers and program titles. SDE management did not consistently follow up on external CPA audit findings or issue the required written management decisions on audit findings included in the external CPA reports. In addition, "fiscal reviews" of allowed/unallowed activities or costs were not performed consistently or in a timely manner. Total questioned costs are \$474,530. See Schedule C, page 76.

EXECUTIVE SUMMARY

For the Fiscal Year Ended June 30, 2002

DEPARTMENT OF HEALTH AND HOSPITALS

F-02-HHS-DHH-3 - Improper Disproportionate Share Payments

The Department of Health and Hospitals (DHH) paid amounts to HCSD that exceeded the maximum allowed by federal regulations for the disproportionate share hospital (DSH) program. Federal regulations mandate that payments to public hospitals under the DSH program are limited to 100% of uncompensated care costs. In addition, the Louisiana Medicaid State Plan states that DSH payments to a hospital shall not exceed the hospital's uncompensated care costs for the state fiscal year to which the payment is applicable. For fiscal years 1996 through 2002, DSH payments to HCSD exceed the supported uncompensated care costs by \$257,222,818, including the federal financial participation amount of \$185,605,936, which is questioned costs. See Schedule C, page 127.

EXECUTIVE SUMMARY

For the Fiscal Year Ended June 30, 2002

Department of Revenue

In addition to the material weakness reported previously, several other significant audit findings are reported that relate to the Department of Revenue (the department). Following is a summary of the department's other findings included in the accompanying report. The department collects over \$6 billion in tax contributions annually.

FS-02-DOR-4 - Information System User Access Not Effectively Monitored

The department does not effectively monitor access capabilities of agency users of the Advantage Financial System (AFS) and the Integrated Statewide Information Systems Human Resources (ISIS/HR) System. Several AFS users were given system access without regard to job duties, and some AFS user IDs were not revoked upon an employee's termination. Employees were issued ISIS/HR IDs that allowed them to perform incompatible job duties. Department management also allowed other employees to use their ISIS/HR IDs. In addition, the department does not reconcile payroll expenditures between ISIS/HR and AFS systems. See Schedule B, page 55.

FS-02-DOR-5 - Insufficient Collection Effort for Tax Assessments

For the third consecutive year, the department did not enforce its procedures that were designed to ensure effective collection effort for tax assessments. Although most established procedures appear adequate, the department's failure to implement those procedures and aggressively pursue the collection of taxes allows businesses and business owners that are delinquent to continue to operate in the State of Louisiana. By placing more emphasis on the overall collection effort, the department could possibly have recovered more of the taxes owed by individual and business taxpayers. The uncollected final assessments at June 30, 2002, reflected over \$294 million due to the state, with over \$247 million in final assessments over one year old. See Schedule B, page 57.

FS-02-DOR-6 - Insufficient Control Over Refund Approval Process

The department does not have sufficient control procedures to ensure that taxpayer refunds are valid and properly approved before issuance. The department's policies establish the review and approval procedures for issuing refunds of \$20,000 or more, excluding interest. The department has allowed exceptions to the approval requirements and has not considered the potential adverse effect the control deficiency over the refund approval process may have on the financial statements and the revenues of the State of Louisiana. See Schedule B, page 58.

EXECUTIVE SUMMARY

For the Fiscal Year Ended June 30, 2002

FS-02-DOR-7 - Lack of Control Within On-line Error Resolution (OLER) System

The department does not have adequate control procedures and an adequate audit trail over the OLER to ensure that transactions are valid, authorized, and correctly entered into the department's tax information system. Employees with access to OLER have the ability to make corrections, changes, or other adjustments to taxpayer accounts without review by an appropriate supervisor. The department does not have written policies and procedures that require appropriate supervisory approval and a periodic reconciliation between edit/error reports to ensure the completeness and accuracy of the data entered into the department's tax information system. The lack of adequate internal control over the on-line error resolution process may result in inaccuracies in system data and reports and errors and/or fraud could occur and not be detected in a timely manner. See Schedule B, page 59.

FS-02-DOR-9 - No Enforcement of Electronic Funds Transfer for Certain Tax Payments

The department does not enforce the regulations relating to payment of taxes by electronic funds transfer (EFT). The department has not performed an analysis of taxpayer accounts since October 2000 to identify those taxpayers required to pay taxes using EFT and, therefore, has not mandated taxpayers to comply with EFT regulations. In addition, the department did not assess late penalties and interest on the payments that did not meet the definition of immediately available funds. See Schedule B, page 63.

FS-02-DOR-10 - Payroll/Personnel Internal Control Weaknesses

For the third consecutive year, the department does not enforce existing policies to ensure that payroll transactions are valid, authorized, and correctly input into the payroll system. Audit procedures identified weaknesses in control procedures or noncompliance that included timekeepers performing incompatible functions and timekeepers with system access having no timekeeper training. Instances of noncompliance were noted in time and attendance records, overtime compensation, and payroll-withholding amounts. In addition, Human Resources allows temporary employees to remain active in the system during periods of unemployment and performs no monitoring to prevent and/or detect the erroneous issuance of payroll checks to separated employees. See Schedule B, page 63.

EXECUTIVE SUMMARY

For the Fiscal Year Ended June 30, 2002

FS-02-DOR-11 - Tax Collections Not Deposited Timely

For the fifth consecutive year, the department did not comply with state law for timely deposits of tax collections for major state revenues. An analysis of tax information data that was supplied by the department revealed that 86,334 of the 92,488 batch headers (93.3%) were not deposited timely. The total amount not deposited timely accounted for \$1.4 billion of the \$5.47 billion (25.6%) deposited for fiscal year 2002. See Schedule B, page 65.

FS-02-DOR-12 - Weaknesses in Controls Over Protested Tax Balances

For the fourth consecutive year, the department did not reconcile the balances of protested taxes actually collected and recorded by the Controller's Division and the Taxpayer Services Division with the balances recorded in the Legal Division's Tax Claims and Litigation Tracking System. The department is also not timely entering the lawsuits into its tracking system or timely resolving the protested tax payments. According to the Controller's Division, the balance of taxes paid under protest at June 30, 2002, totals \$157.7 million. The lack of timely reconciliations increases the risk that errors and/or fraud may occur and not be detected in a timely manner. See Schedule B, page 65.

EXECUTIVE SUMMARY

For the Fiscal Year Ended June 30, 2002

Expenditures of Federal Awards

In addition to auditing the state's basic financial statements, we examined expenditures of major federal award programs administered by the State of Louisiana reporting entity. For the fiscal year ended June 30, 2002, the State of Louisiana reported approximately \$8.8 billion in monetary and non-monetary activity (including loan programs) for the federal award programs administered by the state.

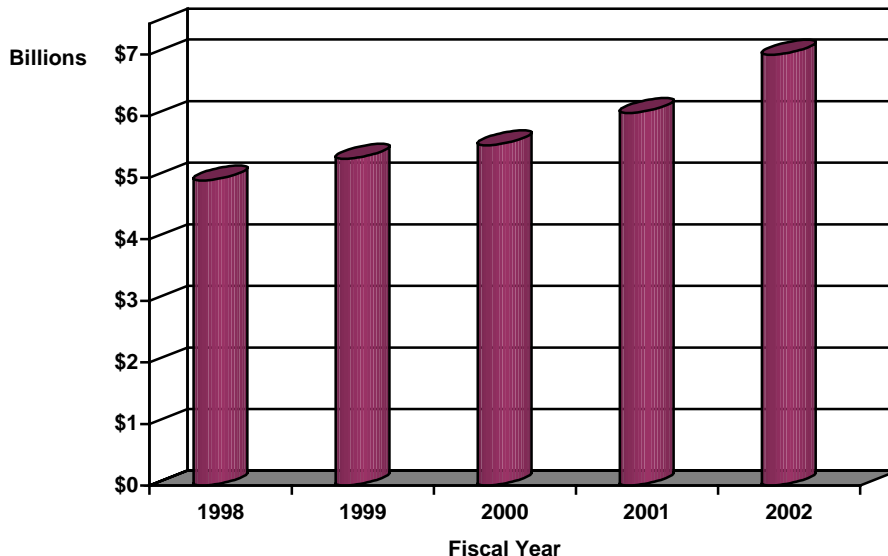
Major federal award programs within the State of Louisiana were identified on a statewide basis in accordance with the criteria established by OMB Circular A-133 and the Single Audit Act as amended in 1996. Major federal award programs for the year ended June 30, 2002, as defined by the criteria mentioned above, accounted for approximately 84% of the state's expenditures (activity) of federal award programs for the year ended June 30, 2002.

The following graphs illustrate total expenditures of federal awards disbursed by the state. Illustrations include the trend of expenditures (excluding loan programs) over the past five years, total major versus other programs, major versus other programs by federal agency, and the percentage of total federal awards by federal agency.

Trend of Expenditures of Federal Awards Over the Past Five Years

Fiscal Year 2002 Total Expenditures of Federal Awards
(Appendix A)

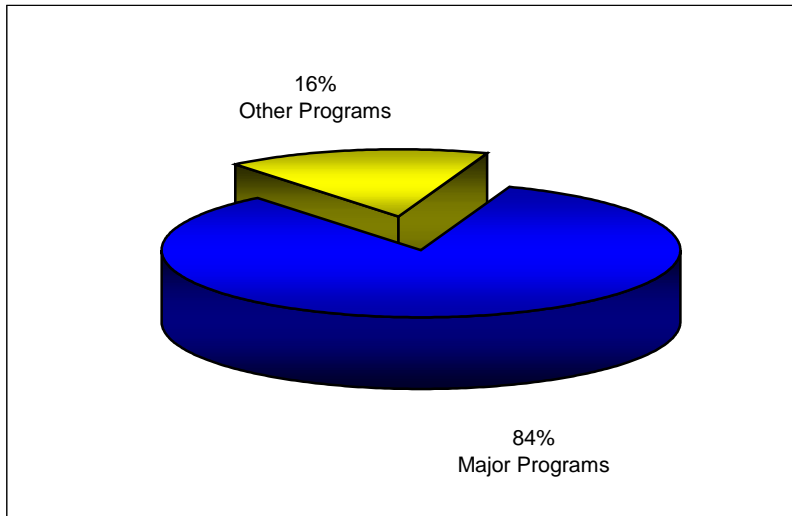
\$6,994,353,129
(excluding loan programs)



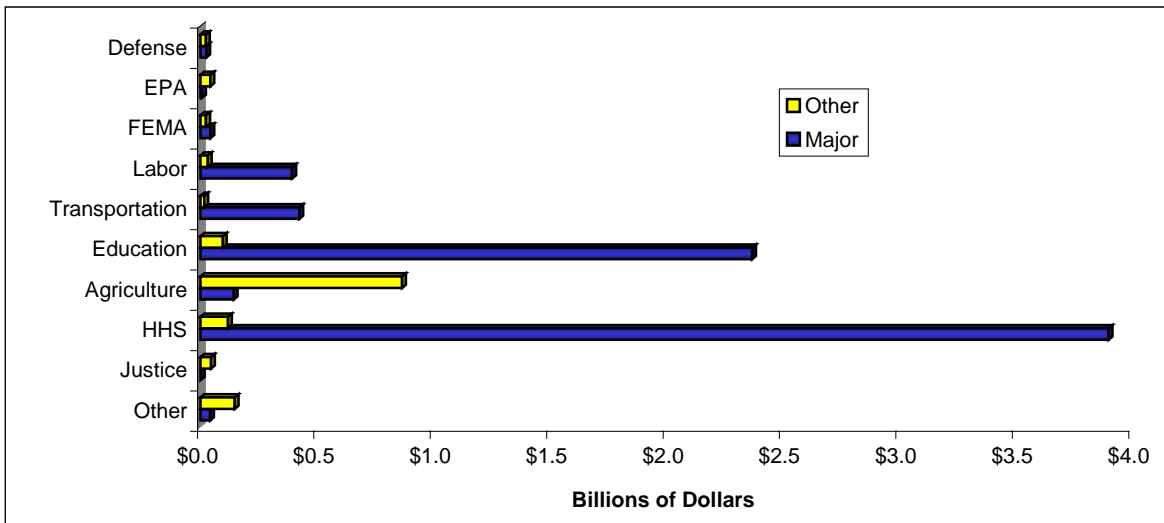
EXECUTIVE SUMMARY

For the Fiscal Year Ended June 30, 2002

Fiscal Year 2002
Activity of Major vs. Other Programs
(including loan programs)

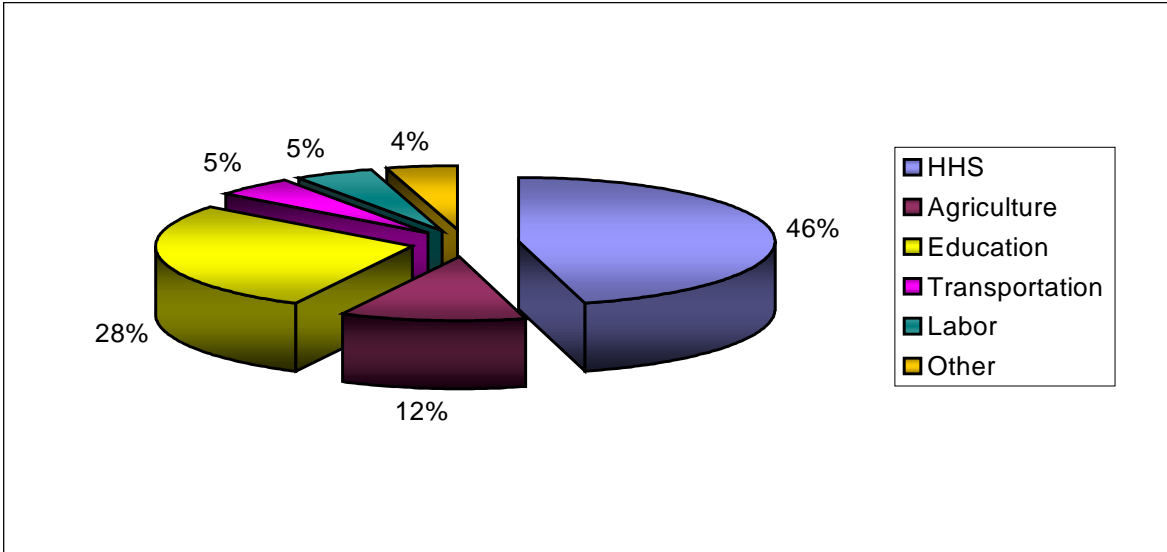


Fiscal Year 2002
Activity of Major vs. Other Programs
by Federal Agency
\$8,758,795,683
(including loan programs)



EXECUTIVE SUMMARY
For the Fiscal Year Ended June 30, 2002

**Percentage of Total Federal Awards
by Federal Agency
(including loan programs)**



Audit Reports





OFFICE OF
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March 10, 2003

Report on Compliance and on Internal Control Over Financial
Reporting Based on an Audit of Financial Statements Performed
in Accordance With *Government Auditing Standards*

**HONORABLE MURPHY J. "MIKE" FOSTER, JR., GOVERNOR
HONORABLE JOHN J. HAINKEL, JR., PRESIDENT, AND
MEMBERS OF THE SENATE
HONORABLE CHARLES W. DEWITT, JR., SPEAKER, AND
MEMBERS OF THE HOUSE OF REPRESENTATIVES
STATE OF LOUISIANA
Baton Rouge, Louisiana**

We have audited the basic financial statements of the State of Louisiana as of and for the year ended June 30, 2002, and have issued our report thereon dated January 22, 2003. We did not audit the financial statements of certain component units of the State of Louisiana. Those financial statements were audited by other auditors whose reports have been furnished to us. This report, insofar as it relates to those component units, is based solely on the reports of other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United State of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the State of Louisiana's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* and which are described in Schedule B (pages 11 through 72) and Schedule C (pages 73 through 146) of the accompanying schedules of findings and questioned costs. We also noted certain insignificant instances of noncompliance, which we have reported in separate letters to management, that are not required to be reported herein under *Government Auditing Standards*.

LEGISLATIVE AUDITOR

HONORABLE MURPHY J. "MIKE" FOSTER, JR., GOVERNOR
HONORABLE JOHN J. HAINKEL, JR., PRESIDENT, AND
MEMBERS OF THE SENATE
HONORABLE CHARLES W. DEWITT, JR., SPEAKER, AND
MEMBERS OF THE HOUSE OF REPRESENTATIVES
STATE OF LOUISIANA

March 10, 2003

Page Two

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the State of Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the State of Louisiana's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in Schedule B (pages 11 through 72) and Schedule C (pages 73 through 146) of the accompanying schedules of findings and questioned costs.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described previously, we consider items FS-02-HCSD-1 (page 40), FS-02-HCSD-3 (page 43), FS-02-HCSD-4 (page 45), FS-02-DOR-1 (page 48), FS-02-DOR-2 (page 49), FS-02-DOR-3 (page 53), and FS-02-DOR-8 (page 61) to be material weaknesses. We also noted certain insignificant matters involving the internal control over financial reporting, which we have reported in separate letters to management, that are not required to be reported herein under *Government Auditing Standards*.

In connection with our audit, we reviewed the prior audit findings on compliance and internal control to determine whether management had implemented appropriate action to correct the conditions giving rise to those findings. The results of our review indicate that management had taken appropriate corrective action with respect to the prior audit findings, except for the matters described in the Schedule of Unresolved Prior Audit Findings (Schedule D, page 147), which have been addressed in our current report.

LEGISLATIVE AUDITOR

HONORABLE MURPHY J. "MIKE" FOSTER, JR., GOVERNOR
HONORABLE JOHN J. HAINKEL, JR., PRESIDENT, AND
MEMBERS OF THE SENATE
HONORABLE CHARLES W. DEWITT, JR., SPEAKER, AND
MEMBERS OF THE HOUSE OF REPRESENTATIVES
STATE OF LOUISIANA

March 10, 2003

Page Three

This report is intended solely for the information and use of the Governor and certain other statewide elected officials of the State of Louisiana and their appointees (management) as well as federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Grover C. Austin". The signature is fluid and cursive, with a large initial "G" and "A".

Grover C. Austin, CPA
First Assistant Legislative Auditor

MVG:THC:PEP:dl

[AUDITREPORTS]

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**March 10, 2003, except for the
Schedule of Expenditures of Federal Awards,
dated January 22, 2003**

Report on Compliance With Requirements Applicable to Each
Major Program and on Internal Control Over Compliance in
Accordance With OMB Circular A-133

**HONORABLE MURPHY J. "MIKE" FOSTER, JR., GOVERNOR
HONORABLE JOHN J. HAINKEL, JR., PRESIDENT, AND
MEMBERS OF THE SENATE
HONORABLE CHARLES W. DEWITT, JR., SPEAKER, AND
MEMBERS OF THE HOUSE OF REPRESENTATIVES
STATE OF LOUISIANA
Baton Rouge, Louisiana**

Compliance

We have audited the compliance of the State of Louisiana with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2002. The State of Louisiana's major federal programs are identified in the Summary of Auditor's Results section (Schedule A, page 9) of the accompanying schedules of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Governor and other statewide elected officials of the State of Louisiana and their appointees (management). Our responsibility is to express an opinion on the State of Louisiana's compliance based on our audit. We did not audit compliance with those requirements by Grambling State University and the Southern University System. Compliance with the requirements by those universities was tested by other auditors whose reports have been furnished to us. Our report, insofar as it relates to compliance with the requirements referred to previously by Grambling State University and the Southern University System, is based solely on the reports of the other auditors.

The State of Louisiana's basic financial statements include the operations of certain entities that were audited by other external auditors as described in note Q of Appendix A (page A-162). During the year ended June 30, 2002, four of these entities expended a total of \$41,408,217 in federal awards, which is not included in the accompanying Schedule of Expenditures of Federal Awards. Our audit did not include the operations of these four entities because these component units engaged other auditors to perform an audit in accordance with OMB Circular A-133.

LEGISLATIVE AUDITOR

HONORABLE MURPHY J. "MIKE" FOSTER, JR., GOVERNOR
HONORABLE JOHN J. HAINKEL, JR., PRESIDENT, AND
MEMBERS OF THE SENATE
HONORABLE CHARLES W. DEWITT, JR., SPEAKER, AND
MEMBERS OF THE HOUSE OF REPRESENTATIVES
STATE OF LOUISIANA

March 10, 2003, except for the Schedule of
Expenditures of Federal Awards, dated
January 22, 2003
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We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the State of Louisiana's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the State of Louisiana's compliance with those requirements.

In our opinion, based on our audit and the reports of the other auditors, the State of Louisiana complied, in all material respects, with the requirements referred to previously that are applicable to each of its major federal programs for the year ended June 30, 2002. However, the results of our auditing procedures and the reports of the other auditors disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in Schedule C (pages 73 through 146) of the accompanying schedules of findings and questioned costs.

Internal Control Over Compliance

The Governor and other statewide elected officials of the State of Louisiana and their appointees (management) are responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the State of Louisiana's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133. We did not consider the internal control over compliance with the requirements of the federal award programs administered by Grambling State University and the Southern University System. The internal control over federal program requirements for these universities was considered by other auditors whose reports have been furnished to us. Our report, insofar as it relates to the internal control used in administering federal award programs of these universities, is based solely on the reports of the other auditors.

LEGISLATIVE AUDITOR

**HONORABLE MURPHY J. "MIKE" FOSTER, JR., GOVERNOR
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HONORABLE CHARLES W. DEWITT, JR., SPEAKER, AND
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STATE OF LOUISIANA**

March 10, 2003, except for the Schedule of
Expenditures of Federal Awards, dated
January 22, 2003
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We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the State of Louisiana's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in Schedule C (pages 73 through 146) of the accompanying schedules of findings and questioned costs.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described previously, we consider items F-02-CC-EDUC-1 (page 73), F-02-CC-EDUC-2 (page 76), and F-02-HHS-DHH-3 (page 127) to be material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited the basic financial statements of the State of Louisiana as of and for the year ended June 30, 2002, and have issued our report thereon dated January 22, 2003.

Certain portions of the Schedule of Expenditures of Federal Awards (Appendix A) accompanying this report were not audited by us but were audited by other auditors whose audit reports have been furnished to us, including federal award programs administered by Grambling State University and the Southern University System. The federal award programs for these universities reflect total activity and the federal government's risk in their outstanding loan balances of \$142,232,229, which comprise approximately 1.62% of total activity and the federal government's risk in outstanding loan balances for the state as of and for the year ended June 30, 2002. Our assurance, insofar as it relates to the amounts included for Grambling State University and the Southern University System, is based solely on the reports of other auditors.

LEGISLATIVE AUDITOR

HONORABLE MURPHY J. "MIKE" FOSTER, JR., GOVERNOR
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STATE OF LOUISIANA

March 10, 2003, except for the Schedule of
Expenditures of Federal Awards, dated
January 22, 2003
Page Four

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the State of Louisiana's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards (Appendix A) is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of the other auditors, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

In connection with our audit, we reviewed the prior audit findings on compliance and internal control to determine whether management had implemented appropriate action to correct the conditions giving rise to those findings. The results of our review indicate that management had taken appropriate corrective action with respect to the prior audit findings, except for the matters described in the Schedule of Unresolved Prior Audit Findings (Schedule D, page 147), which have been addressed in our current report.

This report is intended solely for the information and use of the Governor and certain other statewide elected officials of the State of Louisiana and their appointees (management) as well as federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,



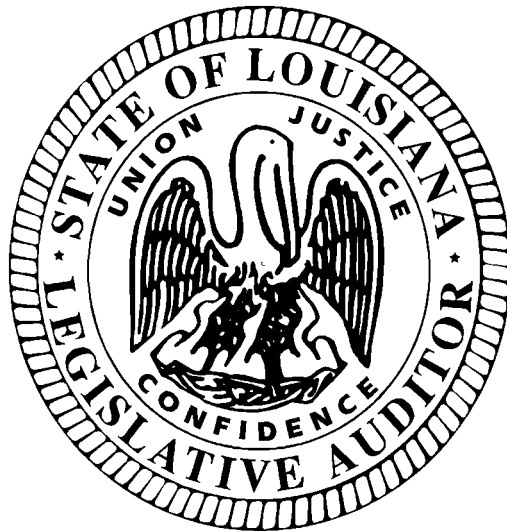
Grover C. Austin, CPA
First Assistant Legislative Auditor

MVG:THC:PEP:dl

[AUDITREPORTS]

Schedule A

Summary of Auditor's Results For the Year Ended June 30, 2002



STATE OF LOUISIANA
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Summary of Auditor's Results
 For the Year Ended June 30, 2002

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:
 Material weakness(es) identified? X yes no
 Reportable condition(s) identified not considered
 to be material weaknesses? X yes none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

Type of auditor's report issued on compliance for major programs:
Unqualified for all major programs.

Internal control over major programs:
 Material weakness(es) identified? X yes no
 Reportable condition(s) identified not considered
 to be material weaknesses? X yes none reported

Any audit findings disclosed that are required to be
 reported in accordance with Circular A-133, Section .510(a)? X yes no

STATE OF LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Summary of Auditor's Results

Federal Awards (Cont.)

Identification of major programs:

CFDA Number - Name of Federal Program or Cluster

- 10.500 - Cooperative Extension Service
- 10.557 - Special Supplemental Nutrition Program for Women, Infants, and Children
- 10.558 - Child and Adult Care Food Program
- 17.225 - Unemployment Insurance
- 83.543 - Individual and Family Grants Program
- 84.002 - Adult Education - State Grant Program
- 84.010 - Title I Grants to Local Educational Agencies
- 84.032 - Federal Family Education Loans
- 84.048 - Vocational Education - Basic Grants to States
- 84.126 - Rehabilitation Services - Vocational Rehabilitation Grants to States
- 84.340 - Class Size Reduction
- 93.558 - Temporary Assistance for Needy Families
- 93.563 - Child Support Enforcement
- 93.569 - Community Services Block Grant
- 93.658 - Foster Care - Title IV-E
- 93.667 - Social Services Block Grant
- 93.767 - State Children's Insurance Program
- 93.959 - Block Grants for Prevention and Treatment of Substance Abuse
- Child Care Cluster
- Highway Planning and Construction Cluster
- Medicaid Cluster
- Research and Development Cluster
- Special Education Cluster
- Student Financial Assistance Cluster
- TRIO Cluster
- WIA Cluster

Dollar threshold used to distinguish between
Type A and Type B programs:

\$22,225,126

Auditee qualified as low-risk auditee?

 yes X no

Schedule B

Financial Statement Findings
For the Year Ended June 30, 2002



**STATE OF LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Financial Statement Findings
For the Year Ended June 30, 2002

AGRICULTURE AND FORESTRY, DEPARTMENT OF**FS-02-AGRIC-1 - Unallowable Expenditure of
Statutorily Dedicated Funds**

For the second consecutive year, the Department of Agriculture and Forestry has improperly transferred Feed Fund, Fertilizer Fund, and Pesticide Fund resources to the Louisiana Agricultural Finance Authority (LAFA). LAFA used the funds to finance debt service for revenue bonds that were issued to fund agricultural construction projects throughout Louisiana. Louisiana Revised Statutes (R.S.) 3:1317(3), 3:1907C, and 3:3210C(4) state that these statutorily dedicated funds could be pledged for revenue bonds to renovate and/or construct a building on the Baton Rouge campus of the Louisiana State University and Agricultural and Mechanical College and a building and connected facilities for the purpose of housing administration and management of the Department of Agriculture. However, there is no authority for the statutorily dedicated funds to be used to finance the debt service for the revenue bonds that were issued to fund agricultural construction projects throughout the state.

On December 1, 1998, LAFA sold \$4,000,000 of revenue bonds to construct, furnish, and equip office buildings at seven sites throughout the state. The bonds are secured by a pledge of pesticide registration fees, Feed Fund revenues, Fertilizer Fund revenues, and by future lease rental payments from the State of Louisiana as lessee of the properties. The department transferred Feed, Fertilizer, and Pesticide funds to LAFA to finance bond interest and principal payments totaling \$820,000 for the fiscal year ended June 30, 2002; \$936,536 for the fiscal year ended June 30, 2001; and \$820,400 for the fiscal year ended June 30, 2000.

Management has approved the use of the Feed, Fertilizer, and Pesticide funds for LAFA debt service based on its interpretation of the statutes relating to those funds. R.S. 3:1317(3), 3:1907C, and 3:3210C(4) state that the revenue bonds will be used "for the purpose of acquiring, constructing, renovating, and equipping an office building and connected related facilities . . ." Management has interpreted the use of "connected" in these statutes to mean *functionally* connected and considers the use of these dedicated funds permissible since the office buildings located throughout the state are functionally connected to the operations of the department. However, when "connected" is read in the context of the sentence, the reader understands the word to mean *physically* connected and, obviously, buildings located throughout the state are not physically connected to the original building cited in the statutes.

The pledge of these statutorily dedicated monies for debt service payments makes these funds unavailable for expenditure for allowable, program-specific purposes. Furthermore, the fees may be eligible for reduction if their use were limited to funding expenditures of the programs as required by the revised statutes.

STATE OF LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Financial Statement Findings (Continued)

The department should authorize and require LAFA to reimburse the Feed, Fertilizer, and Pesticide funds a total of \$2,576,936 for unallowable use of the statutorily dedicated funds for bond principal and interest payments. Furthermore, the department should ensure that all future payments from these funds are for legally allowable purposes. Management did not concur with the finding and recommendation. See management's response at B-3.

Additional Comments: Management states that the Legislative Auditor has moved into the "field of lexicology." This may be true since this office complies with Louisiana Revised Statutes, Title 1, Chapter 1, *Interpretation of Revised Statutes*, and specifically with R.S. 1:3, which states, in part, "words and phrases shall be read with their context and shall be construed according to the common and approved usage of the language." In this case, the statutes state that the revenue bonds will be used "for the purpose of acquiring, constructing, renovating, and equipping an office building and connected related facilities . . ." (emphasis added). The legislature's use of **both** words "connected" and "related" are significant to the interpretation of the statute. If the legislature had used only the word "related," then use of the statutorily dedicated monies may have been allowable for the projects. However, use of the word "connected" indicates that there should be a *physical* connection of the project(s) to the building identified in the statutes. Obviously, construction projects located throughout the state are not physically connected to the building, making the use of the statutorily dedicated funds inappropriate.

Management also states that "at the March 21, 2002, Bond Commission meeting, construction projects for LAFA were again approved by the Legislative Auditor without any findings related to such funding." The Legislative Auditor does not approve bonds or construction projects.

EXECUTIVE DEPARTMENT

**FS-02-EXEC-1 - Inadequate Fund Balance -
 Patients' Compensation Fund**

For the eleventh consecutive year, the Executive Department, Patients' Compensation Fund Oversight Board, did not maintain an adequate surplus in the Patients' Compensation Fund as required by Louisiana law. R.S. 40:1299.44(A)(6)(a) requires that a surplus of 50% of the annual surcharge premiums, reserves established for individual claims, reserves established for incurred but not reported claims, and expenses be maintained in the fund.

For the fiscal year ended June 30, 2002, the accumulated balance or surcharges, reserves, and expenses is estimated to be \$564,713,778, which under Louisiana law would require a fund balance of \$282,356,889. As of June 30, 2002, the actual fund balance was \$130,781,615 resulting in a shortfall of \$151,575,274. This shortfall resulted from practices in effect before the Patients' Compensation Fund Oversight Board was created, whereby rates for medical malpractice premiums were not set based on experience ratings, including historical losses, interest payments, and future medical amounts.

STATE OF LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Financial Statement Findings (Continued)

The Patients' Compensation Fund Oversight Board should establish an adequate rate level to achieve the 50% surplus requirement over a reasonable period of time. Management concurred with the finding and outlined a plan of corrective action (B-13).

**FS-02-CAFR-1 - Comprehensive Annual Financial
Report Not Issued Timely**

The Commissioner of Administration, Division of Administration (DOA), Office of Statewide Reporting and Accounting Policy (OSRAP), did not issue the state's Comprehensive Annual Financial Report by the statutory deadline required by Louisiana Law. R.S. 39:80 requires that within six months after the close of the fiscal year, the commissioner of administration shall prepare a comprehensive annual financial report (CAFR) containing financial statements and notes, which are necessary for a fair presentation of the financial position and results of operations of the state in conformity with generally accepted accounting principles. The statutory deadline was not met by OSRAP because of the Louisiana Department of Revenue's failure to provide OSRAP with accurate, timely full-accrual revenue and receivable data. The data that were submitted by the Department of Revenue were not supported by subsidiary records of the department. As a result, the CAFR was delayed and the users of the CAFR received less timely financial information for decision-making. Also, noncompliance with state law occurred.

The commissioner should encourage the Department of Revenue to provide accurate, timely financial information to OSRAP to promote a more timely issuance of the CAFR. The commissioner concurred with the finding and recommendation and outlined a plan of corrective action (B-16).

**FS-02-CAFR-2 - Weaknesses in Information
Systems' Controls**

DOA did not have adequate internal control over passwords, physical and logical access to the state's computer systems and facilities, and certain system settings. In addition, the disaster recovery plan was not fully tested for all critical applications. Proper internal control should prevent unauthorized access to the state's information systems, ensure that logical and physical access is assigned based on a business-need-only basis while providing for the proper segregation of duties, and maintain proper settings to provide reliable data and to remain in compliance with applicable federal and state laws and regulations. In addition, physical access to state buildings should be granted to only those who have a legitimate business need and the access granted should be monitored for changes. A comprehensive disaster recovery plan for all systems should be tested to ensure continued operation of critical data processing services.

**STATE OF LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Financial Statement Findings (Continued)

During our audit, DOA had control weaknesses within information systems as follows:

- Controls regarding passwords to the state's operating system for the Integrated Statewide Information System (ISIS), including the Human Resource System (ISIS/HR), were not properly established. Logical and physical access was not assigned based on business-need-only, therefore not ensuring an adequate segregation of duties.
- Inappropriate administrative access was granted to at least 60 users to the ISIS operating system or to the ISIS program change control system.
- Physical access to state buildings was not always granted based on legitimate business need and proper monitoring of that access did not occur.
- Certain payroll deduction settings were improperly configured during the conversion from UPS to the new ISIS/HR payroll system.
- For the second consecutive year, the Office of Information Systems (OIS) failed to maintain proper segregation of duties related to ISIS/HR for at least ten user identifications.
- For the second consecutive year, although OIS had formalized a disaster recovery plan for ISIS systems collectively, the plan had not been fully tested for all key application systems.

DOA did not place appropriate emphasis on establishing and implementing internal control regarding logical and physical access to the state's computer systems and facilities, ISIS/HR system control settings, segregation of duties pertaining to ISIS/HR, and testing of the disaster recovery plan for all ISIS systems. The lack of adequate controls could result in the loss of state assets, system failure, and inaccurate data and could place the state at risk for noncompliance with certain federal and state laws and regulations.

DOA should implement policies and procedures for ISIS to ensure that password controls are established, physical and logical access to the state's computer systems and facilities are assigned on a business-need-only basis and are monitored, and critical settings are maintained to provide reliable data. In addition, the disaster recovery plan should be fully tested for all key applications. Management partially concurred with certain elements of the finding, but did not concur with the overall finding. Management stated, in part, "Unfortunately, the finding for this year is generally drafted to indicate a total lack of control regarding logical and physical access to the state's computer systems, facilities and operating systems. While we acknowledge certain specific deficiencies, none of those deficiencies justify the finding context and tone, and we must therefore speculate that a lack of understanding regarding the ERP environment has lead to their inclusion as a finding." See management's response at B-19.

STATE OF LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Financial Statement Findings (Continued)

Additional Comments: Because of the sensitive nature of Information System findings, reportable conditions are intentionally presented in a general manner and should not be perceived as indicating a total lack of control regarding the state's computer systems, facilities, and operating systems. Our decision to report certain deficiencies was based upon an in-depth understanding of Information Systems [including the Enterprise Resource Planning (ERP) environment] and each deficiency's relative impact on the system's ability to safeguard assets and to process, summarize, and report accurate financial data.

**FS-02-SW-EXEC-1 - Deficiencies in State's
Disaster Recovery Plans**

The State of Louisiana did not have adequate disaster recovery/contingency plans at some state agencies and universities to include offsite operations during a disaster. Formal disaster recovery/contingency plans should exist for the timely restoration and continuity of critical entity operations in the event that normal data processing facilities are unavailable for an extended period of time. In addition, R.S. 44:36 requires that public records shall be preserved and maintained for a period of at least three years from the date on which the public record was made.

An adequate disaster recovery plan should include at a minimum:

- A written functional plan that will allow for continued operation of critical information technology (IT) services in the event of an unexpected interruption.
- Routinely backing up data files, computer programs, and critical documents, and storing this information offsite at a remote facility. This remote facility should either have the same operating systems as the agency or ready access to another processing facility so that data can be processed and operations can continue with minimal disruption of services.
- Installing environmental controls, such as fire suppression systems or backup power supplies.
- Training for staff and other users of the system to ensure that they understand their responsibilities in case of emergencies.
- Testing of the plan to ensure that the plan works as intended.

Failure to implement formal disaster recovery/contingency plans in state agencies and universities increases the risk that untimely or excessive delays in processing critical data may occur and that critical data may be lost. A disaster could have a significant impact on financial accountability, and agencies and universities may not be able to continue business operations, including processing payroll and providing services to the public.

**STATE OF LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Financial Statement Findings (Continued)

Our audit work disclosed deficiencies in disaster recovery/contingency plans for the following four universities, three state agencies, two courts, one community college, and one levee district:

1. Grambling State University does not have an adequate disaster recovery plan for the university's computing center. The university has developed a one-page written plan that includes an on-campus alternative site for use in case of emergency; however, the computers needed to implement the plan are not yet in place. In addition, the plan does not define what constitutes a disaster and does not describe when the plan would be put into action.
2. Louisiana State University and Related Campuses (LSU) does not have a disaster recovery plan and an adequate backup supply of electrical power in place for its data processing operations in the event of a disaster. Backup tapes used in reestablishing critical systems are stored offsite; however, they are stored in a building that is also on the LSU campus. Management reported that budget restrictions have not allowed the university to implement a disaster recovery plan or obtain an adequate backup supply of electrical power and remote offsite storage.
3. Nicholls State University (NSU) does not have an adequate disaster recovery plan and an adequate backup supply of electrical power in the event of a disaster. Backup tapes used in reestablishing critical systems are stored offsite; however, they are stored in a building that is also on the NSU campus. Management reported that budget restrictions have not allowed the university to implement a disaster recovery plan or obtain an adequate backup supply of electrical power and remote offsite storage.
4. The University of Louisiana at Monroe does not have a disaster recovery plan in place should a major catastrophe occur in the university's computing center.
5. The Department of Insurance does not have a sufficient written disaster recovery/business continuity plan. The current disaster plan was written over six years ago and does not reflect the current conditions of the department's system. The plan only addresses backup procedures. Backup tapes are not maintained at an acceptable offsite location. The department does not have adequate procedures to ensure that e-mail is maintained on system backup files for a period compliant with the public records law.
6. The Department of Natural Resources does not have a written disaster recovery/business continuity plan. The department's fiscal year 2000-2001 budget request included additional funding for hardware, software, networking, and personnel resources to provide necessary continuous information services in the event of a disaster. However, funds for these purposes were not made

STATE OF LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Financial Statement Findings (Continued)

- available. The department did not allocate current funds to obtain access to an offsite disaster recovery facility.
7. The Department of Public Safety and Corrections, Public Safety Services, does not have a written disaster recovery/contingency plan, to include provisions for an offsite disaster recovery facility, for its data processing operations. The department did not allocate current funds for access to an offsite disaster recovery facility. The department did include a request in its budget request for fiscal year 2001-2002 for additional funding to be used to contract with a private company that provides offsite disaster recovery facilities; however, the funds were not appropriated by the legislature.
 8. The Court of Appeal, Fourth Circuit does not have a formal disaster recovery/contingency plan to provide for the timely restoration of critical entity operations in the event that normal data processing facilities are unavailable for an extended period of time. Although the court has addressed general issues related to fire, hurricane, or bomb threat procedures, current policies and procedures do not include a comprehensive plan related to disaster recovery.
 9. The Court of Appeal, Fifth Circuit has not formally implemented and tested a disaster recovery/contingency plan, including provisions for an offsite disaster recovery facility, to provide for the timely restoration of critical entity operations in the event that normal data processing facilities are unavailable for an extended period of time. Although the court has addressed issues related to hurricane procedures, current policies and procedures do not include a comprehensive plan related to disaster recovery.
 10. Delgado Community College has not implemented and tested a disaster recovery/contingency plan, including provisions for an offsite disaster recovery facility, to provide for the timely restoration of critical entity operations in the event that normal data processing facilities are unavailable for an extended period of time.
 11. The Orleans Levee District has not formally implemented and tested a disaster recovery/contingency plan, including provisions for an offsite disaster recovery facility, to provide for the timely restoration of critical entity operations in the event that normal data processing facilities were unavailable for an extended period of time. Although the district has addressed issues related to file backup and offsite storage, current policies and procedures do not include a comprehensive plan related to disaster recovery.

**STATE OF LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Financial Statement Findings (Continued)

The State of Louisiana and its agencies and universities should take the necessary measures to develop and implement comprehensive disaster recovery/contingency plans to allow critical operations to be reestablished from a remote location within an acceptable time frame should a disaster occur. Agencies and universities should also test the plans periodically, and update them as necessary, to determine whether the plans work as intended in emergency situations. Management concurred in part with the finding and described a plan of corrective action (B-23).

FS-02-SW-EXEC-2 - Ineffective Internal Audit Function

For the twentieth consecutive year, the State of Louisiana did not have an effective internal audit function for state government to examine, evaluate, and report on its internal control, including information technology, and to evaluate its compliance with the policies and procedures of the control system.

Currently in Louisiana, over 100 internal auditors provide coverage to state agencies, state hospitals, state colleges/universities and various component units. The governor also established the Office of the State Inspector General (IG) in fiscal year 1988 to provide an internal audit function for state agencies and to provide other valuable services to the state through investigative auditing. However, because of funding limitations, the IG does not have adequate staffing to perform an effective internal audit function. Currently, there are 12 auditors in the IG's office.

Although internal audit resources exist within the agencies noted previously, our study and evaluation of the state's internal control for the year ended June 30, 2002, found that an effective internal audit function did not exist in the following state agencies and university. While the following should not be considered an all-inclusive list, their approximate collective assets and revenues demonstrate the need for an effective internal audit function within Louisiana state government.

STATE OF LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Financial Statement Findings (Continued)

	<u>Assets</u>	<u>General Appropriations/ Revenues</u>
Department of Agriculture and Forestry	\$14,332,000	\$84,827,935
Executive Department	478,781,557	461,835,700
Grambling State University	77,771,757	39,396,374
Department of Justice	4,024,165	30,523,050
Department of Public Safety and Corrections - Corrections Services	73,301,492	672,670,931
Department of Public Safety and Corrections - Public Safety Services	43,562,745	1,164,469,399
Office of Telecommunications Management	10,900,330	52,422,440
Total	<u><u>\$702,674,046</u></u>	<u><u>\$2,506,145,829</u></u>

Act 12 of the 2001 Regular Session of the Louisiana Legislature requires state agencies with an appropriation level in excess of \$30 million to use existing program resources and table of organization for the purpose of establishing an internal auditor position. Considering the state's reported assets (approximately \$49 billion) and its operating revenues (approximately \$23 billion) and the number of control and compliance findings contained in this report, an effective internal audit function is needed to ensure that the state's assets are safeguarded and that state policies and procedures are uniformly applied.

The State of Louisiana should take the necessary steps to establish an effective internal audit function by either reallocating or increasing available internal audit resources or by pursuing other alternatives to accomplish this objective. Management concurred in part with the finding and mentioned a lack of financial resources and the administration's stated objective to do more with less. See management's response at B-25.

**FS-02-SW-EXEC-3 - Noncompliance With State's
Movable Property Regulations**

The State of Louisiana did not ensure that all state agencies, community colleges, hospitals, and component units maintain adequate internal accounting controls over movable property as prescribed by the commissioner of administration and Louisiana law. Considering the amount of machinery and equipment additions (\$75,281,000), deletions (\$54,578,000), and net ending balance (\$150,488,000) for governmental activities, and net ending balances for business-type activities (\$9,323,000), and component units (\$270,054,000), as reported by the Division of Administration, OSRAP, for the year ended June 30, 2002, the state's policies and procedures should be uniformly applied to ensure that movable property is adequately safeguarded and accurately reported in the financial statements.

**STATE OF LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Financial Statement Findings (Continued)

Good internal control requires that adequate control procedures be in place to ensure that (1) the acquisition, valuation, and disposition of movable property is accurately reflected in the accounting records; (2) the location of all movable items is monitored and updated frequently; and (3) the amounts recorded in the financial statements are materially correct. In addition, good internal control should ensure that movable property is properly safeguarded against loss arising from unauthorized use, that movement of items from one location to another is recorded, and that errors in processing transactions are recognized and corrected. Furthermore, R.S. 39:323-325 and the Louisiana Administrative Code (LAC) Title 34 Part VII Section 313 require the following:

1. Property managers are responsible for the maintenance of property identification marks as prescribed by the commissioner (R.S. 39:323).
2. The property manager is required to update the master inventory listing on a monthly basis by submitting all property transactions to the commissioner (R.S. 39:324).
3. Each property manager is required to take a complete physical inventory of all property at least once each fiscal year and record the true and actual results of the physical inventory (R.S. 39:324 and LAC Title 34 Part VII Section 313).
4. Upon completion of the annual inventory, each property manager is required to submit a certified report to the commissioner containing all exceptions or discrepancies found when comparing the results of the physical inventory to the perpetual inventory records (R.S. 39:325).
5. Efforts must be made to locate all movable property for which there are no explanations for their disappearance (LAC Title 34 Part VII Section 313).

The Louisiana Property Assistance Agency (LPAA) has been designated by the commissioner as the agency that will collect, account for, and maintain the transactions and reports that are required by state law; however, not all state entities are required to report to LPAA. LAC Title 34 Part VII Section 307(A) requires that acquisitions are tagged and information is forwarded to LPAA within 60 days after receipt of these items. In addition, R.S. 39:326(D) provides the commissioner with the authority to invoke sanctions upon an agency that is in noncompliance with movable property regulations, including the restriction of property acquisitions by that agency.

The audit of movable property records throughout the state disclosed that three state agencies, three community colleges, two state hospitals, and one state commission have not maintained an adequate movable property control system as follows:

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Financial Statement Findings (Continued)

1. For the fifth consecutive year, the Medical Center of Louisiana at New Orleans did not maintain adequate internal control over movable property. The following deficiencies in movable property records were observed:
 - In its Certification of Annual Property Inventory dated June 30, 2002, the medical center reported that it could not locate movable property valued at \$1.8 million for fiscal year 2002, and movable property valued at \$3.8 million was unlocated from the previous three years.
 - A review of 174 movable property items acquired revealed that 53 items (30.5%) totaling \$469,896 were not reported to LPAA within 60 days of receipt. The items were reported between 70 and 327 days after receipt.
2. For the second consecutive year, Baton Rouge Community College did not maintain adequate internal control over movable property as prescribed by state law. The following deficiencies in internal control were noted:
 - Sixteen of 70 items (23%) acquired during the year were not reported to LPAA within 60 days of receipt. These items were reported to LPAA between 80 and 190 days after receipt by the college.
 - On May 24, 2002, the college reported to LPAA that 49 movable property items totaling \$95,563 or 3% of the college's reportable movable property could not be located. These items consist of 7 microscopes, 2 fax machines, a television and stand, and 38 items of computer equipment. These items were acquired between May 1997 and December 2001.
 - During the fiscal year, there were two thefts of computer equipment with total acquisition costs of \$9,104. Included in these thefts were two laptop computers whose acquisition costs exceeded \$1,000 each. These two computers were included in the amount reported to LPAA as unlocated property on May 24, 2002.
 - The LPAA movable property system user ID of a former Director of Accounting had not been deactivated at June 30, 2002. The former employee resigned in March 2001.
3. For the second consecutive year, Delgado Community College did not reconcile movable property acquisitions recorded in its general ledger to the LPAA records.
4. For the second consecutive year, South Louisiana Community College did not maintain adequate internal control over movable property. Various tests of movable property records disclosed the following weaknesses:

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Financial Statement Findings (Continued)

- Thirteen of 81 current year acquisitions (16%) totaling \$23,475 were reported to LPAA from 72 to 156 days after receipt of the property.
 - In a test to locate 25 movable property items, it was noted that two (8%) items had incorrect serial numbers recorded in LPAA records; five (20%) items were not at the location indicated in LPAA records; and 16 (64%) items were tracked by department location codes. This tracking method is inefficient and requires searching multiple offices to locate each piece of property. The method also inhibits the community college from identifying missing property in a timely manner.
 - No monthly reconciliation of LPAA reports to the community college's accounting records was performed.
 - Three individuals still had active user ID codes that allowed access to the LPAA system even though they terminated employment in fiscal years 2000 and 2001. In addition, two current employees informed us that they shared the user ID and password of one of the terminated employees to enter movable property transactions into the LPAA system.
5. For the second consecutive audit, the University Medical Center did not maintain adequate internal control over movable property. During a review of movable property records for the two years ending June 30, 2002, the following deficiencies were observed:
- Eleven out of 58 items (20%) had incorrect location codes and five (9%) were not tagged.
 - Five out of ten acquisitions (50%) were not tagged within 45 days of receipt. Also, the acquisition date according to LPAA for seven items (70%) did not agree to the receiving report dates. The cost according to LPAA for three items (30%) did not agree to the supporting invoice and payment documentation.
 - The following were noted in a review of physical inventories conducted during fiscal years 2001 and 2002 by the Nursing Services Administration Unit:
 - During the fiscal year 2001 physical inventory, 30 of 75 items (40%) assigned to this unit were not located. During the fiscal year 2002 physical inventory, two of six items (33%) assigned to this unit were not located and were not included on the medical center's unlocated list or discrepancy report. No evidence existed

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Financial Statement Findings (Continued)

that efforts were made to either explain or follow up on the disappearance of these items.

- The listing of unlocated items submitted by the unit manager during the fiscal year 2002 inventory included 21 items that had been removed from the unit's LPAA records during fiscal year 2001. The listing was a duplicate of the prior fiscal year listing of unlocated items, an indication that a complete inventory was not conducted as prescribed in the inventory instructions.
 - The following were noted in a review of annual property inventory certifications submitted to LPAA during fiscal years 2001 and 2002:
 - On the January 18, 2001, Certification of Annual Property Inventory, acquisitions and unlocated items in 1997 (third-year discrepancies) were overstated by \$325,101 and \$52,000, respectively. In addition, the ending inventory was overstated by \$273,110.
 - On the Certification of Annual Property Inventory dated January 11, 2002, total acquisitions and ending inventory were both understated by \$19,526, and unlocated items in 2001 were understated by \$4,000.
 - A review of the State Land and Buildings System Report on Changes in Buildings as of June 30, 2001, disclosed that a building addition totaling \$287,037 was erroneously included on the master inventory listing as an equipment item. In addition, management was unable to identify the individual items that comprise the building portion of the plant fund to determine if any other items were reported as both equipment and buildings.
6. The Department of Social Services did not have adequate internal control over movable property. Tests of movable property transactions and controls identified the following deficiencies:
- As of August 19, 2002, 285 items totaling \$921,432 were not reported on LPAA's records.
 - The accuracy and completeness of the Office of Community Services (OCS) annual physical inventory and annual certification is doubtful because of the following:

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Financial Statement Findings (Continued)

- The OCS property control manager did not verify existence before transferring ownership of all computer equipment to the Office of the Secretary (OS).
 - A physical inventory was not performed on one property location that had 292 items totaling approximately \$1.1 million.
 - Computer equipment totaling approximately \$339,000 (over 100 items) could not be verified as being located by the property liaisons during the annual physical inventory. However, the items were not reported to LPAA as being unlocated. Since BF-11s had already been prepared to transfer the property, there is an increased risk that unlocated property was transferred to OS.
 - The OCS property control manager erroneously identified three pieces of property totaling \$10,590 as unlocated in 2002. However, these items were transferred and retagged by OS.
 - Monthly reconciliations between department records and LPAA records were not properly performed to ensure accurate movable property records.
 - Eight of 12 acquisitions (67%) for OCS were not tagged and added to the inventory system until 63 to 917 days after receipt of the property.
 - OCS, OS, and the Office of Family Support are not reconciling the MV-3 Update Report, which lists vehicle information entered into LPAA, to ensure that fleet records are properly updated.
7. The Office of Public Health did not maintain adequate internal control over movable property. Of a sample of 759 acquisitions, 68 items (9%) totaling \$133,135 were not reported to the LPAA within 60 days of receipt. These items were reported between 62 and 162 days after receipt by the agency.
8. The Department of Public Safety and Corrections, Corrections Services, did not maintain adequate internal control over movable property. Of a sample of 219 acquisitions, 114 items (52%) totaling \$267,746 were not reported to the LPAA within 60 days of receipt. These items were reported between 63 and 1,516 days after receipt by the department.

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Financial Statement Findings (Continued)

9. The Louisiana State Boxing and Wrestling Commission did not maintain adequate internal control over movable property. The following were noted:
- The commission did not adjust the June 30, 2001, or June 30, 2002, movable property balance for equipment items under \$1,000 totaling \$2,551 that were purged on August 23, 2001, by LPAA.
 - The commission did not submit its Annual Certification of Property Inventory for fiscal year 2001, which was due to LPAA on September 11, 2001.

The State of Louisiana should take the necessary measures to ensure that all state agencies, community colleges, state hospitals, and state commissions maintain adequate internal accounting control over movable property to comply with state movable property regulations as prescribed by the commissioner of administration and Louisiana Law. Management concurred with the finding and recommendation and described a plan of corrective action (B-26).

GRAMBLING STATE UNIVERSITY

**FS-02-GSU-1 - General Ledger Accounts Not Reconciled
to Supporting Records**

Grambling State University did not reconcile several accounts, which are on the Statement of Net Assets, to detailed supporting documentation or subsidiary records. A good internal control system requires the periodic reconciliation of account balances to ensure that errors and/or fraud are detected timely and to ensure fair presentation of financial information. Management did not ensure that the necessary records were maintained and the reconciliations were prepared properly and timely. Our audit revealed the following:

- As of June 30, 2001, the university had not reconciled the general ledger payable balance of \$581,961 for state group health and life insurance premiums to employee deductions in the payroll subsidiary records. Activity in this account over the following 11 months created a debit balance or overpayment at May 31, 2002, of \$421,966. In June 2002, management reconciled the account and determined that it actually had a credit balance (payable) of \$290,495 as of May 31, 2002. As a result, university management prepared and entered an adjusting entry for \$712,461 to increase expenses and increase the liability to reflect a \$290,495 balance as of May 31, 2002.
- As of June 30, 2001, the "Due from Miscellaneous Agencies" and the "Due from TOPS" receivable accounts reflected debit balances of \$190,133 and \$63,475, respectively. Management had not reconciled these accounts and could not provide detailed subsidiary records to support the balances. Management

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Financial Statement Findings (Continued)

decided in June 2002 to write off these balances since neither detailed records nor support could be provided.

- As of June 30, 2001, the "Stafford Loan (EFT)" liability account reflected a credit balance of \$1,010,562 that had not been reconciled to the detailed subsidiary records. In July 2002, management reconciled the account and determined that the correct balance as of June 30, 2001, was \$165,270. The reconciliation indicated that \$808,296 of the \$1,010,562 had been entered twice into the accounting records, so an adjusting entry was prepared and entered to correct the error. The remaining balance of \$36,996 was written off in fiscal year 2002.
- The Deferred Revenues account balance as of June 30, 2002 and 2001, included \$445,686 for advanced federal and state program funds received before July 1, 2000. The university analyzed this account and could not provide documentation to support whether eligible expenses were or were not incurred under these programs by the end of the grant period. The grants director believes that grant expense information may have been lost during a computer conversion. However, deferred revenues will be reduced by the unsupported amounts of \$445,686 as of June 30, 2001 and 2002.

The university did not have policies and procedures that explained and required the reconciliation of the various general ledger accounts to supporting documentation and has not always had personnel with the experience and knowledge necessary to analyze and/or reconcile the various accounts. When accounts are not analyzed or reconciled periodically, university assets are placed at a greater risk of fraud and/or misappropriation and financial records and/or statements may not represent the true financial condition of the university.

Grambling State University should develop and implement formal written policies and procedures that require the timely reconciliation of all subsidiary accounts to general ledger balances and totals. A knowledgeable member of management should then review the reconciliations to ensure that all reconciling items are properly supported. Where possible, account balances should be aged and when an account does not clear within a reasonable time, management should immediately require university personnel to investigate the balance to determine why the balance has not cleared. Management concurred with the finding and recommendations and outlined a plan of corrective action (B-28).

FS-02-GSU-2 - Inaccurate and Incomplete
Annual Financial Statements

For the third consecutive audit, Grambling State University prepared and submitted inaccurate and/or incomplete annual financial statements. Management's fiscal responsibility is to provide the university with procedures to record, process, and summarize financial data needed to prepare accurate financial statements. These procedures should require that accounts be periodically analyzed and reconciled to subsidiary ledgers or to detailed information to

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Financial Statement Findings (Continued)

determine the validity of the account balances. Management is also responsible for reviewing the financial statements so that any preparation errors can be detected and corrected in a timely manner.

Although the financial statements for June 30, 2001, were due on September 4, 2001, management provided financial statements to auditors on September 14, 2001. The university then issued three revisions to its original financial statements. These revisions were dated October 4, 24, and 29, 2001.

Even though the university worked on the financial statements for two months past the deadline, accounts on the balance sheet (Statement of Net Assets) and operating statement (Statement of Revenues, Expenses, and Changes in Net Assets) had not been analyzed or reconciled and included numerous classification and posting errors and balances that could not be supported by management. In addition, the financial statements were prepared even though the three major bank accounts had not been reconciled for June 30, 2001. Furthermore, management was unable to support all of the adjustments made to the general ledger balances/totals to arrive at the financial statement balances/totals, and certain notes to the financial statements did not agree with the financial statements amounts and/or the notes contained inaccurate information.

For the June 30, 2002, year, the university was required to implement Governmental Accounting Standards Board Statement No. 35. In addition to presenting its 2002 financial statements using this new reporting format, the university elected to reissue its 2001 financial statements using this same format. The restated 2001 financial statements were provided to the auditors on July 29, 2002, and the June 30, 2002, financial statements were provided to the auditors on July 31, 2002, to provide for early issuance of the audit report. The three major bank accounts for both the 2001 and 2002 fiscal years had still not been reconciled and many of the accounts had not been completely analyzed. The auditors' analysis of subsidiary ledgers and other records for various accounts indicated significant balances that management could not support, resulting in numerous proposed adjustments. In addition, management used estimates that were not supported or had no historical basis for the estimate. These estimates affect accounts and notes receivable and tuition and fee discounts and allowances.

Management has not placed sufficient emphasis on ensuring that financial statements are prepared in accordance with generally accepted accounting principles and contain accurate, reliable information that can be reconciled to supporting subsidiary ledgers and records. Management currently relies on the audit process and outside consultants to detect errors in its operations.

Within the last year the university has employed some competent accounting personnel. Management should begin a rigorous training program for all of its financial personnel and ensure that all of its personnel are adequately trained and supervised. Management should then develop and implement the controls necessary to ensure that the financial data in the accounting system are accurate. These controls must include analyzing and reconciling

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Financial Statement Findings (Continued)

subsidiary ledgers and other supporting records to the general ledger in a timely manner. Finally, before issuing the financial statements to the auditors or to the public, senior management should perform a higher level of review of the financial statements and note disclosures. Management concurred with the finding and recommendations and outlined a plan of corrective action (B-29).

**FS-02-GSU-3 - Ineffective Billing and Collection Procedures
for Student Receivables**

Grambling State University has not established effective billing and collection procedures governing its student receivables, valued at \$4,083,422 and \$3,474,194, at June 30, 2002 and 2001, respectively. Due diligence and fiscal responsibility require management to establish policies and procedures that enable the university to bill students timely and make every effort legally available to collect these receivables.

Little or no effort was made during fiscal years 2001 and 2002 to collect amounts owed the university from students. University management did not:

- Establish formal written policies and procedures for billing for student receivables, which would include the handling of delinquent student receivables.
- Timely bill current and former students for outstanding balances.
- Turn over delinquent accounts to a collection agency for further processing.
- Periodically evaluate the methodology of estimating the allowance for doubtful accounts.

Management did not address this issue during fiscal years 2001 or 2002 because it was addressing other significant areas of concern in the accounting system. In addition, changes in key personnel, including the employee responsible for student billing, affected operations.

Grambling State University should ensure that effective policies and procedures are developed and implemented to enable the university to bill timely, make reasonable collection efforts, then turn outstanding accounts over to a collection agency as soon as possible. Furthermore, management should ensure that the accounting system accounts for student receivables so that an allowance for doubtful accounts may be reasonably estimated and appropriately included in the financial statements. Management concurred with the finding and recommendations and outlined a plan of corrective action (B-30).

STATE OF LOUISIANA
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Financial Statement Findings (Continued)

**FS-02-GSU-4 - No Methodology for Estimating the
Allowance for Doubtful Accounts**

Grambling State University does not have a methodology for estimating its allowance for doubtful accounts. Generally accepted accounting principles require that management develop a reasonable and systematic basis for estimating the amount of receivables that will not be collectible. The basis used should be documented, well supported, and also periodically reviewed and adjusted based on changing conditions. Changes in an allowance account affect not only the balance of receivables reported in the Statement of Net Assets but also affect the Statement of Revenues, Expenses, and Changes in Fund Net Assets (i.e., an increase in an allowance account increases expenses and a decrease in an allowance account reduces expenses).

A review of receivable account balances included in the financial statements revealed the following:

- Lab School receivables - The allowance for doubtful accounts is \$250,888 at both June 30, 2002 and 2001, although gross receivables increased from \$250,888 (2001) to \$295,133 (2002).
- Employee traffic fines receivable - The allowance for doubtful accounts is \$35,892 at both June 30, 2002 and 2001, although gross receivables decreased from \$71,784 (2001) to \$62,421 (2002).
- Student notes receivable - No allowance for doubtful accounts is reported for fiscal years 2002 or 2001. Gross student notes receivable at June 30, 2002 and 2001, were \$2,205,878 and \$2,145,118, respectively.
- Unidentified allowance balance - The allowance for doubtful accounts includes \$98,078 for both June 30, 2002 and 2001, that is not related to any specific receivable.

Management has not gathered and analyzed available historical data or performed any other type of analysis to determine whether the estimates used are reasonable. Furthermore, management feels that it is not necessary to establish an allowance for student notes receivable; however, no authoritative guidance has been provided to support this position. As a result, management can neither support its assertion that expenses for uncollectible amounts are reasonable nor that the accounts receivable balances for student tuition and fees, lab school, employee traffic fines or student notes receivable are reasonable as presented in the financial statements.

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Financial Statement Findings (Continued)

Grambling State University should review available historical data to estimate the allowance for doubtful accounts. The methodology used to estimate the allowance account should be fully documented with assumptions, computer reports, and other supporting evidence readily available for review and verification. Management should also periodically review the method used to determine whether it should be adjusted. Management concurred with the finding and recommendations and outlined a plan of corrective action (B-31).

**FS-02-GSU-5 - Substandard Accounting
Procedures and Records**

Grambling State University allowed the quality of its accounting procedures and records to deteriorate to a substandard level. A good financial environment should contain stable leadership, detailed formal written policies and procedures, and knowledgeable employees with skill and experience in performing their duties. The poor quality of the existing procedures and records reduced the university's operational effectiveness, caused the university to pay large sums to outside consultants, and placed the university in a precarious situation regarding reaccreditation.

The primary source of this deterioration over the past several years has been incompetence in many of the key financial and information system personnel. When the university began installation of the BANNER software system in 1998, there were few, if any, employees or members of management that were qualified to operate the new system. The software vendor (SCT) provided training in use of the software; however, many errors were made in the early months of operations because of a lack of understanding of how the system actually operated, resulting in millions of dollars of inaccurate entries.

Compounding these problems was a faulty back-up procedure that caused a catastrophic event in 1998; four months of detailed accounting data were lost. Management lacked the technical ability required to resolve this crisis and sought assistance from various staff within the University of Louisiana System Board of Supervisors (ULS) and several accounting and software consulting firms. Accounting consultants have been paid \$960,000 to date, while software firms have been paid over \$2 million for specialized services relating to the accounting problems and for software installation, upgrades, and implementation.

The use of these consultants did not correct the primary weakness in the environment, which was the lack of competent, well-trained staff to operate the university's accounting system. On July 1, 2001, a new Vice President for Finance was hired to fill a vacancy that had existed for approximately one year. Shortly after being hired, the new Vice President for Finance began an intensive search for knowledgeable, qualified, experienced staff to manage key positions, such as Comptroller, Assistant Comptroller, Information Services Director, and Grants Administrator. These key positions are now filled. Numerous hours have now been spent analyzing account balances and the details that support them. Millions of dollars in erroneous account balances have been written off.

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Financial Statement Findings (Continued)

Management of the university and ULS should continue to make changes necessary to improve the accounting environment. Formal written policies and procedures should be developed and/or improved. When re-evaluated on a regular basis, management can gain assurance that the accounting process is providing the information needed for financial statement preparation and university assets are safeguarded from loss and/or theft. Employees should be adequately trained as part of the implementation of the new procedures and thereafter held fully accountable for complying with those policies and procedures. Management concurred with the finding and recommendations and outlined a plan of corrective action (B-32).

FS-02-GSU-6 - Untimely Collection of Grant Proceeds

Grambling State University expended state funds to participate in several federal, state, local, and private grant programs without requesting timely reimbursement from grantors. Good internal control and business practices require that procedures be in place to alert management and grant personnel when requests for reimbursement of expenses have not been processed timely.

The university participates in various grant programs relating to research and development, scholarships, and community services. The grant programs are usually administered on a reimbursement basis that requires the university to first incur the cost to operate the program. A request should then be submitted to the grantor for reimbursement for all eligible costs incurred. During fiscal year ended June 30, 2002, management reconstructed the accounting records for the grant programs and determined the following:

- At June 30, 2001, the university expended \$7,423,037 in state funds for primarily federal program costs for which no reimbursement request had been processed.
- In June 2002 when \$4,645,916 of the June 30, 2001, balance was still outstanding, management took the following actions:
 - Requested reimbursement of \$3,675,296 from the grantors
 - Wrote off \$489,240 as uncollectible because the grant periods had expired
 - Continued to investigate the collectibility of \$481,380

According to the new grants director, at June 30, 2002, the university is still not current with its requests for reimbursement but plans to be current in the near future.

In April 2002, the university contracted with an accounting firm to assist them in preparing its requests for reimbursement for the current and previous periods. As indicated above by the write-off of the \$489,240, failure to request reimbursement timely increases the risk that state funds will not be reimbursed by the grantor. A conservative estimate indicates that during fiscal

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Financial Statement Findings (Continued)

year 2002, the state lost interest income of approximately \$194,506 from amounts owed the university by grantors at June 30, 2001.

Grambling State University should develop and implement controls to ensure that state funds are not used for extended periods of time to finance the operations of its grant programs. This can be accomplished by developing formal written policies, procedures, and timelines when requests must be prepared, approved, and submitted. Employees should be properly trained, assigned specific responsibilities, and held accountable for performing their required tasks. Finally, controls should be installed in the university's automated accounting system, such as an exception report, that would alert management when requests for reimbursement are not processed timely. Management concurred with the finding and recommendations and outlined a plan of corrective action (B-33).

**FS-02-GSU-7 - Untimely and Insufficiently Supported
Bank Reconciliations**

For the third consecutive audit, Grambling State University did not reconcile its bank accounts timely. Also, adjusting or reconciling items on the bank reconciliations did not have sufficient supporting documentation that would provide assurance that the adjustments were valid. Good internal controls require reconciliation of all bank accounts on at least a monthly basis. Valid bank reconciliations provide management a reasonable basis to ensure that all transactions that affect both the bank accounts and accounting records are in agreement and that no errors or fraud have occurred and not been detected and/or corrected.

The university maintained six bank accounts as of June 30, 2001 and 2002. Throughout both years, management was routinely late in reconciling many of these accounts, especially its three major accounts, ranging from a few months to over a year. As of August 30, 2002, the Accounts Payable (disbursements) and Payroll accounts were not reconciled for June 30, 2001 and 2002. In addition, the General Treasury account was not reconciled for June 30, 2002.

A draft version of the 2001 bank reconciliation was provided to the auditors on September 4, 2002, then was followed by three revisions as of September 9, 2002. On September 9, 2002, the auditors received the June 30, 2002, reconciliation. The reconciliations indicate that the university proposed 51 adjustments (journal entries) for 2002 and 119 adjustments (journal entries) for 2001 to adjust general ledger cash for the Accounts Payable bank account.

Tests of the reconciliations by the auditors revealed the following deficiencies, which possibly delayed the timely completion of the reconciliation process:

- Outstanding checklists for the Accounts Payable and Payroll accounts included void checks and checks that had previously cleared the bank.

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Financial Statement Findings (Continued)

- There were instances where journal entries were prepared to correct an initial error, but the subsequent correcting entry was incorrect, and the additional entries were also incorrect, compounding the initial problem.
- Numerous reconciling items routinely appeared in reconciliations for several months before the correcting entries were posted to the university's books of original entry.
- The university did not have a copy of the beginning or ending book balance readily available to support these balances on the bank reconciliation. It has not been the practice of the university to generate a paper copy of its monthly reports.

We also noted that the university does not have formal written policies and procedures or a standard format for preparing and approving bank reconciliations. The staff preparing the reconciliations does not possess the necessary experience and has not been adequately trained. Furthermore, supervisory staff does not always perform a careful review of the reconciliations or does not possess the necessary training and/or experience to recognize errors.

Failure to reconcile the bank accounts timely increases the risk that assets could be misappropriated and not detected in a timely manner. Furthermore, management is making major financial decisions based on questionable financial information when the accounting system has not been reconciled to the bank records.

Management should develop and implement formal written policies and procedures for reconciling, at least monthly, each of its bank accounts. University employees should be sufficiently trained and held accountable for the work they perform. Their work should be reviewed and approved by a knowledgeable member of management to ensure that it is accurate. This member of management should also review all reconciling items and journal entries prepared to correct errors. Once it is determined a journal entry is accurate, the member of management should ensure that the entry is entered immediately into the system and the entry does correct the problem. Management concurred with the finding and recommendations and outlined a plan of corrective action (B-34).

LABOR, DEPARTMENT OF**FS-02-LABOR-1 - Insufficient Control Policies and Procedures for
Human Resources and Payroll Processes**

The Louisiana Department of Labor did not have sufficient policies and procedures for human resources and payroll processes to ensure that transactions were valid, authorized, and correctly entered into the Payroll/Personnel System. Sound internal controls require that

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Financial Statement Findings (Continued)

(1) duties are adequately segregated; (2) assets are adequately safeguarded; and (3) transactions are reviewed and approved by an appropriate supervisor so that errors and/or fraud are detected timely.

A review of human resources and payroll processes for the period July 1, 2001, through January 20, 2002, identified the following deficiencies:

- The department has 14 human resources employees with access to master records. Those employees have incompatible functions in that they have the ability to establish new employee master records, approve and input updates to existing employee master records, and enter time and attendance data into the Payroll/Personnel System. No employee independent of the personnel/payroll function examines the Payroll/Personnel System reports and payroll documents to ensure that input of employee master record changes are valid and accurate.
- For 23 of the 26 timekeeping units tested, the timekeepers performed incompatible functions in that they entered the time and attendance data and also reviewed the Payroll/Personnel System reports. After the system has been closed for data entry, no employee independent of the payroll function examined the Payroll/Personnel System reports and payroll documents to ensure that input of the time and attendance data were valid and accurate. This situation results in a lack of separation of duties and contributed to a misappropriation of public funds. During the period February to April 2002, the timekeeper for the Legal Division falsified her time and attendance by entering overtime hours for herself into the Payroll/Personnel System that were not authorized and had not been worked. In addition, the timekeeper did not enter into the system all the leave that she actually took. The department subsequently discovered and reported the falsification of public records to the Office of Legislative Auditor and the District Attorney for the Nineteenth Judicial District. As of April 22, 2002, the department estimated the dollar value of overtime the timekeeper improperly received at approximately \$2,000.
- Of 452 time sheets tested, the appropriate supervisor had not signed 31 time sheets (7%) and employees had not signed eight time sheets (2%).
- Forty-six of 647 leave slips (7%) supporting hours of annual and/or sick leave taken were missing and the appropriate supervisor did not sign/approve 15 leave slips (2%).
- Six of 104 overtime authorization forms (6%) could not be located.
- Four of the 26 timekeepers did not maintain the Time Entry Audit Report, which is used to determine whether data have been correctly entered into the Payroll/Personnel System.

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 Financial Statement Findings (Continued)

The department has not developed and implemented sufficient policies and procedures to ensure adequate control for human resources and payroll processes. The lack of adequate control procedures increases the risk that assets are not safeguarded and that errors and/or fraud could occur and not be detected in a timely manner.

Management should establish policies and procedures that ensure (1) duties are adequately segregated; (2) assets are adequately safeguarded; and (3) transactions are reviewed and approved by an appropriate supervisor. Management does not concur with the finding. See management’s response at B-63.

Additional Comments: While the ISIS/SAP System may not be designed to allow for a separation of human resource and payroll duties through its user accesses, the department is still responsible for ensuring that non-system or manual controls are in place to ensure an adequate separation of duties.

**FS-02-LABOR-2 - Louisiana Employers Overcharged for the
 Workforce Development Training Account**

The Department of Labor did not have adequate procedures to ensure that the calculation of the employer assessments is performed in accordance with the revised statutes. The Workforce Development Training Account (WDTA) was established by R.S. 23:1514(A) to fund customized training for the benefit of businesses operating in Louisiana and the payment of expenses incurred for the administration of the WDTA. The funding is derived from employer payroll tax contributions in incremental amounts that are directly related to the balance in the state’s unemployment insurance trust fund. The current total annual assessment allowable for the WDTA is an amount not to exceed \$50 million.

Excess Tax Assessments

For calendar year 2002, the department may have overcharged employers approximately \$44 million in payroll tax contributions. R.S. 23:1553(B)(10) states that only the amount necessary to bring the balance of unobligated funds to \$50 million shall be charged in any calendar year. R.S. 23:1553(C) states that the amount employers are to be assessed for the next calendar year shall be computed as of June 30 of each year. The amount that employers should have been assessed for calendar year 2002 is computed as follows:

Cash balance on hand as of June 30, 2001	\$76,452,882
Less obligations for approved contracts as of June 30, 2001	<u>32,275,495</u>
Unobligated funds	<u><u>\$44,177,387</u></u>

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The amount of the unobligated funds (\$44,177,387) should have been subtracted from the \$50 million maximum to determine the amount to assess for calendar year 2002, which would be approximately \$6 million instead of the \$50 million that was actually assessed.

Excessive Account Balance

Although at June 30, 2001, the WDTA has a cash balance of \$76.4 million with net assets (fund balance) of \$84 million and obligations (approved contracts) totaling \$32.2 million, the department assessed employers the maximum allowed, \$50 million, for calendar year 2002.

At June 30, 2002, the WDTA has a cash balance of \$113.7 million with net assets (fund balance) of \$120.6 million and obligations (approved contracts) totaling \$35.1 million, the unobligated cash balance was \$78.6 million. Based on its June 30, 2002, calculations, the department intends to assess employers the maximum allowed, \$50 million, for calendar year 2003.

These conditions occurred because the department considers not only approved contracts but also applications that have been approved by the governor as obligations when determining the employers' tax assessments.

The department should establish adequate written procedures to ensure that the calculation of the employer assessments for WDTA considers cash balances on hand from previous fiscal years in accordance with the statutes. In addition, since the department has not significantly reduced the tax assessments using the mechanism provided in R.S. 23:1553(E), the department should consult with the Office of the Attorney General to determine if the excess tax assessments must be returned to employers. Management did not agree with the issue relating to excess tax assessments. See management's response at B-64.

Additional Comments: In its response, management lists three areas in which our analysis is fundamentally flawed. We believe that our analysis is correct since:

1. The collection costs of approximately \$3 million were not calculated and paid until after June 30, 2002.
2. There is no reason to subtract revenues that have been budgeted and already collected as of June 30, 2002.
3. Applications amounting to approximately \$16.1 million had been approved by the governor as of June 30, 2002. However, we did not include these applications in our calculation since they do not represent valid obligations until contracts have been written, signed by all parties, and approved by the Office of Contractual Review as required by R.S. 39:1502.

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Financial Statement Findings (Continued)

At June 30, 2002, the WDTF has a cash balance of \$113.7 million. In the four years of the fund's existence, it has disbursed approximately \$31.1 million. Of this amount, \$18.6 million was disbursed during fiscal year June 30, 2002.

**LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM**

**FS-02-LCTCS-1 - Failure to Deposit Funds
Into the State Treasury**

Four of the seven community colleges in the Louisiana Community and Technical College System (LCTCS) are not depositing their self-generated revenues into the State Treasury, as required by the Louisiana Constitution and Revised Statutes. Article VII, Section 9(A) of the Louisiana Constitution and R.S. 49:308 require that all monies received by any state board, agency or commission be deposited immediately upon receipt in the State Treasury. Section (E)(2)(d) of this statute exempts the management boards of other colleges and universities from the requirement to deposit into the State Treasury by placing them outside the definition of state board, agency, or commission. However, the LCTCS Board of Supervisors is not included in the list of exempt management boards.

Before being placed under the management of the LCTCS Board of Supervisors, most of the community colleges were managed by exempt post-secondary education management boards. When the community colleges came under the management of the LCTCS Board of Supervisors, they lost this exemption. However, the community colleges did not change their collection and deposit procedures accordingly.

Article VII Section 9(B) requires that all monies deposited in the State Treasury shall first be credited to the Bond Security and Redemption Fund to ensure that obligations of the state associated with bonded debt are met before any other use of state monies is considered. Failure to deposit state monies into the State Treasury means that these monies are not available for this purpose, as required by the Louisiana Constitution.

The LCTCS Board of Supervisors should instruct the community colleges to change their revenue collection and deposit procedures to ensure that all monies required by statute are deposited into the State Treasury. Management concurred with the finding and outlined a plan of corrective action (B-66).

**FS-02-LCTCS-2 - Failure to Use State Purchasing
as Central Purchasing Agency**

LCTCS and its community colleges do not use the State Purchasing Office as their central purchasing agency as required by the Louisiana Revised Statutes. R.S. 39:1564 designates the director of state purchasing as the central procurement officer of the state and as such, gives

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Financial Statement Findings (Continued)

the director of state purchasing authority to procure or supervise the procurement of all supplies, services, and major repairs needed by the state. R.S. 39:1572 exempts the management boards of most colleges and universities from the requirement to use the State Purchasing Office as their central procurement agency. However, the LCTCS Board of Supervisors is not included in the list of exempt management boards.

Before being placed under the management of the LCTCS Board of Supervisors, the community colleges were managed by exempt post-secondary education management boards. When the community colleges came under the management of the LCTCS Board of Supervisors, they lost this exemption. However, the community colleges did not change their procurement procedures accordingly. Management of the LCTCS central office did not realize that the exemption enjoyed by the former management boards of the community colleges did not extend to LCTCS. Failure to use the State Purchasing Office as their central purchasing agency places LCTCS and its community colleges in violation of the Louisiana Revised Statutes.

The LCTCS Board of Supervisors should change its procurement procedures to ensure that the LCTCS central office and the community colleges all use the State Purchasing Office as their central purchasing agency, as required by the Louisiana Revised Statutes. Management concurred with the finding and outlined a plan of corrective action (B-72).

FS-02-LCTCS-3 - Inaccurate Annual Fiscal Report

For the second consecutive year, LCTCS did not submit an accurate Annual Fiscal Report (AFR) to the Division of Administration, OSRAP, by the prescribed due date. R.S. 39:79 authorizes the commissioner of administration to establish the format of each agency's AFR and requires a signed affidavit that the financial statements present fairly the financial position of the agency. In addition, good internal control requires adequate supervision and review to ensure that financial statements are accurately prepared and timely submitted.

The largest contributing factor to the inaccurate and untimely AFR for LCTCS was the inaccurate and untimely submission of the AFR for the Louisiana Technical College (LTC) to the Board Office. Although the LTC AFR was due to the Board Office on August 15, 2002, the instructions for the 42 technical college campuses were not disseminated by the LTC central office to the campuses until August 8, 2002. Because of the change in reporting under GASB Nos. 34/35, which caused problems with the completion of the AFR for several institutions, the System President gave the institutions under LCTCS a one-week extension on the AFR until August 22, 2002. This extension would give the Board Office a little over three weeks to compile the system AFR, which was due to OSRAP September 16, 2002. The final LTC AFR was not submitted to the system office until September 28 and the system AFR was submitted to OSRAP on September 30, 2002. In addition to the LTC AFR being submitted untimely, it had many errors that required audit adjustments as follows:

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Financial Statement Findings (Continued)

- A total of \$4,723,705 in equipment purchases for the fiscal year ended June 30, 2002, was incorrectly included as an adjustment to beginning net assets.
- A total of \$3,764,045 in equipment deletions of items under the capitalization threshold for the fiscal year ended June 30, 2002, was incorrectly excluded from adjustments to beginning net assets and also incorrectly included in other additions, net, as a loss on disposal of capital assets.
- A total of \$7,745,220 was incorrectly included as restricted net assets.
- The sick leave accrual for compensated absences was understated by \$688,657.
- Scholarship allowances for auxiliary services (bookstore) for \$55,522 were not properly reported.
- Although a consultant was paid to prepare the cash flow statement for the LTC, inaccurate information was given to the preparers causing the cash flow statement to be incorrect. Many audit adjustments were necessary.
- A total of \$20,419,309 was incorrectly reported in the footnotes as government mandated non-exchange transactions.
- A total of \$3,598,518 of depreciation for the fiscal year ended June 30, 2002, was incorrectly included as an adjustment to beginning capital assets in the footnotes to the financial statements.
- A total of \$2,688,567 in revenues from the Support Education in Louisiana First Fund was incorrectly reported as other operating revenues and should have been reported in non-operating revenues as state appropriations.
- Reductions to compensated absences for footnote presentation were not calculated in accordance with the instructions from OSRAP, causing an understatement of additions and deletions to compensated absences of \$1,511,358.
- A total of \$1,104,707 in fiscal year purchase order rentals was incorrectly recorded as future minimum lease payments in the footnotes.
- A total of \$77,293 in operating lease expenditures was excluded from the footnote in error.

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Financial Statement Findings (Continued)

These errors in the LTC AFR resulted from the untimely distribution of instructions to campuses, which caused a rush in preparing the LTC AFR, combined with inaccurate preparation and planning for the reporting changes that would result from implementing GASB Nos. 34/35.

Failure to submit an accurate and timely AFR to the Board Office caused the LCTCS AFR to be untimely and inaccurate. Failure to submit an accurate and timely system AFR to OSRAP could delay the compilation and issuance of the state's Comprehensive Annual Financial Report (CAFR) and could result in a misstatement of the state's CAFR.

LCTCS should develop and implement policies and procedures to ensure the timely submission of an accurate AFR to OSRAP. Management should consider invoking sanctions on those institutions that do not meet established system deadlines to ensure adequate accountability for submitting accurate and timely financial statements. Management concurred with the finding and recommendations and outlined a plan of corrective action (B-73).

**LOUISIANA STATE UNIVERSITY
HEALTH SCIENCES CENTER
(HEALTH CARE SERVICES DIVISION)**

FS-02-HCSD-1 - Improper Disproportionate Share Payments

The Louisiana State University Health Sciences Center - Health Care Services Division (HCSD) requested and was paid disproportionate share hospital (DSH) interim payments by the Department of Health and Hospitals that exceeded the maximum allowed by federal regulations for the DSH program. The DSH program originated with the Omnibus Budget Reconciliation Act of 1981 and allows for the reimbursement of uncompensated care costs (UCC) to hospitals serving disproportionate numbers of low-income patients with special needs. According to the Louisiana Medicaid State Plan, UCC is defined as the cost of furnishing inpatient and outpatient hospital services net of Medicare costs, Medicaid payments (excluding DSH payments), costs associated with patients who have insurance for services provided, private payor payments, and all other inpatient and outpatients payments received from patients.

The Omnibus Budget Reconciliation Act of 1993 mandates that payments to public hospitals under the DSH program be limited to 100% of UCC for the cost reporting period. In addition, the Louisiana Medicaid State Plan states that DSH payments to a hospital shall not exceed the hospital's UCC for the state fiscal year to which the payment is applicable. Although HCSD was knowledgeable of federal regulations and the requirements outlined in the Louisiana Medicaid State Plan, it appears that HCSD prepared estimates of UCC that exceeded actual UCC by \$257,222,818 for fiscal years 1996 through 2002 because state appropriations did not provide sufficient operating funds. The total actual UCC by year as of June 30, 2002, and the related interim payments are as follows:

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 Financial Statement Findings (Continued)

<u>Year</u>	<u>Total Actual UCC</u>	<u>Total Interim Payments</u>	<u>Dollar Difference</u>	<u>Percentage Difference</u>
1996	\$447,168,759	(\$472,392,834)	(\$25,224,075)	5.64%
1997	485,706,732	(495,756,671)	(10,049,939)	2.07%
1998	502,231,145	(521,158,884)	(18,927,739)	3.77%
1999	539,242,812	(569,398,826)	(30,156,014)	5.59%
2000	539,278,730	(595,471,519)	(56,192,789)	10.42%
2001	504,899,782	(569,748,926)	(64,849,144)	12.84%
2002	520,319,423	(572,142,541)	(51,823,118)	9.95%
Total	<u>\$3,538,847,383</u>	<u>(\$3,796,070,201)</u>	<u>(\$257,222,818)</u>	

Before June 30 of each year, HCSD prepares estimates of UCC for that year for all of the nine HCSD facilities. These estimates are used by the Department of Health and Hospitals to determine the amount of the DSH interim payments for each of the facilities for the subsequent year. Prudent business practices would mandate that the estimates prepared by HCSD closely approximate the actual UCC calculation that is prepared after the fiscal year-end, since any overpayment is required to be paid back at a later date. However, as the above comparisons for years 1996 through 2002 indicate, the estimated UCC, upon which the DSH payments were based, far exceeded the actual UCC. Despite the variance between the actual and estimated costs, HCSD continued to submit inflated estimates for payment purposes, causing overpayments ranging from 2.07% in 1997 to 12.84% in 2001.

HCSD management should develop and implement internal controls over estimates upon which DSH interim payments are based to ensure that all estimates of UCC can be supported by actual, allowable costs. Furthermore, HCSD should make arrangements to return any overpayments noted. Management concurred in part with the finding. However, management disagrees with the conclusion reached by the auditor, which infers that the reason that HCSD prepared estimates that exceeded actual UCC was because state appropriations did not provide sufficient operating funds. See management’s response at B-77.

Additional Comments: The UCC payments to HCSD based on estimates have been consistently higher than actual uncompensated care costs over a seven-year period. On December 2, 2002, the United States Department of Health and Human Services instructed the Louisiana Department of Health and Hospitals to set up a receivable from HCSD for overpayments of \$290,154,502, which will result in a potential liability back to the federal government of \$210,603,336. Obviously, this would have a considerable impact on the state’s budget.

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 Financial Statement Findings (Continued)

**FS-02-HCSD-2 - Inadequate Collection Procedures
 for Self-Pay Patients**

The Louisiana State University Health Sciences Center - HCSD does not have adequate collection procedures for amounts receivable from self-pay patients. Self-pay patients are those patients who are not eligible for free care but do not have any third-party coverage, such as Medicare, Medicaid, commercial insurance, or worker's compensation.

During fiscal year 2002, \$166,614,173 was billed to self-pay patients and \$2,909,063 was collected on the self-pay accounts. Subsequent to an adjustment of \$17,380,021, to the amount owed by the patients based upon the Limited Liability Schedule, which reflects federal income poverty guidelines, \$1,542,196 was considered to be a valid receivable at year-end. Therefore, HCSD had an uncollectible amount of \$146,964,749 for fiscal year 2002. As a result, only \$4,451,259 (or 2.9%) has been or is estimated to be collected on the \$166,614,173 billed less the limited liability reduction.

The amounts by hospital are as follows:

	Patient Billing		Limited Liability Adjustment		Collections		Accounts Receivable		Estimated Uncollectibles	
	Dollar	%	Dollar	%	Dollar	%	Dollar	%	Dollar	%
E. A. Conway Medical Center	\$10,321,256	6.2%	\$1,628,340	9.4%	\$216,159	7.4%	\$108,460	7.0%	\$8,521,950	5.8%
Earl K. Long Medical Center	6,657,377	4.0%	1,969,069	11.3%	238,564	8.2%	146,944	9.5%	4,409,633	3.0%
Huey P. Long Medical Center	10,744,543	6.4%	1,046,126	6.0%	208,004	7.2%	100,165	6.5%	9,493,990	6.5%
University Medical Center	9,842,549	5.9%	1,823,919	10.5%	403,181	13.9%	205,790	13.4%	7,717,539	5.2%
W. O. Moss Medical Center	2,642,259	1.6%	1,070,760	6.2%	177,355	6.1%	66,793	4.3%	1,414,442	1.0%
Lallie Kemp Medical Center	4,260,035	2.6%	798,642	4.6%	245,401	8.4%	161,235	10.5%	3,199,462	2.2%
Washington-St. Tammany Medical Center	1,651,657	1.0%	151,148	0.9%	74,697	2.6%	42,122	2.7%	1,425,112	1.0%
Leonard J. Chabert Medical Center	7,969,506	4.8%	1,879,727	10.8%	348,833	12.0%	220,623	14.3%	5,788,264	3.9%
Medical Center of Louisiana at New Orleans	112,524,991	67.5%	7,012,290	40.3%	996,869	34.2%	490,064	31.8%	104,994,357	71.4%
Total	\$166,614,173	100%	\$17,380,021	100%	\$2,909,063	100%	\$1,542,196	100%	\$146,964,749	100%

The figures presented above do not include any amounts for patients who are eligible for free care since these patients are never billed. A review of self-pay billings and collections for the fiscal year ending June 30, 2001, yielded similar results as only \$5,247,168 (or 2.7%) was collected or expected on the \$210,412,959 billed less the limited liability reduction. HCSD has an estimated accounts receivable of \$2,181,856 related to self-pay patients at June 30, 2001.

R.S. 17:1519.1 (A) (1) states that the nine state hospitals under HCSD shall be operated primarily for the medical care of the uninsured and medically indigent residents of the state and others in need of medical care and as teaching institutions. The accounts of indigent patients are written off as uncollectible at the time the services are performed. However, the accounts of Medicare, Medicaid, commercial insurance, and self-pay patients are billed to the appropriate payor. Prudent business practices require the timely billing and collection of these amounts. However, management has not placed sufficient emphasis on the importance of timely

**STATE OF LOUISIANA
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Financial Statement Findings (Continued)

collections on self-pay accounts. Instead, emphasis has been placed on collections from patients with third-party coverage. Management's failure to implement adequate collection procedures on self-pay accounts results in a significant loss of revenue to the hospitals.

Management should implement collection procedures on self-pay accounts to seek payment in a more timely and effective manner. In addition, the hospitals should consider limiting the services provided to self-pay patients to those that are emergency in nature unless the patients are able to demonstrate their ability and willingness to pay. Management concurred in part with this finding and stated that some patients are resistant or are unable to provide required documentation to support indigent status and qualify them for free care. Management outlined the current billing practices as well as initiatives that are currently in operation or in development to improve performance in this area. See management's response at B-82.

**FS-02-HCSD-3 - Inadequate Support for Restatement
of Capital Assets**

The Louisiana State University Health Sciences Center - HCSD was unable to provide adequate documentation to support its restatement of capital assets (at cost) as of June 30, 2001, from \$378,654,254 to \$467,118,081 (an increase of \$88,463,827). The restatement included the nine hospitals under HCSD as well as its administrative unit and was reported in HCSD's AFR for the fiscal year ended June 30, 2002. The restatement reflected the results of a change in accounting systems used for financial statement purposes from the systems maintained by the Louisiana Property Assistance Agency (LPAA) and State Land and Buildings (SLABS) to the system maintained by American Appraisal Associates (AA). The decision to change reporting systems resulted from the implementation of Governmental Accounting Standards Board (GASB) Statement No. 34. The cost amounts in the LPAA and SLABS systems were audited in prior years. The costs in the AA system had been used for Medicare and Medicaid cost reporting purposes and have not been previously audited.

The breakdown of the \$88,463,827 increase is as follows:

	<u>AA</u>	<u>LPAA/SLABS</u>	<u>Difference</u>
Land	\$24,087,523	\$24,339,029	(\$251,506)
Land improvements	14,808,081		14,808,081
Buildings	153,097,750	177,507,126	(24,409,376)
Equipment	<u>275,124,727</u>	<u>176,808,099</u>	<u>98,316,628</u>
Total	<u>\$467,118,081</u>	<u>\$378,654,254</u>	<u>\$88,463,827</u>

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Since the majority of the difference between the two systems was related to equipment, this was the focus of our testing. In a review of high dollar assets, we were able to identify \$26,950,346 of assets that were included on the AA system but were not included in the LPAA system. Of those assets, it was determined through observation or other support that \$17,243,277 appears to be correctly included in the AA listing. However, it was also determined that the remaining \$9,707,069 appears to be incorrectly included in AA. This reduced the unexplained increase from \$88,463,827 to \$78,756,758. However, five months after the end of the fiscal year, HCSD could not provide a reconciliation and we did not feel it was practical to continue our efforts to balance the two systems. Although it appears that capital assets under the AA system are overstated, the exact amount of the overstatement could not be determined.

Because HCSD could not support capital asset cost, depreciation expense for 2002 of \$24,083,923 and accumulated depreciation as of June 30, 2001, of \$330,604,506 reported in its AFR for June 30, 2002, as well as the depreciation expense reported by HCSD in its Medicare and Medicaid cost reports, may be overstated since both are based upon that cost. This may impact the allowability of those costs by the federal government.

A reconciliation should be performed when a change in accounting systems is made to ensure that the new system reflects correct and complete information. In addition, the agency should be able to provide an explanation for any differences noted in the reconciliation. However, since HCSD believes that the amounts in AA more accurately reflect its capital assets, it did not attempt to identify the reasons for the \$88,463,827 restatement. HCSD's failure to perform a reconciliation may have resulted in an overstatement of its capital assets, at cost, by as much as \$78,756,758 in its AFR for the fiscal year ended June 30, 2002. In addition, it may have overstated accumulated depreciation, as well as the amount of depreciation expense claimed for financial statement and cost report purposes.

If HCSD intends to continue to use the AA system to maintain its capital assets for financial statement and cost reporting purposes, management should perform a comprehensive inventory of the items in the system at each of the facilities to verify that the items exist and are recorded at their proper value. Any items previously disposed of should be removed from the system. In addition, HCSD should review Medicare and Medicaid cost reports submitted in prior years to ensure that the correct amount of depreciation was claimed on those reports. Management concurred in part with this finding. Management agreed that a reconciliation between the systems should be performed but does not agree that there is inadequate support for the restatement of the capital assets or that HCSD did not attempt to identify reasons for the \$88,463,827. See management's response at B-85.

Additional Comments: We do not believe that support for the restatement is adequate because a reconciliation between the two systems was not performed. Until the specific differences between the two systems are identified and the causes of each difference examined, we cannot determine the accuracy of the AA system currently used by HCSD. HCSD personnel did attempt to identify the reasons for the \$88,463,827 restatement after we began questioning the reasonableness of such restatement. However, HCSD did not attempt to

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Financial Statement Findings (Continued)

do so between the time the decision was made to use the AA system and the time the auditors began questioning the propriety of the restatement of capital assets, even though HCSD personnel were aware that there were differences between the two systems.

**FS-02-HCSD-4 - Internal Control Weaknesses in
Cost Reimbursement Department**

The Cost Reimbursement Department of the Louisiana State University Health Sciences Center - HCSD did not prepare accurate estimates for the disproportionate share hospital (DSH) payable for the fiscal years ending June 30, 2001, and June 30, 2002, which were included in the AFR for the year ended June 30, 2002. In addition, it could not provide adequate supporting documentation for the net Medicaid cost report receivables estimate for June 30, 2002, which was included in the 2002 AFR.

Good internal control should ensure that the cost reimbursement personnel preparing the estimates understand the significance of providing accurate estimates to be reported in the AFR. In addition, good internal control should provide for adequate supervision and review of the estimate so that errors can be detected and corrected in a timely manner.

The Cost Reimbursement Department estimated a net DSH payable of \$65,611,280 for the fiscal year ended June 30, 2001, and \$50,182,863 for the fiscal year ended June 30, 2002, for all of the nine hospitals under HCSD. These estimates were reported in the 2002 AFR as a part of the net DSH payable of \$114,760,041 for all years pending settlement.

Procedures performed during audit tests identified the following errors for the 2001 estimate:

- The DSH payable was overstated by \$867,994 because the hospital expenditure, Medicaid cost, and private payor payment components of the calculation were overstated.
- The DSH payable was understated by \$105,858 because the Medicare cost and Medicare fee schedule payment components of the calculation were understated.

As a result, the DSH payable for the fiscal year ended June 30, 2001, was overstated by \$762,136.

Procedures performed during audit tests identified the following errors for the 2002 estimate:

- The DSH payable was understated by \$16,072,121 because of errors in the hospital expenditure component of the calculation.
- The DSH payable was overstated by \$14,781,515 because the division failed to include the medical malpractice component of the calculation and because of various other errors made in the calculation.

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Financial Statement Findings (Continued)

The net result of these errors was an understatement of the DSH payable for fiscal year 2002 of \$1,290,606. Of significant concern was the magnitude of the errors noted. Although these errors partially offset each other, any of these errors alone could have resulted in a material misstatement of the payable in the 2002 AFR.

The Cost Reimbursement Department estimated a net Medicaid cost report receivable of \$35,311,051 for the fiscal year ended June 30, 2002, for all of the nine hospitals under HCSD. This estimate was reported in the 2002 AFR as a part of the net cost report receivable of \$141,584,661 for all years pending settlement. Although this estimate was generated using the same computer software that is used to generate the cost reports, the agency was unable to provide documentation to support the estimates. When the department attempted to re-create the estimates, the calculation was \$35,654,600 (or \$343,549 more than the estimate reported on the AFR). This increase in the estimate occurred because the software version used in the second estimate was an updated version of the software used in the estimate for the AFR.

Management has not placed sufficient emphasis on ensuring that the estimate is accurately prepared, adequately documented, and reviewed timely for errors and omissions. Inaccurate estimates provided by the Cost Reimbursement Department could cause material misstatements in the HCSD financial statements.

HCSD should implement policies and procedures that will ensure that calculations related to DSH and cost reports are prepared accurately, comply with the federal Medicare and Medicaid regulations, and are properly supported. In addition, HCSD should strengthen its procedures to ensure that adequate supervision and review of estimates are performed. Management substantially concurred with the finding but stated that the amounts when taken as a whole are not material under normal standards. See management's response at B-89.

Additional Comments: As stated in the finding, the individual errors reflected both understatements and overstatements and, as such, substantially netted each other out. Management cannot rely on this "coincidence" in the future.

FS-02-HCSD-5 - Inventory System Not Fully Functional

For the second consecutive year, the inventory component of the PeopleSoft System implemented in fiscal year 2001 by HCSD was not fully functional. A proper system of internal control over inventory should include procedures to ensure that assets are safeguarded and that inventory losses, should they occur, are detected in a short period of time by normal business procedures. A perpetual inventory system is generally regarded as an acceptable method of controlling inventory and safeguarding assets. Use of a perpetual inventory system allows an entity to record receipt of goods at the time of purchase and the issuance of goods as they are withdrawn for use. At any point in time, a count of goods on hand should agree to the balance in the inventory system. Discrepancies should be investigated to determine if losses are due to theft or fraud.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Financial Statement Findings (Continued)

The perpetual inventory component of the PeopleSoft System installed by the HCSD has not functioned properly. As a result, the hospitals have had to rely on alternative methods of accounting for inventory. The problems with the PeopleSoft inventory system were caused by multiple inventory numbers assigned to inventory items in the purchasing system related to a single inventory number in the central purchase contract, as well as incorrect units of measure or conversions for inventory items in the purchasing system. Failure to provide adequate controls over inventory increases the risk that losses of inventory will occur and remain undetected.

Considering the magnitude of assets at risk (\$20,374,100 at June 30, 2002), management should review the problems with the new system and provide a functioning inventory system to the hospitals as soon as possible. Management concurred with the finding and outlined a plan of corrective action (B-92).

**FS-02-HCSD-6 - Untimely and Inaccurate
Reconciliation of Cash**

The Louisiana State University Health Sciences Center - HCSD was unable to provide an accurate reconciliation between cash reported on its financial statements for the fiscal year ended June 30, 2002, and cash in the bank as of June 30, 2002, in a timely manner. The financial statements, which were required to be submitted to the Division of Administration, OSRAP, by September 16, 2002, reported a cash balance of \$106,107,122 for HCSD's nine hospitals and its administration unit. However, audit procedures performed in early October 2002 determined that the cash amount reported on HCSD's financial statements appeared to be overstated by approximately \$6.2 million. It required an additional month for HCSD to identify unposted and inaccurate adjustments to its accounting records, resulting in a change in reported cash to \$98,383,090 (or an overstatement of \$7,724,032).

HCSD performed monthly reconciliations between cash in the PeopleSoft System (HCSD's general accounting system) and cash in the bank. However, it did not perform an accurate and timely reconciliation between cash in the bank and cash in the Shared Medical System (SMS), its system of record for financial reporting purposes, for the fiscal year ended June 30, 2002.

Prudent business practice would mandate that a reconciliation be performed to ensure that all transactions that affect both the accounting records and the bank accounts are in agreement and that no errors or fraud has occurred. Failure to perform an accurate and timely reconciliation between cash reported in the financial statements and cash in the bank could result in misreported financial data and undetected errors or fraud.

HCSD management should strengthen its reconciliation procedures to ensure that the reconciliation between cash reported for financial statement purposes and cash in the bank is performed timely and that any unposted or inaccurate adjustments are identified and appropriately reflected in the accounting records. Management concurred with the finding and outlined a plan of corrective action (B-96).

STATE OF LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Financial Statement Findings (Continued)

REVENUE, DEPARTMENT OF

**FS-02-DOR-1 - Accounting Records and Reports Not
Reconciled to Tax Information Database**

The Department of Revenue does not have procedures in place to ensure that accounting records, as well as the information in the department's tax information databases, are accurate and complete. The department collects over \$6 billion in tax payments annually. Good internal control requires that the department develop, implement, and document procedures to (1) reconcile accounting records to the source data contained in the department's tax information databases and (2) identify missing, incomplete, and inaccurate tax information. A proper reconciliation provides management with a basis to ensure that errors and/or fraud are detected timely.

Weaknesses existed for the following records as follows:

- The Controller's Division does not perform an adequate reconciliation between the accounting records and the related tax information database to ensure that all items and adjustments have been accounted for when determining the accrual amounts at June 30.
- The department does not reconcile the change documents that the Taxpayer Services Division posts to the tax information database to the amounts and/or classifications of revenues as recorded in the Integrated Statewide Information System (ISIS). Change documents are not prenumbered and accounted for and there is no periodic reconciliation between change documents and the accounting records.
- The Controller's Division does not perform a reconciliation between the amounts recorded as collections in ISIS and the department's tax information database to ensure that all amounts reported as collected on the tax information database represent actual collections according to the financial records. For example, one taxpayer remitted \$443,079 by electronic funds transfer (EFT). When the EFT payment program could not post the transaction to the taxpayer's account, the EFT program continued to carry this transaction forward each day and eventually posted the transaction for six consecutive days. This posting caused the tax information database to show total collections of \$2.6 million of which \$2.2 million were not actual collections as reported in ISIS.

These conditions existed because management lacks procedures for reconciling and correcting discrepancies between accounting records and the tax information database. Failure to reconcile these records and databases results in increased risks that the department's financial statements could be misleading to those individuals and organizations that rely on its financial statement information.

**STATE OF LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Financial Statement Findings (Continued)

The department should develop, implement, and document procedures to ensure that accounting records, as well as the information in the department's tax information databases, are accurate and complete. Management partially concurred with the finding and recommendation. See management's response at B-107.

Additional Comments: Under GASB 34, the new financial statement reporting model, governmental fund information is presented in the fund financial statements on a modified accrual basis of accounting and in the government-wide financial statements on a full-accrual basis. Full-accrual financial information, including revenues and accounts receivable amounts, is derived from the "legacy" system's databases. If adequate reconciliations are not performed, information from this system could be reported incorrectly or inaccurately, thereby materially misstating the financial statements. The overall integrity and accuracy of financial information in the "legacy" system is essential to current and future financial statement preparation since the new integrated tax system's full implementation is several years away.

**FS-02-DOR-2 - Financial Statement Information
Not Properly Prepared**

The Department of Revenue did not submit an accurate AFR for fiscal year ended June 30, 2002, to the Division of Administration, OSRAP. R.S. 39:79 authorizes the commissioner of administration to establish the format of each agency's AFR and requires a signed affidavit that the financial statements present fairly the financial position of the department. In addition, good internal control requires adequate procedures to accurately and completely record, process, and summarize financial data needed to prepare accurate financial statements. The department's AFR submitted on September 3, 2002, included the following errors:

Noncurrent Receivables

The gross receivables and the allowance for doubtful accounts appear to be misstated because of the following errors:

- All taxpayer account balances in excess of five years past due were included although the collectibility of these accounts is questionable and should not be considered valid receivables for reporting purposes under current accounting principles. The department has not developed a methodology for calculating and tracking the amount of noncurrent receivables in excess of five years past due.
- One key punch error caused the receivables account balance to be overstated by \$1,350,689.

**STATE OF LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Financial Statement Findings (Continued)

- One taxpayer account's transactions were removed from active status in error causing the receivables account balance to be understated by \$386,755. In addition, this error resulted in the taxpayer not being billed for valid tax assessments. Without control reports to indicate how many accounts have been removed from active status, the total dollar impact of such transactions cannot be determined.
- Interest and penalties continue to accrue on taxpayer accounts that are deemed uncollectible. This accrual overstates the gross receivables balance and the allowance for doubtful accounts.
- An estimate of the amount collectible from unreported proposed tax assessments of \$1.3 billion was not included in the account balance. The department failed to develop a methodology to estimate the collectibility of proposed tax assessments and track payments received on these taxes. Currently, payments received for proposed tax assessments are only accumulated for the period July 1 to August 14 of each year.

Refunds Payable

Refunds payable were understated in the annual fiscal report by approximately \$37.7 million because of the following errors:

- A total of \$4,756,709 of refunds residing on tax systems throughout the department were not recorded as payable. In addition, the department failed to update and review the Audit Review section's internal system at fiscal year-end. The omission and lack of review occurred because the controller instructed tax sections to include as payable only those refunds that were fully approved as of fiscal year-end.
- The controller has not complied with Division of Administration revenue estimate procedures and failed to consider how the implementation of those procedures affected the recognition of Individual Income Tax refunds payable.
- The department failed to include \$1,332,757 of July manually issued refund payments as refunds payable. The omission and lack of review occurred because the controller has failed to consider how the timing of recording manually refund payments on the taxpayer information system in July is reflected in year-end system reports.
- Four (14%) of the 29 refunds payable accounts selected for testing contained understatements totaling \$296,387.

**STATE OF LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Financial Statement Findings (Continued)

- The report generated to compile sales tax refunds payable from the sales tax system did not include \$29,011,838 of refunds payable in audit status. In addition, this error resulted in a \$2,513,876 understatement of estimated sales tax refunds that would be denied.
- The department has not developed adequate procedures to track the subsequent settlement of accounts recognized as refunds payable. As a result, no historical data are available to determine a trend for subsequent account settlement.
- Management has not developed formal written procedures for the compilation of Refunds Payable, has not adequately trained accounting staff in Governmental Accounting Standards Board reporting requirements, and has not developed an adequate review process to ensure that the Refunds Payable Footnote Disclosure is materially correct.

Protested Taxes

The account balance was overstated by at least \$13.4 million because of the following errors:

- Approximately \$12.8 million was not removed from the protested tax balance when the cases were settled and refund checks issued to the taxpayer.
- One protested tax payment (\$608,000) was included twice.
- The department did not perform a reconciliation of protested tax balances during fiscal year 2002.
- A difference of \$9.9 million between the Controller's Office and the Taxpayer Services ledgers at June 30, 2002, was not adequately investigated. The Controller's Office stated that the reason for the variance was due to timing differences but did not determine whether or not these amounts should be included in protested taxes.
- Six of 40 legal files requested could not be located. One of the files that could not be located was for a protested tax payment of \$4.2 million. Without the legal files, it cannot be determined whether or not these cases should be included in protested taxes.

**STATE OF LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Financial Statement Findings (Continued)

Management agreed to correct the material misstatements that we detected but has not established detailed, written procedures for the compilation and maintenance of supporting documentation of financial statement amounts. In addition, management was not proactive in evaluating new accounting principles and developing a methodology for a timely, reliable calculation of financial statement amounts.

Management should establish a formal written compilation process that requires the maintenance of adequate supporting documentation and the performance of analytical procedures to detect and correct errors before submission of the AFR to the Division of Administration. Management partially concurred with the finding and recommendation. See management's response at B-109.

Additional Comments: The Division of Administration, OSRAP, has stated that for **financial reporting purposes** a valid receivable is one that is five or less years old and that only valid receivables should be included in the Department of Revenue's financial statements. The department, in a December 20, 2002, meeting with OSRAP representatives, agreed to begin reporting only those receivables that are outstanding for five years or less in its financial statements.

In addition, a review of all transactions and/or taxpayer accounts is not required, but a sufficient number of accounts, especially large taxpayer accounts, should be reviewed to ensure that account balances are accurate before they are included in the noncurrent receivables amount in the financial statements.

Also, for refunds payable, the implementation of GASB 33 and GASB 34 changed reporting requirements for the State of Louisiana. GASB 33 states that governments should recognize nonexchange transactions in the financial statements when the transactions are measurable or reasonably estimable. To be in compliance with GASB and OSRAP instructions, the department should report all refund liabilities that are measurable at fiscal year-end.

Furthermore, two written requests for legal files were submitted to the department. We submitted the first request on September 10, 2002, for 17 files and a second request on September 24, 2002, for another 18 files. Five additional files were verbally requested after these two dates. The six missing files were never provided for our review.

STATE OF LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Financial Statement Findings (Continued)

FS-02-DOR-3 - Information Systems Control Weaknesses

The Department of Revenue does not have adequate internal control over information system functions that could affect the integrity of programs, processing, data, and financial reporting. To ensure that the processing of transactions and financial data is performed according to management's design, good internal control requires that:

1. Responsibilities and mechanisms for developing, monitoring, modifying, and controlling information systems should be clear and well documented.
2. Controls over application systems should be adequate to ensure accuracy of financial reporting requirements.
3. System audit trails should provide a record of all changes to a transaction from its inception to final disposition.
4. System controls should be adequate to ensure that unauthorized or erroneous changes to tax records are not made.

The department's information systems process \$6 billion in taxes and over six million returns as well as other various types of transactions. During a review of the Uniform Accounts Receivable (UAR) System, the following control deficiencies were noted:

- Financial information generated by the UAR System is not reliable.
- There is a lack of explicit, written identification of the business requirements of the system and lack of standardized, comprehensive documentation sufficient to meet the needs of technical and user support personnel.
- No documentation exists explaining how accounts receivable report totals are used to prepare financial reports, such as the quarterly Summary of Gross Receivables, and how the Debt Report is calculated in the system. Detailed records to support the totals in the reports could not be provided to confirm amounts reported.
- Receivable estimates range from \$300 million to \$1 billion as reported on the UAR System; however, various department managers have stated that the data underlying those estimates are not reliable.

**STATE OF LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Financial Statement Findings (Continued)

- There is no written description of the UAR System, including its purpose, functions, inputs, processing, and outputs except for some very old flow diagrams provided by the department's Information Services. There is no documentation describing the purpose or contents of reports generated by the UAR System nor the control procedures the user should employ when reviewing the reports for accuracy, resulting in inefficient and ineffective use of the data generated by the system.
- The UAR System can fail to generate a bill. For example, one corporate tax return for \$434,239 had no matching payment yet the UAR System did not generate a bill because the account's transaction history was full, thereby preventing the taxpayer from being billed.
- No means exist to determine the number of changes to records and their impact since there is only limited reporting of errors from changes, no aggregate reporting of on-line changes, and little or no supervisory review.
- The department has over 400 individual user IDs that have some access to the On-line Error Resolution (OLER) System.
- Tests revealed that a taxpayer sent in an electronic funds transfer payment in excess of \$400,000 that was applied to a taxpayer's account not once but six times, resulting in a potential refund payable of over \$2 million. The OLER System did not detect or reveal this error.
- The department has removed transactions from active status in error, resulting in taxpayers not being billed for valid assessments. Taxpayer accounts are purged when an account has the "maximum" number of transactions allowable or has the maximum number of accounts receivable records allowable and the account has become "full," meaning no space is available to post other transactions. When purged, the taxpayer accounts are stored in the department's archival system (RDARS). Transactions that remain in active status must be reentered into the mainframe. No supervisory review or approval is done to ensure that employees reenter the necessary data to keep taxpayer accounts active and current. The department cannot determine how many active accounts exist in the RDARS.

The programs (OLER), their business requirements, and technical and user documentation were developed many years ago. The business requirements and documentation have not been adequately updated to meet current needs. In addition, the responsibility within the department for periodically evaluating the effectiveness and sufficiency of controls and documentation has not been clearly defined. Furthermore, the department has limited its work on the existing tax system in favor of focusing primarily on implementing a new tax system.

**STATE OF LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Financial Statement Findings (Continued)

Failure to establish adequate internal control increases the risk that data could be accessed and modified without proper authorization, review, and approval; data integrity could be impaired; and errors or fraud could occur and not be detected. In addition, inaccurate or incomplete data and reports from the information system may result in materially erroneous financial data, impede collection efforts, and result in taxpayer complaints.

The department should establish adequate internal controls over information system activities to ensure the integrity of programs, processing, data, and financial reporting. Management partially concurred with the finding and recommendation. See management's response at B-111.

Additional Comments: Although the department states that documentation exists that explains how the accounts receivable report totals are used to prepare financial reports, it was January 7, 2003, before the department provided receivable data to support the amounts in its annual fiscal report.

In addition, the department acknowledges that no written description of the UAR System exists, that system restrictions limit transactions on an account, and that changes receive limited review by supervisors.

Furthermore, the department paid \$17.3 million over four years for a non-functioning integrated tax system. Currently, the department has a \$14 million contract with another company for an integrated tax system because the current legacy system is not adequate to meet the department's needs. In a letter dated September 17, 2001, from Secretary Cynthia Bridges to Commissioner Mark C. Drennen, two of the reasons stated for needing a new system was that the "current system is not based on an accounting system" and that the "original design for the database restricts growth by restricting the number of transactions, filings, and liabilities that can be maintained."

**FS-02-DOR-4 - Information System User Access
Not Effectively Monitored**

The Department of Revenue does not effectively monitor access capabilities of agency users of the Advantage Financial System (AFS) and the Integrated Statewide Information Systems Human Resources (ISIS/HR) System. Effective internal control provides that (1) users are assigned business-need-only access to information systems; (2) duties are segregated so that no one user is in a position to both initiate and approve transactions and, therefore, potentially conceal errors or fraud; (3) access to information systems is disabled in a timely manner when users terminate employment; and (4) system reports should be reviewed and reconciled to detect and correct errors that may have occurred.

**STATE OF LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Financial Statement Findings (Continued)

The following deficiencies in controls were noted during a review of the department's security over user IDs:

AFS

- Nine of the 24 (37%) user IDs tested were assigned system access that did not reflect business-need-only. In addition, the security administrator is not reviewing the AFS security report to determine whether assigned access is necessary to job duties.
- Three of the 50 (6%) user IDs listed on the AFS security report were assigned to former employees because supervisors and/or the Human Resources division are not providing timely notification of employee termination to the security administrator.

ISIS/HR

- Fourteen Human Resource employees have been granted ISIS/HR System access that allows them to perform incompatible job duties, such as entering new hires, adjusting pay rates, and entering time sheet information. When incompatible duties must be assigned in this manner, a knowledgeable supervisor should review the transactions of the employees for authorization and reasonableness.
- Two Human Resource managers are allowing other Human Resource employees to use their ISIS/HR user IDs.
- The Human Resources security administrator is not reviewing the timekeeper security report for the access assigned and the timekeeping units assigned to each timekeeper.
- The department is not performing a reconciliation of payroll expenditures between the ISIS/HR and AFS systems.

Management has not implemented effective procedures for assigning and monitoring access given to the information systems users and did not establish procedures for the review and reconciliation of system reports. Failure to establish adequate control procedures in an on-line data entry environment could result in fraud and/or errors that could remain undetected.

Management should develop and implement written procedures for assigning user IDs and access capabilities on a business-need-only basis, monitoring access when ID capabilities cannot be limited to business-need-only, and reconciling system reports to timely detect and correct errors that may have occurred. Management partially concurred with the finding and recommendation. See management's response at B-114.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Financial Statement Findings (Continued)

Additional Comments: Management responded that the Timekeeper Security Report was not available to the department until September 2002. Management is correct about the specific report to which it refers, but the department had access to another report with the required information before September 2002.

Management also responded that a reconciliation of payroll expenditures between ISIS/HR and ISIS/AFS is redundant. However, past problems with the interface between the two systems has shown that human resource data may not post accurately to the general ledger. Since it is management's responsibility to ensure that expenditures reported in the department's financial statements are materially correct, management should establish procedures for the reconciliation of the two systems.

Management states that the security administrator should review user access for business need on a semiannual or annual basis--that a day-to-day review would not be practical. We agree that a day-to-day review would be very impractical but do not think that an annual review is adequate. At the time of our audit work, the security administrator admitted that the security reports had not been reviewed for at least six months. The department should also deactivate terminated employees' user IDs to AFS because of the vulnerability of all computer systems to unauthorized access.

**FS-02-DOR-5 - Insufficient Collection Effort for
Tax Assessments**

For the third consecutive year, the Department of Revenue did not enforce its procedures that were designed to ensure effective collection effort for tax assessments. The department's *Policies and Procedures Manual (PPM)*, *Collection Division Desk Manual*, and the *Field Services Manual* discuss the procedures that should be followed when the department issues final assessments to taxpayers. Final assessments apply when a taxpayer has filed a return but has not made any payment; proper payment was not made (i.e., NSF check) based on the return; or an audit or examination identifies taxes due. A final assessment also occurs when the taxpayer does not file a return; the department assesses the tax; and the taxpayer fails to remit payment or file an appeal within the prescribed amount of time.

Our limited review of the department's procedures regarding collection efforts of tax assessments disclosed the following:

1. The department does not follow its policies and procedures to ensure that refunds are not issued to individual taxpayers whose business accounts have been placed in uncollectible status.
2. The department uses computerized work queues to prioritize accounts assigned for collection effort. The work queues are ineffective for ensuring that the oldest and largest accounts are given priority, resulting in some accounts remaining in

**STATE OF LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Financial Statement Findings (Continued)

- active status for over ten years. In addition, these queues can be turned off and on by supervisors.
3. The department does not provide adequate documentation to verify that all attempts to effect collection have been completed before an account is deemed uncollectible. In addition, the notes section of the taxpayers' electronic files does not adequately document the reasons/information to justify their uncollectible status and/or to provide an adequate audit trail for final assessments placed in uncollectible status.
 4. In accordance with PPM 30.17, the department only bills taxpayers for amounts due that exceed \$9.99 for each tax period. The policy states that the use of this amount will be periodically reviewed and appropriate recommendations will be made to management concerning the raising or lowering of this billing tolerance. The department has not updated this policy since November 1, 1988, when the cost of issuing and collecting a bill was determined to be \$9.33.

Although most established procedures appear adequate, the department's failure to implement those procedures and aggressively pursue the collection of taxes allows businesses and business owners that are delinquent to continue to operate in the State of Louisiana. By placing more emphasis on the overall collection effort, the department could possibly have recovered more of the taxes owed by individual and business taxpayers. At June 30, 2002, the department records reflect that over \$294 million in uncollected final assessments are due to the state, with over \$247 million in final assessments over one year old.

The department should implement and/or update its policies and procedures to ensure that an effective and adequate collection effort is made to collect all taxes due to the State of Louisiana. Management partially concurred with the finding and outlined a plan of corrective action (B-116).

**FS-02-DOR-6 - Insufficient Control Over
Refund Approval Process**

The Department of Revenue does not have sufficient control procedures to ensure that taxpayer refunds are valid and properly approved before issuance. The department's PPM 30.1.2 titled "Refund Review and Approval Procedures" establishes the review and approval procedures for issuing refunds of \$20,000 or more, excluding interest. Those procedures require the approval of the employee or supervisor who initiated the refund and the initiating division director, a senior policy consultant in the Policy Services Division, the assistant secretary over the initiating division, and the secretary of the department for refunds of \$500,000 or more.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Financial Statement Findings (Continued)

We tested eight of the top dollar refunds issued. The test of those refunds revealed the following control deficiencies:

- Four of the eight (50%) top dollar refunds totaling \$19.3 million were not approved by the secretary. PPM 30.1.2 Subsection 4d allows for exceptions to the approval signature requirements. If a refund is due as a result of any of the noted exceptions, the refund is issued to the taxpayer without the approval of the secretary or any of the appointed officials regardless of the amount of the refund. Single refund checks have been issued ranging from \$2 million to \$7.4 million under the signature of the initiating employee and one supervisor.

Management has not considered the potential adverse effect the control deficiency over the refund approval process may have on the financial statements and the revenues of the State of Louisiana.

The department should reevaluate PPM 30.2.1 and establish a dollar tolerance requiring upper management approval of refunds issued in excess of that level. Management did not concur with the finding and recommendation. See management's response at B-118.

Additional Comments: While the secretary of the department does have the legal authority to establish approval processes, internal control would be enhanced by establishing a dollar tolerance for review to ensure that the taxpayer has no outstanding tax liabilities and that the refund is valid. Management has acknowledged that it has concerns with its current legacy tax collection system. Management also concurred with many of the control deficiencies cited in this report. Thus, management's acknowledgment of such control deficiencies would dictate an enhanced review of large dollar refunds to ensure protection of the state's assets.

**FS-02-DOR-7 - Lack of Control Within On-line
Error Resolution (OLER) System**

The Department of Revenue does not have adequate control procedures and an adequate audit trail over the OLER to ensure that transactions are valid, authorized, and correctly entered into the department's tax information system. Transactions should be initiated and controlled with the general and specific authorizations of management. An audit trail should be maintained that allows tracing the path of any transaction from inception to final disposition and internal controls should ensure that transactions are reviewed and approved by an appropriate supervisor so that errors and/or fraud are detected timely.

The department has over 400 employees with access to OLER. Those employees have the ability to make corrections, changes, or other adjustments to taxpayer accounts without review by an appropriate supervisor.

STATE OF LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Financial Statement Findings (Continued)

In addition, a test of ten randomly selected transactions that required entry into OLER revealed the following control deficiencies:

1. Nine of the ten transactions (90%) were not reviewed or approved by an appropriate supervisor.
2. The Online Correction Document Display screen revealed that employees have not provided adequate documentation to explain transactions and/or adjustments to taxpayer accounts. For example, an employee indicated on the Online Correction Document Display screen that all sales tax payments were moved to the taxpayer's master account. After review of the taxpayer's master account, we could not find evidence that the payment was actually moved as indicated by the employee.
3. Taxpayer payments may not be posted accurately to the taxpayer's account as to the proper tax type (i.e., sales, income, et cetera) and tax period. For example, a \$5.3 million EFT tax payment was posted on May 20, 2002, to sales taxes instead of gasoline and special fuels taxes. When an employee tried to correct this entry on July 15, 2002, \$435,239 was not posted to the correct tax type. Another employee who ensures that EFT payments are applied correctly to taxpayer accounts was waiting for a sales tax return to be posted to the system before applying the matching payment. The system was unable to post the tax return because the taxpayer's computerized account history file was full. Therefore, the payment was not properly recorded and the taxpayer's account was not credited as of October 9, 2002.
4. No independent assessment of the OLER was performed to determine the adequacy of its control. The responsibility within the department for periodically evaluating the effectiveness of such controls is not clear.

The department does not have written policies and procedures that require appropriate supervisory approval and a periodic reconciliation between edit/error reports to ensure the completeness and accuracy of the data entered into the department's tax information system. In addition, management has not placed sufficient emphasis on ensuring that taxpayer accounts are accurate and that employees are knowledgeable, adequately trained, and held accountable for the quality of their work product.

Annually, the department collects approximately \$6 billion of state revenues. The lack of adequate internal control over the on-line error resolution process may result in inaccuracies in system data and reports and errors and/or fraud could occur and not be detected in a timely manner. In addition, management cannot be certain that financial statement amounts are fairly presented when transactions are not posted accurately and timely.

**STATE OF LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Financial Statement Findings (Continued)

Management should establish written policies and procedures that ensure an adequate audit trail is established, transactions are reviewed and approved by an appropriate supervisor, and a periodic reconciliation between edit/error reports is performed to ensure the completeness and accuracy of the mainframe data. In addition, the department should establish a single management point responsible for the overall integrity of OLER transactions. Management partially concurred with the finding and recommendation. See management's response at B-120.

Additional Comments: The department should develop procedures to review and approve current OLER transactions to improve the overall integrity and accuracy of taxpayer records since the new integrated tax system's full implementation is several years away. A review of all transactions is not required, but a sufficient number should be reviewed to ensure that employees understand the appropriate way to process and document OLER transactions and that incorrect and/or fraudulent entries are not being posted to taxpayer records. Also, since these taxpayer records will be moved to the new tax system, the accuracy of this information is essential to the successful implementation and operation of the new system.

FS-02-DOR-8 - Lack of Support for Receivables

The Department of Revenue did not develop a formal methodology for calculating receivables included in its annual fiscal report nor were auditors able to timely apply sufficient audit procedures to the limited documentation that was provided. GASB 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Government*, represents the accounting standards by which financial information is to be presented by the State of Louisiana. Accordingly, OSRAP required the department to report receivables from revenues that have been earned (at June 30, 2001 and 2002), net of an allowance for doubtful accounts, in its annual fiscal report to comply with the new financial reporting requirements.

Our procedures for testing receivables disclosed the following:

1. The department did not timely provide the methodology used and documentation to support either the fiscal year 2001 estimate of \$57.8 million or the fiscal year 2002 estimate of \$55.5 million for receivables expected to be realized from protested tax balances held in escrow.
2. The department did not timely provide a subsidiary ledger or other listing to support gross accounts receivable of approximately \$289 million and the allowance for doubtful accounts of \$126 million at June 30, 2001, that were reported to OSRAP.
3. The department did not timely provide a subsidiary ledger or other listing to support the gross accounts receivable of approximately \$294 million and the allowance for doubtful accounts of \$118 million at June 30, 2002, that were reported to OSRAP in the department's annual fiscal report.

**STATE OF LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Financial Statement Findings (Continued)

Management was not proactive in evaluating the requirements of GASB 34 and developing a methodology for a timely, reliable calculation of receivables and allowance for doubtful accounts. A proactive approach to the GASB 34 implementation was needed because of the limited ability of the department's computer database to provide the information needed to be in compliance with the new reporting requirements.

Management should evaluate GASB 34 and its reporting requirements, assess the information available in the department's database, and develop a formal methodology for calculating receivables that includes sufficient supporting documentation and meets the needs of OSRAP. Management partially concurred with the finding and recommendation. See management's response at B-122.

Additional Comments: Under the new financial statement reporting model, governmental fund information is presented in the fund financial statements on a modified accrual basis of accounting and in the government-wide financial statements on a full-accrual basis. Full-accrual financial information, including revenues and accounts receivable amounts, is derived from the "legacy" system's databases. Fiscal year ended June 30, 2002, is the first year that GASB 34 is applicable to the State of Louisiana's Comprehensive Annual Financial Report and so to state agencies, such as the Department of Revenue.

In addition, in fiscal year 2000, the financial related audit of noncurrent accounts receivable was performed to determine whether the department's policies and procedures to record, track, and collect noncurrent accounts receivable have been documented and placed into operation in accordance with legal requirements and management's intentions. The financial related audit's scope clearly did not include a review of the department's legacy system databases and/or reports generated for financial statement preparation.

Furthermore, the inability to properly filter the receivable data was due to the department's programming errors in the receivable files provided to us. Initial discussions regarding the receivable data that would be required for the fiscal year ended June 30, 2002, financial statements began in May 2002. Analysis performed on the numerous data files the department provided revealed that the receivable data in these data files did not support the amounts reported as long-term receivables in the department's financial statements. On January 7, 2003, the department provided receivable data that supported the amounts included in its annual fiscal reports.

STATE OF LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Financial Statement Findings (Continued)

**FS-02-DOR-9 - No Enforcement of Electronic Funds
Transfer for Certain Tax Payments**

The Department of Revenue does not enforce the regulations relating to payment of taxes by EFT. Louisiana Administrative Code Title 61, Section 4910 requires the use of electronic funds transfer by taxpayers if the taxes due average \$20,000 over a specified period of time. The taxpayer is allowed to forego the use of EFT payments if the payment is made in the form of immediately available funds, such as a cashier's check or bank draft. According to the regulation, when the taxpayer fails to comply with EFT requirements, the tax payment will be considered delinquent and will be subject to penalties and interest.

Of 35 transactions tested that required payment by EFT, three (9%) were paid on company checks, which do not meet the criteria for immediately available funds. The total amount of payments received on company checks totaled \$4.7 million.

Since October 2000, the department has not performed an analysis of taxpayer accounts to identify those taxpayers required to pay taxes using EFT and, therefore, has not mandated taxpayers to comply with the EFT regulations. In addition, the department did not assess late penalties and interest on the payments that did not meet the definition of immediately available funds. Because the department failed to require EFT payments from all applicable taxpayers, receipt of the funds may be delayed, resulting in lost interest to the state.

The department should perform an analysis that would identify those taxpayers required to pay taxes using EFT so that the department and taxpayers will be in compliance with the EFT regulations. Management concurred with the finding and recommendation and outlined a plan of corrective action (B-124).

**FS-02-DOR-10 - Payroll/Personnel Internal
Control Weaknesses**

For the third consecutive year, the Department of Revenue does not enforce existing policies to ensure that payroll transactions are valid, authorized, and correctly input into the payroll system. The development and enforcement of policies and procedures ensures compliance with Civil Service, federal, and state rules and regulations and reduces the risk that payroll/personnel-related errors and/or fraud could occur and not be detected in a timely manner.

Audit procedures identified the following weaknesses in control procedures or noncompliance with existing policy:

1. Internal control questionnaires were sent to 21 of the department's 36 time-keeping units. Twenty-two primary timekeepers and 24 secondary timekeepers were assigned to those 21 timekeeping units.

**STATE OF LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Financial Statement Findings (Continued)

- For four of the 21 (19%) timekeeping units, timekeepers are performing the incompatible functions of inputting information into the payroll system from time and attendance records and comparing that data to computer-generated payroll reports. For proper segregation of duties, different employees should perform the duties of recording and reconciling time and attendance information.
 - Three of the 24 (13%) secondary timekeepers were assigned system access but had not received timekeeper training.
2. The time and attendance records of 15 employees were tested for compliance with the department's policies and control procedures, which are designed to ensure compliance with Civil Service, state, and federal rules and regulations.
- Two of the 15 (13%) employees had hours worked or leave recorded on their time and attendance records that did not agree with the payroll register and/or leave register.
 - Two of the 15 (13%) employees were compensated for overtime hours worked, although there was no supporting overtime compensation pre-approval documentation.
 - Four of the 15 (27%) employees had payroll-withholding amounts that were not supported by employee-signed withholding certificates.
3. A test of 30 employees that were no longer employed by the department revealed that for 18 (60%) employees, the employment status in the payroll system was not changed to "inactive" until two to 18 months after the employee separated from service. The Human Resources division allows temporary employees to remain active in the system during periods of unemployment and performs no monitoring to prevent and/or detect the erroneous issuance of payroll checks to these separated employees.

Management has not placed sufficient emphasis on compliance with existing departmental policies and procedures nor on developing procedures to ensure that employees are removed timely from the payroll system upon separation from employment. As a result, errors and/or fraud could occur and not be detected timely.

Management should develop and/or implement procedures for the payroll/personnel function to ensure proper segregation of incompatible functions; adequate training of timekeepers; timely update of employment status; and compliance with federal, state, and Civil Service rules and regulations. Management concurred with the finding and recommendation and outlined a plan of corrective action (B-125).

STATE OF LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Financial Statement Findings (Continued)

FS-02-DOR-11 - Tax Collections Not Deposited Timely

For the fifth consecutive year, the Department of Revenue did not comply with state law for timely deposits of tax collections for major state revenues. Article 7, Section 9 of the Louisiana Constitution requires that all money received by state agencies shall be deposited in the State Treasury immediately upon receipt. The *Division of Administration and State Treasurer Policies and Procedures Manual* defines immediately as “within 24 hours of receipt.” In addition, good internal control requires that collections received by the department be deposited timely to properly safeguard assets.

An analysis of tax information data that was supplied by the department revealed that 86,334 of the 92,488 batch headers (93.3%) were not deposited timely. A batch header is a summary of the information in a batch that includes total dollar amount; date of returns, payments, or declarations received by the department; date of deposit to the bank; and number of documents in the batch. The total amount not deposited timely accounted for \$1.4 billion of the \$5.47 billion (25.6%) deposited for fiscal year 2002. These deposits ranged from one to 60 days late, for an average of 10 days late.

This condition is the result of inefficient methods of processing tax returns and remittances. In addition, the department has not fully implemented an adequate method of monitoring the effectiveness of its system for depositing tax payments. Consequently, the department has an increased risk that untimely deposits will be susceptible to loss and/or theft. In addition, by not making deposits in a timely manner, the state’s Treasury Department is hindered from earning interest on these collections. If deposits had been made within one day of receipt, the state could have earned approximately \$660,384 in interest, assuming a simple interest rate of 3.07%.

Management should review current procedures and identify changes that can be made to enhance its compliance with the Louisiana Constitution relative to timely deposits in the state’s Treasury Department accounts. Management partially concurred with the finding, citing a difference of opinion over the average number of days to deposit. However, management outlined a plan of corrective action (B-127).

**FS-02-DOR-12 - Weaknesses in Controls Over
Protested Tax Balances**

For the fourth consecutive year, the Department of Revenue did not reconcile the balances of protested taxes actually collected and recorded by the Controller’s Division and the Taxpayer Services Division with the balances recorded in the Legal Division’s Tax Claims and Litigation Tracking System. In addition, the department is not timely entering the lawsuits into its tracking system or timely resolving the protested tax payments. Good internal control policies and procedures would ensure that protested tax balances in the Legal Division’s records reconcile to those in the Controller’s Division and the Taxpayer Services Division and that reconciling items,

**STATE OF LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Financial Statement Findings (Continued)

such as lawsuits not yet recorded in the tracking system, be addressed in a timely manner. Such policies and procedures would enhance timely resolution of protested tax payments.

The department's established procedure has been to require a quarterly reconciliation among the Controller's Division, the Taxpayer Services Division, and the Legal Division to verify that payments received under protest have been properly recorded by each division. According to the Controller's Division, the balance of taxes paid under protest at June 30, 2002, totals \$157.7 million. Audit procedures revealed the following:

1. As of July 2002, the department had not completed any of the fiscal year ended June 30, 2002, quarterly reconciliations of protested tax balances among the Controller's Division, the Taxpayer Services Division, and the Legal Division.
2. The Legal Division cannot reconcile its balances of taxes paid under protest to the amounts in the Controller's Division because the Legal Division does not record the necessary information in the tracking system. This system is not updated for payments, refunds, and other financial activity occurring during the year.
3. Nine of ten (90%) lawsuits tested were added to the taxpayer's history file two to seven months after the lawsuit was filed. Consequently, for two to seven months the taxpayers' accounts were inaccurate because a tax payment was posted with no indication that the payment was a protested payment and/or that a lawsuit had been filed.
4. The department does not have a written policy or written procedures regarding the performance of a quarterly reconciliation of protested tax payments.

Management did not enforce the established procedure that requires reconciliations of protested tax balances among the Controller's Division, the Taxpayer Services Division, and the Legal Division. Employee turnover and reorganization in these divisions may have affected the department's ability to complete the quarterly reconciliations. The lack of timely reconciliations increases the risk that errors and/or fraud may occur and not be detected in a timely manner. When taxpayer history files do not contain the required information on protested tax payments and lawsuits, funds held in escrow for those taxpayers may be incorrectly or prematurely removed from the escrow accounts. When tax payment suits are not resolved within a reasonable amount of time, the state may be denied the revenue of the protested tax balances.

Management should establish written procedures and require a timely reconciliation of the balances in the protested tax accounts among the Controller's Division, the Taxpayer Services Division, and the Legal Division. Management should also establish procedures to ensure that lawsuits are added immediately upon receipt to the taxpayer history files. Periodic reviews of protested tax balances or cases to determine the length of time the suits have been in escrow would ensure the timely resolution of the cases. Management concurred with the finding,

**STATE OF LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Financial Statement Findings (Continued)

except for the part regarding the existence of written policies and/or procedures for the quarterly reconciliation of protested tax payments. Management outlined a plan of corrective action (B-129).

Additional Comments: At the time we performed our procedures, the department did not have written policies and/or procedures for the quarterly reconciliation of protested tax payments.

RISK MANAGEMENT, OFFICE OF**FS-02-ORM-1 - Inaccurate Annual Fiscal Report**

The Office of Risk Management (ORM) did not submit an accurate AFR for fiscal year ended June 30, 2002, to the Division of Administration, OSRAP. R.S. 39:79 authorizes the commissioner of administration to establish the format of each agency's AFR and requires a signed affidavit that the financial statements present fairly the financial position of the agency, in this case, ORM. The Division of Administration uses ORM's AFR and disclosures during the compilation of the state's annual financial statement. Good internal control includes establishing formal written procedures for compiling financial information included in the AFR and developing an adequate review process. The AFR and additional disclosures that were submitted to OSRAP had the following errors, omissions, or inconsistencies:

- In the "GASB 34 Accruals" note (note AA), premium receivables were understated by \$169,069; due from others totaling \$4,462,766 was omitted; and the amount not expected to be collected in one year was understated by \$4,757,611.
- Total assets on the Balance Sheet (Statement A) were understated by \$122,735. Premium receivables were understated by \$215,912 and prepaid expenses were overstated by \$93,177.
- Total liabilities on the Balance Sheet (Statement A) were understated by \$653,272. Accounts payable were overstated by \$566,502; claim payables were overstated by \$199,465; and prepaid insurance premiums totaling \$112,696 were omitted.
- Reserve for continuation of operations on the Balance Sheet (Statement A) was overstated by \$2,301,503 and did not agree with reserves for continuing operations in note U, which was overstated by \$5,357,942.
- Revenue on the Statement of Revenues, Expenditures, and Changes in Fund Balances (Statement B) was overstated by \$166,138.

**STATE OF LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Financial Statement Findings (Continued)

- Fund balance on the Balance Sheet (Statement A) did not agree to fund balance on the Statement of Revenues, Expenditures, and Changes in Fund Balances (Statement B) by \$10,678,974.
- In additional disclosure related to annuities, the total amount of annuities purchased was overstated by \$2,850,354 and the amount of annuities outstanding at June 30, 2002, was overstated by \$2,663,815.
- In the table "Changes in Aggregate Claims Liabilities" included as additional disclosure, claims payments for 2001-02 were overstated by \$32,857,656 and claims and changes in estimates were overstated by \$32,132,075. This occurred because ORM failed to reconcile claims payments per the claims management system to the state's general ledger accounting system.

Furthermore, much of the supporting documentation for the notes and additional disclosures was prepared after the AFR was submitted.

Management has not placed sufficient emphasis on ensuring that the AFR is properly prepared and reviewed for errors or omissions. Undetected inaccuracies in financial reporting by the department could cause misstatements in the state's Comprehensive Annual Financial Report.

Management should develop procedures to include written instructions and high-level supervisory review of financial information and note disclosures to detect and correct errors before submitting that information to OSRAP. Management should also have supporting documentation prepared for the notes and additional disclosures before submitting the AFR. Management concurred with the finding and recommendation and outlined a corrective action plan (B-133).

TOBACCO SETTLEMENT FINANCING CORPORATION**FS-02-TOBCORP-1 - Articles of Incorporation Not Filed**

The Tobacco Settlement Financing Corporation did not file Articles of Incorporation with the Secretary of State. The corporation was created by Act 1145 of the 2001 Regular Session of the Legislature. This act was codified as R.S. 39:99.4. Management of the corporation relied on the language of the legislation to establish the corporation and did not file Articles of Incorporation on the advice of counsel. R.S. 12:205 applies to the incorporation of nonprofit entities and requires that Articles of Incorporation be filed with the Louisiana Secretary of State. It also specifies that a corporation shall only come into existence when the articles have been accepted by the Secretary of State and a certificate of incorporation has been issued. By not filing Articles of Incorporation, the State of Louisiana's position against tobacco revenue bondholders may be weakened if the tobacco companies file bankruptcy.

STATE OF LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Financial Statement Findings (Continued)

Articles of Incorporation should be filed with the Secretary of State to strengthen the position of the corporation and to ensure that outside parties do not have easier recourse against the State of Louisiana should legal action against the corporation arise. Management did not concur with this finding. Management stated, in part, that filing Articles of Incorporation would be a redundancy of effort and expense providing no additional shield of protection beyond that already provided through statute. Management also expressed that the process of the bond validation suit settled the issue of state liability. See management's response at B-169.

Additional Comments: We continue to believe that Articles of Incorporation should be filed to ensure the understanding that the Tobacco Settlement Financing Corporation is in fact a separate legal entity, distinct and apart from the state.

FS-02-TOBCORP-2 - Funds Not Invested Properly

The corporation's trustee invested in mutual funds that hold commercial paper. R.S. 39:99.6(E) states, in part, that any funds held by the corporation or by the indenture trustee may be invested and reinvested in investments and securities that are legal investments under the laws of the State of Louisiana for funds of the state or political subdivisions of the state. Neither the State of Louisiana nor its political subdivisions are allowed to invest in mutual funds that hold commercial paper. At June 30, 2002, the corporation has \$35,848,039 invested in an inappropriate mutual fund.

The corporation did not detect the violation of Louisiana law because the trustee's investment transactions were not adequately reviewed during the fiscal year. Upon notification that Louisiana law did not authorize investments in mutual funds holding commercial paper, these funds were transferred to an acceptable investment vehicle.

The board should monitor the investments selected by the trustee to ensure that investments are properly authorized by law. Management concurred in part with the finding. See management's response at B-170.

**FS-02-TOBCORP-3 - Internal Control Weaknesses
Over Operations**

The Tobacco Settlement Financing Corporation's board has not hired staff, established an accounting system, or adequately monitored transactions of Bank One, the trustee. Adequate internal control includes assigning responsibility for maintaining an accounting system and monitoring trustee activities to ensure compliance with laws and regulations and that transactions are accomplished in the best interest of the corporation. Internal control also provides assurance that the accounting system and its underlying data are reliable. An accounting system should be designed to assemble, analyze, classify, record, and report financial data. In performing these functions, an accounting system must also help to maintain adequate control over the assets of the corporation.

**STATE OF LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Financial Statement Findings (Continued)

R.S. 39:99.8(A) states that the staff of the Department of the Treasury, including that of the State Bond Commission, may, pursuant to a cooperative endeavor agreement, serve as staff to the corporation under the supervision of the state treasurer. A cooperative endeavor agreement was never executed between the corporation and the Department of the Treasury. Therefore, the duties of treasury personnel were never formally established.

After the sale of the Tobacco Settlement Asset Backed Bonds, neither the board nor the staff of the Department of the Treasury exercised adequate oversight over the financial and legal affairs of the Tobacco Settlement Financing Corporation. Although monthly trustee account bank statements and monthly operating account bank statements were accumulated, no formal accounting records existed to support the financial statements. The trustee's activities were not reviewed for accuracy and compliance with laws and regulations. In addition to the findings discussed under the legal compliance section of this report, the following weaknesses in control were noted:

- On May 15, 2002, the corporation did not make payment for the full bond principal allowed by the Turbo Redemption method because of an error in the cash flow projection prepared by the trustee. The corporation could have paid additional bond principal of \$870,000, bringing the payment up to the full amount recommended by the Turbo Redemption method, which would have reduced subsequent interest costs.
- The corporation engaged a certified public accountant (CPA) to prepare the financial statements. Because the corporation had no books of original entry, the CPA had to prepare spreadsheets to summarize the transactions of the corporation. CPAs typically charge fees based on the number of hours estimated to be necessary to complete a job. It is likely that the corporation incurred additional expense because of its failure to provide books of original entry. In addition, failure to prepare books of original entry makes it more difficult for management to monitor the transactions of the corporation.
- On May 14, 2002, the trustee transferred \$100,000 from the trustee's Collections Account to the State Treasury's Central Depository Account. The transfer should have gone to the corporation's Operating Account. This error was not detected and corrected until August 1, 2002.
- The Cost of Issuance Account has a \$83,266 balance at June 30, 2002, that has not been remitted to the State Treasury. No disbursements from the account have occurred since January 30, 2002. Section 8.06 of the bond indenture states, in part, that at such a time as an authorizing officer (of the corporation) notifies the trustee that the Costs of Issuance have been fully paid, the Trustee may close and terminate the Cost of Issuance Account. The funds remaining therein, if any, shall then be transferred to the Louisiana Fund and the Millennium Trust pursuant to the direction of an authorized officer. The corporation did not

**STATE OF LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Financial Statement Findings (Continued)

monitor the expenses paid from the Cost of Issuance Account and did not determine when all of the costs had been paid. The Louisiana Fund and Millennium Trust may have lost the interest that would have accrued on these funds, as well as the use of the funds.

- Investment earnings accumulate in the trustee Bond Reserve accounts. Balances in these accounts in excess of the required reserves should be transferred to the Collections Account to be used to pay principal or interest or other obligations of the corporation. On February 15, 2002, the trustee used \$2,144,053 of interest earnings in the Series 2001B Bond Reserve along with the \$89,155,947 required to remain in the account, to purchase commercial paper that earned no investment income for 90 days. Assuming the interest earnings would have been invested in the mutual fund earning 1.9% (annualized), the corporation lost investment earnings of at least \$10,184. In addition, at June 30, 2002, the balance in the Bond Reserve accounts that should have been transferred is \$1,470, but it was not transferred.
- The board did not monitor investment activity and did not determine if the trustee maximized the investment income that could have been earned on tobacco settlement revenues between the time the funds were received and the time the funds were used. The corporation received \$26.3 million on December 31, 2001. The trustee invested the money in mutual funds that earned 2% (annualized) in January and February 2002 and 1.9% from March 2002 until used for payment of principal and interest. The corporation received \$69.8 million on April 16, 2002, and an additional \$2.3 million on April 23, 2002. The trustee invested this money in mutual funds earning 1.9%. Bond payments of \$63 million were made on May 15, 2002, leaving a remaining balance of approximately \$35.4 million. The corporation did not monitor monies available for investment to ensure that the state was achieving its highest possible rate of return through various available investment products.

Without adequate monitoring and an accounting system, the risk increases that errors and non-compliance with laws and regulations will occur and not be detected or corrected in a timely manner. It also increases the risk that fraud may occur and not be detected in a timely manner.

The board should hire adequate staffing or establish a formal agreement for staffing with the state treasurer and should establish an accounting system and internal control procedures, including monitoring of the trustee's activities and investment earnings. Management concurs in part with this finding. Management did not concur with the portions of the finding relating to the monitoring of investment activity and lost interest and stated that those portions of the finding are in error and represent a misunderstanding of the accounts in question. Management expressed that the auditor failed to take into account the Liquidity Reserve Account Forward Delivery Agreement and the Reserve Fund Agreement, which provide for an annual return of 4.63% and 4.36%, respectively. See management's response at B-170.

**STATE OF LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Financial Statement Findings (Concluded)

Additional Comments: The auditors did consider the terms of the Liquidity Reserve Account Forward Delivery Agreement and the Reserve Fund Agreement. Under the terms of these agreements, the corporation is guaranteed a return on its investments of 4.63% and 4.36%, respectively. Therefore, it is possible that at certain points during the year, investments may have been made at a zero rate of return, because the guaranteed return rate had already been achieved. However, the corporation allowed \$2,144,053 more than was required to be deposited in Bond Reserve account to remain in the account during a period when investments were made at a zero rate of return. We continue to believe that this is not a good business practice. It is also unclear whether investments are being adequately monitored since funds not required to be in the Bond Reserve account are invested in a mutual fund earning only approximately 2% return when the guarantors of the Liquidity Reserve Account Forward Delivery Agreement and the Reserve Fund Agreement are able to earn over 4% even though they invest funds at a zero rate of return during a portion of the year.

Schedule C

Federal Award Findings and Questioned Costs For the Year Ended June 30, 2002



STATE OF LOUISIANA
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Federal Award Findings and Questioned Costs
 For the Year Ended June 30, 2002

FINDINGS COVERING MORE THAN ONE FEDERAL AGENCY

EDUCATION, DEPARTMENT OF

F-02-CC-EDUC-1 - Improper Charging of Administrative
 Expenditures to Federal Awards
 (1999, 2000, 2001)

	<u>Questioned Costs</u>
10.558 - Child and Adult Care Food Program	\$47
10.560 - State Administrative Expenses for Child Nutrition	8,158
17.255 - Workforce Investment Act	38,933
84.002 - Adult Education - State Grant Program	33,935
84.010 - Title I Grants to Local Educational Agencies	307,541
84.011 - Migrant Education - State Grant Program	24
84.048 - Vocational Education - Basic Grants to States	165
84.181 - Special Education - Grants for Infants and Families with Disabilities	13,433
84.186 - Safe and Drug-Free Schools and Communities - State Grants	26,953
84.276 - Goals 2000 - State and Local Education Systemic Improvement Grants	106
84.281 - Eisenhower Professional Development State Grants	21,517
84.298 - Innovative Education Program Strategies	53
84.318 - Technology Literacy Challenge Fund Grants	29
84.332 - Comprehensive School Reform Demonstration	17,265
84.338 - Reading Excellence	12
93.558 - Temporary Assistance for Needy Families	251
<u>Child Nutrition Cluster:</u>	
10.559 - Summer Food Service Program for Children	118
<u>Special Education Cluster:</u>	141,679
84.027 - Special Education - Grants to States	
84.173 - Special Education - Preschool Grants	
	<hr/> <hr/> \$610,219

STATE OF LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Federal Award Findings and Questioned Costs (Continued)

For the second consecutive year, the state Department of Education (SDE) does not have adequate procedures to ensure that direct costs charged to federal programs comply with federal regulations when administering federal programs.

Office of Management and Budget Circular A-87 states that costs are allowable if they are reasonable and necessary for the proper and efficient performance and administration of the program, are allocated to a particular program to the extent of the relative benefits received, and are appropriately documented. Indirect costs are defined as those costs incurred for common or joint purposes and benefit more than one cost objective. Also, charges for salaries and wages of employees who are expected to work solely on a single federal award or cost objective must be supported by periodic certifications. These certifications must be prepared at least semiannually and should be signed by the employee or supervisory official having first hand knowledge of the work performed by the employee.

Based on audit tests, administrative expenditures totaling \$610,219 were not properly charged to federal programs and these amounts are questioned costs as follows:

1. Expenditures totaling \$72,200 were charged to programs other than the actual program affected.
 - A professional service contract totaling \$12,500 for a state mandated program was charged to Title I.
 - Professional development training for various department employees and local school district employees totaling \$57,000 was charged to Title I, SEC, and EPD grants; however, we were informed that this training was provided as a supplement to the Louisiana Teacher Assistance and Assessment Program, a state mandated program. These costs appear to meet the criteria for indirect, not direct, costs.
 - Drug tests totaling \$2,700 mandated by state law were charged to CACFP, SFS, SAE, WIA, AE, Title I, ME, SEC, Voc ED, SE, SDFS, Goals 2000 SLESI, EPD, IEPS, TLC, CSRD, RE, and TANF. These costs appear to meet the criteria for indirect, not direct, costs.
2. Expenditures totaling \$538,019 lacked the detailed documentation necessary to make a determination of allowability for the costs charged to Title I, SEC, EPD, SE, SDFS, SAE, CSRD, AE, and WIA.
 - Travel, supplies, operating services, and equipment totaling \$167,077 were paid based solely on request forms from SDE regional offices.
 - Six computers were purchased for six employees who work on federal programs and state activities. The costs for the computers, \$9,906, were

STATE OF LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Federal Award Findings and Questioned Costs (Continued)

allocated to four federal programs--Title I, SEC, EPD, and SDFS; however; one of the six employees worked on other federal programs and another employee worked on state activities. The costs of computers for these two employees, \$3,302, are known questioned costs. Because support for the transaction did not identify which computer was charged to each of the four programs, we were unable to determine the questioned costs by program, and the remaining cost, \$6,604, is considered likely questioned cost.

- Salaries and related benefits totaling \$60,507 for five employees were charged to Title I; however, there were no semiannual certifications from these employees to support the costs charged to these programs.
- Salaries and related benefits totaling \$300,529 for 11 employees were charged to Title I, SEC, AE, and WIA although the certifications signed by the employees indicated that they worked on other federal or state programs.

Failure to ensure that payment documentation supports the allocation of costs increases the risk that expenditures could be improperly charged to federal programs.

The SDE should implement procedures to ensure that federal costs are properly allocated. This includes a more detailed review of supporting documentation and maintaining the required employee certifications in the payroll section. The payroll section should report any changes in certifications to the budget and accounting sections. The SDE should consult with the U.S. Department of Education regarding the resolution of the questioned costs noted in this finding as well as the allowability of any related indirect costs claimed. Management concurred in part with the finding and recommendation. Management concurred that expenditures lacked detailed documentation. Management did not concur that expenditures were charged to programs other than the actual programs affected but accepted the recommendation to refer the resolution of the questioned costs to the U.S. Department of Education. See management's response at B-6.

STATE OF LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Federal Award Findings and Questioned Costs (Continued)

F-02-CC-EDUC-2 - Ineffective Controls Over Subrecipient Monitoring
(2000, 2001, 2002)

	<u>Questioned Costs</u>
10.558 - Child and Adult Care Food Program	
84.002 - Adult Education - State Grant Program	
84.010 - Title I Grants to Local Educational Agencies	\$58,000
84.340 - Class Size Reduction	416,530
93.558 - Temporary Assistance for Needy Families	
<u>Special Education Cluster:</u>	
84.027 - Special Education - Grants to States	
84.173 - Special Education - Preschool Grants	
	<u><u>\$474,530</u></u>

For the second consecutive year, the SDE does not have adequate internal control to monitor subrecipients for compliance with program requirements of federal programs.

Office of Management and Budget (OMB) Circular A-133 requires the pass-through entity to monitor subrecipients for compliance with applicable federal laws and regulations. OMB Circular A-133 also requires the pass-through entity to (1) obtain single audits of subrecipients within nine months after an audit period ends; (2) ensure the code of federal domestic assistance (CFDA) number and program name are correct; (3) issue a management decision on audit report findings; (4) ensure that the subrecipient takes corrective action; and (5) consider any effects the audit may have on the entity's own records. The management decision should clearly state whether the finding is sustained, the reasons for the decision, and the expected actions including repayment of related disallowed costs, as well as financial adjustments needed, if any.

In a review of the SDE's subrecipient monitoring function, audit tests disclosed the following deficiencies:

1. SDE management did not ensure that external certified public accountant (CPA) audits were submitted to the department within nine months after the audit period ended and did not ensure that the audits contained the proper CFDA numbers and program titles. Three (6%) of 47 audits tested were received by the SDE from two weeks to four months late, and five (10%) audits did not include CFDA numbers, program titles, or schedule of federal expenditures.

STATE OF LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Federal Award Findings and Questioned Costs (Continued)

2. No written management decisions were issued by the SDE on audit findings included in the external CPA audit reports of three (23%) of 13 subrecipients tested. Also, no evidence existed that the SDE followed up on the external audit findings of four (30%) subrecipients to ensure that the subrecipients took corrective action. No evidence was available to document that the SDE determined whether any costs related to the noncompliance should be recovered or if any financial adjustments were needed. Also, the SDE did not resolve audit findings for two (15%) subrecipients where questioned costs totaling \$474,530 were identified, \$416,530 in the CSR program and \$58,000 in the Title I program. These costs are considered known questioned costs.
3. For 51 (85%) of 61 SDE onsite monitoring reports tested, no evidence existed that SDE program personnel reviewed transactions to determine if costs charged to federal programs were allowable. Also, no evidence was available to document that the SDE followed up on monitoring findings for six (9%) subrecipients to ensure that the subrecipients took corrective action. Onsite monitoring findings related to Title I, SEC, CSR, TANF, and Adult Education programs that may have a financial impact on the department included payroll charges improperly charged, incomplete or inadequate grant applications, noncompliance with comparability requirements, and incomplete financial databases.
4. The SDE's Division of Education and Finance "fiscal reviews" of subrecipients for allowed/unallowed activities or costs are limited in number and are not performed in a timely manner. One Title I review begun in January 2001 has not been completed. No new reviews of the SEC or Title I programs were started in fiscal year 2002.
5. The SDE has neither ensured that subrecipients took corrective action nor sought reimbursement from subrecipients for \$11,006 in Title I and \$1,856 in Child Care and Development Block Grant (CFDA 93.575) costs that were questioned in the 2001 Single Audit.

Based on discussions with staff, SDE personnel are unaware of their specific monitoring responsibilities. Although the department did develop written policies and procedures outlining the subrecipient monitoring function, the policies and procedures had not been approved or implemented as of June 30, 2002.

The SDE's failure to adequately monitor subrecipients impairs the department's evaluation of the impact of subrecipient activities on its own ability to comply with laws and regulations applicable to the programs. Specifically, this has resulted in known questioned costs totaling \$416,530 in the CSR program and \$58,000 in the Title I program. Costs incurred by a subrecipient that have not been appropriately monitored by the pass-through entity may be treated as unallowable costs. Therefore, if controls are not strengthened and the department

STATE OF LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Federal Award Findings and Questioned Costs (Continued)

does not comply with the federal compliance requirement of subrecipient monitoring, the department may be subject to the questioning of all federal funds passed through to subrecipients. During the 2002 fiscal year, the SDE passed through a total of \$380,293,921 in federal funds through Title I (\$193,775,360); SEC (\$88,685,905); CACFP (\$43,243,357); CSR (\$31,038,927); TANF (\$16,089,421); and Adult Education State Grant Program (\$7,460,951).

The SDE should further develop and implement comprehensive written policies and procedures for subrecipient monitoring that are centrally managed to ensure compliance with all of its programs' requirements. In addition, the various divisions should be made aware of their responsibilities. Questioned costs noted should be resolved with the U.S. Department of Education. Management concurred with the finding and recommendation and outlined a plan of corrective action (B-10).

SOCIAL SERVICES, DEPARTMENT OF

**F-02-CC-DSS-1 - Noncompliance With Federal
 Property Regulations**

The Department of Social Services does not have internal controls over movable property acquired in whole or in part with federal funds and therefore is in violation of federal regulations. The federal departments of Agriculture [7 CFR 3016.32(d)(e)], Education [34 CFR 80.32(d)(e)], and Health and Human Services [45 CFR 92.32(d)(e)] require the following relating to equipment:

- Property records must be maintained that include a description of the property, a serial number or other identification number, the source of property, who holds title, the acquisition date, and cost of the property, **percentage of federal participation in the cost of the property**, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.
- A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property.
- For items of equipment with a current per-unit fair market value over \$5,000, the awarding agency shall have a right to an amount calculated by multiplying the current market value or proceeds from sale by the awarding agency's share of the equipment.

STATE OF LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Federal Award Findings and Questioned Costs (Continued)

Audit procedures performed regarding property acquired with federal funds disclosed the following:

Office of Community Services (OCS)

- Of the 15 items tested that were acquired with federal funds, none had the federal participation noted in the Louisiana Property Assistance Agency (LPAA) system. All 15 items were eventually transferred, but only three BF-11s (LPAA form used to transfer/disposed items) noted the federal participation. However, the agency could not support the federal percentage noted on the three BF-11s.
- Without properly identifying the federal participation at the time of acquisition or on a BF-11, numerous movable property items have lost their federal designation. During fiscal year 2002, OCS transferred approximately \$7 million of its \$15 million of movable property. Six million dollars was transferred to the Office of the Secretary (OS) to consolidate the DSS Information Technology function while one million dollars went to LPAA as surplus property. The property control manager noted that she did not know she was required to identify federal property and did not know the percentage of federal funds used to acquire property.

Office of Family Support (OFS)

- Although the agency noted the federal participation for all three items tested, all items were eventually transferred to OS without indicating federal participation on the BF-11s.
- The property control manager was not including the federal participation on the BF-11s that transferred items to OS, but she did identify the federal participation on BF-11s that transferred items to LPAA. During fiscal year 2002, approximately \$300,000 of movable property was transferred to OS.

Louisiana Rehabilitation Services (LRS)

- Of the three items tested that were acquired with federal funds, none had the federal participation noted in the LPAA system. However, the BF-11s associated with these items had the federal percentage properly documented.
- The property control manager noted that since all LRS property is acquired with federal funds no identification is noted in the LPAA system.

STATE OF LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Federal Award Findings and Questioned Costs (Continued)

Office of the Secretary (OS)

- Of the 21 items tested, 15 items were transferred to OS; however, since no federal designation was included on the BF-11s, OS did not record the property in LPAA as federal when accepting the property. Also, OS surplused four of the items without indicating that the property was partially federal. None of the items were sold for more than \$5,000.

Departmental personnel responsible for tracking movable property failed to adhere to federal regulations regarding equipment acquired in whole or in part with federal funds. Failure to establish and maintain controls over property increases the risk that errors and/or fraud could occur and remain undetected. In addition, because of the consolidation of the department's Information Technology section, numerous items have been transferred and have lost their federal designation, which is against federal regulations. Since the property has lost its federal designation, the department cannot ensure that property will be disposed according to federal regulations.

Management should ensure that all property acquired in whole or in part with federal funds is identified by documenting the percentage of federal participation in the LPAA system and maintaining the federal identity of the property until disposed. In addition, the department should ensure department personnel are fully aware of the federal property regulations. Management concurred with the finding and recommendations and outlined a corrective action plan (B-148).

STATE OF LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Federal Award Findings and Questioned Costs (Continued)

**F-02-CC-DSS-2 - Subrecipient Monitoring - Noncompliance With
 Federal and State Regulations (2001, 2002)**

	Questioned Costs
14.231 - Emergency Shelter Grants Program	\$0
84.126 - Rehabilitation Services - Vocational Rehabilitation Grants to States	
93.556 - Promoting Safe and Stable Families	
93.558 - Temporary Assistance for Needy Families	
93.563 - Child Support Enforcement	
93.566 - Refugee and Entrant Assistance - State Administered Programs	
93.667 - Social Services Block Grant	
93.674 - Chafee Foster Care Independent Living	
<u>Food Stamp Cluster:</u>	
10.561 - State Administrative Matching Grants for Food Stamp Program	

The Department of Social Services did not comply with certain federal and state regulations in its monitoring of federal subrecipients and state contractors. OMB Circular A-133 Section 400(d) requires the pass-through entity identify for the awards it makes to subrecipients the CFDA title and number, the award name and number, and the award year and advise the subrecipient of requirements imposed on them by federal laws, regulations, and the provisions of contract or grant agreements. The circular also requires the pass-through entity to monitor the activities of subrecipients and ensure that each subrecipient expending federal pass-through funds totaling \$300,000 or more has an annual audit. Department policy, established in accordance with Louisiana Administrative Code 34:V:134, requires state contractors that receive \$100,000 or more in state funds to have a financial and compliance audit performed in accordance with *Government Auditing Standards*.

Audit procedures performed on the department’s monitoring function disclosed the following:

- For the fifth consecutive year, the department did not ensure that the federal award information and applicable compliance requirements were provided to the subrecipient. A test of 25 contracts disclosed that 12 contracts (48%) did not include the CFDA program name; 4 contracts (16%) did not include the CFDA program number; and 25 contracts (100%) did not advise the subrecipients of the requirements imposed by laws, regulations, and the provisions of contract or grant agreements.

STATE OF LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Federal Award Findings and Questioned Costs (Continued)

- As of September 2002, the department failed to designate 85 contracts with fiscal 2002 payments as vendor or subrecipient. Seven contracts were later determined to be subrecipients. Timely designation is necessary to ensure proper monitoring and reporting.
- For four (20%) of 20 entities identified as subrecipients, the department could not provide the audit reports for three federal subrecipients and one state contractor.
- For the third consecutive year, the department did not comply with Louisiana Revised Statute (R.S.) 39:1500, which requires a state agency to file a final report with the Office of Contractual Review within 60 days of the completion of a professional, consulting, or social service contract. A review of 30 contracts disclosed that 20 final evaluation reports (67%) were not submitted within 60 days. Although contract end dates were March 31, 2002 and June 30, 2002, nineteen reports had not been provided to the Office of Contractual Review as of October 8, 2002. The remaining report was 130 days late.
 - Eighteen of the 20 entities that have delinquent final reports have entered into contracts with the department totaling over \$12 million. This is a violation of R.S. 39:1500(D), which states that “no contract shall be entered into by a using agency with any contractor for which a delinquent final evaluation report remains outstanding for a contract with such using agency.”

The department has not implemented the necessary controls to ensure compliance with OMB Circular A-133 and the revised statute. Failure to ensure federal subrecipients and state contractors receive federal program information and requirements, receive audits, and are properly monitored increases the risk of noncompliance with applicable program regulations. In addition, failure to comply with the revised statute denies the Office of Contractual Review timely information on contract performance.

Management should ensure monitoring procedures are established to comply with OMB Circular A-133 requirements and that final reports are filed with the Office of Contractual Review pursuant to R.S. 39:1500. Management concurred in part with the finding but provides a corrective action plan for each issue. See management’s response at B-149.

STATE OF LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Federal Award Findings and Questioned Costs (Continued)

UNIVERSITY OF LOUISIANA AT MONROE

**F-02-CC-ULM-1 - Grant Accounting Control
 Procedures Not Effective**

	<u>Questioned Costs</u>
17.255 - Workforce Investment Act	
47.076 - Education and Human Resources	
84.048 - Vocational Education - Basic Grants to States	
93.558 - Temporary Assistance for Needy Families	
93.959 - Block Grants for Prevention and Treatment of Substance Abuse	
<u>WIA Cluster:</u>	
17.258 WIA Adult Program	\$626
<u>TRIO Cluster:</u>	
84.044 - TRIO Talent Search	

The University of Louisiana at Monroe does not have effective control procedures over its grant receipts, disbursements, and cash balances. Management should establish and enforce the control procedures necessary to ensure timely billing and collection of grant awards, require adequate supporting documentation and proper review of this documentation before the disbursement of grant funds, and require the timely review of all grant balances for proper disposition at the completion of the grant.

Our review of grant accounts disclosed the following:

- The university's Restricted Fund had 105 grant accounts with debit cash balances totaling \$662,989. A review of the ten largest accounts totaling \$408,160 disclosed five accounts with cash balances totaling \$137,415 that had no change in the balance for one or more years. One grant account with a cash balance of \$65,283 had no supporting documentation and is identified as a non-federal clearing account.
- Some contracts and agreements did not have all required signatures.

A review of 11 grants for adequate supporting documentation disclosed the following:

- Ten grants were not billed timely, resulting in an estimated loss of interest earnings of \$2,466 from July 1, 2001, to March 31, 2002. Based on the results of the ten accounts tested, there would be a projected loss of interest earnings of \$36,017 for all grant accounts.

STATE OF LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Federal Award Findings and Questioned Costs (Continued)

- Three grants had reimbursement or expenditure transactions posted to the wrong grant account. The errors were corrected when identified during the audit. The grants were Education and Human Resources (CFDA 47.076); TRIO-Talent Search (CFDA 84.044 of the TRIO Cluster); and Block Grants for Prevention and Treatment of Substance Abuse (CFDA 93.959).
- Payroll vouchers for the Block Grants for Prevention and Treatment of Substance Abuse (CFDA 93.959) did not indicate the hours or dates the employee worked.
- One grant employee participating in the WIA Adult Program (CFDA 17.258 of the WIA Cluster) was overpaid \$495 a month for July through September 2001, for a total of \$1,485. The grant project director and payroll personnel became aware of the overpayment when the employee terminated employment with the university on September 30, 2001. The university recovered \$859 of the overpayment; the university's project director decided that the grant would pay the remaining overpayment balance of \$626. Questioned cost is \$626.
- The university has no formal procedures to timely detect errors in overload pay unless the overload pay exceeds 30% of an employee's base salary. One grant employee participating in the Temporary Assistance for Needy Families Program (CFDA 93.558) submitted three payroll vouchers for the same time period in July 2001. The budget office identified the second voucher as a duplicate, but the university paid the first and third vouchers. The resulting overpayment of \$2,439 was not detected until March 2002 when the budget office reviewed the records of employees that received overload pay in excess of 30% of their base salaries. The overpayment was deducted from the employee's salary in March and April of 2002.

Although management has established control procedures over its grant accounting, the procedures are not comprehensive enough to ensure timely, correct billing and closure of grant awards. Established procedures may be less effective because, in general, grant folders do not include all necessary supporting documentation. The documentation is located at several different university sites, making it very difficult for the review and approval process. Failure to implement adequate controls over grants could result in lost interest earnings for the state and improper or inappropriate payment of expenses that could result in the university having to repay the grantor.

The University of Louisiana at Monroe should analyze accounts with debit balances to determine the final disposition of these funds. In addition, management should review and evaluate control procedures over grant accounting and implement the changes necessary to ensure the timely billing and collection of grant awards, require the proper review and authorization of supporting documentation, and require a periodic analysis of each grant to ensure that only proper transactions have been posted to the grant and that the balance is accurate. Shortly after the completion of the grant, a final disposition should be determined for

STATE OF LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Federal Award Findings and Questioned Costs (Continued)

any balance remaining. Management concurred with the finding and recommendations and outlined a plan of corrective action (B-176).

WOMEN’S SERVICES, OFFICE OF

**F-02-CC-OWS-1 - Improper Expenditures for Promotional Items
 (2001, 2002)**

	Questioned Costs
17.255 - Workforce Investment Act	\$473
<u>Highway Planning and Construction Cluster:</u>	
20.205 - Highway Planning and Construction	5,873
	\$6,346

The Office of Women’s Services (OWS) purchased promotional items with state and federal funds, which we do not feel are allowable program charges. Adequate controls would include procedures sufficient to prevent expenditure of funds for unnecessary items. In addition, OMB Circular A-87, Attachment A, Section C(1)(a) states that to be an allowable cost to a federal program, the expenditure must be necessary and reasonable for proper and efficient performance of the federal award. OWS incurred expenditures of \$2,906 in the fiscal year ended June 30, 2001, and \$7,593 in the fiscal year ended June 30, 2002, to purchase promotional items, such as mouse pads, pens, water bottles, T-shirts, and bags, that were imprinted with the agency’s seal. The items were provided to employees, program participants and graduates, community agencies, and visitors at job fairs. Sixty percent of these expenditures were charged to federal programs as follows:

<u>CFDA No.</u>	<u>Federal Program</u>	<u>Amount</u>
17.255	Workforce Investment Act	\$473
20.205	Highway Planning and Construction	5,873
Total federal expenditures		\$6,346

The purchase of the promotional items does not appear to be consistent with the purpose of the programs administered by OWS nor necessary and reasonable for the administration of federal awards. Accordingly, the \$6,346 charged to federal programs is questioned cost.

STATE OF LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Federal Award Findings and Questioned Costs (Continued)

OWS should implement policies to ensure that expenditures are necessary, reasonable, and directly related to the programs they administer. Management did not concur with this finding. The former executive director stated that the expenditures for promotional items were budgeted and that the OWS Business and Industry Advisory boards recommended that OWS use promotional advertising, brochures, information packets, and marketing plans to promote the hiring of OWS program participants. See management’s response at B-183.

Additional Comments: We did not take exception to expenditures for advertising, brochures, information packets or other printed matter intended to promote hiring of OWS program participants. The items cited in the finding are gift items and do not appear to be reasonable and necessary to the administration of OWS programs. Furthermore, these items were distributed to employees and program participants, not just those persons who might be interested in hiring graduates of the OWS programs.

SUMMARY OF FINDINGS
FROM OTHER EXTERNAL AUDITORS
FOR THE YEAR ENDED JUNE 30, 2002

GRAMBLING STATE UNIVERSITY

Independent auditors performed an audit of Grambling State University’s Schedule of Expenditures of Federal Awards and federal award programs for the years ended June 30, 2001, and June 30, 2002, and have issued their reports thereon dated September 30, 2002. The following findings were presented in their reports.

F-01-CC-GSU-1 - Federal Financial Reports (2001)

	Questioned Costs
<u>Research and Development Cluster:</u>	\$0
12.RD.DAAH04-95-1-0250 - Parallel and Distributed Evaluation, Visualization, and Reasoning to Advanced Distributive Interactive Simulation Technology	
<u>Student Financial Assistance Cluster:</u>	
84.033 - Federal Work-Study Program	
<u>TRIO Cluster:</u>	
84.042 - TRIO Student Support Services	
84.047 - TRIO Upward Bound	

STATE OF LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Federal Award Findings and Questioned Costs (Continued)

For the third consecutive year, auditors noted that certain grant expenditures reflected on federal financial reports submitted during the year ended June 30, 2001, did not agree in total to the university's records. The university's accounting system did not provide the necessary financial information to ensure that certain federal financial reports were accurately prepared. Errors noted by the auditors are as follows:

Grant Name	CFDA/Contract Number	Total Amount Per Federal Reports	Total Per University's Records	Difference Over (Under)
Parallel and Distributed Evaluation	DAAH04-95-1-0250	\$1,222,469	\$1,123,564	\$98,905
Student Support	84.042	155,013	208,587	(53,574)
Upward Bound	84.047	523,260	458,407	64,853
Federal Work-Study - 2001	84.033	592,091	501,177	90,914

OMB Circular A-133 Compliance Supplement, Part 3, Section L stipulates that reports for federal awards shall include all activity of the reporting period, be supported by applicable accounting records, and be fairly presented in accordance with program requirements. Also, Part 4, Section L of the Supplement stipulates that cumulative drawdown amounts in the Grant Administration and Payment System should accurately reflect the grantee's actual disbursement of funds by award.

The auditors recommended that management of the university continue in its efforts to correct the noted conditions and to ensure that accurate financial information is submitted to the federal government in the future. See management's response at B-36.

F-01-CC-GSU-2 - Financial Management System (2001)

For the year ended June 30, 2001, the Office of the Legislative Auditor disclaimed an opinion on the financial statements of the university for the year ended June 30, 2001. Because of the uncertainties about the completeness of the financial records, a disclaimer of opinion was also issued by the independent auditors on the Schedule of Expenditures of Federal Awards for the third consecutive year.

STATE OF LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Federal Award Findings and Questioned Costs (Continued)

The auditors are uncertain that accounting transactions were accurately recorded and complete and that adequate information systems support and controls existed. Also, because of the noted failures in accounting, certain financially related compliance matters were affected such as allowable cost/cost principles, cash management, period of availability, reporting, and special tests and provisions.

OMB Circular A-110 specifies that financial management systems of the university must provide accurate, current, and complete disclosure of the financial results of each federally sponsored project or program and provide records that adequately identify the source and application of funds for federally sponsored activities.

The auditors recommended that management of the university continue in its efforts to ensure that a federal and state compliant financial management system is implemented and that all accounting transactions are properly recorded in the financial reporting module and adequate information systems controls and support exist. See management's response at B-37.

F-02-CC-GSU-3 - Allowable Costs (2002)

	<u>Questioned Costs</u>
<u>Student Financial Assistance Cluster:</u>	
84.038 - Federal Perkins Loan Program - Federal Capital Contributions	\$112,621
93.364 - Nursing Student Loans	<u>50,529</u>
	<u><u>\$163,150</u></u>

The auditors noted that management was unable to reconcile loan amounts disbursed to students per the general ledger to a detailed listing maintained by the servicing agency of loans awarded to students. As a result, management has decided to write off the unreconciled balance. This resulted in questioned costs totaling \$163,150.

OMB Circular A-133 Compliance Supplement, Section 3 (A) - Activities Allowed or Unallowed and (B) - Allowable Costs specify that federal awards can only be expended for allowable activities and costs must be reasonable and necessary for the performance and administration of the grant.

The auditors recommended that management take immediate steps to reconcile the difference or refund amounts written off to the U.S. Department of Education.

STATE OF LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Federal Award Findings and Questioned Costs (Continued)

F-02-CC-GSU-4 - Federal Financial Reports (2002)

Questioned Costs
\$0

93.CFMS 54570A - Child Welfare Grant

Research and Development Cluster:

12.300 - Basic and Applied Scientific Research

**12.RD.DAAH04-95-1-0250 - Parallel and Distributed Evaluation,
 Visualization, and Reasoning to Advanced
 Distributive Interactive Simulation Technology**

Auditors noted that certain financial reports submitted during the year ended June 30, 2002, were not submitted timely. The university's accounting system did not provide the necessary financial information to ensure that certain federal financial reports were prepared timely. The auditors noted the following:

- Four out of four Parallel and Distributed Evaluations grant financial reports were not submitted timely.
- Twelve out of 12 Basic and Applied Scientific Research grant financial reports were not submitted timely.
- Eleven out of 12 Child Welfare grant financial reports were not submitted timely.

OMB Circular A-133 Compliance Supplement, Part 3, Section L stipulates that reports for federal awards shall include all activity of the reporting period, be supported by applicable accounting records, be fairly presented in accordance with program requirements, and submitted periodically to the respective federal awarding agency. Each federal awarding agency or grant may have additional reporting requirements to which the organization must adhere.

The auditors recommended that management of the university continue in its efforts to correct the noted conditions to ensure that accurate financial information is submitted timely to the federal government in compliance with federal and grant regulations. See management's response at B-43.

STATE OF LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Federal Award Findings and Questioned Costs (Continued)

F-02-CC-GSU-5 - Inventory Management of Equipment (2002)

Questioned Costs
\$0

93.CFMS 54570A - Child Welfare Grant

Research and Development Cluster:

12.300 - Basic and Applied Scientific Research

**12.RD.DAAH04-95-1-0250 - Parallel and Distributed Evaluation,
 Visualization, and Reasoning to Advanced
 Distributive Interactive Simulation Technology**

TRIO Cluster:

84.042 - TRIO Student Support Services

84.047 - TRIO Upward Bound

WIA Cluster:

17.259 - WIA Youth Activities

The auditors noted that management of the university had not taken a physical inventory during the previous two fiscal years. As a result of changes in university management and other departmental personnel changes, the procedures that require an inventory to be taken were not followed.

OMB Circular A-133 Compliance Supplement, Part 3, Section F stipulates that equipment records shall be maintained, a physical inventory of equipment shall be taken at least once every two years and reconciled to the equipment records, an appropriate control system shall be used to safeguard equipment, and equipment shall be adequately maintained.

The auditors recommended that management of the university take the necessary steps to correct this condition. See management's response at B-45.

STATE OF LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Federal Award Findings and Questioned Costs (Continued)

SOUTHERN UNIVERSITY AT NEW ORLEANS

Independent auditors performed an audit of the Southern University at New Orleans federal award programs for the year ended June 30, 2002, and have issued their report thereon dated December 13, 2002. The following finding was presented in their report.

F-02-CC-SUNO-1 - Federal Financial Reports (2002)

	Costs
93.658 - Foster Care - Title IV-E	\$0
<u>Student Financial Assistance Cluster:</u>	
84.033 - Federal Work-Study Program	
84.063 - Federal Pell Grant Program	
<u>TRIO Cluster:</u>	
84.042 - TRIO Student Support Services	
84.044 - TRIO Talent Search	
84.047 - TRIO Upward Bound	

The auditors noted that certain grant expenditures reported in federal financial reports submitted during the year ended June 30, 2002, did not agree in total to the university's records as follows:

<u>Grant Name</u>	<u>CFDA/ Contract Number</u>	<u>Total Amount Per Federal Reports</u>	<u>Total Per University's Records</u>	<u>Difference Over (Under)</u>
TRIO - Student Support	84.042	\$462,659	\$479,181	(\$16,522)
TRIO - Talent Search	84.044		263,525	(263,525)
TRIO - Upward Bound	84.047		313,926	(313,926)
Federal Work-Study (2002)	84.033	258,310	311,705	(53,395)
Foster Care - Title IV-E	93.658	161,379	170,878	9,499

In addition, amounts of \$7,082,138 listed in the detailed report of 2001 Pell disbursements to students differed from the final federal financial report amount of \$6,786,471, which resulted in a difference of \$295,667. Management is in the process of reconciling the difference.

OMB Circular A-133 Compliance Supplement, Part 3, Section L stipulates that reports for federal awards shall include all activity of the reporting period, be supported by applicable accounting records, and be fairly presented in accordance with program requirements. Also, OMB Circular A-133 Compliance Supplement, Part 4, Section L stipulates that cumulative drawdown amounts in the Grant Administration and Payment System should accurately reflect the grantee's actual disbursement of funds by award.

STATE OF LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Federal Award Findings and Questioned Costs (Continued)

The auditors recommended that management of the university continue in its efforts to correct the noted conditions and to ensure that accurate financial information is submitted to the federal government in the future. See management's response at B-162.

U.S. DEPARTMENT OF INTERIOR

WILDLIFE AND FISHERIES, DEPARTMENT OF

**F-02-INTERIOR-DWLF-1 - Federal Funds Expended on Defective
Fish Hatchery (1993)**

	Questioned Costs
15.F-80 - Dire Emergency Appropriation Fund	\$12,454,421

Louisiana Department of Wildlife and Fisheries (LDWF) expended \$12,454,421 of federal funds received from the Dire Emergency Appropriation Fund (CFDA 15.F-80) to design and construct the Booker Fowler Fish Hatchery. This hatchery was completed in 1996 but has never operated at its intended capacity because of alleged design and construction defects. OMB Circular A-87 requires that costs be reasonable and necessary to be allowable expenditures under a federal program. It is neither reasonable nor necessary to expend federal moneys to build and occupy a facility that fails to significantly meet the requirements of the building contract. Therefore, the federal funds expended represent questioned costs.

The Booker Fowler Fish Hatchery was intended to be a warm water fish hatchery that would produce 85 million fish fingerlings over a 10-year period. However, structural and mechanical problems have plagued the facility since inception and by July 2001, approximately five years after the completion of construction, only seven of the 73 ponds constructed remain fully operational. As a result, LDWF has only limited use of the hatchery and has been able to produce only a fraction of the fish fingerlings originally anticipated. Because federal funds were used to build a hatchery that cannot operate as it was intended, LDWF may be subject to federal sanctions, including the repayment of federally funded expenditures.

On July 23, 2001, the State of Louisiana filed suit against the designer, the construction contractor, the inspection contractor, a subcontractor supplying pond liners, and the insurance companies of the other defendants to obtain satisfaction in this matter. LDWF should continue in its efforts to resolve this matter and correct the deficiencies in the Booker Fowler Fish Hatchery. LDWF should communicate with the federal grantor to resolve the questioned costs. LDWF management concurred in part with the finding. Management stated, in part, that beyond specifying the number of ponds and intended capacity, LDWF had no role in the design, construction, or inspection of the hatchery facility. Management further stated that it has

STATE OF LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Federal Award Findings and Questioned Costs (Continued)

informed the U.S. Fish and Wildlife Service of problems at the hatchery and the Service has requested that it be kept informed as to the progress of the litigation noted above. See management's response at B-177.

F-02-INTERIOR-DWLF-2 - Theft of Funds
(Prior to 2001)

	<u>Questioned Costs</u>
15.F-82 - Dire Emergency Appropriation Fund - Fisheries Habitat Restoration	\$11,221
15.F-95 - Sport Fish Habitat Management and Enhancement	15,952
<u>Fish and Wildlife Cluster:</u>	
15.605 - Sport Fish Restoration	<u>52,540</u>
	<u><u>\$79,713</u></u>

LDWF did not provide adequate internal control over purchasing and, as a result, a theft of funds occurred. Adequate internal control over purchases would include procedures to ensure that all purchases are approved by an appropriate supervisor before those purchases are made. However, department procedures allowed senior officials to make purchases of less than \$500 without subsequent review and approval by their supervisors.

In November 2000, an internal audit conducted by LDWF revealed \$119,932 in questionable purchases made by a senior official of the department. Of that amount, \$79,713 was charged to federal programs as follows:

- \$52,540 CFDA 15.605 Sport Fish Restoration
- \$15,952 CFDA 15.F-95 Sport Fish Habitat Management and Enhancement
- \$11,221 CFDA 15.F-82 Dire Emergency Appropriation Fund - Fisheries Habitat Restoration

Following the discovery, LDWF contacted appropriate law enforcement officials who then conducted a criminal investigation. Although the investigation revealed that the thefts occurred over several years and involved the collusion of a private vendor, the total amount of stolen funds was never accurately determined. The investigation resulted in the termination of the employee, restitution payments of \$36,382 to LDWF, and restitution of \$40,000 to the federal government. The employee in question was sentenced to 18 months imprisonment.

STATE OF LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Federal Award Findings and Questioned Costs (Continued)

LDWF subsequently implemented a new purchasing policy that abolished the single signature authority for senior officials. All purchases must now have at least two signatures before the payment process can begin.

LDWF should continue to monitor its internal control over purchasing to prevent future thefts of federal or state funds. Management concurred with the finding and noted that corrective action has already been implemented (B-180).

U.S. DEPARTMENT OF LABOR

WOMEN'S SERVICES, OFFICE OF

F-02-USDOL-OWS-2 - Improper Expenditure of Federal Funds
(2001, 2002)

	Questioned Costs
17.255 - Workforce Investment Act	\$647,060

In a report dated March 15, 2002, the Performance Audit Division of the Office of the Legislative Auditor reported that the Office of Women's Services (OWS) was reimbursed for costs totaling \$647,060 under a contract with the Louisiana Department of Labor, which we consider to be questioned costs. These costs were funded from the Workforce Investment Act (WIA) (CFDA 17.255) and do not appear to be reasonable and necessary to the proper and efficient performance of the program as required by OMB Circular A-87. The deficiencies noted in that report are as follows:

- Over \$480,000 was reimbursed under the WIA contract for expenditures from July 2000 to January 2001, although OWS had no students enrolled in its training programs during that period. These costs include salaries and benefits for approximately 30 staff employed at six training sites. The entire amount of \$480,000 is questioned.
- Over \$122,000 in excess of budgeted amounts was reimbursed under the WIA contract in eight expenditure categories (staff travel, communications, facilities rental, consumable office supplies, instructional materials, equipment lease, professional books and dues, and miscellaneous). Since \$120,000 of these costs were included in the \$480,000 mentioned previously, costs in the amount of \$2,000 are questioned.

STATE OF LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Federal Award Findings and Questioned Costs (Continued)

- Over \$20,700 in termination pay for eight employees was reimbursed although only \$6,500 should have been reimbursed according to the terms of the WIA contract. Therefore, costs in the amount of over \$14,200 are questioned.
- An instructor's salary for \$860 was reimbursed to OWS under the WIA contract although the instructor was providing computer training to participants of a state funded program during the period in question. Therefore, costs in the amount of \$860 are questioned.

Subsequent to the issuance of the performance report, OWS was informed that it will no longer receive WIA funds after June 30, 2002. OWS was advised that all classroom instruction must conclude by May 31, 2002. However, we understand that employees will continue to be paid under the WIA contract through June 21, 2002, even though the level of work performed by the employees will be greatly reduced in May and no students will be served in June. The costs related to May and June 2002 are estimated to be approximately \$150,000. These costs are also questioned because OWS will again be incurring program costs as it did from July 2000 to January 2001 without providing training.

The questioned costs totaling \$647,060 were incurred because management did not have a clear understanding regarding its responsibilities under the WIA contract and how these responsibilities changed in transition from the Job Training Partnership Act (JTPA) program (CFDA 17.250).

OWS should implement policies and procedures that will ensure that expenditures are necessary, reasonable, and directly related to the programs it administers and comply with the requirements of OMB Circular A-87. OWS should cooperate with the Department of Labor and the federal grantor in resolving these questioned costs. Management did not concur with this finding. The former director of OWS stated that OWS contracted with the Louisiana Department of Labor to provide short-term training to those eligible for services. OWS had to rely on the One Stops for referrals as OWS was not allowed to recruit program participants. These referrals were not forthcoming. Staff had to be available should OWS be called upon for training. OWS referred 641 women to One Stops across the state. See management's response at B-182.

Additional Comments: We continue to believe that spending \$480,000 to maintain a training staff of 30 individuals when no training is being provided is not a reasonable and necessary expense of operating a program. The remaining deficiencies in the finding were not addressed by management.

STATE OF LOUISIANA
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Federal Award Findings and Questioned Costs (Continued)

U.S. DEPARTMENT OF TRANSPORTATION

WOMEN'S SERVICES, OFFICE OF

F-02-DOT-OWS-3 - Inadequate Control Over Program Administration

	<u>Questioned Costs</u>
<u>Highway Planning and Construction Cluster:</u>	
20.205 - Highway Planning and Construction	\$159,052

OWS did not maintain adequate control over administration of the federal Highway and Bridge Program. The Highway and Bridge Program operated by OWS is funded with federal resources from the federal Highway Planning and Construction (CFDA 20.205) program passed through from the Louisiana Department of Transportation and Development (DOTD). OMB Circular A-87, Attachment A, Section C(1)(a) states that to be an allowable cost to a federal program, the expenditure must be necessary and reasonable for proper and efficient performance of the federal award. In addition, all expenditures should be in accordance with the provisions of the contract with DOTD.

Our examination of the contract with DOTD and various other tests disclosed the following:

1. OWS contracted with DOTD to provide support services for a program to increase employment opportunities for women in highway and bridge construction within the state of Louisiana for the period September 30, 2000, through September 29, 2002. However, of the 114 program participants from inception through April 30, 2002, 35 of the participants (31%) were minority men. As a result, \$129,574 of the \$417,981 reimbursed under the contract through April 2002 are questioned costs.
2. All instructional work associated with the Road and Bridge Program was completed on April 25, 2002, because OWS was informed that it will no longer receive Highway Planning and Construction funds after June 30, 2002. However, the program's four staff members will continue to be employed through June 21, 2002. Program costs for this period are estimated to be \$24,000. These costs are questioned.

STATE OF LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Federal Award Findings and Questioned Costs (Continued)

3. A three-hour gender equity seminar sponsored by OWS costing \$3,484 was charged to this program as follows:
- \$2,128 for a continental breakfast and lunch provided participants of the seminar
 - \$1,200 for speaker fees and travel for the keynote speaker for a presentation of one and one-half hours
 - \$112 for lodging of the executive director to allow her to set up for the meeting--reimbursement for this lodging is not permissible under state travel regulations since the lodging is in the director's official domicile
 - \$44 for a display at the presenter's table

We question the allowability of these costs.

4. Unemployment benefits were charged to the program totaling \$1,461 for an employee who voluntarily resigned from OWS in May 2000, which was four months before the commencement of the contract with the DOTD. In addition, this employee did not qualify for unemployment benefits because her resignation was voluntary. These costs are questioned.
5. Printing costs totaling \$390 were charged to this program for printing 5,700 copies. However, supporting documentation could not be provided to indicate how these charges related to the federal program. These costs are questioned.
6. A microwave costing \$143 was charged to this program, which was used by employees at the administrative office. This cost is questioned.

Management was not knowledgeable about the allowability of expenditures for federal programs, which resulted in total questioned costs of \$159,052. These costs may have to be reimbursed to the federal grantor.

OWS should comply with the requirements of its contract with DOTD and with the requirements of OMB Circular No. A-87 and implement procedures to ensure that expenditures are necessary, reasonable, and directly related to the programs they administer. OWS should cooperate with DOTD and the federal grantor in resolving these questioned costs. Management does not concur with this finding. The former director of the OWS stated that the federal legislation for Transportation Equity Act specifically allows training for women and minorities. She further stated that OWS has never been notified that funding will cease on June 30, 2002, and that the gender equity conference was allocated in the budget and approved by DOTD. See management's response at B-184.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Federal Award Findings and Questioned Costs (Continued)

Additional Comments: We do not dispute that the federal legislation allows training for minority men. However, the contract between OWS and DOTD indicates that the training provided will be for women and does not contemplate providing services to men. Therefore, training of men would not be allowed under the terms of the contract. We also do not dispute that the gender equity seminar was budgeted. However, we do not believe it is reasonable and necessary to provide two meals to participants for a three-hour seminar at a cost of almost twice the cost of the speaker nor is it appropriate to reimburse lodging expense that is not permissible under state travel regulations. Although the director maintains that OWS has not been notified that the highway/bridge program will cease as of June 30, 2002, no appropriation has been made to OWS for this purpose for the 2003 fiscal year and there will be no money available to continue this program at OWS.

**F-02-DOT-OWS-4 - Noncompliance With State
 Procurement Regulations**

	Questioned Costs
<u>Highway Planning and Construction Cluster:</u>	
20.205 - Highway Planning and Construction	\$135,250

OWS did not comply with state laws and regulations regarding the procurement of goods and services. Section 1701 of the State Procurement Code requires all state governmental bodies to use statewide competitive contracts when procuring supplies or services if the central purchasing agency has entered into such a contract for the desired item. In addition, the Commodity Based Procurement Policy issued by the Division of Administration on September 3, 1996, requires all commodity based activities to be initiated within and completed through the Advance Governmental Purchasing System (AGPS). Use of the Advantage Financial System (AFS) for this purpose is a direct violation of this policy.

In a test of expenditures, the following instances of noncompliance were noted:

- OWS could not demonstrate for one of the four items tested that it could not be acquired through a statewide competitive contract before being purchased through a non-statewide contract vendor. Based upon representations from agency personnel that this was not an isolated instance, purchases of office and operating supplies totaling \$123,973 during the fiscal year ending June 30, 2002, were reviewed. OWS could not demonstrate that it had attempted to use statewide competitive contract vendors before purchasing \$49,529 (40%) in office and operating supplies from 25 non-statewide contract vendors.
- OWS exceeded its delegated purchasing authority of \$500 for one of the four items tested during the walk-through in the amount of \$1,970. In addition, OWS could not demonstrate that requirements involving solicitation of quotations and/or bids required by Executive Order MJF 98-20 had been followed. Of the

STATE OF LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Federal Award Findings and Questioned Costs (Continued)

purchases totaling \$123,973 that were reviewed, ten instances totaling \$12,530 were found to exceed the agency's delegated purchasing authority. In addition, office and operating supplies purchased from seven vendors were reviewed and in 18 instances totaling \$19,411 the orders were artificially divided to bring the purchase under the agency's delegated purchasing authority amount of \$500.

- OWS processed two of the four items tested totaling \$9,320 through the AFS rather than the AGPS, in violation of Division policy. Based upon representation from agency personnel that these were not isolated instances, 154 transactions to purchase office and operating supplies from seven vendors were reviewed. None of these transactions were processed properly through AGPS. During testing of these transactions, we noted that one vendor was paid twice in the amount of \$500 for the same purchase. Agency personnel were not aware of the duplicate payment and the vendor had not notified the agency of the error. In addition, an incorrect vendor was paid on a purchase totaling \$880. While a correction had been made by the agency to correct this error, this error might have been prevented if OWS had properly used AGPS instead of AFS because AGPS contains safeguards to ensure payments are made to the proper vendor. The duplicate payment of \$500 was paid with funds from the Highway Planning and Construction (CFDA 20.205) program and is considered questioned costs.
- OWS did not execute a contract with its vendor National Commercial Center, Inc., to provide Commercial Drivers License (CDL) training to participants of the OWS' Highway and Bridge Training and Employment Center. In addition, OWS could not demonstrate that it followed a competitive bidding process in selecting the vendor for the CDL training as required by R.S. 39:1494 (B), or that it requested and received approval by the Director of the Office of Contractual Review to forego competitive bidding or negotiation. Services were provided by National for the period of October 1999 through December 2001 at a cost of \$110,250, training 45 students at a cost of \$2,450 each. In addition, OWS currently has an informal agreement with Diesel Driving Academy (DDA) to provide this training, which is also a violation of the procurement code. Services have been provided by DDA for the period April 2001 through July 2001 at a cost of \$24,500, training five students at a cost of \$4,900 each. These services were funded by the Highway Planning and Construction (CFDA 20.205) program and are considered questioned costs because OWS is unable to demonstrate that the services were obtained at the lowest possible cost.

Management and staff are not knowledgeable of the requirements in the procurement code and the purchasing requirements in the revised statutes. Failure to comply with state procurement regulations increases the risk that the best prices will not be obtained and that public funds may be misspent. In addition, failure to use the appropriate accounting system increases the risk that expenditures are not accurately reflected in financial reports.

STATE OF LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Federal Award Findings and Questioned Costs (Continued)

Management should implement policies and procedures to ensure compliance with all aspects of the state procurement regulations. Management should address the questioned costs with the federal grantor. Management concurred with the finding and stated that a new director will soon be hired (B-188).

U.S. DEPARTMENT OF ENERGY

NATURAL RESOURCES, DEPARTMENT OF

**F-02-ENERGY-DNR-1 - Questionable Claims in the Home
Energy Rebate Option Program**

	Questioned Costs
81.SW2027 - Petroleum Violation Escrow Funds - Stripper Well	<u>\$19,296</u>

In a report dated November 27, 2002, the Investigative Division of the Office of the Legislative Auditor reported that a certified home energy rater submitted documents with false information, exaggerated costs, and forged signatures to the Department of Natural Resources (DNR). As a result, DNR's Home Energy Rebate Option program (HERO), which is federally funded through the Department of Energy (Petroleum Violation Escrow Funds-Stripper Well, CFDA 81.SW2027), paid \$19,296 in questionable claims. Based on a review of 15 of the 20 existing homes rated by this rater, the report included the following information:

- Of the 15 homes examined, 10 contained modifications listed by the rater that were not actually performed, 11 contained costs that were significantly overstated, and 13 did not qualify for a portion or all of the HERO rebate.
- On 15 occasions, the homeowner or contractor noted that his or her signature was not genuine.

The findings from this report were referred to the District Attorney of the Nineteenth Judicial District of Louisiana for appropriate legal action. Recommendations for improvement and management's response to these findings may be found in the audit report referred to previously.

STATE OF LOUISIANA
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Federal Award Findings and Questioned Costs (Continued)

U.S. DEPARTMENT OF EDUCATION

EDUCATION, DEPARTMENT OF

F-02-ED-EDUC-3 - Inadequate Controls Over Title I Program
 (2002)

	<u>Questioned Costs</u>
84.010 - Title I Grants to Local Educational Agencies	\$0

The state Department of Education (SDE) did not establish control procedures to ensure compliance with certain federal laws and regulations for the Title I Grants to Local Educational Agencies (LEA) (CFDA 84.010) program related to participation of private school children and comparability. Compliance requirements in OMB Circular A-133 Compliance Supplement, Part 4, U.S. Department of Education Cross-Cutting Section (84.000) N. Special Tests and Provisions indicate the following:

1. **Participation of Private School Children** - An LEA receiving financial assistance under Title I must provide eligible private school children and their teachers or other educational personnel with equitable services or other benefits. Before making a decision that affects the opportunity of eligible private school children, teachers, and other educational personnel to participate, the LEA must engage in timely and meaningful consultation with private school officials.
2. **Comparability** - An LEA may receive funds under Title I, Part A, only if state and local funds will be used in participating schools to provide services that, taken as a whole, are at least comparable to services that the LEA is providing in schools not receiving Title I, Part A. If all schools are served by Title I, Part A, an LEA must use state and local funds to provide services that, taken as a whole, are substantially comparable in each school. The State Educational Agency, in this case the SDE, is ultimately responsible for monitoring the LEAs to ensure they remain in compliance with the comparability requirements.

Although the SDE has established procedures to review compliance requirements at the LEA level through onsite monitoring visits, there was no evidence that the SDE conducted onsite visits of the LEAs during fiscal year 2002 to determine compliance with the above requirements. Without onsite visits, the SDE has no assurance that the LEAs are complying with Title I program requirements. Failure to monitor compliance with federal laws and regulations at the LEA level may result in the flow through of program funds to ineligible schools which may result in disallowed costs at the SDE level. The SDE did not place significant emphasis on adherence to established monitoring procedures.

STATE OF LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Federal Award Findings and Questioned Costs (Continued)

Management should ensure that LEAs are reviewed regularly for compliance with the special tests and provisions requirements of the Title I program. Management concurred with the finding and recommendation and outlined a plan of corrective action (B-9).

**LOUISIANA COMMUNITY AND
 TECHNICAL COLLEGE SYSTEM**

F-02-ED-LCTCS-1 - Inadequate Internal Control Over Pell Grant

	<u>Costs</u>
<u>Student Financial Assistance Cluster:</u>	
84.063 - Federal Pell Grant Program	\$0

The Louisiana Technical College (LTC), an institution under the Louisiana Community and Technical College System, has inadequate internal control over refunds of the Federal Pell Grant Program (CFDA 84.063). The Code of Federal Regulations (34 CFR 668.22) requires that a return of Federal Pell Grant funds must be made as soon as possible, but no later than 30 days after the date of the institution’s determination that the student withdrew.

Pell refunds are initiated at the individual LTC campuses and sent to the LTC central office, which then deposits them to the Pell account. The LTC central office has no knowledge of the student withdrawal date to monitor and ensure that refunds are deposited to the Pell account within 30 days of the date of withdrawal. Because of the lack of monitoring and withdrawal evidence at the central office, this requirement could not be tested. Failure to have controls in place to monitor the timeliness of remitting Pell Grant refunds subjects the LTC to noncompliance with federal program requirements.

LTC should develop and implement policies and procedures to ensure that refunds are deposited timely to the Pell account. Policies should include requiring the LTC campuses to report the date of the institution’s determination that the student withdrew when remitting Pell refunds to the central office. Management concurred with the finding and prepared a plan of corrective action (B-75).

**STATE OF LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Federal Award Findings and Questioned Costs (Continued)**

**LOUISIANA STATE UNIVERSITY HEALTH
SCIENCES CENTER (NEW ORLEANS)**

**F-02-ED-LSUHSCNO-1 - Untimely Student Loan Refunds
(2002)**

	Costs
<u>Student Financial Assistance Cluster:</u>	
84.032 - Federal Family Education Loans	\$0

Louisiana State University Health Sciences Center (LSUHSC) did not refund student loan proceeds to lenders within 30 days for students who received Federal Family Education Loan Program (CFDA 84.032, FFEL) loans and who withdrew from the university. The Code of Federal Regulations, 34 CFR 668.607, requires that institutions return FFEL proceeds in accordance with 34 CFR 668.22(j), which states that an institution must return the amount of Title IV funds no later than 30 days after the student withdraws or notifies the institution of his or her withdrawal. LSUHSC also did not maintain documentation in student files to determine if refunds were issued timely.

We examined records for 23 students who received FFEL loans and withdrew from the university during the 2002 academic year and for whom refunds were due to lenders. Checks for four students were issued from 39 to 108 days after the withdrawal date, and files for three students did not include documentation to determine when refund checks were issued. LSUHSC did not place sufficient emphasis on procedures to ensure that refunds were issued within 30 days.

Failure to refund student loan proceeds within 30 days results in noncompliance with federal regulations and may impact the institution's continued ability to participate in Student Financial Aid programs. LSUHSC should review its policies and procedures for submitting refunds to lenders to ensure they are remitted within the time period specified in the CFR. Management concurred with the finding and recommendation and outlined a plan of corrective action (B-101).

**LOUISIANA TECHNICAL COLLEGE,
SOWELA CAMPUS**

**F-02-ED-LTCSOWELA-1 - Untimely Return of Federal Pell
Grant Program Funds**

	Costs
<u>Student Financial Assistance Cluster:</u>	
84.063 - Federal Pell Grant Program	\$0

STATE OF LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Federal Award Findings and Questioned Costs (Continued)

Louisiana Technical College, Sowela Campus did not transfer funds to the central office of the Louisiana Technical College in time for the central office to refund unearned student financial aid in the time frame prescribed by federal regulations. When a Federal Pell Grant recipient (student) withdraws from the institution, Title 34 CFR Part 668.22 requires the institution to calculate and refund the unearned portion of student financial aid to the Federal Pell Grant Program within 30 days after the student’s withdrawal date.

The Sowela Campus calculates the refund due to the Federal Pell Grant Program when a student withdraws from the school and transfers monies for the refunds to the central office, the entity responsible for returning the funds to the Federal Pell Grant Program. A test of refunds for students who withdrew from school during the 2001-2002 academic year revealed that 25 (89%) of 28 transfer requests totaling \$3,859 were dated from 30 to 128 days after the student’s withdrawal date. Consequently, the central office could not have returned the funds to the Federal Pell Grant Program within the prescribed time frame.

This condition occurred because the Sowela Campus accounting section was not aware of the 30-day requirement. Failure to comply with federal regulations could result in the loss of federal funding.

Management of the campus should review and revise its current Pell Grant refund procedures to ensure timely compliance with federal regulations. Management concurred with the finding and recommendation and outlined a corrective action plan (B-104).

**LOUISIANA TECHNICAL COLLEGE,
 TALLULAH CAMPUS**

**F-02-ED-LTCTALLULAH-1 - Federal Pell Grant Program - Eligibility and
 Refund/Repayment Program Requirements**

	<u>Costs</u>
<u>Student Financial Assistance Cluster:</u>	
84.063 - Federal Pell Grant Program	\$16,350

Louisiana Technical College, Tallulah Campus did not obtain and/or retain sufficient documentation to support applicants’ eligibility to participate in the Federal Pell Grant Program (Pell) (CFDA 84.063). In addition, the campus did not identify students who had officially and unofficially withdrawn from the campus so that student financial assistance refunds could be remitted timely to the Pell program.

The Code of Federal Regulations (34 CFR 668.32) requires the campus to obtain and retain information regarding the student’s prior educational experience and other factors relating to the student’s eligibility to participate in Pell. In addition, 34 CFR Part 668.22 states that if a student

STATE OF LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Federal Award Findings and Questioned Costs (Continued)

who received financial assistance withdraws, drops out, or is expelled from the institution or otherwise fails to complete the program on or after the first day of class of a period of enrollment, an institution must return a portion of a refund (unearned tuition and fees) to the financial assistance program within 30 days.

In a test of 13 student files and disbursements totaling \$23,850, audit procedures disclosed the following:

- In eight instances (62%), the campus did not document the students' previous educational experience (high school diploma or GED certificate) or the students' passing of an ability-to-benefit test. Questioned costs are \$14,475.
- In one instance (8%), the campus did not document that the student was not in default on a student loan. Questioned costs are \$1,875.

In addition, the campus had not maintained a list of students receiving financial assistance who had officially or unofficially withdrawn from the campus within the period for which refunds and repayments would be due. For one (17%) of six students reviewed who had withdrawn from enrollment at the campus, the campus did not timely submit the student's financial assistance refund to the program. The student withdrew on October 18, 2001, and remitted the amount owed on November 1, 2001. As of March 5, 2002, the campus had not refunded the \$87 due the Pell program.

These conditions exist because the student financial aid officer was not familiar with all the responsibilities of the position. Failure to comply with federal regulations could result in ineligible students receiving Pell funds and in the program not receiving its share of refunds.

Campus management should develop written policies and procedures and provide adequate training to employees to ensure adherence to federal regulations relating to the Federal Pell Grant Program. Management partially concurred with the finding and recommendation and outlined a plan of corrective action (B-105).

Additional Comments: Although federal regulations do not require that the campus keep a copy of a student's high school diploma or GED, the campus is required to maintain a copy of a certification by the student that the student has received a high school diploma or GED.

STATE OF LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Federal Award Findings and Questioned Costs (Continued)

SOCIAL SERVICES, DEPARTMENT OF

**F-02-ED-DSS-3 - Vocational Rehabilitation: Noncompliance
 With Federal Requirements (2001, 2002)**

	Questioned Costs
84.126 - Rehabilitation Services - Vocational Rehabilitation Grants to States	\$0

The Department of Social Services, Louisiana Rehabilitation Services (LRS), did not comply with certain federal requirements for administering the Rehabilitation Services - Vocational Rehabilitation Grants to States Program (CFDA 84.126). Rehabilitation Services Administration (RSA) Policy Directive (01-01) dated October 26, 2000, states, "Program income may be obligated in the year in which it is received or in the subsequent year (the carry-over year), whether or not Federal funds have been carried over during that same time period. However, by the close of the carryover year, the carried-over program income must be either deducted from total outlays to be claimed under the formula grant for the fiscal year that generated the income or obligated for additional program expenditures, whichever alternative applies." Also, 34 CFR 80.20 requires federal award reports to be accurate, current, and disclose the complete financial results in accordance with financial reporting requirements of the grant.

Period of Availability - Program Income

Although an annual average of \$1.6 million in program income has been received over the past three federal fiscal years, LRS could not provide documentation to support compliance with the period of availability requirements relating to program income.

Federal Financial Reporting

A review of four *Financial Status Reports* (SF-269) and one *Program Cost Report* (RSA-2) disclosed the following:

- On the SF-269 for the 2001 grant award report at September 30, 2001, unliquidated obligations were overstated by \$6.7 million. Audit procedures determined that there was insufficient support for the reported \$10.8 million of unliquidated obligations. LRS personnel submitted a revised report after being notified of the error.
- On the SF-269 for the 2002 grant award report at March 31, 2002, unliquidated obligations were understated by \$134,991, and program income was overstated by \$150,894. LRS personnel submitted a revised report adjusting the unliquidated obligation amount after being notified of the error.

STATE OF LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Federal Award Findings and Questioned Costs (Continued)

- On the RSA-2 for federal fiscal year 2001, expenditures were overstated by approximately \$2.8 million. Schedule I of the report included expenditures through December 31, 2001, when the federal fiscal year ended on September 30, 2001, program income was misstated, and the schedule excluded some minor expenditure amounts. In addition, Schedule II of the report excluded expenditures of \$925,838 relating to books, supplies, and training.

Noncompliance with federal program requirements may subject the department to reduced federal funding, penalties, or disallowed cost that must be funded with state funds. In addition, failure to prepare and submit accurate financial reports increases the risk that future grant payments and/or awards to the department will be based on erroneous information.

Management should ensure that compliance with period of availability requirements relating to program income is properly supported and documented and that written procedures are established to ensure reports are accurately prepared and properly reviewed before submission to the federal funding agency. Management concurred with the finding and recommendations and outlined plans of corrective action (B-156).

UNIVERSITY OF LOUISIANA AT LAFAYETTE

F-02-ED-ULL-1 - Inaccurate Federal Reporting
(9/1/00 to 8/31/01)

	<u>Questioned Costs</u>
<u>TRIO Cluster:</u>	
84.044 - TRIO Talent Search	\$0

The University of Louisiana at Lafayette submitted an inaccurate Talent Search program (CFDA 84.044) annual performance report. OMB Circular A-133 Compliance Supplement, Part IV, Section L, Performance Reporting, identifies five sections of data with 23 key line items to be included in the Talent Search program annual performance report. Instructions for completing the performance report state that it is critical that the information provided is accurate and complete. In addition, good internal control requires that all federal data be accurately recorded, summarized, and reported. A review of the Talent Search program performance report for the period September 1, 2000, through August 31, 2001, disclosed that four (17%) of 23 line items had the following errors:

- Section II, subsection A, Number of Participants assisted:
- Line 1 was understated by 10 participants.
 - Line 2 was overstated by 12 participants.

STATE OF LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Federal Award Findings and Questioned Costs (Continued)

Section IV, Project Performance Outcomes, subsection A, Participant Status (at the end of the reporting period):

- Line 1 was overstated by 28 participants.
- Line 2 was understated by 29 participants.

These conditions occurred because the director did not ensure that the performance report agreed to program records and was accurately completed and reviewed before submission. Failure to prepare and submit accurate federal reports increases the risk that future grant awards to the university will be based on erroneous information.

Management should review and revise current procedures to ensure that federal reports are properly reviewed and agreed to program records before submission to the federal funding agency. Management concurred with the finding and recommendation and outlined a corrective action plan (B-174).

SUMMARY OF FINDINGS
FROM OTHER EXTERNAL AUDITORS
FOR THE YEAR ENDED JUNE 30, 2002

GRAMBLING STATE UNIVERSITY

Independent auditors performed an audit of Grambling State University's Schedule of Expenditures of Federal Awards and federal award programs for the years ended June 30, 2001, and June 30, 2002, and have issued their reports thereon dated September 30, 2002. The following findings were presented in their reports.

F-01-ED-GSU-6 - Return of Title IV Funds
(2001)

	Questioned Costs
<u>Student Financial Assistance Cluster:</u>	
84.032 - Federal Family Education Loans	
84.063 - Federal Pell Grant Program	\$148

Certain Title IV refunds were not processed properly. The auditors noted the following:

- Return of Title IV Funds calculations were not done within 30 days of the student's withdrawal date for nine out of 15 students tested.

STATE OF LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Federal Award Findings and Questioned Costs (Continued)

- Return of Title IV Funds calculations were done incorrectly for four out of 15 students tested. This resulted in an overpayment by the university of \$326 and an overpayment by the student of \$330.
- Two out of 15 students tested had a grant overpayment due and the university did not properly notify the student of the overpayment within 30 days. This resulted in questioned cost of \$148.
- The university did not perform a Return of Title IV Funds calculation for 27 students who withdrew before the 60% point in enrollment.
- The university did not process a post-withdrawal disbursement for one out of 15 students tested.

OMB Circular A-133 Compliance Supplement, Part 5, Section N (4) specifies that when a student receives Title IV assistance and withdraws from an institution, the institution must determine the amount of Title IV aid earned by the student as of the withdrawal date. The difference between any amount earned that is less than the amount disbursed must be returned to the Title IV program in accordance with the prescribed time frame.

The auditors recommended that management of the university ensure Title IV refunds are calculated in accordance with Title IV regulations. See management's response at B-38.

F-01-ED-GSU-7 - Special Reporting (2001)

	Questioned Costs
<u>Student Financial Assistance Cluster:</u>	\$0
84.007 - Federal Supplemental Educational Opportunity Grants	
84.033 - Federal Work-Study Program	
84.038 - Federal Perkins Loan Program - Federal Capital Contributions	
84.063 - Federal Pell Grant Program	

STATE OF LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Federal Award Findings and Questioned Costs (Continued)

For the second consecutive year, the auditors noted that certain financial information was erroneously transferred to the Fiscal Operations Report and Application to Participate (the FISAP). As a result, the university failed to properly report certain information to the U.S. Department of Education. Errors noted are as follows:

<u>Part Number</u>	<u>Description</u>	<u>FISAP Amount</u>	<u>Amount Per University's Records</u>
II, Section E	Pell Expenditures	\$7,515,795	\$7,512,769
III, Section A	Institutional Capital Contributions	431,779	415,232
III, Section A	Cancellations - Bankruptcy	72,396	68,821
	Cancellations - Death	35,826	37,620
Part IV, Section D	Administrative Cost - SEOG		30,537
Part V, Section D	Federal Share of Funds - CWS	508,261	477,311
	Administrative Cost	69,313	23,866

OMB Circular A-133 Compliance Supplement, Part 5, Student Financial Assistance Programs, Section III, Part L-3 (a) specifies that certain information per the FISAP must agree to certain accounting and programmatic records.

The auditors recommended that management of the university adhere to established procedures and ensure that information reported on the FISAP is accurate. See management's response at B-39.

**F-02-ED-GSU-8 - Aid Exceeded Documented Need
 (2002)**

	<u>Questioned Costs</u>
<u>Student Financial Assistance Cluster:</u>	
84.032 - Federal Family Education Loans	\$2,875

STATE OF LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Federal Award Findings and Questioned Costs (Continued)

The auditors noted that five graduate students out of 15 tested received financial aid in excess of their documented need. It appears that the university did not properly monitor the awarding and disbursing of financial aid to certain graduate students receiving financial aid, which resulted in questioned costs of \$2,875.

OMB Circular A-133 Compliance Supplement, Part 5, Section E (Eligibility) specifies that the annual award should be calculated based on certain factors and coordinated among all programs to ensure that the total aid is not awarded in excess of the student's financial need.

The auditors recommended that the university adhere to established procedures and ensure that the total financial aid received by students does not exceed their documented need. See management's response at B-40.

F-02-ED-GSU-9 - Exit Counseling
(2002)

	<u>Questioned Costs</u>
<u>Student Financial Assistance Cluster:</u>	
84.032 - Federal Family Education Loans	\$0

The auditors noted that for six students out of 60 tested, the university failed to properly conduct exit counseling which causes the university to be in noncompliance with federal regulations.

OMB Circular A-133 Compliance Supplement, Part 5, Section E (1) specifies exit counseling must be performed on all students that cease to be enrolled at least half time or withdraw from the university.

The auditors recommended that management of the university adhere to established procedures. See management's response at B-42.

F-02-ED-GSU-10 - Federal Work-Study
(2002)

	<u>Questioned Costs</u>
<u>Student Financial Assistance Cluster:</u>	
84.033 - Federal Work-Study Program	\$0

STATE OF LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Federal Award Findings and Questioned Costs (Continued)

The university did not adhere to established university procedures that required monthly reconciliations of fiscal records. In a test of 27 students, the auditors noted the following:

- Four students received earnings that exceeded the documented award amount.
- One student's time sheet could not be located.
- Two students received earnings before being authorized by the financial aid office.
- One student did not sign the check distribution log before the receipt of his work-study check.

Recordkeeping Requirements, 34 CFR 675.19 (b), cite that a school must establish and maintain program and fiscal records that are reconciled at least monthly.

The auditors recommended that management of the university adhere to established procedures of reconciling fiscal work-study records on a monthly basis and correct the above noted conditions. See management's response at B-44.

F-02-ED-GSU-11 - Return of Title IV Funds
(2002)

	Questioned Costs
<u>Student Financial Assistance Cluster:</u>	
84.007 - Federal Supplemental Educational Opportunity Grants	\$0
84.032 - Federal Family Education Loans	
84.033 - Federal Work-Study Program	
84.063 - Federal Pell Grant Program	

The auditors noted that the university did not perform any return of Title IV Funds calculations during the year. This university has not complied with the Title IV regulations that specify if a student withdraws from school within a certain time frame, a refund must be processed, calculated properly, and remitted to the Title IV program in accordance with established time frames. This is the second consecutive year a finding of this nature has been reported.

STATE OF LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Federal Award Findings and Questioned Costs (Continued)

OMB Circular A-133 Compliance Supplement, Part 5, Section N (4) specifies that when a student receives Title IV assistance and withdraws from an institution, the institution must determine the amount of Title IV aid earned by the student as of the withdrawal date. The difference between any amount earned that is less than the amount disbursed must be returned to the Title IV program in accordance with the prescribed time frame.

The auditors recommended that management of the university take immediate steps to perform the return of Title IV Funds calculations and ensure that future Title IV refunds are performed on a timely basis and in accordance with Title IV regulations. See management’s response at B-46.

**F-02-ED-GSU-12 - Satisfactory Academic Progress
 (2002)**

	Questioned Costs
<u>Student Financial Assistance Cluster:</u>	
84.032 - Federal Family Education Loans	\$6,625
84.063 - Federal Pell Grant Program	850
	<u><u>\$7,475</u></u>

The auditors noted that one student out of 60 tested was awarded and received financial aid although the student did not meet the university’s standards for achieving satisfactory academic progress. This resulted in questioned costs of \$7,475.

Title IV Regulations, 34 CFR Section 668.32 (c), stipulate that students participating in the Title IV federal financial aid programs must be maintaining satisfactory progress in the course of study he or she is pursuing, according to the standards and practices of that institution, to receive student financial aid. In addition, OMB Circular A-133 Compliance Supplement, Part 5, Appendix A - Student Financial Assistance - Student Eligibility Compliance Requirement 6 stipulates that a student must maintain good standing or satisfactory progress.

The auditors recommended that the university adhere to established policies and procedures and monitor the academic standing of all students before awarding student financial aid. See management’s response at B-47.

STATE OF LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Federal Award Findings and Questioned Costs (Continued)

**F-02-ED-GSU-13 - Satisfactory Academic Progress
 (2002)**

	<u>Questioned Costs</u>
<u>Student Financial Assistance Cluster:</u>	
84.007 - Federal Supplemental Educational Opportunity Grants	\$0
84.033 - Federal Work-Study Program	
84.063 - Federal Pell Grant Program	
84.268 - Federal Direct Loan	

The auditors noted that the university's Satisfactory Academic Progress (SAP) policy did not include certain standards as prescribed by Title IV regulations. During their review of the university's policy and appeals process, the auditors noted the following:

- The policy does not judge academic progress on a cumulative basis.
- The appeals process does not address situations in which students continuously change majors or pursue multiple degrees.
- The appeals process does not properly evaluate carryover hours for those students that change or pursue multiple majors.

OMB Circular A-133 Compliance Supplement, Part 5, Appendix A, Student Financial Assistance Student Eligibility stipulates that a student must maintain good standing or satisfactory progress. Title IV Regulations, 34 CFR 668.16(c) and 34 CFR 668.34, stipulate that an institution must establish, publish, and apply reasonable standards for measuring satisfactory academic progress. The regulations further state that the standards used to judge academic progress must be cumulative and must include all periods of the student's enrollment.

The auditors recommended that management of the university take immediate steps to revise the SAP policy and appeals process to address the conditions listed above. See management's response at B-48.

STATE OF LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Federal Award Findings and Questioned Costs (Continued)

**F-02-ED-GSU-14 - Student Status Confirmation Reports
 (2002)**

	Questioned Costs
<u>Student Financial Assistance Cluster:</u>	
84.032 - Federal Family Education Loans	\$0

The auditors noted that eight students out of 30 tested had an incorrect status indicated on the student status confirmation report. The university's registration system did not provide the necessary information to ensure that the student status confirmation reports were accurately prepared.

OMB Circular A-133 Compliance Supplement, Part 5, Student Financial Assistance Programs Section III, Part N specifies that the university is required to notify lenders or the National Student Loan Data System of changes in student status in a timely and accurate manner.

The auditors recommended that management take immediate steps to implement the necessary corrective action to ensure that the student status confirmation reports are accurately prepared. See management's response at B-50.

**SOUTHERN UNIVERSITY AND A&M COLLEGE
 (BATON ROUGE)**

Independent auditors performed an audit of the Southern University and A&M College (Baton Rouge) federal award programs for the year ended June 30, 2002, and have issued their report thereon dated December 13, 2002. The following findings were presented in their report.

**F-02-ED-SUBR-1 - Federal Work-Study
 (2002)**

	Questioned Costs
<u>Student Financial Assistance Cluster:</u>	
84.033 - Federal Work-Study Program	\$4,696

The legislative auditor notified the auditors that seven students appeared to have received Federal Work-Study disbursements in excess of amounts awarded. During its audit of the Federal Work-Study Program, the auditors noted that seven students did receive earnings that exceeded the documented award amounts, which resulted in over-awards of three students' calculated need. As a result of the exceptions found, ten additional students were tested, but no exceptions were noted.

STATE OF LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Federal Award Findings and Questioned Costs (Continued)

Recordkeeping Requirements, CFR Title 34 Part 675.19(b), cite that a school must establish and maintain program and fiscal records that are reconciled at least monthly. As a result of the university's noncompliance with federal regulations, the auditors have questioned costs of \$4,696.

The auditors recommended that management of the university adhere to established procedures of reconciling fiscal work-study records on a monthly basis and ensure that students do not receive federal work-study payments in excess of amounts awarded. See management's response at B-159.

**F-02-ED-SUBR-2 - Return of Title IV Funds
 (2002)**

	<u>Questioned Costs</u>
<u>Student Financial Assistance Cluster:</u>	
84.032 - Federal Family Education Loans	\$0
84.063 - Federal Pell Grant Program	

For the second consecutive year, the university did not adhere to federal regulations in processing Title IV refunds. OMB Circular A-133 Compliance Supplement, Part 5, Section N(4) specifies that when a student receives Title IV assistance and withdraws from an institution, the institution must determine the amount of Title IV aid earned by the student as of the withdrawal date. The difference between any amount earned that is less than the amount disbursed must be returned to the Title IV program in accordance with the prescribed time frame.

The auditors noted the following:

- The university did not return Title IV Funds within 30 days of the student's withdrawal date for ten students out of 15 tested.
- Return of Title IV Funds calculations were done incorrectly for eight students out of 15 tested. This resulted in an overpayment of \$286 by the university. The university has subsequently made the appropriate adjustments to properly correct the Return of Title IV Funds calculations.
- One student out of 15 tested was not notified within 30 days of a grant overpayment due.

The auditors recommended that management of the university ensure that Title IV refunds are calculated in accordance with Title IV regulations. See management's response at B-160.

STATE OF LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Federal Award Findings and Questioned Costs (Continued)

SOUTHERN UNIVERSITY AT NEW ORLEANS

Independent auditors performed an audit of the Southern University at New Orleans federal award programs for the year ended June 30, 2002, and have issued their report thereon dated December 13, 2002. The following findings were presented in their report.

**F-02-ED-SUNO-2 - Refund of Title IV Funds
 (2002)**

	Questioned Costs
<u>Student Financial Assistance Cluster:</u>	\$6,068
84.032 - Federal Family Education Loans	
84.063 - Federal Pell Grant Program	
84.268 - Federal Direct Loan	

For the second consecutive year, the auditors noted that the university did not comply with Title IV regulations for processing certain refunds. OMB Circular A-133 Compliance Supplement, Part 5, Section N(4) specifies that when a student receives Title IV assistance and withdraws from an institution, the institution must determine the amount of Title IV aid earned by the student as of the withdrawal date. The difference between any amount earned that is less than the amount disbursed must be returned to the Title IV program in accordance with the prescribed time frame.

The auditors noted the following:

- The university did not perform a Return of Title IV Funds calculation within 30 days of the student's withdrawal date for three students who withdrew before the 60% point in enrollment. This resulted in an amount due by the university and the student of \$1,594 and \$557, respectively, of which \$1,515 related to the Federal Pell Grant Program and \$636 related to the Federal Family Education Loan (FFEL) Program.
- The Return of Title IV Funds calculations were done for five out of 12 students tested, but the funds were not returned by the university. This resulted in an amount due by the university of \$3,917, of which \$1,185 related to the Federal Pell Grant Program and \$2,732 related to the FFEL program.

STATE OF LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Federal Award Findings and Questioned Costs (Continued)

- The university did not properly notify students of overpayments within 30 days for three of 12 students tested that had grant overpayments due. As a result, those students are ineligible to receive Title IV funds until documented repayment arrangements are made.

The auditors questioned costs of \$6,068 as a result of these conditions. Before the issuance of the auditor's report, the university repaid the entire amount of the questioned costs.

The auditors recommended that management of the university develop written procedures for Title IV refunds and ensure that subsequent Title IV refund calculations are performed accurately and timely. See management's response at B-163.

**F-02-ED-SUNO-3 - Satisfactory Academic Progress
 (2002)**

	<u>Questioned Costs</u>
<u>Student Financial Assistance Cluster:</u>	
84.032 - Federal Family Education Loans	\$13,572
84.063 - Federal Pell Grant Program	<u>6,413</u>
	<u><u>\$19,985</u></u>

For the third consecutive year, the auditors noted that the university disbursed financial aid to students that did not maintain satisfactory academic progress (SAP). Title IV Regulations, 34 CFR Section 668.32(f), stipulate that students participating in the Title IV Federal Financial Aid programs must maintain satisfactory progress in the course of study he or she is pursuing, according to the standards and practices of that institution, to receive financial aid. OMB Circular A-133 Compliance Supplement, Part 5, Appendix A, Student Financial Assistance - Student Eligibility Compliance Requirement Number (6) stipulates that a student must maintain good standing or satisfactory progress. Title IV Regulations, 34 CFR 668.16(e), stipulate that an institution must establish, publish, and apply reasonable standards for measuring SAP.

The auditors noted that three students out of 60 tested were awarded and received financial aid, although the students did not meet the university's standards for achieving SAP. The auditors questioned costs of \$19,985.

The auditors recommended that the university adhere to established policies and procedures as documented in the revised SAP policy and monitor the academic standing of all students before awarding student financial aid. See management's response at B-165.

STATE OF LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Federal Award Findings and Questioned Costs (Continued)

**SOUTHERN UNIVERSITY AT
 SHREVEPORT-BOSSIER CITY**

Independent auditors performed an audit of the Southern University at Shreveport-Bossier City federal award programs for the year ended June 30, 2002, and have issued their report thereon dated December 13, 2002. The following findings were presented in their report.

**F-02-ED-SUSH-1 - Return of Title IV Funds
 (2002)**

	Questioned Costs
<u>Student Financial Assistance Cluster:</u>	\$0
84.007 - Federal Supplemental Educational Opportunity Grants	
84.063 - Federal Pell Grant Program	

For the third consecutive year, the auditors noted that the university has not complied with Title IV regulations for processing refunds. OMB Circular A-133 Compliance Supplement, Part 5, Section N (4) specifies that when a student receives Title IV assistance and withdraws from an institution, the institution must determine the amount of Title IV aid earned by the student as of the withdrawal date. The difference between any amount earned that is less than the amount disbursed must be returned to the Title IV program in accordance with the prescribed time frame.

The auditors noted the following:

- Title IV funds were not returned within 30 days of the withdrawal date for 17 students out of 19 tested.
- The university did not notify students of the requirement to repay a grant overpayment within 30 days of the withdrawal date for six students out of 19 tested that had a Pell refund (i.e., grant overpayment). As a result, those students are ineligible to receive Title IV funds until documented repayment arrangements are made.
- The Return of Title IV Funds calculations were incorrect for one student out of 19 tested resulting in an overpayment by the university of \$177 and a payment due from the student of \$384.

The auditors recommended that management of the university establish procedures to ensure that refunds are properly calculated and that students are informed of their responsibility to repay the federal government on a timely basis. See management's response at B-166.

STATE OF LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Federal Award Findings and Questioned Costs (Continued)

**F-02-ED-SUSH-2 - Satisfactory Academic Progress
 (2002)**

	<u>Questioned Costs</u>
<u>Student Financial Assistance Cluster:</u>	
84.063 - Federal Pell Grant Program	\$11,537
84.268 - Federal Direct Loan	350
	<u>\$11,887</u>

For the fourth consecutive year, the university disbursed financial aid to students that did not maintain SAP, and the university's SAP policy was not in compliance with federal regulations. Title IV Regulations, 34 CFR Section 668.32(f), stipulate that students participating in the Title IV Federal Financial Aid programs must be maintaining satisfactory progress in the course of study he or she is pursuing according to the standards and practices of that institution to receive financial aid. OMB Circular A-133 Compliance Supplement, Part 5, Appendix A, Student Financial Assistance - Student Eligibility Compliance Requirement Number (6) stipulates that a student must maintain good standing or satisfactory progress. Title IV Regulations, 34 CFR 668.16(e), also stipulate that an institution must establish, publish, and apply reasonable standards for measuring SAP.

The auditors noted that four students of 50 tested were awarded and received financial aid even though the students did not meet the university's standards for achieving SAP. As a result, the auditors cited \$11,887 in questioned costs. The auditors also noted that the university's SAP policy excludes a required provision regarding the related hours attempted by students that subsequently represent class withdrawals. However, the auditors did note that a new policy has been developed and is being used for the fiscal year ending 2003.

The auditors recommended that the university adhere to established policies and procedures and monitor the academic standing of all students before awarding student financial aid. See management's response at B-167.

STATE OF LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Federal Award Findings and Questioned Costs (Continued)

F-02-ED-SUSH-3 - Verification
(2002)

	<u>Questioned Costs</u>
<u>Student Financial Assistance Cluster:</u>	
84.063 - Federal Pell Grant Program	\$4,900
84.268 - Federal Direct Loan	<u>2,548</u>
	<u><u>\$7,448</u></u>

The auditors noted that the university failed to obtain verification documentation for two out of six students tested who were selected for verification resulting in questioned costs of \$7,448.

OMB Circular A-133 Compliance Supplement, Part 5, Section III (N)(2) specifies that an institution shall require each applicant, whose application is selected by the central processor, to verify specified items.

The auditors recommended that the university adhere to established procedures. See management's response at B-168.

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

EXECUTIVE DEPARTMENT

F-02-HHS-EXEC-1 - Subrecipients Not Monitored

	<u>Questioned Costs</u>
93.558 - Temporary Assistance for Needy Families	<u>\$0</u>

The Governor's Office of the Workforce Commission (OWC) did not obtain or conduct any quality control reviews (monitoring) of any subrecipients of Temporary Assistance for Needy Families (TANF) (CFDA 93.558) funds it administered during the fiscal year ended June 30, 2002. The United States OMB Circular A-133 requires a pass-through entity to monitor subrecipients for compliance with applicable federal laws and regulations.

The OWC entered into a Memorandum of Understanding (MOU) with the Louisiana Department of Social Services for OWC to administer the expenditure of TANF funds for adult education, basic skills training, job skills training, and retention services. Subsequent to that MOU, the OWC entered into a MOU with the Louisiana Community and Technical College System

STATE OF LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Federal Award Findings and Questioned Costs (Continued)

(LCTCS) to verify the eligibility of the participants, provide workforce preparation, and ensure necessary on-going child care and transportation assistance to participants to fully engage in training opportunities.

The OWC reimbursed \$1,665,472 to LCTCS but did not visit the LCTCS campuses or otherwise actively monitor the TANF activity at the campuses to determine if participants were eligible and whether evidence existed to support the expenditures charged to the TANF program. Failure to monitor subrecipient activity increases the risk that unallowable costs will be incurred and not be detected or corrected in a timely manner.

The OWC should visit the LCTCS campuses and actively monitor the activity and supporting documentation maintained by the LCTCS campuses to reduce the risk of questioned costs being incurred or not being detected timely. Management concurred with the finding and outlined a plan of corrective action (B-15).

EXECUTIVE DEPARTMENT

F-02-HHS-CAFR-1 - Inappropriate Billing of Insurance Premiums

	Questioned Costs
<u>Medicaid Cluster:</u>	\$0
93.778 - Medical Assistance Program (and all major programs)	

For the fifth consecutive year, the State of Louisiana may have charged federal programs an inequitable share of insurance costs. During fiscal year 2002, the Office of Risk Management (ORM), under the direction of the Office of Planning and Budget (OPB), did not bill premiums for Road and Bridge Hazard coverage to the Department of Transportation and Development (DOTD), thereby requiring the use of receipts from other state agencies' insurance premiums to pay Road and Bridge Hazard claims. Part of these claim costs was likely funded by federal program funds for state agencies other than DOTD; however, that amount cannot be readily determined. OMB Circular A-87, Attachment A, Section C(1) provides a list of criteria that a cost must meet to be an allowable cost chargeable to federal programs. Among these criteria are requirements that the cost be consistent with policies, regulations, and procedures that apply uniformly to both federal awards and other activities of the governmental unit. Furthermore, these costs must be accorded consistent treatment.

STATE OF LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Federal Award Findings and Questioned Costs (Continued)

Annually, ORM bills each state agency for various types of insurance. ORM calculates the premiums by line of insurance for each agency based on experience and exposure. State agencies pay their premiums from available funds, including federal funds. However, premiums for Road and Bridge Hazard coverage are not being charged to the appropriate state agency. DOTD is the primary agency to whom it would be appropriate to bill Road and Bridge Hazard premiums. However, DOTD is primarily funded through the Transportation Trust Fund (TTF) and R.S. 48:78 prohibits the use of TTF funds, directly or indirectly, for the payment of judgments or settlements by any state agency in matters arising from tort or road hazard insurance. Thus, DOTD was not billed for Road and Bridge Hazard coverage during fiscal year 2002.

Based on representations from ORM management, payments for Road and Bridge Hazard claims have totaled approximately \$481.8 million from July 1991 through June 30, 2002. Legislative appropriations to pay these claims, directly or through ORM, totaled approximately \$98.9 million based on management's analysis. Furthermore, DOTD did pay approximately \$68.6 million in Road and Bridge Hazard premiums in fiscal years 1995 through 1997, according to ORM's representations. However, because premium costs for Road and Bridge Hazard coverage have not been fully funded, payments by other state agencies and federal program funds for other lines of coverage have necessarily been used by ORM to pay approximately \$314.3 million of these claims. This supplementation is evident because ORM reported a negative cash balance of approximately \$314.8 million for the Road and Bridge Hazard coverage line at June 30, 2002.

Because the cost of insurance charged to federal programs does not meet the criteria described in OMB Circular A-87, the costs that were funded by federal programs may be considered unallowable by the federal grantor agencies. As a result, federal disallowances could be issued against the state and the cost may have to be repaid.

The state should continue its efforts to resolve this matter with the federal government. The state should adopt policies to ensure that the appropriate state agency and federal programs bear the cost of related lines of insurance.

Management of the Division of Administration did not concur with this finding. The Division contends that since no premium billings were charged for the Road and Bridge Hazard insurance line, no funding sources (either state, federal, or other) were used for any form of claims payment. The Division goes on to explain that the ORM (Self Insurance Program) is operated as a single program with individual lines of insurance maintained on a book basis. Premium billings are not affected by the book balance of cash but rather by the claims losses incurred. As a result, the utilization of cash proceeds received among lines does not result in an inequitable or inappropriate billing to any agency, program, or funding source. Furthermore, the Division does not concur that any provisions of OMB Circular A-87 were violated by either the premium billing mechanisms or the resulting utilization of proceeds received. See management's response at B-17.

STATE OF LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Federal Award Findings and Questioned Costs (Continued)

Additional Comments: It is our contention that unless all road and bridge hazard claims were paid by direct General Fund appropriations, then the reserves of other unrelated lines of insurance were used to pay road and bridge hazard claims. Because the reserves of the other lines of insurance were funded, in part, by federal programs unrelated to roads and bridges, the cash reserves of those federal programs used to pay road and bridge hazard claims bore an inequitable share of the cost. In a letter dated June 28, 2002, Angele Davis, Deputy Commissioner of Administration, wrote Bud Thompson, State Risk Director, and stated, in part, that “. . . effective July 1, 2002, judgments and settlements for road and bridge hazard occurrences will no longer be paid from the Self-Insurance Fund” (Office of Risk Management). She also further stated that “. . . the Legislative Auditor has published the following finding: “Premiums for road and bridge hazard coverage were not charged to the appropriate state agency and payment for other lines of coverage have been billed to pay some of these claims.” While we do not fully concur with the Auditor’s finding, it is clear that since no premiums were/are collected for road and bridge hazard coverage, no funds exist in the Self Insurance Fund. Consequently, we have no choice but to discontinue payment associated with road and bridge hazards, judgments and settlements.”

HEALTH AND HOSPITALS, DEPARTMENT OF

F-02-HHS-DHH-1 - Improper Claims by Case Management Providers

	<u>Questioned Costs</u>
<u>Medicaid Cluster:</u>	
93.778 - Medical Assistance Program	\$3,885

For the second consecutive year, providers of case management services billed the Medical Assistance Program (CFDA 93.778) during calendar year 2001 for services that were not in accordance with policies established by the Department of Health and Hospital (DHH), Medicaid Waiver Services. Case management services are provided to qualified recipients participating in DHH waiver services programs. Regulations and requirements for the delivery of services and payment of claims for waiver services and case management are established through administrative rules and policy manuals developed by DHH Waiver Services. Generally, case managers are required to (1) develop a plan of care; (2) assist the waiver recipient in accessing needed services; and (3) monitor the providers of the waiver services to determine that the plan of care is followed. The requirements for monitoring include monthly or quarterly monitoring of the providers and quarterly face-to-face visits with the recipient that must be documented by the case manager.

STATE OF LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Federal Award Findings and Questioned Costs (Continued)

In a review of claims filed by three case managers for eight of 30 recipients, claims were filed and payments of \$5,526 were made for 37 claims where the services delivered failed to meet department requirements for monitoring. The errors noted included the following:

- For six recipients, the case manager’s documentation of the monthly or quarterly monitoring of providers was incomplete.
- For one recipient, the quarterly face-to-face visits with the recipient were not conducted.
- For one recipient, both the monitoring of providers and the quarterly face-to-face visits with the recipient were not conducted.

The department failed to establish and implement necessary internal controls over the payments for case management services. As a result, case managers were paid for erroneous claims when the required monitoring services were not performed. Accordingly, questioned costs were \$5,526, which include \$3,885 of federal funds and \$1,641 of state matching funds.

DHH should establish adequate controls to ensure that only appropriate claims for case management services are paid to providers and that required monitoring of providers and face-to-face visits with recipients are performed and documented. Management concurred with the finding and recommendation and outlined a plan of corrective action (B-51).

F-02-HHS-DHH-2 - Improper Claims by Waiver Services Providers

	Questioned Costs
<u>Medicaid Cluster:</u>	
93.778 - Medical Assistance Program	\$117,600

For the third consecutive year, providers of waiver services billed the Medical Assistance Program (CFDA 93.778) for services that were not in accordance with policies established by the DHH, Medicaid Waiver Services. Waiver services are provided to eligible recipients under the Mentally Retarded/Developmentally Disabled (MR/DD) Waiver Program, the Patient Care Attendant (PCA) Waiver, the Elderly and Disabled Adult (EDA) Waiver Program, and the Children’s Choice Waiver Program. These services include PCA services, respite care services, supervised independent living (SIL) services, and companion services. Regulations and requirements for the delivery of services and payment of claims for these waiver programs are established through administrative rules and policy manuals developed by DHH Waiver Services.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Federal Award Findings and Questioned Costs (Continued)

We reviewed claims filed by three providers for 30 recipients during calendar year 2001. For 29 of the 30 recipients, DHH made payments of \$167,283 for 341 services where the services delivered failed to meet department policies. Specific deficiencies noted in the review of waiver services include the following:

- For 28 recipients, the waiver services were not delivered according to the plan of care established by the case manager and approved by DHH regional office staff. Deviations from the plan of care included services not following the schedule designed to meet the needs of the recipient and the recipient's family and inconsistent services that did not meet the amount or type of services approved. By not following the plan of care, the provider may not be meeting the medical needs of the recipient and may be providing services based on its own scheduling convenience.
- For 22 recipients, the providers did not maintain adequate documentation to distinguish between PCA, respite care, and SIL services. According to policies established for waiver programs, PCA respite care and SIL services are separate services with separate hours approved and scheduled in the plan of care. Our review of recipient files revealed that the providers made no distinction between these services, supporting all with the same general progress note and giving no consideration as to whether or not the primary caregiver was available.
- For eight recipients, two providers did not maintain any progress notes to describe the services provided and support the claims filed. Without adequate progress notes, the quality and sufficiency of the care cannot be determined.
- For three recipients, hours of service were billed that exceeded the amount that could be adequately supported by the provider's documentation.
- For two recipients, no plan of care was present in the recipient's file to support the claims filed. Without an approved plan of care, the provider had no description or schedule of services to provide.
- For one recipient, the service provided was not available for the days billed since the recipient was in the hospital at the time.
- In two instances, one provider employee provided care for two waiver recipients in the same household. For the hours of service provided by the employee, the provider billed hours as if providing separate services to each recipient, resulting in being paid for two hours for every hour worked.

These conditions occurred because waiver services providers failed to follow established agency regulations for providing services according to the plan of care and adequately documenting those services. As a result of the exceptions noted previously, providers were

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 Federal Award Findings and Questioned Costs (Continued)

paid for erroneous claims and waiver recipients did not receive needed services. Accordingly, questioned costs were \$167,283, which include \$117,600 of federal funds and \$49,683 of state matching funds.

The department should (1) increase monitoring by department personnel and case managers to ensure that plans of care are followed and needed services are provided; (2) educate providers on how to distinguish between services and maintain adequate documentation through improved progress notes; and (3) establish adequate control to ensure that only appropriate claims for waiver services are paid to providers. Management concurred with the finding and recommendation and outlined a plan of corrective action (B-54).

**F-02-HHS-DHH-3 - Improper Disproportionate Share Payments
 (1996 to 2002)**

	Questioned Costs
<u>Medicaid Cluster:</u>	
93.778 - Medical Assistance Program	\$185,605,936

DHH paid amounts to the Louisiana State University Health Sciences Center, Health Care Services Division (HCSD) that exceeded the maximum allowed by federal regulations for the disproportionate share hospital (DSH) program. The DSH program allows DHH, through the Medical Assistance Program (Medicaid) (CFDA 93.778) to reimburse the uncompensated care costs (UCC) to facilities that treat a disproportionate share of indigent patients. The Omnibus Budget Reconciliation Act of 1993 (OBRA 1993) mandates that payments to public hospitals under the DSH program are limited to 100% of UCC. In addition, the Louisiana Medicaid State Plan, Attachment 4.19-A, Item 1, Page 10e states that DSH payments to a hospital shall not exceed the hospital's UCC for the state fiscal year to which the payment is applicable.

For fiscal years 1996 through 2002, DSH payments to HCSD exceeded the supported UCC by \$257,222,818, including federal financial participation (FFP) of \$185,605,936, which represents questioned cost. Annually, HCSD provided an estimate of UCC and requested the DSH payments for each of the nine HCSD facilities. However, the estimated costs upon which DHH made the DSH payments far exceeded the actual UCC that HCSD can support. Despite the variances between the actual and estimated costs, HCSD estimation methodology was not adjusted.

DHH did not require HCSD to provide adequate documentation to support its estimates of UCC before making initial and subsequent DSH payments. As a result, HCSD continued to submit unsupported estimates for payment purposes causing overpayments averaging approximately 7% per year. The Centers for Medicare and Medicaid Services may require DHH to refund the FFP for these overpayments.

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 Federal Award Findings and Questioned Costs (Continued)

DHH management should develop and implement additional controls over DSH payments to HCSD that would ensure that all estimates of UCC could be supported by actual, allowable costs. Furthermore, DHH should facilitate the completion of all outstanding cost report audits and negotiate the return of any overpayments. Management concurred that internal controls over DSH payments to HCSD should be strengthened noting that new internal controls are being finalized. However, management did not concur with the reported questioned cost amount. See management’s response at B-58.

Additional Comments: In a letter dated December 2, 2002, the Department of Health and Human Services, Centers for Medicare and Medicaid Services, recognized DSH overpayments to HCSD of \$290,154,502. As a result, the federal participation amount of \$210,603,336 is due to the federal government.

F-02-HHS-DHH-4 - Improper Payments for TANF Initiative Recipients (2002)

	Questioned Costs
93.558 - Temporary Assistance for Needy Families	\$12,804

DHH, Office for Addictive Disorders (OAD), failed to document and/or verify the eligibility of certain recipients of the Temporary Assistance for Needy Families Program (TANF), (CFDA 93.558), Women and Children’s Residential Prevention and Treatment Program. A Memorandum of Understanding (MOU) between DHH/OAD and the Department of Social Services, Office of Family Support, establishes regulations and requirements for the delivery of services and payment of invoices. According to the MOU, recipients are program eligible if any family member receives services from certain federal programs. DHH/OAD is required to verify program eligibility and maintain supporting documentation. DHH/OAD contracts with seven residential providers to provide the program’s services. During fiscal year 2002, the program expended \$1,654,818 on 529 recipients (193 women and 336 children).

In our review of 118 recipients, 63 recipients (53%) did not have proper documentation establishing eligibility. The exceptions noted included the following:

- For 23 recipients, four providers could not provide documentation of eligibility.
- For 27 recipients, three providers did not have documentation sufficient to determine what date eligibility was verified.
- For 13 recipients, two providers did not verify the recipients’ eligibility before billing for the services provided.

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 Federal Award Findings and Questioned Costs (Continued)

Additional audit procedures were performed to determine if the 63 recipients noted above were eligible for the program. Of the 63 recipients, four recipients (6%) were determined to be ineligible at the time the recipients were admitted for services.

The residential providers either failed to follow or did not understand controls established to ensure proper eligibility determination. In addition, DHH/OAD did not properly monitor the providers to ensure compliance with requirements for verifying and documenting recipient eligibility. As a result, DHH paid providers for services on four ineligible recipients who did not meet the requirements established for the Residential Prevention and Treatment Program. Accordingly, questioned costs are \$12,804.

The department should ensure providers understand the program's eligibility requirements, ensure providers know what documentation is necessary to ensure eligibility is properly verified, increase monitoring over the provider's eligibility determinations to ensure only eligible recipients are reimbursed, and review all fiscal year 2002 eligibility determinations to ensure only eligible recipients were reimbursed. Management concurred with the finding and recommendation and outlined a plan of corrective action (B-59).

F-02-HHS-DHH-5 - Medicaid Provider Overpayment Errors

	Questioned Costs
<u>Medicaid Cluster:</u>	
93.778 - Medical Assistance Program	\$374,003

DHH understated the balance of provider overpayments in the Medical Assistance Program (CFDA 93.778, Medicaid) by \$532,011 and did not return an estimated \$374,003 in federal financial participation (FFP) for this overpayment to the Centers for Medicare and Medicaid Services (CMS). The Code of Federal Regulations (42 CFR 433.300-433.320 and 433.40) require that in most cases states are to refund the federal share of identified provider overpayments to the federal government within 60 days of identification of the overpayment, regardless of whether the overpayment was collected from the provider.

Some provider overpayments are identified by the Medicaid Fraud Control Unit (MFCU) operated by the Louisiana Attorney General (AG) who prosecutes Medicaid providers suspected of committing fraud in the program. When the court enters a judgment against a provider, the AG maintains the account and monitors the collection of the outstanding balance. Once the judgment is entered and the balance owed by the provider is determined, DHH is responsible for reporting the balance and returning the FFP. Audit procedures performed on identified provider overpayments disclosed four accounts maintained by the AG that had not been reported by the department. The judgment for one of these accounts was entered in July 2000 and the judgments for the other three accounts were entered in July 2001. The total of these account balances at June 30, 2002, is \$532,011, and the FFP that should have been returned is \$374,003.

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 Federal Award Findings and Questioned Costs (Continued)

This condition occurred because the MFCU did not report all accounts for which judgments had been rendered to DHH. Because the MFCU did not accurately report provider overpayments, DHH could not comply with federal regulations that require a refund to the federal government within 60 days. This results in questioned costs of \$374,003. In addition, the federal government may impose penalties because of noncompliance with cash management regulations.

DHH should strengthen controls to ensure that accounts maintained by the AG are reported to DHH and that the federal share of these payments is returned in accordance with federal regulations. Also, the MFCU should ensure that all accounts for which judgments have been rendered are reported to DHH. Management concurred with the finding and recommendation and outlined a plan of corrective action (B-61).

**LOUISIANA COMMUNITY AND
 TECHNICAL COLLEGE SYSTEM**

**F-02-HHS-LCTCS-2 - Failure to Submit Complete Reports
 (2001, 2002)**

	Questioned Costs
93.558 - Temporary Assistance for Needy Families	\$0

The Louisiana Community and Technical College System (LCTCS) failed to submit complete reports to the Louisiana Workforce Commission (LWC) as required by the Memorandum of Understanding (MOU) under the Temporary Assistance for Needy Families (TANF) (CFDA 93.558) Initiative.

LCTCS has entered into a MOU with LWC for TANF funds. The MOU requires LCTCS to submit various reports to LWC. LWC eliminated some of the reporting requirements and eventually required only one monthly report of reportable measures. All seven monthly reports submitted to LWC during the fiscal year ended June 30, 2002, were incomplete. Each month, two to 11 community colleges and/or Louisiana Technical College (LTC) campuses (for an average of six per month) either submitted incomplete reports or failed to submit a report for inclusion in the system report to LWC. Although LCTCS submitted timely reports each month to LWC, the reports submitted were incomplete because of the lack of timely reporting by various community colleges and LTC campuses.

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Failure to enforce reporting deadlines on community colleges and LTC campuses subjects the LCTCS to noncompliance with program requirements. In addition, the submission of incomplete reports does not provide LWC with appropriate information to properly monitor the activities of its subrecipient.

LCTCS should develop and implement policies and procedures to ensure complete and timely TANF reporting by all community colleges and LTC campuses. Management should consider invoking sanctions on those institutions that do not comply with these policies to ensure that those responsible for noncompliance with program requirements are held accountable. Management concurred with the finding and recommendation and outlined a plan of corrective action (B-70).

**LOUISIANA STATE UNIVERSITY HEALTH
 SCIENCES CENTER (NEW ORLEANS)**

**F-02-HHS-LSUHSCNO-2 - Federal Financial Reports
 Not Submitted Timely**

Questioned Costs
\$0

Research and Development Cluster:

**93.107 - Model State - Supported Area Health
 Education Centers**

93.837 - Heart and Vascular Diseases Research

Louisiana State University Health Sciences Center (LSUHSC) did not submit two required financial status reports (FSRs) by the due dates specified in the grant agreements. In testing the Research and Development Cluster, we determined that two FSRs were not submitted by their required due dates. The FSR for the Model State - Supported Area Health Education Centers program (CFDA 93.107) was due on December 31, 2001, but was not submitted until May 2, 2002, or 122 days late. The FSR for the Heart and Vascular Diseases Research program (CFDA 93.837) was due on November 30, 2001, but was not submitted until April 24, 2002, or 145 days late.

LSUHSC's sponsored projects section did not ensure that the principal investigators and/or business managers responsible for preparing the reports submitted them in accordance with the grant agreements. Failure to submit reports timely results in noncompliance with grant agreements, which could impact future federal funding.

Management should ensure that principal investigators and/or business managers submit required reports to their respective grantors in accordance with the requirements of the grant agreements. Management concurred with the finding and recommendation and outlined a plan of corrective action (B-99).

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 Federal Award Findings and Questioned Costs (Continued)

SOCIAL SERVICES, DEPARTMENT OF

**F-02-HHS-DSS-4 - Child Support Escrow Fund Not Reconciled
 (2002)**

	Questioned Costs
93.563 - Child Support Enforcement	\$0

For the third consecutive year, the Department of Social Services is not reconciling the Child Support (Title IV-D) Escrow Fund to the client accounts on a periodic basis. Good internal control includes periodic reconciliations of cash accounts (such as the Title IV-D Escrow Fund) to subsidiary records (such as the client accounts). A proper reconciliation provides management with a basis to ensure that errors and/or fraud are detected in a timely manner and that accounting data are both accurate and reliable.

The Title IV-D Escrow Fund is the clearing account that is used to process child support receipts and payments. Child support receipts from non-custodial parents are deposited into the fund and credited to the accounts of custodial parents. Distributions are then made to the custodial parents and/or to the state General Fund, depending on the status of each parent's account. During fiscal year ended June 30, 2002, total additions and deletions of the escrow fund were \$278 million or approximately \$23.2 million monthly. The balance in the account at June 30, 2002, is approximately \$2.6 million.

Failure to reconcile the Title IV-D Escrow Fund cash to subsidiary client accounts could lead to the misuse of funds and increases the risk that fraud and/or computer programming or operating errors could occur and not be detected in a timely manner. A reconciliation would detect errors such as undistributed amounts payable to custodial parents, undistributed amounts payable to the state General Fund, and failure to post a receipt to a client account.

Management should require monthly reconciliations of the Title IV-D Escrow Fund to the client accounts to ensure that the accounting records are both accurate and reliable and that child support receipts and related distributions to both the state and custodial parents have been appropriately recorded. Management concurred with the finding and recommendation and outlined a plan of corrective action (B-135).

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 Federal Award Findings and Questioned Costs (Continued)

**F-02-HHS-DSS-5 - Foster Care: Insufficient Reimbursements
 From Child Support Collections**

**Questioned
 Costs**

\$95,024

- 93.645 - Child Welfare Services - State Grants**
- 93.658 - Foster Care - Title IV-E**
- 93.667 - Social Services Block Grant**

For the second consecutive year, the Department of Social Services (DSS), Office of Community Services (OCS), did not distribute all child support payments received on behalf of children in the foster care program in accordance with federal regulations. The Office of Family Support, Support Enforcement Services, transfers to OCS any collections of child support for children that are/were in foster care. U.S. Code, Title 42, Section 657 requires a state to retain, after specified distributions, child support collections received on behalf of a child for whom the state made foster care maintenance payments. The collections can be used to reimburse the state and federal governments for their share of maintenance expenditures made on behalf of the foster child. Maintenance expenditures represent a variety of expenditures relating to the care of a foster child including, but not limited to, payments to foster parents, clothes, doctor visits, et cetera.

In a review of 375 children for whom child support collections were received during May 2002, audit procedures were performed on 194 children (52%) that had revenue balances (unallocated child support receipts) totaling \$71,878. OCS manually allocated \$9,584 for 43 children leaving \$62,294 in revenue balances for 151 children. Of the remaining 151 children, 148 children (98%) had expenditures in previous months that were not considered by OCS for allocation to the appropriate federal program. Although the other three children had no maintenance expenditures, they had been referred to the Department of Corrections, Office of Youth Development, and any collections should have been remitted to that office.

OCS had no procedures to identify unreimbursed foster care maintenance expenditures from prior months and insufficient procedures to ensure child support collections are properly reimbursed to the state and federal government programs for those expenditures. As a result, OCS allowed a total of \$95,024 of child support collections to revert to the state General Fund during fiscal year 2002. Based on the audit procedures performed, these funds should have been used to reimburse federal programs for expenditures that support the foster care program. Federal programs affected may include the Foster Care IV-E program (CFDA 93.658), Child Welfare Services - State Grants (CFDA 93.645, Title IV-B), and Social Services Block Grant (CFDA 93.667). Total questioned costs for these programs are \$95,024.

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 Federal Award Findings and Questioned Costs (Continued)

Management should establish procedures to ensure that child support collections received on behalf of foster care children are used to fully reimburse the federal programs that participated in financing the maintenance expenditures for those children. Management concurred in part with the finding noting that no federal reimbursement is due to the Child Welfare Services - State Grants and the Social Services Block Grant (IV-B). See management's response at B-136.

Additional Comments: During fiscal year 2002, the department allocated approximately \$174,000 in child support collections to the Foster Care IV-B program. Audit procedures performed on the OCS Statement of Expenditures and supporting documentation confirmed that grant funds (Child Welfare Services - State Grants and Social Services Block Grant) were used for foster care maintenance expenditures.

**F-02-HHS-DSS-6 - Foster Care - Title IV-E Program: Insufficient
 Controls Over Program Administration
 (1999, 2000, 2001, 2002)**

	Questioned Costs
93.658 - Foster Care - Title IV-E	\$213,171

For the second consecutive year, DSS/OCS does not have adequate internal control procedures to ensure compliance with certain grant regulations in the administration of the Foster Care - Title IV-E (CFDA 93.658) program. OMB Circular A-133, Subpart C, Section 300(b) requires states to establish internal control over federally funded programs to provide reasonable assurance that the state is managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements.

Eligibility

A review of 30 case files of foster care children disclosed that two children (6.7%) were determined to be ineligible. One child was not eligible for a five-month period because no permanency plan was prepared for that period pursuant to 45 CFR 1356.21(b)(2). Without an adequate permanency plan the foster child is not eligible for the Foster Care - Title IV-E program. Questioned costs are \$29,476 (\$20,790 of federal funds and \$8,686 of state matching funds). The second child was not eligible for a fifteen-month period because she did not have an adequate permanency plan as determined by the Fifteenth Judicial District Court. Questioned costs are \$108,862 (\$76,593 of federal funds and \$32,269 of state matching funds).

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Federal Award Findings and Questioned Costs (Continued)

Reporting

A review of the *Title IV-E Foster Care and Adoption Assistance Financial Report (ACF-IV-E-1)* for the quarter ended June 30, 2002, disclosed the following:

- DSS personnel prepared prior quarter adjustments increasing maintenance payments by \$961,000 for over 200 foster care children without considering the social service cost within those expenditures. A review of two children with expenditures totaling \$66,252 disclosed \$29,117 in social service costs. The likely questioned costs could be significant based on the total adjustment amount.
- In response to a prior year audit finding, DSS personnel prepared prior quarter adjustments to adjusted social services cost relating to child specific placements affecting federal fiscal years 1999 through 2002. However, DSS personnel did not determine if prior deductions were made for the same children. As a result, the adjustment for social service costs, which is over \$800,000 for the four fiscal years, is overstated by an unknown amount.
- In response to a prior year finding, DSS personnel prepared prior quarter adjustments to correct the misclassification of legal expenditures that were recorded as maintenance expenditures instead of administration expenditure affecting federal fiscal years 1999 through 2002. However, because of a miscalculation, the adjustment was understated by \$86,671, which represents questioned cost.
- DSS personnel use the *Restrictive Facility IV-E and XX Adjustment Report (TIM 4093 Report)* to determine the amount of social service cost to subtract from allowable expenditures. However, percentages used to calculate the unallowable cost amount are sometimes inaccurate or missing, which may result in the Foster Care IV-E program being over/under charged.
- For May 2002, DSS personnel erroneously deducted Child Welfare Services - State Grants social service costs instead of Foster Care IV-E social service costs, which caused the current quarter expenditures to be overstated by \$138,298.

Allowable Cost

- In response to a prior year finding, DSS obtained social service cost percentages from each facility that housed children requiring specific placement. The percentages are used to calculate social service costs that are deducted from program expenditures. However, since the department did not require the

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 Federal Award Findings and Questioned Costs (Continued)

facilities to provide documentation supporting the percentages, the reasonableness of the percentages could not be determined.

- For 27 (38%) of the 71 expenditure transactions tested, authorization documentation was not properly signed or was missing. While ten transactions did not contain the required signatures, authorization documentation for 17 transactions could not be provided. Although audit procedures verified that the costs were allowable, failure to obtain proper approval and maintain authorization documentation increases the risk that errors and/or fraud could occur and not be detected in a timely manner.

DSS has not placed sufficient emphasis on the preparation and review of financial reports for completeness, accuracy, and compliance with program regulations. Failure to prepare and submit accurate financial reports increases the risk that future grant payments and/or awards to the department will be based on erroneous information. In addition, DSS personnel did not follow established controls over eligibility and payment authorization. Noncompliance with federal program requirements may subject the department to penalties or disallowed cost. As a result of the exceptions noted previously, known questioned costs are \$254,126.

Management should strengthen procedures relating to the preparation and review of financial reports for completeness, accuracy, and compliance with program regulations. In addition, management should ensure that employees follow established control procedures to ensure adherence to federal regulation and program policies. Management concurred in part with the finding and provided corrective action plans relating to eligibility, reporting, and allowable cost. Management noted that DSS personnel did take the proper steps in adjusting social services cost relating to child specific placements. In addition, management noted that requesting the providers to submit a detailed budget to assess the reasonableness of social services percentages would be rejected by the providers and jeopardize the department's ability to place children with those providers. See management's response at B-140.

**F-02-HHS-DSS-7 - Fraudulent Transactions in TANF
 (2002)**

	Questioned Costs
93.558 - Temporary Assistance for Needy Families	<u>\$2,013</u>

The director of the Find Work Program, Laura Pease, violated DSS policies, which led to fraudulent charges to the Temporary Assistance to Needy Families (TANF) program (CFDA 93.558) as well as payroll errors. The DSS *LaCarte Purchasing Card Program Procedures Manual* assigns division directors responsibilities that include review and approval of all information and documentation for purchases and the verification that purchases are for official state business and comply with appropriate rules and regulations. The manual also requires

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Federal Award Findings and Questioned Costs (Continued)

that directors approve purchase transactions input to the Integrated Statewide Information System (ISIS). In addition, DSS Computer Security Policy 5-3 prohibits the sharing of passwords regardless of the circumstances.

Based upon review of work performed by the DSS Fraud and Recovery Section and interviews with agency personnel, the following issues were identified:

- The director of the Find Work Program provided her approval user ID and password to an administrative secretary, Juaquine Pugh, who used this capability to charge \$2,013 in fraudulent purchases to the TANF program. With the ability to purchase, enter the purchase in ISIS, and approve the purchase, the employee purchased personal items that included groceries, cosmetics, electronics, and vacuum cleaners.
- We understand that the director was unaware of her responsibilities relating to LaCarte purchases, including that Bank of America sent a monthly statement to the individual cardholder, that the purchasing log should have been reconciled to the bank statement, that the purchasing log and all supporting receipts should be reviewed by the director, and that the director should sign the purchasing log.

Since Juaquine Pugh was also a timekeeper, audit procedures were also performed on her time records:

- In eight of the 13 pay periods reviewed, the employee was credited with overtime totaling 21.5 hours but had no overtime approval forms for six of the pay periods and unapproved forms for the other two pay periods. In addition, on one occasion the employee's time sheet had 23.5 hours of leave, her approved leave slips totaled five hours, and the payroll system indicated eight hours of leave. Although the director noted that she reviews the Time Entry Audit Report, her review must not include comparing the Time Entry Audit Report to the time sheet information or supporting documentation such as leave slips and overtime forms.
- None of the 13 Time Entry Audit Reports reviewed had the signature and date of the person reconciling the data. Departmental policy requires that each pay period the Time Entry Audit Report is reconciled to the Time Entry Sign-in sheets and supporting documentation such as leave slips and overtime forms and that the signature and title of the person reconciling the report and the date reconciled must be affixed to this form.

The director violated department policy by providing her ISIS password and user ID to another employee and by not reviewing and verifying that acceptable documentation existed for LaCarte purchases. In addition, the director did not perform a detailed comparison between the Time Entry Sign-in sheets and the Time Entry Audit Report to identify errors or lack of supporting

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 Federal Award Findings and Questioned Costs (Continued)

documentation. As a result, an employee was able to charge \$2,013 in fraudulent purchases to the TANF program. Also, this same employee was able to earn overtime without proper approval and may have falsified payroll data.

Management should ensure that supervisors comply with departmental policies that (1) prohibit the sharing of passwords and user IDs; (2) require the review and verification of LaCarte purchases; and (3) require the reconciliation of Time Entry Sign-in sheets and supporting documentation to the Time Entry Audit Report. Management concurred with the finding and recommendations and outlined plans of corrective action (B-146).

F-02-HHS-DSS-8 - Temporary Assistance for Needy Families
Program: Inaccurate Reporting
(2000, 2001, 2002)

	Questioned Costs
93.558 - Temporary Assistance for Needy Families	\$0

DSS does not have adequate control procedures to ensure federal reports for the Temporary Assistance for Needy Families Program (TANF, CFDA 93.558) are accurate, complete, and in compliance with program regulations. 45 CFR 265.7 requires that reports must be complete and accurate and filed by the due date. A complete and accurate report means that the reported data accurately reflects information available to the state in the case records, financial records, and automated data systems; the data are free from computational error and are internally consistent; and the state reports data for all required elements.

Audit procedures included tests of the TANF ACF-196 Financial Report for the quarter ending June 30, 2002, the Federal Cash Transactions Report (PMS-272) for each quarter in state fiscal year 2002, and the Annual Report on State Maintenance-of-Effort Program (ACF-204) for federal fiscal year 2001. These procedures disclosed the following deficiencies:

TANF ACF-196 Financial Report

For the second consecutive year, DSS erroneously included administration cost as program cost. In addition, certain program expenditures were included in the state's maintenance of effort (MOE) that was unallowable. As a result, the following errors were identified:

- For the 2002 federal grant award, the state MOE program costs were overstated by \$128,824 while the state MOE administration costs, federal administration costs, and federal program cost were understated by \$120, \$73,006, and \$55,698, respectively.

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- For the 2001 federal grant award, the state MOE program costs and federal program costs were overstated by \$550,694 and \$893,883, respectively, while the state MOE administration costs and federal administration costs were understated by \$415,064 and \$1,029,513, respectively.
- For the 2000 federal grant award, the federal program costs were overstated and the federal administration costs were understated by \$370,997.

Federal Cash Transactions Report (PMS-272)

DSS failed to properly reconcile the PMS-272 reports to the final TANF ACF-196 Financial reports and did not accurately reflect Child Care expenditures from TANF transfers in the PMS-272 report. As a result, the following errors were identified:

- For the 2001 federal grant award, disbursements were overstated by \$3,301,013 for the quarters ending September 30, 2001, and December 31, 2001, and understated by \$4,653,264 and \$30,400,263 for quarters ending March 31, 2002, and June 30, 2002, respectively.
- For the 2000 federal grant award, disbursements were understated by \$4,126,985 for the quarters ending September 30, 2001, and December 31, 2001, and overstated by \$4,653,264 and \$30,400,263 for quarters ending March 31, 2002, and June 30, 2002, respectively.

Annual Report on State Maintenance-of-Effort (MOE) Program (ACF-204)

DSS included expenditures for the Teen Pregnancy Prevention program and the Father Initiative program as a part of state's MOE. However, these programs do not meet the income and resource standards pursuant to 45 CFR 263.2 and cannot be funded by state MOE. As a result, state MOE expenditures for the Family Independence Temporary Assistance Program and Family Independence Work Program were overstated by \$576,471 and \$1,175,623, respectively.

DSS has not placed sufficient emphasis on the preparation and review of federal reports for completeness, accuracy, and compliance with program regulations. Failure to prepare and submit accurate federal reports places the department in noncompliance with program regulation and increases the risk that penalties will be assessed by the federal grantor agency.

Management should establish procedures to ensure that federal reports are prepared in accordance with program requirements and are properly reviewed before submission to the federal grantor agency. Management concurred with the finding and outlined a corrective action plan (B-152).

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 Federal Award Findings and Questioned Costs (Continued)

**F-02-HHS-DSS-9 - Temporary Assistance for Needy Families Program:
 Noncompliance With Certain Federal and
 State Requirements (2002)**

	Questioned Costs
93.558 - Temporary Assistance for Needy Families	\$91,057

DSS/OFS did not comply with certain federal and state requirements for administering the Temporary Assistance for Needy Families (TANF, CFDA 93.558). OFS uses TANF funds to operate several programs, including the Family Independence Temporary Assistance Program (FITAP), Family Independence Work Program (FIND Work), and TANF Initiatives.

Audit procedures, which included tests of 30 FIND Work and TANF Initiatives contract payments and 60 FITAP client case files, disclosed the following conditions:

FIND Work/TANF Initiatives

- During fiscal year 2002, OFS paid approximately \$48.3 million to 12 TANF Initiative partners (subrecipients). OFS did not have monitoring procedures established to ensure that the partners administered the federal funds in compliance with federal requirements and/or the requirements of the memorandums of understanding between DSS and the partners.
- OFS has paid two contractors \$65,909 to provide transportation for FIND Work participants. One contractor was paid \$2,091 per month for a maximum of 90 participants. However, from June 2001 to December 2002, the contractor averaged only five clients per month. The second contractor was paid \$1,540 per month to deliver up to 15 participants. However, from July 2001 to November 2002, the contractor averaged only seven clients per month. Because OMB Circular A-87 requires that federal program costs must be necessary and reasonable, payments of \$65,909 represent questioned costs.
- A payment to DSS, Office of Community Services, was miscalculated and TANF was overcharged. Questioned costs are \$706.

FITAP

- For the third consecutive year, the department did not follow R.S. 46:231.6 and the TANF State Plan that provide a family shall not be eligible for FITAP benefits if the parent has received FITAP benefits for at least 24 of the past 60 months unless hardship or other good cause exemption has been allowed. In addition,

STATE OF LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Federal Award Findings and Questioned Costs (Continued)

42 USCS 608 (a)(7) prohibits assistance for more than five years. In seven of 60 cases (12%), clients exceeded the required 24-month limit on FITAP benefits by five to 19 months, while one client exceeded the 60-month limit by six months. For these clients, no allowable exemption was documented or the exemption was given in error. Questioned costs are \$18,782.

- For the fourth consecutive year, the department did not follow requirements of state law and the TANF State Plan relative to school attendance requirements. R.S. 46:231.3 and the TANF State Plan require clients to provide documentation as part of the recertification process that any school age child receiving payments has not been absent without cause from school for more than 15 days during the previous six months. Documentation in 11 case files did not exist or was not sufficient to determine if this requirement was met.
- For the fourth consecutive year, OFS failed to sufficiently document client compliance with the mandatory work requirements for the FIND Work program pursuant to 42 USCS 607. In eight of 60 cases (13%), the case file and department's database did not contain verification that the client met the participation requirements and/or that the case manager verified the hours worked.
- For the second consecutive year, case files did not contain evidence that parents under age 20 attended a parenting skills training class or were exempt with good cause pursuant to R.S. 46:231.5 and the TANF State Plan. Four of 60 cases (7%) examined had insufficient documentation.
- In five of 60 cases (8%), OFS failed to sufficiently document whether each child in the assistance unit lives in the home of a parent or a qualified relative pursuant to 42 USCS 608 (a)(1). Case documentation for one client provided evidence that the child did not live in the home, as a result questioned costs are \$4,820.
- For the fourth consecutive year, documentation in the tested files was not sufficient to verify the relationship of the caretaker to the minor child as required by R.S. 46:231(3)(b) and the TANF State Plan. Three of 60 cases (5%) examined had insufficient documentation.
- One client received Post-FITAP benefits for nine months even though the client was no longer employed. According to DSS policy, G-150, an individual must be employed to be eligible for Post-FITAP assistance. Questioned costs are \$840.
- For the fourth consecutive year, certain client information in the department's databases did not agree with, or was not supported by, documentation in the client's case file. Although the errors detected in 24 cases did not affect benefits, such errors could cause a client to incorrectly receive or be denied benefits.

STATE OF LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Federal Award Findings and Questioned Costs (Continued)

Audit procedures included a review of the TANF Maintenance of Effort (MOE) requirements. This review revealed that OFS entered into agreements with DSS, Office of Community Services, and the Department of Education to identify the expenditures of programs that meet the TANF MOE requirements and allow OFS to apply these expenditures toward meeting the state MOE. However, OFS does not verify that the expenditures applied are allowable. Inadequate monitoring could cause the state MOE to include unallowable expenditures, which may result in penalties by the federal government and a reduction in the federal grant.

Failure to establish and follow adequate internal control procedures to ensure compliance with federal and state regulations can result in payments made to ineligible clients, payments made in the wrong amounts, or failure to provide benefits to eligible clients. As a result of the exceptions noted previously, questioned costs total \$91,057.

Management should require all employees to adhere to federal and state regulations and established procedures in the administration of the TANF program. Management should monitor implementation of corrective procedures to ensure internal controls are in place and working as intended. Management concurred in part or did not concur with portions of the finding that related to a lack of monitoring TANF Initiative partners, unreasonable transportation costs, and monitoring MOE expenditures. However, management did concur with the remaining issues noted in the finding and provided a corrective action plan (B-153).

Additional Comments: Circular A-133 requires the pass-through entity to monitor subrecipient activities to provide reasonable assurance that the subrecipient administers federal awards in compliance with federal requirements. Also, since DSS is ultimately responsible for ensuring accurate federal reporting, procedures should be established to verify that all expenditures are allowable.

Audit procedures performed on Caldwell Parish Council on Aging billing forms and log sheets indicated that the actual number of one-way trips for the seventeen-month period was 1,541. During this period, Caldwell Parish Council on Aging was paid \$26,180 or \$16.99 per trip. DSS made an assumption that clients are served for approximately twenty days per month. However, this is not always the case. For instance, documentation for the May 2002 invoice of \$1,540 only supported five days and 13 one-way trips (\$118.46 per trip). Audit procedures performed on Bestway Medical Transportation could not determine the number of one-way trips because of lack of adequate documentation, as documentation did not indicate return trips or odometer readings and disclosed inaccurate service units.

STATE OF LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Federal Award Findings and Questioned Costs (Continued)

W. O. MOSS REGIONAL MEDICAL CENTER

**F-02-HHS-WOMOSS-1 - Payroll Charges to Federal
 Program Not Verified**

	<u>Questioned Costs</u>
93.918 - Grants to Provide Outpatient Early Intervention Services With Respect to HIV Disease	\$22,813

W. O. Moss Regional Medical Center did not document its verification that payroll charged to the Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease (CFDA 93:918) program was reasonable in relation to work performed. OMB Circular A-21 requires that when charges for personal services are divided between federal grants and other cost objectives, certain verifications be documented. At least annually there must be an after-the-fact verification that the costs distributed to the federal grant represent actual costs chargeable to the program. Furthermore, a statement should be signed by the employee or a responsible official using suitable means of verification that work relating to the federal grant was performed, which states that salaries and wages charged to the federal award are reasonable in relation to work performed.

The medical center's accounting records show the following:

- In fiscal year 2001, the medical center was reimbursed \$22,813 from grant funds for various portions of salaries for four employees. These reimbursements were based on budget projections of the portion of time each employee's work would relate to the grant. However, no documentation existed to prove that the percent of payroll charged to the federal grant was appropriate, and that it was verified by the medical center. Therefore, these costs are questioned.
- On December 11, 2001, the medical center submitted an unverified request for reimbursement of \$25,857 for portions of salaries for five employees in fiscal year 2002. This request was submitted to LSU Health Sciences Center, which is responsible for fiscal administration of grant awards to the regional medical center. As of May 10, 2002, this request had not been processed and reimbursement had not been received by the medical center.

Management indicated that it was not familiar with the federal requirements for verifying payroll distribution. As a result, the medical center has charged expenses to the grant that may have to be paid back to the federal government.

The medical center should develop a policy specifying how and when the required after-the-fact verification and certification of payroll charges reimbursed by federal programs should be performed. Furthermore, the medical center should perform the verification and certification of the reimbursement request currently outstanding to prevent these costs from becoming

STATE OF LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Federal Award Findings and Questioned Costs (Continued)

questioned after one year has elapsed. The medical center should also seek further information from LSU Health Sciences Center about why it takes so long to process the requests. Management concurred with the finding and outlined a plan of corrective action (B-181).

WOMEN’S SERVICES, OFFICE OF

**F-02-HHS-OWS-5 - Internal Control Weaknesses
 Over TANF Expenditures**

	Questioned Costs
93.558 - Temporary Assistance for Needy Families	\$23,344

OWS does not have adequate internal control procedures to ensure compliance with state and federal regulations in the administration of the Temporary Assistance for Needy Families (TANF) (CFDA 93.558) State Initiatives Plan. OWS entered into two memorandums of understanding with DSS under the TANF Initiatives Plan for Microenterprise Development (MED) and Domestic Violence. OMB Circular A-133, Subpart C, Section 300(b) requires states to establish internal control over federal programs to provide reasonable assurance that the state is managing federal awards in compliance with laws, regulations, and the provisions of the contract agreement.

Audit tests for the MED program disclosed the following:

- OWS entered into an agreement with an individual for consulting services. The initial contract was entered into on July 1, 2001, with a contract amount of \$5,000 and for a contract period of July 1, 2001, through September 30, 2001. An amendment to the contract increased the contract amount to \$14,900 and extended the contract period to November 15, 2001. A second amendment increased the contract amount to \$30,000 and extended the contract period to June 30, 2002. The contract deliverables are not specific and there is insufficient documentation to explain why the contract amount needed to be raised or why the contract period needed to be extended. In addition, although the contract amount in both amendments exceeded OWS’ delegated authority, the approval of the Office of Contractual Review (OCR) was not obtained. As a result of its failure to request OCR approval, OWS had to request and receive approval by the Division of Administration, Office of General Counsel to pay the \$20,000 in invoices related to the contract. The invoices received are also non-specific and do not detail the actual services rendered by the contractor. Therefore, costs in the amount of \$20,000 are considered questioned costs because of insufficient documentation to determine if these costs were reasonable and necessary for the efficient operation of the program, as required by OMB Circular A-87.

STATE OF LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Federal Award Findings and Questioned Costs (Continued)

- Reimbursements of \$947 requested by OWS were disallowed by DSS because the expenditures were not directly related to the administration of the program.
- Equipment totaling \$2,205 charged to the program was used by employees outside of the program for purposes other than the program. Therefore, this amount is a questioned cost.
- Two portable printers, totaling \$637, which were not used, were purchased for one MED staff member. In addition, newly hired staff were not aware that the printers were available for use and had to perform without a printer. The printers are questioned costs.
- A duplicate expense in the amount of \$502 for software was incurred and charged to the program after the original software was misplaced and a replacement had to be purchased. Therefore, this amount is a questioned cost.

Audit tests for the Domestic Violence program, which included a review of 16 transactions, disclosed the following:

- Program personnel were not always able to properly identify costs that were eligible for reimbursement of the program. As a result, \$6,857 of reimbursements requested by OWS were disallowed by DSS since the expenditures were not directly related to the administration of the program.
- OWS advanced \$256,392 of state funds to a nonprofit contractor during the fiscal year ending June 30, 2002. Advances are allowed by the provisions of R.S. 39:1512 under certain circumstances. Among the provisions of the statute is the requirement that the advance be approved by OCR. No approval was obtained before advancing funds to the contractor. The state funds were ultimately reimbursed by the Domestic Violence program (TANF) as expenditures were incurred by the contractor.

These conditions occurred because management for both the MED and Domestic Violence programs do not appear to have sufficient knowledge of state and federal regulations regarding the administration of these programs. As a result, questioned costs of \$23,344 have been incurred and may have to be repaid to the federal government.

STATE OF LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Federal Award Findings and Questioned Costs (Concluded)

OWS should comply with state and federal regulations and implement policies and procedures to ensure that expenditures are necessary, reasonable, and directly related to the programs it administers. Management concurred in part with this finding. Management believes that the deliverables and invoices for the contract for consulting services were sufficient. See management's response at B-186.

Additional Comments: The original consulting contract specified that the scope of services was ". . . consultant work on the Microenterprise Development program." This contract was subsequently amended to list several specific duties of the consultant and specified that the consultant would invoice at the rate of \$100 per hour. The sole invoice submitted was for a flat amount of \$20,000 and listed several duties that were performed. Hours associated with each project were not included on the invoice and no time sheet documentation accompanied the invoice. Therefore, we continue to believe that there was insufficient evidence to determine if the entire \$20,000 paid was actually earned. The contractor, Sister Melanie Guste, currently has an existing contract with OWS to assist with the Domestic Violence program. The billing rate for this contract is also \$100 per hour. We feel OWS should request the contractor to document the hours worked to support the \$20,000 payment and to support all billings under the current contract. Someone from OWS should be responsible for ensuring that all hours billed were actually worked.

Schedule D

Schedule of Unresolved Prior Audit Findings For the Year Ended June 30, 2002



STATE OF LOUISIANA
Schedule of Unresolved Prior Audit Findings
For the Year Ended June 30, 2002

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Appendix A

Schedule of Expenditures of Federal Awards and Notes to the Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2002



LEGISLATIVE AUDITOR

Appendix A

STATE OF LOUISIANA
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2002

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STATE OF LOUISIANASchedule of Expenditures of Federal Awards
For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT		
Alianza Louisiana/Programa Presidencial De Inversiones De Honduras <u>Through: New Orleans Environmental System Foundation</u> University of New Orleans	02.522-G-00-01-0020-00	\$485,005
<u>Through: Metrovision</u> University of New Orleans		<u>107,555</u>
Total Alianza Louisiana/Programa Presidencial De Inversiones De Honduras		<u>592,560</u>
Forestry Development - Honduras - LSU Agricultural Center <u>Through: Metrovision Partnership Foundation</u> LSU Agricultural Center	02.unknown	<u>291,468</u>
Improving Income of Private Ukrainian Ag Producers <u>Direct Awards:</u> LSU Agricultural Center	02.121-A-00-02-00001-00	<u>271,632</u>
The Incae Guatemalan Project <u>Direct Awards:</u> Southern University Board and System Administration	02.unknown	<u>4,731</u>
International Development Partnership <u>Through: United Negro College Fund (#31123-IDF)</u> Grambling State University	02.unknown	<u>124,288</u>
Partnerships for Food Industry Development <u>Direct Awards:</u> LSU Agricultural Center	02.PCE-A-00-01-00012-00	<u>485,590</u>
Reconstruction and Strategic Development of Agricultural, Agribusiness and National Resources - Honduras <u>Through: Metrovision Partnership Foundation</u> LSU Agricultural Center	02.unknown	<u>242,519</u>
Support of Ukrainian Private Farming Sector and Scientific Collaboration <u>Direct Awards:</u> LSU Agricultural Center	02.121-A-00-98-00631-00	<u>502,683</u>

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT (CONT.)		
Vista University Linkage Grant	02.3752	
<u>Direct Awards:</u> Southern University Board and System Administration		\$36,643
Zambia - Democracy in-Country	02.3224/93-02	
<u>Direct Awards:</u> Southern University Board and System Administration		7,753
<u>Research and Development Cluster:</u> Spatial Decision Support System and Control	02.RD.14886	
<u>Through: International Fertilizer Development Center</u> LSU A&M College (Baton Rouge)		28,101
Total U.S. Agency for International Development		\$2,587,968
INSTITUTE FOR MUSEUM SERVICES		
The Louisiana Purchase Bicentennial: A Heritage Explored	03.ND-00010-00	
<u>Direct Awards:</u> LSU A&M College (Baton Rouge)		\$122,207
Total Institute for Museum Services		\$122,207
U.S. DEPARTMENT OF AGRICULTURE		
Plant and Animal Disease, Pest Control, and Animal Care	10.025	
<u>Direct Awards:</u> Department of Agriculture and Forestry		\$4,166,616
Forestry Incentives Program	10.064	
<u>Direct Awards:</u> Department of Agriculture and Forestry		35,900
Market News	10.153	
<u>Direct Awards:</u> Department of Agriculture and Forestry		2,000
Federal-State Marketing Improvement Program	10.156	
<u>Direct Awards:</u> Department of Agriculture and Forestry		29,735

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
U.S. DEPARTMENT OF AGRICULTURE (CONT.)		
Inspection Grading and Standardization	10.162	
<u>Direct Awards:</u>		
Department of Agriculture and Forestry		\$5,708
Market Protection and Promotion	10.163	
<u>Direct Awards:</u>		
Department of Agriculture and Forestry		63,200
Grants for Agricultural Research, Special Research Grants	10.200	
<u>Direct Awards:</u>		
LSU Agricultural Center		20,436
Through: <u>Mississippi State University - Southern Regional Aquaculture Center</u>		
LSU Agricultural Center		3,750
Total Grants for Agricultural Research, Special Research Grants		24,186
Payments to Agricultural Experiment Stations Under the Hatch Act	10.203	
<u>Direct Awards:</u>		
LSU Agricultural Center		17,550
Payments to 1890 Land-Grant Colleges and Tuskegee University	10.205	
<u>Direct Awards:</u>		
Southern University and A&M College (Baton Rouge)		255
Food and Agricultural Sciences National Needs Graduate Fellowship Grants	10.210	
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		43,167
1890 Institution Capacity Building Grants	10.216	
<u>Direct Awards:</u>		
Southern University and A&M College (Baton Rouge)		214,081
Higher Education Challenge Grants	10.217	
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		46,206
LSU in Shreveport		32,976
Total Higher Education Challenge Grants		79,182

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
U.S. DEPARTMENT OF AGRICULTURE (CONT.)		
Biotechnology Risk Assessment Research	10.219	
<u>Through: Alabama A&M University (#521009616)</u>		
Southern University and A&M College (Baton Rouge)		\$55,758
Fund for Rural America - Research, Education, and Extension Activities	10.224	
<u>Direct Awards:</u>		
Southern University Board and System Administration		(227)
Southern University and A&M College (Baton Rouge)		195,888
Total Fund for Rural America - Research, Education, and Extension Activities		195,661
Integrated Programs	10.303	
<u>Through: North Carolina State University</u>		
<u>(#00-51110-9722)</u>		
LSU Agricultural Center		1,602
<u>Through: University of Florida - IFAS Pesticide Center</u>		
<u>(#00-51120-9678)</u>		
LSU Agricultural Center		45,151
<u>Through: University of Wisconsin - Madison (#PR#200151110)</u>		
Southern University and A&M College (Baton Rouge)		17,800
Total Integrated Programs		64,553
Cooperative Agreements With States for Intrastate Meat and Poultry Inspection	10.475	
<u>Direct Awards:</u>		
Department of Agriculture and Forestry		1,890,831
Southern University and A&M College (Baton Rouge)		10,117
Total Cooperative Agreements With States for Intrastate Meat and Poultry Inspection		1,900,948

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
U.S. DEPARTMENT OF AGRICULTURE (CONT.)		
Cooperative Extension Service	10.500	
<u>Direct Awards:</u>		
LSU Agricultural Center		\$7,244,373
Southern University Board and System Administration		12,049
Southern University and A&M College (Baton Rouge)		1,792,561
<u>Through: North Carolina State University</u>		
<u>(#98-ESAG-1-0320/00-ESAG-1-0916)</u>		
LSU Agricultural Center		5,613
<u>Through: Texas A&M University (#TCE622640-7)</u>		
Southern University and A&M College (Baton Rouge)		1,977
<u>Through: University of Georgia (#2001-47001-01119)</u>		
LSU Agricultural Center		2,624
		<hr/>
Total Cooperative Extension Service		9,059,197
		<hr/>
Poultry and Vegetables	10.543	
<u>Through: Southern Regions Share Program (#RD3090315494)</u>		
Southern University and A&M College (Baton Rouge)		1,983
		<hr/>
Food Donation	10.550	
<u>Direct Awards:</u>		
Department of Agriculture and Forestry		19,308,022
		<hr/>
Special Supplemental Nutrition Program for Women, Infants and Children		
<u>Direct Awards:</u>		
Office of Public Health	10.557	77,952,975
		<hr/>
Child and Adult Care Food Program	10.558	
<u>Direct Awards:</u>		
Department of Education		43,925,642
		<hr/>
State Administrative Expenses for Child Nutrition	10.560	
<u>Direct Awards:</u>		
Department of Agriculture and Forestry		188,158
Department of Education		2,835,829
		<hr/>
Total State Administrative Expenses for Child Nutrition		3,023,987
		<hr/>
Commodity Supplemental Food Program	10.565	
<u>Direct Awards:</u>		
Office of Public Health		21,016,429
		<hr/>

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
U.S. DEPARTMENT OF AGRICULTURE (CONT.)		
Nutrition Services Incentive	10.570	
<u>Direct Awards:</u>		
Governor's Office of Elderly Affairs		\$2,912,720
Team Nutrition Grants	10.574	
<u>Direct Awards:</u>		
Department of Education		214,871
Commodity Assistance Program	10.576	
<u>Direct Awards:</u>		
Department of Agriculture and Forestry		250,000
Forestry Research	10.652	
<u>Direct Awards:</u>		
Department of Agriculture and Forestry		115,182
Cooperative Forestry Assistance	10.664	
<u>Direct Awards:</u>		
Department of Agriculture and Forestry		2,653,094
Southern University and A&M College (Baton Rouge)		11,947
Total Cooperative Forestry Assistance		2,665,041
Schools and Roads - Grants to States	10.665	
<u>Direct Awards:</u>		
Department of the Treasury		4,125,838
Rural Development, Forestry, and Communities	10.672	
<u>Direct Awards:</u>		
Department of Agriculture and Forestry		10,037
Rural Business Enterprise Grants	10.769	
<u>Direct Awards:</u>		
University of Louisiana at Monroe		2,678
Distance Learning and Telemedicine Loans and Grants	10.855	
<u>Direct Awards:</u>		
Northwestern State University		3,637
Soil and Water Conservation	10.902	
<u>Direct Awards:</u>		
Southern University and A&M College (Baton Rouge)		19,965

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
U.S. DEPARTMENT OF AGRICULTURE (CONT.)		
Environmental Quality Incentives Program	10.912	
<u>Direct Awards:</u>		
LSU Agricultural Center		\$9,319
Agricultural Statistics Reports	10.950	
<u>Direct Awards:</u>		
Department of Agriculture and Forestry		21,950
Southern University and A&M College (Baton Rouge)		2,000
Total Agricultural Statistics Reports		23,950
Technical Agricultural Assistance	10.960	
<u>Direct Awards:</u>		
LSU Agricultural Center		229,646
Scientific Cooperation and Research	10.961	
<u>Direct Awards:</u>		
LSU Agricultural Center		112,452
4-H Centennial Conversation Initiative	10.unknown	
<u>Through: National 4-H Council</u>		
LSU Agricultural Center		16,660
Biology and Control of the Formosan Subterranean Termites	10.58-6435-2-0023	
<u>Direct Awards:</u>		
LSU Agricultural Center		150,869
Container Salvage Fund	10.unknown	
<u>Direct Awards:</u>		
Department of Agriculture and Forestry		11,323
Crop Emergency Assurance Act	10.unknown	
<u>Direct Awards:</u>		
Department of Agriculture and Forestry		830,500
Forest Service Cooperative Agreement		
<u>Direct Awards:</u>		
University of Louisiana at Monroe	10.00-CS-11080600-010	9,580
University of Louisiana at Monroe	10.02-CS-11080600-010	4,878
<u>Through: Kisatchie National Forest</u>		
Northwestern State University	10.01PA11080603010	517
Total Forest Service Cooperative Agreement		14,975

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANASchedule of Expenditures of Federal Awards
For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
U.S. DEPARTMENT OF AGRICULTURE (CONT.)		
Indonesia Phase II - Beef/Cattle Industry <u>Direct Awards:</u> LSU Agricultural Center	10.unknown	\$26,765
IPA Agreement - Dr Kenneth Angel <u>Direct Awards:</u> LSU A&M College (Baton Rouge)	10.14318	6,626
Livestock and Poultry Environmental Stewardship <u>Through: University of Nebraska</u> LSU Agricultural Center	10.unknown	1,095
National Fish and Wildlife Foundation <u>Through: National Fish and Wildlife Foundation</u> LSU in Shreveport	10.99-CA-014	4,996
Soil Conservation - Fixed Price Contract <u>Direct Awards:</u> Department of Wildlife and Fisheries	10.FSAKCMOCD52	4,327
Southern Region Watershed Resources Management Program <u>Through: Texas A&M University - Texas Agricultural Extension Service (#00-51130-9752)</u> LSU Agricultural Center	10.450140-2	44,217
Termite Management Education Program - Part 2 <u>Direct Awards:</u> LSU Agricultural Center	10.58-6435-8-084	348,810
Training and Transport for 2 Cochran Fellows - Fixed Price Contract <u>Direct Awards:</u> LSU Agricultural Center	10.40-3148-1-5644	5,499
Verification of Recommended Management Practices for Aquatic Species <u>Through: Mississippi State University - Southern Regional Aquaculture Center</u> LSU Agricultural Center	10.97-38500-4124	2,203

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
U.S. DEPARTMENT OF AGRICULTURE (CONT.)		
<u>Child Nutrition Cluster</u>		
School Breakfast Program	10.553	
<u>Direct Awards:</u>		
Department of Education		\$44,959,080
National School Lunch Program	10.555	
<u>Direct Awards:</u>		
Department of Education		143,874,968
Special Milk Program for Children	10.556	
<u>Direct Awards:</u>		
Department of Education		56,713
Summer Food Service Program for Children	10.559	
<u>Direct Awards:</u>		
Department of Education		5,766,928
Total Child Nutrition Cluster		<u>194,657,689</u>
<u>Emergency Food Assistance Cluster:</u>		
Emergency Food Assistance Program (Administrative Costs)	10.568	
<u>Direct Awards:</u>		
Department of Agriculture and Forestry		1,544,518
Emergency Food Assistance Program (Food Commodities)	10.569	
<u>Direct Awards:</u>		
Department of Agriculture and Forestry		8,094,952
Total Emergency Food Assistance Cluster		<u>9,639,470</u>
<u>Food Stamp Cluster:</u>		
Food Stamps	10.551	
<u>Direct Awards:</u>		
Department of Social Services		564,202,603
State Administrative Matching Grants for Food Stamp Program	10.561	
<u>Direct Awards:</u>		
Department of Social Services		35,200,391
Total Food Stamp Cluster		<u>599,402,994</u>

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
U.S. DEPARTMENT OF AGRICULTURE (CONT.)		
<u>Research and Development Cluster:</u>		
Agricultural Research - Basic and Applied Research	10.001	
<u>Direct Awards:</u>		
LSU Agricultural Center		\$29,958
Pennington Biomedical Research Center		420,348
Plant and Animal Disease, Pest Control, and Animal Care	10.025	
<u>Direct Awards:</u>		
LSU Agricultural Center		72,034
LSU A&M College (Baton Rouge)		22,912
Grants for Agricultural Research, Special Research Grants	10.200	
<u>Direct Awards:</u>		
LSU Agricultural Center		1,209,486
Louisiana Tech University		58,307
Pennington Biomedical Research Center		687,752
<u>Through: Auburn University (#2001-34434-10468)</u>		
LSU Agricultural Center		104,586
<u>Through: Colorado State University</u>		
LSU Agricultural Center		3,000
<u>Through: Mississippi State University - Southern</u>		
<u>Regional Aquaculture Center</u>		
LSU Agricultural Center		30,533
<u>Through: North Carolina State University (#00-34103-9665)</u>		
LSU Agricultural Center		4,758
<u>Through: Southern Region Aquaculture Center (#98-38500-7375)</u>		
Louisiana Tech University		6,949
<u>Through: Texas A&M University (#2001-38824-10284, 2002-39924-01900, 99-38824-7364, 00-38824-8959)</u>		
LSU Agricultural Center		34,988
<u>Through: University of Arkansas</u>		
LSU Agricultural Center		3,005
<u>Through: University of Florida</u>		
LSU A&M College (Baton Rouge)		3,291
Cooperative Forestry Research	10.202	
<u>Direct Awards:</u>		
LSU Agricultural Center		154,300
Louisiana Tech University		195,110

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
U.S. DEPARTMENT OF AGRICULTURE (CONT.)		
<u>Research and Development Cluster:</u> (Cont.)		
Payments to Agricultural Experiment Stations Under the Hatch Act	10.203	
<u>Direct Awards:</u>		
LSU Agricultural Center		\$3,641,149
Payments to 1890 Land-Grant Colleges and Tuskegee University	10.205	
<u>Direct Awards:</u>		
Southern University and A&M College (Baton Rouge)		1,480,890
Grants for Agricultural Research - Competitive Research Grants	10.206	
<u>Direct Awards:</u>		
LSU Agricultural Center		236,693
LSU A&M College (Baton Rouge)		331,436
Louisiana Tech University		13,200
Pennington Biomedical Research Center		109,140
University of New Orleans		77,467
<u>Through: Purdue University (#0135203-10873)</u>		
Southern University at Shreveport-Bossier City		6,715
Animal Health and Disease Research	10.207	
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		54,384
1890 Institution Capacity Building Grants	10.216	
<u>Direct Awards:</u>		
Southern University and A&M College (Baton Rouge)		865,415
Higher Education Challenge Grants	10.217	
<u>Direct Awards:</u>		
LSU Agricultural Center		27,190
LSU in Shreveport		12,680
<u>Through: Ohio State University Research Foundation</u>		
LSU Agricultural Center		8,416
Buildings and Facilities Program	10.218	
<u>Direct Awards:</u>		
LSU Agricultural Center		124,225

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
U.S. DEPARTMENT OF AGRICULTURE (CONT.)		
<u>Research and Development Cluster:</u> (Cont.)		
Biotechnology Risk Assessment Research	10.219	
<u>Direct Awards:</u>		
LSU Agricultural Center		\$19,240
Fund for Rural America - Research, Education, and Extension Activities	10.224	
<u>Direct Awards:</u>		
Louisiana Tech University		53,088
Agricultural and Rural Economic Research	10.250	
<u>Through: Mississippi State University</u>		
LSU Agricultural Center		24,200
<u>Through: University of Southern Mississippi</u>		
LSU Health Sciences Center (New Orleans)		2,092
Initiative for Future Agriculture and Food Systems	10.302	
<u>Through: University of Arkansas (#00-52102-9635)</u>		
LSU Agricultural Center		38,031
Forestry Research	10.652	
<u>Direct Awards:</u>		
LSU Agricultural Center		138,698
LSU A&M College (Baton Rouge)		55,327
Louisiana Tech University		1,431
<u>Through: Mississippi State University</u>		
<u>(#SRS 00/01-DG-11330105-1/124)</u>		
LSU Agricultural Center		3,974
Cooperative Forestry Assistance	10.664	
<u>Direct Awards:</u>		
LSU Agricultural Center		14,573
Administrative Office - ARS	10.RD.58-6401-7-002	
<u>Direct Awards:</u>		
LSU Agricultural Center		17
Area Wide Control of the Tarnished Plant Bug in Louisiana	10.RD.58-6402-0-015	
<u>Direct Awards:</u>		
LSU Agricultural Center		94,220

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2002

	<u>CFDA OR OTHER NUMBER</u>	<u>ACTIVITY</u>
U.S. DEPARTMENT OF AGRICULTURE (CONT.)		
<u>Research and Development Cluster:</u> (Cont.)		
Beltwide Collection of Bollworm and Tobacco Budworm	10.RD.58-6402-1-130	
<u>Direct Awards:</u>		
LSU Agricultural Center		\$2,984
Biological Control of Fire Ants in the US Southern Region	10.RD.61811/PROP#Z3397.01	
<u>Through: University of Tennessee</u>		
LSU Agricultural Center		770
Biology and Control of the Formosan Subterranean Termite - Part I	10.RD.58-6435-8-084	
<u>Direct Awards:</u>		
LSU Agricultural Center		255,846
Carbonaceous Materials Made From Agricultural Byproducts and Their Use in Cane	10.RD.58-6435-8-102	
<u>Direct Awards:</u>		
LSU Agricultural Center		13,548
Challenge Cost-Share Agreement - Soil Development and Spatial Variation	10.RD.08-99-06-CCS-011	
<u>Direct Awards:</u>		
LSU Agricultural Center		495
Control of Blue-Green Algae in Aquaculture Ponds	10.RD.unknown	
<u>Through: Mississippi State University - Southern Regional Aquaculture Center</u>		
LSU Agricultural Center		11,847
Cooperative Agreement/Soil Conservation Service	10.RD.68-7217-8-23	
<u>Direct Awards:</u>		
LSU Agricultural Center		16,973
Cooperative Agreement Task Order - Soil and Water Research Unit	10.RD.5864017002/T06413102	
<u>Direct Awards:</u>		
LSU Agricultural Center		14,346
Defining Growing Season From Measured Soil Temperature	10.RD.68-7482-7-264	
<u>Direct Awards:</u>		
LSU Agricultural Center		219

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
U.S. DEPARTMENT OF AGRICULTURE (CONT.)		
<u>Research and Development Cluster:</u> (Cont.)		
Denitrification in Mississippi Delta Agricultural <u>Through: Mississippi State University (#58-6408-9-082)</u> LSU A&M College (Baton Rouge)	10.RD.300071190500021000	\$27,188
Determining Bat Roost Locations on the Kisatchie National Forest <u>Direct Awards:</u> University of Louisiana at Lafayette	10.RD.01-CS-11080604-30	2,945
Develop an Agroforestry Demonstration Project Plan <u>Direct Awards:</u> LSU Agricultural Center	10.RD.68-7482-7-301	9,089
EQIP Educational Assistance Project <u>Direct Awards:</u> University of Louisiana at Lafayette	10.RD.74-7217-0-2	16,869
Establishing Sustainable Production and Information Exchange Systems <u>Through: Baton Rouge Economic and Agricultural Development (#00-COOP-1-8843)</u> LSU Agricultural Center	10.RD.unknown	15,714
Evaluation and Development of Crosses and Corn Hybrids for Resistance <u>Direct Awards:</u> LSU Agricultural Center	10.RD.58-6402-0-102/101	11,856
Evaluation of Corn Genotypes With Live Corn Embryo - Associated Assistance <u>Direct Awards:</u> LSU Agricultural Center	10.RD.58-6435-7-048	83,357
Evaluation of the White Clover Core Collection - Fixed Price Contract <u>Direct Awards:</u> LSU Agricultural Center	10.RD.43-8417-0-202	8,500

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
U.S. DEPARTMENT OF AGRICULTURE (CONT.)		
<u>Research and Development Cluster:</u> (Cont.)		
Genetic Engineering of Cotton to Confer Enhanced Resistance to Aspergillus flavus	10.RD.58-6435-6-033	
<u>Direct Awards:</u> University of Louisiana at Lafayette		\$19,410
Genetics of Between-Breed Resistance to Nematode	10.RD.97-35205-5081	
<u>Direct Awards:</u> LSU A&M College (Baton Rouge)		17,237
Honey Bee Breeding	10.RD.5864012003/T#264131030	
<u>Direct Awards:</u> LSU Agricultural Center		9,358
Impacts of Offroad Vehicles (ORV) to Soil, Water and Other Resources	10.RD.00-CS-11080600-020	
<u>Direct Awards:</u> LSU Agricultural Center		17,839
IPA - David Huxsoll	10.RD.IPA-1940-001	
<u>Direct Awards:</u> LSU A&M College (Baton Rouge)		130,880
Kisatchie National Forest Cost Share Agreement	10.RD.KNF-96-16	
<u>Direct Awards:</u> LSU A&M College (Baton Rouge)		(50)
Management of Aquacultural Effluents From Ponds Through: <u>Mississippi State University - Southern Rural Development Center</u>	10.RD.97-38500-4124	
LSU Agricultural Center		310
Management of Aquacultural Effluents From Ponds Through: <u>Mississippi State University - Southern Rural Development Center</u>	10.RD.99-38500-7375	
LSU Agricultural Center		930
Metabolic Kitchen	10.RD.US AES 2001-102	
<u>Through: University of Arkansas</u> Pennington Biomedical Research Center		246,340

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
U.S. DEPARTMENT OF AGRICULTURE (CONT.)		
<u>Research and Development Cluster:</u> (Cont.)		
Modeling Risk of Chinese Tallow Invasion in an Heterogeneous Landscape	10.RD.00-JV-11272177-028	
<u>Direct Awards:</u> LSU A&M College (Baton Rouge)		\$54,946
Molecular Basis of Stress-Induced Immune Modulation	10.RD.98-35204-6488	
<u>Direct Awards:</u> LSU A&M College (Baton Rouge)		7,662
Molecular Market Variation in a Sweet Potato	10.RD.58-6607-7-007	
<u>Direct Awards:</u> LSU Agricultural Center		(394)
A Multi-State Evaluation of the Influence or Timing	10.RD.58-6402-1-117	
<u>Direct Awards:</u> LSU Agricultural Center		3,000
A Multi-State Evaluation of the Influence or Timing	10.RD.58-6402-1-118	
<u>Direct Awards:</u> LSU Agricultural Center		2,998
Office Space for USDA-NRCS Wetland Science Institute	10.RD.68-7217-5-81	
<u>Direct Awards:</u> LSU Agricultural Center		(3)
Office Space for USDA-NRCS Wetland Science Institute Soil	10.RD.68-7482-1-634Y	
<u>Direct Awards:</u> LSU Agricultural Center		653
Organic Farming Practices Workshop	10.RD.43-6401-1-0162	
<u>Direct Awards:</u> University of Louisiana at Lafayette		2,500
Penchant Basin Wetlands Data Collection and Report Preparation	10.RD.68-7217-9-05	
<u>Direct Awards:</u> LSU A&M College (Baton Rouge)		134,661

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2002

	<u>CFDA OR OTHER NUMBER</u>	<u>ACTIVITY</u>
U.S. DEPARTMENT OF AGRICULTURE (CONT.)		
<u>Research and Development Cluster:</u> (Cont.)		
Populous Crop Development for the Southeastern United States: Phase V <u>Through: Mississippi State University</u> LSU Agricultural Center	10.RD.99-09-0796-02/#330505 080100	\$2,240
Predicting the Impacts of Sea Level Rise on Micronesian Mangrove Forests <u>Direct Awards:</u> University of Louisiana at Lafayette	10.RD.PSW-97-0018CA	1,811
Research and Document Genetic Variability of Double-crested Cormorant <u>Direct Awards:</u> University of Louisiana at Lafayette	10.RD.00-7407-0379(CA)	1,671
Rice Research <u>Direct Awards:</u> LSU Agricultural Center	10.RD.5864017002/T16413105	2,970
Services of Frankie Gould <u>Direct Awards:</u> LSU Agricultural Center	10.RD.90-CSA-LA1-122/P&PA-01-230	9,514
Shallow Water Management - Crawfish/Waterbird Habitat <u>Direct Awards:</u> University of Louisiana at Lafayette	10.RD.74-7217-0-3	128
Soil and Water Research Unit <u>Direct Awards:</u> LSU Agricultural Center	10.RD.58640120003/T#264131020	48,687
Specialty Crop Funds - Fixed Price Contract <u>Through: Louisiana Pecan Growers Association</u> LSU Agricultural Center	10.RD.unknown	55,000
Sugarcane Research <u>Direct Awards:</u> LSU Agricultural Center	10.RD.5864017002/T16413104	10,652

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
U.S. DEPARTMENT OF AGRICULTURE (CONT.)		
<u>Research and Development Cluster:</u> (Cont.)		
Sugarcane Research	10.RD.5864020003/#T264131040	
<u>Direct Awards:</u>		
LSU Agricultural Center		\$28,554
Sugar Cane Specialty Crop Grant	10.RD.unknown	
<u>Through: American Sugar Cane League</u>		
LSU Agricultural Center		57,500
To Detect, Diagnose, and Evaluate the Destructive Potential of Pathological Organism	10.RD.08-99-SP&F-CCS-01	
<u>Direct Awards:</u>		
LSU Agricultural Center		5,682
To Monitor Abundance and Distribution of Northern Bobwhite	10.RD.01-CS-11080604-10	
<u>Direct Awards:</u>		
LSU Agricultural Center		3,616
Utilities	10.RD.5864012003/T#264131010	
<u>Direct Awards:</u>		
LSU Agricultural Center		28
Water Data on Coastal Cameron-Creole Vegetative Monitoring	10.RD.68-7217-9-11	
<u>Direct Awards:</u>		
University of Louisiana at Lafayette		14,229
		<hr/>
Total Research and Development Cluster		11,858,313
		<hr/>
Total U.S. Department of Agriculture		\$1,008,909,402
		<hr/> <hr/>
U.S. DEPARTMENT OF COMMERCE		
Economic Development - Support for Planning Organizations	11.302	
<u>Direct Awards:</u>		
Executive Department		\$21,332
		<hr/>
Economic Development - Technical Assistance	11.303	
<u>Direct Awards:</u>		
University of New Orleans		109,414
		<hr/>

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
U.S. DEPARTMENT OF COMMERCE (CONT.)		
Fishery Products Inspection and Certification	11.413	
<u>Direct Awards:</u>		
Department of Agriculture and Forestry		<u>\$106,045</u>
Sea Grant Support	11.417	
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		21,370
<u>Through: Coalition to Restore Coastal Louisiana</u>		
LSU A&M College (Baton Rouge)		<u>3,818</u>
Total Sea Grant Support		<u>25,188</u>
Coastal Zone Management Administration Awards	11.419	
<u>Direct Awards:</u>		
Department of Natural Resources		<u>3,170,574</u>
Cooperative Fishery Statistics	11.434	
<u>Direct Awards:</u>		
Department of Wildlife and Fisheries		<u>643,068</u>
Unallied Industry Projects	11.452	
<u>Direct Awards:</u>		
Department of Wildlife and Fisheries		<u>1,289,735</u>
Habitat Conservation	11.463	
<u>Direct Awards:</u>		
Department of Natural Resources		<u>3,637,217</u>
Coastal Services Center	11.473	
<u>Direct Awards:</u>		
Department of Natural Resources		<u>964,327</u>
Technology Opportunities	11.552	
<u>Direct Awards:</u>		
Grambling State University		156,267
Nicholls State University		<u>116,256</u>
Total Technology Opportunities		<u>272,523</u>

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
U.S. DEPARTMENT OF COMMERCE (CONT.)		
Measurement and Engineering Research and Standards	11.609	
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		\$1,200
Cooperative Enforcement Agreement	11.1AAFG0364	
<u>Direct Awards:</u>		
Department of Wildlife and Fisheries		2,000,000
The Fire Information Network	11.22-60-I01004	
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		116,403
Gulf of Mexico Fisheries Management Council	11.99-LA-70300	
<u>Direct Awards:</u>		
Department of Wildlife and Fisheries		30,000
National Marine Fisheries - Sea Turtle		
<u>Direct Awards:</u>		
McNeese State University	11.40GENF900200	3,001
McNeese State University	11.40GENF000167	15,263
Total National Marine Fisheries - Sea Turtle		18,264
<u>Public Works and Economic Development Cluster:</u>		
Economic Adjustment Assistance	11.307	
<u>Direct Awards:</u>		
Grambling State University		97,228
<u>Research and Development Cluster:</u>		
ITA Special Projects	11.113	
<u>Through: North Carolina State University (#99-27-07400)</u>		
LSU A&M College (Baton Rouge)		46,942
Interjurisdictional Fisheries Act of 1986	11.407	
<u>Direct Awards:</u>		
Department of Wildlife and Fisheries		151,514

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See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
U.S. DEPARTMENT OF COMMERCE (CONT.)		
<u>Research and Development Cluster: (Cont.)</u>		
Sea Grant Support	11.417	
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		\$1,899,294
<u>Through: Dauphin Island Sea Lab (#NA86RG0039)</u>		
LSU A&M College (Baton Rouge)		8,039
<u>Through: University of Mississippi</u>		
LSU A&M College (Baton Rouge)		34,950
Coastal Zone Management Administration Awards	11.419	
<u>Through: University of New Hampshire</u>		
LSU A&M College (Baton Rouge)		8,670
Coastal Zone Management Estuarine Research Reserves	11.420	
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		1,271
<u>Through: University of New Hampshire</u>		
LSU A&M College (Baton Rouge)		148,082
Undersea Research	11.430	
<u>Through: University of North Carolina at Wilmington</u>		
<u>(#NA96RU-0260)</u>		
LSU A&M College (Baton Rouge)		284
Office of Oceanic and Atmospheric Research (OAR)		
Joint and Cooperative Institutes	11.432	
<u>Through: Desert Research Institute - University System</u>		
<u>of Nevada (#NA67RJ0146/1222)</u>		
LSU A&M College (Baton Rouge)		464,257
Marine Fisheries Initiative	11.433	
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		122,706
Cooperative Fishery Statistics	11.434	
<u>Direct Awards:</u>		
Department of Wildlife and Fisheries		105,812
Southeast Area Monitoring and Assessment Program	11.435	
<u>Direct Awards:</u>		
Department of Wildlife and Fisheries		151,843

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
U.S. DEPARTMENT OF COMMERCE (CONT.)		
<u>Research and Development Cluster: (Cont.)</u>		
Unallied Management Projects	11.454	
<u>Through: Gulf and South Atlantic Fisheries Foundation, Inc.</u>		
LSU A&M College (Baton Rouge)		\$1,485
Habitat Conservation	11.463	
<u>Direct Awards:</u>		
Louisiana Universities Marine Consortium		2,445
Center for Sponsored Coastal Ocean Research - Coastal Ocean Program	11.478	
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		226,476
Louisiana Universities Marine Consortium		428,949
Public Telecommunications Facilities - Planning and Construction	11.550	
<u>Direct Awards:</u>		
University of Louisiana at Lafayette		179,284
Measurement and Engineering Research and Standards	11.609	
<u>Direct Awards:</u>		
Board of Regents for Higher Education		23,701
LSU A&M College (Baton Rouge)		2,782
Southern University and A&M College (Baton Rouge)		22,517
Baltimore Train Derailment	11.RD.50ABNC700031/T O	
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		2,495
Chemical Hazardous Assessment, Training and Technical Support	11.RD.50ABNC700031/T O	
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		270,974
Collection, Review, Synthesis and Summarization of Shark Nursery Ground Information - Fixed Price Contract	11.RD.40EPNF000065	
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		1,000

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
U.S. DEPARTMENT OF COMMERCE (CONT.)		
<u>Research and Development Cluster: (Cont.)</u>		
An Evaluation of the Factors that Maximize Wetland Recovery After In-Situ Burn	11.RD.70NANB9H0022	
<u>Direct Awards:</u> LSU A&M College (Baton Rouge)		\$61,585
Genetic Status of Acropora Palmata Populations - Fixed Price Contract	11.RD.40GENF000152	
<u>Direct Awards:</u> LSU A&M College (Baton Rouge)		9,999
Manufacturing Extension Partnership	11.RD.70NANB6H0172	
<u>Direct Awards:</u> University of Louisiana at Lafayette		476,248
Mosquito Bay Spill Response - Mod #51 - Task Order #22	11.RD.50ABNC700031/T O	
<u>Direct Awards:</u> LSU A&M College (Baton Rouge)		3,479
Mystery Spill 448, Miami, Florida	11.RD.50ABNC700031/T O	
<u>Direct Awards:</u> LSU A&M College (Baton Rouge)		2,500
Sample Collections - Age and Size Composition of Red Snapper Commercial Harvest - Fixed Price Contract	11.RD.40GANF000069	
<u>Direct Awards:</u> LSU A&M College (Baton Rouge)		11,850
Support for Barrier Island Restoration Projects - Fixed Price Contract	11.RD.40-AA-NF-216504	
<u>Direct Awards:</u> LSU A&M College (Baton Rouge)		12,492
Support for Wetland Restoration Projects - Fixed Price Contract	11.RD.OBLIG-2001-7138-0-0	
<u>Direct Awards:</u> LSU A&M College (Baton Rouge)		24,821
Total Research and Development Cluster		4,908,746
Total U.S. Department of Commerce		\$17,411,264

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
U.S. DEPARTMENT OF DEFENSE		
Procurement Technical Assistance for Business Firms <u>Direct Awards:</u> Executive Department	12.002	<u>\$150,537</u>
Planning Assistance to States <u>Direct Awards:</u> Executive Department	12.110	<u>183,035</u>
State Memorandum of Agreement Program for the Reimbursement of Technical Services <u>Direct Awards:</u> Department of Environmental Quality	12.113	<u>42,339</u>
Basic and Applied Scientific Research <u>Through: Concurrent Technologies (#N00140-96)</u> Southern University at New Orleans	12.300	<u>(46)</u>
Military Construction, National Guard <u>Direct Awards:</u> Department of Military Affairs	12.400	<u>4,279,433</u>
National Guard Military Operations and Maintenance (O&M) Projects <u>Direct Awards:</u> Department of Military Affairs	12.401	<u>10,554,674</u>
National Guard Civilian Youth Opportunities <u>Direct Awards:</u> Department of Military Affairs	12.404	<u>6,372,344</u>
Air Force Defense Research Sciences Program <u>Direct Awards:</u> LSU A&M College (Baton Rouge)	12.800	<u>18,445</u>
Mathematical Sciences Grants Program <u>Through: The Shaw Group</u> Southern University and A&M College (Baton Rouge)	12.901	<u>59,098</u>

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
U.S. DEPARTMENT OF DEFENSE (CONT.)		
Defense Technology Conversion, Reinvestment, and Transition Assistance	12.911	
<u>Direct Awards:</u>		
Southern University at New Orleans		\$31,630
Acute Toxicity/RDX	12.DACA 42-02-P-0035	
<u>Direct Awards:</u>		
University of Louisiana at Monroe		2,346
Army Corps of Engineers - Mississippi River Deepening/Salt Water Mitigation Plan	12.unknown	
<u>Direct Awards:</u>		
Department of Transportation and Development		374,335
Can Gapping Dredged Material Levees Improve Sustainability and Nekton Utilization in LA Coastal Salt Marshes - Fixed Price Contract	12-DACW42-01-P-0280	
<u>Direct Awards:</u>		
University of New Orleans		41,192
Coastwide Nutria Control Program LA-3b	12.unknown	
<u>Direct Awards:</u>		
Department of Wildlife and Fisheries		48,919
Department of Defense High Performance Computing Program	12.unknown	
<u>Through: Northrop Grumman (#972-0383-07)</u>		
Grambling State University		(630)
Fort Polk Family Advocacy Program (FAP)	12.FTPOLK1	
<u>Direct Awards:</u>		
LSU Agricultural Center		199,257
Industrial Canal Lock Replacement Housing Impact Analysis on Property Values in Adjacent Neighborhoods (Tasks 1 through 5) - Fixed Price Contract	12.DACW29-99-M-0158	
<u>Direct Awards:</u>		
University of New Orleans		14,358

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
U.S. DEPARTMENT OF DEFENSE (CONT.)		
Joint Readiness Training Center <u>Direct Awards:</u> Department of Military Affairs	12.MIPR0AOPSNN011	<u>\$189,411</u>
Junior Science and Humanities Symposium <u>Through: Academy of Applied Science (#DAAG55-98-1-0468)</u> LSU A&M College (Baton Rouge)	12.14004/14633	<u>11,261</u>
Monitoring of Habitats Created by Dredging Material During Routine Maintenance of 14 Navigation Channels Operated and Maintained by the U.S. Army Corps of Engineers - Fixed Price Contract <u>Direct Awards:</u> University of New Orleans	12.DACW29-98-D-0008	<u>209,006</u>
Projecting the Effects of Management Actions on Fisheries Species in the Vermilion - Atchafalaya Coastal Bays - Fixed Price Contract <u>Direct Awards:</u> University of New Orleans	12-DACW29-01-P-0001	<u>48,500</u>
Providing Guidance to Graduate Students and Research Scientists at CRREL and Air Force Wright Lab - Fixed Price Contract <u>Direct Awards:</u> University of New Orleans	12-DACA89-96-M-0282	<u>10,000</u>
Rear Training Detachment <u>Direct Awards:</u> Department of Military Affairs	12.MIPR1AUAL5H015	<u>8,451</u>
U.S. Army ROTC Cadet Command <u>Direct Awards:</u> Grambling State University	12.DABT60-96-P-0420	<u>11,777</u>
U.S. Corps of Engineers - Coastal Wetlands Planning, Protection and Restoration Act <u>Direct Awards:</u> Department of Wildlife and Fisheries	12.W42-HEM-03123229	<u>35,000</u>

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
U.S. DEPARTMENT OF DEFENSE (CONT.)		
<u>Research and Development Cluster:</u>		
Procurement Technical Assistance for Business Firms	12.002	
<u>Direct Awards:</u>		
University of Louisiana at Lafayette		\$268,344
Collaborative Research and Development	12.114	
<u>Direct Awards:</u>		
Louisiana Universities Marine Consortium		123,815
Southern University and A&M College (Baton Rouge)		292,299
Basic and Applied Scientific Research	12.300	
<u>Direct Awards:</u>		
Board of Regents for Higher Education		81,502
Grambling State University		110,003
LSU A&M College (Baton Rouge)		234,932
LSU Health Sciences Center (New Orleans)		125,158
Louisiana Tech University		211,546
Louisiana Universities Marine Consortium		495,239
Southern University and A&M College (Baton Rouge)		474,003
University of New Orleans		854,005
<u>Through: Georgia Institute of Technology (#E-21-H43-G1)</u>		
Louisiana Tech University		28,206
<u>Through: Massachusetts General Hospital (#N00173-01-1-G011)</u>		
LSU A&M College (Baton Rouge)		422,393
<u>Through: Mississippi State University (#N00014-00-1-0886)</u>		
LSU A&M College (Baton Rouge)		51,111
<u>Through: University of Arizona - Board of Regents</u>		
LSU A&M College (Baton Rouge)		3,127
<u>Through: Virginia Polytechnic Institute (#N00014-D1-1-0852)</u>		
LSU A&M College (Baton Rouge)		138,083
Military Medical Research and Development	12.420	
<u>Direct Awards:</u>		
LSU Agricultural Center		8,448
LSU Health Sciences Center (Shreveport)		493,253
Pennington Biomedical Research Center		4,888,644

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
U.S. DEPARTMENT OF DEFENSE (CONT.)		
<u>Research and Development Cluster: (Cont.)</u>		
Basic Scientific Research	12.431	
<u>Direct Awards:</u>		
Board of Regents for Higher Education		\$37,632
Louisiana Tech University		444,200
<u>Through: Pennsylvania State University</u>		
<u>(#2123-LTU-USA-0646)</u>		
Louisiana Tech University		20,821
Basic, Applied, and Advanced Research in Science and Engineering	12.630	
<u>Direct Awards:</u>		
Board of Regents for Higher Education		119,574
Grambling State University		16,681
LSU A&M College (Baton Rouge)		545,050
<u>Through: University of Southern California (#F49620-01-1-0474)</u>		
LSU A&M College (Baton Rouge)		62,951
Air Force Defense Research Sciences Program	12.800	
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		13,435
Louisiana Tech University		415,558
Southern University and A&M College (Baton Rouge)		69,554
<u>Through: University of Nebraska - Board of Regents</u>		
LSU A&M College (Baton Rouge)		33,653
Mathematical Sciences Grants Program	12.901	
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		73,070
Research and Technology Development	12.910	
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		1,858,156
University of New Orleans		111,046
<u>Through: University of Wisconsin - Tentative</u>		
<u>(#MCA972-01-1-0039)</u>		
LSU A&M College (Baton Rouge)		12,622
Additions of Lakes, Wetlands and Detention Basins	12.RD.DACA39-99-C-0034	
<u>Through: University of Connecticut</u>		
University of Louisiana at Lafayette		35,496

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
U.S. DEPARTMENT OF DEFENSE (CONT.)		
<u>Research and Development Cluster:</u> (Cont.)		
Analysis and Evaluation of the Nonlinear Response of Concrete Gravity Dams - Fixed Price Contract	12.RD.DACW42-00-C-0009	
<u>Direct Awards:</u> LSU A&M College (Baton Rouge)		\$101,686
Applications and Mass Production of High Aspect Ratio Microstructures	12.RD.DABT63-95-C-0020	
<u>Direct Awards:</u> LSU A&M College (Baton Rouge)		(682)
Armed Forces Retirement Home Gulfport Dining Facility	12.RD.N02-SE-0062	
<u>Direct Awards:</u> LSU A&M College (Baton Rouge)		33,690
Assessment of a Mathematical Model for Air Emissions - Fixed Price Contract		
<u>Direct Awards:</u> LSU A&M College (Baton Rouge)	12.RD.DACA42-02-P-0039	14,420
LSU A&M College (Baton Rouge)	12.RD.DACA42-01-P-0033	43,218
The Baywatch Real-Time Physical Measurements - Fixed Price Contract	12.RD.DACW29-01-P-0150	
<u>Direct Awards:</u> LSU A&M College (Baton Rouge)		73,504
Characterization & Mitigation of Service Failures <u>Through: University of Missouri-Columbia (#DAAD19-01-1-0646)</u>	12.RD.2104-LSU-USA-0646	
LSU A&M College (Baton Rouge)		16,391
Chemical Volatilization Rates From Sediment and Soils - A Literature Review - Fixed Price Contract	12.RD.DACW42-01-P-0165	
<u>Direct Awards:</u> LSU A&M College (Baton Rouge)		14,700
Comparative Study of Two Matching Strategies for Cases With Hybrid Features - Fixed Price Contract	12.RD.DAAD17-00-P-1479	
<u>Direct Awards:</u> LSU A&M College (Baton Rouge)		16,562

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
U.S. DEPARTMENT OF DEFENSE (CONT.)		
<u>Research and Development Cluster: (Cont.)</u>		
Completion of Lower Atchafalaya Reevaluation - Fixed Price Contract	12.RD.DACW29-99-C-0069	
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		\$104,503
Composite Helicopter Hanger Southeastern University Consortium, Task S.4	12.RD.N0014-01-C-0109	
<u>Through: Mississippi State University (#060700 30135901)</u>		
University of New Orleans		48,572
Conceptual Design Studies for US Naval Home - Fixed Price Contract	12.RD.N01-SE-0114	
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		9,975
Cumulative Effects of Flood Induced Seepage on Piping Problems	12.RD.DACW39-99-C-0028	
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		32,093
Damage in Materials Due to Impact Loading - Fixed Price Contract	12.RD.F33601-01-P-0343	
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		15,000
Daptive Membrane Masks for Next Generation Lithographies	12.RD.DAAD19-00-1-0434	
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		244,027
Determination of Total Daily Energy Requirements and Activity Patterns of Service	12.RD.DAMD17-96-2-6025	
<u>Direct Awards:</u>		
Pennington Biomedical Research Center		83,647
Development of a Predictive Model Integrating the Physical, Chemical and Biological	12.RD.DSWA01-98-1-0013	
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		104,161

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
U.S. DEPARTMENT OF DEFENSE (CONT.)		
<u>Research and Development Cluster: (Cont.)</u>		
Emergent Surveillance Plexus <u>Through: Applied Research Laboratory - Pennsylvania State University (#DAAD19-01-1-0504)</u> LSU A&M College (Baton Rouge)	12.RD.S01-22	\$18,323
Estimating Vertical Displacement in Growth Faults - Fixed Price Contract <u>Direct Awards:</u> LSU A&M College (Baton Rouge)	12.RD.DACW29-01-P-0316	15,000
Exploring the Interaction of Implicit & Explicit <u>Through: University of Missouri - Columbia (#DASW01-00-K-0012)</u> LSU A&M College (Baton Rouge)	12.RD.00105491-1/C-5-34051	43,139
Fungal Bioreactor to Treat Volatile Organic Contaminants - Fixed Price Contract <u>Direct Awards:</u> LSU A&M College (Baton Rouge)	12.RD.F08637-01-C-6002	37,046
Greer's Ferry Dam Recreation Impacts <u>Through: University of Arkansas (#DACW03-01-P-0026)</u> LSU A&M College (Baton Rouge)	12.RD.SA0203078	7,988
Gulf Coast Region Maritime Technology Center <u>Direct Awards:</u> University of New Orleans	12.RD.N00014-98-2-0010	6,434,317
High-Performance Wireless Information Systems <u>Direct Awards:</u> University of Louisiana at Lafayette	12.RD.DAAG55-98-1-0240	1,075
Hydrologic Investigation of Low Gradient Watersheds <u>Direct Awards:</u> University of Louisiana at Lafayette	12.RD.DAAD19-00-1-0413	22,161
ID of Synaptic Signaling Events and Sleeping Deprivation <u>Direct Awards:</u> LSU Health Sciences Center (New Orleans)	12.RD.DAAD19-02-1-0042	252,118

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
U.S. DEPARTMENT OF DEFENSE (CONT.)		
<u>Research and Development Cluster: (Cont.)</u>		
Intergovernmental Personnel Act Agreement		
<u>Direct Awards:</u>		
University of New Orleans	12.RD.unknown	\$185,462
University of New Orleans (Louis Fishman)	12.RD.N0017397 IPA 0006	10,562
Intergovernmental Personnel Act - Geotechnical Laboratory		
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)	12.RD.IPA-HEYMSFIELD	12,357
IPA - Air War College (Lamar)		
<u>Direct Awards:</u>		
University of Louisiana at Lafayette	12.RD.unknown	50,449
IPA Lafayette Parish Flood Study		
<u>Direct Awards:</u>		
University of Louisiana at Lafayette	12.RD.unknown	1,318
Investigation of Nanophase Materials for Thermoelectric Application		
<u>Direct Awards:</u>		
University of New Orleans	12.RD.DAAD19-99-1-0001	338,966
Laboratory Study on Longshore Sediment Transport Processes at the Longshore Sediment - Fixed Price Contract		
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)	12.RD.DACW39-99-P-0828	31,472
Landscape Ecological Modeling-Vermilion-Cote Blanche - Fixed Price Contract		
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)	12.RD.DACW29-97-D-0035	6,160
Large Scale Systems Development Using the Macro Mosaics Concept		
<u>Direct Awards:</u>		
University of New Orleans	12.RD.DAAG55-98-1-0525	802
Nanophase Magnetic Particles for Advance Materials		
<u>Direct Awards:</u>		
University of New Orleans	12.RD.MDA972-97-1-0003	1,225,133

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
U.S. DEPARTMENT OF DEFENSE (CONT.)		
<u>Research and Development Cluster: (Cont.)</u>		
Parallel and Distributed Evaluation, Visualization and Reasoning to Advanced Distributive Interactive Simulation Technology	12.RD.DAAH04-95-1-0250	
<u>Direct Awards:</u> Grambling State University		\$717,783
Partial Support of the 61st Annual Physical Electronics Conference - Fixed Price Contract	12.RD.DAAD19-01-1-0665	
<u>Direct Awards:</u> LSU A&M College (Baton Rouge)		3,150
Research in Affordability Measurement and Prediction Methods to Support Affordable Design of Ship Systems <u>Through: Cognition Corporation (#90905G)</u> Louisiana Tech University	12.RD.N00014-00-C-0269	34,916
Scalable Quasi-Continuum Software for Advanced Mix <u>Direct Awards:</u> LSU A&M College (Baton Rouge)	12.RD.DAAD19-01-2-0022	44,513
Sequences for the Identification of Human Population <u>Direct Awards:</u> LSU A&M College (Baton Rouge)	12.RD.4N1756-00-C-0810	42,513
Signal Processing, Scattering, and Modeling Studies for Underwater Acoustics and Seafloor Geophysics <u>Direct Awards:</u> University of New Orleans	12.RD.N00014-95-1-G922	63,540
Sleep Deprivation and LTP in Vivo <u>Direct Awards:</u> University of New Orleans	12.RD.unkown	64,401
Southeastern Louisiana Flood Control Project <u>Direct Awards:</u> University of New Orleans	12.RD.UNO-NOD IPA	20,332

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
U.S. DEPARTMENT OF DEFENSE (CONT.)		
<u>Research and Development Cluster: (Cont.)</u>		
Strategic Environmental Research and Development Program - Fixed Price Contract	12.RD.F08637-00-M-6001	
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		\$13,158
Synaptic Plasticity Modifications Gene Expression	12.RD.4330 1115AC	
<u>Direct Awards:</u>		
LSU Health Sciences Center (New Orleans)		381,660
Technical Support for Development of New BioActive Multi-Layer Films by Self Assembly Protein and Polyelectrolytes	12.RD.N00173-01-P-1567	
<u>Direct Awards:</u>		
Louisiana Tech University		30,000
To Develop the Atchafalaya Basin GIS and Acquire Knowledge	12.RD.IPA-HALE	
<u>Direct Awards:</u>		
LSU Agricultural Center		34,028
U.S. Army Subcontract - Stress, Organophosphates and Blood Brain Barrier Integrity	12.RD.DAMD170010070	
<u>Through: Oklahoma State University (#DAMD 1700100)</u>		
LSU Health Sciences Center (Shreveport)		646
U.S. Navy LPD-17 Project - Electronic Visualization Systems Support	12.RD.N00024-97-C-2202	
<u>Through: Avondale Industries Incorporated (#PO #MLP00840)</u>		
University of New Orleans		245,186
<u>Through: UNO R&T Foundation (Avondale) (#PO #MLP51127)</u>		
University of New Orleans		377,200
Virtual Prototyping and Testing of Polymer Composite Components for Application to Future Combat Systems	12.RD.DAAH04-96-C-0086	
<u>Through: UNO R&T Foundation (Battelle)</u>		
<u>(#Task Control No. 01157)</u>		
University of New Orleans		79,377

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANASchedule of Expenditures of Federal Awards
For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
U.S. DEPARTMENT OF DEFENSE (CONT.)		
<u>Research and Development Cluster:</u> (Cont.)		
White River Minimum Flow Study	12.RD.SA0203079	
<u>Through: University of Arkansas (#DACW03-01-P-0026)</u>		
LSU A&M College (Baton Rouge)		\$6,999
		<hr/>
Total Research and Development Cluster		24,982,327
		<hr/>
Total U.S. Department of Defense		\$47,876,999
		<hr/> <hr/>
CENTRAL INTELLIGENCE AGENCY		
<u>Research and Development Cluster:</u>		
Mobile Elements and Human Variation	13.RD.2000*S086100*000	
<u>Direct Awards:</u>		
LSU Health Sciences Center (New Orleans)		\$80,909
		<hr/>
Total Central Intelligence Agency		\$80,909
		<hr/> <hr/>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
Federally Assisted Low-Income Housing Drug Elimination	14.193	
<u>Through: Housing Authority of New Orleans</u>		
Department of Military Affairs		\$45,676
		<hr/>
Community Development Block Grants/State's Program	14.228	
<u>Direct Awards:</u>		
Executive Department		32,919,202
		<hr/>
Emergency Shelter Grants Program	14.231	
<u>Direct Awards:</u>		
Department of Social Services		1,753,023
		<hr/>
Supportive Housing Program	14.235	
<u>Direct Awards:</u>		
Eastern Louisiana Mental Health System		255,828
		<hr/>

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (CONT.)		
Historically Black Colleges and Universities Program	14.237	
<u>Direct Awards:</u>		
Grambling State University		\$8,812
Southern University and A&M College (Baton Rouge)		179,852
Southern University at New Orleans		293,478
		<hr/>
Total Historically Black Colleges and Universities Program		482,142
		<hr/>
Shelter Plus Care	14.238	
<u>Direct Awards:</u>		
Department of Health and Hospitals		486,984
		<hr/>
Housing Opportunities for Persons With AIDS	14.241	
<u>Direct Awards:</u>		
Office of Public Health		1,007,017
		<hr/>
Opportunities for Youth - Youthbuild Program	14.243	
<u>Direct Awards:</u>		
LTC, Sullivan Campus		226,774
LTC, Tallulah Campus		225,058
<u>Through: Workforce Investment Board (Alexandria)</u>		
LTC, Alexandria Campus		124,346
		<hr/>
Total Opportunities for Youth - Youthbuild Program		576,178
		<hr/>
Community Development Block Grants/Economic Development Initiative	14.246	
<u>Direct Awards:</u>		
Nicholls State University		11,321
		<hr/>
Fair Housing Assistance Program - State and Local	14.401	
<u>Direct Awards:</u>		
Department of Justice		252,683
		<hr/>
Community Outreach Partnership Center Program	14.511	
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		43,518
		<hr/>

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (CONT.)		
Healthy Homes Initiative Grants <u>Through: National Center for Lead-Safe Housing</u> Executive Department	14.901	\$10,925
Community Development Block Grant Program City of New Orleans SuperNofa-Employment Training <u>Through: City of New Orleans (#CD #50-115 (93))</u> University of New Orleans	14.unknown	23,017
Supportive Housing Program <u>Direct Awards:</u> Southeast Louisiana Hospital	14.LA-48B06002	165,465
Weed and Seed Program <u>Through: Housing Authority of New Orleans (#27987)</u> Southern University at New Orleans	14.unknown	69,921
<u>Research and Development Cluster:</u> Supportive Housing Program <u>Through: Unity for the Homeless</u> LSU Health Sciences Center (New Orleans)	14.235	2,416
EPI Special Projects Program <u>Direct Awards:</u> University of New Orleans	14.RD.B-01-SP-LA-0229	97,678
National Center for the Revitalization of Central Cities <u>Direct Awards:</u> University of New Orleans	14.RD.B-98-SP-LA-0001	50,002
National Center for the Revitalization of Central Cities <u>Direct Awards:</u> University of New Orleans	14.RD.B-00-SP-LA-0153	102,180
UNO Welfare Entrepreneurship Program <u>Direct Awards:</u> University of New Orleans	14.RD.B-99-SP-LA-0124	180,605
Total Research and Development Cluster		432,881
Total U.S. Department of Housing and Urban Development		\$38,535,781

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
U.S. DEPARTMENT OF INTERIOR		
Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining	15.250	
<u>Direct Awards:</u>		
Department of Natural Resources		<u>\$103,935</u>
Abandoned Mine Land Reclamation (AMLR) Program	15.252	
<u>Direct Awards:</u>		
Department of Natural Resources		<u>106,646</u>
Fish and Wildlife Management Assistance	15.608	
<u>Direct Awards:</u>		
Grambling State University		<u>(59)</u>
Cooperative Endangered Species Conservation Fund	15.615	
<u>Direct Awards:</u>		
University of Louisiana at Monroe		<u>1,894</u>
Clean Vessel Act	15.616	
<u>Direct Awards:</u>		
Department of Wildlife and Fisheries		<u>100,472</u>
Wildlife Conservation and Restoration	15.625	
<u>Direct Awards:</u>		
Department of Wildlife and Fisheries		<u>866</u>
Assistance to State Water Resources Research Institutes	15.805	
<u>Direct Awards:</u>		
Southern University and A&M College (Baton Rouge)		<u>152,173</u>
U.S. Geological Survey - Research and Data Acquisition	15.808	
<u>Direct Awards:</u>		
University of Louisiana at Monroe		<u>14,426</u>
Historic Preservation Fund Grants-In-Aid	15.904	
<u>Direct Awards:</u>		
Culture, Recreation and Tourism, Department of		<u>886,231</u>
Outdoor Recreation - Acquisition, Development and Planning	15.916	
<u>Direct Awards:</u>		
Culture, Recreation and Tourism, Department of		<u>58,774</u>

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
U.S. DEPARTMENT OF INTERIOR (CONT.)		
National Center for Preservation Technology and Training <u>Direct Awards:</u> Culture, Recreation and Tourism, Department of	15.923	\$55,843
Cooperative Agreement-MMS Information Transfer Meetings <u>Direct Awards:</u> University of New Orleans	15.1435-01-00CA-31060	123,814
Gulf Sturgeon in Lake Pontchartrain <u>Direct Awards:</u> Department of Wildlife and Fisheries	15.00-106	115,628
Information Transfer Meetings for the Gulf of Mexico Region <u>Direct Awards:</u> University of New Orleans	15.14-35-0001-30665	11,129
Jean Lafitte National Historical Park and Preserve <u>Through: Towson University (#02-U01-001)</u> Southeastern Louisiana University	15.H7530-1-281	20,750
National Fish and Wildlife - Lake Pontchartrain Grassbed Restoration <u>Direct Awards:</u> Department of Wildlife and Fisheries	15.99-237 (2001-0183-000)	38,475
National Park Service - Cooperative Agreements/Contracts: <u>Direct Awards:</u> Northwestern State University Cane River Projects Multiple Projects Heritage Partnership Project Heritage Partnership Project Powered Parachute	 15.H5720010226 15.1443CA000200002 15.CA509098015 15.GA225500014 15.MT221001NC02	 144,975 395,291 427 9,016 23,699
Total National Park Service - Cooperative Agreements/Contracts		573,408
U.S. Geological Survey - Fixed Price Contract <u>Direct Awards:</u> University of Louisiana at Lafayette	15.01CRC0023	49,473

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
U.S. DEPARTMENT OF INTERIOR (CONT.)		
<u>Fish and Wildlife Cluster:</u>		
Sport Fish Restoration	15.605	
<u>Direct Awards:</u>		
Department of Wildlife and Fisheries		\$3,589,086
<u>Through: Research Corporation of the University of Hawaii (#F-14-R)</u>		
LSU A&M College (Baton Rouge)		125,306
<u>Through: Research Corporation of the University of Hawaii (#Z550050 #004355)</u>		
Southeastern Louisiana University		35,755
Wildlife Restoration	15.611	
<u>Direct Awards:</u>		
Department of Natural Resources		960
Southeastern Louisiana University		19,497
Department of Wildlife and Fisheries		3,289,785
<u>Through: Mississippi Department of Wildlife, Fisheries and Parks (#02-U01-0001)</u>		
Southeastern Louisiana University		9,020
Total Fish and Wildlife Cluster		<u>7,069,409</u>
<u>Research and Development Cluster:</u>		
Cooperative Endangered Species Conservation Fund	15.615	
<u>Direct Awards:</u>		
Department of Wildlife and Fisheries		13,989
Wildlife Conservation and Restoration	15.625	
<u>Direct Awards:</u>		
Department of Wildlife and Fisheries		187,847
Assistance to State Water Resources Research Institutes	15.805	
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		56,634
Louisiana Universities Marine Consortium		61,179
U.S. Geological Survey - Research and Data Acquisition	15.808	
<u>Direct Awards:</u>		
LSU Agricultural Center		174,506
LSU A&M College (Baton Rouge)		33,625
University of Louisiana at Lafayette		18,034
University of New Orleans		136,788
Department of Wildlife and Fisheries		669

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
U.S. DEPARTMENT OF INTERIOR (CONT.)		
<u>Research and Development Cluster: (Cont.)</u>		
National Spatial Data Infrastructure Cooperative Agreements Program	15.809	
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		\$21,526
Louisiana Universities Marine Consortium		5,996
National Cooperative Geologic Mapping Program	15.810	
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		127,071
Historic Preservation Fund Grants-In-Aid	15.904	
<u>Through: South Carolina Department of Archives and History</u>		
LSU A&M College (Baton Rouge)		18,969
An Analysis of the Effects of Crude Oil Price Movements and Instability	15.RD.30951/#17805	
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		40,160
Analysis of Periphyton Samples at Fort Polk, Louisiana - Fixed Price Contract	15.RD.01CRSA0459	
<u>Direct Awards:</u>		
LSU Agricultural Center		48,174
An Analysis of the Socioeconomic Effects of OCS Activities on Ports	15.RD.30660/#19957	
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		7,262
Analysis and Synthesis of Louisiana Coastal Boundary Current Data	15.RD.30660/#19936	
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		18,795
Assessment and Development of Immunological Methods	15.RD-00Crag0034	
<u>Direct Awards:</u>		
University of Louisiana at Lafayette		8,318

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
U.S. DEPARTMENT OF INTERIOR (CONT.)		
<u>Research and Development Cluster:</u> (Cont.)		
Assessment and Reduction of Taxonomic Error in Benthic Macrofauna Surveys	15.RD.30951/#16801	
<u>Direct Awards:</u> LSU A&M College (Baton Rouge)		\$21,875
Backfill Dead-End Canals to Resort Marsh-Phase I - Wetland Restoration	15.RD.H 7530 00 0001	
<u>Direct Awards:</u> LSU A&M College (Baton Rouge)		32,802
Black Bayou Refuge	15.1448-40181-00-G-025	
<u>Direct Awards:</u> University of Louisiana at Monroe		600
Capital Investment Decision Making and Trends	15.RD.30951/#18178	
<u>Direct Awards:</u> LSU A&M College (Baton Rouge)		49,924
Changing Patterns of Ownership, Control, and Access to Global Resources	15.RD.30951/#16806	
<u>Direct Awards:</u> LSU A&M College (Baton Rouge)		1,549
The Coastal Division of Industrial Labor Over Time and Space: Continuation	15.RD.30660/#19966	
<u>Direct Awards:</u> LSU Agricultural Center		(600)
Coastal Marine Environmental Modeling	15.RD.30660/#19965	
<u>Direct Awards:</u> LSU A&M College (Baton Rouge)		22,476
Composition and Structure of Groundcover Plant Communities - Fixed Price Contract	15.RD.CA 5280-9-9006	
<u>Direct Awards:</u> LSU A&M College (Baton Rouge)		109,300
A Comprehensive History of Offshore Oil and Gas	15.RD.1435-01-01-CA 31148	
<u>Direct Awards:</u> LSU A&M College (Baton Rouge)		168,587

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
U.S. DEPARTMENT OF INTERIOR (CONT.)		
<u>Research and Development Cluster:</u> (Cont.)		
The Continuing Repatriation of the LA Black Bear	15.RD.1448-40181-02-G-078	
<u>Direct Awards:</u>		
LSU Agricultural Center		\$2,131
A Continuous Monitoring, Shallow Water Hydrodynamic and Meteorological Station	15.RD.1443CA532097010	
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		52,876
Cooperative Agreement	15.RD.FFB	
<u>Direct Awards:</u>		
Department of Wildlife and Fisheries		27,000
Crucial Sediment Delivery Processes Within a Marsh Hydrologic Restoration Process	15.RD.434-CR-97-AG-0001	
<u>Direct Awards:</u>		
Louisiana Universities Marine Consortium		20,479
Deep Water Currents at 92 Degrees	15.RD.30951/#16807	
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		90,650
Deep Water Program: OCS-Related Marine Infrastructure in Gulf of Mexico	15.RD.1435-01-99-CT-30955	
<u>Through: Louis Berger Group, Incorporated</u> <u>(#1435-01-99-CT-30955)</u>		
University of New Orleans		13,989
Demography and Movements of Gopher Frogs in Mississippi (U.S. Fish and Wildlife Services)	15.RD.unknown	
<u>Through: Mississippi Wildlife Federation</u>		
University of New Orleans		15,434
Determining Overwater Visibility and Mixing Height Using Satellite	15.RD.30951/#17810	
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		75,238

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
U.S. DEPARTMENT OF INTERIOR (CONT.)		
<u>Research and Development Cluster: (Cont.)</u>		
Development of LA GIS Data in Support on the Gulf-Wide Information System to Support Oil Spill Contingency	15.RD.30660/#19964	
<u>Direct Awards:</u> LSU A&M College (Baton Rouge)		\$80,661
Development of a Non-Lethal Sampling Procedure	15.RD.1434HQ97RU01561/#68	
<u>Direct Awards:</u> LSU Agricultural Center		137
Economic Effects of Changes in Oil and Gas Prices	15.RD.30951/#18177	
<u>Direct Awards:</u> LSU A&M College (Baton Rouge)		32,241
Effect of Depth and Location on Composition	15.RD.30660/#19947	
<u>Direct Awards:</u> LSU A&M College (Baton Rouge)		89,520
Effects of Oil/Gas Development - A Current Bibliography	15.RD.1435-01-99-CA-30951	
<u>Direct Awards:</u> Louisiana Universities Marine Consortium		33,389
Endangered Species	15.RD.FFB	
<u>Direct Awards:</u> Department of Wildlife and Fisheries		20,000
Endangered Species Act of 1973	15.RD.FFB	
<u>Direct Awards:</u> Department of Wildlife and Fisheries		23,257
Environmental Justice Considerations in Lafourche	15.RD.30951/#18175	
<u>Direct Awards:</u> LSU A&M College (Baton Rouge)		18,945
Estimating Abundance and Genetic Diversity of Black Bears in South-Central LA	15.RD.1448-40181-99-G-138	
<u>Direct Awards:</u> LSU Agricultural Center		(118)

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
U.S. DEPARTMENT OF INTERIOR (CONT.)		
<u>Research and Development Cluster:</u> (Cont.)		
Evaluating and Collecting Acid Precipitation - Fixed Price Contract	15.RD.0HQSA0007/0084	
<u>Direct Awards:</u> LSU Agricultural Center		\$3,100
Evaluating Sublethal Effects of Exposure to Petroleum Additives on Fishes	15.RD.30951/#16802	
<u>Direct Awards:</u> LSU A&M College (Baton Rouge)		104,632
Evaluation of Oil and Gas Platforms on the Louisiana Continental Shelf	15.RD.30951/#17809	
<u>Direct Awards:</u> LSU A&M College (Baton Rouge)		225,113
Evaluation of Use of Wooded Habitats Along the Northern Coast of the Gulf of Mexico	15.RD.1434HQ97RU01561/#57	
<u>Direct Awards:</u> LSU Agricultural Center		(1,090)
The Fate and Effects of Barium and Radium-Rich Fluid Emissions	15.RD.30660/#19946	
<u>Direct Awards:</u> LSU A&M College (Baton Rouge)		(4,821)
Field Sampling and Analyses of Penaid Shrimp	15.RD.00CRAG009	
<u>Direct Awards:</u> University of Louisiana at Lafayette		53,901
Field Sampling and Modeling Studies of Nutrients in Mangrove	15.RD.00CRAG008	
<u>Direct Awards:</u> University of Louisiana at Lafayette		28,549
Foraminiferal Communities of Bathyal and Abyssal	15.RD.30951/#18182	
<u>Direct Awards:</u> LSU A&M College (Baton Rouge)		39,651
High Resolution Model of Current Topographic	15.RD.30951/#18180	
<u>Direct Awards:</u> LSU A&M College (Baton Rouge)		35,351

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
U.S. DEPARTMENT OF INTERIOR (CONT.)		
<u>Research and Development Cluster: (Cont.)</u>		
Historical Reconstruction of Contaminant Loading and Biological Responses	15.RD.30660/#19930	
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		\$37,683
How Does Produced Water Cause a Reduction of the Genetics of Harpatic	15.RD.30660/#19949	
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		14
The Importance of Agricultural Lands in SW Louisiana to Nesting Mottled Ducks	15.RD.1434HQ97RU01561/#56	
<u>Direct Awards:</u>		
LSU Agricultural Center		5,187
IMPROVE Program	15.RD.FFC	
<u>Direct Awards:</u>		
Department of Wildlife and Fisheries		5,000
Improving the Predictive Capability of 30-Seismic Surface Amplitude Data for ID	15.RD.30951/#17801	
<u>Direct Awards:</u>		
LSU and A&M College (Baton Rouge)		339,558
Interactions Between Migrating Birds and Offshore Oil and Gas Rigs Off the Louisiana Coast	15.RD.30660/#19938	
<u>Direct Awards:</u>		
LSU and A&M College (Baton Rouge)		1,920
Interactions Between Migrating Birds and Offshore Platforms; Additions to and Expand	15.RD.30951/#16808	
<u>Direct Awards:</u>		
LSU and A&M College (Baton Rouge)		73,805
Internship Program	15.RD.1448-40181-99-J-011	
<u>Direct Awards:</u>		
University of Louisiana at Lafayette		14,318
Introduction to Section 106 Review: Developing a Distance Learning Template - Fixed Price Contract	15.RD.P221000221	
<u>Direct Awards:</u>		
LSU and A&M College (Baton Rouge)		12,500

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
U.S. DEPARTMENT OF INTERIOR (CONT.)		
<u>Research and Development Cluster:</u> (Cont.)		
Investigating the Influence of Offshore Platforms	15.RD.30951/#17802	
<u>Direct Awards:</u>		
LSU and A&M College (Baton Rouge)		\$17,030
IPA - Vijay P Singh	15.RD.10-RA81-0003	
<u>Direct Awards:</u>		
LSU and A&M College (Baton Rouge)		19,015
Labor Migration and the Deepwater Oil Industry	15.RD.30660/#19958	
<u>Direct Awards:</u>		
LSU and A&M College (Baton Rouge)		3,062
Labor Migration and the Deepwater Oil Industry in Houma	15.RD.30951/#16804	
<u>Direct Awards:</u>		
LSU and A&M College (Baton Rouge)		7,523
Management of the Coastal Marine Institute at LSU	15.RD.30951/#16800	
<u>Direct Awards:</u>		
LSU and A&M College (Baton Rouge)		39,015
Mapping Areas of Hard Bottom and Other Important Bottom Types	15.RD.30951/#17800	
<u>Direct Awards:</u>		
LSU and A&M College (Baton Rouge)		76,099
Modeling Platform Installations and Removals by Water Depths and Planning Area	15.RD.30951/#17806	
<u>Direct Awards:</u>		
LSU and A&M College (Baton Rouge)		59,405
A Modeling Study of Gulf of Mexico Deep Water Circulation and Transport	15.RD.30660/#19952	
<u>Direct Awards:</u>		
LSU and A&M College (Baton Rouge)		21,386
Nutrient Reserve Dynamics of Lesser Scaup During Spring Migration	15.RD.301810M177	
<u>Direct Awards:</u>		
LSU Agricultural Center		(190)

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
U.S. DEPARTMENT OF INTERIOR (CONT.)		
<u>Research and Development Cluster: (Cont.)</u>		
Observation of Deep Water Manifestation of Loop Current Rings	15.RD.30951/#16805	
<u>Direct Awards:</u>		
LSU and A&M College (Baton Rouge)		\$94,509
An Observational and Predictive Study of Inner Shelf Currents Over the Texas/Louisiana Shore	15.RD.30660/#19943	
<u>Direct Awards:</u>		
LSU and A&M College (Baton Rouge)		38,682
Offshore Petroleum Platforms: Functional Significance for Larval Fish	15.RD.30660/#19961	
<u>Direct Awards:</u>		
LSU and A&M College (Baton Rouge)		54,822
Oil and Gas Involved Areas Along the United States Gulf Coast	15.RD.30951/#17804	
<u>Direct Awards:</u>		
LSU and A&M College (Baton Rouge)		57,886
Partnerships for Wildlife	15.RD.P-2-1	
<u>Direct Awards:</u>		
Department of Wildlife and Fisheries		3,091
Phase 2 - Sediment and Nutrient Availability in the Vicinity of the Brady Canal	15.RD.98Crag1009	
<u>Direct Awards:</u>		
LSU and A&M College (Baton Rouge)		9,786
Potential Spatial and Temporal Vulnerability of Pelagic Fish Assemblages in the Gulf	15.RD.30660/#19962	
<u>Direct Awards:</u>		
LSU and A&M College (Baton Rouge)		3,366
Profitability of Offshore Petroleum Ventures (OPE)	15.RD.30951/#18176	
<u>Direct Awards:</u>		
LSU and A&M College (Baton Rouge)		83

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
U.S. DEPARTMENT OF INTERIOR (CONT.)		
<u>Research and Development Cluster: (Cont.)</u>		
The Relationship of Crime to Oil Development in the Coastal Regions of Louisiana	15.RD.30951/#17803	
<u>Direct Awards:</u> LSU and A&M College (Baton Rouge)		\$60,276
Supply Logistics of OCS Oil and Gas Development in the Gulf of Mexico-Evaluation of Technological and Economic Parameters of Ports as Supply and Manufacturing Bases	15.RD.1435-01-CA-31154	
<u>Direct Awards:</u> University of New Orleans		105,048
Tampa Bay Pilot Project	15.RD.unknown	
<u>Direct Awards:</u> University of Louisiana at Lafayette		24,361
Understanding Tidal Marsh Restoration Processes and Patterns Validating and Extending the BREACH Conceptual Model	15.RD.Coop Agree 00FC200021	
<u>Through: University of Washington (#246437)</u> University of New Orleans		64,802
Utility of Mangrove Unit Models for the MANGRO and ATLSS	15.RD.0035CS0001	
<u>Direct Awards:</u> University of Louisiana at Lafayette		99,156
Variation in Biotic a Abiotic Habitat Features Associated With Hydrologic	15.RD.1434HQ97RU01561 #62	
<u>Direct Awards:</u> LSU Agricultural Center		(120)
Water Resource Management Program	15.99CR3A0574	
<u>Direct Awards:</u> University of Louisiana at Monroe		22,307
Wetland Interns	15.RD.99CRBA001/99HQAG0178	
<u>Direct Awards:</u> University of Louisiana at Lafayette		190,703
Total Research and Development Cluster		4,027,358
Total U.S. Department of Interior		\$13,510,645

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
U.S. DEPARTMENT OF JUSTICE		
Asset Forfeiture	16.000	
<u>Direct Awards:</u>		
Department of Public Safety and Corrections - Public Safety Services		<u>\$252,796</u>
State Domestic Preparedness Equipment Support Program	16.007	
<u>Direct Awards:</u>		
Department of Public Safety and Corrections - Public Safety Services		<u>83,000</u>
Juvenile Accountability Incentive Block Grants	16.523	
<u>Direct Awards:</u>		
Executive Department		<u>5,149,775</u>
Grants to Reduce Violent Crimes Against Women on Campus	16.525	
<u>Direct Awards:</u>		
Southern University and A&M College (Baton Rouge)		114,913
<u>Through: Tulane University (1999-WA-VX-005)</u>		
Southern University at New Orleans		<u>43,399</u>
Total Grants to Reduce Violent Crimes Against Women on Campus		<u>158,312</u>
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	
<u>Direct Awards:</u>		
Executive Department		<u>1,207,278</u>
Title V - Delinquency Prevention Program	16.548	
<u>Direct Awards:</u>		
Executive Department		<u>513,376</u>
Part E - State Challenge Activities	16.549	
<u>Direct Awards:</u>		
Executive Department		<u>102,748</u>
State Justice Statistics Program for Statistical Analysis Centers	16.550	
<u>Direct Awards:</u>		
Executive Department		<u>41,824</u>

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
U.S. DEPARTMENT OF JUSTICE (CONT.)		
National Criminal History Improvement Program (NCHIP)	16.554	
<u>Direct Awards:</u>		
Executive Department		<u>\$789,748</u>
Crime Victim Assistance	16.575	
<u>Direct Awards:</u>		
Executive Department		<u>5,510,931</u>
Crime Victim Compensation	16.576	
<u>Direct Awards:</u>		
Executive Department		<u>389,103</u>
Byrne Formula Grant Program	16.579	
<u>Direct Awards:</u>		
Executive Department		<u>7,799,014</u>
Drug Court Discretionary Grant Program	16.585	
<u>Direct Awards:</u>		
Department of Health and Hospitals		<u>119,483</u>
Violent Offender Incarceration and Truth in Sentencing Incentive Grants	16.586	
<u>Direct Awards:</u>		
Department of Public Safety and Corrections - Corrections Services		<u>5,314,087</u>
Violence Against Women Formula Grants	16.588	
<u>Direct Awards:</u>		
Executive Department		<u>2,447,310</u>
Rural Domestic Violence and Child Victimization Enforcement Grant Program	16.589	
<u>Direct Awards:</u>		
Executive Department		<u>42,408</u>
Grants to Encourage Arrest Policies and Enforcement of Protection Orders	16.590	
<u>Direct Awards:</u>		
Department of Justice		<u>59,877</u>

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
U.S. DEPARTMENT OF JUSTICE (CONT.)		
Managing Released Sex Offenders	16.591	
<u>Direct Awards:</u>		
Department of Public Safety and Corrections - Corrections Services		<u>\$10,307</u>
Local Law Enforcement Block Grants Program	16.592	
<u>Direct Awards:</u>		
Executive Department		<u>465,152</u>
Residential Substance Abuse Treatment for State Prisoners	16.593	
<u>Direct Awards:</u>		
Executive Department		<u>1,391,422</u>
State Criminal Alien Assistance Program	16.606	
<u>Direct Awards:</u>		
Department of Public Safety and Corrections - Corrections Services		<u>475,102</u>
Bulletproof Vest Partnership Program	16.607	
<u>Direct Awards:</u>		
Executive Department		102,076
LSU A&M College (Baton Rouge)		<u>3,508,257</u>
Total Bulletproof Vest Partnership Program		<u>3,610,333</u>
Public Safety Partnership and Community Policing Grants	16.710	
<u>Direct Awards:</u>		
LSU in Shreveport		473,632
Department of Public Safety and Corrections - Public Safety Services		239,666
Southeastern Louisiana University		20,048
Southern University and A&M College (Baton Rouge)		46,966
University of Louisiana at Monroe		<u>10,143</u>
Total Public Safety Partnership and Community Policing Grants		<u>790,455</u>

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANASchedule of Expenditures of Federal Awards
For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
U.S. DEPARTMENT OF JUSTICE (CONT.)		
Enforcing Underage Drinking Laws Program	16.727	
<u>Direct Awards:</u>		
Department of Health and Hospitals		\$78,429
Department of Revenue		149,117
		<hr/>
Total Enforcing Underage Drinking Laws Program		227,546
		<hr/>
National Incident Based Reporting System	16.733	
<u>Direct Awards:</u>		
Executive Department		374,540
		<hr/>
Drug Enforcement Administration		
<u>Direct Awards:</u>		
Department of Public Safety and Corrections - Public Safety Services		
DEA Redrum Task Force	16.unknown	19,437
Domestic Cannabis Eradication	16.2000-60	203,737
Marijuana Eradication	16.2001-62	6,443
Organized Crime Drug Enforcement	16.unknown	1,452
		<hr/>
Total Drug Enforcement Administration		231,069
		<hr/>
Ethical and Privacy Implications for Integrated Criminal Justice Information Systems	16.2000-LD-BX-0002	
<u>Direct Awards:</u>		
University of New Orleans		21,677
		<hr/>
Federal Bureau of Investigation		
<u>Direct Awards:</u>		
Department of Public Safety and Corrections - Public Safety Services		
Caddo Parish Gang Task Force	16.unknown	966
Capital Area Gang Task Force	16.unknown	1,138
Louisiana Joint Terrorism Task Force	16.unknown	1,048
New Orleans Gang Task Force	16.unknown	6,065
New Orleans Violent Crime Auto Task Force	16.unknown	876
Northwest Violent Task Force	16.unknown	1,113
		<hr/>
Total Federal Bureau of Investigation		11,206
		<hr/>
Federal Bureau of Investigation - Castle/Leo	16.6968	
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		5,794,779
		<hr/>

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
U.S. DEPARTMENT OF JUSTICE (CONT.)		
Gulf States Drug Initiative	16.MIPRIAUAL5H018	
<u>Direct Awards:</u>		
Department of Military Affairs		\$48,536
Gun Abatement Educational Program - Fixed Price Contract	16.unknown	
<u>Direct Awards:</u>		
University of New Orleans		22,000
Integrated Health and Medical Training Program	16.541040PHS-001	
<u>Through: Texas A&M University - Texas Engineering</u>		
<u>Extension Service</u>		
LSU A&M College (Baton Rouge)		68,814
Managing Law Enforcement Technologies	16.98-LB-VX-K010	
<u>Direct Awards:</u>		
University of New Orleans		410,472
Managing Technology Resource Handbooks Development	16.2001-LD-BX-0001	
<u>Direct Awards:</u>		
University of New Orleans		84,992
National Center for Missing and Exploited Children	16.15166	
<u>Through: National Center for Missing and Exploited Children</u>		
LSU A&M College (Baton Rouge)		11,882
U.S. Marshalls Service		
<u>Direct Awards:</u>		
Department of Military Affairs	16.MDDS-02-0035	74,942
Department of Military Affairs	16.MDDS-02-0147	707,957
Total U.S. Marshalls Service		782,899
A University Consortium to Prevent Violence Against Women	16.1999-WA-VX-0005	
<u>Through: Tulane University (#TUL-094-99/00)</u>		
University of New Orleans		73,479
<u>Research and Development Cluster:</u>		
Crime Victim Assistance	16.575	
<u>Through: City of New Orleans</u>		
LSU Health Sciences Center (New Orleans)		24,672

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
U.S. DEPARTMENT OF JUSTICE (CONT.)		
<u>Research and Development Cluster:</u> (Cont.)		
Reduction and Prevention of Children's Exposure to Violence	16.730	
<u>Direct Awards:</u>		
LSU Health Sciences Center (New Orleans)		\$341,940
Line Elements: A New Source of Genomi/Variation for DNA Profiling	16.RD.2001-IJ-CX-K004	
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		233,035
		<hr/>
Total Research and Development Cluster		599,647
		<hr/>
Total U.S. Department of Justice		\$45,487,379
		<hr/> <hr/>
U.S. DEPARTMENT OF LABOR		
Labor Force Statistics	17.002	
<u>Direct Awards:</u>		
Department of Labor		\$1,315,576
		<hr/>
Compensation and Working Conditions	17.005	
<u>Direct Awards:</u>		
Department of Labor		13,434
		<hr/>
Labor Certification for Alien Workers	17.203	
<u>Direct Awards:</u>		
Department of Labor		141,041
		<hr/>
Unemployment Insurance	17.225	
<u>Direct Awards:</u>		
Department of Labor		336,451,435
		<hr/>
Senior Community Service Employment Program	17.235	
<u>Direct Awards:</u>		
Governor's Office of Elderly Affairs		1,483,291
<u>Through: The National Council on Aging</u>		
University of Louisiana at Monroe		279,758
		<hr/>
Total Senior Community Service Employment Program		1,763,049
		<hr/>

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
U.S. DEPARTMENT OF LABOR (CONT.)		
Trade Adjustment Assistance - Workers	17.245	
<u>Direct Awards:</u>		
Department of Labor		\$917,565
Employment Services and Job Training Pilots - Demonstrations and Research	17.249	
<u>Direct Awards:</u>		
Grambling State University		156,765
Welfare-to-Work Grants to States and Localities	17.253	
<u>Direct Awards:</u>		
Department of Labor		9,711,539
<u>Through: The Coordinating and Development Cooperation</u> <u>(#72-0651120)</u>		
Northwestern State University		121,525
Total Welfare-to-Work Grants to States and Localities		9,833,064
Workforce Investment Act	17.255	
<u>Through: Coordinating and Development Corporation</u> <u>(#31124-CDC)</u>		
Grambling State University		33,417
Employment and Job Training Administration Pilots, Demonstrations, and Research Projects	17.261	
<u>Direct Awards:</u>		
Executive Department		1,003,531
Consultation Agreements	17.504	
<u>Direct Awards:</u>		
Department of Labor		559,332
<u>Employment Services Cluster:</u>		
Employment Service	17.207	
<u>Direct Awards:</u>		
Executive Department		318,812
Department of Labor		13,753,931
Disabled Veterans' Outreach Program (DVOP)	17.801	
<u>Direct Awards:</u>		
Department of Labor		932,680

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
U.S. DEPARTMENT OF LABOR (CONT.)		
<u>Employment Services Cluster: (Cont.)</u>		
Local Veterans' Employment Representative Program	17.804	
<u>Direct Awards:</u>		
Department of Labor		\$778,769
Total Employment Services Cluster		15,784,192
<u>WIA Cluster:</u>		
WIA Adult Program	17.258	
<u>Direct Awards:</u>		
Department of Labor		25,376,449
<u>Through: Ouachita Parish Police Jury</u>		
University of Louisiana at Monroe		117,281
WIA Youth Activities	17.259	
<u>Direct Awards:</u>		
Department of Labor		18,234,990
<u>Through: Coordinating and Development Corporation</u>		
LTC, Mansfield Campus		12,189
<u>Through: Coordinating and Development Corporation</u>		
LTC, Natchitoches Campus		69,310
<u>Through: Coordinating and Development Corporation</u>		
LTC, Sabine Valley Campus		46,697
<u>Through: EBR Workforce Initiative Act</u>		
LSU A&M College (Baton Rouge)		343,628
<u>Through: Rapides Parish Police Jury</u>		
LSU at Alexandria		119,193
<u>Through: St. Landry Parish Police Jury</u>		
LSU at Eunice		(1,762)
<u>Through: Tangipahoa Parish School System</u>		
LSU A&M College (Baton Rouge)		360,364
WIA Dislocated Workers	17.260	
<u>Direct Awards:</u>		
Department of Labor		12,962,865
Total WIA Cluster		57,641,204
Total U.S. Department of Labor		\$425,613,605

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
U.S. DEPARTMENT OF STATE		
Educational Exchange - Fulbright American Studies Institutes	19.418	
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		\$116,393
1999 USAI S Muskie & GSA Graduate Fellowship Program	19.5644	
<u>Through: American Councils for International Education</u>		
LSU A&M College (Baton Rouge)		6,892
<u>Through: Open Society Institute</u>		
LSU A&M College (Baton Rouge)		1,729
Total 1999 USAI S Muskie & GSA Graduate Fellowship Program		8,621
Advanced CRT Development Meeting	19.517 ATA #1661	
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		88,767
Anti-Terrorism Assistance Program	19.1052-0060160/160160	
<u>Direct Awards:</u>		
Department of Public Safety and Corrections - Public Safety Services		6,333,666
Anti-Terrorism Operations/Officer Survival		
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		
Colombia	19.436 ATA #3012	174,787
Jordan	19.445 ATA #2632	10,360
Qatar	19.423 ATA #2061	178,201
Total Anti-Terrorism Operations/Officer Survival		363,348
Anti-Terrorism Training Program	19.unknown	
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		477,512
Assessment in Preparation for Colombia	19.457 ATA #3431	
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		23,930

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
U.S. DEPARTMENT OF STATE (CONT.)		
Consultations - Olympic Security - Greece	19.514 ATA #2234	
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		\$26,883
Course Review Senior Crisis Management	19.352 ATA #2187	
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		42,032
Crisis Response Team		
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		
Colombia	19.476 ATA #3452	275,502
Cyprus	19.361 ATA #1916	(2,490)
Ecuador	19.399 ATA #2028	(4,342)
Georgia	19.500 ATA #1913	292,325
Greece	19.464 ATA #2024	249,996
Jordan	19.475 ATA #3519	289,751
Kuwait	19.441 ATA #3370	245,600
Non-specific	19.506 ATA #2999	288,182
Yemen	19.386 ATA #1922	(4,230)
Total Crisis Response Team		1,630,294
Crisis Response Team Training		
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		
Azerbaijan	19.433 ATA #2030	240,590
Colombia	19.485/482 ATA #3458/3451	591,799
Kyrgystan	19.497 ATA #3450	301,851
Total Crisis Response Team Training		1,134,240
Critical Incident Countermeasures - Bangladesh	19.461 ATA #2950	
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		58,937

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
U.S. DEPARTMENT OF STATE (CONT.)		
Critical Incident Management		
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		
Azerbaijan	19.431 ATA #2019	\$66,590
Colombia	19.505 ATA #3304	48,172
Georgia	19.424 ATA #1917	60,660
Greece	19.501 ATA #2952	60,573
India	19.513 ATA #2851	58,343
Indonesia	19.477 ATA #2021	60,471
Pakistan	19.442 ATA #2022	57,123
Philippines	19.488 ATA #2672	60,572
Uganda	19.417 ATA #1890	58,057
Uzbekistan	19.524 ATA #2953	60,569
		60,569
Total Critical Incident Management		591,130
CRT Review	19.447 ATA #2107	
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		165,193
		165,193
CRT Training Walk-Through - Course Development	19.482 ATA #3550	
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		101,798
		101,798
Distinguished Instructor to Yemen	19.414 ATA #2621	
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		121,473
		121,473
Executive Management Meeting	19.448 ATA #2107	
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		2,991
		2,991

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANASchedule of Expenditures of Federal Awards
For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
U.S. DEPARTMENT OF STATE (CONT.)		
Explosive Incident Countermeasures		
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		
Algeria	19.421 ATA #2053	\$304,547
Azerbaijan	19.407 ATA #1906	299,525
Colombia	19.469 ATA #2059	299,504
Ecuador	19.460 ATA #2058	298,578
Greece	19.486 ATA #3004	309,480
Kazakistan	19.511 ATA #1907	311,098
Kyrgyzstan	19.498 ATA #3006	309,225
Morocco	19.509 ATA #3601	304,655
Mauritania	19.427 ATA #2054	300,246
Oman	19.494 ATA #1942	303,764
Trinidad & Toba	19.434 ATA #3070	303,945
Turkey	19.480 ATA #3511	303,485
Uzbekistan	19.439 ATA #2056	296,992
		3,945,044
Total Explosive Incident Countermeasures		
Financial Underpinnings of Terrorism		
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		
Country Phill	19.518 ATA #3496	60,355
Senior Semina	19.453 ATA #1354	41,918
		102,273
Total Financial Underpinnings of Terrorism		
Hostage Negotiations		
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		
Albania	19.349 ATA #1896	(5,244)
India	19.478 ATA #2982	122,666
Ivory Coast	19.359 ATA #1897	(4,832)
Kazakhstan	19.489 ATA #1885	123,366
Macedonia	19.368 ATA #1903	(1,301)
Paraguay	19.366 ATA #2003	(5,942)
Philippines	19.385 ATA #2005	(2,948)
Senegal	19.320 ATA #1900	(1)
Thailand	19.381 ATA #2002	70,789
		296,553
Total Hostage Negotiations		

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANASchedule of Expenditures of Federal Awards
For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
U.S. DEPARTMENT OF STATE (CONT.)		
Hostage Negotiation/Incident Management		
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		
Albania	19.468 ATA #2987	\$123,631
Azerbaijan	19.465 ATA #1898	123,230
Colombia	19.391 ATA #2006	70,802
Ecuador	19.408 ATA #2007	61,728
Georgia	19.451 ATA #1895	125,946
Greece	19.473 ATA #0344	123,302
Indonesia	19.495 ATA #2983	123,933
Kyrgyzstan	19.452 ATA #285	131,876
Nepal	19.410 ATA #0273	131,431
Pakistan	19.512 ATA #2985	123,033
Sri Lanka	19.409 ATA #2008	71,326
Uzbekist	19.426 ATA #0276	113,263
Total Hostage Negotiation/Incident Management		1,323,501
Mod #2 Interagency Coordination Workshop	19.467 ATA #3431	
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		95,182
Obtaining Police Support in a Terrorist Environment	19.034/103 ATA #1132/48	
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		(4,087)
Olympic Security Consultants - Greece	19.515 ATA #2102	
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		121,033
Police Role in Managing a Crisis		
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		
Mauritania	19.404 ATA #2037	11,823
Philippines	19.380 ATA #1887	(1,253)
United Arab Emirates	19.392 ATA #1535	(1,301)
Non-specific	19.375 ATA #1893	(1,253)
Total Police Role in Managing a Crisis		8,016

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANASchedule of Expenditures of Federal Awards
For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
U.S. DEPARTMENT OF STATE (CONT.)		
Post Blast Investigation		
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		
Albania	19.446 ATA #2047	\$81,141
Algeria	19.523 ATA #2041	83,608
Azerbaijan	19.507 ATA #1918	83,162
Bangladesh	19.418 ATA #2042	81,222
Cyprus	19.490 ATA #2045	82,501
Ecuador	19.471 ATA #2049	82,816
Georgia	19.425 ATA #2043	82,515
Greece	19.437 ATA #2045	81,644
Kazakhstan	19.474 ATA #0101	82,911
Malaysia	19.504 ATA #3520	82,512
Oman	19.502 ATA #3522	83,576
Pakistan	19.479 ATA #2048	85,944
Panama & Spain	19.463 ATA #3334/2130	81,271
Paraguay	19.432 ATA #2044	81,457
Philippines	19.496 ATA #2531	82,004
Yemen	19.440 ATA #2046	81,249
Zyrgyzstan	19.487 ATA #2199	83,432
Total Post Blast Investigation		1,402,965
Provide Instructor Training Services	19.009 ATA #438	
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		(963)
Provide Training Facilities	19.481 ATA #2102	
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		57,581
Review and Delivery of ATA Developed WMD Training	19.455 ATA #2275	
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		30,224

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANASchedule of Expenditures of Federal Awards
For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
U.S. DEPARTMENT OF STATE (CONT.)		
Role of Police in Managing a Crisis		
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		
Albania	19.360 ATA #1894	(\$1,253)
Bosnia-Herze	19.240 ATA #1333	(929)
Czech Republic	19.274 ATA #1853	(1,208)
Egypt	19.253 ATA #1817	(929)
Ethiopia	19.210 ATA #1712	(982)
Greece	19.290 ATA #1875	(1,208)
Kenya	19.341 ATA #1890	(1,208)
Kazakhstan	19.398 ATA #1892	11,823
Madagascar	19.382 ATA #2036	(1,301)
Morocco	19.259 ATA #1097	(959)
Qatar	19.233 ATA #1722	(929)
Senegal	19.313 ATA #1884	(1,208)
Thailand	19.325 ATA #1374	(1,208)
Turkey	19.347 ATA #1891	(1,253)
Uzbekistan	19.303 ATA #1834	(2,416)
Yemen	19.334 ATA #2204	(1,208)
		<hr/>
Total Role of Police in Managing a Crisis		(6,376)
Rural Border Operations		
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		
Bangladesh	19.516 ATA #3552	197,535
Bosnia and Herzegovina	19.449 ATA #1996	310,674
Colombia	19.374 ATA #2240	(5,404)
Macedonia	19.450 ATA #1997	329,575
South Africa	19.350 ATA #1986	(10,357)
Zyrgystan	19.520 ATA #3524	200,303
		<hr/>
Total Rural Border Operations		1,022,326

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
U.S. DEPARTMENT OF STATE (CONT.)		
Rural Border Patrol		
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		
Course Revision	19.483 ATA #3551	\$138,437
Kazakhstan	19.411 ATA #1983	133,257
Tanzania	19.466 ATA #3170	350,924
Turkey	19.429 ATA #1995	343,207
Non-specific	19.365 ATA #1987	(10,851)
Total Rural Border Patrol		954,974
Rural Crisis Response Team - Kidnap Intervention	19.454 ATA #1566	
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		55,227
Senior Crisis Management		
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		
Armenia	19.508 ATA #3547	61,704
Colombia	19.443 ATA #2011	63,143
Course Revisions	19.413 ATA #2200	(109,316)
Equador	19.472 ATA #2018	61,166
Greece	19.435 ATA #2014	63,143
Israel	19.422 ATA #2012	65,009
Kazakhstan	19.428 ATA #2013	66,049
Nepal	19.526 ATA #3293	62,956
Saudia Arabia	19.503 ATA #3521	61,704
Sri Lanka	19.484 ATA #3495	61,704
Turkmenistan	19.499 ATA #3513	61,704
Total Senior Crisis Management		518,966
Standardization of Firearms Training	19.396 ATA #2050	
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		(973)
Summer Instruction on Cultural Geography of the U.S. for Foreign University Faculty - Program Accountant	19.AEJL-0090	
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		(264)

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
U.S. DEPARTMENT OF STATE (CONT.)		
Training Facilities - Furnishings	19.493 ATA #2102	
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		\$139,362
Total U.S. Department of State		\$21,347,772
U.S. DEPARTMENT OF TRANSPORTATION		
Boating Safety Financial Assistance	20.005	
<u>Direct Awards:</u>		
Department of Wildlife and Fisheries		\$973,911
Airport Improvement Program	20.106	
<u>Direct Awards:</u>		
Orleans Levee District		237,284
Department of Transportation and Development		19,507
Total Airport Improvement Program		256,791
Airway Science	20.107	
<u>Direct Awards:</u>		
University of Louisiana at Monroe		115,098
Highway Training and Education	20.215	
<u>Through: South Carolina A&M University (#SCSU992T1)</u>		
Southern University and A&M College (Baton Rouge)		35,293
National Motor Carrier Safety	20.218	
<u>Direct Awards:</u>		
Department of Public Safety and Corrections - Public Safety Services		2,210,597
Federal Transit Grants for University Research and Training	20.502	
<u>Direct Awards:</u>		
Southern University and A&M College (Baton Rouge)		136,812
<u>Through: South Carolina A&M University (#SCSU992T1)</u>		
Southern University and A&M College (Baton Rouge)		6,033
Total Federal Transit Grants for University Research and Training		142,845

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
U.S. DEPARTMENT OF TRANSPORTATION (CONT.)		
Formula Grants for Other Than Urbanized Areas	20.509	
<u>Direct Awards:</u>		
Department of Transportation and Development		\$3,831,129
Capital Assistance Program for Elderly Persons and Persons With Disabilities	20.513	
<u>Direct Awards:</u>		
Department of Transportation and Development		1,216,463
State Planning and Research	20.515	
<u>Direct Awards:</u>		
Department of Transportation and Development		626,213
Pipeline Safety	20.700	
<u>Direct Awards:</u>		
Department of Natural Resources		564,150
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	
<u>Direct Awards:</u>		
Department of Public Safety and Corrections - Public Safety Services		187,704
<u>Federal Transit Cluster:</u>		
Federal Transit - Capital Investment Grants	20.500	
<u>Direct Awards:</u>		
Department of Transportation and Development		520,692
Federal Transit - Formula Grants	20.507	
<u>Direct Awards:</u>		
Department of Transportation and Development		836,612
Total Federal Transit Cluster		1,357,304
<u>Highway Planning and Construction Cluster:</u>		
Highway Planning and Construction	20.205	
<u>Direct Awards:</u>		
Department of Revenue		12,707
Department of Transportation and Development		424,871,142
<u>Through: University of Cincinnati</u>		
LSU A&M College (Baton Rouge)		(174)
Total Highway Planning and Construction Cluster		424,883,675

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
U.S. DEPARTMENT OF TRANSPORTATION (CONT.)		
<u>Highway Safety Cluster:</u>		
State and Community Highway Safety	20.600	
<u>Direct Awards:</u>		
Department of Justice		\$13,449
LSU Health Sciences Center (New Orleans)		110,105
Department of Public Safety and Corrections - Public Safety Services		2,938,677
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601	
<u>Direct Awards:</u>		
Department of Public Safety and Corrections - Public Safety Services		414,251
Occupant Protection	20.602	
<u>Direct Awards:</u>		
Department of Public Safety and Corrections - Public Safety Services		190,987
Federal Highway Safety Data Improvements Incentive Grants	20.603	
<u>Direct Awards:</u>		
Department of Public Safety and Corrections - Public Safety Services		222,740
Safety Incentive Grants for Use of Seatbelts	20.604	
<u>Direct Awards:</u>		
Department of Public Safety and Corrections - Public Safety Services		434,092
Safety Incentives to Prevent Operation of Motor Vehicles by Intoxicated Persons	20.605	
<u>Direct Awards:</u>		
Department of Public Safety and Corrections - Public Safety Services		188,004
Total Highway Safety Cluster		<u>4,512,306</u>

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
U.S. DEPARTMENT OF TRANSPORTATION (CONT.)		
<u>Research and Development Cluster:</u>		
Facilitation of Environmental Streamlining Meeting	20.RD.P00220010-FY01	
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		\$4,446
National Pipeline Mapping System - State Repository	20.RD.DTRS56-99-H-0004	
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		49,084
Total Research and Development Cluster		53,530
Total U.S. Department of Transportation		\$440,967,008
U.S. DEPARTMENT OF THE TREASURY		
Asset Forfeiture	21.000	
<u>Direct Awards:</u>		
Department of Public Safety and Corrections - Public Safety Services		\$2,642
Alcohol, Tobacco, and Firearms - Training Assistance	21.052	
<u>Through: Alcohol, Tobacco, and Firearms (#ATF-3694)</u>		
Grambling State University		5,070
Total U.S. Department of the Treasury		\$7,712
UNITED STATES POSTAL SERVICE		
United States Postal Service - Fixed Price Contract	22.216565-89-P-0444	
<u>Direct Awards:</u>		
Nicholls State University		\$6,000
Total United States Postal Service		\$6,000

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
OFFICE OF PERSONNEL MANAGEMENT		
<u>Research and Development Cluster:</u>		
Intergovernmental Personnel Act (IPA) Mobility Program	27.011	
<u>Through: Overton Brooks VA Medical Center (#E01-2097R)</u>		
Louisiana Tech University		\$9,455
		<u>\$9,455</u>
EQUAL EMPLOYMENT OPPORTUNITY COMMISSION		
Employment Discrimination - State and Local Fair		
Employment Practices Agency Contracts	30.002	
<u>Direct Awards:</u>		
Executive Department		\$7,425
		<u>\$7,425</u>
GENERAL SERVICES ADMINISTRATION		
Donation of Federal Surplus Personal Property	39.003	
<u>Direct Awards:</u>		
Executive Department		\$1,899,792
<u>Research and Development Program Cluster:</u>		
Unexploded Munitions Model (UXO)	39.RD.GSO5T02BMM1402	
<u>Direct Awards:</u>		
University of Louisiana at Lafayette		26,085
		<u>\$1,925,877</u>
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION		
Aerospace Education Services Program	43.001	
<u>Direct Awards:</u>		
Southern University and A&M College (Baton Rouge)		\$1,253,468
<u>Through: Space Telescope Science Institute (#ED901410297A)</u>		
Southern University and A&M College (Baton Rouge)		3,165
		<u>1,256,633</u>

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANASchedule of Expenditures of Federal Awards
For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION (CONT.)		
Technology Transfer	43.002	
<u>Direct Awards:</u>		
Southern University and A&M College (Baton Rouge)		\$31,673
<u>Through: Howard University (#NCC-5197)</u>		
Grambling State University		43,424
<u>Through: Space Telescope Science Institute (#NGT590015)</u>		
Southern University and A&M College (Baton Rouge)		91,740
		<hr/>
Total Technology Transfer		166,837
		<hr/>
Adapting and Validating Precision Technologies	43.NCC13-02003	
<u>Direct Awards:</u>		
LSU Agricultural Center		10,869
		<hr/>
Alliance for Non-Linear Optics	43.unknown	
<u>Through: New Mexico Highlands University (#NAG8-1708)</u>		
Grambling State University		8,069
		<hr/>
Southeast Regional Technology Transfer Center (SERTTC) - Grant Program	43.N-20-622-S8	
<u>Through: Georgia Institute of Technology (#NAS10 - 01025)</u>		
LSU A&M College (Baton Rouge)		46,943
		<hr/>
State-Based Support to the Office of Technology Training	43.NASA(2002) - Stennis-23	
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		567
		<hr/>
To Support Programs and Fellowships Under the National Space Grant College and Fellowship	43.NGT5-40115	
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		4,792
		<hr/>
Synthesis and Characterization of Polymers	43.NGTs-40225	
<u>Through: New Mexico Highlands University(#E122928)</u>		
Grambling State University		3,610
		<hr/>
A Testing of Remote Sensing Method at the Broussard Mounds Site	43.NGT13-52743	
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		20,220
		<hr/>

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION (CONT.)		
<u>Research and Development Cluster:</u>		
Aerospace Education Services Program	43.001	
<u>Direct Awards:</u>		
Board of Regents for Higher Education		\$646,266
Southern University and A&M College (Baton Rouge)		57,809
<u>Through: University of Alabama (#01-044)</u>		
Louisiana Tech University		14,593
Technology Transfer	43.002	
<u>Direct Awards:</u>		
Southern University and A&M College (Baton Rouge)		200,183
<u>Through: Western Michigan University</u>		
LSU A&M College (Baton Rouge)		28,136
Adapting and Validating Precision Technologies	43.RD.NCC13-02003	
<u>Direct Awards:</u>		
LSU Agricultural Center		13,667
Advanced Light Weight Magnet Program	43.RD.NAG8-1731	
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		29,108
Advanced Thin Ionization Calorimeter Balloon Experiment	43.RD.NAG5-5306	
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		561,866
Analysis of the Gravisensing System in Chara	43.RD.NAG-2-1423	
<u>Direct Awards:</u>		
University of Louisiana at Lafayette		69,472
Application of Physical and Biological Techniques in the Study of the Gravisensing and Response System of Plants	43.RD.NAG10-0190	
<u>Direct Awards:</u>		
University of Louisiana at Lafayette		128,027
Application of Remote Sensing to Assess the Impact of Short Term Climate Variations	43.RD.G065236	
<u>Through: Board of Regents of University of Wisconsin</u>		
LSU A&M College (Baton Rouge)		17,510
Changes in Microbial Diversity	43.RD.NCC2-5469	
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		50,069

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION (CONT.)		
<u>Research and Development Cluster: (Cont.)</u>		
Developing an Optimal Water Allocation Decision <u>Through: Auburn University (#NCC8-151)</u> LSU Agricultural Center	43.RD.01-EI-421613-LSUAC	\$6,907
Development of a Protocol for Sterilizing Mineral Samples Returned to Earth <u>Direct Awards:</u> LSU A&M College (Baton Rouge)	43.RD.NAG2-1460	15,806
Developmental Analysis of Seeds Grown <u>Direct Awards:</u> LSU Agricultural Center	43.RD.NAG2-1020	(402)
The Effects of Microgravity on Protein-Ligand <u>Direct Awards:</u> LSU A&M College (Baton Rouge)	43.RD.NAG2-1511	111,332
Enhancing Lidar-Based Estimates of Forest Stand Structure Through Incorporation <u>Through: Mississippi State University</u> LSU Agricultural Center	43.RD.99070609-01/#332516 080100	(2,278)
Environmental Studies <u>Through: Dynamac Corporation (#NAS7-331)</u> Southeastern Louisiana University	43.RD.NAS7-331	10,264
Extragalactic Interstellar Dust <u>Direct Awards:</u> LSU A&M College (Baton Rouge)	43.RD.NAG5-7933	49,868
Factors Affecting the Early Life History of Fishes in Lake Pontchartrain, Louisiana <u>Direct Awards:</u> University of New Orleans	43.RD.NGT13-52749	17,458
FAR - Ultraviolet Interstellar Extinction in the Large Magellanic Cloud-Fuse <u>Direct Awards:</u> LSU A&M College (Baton Rouge)	43.RD.NAG5-10185	18,667

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION (CONT.)		
<u>Research and Development Cluster: (Cont.)</u>		
Flood Damage Prevention Using Remotely-Sensed Data and a Mesocle - Fixed Price Contract <u>Through: University of Alabama in Huntsville</u> LSU A&M College (Baton Rouge)	43.RD.SUB2000-469	\$36,454
Geophysical Flow Experiment in a Rotating Spherical Capacitor <u>Direct Awards:</u> University of New Orleans	43.RD.NAG3-2447	95,347
Implement Earth System Science Education Course <u>Through: Institute for Global Environmental Studies (#11010)</u> Louisiana Tech University	43.NAG5-8517	14,623
Leaf Area and Volume Estimates in Loblolly Pine Forest Derived From Aerial Images <u>Through: Mississippi State University (#NAS13-99018)</u> LSU Agricultural Center	43.RD.99-03-0273/#332515 080100	19,228
Louisiana Space Grant College and Fellowship Program <u>Direct Awards:</u> LSU A&M College (Baton Rouge)	43.RD.NGT5-40115	261,583
Mechanics of Granular Materials (MGM-III) Project <u>Direct Awards:</u> LSU A&M College (Baton Rouge)	43.RD.NAS8-01042	59,313
Moving Beyond the Standard Paradigm: The Importance of Interstellar Dust <u>Direct Awards:</u> LSU A&M College (Baton Rouge)	43.RD.NAG5-9203	1,946
Multiscale Simulations of Protein Nanotubes <u>Direct Awards:</u> LSU A&M College (Baton Rouge)	43.RD.NCC 2-5440	105,029
Nanoparticle Delivery of Repair Enzymes for Radiation Protection/DNA Repair <u>Through: University of Texas Medical Branch (#02-031)</u> Louisiana Tech University	43.RD.NAS2-02059	4,961

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION (CONT.)		
<u>Research and Development Cluster:</u> (Cont.)		
NASA Graduate Student Researchers Program	43.RD.NGT13-52721	
<u>Direct Awards:</u>		
University of New Orleans		\$20,467
National Center for Advanced Manufacturing-LA Partnership	43.RD.NCC8-223	
<u>Through: UNO Research and Technology Foundation (#58404)</u>		
University of New Orleans		603,605
Numerical Hydrodynamics of Mass-Transferring Binaries	43.RD.NAG5-8497	
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		25,445
Research and Development Tasks in Support of NASA and Resident Agencies	43.RD.NAS13-98053	
<u>Direct Awards:</u>		
Board of Regents for Higher Education		639,697
The Role of Polycyclic Aromatic Hydrocarbons in Ultraviolet Extinction	43.RD.HST-GO-086070.01-A	
<u>Through: Space Telescope Science Institute</u>		
LSU A&M College (Baton Rouge)		17,797
Scalable Algorithms on the Information Power Grid	43.RD.NCC2-5484	
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		37,851
Scalable Simulation and Data Management for Computational Nanoelectronics	43.RD.NCC2-5320	
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		57,135
Second Generation Space Launch Initiatives	43.RD.NAG8-1845	
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		9,999
Surface Tension Measurement on Ten Lubricants, Advancing and Receding	43.RD.unknown	
<u>Direct Awards:</u>		
University of Louisiana at Lafayette		6,267

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See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION (CONT.)		
<u>Research and Development Cluster:</u> (Cont.)		
A Survey of Active Galaxies and High-Latitude Gamma-Ray Sources	43.RD.NAG5-8100	
<u>Direct Awards:</u> LSU A&M College (Baton Rouge)		(\$80)
A Testing of Remote Sensing Method at the Broussard Mounds Site	43.RD.NGT13-52743	
<u>Direct Awards:</u> LSU A&M College (Baton Rouge)		285
To Support Programs and Fellowships Under the National Space Grant College and Fellowship	43.RD.NGT5-40035	
<u>Direct Awards:</u> LSU A&M College (Baton Rouge)		164
Theoretical and Experimental Investigation of the Stability of Evaporation	43.RD.NAG3-2361	
<u>Direct Awards:</u> LSU A&M College (Baton Rouge)		60,861
Transition Radiation Detectors for High Energy Measurements in Access	43.RD.NAG5-5177	
<u>Direct Awards:</u> LSU A&M College (Baton Rouge)		(15)
Ultra-Long Duration Mission Concept for Proposal for a Minute-of-Arc Resolution	43.RD.NAG5-5208	
<u>Direct Awards:</u> LSU A&M College (Baton Rouge)		7,882
Ultraviolet Spectroscopy of R Coronae Borealis <u>Through: Space Telescope Science Institute</u> LSU A&M College (Baton Rouge)	43.RD.HST-G0-08615.02-A	4,295
Understanding the Starburst-Like Dust in the Small Magellanic Cloud <u>Through: Space Telescope Science Institute</u> LSU A&M College (Baton Rouge)	43.RD.GO-08198.01-97A	13,283
Using IR Emissions to Constrain the Role of Dust in Galaxies <u>Direct Awards:</u> LSU A&M College (Baton Rouge)	43.RD.NAG5.9709	68,518

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION (CONT.)		
<u>Research and Development Cluster:</u> (Cont.)		
A Wide-Field High-Resolution Hard X-Ray/Gamma Ray	43.RD.NAG5-5323	
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		\$233,701
World Deltas: A Baseline and Changes	43.RD.NAG5-9245	
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		56,176
Total Research and Development Cluster		4,506,145
Total National Aeronautics and Space Administration		\$6,024,685
NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES		
Promotion of the Arts - Grants to Organizations and Individuals	45.024	
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		\$9,669
Northwestern State University		7,485
Total Promotion of the Arts - Grants to Organizations and Individuals		17,154
Promotion of the Arts - Partnership Agreements	45.025	
<u>Direct Awards:</u>		
Culture, Recreation and Tourism, Department of		464,034
Promotion of the Arts - Leadership Initiatives	45.026	
<u>Direct Awards:</u>		
Culture, Recreation and Tourism, Department of		105,673
Promotion of the Humanities - Federal/State Partnership	45.129	
<u>Through: Louisiana Endowment for the Humanities</u>		
LSU A&M College (Baton Rouge)		64,725
LSU at Eunice		18,390
University of Louisiana at Monroe		28,906
<u>Through: Louisiana Endowment for the Humanities (#00-604-151)</u>		
Southeastern Louisiana University		11,293
Total Promotion of the Humanities - Federal/State Partnership		123,314

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See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES (CONT.)		
Promotion of the Humanities - Extending the Reach Grants to Underserved Areas	45.166	
<u>Direct Awards:</u>		
Nunez Community College		\$4,962
Institute of Museum and Library Services	45.301	
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		82
State Library Program	45.310	
<u>Direct Awards:</u>		
Culture, Recreation and Tourism, Department of		1,049,926
<u>Research and Development Cluster:</u>		
Promotion of the Humanities - Federal/State Partnership	45.129	
<u>Through: Louisiana Endowment for the Humanities</u>		
LSU A&M College (Baton Rouge)		10,000
Promotion of the Humanities - Division of Preservation and Access	45.149	
<u>Through: Indiana University</u>		
LSU A&M College (Baton Rouge)		844
Total Research and Development Cluster		10,844
Total National Foundation on the Arts and the Humanities		\$1,775,989
NATIONAL SCIENCE FOUNDATION		
Engineering Grants	47.041	
<u>Direct Awards:</u>		
LSU Agricultural Center		\$30,776
LSU A&M College (Baton Rouge)		249,793
Engineering Grants		280,569

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See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
NATIONAL SCIENCE FOUNDATION (CONT.)		
Mathematical and Physical Sciences	47.049	
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		\$82,658
LSU in Shreveport		7,119
Southern University and A&M College (Baton Rouge)		461,899
		<hr/>
Total Mathematical and Physical Sciences		551,676
		<hr/>
Biological Sciences	47.074	
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		19,366
Nicholls State University		59,229
University of Louisiana at Monroe		24,405
		<hr/>
Total Biological Sciences		103,000
		<hr/>
Social, Behavioral, and Economic Sciences	47.075	
<u>Direct Awards:</u>		
Southern University and A&M College (Baton Rouge)		259
		<hr/>
Education and Human Resources	47.076	
<u>Direct Awards:</u>		
Grambling State University		68,750
LSU A&M College (Baton Rouge)		297,619
Louisiana Systemic Initiatives Program		302,568
University of Louisiana at Monroe		91,958
<u>Through: American Association of Community Colleges</u> <u>(#53-0196569)</u>		
Nunez Community College		1,268
<u>Through: University of Mississippi</u>		
University of Louisiana at Monroe		734,559
		<hr/>
Total Education and Human Resources		1,496,722
		<hr/>

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
NATIONAL SCIENCE FOUNDATION (CONT.)		
<u>Research and Development Cluster:</u>		
Engineering Grants	47.041	
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		\$567,672
Louisiana Tech University		423,395
<u>Through: Consortium of Universities for Research in Earthquake (#CMS-0126366)</u>		
LSU A&M College (Baton Rouge)		5,748
<u>Through: University of Central Florida (#ECS - 0103587)</u>		
University of New Orleans		19,275
<u>Through: University of Louisville Research Foundation (#ECS-0202766)</u>		
LSU A&M College (Baton Rouge)		1,726
Mathematical and Physical Sciences	47.049	
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		2,672,428
LSU in Shreveport		20,047
Louisiana Tech University		174,449
Southern University and A&M College (Baton Rouge)		50,931
University of New Orleans		102,336
<u>Through: California Institute of Technology (#PC300577)</u>		
Louisiana Tech University		4,543
<u>Through: California Institute of Technology (LIGO-C991357-00-P)</u>		
Southeastern Louisiana University		11,589
<u>Through: Pennsylvania State University (#PHY-9800973/0090091)</u>		
LSU A&M College (Baton Rouge)		71,224
<u>Through: University of North Carolina at Wilmington</u>		
LSU A&M College (Baton Rouge)		2,093
Geosciences	47.050	
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		1,086,836
LSU in Shreveport		11,457
Louisiana Universities Marine Consortium		1,193,118
Southeastern Louisiana University		27,367
University of New Orleans		115,397
<u>Through: Southeastern University Research Association</u>		
Louisiana Universities Marine Consortium		26,968
<u>Through: Woods Hole Oceanographic Institution (#NA87RJ0445)</u>		
LSU A&M College (Baton Rouge)		7,015

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See accompanying Notes to the Schedule of Expenditures of Federal Awards.

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For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
NATIONAL SCIENCE FOUNDATION (CONT.)		
<u>Research and Development Cluster: (Cont.)</u>		
Computer and Information Science and Engineering	47.070	
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		\$268,014
Southern University at New Orleans		304,688
Biological Sciences	47.074	
<u>Direct Awards:</u>		
LSU Agricultural Center		13,857
LSU A&M College (Baton Rouge)		1,086,252
LSU Health Sciences Center (New Orleans)		130,510
LSU Health Sciences Center (Shreveport)		414,646
Southeastern Louisiana University		85,001
University of Louisiana at Monroe		56,577
University of New Orleans		157,719
<u>Through: Marine Biological Laboratory (#DEB-9815598)</u>		
LSU A&M College (Baton Rouge)		19,999
<u>Through: The Research Foundation of State</u>		
<u>University of New York</u>		
LSU Agricultural Center		3,148
<u>Through: University of California (#DBI-0198161)</u>		
LSU A&M College (Baton Rouge)		27,580
Social, Behavioral, and Economic Sciences	47.075	
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		293,232
Southern University and A&M College (Baton Rouge)		42,758
University of New Orleans		18,438
<u>Through: National Research Council</u>		
LSU A&M College (Baton Rouge)		1,332
<u>Through: University of North Carolina - Greensboro</u>		
<u>(#SES-9986501)</u>		
LSU A&M College (Baton Rouge)		6,180

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See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA
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 For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
NATIONAL SCIENCE FOUNDATION (CONT.)		
<u>Research and Development Cluster: (Cont.)</u>		
Education and Human Resources	47.076	
<u>Direct Awards:</u>		
Board of Regents for Higher Education		\$4,036,987
LSU A&M College (Baton Rouge)		734,647
Louisiana Tech University		88,934
University of New Orleans		131,748
<u>Through: University of South Carolina (#EPS-9871990)</u>		
LSU A&M College (Baton Rouge)		8,494
<u>Through: University of South Dakota</u>		
LSU A&M College (Baton Rouge)		(819)
Polar Programs	47.078	
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		88,157
Career: Synthesis, Characterization and Application of Fluorescent Nanolipobeads for Optochemical Sensing in Single Living Cells	47.RD.CHE-9874498	
<u>Direct Awards:</u>		
University of New Orleans		61,177
Career: Theory and Application of Hybrid Estimation	47.RD.ECS-9734258	
<u>Direct Awards:</u>		
University of New Orleans		66,733
Collaborative Research: Individual-Level Analysis of Supreme Court Justices: A Modification to the United States Supreme Court Judicial Databases	47.RD.SES-9911054	
<u>Direct Awards:</u>		
University of New Orleans		11,464
Constraints of the Genesis of Continental Crust Via Arc Magnetism	47.RD.EAR-9910899	
<u>Through: Woods Hole Oceanographic Institution (#81089900)</u>		
University of New Orleans		16,136
The Cytoskeleton and Polarity in Pollen Development	47.RD.MCB-9726968	
<u>Direct Awards:</u>		
University of Louisiana at Lafayette		55,586

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
NATIONAL SCIENCE FOUNDATION (CONT.)		
<u>Research and Development Cluster: (Cont.)</u>		
Dissertation Research: Coercion and Reconciliation in a Socially Monogamous Species	47.RD.IBN-0205804	
<u>Direct Awards:</u> University of Louisiana at Lafayette		\$747
Explicit Constructions of Asymptotically Good Algebraic - Geometric Codes	47.RD.CCR-9804973	
<u>Direct Awards:</u> University of Louisiana at Lafayette		67,285
The Fairweather-St. Elias Orogenic System: A Slip- Partitioned Transpressional Orogen	47.RD.EAR-9725035	
<u>Direct Awards:</u> University of New Orleans		8,878
Graduate Research Fellowship Program	47.RD.DGE-9818389	
<u>Direct Awards:</u> University of Louisiana at Lafayette		300
IME4 Gene: Putative Methyltransferase Coupling Nutrition to Meiotic Development in Yeast	47.RD.MCB-9983555	
<u>Direct Awards:</u> University of New Orleans		130,409
Intergovernmental Personnel Act Assignment (Pam O'Neil)	47.RD.DEB-0136417	
<u>Direct Awards:</u> University of New Orleans		66,649
IPA - Susan Mopper	47.RD.DEB.0004393	
<u>Direct Awards:</u> University of Louisiana at Lafayette		30,894
Low-Temperature Topotactic Strategies for the Directed Synthesis of New Layered Oxides	47.RD.DMR-9983591	
<u>Direct Awards:</u> University of New Orleans		113,499
Mechano-Electric Properties of Anemone Hair Cells	47.RD.IBN-9807782	
<u>Direct Awards:</u> University of Louisiana at Lafayette		33,292

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
NATIONAL SCIENCE FOUNDATION (CONT.)		
<u>Research and Development Cluster: (Cont.)</u>		
Molecular Responses to Hypoxia in Fish Support for Research Experiences for Undergraduates	47.RD.IBN-9723050	
<u>Direct Awards:</u> University of New Orleans		\$4,234
MRI: Aquisition of Networked Heterogeneous Computer Systems	47.RD.EIA-9871315	
<u>Direct Awards:</u> University of Louisiana at Lafayette		29,428
Natural Disasters and Industrial Activities in the Urban Environment: Potential Impacts of Joint Events and Preparedness for Accidents Caused by Natural Disasters Industrial	47.RD.CMS-9817771	
<u>Through: Tulane University (#TUL-078-98/99)</u> University of New Orleans		7,433
Nonlinear Stochastic Extreme MDOF Motions Analysis for Design of Ships and Floating Offshore Platforms	47.RD.CMS-9908241	
<u>Direct Awards:</u> University of New Orleans		31,868
NSF Postdoctoral Fellowship in Science, Mathematics, Engineering and Technology Education - Fixed Price Contract	47.RD.DGE-9906471	
<u>Direct Awards:</u> University of New Orleans		9,000
Reconfiguration and Performance Issues in Software Distributed Shared Memory Systems	47.RD.CCR-9803505	
<u>Direct Awards:</u> University of Louisiana at Lafayette		113,120
Reproductive Biology in Shrimp	47.RD.OCE-9982466	
<u>Direct Awards:</u> University of Louisiana at Lafayette		57,716
The Role of Transtension vs. Extension: Crystal Deformation in the Death Valley System	47.RD.EAR-97062333	
<u>Direct Awards:</u> University of New Orleans		9,152

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
NATIONAL SCIENCE FOUNDATION (CONT.)		
<u>Research and Development Cluster: (Cont.)</u>		
The Role of Vacuolization in Rapid Fluid Secretion by Insect Malpighian Tubules	47.RD.IBN-9807948	
<u>Direct Awards:</u>		
University of Louisiana at Lafayette		\$46,878
Salinity, Florivory, and the Evolutionary Ecology of Iris Hexagona	47.RD.IBN-0124901	
<u>Direct Awards:</u>		
University of Louisiana at Lafayette		50,531
SGER: Testing and Optimization of DNA Based Methods of Zooplankton	47.RD.OCE-0098196	
<u>Direct Awards:</u>		
University of Louisiana at Lafayette		12,159
Social Interactive Literacy: Mechanism for Developing and Sustaining Resilience in At-Risk Children	47.RD.BCS-9907856	
<u>Direct Awards:</u>		
University of Louisiana at Lafayette		7,061
Systematics of Marine Red Algal Family Phylloporacea Based on Morphological and Molecular Evidence	47.RD.DEB9903900	
<u>Direct Awards:</u>		
University of Louisiana at Lafayette		54,495
Thermochemistry and Catalysis Involving Organometallic Complexes	47.RD.CHE-9985213	
<u>Direct Awards:</u>		
University of New Orleans		91,674
Total Research and Development Cluster		15,801,491
Total National Science Foundation		\$18,233,717

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See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
SMALL BUSINESS ADMINISTRATION		
Small Business Administration Fast Program <u>Direct Awards:</u> LSU A&M College (Baton Rouge)	59.SBAHQ-01-R0021	<u>\$47,591</u>
Small Business Innovation Research and Small Business Technology Program <u>Direct Awards:</u> Department of Economic Development	59.SBAHQ-99-0008	<u>47,153</u>
<u>Research and Development Cluster:</u> Small Business Development Center <u>Direct Awards:</u> University of Louisiana at Monroe	59.037	<u>1,510,870</u>
Total Small Business Administration		<u><u>\$1,605,614</u></u>
U.S. DEPARTMENT OF VETERANS AFFAIRS		
Veterans State Nursing Home Care <u>Direct Awards:</u> Department of Veterans Affairs	64.015	<u>\$5,776,923</u>
Disbursement for Fellow Stipends and Fringes <u>Direct Awards:</u> LSU Health Sciences Center (Shreveport)	64.unknown	<u>513,005</u>
Disbursement for House Staff Stipend and Fringes <u>Direct Awards:</u> LSU Health Sciences Center (Shreveport)	64.unknown	<u>1,089,238</u>
Neurosurgery IPA Agreement - B. Willis and A. Nanda <u>Direct Awards:</u> LSU Health Sciences Center (Shreveport)	64.V667P1615	<u>237,613</u>
Reimbursement Contract <u>Direct Awards:</u> Department of Veterans Affairs	64.V101 (223B)	<u>147,310</u>
VA Family Medicine - Teaching Agreement - Alexandria <u>Direct Awards:</u> LSU Health Sciences Center (Shreveport)	64.V502P-2280	<u>12,647</u>

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
U.S. DEPARTMENT OF VETERANS AFFAIRS (CONT.)		
VA Medical Center IPA Agreement - Drs. M. Olmedo and J.R. Green <u>Direct Awards:</u> LSU Health Sciences Center (Shreveport)	64.unknown	<u>\$61,950</u>
VA Medical Center Radiation Therapy Equipment Use <u>Direct Awards:</u> LSU Health Sciences Center (Shreveport)	64.V667P1777	<u>100,270</u>
<u>Research and Development Cluster:</u> Veterans Affairs Cooperative Studies Program/NIH Subcontract <u>Direct Awards:</u> LSU Health Sciences Center (Shreveport)	64.RD.1Y01HC4020401	<u>(8,551)</u>
Total U.S. Department of Veterans Affairs		<u><u>\$7,930,405</u></u>
ENVIRONMENTAL PROTECTION AGENCY		
Air Pollution Control Program Support <u>Direct Awards</u> Department of Environmental Quality	66.001	<u>\$24,203</u>
State Public Water System Supervision <u>Direct Awards:</u> Office of Public Health	66.432	<u>1,677,899</u>
State Underground Water Source Protection <u>Direct Awards:</u> Department of Natural Resources	66.433	<u>360,665</u>
Water Quality Management Planning <u>Direct Awards</u> Department of Environmental Quality	66.454	<u>161,581</u>
National Estuary Program <u>Direct Awards</u> Department of Environmental Quality	66.456	<u>125,714</u>
Capitalization Grants for State Revolving Funds <u>Direct Awards</u> Department of Environmental Quality	66.458	<u>9,598,165</u>

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
ENVIRONMENTAL PROTECTION AGENCY (CONT.)		
Nonpoint Source Implementation Grants	66.460	
<u>Direct Awards</u>		
Department of Environmental Quality		\$2,297,398
Wetlands Grants	66.461	
<u>Direct Awards</u>		
Department of Environmental Quality		9,734
Department of Natural Resources		56,597
Total Wetlands Grants		66,331
Water Quality Cooperative Agreements	66.463	
<u>Direct Awards</u>		
Department of Environmental Quality		66,443
Capitalization Grants for Drinking Water State Revolving Fund	66.468	
<u>Direct Awards</u>		
Department of Environmental Quality		12,869,274
Office of Public Health		1,639,697
Total Capitalization Grants for Drinking Water State Revolving Fund		14,508,971
Beach Monitoring and Notification Program		
Development Grants	66.472	
<u>Direct Awards</u>		
Office of Public Health		13
Environmental Protection Consolidated Research	66.500	
<u>Direct Awards</u>		
Southern University and A&M College (Baton Rouge)		267,022
Department of Wildlife and Fisheries		91,146
<u>Through: Science and Engineering Alliance (#SEA/EPA0015)</u>		
Southern University and A&M College (Baton Rouge)		20,172
Total Environmental Protection - Consolidated Research		378,340
Performance Partnership Grants	66.605	
<u>Direct Awards</u>		
Department of Environmental Quality		8,496,854

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
ENVIRONMENTAL PROTECTION AGENCY (CONT.)		
Surveys, Studies, Investigations and Special Purpose Grants	66.606	
<u>Direct Awards:</u>		
Department of Environmental Quality		\$670,975
LSU A&M College (Baton Rouge)		1,581
Department of Natural Resources		1,053,903
<u>Through: University of Arkansas</u>		
LSU Agricultural Center		<u>3,527</u>
Total Surveys, Studies, Investigations and Special Purpose Grants		<u>1,729,986</u>
Training and Fellowships for the Environmental Protection Agency	66.607	
<u>Direct Awards:</u>		
Department of Environmental Quality		<u>68,746</u>
State Information Grants	66.608	
<u>Direct Awards:</u>		
Department of Environmental Quality		<u>250,000</u>
Consolidated Pesticide Enforcement Cooperative Agreements	66.700	
<u>Direct Awards:</u>		
Department of Agriculture and Forestry		372,962
LSU Agricultural Center		<u>68,128</u>
Total Consolidated Pesticide Enforcement Cooperative Agreements		<u>441,090</u>
Toxic Substances Compliance Monitoring Cooperative Agreements	66.701	
<u>Direct Awards:</u>		
Department of Environmental Quality		<u>214,252</u>
Superfund State, Political Subdivision, and Indian Tribe Site - Specific Cooperative Agreements	66.802	
<u>Direct Awards:</u>		
Department of Environmental Quality		<u>1,336,456</u>
Leaking Underground Storage Tank - Trust Fund	66.805	
<u>Direct Awards:</u>		
Department of Environmental Quality		<u>721,835</u>

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
ENVIRONMENTAL PROTECTION AGENCY (CONT.)		
Solid Waste Management Assistance	66.808	
<u>Direct Awards:</u>		
Department of Environmental Quality		\$2,371
CEPP Technical Assistance Grants Program	66.810	
<u>Direct Awards:</u>		
Department of Public Safety and Corrections - Public Safety Services		20,200
Environmental Education and Training Program	66.950	
<u>Direct Awards:</u>		
Nunez Community College		3,337
Leaking Underground Storage Tank Trust Fund Program	66.LS.006512-07-3	
<u>Direct Awards:</u>		
Department of Environmental Quality		546
<u>Research and Development Cluster:</u>		
National Estuary Program	66.456	
<u>Direct Awards</u>		
Louisiana Universities Marine Consortium		386,331
Water Quality Cooperative Agreements	66.463	
<u>Direct Awards</u>		
Louisiana Universities Marine Consortium		4,889
Environmental Protection Consolidated Research	66.500	
<u>Direct Awards:</u>		
Board of Regents for Higher Education		208,259
LSU A&M College (Baton Rouge)		2,041,254
LSU Health Sciences Center (New Orleans)		134,420
McNeese State University		390,882
Southeastern Louisiana University		188,769
Southern University and A&M College (Baton Rouge)		107,978
University of New Orleans		1,551,583
<u>Through: The Academy of Natural Sciences (#R827097-03)</u>		
LSU A&M College (Baton Rouge)		15,273
<u>Through: Lamar University</u>		
LSU A&M College (Baton Rouge)		8,861

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
ENVIRONMENTAL PROTECTION AGENCY (CONT.)		
<u>Research and Development Cluster: (Cont.)</u>		
Surveys, Studies, Investigations and Special Purpose Grants	66.606	
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		\$25,920
Louisiana Universities Marine Consortium		49,942
Office of Public Health		72,445
Southeastern Louisiana University		14,412
<u>Through: Jefferson Parish Government (#MX984630-99-310)</u>		
LSU A&M College (Baton Rouge)		19,547
<u>Through: Mississippi State University (#X-82842101-0)</u>		
LSU A&M College (Baton Rouge)		6,412
Training and Fellowships for the Environmental Protection Agency	66.607	
<u>Direct Awards:</u>		
Southeastern Louisiana University		6,801
Environmental Education and Training Program	66.950	
<u>Direct Awards:</u>		
University of Louisiana at Lafayette		40,998
Environmental Education Grants	66.951	
<u>Direct Awards:</u>		
Louisiana Tech University		17,166
Alternative Lagoon Clean-Out Program - Fixed Price Contract	66.RD.JBC Project #2	
<u>Through: Lake Pontchartrain Basin Foundation (#X-996097)</u>		
LSU Agricultural Center		13,800
An Advanced System for Pollution Prevention in Chemical Complexes	66.RD.051LSU3734/010LSU2734	
<u>Through: Lamar University</u>		
LSU A&M College (Baton Rouge)		43,742
<u>Through: Lamar University</u>		
LSU A&M College (Baton Rouge)		36,631
Applying New Technology for Pollution Prevention	66.RD.061LSU0500	
<u>Through: Lamar University</u>		
LSU A&M College (Baton Rouge)		11,038

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
ENVIRONMENTAL PROTECTION AGENCY (CONT.)		
<u>Research and Development Cluster: (Cont.)</u>		
Dairy Waste Management Research Project - Fixed Price Contract <u>Through: Lake Pontchartrain Basin Foundation</u> <u>(#X-996907-01)</u> LSU Agricultural Center	66.RD.Proj #46	\$21,000
Evaluation of Particulate Emissions Resulting from Dry Abrasive Blasting <u>Direct Awards:</u> University of New Orleans	66.RD.X-98635301	13,625
Evaluation of Physical Oceanographic Data in the Vicinity of ODMS in Texas and Louisiana <u>Through: Lee Wilson & Associates, Inc. (#Subcontract #598-03)</u> University of New Orleans	66.RD.68D60067	15,164
Identifying and Characterizing Wetlands in East Baton Rouge <u>Through: East Baton Rouge Planning Commission</u> LSU A&M College (Baton Rouge)	66.RD.CD986221-01	6,128
Modeling Effects of Endocrine Disrupter Chemicals on Fish Populations <u>Through: University of Texas at Austin</u> LSU A&M College (Baton Rouge)	66.RD.UTA00-019	67,951
Oyster Reefs and Louisiana Wetlands Restoration <u>Through: National Fish and Wildlife Foundation</u> LSU Agricultural Center	66.RD.2001-0323-001.CON	27,443
Photo-Adsorbilization in a Semiconductor Monolithic Reactor <u>Through: Lamar University</u> LSU A&M College (Baton Rouge)	66.RD.051LSU2753	12,076
<u>Through: Lamar University</u> LSU A&M College (Baton Rouge)	66.RD.069LSU0753	31,617
Reaction Monitoring of Dioxins: Mechanisms - Fixed Price Contract <u>Direct Awards:</u> LSU A&M College (Baton Rouge)	66.RD.9C-R369-NAEX	17,500

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

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	CFDA OR OTHER NUMBER	ACTIVITY
ENVIRONMENTAL PROTECTION AGENCY (CONT.)		
<u>Research and Development Cluster: (Cont.)</u>		
Real-Time Monitoring of Estuarine and Coastal Processes Through: <u>Jefferson Parish Government (#MX984630-99-0)</u> LSU A&M College (Baton Rouge)	66.RD.13618	\$4,640
Remote Detection of Gas Emissions in Industrial Processes Through: <u>Lamar University</u> LSU A&M College (Baton Rouge)	66.RD.051LSU2754/069LSU0754	1,420
Through: <u>Lamar University</u> LSU A&M College (Baton Rouge)		26,873
Revision of Louisiana's Scenic River Management - Southeastern US <u>Direct Awards:</u> Department of Wildlife and Fisheries	66.RD.CD996956-01-0	27,191
Searching for Optimum Composition of Phosphogypsum Through: <u>Lamar University</u> LSU A&M College (Baton Rouge)	66.RD.069LSU0759	11,952
Urban Storm Water Wetland Detention Basin Project Through: <u>City of West Monroe (#566669)</u> Louisiana Tech University	66.RD.C9-996102-04-2	32,868
Total Research and Development Cluster		5,714,801
Total Environmental Protection Agency		\$48,266,197
U.S. DEPARTMENT OF ENERGY		
State Energy Program <u>Direct Awards:</u> Department of Natural Resources	81.041	\$790,587
Conservation Research and Development <u>Direct Awards:</u> Southern University and A&M College (Baton Rouge)	81.086	253,316
Transport of Transuranic Wastes to the Waste Isolation Pilot Plant: States and Tribal Concerns, Proposed Solutions <u>Direct Awards:</u> Department of Environmental Quality	81.106	7,149

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
U.S. DEPARTMENT OF ENERGY (CONT.)		
Design and Construction of Center for Energy Resource Management	81.DE-FG02-91-CH10470	
<u>Direct Awards:</u>		
University of New Orleans		<u>\$1,576,827</u>
Petroleum Violation Escrow Funds:		
<u>Direct Awards:</u>		
<u>Department of Natural Resources:</u>		
Exxon	81.E2029	3,340,929
Greater BR Clean Cities Coalition	81.GBRC2039	4,960
OHA	81.OHA2030	519,538
Stripper Well	81.SW2027	5,594,645
Warner	81.W2031	<u>25,409</u>
Total Petroleum Violation Escrow Funds		<u>9,485,481</u>
Safe Transportation of Transuranic Material Through: <u>Southern States Energy Board</u>	81.1203 DE-FC04-93AL82966	
Department of Environmental Quality		<u>31,995</u>
<u>Research and Development Cluster:</u>		
Office of Science Financial Assistance Program	81.049	
<u>Direct Awards:</u>		
Board of Regents for Higher Education		134,903
LSU A&M College (Baton Rouge)		1,451,897
Louisiana Tech University		177,115
Southeastern Louisiana University		40,214
Through: <u>Oak Ridge National Lab (#4000013558)</u>		
Louisiana Tech University		16,933

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See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
U.S. DEPARTMENT OF ENERGY (CONT.)		
<u>Research and Development Cluster:</u>		
Conservation Research and Development	81.086	
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		\$4,571,074
Southern University and A&M College (Baton Rouge)		142,292
<u>Through: Lawrence Livermore Energy Systems (#B505031)</u>		
Southern University and A&M College (Baton Rouge)		3,424
<u>Through: Lockheed Martin Energy Systems (#DEAC05000R22)</u>		
Southern University and A&M College (Baton Rouge)		28,288
<u>Through: Oak Ridge Institute for Science and Education (#DEA C0S-76R3/C05000R22)</u>		
Southern University and A&M College (Baton Rouge)		10,094
<u>Through: Oak Ridge Y-12 National Security Complex (#97-141.93)</u>		
Southern University and A&M College (Baton Rouge)		9,961
Fossil Energy Research and Development	81.089	
<u>Direct Awards:</u>		
Grambling State University		22,908
LSU A&M College (Baton Rouge)		61,242
<u>Through: Clemson University Research Foundation</u>		
LSU A&M College (Baton Rouge)		80,177
<u>Through: South Carolina Institute for Energy Studies (#DE-FC26-02NT 41431)</u>		
LSU A&M College (Baton Rouge)		1,117
Environmental Restoration	81.092	
<u>Through: University of Chicago Argonne National Laboratory (#992112401)</u>		
Southeastern Louisiana University		3,380
University Nuclear Science and Reactor Support	81.114	
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		20
Advanced Machining Processes for Microfabrication	81.RD.BE8338	
<u>Through: Sandia National Laboratories (#BE-8338)</u>		
Louisiana Tech University		1,874
Auger Project Construction - Fixed Price Contract	81.RD.P.O. 525450	
<u>Through: Universities Research Association</u>		
LSU A&M College (Baton Rouge)		29,931

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See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA
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 For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
U.S. DEPARTMENT OF ENERGY (CONT.)		
<u>Research and Development Cluster: (Cont.)</u>		
Bio-Sensor Development Research <u>Through: Los Alamos National Laboratories Through University of California (#28853-001-01)</u> Louisiana Tech University	81.RD.28853-001-01 39	\$11,106
Combining Steam-Methane Reforming, Water-Gas Shift, and CO2 Removal <u>Direct Awards:</u> LSU A&M College (Baton Rouge)	81.RD.DE-FG02-97ER12208	(49)
Design of Electronics and Optical Fiber Cables for ICD <u>Through: Fermi National Accelerator Labs (#512083)</u> Louisiana Tech University	81.RD.512083	2,374
Development of CCB Fill Materials <u>Through: West Virginia University Research Corporation (#DE-FC26-998FT4 0028)</u> LSU A&M College (Baton Rouge)	81.RD.98-166-LSU	63,444
Development of Real Time Multidimensional Sensor Fusion Algorithms <u>Through: UT-Battelle-LLC</u> LSU A&M College (Baton Rouge)	81.RD.4000008407/#3410518	6,191
Effects of Seasonal Flooding and Sea Level Rise on the Relative Contributions of Plant Roots and Microbial Respiration to Soil CO2 Emission in Bottomland Hardwood Forest in SE LA <u>Through: Tulane University, National Institute on Global Environmental Change (#TUL-110-00/01)</u> University of New Orleans	81.RD.DE-FC03-90ER61010	122,579
Nanotechnology Research for Entergy Conversation and Biological and Environmental Applications <u>Direct Awards:</u> University of New Orleans	81.RD.DE-FG-02-02ER63378	17,740
Problem in Louisiana <u>Direct Awards:</u> LSU A&M College (Baton Rouge)	81.RD.DE-AC26-99BC15226	244,202

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See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA

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	CFDA OR OTHER NUMBER	ACTIVITY
U.S. DEPARTMENT OF ENERGY (CONT.)		
<u>Research and Development Cluster:</u> (Cont.)		
Energy and Environmental Technology Applications Program	81.RD.DE-FG02-97ER12220	
<u>Direct Awards:</u>		
University of Louisiana at Lafayette		\$1,348,361
Gulf of Mexico Sea Floor Stability & Gas Hydrates		
<u>Through: University of Mississippi (#DE FC26-00NT4 0920)</u>	81.RD.300211842E	
LSU A&M College (Baton Rouge)		32,272
<u>Through: University of Mississippi (#DE FC26-00NT4 0920)</u>	81.RD.02-11-53	
LSU A&M College (Baton Rouge)		215,638
Integrated 3-D Ground Penetrating Radar, Outcrop and Borehole Data	81.RD.SC 01-03	
<u>Through: University of Texas at Dallas (#DE FG03-96ER 14596)</u>		
LSU A&M College (Baton Rouge)		7,621
Improved Computational Methodology	81.RD.4000007011	
<u>Through: UT-Battelle LLC (#DE-AC05-00OR22725)</u>		
LSU A&M College (Baton Rouge)		37,115
Jefferson Lab Personnel Support for Faculty Research	81.RD.SURA-96 D6359703	
<u>Through: Southeastern University Research Association</u> <u>(#SURA-96 D6359702)</u>		
Louisiana Tech University		(1,452)
Kamland Construction	81.RD.2816-22446/PO 1-0000296889	
<u>Through: Regents of the University of California</u>		
LSU A&M College (Baton Rouge)		1,043
Landau Quantum Oscillation Studies on Cemin5 Materials	81.RD.263700011-2P/26370-002-FY 33	
<u>Through: University of California - Los Alamos</u> <u>National Laboratory</u>		
LSU A&M College (Baton Rouge)		20,487
Micro-Cantilever Sensor for Pollution	81.RD.DE-AC05-000R22725	
<u>Through: Oak Ridge National Lab (#4000009593)</u>		
Louisiana Tech University		21,045
Molecular Dynamics Simulations of Nanostructured Material	81.RD.DE-FG02-96ER45570	
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		162,896

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
U.S. DEPARTMENT OF ENERGY (CONT.)		
<u>Research and Development Cluster: (Cont.)</u>		
Petroleum Technology Transfer Council <u>Through: Petroleum Technology Transfer Council</u> LSU A&M College (Baton Rouge)	81.RD.0495	\$223,594
Study for the Miniaturization of Unattended Measurement and Signature Intelligence <u>Through: Sandia National Laboratories (#8703)</u> Louisiana Tech University	81.RD.8703	138,983
Synthetic and Thermodynamic Investigations of Ancillary Ligand Influence on Organometallic Catalytic Systems <u>Direct Awards:</u> University of New Orleans	81.RD.DE-GF02-98ER45732	45,802
TTC Database and One Year of Updates <u>Through: Idaho National Engineering and Environmental Laboratory (#4000013558)</u> Louisiana Tech University	81.RD.2643	14,762
Weak Interactions in Nuclear Physics and Nuclear Astrophysics <u>Direct Awards:</u> LSU A&M College (Baton Rouge)	81.RD.DE-FG02-96ER40985	56,098
Total Research and Development Cluster		9,578,696
Total U.S. Department of Energy		\$21,724,051
FEDERAL EMERGENCY MANAGEMENT AGENCY		
Hazardous Materials Assistance Program <u>Direct Awards:</u> Department of Military Affairs	83.012	\$68,033
Community Assistance Program - State Support Services Element (CAP-SSSE) <u>Direct Awards:</u> Department of Military Affairs	83.105	103,876

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
FEDERAL EMERGENCY MANAGEMENT AGENCY (CONT.)		
Flood Mitigation Assistance	83.536	
<u>Direct Awards:</u>		
Executive Department		\$394,888
Department of Military Affairs		<u>1,897,932</u>
Total Flood Mitigation Assistance		<u>2,292,820</u>
Crisis Counseling	83.539	
<u>Direct Awards:</u>		
Department of Military Affairs		<u>51,249</u>
Disaster Unemployment Assistance	83.541	
<u>Direct Awards:</u>		
Department of Labor		<u>60,146</u>
Fire Suppression Assistance	83.542	
<u>Direct Awards:</u>		
Department of Military Affairs		<u>325,778</u>
Individual and Family Grants	83.543	
<u>Direct Awards:</u>		
Department of Military Affairs		<u>43,192,707</u>
Public Assistance Grants	83.544	
<u>Direct Awards:</u>		
Department of Military Affairs		<u>10,869,113</u>
First Responder Counter - Terrorism Training Assistance	83.547	
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		<u>133,660</u>
Hazard Mitigation Grant	83.548	
<u>Direct Awards:</u>		
Department of Military Affairs		<u>6,802,958</u>
National Dam Safety Program	83.550	
<u>Direct Awards:</u>		
Department of Transportation and Development		<u>9,561</u>
Emergency Management Performance Grants	83.552	
<u>Direct Awards:</u>		
Department of Military Affairs		<u>2,416,381</u>

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
FEDERAL EMERGENCY MANAGEMENT AGENCY (CONT.)		
Development of a Building Disaster Resilient Communities Course for FEMA's Emergency Management Higher Education Project	83.EME-1999-CA-0510	
<u>Direct Awards:</u> University of New Orleans		<u>\$9,048</u>
National Volunteer Fire Council Fire Prevention Grant <u>Through: National Volunteer Fire Council</u> LSU A&M College (Baton Rouge)	83.14615	<u>1,326</u>
Unmet Needs <u>Direct Awards:</u> Department of Military Affairs	83.2000-42-1246UN-9062-4101-D	<u>1,196,914</u>
USFA/NFA Training Grant <u>Direct Awards:</u> LSU A&M College (Baton Rouge)	83.EME-2000-GR-0437	<u>9,277</u>
Total Federal Emergency Management Agency		<u><u>\$67,542,847</u></u>
U.S. DEPARTMENT OF EDUCATION		
Adult Education - State Grant Program <u>Direct Awards:</u> Department of Education	84.002	<u>\$8,173,766</u>
Title I Grants to Local Educational Agencies <u>Direct Awards:</u> Department of Education	84.010	<u>196,372,081</u>
Migrant Education - State Grant Program <u>Direct Awards:</u> Department of Education	84.011	<u>2,875,589</u>
Title I Program for Neglected and Delinquent Children <u>Direct Awards:</u> Department of Education	84.013	<u>764,436</u>
Undergraduate International Studies and Foreign Language Programs <u>Direct Awards:</u> LSU A&M College (Baton Rouge)	84.016	<u>46,040</u>

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
U.S. DEPARTMENT OF EDUCATION (CONT.)		
Higher Education - Institutional Aid	84.031	
<u>Direct Awards:</u>		
Grambling State University		\$3,254,432
Southern University and A&M College (Baton Rouge)		3,803,942
Southern University at New Orleans		2,192,335
Southern University at Shreveport-Bossier City		1,378,802
University of Louisiana at Lafayette		11,671
University of Louisiana at Monroe		363,247
		<hr/>
Total Higher Education - Institutional Aid		11,004,429
		<hr/>
Federal Family Education Loans	84.032	
<u>Direct Awards:</u>		
Office of Student Financial Assistance		29,840,127
		<hr/>
Vocational Education - Basic Grants to States	84.048	
<u>Direct Awards:</u>		
Louisiana Community and Technical College System		23,075,912
		<hr/>
Leveraging Educational Assistance Partnership	84.069	
<u>Direct Awards:</u>		
Office of Student Financial Assistance		426,883
		<hr/>
Fund for the Improvement of Postsecondary Education	84.116	
<u>Direct Awards:</u>		
Nicholls State University		3,450
Northwestern State University		209,501
Southeastern Louisiana University		168,942
University of Louisiana at Lafayette		14,956
University of New Orleans		73,305
<u>Through: Research Foundation of CUNY</u>		
<u>(#13-1988190)</u>		
Northwestern State University		3,494
		<hr/>
Total Fund for the Improvement of Postsecondary Education		473,648
		<hr/>

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
U.S. DEPARTMENT OF EDUCATION (CONT.)		
Minority Science and Engineering Improvement	84.120	
<u>Direct Awards:</u>		
Southern University and A&M College (Baton Rouge)		\$4,251
Southern University at New Orleans		63,021
<u>Through: University of Virginia (#5.34359/29560006)</u>		
Southern University and A&M College (Baton Rouge)		11,111
		<hr/>
Total Minority Science and Engineering Improvement		78,383
		<hr/>
Rehabilitation Services - Vocational Rehabilitation		
Grants to States	84.126	
<u>Direct Awards:</u>		
Department of Social Services		38,711,698
		<hr/>
Rehabilitation Services - Service Projects	84.128	
<u>Direct Awards:</u>		
Southern University and A&M College (Baton Rouge)		65,801
		<hr/>
Rehabilitation Long-Term Training	84.129	
<u>Direct Awards:</u>		
LSU in Shreveport		58,404
Department of Social Services		7,325
Southern University and A&M College (Baton Rouge)		1,668,657
<u>Through: Jackson State University (#P1162010067)</u>		
Southern University and A&M College (Baton Rouge)		34,188
		<hr/>
Total Rehabilitation Long-Term Training		1,768,574
		<hr/>
National Institute on Disability and Rehabilitation Research	84.133	
<u>Through: University of Alabama (H133B980016A)</u>		
Southern University and A&M College (Baton Rouge)		5,085
		<hr/>
Business and International Education Projects	84.153	
<u>Direct Awards:</u>		
Southern University and A&M College (Baton Rouge)		7
		<hr/>
Immigrant Education	84.162	
<u>Direct Awards:</u>		
Department of Education		456,909
		<hr/>

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
U.S. DEPARTMENT OF EDUCATION (CONT.)		
Independent Living - State Grants	84.169	
<u>Direct Awards:</u>		
Department of Social Services		\$1,195,050
Javits Fellowships	84.170	
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		21,578
Rehabilitation Services - Independent Living Services for Older Individuals Who Are Blind	84.177	
<u>Direct Awards:</u>		
Department of Social Services		246,772
Special Education - Grants for Infants and Families With Disabilities	84.181	
<u>Direct Awards:</u>		
Department of Education		6,010,731
Byrd Honors Scholarships	84.185	
<u>Direct Awards:</u>		
Department of Education		669,813
Safe and Drug-Free Schools and Communities - State Grants	84.186	
<u>Direct Awards:</u>		
Department of Education		6,593,424
Executive Department		1,609,304
Total Safe and Drug-Free Schools and Communities - State Grants		8,202,728
Supported Employment Services for Individuals With Severe Disabilities	84.187	
<u>Direct Awards:</u>		
Department of Social Services		544,300
Bilingual Education Support Services	84.194	
<u>Direct Awards:</u>		
Department of Education		81,593
Education for Homeless Children and Youth	84.196	
<u>Direct Awards:</u>		
Department of Education		735,505

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
U.S. DEPARTMENT OF EDUCATION (CONT.)		
Graduate Assistance in Areas of National Need <u>Through: YES (#P12257)</u> Southern University and A&M College (Baton Rouge)	84.200	<u>\$33,775</u>
Even Start - State Educational Agencies <u>Direct Awards:</u> Department of Education <u>Through: Northeast Louisiana Regional Even Start Consortium</u> University of Louisiana at Monroe	84.213	4,294,701 <u>11,593</u>
Total Even Start - State Educational Agencies		<u>4,306,294</u>
Fund for the Improvement of Education <u>Through: Council of Chief State School Officers (#215U60011)</u> Department of Education	84.215	 <u>26,832</u>
Capital Expenses <u>Direct Awards:</u> Department of Education	84.216	 <u>175,305</u>
Assistive Technology <u>Direct Awards:</u> Department of Health and Hospitals	84.224	 <u>274,150</u>
Tech-Prep Education <u>Direct Awards:</u> Louisiana Community and Technical College System <u>Through: Calcasieu Parish School Board</u> Louisiana Technical College (Morgan Smith Campus)	84.243	2,227,252 <u>3,131</u>
Total Tech-Prep Education		<u>2,230,383</u>
Rehabilitation Training - State Vocational Rehabilitation Unit In-Service Training <u>Direct Awards:</u> Department of Social Services	84.265	 <u>105,311</u>
Goals 2000 - State and Local Education Systemic Improvement Grants <u>Direct Awards:</u> Department of Education	84.276	 <u>5,650,009</u>

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
U.S. DEPARTMENT OF EDUCATION (CONT.)		
School to Work Opportunities	84.278	
<u>Direct Awards:</u>		
Executive Department		<u>\$2,943,617</u>
Eisenhower Professional Development State Grants	84.281	
<u>Direct Awards:</u>		
Department of Education		<u>5,708,370</u>
Charter Schools	84.282	
<u>Direct Awards:</u>		
Department of Education		<u>448,954</u>
Innovative Education Program Strategies	84.298	
<u>Direct Awards:</u>		
Department of Education		<u>5,751,460</u>
National Institute on Student Achievement, Curriculum, and Assessment	84.305	
<u>Through: Michigan State University (#611724A)</u>		
Southern University and A&M College (Baton Rouge)		<u>9,861</u>
Even Start - Statewide Family Literacy Program	84.314	
<u>Direct Awards:</u>		
Department of Education		<u>118,368</u>
Capacity Building for Traditionally Underserved Populations	84.315	
<u>Direct Awards:</u>		
Southern University and A&M College (Baton Rouge)		<u>69,116</u>
Technology Literacy Challenge Fund Grants	84.318	
<u>Direct Awards:</u>		
Department of Education		<u>10,109,845</u>
Special Education - State Program Improvement Grants for Children With Disabilities	84.323	
<u>Direct Awards:</u>		
Department of Education		<u>22,165</u>

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
U.S. DEPARTMENT OF EDUCATION (CONT.)		
Special Education - Research and Innovation to Improve Services and Results for Children With Disabilities	84.324	
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		\$30,726
<u>Through: University of Tennessee - Postsecondary Education Consortium (#H324A01003-01)</u>		
LSU A&M College (Baton Rouge)		29,287
Total Special Education - Research and Innovation of Improve Services and Reulsts for Children With Disabilities		60,013
Special Education - Personnel Preparation to Improve Services and Results for Children With Disabilities	84.325	
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		174,419
LSU in Shreveport		35,534
Southeastern Louisiana University		225,322
Southern University and A&M College (Baton Rouge)		284,049
University of New Orleans		347,734
Total Special Education - Personnel Preparation to Improve Services and Results for Children With Disabilities		1,067,058
Special Education - Technical Assistance and Dissemination to Improve Services and Results for Children With Disabilities	84.326	
<u>Direct Awards:</u>		
Department of Education		90,226
Advanced Placement Program	84.330	
<u>Direct Awards:</u>		
Department of Education		32,477
Grants to States for Incarcerated Youth Offenders	84.331	
<u>Direct Awards:</u>		
Department of Public Safety and Corrections - Corrections Services		719,399
Comprehensive School Reform Demonstration	84.332	
<u>Direct Awards:</u>		
Department of Education		4,416,542

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
U.S. DEPARTMENT OF EDUCATION (CONT.)		
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		\$262,052
Child Care Access Means Parents in School	84.335	
<u>Direct Awards:</u>		
Bossier Parish Community College		4,676
Delgado Community College		32,053
Grambling State University		19,365
LSU A&M College (Baton Rouge)		68,560
Southern University at New Orleans		788
Total Child Care Access Means Parents in School		125,442
Teacher Quality Enhancement Grants	84.336	
<u>Direct Awards:</u>		
Executive Department		1,283,649
Reading Excellence	84.338	
<u>Direct Awards:</u>		
Department of Education		5,680,833
Class Size Reduction	84.340	
<u>Direct Awards:</u>		
Department of Education		31,038,927
Preparing Tomorrow's Teachers to Use Technology	84.342	
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		517,416
Louisiana Systemic Initiatives Program		580,118
Nicholls State University		353,136
<u>Through: Loyola University New Orleans (#01-99)</u>		
University of New Orleans		220,279
Total Preparing Tomorrow's Teachers to Use Technology		1,670,949
TRIO - Dissemination Partnership Grants	84.344	
<u>Direct Awards:</u>		
Northwestern State University		201,740
Southeastern Louisiana University		206,392
Total TRIO - Dissemination Partnership Grants		408,132

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
U.S. DEPARTMENT OF EDUCATION (CONT.)		
Underground Railroad Educational and Cultural Program <u>Direct Awards:</u> Southern University and A&M College (Baton Rouge)	84.345	\$55,714
Occupational and Employment Information State Grants <u>Direct Awards:</u> Louisiana Community and Technical College System	84.346	110,883
Title 1 Accountability Grants <u>Direct Awards:</u> Department of Education	84.348	1,132,670
School Renovation Grants <u>Direct Awards:</u> Department of Education	84.352	34,067
National Writing Project Corporation <u>Through: National Writing Project Corporation, University of California at Berkeley (#92-LA01)</u> University of New Orleans	84.928	27,858
Louisiana SOTAC Mini-Grant <u>Through: University of Tennessee - Postsecondary Education Consortium</u> LSU A&M College (Baton Rouge)	84.OR8666-05.06-01	3,539
National Writing Project Models and Programs <u>Through: National Writing Project Corporation</u> LSU A&M College (Baton Rouge)	84.92-LA02	28,950
Proposal for PEC Affiliation <u>Through: University of Tennessee</u> LSU A&M College (Baton Rouge)	84.OR8666-05.06	12,234
Restoring the North American Ecological Landscape <u>Through: University of Wisconsin-Madison (#P116N010008)</u> LSU A&M College (Baton Rouge)	84.599F362	1,125
Task Order for Basic Participation for Louisiana <u>Direct Awards:</u> Department of Education	84.ED99CO0044	10,174

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See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2002

	<u>CFDA OR OTHER NUMBER</u>	<u>ACTIVITY</u>
U.S. DEPARTMENT OF EDUCATION (CONT.)		
Teaching American History in Louisiana <u>Through: East Baton Rouge Parish School System</u> LSU A&M College (Baton Rouge)	84.15473	<u>\$31,239</u>
YWCA Cares for Children Workshop Series - Fixed Price Contract <u>Through: YWCA of Northeast Louisiana</u> LSU Agricultural Center	84.unknown	<u>900</u>
<u>Research and Development Cluster:</u>		
Rehabilitation Long-Term Training <u>Direct Awards:</u> LSU Health Sciences Center (New Orleans) Louisiana Tech University	84.129	109,155 125,650
National Institute on Disability and Rehabilitation Research <u>Direct Awards:</u> LSU Health Sciences Center (New Orleans)	84.133	157,547
Secondary Education and Transitional Services for Youth With Disabilities <u>Direct Awards:</u> LSU Health Sciences Center (New Orleans)	84.158	271,924
Fund for the Improvement of Education <u>Direct Awards:</u> Louisiana Tech University	84.215	247,960
Eisenhower Professional Development State Grants <u>Direct Awards:</u> Board of Regents for Higher Education	84.281	991,471
Technology Innovation Challenge Grants <u>Through: Concordia Parish School Board</u> <u>(#R303A980332-01A)</u> Louisiana Tech University	84.303	2,402
National Institute on Student Achievement, Curriculum, and Assessment <u>Through: University of Illinois</u> LSU Health Sciences Center (New Orleans)	84.305	10,326

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
U.S. DEPARTMENT OF EDUCATION (CONT.)		
<u>Research and Development Cluster: (Cont.)</u>		
Special Education - Research and Innovation to Improve Services and Results for Children With Disabilities <u>Through: University of Colorado - Denver</u> LSU Health Sciences Center (New Orleans)	84.324	(\$928)
Preparing Tomorrow's Teachers to Use Technology <u>Through: International Society for Technology in Education (#ISTE/LaTech)</u> Louisiana Tech University	84.342	263,935
<u>Through: International Society for Technology in Education (#P324A990498)</u> LSU A&M College (Baton Rouge)		11,624
National Writing Project <u>Through: National Writing Project Corporation (#92-LA-05)</u> Southeastern Louisiana University	84.928	30,506
Annual Interest Grant <u>Direct Awards:</u> Louisiana Tech University	84.RD.R-7-00375	113,349
Total Research and Development Cluster		2,334,921
<u>Special Education Cluster:</u>		
Special Education - Grants to States <u>Direct Awards:</u> Department of Education	84.027	87,910,949
<u>Through: Ascension Parish School Board (#HO27AO1003)</u> LSU A&M College (Baton Rouge)		11,676
<u>Through: Lafourche Parish School Board</u> LSU Health Sciences Center (New Orleans)		14,003
Special Education - Preschool Grants <u>Direct Awards:</u> Department of Education	84.173	5,990,046
Total Special Education Cluster		93,926,674

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
U.S. DEPARTMENT OF EDUCATION (CONT.)		
<u>Student Financial Assistance Cluster:</u>		
Federal Supplemental Educational Opportunity Grants	84.007	
<u>Direct Awards:</u>		
Bossier Parish Community College		\$75,000
Delgado Community College		523,820
Grambling State University		693,208
LSU A&M College (Baton Rouge)		774,780
LSU at Alexandria		61,133
LSU at Eunice		101,751
LSU in Shreveport		76,561
LSU Health Sciences Center (New Orleans)		51,209
Louisiana Tech University		358,642
McNeese State University		211,999
Nicholls State University		131,480
Northwestern State University		364,084
Southeastern Louisiana University		854,201
Southern University and A&M College (Baton Rouge)		751,939
Southern University at New Orleans		195,345
Southern University at Shreveport-Bossier City		83,971
University of Louisiana at Lafayette		488,077
University of Louisiana at Monroe		379,546
University of New Orleans		577,744
Federal Work-Study Program	84.033	
<u>Direct Awards:</u>		
Bossier Parish Community College		68,983
Delgado Community College		485,084
Grambling State University		753,440
LSU Agricultural Center		1,455
LSU A&M College (Baton Rouge)		1,198,593
LSU at Alexandria		73,694
LSU at Eunice		134,277
LSU in Shreveport		152,079
LSU Health Sciences Center (New Orleans)		25,449
Louisiana Tech University		395,589
McNeese State University		276,877
Nicholls State University		276,092
Northwestern State University		282,023
Nunez Community College		115,843
Southeastern Louisiana University		1,145,162

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
U.S. DEPARTMENT OF EDUCATION (CONT.)		
<u>Student Financial Assistance Cluster:</u> (Cont.)		
Federal Work-Study Program (Cont.)	84.033	
<u>Direct Awards:</u> (Cont.)		
Southern University and A&M College (Baton Rouge)		\$868,505
Southern University at New Orleans		311,705
Southern University at Shreveport-Bossier City		219,410
University of Louisiana at Lafayette		841,058
University of Louisiana at Monroe		701,871
University of New Orleans		411,381
<u>Through: The Union Institute (#02-527674)</u>		
Southern University and A&M College (Baton Rouge)		6,033
Federal Perkins Loan Program - Federal Capital Contributions	84.038	
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		9,395
LSU at Eunice		5,709
LSU Health Sciences Center (Shreveport)		38,663
Louisiana Tech University		101,335
McNeese State University		45,778
Northwestern State University		121,593
University of Louisiana at Lafayette		212,705
University of Louisiana at Monroe		64,296
University of New Orleans		31,717
Federal Pell Grant Program	84.063	
<u>Direct Awards:</u>		
Bossier Parish Community College		3,420,671
Delgado Community College		16,389,025
Grambling State University		8,981,185
LSU A&M College (Baton Rouge)		13,473,107
LSU at Alexandria		2,696,166
LSU at Eunice		2,945,385
LSU in Shreveport		2,801,380
LSU Health Sciences Center (New Orleans)		500,993
Louisiana Tech University		5,863,002
Louisiana Technical College		12,994,128
McNeese State University		6,070,712
Nicholls State University		5,000,932
Northwestern State University		10,844,499
Nunez Community College		3,124,930
Southeastern Louisiana University		14,354,632

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
U.S. DEPARTMENT OF EDUCATION (CONT.)		
<u>Student Financial Assistance Cluster:</u> (Cont.)		
Federal Pell Grant Program (Cont.)	84.063	
<u>Direct Awards:</u> (Cont.)		
Southern University and A&M College (Baton Rouge)		\$14,044,618
Southern University at New Orleans		7,015,275
Southern University at Shreveport-Bossier City		3,666,855
University of Louisiana at Lafayette		11,617,008
University of Louisiana at Monroe		9,085,199
University of New Orleans		12,775,415
		<hr/>
Total Student Financial Assistance Cluster		183,795,401
		<hr/>
<u>TRIO Cluster:</u>		
TRIO - Student Support Services	84.042	
<u>Direct Awards:</u>		
Delgado Community College		119,243
Grambling State University		233,145
LSU A&M College (Baton Rouge)		313,045
LSU at Eunice		306,468
Nicholls State University		379,901
Northwestern State University		341,742
Southeastern Louisiana University		292,583
Southern University and A&M College (Baton Rouge)		334,118
Southern University at New Orleans		479,181
Southern University at Shreveport-Bossier City		288,541
University of Louisiana at Lafayette		492,837
University of New Orleans		247,400
		<hr/>
TRIO - Talent Search	84.044	
<u>Direct Awards:</u>		
Southeastern Louisiana University		312,945
Southern University and A&M College (Baton Rouge)		474,268
Southern University at New Orleans		263,525
Southern University at Shreveport-Bossier City		437,063
University of Louisiana at Lafayette		413,634
University of Louisiana at Monroe		311,467
University of New Orleans		321,861

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
U.S. DEPARTMENT OF EDUCATION (CONT.)		
<u>TRIO Cluster: (Cont.)</u>		
TRIO - Upward Bound	84.047	
<u>Direct Awards:</u>		
Delgado Community College		\$227,110
Grambling State University		542,780
LSU at Eunice		413,903
Nicholls State University		268,663
Southeastern Louisiana University		1,338,154
Southern University and A&M College (Baton Rouge)		895,178
Southern University at New Orleans		313,926
University of Louisiana at Lafayette		1,280,203
University of New Orleans		736,535
TRIO - Educational Opportunity Centers	84.066	
<u>Direct Awards:</u>		
Southeastern Louisiana University		394,576
TRIO - McNair Post-Baccalaureate Achievement	84.217	
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		262,245
University of Louisiana at Lafayette		248,368
Total TRIO Cluster		<u>13,284,608</u>
Total U.S. Department of Education		<u><u>\$711,477,909</u></u>
UNITED STATES INSTITUTE OF PEACE		
<u>Research and Development Cluster:</u>		
Islamic Government: An Assessment of the Iranian Model	91.RD.SG-13-99	
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		<u>\$5,673</u>
Total United States Institute of Peace		<u><u>\$5,673</u></u>

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Special Programs for the Aging - Title VII, Chapter 3 - Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	
<u>Direct Awards:</u>		
Governor's Office of Elderly Affairs		\$37,093
Special Programs for the Aging - Title VII, Chapter 2 - Long Term Care Ombudsman Services for Older Individuals	93.042	
<u>Direct Awards:</u>		
Governor's Office of Elderly Affairs		162,556
Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services	93.043	
<u>Direct Awards:</u>		
Governor's Office of Elderly Affairs		284,110
Special Programs for the Aging - Title IV and Title II - Discretionary Projects	93.048	
<u>Direct Awards:</u>		
Governor's Office of Elderly Affairs		3,440
National Family Caregiver Support	93.052	
<u>Direct Awards:</u>		
Governor's Office of Elderly Affairs		1,305,293
Demonstration Grants for Residential Treatment for Women and Their Children	93.102	
<u>Direct Awards:</u>		
Department of Health and Hospitals		244,476
Food and Drug Administration - Research	93.103	
<u>Direct Awards:</u>		
Department of Agriculture and Forestry		2,565
Maternal and Child Health Federal Consolidated Programs	93.110	
<u>Direct Awards:</u>		
Office of Public Health		200,517
<u>Through: Tulane University</u>		
LSU Health Sciences Center (Shreveport)		2,456
Total Maternal and Child Health Federal Consolidated Programs		202,973

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONT.)		
Applied Toxicological Research and Testing <u>Through: Virginia Polytechnic Institute and State University</u> University of Louisiana at Monroe	93.114	<u>\$3,265</u>
Project Grants and Cooperative Agreements for Tuberculosis Control Programs <u>Direct Awards:</u> Office of Public Health	93.116	<u>1,290,007</u>
Emergency Medical Services for Children <u>Direct Awards:</u> Office of Public Health	93.127	<u>110,452</u>
Primary Care Services - Resource Coordination and Development <u>Direct Awards:</u> Department of Health and Hospitals	93.130	<u>146,770</u>
Injury Prevention and Control Research and State and Community Based Programs <u>Direct Awards:</u> Office of Public Health	93.136	<u>36,740</u>
NIEHS Hazardous Waste Worker Health and Safety Training <u>Through: Xavier University of Louisiana (#OSP-01-231-003)</u> Southern University at Shreveport-Bossier City	93.142	<u>114,980</u>
Projects for Assistance in Transition From Homelessness (PATH) <u>Direct Awards:</u> Department of Health and Hospitals	93.150	<u>329,262</u>
Health Program for Toxic Substances and Disease Registry <u>Direct Awards:</u> Office of Public Health	93.161	<u>128,227</u>
Grants for State Loan Repayment <u>Direct Awards:</u> Department of Health and Hospitals	93.165	<u>145,083</u>

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONT.)		
Human Genome Research	93.172	
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		<u>(\$2,601)</u>
Childhood Lead Poisoning Prevention Projects - State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	93.197	
<u>Direct Awards:</u>		
Office of Public Health		<u>510,787</u>
Hansen's Disease National Ambulatory Care Program	93.215	
<u>Direct Awards:</u>		
Department of Military Affairs		<u>750,000</u>
Family Planning - Services	93.217	
<u>Direct Awards:</u>		
Office of Public Health		<u>4,077,648</u>
Consolidated Knowledge Development and Application (KD&A) Program	93.230	
<u>Direct Awards:</u>		
Department of Health and Hospitals		<u>629,375</u>
Abstinence Education	93.235	
<u>Direct Awards:</u>		
Department of Health and Hospitals		<u>1,583,236</u>
State Rural Hospital Flexibility Program	93.241	
<u>Direct Awards:</u>		
Department of Health and Hospitals		<u>158,119</u>
Universal Newborn Hearing Screening	93.251	
<u>Direct Awards:</u>		
Office of Public Health		<u>114,897</u>
Immunization Grants	93.268	
<u>Direct Awards:</u>		
Office of Public Health		<u>2,175,694</u>

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONT.)		
Drug Abuse National Research Service Awards for Research Training	93.278	
<u>Direct Awards:</u>		
LSU Health Sciences Center (Shreveport)		\$3,198
Drug Abuse Research Programs	93.279	
<u>Direct Awards:</u>		
Southern University and A&M College (Baton Rouge)		468,645
Mental Health National Research Service Awards for Research Training	93.282	
<u>Direct Awards:</u>		
Grambling State University		228,268
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	
<u>Direct Awards:</u>		
Office of Public Health		2,233,048
<u>Through: National Black Women's Health Project</u> <u>(#U50CCU317371/SO/CCU317371)</u>		
Southern University and A&M College (Baton Rouge)		45,548
Total Centers for Disease Control and Prevention - Investigations and Technical Assistance		2,278,596
Nurse Practitioner and Nurse - Midwifery Education Programs	93.298	
<u>Direct Awards:</u>		
Southern University and A&M College (Baton Rouge)		136,676
Advanced Education Nursing Traineeships	93.358	
<u>Direct Awards:</u>		
McNeese State University		31,528
Northwestern State University		51,008
Southeastern Louisiana University		30,600
Southern University and A&M College (Baton Rouge)		29,898
University of Louisiana at Lafayette		33,834
Total Advanced Education Nursing Traineeships		176,868
Basic Nurse Education and Practice Grants	93.359	
<u>Direct Awards:</u>		
Southern University and A&M College (Baton Rouge)		16,183

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONT.)		
Research Infrastructure	93.389	
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		\$20,000
Southern University and A&M College (Baton Rouge)		652,928
		<hr/>
Total Research Infrastructure		672,928
		<hr/>
Promoting Safe and Stable Families	93.556	
<u>Direct Awards:</u>		
Department of Social Services		7,127,497
		<hr/>
Temporary Assistance for Needy Families	93.558	
<u>Direct Awards:</u>		
Department of Social Services		113,605,426
		<hr/>
Child Support Enforcement	93.563	
<u>Direct Awards:</u>		
Department of Social Services		28,374,319
		<hr/>
Refugee and Entrant Assistance - State Administered Programs	93.566	
<u>Direct Awards:</u>		
Department of Social Services		730,418
		<hr/>
Low-Income Home Energy Assistance	93.568	
<u>Direct Awards:</u>		
Department of Social Services		2,713,158
		<hr/>
Community Services Block Grant	93.569	
<u>Direct Awards:</u>		
Department of Labor		13,498,131
		<hr/>

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONT.)		
Community Services Block Grant - Discretionary Awards	93.570	
<u>Through: National Collegiate Athletic Association</u> <u>(#97-141.93/00-3221/02-247)</u>		
Southern University and A&M College (Baton Rouge)		\$116,347
<u>Through: National Collegiate Athletic Association (#992754)</u>		
Southern University at New Orleans		87,255
<u>Through: National Collegiate Athletic Association (#00-4881)</u>		
Southern University at Shreveport - Bossier City		90,046
<u>Through: National Youth Sports Program (#98-261)</u>		
Grambling State University		80,123
		<hr/>
Total Community Services Block Grant - Discretionary Awards		373,771
		<hr/>
Community Services Block Grant Discretionary Awards - Community Food and Nutrition	93.571	
<u>Direct Awards:</u>		
Department of Labor		121,695
		<hr/>
Refugee and Entrant Assistance - Discretionary Grants	93.576	
<u>Direct Awards:</u>		
Department of Education		273,251
Office of Public Health		78,108
Department of Social Services		168,831
		<hr/>
Total Refugee and Entrant Assistance - Discretionary Grants		520,190
		<hr/>
Empowerment Zones Program	93.585	
<u>Direct Awards:</u>		
Department of Social Services		831,659
		<hr/>
State Court Improvement Program	93.586	
<u>Direct Awards:</u>		
Supreme Court of Louisiana		106,554
		<hr/>
Community-Based Family Resource and Support Grants	93.590	
<u>Direct Awards:</u>		
Department of Social Services		328,886
		<hr/>

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONT.)		
Grants to States for Access and Visitation Programs	93.597	
<u>Direct Awards:</u>		
Department of Social Services		<u>\$212,005</u>
Head Start	93.600	
<u>Direct Awards:</u>		
Department of Social Services		166,508
Southern University and A&M College (Baton Rouge)		313,245
<u>Through: Regina Coeli Child Development Center</u>		
Southeastern Louisiana University		<u>2,225</u>
Total Head Start		<u>481,978</u>
Adoption Incentive Payments	93.603	
<u>Direct Awards:</u>		
Department of Social Services		<u>202,133</u>
Runaway and Homeless Youth	93.623	
<u>Direct Awards:</u>		
Executive Department		<u>162,096</u>
Developmental Disabilities Basic Support and Advocacy Grants	93.630	
<u>Direct Awards:</u>		
Department of Health and Hospitals		<u>1,381,808</u>
Children's Justice Grants to States	93.643	
<u>Direct Awards:</u>		
Department of Social Services		<u>161,933</u>
Child Welfare Services - State Grants	93.645	
<u>Direct Awards:</u>		
Department of Social Services		<u>5,535,342</u>
Foster Care - Title IV-E	93.658	
<u>Direct Awards:</u>		
Department of Social Services		<u>55,340,687</u>

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONT.)		
Adoption Assistance	93.659	
<u>Direct Awards:</u>		
Department of Social Services		\$8,516,667
Social Services Block Grant	93.667	
<u>Direct Awards:</u>		
Department of Social Services		44,144,611
Child Abuse and Neglect State Grants	93.669	
<u>Direct Awards:</u>		
Department of Social Services		394,105
Family Violence Prevention and Services/Grants for Battered Women's Shelters - Grants to States and Indian Tribes	93.671	
<u>Direct Awards:</u>		
Office of Women's Services		1,200,410
<u>Through: Central State University</u>		
<u>(#MMV020-03/P67M0940005&6/D67M094003&4)</u>		
Southern University and A&M College (Baton Rouge)		182,454
Total Family Violence Prevention and Services/Grants for Battered Women's Shelters - Grants to States and Indian Tribes		1,382,864
Chafee Foster Care Independent Living	93.674	
<u>Direct Awards:</u>		
Department of Social Services		1,528,365
State Children's Insurance Program	93.767	
<u>Direct Awards:</u>		
Department of Health and Hospitals		61,161,132
Medicaid Infrastructure Grants to Support the Competitive Employment of People With Disabilities	93.768	
<u>Direct Awards:</u>		
Department of Health and Hospitals		114,396

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONT.)		
Centers for Medicare and Medicaid Services (CMS)		
Research, Demonstrations and Evaluations	93.779	
<u>Direct Awards:</u>		
Executive Department		\$41,716
Department of Health and Hospitals		48,194
Department of Insurance		198,252
Southern University and A&M College (Baton Rouge)		91,318
<u>Through: International Resource Group</u> <u>(#6FPH-93/6FPHPA06197)</u>		
Southern University at Shreveport-Bossier City		17,100
		<hr/>
Total Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations		396,580
		<hr/>
Health Careers Opportunity Program	93.822	
<u>Direct Awards:</u>		
LSU Health Sciences Center (Shreveport)		210,674
		<hr/>
Kidney Diseases, Urology and Hematology Research	93.849	
<u>Direct Awards:</u>		
LSU Health Sciences Center (Shreveport)		3,211
		<hr/>
Microbiology and Infectious Diseases Research	93.856	
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		29,134
		<hr/>
Center for Research for Mothers and Children	93.865	
<u>Direct Awards:</u>		
Grambling State University		104,123
		<hr/>
Medical Library Assistance	93.879	
<u>Direct Awards:</u>		
LSU Health Sciences Center (Shreveport)		15,277
		<hr/>
Minority Access to Research Careers	93.880	
<u>Direct Awards:</u>		
Grambling State University		113,106
LSU A&M College (Baton Rouge)		43,891
		<hr/>
Total Minority Access to Research Careers		156,997
		<hr/>

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONT.)		
Health Care and Other Facilities	93.887	
<u>Direct Awards:</u>		
LSU Health Sciences Center (Shreveport)		\$308,530
Grants to States for Operation of Offices of Rural Health	93.913	
<u>Direct Awards:</u>		
Department of Health and Hospitals		34,790
HIV Care Formula Grants	93.917	
<u>Direct Awards:</u>		
Office of Public Health		17,233,465
Grants to Provide Outpatient Early Intervention Services With Respect to HIV Disease	93.918	
<u>Direct Awards:</u>		
LSU Health Sciences Center (Shreveport)		284,265
Medical Center of Louisiana at New Orleans		594,987
Total Grants to Provide Outpatient Early Intervention Services With Respect to HIV Disease		879,252
Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	93.919	
<u>Direct Awards:</u>		
Office of Public Health		506,735
Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	93.938	
<u>Direct Awards:</u>		
Department of Education		213,656
HIV Prevention Activities - Health Department Based	93.940	
<u>Direct Awards:</u>		
Office of Public Health		4,433,008
HIV Demonstration, Research, Public and Professional Education Projects	93.941	
<u>Direct Awards:</u>		
Office of Public Health		30,012

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONT.)		
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944	
<u>Direct Awards:</u>		
Office of Public Health		\$1,693,376
Assistance Programs for Chronic Disease Prevention and Control	93.945	
<u>Direct Awards:</u>		
Medical Center of Louisiana at New Orleans		135,183
Office of Public Health		385,306
Total Assistance Programs for Chronic Disease Prevention and Control		520,489
Block Grants for Community Mental Health Services	93.958	
<u>Direct Awards:</u>		
Department of Health and Hospitals		5,340,058
Block Grants for Prevention and Treatment of Substance Abuse	93.959	
<u>Direct Awards:</u>		
Department of Health and Hospitals		22,648,066
Special Minority Initiatives	93.960	
<u>Direct Awards:</u>		
Grambling State University		125,309
LSU Health Sciences Center (Shreveport)		3,164
Total Special Minority Initiatives		128,473
Preventive Health Services - Sexually Transmitted Diseases Control Grants	93.977	
<u>Direct Awards:</u>		
Office of Public Health		2,449,226

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONT.)		
Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of Surveillance Systems	93.988	
<u>Direct Awards:</u>		
Office of Public Health		\$105,021
Preventive Health and Health Services Block Grant	93.991	
<u>Direct Awards:</u>		
Office of Public Health		3,559,960
Maternal and Child Health Services Block Grant to the States	93.994	
<u>Direct Awards:</u>		
Office of Public Health		14,204,018
Capabilities Outreach Campaign for Historically Black Colleges	93.HCFA-00-0217	
<u>Direct Awards:</u>		
Southern Board and System Administration		20,914
Food Inspection - Fixed Price Contract	93.223004119	
<u>Direct Awards:</u>		
Office of Public Health		21,161
Integrated Data for Substance Abuse Treatment	93.283-97-9001	
<u>Direct Awards:</u>		
Department of Health and Hospitals		120,573
International Resource Group	93.6EPHPA061197	
<u>Through: International Resource Group (#IRG-1197)</u>		
Grambling State University		13,509
MBRS Program at Grambling	93.551466MO4531-08	
<u>Direct Awards:</u>		
Grambling State University		138,585
National Health Professions Preparedness Strategy	93.02-OVPR-423187-LSU	
<u>Through: Auburn University (#282-99-0012)</u>		
LSU A&M College (Baton Rouge)		6,777

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONT.)		
National Office Death Index - Fixed Price Contract	93.0990-0116/01C106131010	
<u>Direct Awards:</u>		
Office of Public Health		\$18,576
Parenting: East Bank/West Bank	93.unknown	
<u>Through: Volunteers of America</u>		
LSU Agricultural Center		10,895
Seafood Inspection - Fixed Price Contract	93.223004119	
<u>Direct Awards:</u>		
Office of Public Health		32,486
State Demand and Needs Assessment Studies:		
Alcohol and Other Drugs	93.270-97-7039	
<u>Direct Awards:</u>		
Department of Health and Hospitals		266,311
Training: East Bank/West Bank	93.unknown	
<u>Through: Volunteers of America</u>		
LSU Agricultural Center		6,324
Vital Statistics Cooperative - Fixed Price Contract	93.200-2000-07218	
<u>Direct Awards:</u>		
Office of Public Health		248,119
<u>Aging Cluster:</u>		
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	
<u>Direct Awards:</u>		
Governor's Office of Elderly Affairs		5,409,729
Special Programs for the Aging - Title III Part C - Nutrition Services	93.045	
<u>Direct Awards:</u>		
Governor's Office of Elderly Affairs		7,571,635
Total Aging Cluster		12,981,364

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONT.)		
<u>Child Care Cluster:</u>		
Child Care and Development Block Grant	93.575	
<u>Direct Awards:</u>		
Department of Social Services		\$46,397,376
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	
<u>Direct Awards:</u>		
Department of Social Services		60,091,120
Total Child Care Cluster		<u>106,488,496</u>
<u>Medicaid Cluster:</u>		
State Medicaid Fraud Control Units	93.775	
<u>Direct Awards:</u>		
Department of Justice		1,179,594
State Survey and Certification of Health Care Providers and Suppliers	93.777	
<u>Direct Awards:</u>		
Department of Health and Hospitals		8,509,695
Medical Assistance Program	93.778	
<u>Direct Awards:</u>		
Department of Health and Hospitals		3,380,881,107
Total Medicaid Cluster		<u>3,390,570,396</u>
<u>Research and Development Cluster:</u>		
Model State-Supported Area Health Education Centers	93.107	
<u>Direct Awards:</u>		
LSU Health Sciences Center (New Orleans)		178,729
Maternal and Child Health Federal Consolidated Programs	93.110	
<u>Direct Awards:</u>		
LSU Health Sciences Center (New Orleans)		94,205
Office of Public Health		309,200

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONT.)		
<u>Research and Development Cluster:</u> (Cont.)		
Biological Response to Environmental Health Hazards	93.113	
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		(\$1,452)
LSU Health Sciences Center (New Orleans)		151,869
LSU Health Sciences Center (Shreveport)		78,806
Pennington Biomedical Research Center		108,775
University of Louisiana at Monroe		210,980
<u>Through: University of Florida</u>		
LSU A&M College (Baton Rouge)		53,099
Applied Toxicological Research and Testing	93.114	
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		132,435
Oral Diseases and Disorders Research	93.121	
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		171,881
LSU Health Sciences Center (New Orleans)		560,683
LSU Health Sciences Center (Shreveport)		272,847
<u>Through: University of Kentucky</u>		
LSU Health Sciences Center (New Orleans)		35,883
<u>Through: University of Washington</u>		
LSU Health Sciences Center (New Orleans)		93,538
NIEHS Superfund Hazardous Substances - Basic Research and Education	93.143	
<u>Through: University of Florida</u>		
LSU A&M College (Baton Rouge)		23,423
AIDS Education and Training Centers	93.145	
<u>Direct Awards:</u>		
LSU Health Sciences Center (New Orleans)		1,058,605
<u>Through: University of California</u>		
LSU Health Sciences Center (New Orleans)		3,931
Health Program for Toxic Substances and Disease Registry	93.161	
<u>Direct Awards:</u>		
Office of Public Health		269,479
University of Louisiana at Monroe		52,954

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONT.)		
<u>Research and Development Cluster:</u> (Cont.)		
Human Genome Research	93.172	
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		\$355,014
<u>Through: University of Utah</u>		
LSU Health Sciences Center (New Orleans)		143,720
Research Related to Deafness and Communication Disorders	93.173	
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		337,362
LSU Health Sciences Center (New Orleans)		751,734
University of Louisiana at Lafayette		18,716
<u>Through: University of California - Irvine</u>		
LSU Health Sciences Center (New Orleans)		1,067
<u>Through: University of Maryland</u>		
Pennington Biomedical Research Center		(1,981)
Allied Health Special Projects	93.191	
<u>Direct Awards:</u>		
LSU Health Sciences Center (New Orleans)		121,890
Hansen's Disease National Ambulatory Care Program	93.215	
<u>Direct Awards:</u>		
LSU Health Sciences Center (New Orleans)		632,643
Research on Healthcare Costs, Quality and Outcomes	93.226	
<u>Direct Awards:</u>		
LSU Health Sciences Center (New Orleans)		187,527
Consolidated Knowledge Development and Application (KD&A) Program	93.230	
<u>Through: Orleans Parish District Attorney</u>		
LSU Health Sciences Center (New Orleans)		32,717
<u>Through: University of California - Irvine</u>		
LSU Health Sciences Center (New Orleans)		53,938

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONT.)		
<u>Research and Development Cluster:</u> (Cont.)		
Mental Health Research Grants	93.242	
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		\$63,981
LSU Health Sciences Center (New Orleans)		317,878
LSU Health Sciences Center (Shreveport)		788
Pennington Biomedical Research Center		279,091
University of Louisiana at Lafayette		38,126
University of New Orleans		143,224
<u>Through: University of Pennsylvania</u>		
LSU Health Sciences Center (New Orleans)		53,946
Advanced Education Nursing Grant Program	93.247	
<u>Direct Awards:</u>		
LSU Health Sciences Center (New Orleans)		179,701
Poison Control Stabilization and Enhancement Grants	93.253	
<u>Direct Awards:</u>		
University of Louisiana at Monroe		181,798
Occupational Safety and Health Research Grants	93.262	
<u>Direct Awards:</u>		
LSU Health Sciences Center (New Orleans)		163,071
<u>Through: University of Maryland</u>		
University of Louisiana at Lafayette		62,175
<u>Through: University of Texas Health Center at Tyler (#0007/2B03-02/0025)</u>		
Southeastern Louisiana University		43,489
Alcohol National Research Service Awards for Research Training	93.272	
<u>Direct Awards:</u>		
LSU Health Sciences Center (New Orleans)		202,808
Alcohol Research Programs	93.273	
<u>Direct Awards:</u>		
LSU Health Sciences Center (New Orleans)		722,959
LSU Health Sciences Center (Shreveport)		405,290

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONT.)		
<u>Research and Development Cluster:</u> (Cont.)		
Career Development Awards	93.277	
<u>Direct Awards:</u>		
LSU Health Sciences Center (New Orleans)		\$113,433
Drug Abuse National Research Service Awards for Research Training	93.278	
<u>Direct Awards:</u>		
LSU Health Sciences Center (Shreveport)		22,443
University of New Orleans		42,299
Drug Abuse Research Programs	93.279	
<u>Direct Awards:</u>		
LSU Health Sciences Center (New Orleans)		537,052
LSU Health Sciences Center (Shreveport)		806,953
University of New Orleans		638,951
<u>Through: Tulane University</u>		
LSU Health Sciences Center (New Orleans)		27,848
Mental Health Research Career/Scientist Development Awards	93.281	
<u>Direct Awards:</u>		
LSU Health Sciences Center (New Orleans)		108,371
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	
<u>Direct Awards:</u>		
LSU Health Sciences Center (New Orleans)		603,113
Office of Public Health		786,406
Southeastern Louisiana University		6,267
<u>Through: Baton Rouge General Medical Center for Diseases</u>		
LSU A&M College (Baton Rouge)		10,119
<u>Through: Tulane University</u>		
LSU Health Sciences Center (New Orleans)		100,673
<u>Through: University of California - Irvine</u>		
LSU Health Sciences Center (New Orleans)		11,288

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONT.)		
<u>Research and Development Cluster:</u> (Cont.)		
Comparative Medicine	93.306	
<u>Direct Awards:</u>		
LSU Health Sciences Center (Shreveport)		(\$1,355)
University of Louisiana at Lafayette		924,365
<u>Through: University of California (#K-980472-01/02)</u>		
University of New Orleans		114,430
Clinical Research	93.333	
<u>Through: Tulane University</u>		
LSU Health Sciences Center (New Orleans)		126,822
Advanced Education Nursing Traineeships	93.358	
<u>Direct Awards:</u>		
LSU Health Sciences Center (New Orleans)		46,393
Nursing Research	93.361	
<u>Direct Awards:</u>		
Southern University and A&M College (Baton Rouge)		5,332
Biomedical Technology	93.371	
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		49,767
Minority Biomedical Research Support	93.375	
<u>Direct Awards:</u>		
Southern University and A&M College (Baton Rouge)		54,464
Research Infrastructure	93.389	
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		13,976
LSU Health Sciences Center (New Orleans)		416,261
Southern University and A&M College (Baton Rouge)		342,403
Cancer Cause and Prevention Research	93.393	
<u>Direct Awards:</u>		
LSU Health Sciences Center (New Orleans)		282,665
LSU Health Sciences Center (Shreveport)		677,017
Pennington Biomedical Research Center		175,518
<u>Through: Hipple Cancer Research Center</u>		
LSU Health Sciences Center (Shreveport)		180,940

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONT.)		
<u>Research and Development Cluster:</u> (Cont.)		
Cancer Detection and Diagnosis Research	93.394	
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		\$758,007
<u>Through: Stanford University</u>		
LSU Health Sciences Center (New Orleans)		58,835
Cancer Treatment Research	93.395	
<u>Direct Awards:</u>		
LSU Health Sciences Center (New Orleans)		470,883
LSU Health Sciences Center (Shreveport)		425,911
University of Louisiana at Monroe		25,856
<u>Through: Cancer Treatment Research Center</u>		
LSU Health Sciences Center (Shreveport)		59,824
<u>Through: Trustees of Indiana University</u>		
Pennington Biomedical Research Center		31,286
<u>Through: University of Pittsburgh</u>		
LSU Health Sciences Center (New Orleans)		37,163
Cancer Biology Research	93.396	
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		56,268
LSU Health Sciences Center (New Orleans)		649,178
LSU Health Sciences Center (Shreveport)		125,563
Cancer Research Manpower	93.398	
<u>Direct Awards:</u>		
LSU Health Sciences Center (New Orleans)		39,194
Cancer Control	93.399	
<u>Direct Awards:</u>		
LSU Health Sciences Center (New Orleans)		241,839
<u>Through: Cancer Treatment Research Center (#PCPT-9323)</u>		
LSU Health Sciences Center (Shreveport)		74,657
<u>Through: Sloan Kettering Cancer Center (#CA79572-03LSU2)</u>		
LSU Health Sciences Center (Shreveport)		74,480
Head Start	93.600	
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		102
<u>Through: University of Arkansas</u>		
LSU Health Sciences Center (New Orleans)		50,988

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONT.)		
<u>Research and Development Cluster:</u> (Cont.)		
Developmental Disabilities Basic Support and Advocacy Grants	93.630	
<u>Through: Jefferson Parish</u>		
LSU Health Sciences Center (New Orleans)		\$11,220
University Centers for Excellence in Developmental Disabilities Education, Research, and Service	93.632	
<u>Direct Awards:</u>		
LSU Health Sciences Center (New Orleans)		470,203
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779	
<u>Direct Awards:</u>		
Southern University and A&M College (Baton Rouge)		9,337
Cell Biology and Biophysics Research	93.821	
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		616,670
LSU Health Sciences Center (Shreveport)		251,521
Health Careers Opportunity Program	93.822	
<u>Direct Awards:</u>		
LSU Health Sciences Center (New Orleans)		294,518
Basic/Core Area Health Education Centers	93.824	
<u>Through: Assn of Teachers of Preventative Medicine</u> <u>(#5478HP00010)</u>		
LSU Health Sciences Center (Shreveport)		75,632
Heart and Vascular Diseases Research	93.837	
<u>Direct Awards:</u>		
LSU Health Sciences Center (New Orleans)		569,483
LSU Health Sciences Center (Shreveport)		1,049,363
Pennington Biomedical Research Center		1,282,713
<u>Through: Allegheny-Singer Research Institute (#1 RO 1 HL72317-01)</u>		
University of New Orleans		16,870
<u>Through: Polymer Tech Group</u>		
LSU Health Sciences Center (New Orleans)		7,327

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONT.)		
<u>Research and Development Cluster:</u> (Cont.)		
Heart and Vascular Diseases Research (Cont.)	93.837	
<u>Through: Tulane University</u>		
LSU Health Sciences Center (New Orleans)		\$69,119
<u>Through: Tulane University (#1 401 HL66855-01)</u>		
University of New Orleans		80,912
<u>Through: University of Texas, Houston</u>		
LSU Health Sciences Center (New Orleans)		4,713
Lung Diseases Research	93.838	
<u>Direct Awards:</u>		
LSU Health Sciences Center (New Orleans)		551,295
Blood Diseases and Resources Research	93.839	
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		221,268
<u>Through: Case Western University (#5R01 HL-66267-02)</u>		
Louisiana Tech University		19,078
Arthritis, Musculoskeletal and Skin Diseases Research	93.846	
<u>Direct Awards:</u>		
LSU Health Sciences Center (Shreveport)		451,413
<u>Through: Hospital for Joint Diseases/Orthopaedic</u>		
<u>Institute (#363403/04)</u>		
LSU Health Sciences Center (Shreveport)		1,121
Diabetes, Endocrinology and Metabolism Research	93.847	
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		225,597
LSU Health Sciences Center (New Orleans)		385,117
LSU Health Sciences Center (Shreveport)		105,553
Pennington Biomedical Research Center		738,802
<u>Through: University of Tennessee</u>		
Pennington Biomedical Research Center		2,275
Digestive Diseases and Nutrition Research	93.848	
<u>Direct Awards:</u>		
LSU Health Sciences Center (New Orleans)		548,969
LSU Health Sciences Center (Shreveport)		1,216,496
Pennington Biomedical Research Center		3,686,957

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONT.)		
<u>Research and Development Cluster:</u> (Cont.)		
Kidney Diseases, Urology and Hematology Research	93.849	
<u>Direct Awards:</u>		
LSU Health Sciences Center (New Orleans)		\$193,474
LSU Health Sciences Center (Shreveport)		167,820
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	
<u>Direct Awards:</u>		
LSU Health Sciences Center (New Orleans)		584,455
LSU Health Sciences Center (Shreveport)		263,317
University of Louisiana at Monroe		2,980
University of New Orleans		81,027
<u>Through: Columbia University</u>		
LSU Health Sciences Center (New Orleans)		44,747
<u>Through: Emory University (#N533430)</u>		
LSU Health Sciences Center (Shreveport)		58,703
<u>Through: Rush-Presbyterian-St. Luke's Medical Center (#N536643)</u>		
LSU Health Sciences Center (Shreveport)		7,108
<u>Through: University of Pittsburgh (#0011441)</u>		
Louisiana Tech University		9,908
Biological Basis Research in the Neurosciences	93.854	
<u>Direct Awards:</u>		
LSU Health Sciences Center (New Orleans)		413,376
<u>Through: Columbia University</u>		
LSU Health Sciences Center (New Orleans)		40,000
Allergy, Immunology, and Transplantation Research	93.855	
<u>Direct Awards:</u>		
LSU Health Sciences Center (New Orleans)		298,289
LSU Health Sciences Center (Shreveport)		193,936
Microbiology and Infectious Diseases Research	93.856	
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		291,140
LSU Health Sciences Center (New Orleans)		382,165
LSU Health Sciences Center (Shreveport)		823,384
<u>Through: GL Synthesis, Inc.</u>		
LSU Health Sciences Center (New Orleans)		93,562

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONT.)		
<u>Research and Development Cluster:</u> (Cont.)		
Microbiology and Infectious Diseases Research (Cont.)	93.856	
<u>Through: Social & Scientific Systems</u>		
LSU Health Sciences Center (New Orleans)		\$7,073
<u>Through: Tulane University</u>		
LSU Health Sciences Center (New Orleans)		29,041
<u>Through: University of Alabama</u>		
LSU Health Sciences Center (New Orleans)		55,470
<u>Through: University of Florida</u>		
LSU Health Sciences Center (New Orleans)		51,457
<u>Through: University of Indiana</u>		
LSU Health Sciences Center (New Orleans)		167,561
Pharmacology, Physiology, and Biological Chemistry Research	93.859	
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		251,207
LSU Health Sciences Center (Shreveport)		237,958
Genetics and Development Biology Research and Research Training	93.862	
<u>Direct Awards:</u>		
LSU Health Sciences Center (Shreveport)		164,762
<u>Through: Northern Arizona University</u>		
LSU A&M College (Baton Rouge)		68,864
<u>Through: Suny Research Foundation - University at Albany (#R4GM65580A)</u>		
LSU A&M College (Baton Rouge)		2,915
<u>Through: University of Utah (#R1 GM59290)</u>		
LSU A&M College (Baton Rouge)		133,287
Center for Research for Mothers and Children	93.865	
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		87,929
LSU Health Sciences Center (New Orleans)		329,129
LSU Health Sciences Center (Shreveport)		512,566
Pennington Biomedical Research Center		583,111
<u>Through: Children's Mercy Hospital</u>		
LSU Health Sciences Center (Shreveport)		937

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONT.)		
<u>Research and Development Cluster:</u> (Cont.)		
Aging Research	93.866	
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		\$1,333,510
LSU Health Sciences Center (New Orleans)		966,260
Pennington Biomedical Research Center		440,069
University of Louisiana at Monroe		11,309
Vision Research	93.867	
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		120,060
LSU Health Sciences Center (New Orleans)		5,013,939
<u>Through: Johns Hopkins University</u>		
LSU Health Sciences Center (New Orleans)		202,509
<u>Through: University of Michigan</u>		
LSU Health Sciences Center (New Orleans)		728
<u>Through: University of Missouri at Kansas City</u>		
LSU Health Sciences Center (New Orleans)		38,582
Minority Access to Research Careers	93.880	
<u>Direct Awards:</u>		
LSU A&M College (Baton Rouge)		35,136
Health Care and Other Facilities	93.887	
<u>Direct Awards:</u>		
Pennington Biomedical Research Center		81,110
Alcohol Research Center Grants	93.891	
<u>Direct Awards:</u>		
LSU Health Sciences Center (New Orleans)		1,845,654
Grants for Faculty Development in Family Medicine	93.895	
<u>Direct Awards:</u>		
LSU Health Sciences Center (New Orleans)		160,705
Rural Health Outreach and Rural Network Development Program	93.912	
<u>Direct Awards:</u>		
Southeastern Louisiana University		190,402
<u>Through: Southeastern Louisiana Area Health Education Center</u>		
LSU Health Sciences Center (New Orleans)		511,863

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONT.)		
<u>Research and Development Cluster:</u> (Cont.)		
Grants to Provide Outpatient Early Intervention Services With Respect to HIV Disease	93.918	
<u>Direct Awards:</u>		
LSU Health Sciences Center (New Orleans)		\$771,247
Healthy Start Initiative	93.926	
<u>Through: Family Road of Greater Baton Rouge</u> <u>(#1H 49MC 00107-01)</u>		
LSU A&M College (Baton Rouge)		34,658
HIV Demonstration, Research, Public and Professional Education Projects	93.941	
<u>Direct Awards:</u>		
LSU Health Sciences Center (New Orleans)		204,060
Epidemiologic Research Studies of Acquired Immunodeficiency Syndrome (AIDS) and Human Immunodeficiency Virus (HIV) Infection in Selected Population Groups	93.943	
<u>Direct Awards:</u>		
LSU Health Sciences Center (New Orleans)		501,000
<u>Through: Tulane University</u>		
LSU Health Sciences Center (New Orleans)		22,544
Preventive Health Services - Sexually Transmitted Diseases Research, Demonstrations, and Public Information and Education Grants	93.978	
<u>Direct Awards:</u>		
LSU Health Sciences Center (New Orleans)		4,761
Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of Surveillance Systems	93.988	
<u>Direct Awards:</u>		
LSU Health Sciences Center (Shreveport)		14,069
Alterations in Signal Transduction Molecules in Breast Cancer	93.RD.263-MQ-803537	
<u>Direct Awards:</u>		
LSU Health Sciences Center (New Orleans)		14,152

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONT.)		
<u>Research and Development Cluster:</u> (Cont.)		
Analysis of DNA Repair and SOS Regulation in Brucella	93.RD.1R15A147297-01	
<u>Direct Awards:</u> University of Louisiana at Lafayette		\$26,895
Cancer Information Services	93.RD.N02-CO-01241	
<u>Through: University of Kentucky</u> LSU Health Sciences Center (New Orleans)		715
Clinical Centers to Treat Adult Respiratory Syndrome (ARDS)	93.RD.N01-HR-16150	
<u>Direct Awards:</u> LSU Health Sciences Center (New Orleans)		120,024
Comparative Effectiveness of Antipsychotic Medicines in Patients With Alzheimer's and Schizophrenia	93.RD.N01MH90001	
<u>Through: Univ. of North Carolina at Chapel Hill (#N01MH90001)</u> LSU Health Sciences Center (Shreveport)		36,769
Determine Genetic Susceptibility to Lung Cancer	93.RD.N01-HG-65404	
<u>Direct Awards:</u> LSU Health Sciences Center (New Orleans)		258,812
Epigenetic Control of Normal Embryo Development in Vitro	93.RD.7-U01 HD22023-16	
<u>Direct Awards:</u> University of New Orleans		82,790
The Genetics of Speciation in Drosophila	93.RD.SUBK#975/ACT#4	
<u>Through: Rutgers, The State University of New Jersey</u> <u>(#R01 GM58060-04)</u> LSU A&M College (Baton Rouge)		91,232
HCFA: Rural and Minority Provider Education, DQC	93.RD.HCFA000386	
<u>Direct Awards:</u> LSU Health Sciences Center (Shreveport)		27,523
Maintenance of a SPF Pigtail Breeding Colony	93.RD.N01-A0-12747	
<u>Direct Awards:</u> University of Louisiana at Lafayette		825,224

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See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONT.)		
<u>Research and Development Cluster:</u> (Cont.)		
Oligoamine Based Chemotherapy of Microsporidia <u>Through: SLIL Biomedical Corp.</u> LSU Health Sciences Center (New Orleans)	93.RD.R44AI43094	\$16,428
Phase 3 Efficacy Trial of Azithromycin Ve Benzthine Pen <u>Through: University of North Carolina</u> LSU Health Sciences Center (New Orleans)	93.RD.UNC-CH5-35002	1,346
Pilot Project to Overcome the Digital Divide <u>Through: University of Kentucky</u> LSU Health Sciences Center (New Orleans)	93.RD.471346-01-113	121,434
Population Based Multidisciplinary Study of Centenarians <u>Through: University of Georgia</u> LSU Health Sciences Center (New Orleans)	93.RD.1P01AG17553-01	269,533
Prenisone and Fish Oil Supplements in Children and Young Adults <u>Through: Medical City Dallas Hospital</u> LSU Health Sciences Center (New Orleans)	93.RD.5R01DK49368	316
Repair of Hair Bundles in Sea Anemones <u>Direct Awards:</u> University of Louisiana at Lafayette	93.RD.1R01GM52334-01A1	75
Risk Reduction for Young African American IDU's <u>Through: Tulane University</u> LSU Health Sciences Center (New Orleans)	93.RD.R01DA138899	48,572
Screening Compounds for Anti-Tuberculosis Activity - Fixed Price Contract <u>Direct Awards:</u> LSU A&M College (Baton Rouge)	93.RD.258-99-0001	155,792
Seer Expansion Program <u>Direct Awards:</u> LSU Health Sciences Center (New Orleans)	93.RD.N02-NP-15106	639,067

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA
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 For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONT.)		
<u>Research and Development Cluster:</u> (Cont.)		
Sentinel Hospital Survey & EPII Study/Rotavirus Gastroenteritis	93.RD.UR6-CCU617968-01	
<u>Direct Awards:</u> LSU Health Sciences Center (New Orleans)		\$51,985
Statistics and Epidemiology Research - Affirm Study <u>Through: Axio Research Corporation (#N01-HC-55139)</u> LSU Health Sciences Center (Shreveport)	93.RD.N01HC55139	2,713
Study of Slow, Latent and Temperate Infections of the Nervous Systems <u>Direct Awards:</u> University of Louisiana at Lafayette	93.RD.NO1-NS-5-2302	539,649
Technical Assistance for Cancer Surveillance <u>Through: NAACR-CSCP</u> LSU Health Sciences Center (New Orleans)	93.RD.2000-11-01	3,733
Total Research and Development Cluster		55,191,944
<u>Student Financial Assistance Cluster:</u>		
Health Professions Student Loans, Including Primary Care Loans/Loans for Disadvantaged Students <u>Direct Awards:</u> University of Louisiana at Monroe	93.342	4,387
Scholarships for Health Professions Students from Disadvantaged Backgrounds <u>Direct Awards:</u> LSU Health Sciences Center (New Orleans) Northwestern State University Southeastern Louisiana University Southern University and A&M College (Baton Rouge) University of Louisiana at Lafayette	93.925	28,710 286,339 112,168 315,830 97,500
Total Student Financial Assistance Cluster		844,934
Total U.S. Department of Health and Human Services		\$4,009,763,130

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE		
Retired and Senior Volunteer Program	94.002	
<u>Direct Awards:</u>		
University of Louisiana at Monroe		\$62,742
State Commissions	94.003	
<u>Direct Awards:</u>		
Office of the Lieutenant Governor		262,272
Learn and Serve America - School and Community Based Program	94.004	
<u>Direct Awards:</u>		
Department of Education		327,116
AmeriCorps	94.006	
<u>Direct Awards:</u>		
Department of Education		(8,296)
Office of the Lieutenant Governor		2,249,174
<u>Through: Jumpstart National - AmeriCorps</u>		
LSU A&M College (Baton Rouge)		41,329
Total AmeriCorps		2,282,207
Planning and Program Development Grants	94.007	
<u>Direct Awards:</u>		
Office of the Lieutenant Governor		77,817
Training and Technical Assistance	94.009	
<u>Direct Awards:</u>		
Office of the Lieutenant Governor		55,552
<u>Foster Grandparent/Senior Companion Cluster:</u>		
Foster Grandparent Program	94.011	
<u>Direct Awards:</u>		
Pinecrest Developmental Center		282,863
Total Corporation for National and Community Service		\$3,350,569

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANASchedule of Expenditures of Federal Awards
For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
EXECUTIVE OFFICE OF THE PRESIDENT		
Office of National Drug Control Policy		
<u>Direct Awards:</u>		
Department of Public Safety and Corrections - Public Safety Services		
Asian Organized Crime Task Force	95.10PGCP550	\$6,962
Caddo/Bossier HIDTA Task Force	95.10PGCP551	1,828
Caddo/Bossier HIDTA Task Force	95.11PGCP551	5,106
Intelligence Coordination Network	95.10PGCP557	33,088
Louisiana Gulf Coast Initiative HIDTA	95.10PGCP501	31,102
Louisiana Gulf Coast Initiative HIDTA	95.11PGCP501	91,482
Middle Louisiana Major Investigation Team	95.10PGCP508	271
		169,839
Total Office of National Drug Control Policy		
		\$169,839
SOCIAL SECURITY ADMINISTRATION		
Social Security - Benefits Planning, Assistance, and Outreach Program		
	96.008	
<u>Direct Awards:</u>		
Executive Department		\$110,318
United States Inspector General - Social Security Administration		
	96.unknown	
<u>Direct Awards:</u>		
Department of Justice		17,155
<u>Disability Insurance/SSI Cluster:</u>		
Social Security - Disability Insurance	96.001	
<u>Direct Awards:</u>		
Department of Social Services		31,666,901

(Continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANA
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2002

	CFDA OR OTHER NUMBER	ACTIVITY
SOCIAL SECURITY ADMINISTRATION (CONT.)		
<u>Research and Development Cluster:</u>		
Social Security - Benefits Planning, Assistance, and Outreach Program	96.008	
<u>Direct Awards:</u>		
LSU Health Sciences Center (New Orleans)		\$289,455
Health Measurement Consultant	96.RD.600-96-27545	
<u>Direct Awards:</u>		
LSU Health Sciences Center (New Orleans)		(8,733)
Total Research and Development Cluster		<u>280,722</u>
Total Social Security Administration		<u><u>\$32,075,096</u></u>
TOTAL STATE OF LOUISIANA		<u><u>\$6,994,353,129</u></u>

(Concluded)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

STATE OF LOUISIANANotes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2002**A. PURPOSE OF THE SCHEDULE**

Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, requires a schedule of expenditures of federal awards showing total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number for each program when the CFDA number is not available. To comply with this requirement, the Executive Department, Division of Administration, required each state agency, hospital, and university to prepare a schedule of expenditures of federal awards. These schedules were combined to form the Schedule of Expenditures of Federal Awards for the State of Louisiana.

B. REPORTING ENTITY

The accompanying Schedule of Expenditures of Federal Awards includes all federal financial assistance received from federal agencies or pass-through entities that was expended or issued by the State of Louisiana during the year ended June 30, 2002. Pass-through entities include other states, local governments, or non-profit organizations that provided federal financial assistance to the state.

C. BASIS OF ACCOUNTING

The Integrated Statewide Information Systems of the State of Louisiana currently do not have the capacity to provide expenditures of awards for each federal program in accordance with accounting principles generally accepted in the United States of America. Therefore, except as explained in the following paragraphs, expenditures of federal awards presented in the Schedule of Expenditures of Federal Awards represent cash disbursements of the individual programs. Consequently, certain expenditures (activity) are recognized when paid rather than when obligations are incurred. Accordingly, the information presented in the schedule is not intended to present federal program expenditures in conformity with accounting principles generally accepted in the United States of America.

Indirect Costs - Certain costs, such as those associated with budgeting, accounting, personnel administration, et cetera, benefit more than one program but are not readily assignable to the programs receiving the benefits. Some agencies, hospitals, and universities apply a federally approved indirect cost rate to direct program costs to recover a portion of these indirect costs from federal grants or contracts. Indirect costs charged to federal grants and contracts by means of approved indirect cost rates are recognized as disbursements or expenditures in the accompanying Schedule of Expenditures of Federal Awards.

Public Institutions of Higher Education - Except as explained in the following paragraph, the expenditures of federal awards for the public institutions of higher education are presented on the full accrual basis of accounting. Consequently, expenditures are recognized when the related liability is incurred.

STATE OF LOUISIANANotes to the Schedule of Expenditures of Federal Awards
(Continued)

Fixed Price Contracts - These contracts provide that a specified amount of funds will be paid upon delivery of a product, generally, a report on the results of a research study. As a result, the amount of federal awards that may be expended under fixed price contracts is limited to the amount of funds received from the contracts, regardless of the amount of costs incurred to perform the contracts or the period in which those costs were incurred. Therefore, the information presented in the Schedule of Expenditures of Federal Awards for fixed price contracts represents federal funds received on the cash basis of accounting. Consequently, expenditures (activity) are recognized when the related asset is received and in the amount of the asset received, rather than when the obligation is incurred and in the amount of the obligation.

Donations - Activity of the Donation of Federal Surplus Personal Property Program (CFDA 39.003) is reported in the Schedule of Expenditures of Federal Awards at fair market value, which has been defined as 23.3% of the acquisition cost provided by the federal government when the property is received by the State of Louisiana.

Food Stamp Program - Expenditures of the Food Stamp Program (CFDA 10.551) are reported in the Schedule of Expenditures of Federal Awards at the amount of food stamp benefits expended for food purchases by recipients that obtain their benefits through electronic benefit transfer.

Issues of the commodities programs (CFDA 10.550, 10.565, 10.569) are reported in the Schedule of Expenditures of Federal Awards at the federally assigned value of the commodities when they are issued to state agencies, public and private school systems, and nonprofit organizations. Issues of chemicals and supplies for the state's Boll Weevil Eradication Program (Plant and Animal Disease, Pest Control, and Animal Care - CFDA 10.025) are reported in the Schedule of Expenditures of Federal Awards at cost.

D. TRANSFERS OF FEDERAL FUNDS AMONG STATE AGENCIES, HOSPITALS, AND UNIVERSITIES

The accompanying Schedule of Expenditures of Federal Awards presents expenditures (activity) for the state agencies, including hospitals and universities that initially received the assistance. In some instances, assistance received by one agency is transferred to a subrecipient state agency, hospital, or university to be expended for the original program or when allowed by other federal programs. In those instances, federal award expenditures (activity) are reflected for the agency that initially received the assistance from a federal, local, or other state government.

STATE OF LOUISIANANotes to the Schedule of Expenditures of Federal Awards
(Continued)**E. NON-CASH ASSISTANCE**

The accompanying Schedule of Expenditures of Federal Awards and related notes include certain non-cash assistance as presented in the following schedule.

CFDA Number	Loans and Loan Guarantees	Loans Disbursed During Year Ended June 30, 2002	Loans and Loan Guarantees Outstanding June 30, 2002
84.032	Federal Family Education Loans	\$375,525,911	\$1,404,050,257 (a)
84.038	Federal Perkins Loan Program - Federal Capital Contributions	8,277,203	55,927,840
84.142	College Housing and Academic Facilities Loans		2,981,111
84.268	Federal Direct Loan	5,432,390	
93.342	Health Professions Student Loans, Including Primary Care Loans/Loans for Disadvantaged Students	974,998	7,806,553
93.364	Nursing Student Loans	203,013	1,223,006
	Expenditures of Federal Awards Year Ended June 30, 2002 Other Non-Cash Assistance		
10.025	Plant and Animal Disease, Pest Control, and Animal Care	4,075,834	
10.550	Food Distribution	19,308,022	
10.565	Commodity Supplemental Food Program	16,661,130	
10.569	Emergency Food Assistance Program (Food Commodities)	8,094,952	
39.003	Donation of Federal Surplus Personal Property	1,899,792	
	Total Non-Cash Assistance	<u>\$440,453,245</u>	

- (a) As of June 30, 2002, the original principal on outstanding loans guaranteed under the Federal Family Education Loans Program, which are guaranteed by the Office of Student Financial Assistance, amounted to \$1,404,050,257 (note F).

F. FEDERAL FAMILY EDUCATION LOANS

Public institutions of higher education administer loans under the Federal Family Education Loans (FFEL) Program (CFDA 84.032). The objective of this program is to encourage lenders such as banks, credit unions, savings and loan associations, pension funds, insurance companies, and schools to make loans to vocational, undergraduate, and graduate students enrolled at eligible postsecondary institutions to help pay for educational expenses. The loans are insured by a state or private nonprofit guaranty agency and reinsured by the federal government. OMB considers this loan program a part of the Student Financial Assistance (SFA) cluster of programs when it is administered by public institutions of higher education as presented in Part 5 of the OMB Circular A-133, *Compliance Supplement*. The *Compliance*

STATE OF LOUISIANANotes to the Schedule of Expenditures of Federal Awards
(Continued)

Supplement states, however, that the FFEL Program at the guaranty agencies is not considered a part of the SFA cluster.

The Office of Student Financial Assistance (OSFA) is a guaranty agency that is a component unit of the State of Louisiana. OSFA guarantees 100% of the loans it makes to students under the FFEL Program. The federal government reimburses OSFA a percentage of the defaulted claims payments to lenders on certain defaulted loans, and when defaulted loans are collected, OSFA returns a percentage of the amount collected to the federal government. During the year ended June 30, 2002, OSFA paid lending institutions \$34,803,781 for defaulted student loans, and the average federal participation in these default payments was 98.03%. New loans made to students during the year ended June 30, 2002, which are guaranteed by OSFA, amounted to \$256,010,139. These new loans are included as part of the SFA Cluster. As of June 30, 2002, the original principal on outstanding loans guaranteed under the FFEL Program, which are guaranteed by OSFA, amounted to \$1,404,050,257.

The amount of loans disbursed during the year under this program are presented in the following schedule. These loans are insured by the state or private nonprofit guaranty agencies and are reinsured by the federal government.

<u>University</u>	<u>Loans Disbursed During Year Ended June 30, 2002</u>
Bossier Parish Community College	\$3,979,374
Delgado Community College	15,467,739
Grambling State University	19,852,355
LSU and A&M College (Baton Rouge)	71,037,116
LSU at Alexandria	3,498,549
LSU at Eunice	4,327,931
LSU Health Sciences Center (New Orleans)	23,055,424
LSU Health Sciences Center (Shreveport)	6,892,790
LSU in Shreveport	7,151,910
Louisiana Tech University	16,213,452
McNeese State University	12,920,081
Nicholls State University	1,159,470
Northwestern State University	25,048,439
Southeastern Louisiana University	35,039,093
Southern University and A&M College (Baton Rouge)	33,231,589
Southern University at New Orleans	11,699,083
University of Louisiana at Lafayette	22,435,972
University of Louisiana at Monroe	23,343,318
University of New Orleans	39,172,226
	<hr/>
Total	<u><u>\$375,525,911</u></u>

STATE OF LOUISIANA

Notes to the Schedule of Expenditures of Federal Awards
(Continued)

G. FEDERAL DIRECT STUDENT LOANS

The federal government provides loan capital directly to vocational, undergraduate, and graduate students and their parents under the Federal Direct Student Loans (CFDA 84.268). During the year ended June 30, 2002, loans totaling \$4,032,097, \$1,022,001, and \$378,292 were made to students at the campuses of Nunez Community College, Southern University at New Orleans, and Southern University at Shreveport-Bossier City, respectively.

H. UNEMPLOYMENT INSURANCE PROGRAM

The Unemployment Insurance Program (CFDA 17.225) is administered through a unique federal-state partnership that was founded upon federal law but implemented through state law. For the purposes of presenting the expenditures of this program in the accompanying Schedule of Expenditures of Federal Awards, both state and federal funds have been considered federal awards expended. The breakdown of the state and federal portions of the total program expenditures for fiscal year ended June 30, 2002, is presented in the following schedule.

State Portion (Benefits Paid)	\$307,572,702
Federal Portion (Administrative Costs)	<u>28,878,733</u>
Total	<u><u>\$336,451,435</u></u>

I. PETROLEUM VIOLATION ESCROW FUNDS

Petroleum Violation Escrow Funds are monies that were provided to the state by the U.S. Department of Energy (DOE). These distributions were the result of legislative, administrative, and judicial actions involving violations of DOE's price and allocation controls in effect from August 1973 through January 1981. These controls applied to the allocation and pricing of crude oil and refined petroleum products. The funds include Warner Amendment funds, Office of Hearings and Appeals (OHA) funds, Exxon funds, and Multi-District Litigation (M.D.L.) Number 378 "Stripper Well" funds and are sometimes referred to as Federal Energy Settlement funds. Court orders and consent decrees relative to the lawsuits that resulted in these distributions imposed restrictions on the way the state can administer and use these monies.

J. NURSING STUDENT LOANS AND HEALTH PROFESSIONS STUDENT LOANS, INCLUDING PRIMARY CARE LOANS/LOANS FOR DISADVANTAGED STUDENTS

Public institutions of higher education receive federal capital contributions under the Nursing Student Loans Program (CFDA 93.364) and the Health Professions Student Loans, Including Primary Care Loans/Loans for Disadvantaged Students Program (CFDA 93.342) to make low-interest loans to eligible students to assist them in meeting their educational needs. The amount of new loans made during the year and the outstanding balances of loans made under these programs as of June 30, 2002, are presented in the following schedule.

STATE OF LOUISIANA

Notes to the Schedule of Expenditures of Federal Awards
(Continued)

<u>Hospital/University</u>	<u>Nursing Student Loans</u>		<u>Health Professions Student Loans</u>	
	<u>Loans Made During the Year Ended June 30, 2002</u>	<u>Outstanding Balance June 30, 2002</u>	<u>Loans Made During the Year Ended June 30, 2002</u>	<u>Outstanding Balance June 30, 2002</u>
Grambling State University		\$129,660		
LSU at Eunice		5,347		
LSU Health Sciences Center (New Orleans)	\$196,297	838,265	\$691,758	\$6,205,218
LSU Health Sciences Center (Shreveport)				345,078
Nicholls State University		2,415		
Southeastern Louisiana University		24,038		
University of Louisiana at Lafayette	6,716	182,078		
University of Louisiana at Monroe		41,203	283,240	1,256,257
Total	\$203,013	\$1,223,006	\$974,998	\$7,806,553

K. FEDERAL PERKINS LOAN PROGRAM - FEDERAL CAPITAL CONTRIBUTIONS

Public institutions of higher education receive federal capital contributions under the Federal Perkins Loan Program - Federal Capital Contributions (CFDA 84.038) to make low-interest loans to eligible students to assist them in meeting their educational needs. The amount of new loans made during the year and the outstanding balances of loans made under this program as of June 30, 2002, are presented in the following schedule.

<u>University</u>	<u>Perkins Loans</u>	
	<u>Loans Made During the Year Ended June 30, 2002</u>	<u>Outstanding Balance June 30, 2002</u>
Delgado Community College		\$5,080
Grambling State University	\$236,407	2,076,217
LSU and A&M College (Baton Rouge)	2,281,012	13,044,476
LSU at Eunice	76,775	556,228
LSU Health Sciences Center (New Orleans)	357,000	2,707,467
LSU Health Sciences Center (Shreveport)	193,000	1,301,526
Louisiana Tech University	1,309,169	7,172,129
McNeese State University	328,524	2,288,972
Nicholls State University	1,500	42,885
Northwestern State University	365,550	3,155,269
Southeastern Louisiana University	358,221	2,587,484

STATE OF LOUISIANANotes to the Schedule of Expenditures of Federal Awards
(Continued)

	Perkins Loans	
	Loans Made During the Year Ended June 30, 2002	Outstanding Balance June 30, 2002
<u>University</u> (Cont.)		
Southern University and A&M College (Baton Rouge)		\$2,077,468
Southern University at New Orleans		9,294
Southern University at Shreveport-Bossier City		573,234
University of Louisiana at Lafayette	\$941,719	8,991,539
University of Louisiana at Monroe	689,500	4,354,637
University of New Orleans	1,138,826	4,983,935
	<u> </u>	<u> </u>
Total	<u>\$8,277,203</u>	<u>\$55,927,840</u>

L. FEDERAL PERKINS LOAN CANCELLATIONS

Students who received National Defense or Perkins Loans may have a portion or all of their loan balance canceled if they meet certain military or teacher service requirements. Under the Federal Perkins Loan Cancellations Program (CFDA 84.037), the federal government restores the total amount of canceled principal and interest to the universities' loan funds. The amounts canceled under this program during the year ended June 30, 2002, are presented in the following schedule.

<u>University</u>	Principal and Interest Cancelled
Grambling State University	\$18,705
LSU and A&M College (Baton Rouge)	106,118
LSU at Eunice	13,754
LSU Health Sciences Center (New Orleans)	43,662
Louisiana Tech University	259,565
McNeese State University	114,638
Nicholls State University	3,065
Northwestern State University	113,565
Southeastern Louisiana University	57,366
University of Louisiana at Lafayette	323,454
University of Louisiana at Monroe	247,190
University of New Orleans	41,766
	<u> </u>
Total	<u>\$1,342,848</u>

STATE OF LOUISIANA

Notes to the Schedule of Expenditures of Federal Awards
(Continued)

M. COLLEGE HOUSING AND ACADEMIC FACILITIES LOANS

Public institutions of higher education receive loans from the federal government under the College Housing and Academic Facilities Loans Program (CFDA 84.142). These funds may be used to finance the construction, acquisition, and rehabilitation of student and faculty housing and related dining facilities or to finance the renovation or reconstruction of older undergraduate academic facilities. During 1998, the program was discontinued, but outstanding balances remain at some universities. The outstanding balances of loans made under this program as of June 30, 2002, are presented in the following schedule.

<u>University</u>	<u>Outstanding Balance June 30, 2002</u>
Delgado Community College	\$276,000
Grambling State University	1,411,111
LSU and A&M College (Baton Rouge)	<u>1,294,000</u>
Total	<u><u>\$2,981,111</u></u>

N. DEPARTMENT OF EDUCATION - HOUSING ACT OF 1950 "TITLE IV" LOAN

The University of Louisiana System Board of Supervisors has a loan agreement, on behalf of Grambling State University, with the U.S. Secretary of Education for \$3,500,000. These funds are to be used for financing the construction of four new dormitories pursuant to Title IV of the Housing Act of 1950. The loan shall bear interest at the rate of 3% per annum on the unpaid balance. The principal and interest shall be payable in semiannual installments of \$88,877 over a term of 30 years. The payments are to commence at the point any of the new dormitories become revenue-producing. As of June 30, 2002, the outstanding loan balance is \$2,804,201. Payments totaling \$88,953 were made during the year.

STATE OF LOUISIANA

Notes to the Schedule of Expenditures of Federal Awards
(Continued)

**O. SPECIAL SUPPLEMENTAL NUTRITION
PROGRAM FOR WOMEN, INFANTS,
AND CHILDREN (WIC PROGRAM)**

During the fiscal year ended June 30, 2002, the Louisiana Office of Public Health received cash rebates from infant formula manufacturers in the amount of \$35,692,054 from sales of formula to participants in the WIC Program (CFDA 10.557). Rebate contracts with infant formula manufacturers are authorized by 7 CFR 246.16(m) as a cost containment measure. Rebates represent a reduction of expenditures previously incurred for WIC food benefit costs. Dividing the rebates received by the net average food package cost per participant results in 961,721 more participants served as a result of the rebate collections. In the absence of a rebate contract, the average food package cost would increase and available federal funding would support 589,305 less participants than were actually served during the fiscal year.

STATE OF LOUISIANA

Notes to the Schedule of Expenditures of Federal Awards
(Continued)

P. MAJOR FEDERAL AWARD PROGRAMS

The State of Louisiana's major federal award programs for the year ended June 30, 2002, were determined using the criteria established by OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. OMB Circular A-133 requires major programs to be determined using a risk-based approach. The amount of federal awards expended was determined using actual federal program activity as described in note C (page A-149) and the outstanding loan balances for certain loan programs as of and for the year ended June 30, 2001. The state's Type A federal award programs for the year ended June 30, 2002, were all federally assisted programs for which program activity and the federal government's risk in the outstanding loan balances as of June 30, 2001, was equal to or greater than \$22,225,126.

A total of 26 Type A programs/clusters were identified. Auditors designated four Type A programs/clusters as low-risk. These four Type A programs/clusters were not audited as major during the 2002 fiscal year. The four Type A programs/clusters identified as low-risk are:

14.228 Community Development Block Grants/State's Program

Food Stamp Cluster:

10.551 Food Stamps

10.561 State Administrative Matching Grants for Food Stamp Program

Child Nutrition Cluster:

10.553 School Breakfast Program

10.555 National School Lunch Program

10.556 Special Milk Program for Children

10.559 Summer Food Service Program for Children

Disability Insurance/SSI Cluster:

96.001 Social Security - Disability Insurance

OMB Circular A-133, Section 520 describes two options for identifying high-risk Type B programs/clusters to audit as major. Option 2 allows identification of high-risk Type B programs/clusters by selecting one high-risk Type B program/cluster for each low-risk Type A program/cluster identified. Because there were four Type A programs/clusters assessed as low-risk for the 2002 fiscal year, four high-risk Type B programs/clusters were identified and audited as major. The four high-risk Type B programs/clusters audited as major during the 2002 fiscal year are listed below.

10.500 Cooperative Extension Service

84.002 Adult Education - State Grant Program

93.569 Community Services Block Grant

TRIO Cluster:

84.042 TRIO - Student Support Services

84.044 TRIO - Talent Search

84.047 TRIO - Upward Bound

84.066 TRIO - Educational Opportunity Centers

84.217 McNair Post-Baccalaureate Achievement

STATE OF LOUISIANA

Notes to the Schedule of Expenditures of Federal Awards
(Continued)

The major programs cumulatively account for approximately 84% of the state's expenditures/issues/loans of federal award programs for the year ended June 30, 2002. The major programs and total federal awards expended per program as presented in the accompanying Schedule of Expenditures of Federal Awards and notes are as follows:

CFDA Number	Program Name	Programs Included in Cluster	Total Activity	Amounts Provided to Subrecipients
10.500	Cooperative Extension Service		\$9,059,197	\$33,208
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children		77,952,975	2,425,218
10.558	Child and Adult Care Food Program		43,925,642	43,131,422
17.225	Unemployment Insurance		336,451,435	
83.543	Individual and Family Grants		43,192,707	
84.002	Adult Education - State Grant Program		8,173,766	7,286,299
84.010	Title I Grants to Local Educational Agencies		196,372,081	193,667,533
84.032	<u>Federal Family Education Loans:</u>			
	Administrative Expenditures		29,840,127	
	Loan Activity		1,320,580,328	
84.048	Vocational Education - Basic Grants to States		23,075,912	4,996,691
84.126	Rehabilitation Services - Vocational Rehabilitation Grants to States		38,711,698	
84.340	Class Size Reduction		31,038,927	30,920,575
93.558	Temporary Assistance for Needy Families		113,605,426	33,032,872
93.563	Child Support Enforcement		28,374,319	9,705,980
93.569	Community Services Block Grant		13,498,131	12,990,599
93.658	Foster Care - Title IV-E		55,340,687	
93.667	Social Services Block Grant		44,144,611	1,140,770
93.767	State Children's Insurance Program		61,161,132	
93.959	Block Grants for Prevention and Treatment of Substance Abuse		22,648,066	10,352,196
WIA Cluster:				
17.258	WIA Adult Program	\$25,493,730		20,833,397
17.259	WIA Youth Activities	19,184,609		16,316,152
17.260	WIA Dislocated Workers	<u>12,962,865</u>	57,641,204	14,107,922
Highway Planning and Construction Cluster:				
20.205	Highway Planning and Construction		424,883,675	

STATE OF LOUISIANA

Notes to the Schedule of Expenditures of Federal Awards
(Continued)

CFDA Number	Program Name	Programs Included in Cluster	Total Activity	Amounts Provided to Subrecipients
Student Financial Assistance Cluster:				
84.007	Federal Supplemental Educational Opportunity Grants	\$6,754,490		
84.032	<u>Federal Family Education Loans:</u>			
	Loan Activity	375,525,911		
84.033	Federal Work-Study Program	8,744,603		
84.038	<u>Federal Perkins Loan Program -</u>			
	<u>Federal Capital Contributions:</u>			
	Administrative Expenditures	631,191		
	Loan Activity	48,355,904		
84.063	Federal Pell Grant Program	167,665,117		
84.268	<u>Federal Direct Student Loans:</u>			
	Loans Disbursed	5,432,390		
93.342	<u>Health Professions Student Loans,</u>			
	<u>Including Primary Care Loans/</u>			
	<u>Loans for Disadvantaged Students:</u>			
	Administrative Expenditures	4,387		
	Loan Activity	8,062,643		
93.364	<u>Nursing Student Loans:</u>			
	Loan Activity	1,416,530		
93.925	Scholarships for Health Professions Students from Disadvantaged Backgrounds	840,547	\$623,433,713	
Special Education Cluster:				
84.027	Special Education - Grants to States	87,936,628		\$81,781,037
84.173	Special Education - Preschool Grants	5,990,046	93,926,674	5,475,026
TRIO Cluster:				
84.042	TRIO - Student Support Services	3,828,204		
84.044	TRIO - Talent Search	2,534,763		
84.047	TRIO - Upward Bound	6,016,452		
84.066	TRIO - Educational Opportunity Centers	394,576		
84.217	McNair Post-Baccalaureate Achievement	510,613	13,284,608	
Child Care Cluster:				
93.575	Child Care and Development Block Grant	46,397,376		1,775,351
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	60,091,120	106,488,496	

STATE OF LOUISIANA

Notes to the Schedule of Expenditures of Federal Awards
(Continued)

CFDA Number	Program Name	Programs Included in Cluster	Total Activity	Amounts Provided to Subrecipients
Medicaid Cluster:				
93.775	State Medicaid Fraud Control Units	\$1,179,594		
93.777	State Survey and Certification of Health Care Providers and Suppliers	8,509,695		
93.778	Medical Assistance Program	<u>3,380,881,107</u>	\$3,390,570,396	
Research and Development Cluster:				
	U.S. Agency for International Development	28,101		
	U.S. Department of Agriculture	11,858,313		\$81,760
	U.S. Department of Commerce	4,908,746		105,075
	U.S. Department of Defense	24,982,327		996,126
	Central Intelligence Agency	80,909		
	U.S. Department of Housing and Urban Development	432,881		
	U.S. Department of Interior	4,027,358		198,195
	U.S. Department of Justice	599,647		
	U.S. Department of Transportation	53,530		
	Office of Personnel Management	9,455		
	General Services Administration	26,085		
	National Aeronautics and Space Administration	4,506,145		589,975
	National Foundation on the Arts and the Humanities	10,844		
	National Science Foundation	15,801,491		451,391
	Small Business Administration	1,510,870		
	U.S. Department of Veterans Affairs	(8,551)		
	Environmental Protection Agency	5,714,801		950,886
	U.S. Department of Energy	9,578,696		17,823
	U.S. Department of Education	2,334,921		199,142
	United States Institute of Peace	5,673		
	U.S. Department of Health and Human Services	55,191,944		3,723,377
	Social Security Administration	<u>280,722</u>	<u>141,934,908</u>	<u>26,409</u>
	Total Expenditures (Activity) of Major Programs		<u><u>\$7,349,310,841</u></u>	<u><u>\$497,312,407</u></u>

STATE OF LOUISIANA

Notes to the Schedule of Expenditures of Federal Awards
(Continued)

**Q. COMPONENT UNITS AUDITED BY OTHER
EXTERNAL AUDITORS**

Other external auditors audited certain entities included in the State of Louisiana's *Comprehensive Annual Financial Report* for the year ended June 30, 2002. To obtain the latest audit report of a particular entity, you may contact that agency using the following list of addresses:

Amite River Basin Drainage
and Water Conservation District
3535 Sherwood Forest, Suite 135
Baton Rouge, LA 70816-2255

Custodian of Notarial Records
for Orleans Parish
421 Loyola Avenue, Room B-4
New Orleans, LA 70112

Atchafalaya Basin Levee District
Post Office Box 170
Port Allen, LA 70767-0170

East Jefferson Levee District
203 Plaque Court
Harahan, LA 70123

Louisiana Beef Industry Council
4921 I-10 Frontage Road
Port Allen, LA 70767

* Foundation for Excellence in
Louisiana Public Broadcasting
7733 Perkins Road
Baton Rouge, LA 70810-1199

Louisiana State Board of Barber Examiners
Post Office Box 14029
Baton Rouge, LA 70898-4029

Greater Baton Rouge Port
Commission
Post Office Box 380
Port Allen, LA 70767-0380

Bossier Parish Levee District
Post Office Box 189
Benton, LA 71006

* Jefferson Parish Human Services
Authority
3101 West Napoleon Ave., Suite 210
Metairie, LA 70001

Caddo Levee District
Post Office Box 78282
Shreveport, LA 71137-8282

Lafourche Basin Levee District
Post Office Box 670
Vacherie, LA 70090

* = Single Audit

STATE OF LOUISIANA

Notes to the Schedule of Expenditures of Federal Awards
(Continued)

Lake Borgne Basin Levee District
Post Office Box 216
Violet, LA 70092

Louisiana Professional Engineering and
Land Surveying Board
9643 Brookline Avenue, Suite 121
Baton Rouge, LA 70809

Louisiana Auctioneers Licensing Board
8017 Jefferson Highway, Suite A-2
Baton Rouge, LA 70809

Louisiana Public Facilities Authority
2237 South Acadian Thruway, Suite 650
Baton Rouge, LA 70808

Louisiana Board of Massage Therapy
12022 Plank Road
Baton Rouge, LA 70811

Louisiana Real Estate Appraisers Board
Post Office Box 14785
Baton Rouge, LA 70898

Louisiana Economic Development
Corporation
Post Office Box 94185
Baton Rouge, LA 70804-9185

Louisiana Real Estate Commission
Post Office Box 14785
Baton Rouge, LA 70898

Louisiana Educational Television Authority
7733 Perkins Road
Baton Rouge, LA 70810-1199

Louisiana Relay Administration Board
Post Office Box 91154
Baton Rouge, LA 70821

* Louisiana Housing Finance Agency
2415 Quail Drive
Baton Rouge, LA 70808

Louisiana School Employees' Retirement
System
Post Office Box 44516
Baton Rouge, LA 70804-4516

Louisiana Motor Vehicle Commission
3519 12th Street
Metairie, LA 70002

Louisiana Soybean and Grain Research
and Promotion Board
Post Office Box 95004
Baton Rouge, LA 70890

Louisiana Naval War Memorial Commission
305 South River Road
Baton Rouge, LA 70802

Louisiana Stadium and Exposition District
1500 Poydras Street, Sugar Bowl Drive
New Orleans, LA 70112

* = Single Audit

STATE OF LOUISIANA

Notes to the Schedule of Expenditures of Federal Awards
(Continued)

Louisiana State Board of
Architectural Examiners
9625 Fenway Avenue, Suite B
Baton Rouge, LA 70809

Louisiana State Board of Nursing
3510 North Causeway Blvd., Suite 501
Metairie, LA 70002

Louisiana State Board of Certification for
Substance Abuse Counselors
4637 Jamestown Avenue, Suite 2A
Baton Rouge, LA 70808

Louisiana State Board of Physical
Therapy Examiners
714 E. Kaliste Saloom Rd., D2
Lafayette, LA 70508

Louisiana Board of Chiropractic
Examiners
8621 Summa Avenue
Baton Rouge, LA 70809

Louisiana State Board of Practical Nurse
Examiners
3421 North Causeway Blvd., Suite 203
Metairie, LA 70002

Louisiana State Board of Dentistry
365 Canal Street, Suite 2680
New Orleans, LA 70130-1112

Louisiana State Board of Private
Investigator Examiners
2051 Silverside Drive, Suite 190
Baton Rouge, LA 70808

Louisiana State Board of Electrolysis
Examiners
Post Office Box 67
DeRidder, LA 70634-0067

Louisiana State Board of Private Security
Examiners
15703 Old Hammond Highway
Baton Rouge, LA 70816

Louisiana State Board of Examiners
of Interior Designers
2900 Westfork Drive, Suite 200
Baton Rouge, LA 70827-0004

Louisiana State Board of Psychologists
Examiners
8280 YMCA Plaza Drive, Bldg. 8B
Baton Rouge, LA 70810-0918

Louisiana State Board of Medical
Examiners
Post Office Box 30250
New Orleans, LA 70190-0250

Louisiana State Board of Veterinary
Medicine
263 Third Street, Suite 104
Baton Rouge, LA 70801

STATE OF LOUISIANA

Notes to the Schedule of Expenditures of Federal Awards
(Continued)

Louisiana State Employees' Retirement
System
Post Office Box 44213
Baton Rouge, LA 70804

Natchitoches Levee and Drainage
District
Post Office Box 1209
Natchitoches, LA 71458-1209

Louisiana State Law Institute
LSU Law Center, Room 382
Baton Rouge, LA 70803

North Lafourche Conservation, Levee,
and Drainage District
Post Office Box 230
Raceland, LA 70394

Louisiana State Police and
Retirement System
3100 Brentwood Drive, Suite B
Baton Rouge, LA 70896

Pontchartrain Levee District
148 St. Albert Street
Post Office Box 426
Lutcher, LA 70071

Louisiana Tax Free Shopping
Commission
World Trade Center, Suite 1017
2 Canal Street
New Orleans, LA 70130

Poverty Point Reservoir District
Post Office Box 811
Delhi, LA 71232

Louisiana Used Motor Vehicle and Parts
Commission
3132 Valley Creek Drive
Baton Rouge, LA 70808

Red River, Atchafalaya, and Bayou
Boeuf Levee District
Post Office Box 8235
Alexandria, LA 71306

Millennium Port Authority
1350 Port of New Orleans Place
New Orleans, LA 70130

Sabine River Authority
15091 Texas Highway
Many, LA 71449

Natchitoches Historic District
Development
Post Office Box 37
Natchitoches, LA 71457

South Lafourche Levee District
Post Office Box 426
Galliano, LA 70354

STATE OF LOUISIANA

Notes to the Schedule of Expenditures of Federal Awards
(Concluded)

Louisiana State Plumbing Board
2714 Canal Street, Room 512
New Orleans, LA 70119

Teachers' Retirement System of Louisiana
Post Office Box 94123
Baton Rouge, LA 70804-9123

Tensas Basin Levee District
Post Office Box 68
Rayville, LA 71269

* West Jefferson Levee District
7001 River Road
Marrero, LA 70072

*= Single Audit

Appendix B

Management's Corrective Action Plans and Responses to the Findings and Recommendations



LEGISLATIVE AUDITOR

Appendix B

STATE OF LOUISIANA
Management's Corrective Action Plans and
Responses to the Findings and Recommendations

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LOUISIANA DEPARTMENT OF AGRICULTURE & FORESTRY
BOB ODOM, COMMISSIONER



October 25, 2002

RANDAL JOHNSON
DEPUTY COMMISSIONER

ASSISTANT
COMMISSIONERS

Agricultural & Environmental Sciences
 Matthew Keppinger, III
 P.O. Box 3596
 Baton Rouge, LA 70821
 (225) 925-3770
 Fax: 925-3760

Agro-Consumer Services
 Manning Broussard
 P.O. Box 3098
 Baton Rouge, LA 70821
 (225) 922-1341
 Fax: 922-0477

Animal Health Services
 Terrel Delphin
 P.O. Box 1951
 Baton Rouge, LA 70821
 (225) 925-3962
 Fax: 925-4103

Forestry
 Paul D. Frey
 P.O. Box 1628
 Baton Rouge, LA 70821
 (225) 925-4500
 Fax: 922-1356

Management & Finance
 Skip Rhorer
 P.O. Box 3481
 Baton Rouge, LA 70821
 (225) 922-1255
 Fax: 925-6012

Marketing
 Bryce Malone
 P.O. Box 3334
 Baton Rouge, LA 70821
 (225) 922-1277
 Fax: 922-1289

Soil & Water Conservation
 Bradley E. Spicer
 P.O. Box 3554
 Baton Rouge, LA 70821
 (225) 922-1269
 Fax: 922-2577

Dr. Daniel G. Kyle
 Legislative Auditor
 Post Office Box 94397
 Baton Rouge, LA 70804-9397

Dear Dr. Kyle:

re: Unallowable Expenditure of Statutory Dedicated Funds

For the reasons stated below, the Louisiana Agricultural Finance Authority (LAFA) does not find the Legislative Auditor's theory sound and, therefore, does not concur with the finding referenced above or the recommendation included therein.

The Legislative Auditor expressed the theory that there is "no authority" for LAFA to use specified funds for "construction projects" of LAFA. In reaching that legal conclusion the Legislative Auditor cited no supporting legal authority. When LAFA provided specific and express legal authority for use of the statutory dedicated funds for construction, the Legislative Auditor issued an Additional Comment to which LAFA now responds.

The Legislative Auditor attempts to support his theory that there is "no authority" for LAFA to use specified funds for "construction projects" of LAFA, not with legal authority but with another theory of the Legislative Auditor, this time, in the field of lexicology. More particularly, the Legislative Auditor has given in support of his theory, another theory, i.e., that the word "connected" can only mean "a physical connection." That the word "connected" can only mean a physical connection is not supported in law, logic or the relevant usage of the word "connected," particularly when taken in the context of the relevant statute.

The word "connected," in one form or another, is used four times by the Legislature in the very paragraph of the law that specifically authorizes the use of the funds in question. An analysis of those words as used in context reveals that it cannot reasonably or rationally be theorized that the Legislature was using the word "connected" to only mean "physically connected" and not to also mean "functionally" or otherwise connected. To so assert is to call for the production of an absurd result which the law clearly does not permit in interpreting statutes and, under the circumstances present, there simply is no basis for such an assertion.

Dr. Kyle
October 25, 2002
Page 2

Moreover, each of the construction projects and the funding¹ of same referred to by the Legislative Auditor have all been approved by the State Bond Commission. The State Bond Commission is made up of the Governor, the Lieutenant Governor, the President of the Senate, the Speaker of the House of Representatives, the State Treasurer, the Secretary of State, the Attorney General, the Senate Finance Committee Chairman, the Senate Revenue and Fiscal Affairs Committee Chairman, the House Ways and Means Committee Chairman, the House Appropriations Committee Chairman, two other members of the Legislature and the Commissioner of Administration. Also, two of LAFA's recent construction projects came to LAFA directly from the Legislature through the Capital Outlay Bill. Further, the Legislature itself has been presented this theory by the Legislative Auditor on more than one occasion and the Legislature has notably taken no action to address this theory raised by the Legislative Auditor, further indicating that the theory is erroneous and that there is no need for the law to be modified. Under these circumstances it is difficult to understand how the Legislative Auditor can propose that the Legislature had a meaning that is clearly at odds with the words the Legislature used and at odds with various and long standing actions of the Legislature and its leadership.

As the audit has shown, LAFA expended funds for the construction projects. For each dollar expended the State received at the very least, equivalent value. Indeed, existing reports of experts in the field of construction have examined the costs of the construction projects at issue and have determined that they are being constructed for as much as fifty percent less than the going rate of construction. In addition, through these construction projects the State is not only receiving the value of the assets being constructed without additional tax dollars having to be appropriated but is also saving huge amounts of tax dollars by eliminating rental costs which the State was paying each year on rented buildings.

And finally, the Legislative Auditor's theory clearly constitutes an attack on the validity of the pledge of those funds used to secure the bond issue which provided the funding for the construction projects. The Constitution and the law explicitly spell out the procedure and the time within which any such attack must occur and the Legislative Auditor's attack on the validity of the pledge of the

¹It is noteworthy that the Legislative Auditor has reviewed identical funding for previous construction projects of LAFA without any findings related to such funding and certainly without urging the theory that the auditor now urges. And at the March 21, 2002, Bond Commission Meeting, construction projects for LAFA were again approved by the Legislative Auditor without any findings related to such funding. The Bond Commission unanimously approved these projects.

Dr. Kyle
October 25, 2002
Page 3

funds is neither based on the procedure required by law nor is his attack brought timely as required by the Constitution.

In the final analysis, it is the Legislative Auditor's actions in this matter that are contrary to procedural requirements of law and constitutional mandates. And with regard to the use of the funds for construction which the Legislative Auditor would now improperly question, the use of the funds is specifically authorized, there are no irregularities in connection with the expenditures of the funds, the State is enjoying unprecedented savings, and the constitutionally mandated objectives of promoting, protecting and advancing agriculture are thereby being achieved.

Very truly yours,



Skip Rhorer
Assistant Commissioner

SR:sw



STATE OF LOUISIANA
DEPARTMENT OF EDUCATION
POST OFFICE BOX 94064, BATON ROUGE, LOUISIANA 70804-9064
<http://www.doe.state.la.us>
1-800-453-2721

December 9, 2002

Dr. Daniel G. Kyle, CPA, CFE
Legislative Auditor
Office of the Legislative Auditor
Post Office Box 94397
Baton Rouge, LA 70804-9397

Dear Dr. Kyle:

The Louisiana State Department of Education (SDE) partially concurs with the finding entitled **Improper Charging of Administrative Expenditures to Federal Awards**. Regarding this finding, the SDE has taken the following steps to correct or address the areas noted:

1. The SDE does not concur that expenditures totaling \$72,200 were charged to programs other than the actual programs affected.
 - The questioned cost of \$12,500 was incurred to evaluate the current Louisiana Teacher Assistance and Assessment Program (LATAAP) and the proposed work sample (now portfolio) to determine whether they would be in alignment with the requirements of the new No Child Left Behind federal law (NCLB). Although LATAAP is a state-mandated program, the purpose of the contract was for evaluation of the existing LATAAP with pilot and expansion of it to align with NCLB, and as such, federal funds were allowable for this purpose. The contract should, however, have been prorated between Titles 1 and 2 rather than being charged solely to Title 1. The LDE will make the necessary journal vouchers to correct this.
 - Professional development training was provided for various SDE employees and local school district employees, totaling \$57,000. The FirstTech Program is provided to local school districts on a competitive basis as a supplement to the LATAAP. As a supplemental program to the state-mandated program, the SDE believes this training was appropriately charged to these funding sources.

The SDE accepts the recommendation by the Legislative Auditor to refer the resolution of questioned costs to the U.S. Department of Education. The individual responsible for referral to the U.S.

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Department of Education for resolution of the above is Dr. Robyn Jarvis, Director, Division of Professional Development.

- The SDE believes the \$2,700 in questioned costs for drug test charges to be direct costs of employment, in the same manner as group insurance and retirement benefits. In accordance with OMB Circular A-87, these costs are allocated consistently to all programs regardless of fund source. The cost would not be charged to the federal program if the program did not exist or the individual working on the federal program was not hired. Additionally, drug screening prior to employment assists the SDE to comply with the federally required Drug Free Workplace Certification. The SDE accepts the recommendation by the Legislative Auditor to refer the resolution of questioned costs to the respective granting agencies. The individual responsible for referral to granting agencies is Mrs. Kitty Littlejohn, Director, Division of Appropriation Control.
2. The SDE concurs that expenditures totaling \$538,109 lacked the detailed documentation necessary to make a determination of allowability for the costs charged to Title I, EPD, SE, SDFS, SAE, SCRD, AE, and WIA.

- The Regional Education Service Center (RESC) directors are required to adhere to all rules and regulations of the State Board of Elementary and Secondary Education and the State Department of Education including any guidelines for expenditures of federal funds. By their signatures, the RESC director certifies the accuracy of a requisition and that they are abiding by the federal and state guidelines for the fund source they are using. The fiscal agent then reviews and approves all purchase requests made by the RESC director, pays appropriate invoices for expenditures, and then bills the SDE for the reimbursement of those funds.

The SDE will explore other avenues to provide additional supporting documentation, and perform an additional review of all expenditures underlying the \$167,077 in questioned costs for validity of charges against federal programs. The individual responsible for resolution is Mrs. Ann Faulkner, Director, Regional Education Service Centers.

- During the relocation of the SDE to the new Claiborne Building, six computers, valued at \$9,906 in questioned costs, were assigned in error to non-federal staff. These computers will be relocated to the appropriate federally funded employees. The individual responsible for corrective action is Mrs. Kitty Littlejohn, Director, Division of Appropriation Control.

December 9, 2002

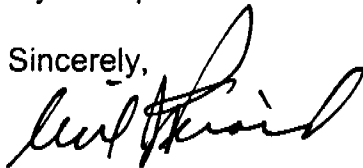
- Semi-annual certification forms were not submitted by five (5) personnel who resigned employment, resulting in questioned costs of \$60,507. The SDE has revised the Exit Interview process for terminating employees to include collection of the form by the Human Resource Department. Interviews will be performed with applicable supervisors and affidavits secured to validate actual time worked against the Title I Program. The affidavits will be retained on file to certify the time charged to federal programs for the five (5) employees noted. The individual responsible for corrective action is Mrs. Kim Fitch, Director, Division of Human Resources.

- The SDE has implemented extensive A-87 time certification procedures for both employees and supervisors, which were adopted as policy and implemented in FY 2001. These policies and procedures have been recognized by independent legal review as A-87 compliant. The SDE will re-validate actual time worked and time certification with 11 noted employees and supervisors. The SDE believes this is a result of individual employee error in completing the forms for A-87 time certification requirements. Financial adjustments will be made to individual grants as required. The individual responsible for corrective action is Mrs. Kitty Littlejohn, Director, Division of Appropriation Control.

The SDE will consult with the U.S. Department of Education regarding all of the above questioned costs. It is anticipated that implementation of the actions noted above will eliminate future audit findings in these areas. All corrective action within the control of the SDE should be completed by March 31, 2003.

If you require additional information, please contact me.

Sincerely,



Cecil J. Picard
State Superintendent of Education

CJP/MJL

c: Carole Butler-Wallin
Marlyn J. Langley
John Guilbeau



STATE OF LOUISIANA
DEPARTMENT OF EDUCATION
ST OFFICE BOX 94064, BATON ROUGE, LOUISIANA 70804-9064
Toll Free #: 1-877-453-2721
<http://www.doe.state.la.us>

January 6, 2003

Dr. Daniel G. Kyle, CPA, CFE
Legislative Auditor
Office of the Legislative Auditor
P.O. Box 94397
Baton Rouge, LA 70804-9397

Dear Dr. Kyle:

The Department of Education (SDE) concurs with the finding associated with not establishing control procedures to ensure compliance with certain federal laws and regulations for the Title I Grants to Local Educational Agencies (LEAs) program related to participation of private school children and comparability.

Management will ensure that LEAs are reviewed regularly for compliance with the special tests and provisions requirement of the Title I program. LEA staff, through workshops and correspondence, will be instructed on the requirements of the law that require them to engage in timely and meaningful consultation with private school officials prior to the submission of the their Title I grant. In addition, the SDE will monitor the LEAs during onsite visits to ensure that they remain in compliance with the comparability requirements.

You may contact Rodney Watson at (225) 342-3355 should you have any follow-up questions concerning this response, or contact me at your earliest convenience.

Sincerely,

A handwritten signature in black ink, appearing to read "Cecil J. Picard". The signature is written in a cursive style and is positioned above the printed name.

Cecil J. Picard
State Superintendent of Education

CJP:JG:dpw

c: Carole Wallin
Marlyn Langley
John Guilbeau

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STATE OF LOUISIANA
DEPARTMENT OF EDUCATION
POST OFFICE BOX 94064, BATON ROUGE, LOUISIANA 70804-9064
<http://www.doc.state.la.us>
1-800-453-2721

December 20, 2002

Dr. Daniel G. Kyle, CPA, CFE
Legislative Auditor
Office of the Legislative Auditor
P.O. Box 94397
Baton Rouge, LA 70804-9397

Dear Dr. Kyle:

The Department of Education concurs with the finding entitled **Ineffective Controls Over Subrecipient Monitoring**. The SDE has taken the following steps to correct or address the areas noted:

1. The SDE concurs that management did not ensure external CPA audits were submitted to the department within nine months after the audit period ended and did not ensure that the audits contained the proper CFDA numbers and program titles. Three (6%) of 47 audits tested were received by SDE from 2 weeks to 4 months late, and 5 (10%) audits did not include CFDA numbers, program titles, or schedule of federal expenditures.
 - Previously, if an audit was received late, a formal letter was not always issued. The Division of Nutrition Assistance (DNA) will issue letters of notice to all USDA Child Nutrition Program participants required to submit audits under OMB Circular A-133 where audits have not been received by the regulatory due date. In addition, the DNA will ensure all participants and auditors are aware of their responsibilities related to the schedule of federal expenditures required by OMB Circular A-133. The individual responsible for corrective action is Mr. John Dupre, Director, Division of Nutrition Assistance.
2. The SDE concurs that written management decisions were not issued by the SDE on audit findings included in the external CPA audit reports by June 30, 2002. Questioned costs are \$474,530, (\$416,530 in the CSR program and \$58,000 in the Title 1 program).
 - Even though completion of written management decisions had not occurred by June 30, 2002, subrecipient monitoring activities have occurred and are ongoing. At this writing, follow-up and final resolution activities have either been initiated or achieved with final management decision notification to the subrecipients. Where applicable, questioned costs will be recovered from subrecipients. Documentation of follow-up and resolution will be provided to the Legislative Auditor. The individuals responsible for corrective action are Mr. J. P. Beaudoin, Director, Division of School Accountability, Ms. Robyn Jarvis, Director, Division of Professional Development, and Mrs. Debi Faucette, Director, Division of Family, Career, and Technical Education.

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3. The SDE concurs that SDE program personnel did not review individual financial transactions for subrecipients or follow-up on SDE monitoring findings for six (6) subrecipients for Title I, CSR, TANF, and Adult Education.
 - Although the monitoring files contain no specific fiscal monitoring documentation, all program staff members discuss staffing, program duties and procedures with parish program staff to determine if funds are being used in an appropriate way. Nonetheless, we concur with the auditor's finding that no SDE-documented fiscal monitoring occurred in the program review process. Beginning with FY 2003, program staff will conduct a review of a sampling of fiscal records in each site monitored and will document same in the review file. The individuals responsible for corrective action are Ms. Donna Nola-Ganey, Assistant Superintendent, Office of School and Community Support, Mr. Rodney Watson, Assistant Superintendent, Office of Student and School Performance, and Dr. Carol Whelan, Assistant Superintendent, Office of Quality Educators.

4. The SDE concurs the Division of Education and Finance "fiscal reviews" of subrecipients for allowed/unallowed activities or costs are limited in number and are not performed in a timely manner.
 - A risk assessment model for selecting subrecipients for financial compliance monitoring was developed this past year. However, due to a limited number of staff employed throughout this fiscal year, the ability of the Division to conduct new audits for any programs was hampered. Available staff resources were dedicated to finalize outstanding audits and, at the special request of the Title 1 Grant Administrator, to conduct financial compliance monitoring for the St. Helena Title 1 program for the five (5) preceding fiscal years. Numerous attempts were made throughout the fiscal year to hire skilled individuals for vacant Auditor positions. All attempts thus far in recruiting were unsuccessful due to a limited number of applicants and/or applicants being unwilling to travel, as the position requires. As a result of facing these obstacles, the Division will begin exploring other possibilities in getting the work completed in addition to continuing the recruitment process. The individual responsible for corrective action is Mrs. Beth Scioneaux, Director, Division of Education Finance.

5. The SDE concurs that corrective action and/or reimbursement for questioned costs in the 2001 Single Audit has not been sought from subrecipients for \$11,006 in Title I and \$1,856 in Child Care and Development Block Grant (CFDA 93.575).
 - Staff responsible for these activities at both the SDE and subrecipient levels are no longer employed in their respective offices. Control logs for tracking of subrecipient follow-up actions required have been instituted. Additionally, subrecipient monitoring is now being performed on a consolidated or multi-

Dr. Daniel G. Kyle, CPA, CFE
December 20, 2002
Page 3

program basis ensuring deficiencies that are applicable to multiple programs are addressed and resolved.

Resolution is currently underway and recovery of subrecipient questioned costs will occur as applicable. The individuals responsible for corrective action are Mr. J. P. Beaudoin, Director, Division of School Accountability, and Mr. Scott Norton, Director, Division of Student Standards and Assessments.

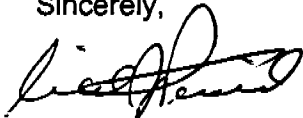
Recognizing the responsibility for subrecipient monitoring and oversight, the SDE developed, adopted as policy, and began implementation of comprehensive Grants Management Policies and Procedures. These policies formalize the identification and delineation of responsibilities for all grant management functions for programmatic and fiscal areas. This development was begun immediately upon the release of the 2001 Legislative Audit, with the draft completed in May 2002, and adopted as official policy with dissemination to all personnel in October 2002. A copy has been provided to the Legislative Auditor.

Additionally, the SDE has initiated new processes for resolution and/or recovery of questioned costs with subrecipients through the Cooperative Audit Resolution and Oversight Initiative (CAROI). This has been done with the encouragement and assistance of the U.S. Department of Education. Focus of this initiative is placed upon offering of a negotiated settlement that is meant to benefit the subrecipient program and achieve remediation of the entity. One of the cited instances is currently under CAROI settlement.

The SDE will consult with granting agencies regarding resolution of the above questioned costs. It is anticipated that implementation of the actions noted above will eliminate future audit findings in these areas. All corrective action within the control of the SDE should be completed by March 31, 2003.

If you require additional information, please contact me.

Sincerely,



Cecil J. Picard
State Superintendent of Education

CJP/MJL

c: Carole Butler-Wallin
Marlyn J. Langley
John Guilbeau

State of Louisiana



**PATIENTS' COMPENSATION FUND
OVERSIGHT BOARD
OFFICE OF THE EXECUTIVE DIRECTOR
650 NORTH SIXTH STREET
BATON ROUGE, LA 70802
(225) 342-6052
FAX (225) 342-6053**

October 21, 2002

**Dr. Daniel G. Kyle, CPA, CFE
Legislative Auditor
P. O. Box 94397
Baton Rouge, LA 70804-9397**

RE: Inadequate Fund Balance

Dear Dr. Kyle:

We concur with the audit finding against the PCF for failing to achieve the fund surplus as required by the medical malpractice statute; however, this agency continues to make steady progress in reducing the unfunded liability.

The statute mandates that the Fund must be maintained so as to provide a surplus of 50% of the total of the annual surcharge premiums, current claim reserves, reserves for anticipated claims and expenses. When the Oversight Board assumed the responsibility for the Fund in late 1990, it inherited a large fund deficit. Ten years ago the Fund had a surplus of approximately 9%. While it is true that the Fund has not reached the proper surplus, there has been significant headway made and at the close of the FY 01/02, the surplus had grown to 23.2%. Last fiscal year the surplus was 21.7%. Rate increases have been requested every year, although the Louisiana Insurance Rating Commission did not grant increases in 1995, 1996 and 1999. This year, an overall increase of 19% has been requested by the Board, with an anticipated effective date of January 1, 2003.

In addition, a fee schedule has been established and is being used to limit expenditures in cases in which the Fund is responsible for ongoing medical payments. The expected reduction in claim expenditures should have a direct impact on the level of the surplus.

Page 2

Claims are also regularly reviewed to ensure appropriate reserves are set and closures are done timely so that pending exposures are as correct as possible.

The Board is very aware of the need to be appropriately funded and continues to take steps to meet the goal as set forth in the statute, while at the same time, ensuring affordable medical malpractice insurance is available for both the health care providers benefit and the benefit of truly injured parties.

Despite the fact that the surplus is below the statutorily mandated level, the Patient's Compensation Fund has always met its obligations and will continue to do so in the future. The Board will continue to ask for any actuarially recommended rate increases and monitor reserves in hopes of reaching the appropriate level of surplus funds.

Should there be any questions or additional information needed, please contact me at 342-6051.

Sincerely,

A handwritten signature in cursive script, appearing to read "Lorraine LeBlanc".

Lorraine LeBlanc
Executive Director



M. J. "MIKE" FOSTER, JR.
GOVERNOR

State of Louisiana

OFFICE OF THE GOVERNOR

Baton Rouge

70804-9004

POST OFFICE BOX 94004
(225) 342-7015

November 27, 2002

Dr. Daniel G. Kyle, Ph. D., CPA, CFE
Legislative Auditor
P.O. Box 94397
Baton Rouge, LA 70804-9397

Dear Dr. Kyle:

This is in response to your notification of the audit finding entitled "Executive Department; Sub-receipients Not Monitored". We concur with your finding, and we have implemented a corrective action plan. I would also like to add that, although we were given budget authority for TANF for the entire fiscal year 2001-2002, the MOU with DSS referred to in your audit report was not effective until October 1, 2001. The first year was spent in development and implementation. Campuses were visited during these phases, and some degree of monitoring did take place; however there was no official monitoring plan developed in the beginning. During the first months, we were more concerned with monitoring the implementation to assure that campuses were doing everything they could to reach as many students as possible.

In June of 2002, Carla Landry, Fiscal Facilitator, has developed a monitoring plan to determine if LCTCS is verifying eligibility of participants and if evidence exists to support expenditures. Site visits began in September of 2002, and beginning in October of 2002 each Community College and Louisiana Technical College Campus will be visited twice a year. During the visit, participant records are examined to determine that the participant is eligible for the services they are receiving. Student's transcripts and attendance records are also examined to determine if documentation exists to support tuition fees, supply reimbursements, child care and transportation costs. Visits will continue until the end of the TANF program year in August of 2003. If TANF is reauthorized, monitoring will continue.

Attached is the complete monitoring plan with corrective actions and the monitoring instrument used during a site visit. If you have any questions or need any additional information, please call me or Carla Landry at 342-2462.

Sincerely,

A handwritten signature in cursive script that reads "Chris Weaver".

Chris Weaver, Director
Louisiana Workforce Commission.

Attachments can be provided
upon request.



State of Louisiana
DIVISION OF ADMINISTRATION
OFFICE OF THE COMMISSIONER

M. J. "MIKE" FOSTER, JR.
GOVERNOR

MARK C. DRENNEN
COMMISSIONER OF ADMINISTRATION

January 10, 2003

Dr. Daniel G. Kyle, CPA, CFE
Legislative Auditor
P. O. Box 94397
Baton Rouge, Louisiana 70804-9397

Dear Dr. Kyle:

Re: Finding on the Comprehensive Annual Financial Report Not Issued Timely

We agree with the finding as stated. The Division of Administration considered that it was more important to request an extension of the audit of the Department of Revenue and possibly achieve an unqualified opinion than to follow the statutory deadline and publish with a known qualification on the opinion.

The Division plans on working with the Department of Revenue to help ensure that proper procedures are followed to give accurate and timely information to OSRAP to promote a more timely issuance of the CAFR. Work with the Department of Revenue will begin upon issuance of the 2002 CAFR and continue until the issuance date for their Annual Financial Report. Contact persons within the Division will be F. Howard Karlton and Afranie Adomako.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark C. Drennen".

Mark C. Drennen
Commissioner of Administration

MCD:WJK:fhk

B-16



State of Louisiana
DIVISION OF ADMINISTRATION
OFFICE OF THE COMMISSIONER

M. J. "MIKE" FOSTER, JR.
GOVERNOR

MARK C. DRENNEN
COMMISSIONER OF ADMINISTRATION

November 22, 2002

Dr. Daniel G. Kyle, CPA, CFE
Legislative Auditor
P. O. Box 94397
Baton Rouge, Louisiana 70804-9397

Dear Dr. Kyle:

Re: Finding on Inappropriate Billing of Insurance Premiums

As you are aware the Division of Administration is currently in litigation with the Department of Health and Human Services-Division of Cost Allocation regarding the issue of insurance premium billings for the fiscal year periods prior to FY 1999-2000 and therefore our comments regarding the findings will be limited to the impacts of the finding as it relates to FY2001-2002.

The Division **does not concur** with the finding as drafted which states that premium billings were inequitably distributed between state and federal funding sources for the fiscal period 2001-2002. Agency and line billings for FY 2001-2002 was developed based upon actuarial basis, and then adjusted on a pro-rata basis for all funding sources to meet the imposed budgetary limits imposed. Based upon the constitutional and statutory restrictive provisions prohibiting the utilization of the Transportation Trust Fund to pay directly or indirectly for any judgments, settlements and consequently road hazard insurance premiums no billings were issued for Road and Bridge Hazard coverage during fiscal year 2001-2002. Since no premium billing was utilized no funding source (either State, Federal or other) was utilized for any form of payment. Consequently, the finding is in error to state that premiums were inappropriately or inequitably billed. Further, the finding is erroneous in its representation and reference to OMB Circular A-87 that implies the costs were unallowable or they were accorded inconsistent treatment.

Dr. Daniel G. Kyle, CPA, CFE

November 22, 2002

Page 2

The Division further does not concur with the finding that any provisions of Office of Management and Budget (OMB) Circular A-87 were violated by either the premium billing mechanisms utilized or the resulting utilization of proceeds received. As noted above, we strongly disagree with the auditor's conclusion that the premium billing mechanism resulted in either inappropriate or inequitable billings.

In addition, we would disagree with the Auditor's citation of OMB A-87 as prohibiting the utilization of proceeds among program lines of coverage and would challenge him to provide the specific citation within the Circular that would support that contention. The Self Insurance Program/Fund is operated as a single program with individual lines of insurance maintained on a book basis. Premium billings are not affected by the book balance of cash but rather the claims losses incurred. As a result, the utilization of cash proceeds received among lines does not result in an inequitable or inappropriate billing to any agency, program, or funding source. Further, it should be noted that no provision of OMB A-87 prohibits this practice (nor should it, since claim losses are utilized for premium determinations), and no exceptions to this practice have ever been noted during any review by the DHHS-Division of Cost Allocation.

We appreciate the opportunity to respond to the proposed finding and are available for further discussion or questions.

Sincerely,


Mark C. Drennen
Commissioner of Administration

MCD/WJK/sm



State of Louisiana
DIVISION OF ADMINISTRATION

OFFICE OF THE COMMISSIONER

M. J. "MIKE" FOSTER, JR.
GOVERNOR

MARK C. DRENNEN
COMMISSIONER OF ADMINISTRATION

February 20, 2003

**Mr. Grover Austin, CPA
First Assistant Legislative Auditor
Office of the Legislative Auditor
P. O. Box 94397
Baton Rouge, LA 70804-9397**

Dear Mr. Austin:

Re: Single Audit Finding – Weaknesses in Information System's Controls

The aforementioned finding contains elements of findings, which cross several state entities, inclusive of the Division of Administration's Office of Information Services, Division of Administration's-Office of State Buildings, and the Office Computer Services within the Office Information Technology. Given the combination of the findings and entities involved and the generic nature of the wording of the finding we cannot concur with the finding as drafted. We will instead address the specific Echo findings which we understand the auditor's office utilize in preparing the finding.

Finding one: references concerns regarding the placement of redundant backup for the IT system which controls physical access to state buildings under OSB's control; the necessity for background checks on all personnel in security administrative positions and those having super user access to facilities; the necessity for a full time (non-student) operator for the system.

Response: The issue of additional redundancy and placement has been addressed by adding an additional redundancy backup offsite. In addition, reports have been generated to provide tenant personnel the ability to review access permissions of their staff's and actual access entry to their sites. With regard to the issue of utilization of background checks, the Division's Legal Division is reviewing the feasibility and legality of requiring background checks. Finally, while utilization of full-time non-student personnel would be desirable current budgetary and table of organization limitations do not provide for that possibility. Further, there has been no correlation provided to reflect a deficiency in the systems control or security by the utilization of student personnel.

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Mr. Grover Austin, CPA

February 20, 2003

Page 2

Finding 1 (continued): Concurrently this finding addresses the number of users granted base access to the operating system on the state's mainframe computer system and access to the operating system under which the state's human resource application runs.

Response 1: To address this situation OCS has contracted with outside consultants to review current practice and develop criteria, which would further restrict access. In addition, we will review the feasibility of limiting entities having access to the operating system currently supporting the human resource application.

Finding 2: This finding is a continuation of specific items enumerated in finding 1 specifically the number of users provided access to the ISIS operating system under which the state's human resource system runs and the number of users provided access to the system software (Change Man) utilized to manage software changes to the states financial management systems (AFS, AGPS, and CRMS)

**Response 1(continued): As noted in the response to finding 1 OCS has contracted with an outside third party to address the issues regarding the Operating System access. The recommended changes to Change Man were implemented
October 31, 2002.**

Finding 3: This finding addressed physical access to state buildings not are granted on legitimate business need basis and the proper monitoring of access did not occur.

Response 3: We concurred in large part with the finding regarding needs based access. While that process has been changed and process have been refined in accordance with the recommendations, additional effort will be expended in coordination with the Office Facilities Corporation, to further define that criteria. As noted in Response 1A the issues with reports and report monitoring have been addressed.

Finding 4: This finding related to a specific finding regarding the configuration processing for garnishments.

Response 4: We concurred fully with the finding and have placed a corrective configuration change in effective October 11, 2002.

Mr. Grover Austin, CPA

February 20, 2003

Page 3

Finding 5: This finding addresses the issue of segregation of duties with the ISIS/HR Application.

Response 5. We do not concur with the finding. The ten (10) user access ID's referenced in the finding include, four (4) ID's which have been eliminated, four (4) which are required to keep the system operational and are consistent with SAP installation recommendations, and two emergency ID's which have specific documentation control governing their utilization. In addition, we are in the process of resolving the issues surrounding the ID's related to the Quality Assurance environment.

Finding 6: Addresses the need for a formalized disaster recovery plan for the ISIS systems collectively.

Response 6: As noted correctly, the Office of Computing Services has had a Disaster Recovery Contract plan and hot-site contract for a number of years. The ability to relocate to a hot-site and bring up current versions of operating systems has already been successfully tested. Application testing has not occurred due to the 24-hour time constraints available to test personnel at the hot site. A complete testing of the ISIS HR application is scheduled within the next 30 days. At that time, we fully expect to be able to demonstrate success in our ability to recover.

In conclusion, the Division has expended tremendous resources in correcting in the past year and that effort continued throughout the current period. This effort is documented in the Echo summary document dated 11/12/02, which states:

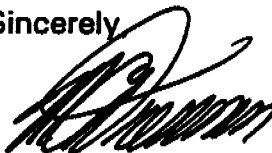
"Of the 21 prior-year control deficiencies, two are no longer an issue and 11 are satisfied due to improvements made. Eight are repeated for the current year.

It has been apparent during the past several IS Controls reviews that OIS and OCS management have made an effort to address as many of the control deficiencies as possible given their limited resources and the reasonable benefit that would be gained."

Mr. Grover Austin
February 20, 2003
Page 4

Unfortunately, the finding for this year is generally drafted to indicate a total lack of control regarding logical and physical access to the state's computer systems, facilities and operating systems. While we acknowledge certain specific deficiencies, none of those deficiencies justify the finding context and tone, and we must therefore speculate that a lack of understanding regarding the ERP environment has lead to their inclusion as a finding.

Sincerely



Mark C. Drennen
Commissioner of Administration

WJK/IB/sm



State of Louisiana
DIVISION OF ADMINISTRATION

OFFICE OF THE COMMISSIONER

M. J. "MIKE" FOSTER, JR.
GOVERNOR

MARK C. DRENNEN
COMMISSIONER OF ADMINISTRATION

February 14, 2003

Mr. Grover Austin
First Assistant Legislative Auditor
Office of the Legislative Auditor
P. O. Box 94397
Baton Rouge, LA 70804-9397

Dear Mr. Austin:

Re: Single Audit Finding-Deficiencies in State's Disaster Recovery Plan

The Division of Administration concurs in part with the finding regarding the need for a Disaster Recovery Plan for every state agency. Act 772 of the 2001 Regular Session created the Chief Information Officer (CIO) position for Louisiana state government and established the Office of Information Technology (OIT). One of the CIO's many responsibilities includes setting policy for the state's IT enterprise. To provide guidance and direction to state agencies, OIT is currently developing a business continuation/disaster recovery policy that will be applicable to all agencies under the jurisdiction of Act 772. This policy will address the issues identified in the finding. The above policy will be released during calendar year 2003. Mr. Mike Gusky, Chief Security Officer, is responsible for initiating this policy.

Information Technology policies developed by OIT provides the agencies with broad mandates from the CIO. The agencies are responsible for developing their respective policies and procedures that enable them to comply with policies promulgated by the CIO and the laws of Louisiana.

I disagree that this should be a finding within the audit of the Division of Administration since no entities cited within the finding are part of the Division of Administration. Specific agency findings should be contained within the audit findings for the individual agencies. The primary responsibility for development of a business continuation/disaster recovery plan is and must be the responsibility of the agency. Industry best practices indicate that business continuation planning is most effective when accomplished by the owners of the business processes. They are keenly aware of their mission-critical requirements and in a much better position to determine specific planning requirements.

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Mr. Grover Austin
Page 2
February 14, 2003

While I disagree with this being a finding within the Division of Administration audit report, I do endorse this being forwarded to the Division of Administration in a report format to inform the Division of Administration of such deficiencies within agencies so that we may assist agencies in meeting their responsibilities.

Sincerely,

A handwritten signature in black ink, appearing to read 'Mark Drennen', written in a cursive style.

Mark Drennen
Commissioner of Administration

MCD/CM/AD/mhp



State of Louisiana
DIVISION OF ADMINISTRATION
OFFICE OF THE COMMISSIONER

M. J. "MIKE" FOSTER, JR.
GOVERNOR

MARK C. DRENNEN
COMMISSIONER OF ADMINISTRATION

February 14, 2003

Mr. Grover Austin, CPA
First Assistant Legislative Auditor
Office of the Legislative Auditor
P. O. Box 94397
Baton Rouge, LA 70804-9397

Dear Mr. Austin:

RE: Single Audit Finding – Ineffective Internal Audit Function

We concur in part with the finding that additional internal audit resources are needed in all departments. However, as stated in prior correspondences, we do not concur with that part of the finding which makes a subjective judgment statement that all entities named within the finding have an ineffective internal audit function.

This office continues to evaluate current internal audit needs and existing resource levels to ascertain the additional level of funding needed to provide that resource and works to find and provide those resources the agencies. However, due to a lack of financial resources and this administrations' stated objectives to do more with less, it will be incumbent upon each department to identify current resources which can reallocated to be utilized for the internal audit function.

Sincerely,

Mark C. Drennen
Commissioner of Administration

MCD/WJK/sm

B-25



State of Louisiana
DIVISION OF ADMINISTRATION

OFFICE OF THE COMMISSIONER

February 14, 2003

M. J. "MIKE" FOSTER, JR.
GOVERNOR

MARK C. DRENNEN
COMMISSIONER OF ADMINISTRATION

Mr. Grover Austin, CPA
First Assistant Legislative Auditor
Office of the Legislative Auditor
P. O. Box 94397
Baton Rouge, LA 70804-9397

Dear Mr. Austin:

Re: Single Audit Finding – Non-Compliance with State Moveable Property Regulations

The Division of Administration concurs with the finding regarding moveable property. Non-compliance with time limitations on tagging moveable property continues to be a problem with all the agencies cited. Louisiana Property Assistance Agency (LPAA) Compliance Officers have trained the property managers for these nine agencies emphasizing the 60-day tagging rule and will continue to work with each one individually to ensure compliance with this regulation.

All of the agencies cited received approved certifications from LPAA with the exception of the Boxing and Wrestling Commission. Although the Medical Center of Louisiana at New Orleans has experienced recurring problems maintaining adequate internal control over moveable property there has been significant reduction in the amount of property unaccounted for in the current year. LPAA will continue to work with these agencies to pursue corrective actions to ensure that these findings are not repeated. Mr. Floyd Rector, Compliance Program Supervisor, is responsible for the corrective action.

LPAA is in the process of replacing the AM18 and AM15 mainframe applications with an internet-based system (Protégé) that we believe will give state agencies better tools to use in managing moveable property. Protégé, which provides more detailed data fields; i.e., location, building, floor, room number, person responsible, etc. as well as enhanced report management capabilities, is accessed through a standard web browser and will serve as the statewide asset management system. The increased functionality provided through this vastly improved asset management system will enable agencies to track and locate moveable property not only more effectively but also efficiently than ever before. Property Managers will be able to set filters to create and print reports on demand rather than requesting printouts from Louisiana Property Assistance Agency. Statewide training for the new system will begin in early spring and by June 30, 2003, all agencies will be converted to the new system.

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Mr. Grover Austin
February 14, 2003
Page 2

LCAA intends to include a second phase in the future to interface ISIS (the statewide financial management control system) with the Protégé system. Upon receipt of an acquisition in ISIS, the property manager would be prompted to tag and add the asset to Protégé. This will significantly reduce, if not eliminate, delay in tagging property which has proven to be a major contributing factor in property management.

Louisiana Property Assistance Agency compliance staff will continue to monitor the agencies cited in your finding, working closely with the property manager to ensure compliance with all property rules and regulations.

Sincerely,



Mark C. Drennen
Commissioner of Administration

MCD/WJK/IB/sm



Grambling State University

OFFICE OF THE PRESIDENT

Grambling, Louisiana 71245

P.O. DRAWER 607

August 27, 2002

(318) 274-6117

FAX: (318) 274-6172

Dr. Daniel G. Kyle, CPA, CFE
Office of Legislative Auditor
1600 North Third Street
Baton Rouge, LA 70804-9397

Dear Dr. Kyle:

Management concurs with the audit finding on "General Ledger Accounts Not Reconciled to Supporting Records." Norman Jones, Associate Vice President/Controller, will have overall responsibility for implementing the following corrective action plan:

- ▶ Effective July 1, 2002, management converted its payroll and human resource system from Poise to Banner where the state group health and insurance premium accounts will be reconciled on a monthly basis by Gregory Sykes, Assistant Controller for Disbursements and Niena Williams, Assistant Director for Human Resources/Benefits.
- ▶ Management is in the process of posting all receivable accounts to the Banner receivable module under the immediate supervision of Dezandra Blankenship and overall responsibility of Moroline Sanders, Director Grants Administration/Assistant Controller for Revenue. Effective October 1, 2002, monthly billings will be sent to all outstanding accounts.
- ▶ Effective October 15, 2002, the University will formalize its current practice on recording Stafford Loan EFT bank deposits and subsequent postings to students' accounts. The policy will require monthly reconciliations to ensure accuracy of accounts and timely posting of student loans. Destinee Westmoreland will have immediate responsibility for the account.
- ▶ The Director of Grants Administration is reclassifying the \$445,686 from inactive deferred revenue accounts to other liabilities until the accounts have been thoroughly researched for accuracy. After these accounts have been thoroughly researched, the granting agencies will be contacted for disposition of funds. During October 2002, grants administration will attempt to reconstruct the deferred revenue account balances in these inactive accounts with an expected completion date of November 30, 2002.

Management will ensure that staff are thoroughly trained on Banner in their respective areas of responsibilities. Additionally, the finance staff under the directions of Billy R. Owens, Vice President for Finance will re-engineer all work processes and rewrite policies, train the staff on work requirements and make them responsible for following policies and procedures.

Sincerely,

Neri F. Warner
Acting President

B-28



Grambling State University

OFFICE OF THE PRESIDENT

Grambling, Louisiana 71245

P.O. DRAWER 607

September 17, 2002

(318) 274-6117

FAX: (318) 274-6172

Dr. Daniel G. Kyle, CPA, CFE
Office of Legislative Auditor
State of Louisiana
1600 North Third Street
Baton Rouge, LA 70804-9397

Dear Dr. Kyle:

Management concurs with the finding on "Inaccurate and Incomplete Annual Financial Statements". Management agrees that its fund accounting financial statements for June 30, 2001 had several iterations through October 29, 2001. It is further a fact that the financial statements prepared in Governmental Accounting Standards Format 34/35 for the year ended June 30, 2001 and 2002 had additional adjustments after submission to the auditors on July 29, 2002 and July 31, 2002. This management team is bound by ethical behavior to report and correct all known transactions not recorded or properly recorded on its financial statements. Management made its best effort to prepare all reconciliations and correct all accounts prior to the submission of the financial statements in GASB 34/35 format. Researching four (4) years of data in four (4) months and preparing financial statements in the new GASB format for 2000, 2001 and 2002 one month prior to the statutory due date for all universities in the state, with all new employees, proved to be a formidable and almost impossible task. This management team does not rely on the audit process or outside consultants to correct and/or detect errors and fraud. Irregularities involving University assets were discovered first and investigated by University staff.

Under the overall directions of Billy R. Owens, Vice President for Finance, and the immediate directions of Norman Jones, Associate Vice President/Controller, the following will be implemented by November 2002.

1. Beginning September 2002, bank reconciliations and other reconciliations will be prepared on a monthly basis to support month end closings.
2. Monthly financial statements will be prepared on the accrual basis. The Banner GASB financial statement system will be implemented in October 2002.
3. Journal entries with supporting documents will be reviewed prior to processing.

Under the directions of Billy R. Owens, the finance team is focused and dedicated. Management is committed to training all persons responsible for processing accounting transactions on Banner, University policies and procedures, and business practices required to perform their job. Employees will be properly supervised, held accountable and continuously trained. This should ensure that accounting transactions and financial statements are recorded and reported in accordance with generally accepted accounting principles.

Sincerely,

Neari F. Warner
Acting President B-29



Grambling State University

OFFICE OF THE PRESIDENT

Grambling, Louisiana 71245

P.O. DRAWER 607

(318) 274-6117

FAX: (318) 274-6172

August 20, 2002

Dr. Daniel G. Kyle, CPA, CFE
Office of the Legislative Auditor
1600 North Third Street
Baton Rouge, LA 70804-9397

Dear Dr. Kyle:

Management concurs with the Office of Legislative Audit's finding regarding "Ineffective Billing and Collection Procedures for Student Receivables". On March 15, 2002, the University hired a Director of Grants Management/Assistant Controller for Revenue, Moroline Sanders, who has significant experience with student receivable and collection efforts. Under her direction, the corrective action plan will be implemented as followed:

- After Fall registration and effective October 1, 2002, monthly statements will be sent to all outstanding accounts.
- By September 30, 2002, Billy R. Owens, Vice President for Finance, Norman Jones, Associate Vice President for Finance/Controller, Moroline Sanders, Director of Grants Administration/Assistant Controller for Revenue, and Dezandra Blankenship, Bursar, will begin the process of re-engineering the work processes and re-writing policies and procedures on student registration, billing and collection efforts on current and past due accounts.
- The staff will be trained on the full utilization of the Banner system, collection on due diligence rules and regulations, cashiering, and customer service to be completed by November 30, 2002.
- Receivable analyses will be prepared as part of the standard monthly reporting to identify delinquent accounts for expanded collection efforts needed to restore accounts to a current status by September 30, 2002.
- The adequacy of the allowance for doubtful accounts will be reviewed twice a year (June and December) and adjusted based on rational and standard methodology.
- Effective September 1, 2002, one of the general accountants will be reassigned to the receivable area and properly trained on the Student Accounts Receivable processes. Staffing changes and training will provide the University with sufficient personnel to collect on outstanding receivables.
- In early October 2002, management will send a request for proposal to solicit bids from collection agencies for the purpose of entering into a contract by November 15, 2002 to begin collection efforts. Additionally, we will turn accounts over to a credit bureau and initiate garnishment of wages for current employees and others who refuse to pay.

Sincerely,

Neri F. Warner
Acting President

NFW:jj

B-30



Grambling State University

OFFICE OF THE PRESIDENT

Grambling, Louisiana 71245

P.O. DRAWER 607

(318) 274-6117

FAX: (318) 274-6172

September 3, 2002

Dr. Daniel G. Kyle, CPA, CFE
Office of Legislative Auditor
State of Louisiana
1600 North Third Street
Baton Rouge, LA 70804-9397

Dear Dr. Kyle:

Management concurs with the finding on "No Methodology for Estimating the Allowance for Doubtful Accounts." Management made estimates on the allowance for doubtful accounts as there was no readily identifiable and reliable trend information to support the calculation in the limited time available. Management will adopt the procedures as follows:

- ▶ In October 2002, management will develop a formal methodology for calculating the allowance for doubtful accounts.
- ▶ Starting in October 2002, detailed receivable balances, agings and analyses of all receivables will be presented monthly to the Vice President for Finance for review as part of the monthly financial statement reporting.
- ▶ The Associate Vice President/Controller and Vice President for Finance will review the adequacy of the allowance for doubtful accounts in December and June of each year.
- ▶ Management will implement strong collection efforts to try and collect all funds due the University.

Mrs. Moroline Sanders, Director of Grants Management/Assistant Controller for Revenue, has direct responsibility for analyzing all receivables, assessing collectability of accounts, and adequacy of the reserves.

Sincerely,

Handwritten signature of Neri F. Warner in cursive.

Neri F. Warner
Acting President

NFW:jj

B-31



Grambling State University

OFFICE OF THE PRESIDENT

Grambling, Louisiana 71245

P.O. DRAWER 607

August 27, 2002

(318) 274-6117

FAX: (318) 274-6172

Dr. Daniel G. Kyle, CPA, CFE
Office of Legislative Auditor
State of Louisiana
1600 North Third Street
Baton Rouge, LA 70804-9397

Dear Dr. Kyle:

Management concurs with the finding on "Substandard Accounting Procedures and Records." To solidify the financial operations and systems at Grambling State University, Billy R. Owens was hired as Vice President for Finance and is directly responsible for implementation of the following corrective action plan:

- ▶ By October 1, 2002, the finance and accounting staff will begin redefining the University's chart of accounts in Banner to enhance the effectiveness of reporting and consequently minimize adjustments and reclassifications needed to prepare financial statements.
- ▶ Management is advertising on the web and networking to identify qualified candidates to fill the following positions as soon as possible:
 - a. Two senior system analysts for application software programming
 - b. One grant accountant
 - c. One property accountant
 - d. An Associate Vice President for Information Technology
 - e. An Associate Vice President for Budget
 - f. Other information technology positions
- ▶ By October 1, 2002, management will begin the streamlining of its work processes in and around all Banner modules and rewriting policies and procedures to support Banner operating systems. This process is expected to be completed by December 15, 2002.
- ▶ By October 2002, management will increase its focus on ensuring that its finance staff is thoroughly trained on the Banner system, the specific areas of job responsibilities, and policies and procedures affecting their jobs.

Management believes that continuity in upper management, a continuous staff training and evaluation system, and the implementation of sound policies, procedures and business practices in a dynamic environment will allow its resources to be allocated to the highest and best uses.

Sincerely,

Neari F. Warner

Acting President B-32



Grambling State University

OFFICE OF THE PRESIDENT

Grambling, Louisiana 71245

P.O. DRAWER 607

August 20, 2002

(318) 274-6117

FAX: (318) 274-6172

Dr. Daniel G. Kyle, CPA, CFE
Office of the Legislative Auditor
1600 North Third Street
Baton Rouge, LA 70804-9397

Dear Dr. Kyle:

Management concurs with the finding on "Untimely Collection of Grant Proceeds." On March 15, 2002, the University hired a Director of Grants Management/Assistant Controller for Revenue, Moroline Sanders, who has significant experience with federal rules and regulations governing grants and contracts. Under her direction, the corrective action plan will be implemented as followed:

- Grants administration has increased its staff from two to three with another accountant vacancy to be filled as soon as a qualified candidate is identified.
- Management will make every effort to train all of its grants administration employees on the use of Banner and federal and state grants and contracts rules and regulations.
- While the University wrote off \$489,240 in grants receivables with expired dates, the grants staff will reconstruct and validate the balances and begin collection efforts by September 30, 2002.
- The grants staff will also continue collection efforts on grant accounts totaling \$962,760 where collection was assumed to be 50% or \$481,380.
- The Vice President for Finance, Billy Owens, Associate Vice President for Finance/Controller, Norman Jones, and the Director of Grants Administration/Assistant Controller, Moroline Sanders, will develop new formal written policies, procedures, and timelines regarding the processing of grants expenditures, billings, reporting, and the collection of funds by November 15, 2002.
- Starting in September 2002, all billings and reporting to grantors will be prepared within 30 days after month-end to ensure that the University is reimbursed for all allowable costs in a timely manner.

Moroline Sanders will be responsible for accounting, billing, reporting and collection efforts under the direction of Norman Jones.

Sincerely,

Neri F. Warner
Acting President

NFW:jj

B-33



Grambling State University

OFFICE OF THE PRESIDENT

Grambling, Louisiana 71245

P.O. DRAWER 607

September 17, 2002

(318) 274-6117

FAX: (318) 274-6172

Dr. Daniel G. Kyle, CPA, CFE
Office of Legislative Auditor
State of Louisiana
1600 North Third Street
Baton Rouge, LA 70804-9397

Dear Dr. Kyle:

Management concurs with the finding on "Untimely and Insufficiently Supported Bank Reconciliations". The three major bank accounts have not been accurately reconciled for three (3) years. The use of three accounting firms has not yielded proper reconciliation of these accounts. The volume of transactions covering three years has been overwhelming. Under the direction of Mr. Norman Jones, Associate Vice President/Controller, the following will be implemented:

1. Written policies and procedures will be developed and implemented for reconciling bank accounts by October 15, 2002. This will include training on the Banner bank reconciliation module and downloading lists of paid checks from the bank. Reconciliations with supporting documentation will be completed and submitted for review by the 5th working day of the month.
2. The general accountants are responsible for processing checks requesting to be voided. This procedure will include, but not be limited to, a search of the paid checks on the bank on-line system and processing stop payments at the bank. A thorough review of cleared checks written will eliminate the processing of cleared checks as voids.
3. Journal entries required for correction of reconciling items will be prepared as part of the bank reconciliation and submitted for review and approval by the Associate Vice President/Controller before processing.
4. The management will implement "positive pay" at its lead bank in November 2002 where the bank will validate check presentments against the list of checks written by the University prior to payments. This system will help to eliminate potential unauthorized check disbursements by the bank, check and bank disbursement errors, and aid in the reconciliation process.

Management is committed to training all persons responsible for bank reconciliations and accounting transactions on Banner, University policies and procedures, and business practices required to perform their job of safeguarding cash. Employees will be properly supervised, held accountable and continuously trained to meet deadlines.

Sincerely,

Neri F. Warner
Acting President

NFW:jj

B-34



Grambling State University

OFFICE OF THE PRESIDENT

Grambling, Louisiana 71245

P.O. DRAWER 607

(318) 274-6117

FAX: (318) 274-6172

October 30, 2002

Dr. Daniel G. Kyle, CPA, CFE
Office of Legislative Auditor
State of Louisiana
1600 North Third Street
Baton Rouge, LA 70804-9397

Dear Dr. Kyle:

Enclosed are management's responses to the findings of the A-133 audit as conducted by Bruno & Tervalon, LLP.

Please feel free to contact me if there are questions or need for clarification.

Sincerely,

A handwritten signature in cursive script that reads "Neari F. Warner".

Neari F. Warner
Acting President

NFW:jj



Grambling State University

OFFICE OF THE PRESIDENT

Grambling, Louisiana 71245

P.O. DRAWER 607

(318) 274-6117

FAX: (318) 274-6172

October 29, 2002

Mr. Michael B. Bruno, CPA
Managing Partner
Bruno & Tervalon, LLP
4298 Elysian Fields Avenue
New Orleans, LA 70122

Dear Mr. Bruno:

Re: Audit Finding Reference Number: 2001-03 – Federal Financial Reporting

Management Response: Management concurs with the finding that the financial reports did not agree with the University financial records for the fiscal year ended June 30, 2001. In March 2002, Ms. Moroline J. Sanders was hired as Assistant Controller/Director of Grants Administration. Under Ms. Sanders' directions, the following actions were taken:

- During fiscal year 2002, expenditures and receipts were reconciled for fiscal years ended 06/30/2000, 06/30/2001 and 06/30/2002. Management revised the grants financial reports to reflect actual expenditures posted to the general ledger as well as actual funds received by each sponsored agency.
- In April 2002, management implemented procedures to ensure that grants financial reports are prepared accurately and in a timely manner. The Grants Accountants prepare all financial reports and invoices. The Assistant Controller/Director of Grants Administration reviews all financial reports for accuracy before they are submitted to the Vice President for Finance and the sponsored agencies. Expenditures reported to sponsored agencies are supported by the University's general ledger, which is attached to a copy of the invoice or financial report and filed in the grant folder.
- Effective April 1, 2002, a reconciliation schedule was created to include grants expenditures, receipts and outstanding invoices. This schedule allows the University to monitor outstanding invoices and aggressively improve our collections efforts of unpaid invoices more than sixty days past due.

Sincerely,

Neri F. Warner
Acting President

NFW:jj

B-36



Grambling State University

OFFICE OF THE PRESIDENT

Grambling, Louisiana 71245

P.O. DRAWER 607

(318) 274-6117

FAX: (318) 274-6172

October 29, 2002

Mr. Michael B. Bruno, CPA
Managing Partner
Bruno & Tervalon, LLP
4298 Elysian Fields Avenue
New Orleans, LA 70122

Dear Mr. Bruno:

Re: Audit Finding Reference Number: 2001-01 – Financial Management System

Management Response: Management concurs with the finding on maintaining current and accurate financial records. During FY 2000, the accounting records were reconstructed from FY 1998 through 2001 and adjusted accordingly. The University's records for 2002 are accurate and are maintained in accordance with federal rules and regulations and generally accepted accounting principles.

Under the overall directions of the Billy Owens, Vice President for Finance, and the immediate direction of Norman Jones, Associate Vice President for Finance and Controller, the University is updating and writing new policies and procedures to ensure full compliance with federal rules and regulations.

Sincerely,

A handwritten signature in cursive script that reads "Neari F. Warner".

Neari F. Warner
Acting President

NFW:jj

B-37



Grambling State University

OFFICE OF THE PRESIDENT

Grambling, Louisiana 71245

P.O. DRAWER 607

(318) 274-6117

FAX: (318) 274-6172

October 29, 2002

Mr. Michael B. Bruno, CPA
Managing Partner
Bruno & Tervalon, LLP
4298 Elysian Fields Avenue
New Orleans, LA 70122

Dear Mr. Bruno:

Re: Audit Finding Reference Number: 2001-05 – Return of Title IV Funds

Management concurs with the finding that the University did not comply with processing certain Title IV refunds. The employee responsible for calculating the refunds was replaced by a new employee and supervisor. Under the direct supervision of the Assistant Controller/Director of Grants Administration, the following actions will be taken.

- The Bursar, Dezandra Blankenship, and the Assistant Controller/Director of Grants Administration, Moroline J. Sanders have established pin numbers and passwords with the U.S. Department of Education to calculate and return Title IV funds on or before November 15, 2002. The Bursar will be responsible for accurately calculating and returning Title IV funds within the established timeframes.
- Management requires the Registrar's Office and the Financial Aid Office to notify the Bursar on a timely basis of withdrawals and stop-outs to ensure proper calculation of refunds, as appropriate.

Management is committed to ensuring that it complies with Title IV refunds rules and regulations.

Sincerely,

Neari F. Warner
Acting President

NFW:jj



Grambling State University

OFFICE OF THE PRESIDENT

Grambling, Louisiana 71245

P.O. DRAWER 607

(318) 274-6117

FAX: (318) 274-6172

October 29, 2002

Mr. Michael B. Bruno, CPA
Managing Partner
Bruno & Tervalon, LLP
4298 Elysian Fields Avenue
New Orleans, LA 70122

Dear Mr. Bruno:

Re: Audit Finding Reference Number: 2001-04 – Special Reporting

Management concurs with the finding that the FISAP for the year ended June 30, 2001 did not agree with the University accounting and programmatic records. During the two-year audit for the years ended June 30, 2001 and 2002, where accounting records were reconstructed, it was determined that prior year FISAPs should be revised. Under the directions of the new Assistant Controller/ Director of Grants Administration the following action was taken:

- During September 2002, the University revised the FISAP for the year ended June 30, 2001 to reflect actual accounting data posted to the general ledger and supported by the University's loan servicer's records.
- FISAPs for the years ended June 30, 1999, 2000 and 2001 have been revised and will be filed with the Department of Education on or before November 15, 2002.
- Effective October 2002, management will ensure that its financial records and internal controls are adequate to ensure that financial records are accurate and closed on a timely basis.

Ms. Moroline J. Sanders, Assistant Controller/Director of Grants Administration, and Ms. Alvina Thomas, Director of Student Financial Aid, will work collaboratively to ensure that the information on the FISAP is accurate and supported by amounts on the general ledgers, financial aid records, and the University's loan servicer's detail receivable records.

Sincerely,

Neari F. Warner
Acting President

NFW:jj

B-39



Grambling State University

OFFICE OF THE PRESIDENT

Grambling, Louisiana 71245

P.O. DRAWER 607

(318) 274-6117

FAX: (318) 274-6172

October 22, 2002

Mr. Michael B. Bruno, CPA
Managing Partner
Bruno & Tervalon, LLP
4298 Elysian Fields Avenue
New Orleans, LA 70122

Dear Mr. Bruno:

Re: Audit Finding Reference Number: 2002-05, Aid Exceeded Documented Need

Management concurs with the finding that five (5) students out of fifteen (15) tested received financial aid in excess of their documented need due to having full-time cost of attendance(COA) budgets.

We will continue reviewing COA budget reports after the 14th class day for the Fall and Spring semesters, and after the 7th class day for the Summer term. However, we will scrutinize students who are half-time to determine if correct budgets have been awarded. Aid will be reduced or canceled if necessary.

Sharon Reed, Assistant Director for Student Financial Aid and Scholarships, will be the contact person for this process.

Sincerely,

A handwritten signature in cursive script that reads "Neri F. Warner".

Neri F. Warner
Acting President

NFW:jj

B-40



Grambling State University

OFFICE OF THE PRESIDENT

Grambling, Louisiana 71245

P.O. DRAWER 607

(318) 274-6117

FAX: (318) 274-6172

October 29, 2002

Mr. Michael B. Bruno, CPA
Managing Partner
Bruno & Tervalon, LLP
4298 Elysian Fields Avenue
New Orleans, LA 70122

Dear Mr. Bruno:

Re: Audit Finding Reference Number: 2002-03 – Allowable Costs

Management acknowledges that because the loan amounts disbursed to students on the general ledger did not reconcile to the loan servicer's detail account records, the general ledger was adjusted to the loan servicer's detail records. These unreconciled differences have gone unchanged for many years. This was one of many adjustments made by management to clear up problems in its records during FY 2000, FY 2001 and FY 2002.

The FISAP for Perkins Loans and the Fiscal Operations Report for the Nursing Student Loan Program were amended for fiscal years 1999, 2000 and 2001 to agree with the revised general ledger.

Management is committed to ensuring that the general ledger is supported by detailed records.

Sincerely,

Neri F. Warner
Acting President

NFW:jj



Grambling State University

OFFICE OF THE PRESIDENT

Grambling, Louisiana 71245

P.O. DRAWER 607

(318) 274-6117

FAX: (318) 274-6172

October 22, 2002

Mr. Michael B. Bruno, CPA
Managing Partner
Bruno & Tervalon, LLP
4298 Elysian Fields Avenue
New Orleans, LA 70122

Dear Mr. Bruno:

Re: Audit Finding Reference Number: 2002-08, Exit Counseling

Management concurs with the finding that the University did not properly conduct exit counseling for five (5) out of sixty (60) students tested who failed to enroll for the following semester. One student had the required exit counseling notification letter in his folder.

In addition to the normal procedures used to perform exit counseling, we will generate reports to identify students who fail to enroll for the following semester or summer term.

These students will be mailed exit counseling debt management materials if they fail to complete exit counseling in the Financial Aid Office, in the group session, or on the web. A copy of the mailed exit counseling notification will be placed in the student's folder.

Tafferny Lee, Coordinator for Default Prevention, will be the contact person for this process.

Sincerely,

Neari F. Warner
Acting President

NFW:jj

B-42



Grambling State University

OFFICE OF THE PRESIDENT

Grambling, Louisiana 71245

P.O. DRAWER 607

(318) 274-6117

FAX: (318) 274-6172

October 29, 2002

Mr. Michael B. Bruno, CPA
Managing Partner
Bruno & Tervalon, LLP
4298 Elysian Fields Avenue
New Orleans, LA 70122

Dear Mr. Bruno:

Re: Audit Finding Reference Number: 2002-12 – Federal Financial Reports

Management concurs with the finding that the financial reports were not filed timely. Management made changes in the grants administration staff and hired Ms. Moroline J. Sanders, Assistant Controller/Director of Grants Administration, in March 2002.

- In April 2002, the Grants Administration Office implemented procedures to ensure that grants financial reports are prepared accurately and in a timely manner. All financial reports and invoices were brought to current status July 31, 2002. A grants deliverable schedule was created to identify reporting requirements for all grants. The Grants Accountants prepare all financial reports and invoices.
- The Assistant Controller/Director of Grants Administration reviews all financial reports for accuracy before they are submitted to the Vice President for Finance and the sponsored agencies. Expenditures reported to sponsored agencies are supported by the University's general ledger, which is attached to a copy of the invoice or financial report and filed in the grant folder.
- Effective April 2002, a reconciliation schedule was created to include grants expenditures, receipts and outstanding invoices. This schedule allows the University to monitor outstanding invoices and aggressively improve our collections efforts of unpaid invoices more than sixty days past due.

Management is committed to filing all reports with granting agencies accurately on a timely basis.

Sincerely,

Neari F. Warner
Acting President B-43

NFW:jj



Grambling State University

OFFICE OF THE PRESIDENT

Grambling, Louisiana 71245

P.O. DRAWER 607

(318) 274-6117

FAX: (318) 274-6172

October 22, 2002

Mr. Michael B. Bruno, CPA
Managing Partner
Bruno & Tervalon, LLP
4298 Elysian Fields Avenue
New Orleans, LA 70122

Dear Mr. Bruno:

Re: Audit Finding Reference Number: 2002-04, Federal Work Study

Management concurs with the finding that four (4) out of twenty-seven (27) students tested received earnings that exceeded the documented need.

Now that the Banner system is fully implemented, we can generate reports that will identify students whose total earnings are close to the awarded amount (maximum earnings). Beginning October 2002, the students and student-worker supervisors will be notified of the student's award status. Monthly reports will be generated after each payroll.

Sharon Reed, the Assistant Director for Student Financial Aid and Scholarships, will be the contact person for this process.

Sincerely,

Neri F. Warner
Acting President

NFW:jj



Grambling State University

OFFICE OF THE PRESIDENT

Grambling, Louisiana 71245

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FAX: (318) 274-6172

October 29, 2002

Mr. Michael B. Bruno, CPA
Managing Partner
Bruno & Tervalon, LLP
4298 Elysian Fields Avenue
New Orleans, LA 70122

Dear Mr. Bruno:

Re: Audit Finding Reference Number: 2002-11 – Inventory Management of Equipment

The management concurs with the finding on not conducting a physical inventory during the year. Under the overall responsibility of Mr. Norman Jones, Associate Vice President/Controller, the following corrective action plan has been, or will be, taken.

- On October 7, 2002, the vacant property accountant position was filled with Ms. Myesha McConnell who has direct responsibility for maintaining the University's inventory and property accounting records.
- On October 18, 2002, the Louisiana State Property Control representative trained Ms. McConnell and two backup accountants on the State's property control system and the State's guidelines governing property of \$1,000 and over.
- By November 4, 2002, the property accountant and backups will be trained on the Banner fixed asset module.
- By November 30, 2002, management will conduct a University-wide physical inventory of all movable assets having an acquisition cost of at least \$1,000 for the purpose of correcting the property records.

Management is committed to maintaining accurate asset inventory records that account for all acquisitions and disposals and location changes in a timely manner.

Sincerely,

Neri F. Warner
Acting President

NFW:jj

B-45



Grambling State University

OFFICE OF THE PRESIDENT

Grambling, Louisiana 71245

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(318) 274-6117

FAX: (318) 274-6172

October 29, 2002

Mr. Michael B. Bruno, CPA
Managing Partner
Bruno & Tervalon, LLP
4298 Elysian Fields Avenue
New Orleans, LA 70122

Dear Mr. Bruno:

Re: Audit Finding Reference Number: 2002-10 – Return of Title IV Funds

Management concurs with the finding that the University did not comply with processing certain Title IV refunds. The employee responsible for calculating the refunds was replaced by a new employee and supervisor. Under the direct supervision of the Assistant Controller/Director of Grants Administration, the following actions will be taken:

- The Bursar, Dezandra Blankenship, and the Assistant Controller/Director of Grants Administration, Moroline J. Sanders have established pin numbers and passwords with the U.S. Department of Education to calculate and return Title IV funds on or before November 15, 2002. The Bursar will be responsible for accurately calculating and returning Title IV funds within the established timeframes.
- Management requires the Registrar's Office and the Financial Aid Office to notify the Bursar on a timely basis of withdrawals and stop-outs to ensure proper calculation of refunds, as appropriate.

Management is committed to ensuring that it complies with Title IV refunds rules and regulations

Sincerely,

Neari F. Warner
Acting President

NFW:jj

B-46



Grambling State University

OFFICE OF THE PRESIDENT

Grambling, Louisiana 71245

P.O. DRAWER 607

(318) 274-6117

FAX: (318) 274-6172

October 22, 2002

Mr. Michael B. Bruno, CPA
Managing Partner
Bruno & Tervalon, LLP
4298 Elysian Fields Avenue
New Orleans, LA 70122

Dear Mr. Bruno:

Re: Audit Finding Reference Number: 2002-06, Satisfactory Academic Progress

Management concurs that one (1) out of sixty (60) students tested was awarded and received financial aid, although the student did not meet the University standards for achieving satisfactory academic progress.

The error resulted in the conversion of quarter hours to semester hours. We will rely on the expertise of the Admissions Transfer Hour Evaluator to make assessment of transfer credits showing quarter hours to assist in determining Satisfactory Academic Progress.

Anne Rugege, Assistant Director for Student Financial Aid and Scholarships, will be responsible for this process.

Sincerely,

A handwritten signature in cursive script that reads "Neari F. Warner".

Neari. F. Warner
Acting President

NFW:jj



Grambling State University

OFFICE OF THE PRESIDENT

Grambling, Louisiana 71245

P.O. DRAWER 607

October 22, 2002

(318) 274-6117

FAX: (318) 274-6172

Mr. Michael B. Bruno, CPA
Managing Partner
Bruno & Tervalon, LLP
4298 Elysian Fields Avenue
New Orleans, LA 70122

Dear Mr. Bruno:

Re: Audit Finding Reference Number: 2002-07, Satisfactory Academic Progress

Management does not concur with the finding that the University's Satisfactory Academic Progress (SAP) Policy did not include certain standards as prescribed by Title IV regulations.

We maintain that our SAP Policy is in compliance with federal regulations as from 34 CFR 668.16 and 668.34. Last spring, a team of seasoned Department of Education Program Reviewers came to the University and conducted a four-day Program Review of our policies and procedures for administering Title IV funds. The SAP Policy and the documentation to support the SAP Appeals were reviewed during the evaluation. No changes in policy were suggested. The team concluded in their verbal comments during the Exit Interview that Grambling State University (GSU) had made remarkable improvements in the administration of federal funds to eligible students and that our policies were sound and abided by federal regulations.

Since the Accounting Firm of Bruno and Tervalon has stated that our policy may be lacking in some areas, we called the Department of Education's Regional Office for guidance as to cumulative grade point average and was told to review the federal regulations 34 CFR 668.16 and 668.34 as opposed to the reviewing the handbook. In the two laws, there is no statement of cumulative grade point average. Our policy does meet the federal requirements. We feel accountable to this audit; therefore, we will request a review by the Department of Education of the conclusions drawn by this audit relative to cumulative standards.

As it relates to our appeals process, the following actions will be taken:

- Review appeal process to include detailed procedures for students seeking multiple degrees and certificates and make necessary changes if warranted. Completion date: November 11, 2002
- Review the structure of the Appeals Committee. Completion date: October 31, 2002
- Clarify the rules for approving and monitoring dual or multiple programs or degrees. Completion date: November 11, 2002

B-48

Mr. Michael B. Bruno, CPA
October 22, 2002
Page 2

In summary, the management of this institution is dedicated to ensuring that our SAP policy addresses all areas of the Federal Policy. The contact person for this process is Alvina Thomas, Director.

Sincerely,

A handwritten signature in cursive script that reads "Neari F. Warner".

Neari F. Warner
Acting President

NFW:jj



Grambling State University

OFFICE OF THE PRESIDENT

Grambling, Louisiana 71245

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October 22, 2002

Mr. Michael B. Bruno, CPA
Managing Partner
Bruno & Tervalon, LLP
4298 Elysian Fields Avenue
New Orleans, LA 70122

Dear Mr. Bruno:

**RE: Audit Finding Reference Number 2002-09,
Student Status Confirmation Reports**

Management concurs with the finding that eight (8) students out of (30) thirty tested had an incorrect status indicated on the student status confirmation report.

In the Banner Student System, the Registrar's Office is able to electronically submit the reports to the National Student Loan Clearinghouse; however, without technical assistance they are not able to see the status that is submitted for each student. In searching for the answer to this finding, it was determined that this is a known issue to SCT. They have Patch #66016 which should correct the problem. As indicated on the attached sheet, the system problem is that the SFRNSLC is not picking up the latest time status record. On October 9, 2002, the Information Resource Center was asked to install this patch and assistance has been requested in obtaining a copy of the report each time that it is submitted.

Karen Lewis, Registrar, will be the contact person for this process.

Sincerely,

Neari F. Warner
Acting President

Attachment can be provided
upon request.

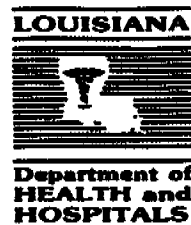
NFW:jj

Attachment

B-50



**STATE OF LOUISIANA
DEPARTMENT OF HEALTH AND HOSPITALS**



M. J. "Mike" Foster, Jr.
GOVERNOR

David W. Hood
SECRETARY

September 30, 2002

Dr. Daniel G. Kyle, CPA, CFE
Legislative Auditor
1600 North Third Street
P. O. Box 943967
Baton Rouge, LA 70804-9397

RE: Department of Health and Hospitals
Legislative Audit Finding, FYE 6/30/02
Improper Claims by Case Management Providers

Dear Dr. Kyle:

This correspondence is in response to your reportable audit finding of "Improper Claims by Case Management Providers" for FYE 6/30/02. We appreciate the care and attention with which your office reviewed the actions of case management agencies. Our office is in the process of using the information in your report to continue a quality review of the case management system and the specific agencies cited in your report. Through this process we will validate the accuracy of provider billing with program requirements and initiate recovery of inappropriately paid claims.

Your findings focus on areas which the Department continues to recognize as areas of concern. The Department is working diligently to address these concerns. We recognize that there remain areas of concern in the coordinated provision of the required case management services and billing for these services by case management providers in Louisiana. We have been working on improving case management services in Louisiana since 1998. There is an ongoing need to balance the needs of recipients, their requests as to how case management services should be provided and the need for case management agency accountability.

An RFP for case management services was released in October 2001. Contracts were awarded in the nine DHH administrative regions based on the responses to the RFP. Additional quality assurance measures were placed into the RFP and incorporated into the case management contracts. Quarterly meetings are being held with the case management providers to facilitate direct discussion of areas of concern.

The Department will continue to periodically review the case management providers to assure that they meet all requirements. When problems are identified during the monitoring, corrective action plans are required to be implemented. Departmental staff review the results of the corrective action plans to determine if additional training and/or technical assistance is required.

Dr. Daniel G. Kyle, CPA, CFE
September 30, 2002
Page 2

Direct quality assurance activities for case management and other home and community-based services are accomplished in DHH by 10 regional office employees. One employee is assigned in each of eight DHH administrative regions, and two employees are assigned in one region, to directly monitor case management and other home and community-based waiver services. DHH added an additional employee to oversee case management contract compliance.

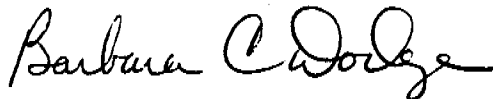
With over 7,500 current recipients and this number continuing to increase each month, it is necessary for DHH to continue to actively address quality issues in case management services. Therefore, in addition to the specially assigned statewide and regional staff in the Bureau of Community Supports and Services (BCSS), DHH has directed the Surveillance and Utilization Review Section (SURS) to continue to monitor the ongoing needs in this program.

We have already addressed some of the issues outlined in this report by taking these actions: revising the case management manual to clearly detail all documentation requirements; implementing a policy to review all instances in which the quarterly requirements specific to the case management population being served will be reviewed by personnel in the BCSS Case Management Section to determine if recoupment should take place; and placing additional requirements for training capacity on the case management agencies in the new case management contracts.

The Department of Health and Hospitals intends for these system enhancements to improve accountability, and thus enable us to operate more efficiently and effectively and avoid future systemic findings as identified by your staff during this review.

The attached Corrective Action Plan provides more specific information concerning measures that have been taken by BCSS to address areas of concern resulting from the audit findings of your staff. If you have any questions or need further clarification about this plan, please feel free to contact me or any of the contact persons identified in the plan at telephone number (225) 219-0223.

Sincerely,



Barbara C. Dodge
Director

BCD/JB/JDW

Attachment

c: David W. Hood
Charles Castille
Ben Bearden
Stan Mead

Corrective Action Plan
Legislative Audit Finding, FYE 6/30/02
Improper Claims by Case Management Providers

The BCSS Case Management Section requested information on the recipients noted from the three agencies that were audited. It is important to note that the different case management populations have different requirements regarding the site of the face-to-face visits. Not all populations require a visit in the home. Based on a review of the material received from the case management agencies, there were some findings with which we agree. We will be taking steps to recoup payments made to these agencies in the instances where the documentation was inadequate to support the reimbursement made to these organizations, or if there was a failure to meet the minimum requirements for the population being served. We will continue to review the material to determine if penalties should be applied.

Audit Findings: Quarterly or Monthly Notes Not Available; Required Face-to-Face Visits Did Not Occur

Based on a review of the documentation submitted by the case management provider organizations, it has been determined that a retraining on proper and required documentation will be presented. The training will be mandatory; all case management providers will be required to attend this training. BCSS is moving toward competency-based training. Personnel from the BCSS Case Management Section, in collaboration with personnel from the BCSS Consumer Services and Development Section, will plan together for a competency-based training.

The new case management manual requires that each case management agency has a staff person who is responsible for their agency's training. These individuals will be required to be a part of the planning process to determine how training on case management documentation will take place.

The provider organizations cited in the Legislative Audit findings will be required to submit a corrective action plan regarding their agency's oversight of documentation in each recipient's record.

In addition, numbered memoranda will be sent to the case management agencies clarifying policy regarding the requirements for each population the agency serves and the documentation requirements specific to that population. The case management manual will be reviewed to determine if additional information or clarification should be incorporated into a revision of the manual.

In the instance of the two persons who were noted not to have the required face-to-face visits, a review of the material submitted indicates that inadequate documentation may have been the cause.

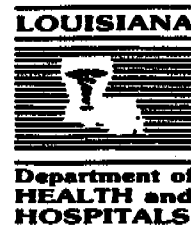
A policy has been put in place to insure that agencies failing to meet the quarterly requirements for the population being served must submit documentation for the quarter to the BCSS Case Management Section for a determination as to whether payment made for the first two months of the quarter will be recouped.

Target Date: January 15, 2003

Contact Persons: Judy Baker, Jean Melancon, Sue Merrill and Judy Moore



**STATE OF LOUISIANA
DEPARTMENT OF HEALTH AND HOSPITALS**



M. J. "Mike" Foster, Jr.
GOVERNOR

David W. Hood
SECRETARY

September 30, 2002

Dr. Daniel G. Kyle, CPA, CFE
Legislative Auditor
1600 North Third Street
P.O. Box 943967
Baton Rouge, LA 70804-9397

RE: Department of Health and Hospitals
Legislative Audit Finding, Calendar Year 2001
Improper Claims by Waiver Service Providers

Dear Dr. Kyle:

This is in response to your reportable audit findings of "Improper Claims by Waiver Service Providers" for the calendar year 2001. We appreciate the thoroughness, professionalism and care with which your office reviewed the activities of waiver service providers. Our office is in the process of using the data in your report to complete a quality review of the waiver system, as well as visiting recipients identified in the audit to insure that their health and welfare is appropriately addressed. Through this process we will validate the accuracy of provider billing with program requirements and initiate recovery of inappropriately paid claims.

Your findings focus on areas which the Department recognizes as needs and is currently working diligently to address. We concur that there remain areas of concern in the coordinated provision of services, and in the billing for waiver services by providers in Louisiana.

Since 1998 DHH has taken an active stance in addressing the requirements to balance the needs of recipients, their suggestions as to how services should be provided and the need for service accountability. Quality assurance activities have been implemented using increased monitoring. Case management agencies have specific responsibility for monitoring the services delivered by the direct service providers.

With the growing number of direct service providers and the number of recipients continuing to increase each month, it is necessary for DHH to continue to actively address quality issues in waiver services. Therefore, in addition to specially assigned staff in the Bureau of Community Supports and Services and increased monitoring by contracted case management agencies, DHH has directed our Surveillance and Utilization Review Section (SURS) to address the ongoing needs in this program.

OFFICE OF THE SECRETARY • BUREAU OF COMMUNITY SUPPORTS AND SERVICES
446 NORTH 12TH STREET • BATON ROUGE, LOUISIANA 70802-4613
PHONE #: 225-219-0200 • FAX #: 225-219-0202
"AN EQUAL OPPORTUNITY EMPLOYER"

Dr. Daniel G. Kyle, CPA, CFE

September 30, 2002

Page 2

The audit for the fiscal year ending June 30, 2002 revealed similar findings as the calendar year 2001 review. However, we were pleased to learn from the auditors that there was not one single exception for billing over the amount of services authorized. This lets us know that the prior authorization is succeeding in addressing this concern. We are continuing to work on systems development, standards for participation and policy development to demonstrate similar results in your audit findings.

The attached Corrective Action Plan provides more specific information concerning measures that have been taken by BCSS to address areas of concern resulting from the audit findings of your staff. If you have any questions or need further clarification about this plan, please feel free to contact me or any of the contact persons identified in the plan at telephone number (225) 219-0223.

Sincerely,



Barbara C. Dodge
Director

BCD/DJ/JDW

Attachment

c: David W. Hood
Charles Castille
Ben Bearden
Stan Mead

Corrective Action Plan
Legislative Audit Finding, Calendar Year 2001
Improper Claims by Waiver Service Providers

Systems Development

The prior authorization system has been operational since February 2001 and has given us a positive finding for this year. In addition, the Department has implemented prior authorization for the Children's Choice and the Elderly and Disabled Adult waivers. Prior authorization allows DHH to prior authorize supports and services, thus increasing the integrity of the services billing system and assuring service delivery as prescribed in the approved plan of care. The Department will implement prior authorization for the remaining waivers and each new waiver that is developed, as we believe this system will allow us to use limited resources more efficiently and effectively in service provision as well as addressing the concerns noted in your audit. The current prior authorization program is being enhanced to assist with other concerns found in your audit, and also improve reporting and planning systems. The Department's target date for training direct service providers on the enhanced prior authorization program is January and February 2003, with implementation scheduled for March 2003.

Contact person: Janith Miller

Standards for Participation of Current and Future Service Providers

The Department is developing standards for participation and criteria for all current and future service providers to ensure that they have the experience and training necessary to provide quality supports and services. Enrollment in the Medicaid program for providers of waiver services will be limited to designated enrollment periods. Provider orientation and training will be provided to assure that DHH expectations of quality are clearly communicated. DHH has a task force that has met with provider representatives and other stakeholders in a collaborative effort to develop these standards. The Department plans to implement rulemaking necessary to begin this process in January 2003.

Contact persons: Judy Moore and Sue Merrill

Policy Development

Service definitions for the existing Mentally Retarded/Developmentally Disabled (MR/DD) waiver were rewritten in an attempt to clarify them and make clear service definitions. A Notice of Intent clarifying the MR/DD service definitions was published in the October 20, 2001 *Louisiana Register*. Providers, advocates and recipients were dissatisfied with the proposal. Therefore, DHH in conjunction with the Department of Social Services, the Department that licenses these agencies, began a collaborative effort to address these concerns and to develop a new waiver which will define services based on a new set of definitions and expectation of providers. The new waiver is ready to be sent to the Centers for Medicare and Medicaid Services (CMS) for approval. Training will occur this fall and implementation is expected in March 2003.

Contact person: Claudette Hill

**Corrective Action Plan - Page 2
Legislative Audit Finding, Calendar Year 2001
Improper Claims by Waiver Service Providers**

Service Documentation and Progress Notes

Documentation is a key component of quality service provision. It is the indicator that services actually occurred, that services were consistent with the plan of care and that the expected outcomes were obtained. DHH developed a clarification of the required components of documentation necessary to monitor recipient services and progress. Case management agencies and direct service providers were provided specific written information on this system. Education on this process is ongoing. Training on this activity is being planned as a result of this most recent finding. Documentation training will also be included in provider orientation for existing and new providers as part of the implementation of the new standards for payment. The target date for this initiative is ongoing.

Contact persons: Judy Moore, Judy Baker and Sue Merrill

Monitoring Services

As systems described in this letter are being implemented, monitoring activities by DHH and contract case management agencies are being implemented to insure that services planned are provided and remain appropriate for the recipients. Monitoring changes are being implemented and will continue through systems development and implementation of systems outlined in this letter. Monitoring is a part of the DHH strategic plan with objectives to enhance the quality of the services and to include more of the service providers in the bi-annual monitoring. The Department intends for efforts related to system enhancements to improve accountability, and thus enable waiver services to operate more efficiently and effectively and avoid future systemic findings as identified by your staff during this review. The target date for this is ongoing.

Contact persons: Sue Merrill and Delphine Jackson



STATE OF LOUISIANA
DEPARTMENT OF HEALTH AND HOSPITALS



M. J. "Mike" Foster, Jr.
GOVERNOR

David W. Hood
SECRETARY

December 6, 2002

Dr. Daniel G. Kyle, CPA, CFE
Legislative Auditor
1600 North Third Street
P.O. Box 94397
Baton Rouge, LA 70804-9397

Dear Dr. Kyle:

We are in receipt of your audit finding "Improper Disproportionate Share Payments". The Department of Health and Hospitals (DHH) concurs with the finding and recommendations made as they relate to a lack of internal controls over Disproportionate Share (DSH) payments to LSU Health Care Services Division (LSUHCS). However, we cannot concur with the reported questioned cost of \$185,605,963 in federal funds. DHH recognizes receivables and payables based upon audited cost reports and we have not received any audited cost reports as it relates to these costs.

We are in the process of strengthening our internal controls as they relate to HCSD's estimates of uncompensated care costs and their request for DSH payments. The new internal controls related to these payments will be furnished to your office as soon as they are finalized. No additional DSH payments will be made to HCSD prior to the implementation of these new internal controls.

The person responsible for the implementation of our Corrective Action Plan is Mr. Jerry Phillips, Medicaid Deputy Director. He can be reached at (225) 342-9767.

Should you have any questions regarding this matter, please feel free to contact me at (225) 342-6726.

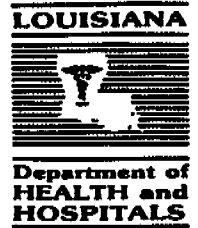
Very truly yours,

Charles F. Castille
Undersecretary

CFC/CSM/jbm



STATE OF LOUISIANA
DEPARTMENT OF HEALTH AND HOSPITALS



M.J. "Mike" Foster, Jr.
GOVERNOR

David W. Hood
SECRETARY

December 18, 2002

Dr. Daniel G. Kyle, CPA, CFE
Legislative Auditor
1600 North Third Street
Baton Rouge, Louisiana 70804-9397

Dear Dr. Kyle:

This letter is in response to your finding regarding the Office for Addictive Disorders Improper Payment for TANF Initiative Recipients.

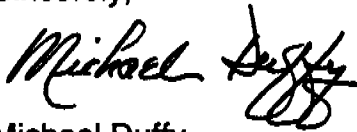
We do concur with the findings that were submitted to us on December 11, 2002.

The Office for Addictive Disorders has already taken steps to correct some of the deficiencies that were found. Our TANF Project Coordinator, Quinetta Rowley, is responsible for the corrective action. We anticipate that the corrective action plan will be in place by January 6, 2003. Steps taken are as follows:

1. We have hired a monitor to conduct on-site monitoring which includes a review of verification of documentation of client eligibility. This monitor will also provide technical assistance and information to programs regarding eligibility requirements and their responsibility to determine eligibility prior to billing for services.
2. Following the audit visit, OAD sent inquiries and letters (copies attached) to the providers to clarify TANF eligibility and appropriate documentation required to meet eligibility.
3. We are also instituting a procedure which will require providers to submit a copy of the documentation verifying eligibility when the invoice is submitted for payment to the regional office. Before submission to the DSS for reimbursement, our state office TANF Program Coordinator will confirm with the regional staff that they have received the proper back up documents verifying eligibility.
4. We are instituting monthly telephone conferences with the Residential Providers and Regional Administrators. This will facilitate communication and our ability to provide information on any questions, updates, and monitoring results.

Please inform us if this corrective action plan meets with your approval, or if we can provide you with any additional information.

Sincerely,

A handwritten signature in black ink that reads "Michael Duffy". The signature is written in a cursive style with a large, stylized "D" at the end.

Michael Duffy
Acting Assistant Secretary

MD/QR:mdd

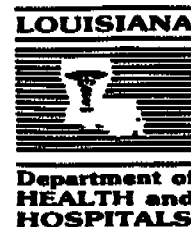
Attachments

c Ernest F. Summerville, Jr., CPA
Stan Mead



M. J. "Mike" Foster, Jr.
GOVERNOR

STATE OF LOUISIANA
DEPARTMENT OF HEALTH AND HOSPITALS



David W. Hood
SECRETARY

November 18, 2002

Daniel G. Kyle, PH.D., CPA, CFE
Legislative Auditor
State of Louisiana
1600 North Third Street
Post Office Box 94397
Baton Rouge, Louisiana 70804-9397

Dear Dr. Kyle:

This letter is in response to your office's audit finding contained in Mr. Ernest F. Summerville, Jr.'s letter dated October 28, 2002. The finding is captioned "Medicaid Provider Overpayment Errors" and relates to the Medicaid Fraud Control Unit (MFCU) operated by the Louisiana Attorney General not reporting all accounts for which judgments had been rendered to the Department of Health and Hospitals. Consequently, DHH did not refund \$374,003 of federal financial participation (FFP) to the federal government within 60 days, as required by federal regulations.

The department concurs with the finding that the judgment accounts totaling \$532,011 of which \$374,003 was FFP should have been reported to DHH and that DHH is obligated under federal regulations to return the FFP within 60 days. The department concurs with the recommendation that the MFCU should ensure that all accounts for which judgments have been rendered are reported to DHH.

The department concurs with the recommendation that controls should be strengthened to ensure that accounts maintained by the AG are reported to DHH and that FFP is returned to the federal government in accordance with federal regulations. The department will request that the procedures for the reporting of judgment accounts by the MFCU to DHH be incorporated into the memorandum of understanding (MOU) between the MFCU and DHH. Absent a provision in the MOU, DHH has no way of requiring that the MFCU report the judgment accounts to DHH. Federal regulations at 42 C.F.R. §1007.9 specifically require that the MFCU be a separate and distinct unit from DHH (Medicaid) and that no DHH (Medicaid) official can have authority to review the activities of the unit. These regulations do require the MFCU to enter into a MOU with DHH (Medicaid).

B-61

Daniel G. Kyle, PH.D., CPA, CFE
November 18, 2002
Page 2

If you have questions or need additional information, please contact Don Gregory at
(225)219-4149.

Sincerely,



Ben A. Bearden
Director

BAB/JP/DG

cc: David W. Hood
Charles F. Castille
Stan Mead
Don Gregory
Fred Duhy



LOUISIANA WORKS
DEPARTMENT OF LABOR

M.J. "Mike" Foster, Jr.
Governor

Dawn Romero Watson
Secretary

OFFICE OF THE SECRETARY

December 13, 2002

Dr. Daniel G. Kyle, CPA, CFE
Legislative Auditor
State of Louisiana
Post Office Box 94397
Baton Rouge, Louisiana 70804-9397

Dear Dr. Kyle:

In response to the notice of your reportable audit finding of **Insufficient Control Policies and Procedures Human Resources and Payroll Processes**, we have reviewed the finding and disagree with the conclusion.

This is an ISIS/SAP system issue. As designed, the system does not allow separation of human resource and payroll duties in processing actions. We have established internal procedures to help ensure checks and balances. Reports are generated to assist in identifying irregularities. Since this system was designed, implemented and is currently being administered in accordance with Division of Administration regulations, we have shared your comments with that office and are seeking further guidance from them.

Regarding the timekeeper who falsified records, her employment was terminated and full restitution was made.

If additional information is needed, please contact Mr. Joe Bryant at (225) 342-3101.

Sincerely,

Dawn Romero Watson
Secretary of Labor

DRW/JB/sj



LOUISIANA WORKS
DEPARTMENT OF LABOR

M.J. "Mike" Foster, Jr.
Governor

Dawn Romero Watson
Secretary

December 17, 2002

OFFICE OF THE SECRETARY

Dr. Daniel G. Kyle, CPA, CFE
Louisiana Legislative Auditor
P.O. Box 94397
Baton Rouge, LA 70804-9397

Dear Dr. Kyle:

In response to the notice of your reportable audit finding of Louisiana Employers Overcharged for Workforce Development Training, we have reviewed the finding and disagree with the conclusion.

In our opinion, the "excess tax assessment" analysis is fundamentally flawed in three areas: (1) Costs associated with collection expenses for the program are not accounted for; (2) Collections for the current year are not subtracted out of June 30th bank balance; and, (3) Applications approved by the Governor are not included as obligations.

The first error is in the failure to acknowledge that there will be a thirteenth month adjustment for collection costs. Incumbent Worker Training Program (IWTP) funds are collected as part of the State Unemployment Tax Act taxes. Funding for administration of the assessment and collection of the taxes comes from the United States Department of Labor (USDOL). USDOL allows the generation and collection of the IWTP funds through the system provided that an adjustment is made in the thirteenth month to reimburse for costs associated with this state initiative. The LDOL-USDOL negotiated cost allocation for the reimbursement is a percentage of the taxes collected. That figure can not be calculated until the fourth quarter collections are finalized. This adjustment should be considered in calculating the assessment for the subsequent year.

The second error is a result of logistics, i.e. including the current year's first quarter collections into the formula to determine the assessment. The deadline for obligation of dollars associated with the taxes paid on wages paid in calendar year 2000, is June 30, 2001. Adjustments based on the over-collections, interest, de-obligations, etc. impact the assessment for taxes on wages to be paid in calendar year 2002. Logically, there will always be a year in flux (e.g. 2001), while data from the past year (e.g. 2000) is being considered for determination of assessment for the upcoming year (e.g. 2002). The bank statement on the account for the end of June 2001 will reflect first quarter collections for taxes paid on wages paid in 2001. It is not possible to obligate first quarter collections before June 30th of that year as they are not due in the department until April 30th. In addition, R.S. 23:1514 provides that the money shall not be obligated until collected and some time will be spent getting tax contributions from the approximately 96,000 different employers deposited and into the system. Finally, the authority to obligate the 2001 collections resides in the budget beginning July 1st.

Mr. Daniel G. Kyle, CPA, CFE
December 17, 2002

The third error results from not considering applications approved by the Governor as obligations for the purpose of assessment calculations. Immediately following the approval of an application by the Governor, the Governor's office sends a letter of commitment to both the employer and the training provider. The department considers "obligation" as used in R.S. 23:1553, for the purpose of calculating tax rates for the next calendar year, as an application approved by the Governor and on which commitment letters were sent. An IWTP application is a thorough description of the training project signed off on by all parties. It is the substance of the application to which boilerplate is added to for the contract that is eventually sent to the Office of Contractual Review. To date, all applications approved by the Governor have become contracts approved by the Office of Contractual Review.

We also disagree with the analysis on excessive balance for the reasons stated above. The statute under question is R.S. 23:1553(B)(10). In past years, adjustments to the assessment have been made for over collections. Appropriate adjustments will continue to be made.

Basic decisions were made when the program was implemented so that those employees working the program, from assessment to collections to obligations to expenditures, could understand one another and work along common definitions. It was decided that funding would be tracked relating it to the year in which the tax liability occurred. The assessment is on wages paid in the calendar year. It is due in our office at the end of the month following the end of the quarter. It takes about a quarter for all collections to be keyed into the system. Looking at it in terms of the state fiscal year is not the way the program or data was designed.

If additional information is needed, please contact myself or Mrs. Ida Roberts in Unemployment Insurance, Experience Rating at (225) 342-1383.

Sincerely,



Dawn Romero Watson



LOUISIANA COMMUNITY & TECHNICAL COLLEGE SYSTEM

822 Neosho Avenue
Baton Rouge, Louisiana 70802-4219
Telephone: 225/219-8700
Facsimile: 225/219-8710

August 2, 2002

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F. Mike Stone
Nicholas P. Trist, Jr.
Elizabeth Gallegos,
Student Member
Gregory Hamilton,
Student Member



Walter G. Bumphus Ph.D.
System President

Dr. Daniel Kyle, CPA, CFE
Legislative Auditor
1600 North Third Street
Post Office Box 94397
Baton Rouge, Louisiana 70804-9397

Dear. Dr. Kyle:

Management of the Louisiana Community and Technical College System (LCTCS) concurs with the finding related to **Funds Not Deposited Into The State Treasury.**

Management of the LCTCS is aware that Article VII Section 9(A) of the Louisiana Constitution and Revised Statute 49:308 requires that all monies received by any state board, agency or commission be deposited immediately upon receipt in the State Treasury, and that Section (E) 2)(d) of this statute exempts management boards of other colleges and universities from the requirement to deposit into the State Treasury. However, because of an oversight in founding legislation, the LCTCS Board of Supervisors is not included in the list of exempt management boards, thereby causing the colleges moving to LCTCS from other Boards to lose this exemption.

To remedy this omission in the legislation, the Board of Supervisors unanimously adopted the attached resolution on February 14, 2002, which urged the Governor of the State of Louisiana to include in the official "Call" for the First Extraordinary Session of the 2001 Louisiana Legislature, an item amending and reenacting La.R.S. 49:308 to include specific exemptions for the monies received by the Board of Supervisors of the Community and Technical College System from depositing into the State Treasury as it applies to the other Higher Education Management Boards. Letters of notification transmitting this resolution to the Governor's Office are also attached. Unfortunately, this request was not placed on the "Call" for the special session of the Legislature; therefore the legislation was not amended.

Management intends to continue efforts for support in the 2003 Regular Session of the Legislature, or sooner, to amend and reenact the appropriate legislation to allow exemptions for the Board of Supervisors of the Community and Technical College System as they apply to other Higher Education Management Boards.

The contact person responsible for corrective action is Jan Jackson.

Sincerely,

Jan Jackson
Vice President for Finance and Administration

cc: Dr. Walter G. Bumphus



LOUISIANA COMMUNITY & TECHNICAL COLLEGE SYSTEM

822 Neosho Avenue
Baton Rouge, Louisiana 70802-4219
Telephone: 225/219-8700
Facsimile: 225/219-8710

COPY

January 30, 2002

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F. Mike Stone
Nicholas P. Trist, Jr.

Student Members

Tanya Morris
Louisiana Technical College
Baton Rouge Campus

Priscilla Sinz
Bossier Parish Community
College



Walter G. Bumphus, Ph.D.
System President

Steven Perry
State Capitol 4th Floor
PO Box 94004
Baton Rouge, LA 70804-9004

Dear Mr. Perry

I wanted to give you advance notice by forwarding the attached memo and resolution that I will be proposing to the LCTCS Board of Supervisors for consideration at the February 14th Board of Supervisors meeting. I'm not sure that you are aware that last year LCTCS staff discovered an inadvertent omission in La.R.S. 49:308D(2)(d) related to depositing funds in the state treasury, but because of the lateness of the discovery, they were unsuccessful in attempts to introduce amended legislation.

The Legislative Auditor issued a finding in his LCTCS system report released January 9, 2002 related to depositing funds in the state treasury and non compliance with the current version of the statute. Five of our six community colleges are not depositing self-generated revenues into the state treasury, a privilege they were afforded under the other constitutional higher education management boards before reporting to the LCTCS Board of Supervisors. A change in this current practice would present a fiscal hardship for these colleges and equally critical is that our system will continue to be out of compliance without amended legislation.

We have had preliminary conversations with Senator Theunissen and he said he would assist in this cause if called upon. I would appreciate any help or advice you can provide to us in insuring that appropriate steps are taken to amend and reenact the statute.

Sincerely,

Walter G. Bumphus, President

attachments

RESOLUTION

WHEREAS, the Louisiana Community and Technical College System ("the LCTCS") was created as a constitutional, public higher education system by Act No. 170 of the 1998 First Extraordinary Session of the Louisiana Legislature, transferring management and control of the State's public vocational-technical education programs from the Board of Elementary and Secondary Education and the State's public community college programs from the Boards of Supervisors of the University of Louisiana System, the Louisiana State University System, and the Southern University System to the LCTCS, and

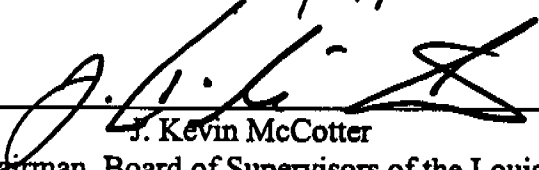
WHEREAS, the adoption of Act No. 170 by the voters of the State empowered the LCTCS with the identical rights and privileges as other constitutional public higher education systems, and through Act No. 151 of the same 1998 First Extraordinary Session of the Louisiana Legislature, the Legislature sought to amend all state statutes relating to public higher education systems to reflect the mutually corresponding status, authority, and powers of the LCTCS and the other constitutional public higher education systems, and

WHEREAS, the intent of La.R.S. 49:308D(2)(d) is to insure the fiscal stability of the State's constitutional public higher education systems by specifically exempting monies received by the Boards of Supervisors of the public higher education systems from the requirement of deposit in the state treasury, and

WHEREAS, the inadvertent omission of La.R.S. 49:308D(2)(d) from the statutory amendments of Act No.151 of the 1998 First Extraordinary Session of the Louisiana Legislature unfairly compromises the LCTCS' fiscal stability among the various constitutional public higher education systems.

BE IT RESOLVED, that the members of the Board of Supervisors of the Louisiana Community and Technical College System, unanimously, urge and request Governor, Murphy J. Foster to include within the official "Call" for the First Extraordinary Session of the Louisiana Legislature an item amending and reenacting La.R.S. 49:308D(2)(d), related to State Funds and the deposit of said funds in the state treasury, to include the monies received by the Board of Supervisors of the Community and Technical College System among the specific exemptions related to higher education institutions.

Adopted On: (Date) 2/14/02



J. Kevin McCotter
Chairman, Board of Supervisors of the Louisiana
Community and Technical College System





LOUISIANA COMMUNITY & TECHNICAL COLLEGE SYSTEM

822 Neosho Avenue
Baton Rouge, Louisiana 70802-4219
Telephone: 225/219-8700
Facsimile: 225/219-8710

February 20, 2002

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Charles J. Alexander
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Brett J. Mellington
Sean Reilly
F. Mike Stone
Nicholas P. Trist, Jr.

Student Members

Tanya Morris
Louisiana Technical College
Baton Rouge Campus

Priscilla Sinz
Bossier Parish Community
College

Steven Perry
State Capitol 4th Floor
PO Box 94004
Baton Rouge, LA 70804-9004

Re: Resolution Requesting that the Governor Include Amended Legislation in His
Call for the First Extraordinary Session

Dear Mr. Perry:

This is a follow-up to my letter of January 30, in which I advised you of my intent to present a recommendation and resolution to the LCTCS Board of Supervisors on February 14th regarding approval of a resolution requesting that Governor Foster include legislation amending and reenacting La. R.S. 49:308D(2)(d) in his Call. The proposed amendment and reenactment relates to State Funds and the deposit of funds in the state treasury, to include the monies received by the Board of Supervisors of the LCTCS among the specific exemptions related to higher education institutions. As unanimously approved by the Board of Supervisors at the February 14th meeting, I have enclosed a copy of the recommendation and a certified copy of the resolution signed by the Chairman of the Board of Supervisors, J. Kevin McCotter.

As I mentioned in my letter of January 30, the Legislative Auditor issued a finding in his LCTCS system report issued January 9, 2002 related to depositing funds in the state treasury and non compliance with the current version of the statute. Five of our six community colleges are not depositing self-generated revenues into the state treasury, a privilege they were afforded under the other constitutional higher education management boards before reporting to the LCTCS Board of Supervisors. A change in this current practice would present a fiscal hardship for these colleges and we continue to be out of compliance without amended legislation.

We have had preliminary conversations with Senator Theunissen and he said he would assist in this cause if called upon. I would appreciate any help or advice you can provide to us in insuring that appropriate steps are taken to amend and reenact the statute.

Sincerely,

Walter G. Bumphus, President

◆◆◆◆

Walter G. Bumphus, Ph.D.
System President

attachments



LOUISIANA COMMUNITY & TECHNICAL COLLEGE SYSTEM

822 Neosho Avenue

Baton Rouge, Louisiana 70802-4219

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Nicholas P. Trist, Jr.
Elizabeth Gallegos,
Student Member
Gregory Hamilton,
Student Member



Walter G. Bumphus Ph.D.
System President

December 16, 2002

Daniel G. Kyle, CPA, CFE
Legislative Auditor
Office of the Legislative Auditor
1600 North Third Street
Post Office Box 94397
Baton Rouge, LA 70804-9397

Re: Failure to Submit Complete Reports

Dear Dr. Kyle:

Management of the Board of Supervisors of the Louisiana Community and Technical College System (LCTCS) concurs with the finding and recommendations related to "Failure To Submit Complete (TANF) Reports".

The Board of Supervisors and the Management of the LCTCS are resolute in regard to receiving timely and accurate information from colleges regarding TANF activities to allow management to properly monitor the college TANF activities.

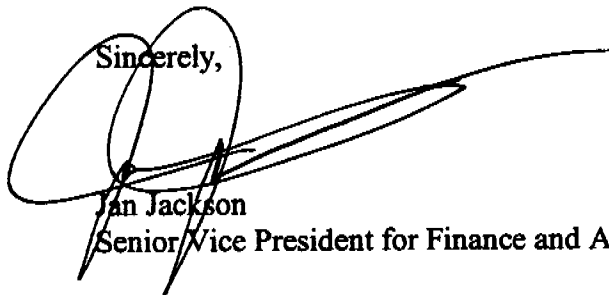
The current TANF coordinator appointed near the end of May 2002, initiated program concepts and TANF regulations for all 49 LCTCS campuses. The reporting system that she introduced and refined was more efficient and less time consuming for campus staffs. Some of the concepts introduced by management since May 2002 are as follows:

- Continual and consistent communications concerning due dates for reporting.
- Revisions to reporting forms to become more "user friendly".
- Introduction and development of web-based participant data system.
- Development and adoption of *TANF Policy and Procedures*.
- Reorganization of LCTCS TANF staff to include Field Coordinators who provide more direct technical assistance to individual campuses.

Sanctions for campuses that submit late, inaccurate or incomplete reports are under review and consideration. The consistency and quality of reporting will be considered in Chancellors' evaluations by the System President.

The person responsible for corrective action is Ms. Jacque Ackel at 318 357-3155. Please let me know if you need additional information.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jan Jackson', written over the typed name and title.

Jan Jackson

Senior Vice President for Finance and Administration

cc: Dr. Walter G. Bumphus
Mr. Allen Brown



LOUISIANA COMMUNITY & TECHNICAL COLLEGE SYSTEM

822 Neosho Avenue
Baton Rouge, Louisiana 70802-4219
Telephone: 225/219-8700
Facsimile: 225/219-8710

August 2, 2002

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- Gregory Hamilton,
Student Member



Walter G. Bumphus Ph.D.
System President

Dr. Daniel Kyle, CPA, CFE
Legislative Auditor
1600 North Third Street
Post Office Box 94397
Baton Rouge, Louisiana 70804-9397

Dear. Dr. Kyle:

Management of the Louisiana Community and Technical College System (LCTCS) concurs with the finding related to **Failure to Use State Purchasing as Central Purchasing Agency.**

Management of the LCTCS is aware that Louisiana Revised Statute 39:1564 gives the director of state purchasing authority to procure or supervise the procurement of all supplies, services, and major repairs needed by the state and that R.S. 39:1572 exempts other higher education management boards from the requirement to use the state purchasing office as their central procurement agency. However, because of an oversight in founding legislation, the LCTCS Board of Supervisors is not included in the list of exempt management boards.

Management has begun to take the proper steps necessary to advance introduction of legislation in the 2003 regular session or sooner, to amend and reenact R.S.39:1572 to include the LCTCS Board of Supervisors with the exemptions of other higher education management boards from the requirement to use the state purchasing office as their central procurement agency.

The contact person responsible for corrective action is Jan Jackson.

Sincerely,

Jan Jackson
Vice President for Finance and Administration

cc: **Dr. Walter G. Bumphus**



LOUISIANA COMMUNITY & TECHNICAL COLLEGE SYSTEM

822 Neosho Avenue

Baton Rouge, Louisiana 70802-4219

Telephone: 225/219-8700

Facsimile: 225/219-8710

December 9, 2002

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Gregory Hamilton,
Student Member



Walter G. Bumphus Ph.D.
System President

Daniel G. Kyle, CPA, CFE
Legislative Auditor
Office of the Legislative Auditor
1600 North Third Street
Post Office Box 94397
Baton Rouge, LA 70804-9397

Re: Inaccurate Annual Fiscal Report

Dear Dr. Kyle:

Management of the Board of Supervisors of the Louisiana Community and Technical College System (LCTCS) concurs with the finding and recommendations related to an "Inaccurate Annual Fiscal Report."

The Board of Supervisors and management of the LCTCS recognize the importance of submitting an accurate annual fiscal report. For this reason, on April 10, 2002 the Board adopted a policy requiring that each LCTCS college submit final annual financial reports including required supplemental information and notes to the system office no later than August 15th of each fiscal year. As mentioned in the Legislative Auditor's discussion, even with a one-week extension granted by the System President, the system office did not receive final college information until September 28, 2002. Because of the September 16th deadline, LCTCS submitted the information to OSRAP on September 30, 2002, allowing virtually no time for review and adjustments by system financial staff.

To address the lateness and inaccurate information submitted by colleges to the system office, management of the LCTCS is taking the following actions:

- Timeliness and accuracy of the Annual Fiscal Report information is considered in evaluation of each college chancellor.
- Staff is reviewing the current policy and considering more stringent deadline procedures to be issued by the System President.
- During 2001-2002 a consultant was commissioned to provide training and GASB 34/35 restatements of prior year fiscal report information for each college. This training of colleges will be intensified in the current fiscal year.
- Staff is assessing the fiscal staffing and structure of the Louisiana Technical College and suggesting earlier training to campuses by central LTC staff.

The individual responsible for corrective action is Joe Marin, Director of Budget and Financial Affairs. Please let me know if you have any questions or need additional information regarding our response.

Sincerely,



Jan Jackson
Senior Vice President for Finance and Administration

cc: Dr. Walter G. Bumphus
Mr. Allen Brown



LOUISIANA COMMUNITY & TECHNICAL COLLEGE SYSTEM

822 Neosho Avenue
Baton Rouge, Louisiana 70802-4219
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Student Member



Walter G. Bumphus Ph.D.
System President

December 16, 2002

Daniel G. Kyle, CPA, CFE
Legislative Auditor
Office of the Legislative Auditor
1600 North Third Street
Post Office Box 94397
Baton Rouge, LA 70804-9397

Re: Inadequate Internal Control Over Pell Grant

Dear Dr. Kyle:

Management of the Board of Supervisors of the Louisiana Community and Technical College System (LCTCS) concurs with the finding and recommendations related to "Inadequate Internal Control Over Pell Grant for the Louisiana Technical College." In response to this finding I have attached a letter and draft policies and procedures for the Return of Title VI Funds from Dr. Jimmy Clarke, Acting Chancellor of the Louisiana Technical College.

The individuals responsible for corrective action are Ms. Mary DeVille, Manager of Title IV, and the Assistant Chancellors for each district. Please let me know if you have any questions or need additional information regarding our response.

Sincerely,

Dan Jackson
Senior Vice President for Finance and Administration

Attachments can be provided upon request.

cc: Dr. Walter G. Bumphus
Mr. Allen Brown



LOUISIANA TECHNICAL COLLEGE

Office of the Chancellor

150 Third Street 2nd Floor
Baton Rouge, Louisiana 70801-1303
Telephone: 225/219-8716
Facsimile: 225/219-8743

James S. Clarke, Ph.D.
Acting Chancellor

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Ascension Campus
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Gulf Area Campus
Hammond Area Campus
 Huey P. Long Campus
Jefferson Campus
Lafayette Memorial Campus
L. E. Fletcher Campus
Lafayette Campus
Lafourche Campus
Lamar Salter Campus
Mansfield Campus
Morgan Smith Campus
Natchitoches Campus
North Central Campus
Northeast LA Campus
Northwest LA Campus
Oakdale Campus
River Parishes Campus
Ruston Campus
Sabine Valley Campus
Shelby M. Jackson Campus
Shreveport Bossier Campus
Sidney N. Collier Campus
Slidell Campus
Towela Campus
Sullivan Campus
T. H. Harris Campus
Tallulah Campus
Teche Area Campus
West Jefferson Campus
Westside Campus
Young Memorial Campus

December 16, 2002

Ms. Jan Jackson
Senior Vice President for Finance and Administration
Louisiana Community & Technical College System
822 Neosho Avenue
Baton Rouge, LA 70802-4219

Re: Inadequate Internal Control Over Pell Grant

Dear Ms. Jackson:

I am in receipt of the letter from the Office of the Legislative Auditor dated November 26, 2002, regarding the above referenced audit finding.

The Louisiana Technical College concurs with the audit finding. Policies and procedures have recently been revised by management to properly monitor the return of funds and to ensure that refunds are deposited to the LTC Pell account and forwarded to the US Department of Education in a timely manner. This revision reflects the need for LTC Central Office to retain withdrawal data from all campuses. These policies will be distributed to the Assistant Chancellors and each LTC campus financial aid officer for their review prior to implementation. (See attachment)

Mrs. Mary DeVille, Manager of Title IV, and the Assistant Chancellors will be delegated the responsibility to ensure the Return to Title IV Funds policies and procedures are disseminated and followed.

Sincerely,

James S. Clarke, Ph.D.
Acting Chancellor

JSC/gwf

cc: Dr. Walter G. Bumphus
Mrs. Mary DeVille

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December 11, 2002

Dr. Daniel G. Kyle, CPA, CFE
Office of the Legislative Auditor
1600 North Third Street
Post Office Box 94397
Baton Rouge, LA 70804-9397

Dear Dr. Kyle:

In response to your request dated November 26, 2002, please find below the information regarding the draft audit finding on the LSUHSC – Health Care Services Division for the period of July 1, 2001 through June 30, 2002:

RE: Audit Finding – Improper Disproportionate Share Payments

The Louisiana State University Health Sciences Center - Health Care Services Division, (LSUHSC-HCSD), concurs in part with the Legislative Audit finding regarding the Disproportionate Share Payments.

LSUHSC-HCSD management agrees with the auditor's interpretation of the Omnibus Budget Reconciliation Act of 1993 that mandates that payments to public hospitals under the DSH program be limited to 100% of UCC for the cost reporting period. But, LSUHSC-HCSD management disagrees with the conclusion reached by the auditor which infers that the reason that LSUHSC-HCSD prepared estimates that exceeded actual UCC was because state appropriations did not provide sufficient operating funds.

Timing of the reporting is a critical issue in determining overpayment. As with Medicaid, UCC interim payments are paid on a cash basis which is then cost settled through a cost report on a full accrual basis. Therefore, at the time LSUHSC-HCSD requested and was paid interim DSH payments by the Department of Health and Hospitals the estimated DSH interim payment was not estimated to exceed the maximum allowed by federal regulations for the DSH program. These estimates are usually done one or two months prior to the end of the fiscal year. The methodology used to estimate the amount of interim UCC payment began by estimating cash expenditures for the year then reduced this by the unallowable cost based on the latest "as filed" reports to get to total allowable cost. Total allowable cost estimates are then reduced by the estimated cash payments. These estimates were done on a cash basis because these payments were appropriated to the LSUHSC-HCSD on a

cash basis and the assumption was made that the cash collections will equal the cost per the cost reports.

After the close of the books for the fiscal year in preparation of the financial statement, the LSUHSC-HCSD estimates Medicare cost, Medicaid cost and UCC for this fiscal year. LSUHSC-HCSD is required by law to prepare its financial statement on a full accrual basis. At this point, the estimates for Medicare cost, Medicaid cost and UCC are still estimated, because the cost reports for that year are not required to be submitted until 150 days following the close of the fiscal year.

The above explanation of the estimation methodology adhered to by LSUHSC-HCSD was in place for fiscal years 98 and forward. For fiscal year 96 and 97 actual payments were made based on what was appropriated to LSUHSC-HCSD from DHH and no comparison to estimate was required.

Of significance and overlooked by the auditor as a mitigating circumstance for fiscal year 2001 and 2002, is the fact that due to a change in provider methodology on a national level for outpatient reimbursement rates, the fiscal intermediaries around the country were unable to provide timely reports and information necessary to prepare the cost reports for fiscal year 2001 which would have been due November 30, 2001. Because of this inability, an extension was granted on a national basis.

Due to this delay, the filing date for LSUHSC-HCSD was extended from November 30, 2001, until August 5, 2002, or effectively an additional 8 months to submit the "as filed" actual cost reports for fiscal year 2001. Therefore, an "actual comparison" of the "as filed cost report" to the estimated UCC payments for fiscal year 2001, was not completed until this report was filed. The original estimate for fiscal year 2001 was prepared in June of 2001, or stated another way; this was 14 months following the computation of the estimated amount. We believe that this national issue contributed to the build up of the problem.

In addition, when you consider that DHH has at least 7 years of Medicaid cost reports outstanding that are currently not finalized, and that these settlements and finalized amounts have a significant impact retro-spectively on the amount of allowable cost for those years, then the interim numbers for those years are subject to significant adjustments.

The LSUHSC-HCSD has been reporting this liability on its financial statements since it were moved under the control of the LSU Board of Supervisors in FY 98. This issue has been discussed with the Division of Administration and before the Legislature on several occasions. As indicated below, the running total liability took a significant increase in FY 00. This increase was felt largely to be a one time adjustment. Due to the problems at the Federal level, the Cost Reports for FY 01 and FY 02 were delayed and the trend continued, therefore we agree with the auditor that the methodology for projecting UCC should be modified.

FY	Medicaid Cost Reports Receivables	Medicaid Cost Reports Payables	Medicaid UCC/DISPRO Receivables	Medicaid UCC/DISPRO Payables	Medicaid Total Net by Year	Medicaid Total Running Total
1992	23,770	(4,557,807)			(4,534,037)	(4,534,037)
1993	2,565,003	(6,508,585)			(3,943,582)	(8,477,619)
1994	8,599,708				8,599,708	122,089
1995	2,442,790				2,442,790	2,564,879
1996		(3,751,118)	10,419,762	(35,643,837)	(28,975,193)	(26,410,314)
1997	13,274,049		3,506,265	(13,556,204)	3,224,110	(23,186,204)
1998	12,084,262	(598,839)	3,478,019	(22,405,758)	(7,442,316)	(30,628,520)
1999	17,019,698	(73,630)	806,972	(30,962,986)	(13,209,946)	(43,838,466)
2000	26,967,163		3,681,764	(59,874,554)	(29,225,627)	(73,064,093)
2001	30,786,563	(32,958)	2,078,539	(67,689,821)	(34,857,677)	(107,921,770)
2002	35,499,410	(188,359)	9,488,832	(60,021,342)	(15,221,459)	(123,143,229)
	<u>\$149,262,416</u>	<u>\$(15,711,296)</u>	<u>\$33,460,153</u>	<u>\$(290,154,502)</u>	<u>\$(123,143,229)</u>	

Further complicating the issue is that due to legislative and budgetary action in preceding fiscal years, monies that could have been remanded back to DHH to reduce the liability cited by the auditor were in fact remitted back to the state as surplus and/or appropriated directly to DHH as a funding source in the subsequent fiscal year. This process had the unintended consequence of placing LSUHSC-HCSD in a position of financial "double jeopardy" for the repayment of these monies a second time which is reflected in the aggregate amount below of \$92,249,459.

Over collections & Transfers Remitted to DHH Since 1996		
FYE 6/30/96	Over collections/Surplus from Operations	35,397,001
FYE 6/30/97	Over collections/Surplus from Operations	20,671,903
FYE 6/30/98	Over collections/Surplus from Operations	4,275,892
FYE 6/30/99	Over collections/Surplus from Operations	7,575,165
FYE 6/30/00	Over collections/Surplus from Operations	27,630
FYE 6/30/01	Over collections/Surplus from Operations	-
FYE 6/30/02	Over collections/Surplus from Operations	-
Total Over collections & Transfers Remitted to DHH from Operations		<u>67,947,591</u>

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Dr. Daniel Kyle

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FYE 6/30/99	From Restricted Funds	2,824,805
FYE 6/30/00	From Restricted Funds	20,519,287
FYE 6/30/01	From Restricted Funds	957,776
FYE 6/30/02	From Restricted Funds	-
Total Remitted to DHH from Restricted Funds		<u>24,301,868</u>
Total		<u>\$92,249,459</u>

Regardless of the contributing factors and other exacerbating circumstances, our corrective action plan to address the issues and deficiencies cited by the auditor includes, but is not limited to, the following on-going efforts and activities by the staff of the Health Care Services Division and the Department of Health and Hospitals:

- Develop an acceptable protocol and methodology, with assistance from DHH, for the estimation and payment process of "estimated DSH payments" in the future starting with the balance of fiscal year 2003.
- Aggressively pursue with assistance from DHH executive management, the transfer of LSUHSC-HCSD facilities to the prospective payment system methodology which would assist considerably in reducing large liabilities continuing to accrue in future years. In conference, DHH executive management has administratively agreed that this is the best solution and it is a matter of timing and resource allocation.
- Work aggressively with the Division of Administration -- Office of Planning and Budget and Legislative Leadership to address "unfunded or under-funded mandates" and secure adequate and reasonable state funding to support the mandates or alternatively allow LSUHSC-HCSD to secure legislative and administrative relief from the mandates.
- Aggressively pursue with assistance from DHH executive management, legislative and legal representatives, and cooperation from the Dallas Regional Office of CMS, to resolve in a satisfactory and equitable manner to the State of Louisiana, the outstanding issue of Physician Part B and CRNA reimbursement as an "allowable cost". Precedence has been set in other areas of the country for this action

Based upon the quantity of issues, problems identified, and the involvement and cooperation of outside organizations beyond our control, (CMS, etc), it is currently estimated that completion of the above mentioned efforts and action steps to correct the

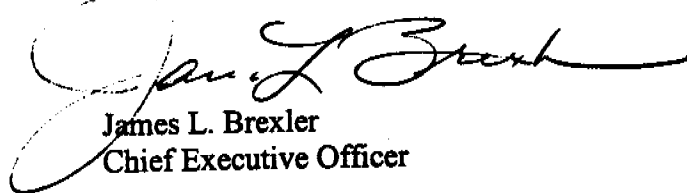
December 11, 2002
Dr. Daniel Kyle
Page 5

deficiencies will not be completed until at least the end of Fiscal Year 2003 and potentially beyond that date for some of the activity.

Responsibility for the above action steps and activities represent a cross section of staffing within the LSUHSC-HCSD, DHH executive management, DOA—OPB, and other related parties as indicated above.

Should you have any questions or need additional information, please contact Don Elbourne, LSUHSC-HCSD Chief Financial Officer at (225) 922-1216.

Sincerely,



James L. Brexler
Chief Executive Officer

JLB:ADL:adl

cc: Dr. William Jenkins
William Silvia
Robert Plaisance
David Hood
Don Elbourne
Art Landry
Judy Albin
Nona Westmoreland
Don Hutchinson
Ken Laney



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Health Care Services Division

November 27, 2002

Dr. Daniel G. Kyle, CPA, CFE
Legislative Auditor
1600 North Third Street
Post Office Box 94397
Baton Rouge, LA 70804-9397

RE: Audit Finding - Inadequate Collection Procedures for Self-Pay Patients

Dear Dr. Kyle:

The Louisiana State University Health Sciences Center – Health Care Services Division concurs in part with your finding regarding its low collection rate for accounts classified as self-pay. Some LSUHSC-HCSD's patients are resistant or are unable to provide required documentation to support indigent status and qualify them for free care. This causes self-pay charges to be inflated but we have no basis on which to classify the patients as indigent without the supporting information. This is not a new issue; the services of the "Charity System" have been historically viewed as "free services." As stated in R.S. 46:1, it is the policy and practice of the LSUHSC-HCSD hospitals to provide services to all individuals who present themselves for treatment regardless of income or financial status, as long as there is space available for these patients. LSUHSC-HCSD has consistently delivered patient care in accordance with this law. Although LUSHSC-HCSD has due diligence in its attempts to collect payments due on services rendered, we concur that there is need for change in this area.

The LSUSC-HCSD embarked on a plan to convert the "Charity System" to a "Public Health Care System" as evidenced by the "Business Enterprise Bill" (Act 1024) which was passed in the 2001 Regular Session of the Legislature. Under this new initiative, emphasis is being switched from the traditional uncompensated care and Medicaid funding streams to the Non-Medicaid revenues. It was estimated that the cultural change will take years to accomplish, therefore a "grass roots" approach would be taken. This approach includes the reengineering of the financial infrastructure, development of new policies and procedures, as well as the development of the skill sets of the employees. These changes are being implemented at the same time we are addressing tight budget constraints.

The current self-pay collection procedure within the hospitals begins at the point of registration when patients are screened as self-pay and informed that they are responsible for their hospital charges. After services are rendered, a series of three statements are mailed to the guarantors to provide notice of their payment responsibility and balance due for services rendered. The statements mailed to the guarantor include customized progressive dunning messages to prompt

November 27, 2002

Dr. Daniel Kyle

Page 2

the patient to make payment on their outstanding account balance. The statement messages are based on previous payment activity notifying the patient of any delinquency status on the account. After an initial statement, second and third statements are mailed in 20-day increments. If there is no payment activity after 60 days from the bill date, the accounts are then transferred to LSUHSC-HCSD's contracted collection agency for further collection efforts and attempts to establish minimal payment arrangements.

In addition, LSUHSC-HCSD has proceeded with initiatives to improve self-pay collections, which include the following:

- Quarterly Patient Accounting Workshops have provided educational and training information to registration and screening personnel to convey proper application of the Liability Limitation Schedule and accurate assignment of payer classification, which includes self-pay patients.
- Credit card payment capability has been established at all nine HCSD hospitals to provide another opportunity for self-pay guarantors to pay on outstanding bills and expedite liquidation of their debt.
- Prompt payment incentives have been established on accounts transferred to the collection agency to further encourage patient willingness to pay.

In order to further enhance collections in this area and implement more timely collection efforts, LSUHSC-HCSD continues to provide guidance to the hospitals' Chief Financial Officers and Patient Accounting Managers in analyzing internal processes. In addition, the following action initiatives have been or are in the process of being developed.

- Revise current LSUHSC-HCSD policy and practice to strengthen our self-pay policy payment requirements for self-paying patients on non-emergency services.
- Design and display proper signage within our facilities informing our patients of LSUHSC-HCSD collection procedures and that self-pay patients are expected to pay at the time of service or make acceptable payment arrangements.
- Establish dedicated positions within the facilities to act as financial counselors and advise self-pay patients of their liability and establish reasonable monthly payment schedules.
- Define self-pay account minimum payment amounts and require deposits on identified co-pay and deductible amounts from self-pay patients upon registration.
- Install automated accounts receivable work-lists that identify and generates daily reports for easy follow-up of accounts with unpaid balances that need additional collection efforts before they become delinquent.
- Authorize contracted collection agency to begin reporting non-payment on accounts to the Credit Bureau.

As stated above, LSUHSC-HCSD continues to analyze internal collection processes at its facilities, revise current policy and practices, and take the necessary corrective actions to promote self-pay collection efforts and increase our collection rate on accounts classified as self-pay. Success of these initiatives will require significant coordination of efforts among financial

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Dr. Daniel Kyle

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staff at all nine hospitals and the administrative agency, along with cooperation from the patient population. Changing the culture of LSUHSC-HCSD patients will be an on-going improvement process, which will hopefully result in improved collections from year to year.

Despite these process improvements, the LSUHSC-HCSD believes that increased collection efforts without the ability to limit or refuse treatment to patients will produce limited results. Your statement recommending that the LSUHSC-HCSD limit services provided to self-pay patients reinforces management's decision to implement accelerated self-pay collection efforts and provides support to continue the ongoing discussions with legislators to make any necessary regulatory changes to allow LSUHSC-HCSD to implement additional recommendations. Limiting services provided to self-pay patients (patients that have the ability to pay) unless they demonstrate ability or willingness to pay should also encourage patients who are truly indigent to provide the required documentation to qualify for free care. Although these efforts are reasonable from a business point of view, they will be politically difficult to achieve absent support from the administration and legislature.

Thank you for your report and recommendations. Should you have any questions or need additional information, please contact either me or Don Elbourne.

Sincerely,



James L. Brexler
Chief Executive Officer

JLB/JMA/jma

cc: Don Elbourne
Art Landry
Guy LaBauve
Judy Albin
Ken Laney



Health Sciences Center
HEALTH CARE SERVICES DIVISION

December 12, 2002

School of Medicine in New Orleans
School of Medicine in Shreveport
School of Dentistry
School of Nursing
School of Allied Health Professions
School of Graduate Studies
Health Care Services Division

Dr. Daniel G. Kyle, CPA, CFE
Office of the Legislative Auditor
1600 North Third Street
Post Office Box 94397
Baton Rouge, LA 70804-9397

RE: Audit Finding – Inadequate Support for Restatement of Capital Assets

Dear Dr. Kyle:

In response to your request dated December 06, 2002, please find below the information regarding the draft audit finding on the LSUHSC – Health Care Services Division for the period of July 1, 2001 through June 30, 2002:

RE: Audit Finding – Inadequate Support for Restatement of Capital Assets

The Louisiana State University Health Sciences Center - Health Care Services Division, (LSUHSC-HCSD), concurs in part with the Legislative Audit finding stating that there is inadequate support for restatement of capital assets with the following exceptions.

In general, we do not agree that there is inadequate support for the restatement of the capital assets. American Appraisal and Associates provide hundreds of pages of detailed schedules on an annual basis with regard to HCSD's capital assets. American Appraisal and Associates are a professional third party entity who prepares depreciation calculations in accordance with industry guidelines and standards. They handle this task for a multitude of businesses, both public and private, throughout the United States. They have handled this task for the LSUHSC-HCSD system for over thirty-one years and to date, there has never been a Federal Audit finding in the area of capital assets and depreciation on the Medicare and Medicaid cost report settlements.

We agree that American Appraisal (AA) has a higher cost when compared to the Louisiana Property Assistance Agency (LPAA) and Statewide Land and Building Systems (SLABS) systems but feel that variables other than cost must be taken into consideration when arriving at the total variance. For the Statement of Net Assets, both cost and accumulated depreciation calculations must be utilized in order to arrive at the true net value. Many of the assets identified in the "high dollar asset" range were fully depreciated. As a result, the capital assets, or "cost", would be overstated as well as the accumulated depreciation resulting in a net financial statement

December 12, 2002

Dr. Daniel Kyle

Page 2

impact of zero. Of the \$28,722,924 in capital asset transactions that were provided to the auditor for review, \$22,511,607, approximately 78%, of these assets were fully depreciated. Even if, though unlikely, such assets may be incorrectly listed on American Appraisal, they would not have an impact on the financial statements because \$22,511,607 is included in the asset cost amount as well as the accumulated depreciation offset account.

Contributing factors that led to differences between AA, LPAA, and SLABS include:

- There are different reporting requirements for all of the systems noted above. AA schedules contain a large number of assets capitalized for Medicare and Medicaid cost reporting purposes that do not fall under the guidelines of LPAA or SLABS. Examples of this include but are not limited to the following: major fixed medical equipment, computer software, computer wiring, renovations to buildings, etc. LPAA is limited to the tracking of moveable property and SLABS generally tracks Land and Buildings.
- The SLABS system does not include Land Improvements whereas AA does.
- According to OSRAP staff, the SLABS system is no longer updated for LSUHSC-HCSD, effective for Fiscal Year 2002 and beyond, due to the fact that we are no longer on the state central system.
- In some instances it appears that SLABS has appraised values of assets rather than historical cost. Examples of this were noted at University Medical Center (UMC) in Lafayette where the SLABS value of the hospital building is \$32,130,327 and the amounts in AA reflect a componentized cost of \$16,285,005 for a building that was constructed during the late 1970s and early 1980s. Another example from UMC is the cost of the administrator's residence where SLABS has the original cost listed as \$190,000 and AA shows the historical cost as \$26,000 for a house that was built in 1957.
- University Hospital (UH) in New Orleans has a total AA value of \$68,454,932 and approximately \$15,000,000 of this was identified in LPAA. Historically there was no physical count of capital asset inventory with the acquisition of UH in December of 1992. Since LPAA only retains records for the past five years, it will be difficult to ascertain which assets from UH were added to LPAA versus the assets that were left off.

At a meeting held on March 27, 2002, members of LSUHSC-HCSD management announced that HCSD would utilize AA schedules for the computation of the GASB 34 Statement of Net Assets. Other individuals present at this meeting included those from OSRAP, Legislative Audit, and the LSU System office. LSUHSC-HCSD was granted verbal permission to utilize AA records because it was what we considered to be the best asset management record system available under the circumstances.

December 12, 2002

Dr. Daniel Kyle

Page 3

We do agree that reconciliation between the systems should be performed, but, that will be a tremendous undertaking involving considerable effort. A multi-system manual reconciliation will be a long and contentious process.

Finally, LSUHSC-HCSD management does not agree with the auditors finding that LSUHSC-HCSD "did not attempt to identify reasons for the \$88,463,827 restatement". LSUHSC-HCSD management was officially notified the week ending October 25, 2002, that the asset numbers utilized for FYE June 30, 2002, financial statement presentation were unacceptable. Reconciliation of one medium sized hospital took approximately one hundred hours just to identify the variances between the different asset tracking systems. At some hospitals, reconciliation may go quicker whereas others will take considerably longer, depending on the quality of the data in each of the asset tracking systems. A complete reconciliation of the restatement of net capital assets with all asset tracking systems involved was not possible within the limited timeframe that was given to us by the Legislative Auditor. Efforts are continuing and ongoing to accomplish this task.

Our corrective plan of action will be to have the variances between AA, LPAA, and SLABS identified by June 30, 2003. Due to circumstances beyond our control, it may take considerably longer to update the records in each of the systems. Those circumstances include but may not be limited to the following:

- AA only updates their records on an annual basis.
- LPAA requires documentation in order to get updates processed in their system. In some cases, this documentation will be difficult to locate. The worse case scenario is that documentation may not exist due to the age of the asset.
- Since HCSD no longer has its SLABS records updated, the SLABS system may remain a permanent reconciling item.

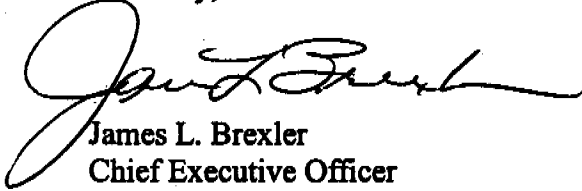
We also intend to perform capital asset inventory counts at all of the LSUHSC-HCSD facilities as an additional phase of the reconciliation process. We are optimistic that the majority of the facilities can be inventoried by June 30, 2003, but it may take considerably longer due to the work schedules of all involved in the process. Once again, due to circumstances beyond our control, it may be difficult to discover the original cost of an item due to its age and the fact that acquisition documentation for such assets may no longer exist.

The resources that will be utilized to complete the reconciliation process will include those in HCSD Financial Asset Management, Internal Audit, Hospital CFOs and Property Managers, and outside independent consultants (i.e. American Appraisal staff).

December 12, 2002
Dr. Daniel Kyle
Page 4

Should you have any questions or need additional information, please contact Don Elbourne, LSUHSC-HCSD Chief Financial Officer at (225) 922-1216.

Sincerely,



James L. Brexler
Chief Executive Officer

JLB:ADL:adl

cc: Dr. William Jenkins
William Silvia
Robert Plaisance
Don Elbourne
Art Landry
Judy Albin
Don Hutchinson
Chris Bilski
Ken Laney



Health Sciences Center
HEALTH CARE SERVICES DIVISION

School of Medicine in New Orleans
School of Medicine in Shreveport
School of Dentistry
School of Nursing
School of Allied Health Professions
School of Graduate Studies
Health Care Services Division

December 10, 2002

Dr. Daniel G. Kyle, CPA, CPE
Office of the Legislative Auditor
1600 North Third Street
Post Office Box 94397
Baton Rouge, LA 70804-9397

Dear Dr. Kyle:

In response to your request dated November 27, 2002, please find below the information regarding the audit finding on LSUHSC – Health Care Services Division for the fiscal year ending June 30, 2002.

**RE: Audit Finding – Internal Control Weaknesses in Cost Reimbursement
Department**

The Louisiana State University Health Sciences Center - Health Care Services Division (LSUHSC-HCSD) concurs with the finding that there are internal control weaknesses. We agree with the audit adjustments as presented by the Legislative Auditor for FY 2001 and 2002 Uncompensated Care Cost (UCC) and Cost Report estimates; however, we do not agree that the amounts, when taken as a whole, are material under normal standards.

For the FY 2001 and 2002 estimates there were only four (4) cited errors that netted to the amount of \$184,921 of \$754,089,819 in actual revenue, which represents only .0245 % (percent). Cost Report preparation is not an exact science. The estimates that are prepared for end of the year financial reporting are a "snapshot in time". This annual estimate should not be confused or misinterpreted as the development of a "reserve cost report", which is strictly prohibited under federal regulations. The preparation of these reports requires many thousands of entries and hundreds of hours of effort for each report to calculate reimbursements. It is important to note that there are 18 separate cost reports (9 Medicaid and 9 Medicare) and a UCC report for each fiscal year making a total of 36 cost reports and two UCC reports and supporting documents for FY 2001 and 2002. Further, our due date for FY 2001 cost reports were delayed by Centers for Medicare and Medicaid Services, (CMS) until August 5, 2002, due to national changes being made to the Medicare outpatient reimbursement methodology. This one time unprecedented delay for the FY 2001 Cost Reports left us an unusually short period of time (approximately eighteen (18) days) to complete the fiscal year 2002 projections on August 23, 2002 for the June 30, 2002 Annual Financial Report (AFR).

We concur with the comment that the Cost Reporting Staff could not immediately provide adequate supporting documentation upon request of the auditor for the net Medicaid cost report balances estimated for the Fiscal Year ending June 30, 2002, which was calculated for the FY02 Annual AFR. Standard operating practices of the Cost Reporting Section requires staff to keep this hard copy documentation. The Cost Reporting staff inadvertently did not keep the hard copy of that supporting documentation that was used by the Comptroller's Office in preparing the AFR.

Additionally, it is standard practice to install updated releases and software modifications to the KPMG CompuMax software package that performs the calculation for the Medicaid cost reports on a regular basis. These software updates are received regularly. Due to this practice, between the dates the financial statement estimates were originally prepared and the date the auditors request for the back up documentation was made, several updates to the CompuMax software had been made. These updates are required to properly calculate Cost Report Reimbursement. The Cost Reporting staff recreated the required documentation for the auditor based on the updated software package which changed the reimbursement amount by \$343,549 of the total \$35,654,600 or less than 1%. The software changes contributed significantly to the difference in the numbers.

We agree that good internal controls should provide adequate supervision and review of the estimates for the AFR. Verbal procedures were in place, but unfortunately, we did not detect these differences in this instance.

Regardless of the contributing factors and other exacerbating circumstances, our corrective action plan to address the issues and deficiencies cited by the auditor includes, but is not limited to, the following on-going efforts and activities by the Cost Reporting staff of the Health Care Services Division and the Comptroller's Office:

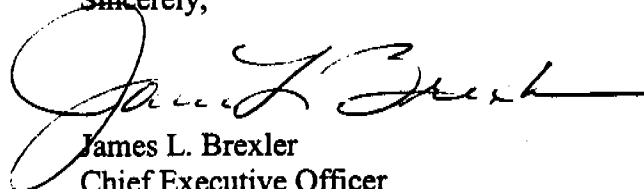
- Develop an acceptable protocol and methodology, with assistance from the HCSD Comptroller's Office, for the estimation and recordation of the balances necessary for Annual Financial Reporting at fiscal year end. An additional level of review and validation will be established in the Comptroller's Office.
- Insure that hard copy and or digital images of the supporting documentation for the entries that support the Annual Financial Report are maintained in the Cost Reporting Section and that a duplicate be given to the Comptroller's Office for their files.
- Develop written procedures and protocols with appropriate review check lists for quality control purposes to insure that all of the 18 separate cost reports and UCC report are prepared in an accurate and consistent manner for that year's update and that all calculation changes are likewise reviewed. That process potentially includes changes and updates for all open and "not final settled" prior years. The process will also include verification with the Department of Health and Hospitals for Medicaid Cost Report and UCC estimates.

- HCSD will solicit proposals from an independent accounting and/or consultant firm to conduct an independent review of our cost reports/UCC/AFR calculations and the processes used in developing these calculations and documentations. Additionally, HCSD management will request as part of this engagement, an operational review of the cost reporting section.
- We will insure that appropriate training and continuing education of the Cost Report section staff continues to be a major part of staff professional development.

Responsibility for the above action steps and activities represent a cross section of staffing within the LSUHSC-HCSD, including the Comptroller's Office, the Cost Reporting Section, the Budget Section, and others. Corrective actions should be in place and written procedures and controls established for the preparation of the Annual Financial Report for the fiscal year ending June 30, 2003.

Should you have any questions or need additional information, please contact Don Elbourne, LSUHSC-HCSD Chief Financial Officer at (225) 922-1216.

Sincerely,



James L. Brexler
Chief Executive Officer

JLB/AL

cc: Dr. William Jenkins
William Silvia
Robert Plaisance
Don Elbourne
Art Landry
Judy Albin
Nona Westmoreland
Don Hutchinson
Michael Carter
Ker Laney



Health Sciences Center

HEALTH CARE SERVICES DIVISION

October 18, 2002

School of Medicine in New Orleans
School of Medicine in Shreveport
School of Dentistry
School of Nursing
School of Allied Health Professions
School of Graduate Studies
Health Care Services Division

Dr. Daniel G. Kyle, CPA, CFE
Office of the Legislative Auditor
1600 North Third Street
Post Office Box 94397
Baton Rouge, LA 70804-9397

RE: PeopleSoft Inventory System Not Fully Functional

Dear Dr. Kyle:

In response to your request dated October 7, 2002, please find below the information regarding the draft audit finding on the LSUHSC - Health Care Services Division for the period of July 1, 2001 through June 30, 2002:

RE: Audit Finding - Inventory System Not Fully Functional

The Louisiana State University Health Sciences Center - Health Care Services Division concurs with the Legislative Audit finding regarding the PeopleSoft Inventory System. The HCSD has taken many steps to correct the audit finding and continues to work to resolve the inventory system issues within the budgetary constraints associated with the availability of limited staffing and the technical parameters of the PeopleSoft System. However, at this time, the Inventory System is still not fully functional and facility staffs are not fully trained and proficient in the use of the PeopleSoft Inventory System.

Staff focus and efforts continue to implement a consistent, standardized inventory system in the LSUHSC - HCSD and this remains a high priority of both the Health Sciences Center - PeopleSoft Steering Committee and HCSD executive management since there was no standardized system for inventory management or integration available with a purchasing system on the previous statewide legacy system (ISIS). Each hospital had a separate and "non-integrated" inventory application. The purchasing integration and effort involved in training several hundred employees around the state for the establishment and set up of twenty-one separate perpetual inventories across nine hospitals was and continues to be a considerable challenge for the HCSD staff and the Health Sciences Center PeopleSoft Application Support Group. While the PeopleSoft Inventory system cannot guarantee that items are always procured and posted correctly, the integration features of the system provides edit points that validate that an item will be procured, received and issued according to the attributes defined at an item level.

Our corrective action plan to address the PeopleSoft Inventory System deficiencies includes, but is not limited to, the following on-going efforts and activities by the staff of the Health Care Services Division and the Health Sciences Center PeopleSoft Application Support Group:

- Continuing and upgrading supply chain, (purchasing and inventory management), training and aggressively monitoring the entire procurement process and subsequent inventory process by the hospital purchasing and finance management staff and the Purchasing and Inventory Coordinators.
- Additionally, since the identification of the numerous errors and omissions were identified in the initial phased deployment of PeopleSoft during Fiscal Year 2001, we have strengthened our efforts to monitor the output of the inventory system. We have also taken steps to strengthen the central oversight and standardization protocols. Specific security restrictions and protocols have been implemented to insure that unauthorized and damaging system changes cannot be made by an uninformed and inexperienced staff member trying to make unauthorized adjustments and system changes. This security deficiency caused considerable damage to system and data integrity during the initial phased deployment of the Inventory System during Fiscal Year 2001, upon which the Legislative Auditors first reported.
- The LSUHSC-HCSD Purchasing/Inventory Coordinators and HCSD Administrative Support Staff are in the process of identifying all duplicate items; assigning uniform units of measure and making correct item associations to those areas of the inventory system wherein there are problems. This is a time consuming and labor intensive process with only one permanent staff member assigned with statewide responsibility to work within the HCSD facilities. Finance management has also been able to secure the services of one additional staff person on loan from one of the hospitals through the end of the current fiscal year to augment the process and speed the cleansing process within the inventory item master.
- Additionally, bi-monthly meetings are being held for the HCSD PeopleSoft Inventory End-User community by the HCSDA Inventory Coordinator to keep them updated on the progress, necessary steps required at the facility level and reference material to share with their staff to complete the transition to the correct item numbers.
- Efforts are also underway by HCSD Human Resources Staff and HCSD Administrative Support Staff to evaluate the staffing level configurations, the technical proficiencies required, and job allocations of using a highly complex inventory system like PeopleSoft. Preliminary data has been gathered at this time, and a review is currently being done by HCSD Human Resources Administrative Staff.

- Structural re-design efforts are also currently underway by HCSDA finance staff to point the procurement of perpetual inventory items and patient chargeable items to the appropriate General Ledger Balance Sheet accounts within the PeopleSoft System. The initial PeopleSoft system design was initially compromised due to the interface requirements externally imposed on HCSD by the Division of Administration as part of our separation from the ISIS System. Due to this requirement, we had to establish a structure within PeopleSoft that mirrored the ISIS stores increase/decrease functionality to effectively achieve a balanced interface. This significantly compounded the complexity of using the PeopleSoft Inventory system in a way it was not designed to function and caused considerable systematic errors and reconciliation issues. However, as of the end of Fiscal Year 2002, the ISIS interface requirement was removed, but too late to effectively re-design the PeopleSoft system structure for Fiscal Year 2003. Presently, plans include setting up the new inventory templates for the spring of 2003 to re-design the transaction flow for Fiscal Year 2004 procurement activity.

At fiscal year end June 30, 2002, all HCSD facilities took their required physical inventory counts and appropriate "book to physical" adjustments were made in the PeopleSoft System. As part of this process the HCSD Inventory Coordinator and HCSD Internal Audit staff monitored this activity and insured that unit of measure issues were successfully corrected. Therefore, for FY 2002 financial statements, actual recorded inventory balances, both physical counts and system balances, will agree. Additionally, no evidence of unaccounted for or missing inventory was observed or reported during this process.

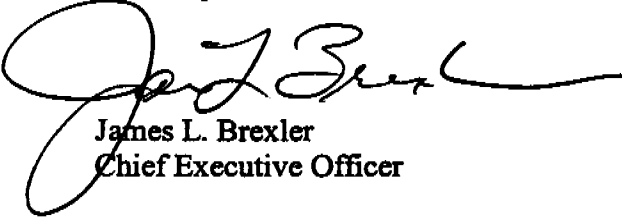
For Fiscal Year 2003, all HCSD facilities have been instructed to use to its potential the PeopleSoft Inventory System even if they remain somewhat dependent in the short run on their old legacy systems. They have been instructed that they must reconcile both systems until they terminate their dependence on their old legacy systems and the issues with the PeopleSoft Inventory System have been successfully resolved. The first Inventory End-User Support meeting was held in the Month of July 2002, with a followup meeting held in September 2002. Instructions and communication have been given to each HCSD facility on available queries to be utilized in the daily/weekly/monthly reconciliation process. This reconciliation process involves balancing the beginning inventory balance, (+) Receipts, (-) Issues, with additional tools to locate any variances.

Based upon the quantity of issues, problems identified and the limitation of staffing resources, it is currently estimated that completion of the above mentioned efforts and action steps to correct the PeopleSoft Inventory System deficiencies will not be completed until the end of Fiscal Year 2003. Responsibility for the above action steps and activities represent a cross section of staffing within the Health Care Services Division as indicated above.

October 18, 2002
Dr. Daniel Kyle
Page 4

Should you have any questions or need additional information, please contact Art Landry,
Director of Financial Services, at (225) 922-1157.

Sincerely,



James L. Brexler
Chief Executive Officer

JLB/ADL/adl

cc: Don Elbourne
Lanette Buie
Art Landry
Judy Albin



School of Medicine in New Orleans
School of Medicine in Shreveport
School of Dentistry
School of Nursing
School of Allied Health Professions
School of Graduate Studies
Health Care Services Division

December 12, 2002

Dr. Daniel G. Kyle, CPA, CFE
Office of the Legislative Auditor
1600 North Third Street
Post Office Box 94397
Baton Rouge, LA 70804-9397

RE: Audit Finding – Untimely and Inaccurate Reconciliation of Cash

Dear Dr. Kyle:

In response to your request dated December 6, 2002, please find below the information regarding the audit finding on the LSUHSC – Health Care Services Division for the period of July 1, 2001 through June 30, 2002:

RE: Audit Finding – Untimely and Inaccurate Reconciliation of Cash

The Louisiana State University Health Sciences Center - Health Care Services Division, (LSUHSC-HCSD), concurs with the Legislative Audit finding regarding the Reconciliation of Cash.

LSUHSC-HCSD management agrees with the auditor's statement that we did not perform an accurate and timely reconciliation between cash in bank and cash per the Shared Medical System (SMS), which was the system of record for year end financial reporting purposes. However, it is important to note that for fiscal year ended June 30, 2002, PeopleSoft was the original book of entry for all detail level transactions. Monthly reconciliations were performed between cash in bank and cash in PeopleSoft. The monthly reconciliations did not detect any fraud or misappropriation of state funds. The internal control structure for cash receipts and disbursements was not circumvented at any time during the fiscal year. LSUHSC-HCSD management concurs that cash per the financial statements, as restated, is an accurate reflection of actual reconciled cash in bank.

Contributing factors led to the untimely reconciliation of cash in bank to cash per the financial statements. Those factors include, but are not limited to:

- For fiscal year ended June 30, 2002, three accounting systems were used by LSUHSC-HCSD. PeopleSoft was the original book of entry for all detail level transactions. All detail transactions recorded in PeopleSoft were then summarized and interfaced to the

December 12, 2002

Dr. Daniel Kyle

Page 2

Integrated Statewide Information System (ISIS) as per requirements from the Division of Administration and the State Central Systems Committee. The summary ISIS transactions were then interfaced to SMS, the system of record for financial reporting purposes for fiscal year ended June 30, 2002.

Because of the interface between PeopleSoft, ISIS and SMS, certain entries that had no effect on cash in PeopleSoft directly affected cash in ISIS and SMS. Identifying these entries was a time consuming and difficult process. No pre-established protocols were available and the process was developed as staff progressed on the project.

- Fiscal year ending June 30, 2002 was the first full year that all ten HCSD Business Units were using PeopleSoft as the original book of entry. The Medical Center of Louisiana at New Orleans (MCLNO) came "live" on PeopleSoft on July 1, 2001. The time and effort involved completing the monthly reconciliations between PeopleSoft and cash in bank was increased tremendously with the addition of MCLNO.
- Due to the interface requirements between PeopleSoft and ISIS, we had to close the 12th period in PeopleSoft as of June 26, 2002. However, we continued normal operations during the period June 26, 2002 through June 30, 2002. Identifying the transactions that occurred during this period that directly impacted cash in bank was a time consuming process. Again, no pre-established protocols were available and the process was developed as staff progressed on the project.

Regardless of the contributing factors, our corrective action plan to address the issues and deficiencies cited by the auditor includes, but is not limited to, the following on-going efforts and activities by the staff of the Health Care Services Division:

- For fiscal year ending June 30, 2003, PeopleSoft will be the system of record for financial reporting purposes. Effective July 1, 2002, the requirement by the Division of Administration to interface accounting information into ISIS has been rescinded. The early close of the 12th period will not be a factor for fiscal year ending June 30, 2003.
- Monthly reconciliations between cash in bank and PeopleSoft will continue to be prepared in a timely manner so that the year end reconciliation of cash in bank to cash per the financial statements will be completed in a timely and accurate manner.
- LSUHSC-HCSD is in the process of updating written policies and procedures relating to the reconciliation process.

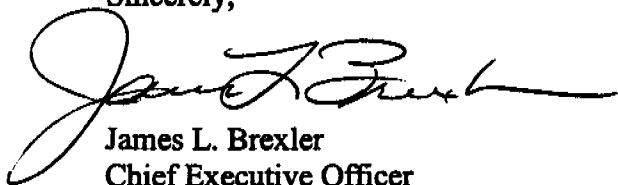
The corrective action plan regarding monthly reconciliations had already been implemented by LSUHSC-HCSD during the previous fiscal year. The policies and procedures will be updated continuously until such time as the final year end reconciliation for fiscal year 2002-2003 has been performed and documented.

December 12, 2002
Dr. Daniel Kyle
Page 3

Responsibility for the above action steps and activities lies with the Cash Management Section within the Finance Division of LSUHSC-HCSD.

Should you have any questions or need additional information, please contact Don Elbourne, LSUHSC-HCSD Chief Financial Officer at (225) 922-1216.

Sincerely,



James L. Brexler
Chief Executive Officer

JLB:ADL:adl

cc: Dr. William Jenkins
William Silvia
Robert Plaisance
Don Elbourne
Art Landry
Judy Albin
Debbie Loper
Ken Laney



Health Sciences Center

NEW ORLEANS

Administration and Finance
Office of the Vice Chancellor

School of Medicine
School of Dentistry
School of Nursing
School of Allied Health Professions
School of Graduate Studies

December 16, 2002

Re: Response to Audit Finding: Federal Financial Reports Not Submitted Timely

Dr. Daniel G. Kyle, CPA, CFE
Legislative Auditor
1600 North Third Street
Post Office Box 94397
Baton Rouge LA 70804-9397

Dear Dr. Kyle,

I concur with the finding and recommendation as presented.

Situation:

The untimely submission of the two Financial Status Reports (FSRs) cited in the audit finding resulted from unusual events related to staffing within the Sponsored Projects Administration Department coupled with the challenges of implementing PeopleSoft during the period.

- Emergency surgery caused the director to miss almost five months during the fiscal year and to only be available part time an additional three months. The department also experienced staff turnover in four positions during this period. The director's absence and the vacancies represented a 50 percent reduction in the department's staffing for the period.
- Final project charges could not be completed until late in March 2002 when the modification to the new PeopleSoft HR/Payroll application to support the retroactive adjustment of salary and wage expenses was completed.

These events unfortunately allowed the two projects to fall through the cracks resulting in the Sponsored Projects Administration Department failing to follow-up with the departmental business managers responsible for the projects until the FSRs were overdue.

Corrective action plan:

We have written PeopleSoft queries to determine when the FSRs are due within a particular time period and to determine which FSRs have been submitted and the date of submission. These queries along with a full staff in the Sponsored Projects Administration Department will prevent this situation from occurring again.

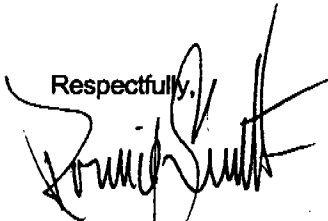
Anticipated Completion Date:

Implemented.

Person responsible for corrective action:

Peter Tiskus
Phone: 504-568-3674
Email: ptisku@lsuhsc.edu

Respectfully,

A handwritten signature in black ink, appearing to read "Ronnie Smith", written over the word "Respectfully,".

Ronnie Smith
Vice Chancellor for Administration and Finance

cc: John A. Rock, MD
Peter Tiskus
David Dotter

LSU Health Sciences Center
NEW ORLEANS

Administration and Finance
Office of the Vice Chancellor

School of Medicine
School of Dentistry
School of Nursing
School of Allied Health Professions
School of Graduate Studies

December 16, 2002

Re: Response to Audit Finding: Untimely Student Loan Refunds

Dr. Daniel G. Kyle, CPA, CFE
Legislative Auditor
1600 North Third Street
Post Office Box 94397
Baton Rouge LA 70804-9397

Dear Dr. Kyle,

We concur with the finding and recommendation as presented.

Situation:

Under our current policies and procedures, students initiate the formal withdrawal process by notifying the Student Affairs Offices of their respective schools (academic programs) of their intent to withdraw, and completing a Withdrawal/Administrative Clearance form. The form is then routed through and initialed by several student services departments and offices.

When the form reaches the Student Financial Aid Office, a financial aid counselor initiates the exit counseling process for federal loan recipients and notifies the lender of the change of status. The Financial Aid Director or Associate Director calculates a Return of Title IV Funds/Refund percentage using computer software provided by the U.S. Department of Education. The return/refund percentage is noted on the form, along with specific instructions for the return of funds.

The form is then routed through the Registrar's Office to the Cashier's Office. The supervisor in the Cashier's Office reviews the student account to determine the amount of refundable fees and requests funding (check or wire transfer) of the return/refund through the Accounting Department.

The Accounting Department delivers the check to the Financial Aid Office for mailing to the lender, or beginning with the 2002-2003 academic year, initiates a wire transfer of the funds through the disbursing agent for the lender.

In our review of the current policies and procedures, we determined that they are delay prone with several administrative bottlenecks, and that they lack sufficient accountability and administrative coordination. The Student Affairs Offices do not always immediately initiate the withdrawal forms, the forms are sometimes delayed in other student services departments before reaching the Financial Aid Office, and the Financial Aid Director does not always provide an immediate calculation of the refund percentage. Processing of return of funds within the Accounting Department is not assigned sufficient high priority to ensure timely delivery, and sending paper checks to the Financial Aid Office for mailing can result in further delays. Finally, no single person or office bears explicit responsibility for coordinating the return of Title IV funds.

Corrective Action Plan:

We will decouple the Withdrawal Notification/Return of Title IV Funds process from the administrative clearance form. The Student Affairs Offices will send withdrawal information immediately (same day or, at latest, the next business day) and simultaneously to the Student Financial Aid Office, Cashier's Office, and Accounting Department via fax and/or e-mail.

Refund calculations are now performed by the Cashier's Office using our new administrative software system which we are implementing in the 2002-2003 academic year. This should improve efficiency of refund/return calculations. However, the Financial Aid Director or Associate Director will continue to calculate the percentage using the Department of Education software as a quality control measure for the calculation.

We have also implemented Electronic Funds Transfer (EFT) in the management of Federal Stafford loan funds. In most cases funds will be returned via wire transfer, eliminating the time consuming process of paper check generation. The Accounting Department will notify the Financial Aid Office when funds are returned.

Our new administrative software system will help us to attain greater speed and efficiency in the Return of Title IV Funds. However, due to our learning curve and the challenges of implementing a new system, we do not expect to reap these benefits until the Spring '03 semester.

Although the new procedures will reduce the specific tasks assigned to the Financial Aid Office, the Office will assume responsibility for coordination and monitoring of the process. Each department involved in the process will have specific time-frame requirements, which when followed, will ensure return of Title IV loan funds within 21 days of the withdrawal determination date (allowing a cushion for unexpected delays). A financial aid counselor will check progress periodically, and report non-compliance to the Financial Aid Director for follow-up.

Our new policies, procedures, and administrative software should ensure compliance with Return of Title IV Funds requirements beginning with the Spring 2003 semester.

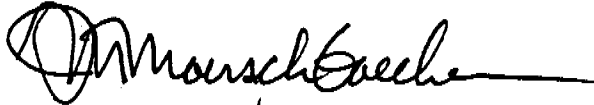
Anticipated Completion Date:

January 6, 2003.

Person responsible for corrective action:

Patrick Gorman
Phone: 504-568-4820
Email: pgorma@lsuhsc.edu

Respectfully,



Joseph Moerschbaeche
Vice Chancellor for Academic Affairs



Ronnie Smith
Vice Chancellor for Administration and Finance

cc: John A. Rock, MD
Peter Tiskus
David Dotter



LOUISIANA TECHNICAL COLLEGE

Central Office

822 Neosho Avenue
Baton Rouge, Louisiana 70802-4219
Telephone: 225/219-8712 or 8773
Facsimile: 225/219-8780

William J. Roden, J.D.
Chancellor

May 9, 2002

Dr. Daniel G. Kyle, CPA, CFE
Legislative Auditor
Office of the Legislative Auditor
Post Office Box 94397
Baton Rouge, LA 70804-9397

RE: Audit Findings of LTC-Sowela Campus

Dear Dr. Kyle,

Management of the Louisiana Technical College concurs with the finding and recommendation related to the Untimely Return of Federal Pell Grant Program Funds.

Management of the Louisiana Technical College recognizes its responsibility to provide procedures that ensure timely compliance with federal regulations. To that affect, we have implemented the following at the LTC - Sowela Campus:

- Refunds due to the Federal Pell Grant Program will be processed in a manner that will allow the LTC Central Office to complete the refund process within the prescribed timeframe of 30 days after the student's withdrawal date.

Mr. Stanley Leger, Assistant Chancellor, is responsible for ensuring compliance with the corrective action listed above.

Sincerely,


William J. Roden, Chancellor

CC: Dr. Walter Bumphus, LCTCS System President
Ms. Jan Jackson, LCTCS Vice President for Finance, Administration,
and Planning
Mr. Melvin Davis, Director of Internal Financial and Performance Audits
and Financial Analyst
Mr. Stanley Leger, Assistant Chancellor
Betty McCord, CPA, Audit Manager

CAMPUSES:

Acadian Campus
Alexandria Campus
Ascension Campus
Avoyelles Campus
Bastrop Campus
Baton Rouge Campus
Charles B. Coreil Campus
Delta Ouachita Campus
Evangeline Campus
Florida Parishes Campus
Folkes Campus
Gulf Area Campus
Hammond Area Campus
Huey P. Long Campus
Jefferson Campus
Jumonville Memorial Campus
L. E. Fletcher Campus
Lafayette Campus
Lafourche Campus
Lamar Salter Campus
Mansfield Campus
Morgan Smith Campus
Natchitoches Campus
North Central Campus
Northeast LA Campus
Northwest LA Campus
Oakdale Campus
River Parishes Campus
Ruston Campus
Sabine Valley Campus
Shelby M. Jackson Campus
Shreveport Bossier Campus
Sidney N. Collier Campus
Slidell Campus
Sowela Campus
Sullivan Campus
T. H. Harris Campus
Tallulah Campus
Teche Area Campus
West Jefferson Campus
Westside Campus
Young Memorial Campus

An Equal Opportunity
Employer



LOUISIANA TECHNICAL COLLEGE

Central Office

822 Neosho Avenue
Baton Rouge, Louisiana 70802-4219
Telephone: 225/219-8712 or 8773
Facsimile: 225/219-8780

William J. Roden, J.D.
Chancellor

May 29, 2002

CAMPUSES:

Acadian Campus
Alexandria Campus
Ascension Campus
Avoyelles Campus
Bastrop Campus
Baton Rouge Campus
Charles B. Coreil Campus
Delta Ouachita Campus
Evangeline Campus
Florida Parishes Campus
Folkes Campus
Gulf Area Campus
Hammond Area Campus
Huey P. Long Campus
Jefferson Campus
Jumonville Memorial Campus
L. E. Fletcher Campus
Lafayette Campus
Lafourche Campus
Lamar Salter Campus
Mansfield Campus
Morgan Smith Campus
Natchitoches Campus
North Central Campus
Northeast LA Campus
Northwest LA Campus
Oakdale Campus
River Parishes Campus
Ruston Campus
Sabine Valley Campus
Shelby M. Jackson Campus
Shreveport Bossier Campus
Sidney N. Collier Campus
Slidell Campus
Sowela Campus
Sullivan Campus
T. H. Harris Campus
Tallulah Campus
Teche Area Campus
West Jefferson Campus
Westside Campus
Young Memorial Campus

Dr. Daniel G. Kyle, CPA, CFE
Legislative Auditor
Office of the Legislative Auditor
Post Office Box 94397
Baton Rouge, LA 70804-9397

RE: Audit Findings of LTC-Tallulah Campus

Dear Dr. Kyle,

Management of the Louisiana Technical College partially concurs with the finding on the Federal Pell Grant Program.

Regarding the insufficient documentation for participation in the Federal Pell Grant Program, we have found that according to the 2001 - 2002 Student Financial Aid Handbook, the campus is not required to keep a copy of a student's high school diploma or GED. See attachment from the Handbook. However, a written policy is now in place stating that all students applying for financial aid who state on their application that they have received a high school diploma or GED must turn into the Financial Aid Office a copy of their high school diploma, transcript or GED certificate in order to complete their financial aid file.

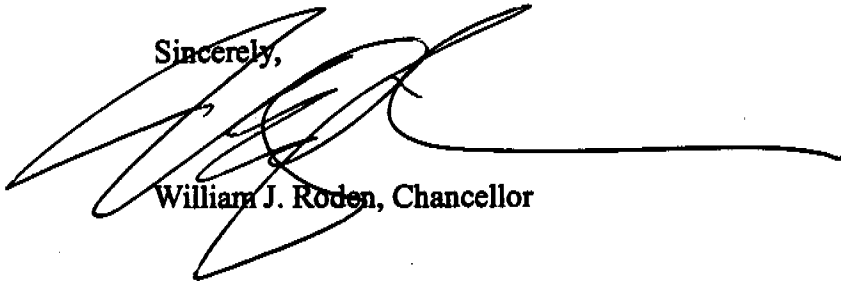
In the one instance of non-documentation of a student being in default on a student loan, the same documentation was used by the current financial aid officer as had been used by the previous financial aid officer. Although the previous financial aid officer had determined the documentation to be adequate, procedures have been revised to ensure that the documentation requested by the auditor will be required for all instances such as these.

In regard to the \$87 due to the Pell program, management concurs with the finding. The student financial aid officer was unfamiliar with the process required. The \$87 was paid on March 5, 2002. The student financial aid officer has since attended training to learn about the regulations and to ensure that we are in compliance.

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Mr. Patrick Murphy, Dean, is responsible for ensuring compliance with the corrective action listed above.

Sincerely,

A large, stylized handwritten signature in black ink, appearing to read 'W. Roden', with a long horizontal line extending to the right.

William J. Roden, Chancellor

CC: Dr. Walter Bumphus, System President.
Ms. Norene Smith, Asst. Chancellor District 8
Mr. Patrick Murphy, Dean
Mr. Melvin Davis, Director of Internal Audit
Ms. Gaye Smith, Chief Financial Officer

Attachments can be provided upon request.



State of Louisiana
Department of Revenue

M. J. "Mike" Foster, Jr.
Governor

December 19, 2002

Cynthia Bridges
Secretary

Dr. Daniel G. Kyle, CPA, CFE
Legislative Auditor
Office of Legislative Auditor
P. O. Box 94397
Baton Rouge, LA 70804-9397

RE: Accounting Records and Reports Not Reconciled to Tax Information Database

Dear Dr. Kyle:

We concur in part with this finding. The finding states that a weakness in internal control exists because there is no reconciliation between amounts recorded as revenue collections in the Integrated Statewide Information System (ISIS) and the Department's tax information database (legacy "system"). The Finding further states that the lack of this reconciliation increases the risk that financial statements could be misleading.

In our opinion, there is no risk that the cash basis revenue collection amounts reported in the financial statements are misleading because the statements are prepared from reliable accounting records of cash receipts, electronic fund transfers, and refunds that are reconciled to bank accounts.

We agree that ideally the two systems should contain the same collection, refund and revenue adjustment data; however, the legacy "system" was originally developed over 20 years ago and as a "system" is severely limited in many ways. It was not designed to provide a means of reconciling its information to an external financial accounting system such as the more recently developed ISIS. In addition, deposit data processed through the Operations Division is not necessarily loaded into the legacy system the same day the funds are deposited into ISIS because deposit data must first be keyed and balanced by Operations. It may take several days or weeks for the deposit information to be posted to the legacy system. Therefore, ISIS and the legacy system will never be in total agreement because of these timing differences. In order to accomplish the reconciliation as recommended in the audit Finding, new processes would have to be developed and implemented in the Operations Division and costly, time-consuming computer programming would also be required on a "system" that is being replaced over the next several years.

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Dr. Daniel G. Kyle, CPA, CFE

December 19, 2002

Page 2 of 2

The Department is currently in the process of converting from the legacy "system" to a new integrated tax system that will be phased in over the next two and one-half years. The new GenTax system will provide greater internal control over the financial information stored and should facilitate a reconciling with ISIS. We feel that it would not be cost-effective to re-program the legacy system to reconcile to ISIS since all major taxes will be converted to the new GenTax system within the next two and one-half years. Our resources would be better utilized developing a reconciliation method using DELTA, Louisiana's version of the GenTax system.

Sincerely,



Stephen J. Hymel
Undersecretary

SJH/dsh

Cc: Cynthia Bridges
Phyllis Perry
Dale Lejeune
Fannie Blakeney



State of Louisiana Department of Revenue

M. J. "Mike" Foster, Jr.
Governor

January 24, 2003

Cynthia Bridges
Secretary

Dr. Daniel G. Kyle, CPA, CFE
Legislative Auditor
Office of Legislative Auditor
P.O. Box 94397
Baton Rouge, LA 70804-9397

RE: Financial Statement Information Not Properly Prepared

Dear Dr. Kyle:

Non-current receivables:

Regarding the auditors statement of gross receivables being overstated by approximately \$104 million:

- We do not concur with the part of the Finding that states an error was made by reporting taxpayer account balances (\$103 million) that are in excess of five years past due. The Department's gross and net receivables were accurately reported in its Annual Financial Report (AFR) for the fiscal year ended June 30, 2002. The Department's official policy for charging off uncollectible tax receivables (PPM 30.18) requires receivables to be outstanding for ten (10) years or more before they can be charged off. In addition, according to an aged receivable schedule of system taxes, the amount of gross receivables that are in excess of five years past due is approximately \$67 million and not \$103 million as stated in the Finding.
- Regarding the errors listed: To enhance the current "system" to prevent all key-punch, manual, or computer generated account errors would be cost prohibitive. The Department has chosen instead to invest in the development of a new integrated tax accounting system (GenTax) which will eliminate or recognize and correct such errors with supervisory approval and appropriate control.

In order for the specific \$386,755 error referenced and other similar errors of this type to be eliminated in the current environment, every transaction that an employee enters would have to be manually reviewed. This is not possible with existing resources.

The Finding referenced continual accrual of interest and penalties on taxpayers' accounts that are deemed uncollectible. Interest continues to accrue from the due date of the return until the tax is paid in full or the liability is statutorily written off. The law does not specify that interest can stop being accrued if the liability is in a specific status such as being deemed uncollectible. Likewise, penalty is assessed according to the statutes and there is no specific authority to stop the assessment of penalty just because a tax period has been deemed uncollectible. In most situations, penalties have been assessed at the maximum amount before a tax period is deemed uncollectible.

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Dr. Daniel G. Kyle, CPA, CFE

January 24, 2002

Page 2 of 2

- To include an estimate of the amount collectable from proposed tax assessments of \$1.3 billion, the Department must develop a method to extract yearly historical and current data primarily through enhancing existing computer applications. The Department has already begun work on developing a methodology and will complete it by March 3rd.

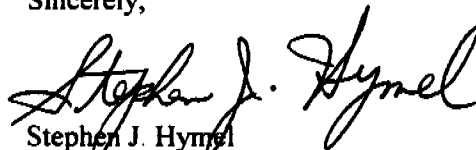
Refunds Payable:

- We do not concur with the part of the Finding that states refunds payable were understated due to errors. The Department agreed to certain audit adjustments that resulted in the recognition of additional refunds payable at June 30th, 2002, not because of errors made in the AFR, but because of a change in refunds payable criteria. In prior fiscal years, the Department did not report pending manual refund requests as refunds payable in the AFR unless the refund request had been reviewed and approved by June 30th which produced a conservative estimate of the tax refund liability. The auditor proposed audit adjustments that in effect changed the criteria we use for reporting manual refunds payable to include all manual refund requests, whether or not they were reviewed and approved by the Department at June 30th. This change in refunds payable criteria produces an estimate that reflects the maximum liability for pending tax refunds.

Protested Taxes:

- Regarding the "Protested Taxes" item in this Finding, please refer to the Department's December 10, 2002 response to Finding: **Weaknesses in Controls Over Protested Tax Balances**. The account balance being overstated by at least \$13.4 million is due primarily to the lack of a functional, accessible, common database and associated procedures necessary for compilation, review, and reconciliation among several Department Sections.
- We concur in part that some legal files were difficult to locate in a timely manner. Our records indicate that between September 10, 2002 and September 24, 2002 a total of twenty-one (21) files were requested. Eighteen (18) of those files were provided timely. We have no record of an additional nineteen (19) files being requested nor of requests regarding the value of any un-reviewed file.

Sincerely,


Stephen J. Hymel
Undersecretary

SJH/dsh

Cc: Cynthia Bridges
Kimberly Robinson
Gwen Scott
Phyllis Perry
Dale Lejeune
Joy Shrum
Shone Pierre



State of Louisiana
Department of Revenue

M. J. "Mike" Foster, Jr.
Governor

December 16, 2002

Cynthia Bridges
Secretary

Dr. Daniel G. Kyle, CPA, CFE
Legislative Auditor
Office of Legislative Auditor
P. O. Box 94397
Baton Rouge, LA 70804-9397

RE: Information Systems Control Weaknesses

Dear Dr. Kyle:

Regarding the Uniform Accounts Receivable System (UAR), we concur in part that some documentation of changes to this System is inadequate. Controls do exist to ensure the authorization and accuracy of computer program changes to this and all systems. Each change is initiated with an approved Service Request and entered into an assignment tracking system until complete. An entry is made in the Modification History of the computer program for every change documenting: the change made, the date of the change, who made the change, and who authorized it. In addition, a quality assurance review process is conducted for each change verifying that certain actions were taken and certain procedures were followed.

Specific responses to the items in this Finding are listed below:

- We do not concur that the UAR System is not reliable. Financial information is generated based on the computer application's specifications provided and the transaction data available. The financial information generated from this System is unreliable only as it applies to the arbitrary assessments for non-filing of returns. The figures are "arbitrary" in the sense that we do not always have the resources to determine if a tax return is in fact due for the tax period assessed.
- We concur that the System lacks some types of documentation and that some business requirements have not been updated. Management has considered updating both but it was determined that it was best to concentrate the limited resources of the Department on requirements and documentation for the new integrated tax system currently being developed. Management has made it a high priority to develop comprehensive documentation of the new system and to ensure the implementation of a strictly controlled procedure for requiring that documentation be kept up-to-date.
- We do not concur that there is not documentation explaining how the accounts receivable report totals are used to prepare financial reports. In response to Act 34 of the 1995 Regular Session (R.S. 39:79 Quarterly Accounts Receivable Reporting), a large Department committee

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outlined and documented in a sixteen (16) page report the necessary requirements to implement the Act. The report totals have been used to prepare the quarterly Gross Receivables and Debt Report since 1996. This documentation is available to the Auditor for review.

- We do not concur that the data underlying the receivable estimates is not reliable. Financial information is generated based on the computer application's requirements and specifications provided to I/S by the Department's business units and the transaction data available. The unreliability of the receivable estimates is only due to the "arbitrary" assessments mentioned above.
- We concur in part that there is no written description of the UAR System. Lack of some types of documentation of this System is a recognized issue that is being addressed in the new integrated tax system.
- We concur in part that the UAR System can fail to generate a bill; but it is only on a temporary basis. Legacy "system" restrictions allow a finite number of transactions to be entered on an account. As this limit is being approached and once this limit is reached, the computer program continues to identify this condition and continues to generate an item on an Exception Report stating this to be the case. When there is an item on an Exception Report that indicates an account is "full", a hard copy of the appropriate tax data is printed. A request is then sent to Information Services to delete the data and retain that data on the Report/Data Archive and Retrieval System (RDARS). This hard copy of the data is then used to re-load the transactions applicable to any unsatisfied receivables for that specific tax.
- We concur that the legacy system is limited in its ability to determine all changes to records resulting in limited review by supervisors. Various control reports and screens are provided in the existing computer applications. Requests from the business units to implement additional enhancements to the Legacy "system" have been requested in the past, but limited resources have not allowed for these enhancements to be implemented. The new integrated tax system records such changes and will allow for more comprehensive supervisory review.
- We concur that the current On-Line Error Resolution (OLER) System does not always resolve all errors immediately. In the particular case study mentioned, it was discovered that a programming error caused this situation. This error was corrected so that a payment transaction that does not fully complete is "backed out" in all areas of the system. The OLER System did not detect this condition, but it was not programmed to do so. Please note that a refund of this amount (\$400,000) does not automatically issue, but is placed in a "hold" report for review before issuance.

Dr. Daniel G. Kyle, CPA, CFE

December 16, 2002

Page 2 of 3

- We concur in part that there is limited review by supervisors of the data reentered in the system. Legacy "system" limitations require manual intervention once an account is "full". The account and/or older transactions are first "purged" from the system followed by identifying and restoring those "active" transactions by manual review if such restoration is appropriate. The RDARS is an archival media and is used as a reference for recreating the account and for historical record. It is not used to store active accounts.

The implementation of the new integrated tax system over the next three years will significantly enhance the collection process of the major taxes now handled by Department's thirty-year-old legacy "system". The development of this new system, DELTA, is affording the Department the opportunity to redefine its business processes and requirements along with appropriate technical, user, and supervisory documentation. With DELTA's implementation the Department is re-establishing adequate internal controls over information system and tax processing activities further ensuring the integrity of programs, processing, data and financial reporting.

Sincerely,



Stephen J. Hymel
Undersecretary

SJH/dsh

Cc: Cynthia Bridges
Gwen Scott
Phyllis Perry
Dale Lejeune
Greg Montagnino
Joy Shrum



State of Louisiana Department of Revenue

M. J. "Mike" Foster, Jr.
Governor

September 23, 2002

Cynthia Bridges
Secretary

Dr. Daniel G. Kyle, CPA, CFE
Legislative Auditor
Office of Legislative Auditor
P. O. Box 94397
Baton Rouge, LA 70804-9397

RE: Information System User Access Not Effectively Monitored

Dear Dr. Kyle:

ISIS/HR

- We concur that Human Resources employees have been granted ISIS/HR system access that gives them the ability to perform tasks outside their areas of responsibility. The configuration of ISIS does not effectively allow for access limitation by job function. All Human Resources professionals have full access except for the transfer zone. Four (4) employees, two (2) Analysts, one (1) in Placement and one (1) in Benefits, and their respective supervisors can access the transfer zone. Human Resources Director, Carolyn Shields, will change accesses immediately for the Director and Assistant Director positions to "view and reporting only". Checks and balances have been put in place to ensure that no one keys their own information into the system. Since the inception of the ISIS system, agency Human Resources Directors have requested a report be made available to document the activities of each user in the ISIS system. To date, this data remains unavailable to agency ISIS Security Administrators.
- We concur that two (2) Human Resources Managers have allowed other Human Resources employees to access the system with their ISIS/HR user IDs. This practice has ceased. A separate ISIS security access has been established for each Human Resources employee in order to verify data during peak processing.
- We do not concur with the finding that the Human Resources Security Administrator is not reviewing the Timekeeper Security Report for the access assigned and the timekeeping units assigned to each timekeeper. The security report was not available to agencies until Thursday, September 5, 2002. The data supplied in the report was not viable data and ISIS is currently revising the report. Once a usable report is available, Carolyn Shields, Human Resources Director, will develop a process for verification of the security accesses for Time Administrators, Back-up Time Administrators, Human Resources staff, and any other staff having ISIS access.

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- We disagree with your opinion that LDR should perform a reconciliation of payroll expenditures between the ISIS/HR and ISIS/AFS systems. ISIS is an integrated information system that has an automated interface of HR system data into the AFS system. Performing a manual reconciliation of such an integrated information system is redundant. We feel all state agencies should be able to rely on the ISIS system's interface controls that are designed to ensure all data sent by ISIS/HR is received and posted to ISIS/AFS.


AFS

We do not concur with your finding relating to deficiencies in controls over user IDs for the AFS system.

- We disagree with your opinion that a review of the AFS Security Report by the ISIS Security Administrator would disclose whether assigned access is necessary to perform job duties. The Security Administrator is not in a position to know whether a user continues to perform the same job duties day after day, or if they continue to need assigned access. In order to make that determination, the Security Administrator would have to confirm, on a daily basis, that the job duties for all users on the AFS system have not changed, which is obviously not practical. We feel that a periodic (semi-annual or annual) confirmation is adequate to determine if there is a continuing need for assigned access.
- We do monitor the AFS user file and keep it as current as possible, including deleting IDs of former employees when we are made aware of their termination. However, we feel there is no risk that fraud and/or errors could result and remain undetected if a current or former employee remains on the AFS user file because transactions cannot be processed in AFS unless another authorized user approves them online. In addition, access to AFS can only be achieved through LDR's network, and the Information Services Division has adequate controls in place to prevent former employees from gaining access to the network.

If you have any questions concerning these audit findings, please do not hesitate to give me a call. I can be reached by calling (225) 219-2700

Sincerely,


Stephen J. Hymel
Undersecretary

SJH/dsh

Cc: Cynthia Bridges
Carolyn Shields
Phyllis Perry
Dale Lejeune



State of Louisiana Department of Revenue

M. J. "Mike" Foster, Jr.
Governor

Cynthia Bridges
Secretary

November 20, 2002

Dr. Daniel G. Kyle, CPA, CFE
Office of Legislative Auditor
State of Louisiana
Post Office Box 94397
Baton Rouge, Louisiana 70804-9397

RE: Insufficient Collection Effort For Tax Assessments

Dear Dr. Kyle:

The following are responses to the specific items in the finding:

- 1 We concur, in part, with the finding. The procedure of garnishing individual income tax refunds to apply to uncollectible business taxes owed by an individual is outlined in the desk manual of the Special Collection Section of the Collection Division. The policy of the Department is implicit in this procedure. This function must be handled as a manual process because the Business Master File and the Income Master File are not interactive on the mainframe computer system. The intercept identification process is completed during the first week of January so we can garnish as many refunds as possible. In order for an account to be considered for garnishment, it must meet the following criteria: the business account cannot be registered as a corporation; the business account must have the individual's social security number on file on the indicative record; and the business tax liability must be a final assessment. Employees use a computer printout to physically enter hold codes on the Individual Income Tax files only if it can be verified that the business owner and the individual are one and the same through social security verification

The Department is doing everything possible to follow this cumbersome procedure. We plan to improve the process by addressing the problem in our computer redesign project with Fast Enterprises. The Department takes special precaution when taking action to protect the State from wrongful seizure action

The Department will continue in its efforts to improve the process through new and innovative computer programs. The completion date of this finding is to be determined at a later date. It is too early in the redesign schedule process to determine when the correction can be addressed. Ms. Gwendolyn M. Scott, Assistant Secretary, is the contact person for the corrective action.

2. We concur with this finding. The current system utilized for work queues under the Folder Application Facility Program (FAFP) management does not allow assignments to be "sorted" by select criteria. The system is exclusively date sensitive.

Other reports from the mainframe are used to identify taxpayers with large range liabilities (greater than or equal to \$10,000), mid range liabilities (\$5,000 to \$9,999) and taxpayers with multiple liabilities.

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The Department will continue to review available systems and make continued efforts to improve the process. We plan to address the problem in the computer redesign process. It is too early in the redesign process to determine when the correction can be addressed. Ms. Gwendolyn M. Scott, Assistant Secretary, is the contact person for the corrective action.

3. We concur with this finding. Department procedures allow an account to be made uncollectible only after all attempts have been made to contact the taxpayer and no levy sources can be located. The Department has hundreds of thousands of accounts to be worked by very few employees. These employees are under constant pressure to not only complete collection and disposition of these accounts, but they must maintain telephone calls and taxpayer assistance responsibilities as well. Mistakes are made. We remind the employees constantly of these requirements. We are doing the best we can with the resources we have.

We have reorganized sections within the Collection Division and shifted assignments to the regional offices in an effort to streamline the process and relieve some of the responsibilities. We have outsourced accounts to an out-of-state collection agency and are currently setting up similar agreements with an in-state collection agency and the Louisiana Attorney General. We will continue to pursue other avenues to better manage the workload. Ms. Gwendolyn M. Scott, Assistant Secretary, is the contact person for the corrective action.

4. We concur with this finding. We have recently completed a study on the cost of collection for bills and warrants. This study has been forwarded to Assistant Secretary Gwendolyn M. Scott for her review and recommendation to the Secretary for the possible raising of billing tolerances. Ms. Gwendolyn M. Scott, Assistant Secretary, is the contact person for the corrective action.

If you have any questions concerning the above responses, please do not hesitate to give me a call. I can be reached by calling (225) 219-2710.

Sincerely,


Stephen J. Hymel
Undersecretary

Cc: Cynthia Bridges
Gwendolyn M. Scott
Phyllis Perry
Sam Losavio



State of Louisiana
Department of Revenue

M. J. "Mike" Foster, Jr.
Governor

December 12, 2002

Cynthia Bridges
Secretary

Dr. Daniel G. Kyle, CPA, CFE
Legislative Auditor
Office of Legislative Auditor
P. O. Box 94397
Baton Rouge, LA 70804-9397

RE: Insufficient Control Over Refund Approval Process

Dear Dr. Kyle:

We do not concur with this finding and recommendation. The Department does have sufficient control procedures to ensure that taxpayer refunds are valid and appropriately approved before issuance. Subsection 4d of PPM 30.1.2 allows for the issuance of refunds without the approval of the Secretary or an appointed official for the following excepted items:

- 1) *Refunds of excise taxes on original tax returns for accounts secured by bond or other financial assurance or for taxpayer accounts that have qualified for waiver of the bond requirement.* These refunds result from the dealer pre-paying tax on motor fuel that is ultimately shipped out-of-state
- 2) *Refunds of corporation income and franchise taxes resulting from overpayment of estimated tax payments by the corporation.* These refunds occur when a corporation pre-pays its taxes in excess of the amount ultimately determined to be due.
- 3) *Refunds of corporation income and franchise taxes resulting from credits for payment of ad valorem taxes.* These refunds result from the taxpayer taking credit for ad valorem taxes paid to political subdivisions on inventory held by manufacturers, distributors, and retailers. Under the law, any amount of this credit not used to offset tax due is refundable.
- 4) *Tentative refunds of corporation income tax.* Under R.S. 47:287.86.G., a taxpayer may request a tentative refund from the application of a net operating loss carryback. By statutory authority, the auditing of these overpayments is conducted after the fact, and the Department has two (2) years from December 31st of the year in which the refund was paid to recover any amounts determined not to have been overpaid.

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- 5) *Refunds of individual income tax resulting from overpayment of estimated tax payments by the individual.* These refunds occur when an individual pre-pays his taxes in excess of the amount ultimately determined to be due.
- 6) *Reimbursements of amounts remitted to the Department that have been determined to be owed to another agency and that are transferred to the other agency by interagency transfer.* This situation occurs when a taxpayer remits money to the Department of Revenue that belongs to another state agency. The funds are transferred to the appropriate agency.
- 7) *Duplicate or erroneous electronic fund transfers.* In electronic transmissions, taxpayers sometimes misplace decimal points, transmit twice, transmit their gross sales or payroll instead of the tax, or in some other manner remit more than the amount shown due on the return. It is imperative that these funds be returned to the taxpayer immediately. In some cases, he cannot continue to operate his business until the excess payment has been refunded.

The items above represent refunds of routine overpayments and do not involve substantive tax issues. Procedures include reviews and approvals by the Section supervisor, auditor, and Director. A log is maintained in the Section with the details of each issuance, and sufficient notation is included in the taxpayer's file. Additional review and approval by upper management would unnecessarily delay the issuance of refunds, while adding no value to the process. State statutes allow the Secretary to delegate such approvals.

Management does not believe that this policy adversely affects adequate control over the refund approval process nor the financial statements and the collection of revenues for the State. This policy does not increase the risk that errors and/or fraud could occur and not be detected and corrected timely.

Sincerely


Stephen J. Hymel
Undersecretary

SH/dsh

Cc: Cynthia Bridges
Phyllis Perry
Linda Denny
Kimberly Robinson



State of Louisiana
Department of Revenue

M. J. "Mike" Foster, Jr.
Governor

December 19, 2002

Cynthia Bridges
Secretary

Dr. Daniel G. Kyle, CPA, CFE
Legislative Auditor
Office of Legislative Auditor
P. O. Box 94397
Baton Rouge, LA 70804-9397

RE: Lack of Control Within Online Error Resolution System

Dear Dr. Kyle:

The Online Error Resolution (OLER) System was developed in the late 1980's in an attempt to improve the error correction process for taxpayer errors and keypunch errors. Prior to OLER the process was overly labor intensive and time-consuming and this resulted in an unacceptable delay in the processing of many tax returns and refunds. Since instituting OLER the Department has attempted to balance the need for adequate control and review with the demand of citizen taxpayers and others for more timely processing of returns and refunds. Under the current system, audit trails do exist that allow us to determine the employee who worked the account and what adjustments were made to the account. The Department continues to work toward improving the integrity and accuracy of taxpayer records.

The following are responses to the specific issues raised in the Finding:

- We concur in part with this item. Due to the large number of on-line transactions, relatively high employee to supervisor ratio, significant limitations of the legacy "system", and limited personnel and financial resources it is not feasible to institute measures to review all on-line transactions. In the new integrated tax system being developed, a sufficient number of transactions will be reviewed to ensure the integrity of taxpayer data.
- We concur in part with this item. As such issues have been identified the Department has offered additional training. We recognize the need for more specific instructions on how to draft clear and specific comments to explain actions taken on an account. The current design of screens lacks sufficient space on the comment screen. Steps are being taken to develop a standard abbreviation system for terms frequently used to allow for additional space for more thorough explanations. The single incident cited is an isolated case and is not reflective of the general population of work. With the new integrated tax system it will be possible to identify payments that have been reversed but not applied properly. Unclear comments by employees will become less of a problem since the new system uses Microsoft Windows standard language.

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Dr. Daniel G. Kyle, CPA, CFE

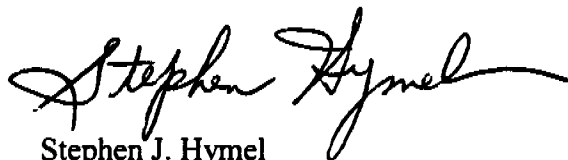
December 19, 2002

Page 2 of 2

- We concur in part with this item. Because of the limitations of the legacy "system" it may take several months for an error of a specific posting to be discovered and corrected. In the current "system", should the incorrect posting failure-to-post error result in an overpayment, the potential refund is reviewed through our normal review process and the necessary adjustments made to the posting error. Should a billing be erroneously issued, we would, upon notification, make the necessary adjustment to reflect the correct liability. In the new integrated tax system, payments that have been reversed but not applied will be identified through an automated system as well as payments that have been moved but have no matching liability. The issues associated with the computerized account history that is "full" is also being addressed in the new system.
- We concur that in recent years no independent assessment of OLER was performed to determine the adequacy of its control.

If you need any additional information regarding this Finding, please contact Barbara Roe in the Post Processing Services Division.

Sincerely,



Stephen J. Hymel
Undersecretary

SJH/dsh

Cc: Cynthia Bridges
Phyllis Perry
Kenneth Comeaux
Barbara Roe



State of Louisiana
Department of Revenue

M. J. "Mike" Foster, Jr.
Governor

January 27, 2003

Cynthia Bridges
Secretary

Dr. Daniel G. Kyle, CPA, CFE
Legislative Auditor
Office of the Legislative Auditor
P.O. Box 94397
Baton Rouge, LA 70804-9397

Dear Dr. Kyle:

RE: Lack of Support for Receivables

- The Department concurs that the methodology used and documentation to support the estimated receivables were not provided timely. The Department is developing a more formal methodology for calculating the receivables expected to be realized from protested tax balances held in escrow.

Developing a methodology and providing documentation to support an estimate of revenue that will ultimately be recognized from protested tax balances held in escrow is a challenging task considering the myriad of issues involved in each case. And on any given day the considerations taken into account to propose an estimate on an account could change materially. Unlike liabilities collectible by distraint and NSF checks, the protested tax balances are not definitive liabilities that are clearly due to the Department. In most instances, the very nature of the protest is whether a tax can even be imposed. The taxpayers have calculated their tax liabilities in accordance with the Department's position and have paid that amount under protest in accordance with statutory requirements. However, this payment under protest is in no way an admission of liability. In fact, the protest is a challenge to the validity of the Department's position. If a court determines the Department's position is incorrect, then the funds held in escrow must be returned to the taxpayer with interest. If the Department prevails, the funds then become receivables to be realized by the state of Louisiana.

Any methodology developed will continue to require the attorneys handling the lawsuit to evaluate the likelihood of success on the merits of the case. In most instances, the lawsuits represent a case of first impression in Louisiana. Thus, there is no clear jurisprudence on which to base this determination. The determination is more whether the attorney believes the Department's chances of success are greater than the taxpayer's chances. This, then, is not an exact science. The attorneys must consider, among other things, whether there was a trial court decision in favor of the Department, whether there was clear statutory guidance on the matter at issue, and whether another taxing authority had been successful on the issue. Further, consideration has to be given to the judge

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hearing the case, the evidence in support of the Department's position, and equity. Unfortunately, there is no easy way to quantify such determinations and the documentation is limited. The Department will continue to work on a more formal methodology and will ensure that the information is provided in a timely manner.

- We concur in part with items 2 (two) and 3 (three) of this Finding. The methodology for calculating the Department's receivables was developed in 1996 to comply with Act 34 of the 1995 Legislative Session (R.S. 39:79), which required agencies to begin reporting receivables on a quarterly basis. The receivables reported by the Department are supported by a very large and complex tax information database (legacy "system") that was designed over 30 years ago.

An audit of non-current receivables was conducted by the Office of the Legislative Auditor in fiscal year 2000, which included "... a review of records and reports prepared and used by the Department to account for its non-current accounts receivable." Since that audit did not indicate there was a problem auditing the receivable data or a lack of supporting documentation, the Department had no reason to expect the fiscal year 2002 audit would be any different, and felt the reporting requirements of GASB 34 were adequately met.

For the fiscal year 2002 audit, the auditor elected to use computer assisted audit software (ACL) to independently verify the accuracy of the Department's receivable data. However, because of the extremely large size and complexity of the legacy system's tax information database, the auditor was unable to properly filter the data. In order to facilitate the auditor's use of the computer assisted audit software, the Department's programmers were required to quickly develop computer programs that could extract the receivable data from the legacy system's tax information database and create computer data files that the auditor could more easily analyze. Some programming errors were made initially in extracting and creating the data files for the auditor, but the programs were subsequently corrected and accurate data files that support the receivables were created. The accuracy of these data files was verified by the Department's Controllers, Collection, and Internal Audit Divisions.

Sincerely,



Stephen J. Hymel
Undersecretary

SJH/dsh

Cc: Cynthia Bridges
Kimberly Robinson
Phyllis Perry
Dale Lejeune



State of Louisiana
Department of Revenue

M. J. "Mike" Foster, Jr.
Governor

November 11, 2002

Cynthia Bridges
Secretary

Dr. Daniel G. Kyle, CPA, CFE
Legislative Auditor
Office of the Legislative Auditor
P.O. Box 94397
Baton Rouge, LA 70804-9397

RE: No Enforcement of Electronic Funds Transfer For Certain Tax Payments

Dear Dr. Kyle:

We concur with the finding. The 2001 analysis was not conducted. This computer-generated analysis usually runs in November each year. But because of the Department's relocation to downtown, the analysis was not scheduled during the month-long November move and apparently not rescheduled once the move took place.

The analysis was conducted in October, 2002, and notifications are being forwarded to applicable taxpayers. Rickey Hebert, Director of Taxpayer Services, and JoAnn Johnson, Program Manager, are responsible for this corrective action.

If you have any further questions, please contact me at (225) 219-2710.

Sincerely,

A handwritten signature in cursive script that reads "Stephen Hymel".

Stephen Hymel
Undersecretary

SH/dsh

Cc: Cynthia Bridges
Gwen Scott
Dale LeJeune
Phyllis Perry

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State of Louisiana
Department of Revenue

M. J. "Mike" Foster, Jr.
Governor

September 17, 2002

Cynthia Bridges
Secretary

Dr. Daniel G. Kyle, CPA, CFE
Legislative Auditor
Office of Legislative Auditor
P. O. Box 94397
Baton Rouge, LA 70804-9397

RE: Payroll/Personnel Internal Control Weaknesses

Dear Dr. Kyle:

Weakness No. 1

As of the date of this audit, we concur with the finding concerning the segregation of duties for recording and reconciling time and attendance reports under the ISIS system. The procedures for segregation of duties for reconciling time and attendance reports were in place, but were not followed. Audits will continue to be performed semi-monthly to ensure compliance. Benefits Manager, Rozanne LaPorte, will provide follow-up training for timekeepers by March 31, 2003. Ms. LaPorte will also discuss each of the findings with the appropriate Division Director, Time Administrator and Backup Time Administrator(s) and suggest corrective actions appropriate to each finding by October 31, 2002.

Training for timekeepers requires on-line training prior to formal classroom training. Formal classroom training is provided by ISIS and offered several times a year. Ms. LaPorte and her staff assist new timekeepers until the formal classroom training can be completed. We will attempt to have new timekeepers and new back-ups complete their training within four (4) months of being assigned the time and attendance tasks.

Weakness No. 2

We concur with the individual findings. Ms. LaPorte will discuss each of the findings with the appropriate Division Director, Time Administrator and Backup Time Administrator(s) and suggest corrective actions appropriate to each finding.

Ms. LaPorte will remind all Division Directors, Time Administrators and Backup Time Administrator(s) of the recordkeeping requirements by October 31, 2002.

Ms. LaPorte will remind her staff of the importance of accurate records and supporting documentation by September 30, 2002.

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Dr. Daniel G. Kyle
September 17, 2002
Page 2 of 2

Weakness No. 3

We concur with this finding. Human Resources Director, Carolyn Shields, will pursue options to safeguard against fraud and more timely removal of employees from the ISIS system. Ms. Shields will have new processes in place by December 31, 2002.

If you have any questions concerning these audit findings, please do not hesitate to give me a call. I can be reached by calling (225) 219-2700.

Sincerely,



Stephen J. Hymel
Undersecretary

SJH/dsh

Cc: Cynthia Bridges
Carolyn Shields
Phyllis Perry



State of Louisiana Department of Revenue

M. J. "Mike" Foster, Jr.
Governor

November 18, 2002

Cynthia Bridges
Secretary

Dr. Daniel G. Kyle, CPA, CFE
Legislative Auditor
P. O. Box 94397
Baton Rouge, LA 70804-9397

Dear Dr. Kyle:

RE: Tax Collections Not Deposited Timely

The Department of Revenue concurs, in part, to the finding concerning the timely deposit of collections. We agree that 74.4% of the funds collected are deposited timely. We further concur that the remaining 25.6% of funds, funds deposited manually, are deposited outside the 24-hour time frame. We do not concur with the average number of days that the funds are late.

The data used by the Legislative Auditor, supplied by the Department, relies on batch header information for the amount deposited, mail date and deposit date. The method used by the Legislative Auditor divides the number of batches by the number of delinquent days. Therefore, each batch is considered equal in the evaluation of the average number of days, even though the number of items in the batch may vary from 1 to 99. In our review of the finding, we determined that the batches that are most frequently delayed are those batches with few items in the batch. Items that cause processing problems are those deleted from the original processing stream and pulled until the problem is resolved. When those items are batched and reintroduced into the processing stream, few items are included in each batch. Calculating the average number of days late on a batch level, instead of an item level, gives a misleading result for the average number of days to deposit all items. Other monitoring reports used internally by the Department suggest that the average number of days to deposit paper funds for the fiscal year was five (5) days.

Management recognizes that deposit of all funds within a 24-hour time frame is not cost effective. The Department's Strategic Plan calls for 75% of all funds to be deposited within 24 hours by the year 2006, and we expect to meet that requirement. Management must balance the resources available between the objective to improve timely deposit and other Strategic Plan requirements, including processing returns and refunds timely.

The management of the Department has taken steps to reduce the number of days for the deposit of paper funds. Specific action plans for fiscal years 2001/2002 and 2002/2003 are in place to implement and upgrade new technologies for processing and to expand our electronic capabilities. Improvements from the previous fiscal year in the number of items and amount of funds deposited within the 24-hour time frame have already been recognized. In fiscal year 2001, 123,394 items representing \$193,267,881 were deposited within 24 hours. In fiscal year

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Dr. Daniel G. Kyle, CPA, CFE
November 18, 2002
Page 2 of 2

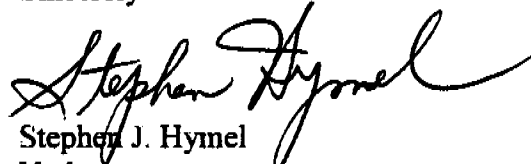
2002, 376,031 items representing \$440,019,533 were deposited for the same period. Additional processes and procedures continue to be revamped as part of the Department's process mapping efforts to provide more timely deposit. Emphasis has been placed on the objective, and the achieved results are regularly posted to provide information on our performance to our employees. To further reduce the possibility of theft, the Department was able to implement tighter security measures when it moved to the LaSalle building.

The Department has long recognized the difficulties in obtaining statistical and monitoring information, and a "tax re-engineering" initiative is in process to implement a new system to provide better tracking information. The first phase of this program is scheduled to be implemented in February, 2003. Other auxiliary systems continue to be refined to provide better monitoring information.

Janet Macmurdo, Director of the Operations Division, is the contact person regarding the corrective action plans for this finding.

If you have any questions, please contact my office at 219-2700.

Sincerely


Stephen J. Hymel
Undersecretary

Cc: Cynthia Bridges
Kenneth Comeaux
Janet Macmurdo
Phyllis Perry



State of Louisiana
Department of Revenue

M. J. "Mike" Foster, Jr.
Governor

December 10, 2002

Cynthia Bridges
Secretary

Dr. Daniel G. Kyle, CPA, CFE
Legislative Auditor
Office of Legislative Auditor
P.O. Box 94397
Baton Rouge, LA 70804-9397

RE: Weaknesses in Controls Over Protested Tax Balances

Dear Dr. Kyle:

As we have stated previously, the Department is keenly aware of and actively working to rectify the problems noted in this finding. The voluminous records of the Taxpayer Services Division and the Legal Division were not originally designed to be cross-referenced since they were developed for different purposes and over many years. Nor is there a common database for both Divisions. And as noted by the Auditors, significant reorganization of the Department and employee turnover have hampered efforts to create and implement adequate procedures to accomplish reconciliation between the two Divisions. As noted below, the Department expects to have procedures and a common database established within the next few months. Patricia Jackson is the contact for the Taxpayers Services Division. Kimberly Robinson is the contact for the Legal Division. Dale Lejeune is the contact for the Controllers Division.

The following are responses to the specifics of this finding:

1. We concur with this item of the finding. The Taxpayer Services Division is currently auditing and restructuring escrow activity for the subject fiscal year. It is projected that this Division will complete its work on the Corporate Taxes by January 15, 2003 and the Sales Taxes and Excise Taxes by January 30, 2003. The Legal Division will complete its work by April 1, 2003. Once this is complete, the Controllers Division will establish procedures for their reconciliation and reporting of quarterly and yearend Protested Tax Balances.
2. We concur with this item of the finding. The Legal Division records the amount paid under protest in its tracking system, but this amount is not updated periodically for payments, refunds, and other financial activity. The tracking system in place did not allow for periodic updates of the amounts paid under protest. The new Amicus tracking system has been installed and is configured to allow financial updates and recording of other necessary information to allow for a complete reconciliation.

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While management recognizes that "good internal control policies and procedures would ensure that protested tax balances in the Legal Division's records reconcile to those in the Controllers Division and the Taxpayer Services Division", we do not concur in the implication that "such policies and procedures would enhance timely resolution of protested tax payments." Furthermore, we disagree that: "Periodic reviews of protested tax balances or cases to determine the length of time the suits have been in escrow would ensure the timely resolution of the cases." The resolution of protested tax payments is primarily dictated by factors that are not within the purview of the Department's internal control policies and procedures. In fact, the resolution timetable of any legal case is really dictated by the complexity of the issue(s) involved in the case and the judicial system. (see Attachment "A")

3. We concur with this item of the finding. We have submitted a request and received approval to create a shared escrow accounting database for the Controllers, Legal, and Taxpayer Services Divisions. The Information Services Division is assisting in developing this database which will track and report escrow activity as required. The Taxpayer Services Division will be the "process owner" of this database. The projected completion date of creating this database is April 1, 2003.
4. We disagree with this item of the finding. The organizational restructuring of November 2001 resulted in the centralization and consolidation of the escrow accounting activities within the Taxpayer Services Division. Patricia Jackson assumed responsibility for standardizing tasks and automating manual record keeping. The associated procedures are documented and available for inspection in her office.

Sincerely,



Stephen J. Hymel
Undersecretary

SJH/dsh

Cc: Cynthia Bridges
Kimberly Robinson
Dale Lejeune
Patricia Jackson
Phyllis Perry
Gwen Scott

Attachment A

Under La. Rev. Stat. § 47:1576, "any taxpayer protesting the payment of any amount found due by the secretary of the Department of Revenue, or the enforcement of any provision of the tax laws in relation thereto, shall remit to the Department of Revenue the amount due and at that time shall give notice of intention to file suit for the recovery of such tax." The statute further provides that the secretary shall place the amount remitted in an escrow account for a period of thirty days. If a suit is filed within thirty days to recover the amount remitted, the funds shall be held in escrow pending the outcome of the suit. The Department's internal control policies and procedures do ensure that the amounts remitted are escrowed and held for thirty days. Further, these policies and procedures ensure that the funds remain in escrow if a suit is filed within the thirty days allowed. Nonetheless, it is with the filing of this suit that the Department's internal control policies and procedures must give way to the Judicial System.

Once a petition is filed instituting a suit, the law allots fifteen days for a defendant to file an answer. If the defendant is a government entity, it has thirty days to answer the petition. Keep in mind; the time delay to answer starts to run after service of citation is made not after the petition is filed. Service of citation must be requested within ninety days of filing the petition. Thus, when a taxpayer makes a payment under protest, one hundred fifty days could elapse with only the petition and an answer being filed.

Next, if the answer is timely filed, the court must give attention to the pre-trial matters of the case. These pre-trial matters include any and all exceptions the defendant may have filed against the petition. These mechanisms can also delay the resolution of the suit if the defendant chooses to file exceptions prior to the filing of an answer. In order to render a decision on these exceptions the court must set hearing dates and deadlines for filing memorandum in support of or in opposition to the matter which is set for hearing. Once an exception is filed, the hearing date is usually set within thirty days. This assumes all parties timely receive notice of the court's hearing date and no party has a conflict with the hearing date. Otherwise either party can file a motion to continue the matter for an additional amount of time.

Assuming these pre-trial mechanisms are now handled and an answer is filed, the court must then turn its attention to other pre-trial and discovery mechanisms. Other pre-trial matters include but are not limited to, motions for summary judgment, interrogatories, request for production of documents, and motions to compel discovery. Typically, discovery may take anywhere from six months to eighteen months. The court attempts to expedite this process with a discovery scheduling order, which sets up cut-off dates for various discovery mechanisms. The complexity of the issues involved in the case dictates the length of time needed for discovery. Most times, this scheduling order usually anticipates discovery will be completed within six months to one year. This assumes all discovery is completed in a timely manner and there are no legal arguments regarding such that have to be entertained by the court.

Once all the pre-trial mechanisms are handled and the case is ready for trial, the parties usually file a motion to fix the case for trial or a motion for a status conference to have a conference with the judge to set up a trial date. A trial date is usually set six months to a year in advance. Unfortunately, the judiciary does not set one case per day for trial. In fact, a judge may set several cases for trial on the same day and give each matter a number. So, there are always more cases set for trial than cases that will actually be heard. At this point, almost two years have elapsed and there still isn't a judgment from the trial court.

After a trial on the matter and a judgment from the trial court, the complexity of tax issues dictates a decision from an appellate court. Either party may appeal the decision, and the law allows thirty days to appeal a decision that suspends the effect of the judgment and sixty days to appeal a decision that does not. At this point, the court of appeal takes over and it processes for handling cases take shape.

The matter is docketed and dates are set for the trial court record to be lodged. Generally, the lodging of the trial court record takes thirty to forty-five days, but extensions may be granted by both the trial and appellate courts for sufficient cause. The party appealing the trial court judgment has twenty-five days from the lodging of the record to file an appellant brief and the opposing party has forty-five days to file a brief. The court may grant extensions of time for good cause. The parties may request oral arguments or let the matter be submitted for decision without oral argument. After the case is submitted for decision, the court generally takes six to eight weeks to render a decision. At this time, approximately six months have been exhausted at the court of appeal.

Now, the parties must decide whether they want to appeal the matter to the Louisiana Supreme Court. The parties must first file a writ requesting the court to hear the matter and wait for a decision. This waiting process takes approximately three months. Then the State Supreme Court allots time for the appellate court's record to be lodged and for each party to submit briefs outlining its position. This process also takes between three and six months before the matter can be heard. Further, once heard, it generally takes six to eight weeks before a judgment is rendered.

This brief synopsis of the time delays for litigating a case from the trial court through the Supreme Court assume that both sides are actively moving the litigation forward. Keeping this assumption in mind, just the delays allowed by statute and court order take more than three years. Thus, the implication that "good internal control policies and procedures" would enhance the timely resolution of protested tax payments is untenable.



State of Louisiana
DIVISION OF ADMINISTRATION
OFFICE OF RISK MANAGEMENT

M. J. "MIKE" FOSTER, JR.
GOVERNOR

MARK C. DRENNEN
COMMISSIONER OF ADMINISTRATION

November 18, 2002

Dr. Daniel G. Kyle, CPA, CFE
Legislative Auditor
Office of the Legislative Auditor
State of Louisiana
P.O. Box 94397
Baton Rouge, LA 70804-9397

RE: Response to Legislative Audit Finding

Dear Dr. Kyle:

The Office of Risk Management has received from your office the final draft of ORM's financial and compliance audit. Attached to this letter is management's response to the audit.

The management of the Office of Risk Management appreciates the work performed by your audit team and the report of their findings. It is our wish that ORM continue to cooperate, as it has in the past, in the efforts you make in our behalf.

Should you have any questions at any time, please do not hesitate to call.

Sincerely,

A handwritten signature in black ink, appearing to read "J.S. Thompson, Jr.", written over a white background.

J.S. Thompson, Jr.
State Risk Director

JST/PW

Attachment

Office of Risk Management
Response to Financial and Compliance Audit
November 18, 2002

Finding: Inaccurate annual fiscal report

The Office of Risk Management concurs with the findings. This was the first year for implementation of GASB 34 and there were several issues involved. ORM feels that the instructions provided for implementation and reporting due to GASB 34 were unclear. ORM is a unique agency within the state and presents problems in trying to conform to reporting requirements, in preparation of two sets of financial statements, one utilized for combining ORM into the CAFR and one utilized for the statewide cost allocation plan and management decisions, both of which must be completed in the time other agencies complete one.

Several of the errors were due to transactions being entered during the fiscal year and corrections not being made until the year end close. The errors on the annuities originated due to the death of a claimant and the refunding of \$1.8 mil (cost of annuity minus any payouts). The refund was offset against the cost of the annuity, however, the formula which calculates the balance due was not changed to reflect that no other payments were pending. This was the first time that we had an occurrence of this type.

Corrective Actions:

ORM has inquired about training for preparation of the annual financial report. We were informed that although training was provided in the past, it has not been available for last few years. However, several requests have been received and the training classes may be re-instituted. We have requested notification in that event. If training is not re-instituted, ORM accounting personnel will request meetings with the appropriate personnel in advance to clarify how items unique to ORM should be reported. In addition, ORM accounting personnel has implemented cross-training to ensure that accounting personnel understand the significance of transactions and their effect on the financials.

Management is committed to putting more emphasis on ensuring that the AFR is properly prepared and reviewed for errors and omissions. To facilitate this process we are restructuring the Accounting Unit to more clearly define responsibilities and provide for improved internal controls. This should be implemented by February 28, 2003.

The contact person for this finding is Lynette Bayham.



State of Louisiana
Department of Social Services
OFFICE OF MANAGEMENT AND FINANCE
DIVISION OF FISCAL SERVICES
ADMINISTRATIVE OFFICE

GWENDOLYN P. HAMILTON
SECRETARY

M. J. "MIKE" FOSTER, JR.
GOVERNOR

P. O. BOX 3927
BATON ROUGE, LOUISIANA 70821-0000
PHONE - 225/342-4247 FAX # 225/342-4220

November 20, 2002

Dr. Daniel G. Kyle, CPA, CFE
Legislative Auditor
1600 North Third Street
P. O. Box 94397
Baton Rouge, LA 70804-9397

Dear Dr. Kyle:

We concur with the audit finding provided in your letter dated October 14, 2002.

Child Support Escrow Fund Not Reconciled

CORRECTIVE ACTION: The Division of Fiscal Services has begun reconciling the Child Support Escrow Fund on a monthly basis. This reconciliation, when completed, will consist of using the daily and monthly totals of the receipts and disbursements for the month of reconciliation between the ISIS and the LASES systems.

The LASES system does not have the current capability of producing reports that reflect individual client account balances. The LASES system would require major modifications to produce the type of reports that would reflect individual client account balances. We will address the production of individual client account balances in LASES at a later date.

You may contact Cathy Hymon, Assistant Director, or myself at 342-4247 if additional information is needed regarding this finding.

Sincerely,

Ronald F. Patty, Director
Division of Fiscal Services

cc: Gwendolyn Hamilton, Secretary
Joel Hincks, Undersecretary
Ann Williamson, Assistant Secretary, OFS
Al Sandford, Deputy Undersecretary



**State of Louisiana
Department of Social Services**

M. J. "MIKE" FOSTER, Jr.
GOVERNOR

OFFICE OF COMMUNITY SERVICES
333 LAUREL STREET
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GWENDOLYN P. HAMILTON
SECRETARY

December 27, 2002

Dr. Daniel G. Kyle, CPA, CFE
Legislative Auditor
Post Office Box 94397
Baton Rouge, LA 70804-9397

Dear Dr. Kyle:

Reference is made to your office's letter of December 12, 2002, by Ernest F. Summerville, Jr., Audit Manager, which communicated a reportable audit finding for the Department of Social Services (DSS) for the State Fiscal Year ending June 30, 2002. This letter contains the response of the DSS/Office of Community Services (OCS) to the finding identified as:

Foster Care: Insufficient Reimbursements from Child Support Collections

OCS Response: We concur with the finding in part and have instituted corrective action to resolve this issue.

Background:

Monetary amounts representing federal benefits, child support collections and other revenue received by DSS on behalf of foster children are accounted for through use of the DSS Child Welfare Tracking, Information and Payment System (TIPS). In accordance with requirements governing federal benefits received by the State for the needs of foster children, all revenue amounts are posted in TIPS to apply toward the "current and future costs of care" for the intended minor recipients in the custody of the State.

42 U.S.C. 657 sets forth the manner in which amounts of child support collections shall be distributed to reimburse "assistance from the State" provided to families. The term "assistance from the State" is defined to mean "foster care maintenance payments" as well as public aid to needy families. Such foster care maintenance payments are defined under 42 U.S.C. 675 (4) to mean "payments to cover the cost of (and the cost of providing) food, clothing, shelter, daily supervision, school supplies, a child's personal incidentals, liability insurance with respect to a child, and reasonable travel to the child's home for visitation."

For nearly 16 years, the DSS Support Enforcement Services (SES) has been collecting child support for Title IV-E foster children. The funds that are collected for these children are reported to the DSS Office of Management and Finance (OM&F) and used to offset the federal claim made on their behalf. In addition, SES collects child support for children who are XIX eligible. These collections are for children who are not otherwise IV-E eligible. Collections received for this populations are seen as State General Fund eligible. There is no federal reimbursement with any of the revenue collected on behalf of these children. DSS/OCS uses it to offset the current and future costs of care supported through State General Funds.

The DSS Office of Management and Finance (OM&F) Cash Management unit receives notification of child support deposits made by Support Enforcement Services. The Cash Management unit posts to the TIPS 802 screen by TIPS case number. This information is run in TIPS to produce the TIN8011 report.

As part of the corrective action plan implemented FY 02 in response to the previous audit finding regarding insufficient federal reimbursements from child support collections, OM&F Cash Management unit began providing a copy of the TIN8011 to the OCS Financial Management Division (Eligibility Services Unit) for identification of child support arrearages to be reimbursed to the Title IV-E funding source. This report is provided to OCS around the 20th of the month for return with the necessary information by the 10th of the following month. For those clients who were IV-E eligible, OM&F Cash Management prepares a journal voucher moving the arrearage collections to an organization and reporting category identifying the funds as IV-E. The Grants Accountant is therefore able to select this amount out of ISIS, and record the amount on the IV-E federal report. (Once the money has been journal vouchered, this revenue balance will not be used again and a refund transaction code is entered in the 802 system so that the revenue balance will reflect this decrease.) As revenues are needed to fund eligible costs as reflected on the Statement of Expenditures, the money in the means of financing is warranted and used to pay expenditures. The OM&F Appropriations Accountant is also responsible to prepare necessary ISIS documents to carry over all revenue balances in the means of financing to the next state fiscal year, and the procedures are continued on a month to month basis for applying these eligible monies to appropriate expenditures.

Corrective Action Plan:

Beginning December 2002, the OCS Eligibility Services Unit has begun to individually review all receipts of child support collections to ensure that each intended recipient is/was a foster child in DSS custody for whom foster care maintenance expenditures have being incurred and that OCS is indeed entitled to receive the funds for the child's cost of care.

Any Support Enforcement checks which are received for children who are in the custody of the Department of Public Safety and Corrections/Office of Youth Development (OYD) will be returned to the OFS Support Enforcement Services for re-issuance to OYD (rather than direct forwarding from OCS to OYD).

To facilitate the continuity of administration between the DSS Office of Family Support - Support Enforcement Services and the DSS Office of Community Services relating to child support collections, a request is being made to OFS to grant access rights for a member of the OCS Eligibility Services unit to perform inquiries to all data fields and records in the Louisiana Support Enforcement System (LASES).

To alleviate the need for manual posting of carryover balances recorded in the TIPS Client Revenue/Expenditure Report TIN 8011 from one month to the following month, a change in the TIPS programming is planned so that the client revenue balances recorded in TIPS shall be automatically carried forward from month to month.

In order to prevent future residual balances of child support collections accumulated as of the end of the State Fiscal year to revert to the state General Fund, the DSS Office of Community Services plans to submit a Budget Adjustment Request (BA7) to the Joint Legislative Committee on the Budget seeking authorization to carry over to the next state Fiscal Year the total of all revenue balances in child support collections received for foster children formerly or currently in state custody.

As previously described, we have instituted a procedure for reviewing receipts of parental contribution revenue to ensure that all child support collections and arrearages received on behalf of Title IV-E eligible foster children will be credited or reimbursed to the appropriate funding source for expenditures incurred for current and future costs of care. For amounts of child support collections for which reimbursements are due to the Foster Care program, adjustments will be made to the Title IV-E claim for the federal/state share of State provided maintenance payments for those children whose families met the eligibility criteria (AFDC means tests, etc.) under the Title IV-E Foster Care Program (CFDA 93.658).

With regard to foster children whose families were determined not to be eligible under the Title IV-E Foster Care Program, reimbursable costs of foster care are considered to be State General Fund eligible since virtually all of the maintenance costs of these "non IV-E eligible" children are principally met through the use of State General Funds. Accordingly, there is no federal reimbursement due with revenue collected on behalf of the "non IV-E eligible" children and child support collections received by DSS for these children shall be applied to reimburse foster care maintenance costs that had been supported through the use of **State General Funds**. In accordance with this analysis, no reimbursement (\$0.00) is deemed to be due for reimbursement to the

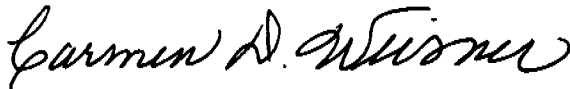
Dr. Daniel G. Kyle, CPA, CFE
Legislative Auditor
Page 4

Child Welfare Services - State Grants Program, Title IV-B (CFDA 93.645) and no reimbursement (\$0.00) due to the Social Services Block Grant (CFDA 93.667).

If you have questions or require further information concerning this matter, please contact Keyth Devillier, OCS Financial Management Director, at (225) 342-4028.

We appreciate the consultation and technical assistance offered by Office of Legislative Auditor staff during the performance of the DSS/OCS audit review.

Sincerely,



Carmen D. Weisner
Assistant Secretary

CDW:KD:kd

cc: Gwen Hamilton, Secretary
Joel B. Hincks, Undersecretary, OM&F
Al Sanford, Deputy Undersecretary, OM&F
Ronald Patty, Fiscal Services Director, OM&F

M. J. "MIKE" FOSTER, Jr.
GOVERNOR

State of Louisiana
Department of Social Services

Gwendolyn P. Hamilton
SECRETARY

OFFICE OF COMMUNITY SERVICES
333 LAUREL STREET
P. O. BOX 3318 - PHONE - 225/342-5334
BATON ROUGE, LOUISIANA 70821

February 12, 2003

Mr. Grover C. Austin, CPA
First Assistant Legislative Auditor
Office of the Legislative Auditor
1600 North Third Street
Post Office Box 94397
Baton Rouge, LA 70804-9397

Dear Mr. Austin:

This is in response to Ernest Summerville's letter of January 27, 2003 to Mr. Ron Patty of the Department of Social Services. This letter relates to the finding in Mr. Summerville's draft audit report regarding Foster Care - Title IV-E Program: Insufficient Controls Over Program Administration in the Office of Community Services (OCS). The following addresses each component of that finding:

Eligibility

Statement of Concurrence or Non-Concurrence: We concur in part (see clarification below) that the two cases cited (of 30 cases reviewed) lacked all necessary elements for satisfying Title IV-E eligibility requirements.

One child was ineligible because no permanency hearing was held by the court, not because no permanency plan was prepared for the child. The agency determines the permanency plans for all children in care and prepares case plans for all but has not been successful in getting the responsible court to hold permanency hearings in all cases. When children are not available for adoption and have a parent's worker, the parent's worker who usually works in the parish of the court of origin schedules these hearings. When the children are made available for adoption, the parent's case is closed. Then it is the adoption staff who works in the region where the child is placed, not the parish of the court of origin, who must schedule these hearings.

It is very difficult for the adoption staff to make arrangements with the courts in all parts of the state and that has contributed to children not having timely permanency hearings.

In case #1, the permanency hearing was not held until September 11, 2001 which resulted in IV-E ineligibility for the period April 1, 2001 through August 31, 2001. Title IV-E eligibility was restored on September 1, 2001.

In case #2, ineligibility was due to the permanency hearing document lacking required wording. The permanency order with the required language was not received until June of 2002, but at this time the client was on runaway status which extended the period of ineligibility. Title IV-E eligibility was restored on July 12, 2002.

Corrective Action: Requests for appropriate fiscal adjustments have been initiated to reimburse Title IV-E for expenditures charged to the Title IV-E federal funding source for these two clients during the periods of ineligibility.

Anticipated Completion Date: The fiscal adjustments should be included in the Title IV-E 1 report for the quarter ending March 31, 2003 and shall be identified as resolving the \$108,862 questioned cost (\$76,593 federal, \$32,269 state) as per the SFY 2001-02 Audit review.

Reporting

Bulleted Item

- #1) **Statement of Concurrence or Non-Concurrence:** OCS concurs with the finding that prior quarter adjustments in the Title IV-E Foster Care and Adoption Assistance Financial Report (ACF-IV-E-1) for the quarter ending June 30, 2002 reflected increases in Title IV-E maintenance payments without always considering ineligible social service cost that may have existed within those expenditures.

Corrective Action: Efforts have been initiated to review all individual IV-E fiscal adjustments represented in the \$961,000 combined increases and to calculate the correct expenditure amounts (exclusive of social services costs) which were eligible to be met through Title IV-E funding. Current and future fiscal adjustments will reflect only Title IV-E eligible expenditures.

Anticipated Completion Date: The corrected prior quarter adjustments for the two cases reviewed in the audit sample shall be included in the Title IV-E 1 report for the quarter ending March 31, 2003 and shall be identified as resolving the \$29,117 known questioned cost as per the SFY 2001-2 Audit review. We anticipate to complete the other necessary corrections in time for inclusion in the IV-E-1 report for the quarter ending June 30, 2003.

Reporting

Bulleted Item

- #2) **Statement of Concurrence or Non-Concurrence:** From the information provided on "prior period adjustments to adjusted social services cost relating to child specific placements affecting fiscal years 1999 through 2002", OCS does not at this time concur that DSS personnel did not take steps to determine if prior deductions were made for the same children.

The programming criteria of the TIPS report which was used to prepare the prior period adjustments was designed to ensure the exclusion of social services costs that may have already been deducted for the same children.

- #3) **Statement of Concurrence or Non-Concurrence:** OCS concurs with the finding that prior quarter adjustments to correct the misclassification of legal expenditures that were recorded as maintenance instead of administration expenditures were miscalculated.

Corrective Action: An adjustment to correct the miscalculation will be included in the next Title IV-E-1 report.

Anticipated Completion Date: It is anticipated that the correction will be recorded in the Title IV-E-1 report for the quarter ending March 31, 2003 and shall be identified as resolving the \$86,671 questioned cost as per the SFY 2001-2 Audit review.

- #4) **Statement of Concurrence or Non-Concurrence:** OCS concurs that there is a problem with the programming specifications/parameters of the *Restrictive Facility IV-E and XX Adjustment Report* (TIM 4093 Report).

Corrective Action: The flaws in the programming parameters of the report are being corrected.

Anticipated Completion Date: It is anticipated that the necessary action to correct the parameters, etc. for the TIM 4093 report will be completed by June 30, 2003.

Reporting

Bulleted Item

- #5) **Statement of Concurrence or Non-Concurrence:** We concur that for the month of May 2002, DSS personnel erroneously deducted Child Welfare Services - State Grants social service cost instead of Foster Care IV-E social service costs. This was a mathematical miscalculation on the part of DSS personnel.

Corrective Action - The error has been realized and an adjustment will be made in the next Title IV-E-1 Foster Care and Adoption Assistance Financial Report.

Anticipated Completion Date: The adjustment correction shall be included in the quarterly ACF-IV-E-1 report for the quarter ending March 31, 2003 and identified as resolving the May 2002 overstatement error of \$138,298 per the SFY 01-2 Audit review.

Allowable Cost

Bulleted Item

- 1) **Statement of Concurrence or Non-Concurrence:** OCS does not concur with the observation that additional documentation is required to assess the reasonableness of the social services percentages provided by facilities for child specific placements.

Office of Community Services, Residential and Foster Care Section is responsible for securing specialized placements for clients who cannot be served by one of the residential providers who have a current residential agreement. When such a placement is located, the facility is requested to advise OCS of the current standard per diem rate. The standard per diem is the per diem charged to a private pay client seeking their services. Furthermore, the facility is asked to breakdown into a percentage the amount of the standard per diem which can be assigned to administrative, program and therapy costs. Requesting a detailed budget was considered but we believe that such a request would be rejected by our providers and jeopardize our ability to continue to place children with them. OCS pays a much lower per diem (in some instances less than 50 % of the standard per diem rate) for the services than are charged to other potential users of the requested bed.

Allowable Cost

Bulleted Item

- 2) **Statement of Concurrence or Non-Concurrence:** OCS concurs that authorization documentation for expenditure transactions during the period of review, July 17, 2001 until January 31, 2002, was deficient in the cited instances but qualifies its concurrence as follows:

OCS has in place and has strengthened its policies and procedures for internal control over accurate draw down of federal funds and payment for services. For example, in following up on exceptions and issues cited in the previous IV-E audit, TIPS payment procedures were reviewed and updated or amended as indicated to address noted areas for improvement. OCS TIPS Procedural Manual Revision No. 02-03 was issued June 21, 2002 (subsequent to the dates of expenditure transactions reviewed in the above audit sample) transmitting revised policy and forms effective August 2002 to incorporate the recommendations of the Legislative Auditor's report. The policy modifications specified that the OCS unit submitting the TIPS 211 for payment will be responsible for comparing the TIPS 211 form copy with the TIPS Validation Report and documenting on the 211 form that the comparison was made and with what results. The approving worker's supervisor will be required to sign to demonstrate supervisory oversight of job performance and accuracy and validity of the payment to be made.

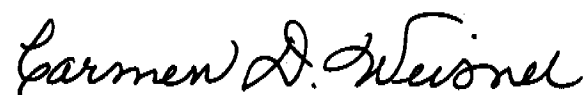
Considering the large number of transactions we authorize and pay every year and the available administrative staffing resources allocated to our agency, it is our considered opinion that the agency and its staff are maintaining a satisfactory level of compliance with federal regulations and program policies in relation to accepted tolerance levels and performance indicators, particularly when taking into account limitations imposed by work demands, time constraints, and factors unique to child welfare program operations. Our agency's application to be granted national accreditation status through the Council on Accreditation (COA), as well as preparations for the federal Children and Family Services Review (CFSR), have placed more emphasis on case record documentation and accordingly our personnel have become even more conscious and committed to appropriate standards for administrative management as well as casework procedures.

Mr. Grover C. Austin, CPA - Response to Audit Report
February 12, 2003
Page 6

Please contact my office should you have questions or require additional information.

We appreciate the consultation and technical assistance offered by Office of Legislative Auditor staff during the performance of the DSS/OCS audit review.

Sincerely,



Carmen D. Weisner
Assistant Secretary

CDW:SW:sw

Attachments

cc: Gwen Hamilton, Secretary

Joel B. Hincks, Undersecretary, OM&F

Al Sanford, Deputy Undersecretary, OM&F

Ronald Patty, Fiscal Services Director, OM&F



**State of Louisiana
Department of Social Services
OFFICE OF MANAGEMENT AND FINANCE
DIVISION OF FISCAL SERVICES
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PHONE - 225/342-4247 - FAX - 225/342-4220**

**M. J. "MIKE" FOSTER, JR.
GOVERNOR**

**GWENDOLYN P. HAMILTON
SECRETARY**

December 4, 2002

Dr. Daniel G. Kyle, CPA, CFE
Legislative Auditor
Office of the Legislative Auditor
P. O. Box 94397
Baton Rouge, LA 70804-9397

Dear Dr. Kyle:

Fraudulent Transactions in TANF

We concur that Department of Social Services (DSS) policies were violated leading to fraudulent charges in the Temporary Assistance to Needy Families (TANF) program and payroll errors.

Listed below is the corrective action implemented as a result of the this finding.

- The Program Director in question has been counseled as to the inappropriateness of the policy violation. The employee has also received training on the ISIS system and now approves all purchases for the cost center. A new password was selected and has not been shared with anyone.
- The Administrative Secretary who made the fraudulent transactions has made full restitution through the DSS Office of Management and Finance.
- The Program Director in question has been trained in responsibilities relating to LaCarte purchases and is performing all required duties including the review and verification of LaCarte purchases for the section.
- The Program Director in question is now ensuring that a detailed comparison is performed between the Time Entry Sign-In sheets and the Time Entry Audit Report to identify errors or lack of supporting documentation.

Dr. Daniel G. Kyle
December 4, 2002
Page 2

- An Administrative Memorandum is being issued to staff to remind everyone of the DSS Computer Security Policy 5-3 which prohibits the sharing of passwords regardless of the circumstances and the requirement for the auditing of time and attendance records. In addition, appropriate staff which utilize the LaCarte Purchase Card or who review and approve the purchases made with the LaCarte Purchase Card will be required to review the DSS LaCarte Purchasing Card Program Procedures manual to ensure compliance with appropriate rules and regulations.

You may contact Cathy Hymon or me at 342-4247 if additional information is needed regarding this finding.

Sincerely,



Ronald F. Patty, Director
Division of Fiscal Services

cc: Gwendolyn Hamilton
Joel Hincks
Al Sanford
Ann Williamson



State of Louisiana
Department of Social Services
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M. J. "MIKE" FOSTER, JR.
GOVERNOR

GWENDOLYN P. HAMILTON
SECRETARY

December 2, 2002

Dr. Daniel G. Kyle, CPA, CFE
Legislative Auditor
Office of the Legislative Auditor
P. O. Box 94397
Baton Rouge, LA 70804-9397

Dear Dr. Kyle:

Noncompliance with Federal Property Regulations

We concur that the Department did not exercise proper internal control over movable property acquired in whole or in part with federal funds. Property control managers have been informed of the importance of indicating the federal financial participation on BF-11s and the importance of noting it in the LPAA system. Procedures are in place at each agency (OFS, OS/OM &F, OCS, and LRS) to ensure that all property acquired in whole or in part with federal funds is identified by documenting the percentage of federal participation in the LPAA system.

You may contact Cathy Hymon or me at 342-4247 if additional information is needed regarding this finding.

Sincerely,


Ronald F. Patty, Director
Division of Fiscal Services

cc: Gwendolyn Hamilton
Joel Hincks
Al Sanford
Ann Williamson
Carmen Weisner
James Wallace



State of Louisiana
Department of Social Services
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DIVISION OF FISCAL SERVICES
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M. J. "MIKE" FOSTER, JR.
GOVERNOR

GWENDOLYN P. HAMILTON
SECRETARY

February 11, 2003

Mr. Grover Austin, CPA
First Assistant Legislative Auditor
1600 North Third Street
Baton Rouge, LA 70821

Dear Mr. Austin:

This is the official response to the request from Mr. Ernest Summerville regarding the Single Audit of Louisiana reportable audit finding of the Department of Social Services.

Finding: **Subrecipient Monitoring – Noncompliance with Federal and State Regulations**

Agency Response: The Department concurs in part with the finding for the following reasons:

- **Failure to insure federal subrecipients and state contractors receive federal information and requirements.**

The Department concurs in part with the finding and has already taken corrective action based on prior years finding wherein the basic contract forms used by the Department were revised to include the required federal program information and requirements. These revisions were made in early 2002 and were to affect all contracts subsequent to that time. The 25 test contracts were all contracts that were executed prior to the Departments implementation of the revised contract forms and therefore would not have reflected the revision.

The various program offices will be responsible for entering the data required by the contract form on all subrecipient contracts. Contracts that were entered into prior to early 2002 will not be amended as it would be impracticable to do so.

- **Failure to designate 85 contracts.**

We concur in part with the finding. The Department enters into various types of contracts for the procurement of goods and services. Certain types of contracts are by their nature, clearly either vendor or subrecipient type contracts. Of the 85 contracts identified, 63 were of a particular type where they were clearly vendor type contracts and therefore did not need to be designated. These 63 contracts were between DSS OFS- Support Enforcement and Parish Clerks of Court for court fees collected by DSS on behalf of the Parish Clerks of Court through the Support Enforcement collection process. This group of contracts are considered to be miscellaneous contracts and do not have to have the approval of the DOA Office of Contractual Review and therefore no designation is necessary.

Of the remaining 22 contracts, 13 are miscellaneous or consultant type contracts and would by their nature be classified as vendor type contracts requiring no designation. The remaining 9 contracts appear to be subrecipient type contracts and a copy of the contract should have been sent to External Audit by the program office for designation.

The Department will remind the various program offices of the importance of forwarding a copy of all contracts (excepting certain types of contracts) to Fiscal Services, External Audit to make the vendor subrecipient determinations and to be entered into the audit report tracking system.

- **Audits Reports not Received.**

We concur in part with the finding. Of the four audit reports not received noted, three have since been received and one are still outstanding.

The Department maintains an Audit Report Tracking Systems whereby Fiscal Services External Audit Unit sends out a reminder letter to all subrecipients the month prior to the end of the subrecipient's fiscal year end requesting a copy of their audit engagement letter. This request is to insure that the subrecipient has made arrangement to have audit performed.

As audit reports are received, they are logged in and reviewed by the External Audit Unit.

Each month, a list of audit reports due is compiled by the External Audit Unit of all audits not received by the due date. Lists are prepared and sent to each program office of subrecipients with delinquent audit reports. Program offices contact the subrecipient to either obtain the required audit

Mr. Grover Austin, CPA
February 11, 2003
Page 3

report or to take appropriate action against the subrecipient for failure to submit audit reports in a timely manner.

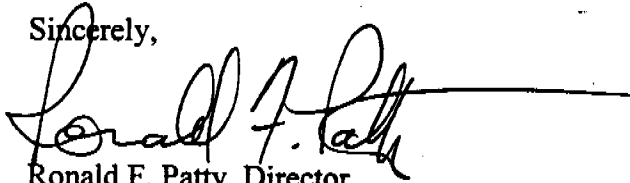
- **Final Evaluation Reports to the Office of Contractual Review.**

The Department concurs that 20 final evaluation reports were not submitted within the 60 day time period. However, 12 of the 20 final evaluation reports have since been filed with the Office of Contractual Review. The responsible program office have been notified of the remaining 8 contracts where the final evaluation reports are still due.

The various Departmental agencies will be notified and reminded of the requirements of Louisiana Revised Statute R.S 39:1500, which requires a state agency to file a final evaluation report on each professional, personal, consulting, or social service contract with the Office of Contractual Review within the 60 day timeframe. Executive management will monitor each agency to insure that procedures are in place to insure the timely submission of these evaluation reports.

If additional information is needed, please feel free to contact me.

Sincerely,



Ronald F. Patty, Director
Division of Fiscal Services

cc: Gwendolyn Hamilton, Secretary
Joel Hincks, Undersecretary
Ann Williamson, Assistant Secretary, OFS
Carmen Weisner, Assistant Secretary, OCS
James Wallace, Director, LRS
Al Sanford, Deputy Undersecretary



State of Louisiana
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M. J. "MIKE" FOSTER, JR.
GOVERNOR

GWENDOLYN P. HAMILTON
SECRETARY

February 13, 2003

Mr. Grover Austin, CPA
First Assistant Legislative Auditor
1600 North Third Street
Baton Rouge, LA 70821

Dear Mr. Austin:

Finding: Temporary Assistance for Needy Families Program: Inaccurate Reporting

We concur that the Department of Social Services did not have adequate control procedures to ensure federal reports for the Temporary Assistance for Needy Families Program (TANF) are accurate, complete, and in compliance with program regulations.

Correcting adjustments will be made on the March 2003 quarter ACF-196 financial reports for each grant year, i.e. 2002, 2001, and 2000 federal grant awards. Corrections to the federal cash transactions report, PMS-272, will be made on the February 15, 2003 submission of the report. Further, we concur with the finding as stated in your report regarding the Annual Report of State Maintenance-of-Effort (MOE) Program (ACF-204).

Agency program staff will work closely with the budget section, along with the fiscal section to ensure that the agency is in compliance with federal and state regulations.

If additional information is needed, please feel free to contact me.

Sincerely,


Ronald F. Patty, Director
Division of Fiscal Services

cc: Gwendolyn Hamilton
Joel Hincks
Al Sanford
Ann Williamson

B-152



State of Louisiana
Department of Social Services
OFFICE OF FAMILY SUPPORT
OFFICE OF THE ASSISTANT SECRETARY
755 Third Street, 3rd Floor
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Phone: (225) 342-3950 FAX: (225) 219-9399

M. J. "MIKE" FOSTER, JR.
GOVERNOR

GWENDOLYN P. HAMILTON
SECRETARY

MEMORANDUM

February 12, 2003

TO: Grover C. Austin, First Assistant Legislative Auditor
Office of Legislative Auditor

FROM: Ann S. Williamson, Assistant Secretary *asw*
Office of Family Support

RE: Legislative Audit - 2002

Please refer to your correspondence date January 31, 2002. Below is our response to the audit findings from the Office of the Legislative Auditor:

Finding Title: Temporary Assistance for Needy Families Program: Noncompliance with Certain Federal and State Requirements

FIND Work/TANF Initiatives

OFS concurs in part with the finding that the agency did not have monitoring procedures established to ensure that TANF Initiative partners administered the federal funds in compliance with federal requirements and/or the requirements of the Memorandums of Understanding between DSS and the TANF Initiative partners. Although other state departments receive direct appropriation for TANF funds, the Department of Social Services, DSS, is ultimately accountable for TANF spending as OFS is the Federally designated TANF agency. All Memorandums of Understanding between DSS and other state departments or entities have specific language regarding the partner's responsibility for directly monitoring their programs. Also, each partner will be held accountable for any misappropriation and contractual obligations. The TANF Office of Evaluation and Oversight, in the Division of Administration, also monitors all state departments and entities that receive TANF funds.

The agency does not concur with the finding listed for DBA Bestway Medical Transportation, contract #556360. This contractor transports an average of 5 clients every day, 2 times a day, 20 days per month, or 200 one-way trips per month. The contractor picks up clients if ill, transports children to child care, and transports clients to and from work, training, school or OFS. The contractor drives 33 miles between Newellton, Waterproof and St. Joseph. At 200 trips per

month for \$2,091, contract cost is \$10.45 per trip. This is less than the state rate of \$.32 per mile x 33 miles for \$10.56. The contractor also incurs cost for the driver(s), vehicle and insurance. The Agency feels the standard for reasonable and necessary is being met.

The agency does not concur with the finding listed for Caldwell Parish Council on Aging, contract #568850. The contract specifies destination point rather than odometer readings. The agency disputes the questioned cost of \$26,180 and cancellation. The contract calls for paying \$1,540 per month for up to 15 participants. Caldwell is a very rural parish with no transportation. Travel is required for an average of seven clients, who ride daily to/from the site 20 days per month for a total of 280 one-way trips. In addition, 1-2 children are taken to and picked up from childcare. At \$1,540/month, 280 trips cost \$5.50 each, which the agency considers to meet the reasonable and necessary standard.

The agency concurs with the finding listed for Office of Community Services, contract #578283. Appropriate corrective action measures will be taken to recoup the amount of overcharge. Staff is being instructed to more closely monitor invoices prior to approving payment.

FITAP

OFS concurs with these findings, and has ongoing corrective action and four workgroups to address repeated deficiencies cited in prior audits. The Policy Simplification/Work Streamlining workgroup was established to focus on evaluating policy and procedures in terms of necessary changes. Due to their work, the time limit policy was revised effective 02/01/03. The exemption based on actively seeking employment was changed from 20 job contacts each month to work registration through the Department of Labor and satisfactory participation in an approved FIND Work activity. This policy change should result in improved administration by staff. In addition, and more importantly, this change will be a more effective means of assisting our clients to achieve self-sufficiency by enhancing their employability through FIND Work participation and connection with the Dept of Labor.

The agency will issue a formal Corrective Action Memorandum to staff providing a synopsis of the findings of the TANF Legislative Audit for FY 2002. The document will address correct policies and procedures. OFS Regional Administrators will continue to be charged with intensive monitoring of the Corrective Action.

The Department is evaluating the current policies and legislation regarding school attendance and immunizations to determine more efficient, effective ways of managing this service. As these policies are currently outlined, there is a duplication of effort with the Department of Education.

We are revising our case management policies and procedures and are looking at the specialization of job duties with the assistance of management consultants. We believe that by streamlining policy and specialization of work, staff will be able to have more time to perform their job duties more effectively and accurately.

OFS does not concur with the finding regarding TANF Maintenance of Effort (MOE) requirements as it applies to the agreements entered into with DSS, Office of Community Services and the Department of Education. Louisiana exercises the option of having state entities other than the Federally designated TANF agency, in this case OFS, receive direct appropriation for TANF MOE certification. To ensure that the TANF MOE partner agencies comply with Federal guidelines, OFS enters into a Memorandum of Understanding (MOU) with each partner. The MOU also serves as the vehicle for obligating TANF funds and outlining the scope of TANF services provided. In every MOU there is specific language that speaks to the responsibility of the MOU recipient agency to monitor their TANF activities for compliance. Furthermore, as State Agencies, they too are fully subject to the reviews of the Legislative Auditor's Office.

If further information is needed, please advise.

ASW/DDS

Cc: Gwendolyn Hamilton
Joel Hincks
Al Sanford
Ronald Patty
Mary Joseph



M.J. "MIKE" FOSTER, Jr.
GOVERNOR

State of Louisiana
Department of Social Services

GWENDOLYN P. HAMILTON
SECRETARY

LOUISIANA REHABILITATION SERVICES
8225 Florida Blvd.
Baton Rouge, LA 70806-4834
Phone: 225-925-4131 (V/TDD)
Fax: 225-925-4184

January 30, 2003

Mr. Grover Austin, CPA
First Assistant Legislative Auditor
1600 North Third Street
Baton Rouge, Louisiana

Dear Mr. Austin:

This is the official response to the request from Mr. Ernest Summerville regarding the Single Audit of Louisiana reportable audit findings of the Department of Social Services, Louisiana Rehabilitation Services.

Vocational Rehabilitation: Noncompliance with Federal Requirements

► Period of Availability – Program Income

Agency Response: The agency concurs with this finding.

Name of the contact person responsible for corrective action: Becky Blankinship

Corrective action planned: The written procedures for documenting and tracking Program Income will be revised to include both State and Federal Years, and to ensure that reports are accurately prepared and properly reviewed prior to submission. Because there are discrepancies in the beginning balance and the adjustments made to program income during the three fiscal years cited in the audit, the agency is in the process of verifying the figures provided by the Legislative Auditor in an effort to provide accurate documentation of compliance with the period of availability requirements related to program income.

Anticipated completion date: February 28, 2003

Mr. Grover Austin, CPA
January 30, 2003

Page 2

► **Federal Financial Reporting**

Agency Response: The agency concurs with these findings.

Name of the contact person responsible for corrective action: Becky Blankinship

Corrective action planned: The written procedures for calculating unliquidated obligations will be revised to include only obligations that have been identified in ISIS or the BRIS subsystem and to ensure that reports are accurately prepared and properly reviewed prior to submission.

Anticipated completion date: February 28, 2003

If you have any questions or need further information please call.

Sincerely,



James Wallace
Director

JW:ssb

c: Ronald Patty
Gwendolyn P. Hamilton
Joel Hincks
Al Sanford



Office of the Chancellor
P. O. Box 9374
[225] 771-5020
FAX [225] 771-2018

January 13, 2003

Dr. Daniel G. Kyle, CPA, CPE
Legislative Auditor
STATE OF LOUISIANA
Post Office Box 94397
Baton Rouge, LA. 70804-9397

Dear Dr. Kyle:

Enclosed is the Corrective Actions for Southern University at Baton Rouge in response to the *Federal Award Findings and Questioned Costs* cited by our independent auditors, Bruno and Tervalon, CPA, LLC., for fiscal year ending June 30, 2002.

Please let me know if additional information is needed.

Sincerely,

Edward R. Jackson
Chancellor

/bm

Enclosure

**Southern University at Baton Rouge
Corrective Action Plan
Single Audit Report
For the Year Ended June 30, 2002**

Finding 2002-01

Federal Work-Study

Independent auditors noted that seven (7) students received earnings that exceeded the documented award amount, which resulted in over awards of three (3) students' calculated need.

Proposed Corrective Action

The University does not concur with the amount of questioned costs cited by the auditor. In reference to all other recommendations, we have strengthened existing procedures to ensure that earnings do not exceed the documented award amount and that a student's calculated need does not result in an over award. Federal work-study earnings and award limits will be compared on a monthly basis to prevent students from exceeding their award limits. The University is also implementing the electronic controls in the Human Resource System in January 2003. These electronic controls are designed to monitor accumulated earnings against the annual award amount to provide reasonable assurance that earnings do not exceed the award amount. These procedures will be monitored by our Internal Auditor to ensure compliance.

Proposed Completion Date

June 30, 2003 and on-going.

Person(s) Responsible

Phillip Rodgers, Director of Financial Aid
Celeste Wilkinson, Director of Accounting Services
Mark Trepagnier, Internal Auditor

**Southern University at Baton Rouge
Corrective Action Plan
Single Audit Report
For the Year Ended June 30, 2002**

Finding 2002-02

Return of Title IV Funds

Independent auditors noted the following:

- Ten (10) students out of fifteen (15) tested whose return of Title IV funds calculations resulted in amounts that were not returned within thirty (30) days of the student's withdrawal date.
- Ten (10) students out of fifteen (15) tested whose return of Title IV funds calculations were done incorrectly, which resulted in an over payment of \$286.
- One student out of fifteen (15) tested who had a grant over payment due and the student was not properly notified of the over payment within 30 days.

Proposed Corrective Action

As noted by the auditors, the University has made the appropriate adjustments to properly correct the return of Title IV funds calculations. Responsible employees will keep abreast of changes in federal regulations that relate to the calculation of withdrawal refunds and timely notification of over payments to students to ensure compliance. Processing times have been established for each department responsible for the calculation process. All corrective actions will be monitored by our Internal Auditor to ensure compliance.

Proposed Completion Date

June 30, 2003 and on-going.

Person(s) Responsible

Phillip Rodgers, Director of Financial Aid
Demetria George, Bursar
Marvin Allen, Registrar
Mark Trepagnier, Internal Auditor



SOUTHERN UNIVERSITY AT NEW ORLEANS

6400 Press Drive
New Orleans, LA 70126
(504) 286-6311
FAX (504) 284-5500

OFFICE OF THE CHANCELLOR

January 10, 2003

Dr. Daniel G. Kyle, CPA, CFE
Office of the Legislative Auditor
State of Louisiana
1600 North Third Street
P.O. Box 94397
Baton Rouge, Louisiana 70804-9397

Dear Dr. Kyle:

We are transmitting to your office responses to the 2002 audit findings cited for Southern University at New Orleans as follows:

2002-03 Refund of Title IV Funds
2002-04 Satisfactory Academic Progress
2002-05 Federal Financial Reports

If you have any questions, please contact Gloria Thompson, Vice Chancellor for Administration and Finance at (504) 286-5117.

Sincerely,

Press L. Robinson
Chancellor

Attachments

PLR/jd

**SOUTHERN UNIVERSITY SYSTEM
NEW ORLEANS CAMPUS
CORRECTIVE ACTION PLAN
June 30, 2002**

CONDITION AND PERSPECTIVE

2002-05 Federal Financial Reports

The Independent Auditors noted the following conditions:

- Certain grant expenditures reflect in federal financial reports submitted during the year ended June 30, 2002 did not agree in total to the University's records.
- Additionally, the auditors noted that amounts per the detailed report of 2001 PELL disbursements to students of \$7,082,138 differed from the federal financial report amount of \$6,787,471 which resulted in a difference of \$295,667. Management is in the process of reconciling the difference.

UNIVERSITY'S RESPONSE

The University will continue reviewing its records to reconcile the differences noted. Current procedures will be reviewed to ensure that reconciliations of accounting records and financial information submitted to the federal government are timely and accurate and that there is adequate monitoring of these processes.

PERSONS RESPONSIBLE:

Dr. Gerald Williams
Mrs. Shawn Guelly
Mrs. Laurie Landry

COMPLETION DATE:

June 30, 2003

FEDERAL AGENCY CONTACTED:

No

**SOUTHERN UNIVERSITY SYSTEM
NEW ORLEANS CAMPUS
CORRECTIVE ACTION PLAN
June 30, 2002**

CONDITION AND PERSPECTIVE

2002-03 Refund of Title IV Funds

The Independent Auditors noted the following conditions:

- Three (3) students withdrew before the 60% point in enrollment and the University did not perform a Return of Title IV Funds calculation within thirty (30) days of the student's withdrawal date. This resulted in an amount due by the University and the student of \$1,594 and \$577, respectively, of which \$1,515 related to the Pell grant program and \$636 related to the Federal Family Education Loan program.
- Five (5) students out of twelve (12) students tested had a Return of Title IV Funds calculation done, but funds were not returned by the University. This resulted in an amount due by the University of \$3,917, of which \$1,185 related to the Pell grant program and \$2,732 related to the FFEL program; and
- Three (3) students out of twelve (12) students tested who had a grant over payment due and the University did not properly notify the student of the over payment within 30 days and as a result those students are ineligible to receive Title IV funds until documented repayment arrangements are made.

The Independent Auditors noted that all funds had been repaid before the issuance of the audit report.

UNIVERSITY'S RESPONSE

During the Fall 2001 Semester, Southern University at New Orleans revised, published and implemented its refund policy to include standards as prescribed by Title IV regulations.

The University has installed and implemented the USDOE software for calculating returns of Title IV funds and has revised its refund accounting procedures. Also included are measures to ensure proper and timely notification of students as required by Title IV guidelines.

**SOUTHERN UNIVERSITY SYSTEM
NEW ORLEANS CAMPUS
CORRECTIVE ACTION PLAN
June 30, 2001**

The University believes that its policies and procedures in place are adequate to ensure the accurate and timely return of Title IV funds. We have made the necessary changes in personnel responsible for this function to ensure that these policies and procedures are followed.

We have also requested that the Internal Auditor make periodic reviews of the Return of Title IV.

PERSONS RESPONSIBLE:

Dr. Gerald Williams
Mrs. Shannon Williams

COMPLETION DATE:

January 6, 2003

FEDERAL AGENCY CONTACTED:

No

**SOUTHERN UNIVERSITY SYSTEM
NEW ORLEANS CAMPUS
CORRECTIVE ACTION PLAN
June 30, 2002**

CONDITION AND PERSPECTIVE

2002-04 Satisfactory Academic Progress

The Independent Auditors noted that three (3) students out of sixty (60) tested were awarded and received financial aid, although the students did not meet the University's standards for achieving satisfactory academic progress.

UNIVERSITY'S RESPONSE

Southern University at New Orleans revised, published, and implemented its satisfactory academic progress policy, effective Fall 2001, to include standards as prescribed by the Title IV regulations.

The University will adhere to its established policies and procedures and monitor the academic standing of all students prior to awarding student financial aid.

The Office of the Registrar and Office of Student Financial Aid have been instructed to ensure that the academic standing of all students meet established standards prior to awarding student financial aid.

PERSONS RESPONSIBLE:

Dr. Henry Hardy
Ms. Gladys Allen
Mrs. Timotea Bailey
Ms. Gilda Davis
Mr. Robert Thomas

Dr. Janice Winder
Ms. Ursula J. Shorty
Ms. Lenora Thomas
Ms. Kathy G. Woods

COMPLETION DATE:

June 30, 2003

FEDERAL AGENCY CONTACTED:

No

Southern University-Shreveport

Responses to Single Audit for the Year Ended June 30, 2002

2002-07 Return of Title IV Funds

Conditions and Perspective

We noted during our audit the following conditions regarding Return of Title IV Funds:

- Seventeen (17) students out of nineteen (19) students tested whose return of Title IV funds were not done within 30 days of the student's withdrawal date;
- Six (6) students out of nineteen (19) students tested who had a Pell Title IV refund (i.e. grant overpayment) and the University did not notify the student of his requirement of repayment of the grant overpayment within 30 days of the student's withdrawal date. As a result, those students are ineligible to receive Title IV funds until documented repayment arrangements are made; and
- One (1) student out of nineteen (19) students tested whose Return of Title IV funds calculation was incorrect resulting in an overpayment by the University of \$177 and a payment due from the student of \$384.

Response:

The University has begun implementation of a new computerized Student Information System that will allow fiscal personnel to access student withdrawal information on-line to meet established timelines for Title IV refunds and notifications to students who had a Pell Title IV refund.

Additionally, student withdrawal information will be transmitted on a weekly basis from the Registrar's office to the Business office until the new system is operational.

Title IV refund calculations will be reviewed by supervisory personnel in the fiscal office to ensure accuracy.

Southern University-Shreveport

Responses to Single Audit for the Year Ended June 30, 2002

2002-08 Satisfactory Academic Progress

Condition and Perspective

We noted during our audit that four (4) students out of fifty (50) tested were awarded and received financial aid, although the students did not meet the University's standards for achieving satisfactory academic progress. Also, we noted that the University's Satisfactory Academic Policy (the Policy) did not meet the minimum requirements established by the federal government. Specifically, the policy excludes a provision regarding the related hours attempted by students that subsequently represent class withdrawals. However, we did note that a new policy has been developed and is being utilized for the fiscal year ending 2003.

Response:

The University has revised its Satisfactory Academic Progress (SAP) policy to include a provision regarding the related hours attempted by students that subsequently represent class withdrawals as indicated by our Auditors.

This policy revision will ensure compliance with federal regulations relative to the University's SAP policy and strengthen established policies and procedures designed to monitor the academic standing of all students prior to awarding student financial aid.

Southern University-Shreveport
Responses to Single Audit for the Year Ended June 30, 2002

2002-06 Verification

Condition and Perspective

We noted during our audit that the University failed to obtain verification documentation for two (2) students out of six (6) students tested who were selected for verification.

Response:

The University has reviewed its internal procedures regarding obtaining documentation for students selected for verification.

Additionally, the new Financial Aid Director has conducted intensive training workshops with counselors to ensure adherence to established procedures regarding verification.



State of Louisiana
DIVISION OF ADMINISTRATION
OFFICE OF THE COMMISSIONER

M. J. "MIKE" FOSTER, JR.
GOVERNOR

December 30, 2002

MARK C. DRENNEN
COMMISSIONER OF ADMINISTRATION

Dr. Daniel G. Kyle, CPA, CFE
Legislative Auditor
P. O. Box 94397
Baton Rouge, Louisiana 70804-9397

Dear Dr. Kyle:

Re: Tobacco Settlement Financing Corporation Audit Findings

In response to your November 20, 2002, regarding reportable audit findings for the Tobacco Settlement Financing Corporation we would offer the following responses.

FINDING # 2: Articles of Incorporation Not Filed

Response: We do not concur with the finding. Counsel for the Corporation, inclusive of the Attorney General's Office, has indicated that a filing of Articles of Incorporation would be a redundancy of effort and expense providing no additional shield of protection beyond that already provided through statute, and such articles could not provide any protection not already provided by the enabling statutes. In addition it should be noted that the issue of state liability was settled by the process of the bond validation suit (The Board of Directors of the Tobacco Settlement Financing Corporation versus ALL TAXPAYERS, PROPERTY OWNERS,

CITIZENS OF THE STATE OF LOUISIANA, AND NON-RESIDENTS OWNING PROPERTY OR SUBJECT TO TAXATION THEREIN, AND ALL OTHER PERSONS INTERSTED IN OR AFFECTED IN ANY WAY BY THE ISSUANCE OF TOBACCO SETTLEMENT ASSET-BACKED BONDS OF THE TOBACCO SETTLEMENT FINANCING CORPORATION Docket Number 487871, Division H 19th Judicial District Court, Parish of East Baton Rouge) which was heard and confirmed by the courts on October 9, 2001. Such judgment specifically found the covenants of the Corporation in the Indenture were valid and enforceable and the Indenture, Purchase Agreement or other means provides for the payment of the bonds and the validity of all pledges of revenues and of all covenant provisions that constitute a part of the contract between the Corporation and the owners of the Bonds are valid. In all, it could not have been clearer that the state was not liable in any respect for the payment of the Bonds

FINDING # 3: Funds Not Invested Properly

Response: We concur in part with the finding. In the specific case cited we agree that funds were invested by the trustee in an instrument not allowed by law and have notified the appropriate investment agent of the restriction. The investment agent was aware of the restriction but through an oversight error failed to recognize the mutual fund being invested in held commercial paper. We do not concur with that portion of the finding that would indicate totally inadequate monitoring of investments. The investment and fiscal staff of the Treasurer's Office do provide a monthly review of the investment activities of the various investment accounts, which in our opinion is sufficient to assure that funds are invested properly and timely in the vast majority of cases. However, to provide the assurance levels the Legislative Auditor is seeking the Corporation will evaluate obtaining additional oversight of investment activities through a contractual arrangement with either the State Treasurer's Office or through a qualified outside third party.

FINDING # 4: Internal Control Weaknesses Over Operations:

This finding is composed of a number of sub-findings, which are taken as a whole to make the assertion of internal control weaknesses. Given that a number of the sub-findings are in error, each is addressed specifically prior to providing a general response to the overall finding.

Specific Finding #4-1: The Board failed to initiate a cooperative endeavor agreement between the Corporation and the State Treasury in accordance with LRS 39:99.8(A) to serve as staff to the corporation and provide investment and oversight services.

Dr. Daniel G. Kyle, Ph.D., CPA, CFE
December 30, 2002
Page 3

Response: We concur with the technical finding and will immediately prepare a cooperative endeavor to provide satisfy the provisions of LRS 39:99.8(A). We do not concur with the implication that the Treasurer's Office did not provide investment and oversight management and transaction monitoring.

Specific Finding #4-2: The Board did not hire staff; establish and accounting system, or adequately monitor transactions of the trustee.

Response: We do not concur with the finding as written. We have previously agreed that no formal contractual arrangement existed between the board and the Treasury; however, it is fact that the staff of the Treasurer's Office did in fact review and monitor corporate transaction activity, and utilized existing software maintained financial information in a manner sufficient to provide adequate internal controls and form the basis for financial reports. As noted above in the response to the finding "Funds Not Invested Properly" the Corporation will initiate the feasibility of a contractual relationship with Treasury, or outside parties, to perform additional oversight on investment transaction activity. The Corporation will also consider and evaluate the utilization of additional accounting software for Corporation activity.

Specific Finding # 4-3: The Corporation did not make payment for the full bond principal allowed by the Turbo Redemption method due to an error in the cash flow projection prepared by the trustee.

Response: We concur that due to trustee error the May 15, 2002, Turbo Redemption did not fully utilize the requirements of Article V Section 5.02(A)(2), however, this was corrected by the trustee on the November 15, 2002, Turbo Redemption and therefore the assumptions made by the auditor regarding estimate increased interest costs are in error. The trustee has provided the Corporation written assurance that it has implemented procedures in the cash flow projection procedures that will eliminate the possibility of this error occurring again in the future.

Specific Finding # 4-4: The Corporation incurred additional expense because the engaged CPA had to utilize items other than books of original entry to prepare corporation financials.

Response: We do not concur that the engaged CPA's fees or effort were necessarily increased due to a lack of books of original entry. The Corporation maintained adequate records, inclusive of spreadsheets, that provided the engaged CPA sufficient information to prepare the contracted for financials.

Dr. Daniel G. Kyle, Ph.D., CPA, CFE
December 30, 2002
Page 4

Specific Finding # 4-5. The trustee transferred \$100,000 from the trustee's Collections Account, which should have gone to the corporation Operating Account to the State Treasury's Central Depository Account.

Response: We concur with the finding and note the error was corrected on August 1, 2002.

Specific Finding # 4-6. The Costs of Issuance Account had an \$83,266 balance at June 30, 2002 which could have been returned to Treasury. The delay in transfer to Treasury resulted in lost interest to the Louisiana Fund and Millennium Trust Funds.

Response: We also concur that the Board failed to close out the Cost of Issuance Account containing \$83,266 at June 30, 2002. That account has been closed and the proceeds transferred to the appropriate funds. We do not concur that this resulted in a loss of interest earnings.

Specific Findings #'s 7 & 8: The Corporation's trustee allowed investments that provided no investment return.

Response: We do not concur with the finding and would note that the auditor's finding is in error and represents a misunderstanding of the accounts in question. With respect to the investment of the Bond Reserve account the auditor failed to take into account the Liquidity Reserve Account Forward Delivery Agreement and the Reserve Fund Agreement, which provide for the delivery of securities to the Trustee, which produces an annual return on the Reserve Account of 4.63% and 4.36%, respectively, for the Corporation. These rates of return were agreed to after a competitive bidding process and represent the best market rate at the time of the bidding. The Corporation has no legal ability to do as suggested in the finding (invest in a mutual fund) and any attempt on the part of the Corporation to do so would be a default under such agreements. The Corporation is receiving the rate of return it negotiated for under the bidding process even if at some points in the year there are monies invested in securities with a zero investment return. This is because the rate of return on the securities held by the Trustee is blended. It does not mean there is no return. The Trustee has statements showing that the Corporation received its guaranteed annual rate of return.

Response to General Finding # 4

We do not concur with the finding. The responses to the sub-findings which were summarized to create the general finding reflect that a) records and controls were in existence and that when errors were made they were corrected timely and b) that the auditor failed to understanding the underlying agreements and investments principles associated with the agreements. It is management's intention to further address the comments with respect to

Dr. Daniel G. Kyle, Ph.D., CPA, CFE
December 30, 2002
Page 5

establishing adequate internal controls and an accounting system to monitor and timely report on the financial transaction and operations of the Corporation by submitting a plan to engage a qualified professional, or professionals. To conduct these activities for approval, and immediate implementation thereafter, to its Board of Directors at its next meeting which is anticipated to be called in January 2003.

In closing, the Corporation appreciates the courtesies extended to it by the audit staff and the opportunity to review and respond to the proposed findings and is committed to taking corrective actions to assure that no future findings will occur.

Sincerely,



Mark C. Drennen
Chairman

MCD/wjk

Attachments

Attachments can be provided upon request.



Office of the President

University of Louisiana at Lafayette

September 19, 2002

P. O. Drawer 41008
Lafayette, LA 70504-1008
(337) 482-6203
Fax: (337) 482-5914
e-mail: president@louisiana.edu

Université des Acadiens

Dr. Daniel G. Kyle, CPA, CFE
Legislative Auditor
State of Louisiana
Post Office Box 94397
Baton Rouge, LA 70804-9397

Dear Dr. Kyle:

This letter is in response to the Single Audit of Louisiana concerning an inaccurate submission of the Talent Search program (CFDA 84.044) federal performance report.

The reference sections in the performance report are Section II, subsection A, lines 1 and 2, and Section IV, subsection A, lines 1 and 2.

We concur in whole with the findings of the auditor. Errors resulted from manual miscounting. Summary information of students contained no errors.

The person responsible for the corrective action is Robert L. Carmouche, Project Director for Talent Search and Director of the Department of Special Services at the University of Louisiana at Lafayette.

The following corrective action will be taken to insure that those errors do not happen again.

1. All information gathered by the UL Lafayette Talent Search staff for complete compilation of the performance report to the U. S. Department of Education will be submitted to the project director on a standardized form. Data entry will be on a database (e.g. Access) developed by the UL Lafayette Trio staff to reduce the potential for human error. Research will be conducted to find and/or incorporate software designed specifically for Talent Search Performance Reporting that is approved by the U. S. Department of Education.
 - Once the software or automated system is set up, data from the current report will be used to test the integrity of the system.
 - A committee of Trio personnel from a non Talent Search area will be assigned to check to see if the database agrees with the information submitted by the individual counselors/coordinator.

Dr. Daniel G. Kyle
Page 2
September 19, 2002

2. Each section will be compiled on a data sheet similar to the one used by the official auditor from the State of Louisiana to add to the accuracy of reporting. We will be adapting the auditor's data form for reviewing student information.
3. The Talent Search Coordinator, Talent Search Staff, and Director will have a joint meeting to review all reports for accuracy before being submitted to the U. S. Department of Education.
4. Changes where applicable (automated data entries, independent review teams) will be applied throughout the Trio Programs to minimize human error.

The above corrective action will be effective immediately.

An addendum to the performance report to correct Section II, subsection A, lines 1 and 2, and Section IV, subsection A, lines 1 and 2 will be submitted to the U. S. Department of Education by October 1, 2002.

Sincerely,



Ray Authement
President

jl

C: Dr. Steve Landry
Dr. Duane Blumberg
Mr. Allan J. Duplantis
Dean Phebe Hayes
Mr. Robert Carmouche



Office of the President

700 University Avenue
Monroe, LA 71209-3000
ph. (318) 342-1010
fax: (318) 342-1019

September 9, 2002

Dr. Daniel G. Kyle, CPA, CFE
Legislative Auditor
1600 Riverside Drive
P O Box 94397
Baton Rouge, Louisiana 70804-9397

Dear Dr. Kyle:

Re: Grant Accounting Control Procedures Not Effective

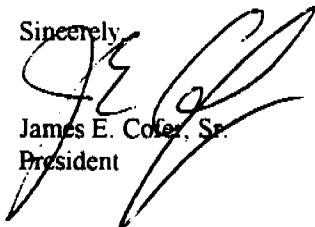
We concur that control procedures over grant receipts, disbursements, and cash balances needs improvement.

The grant accounting internal control procedures to correct this internal control weakness with a projected completion date are as follows:

1. An analysis of the present accounts with debit balances and a determination of the final disposition of these funds has already begun. This analysis will be completed by November 15, 2002.
2. In October, we will review, evaluate, and strengthen the current internal controls used in Grants Accounting. Special emphasis will be placed on the following areas identified as needing improvement during the FY 2002 audit:
 - A. Timeliness of billing and collection procedures.
 - B. Appropriate review and authorization of supporting documentation for all disbursement of grant funds.
 - C. Periodic analysis of each grant to ensure all transactions are posted appropriately and the resulting account balance is accurate.
 - D. Post-completion grant review process to identify and properly dispose of any remaining account balance.
3. An additional accounting staff member will be hired in September or October to assist with the work load of the office.
4. A close working relationship with the Office of Graduate Studies and Research will be developed.
5. A high level administrative officer will be assigned to the Office to assist the Director on reorganization matters for a minimum of three months.

Robert Earl Turner, Vice President for Business Affairs, will be your contact person.

Sincerely,



James E. Cofer, Sr.
President

JEC:gp

State of Louisiana



James H. Jenkins, Jr.
Secretary

Department of Wildlife & Fisheries
Post Office Box 98000
Baton Rouge, LA 70898-9000
(504)765-2800

M.J. "Mike" Foster, Jr.
Governor

April 19th, 2002

Dr. Daniel G. Kyle, CPA, CFE
Legislative Auditor
P. O. Box 94397
Baton Rouge, LA 70804-9397

Ref: Response to Reportable Audit Finding

Dear Dr. Kyle:

The following is our response to the audit finding entitled "Federal Funds Expended on Defective Fish Hatchery":

The Department concurs that, beginning in the inaugural year of the Booker Fowler hatchery in 1997, we have not been able to operate the facility at the intended capacity. **It is important to note that the federal funds received were in fact spent for the stipulated purpose, namely the construction of a warm water fish hatchery. That certain deficiencies exist which prevent it from being operated at its intended capacity is the result of third party fault and is not attributable to this Department. Beyond specifying the number of ponds, and intended capacity, we had no role in the design, construction or inspection of the facility.** Many of the problems did not manifest themselves immediately, and we worked with the Office of Facility Planning and Control, the designer and the contractor for some time after start-up, attempting to remedy the defects. Further, our employees have made extraordinary efforts to unilaterally address many of these defects in an effort to maximize capacity to the greatest extent possible. It was only after repeated efforts to address these problems failed to bring the facility up to its desired capacity that it became obvious that litigation was the only remaining avenue available to the State to make the hatchery what it should be.

New hatcheries often require a period of development before full output can be realized. The staff at the Booker Fowler hatchery had to master new techniques, as this was our first attempt at spawning and raising fish in tanks and raceways rather than ponds. The construction of the hatchery increased the Department's hatchery facilities from 55 to 117 acres, so an early task was to produce a sufficient number of largemouth bass brood-fish

to support a much larger program. The hatchery reached full capacity of brood-fish in 2001.

Problems arose during the first year of operation of the Booker Fowler hatchery. However, the consensus at the time was that the contractors would correct the deficiencies. That year, we tried to use all rearing ponds necessary for the fry produced. As new problems were encountered, the appropriate parties were notified and attempts were made to find solutions. In some instances, the problems were fixed, such as repairs to diesel generators, canal gates, electrical problems and liner seams. In other cases, problems were addressed, but not fixed. These included water and air trapped beneath the liners, liners pulling away from the concrete kettles and erosion by kettle stairs and around the settling ponds. Attempts by contractors to correct these problems included adding additional liner material to some of the ponds, reattaching the liners to kettles using a different method, backfilling under the stairs and burying liner material between the stairs and kettle, and reshaping the banks of the settling pond and reseeding. On occasion our employees conducted testing and made repairs themselves. Over time new problems arose, and the number of ponds that could not be used increased (in the spring of 2002, 16 of 55 rearing ponds could be used one time, and 6 could be used multiple times). Eventually it became apparent that the problems with the liners and water under the liners were not understood. A consultant was hired to determine the causes and recommend repairs. Unfortunately, the consultant's final report did not answer all of our questions and did not offer repair solutions for every problem.

Despite the problems with the rearing ponds, the Department has continually produced fingerlings at the Booker Fowler hatchery. In the first year, 666,000 fingerlings were raised, with production peaking at 4,000,000 fingerlings in 2000. To date, we have produced over 13,000,000 fingerlings at the hatchery. We are able to produce fry at capacity, and out-sourcing to grow-out ponds was responsible for the production of 1,000,000 additional fingerlings in 2001.


Other planned components of the Booker Fowler hatchery have been very successful. One is the visitor's center. Thousands of persons have traveled to the hatchery, many of them children on organized school field trips. Visitors often get to observe the spawning of fish, hatching of eggs and feeding of fry. Also, the hatchery was planned to serve as the headquarters base of the Department's entire hatchery program, and the offices and laboratory space built for that purpose are functioning as intended.

The Dire Emergency Funds used for this project were appropriated by the Congress of the United States and administered by the U.S. Fish and Wildlife Service. The Department has informed the Service of problems at the hatchery. When the current Federal Aid coordinator accepted his position in June 1999, the Service was aware of the problems that had arisen up to that time. The Service has an interest in having the hatchery operate at its potential, both from a resource management standpoint and from a standpoint of effectively managing Federal funds. The Service has requested that it be kept informed as to the progress of the litigation. We are complying.

For many years, the Department has been open and forthcoming about our disappointment with the quality of the Booker Fowler hatchery facility. We have discussed this with the news media, at a meeting of the Wildlife & Fisheries Commission, at meetings of fishing clubs and even at public meetings around the state.

The State of Louisiana, through the Department of Wildlife and Fisheries and the Office of Facility Planning and Control, has been working with the designer and contractors to remedy the problems at Booker Fowler hatchery. The lawsuit filed in July 2001 is the latest effort of the State to have the problems resolved. We will continue to pursue whatever means are available to have the hatchery become fully functional, and we will use the hatchery to the best of our ability to produce fry and fingerlings for stocking into Louisiana's public water bodies.

Sincerely,



James L. Patton
Undersecretary

State of Louisiana



James H. Jenkins, Jr.
Secretary

Department of Wildlife & Fisheries
Post Office Box 98000
Baton Rouge, LA 70898-9000
(225) 765-2800

M.J. "Mike" Foster, Jr.
Governor

March 19, 2002

Dr. Daniel G. Kyle, CPA, CFE
Legislative Auditor
P. O. Box 94397
Baton Rouge, LA 70804-9397

Ref: Response to Reportable Audit Finding

Dear Dr. Kyle:

In reference to Ms. Margaret Bumm's letter dated February 22, 2002, the following is our official response to the audit finding entitled "**Theft of Funds**":

We concur with this finding. As noted in the finding, corrective action has already been implemented through a change in policy regarding approval signatures for purchases.

Sincerely,

James L. Patton
Undersecretary



School of Medicine in New Orleans
School of Medicine in Shreveport
School of Dentistry
School of Nursing
School of Allied Health Professions
School of Graduate Studies
Health Care Services Division

June 13, 2002

Dr. Daniel G. Kyle, CPA.CFE
Legislative Auditor
Office of the Legislative Auditor
P. O. Box 94397
Baton Rouge, LA 70804-9397

RE: Payroll Charges to Federal Program not Verified

Dear Dr. Kyle:


W.O. Moss Regional Medical Center concurs with the finding regarding unverified payroll charges applied to the HIV Grant Federal Program.

Response/Corrective Action:

- W.O. Moss Regional Medical Center receives grant funding from Ryan White Title III: Early Intervention Services. The staffing apportionment defined in the grant was made on the basis of planned budgeted categories of work activity with FTE's expressed as a percentage distribution. Cost disbursed to the grant was from monthly actual payroll amounts obtained and applied to the FTE percentage allocation. These cost were disbursed according to grant related expenses.
- Certified statements signed by the employee, their supervisor and/or other responsible person will be maintained on file to address the cost in question and to support additional reimbursement request submitted through June 30, 2002.
- A system-wide procedure for the development and maintenance of Time and Effort Logs that reflect distribution of activity by employees has been drafted by our Central Office Human Resource Division. We will implement upon the effective date, which is targeted for July 1, 2002.
- Provide Internal evaluation for compliance
- Efforts to finalize outstanding reimbursements are being addressed both by the Agency and our Central Office Staff.

Cheryl Savoy, CFO, is responsible for the oversight of fiscal activities and Dr. Carlos Choucino, the principal investigator, is responsible for the administrative oversight.

Sincerely,


Clay Dunaway
Hospital Administrator



M. J. "MIKE" FOSTER, JR.
GOVERNOR

State of Louisiana
GOVERNOR'S OFFICE OF COMMUNITY PROGRAMS
Baton Rouge

POST OFFICE BOX 94004
(225) 342-6201

LYNDA IMES
Executive Director

Dr. Daniel G. Kyle, CPA, CFE
Legislative Auditor
1600 North Third Street
P.O. Box 94397
Baton Rouge, LA 70804-9397

Dear Dr. Kyle:

This letter is I response to your audit finding for the **Office of Women's Services, Improper Expenditure of Federal Funds.**

Ms. Vera Clay, former director of the Office of Women's Services has prepared a response. It is as follows:

The Office of Women's Services (OWS) does not concur with the finding of the Legislative Auditor's Office concerning the improper expenditure of federal funds during FY 2000-01. The Louisiana Department of Labor (LDOL) contracted with the OWS to provide short-term training to those eligible for services. The OWS had to rely on the One Stops for referrals, as OWS was not allowed to recruit program participants. The OWS was told that the One Stops were operational on July 1, 2000, and referrals would be forthcoming. That did not happen. In order to adhere to OWS contract obligation with LDOL, the OWS had to maintain a staff in order to train those referred by the One Stops. In addition, the OWS worked closely with One Stops across the state and referred 641 women to those One Stops. Names of the 641 women were given to the Legislative Auditor's office. Over 540 pages of documentation were submitted to the Legislative Auditor's office concerning work being carried out at OWS Training & Employment programs. During FY 2000-01.

All costs submitted to LDOL were accurate, reasonable and approved by LDOL

If you need further information, please contact me at 3426201.

Sincerely,

A handwritten signature in cursive script that reads "Lynda Imes".

Lynda Imes.



M. J. "MIKE" FOSTER, JR.
GOVERNOR

State of Louisiana
GOVERNOR'S OFFICE OF COMMUNITY PROGRAMS
Baton Rouge

POST OFFICE BOX 94004
(225) 342-6201

LYNDA IMES
Executive Director

June 4, 2002

Dr. Daniel G. Kyle, CPA, CFE
Legislative Auditor
1600 North Third Street
P.O. Box 94397
Baton Rouge, LA 70804-9397

Dear Dr. Kyle:

This letter is in response to your audit finding for the **Office of Women's Services, Improper Expenditures for Promotional Items.**

Ms. Vera Clay, former director of the Office of Women's Services has prepared a response. It is as follows:

The Office of Women's Services (OWS) does not concur with the finding concerning improper expenditure for promotional items. These promotional items appear in OWS budgets in the areas of advertising and administrative fees. The programs run by the OWS are work-related. These programs are not entitlement programs. The OWS works directly with employers to place program participants in jobs. It was the recommendation of the OWS Business and Industry Advisory boards that the agency use promotional advertising, brochures, information packets, marketing plans, etc. To promote the hiring of OWS program participants.

All costs in this area were reasonable, accurate and approved.

If you need further information, please contact me at 342-6201.

Sincerely,

A handwritten signature in cursive script that reads "Lynda Imes".

Lynda Imes



M. J. "MIKE" FOSTER, JR.
GOVERNOR

State of Louisiana
GOVERNOR'S OFFICE OF COMMUNITY PROGRAMS
Baton Rouge

POST OFFICE BOX 94004
(225) 342-6201

LYNDA IMES
Executive Director

June 4, 2002

Dr. Daniel G. Kyle, CPA, CFE
Legislative Auditor
1600 North Third Street
P.O. Box 94397
Baton Rouge, LA 70804-9397

Dear Dr. Kyle:

This letter is in response to your audit finding for the **Office of Women's Services, Inadequate control over Program Administration**. The following response was provided by Ms. Vera Clay, former director of the Office of Women's Services.

The Office of Women's Services does not concur with the Legislative Auditor's finding concerning Inadequate Control over Program Administration. The federal legislation for Transportation equity Act for the 21st century specifically cites training for women and minorities in highway bridge construction programs. On page 4 of the OWS application for funding, "Skills training programs funded with ISTEA were intended ...to increase employment opportunities for women, minorities and the disadvantaged..." The OWS was within its contract obligation to train women and minorities within the highway/bridge program. Monthly reports were sent to the Louisiana Department of Transportation and Development (LDOTD). These reports included databases of participants including minority males. If we had not been in compliance, we would have been notified and cited by LDOTD.

The highway/bridge program has not been notified that funding will cease on June 30, 2002. The OWS contract with LDOTD runs through September 30, 2002. Right now, staff is continuing to place program participants in highway/bridge jobs. Because of high performance, there is a possibility that this program may be moved to another agency and there are negotiations going on in this regard to this day.

Kyle letter
Page two
June 4, 2002

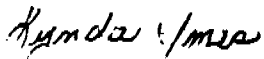
(In addition to Ms Clay's response, I will add that the unclassified employees in this program, with the exception of those placing participants or negotiating to have the program moved to another agency, have been notified of their layoff. The classified employees will be subject to the layoff plan which was prepared and approved by civil service and which sets the layoff date as June 21, 2002.) -

The Equity Conference was allocated in the budget and approved by LDOTD. The purpose of the Equity Conference was to make a case to Louisiana contractors for hiring women and minorities in highway/bridge construction jobs. There was a 95% approval rating of evaluations from the Equity Conference. After the conference, approximately 12 contractors worked with the OWS highway /bridge staff to place program participants. Printing costs included invitations, agendas, informational packets, etc.all appropriately budgeted for in the Equity Conference budget.

All costs submitted to LDOTD were accurate, reasonable and approved by LDOTD.

If you need any further information, please feel free to contact me at 342-6201.

Sincerely,



Lynda Imes



M. J. "MIKE" FOSTER, JR.
GOVERNOR

State of Louisiana
OFFICE OF WOMEN'S SERVICES
1885 WOODDALE BLVD., 9TH FLOOR-P.O. BOX 94095
Baton Rouge, LA 70804-9095
(225) 922-0960
FAX (225) 922-0959

VERA CLAY
EXECUTIVE DIRECTOR

June 18, 2002

Dr. Daniel G. Kyle, CPA, CPE
Legislative Auditor
State of Louisiana
P.O. Box 94397
Baton Rouge, Louisiana 70804

Dear Dr. Kyle:

Please allow this letter to serve as the Office of Women's Services response to the audit finding concerning Internal Controls Weaknesses Over TANF Expenditures.

The Office of Women's Services concurs in part with the findings. Attached is a response that addresses each of the findings.

For further information about the response, please call Eleanor Shirley at 922-0966. I will also be the responsible party for implementation of the corrective action.

Thank you very much.

Sincerely,

A handwritten signature in cursive script that reads "Eleanor Shirley".

Eleanor Shirley
Program Manager

Attachment

June 19, 2002
Office of Women's Services
Response to Audit Finding

This letter is in response to the audit finding Office of Women's Services, Internal Controls Weaknesses Over TANF Expenditures

1. The Office of Women's Services concurs with the finding that an advance of \$256,392 in state funds was provided to a nonprofit contractor during the fiscal year ending June 30, 2002 and that approval from OCR was not obtained prior to advancing funds.
2. The Office of Women's Services concurs that the approval of OCR for a consulting contract that exceeded delegated authority was not obtained. The Office does not concur that the deliverables and the invoices were not specific. Deliverables were specified in the contract, and tangible products are on hand at the agency to substantiate the services provided. They include: TANF MOU (narrative and budget); SFO (Solicitation for Offers); Grant Application; LAPAS performance indicators; SFO Conference facilitation, review/selection process, review sheets, interview sheets for staff applicants; award letter for grantees; negotiations with national trainer and evaluator, and other products.
3. OWS concurs with the finding.
It was determined that the item (travel costs) was coded to the wrong project.
4. The Office of Women's Services concurs with the three findings related to two portable printers, equipment and software duplicate expense.
5. The Office of Women's Services concurs that \$6, 857 of requested reimbursements were disallowed by DSS. OWS has the appropriate TANF administrative costs guidance and other fiscal regulations as well as OMB Circular A-87 and is utilizing them in ensuring expenditures are directly related to program administration, and are necessary and reasonable.

Eleanor Shibley

6/21/02



M. J. "MIKE" FOSTER, JR.
GOVERNOR

State of Louisiana
GOVERNOR'S OFFICE OF COMMUNITY PROGRAMS
Baton Rouge

POST OFFICE BOX 94004
(225) 342-6201

LYNDA IMES
Executive Director

June 18, 2002

Dr. Daniel G. Kyle, CPA, CFE
Legislative Auditor
1600 North Third Street
P.O. Box 94397
Baton Rouge, LA 70804-9397

Dear Dr. Kyle:

This letter is in response to your audit finding for the **Office of Women's Services, Non-Compliance with State Procurement Regulations.**

The Office of Women's Services concurs with the Legislative Auditor's finding concerning Non-Compliance with State Procurement Regulations. Item 4 is addressed by the attached paragraph written by Shelia Montgomery, program director.

A new director for OWS will soon be hired. I will make certain that he/she is familiar with state procurement regulations. In the interim, OWS will check with me prior to making any purchases.

If you need any further information, please feel free to contact me at 342-6201.

Sincerely,

A handwritten signature in cursive script that reads "Lynda Imes".

Lynda Imes

4 OWS concurs with the finding. OWS did not secure a contract with National Commercial Center, Inc. to provide Commercial Driver License training to participants. OWS did not secure a written bid from more than one company for this service. OWS did phone several companies and requested prices of their school per participant. OWS will no longer have this training program but if this or any similar program returns to OWS, the procurement rule will be followed and an in house policy will be written and followed.

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Appendix C

Findings and Recommendations Index by State Agency



LEGISLATIVE AUDITOR

Appendix C

STATE OF LOUISIANA
Findings and Recommendations
Index by State Agency

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Appendix D

Summary Schedule of Prior Federal Audit Findings





LEGISLATIVE AUDITOR

STATE OF LOUISIANA
Summary Schedule of Prior Federal Audit Findings

Fiscal Year	Single Audit Page Number	Finding Number	Finding Title	CFDA Number
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Findings Covering More Than One Federal Agency

Education, Department of:

2001	55	F-01-CC-EDUC-1	Improper Charging of Administrative Expenditures to Federal Awards	Various
2001	57	F-01-CC-EDUC-2	Ineffective Controls Over Subrecipient Monitoring	84.Various/93.575

Grambling State University:

2000	84	F-00-CC-GSU-2	Federal Financial Reports	Various
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Labor, Department of:

2001	60	F-01-CC-LABR-1	Inaccurate Schedule of Expenditures of Federal Awards	Various
2000	69	F-00-CC-LABR-1	Improper Charging of Payroll Expenditures to Federal Programs	10.561/17.Various
1999	77	F-99-CC-LABR-1	Improper Charging of Payroll Expenditures to Federal Programs	Various
2000	71	F-00-CC-LABR-2	Improper Cost Allocation	Various
2000	74	F-00-CC-LABR-3	Inadequate Internal Control Over Disbursements	Various

Social Services, Department of:

2001	62	F-01-CC-DSS-1	Subrecipient Monitoring: Noncompliance With Federal and State Regulations	84.177/93.Various
2000	76	F-00-CC-DSS-1	Monitoring of Federal Subrecipients and State Contractors Not Sufficient or Effective	Various
1999	81	F-99-CC-DSS-1	Inadequate Monitoring of Federal Subrecipients and State Contractors	Various

Southern University and A&M College (Baton Rouge):

2001	64	F-01-CC-SUBR-1	Allowable Activities and Allowable Costs	16.710/93.671
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Southern University at New Orleans:

2001	65	F-01-CC-SUNO-1	Internal Auditor	Various
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U.S. Department of Agriculture

**Department of Public Safety and Corrections -
 Corrections Services, Department of:**

2001	66	F-01-USDA-CORR-1	Noncompliance With Food Distribution Program Agreement	10.550
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(Continued)

State Agency	Questioned Costs	Current Status Per Auditee	Page No.
Education	\$117,204	Partially corrected; QC unresolved; repeat in 2002, p. 73	D-13
Education	\$12,862	Partially corrected; QC unresolved; repeat in 2002, p. 76	D-14
Grambling	N/A	Partially corrected; repeat in 2002, p. 89	D-15
Labor	N/A	Partially corrected	D-16
Labor	\$498,644	Partially corrected; QC unresolved	D-17
Labor	\$705,634	Partially corrected; QC unresolved	D-18
Labor	\$6,967,031	Partially corrected; QC unresolved	D-19
Labor	\$225,466	Partially corrected; QC unresolved	D-20
Social Services	N/A	Not corrected; repeat in 2002, p. 81	D-21
Social Services	\$2,556,686	Partially corrected; QC unresolved	D-22
Social Services	\$3,070,225	Partially corrected; QC unresolved	D-23
Southern (Baton Rouge)	N/A	No further action needed	D-24
Southern (New Orleans)	N/A	Fully corrected	D-25
Corrections	N/A	Fully corrected; QC resolved	D-26

LEGISLATIVE AUDITOR

STATE OF LOUISIANA
Summary Schedule of Prior Federal Audit Findings

Fiscal Year	Single Audit Page Number	Finding Number	Finding Title	CFDA Number
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U.S. Department of Labor

Labor, Department of:

2001	67	F-01-USDOL-LABR-2	Insufficient Monitoring of JTPA Subrecipient Audits	17.246/17.250
2001	69	F-01-USDOL-LABR-3	On-Site Monitoring of WIA Subrecipients Not Sufficient	17.255
2000	93	F-00-USDOL-LABR-8	On-Site Monitoring of JTPA Subrecipients Not Sufficient	17.246/17.250
2001	70	F-01-USDOL-LABR-4	Unemployment Insurance Costs Charged Outside of Funding Period	17.225
2000	95	F-00-USDOL-LABR-9	Unemployment Insurance Costs Charged Outside of Funding Period	17.225
2000	89	F-00-USDOL-LABR-4	Failure to Comply With Cash Management Improvement Act	17.Various
2000	93	F-00-USDOL-LABR-7	Noncompliance With the Unemployment Insurance Program Requirements	17.225
1999	92	F-99-USDOL-LABR-5	Noncompliance With the Unemployment Insurance Program Requirements	17.225

U.S. Department of Transportation

Transportation and Development, Department of:

2001	71	F-01-DOT-DOTD-1	Construction Materials Not Sampled	20.205
2001	72	F-01-DOT-DOTD-2	Equipment Rental Rates Not Current	20.205
2001	73	F-01-DOT-DOTD-3	Failure to Monitor Preliminary Engineering Projects	20.205
2001	74	F-01-DOT-DOTD-4	Inadequate Monitoring of Davis-Bacon Act	20.205
2001	75	F-01-DOT-DOTD-5	Untimely Closing of Projects	20.205

Environmental Protection Agency

Environmental Quality, Department of:

2001	76	F-01-EPA-DEQ-1	Subrecipient Audit Reports Not Monitored	66.458
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U.S. Department of Education

Elementary and Secondary Education, Board of:

2001	77	F-01-ED-BESE-1	Lack of Internal Controls Over Public Charter Schools Program	84.282
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Grambling State University:

2000	113	F-00-ED-GSU-4	Satisfactory Academic Progress	84.Various
2000	114	F-00-ED-GSU-5	Aid Exceeded Documented Need	84.Various

(Continued)

State Agency	Questioned Costs	Current Status Per Auditee	Page No.
Labor	N/A	Fully corrected	D-27
Labor	N/A	Fully corrected	D-28
Labor	\$13,088,947	Partially corrected; QC unresolved	D-29
Labor	\$808,857	Partially corrected; QC unresolved	D-30
Labor	\$3,143,111	Partially corrected; QC unresolved	D-31
Labor	N/A	Partially corrected	D-32
Labor	\$45,217	Partially corrected; QC unresolved	D-33
Labor	\$1,823,516	Partially corrected; QC unresolved	D-34
DOTD	N/A	Fully corrected	D-35
DOTD	N/A	Fully corrected	D-36
DOTD	\$140,488	Partially corrected; QC resolved	D-37
DOTD	N/A	Fully corrected	D-38
DOTD	N/A	Partially corrected	D-39
Environmental Quality	\$1,573,134	Fully corrected; QC unresolved	D-40
BESE	\$871,482	Fully corrected; QC unresolved	D-41
Gambling	\$3,583	Partially corrected; QC unresolved	D-42
Gambling	\$1,610	Partially corrected; QC unresolved	D-43

LEGISLATIVE AUDITOR

STATE OF LOUISIANA
Summary Schedule of Prior Federal Audit Findings

Fiscal Year	Single Audit Page Number	Finding Number	Finding Title	CFDA Number
<u>U.S. Department of Education (Cont.)</u>				
Louisiana Technical College, Avoyelles Campus:				
2000	102	F-00-ED-LTCAVOY-1	Improper Payroll Charges to a Federal Program	84.048
2000	104	F-00-ED-LTCAVOY-3	Noncompliance With Documentation Requirements for Federal Program	84.048
Louisiana Technical College, Westside Campus:				
2001	78	F-01-ED-LTCWSTSD-1	Insufficient Controls Over Vocational Education - Basic Grants to States	84.048
Southeastern Louisiana University:				
2001	79	F-01-ED-SLU-1	Overpayments Resulting From Unofficial Drops	84.007/032/063
2001	80	F-01-ED-SLU-2	Untimely Grant and Loan Refunds	84.032/84.063
Southern University and A&M College (Baton Rouge):				
2001	86	F-01-ED-SUBR-2	Student Loan Disbursements	84.032
2001	87	F-01-ED-SUBR-3	Return of Title IV Funds	84.032/84.063
Southern University at New Orleans:				
2001	88	F-01-ED-SUNO-2	Loan Disbursements to Students and Repayments to Lenders	84.032/84.268
2001	89	F-01-ED-SUNO-3	Federal Family Education Loan Limits	84.032
2001	90	F-01-ED-SUNO-4	Satisfactory Academic Progress	84.007/032/063
2000	118	F-00-ED-SUNO-5	Satisfactory Academic Progress	84.007/033/063/268
2001	91	F-01-ED-SUNO-5	Refund of Title IV Funds	84.032/063/268
2001	92	F-01-ED-SUNO-6	Aid Exceeded Documented Need	84.032
2001	92	F-01-ED-SUNO-7	Separation of Functions	84.032/033/268
2001	94	F-01-ED-SUNO-8	Special Reporting	84.033/84.038
Southern University at Shreveport-Bossier City:				
2001	95	F-01-ED-SUSH-1	Student Credit Balances	84.Various
2001	96	F-01-ED-SUSH-2	Title IV Refunds	84.063/84.268
2001	97	F-01-ED-SUSH-3	Federal Pell Grant Calculations	84.063
2001	97	F-01-ED-SUSH-4	Satisfactory Academic Progress	84.063/84.268
University of Louisiana at Lafayette:				
2001	81	F-01-ED-ULL-1	Failure to Perform Due Diligence Collection Procedures	84.038
2000	108	F-00-ED-ULL-1	Failure to Perform Due Diligence Collection Procedures	84.038
2001	82	F-01-ED-ULL-2	Weaknesses in Administration of Federal TRIO Cluster Program	84.044/047/217

(Continued)

Appendix D

State Agency	Questioned Costs	Current Status Per Auditee	Page No.
LTC, Avoyelles	\$4,000	Fully corrected; QC unresolved	D-44
LTC, Avoyelles	\$2,103	Fully corrected; QC unresolved	D-45
LTC, Westside	N/A	Fully corrected	D-46
SLU	N/A	Fully corrected	D-47
SLU	N/A	Fully corrected	D-48
Southern (Baton Rouge)	\$787	Fully corrected; QC resolved	D-49
Southern (Baton Rouge)	\$2,692	Partially corrected; QC resolved; repeat in 2002, p. 116	D-50
Southern (New Orleans)	N/A	Fully corrected	D-51
Southern (New Orleans)	\$7,575	Fully corrected; QC resolved	D-52
Southern (New Orleans)	\$19,915	Partially corrected; QC unresolved; repeat in 2002, p. 118	D-53
Southern (New Orleans)	\$26,592	Partially corrected; QC resolved	D-54
Southern (New Orleans)	N/A	Partially corrected; repeat in 2002, p. 117	D-55
Southern (New Orleans)	\$1,000	Fully corrected; QC unresolved	D-56
Southern (New Orleans)	N/A	Fully corrected	D-57
Southern (New Orleans)	N/A	Fully corrected	D-58
Southern (Shreveport)	N/A	Partially corrected	D-59
Southern (Shreveport)	N/A	Fully corrected; repeat in 2002, p. 119	D-60
Southern (Shreveport)	N/A	Fully corrected	D-61
Southern (Shreveport)	\$12,412	Partially corrected, QC unresolved; repeat in 2002, p. 120	D-62
ULL	\$1,493,677	Fully corrected; QC unresolved	D-63
ULL	\$1,242,378	Fully corrected; QC unresolved	D-64
ULL	\$185,016	Fully corrected; QC unresolved	D-65

LEGISLATIVE AUDITOR

STATE OF LOUISIANA
Summary Schedule of Prior Federal Audit Findings

Fiscal Year	Single Audit Page Number	Finding Number	Finding Title	CFDA Number
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U.S. Department of Education (Cont.)

University of New Orleans:

2001	84	F-01-ED-UNO-1	Inappropriate Charges to Federal Program	84.126
2001	85	F-01-ED-UNO-2	Untimely Grant and Loan Refunds	84.032/84.063
2000	111	F-00-ED-UNO-2	Weaknesses in the Administration of the Rehabilitation Service - Vocational Rehabilitation Grants to States Program	84.126

U.S. Department of Health and Human Services

Elderly Affairs, Governor's Office of:

2001	98	F-01-HHS-ELDAFF-1	Aging Cluster: Unsupported Allocation of Payroll Expenditures to the Program	93.044/93.045
2001	100	F-01-HHS-ELDAFF-2	Federal Cash Management Control Weaknesses	93.044/93.045
2001	101	F-01-HHS-ELDAFF-3	Inaccurate Federal Financial Reporting	93.044/93.045
2001	103	F-01-HHS-ELDAFF-4	Ineffective Monitoring of Subrecipient Audit Reports	93.044/93.045
2001	104	F-01-HHS-ELDAFF-5	Insufficient On-Site Monitoring Procedures for Aging Cluster Subrecipients	93.044/93.045

Executive Department (OSRAP):

2001	107	F-01-HHS-CAFR-1	Inconsistent Billing of Insurance Premiums	93.778 and all major programs
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Health and Hospitals, Department of:

2001	109	F-01-HHS-DHH-1	Improper Claims by Case Management Providers	93.778
2001	110	F-01-HHS-DHH-2	Improper Claims by Waiver Services Providers	93.778
2000	127	F-00-HHS-DHH-3	Improper Claims by Waiver Services Providers	93.778
2000	126	F-00-HHS-DHH-2	Improper Claims by Dental Providers	93.778
2000	131	F-00-HHS-DHH-5	Pre-Authorization Procedures for Certain Services Not Followed	93.778

Labor, Department of:

2001	112	F-01-HHS-LABR-5	Noncompliance With Federal Cash Management Requirements	93.569
2000	132	F-00-HHS-LABR-11	Inadequate Monitoring Procedures for Community Services Block Grant	93.569

(Continued)

State Agency	Questioned Costs	Current Status Per Auditee	Page No.
UNO	N/A	Fully corrected	D-66
UNO	N/A	Not corrected	D-67
UNO	\$77,509	Fully corrected; QC unresolved	D-68
Elderly Affairs	\$648,756	No further action needed; QC resolved	D-69
Elderly Affairs	N/A	Fully corrected	D-70
Elderly Affairs	N/A	Fully corrected	D-71
Elderly Affairs	\$600,532	Partially corrected; QC resolved	D-72
Elderly Affairs	N/A	Fully corrected	D-73
Executive (OSRAP)	N/A	Not corrected; QC unresolved; repeat in 2002, p. 122	D-74
Health and Hospitals	\$14,168	Partially corrected; QC unresolved; repeat in 2002, p. 124	D-75
Health and Hospitals	\$77,876	Partially corrected; QC unresolved; repeat in 2002, p. 125	D-76
Health and Hospitals	\$68,869	Partially corrected; QC unresolved	D-77
Health and Hospitals	\$39,827	Fully corrected; QC unresolved	D-78
Health and Hospitals	\$6,884	Fully corrected; QC unresolved	D-79
Labor	N/A	Fully corrected	D-80
Labor	\$669,497	Partially corrected; QC unresolved	D-81

LEGISLATIVE AUDITOR

STATE OF LOUISIANA
Summary Schedule of Prior Federal Audit Findings

Fiscal Year	Single Audit Page Number	Finding Number	Finding Title	CFDA Number
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U.S. Department of Health and Human Services (Cont.)

Social Services, Department of:

2001	114	F-01-HHS-DSS-2	Child Care Cluster: Noncompliance With Federal and State Requirements	93.575/93.596
2001	116	F-01-HHS-DSS-3	Child Support Escrow Fund Not Reconciled	93.563
2001	117	F-01-HHS-DSS-4	Control Weaknesses in the LaCarte Purchasing Card Program	93.658
2001	118	F-01-HHS-DSS-5	Foster Care: Insufficient Reimbursements From Child Support Collections	93.645/658/667
2001	119	F-01-HHS-DSS-6	Foster Care - Title IV-E Program: Insufficient Controls Over Program Administration	93.658
2001	122	F-01-HHS-DSS-7	Temporary Assistance for Needy Families Program: Noncompliance With Certain Federal and State Requirements	93.558
2000	137	F-00-HHS-DSS-7	Temporary Assistance for Needy Families Program: Noncompliance With Certain Federal and State Requirements	93.558

Southern University and A&M College (Baton Rouge):

2001	125	F-01-HHS-SUBR-4	Eligibility	93.925
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Social Security Administration

Social Services, Department of:

2001	126	F-01-SSA-DSS-8	Social Security Administration - Disability Insurance: Insufficient Level of Effort	96.001
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(Concluded)

State Agency	Questioned Costs	Current Status Per Auditee	Page No.
Social Services	\$12,110	Partially corrected; QC resolved	D-82
Social Services	N/A	Not corrected; repeat in 2002, p. 132	D-83
Social Services	N/A	Fully corrected	D-84
Social Services	\$241,616	Partially corrected; QC unresolved; repeat in 2002, p. 133	D-85
Social Services	\$301,250	Partially corrected; QC unresolved; repeat in 2002, p. 134	D-86
Social Services	\$22,838	Partially corrected, QC resolved; repeat in 2002, p. 140	D-87
Social Services	\$25,310	Partially corrected; QC resolved	D-88
Southern (Baton Rouge)	\$2,000	Fully corrected; QC resolved	D-89
Social Services	N/A	Fully corrected	D-90

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**SCHEDULE 8-3
SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS**

Louisiana Department of Education
For the Year Ended June 30, 2002

Finding Title: Improper Charging of Administrative Expenses to Federal Awards

Reference Number(s): F-01-CC-EDUC-1
(from attached schedule of findings, may include more than one)

Initial Year of Finding: 2001

Amount of Questioned Costs in Finding: \$ 117,204

Status of Questioned Costs (check one): Resolved _____ Unresolved:

Briefly describe the status of the Questioned Costs. Were they refunded to federal government?
Are they still in negotiation?

Communication received from USDOE in July 2002. SDE has prepared a response providing additional information related to the finding.

Page Number (from Single Audit Report): 55-56

Program Name(s): Various

Federal Grantor Agency: US Departments of Education, Agriculture, & Labor

CFDA Number(s): 10.558; 17.255; 84.010; 84.048; 84.027; 84.173

Status of Finding (check one):

Fully Corrected	_____	Not Corrected	_____
Partially Corrected	<input checked="" type="checkbox"/>	No Further Action Needed	_____
Change of Corrective Action	_____	(See OMB A-133 Section 315(b)(4))	

Description of Status: (include corrective action planned and anticipated completion date, if applicable):

Corrective action was outlined in a letter to the Legislative Auditor dated December 21, 2001.
Due to the length of the response, it is not feasible to outline the corrective action in this section. At this time, corrective action is still ongoing and being implemented.

NOTE: Use this form to present the status of any findings that are listed for your agency on the attached schedule. You should only present 1 finding per page. If you have 2 findings to present, then you should use 2 forms (1 for each finding). If there are no federal findings to present in this schedule, write NONE above.

Preparer's Signature: 

Phone Number: (225) 342-2098

**SCHEDULE 8-3
SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS**

Louisiana Department of Education
For the Year Ended June 30, 2002

Finding Title: Ineffective Controls Over Subrecipient Monitoring

Reference Number(s): F-01-CC-EDUC-2
(from attached schedule of findings, may include more than one)

Initial Year of Finding: 2001

Amount of Questioned Costs in Finding: \$ 12,862

Status of Questioned Costs (check one): Resolved _____ Unresolved: ✓

Briefly describe the status of the Questioned Costs. Were they refunded to federal government?
Are they still in negotiation?

Communication received from USDOE in July 2002. SDE has prepared a response providing additional information related to the finding.

Page Number (from Single Audit Report): 57

Program Name(s): Various

Federal Grantor Agency: US Departments of Education and Health and Human Services

CFDA Number(s): 84.010; 84.340; 84.027; 84.173; 93.575

Status of Finding (check one):

Fully Corrected _____
Partially Corrected ✓
Change of Corrective Action _____

Not Corrected _____
No Further Action Needed _____
(See OMB A-133 Section 315(b)(4))

Description of Status: (include corrective action planned and anticipated completion date, if applicable):

Corrective action was outlined in a letter to the Legislative Auditor dated October 30, 2001.
Due to the length of the response, it is not feasible to outline the corrective action in this section. At this time, corrective action is still ongoing and being implemented.

NOTE: Use this form to present the status of any findings that are listed for your agency on the attached schedule. You should only present 1 finding per page. If you have 2 findings to present, then you should use 2 forms (1 for each finding). If there are no federal findings to present in this schedule, write NONE above.

Preparer's Signature: 

Phone Number: (225) 342-2098

**SCHEDULE 8-3
SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS**

Grambling State University

For the Year Ended June 30, 2002

Finding Title: Federal Financial Reports

Reference Number(s): F-00-CC-GSU-2

Initial Year of Finding: 1999

Amount of Questioned Costs in Finding: None

Status of Questioned Costs (check one): Resolved N/A Unresolved: N/A

Briefly describe the status of the Questioned Costs. Were they refunded to federal government?
Are they still in negotiation?

Page Number (from Single Audit Report): 84

Program Name(s): N/A

Federal Grantor Agency: N/A

CFDA Number(s): N/A

Status of Finding (check one):

Fully Corrected
Partially Corrected X
Change of Corrective Action

Not Corrected
No Further Action Needed
(See OMB A-133 Section 315(b)(4))

Description of Status: (include corrective action planned and anticipated completion date, if applicable):

A system has been put in place to ensure that accurate financial reports are being prepared and submitted to the funding source. Prior years' financial reports were corrected and resubmitted to various funding agencies. We anticipate completion of all federal financial reports 03/31/2003.

NOTE: Use this form to present the status of any findings that are listed for your agency on the attached schedule. You should only present 1 finding per page. If you have 2 findings to present, then you should use 2 forms (1 for each finding). If there are no federal findings to present in this schedule, write NONE above.

Preparer's Signature: Moroline J. Sanders Moroline J. Sanders

Phone Number: 318-274-2704

SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS

Department / University or College / Commission / District
(name of agency) Labor - Workforce Development

For the Year Ended June 30, 2002

Finding Title: Inaccurate Schedule of Expenditure of Federal Awards

Reference Number(s): F-01-CC-LABR-1
(from attached schedule of findings, may include more than one)

Initial Year of Finding: 2001

Amount of Questioned Costs in Finding: -0-

Status of Questioned Costs (check one): Resolved N/A Unresolved N/A

Briefly describe the status of the Questioned Costs. Were they refunded to Federal government?
Are they still in negotiation?

Page Number (from Single Audit Report): 60

Program Name(s): Various

Federal Grantor Agency: U.S. Dept of Labor & U.S. Dept. of Health & Human Services

CFDA Number(s): Various

Status of Dinding (check one):

Fully Corrected _____
Partially Corrected X
Change of Corrective Action _____

Not Corrected _____
No Further Action Needed _____
(See OMB A-133 Section 315(b)(4))

Description of Status: (include corrective action planned and anticipated completion date, if applicable):

Procedures have been established to correct the finding.

NOTE: Use this form to present the status of any findings that are listed for your agency on the attached schedule. You should only present 1 finding per page. If you have 2 findings to present, then you should use 2 forms (1 for each finding). If there are no federal findings to present in this schedule, write NONE above.

Preparer's Signature: [Signature]

Phone Number: 225-342-3103

SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS

Department / University or College / Commission / District

(name of agency) Labor - Workforce Development

For the Year Ended June 30, 2002

Finding Title: Improper Charging of Payroll Expenditure to Federal Program

Reference Number(s): F-00-CC-LABR-1

(from attached schedule of findings, may include more than one)

Initial Year of Finding: 1998

Amount of Questioned Costs in Finding: \$ 498,644

Status of Questioned Costs (check one): Resolved Unresolved

Briefly describe the status of the Questioned Costs. Were they refunded to Federal government?
Are they still in negotiation?

Still in negotiation

Page Number (from Single Audit Report): 69

Program Name(s): Food Stamp Cluster, JTPA Cluster, Unemployment Insurance

Federal Grantor Agency: U. S. Dept of Labor, U.S. Dept of Agriculture

CFDA Number(s): 10.561; 17.250; 17.248; 17.225

Status of Finding (check one):

Fully Corrected

Partially Corrected

Change of Corrective Action

Not Corrected

No Further Action Needed

(See OMB A-133 Section 315(b)(4))

Description of Status: (include corrective action planned and anticipated completion date, if applicable):

Department continues to monitor expenditures to Federal programs and develop procedures for assuring compliance.

NOTE: Use this form to present the status of any findings that are listed for your agency on the attached schedule. You should only present 1 finding per page. If you have 2 findings to present, then you should use 2 forms (1 for each finding). If there are no federal findings to present in this schedule, write NONE above.

Preparer's Signature: W. J. [Signature]

Phone Number: 225-342-3103

SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS

Department / University or College / Commission / District

(name of agency) Labor - Workforce Development

For the Year Ended June 30, 2002

Finding Title: Improper Charging of Payroll Expenditures to Federal Programs

Reference Number(s): F-99-CC-LABR-1

(from attached schedule of findings, may include more than one)

Initial Year of Finding: 1998

Amount of Questioned Costs in Finding: \$ 705,634

Status of Questioned Costs (check one): Resolved Unresolved

Briefly describe the status of the Questioned Costs. Were they refunded to Federal government?
Are they still in negotiation?

Still in negotiation

Page Number (from Single Audit Report): 77

Program Name(s): Various

Federal Grantor Agency: U. S. Dept of Labor, U.S. Dept of Agriculture, U.S. Dept of Health & Human Svc

CFDA Number(s): Various

Status of Dinding (check one):

Fully Corrected

Partially Corrected

Change of Corrective Action

Not Corrected

No Further Action Needed

(See OMB A-133 Section 315(b)(4))

Description of Status: (include corrective action planned and anticipated completion date, if applicable):

Department continues to monitor expenditures of programs and develop procedures.

NOTE: Use this form to present the status of any findings that are listed for your agency on the attached schedule. You should only present 1 finding per page. If you have 2 findings to present, then you should use 2 forms (1 for each finding). If there are no federal findings to present in this schedule, write NONE above.

Preparer's Signature: W. J. [Signature]

Phone Number: 225-342-3103

SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS

Department / University or College / Commission / District

(name of agency) Labor - Workforce Development

For the Year Ended June 30, 2002

Finding Title: Improper Cost Allocation

Reference Number(s): F-00-CC-LABR-2

(from attached schedule of findings, may include more than one)

Initial Year of Finding: 2000

Amount of Questioned Costs in Finding: \$ 6,967,031

Status of Questioned Costs (check one): Resolved Unresolved

Briefly describe the status of the Questioned Costs. Were they refunded to Federal government?
Are they still in negotiation?

Still in negotiation

Page Number (from Single Audit Report): 71

Program Name(s): Various

Federal Grantor Agency: U. S. Dept of Labor, U.S. Dept of Agriculture, U.S. Dept of Health & Human Svc

CFDA Number(s): Various

Status of Dinding (check one):

Fully Corrected

Partially Corrected

Change of Corrective Action

Not Corrected

No Further Action Needed

(See OMB A-133 Section 315(b)(4))

Description of Status: (include corrective action planned and anticipated completion date, if applicable):

Revisions have been made to the cost allocation system.

NOTE: Use this form to present the status of any findings that are listed for your agency on the attached schedule. You should only present 1 finding per page. If you have 2 findings to present, then you should use 2 forms (1 for each finding). If there are no federal findings to present in this schedule, write NONE above.

Preparer's Signature: 

Phone Number: 225-342-3103

SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS

Department / University or College / Commission / District

(name of agency) Labor - Workforce Development

For the Year Ended June 30, 2002

Finding Title: Inadequate Internal Control Over Disbursements

Reference Number(s): F-00-CC-LABR-3

(from attached schedule of findings, may include more than one)

Initial Year of Finding: 1999

Amount of Questioned Costs in Finding: \$ 225,486

Status of Questioned Costs (check one): Resolved Unresolved

Briefly describe the status of the Questioned Costs. Were they refunded to Federal government?
Are they still in negotiation?

Still in negotiation

Page Number (from Single Audit Report): 74

Program Name(s): Various

Federal Grantor Agency: U. S. Dept of Labor, U.S. Dept of Agriculture, U.S. Dept of Health & Human Svc

CFDA Number(s): Various

Status of Dinding (check one):

Fully Corrected Not Corrected
Partially Corrected No Further Action Needed
Change of Corrective Action (See OMB A-133 Section 315(b)(4))

Description of Status: (include corrective action planned and anticipated completion date, if applicable):

Procedures have been established to correct the finding.

NOTE: Use this form to present the status of any findings that are listed for your agency on the attached schedule. You should only present 1 finding per page. If you have 2 findings to present, then you should use 2 forms (1 for each finding). If there are no federal findings to present in this schedule, write NONE above.

Preparer's Signature: W. J. G. 7/1/02

Phone Number: 225-342-3103

**SCHEDULE 8-3
SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS**

Department/University or College/Commission/District:
DEPARTMENT OF SOCIAL SERVICES

For the Year Ended June 30, 2002

Finding Title: Subrecipient Monitoring: Noncompliance with Federal and State Regulations

Reference Number (from attached schedule of findings): F-01-CC-DSS-1

Initial Year of Finding: 1998

Amount of Questioned Costs in Finding: \$N/A

Status of Questioned Costs (check one): Resolved X Unresolved: _____

Briefly describe the status of the Questioned Costs. Were they refunded to federal government?
Are they still in negotiation?

Page Number (from Single Audit Report): 62

Program Name(s): Rehabilitation Services-Independent Living Services for Older Individuals Who Are Blind

Temporary Assistance for Needy Families

Child Support Enforcement

Refugee and Entrant Assistance - State Administered Programs

Low-Income Home Energy Assistance

Child Welfare Services - State Grants

Social Services Block Grant

Independent Living

CHILD CARE CLUSTER:

Child Care and Development Block Grant

Child Care Mandatory and Matching Funds of the Child Care and Development Fund

Federal Grantor Agency: Department of Health and Human Services
Department of Education

CFDA Number(s): 84.177 93.558, 93.563, 93.566, 93.568, 93.645, 93.667, 93.674, 93.575, 93.596

Status of Finding (check one):

Fully Corrected _____

Not Corrected X

Partially Corrected _____

No Further Action Needed _____

Change of Corrective Action _____

(See OMB A-133 Section 315(b)(4))

Description of Status: (include corrective action planned and anticipated completion date, if applicable):

The Department has modified its subrecipient contracts to include all relevant contract information. Also the Department has instituted procedures to ensure the timely completion of the final performance reports.

NOTE: Use this form to present the status of any findings that are listed for your agency on the attached schedule. You should only present 1 finding per page. If you have 2 findings to present, then you should use 2 forms (1 for each finding). If there are no federal findings to present in this schedule, write NONE above.

Preparer's Signature: Debra S. Williams

Phone Number: (225) 342-4164

SCHEDULE 8-3
SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS

Department/University or College/Commission/District:
DEPARTMENT OF SOCIAL SERVICES

For the Year Ended June 30, 2002

Finding Title: Monitoring of Federal Subrecipients and State Contractors Not Sufficient or Effective.

Reference Number (from attached schedule of findings): F-00-CC-DSS-1

Initial Year of Finding: 1994

Amount of Questioned Costs in Finding: \$2,556,686

Status of Questioned Costs (check one): Resolved _____ Unresolved: X

Briefly describe the status of the Questioned Costs. Were they refunded to federal government? Are they still in negotiation?

Resolution of questioned costs is still pending.

Page Number (from Single Audit Report): 76

Program Name(s): Weatherization Assistance for Low-Income Persons
Rehabilitation Services – Vocational Rehabilitation Grants to States
Promoting Safe and Stable Families
Temporary Assistance for Needy Families
Child Support Enforcement
Foster Care – Title IV-E
State Administrative Matching Grants for Food Stamp Program
Child Care Mandatory and Matching Funds of the Child Care and Development Fund

Federal Grantor Agency: Department of Health and Human Services
Department of Agriculture
Department of Education
Department of Energy

CFDA Number(s): 10.561, 81.042, 84.126, 93.556, 93.558, 93.563, 93.658, 93.596

Status of Finding (check one):

Fully Corrected _____

Partially Corrected X

Change of Corrective Action _____

Not Corrected _____

No Further Action Needed _____

(See OMB A-133 Section 315(b)(4))

Description of Status: (include corrective action planned and anticipated completion date, if applicable):

The Department has implemented new procedures in the monitoring of federal subrecipients.

NOTE: Use this form to present the status of any findings that are listed for your agency on the attached schedule. You should only present 1 finding per page. If you have 2 findings to present, then you should use 2 forms (1 for each finding). If there are no federal findings to present in this schedule, write NONE above.

Preparer's Signature: Debra D. Williams

Phone Number: (225) 342-4164

SCHEDULE 8-3
SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS

Department/University or College/Commission/District:
DEPARTMENT OF SOCIAL SERVICES

For the Year Ended June 30, 2002

Finding Title: Inadequate Monitoring of Federal Subrecipients and State Contractors

Reference Number (from attached schedule of findings): F-99-CC-DSS-1

Initial Year of Finding: 1994

Amount of Questioned Costs in Finding: \$3,070,225

Status of Questioned Costs (check one): Resolved _____ Unresolved: X

Briefly describe the status of the Questioned Costs. Were they refunded to federal government?
Are they still in negotiation?
Resolution of questioned costs is still pending.

Page Number (from Single Audit Report): 81

Program Name(s): Child Care Mandatory and Matching Funds of the Child Care
And Development Fund
Emergency Shelter Grants Program
Low Income Home Energy Assistance
Supported Employment Services for Individuals with Severe Disabilities
Temporary Assistance for Needy Families

Federal Grantor Agency: Department of Health and Human Services, Department of Housing
and Urban Development, Department of Education

CFDA Number(s): 14.231, 84.187, 93.568, 93.596, 93.558

Status of Finding (check one):

Fully Corrected	_____	Not Corrected	_____
Partially Corrected	<u>X</u>	No Further Action Needed	_____
Change of Corrective Action	_____	(See OMB A-133 Section 315(b)(4))	

Description of Status: (include corrective action planned and anticipated completion date, if applicable):

The Department has implemented new procedures in the monitoring of federal subrecipients.

NOTE: Use this form to present the status of any findings that are listed fo, your agency on the attached schedule. You should only present 1 finding per page. If you have 2 findings to present, then you should use 2 forms (1 for each finding). If there are no federal findings to present in this schedule, write NONE above.

Preparer's Signature: Debra S. Williams

Phone Number: (225) 342-4164

SCHEDULE 8-3
SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS

Department/University or College/Commission/District:
Southern University at Baton Rouge

For the Year Ended June 30, 2002

Finding Title: Allowable Activities and Allowable Costs

Reference Number(s): F-01-CC-SUBR-1

(from attached schedule of findings, may include more than one)

Initial Year of Finding: 2001

Amount of Questioned Costs in Finding: \$ 0.00

Status of Questioned Costs (check one): Resolved Unresolved:

Briefly describe the status of the Questioned Costs. Were they refunded to federal government?
Are they still in negotiation?

N/A

Page Number (from Single Audit Report): 64

Program Name(s): Public Safety Partnership and Community Policing Grants and Family Violence Prevention and Services

Federal Grantor Agency: Department of Health and Human Services

CFDA Number(s): 16.710 and 93.671

Status of Finding (check one):

Fully Corrected

Partially Corrected

Change of Corrective Action

Not Corrected

No Further Action Needed

(See OMB A-133 Section 315(b)(4))

Description of Status: (include corrective action planned and anticipated completion date, if applicable):

This program has been audited by the Legislative Auditors'-Investigative Audit Division. Copies of the Investigative audit report have been delivered to the District Attorney for the Nineteenth Judicial District for review and appropriate legal action as needed. At this time there is no further action needed on the part of the University.

NOTE: Use this form to present the status of any findings that are listed for your agency on the attached schedule. You should only present 1 finding per page. If you have 2 findings to present, then you should use 2 forms (1 for each finding). If there are no federal findings to present in this schedule, write NONE above.

Preparer's Signature: Gwendolyn A Bennett

Phone Number: (225)-771-2296

**SCHEDULE 8-3
SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS**

Department/University or College/Commission/District:
SOUTHERN UNIVERSITY AT NEW ORLEANS

For the Year Ended June 30, 2002

Finding Title: Internal Auditor

Reference Number (from attached schedule of findings): F-01-CC-SUNO-1

Initial Year of Finding: 2001

Amount of Questioned Costs in Finding: \$ -0-

Status of Questioned Costs (check one): Resolved Unresolved

Briefly describe the status of the Questioned Costs. Were they refunded to federal government?
Are they still in negotiation?

Page Number (from Single Audit Report): 65

Program Name(s): All Programs

Federal Grantor Agency: _____

CFDA Number(s): _____

Status of Finding (check one):

Fully Corrected	<input checked="" type="checkbox"/>	Not Corrected	<input type="checkbox"/>
Partially Corrected	<input type="checkbox"/>	No Further Action Needed	<input type="checkbox"/>
Change of Corrective Action	<input type="checkbox"/>	(See OMB A-133 Section 315(b)(4))	

Description of Status: (include corrective action planned and anticipated completion date, if applicable):

An internal auditor was hired and the function re-established effective March 2002.

Preparer's Signature: 

Gloria Thompson

Phone Number: (504) 286-5117

**SCHEDULE 8-3
SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS**

Department/University or College/Commission/District: **Dept. of Public Safety and Corrections -
Corrections Services**

For the Year Ended June 30, 2002

Finding Title: Noncompliance With Documentation Requirements for Federal Program

Reference Number(s): F-01-USDA-CORR-1
(from attached schedule of findings, may include more than one)

Initial Year of Finding: 2001

Amount of Questioned Costs in Finding: \$ 0

Status of Questioned Costs (check one): Resolved Unresolved:

Briefly describe the status of the Questioned Costs. Were they refunded to federal government?
Are they still in negotiation?

There were no questioned costs. The issue was that Jetson Correctional Center for Youths
did not submit accurate monthly inventory reports for commodities to the LA Dept of
Agriculture and did not maintain adequate perpetual inventory records. This has been
remedied. JCCY now maintains perpetual inventory records and submits accurate monthly
reports for commodities to the LA Dept of Agriculture.

Page Number (from Single Audit Report): Page 66

Program Name(s): Food Distribution (2001)
Federal Grantor Agency: U. S. Department of Agriculture

CFDA Number(s): 10.550

Status of Finding (check one):

Fully Corrected	<input checked="" type="checkbox"/>	Not Corrected	<input type="checkbox"/>
Partially Corrected	<input type="checkbox"/>	No Further Action Needed	<input type="checkbox"/>
Change of Corrective Action	<input type="checkbox"/>	(See OMB A-133 Section 315(b)(4))	

Description of Status: (include corrective action planned and anticipated completion date, if applicable):

NOTE: Use this form to present the status of any findings that are listed for your agency on the attached schedule. You should only present 1 finding per page. If you have 2 findings to present, then you should use 2 forms (1 for each finding). If there are no federal findings to present in this schedule, write NONE above.

Preparer's Signature: Margaret Roubrigue

Phone Number: 3426261

SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS

Department / University or College / Commission / District

(name of agency) Labor - Workforce Development

For the Year Ended June 30, 2002

Finding Title: Insufficient Monitoring of JTPA Subrecipient Audits

Reference Number(s): F-01-USDOL-LABR-2

(from attached schedule of findings, may include more than one)

Initial Year of Finding: 1999

Amount of Questioned Costs in Finding: -0-

Status of Questioned Costs (check one): Resolved N/A Unresolved N/A

Briefly describe the status of the Questioned Costs. Were they refunded to Federal government?
Are they still in negotiation?

Page Number (from Single Audit Report): 67

Program Name(s): JTPA Cluster

Federal Grantor Agency: U. S. Dept. of Labor

CFDA Number(s): 17.250 & 17.246

Status of Dinding (check one):

Fully Corrected X

Partially Corrected _____

Change of Corrective Action _____

Not Corrected _____

No Further Action Needed _____

(See OMB A-133 Section 315(b)(4))

Description of Status: (include corrective action planned and anticipated completion date, if applicable):

NOTE: Use this form to present the status of any findings that are listed for your agency on the attached schedule. You should only present 1 finding per page. If you have 2 findings to present, then you should use 2 forms (1 for each finding). If there are no federal findings to present in this schedule, write NONE above.

Preparer's Signature: W. J. [Signature]

Phone Number: 225-342-3103

SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS

Department / University or College / Commission / District

(name of agency) Labor - Workforce Development

For the Year Ended June 30, 2002

Finding Title: On-Site Monitoring of WIA Subrecipients Not Sufficient

Reference Number(s): F-01-USDOL-LABR-3

(from attached schedule of findings, may include more than one)

Initial Year of Finding: 1998

Amount of Questioned Costs in Finding: -0-

Status of Questioned Costs (check one): Resolved N/A Unresolved N/A

Briefly describe the status of the Questioned Costs. Were they refunded to Federal government?
Are they still in negotiation?

Page Number (from Single Audit Report): 69

Program Name(s): Workforce Investment Act

Federal Grantor Agency: U. S. Dept of Labor

CFDA Number(s): 17.255

Status of Finding (check one):

Fully Corrected X

Partially Corrected _____

Change of Corrective Action _____

Not Corrected _____

No Further Action Needed _____

(See OMB A-133 Section 315(b)(4))

Description of Status: (include corrective action planned and anticipated completion date, if applicable):

NOTE: Use this form to present the status of any findings that are listed for your agency on the attached schedule. You should only present 1 finding per page. If you have 2 findings to present, then you should use 2 forms (1 for each finding). If there are no federal findings to present in this schedule, write NONE above.

Preparer's Signature: W. J. [Signature]

Phone Number: 225-342-3103

SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS

Department / University or College / Commission / District

(name of agency) Labor - Workforce Development

For the Year Ended June 30, 2002

Finding Title: On-Site Monitoring of JTPA Subrecipients Not Sufficient

Reference Number(s): F-00-USDOL-LABR-8

(from attached schedule of findings, may include more than one)

Initial Year of Finding: 1998

Amount of Questioned Costs in Finding: \$ 13,088,947

Status of Questioned Costs (check one): Resolved Unresolved

Briefly describe the status of the Questioned Costs. Were they refunded to Federal government?
Are they still in negotiation?

Still in negotiation.

Page Number (from Single Audit Report): 93

Program Name(s): JTPA Cluster

Federal Grantor Agency: U. S. Dept of Labor

CFDA Number(s): 17.246; 17.250

Status of Finding (check one):

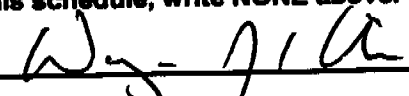
Fully Corrected
Partially Corrected
Change of Corrective Action

Not Corrected
No Further Action Needed
(See OMB A-133 Section 315(b)(4))

Description of Status: (include corrective action planned and anticipated completion date, if applicable):

Procedures have been established to correct the finding.

NOTE: Use this form to present the status of any findings that are listed for your agency on the attached schedule. You should only present 1 finding per page. If you have 2 findings to present, then you should use 2 forms (1 for each finding). If there are no federal findings to present in this schedule, write NONE above.

Preparer's Signature: 

Phone Number: 225-342-3103

SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS

Department / University or College / Commission / District

(name of agency) Labor - Workforce Development

For the Year Ended June 30, 2002

Finding Title: Unemployment Insurance Costs Charged Outside of the Funding Period

Reference Number(s): F-01-USDOL-LABR-4

(from attached schedule of findings, may include more than one)

Initial Year of Finding: 2000

Amount of Questioned Costs in Finding: \$ 808,857

Status of Questioned Costs (check one): Resolved Unresolved

Briefly describe the status of the Questioned Costs. Were they refunded to Federal government?
Are they still in negotiation?

Still in negotiation

Page Number (from Single Audit Report): 70

Program Name(s): Unemployment Insurance

Federal Grantor Agency: U. S. Dept of Labor

CFDA Number(s): 17.225

Status of Finding (check one):

Fully Corrected

Partially Corrected

Change of Corrective Action

Not Corrected

No Further Action Needed

(See OMB A-133 Section 315(b)(4))

Description of Status: (include corrective action planned and anticipated completion date, if applicable):

Procedures have been established to correct the finding.

NOTE: Use this form to present the status of any findings that are listed for your agency on the attached schedule. You should only present 1 finding per page. If you have 2 findings to present, then you should use 2 forms (1 for each finding). If there are no federal findings to present in this schedule, write NONE above.

Preparer's Signature: [Signature]

Phone Number: 225-342-3103

SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS

Department / University or College / Commission / District

(name of agency) Labor - Workforce Development

For the Year Ended June 30, 2002

Finding Title: Unemployment Insurance Costs Charged Outside of Funding Period

Reference Number(s): F-00-USDOL-LABR-9

(from attached schedule of findings, may include more than one)

Initial Year of Finding: 2000

Amount of Questioned Costs in Finding: \$ 3,143,111

Status of Questioned Costs (check one): Resolved Unresolved

Briefly describe the status of the Questioned Costs. Were they refunded to Federal government?
Are they still in negotiation?

Still in negotiation

Page Number (from Single Audit Report): 95

Program Name(s): Unemployment Insurance

Federal Grantor Agency: U. S. Dept of Labor

CFDA Number(s): 17.225

Status of Finding (check one):

Fully Corrected

Partially Corrected

Change of Corrective Action

Not Corrected

No Further Action Needed

(See OMB A-133 Section 315(b)(4))

Description of Status: (include corrective action planned and anticipated completion date, if applicable):

Procedure has been established to correct the finding.

NOTE: Use this form to present the status of any findings that are listed for your agency on the attached schedule. You should only present 1 finding per page. If you have 2 findings to present, then you should use 2 forms (1 for each finding). If there are no federal findings to present in this schedule, write NONE above.

Preparer's Signature: Weg. J. H.

Phone Number: 225-342-3103

SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS

Department / University or College / Commission / District

(name of agency) Labor - Workforce Development

For the Year Ended June 30, 2002

Finding Title: Failure to Comply with Cash Management Improvement Act

Reference Number(s): F-00-USDOL-LABR-4

(from attached schedule of findings, may include more than one)

Initial Year of Finding: 2000

Amount of Questioned Costs in Finding: -0-

Status of Questioned Costs (check one): Resolved N/A Unresolved N/A

Briefly describe the status of the Questioned Costs. Were they refunded to Federal government?
Are they still in negotiation?

Page Number (from Single Audit Report): 89

Program Name(s): Unemployment Insurance, JTPA Cluster

Federal Grantor Agency: U. S. Dept of Labor

CFDA Number(s): 17.225; 17.246; 17.250

Status of Dinding (check one):

Fully Corrected

Partially Corrected X

Change of Corrective Action

Not Corrected

No Further Action Needed

(See OMB A-133 Section 315(b)(4))

Description of Status: (include corrective action planned and anticipated completion date, if applicable):

Hired consultant to assist in written procedures.

NOTE: Use this form to present the status of any findings that are listed for your agency on the attached schedule. You should only present 1 finding per page. If you have 2 findings to present, then you should use 2 forms (1 for each finding). If there are no federal findings to present in this schedule, write NONE above.

Preparer's Signature: W. J. A.

Phone Number: 225-342-3103

SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS

Department / University or College / Commission / District

(name of agency) Labor - Workforce Development

For the Year Ended June 30, 2002

Finding Title: Noncompliance with the Unemployment Insurance Program Requirements

Reference Number(s): F-00-USDOL-LABR-7

(from attached schedule of findings, may include more than one)

Initial Year of Finding: 1999

Amount of Questioned Costs in Finding: \$ 45,217

Status of Questioned Costs (check one): Resolved Unresolved

Briefly describe the status of the Questioned Costs. Were they refunded to Federal government?
Are they still in negotiation?

Still in negotiation

Page Number (from Single Audit Report): 93

Program Name(s): Unemployment Insurance

Federal Grantor Agency: U. S. Dept of Labor

CFDA Number(s): 17.225

Status of Finding (check one):

Fully Corrected

Partially Corrected

Change of Corrective Action

Not Corrected

No Further Action Needed

(See OMB A-133 Section 315(b)(4))

Description of Status: (include corrective action planned and anticipated completion date, if applicable):

Procedures have been established to correct the finding.

NOTE: Use this form to present the status of any findings that are listed for your agency on the attached schedule. You should only present 1 finding per page. If you have 2 findings to present, then you should use 2 forms (1 for each finding). If there are no federal findings to present in this schedule, write NONE above.

Preparer's Signature: [Signature]

Phone Number: 225-342-3103

SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS

Department / University or College / Commission / District

(name of agency) Labor - Workforce Development

For the Year Ended June 30, 2002

Finding Title: Noncompliance with the Unemployment Insurance Program Requirements

Reference Number(s): F-99-USDOL-LABR-5

(from attached schedule of findings, may include more than one)

Initial Year of Finding: 1999

Amount of Questioned Costs in Finding: \$ 1,823,516

Status of Questioned Costs (check one): Resolved Unresolved

Briefly describe the status of the Questioned Costs. Were they refunded to Federal government?
Are they still in negotiation?

Still in negotiation

Page Number (from Single Audit Report): 92

Program Name(s): Unemployment Insurance

Federal Grantor Agency: U. S. Dept of Labor

CFDA Number(s): 17.225

Status of Dinding (check one):

Fully Corrected

Partially Corrected

Change of Corrective Action

Not Corrected

No Further Action Needed

(See OMB A-133 Section 315(b)(4))

Description of Status: (include corrective action planned and anticipated completion date, if applicable):

Procedures have been established to correct the finding.

NOTE: Use this form to present the status of any findings that are listed for your agency on the attached schedule. You should only present 1 finding per page. If you have 2 findings to present, then you should use 2 forms (1 for each finding). If there are no federal findings to present in this schedule, write NONE above.

Preparer's Signature: 

Phone Number: 225-342-3103

SCHEDULE 8-3
SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS
Department / University or College / Commission / District: Department of Transportation & Development

(name of agency) Department of Transportation and Development

For the Year Ended June 30, 2002

Finding Title: Construction Materials Not Sampled

Reference Number (from attached schedule of findings): F-01-DOT-DOTD1

Initial Year of Findings: 2001

Amount of Questioned Costs in Finding: \$ - 0 -

Status of Questioned Costs (check one): Resolved: Unresolved:

Briefly describe the status of the Questioned Costs. Were they refunded to federal government?
Are they still in negotiation?

Page Number (from Audit Report) 71

Program Name(s): Highway Planning and Construction

Federal Grantor Agency: Federal Highway Administration

CFDA Numbers(s) 20.205

Status of Finding (check one)

Fully Corrected Not Corrected
Partially Corrected No Further Action Needed
Change of Corrective Action (See OMB A-133 Section 315(b)(4))

Description of Status: (include corrective action planned and anticipated completion date, if applicable):
The department has policies and procedures to insure material testing is conducted. Quality control and assurance are high priorities of all project engineers and management.

NOTE: Use this form to present the status of any findings that are listed for your agency on the attached schedule. You should only present 1 finding per page. If you have 2 findings to present, then you should use 2 forms (1 for each finding). If there are no federal findings to present in this schedule, write NONE above.

Preparer's Signature Janie Whitehead Phone Number 379-1676

SCHEDULE 8-3
SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS
Department / University or College / Commission / District: Department of Transportation & Development

(name of agency) Department of Transportation and Development

For the Year Ended June 30, 2002

Finding Title: Equipment Rental Rates Not Current

Reference Number (from attached schedule of findings): F-01-DOT-DOTD2

Initial Year of Findings: 2001

Amount of Questioned Costs in Finding: \$ - 0 -

Status of Questioned Costs (check one): Resolved: Unresolved:

Briefly describe the status of the Questioned Costs. Were they refunded to federal government?
Are they still in negotiation?

Page Number (from Audit Report) 72

Program Name(s): Highway Planning and Construction

Federal Grantor Agency: Federal Highway Administration

CFDA Numbers(s) 20.205

Status of Finding (check one)

Fully Corrected	<input checked="" type="checkbox"/>	Not Corrected	<input type="checkbox"/>
Partially Corrected	<input type="checkbox"/>	No Further Action Needed	<input type="checkbox"/>
Change of Corrective Action	<input type="checkbox"/>	(See OMB A-133 Section 315(b)(4))	

Description of Status: (include corrective action planned and anticipated completion date, if applicable):
Updated equipment rental rates were implemented in October, 2001.

NOTE: Use this form to present the status of any findings that are listed for your agency on the attached schedule. You should only present 1 finding per page. If you have 2 findings to present, then you should use 2 forms (1 for each finding). If there are no federal findings to present in this schedule, write NONE above.

Preparer's Signature Jamie W. Whitehead Phone Number 379-1676

**SCHEDULE 8-3
SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS**

Department/University or College/Commission/District: Department of Transportation & Development

(name of agency) Department of Transportation and Development

For the Year Ended June 30, 2002

Finding Title: Failure to Monitor Preliminary Engineering Projects

Reference Number (from attached schedule of findings): F-01-DOT-DOTD3

Initial Year of Findings: 2001

Amount of Questioned Costs in Finding: \$ 140,488

Status of Questioned Costs (check one): Resolved: Unresolved:

Briefly describe the status of the Questioned Costs. Were they refunded to federal government?
Are they still in negotiation?

The three projects have been closed and all monies have been returned to the Federal Highway Administration.

Page Number (from Audit Report) 73

Program Name(s): Highway Planning and Construction

Federal Grantor Agency: Federal Highway Administration

CFDA Numbers(s) 20.205

Status of Finding (check one)

Fully Corrected _____

Partially Corrected

Change of Corrective Action _____

Not Corrected _____

No Further Action Needed _____

(See OMB A-133 Section 315(b)(4))

Description of Status: (include corrective action planned and anticipated completion date, if applicable):

The code of Federal Regulations does not specifically require that monies be refunded to the 10-year limit. The three projects cited are governed by programs which DOTD administers for others. DOTD procedures are more than adequate to preclude a reoccurrence but additional attention will be given to those projects identified as "work for others".

NOTE: Use this form to present the status of any findings that are listed for your agency on the attached schedule. You should only present 1 finding per page. If you have 2 findings to present, then you should use 2 forms (1 for each finding). If there are no federal findings to present in this schedule, write NONE above.

Preparer's Signature

Jamie Whitehead

Phone Number

379-1676

SCHEDULE 8-3
SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS
Department / University or College / Commission / District Department of Transportation & Development

(name of agency) Department of Transportation and Development

For the Year Ended June 30, 2002

Finding Title: Inadequate Monitoring of Davis-Bacon Act

Reference Number (from attached schedule of findings): F-01-DOT-DOTD4

Initial Year of Findings: 2001

Amount of Questioned Costs in Finding: \$ - 0 -

Status of Questioned Costs (check one): Resolved: X Unresolved: _____

Briefly describe the status of the Questioned Costs. Were they refunded to federal government?
Are they still in negotiation?

Page Number (from Audit Report) 74

Program Name(s): Highway Planning and Construction

Federal Grantor Agency: Federal Highway Administration

CFDA Numbers(s) 20.205

Status of Finding (check one)

Fully Corrected	<u>X</u>	Not Corrected	_____
Partially Corrected	_____	No Further Action Needed	_____
Change of Corrective Action	_____	(See OMB A-133 Section 315(b)(4))	

Description of Status: (include corrective action planned and anticipated completion date, if applicable):
The Department has adequate procedures in place to comply with the Davis-Bacon Act. The Department has also enacted a plan to ensure these procedures are emphasized and enforced. This includes reviewing in detail existing policies and procedures, implementing additional procedures to ensure payrolls are thoroughly checked and that these are reviewed at higher levels for completeness.

NOTE: Use this form to present the status of any findings that are listed for your agency on the attached schedule. You should only present 1 finding per page. If you have 2 findings to present, then you should use 2 forms (1 for each finding). If there are no federal findings to present in this schedule, write NONE above.

Preparer's Signature Jamie Whitehead Phone Number 379-1676

SCHEDULE 8-3
SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS
Department / University or College / Commission / District Department of Transportation & Development

(name of agency) Department of Transportation and Development

For the Year Ended June 30, 2002

Finding Title: Untimely Closing of Projects

Reference Number (from attached schedule of findings): F-01-DOT-DOTD5

Initial Year of Findings: 1998

Amount of Questioned Costs in Finding: \$ - 0 -

Status of Questioned Costs (check one): Resolved: Unresolved:

Briefly describe the status of the Questioned Costs. Were they refunded to federal government?
Are they still in negotiation?

Page Number (from Audit Report) 75

Program Name(s): Highway Planning and Construction

Federal Grantor Agency: Federal Highway Administration

CFDA Numbers(s) 20.205

Status of Finding (check one)

Fully Corrected
Partially Corrected
Change of Corrective Action

Not Corrected
No Further Action Needed
(See OMB A-133 Section 315(b)(4))

Description of Status: (include corrective action planned and anticipated completion date, if applicable):
Significant progress has been made in this area; however, the Department has had two back-to-back record
years of construction letting, totaling some \$1.24 billion, thus exacerbating the volume of projects to be
closed with no increase in staffing. The plan will be revised to allow two years for closure.

NOTE: Use this form to present the status of any findings that are listed for your agency on the attached schedule.
You should only present 1 finding per page. If you have 2 findings to present, then you should use 2 forms
(1 for each finding). If there are no federal findings to present in this schedule, write NONE above.

Preparer's Signature Jennie Whithead Phone Number 379-1676

**SCHEDULE 8-3
SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS**

Department of Environmental Quality/ Municipal Facilities Revolving Loan Funds

For the Year Ended June 30, 2002

Finding Title: **Subrecipient Audit Reports Not Monitored**

Reference Number: **F-01-EPA-DEQ-1**

Initial Year of Finding **2001**

Amount of Questioned Costs in Finding **1,573,134**

Status of Questioned Costs: **Unresolved**

The questioned costs have not been refunded to the Federal government.
The Federal government has not contacted us in regards to these costs.

Page Number: **2**

Program Name: **Capitalization Grants for State Revolving Funds**

Federal Grantor Agency: **EPA**

CFDA Number: **66.458**

Status of Finding: **Fully Corrected**

Procedures have been put in place and a check list has been established to insure the each subrecipient's annual audit is reviewed annually.

Preparer's Signature



Phone Number: **225-765-0708**

**SCHEDULE 8-3
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

Department/University or College/Commission/District

Board of Elementary and Secondary Education

For the Year Ended June 30, 2002

Finding Title: Lack of Internal Controls Over Public Charter Schools Program

Reference Number(s): F-01-ED-BESE-1

(from attached schedule of findings, may include more than one)

Initial Year of Finding: 2001

Amount of Questioned Costs in Finding: \$ 871,482

Status of Questioned Costs (check one): Resolved: _____ Unresolved: X

Briefly describe the status of the Questioned Costs. Were they refunded to federal government?

Are they still in negotiation?

The questioned costs are still in negotiation.

Page Number (from Single Audit Report): 77

Program Name(s): Charter Schools

Federal Grantor Agency: Office of Elementary and Secondary Education, Department of Education

CFDA Number(s): 84.282

Status of Finding (check one):

Fully Corrected X

Not Corrected _____

Partially Corrected _____

No Further Action Needed _____

Change of Corrective Action _____

(See OMB A-133 Section 315(b)(4))

Description of Status: (Include corrective action planned and anticipated completion date, if applicable):

Corrective Action: (1) Information packets have been updated to include notification of relevant federal requirements; (2) Grant applications are reviewed to identify any unallowable expenses in the grantee's budget; (3) Reimbursement requests are reviewed to ensure agreement with the approved budget; (4) Copies of invoices are required to be submitted by the grantees to support all claims for reimbursement. These invoice copies are kept on file by BESE.

NOTE: Use this form to present the status of any findings that are listed for your agency on the attached schedule. You should only present 1 finding per page. If you have 2 findings to present, then you should use 2 forms (1 for each finding). If there are no federal findings to present in this schedule, write NONE above.

Preparer's Signature: Rachelle Young

Phone Number: (225) 342-0700

**SCHEDULE B-3
SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS**

Department/University or College/Commission/District
(name of agency) Grambling State University

For the Year Ended June 30, 2002

Finding Title: Satisfactory Academic Progress

Reference Number(s): F-00-ED-GSU-4
(from attached schedule of findings, may include more than one)

Initial Year of Finding: 2000

Amount of Questioned Costs in Finding: \$ 3,583

Status of Questioned Costs (check one): Resolved Unresolved:

Briefly describe the status of the Questioned Costs. Were they refunded to federal government?
Are they still in negotiation?

Per the Department of Education, the final determination of finding is in process

Page Number (from Single Audit Report): 114

Program Name(s): _____

Federal Grantor Agency: United States Department of Education

CFDA Number(s): _____

Status of Finding (check one):

Fully Corrected	<input type="checkbox"/>	Not Corrected	<input type="checkbox"/>
Partially Corrected	<input checked="" type="checkbox"/>	No Further Action Needed	<input type="checkbox"/>
Change of Corrective Action	<input type="checkbox"/>	(See OMB A-133 Section 315(b)(4))	

Description of Status: (include corrective action planned and anticipated completion date, if applicable):

The University has implemented the Banner software. The satisfactory academic progress policy rules have been written and we are now running the SAP process through Banner. The Assistant Director and System Program Analyst are responsible for running the process.

NOTE: Use this form to present the status of any findings that are listed for your agency on the attached schedule. You should only present 1 finding per page. If you have 2 findings to present, then you should use 2 forms (1 for each finding). If there are no federal findings to present in this schedule, write NONE above.

Preparer's Signature: Alina Thomas

Phone Number: 318-274-6190

**SCHEDULE 8-3
SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS**

Department/University or College/Commission/District: Grambling State University
(name of agency)

For the Year Ended June 30, 2002

Finding Title: Aid Exceeded Documented Need

Reference Number(s): F-00-ED-GSU-5
(from attached schedule of findings, may include more than one)

Initial Year of Finding: 2000

Amount of Questioned Costs in Finding: \$ 1610

Status of Questioned Costs (check one): Resolved _____ Unresolved:

Briefly describe the status of the Questioned Costs. Were they refunded to federal government?
Are they still in negotiation?

Per Department of Education, the final determination of finding is in process.

Page Number (from Single Audit Report): 114

Program Name(s): _____

Federal Grantor Agency: United States Department of Education

CFDA Number(s): _____

Status of Finding (check one):

Fully Corrected	_____	Not Corrected	_____
Partially Corrected	<input checked="" type="checkbox"/>	No Further Action Needed	_____
Change of Corrective Action	_____	(See OMB A-133 Section 315(b)(4))	

Description of Status: (include corrective action planned and anticipated completion date, if applicable):

The Banner Financial Aid Module clearly identifies student records that are over-awarded. The Assistant Director responsible for the Unit is also responsible for generating over-award reports and adjusting the student's awards accordingly.

NOTE: Use this form to present the status of any findings that are listed for your agency on the attached schedule. You should only present 1 finding per page. If you have 2 findings to present, then you should use 2 forms (1 for each finding). If there are no federal findings to present in this schedule, write NONE above.

Preparer's Signature: Alvin Thomas

Phone Number: 318-274-6190

**SCHEDULE 8-3
SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS**

Department/University or College/Commission/District:

LTC-AVOYELLES

For the Year Ended June 30, 2002

Finding Title: Improper Payroll Charges to a Federal Program

Reference Number (from attached schedule of findings):

F-00-ED-LTCAVOY-1

Initial Year of Finding: FY 2000

Amount of Questioned Costs in Finding: \$ 4,000.00

Status of Questioned Costs (check one): **Resolved** _____ **Unresolved:** X _____

Briefly describe the status of the Questioned Costs. Were they refunded to federal government?

Are they still in negotiation?

We have not been notified whether these funds are to be refunded.

Page Number (from Single Audit Report): 102

Program Name(s): Carl Perkins - Student Services Employees

Federal Grantor Agency: Vocational Education - Basic Grants to States

CFDA Number(s): 84.048

Status of Finding (check one):

Fully Corrected X _____

Partially Corrected _____

Change of Corrective Action _____

Not Corrected _____

No Further Action Needed _____

(See OMB A-133 Section 315(b)(4))

Description of Status: (include corrective action planned and anticipated completion date, if applicable):

To insure that payroll charges to a federal program are based on: actual time worked on the program, this plan will be placed in effect. At a minimum, 5% of the payroll time will be charged to State General Funds for the following federal program employees: Guidance Aide, Health Occupations Teacher's Aide, and Skills Center Teacher's Aide. Should these employees work over 5% of their time on non-federal program activities, the time will be logged on the time sheet for two separate pay categories by the employee, will be approved by the school director, and appropriate charge made by the Accountant.

NOTE: Use this form to present the status of any findings that are listed for your agency on the attached schedule. You should only present 1 finding per page. If you have 2 findings to present, then you should use 2 forms (1 for each finding). If there are no federal findings to present in this schedule, write NONE above.

Preparer's Signature: Jane M Smith  10-1-02

Phone Number: (318) 876-2401

SCHEDULE 8-3
SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS

Department/University or College/Commission/District:

LTC-AVOYELLES

For the Year Ended June 30, 2002

Finding Title: Noncompliance With Documentation Requirements for
Federal Program

Reference Number (from attached schedule of findings): F-00-ED-LTCAVOY-3

Initial Year of Finding: FY 2000

Amount of Questioned Costs in Finding: \$ 2,103.00

Status of Questioned Costs (check one): Resolved _____ Unresolved: _____

Briefly describe the status of the Questioned Costs. Were they refunded to federal government?

Are they still in negotiation?

We have not yet been notified whether these funds are to be refunded.

Page Number (from Single Audit Report): 104

Program Name(s): Vocational Education - Basic Grants to States

Federal Grantor Agency: Single Parent Program

CFDA Number(s): 84.048

Status of Finding (check one):

Fully Corrected _____

Partially Corrected _____

Change of Corrective Action _____

Not Corrected _____

No Further Action Needed _____

(See OMB A-133 Section 315(b)(4))

Description of Status: (include corrective action planned and anticipated completion date, if applicable):

To ensure that students provide the required documents to support eligibility determinations, we have developed two checklists - one for Carl Perkins program participants and the other for Sex Bias program participants. The checklists, along with copies of all supporting documents, will be prepared by the Special Program Coordinator and will be reviewed by the Director or his designee. Both of these employees will sign the checklist before benefits or services are provided to federal program participants.

The checklist, along with all supporting documents, will be attached to the Carl Perkins participant's application. In addition, copies of all supporting documentation submitted by students will be date stamped, approved, and initialed by the Special Program Coordinator. All necessary supporting data has been collected.

NOTE: Use this form to present the status of any findings that are listed for your agency on the attached schedule. You should only present 1 finding per page. If you have 2 findings to present, then you should use 2 forms (1 for each finding). If there are no federal findings to present in this schedule, write NONE above.

Preparer's Signature: Jane M Smith  10-1-02

Phone Number: (318) 876-2401

**SCHEDULE 8-3
SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS**

Department/University or College/Commission/District:

LTC-WESTSIDE

For the Year Ended June 30, 2002

Finding Title: Insufficient Controls Over Vocational Education - Basic Grants to States
Federal Program

Reference Number (from attached schedule of findings): F-01-ED-LTCWSTSD-1

Initial Year of Finding: 2001

Amount of Questioned Costs in Finding: \$ 0.00

Status of Questioned Costs (check one): Resolved Unresolved:

Briefly describe the status of the Questioned Costs. Were they refunded to federal government?
Are they still in negotiation?
No questionable cost involved.

Page Number (from Single Audit Report): 78

Program Name(s): Vocational Education - Basic Grants to States

Federal Grantor Agency: _____

CFDA Number(s): 84.048

Status of Finding (check one):
Fully Corrected X Not Corrected
Partially Corrected _____ No Further Action Needed _____
Change of Corrective Action _____ (See OMB A-133 Section 315(p)(4))

Description of Status: (include corrective action planned and anticipated completion date, if applicable)
This finding was resolved prior to the initial distribution of the LTC Westside Campus report.

NOTE: Use this form to present the status of any findings that are listed for your agency on the attached schedule. You should only present 1 finding per page. If you have 2 findings to present, then you should use 2 forms (1 for each finding). If there are no federal findings to present in this schedule, write NONE above.

Preparer's Signature: *[Signature]* 10-1-02

Phone Number: _____

STATE OF LOUISIANA

SOUTHEASTERN LOUISIANA UNIVERSITY

SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS
For the Year Ended June 30, 2002

Finding Title: Overpayments resulting from Unofficial Drops

Reference Number: F-01-ED-SLU-1

Initial Year of Finding: 2001

Amount of Questioned Costs in Finding: \$ _____

Status of Questioned Costs: _____

Briefly describe the status of the Questioned Costs. Were they refunded to federal government? Are they still in negotiation?

Page Number: 79

Program Name(s): Federal Supplemental Educational Opportunity Grants,
Federal Family Education Loans, and
Federal Pell Grant Program

Federal Grantor Agency: U.S. Department of Education

CFDA Number(s): 84.007, 84.032 and 84.063

Status of Finding: Fully Corrected

Description of Status: The funds have been refunded to the Federal Government or the Appropriate FFEL Lender. Procedures have been put in place in the Records and Registration Office, the Financial Aid Office and the Controller's Office to ensure that students who unofficially drop are identified in a timely basis and appropriate refunds are processed back to the Federal Government or FFEL Lender within the time allowed by the Federal Government.

Preparer's Signature: _____

Phone Number: (985) 549-2088

SCHEDULE 8-3

STATE OF LOUISIANA
SOUTHEASTERN LOUISIANA UNIVERSITY
SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS
For the Year Ended June 30, 2002

Finding Title: Untimely Grant and Loan Refunds

Reference Number: F-01-ED-SLU-2

Initial Year of Finding: 2001

Amount of Questioned Costs in Finding: \$ _____

Status of Questioned Costs: _____

Briefly describe the status of the Questioned Costs. Were they refunded to federal government? Are they still in negotiation?

Page Number: 80

Program Name(s): Federal Family Education Loans, and
Federal Pell Grant Program

Federal Grantor Agency: U.S. Department of Education

CFDA Number(s): 84.032 and 84.063

Status of Finding: Fully Corrected

Description of Status: The funds have been refunded to the Federal Government or the Appropriate FFEL Lender. Procedures have been put in place to assure that refunds are processed completely in a timely manner (within the required time frame as dictated by the Federal Government).

Preparer's Signature: 

Phone Number: (985) 549-2088

SCHEDULE 8-3A

**SCHEDULE 8-3
SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS**

Department/University or College/Commission/District:
Southern University at Baton Rouge

For the Year Ended June 30, 2002

Finding Title: Student Loan Disbursements

Reference Number(s): F-01-ED-SUBR-2

(from attached schedule of findings, may include more than one)

Initial Year of Finding: 2001

Amount of Questioned Costs in Finding: \$ 787.00

Status of Questioned Costs (check one): Resolved Unresolved:

Briefly describe the status of the Questioned Costs. Were they refunded to federal government?
Are they still in negotiation?

All questioned costs have been refunded to the federal government.

Page Number (from Single Audit Report): 86

Program Name(s): Federal Family Education Loan (FFEL)

Federal Grantor Agency: Department of Education

CFDA Number(s): 84.032

Status of Finding (check one):

Fully Corrected

Partially Corrected

Change of Corrective Action

Not Corrected

No Further Action Needed

(See OMB A-133 Section 315(b)(4))

Description of Status: (include corrective action planned and anticipated completion date, if applicable):

The University will adhere to established procedures to monitor the Federal Family Loan Program.

NOTE: Use this form to present the status of any findings that are listed for your agency on the attached schedule. You should only present 1 finding per page. If you have 2 findings to present, then you should use 2 forms (1 for each finding). If there are no federal findings to present in this schedule, write NONE above.

Preparer's Signature: Gwendolyn A. Bennett

Phone Number: (225)-771-2296

SCHEDULE 8-3
SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS

Department/University or College/Commission/District:
Southern University at Baton Rouge

For the Year Ended June 30, 2002
Finding Title: Return of Title IV Funds

Reference Number(s): F-01-ED-SUBR-3

(from attached schedule of findings, may include more than one)

Initial Year of Finding: 2001

Amount of Questioned Costs in Finding: \$ 2,692.00

Status of Questioned Costs (check one): Resolved Unresolved:

Briefly describe the status of the Questioned Costs. Were they refunded to federal government?
Are they still in negotiation?
All questioned costs have been returned to either the federal agency or lender.

Page Number (from Single Audit Report): 87

Program Name(s): Federal Pell Grant Program and Federal Family Education Loan (FFEL)

Federal Grantor Agency: Department of Education

CFDA Number(s): 84.063 and 84.032

Status of Finding (check one):

Fully Corrected	<input type="checkbox"/>	Not Corrected	<input type="checkbox"/>
Partially Corrected	<input checked="" type="checkbox"/>	No Further Action Needed	<input type="checkbox"/>
Change of Corrective Action	<input type="checkbox"/>	(See OMB A-133 Section 315(b)(4))	

Description of Status: (include corrective action planned and anticipated completion date, if applicable):

Procedures to monitor this finding were not fully implemented until after the issuance of the 2001 audit report; therefore, we do not expect to see evidence of full compliance until fiscal year 2002-2003. Processing times have been established for each affected department and will be monitored by our Internal Auditor to ensure compliance. Evidence of non-compliance will be reported and corrected immediately.

NOTE: Use this form to present the status of any findings that are listed for your agency on the attached schedule. You should only present 1 finding per page. If you have 2 findings to present, then you should use 2 forms (1 for each finding). If there are no federal findings to present in this schedule, write NONE above.

Preparer's Signature: Gwendolyn A Bennett

Phone Number: (225)-771-2296

**SCHEDULE 8-3
SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS**

Department/University or College/Commission/District:
SOUTHERN UNIVERSITY AT NEW ORLEANS

For the Year Ended June 30, 2002

Finding Title: Loan Disbursements to Student and Repayment to Lenders

Reference Number (from attached schedule of findings): F-01-ED-SUNO-2

Initial Year of Finding: 2001

Amount of Questioned Costs in Finding: \$ -0-

Status of Questioned Costs (check one): Resolved Unresolved

Briefly describe the status of the Questioned Costs. Were they refunded to federal government?
Are they still in negotiation?

Page Number (from Single Audit Report): 88

Program Name(s): Federal Family Education Loan and Federal Direct Loan Programs

Federal Grantor Agency: U. S. Department of Education

CFDA Number(s): 84.032; 84.268

Status of Finding (check one):

Fully Corrected	<input checked="" type="checkbox"/>	Not Corrected	<input type="checkbox"/>
Partially Corrected	<input type="checkbox"/>	No Further Action Needed	<input type="checkbox"/>
Change of Corrective Action	<input type="checkbox"/>	(See OMB A-133 Section 315(b)(4))	

Description of Status: (include corrective action planned and anticipated completion date, if applicable):

The University is adhering to its established procedures to ensure that all checks belonging to students and lenders are delivered, credited and/or voided in a timely manner. The files of outstanding checks are reviewed on a regular basis to ensure that any checks not picked up by students or lenders/vendors are investigated and properly handled.

Preparer's Signature: Gerald Williams

Gerald Williams

Phone Number: (504) 284-5442

**SCHEDULE 8-3
SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS**

Department/University or College/Commission/District:
SOUTHERN UNIVERSITY AT NEW ORLEANS

For the Year Ended June 30, 2002

Finding Title: Federal Family Education Loan

Reference Number (from attached schedule of findings): F-01-ED-SUNO-3

Initial Year of Finding: 2000

Amount of Questioned Costs in Finding: \$ 7,575

Status of Questioned Costs (check one): Resolved Unresolved

Briefly describe the status of the Questioned Costs. Were they refunded to federal government?
Are they still in negotiation?

Funds were repaid to lender

Page Number (from Single Audit Report): 89

Program Name(s): Federal Family Education Loan

Federal Grantor Agency: U. S. Department of Education

CFDA Number(s): 84.032

Status of Finding (check one):

Fully Corrected	<input checked="" type="checkbox"/>	Not Corrected	<input type="checkbox"/>
Partially Corrected	<input type="checkbox"/>	No Further Action Needed	<input type="checkbox"/>
Change of Corrective Action	<input type="checkbox"/>	(See OMB A-133 Section 315(b)(4))	

Description of Status: (include corrective action planned and anticipated completion date, if applicable):

The University is adhering to its established procedures in order to ensure that the total amount

of financial aid awarded to students will not exceed their aggregate loan limit. The

Financial Aid Director and all financial aid counselors have been instructed to carefully

monitor the processing and awarding of aid.

Preparer's Signature: 

Ursula Shorty

Phone Number: (504) 286-5017

**SCHEDULE 8-3
SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS**

Department/University or College/Commission/District:
SOUTHERN UNIVERSITY AT NEW ORLEANS

For the Year Ended June 30, 2002

Finding Title: Satisfactory Academic Progress

Reference Number (from attached schedule of findings): F-01-ED-SUNO-4

Initial Year of Finding: 2000

Amount of Questioned Costs in Finding: \$ 19,915

Status of Questioned Costs (check one): Resolved Unresolved

Briefly describe the status of the Questioned Costs. Were they refunded to federal government?
Are they still in negotiation?

Questioned costs are still in negotiation with DOE.

Page Number (from Single Audit Report): 90

Program Name(s): FSEOG; Federal Family Educational & Federal Direct Student Loans

Federal Grantor Agency: U. S. Department of Education

CFDA Number(s): 84.007; 84.032; 84.063

Status of Finding (check one):

Fully Corrected	<input type="checkbox"/>	Not Corrected	<input type="checkbox"/>
Partially Corrected	<input checked="" type="checkbox"/>	No Further Action Needed	<input type="checkbox"/>
Change of Corrective Action	<input type="checkbox"/>	(See OMB A-133 Section 315(b)(4))	

Description of Status: (include corrective action planned and anticipated completion date, if applicable):

The University has revised, published and implemented its satisfactory academic progress policy, effective Fall 2001 to include standards as prescribe by the Title IV regulations and is constantly monitoring the application of the revised policy.

Additional revisions to ensure a fair and equitable policy were made effective Fall 2002.

Preparer's Signature: Gladys Allen

Gladys Allen

Phone Number: (504) 286-5230

**SCHEDULE 8-3
SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS**

Department/University or College/Commission/District:
SOUTHERN UNIVERSITY AT NEW ORLEANS

For the Year Ended June 30, 2002

Finding Title: Satisfactory Academic Progress

Reference Number (from attached schedule of findings): F-00-ED-SUNO-5

Initial Year of Finding: 2000

Amount of Questioned Costs in Finding: \$ 26,592

Status of Questioned Costs (check one): Resolved Unresolved

Briefly describe the status of the Questioned Costs. Were they refunded to federal government?
Are they still in negotiation?

Funds were returned to DOE and the lender

Page Number (from Single Audit Report): 118

Program Name(s): FSEOG; Federal Work - Study; PELL; Federal Direct Student Loan

Federal Grantor Agency: U. S. Department of Education

CFDA Number(s): 84.007; 84.033; 84.063; 843268

Status of Finding (check one):

Fully Corrected	<input type="checkbox"/>	Not Corrected	<input type="checkbox"/>
Partially Corrected	<input checked="" type="checkbox"/>	No Further Action Needed	<input type="checkbox"/>
Change of Corrective Action	<input type="checkbox"/>	(See OMB A-133 Section 315(b)(4))	

Description of Status: (include corrective action planned and anticipated completion date, if applicable):

The University has established, published and implemented a satisfactory academic
progress policy inclusive of the required standards prescribed by Title IV Regulations.

Preparer's Signature: Gladys Allen

Gladys Allen

Phone Number: (504) 286-5320

**SCHEDULE 2-3
SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS**

Department/University or College/Commission/District:
SOUTHERN UNIVERSITY AT NEW ORLEANS

For the Year Ended June 30, 2002

Finding Title: Refund of Title IV Funds

Reference Number (from attached schedule of findings): F-01-ED-SUNO-5

Initial Year of Finding: 2001

Amount of Questioned Costs in Finding: \$ -0-

Status of Questioned Costs (check one): Resolved Unresolved

Briefly describe the status of the Questioned Costs. Were they refunded to federal government?
Are they still in negotiation?

Page Number (from Single Audit Report): 91

Program Name(s): Federal Pell Grant; FFEL and Direct Lending Programs

Federal Grantor Agency: U. S. Department of Education

CFDA Number(s): 84.032; 84.063; 84.268

Status of Finding (check one):

Fully Corrected	<input type="checkbox"/>	Not Corrected	<input type="checkbox"/>
Partially Corrected	<input checked="" type="checkbox"/>	No Further Action Needed	<input type="checkbox"/>
Change of Corrective Action	<input type="checkbox"/>	(See OMB A-133 Section 315(b)(4))	

Description of Status: (include corrective action planned and anticipated completion date, if applicable):

During Fall 2001 semester, SUNO revised, published and implemented its refund policy
to include standards as prescribed by Title IV regulations. The University also installed
and implemented the USDOE software for calculating returns of Title IV resulting in
refunds and notifications to students being timely and accurate.

Preparer's Signature: Gerald Williams

Gerald Williams

Phone Number: (504) 286-5442

**SCHEDULE 8-3
SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS**

Department/University or College/Commission/District:
SOUTHERN UNIVERSITY AT NEW ORLEANS

For the Year Ended June 30, 2002

Finding Title: Aid Exceeded Documented Need

Reference Number (from attached schedule of findings): F-01-ED-SUNO-6

Initial Year of Finding: 2001

Amount of Questioned Costs in Finding: \$ 1,000

Status of Questioned Costs (check one): Resolved Unresolved

Briefly describe the status of the Questioned Costs. Were they refunded to federal government?
Are they still in negotiation?

Questioned costs still in negotiation

Page Number (from Single Audit Report): 92

Program Name(s): Federal Family Education Loan

Federal Grantor Agency: U. S. Department of Education

CFDA Number(s): 84.032

Status of Finding (check one):

Fully Corrected	<input checked="" type="checkbox"/>	Not Corrected	<input type="checkbox"/>
Partially Corrected	<input type="checkbox"/>	No Further Action Needed	<input type="checkbox"/>
Change of Corrective Action	<input type="checkbox"/>	(See OMB A-133 Section 315(b)(4))	

Description of Status: (include corrective action planned and anticipated completion date, if applicable):

The University has adhered to the established procedure and ensured that the total financial aid awarded to a student does not exceed their documented need.

Preparer's Signature: 

Ursula Shorty

Phone Number: (504) 286-5017

**SCHEDULE 8-3
SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS**

Department/University or College/Commission/District:
SOUTHERN UNIVERSITY AT NEW ORLEANS

For the Year Ended June 30, 2002

Finding Title: Separation of Functions

Reference Number (from attached schedule of findings): F-01-ED-SUNO-7

Initial Year of Finding: 2001

Amount of Questioned Costs in Finding: \$ -0-

Status of Questioned Costs (check one): Resolved Unresolved

Briefly describe the status of the Questioned Costs. Were they refunded to federal government?
Are they still in negotiation?

Page Number (from Single Audit Report): 92

Program Name(s): FFEL; Federal Work Study; Federal Direct Lending

Federal Grantor Agency: U. S. Department of Education

CFDA Number(s): 84.032; 84.033; 84.268

Status of Finding (check one):

Fully Corrected	<input checked="" type="checkbox"/>	Not Corrected	<input type="checkbox"/>
Partially Corrected	<input type="checkbox"/>	No Further Action Needed	<input type="checkbox"/>
Change of Corrective Action	<input type="checkbox"/>	(See OMB A-133 Section 315(b)(4))	

Description of Status: (include corrective action planned and anticipated completion date, if applicable):

The University has reviewed the functions and practices of the Office of Student
Financial Aid and the Comptroller's Office and established policies and procedures to
ensure that loan information is being properly processed and/or disbursed to students,
loan origination centers and lenders; and, further ensure that bank statements and bank
reconciliation information are shared between the Comptroller and the Financial Aid.

Preparer's Signature: 

Gerald Williams

Phone Number: (504) 284-5442

**SCHEDULE 8-3
SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS**

Department/University or College/Commission/District:
SOUTHERN UNIVERSITY AT NEW ORLEANS

For the Year Ended June 30, 2002

Finding Title: Special Reporting

Reference Number (from attached schedule of findings): F-01-ED-SUNO-8

Initial Year of Finding: 2001

Amount of Questioned Costs in Finding: \$ -0-

Status of Questioned Costs (check one): Resolved Unresolved

Briefly describe the status of the Questioned Costs. Were they refunded to federal government?
Are they still in negotiation?

Page Number (from Single Audit Report): 94

Program Name(s): Federal WS; Federal Perkins Loan; Federal Capital Contribution

Federal Grantor Agency: U. S. Department of Education

CFDA Number(s): 84.033; 84.038

Status of Finding (check one):

Fully Corrected	<input checked="" type="checkbox"/>	Not Corrected	<input type="checkbox"/>
Partially Corrected	<input type="checkbox"/>	No Further Action Needed	<input type="checkbox"/>
Change of Corrective Action	<input type="checkbox"/>	(See OMB A-133 Section 315(b)(4))	

Description of Status: (include corrective action planned and anticipated completion date, if applicable):

The University is in the process of correcting the differences noted by the Independent

Auditors on the FISAP report filed for June 30, 2001. Current reports require the

approval of the Comptroller and the Director of Financial Aid prior to submission.

Preparer's Signature: Gerald Williams

Gerald Williams

Phone Number: (504) 284-5442

**SCHEDULE 8-9
SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS**

Department/University or College/Commission/District: SOUTHERN UNIVERSITY-SHREVEPORT
(name of agency)

For the Year Ended June 30, 2002

Finding Title: Student Credit Balances

Reference Number(s): F-01-ED-SUSH-1
(from attached schedule of findings, may include more than one)

Initial Year of Finding: 1999

Amount of Questioned Costs in Finding: \$ -0-

Status of Questioned Costs (check one): Resolved Unresolved:

Briefly describe the status of the Questioned Costs. Were they refunded to federal government? Are they still in negotiation?

N/A

Page number (from Single Audit Report): 95

Program Name(s): (See attachment)

Federal Grantor Agency: U.S. Department of Education

CFDA Number(s): 84.007;84.032;84.033;84.063;84.268

Status of Finding (check one):

Fully Corrected

Partially Corrected

Change of Corrective Action

Not Corrected

No Further Action Needed

(See OMB A-122 Section 2150)(4)

Description of Status: include corrective action planned and anticipated completion date, if applicable:

Effective August 2002, all refunds are being processed manually within the prescribed time limits. Southern University at Shreveport has experienced delays in installation and implementation of a Student Information System which will enable student credit balances to be processed on-line for payment within the prescribed fourteen (14) day requirement. The University is working diligently to implement this software system as soon as possible.

NOTE: Use this form to present the status of any findings that are listed for your agency on the attached schedule. You should only present 1 finding per page. If you have 2 findings to present, then you should use 2 forms (1 for each finding). If there are no federal findings to present in this schedule, write NONE above.

Preparer's Signature: Benjamin Pugh

Phone Number: (318) 674-3481

**SCHEDULE 8-3
SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS**

Department/University or College/Commission/District: SOUTHERN UNIVERSITY - SHREVEPORT
(name of agency)

For the Year Ended June 30, 2002

Finding Title: Return of Title IV Funds

Reference Number(s): F-01-ED-SUSE-2
(from attached schedule of findings, may include more than one)

Initial Year of Finding: 2000

Amount of Questioned Costs in Finding: \$ -0-

Status of Questioned Costs (check one): Resolved Unresolved

Briefly describe the status of the Questioned Costs. Were they refunded to federal government?
Are they still in negotiation?

N/A

Page Number (from Single Audit Report): 96

Program Name(s): Federal Pell Grant Program

Federal Grantor Agency: U.S. Department of Education

CFDA Number(s): 84.063

Status of Finding (check one):

Fully Corrected

Partially Corrected

Change of Corrective Action

Not Corrected

No Further Action Needed

(See OMB A-128 Section 515(b)(4))

Description of Status: (include corrective action planned and anticipated completion date, if applicable):

The University has reviewed current Title IV regulations to provide assurance of timely processing, accurate calculation, and prompt remittance to the Title IV program of refunds for students who withdraw from school.

NOTE: Use this form to present the status of any findings that are listed for your agency on the attached schedule. You should only present 1 finding per page. If you have 2 findings to present, then you should use 2 forms (1 for each finding). If there are no federal findings to present in this schedule, write NONE above.

Preparer's Signature: Benjamin Pugh

Phone Number: (318) 674-3481

**SCHEDULE 8-3
SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS**

Department/University or College/Commission/District: SOUTHERN UNIVERSITY-SHREVEPORT
(name of agency)

For the Year Ended June 30, 2002

Finding Title: Federal Pell Grant Calculations

Reference Number(s): F-01-ED-SUSH-3
(from attached schedule of findings, may include more than one)

Initial Year of Finding: 2001

Amount of Questioned Costs in Finding: \$ 0

Status of Questioned Costs (check one): Resolved Unresolved:

Briefly describe the status of the Questioned Costs. Were they refunded to federal government?
Are they still in negotiation?
The University has not been invoiced by D.O.E.

Page Number (from Single Audit Report): 97

Program Name(s): Federal Pell Grant Program

Federal Grantor Agency: U.S. Department of Education

CFDA Number(s): 84.063

Status of Finding (check one):

Fully Corrected	<input checked="" type="checkbox"/>	Not Corrected	<input type="checkbox"/>
Partially Corrected	<input type="checkbox"/>	No Further Action Needed	<input type="checkbox"/>
Change of Corrective Action	<input type="checkbox"/>	(See OMB A-133 Section 515(b)(4))	

Description of Status: (include corrective action planned and anticipated completion date, if applicable):

The University will review it's procedures relative to proper calculations of student pell grant awards.

NOTE: Use this form to present the status of any findings that are listed for your agency on the attached schedule. You should only present 1 finding per page. If you have 2 findings to present, then you should use 2 forms (1 for each finding). If there are no federal findings to present in this schedule, write NONE above.

Preparer's Signature: Benjamin Pugh

Phone Number: (318) 674-3481

**SCHEDULE 8-3
SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS**

Department/University or College/Commission/District: SOUTHERN UNIVERSITY-SHREVEPORT
(name of agency)

For the Year Ended June 30, 2002

Finding Title: Satisfactory Academic Progress

Reference Number(s): F-01-ED-SUSE-4
(from attached schedule of findings, may include more than one)

Initial Year of Finding: 1999

Amount of Questioned Costs in Finding: \$ 12,412

Status of Questioned Costs (check one): Resolved Unresolved:

Briefly describe the status of the Questioned Costs. Were they refunded to federal government?
Are they still in negotiation?
The University has contacted D.O.E. regarding invoicing and payment of questioned cost.

Page Number (from Single Audit Report): 97

Program Name(s): Student Financial Assistance Cluster

Federal Grantor Agency: U.S. Department of Education

CFDA Number(s): 84.007;84.033;84.063;84.268

Status of Finding (check one):

Fully Corrected	<input type="checkbox"/>	Not Corrected	<input type="checkbox"/>
Partially Corrected	<input checked="" type="checkbox"/>	No Further Action Needed	<input type="checkbox"/>
Change of Corrective Action	<input type="checkbox"/>		

(See OMB A-133 Section 515(b)(4))

Description of Status: (include corrective action planned and anticipated completion date, if applicable):

The University will continue to adhere to established policies and procedures and monitor the academic standing of all students prior to awarding student financial aid. The University's Registrar will ensure that all student information is entered on the student's master's files, updated as changes occur and that the SAP Policy Monitor is notified of all changes. The monitor will continue to provide the Financial Aid Office with information that is consistent with the Registrar's Office.

NOTE: Use this form to present the status of any findings that are listed for your agency on the attached schedule. You should only present 1 finding per page. If you have 2 findings to present, then you should use 2 forms (1 for each finding). If there are no federal findings to present in this schedule, write NONE above.

Preparer's Signature: Benjamin Pugh

Phone Number: (318) 674-3481

**SCHEDULE 8-3
SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS**

Department/University or College/Commission/District:
UNIVERSITY OF LOUISIANA AT LAFAYETTE

For the Year Ended June 30, 2002

Finding Title: Failure to Perform Due Diligence Collection Procedures

Reference Number(s): F-01-ED-ULL-1

(from attached schedule of findings, may include more than one)

Initial Year of Finding: 2000

Amount of Questioned Costs in Finding: \$1,493,677

Status of Questioned Costs (check one): Resolved _____ Unresolved: X

Briefly describe the status of the Questioned Costs. Were they refunded to federal government?
Are they still in negotiation?

The U.S. Department of Education has notified UL that they must provide documentation of
the updated status of the defaulted loans by October 24, 2002. See attached.

Page Number (from Single Audit Report): 81

Program Name(s): Federal Perkins Loan Program

Federal Grantor Agency: U.S. Department of Education

CFDA Number(s): 84.038

Status of Finding (check one):

Fully Corrected X

Partially Corrected _____

Change of Corrective Action _____

Not Corrected _____

No Further Action Needed _____

(See OMB A-133 Section 315(b)(4))

Description of Status: (include corrective action planned and anticipated completion date, if applicable):

Corrective action was taken.

NOTE: Use this form to present the status of any findings that are listed for your agency on the attached schedule. You should only present 1 finding per page. If you have 2 findings to present, then you should use 2 forms (1 for each finding). If there are no federal findings to present in this schedule, write NONE above.

Preparer's Signature: Melanie Carreans

Phone Number: 337-482-6145

**SCHEDULE 8-3
SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS**

Department/University or College/Commission/District:
UNIVERSITY OF LOUISIANA AT LAFAYETTE

For the Year Ended June 30, 2002

Finding Title: Failure to Perform Due Diligence Collection Procedures

Reference Number(s): F-00-ED-ULL-1
(from attached schedule of findings, may include more than one)

Initial Year of Finding: 2000

Amount of Questioned Costs in Finding: \$1,242,378

Status of Questioned Costs (check one): Resolved Unresolved:

Briefly describe the status of the Questioned Costs. Were they refunded to federal government?
Are they still in negotiation?

The U.S. Department of Education has notified UL that they must provide documentation of
the updated status of the defaulted loans by October 24, 2002. See attached.

Page Number (from Single Audit Report): 108

Program Name(s): Federal Perkins Loan Program

Federal Grantor Agency: U.S. Department of Education

CFDA Number(s): 84.038

Status of Finding (check one):

Fully Corrected	<input checked="" type="checkbox"/>	Not Corrected	<input type="checkbox"/>
Partially Corrected	<input type="checkbox"/>	No Further Action Needed	<input type="checkbox"/>
Change of Corrective Action	<input type="checkbox"/>		

{See OMB A-133 Section 315(b)(4)}

Description of Status: (include corrective action planned and anticipated completion date, if applicable):

Corrective action was taken.

NOTE: Use this form to present the status of any findings that are listed for your agency on the attached schedule. You should only present 1 finding per page. If you have 2 findings to present, then you should use 2 forms (1 for each finding). If there are no federal findings to present in this schedule, write NONE above.

Preparer's Signature: Melanie Carmean

Phone Number: 337-482-6145

**SCHEDULE 8-3
SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS**

Department/University or College/Commission/District:
UNIVERSITY OF LOUISIANA AT LAFAYETTE

For the Year Ended June 30, 2002

Finding Title: Weaknesses in Administration of Federal TRIO Cluster Program

Reference Number(s): F-01-ED-ULL-2

(from attached schedule of findings, may include more than one)

Initial Year of Finding: 2001

Amount of Questioned Costs in Finding: \$185,016

Status of Questioned Costs (check one): Resolved Unresolved:

Briefly describe the status of the Questioned Costs. Were they refunded to federal government?
Are they still in negotiation?

No communication with the federal government has been received.

Page Number (from Single Audit Report): 82

Program Name(s): TRIO Cluster

Federal Grantor Agency: U.S. Department of Education

CFDA Number(s): 84.044/84.047/84.217

Status of Finding (check one):

Fully Corrected

Partially Corrected

Change of Corrective Action

Not Corrected

No Further Action Needed

{See OMB A-133 Section 315(b)(4)}

Description of Status: (include corrective action planned and anticipated completion date, if applicable):

Corrective action was taken.

NOTE: Use this form to present the status of any findings that are listed for your agency on the attached schedule. You should only present 1 finding per page. If you have 2 findings to present, then you should use 2 forms (1 for each finding). If there are no federal findings to present in this schedule, write NONE above.

Preparer's Signature: Yulante Comeaux

Phone Number: 337-482-6145

**SCHEDULE 8-3
SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS**

Department/University or College/Commission/District
(name of agency) University of New Orleans

For the Year Ended June 30, 2002

Finding Title: Inappropriate Charges to Federal Program

Reference Number(s): F-01-ED-UNO-1
(from attached schedule of findings, may include more than one)

Initial Year of Finding: 2001

Amount of Questioned Costs in Finding: \$ 0

Status of Questioned Costs (check one): Resolved Unresolved:

Briefly describe the status of the Questioned Costs. Were they refunded to federal government?
Are they still in negotiation?
N/A

Page Number (from Single Audit Report): 84

Program Name(s): Rehabilitation Services-Vocational Rehabilitation Grants to States

Federal Grantor Agency: Department of Education through the Louisiana Department of Social Services-Louisiana Rehabilitation Services (LRS)

CFDA Number(s): 84.126

Status of Finding (check one):
Fully Corrected Not Corrected
Partially Corrected No Further Action Needed
Change of Corrective Action (See OMB A-133 Section 315(b)(4))

Description of Status: (include corrective action planned and anticipated completion date, if applicable):
Corrective action was taken.

NOTE: Use this form to present the status of any findings that are listed for your agency on the attached schedule. You should only present 1 finding per page. If you have 2 findings to present, then you should use 2 forms (1 for each finding). If there are no federal findings to present in this schedule, write NONE above.

Preparer's Signature: Lori W. Ferro Lori Ferro, Director, Office of Internal Audit

Phone Number: 504-280-5498

**SCHEDULE 8-3
SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS**

Department/University or College/Commission/District: University of New Orleans
(name of agency)

For the Year Ended June 30, 2002

Finding Title: Untimely Grant and Loan Refunds

Reference Number(s): F-01-ED-UNO-2
(from attached schedule of findings, may include more than one)

Initial Year of Finding: 2001

Amount of Questioned Costs in Finding: \$ 0

Status of Questioned Costs (check one): Resolved Unresolved:

Briefly describe the status of the Questioned Costs. Were they refunded to federal government?
Are they still in negotiation?
N/A

Page Number (from Single Audit Report): 85

Program Name(s): Federal Family Education Loans and Federal Pell Grant Program

Federal Grantor Agency: Department of Education

CFDA Number(s): 84.032 and 84.063

Status of Finding (check one):

Fully Corrected	<input type="checkbox"/>	Not Corrected	<input checked="" type="checkbox"/>
Partially Corrected	<input type="checkbox"/>	No Further Action Needed	<input type="checkbox"/>
Change of Corrective Action	<input type="checkbox"/>	<small>(See OMB A-133 Section 315(b)(4))</small>	

Description of Status: (include corrective action planned and anticipated completion date, if applicable):

Internal Audit conducted a follow-up review to the Legislative Auditor Finding for the Fall 2001 semester. The result showed improvement, however, there were still some untimely refunds. The departments involved have created new written procedures, effective July, 2002, which will tighten the controls even more and should result in compliance. Internal Audit is going to continually monitor the progress.

NOTE: Use this form to present the status of any findings that are listed for your agency on the attached schedule. You should only present 1 finding per page. If you have 2 findings to present, then you should use 2 forms (1 for each finding). If there are no federal findings to present in this schedule, write NONE above.

Preparer's Signature: *Lori Ferro* Lori Ferro, Director, Office of Internal Audit

Phone Number: 504-280-5498

**SCHEDULE 8-3
SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS**

Department/University or College/Commission/District:
(name of agency) University of New Orleans

For the Year Ended June 30, 2002

Finding Title: Weakness in the Administration of the Rehabilitation
Service-Vocational Rehabilitation Grants to States Program

Reference Number(s): F-00-ED-UNO-2
(from attached schedule of findings, may include more than one)

Initial Year of Finding: 2000

Amount of Questioned Costs in Finding: \$ 77,509

Status of Questioned Costs (check one): Resolved _____ Unresolved: X

Briefly describe the status of the Questioned Costs. Were they refunded to federal government?

Are they still in negotiation?

The funds have not been refunded to the federal government. We have not received final determination from the granting agency or the federal government, but do not anticipate having to refund the money based on previous verbal discussions.

Page Number (from Single Audit Report): 111

Program Name(s): Rehabilitation Services-Vocational Rehabilitation Grants to State

Federal Grantor Agency: Department of Education through the Louisiana Department of Social Services - Louisiana Rehabilitation Services (LRS)

CFDA Number(s): 84,126

Status of Finding (check one):

Fully Corrected X
Partially Corrected _____
Change of Corrective Action _____

Not Corrected _____
No Further Action Needed _____
(See OMB A-133 Section 315(b)(4))

Description of Status: (include corrective action planned and anticipated completion date, if applicable):
Corrective action was taken.

NOTE: Use this form to present the status of any findings that are listed for your agency on the attached schedule. You should only present 1 finding per page. If you have 2 findings to present, then you should use 2 forms (1 for each finding). If there are no federal findings to present in this schedule, write NONE above.

Preparer's Signature: Lori Ferro Lori Ferro, Director, Office of Internal Audit

Phone Number: 504-280-5498

**SCHEDULE 8-3
SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS**

Department/University or College/Commission/District:
(name of agency) GOVERNOR'S OFFICE OF ELDERLY AFFAIRS

For the Year Ended June 30, 2002.

Finding Title: UNSUPPORTED ALLOCATION OF PAYROLL
EXPENDITURES TO THE PROGRAM

Reference Number(s): F - 01 - HHS - ELDAFF-1
(from attached schedule of findings, may include more than one)

Initial Year of Finding: 2001

Amount of Questioned Costs in Finding: \$ 648,756

Status of Questioned Costs (check one): Resolved Unresolved:

Briefly describe the status of the Questioned Costs. Were they refunded to federal government?
Are they still in negotiation?

THE FEDERAL AGENCY AGREED THAT THE QUESTIONABLE
COSTS WERE ALLOWABLE.

Page Number (from Single Audit Report): 98-99

Program Name(s): AGING CLUSTER

Federal Grantor Agency: HEALTH AND HUMAN SERVICES/AOA

CFDA Number(s): 93.044
93.045

Status of Finding (check one):

Fully Corrected	<input type="checkbox"/>	Not Corrected	<input type="checkbox"/>
Partially Corrected	<input type="checkbox"/>	No Further Action Needed	<input checked="" type="checkbox"/>
Change of Corrective Action	<input type="checkbox"/>	(See OMB A-133 Section 315(b)(4))	

Description of Status: (include corrective action planned and anticipated completion date, if applicable):

THE FEDERAL AGENCY AGREED WITH GOEA'S POSITION THAT
THE AGING CLUSTER WAS ADMINISTERED AS ONE GRANT AND
THAT IT WAS NOT NECESSARY TO ALLOCATE TIME SPENT ON
EACH INDIVIDUAL AGING CLUSTER GRANT, ONLY TIME WORKED ON
THE AGING CLUSTER AS A WHOLE NEEDED TO BE DOCUMENTED.

NOTE: Use this form to present the status of any findings that are listed for your agency on the attached schedule. You should only present 1 finding per page. If you have 2 findings to present, then you should use 2 forms (1 for each finding). If there are no federal findings to present in this schedule, write NONE above.

Preparer's Signature: JAMES R. FONTENOT 

Phone Number: (225) 342-6868

**SCHEDULE 8-3
SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS**

Department/University or College/Commission/District:
(name of agency) GOVERNOR'S OFFICE OF ELDERLY AFFAIRS

For the Year Ended June 30, 200 2

Finding Title: FEDERAL CASH MANAGEMENT CONTROL WEAKNESSES

Reference Number(s): F - 01 - HHS - ELDAFF-2
(from attached schedule of findings, may include more than one)

Initial Year of Finding: 2001

Amount of Questioned Costs in Finding: \$ -0-

Status of Questioned Costs (check one): Resolved Unresolved:

Briefly describe the status of the Questioned Costs. Were they refunded to federal government?
Are they still in negotiation?

N/A

Page Number (from Single Audit Report): 100-101

Program Name(s): AGING CLUSTER

Federal Grantor Agency: HHS/AOA

CFDA Number(s): 93.044
93.045

Status of Finding (check one):

Fully Corrected	<input checked="" type="checkbox"/>	Not Corrected	<input type="checkbox"/>
Partially Corrected	<input type="checkbox"/>	No Further Action Needed	<input type="checkbox"/>
Change of Corrective Action	<input type="checkbox"/>	(See OMB A-133 Section 315(b)(4))	

Description of Status: (include corrective action planned and anticipated completion date, if applicable):

THE FEDERAL AGENCY HAS RESPONDED THAT THE CORRECTIVE
ACTION TAKEN BY GOEA APPEARS TO BE SUFFICIENT. THE
FEDERAL AGENCY WILL MONITOR FUTURE CASH TRANSACTIONS TO
ENSURE TIMELY DISBURSEMENT OF FEDERAL FUNDS.

NOTE: Use this form to present the status of any findings that are listed for your agency on the attached schedule. You should only present 1 finding per page. If you have 2 findings to present, then you should use 2 forms (1 for each finding). If there are no federal findings to present in this schedule, write NONE above.

Preparer's Signature: JAMES R. FONTENOT 

Phone Number: (225) 342-6868

**SCHEDULE 8-3
SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS**

Department/University or College/Commission/District:
(name of agency) GOVERNOR'S OFFICE OF ELDERLY AFFAIRS

For the Year Ended June 30, 2002

Finding Title: INACCURATE FEDERAL FINANCIAL REPORTING

Reference Number(s): F - 01 - HHS - ELDAFF-3
(from attached schedule of findings, may include more than one)

Initial Year of Finding: 2001

Amount of Questioned Costs in Finding: \$ -0-

Status of Questioned Costs (check one): Resolved Unresolved:

Briefly describe the status of the Questioned Costs. Were they refunded to federal government?
Are they still in negotiation?

N/A

Page Number (from Single Audit Report): 101-102

Program Name(s): AGING CLUSTER

Federal Grantor Agency: HHS/AOA

CFDA Number(s): 93.044
93.045

Status of Finding (check one):

Fully Corrected

Partially Corrected

Change of Corrective Action

Not Corrected

No Further Action Needed

(See OMB A-133 Section 315(b)(4))

Description of Status: (include corrective action planned and anticipated completion date, if applicable):

THE FEDERAL AGENCY AGREED THAT THE CORRECTIVE ACTION
TAKEN BY GOEA IS SUFFICIENT TO PREVENT FUTURE PROBLEMS.

NOTE: Use this form to present the status of any findings that are listed for your agency on the attached schedule. You should only present 1 finding per page. If you have 2 findings to present, then you should use 2 forms (1 for each finding). If there are no federal findings to present in this schedule, write NONE above.

Preparer's Signature: JAMES R. FONTENOT 

Phone Number: (225) 342-6868

**SCHEDULE 8-3
SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS**

Department/University or College/Commission/District:
(name of agency) GOVERNOR'S OFFICE OF ELDERLY AFFAIRS

For the Year Ended June 30, 2002

Finding Title: INEFFECTIVE MONITORING OF SUBRECIPIENT
AUDIT REPORTS

Reference Number(s): F - 01 - HHS - ELDAFF--4
(from attached schedule of findings, may include more than one)

Initial Year of Finding: 2001

Amount of Questioned Costs in Finding: \$ 600,532

Status of Questioned Costs (check one): Resolved Unresolved:

Briefly describe the status of the Questioned Costs. Were they refunded to federal government?
Are they still in negotiation?

THE FEDERAL AGENCY AGREED THAT GOEA HAD SUFFICIENT PROCEDURES IN
PLACE TO ENSURE THAT THE PROPER TYPE OF AUDIT HAD BEEN CONDUCTED.

Page Number (from Single Audit Report): 103-104

Program Name(s): AGING CLUSTER


Federal Grantor Agency: HHS/AOA

CFDA Number(s): 93.044
93.045

Status of Finding (check one):
Fully Corrected Not Corrected
Partially Corrected No Further Action Needed
Change of Corrective Action (See OMB A-133 Section 315(b)(4))

Description of Status: (include corrective action planned and anticipated completion date, if applicable):
THE FEDERAL AGENCY AGREED THAT THE CORRECTIVE ACTION TAKEN BY GOEA IS SUFFICIENT
TO ENSURE THAT SUBRECIPIENT AUDITS ARE CONDUCTED AND RESOLVED IN A TIMELY MANNER.
HOWEVER, DUE TO THE BACKLOG OF REPORTS AND A STAFF SHORTAGE, GOEA WAS NOT ABLE
TO COMPLETE A REVIEW OF ALL THE AUDITS WITHIN THE PRESCRIBED TIME PERIOD.

NOTE: Use this form to present the status of any findings that are listed for your agency on the attached schedule. You should only present 1 finding per page. If you have 2 findings to present, then you should use 2 forms (1 for each finding). If there are no federal findings to present in this schedule, write NONE above.

Preparer's Signature: JAMES R. FONTENOT 

Phone Number: (225) 342-6868

**SCHEDULE 8-3
SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS**

Department/University or College/Commission/District:
(name of agency) GOVERNOR'S OFFICE OF ELDERLY AFFAIRS

For the Year Ended June 30, 2002

Finding Title: INSUFFICIENT ON-SITE MONITORING
PROCEDURES FOR AGING CLUSTER SUBRECIPIENTS

Reference Number(s): F - 01 - HHS - ELDAFF-5
(from attached schedule of findings, may include more than one)

Initial Year of Finding: 2001

Amount of Questioned Costs in Finding: \$ -0-

Status of Questioned Costs (check one): Resolved Unresolved:

Briefly describe the status of the Questioned Costs. Were they refunded to federal government?
Are they still in negotiation?

N/A

Page Number (from Single Audit Report): 104-107

Program Name(s): AGING CLUSTER


Federal Grantor Agency: HHS/AOA

CFDA Number(s): 93.044
93.045

Status of Finding (check one):
Fully Corrected Not Corrected
Partially Corrected No Further Action Needed
Change of Corrective Action (See OMB A-133 Section 315(b)(4))

Description of Status: (include corrective action planned and anticipated completion date, if applicable):
THE FEDERAL AGENCY AGREED THAT THE CORRECTIVE ACTION GOEA
HAS TAKEN AND PLANS TO TAKE SHOULD BE SUFFICIENT TO RESOLVE
THIS FINDING.

NOTE: Use this form to present the status of any findings that are listed for your agency on the attached schedule. You should only present 1 finding per page. If you have 2 findings to present, then you should use 2 forms (1 for each finding). If there are no federal findings to present in this schedule, write NONE above.

Preparer's Signature: JAMES R. FONTENOT 

Phone Number: (225) 342-6868

SCHEDULE 8-3
SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS

Department/University or College/Commission/District:
(name of agency) _____

For the Year Ended June 30, 2002

Finding Title: Inconsistent Billing of Insurance Premiums

Reference Number(s): F-01-HHS-CAFR-1
(from attached schedule of findings, may include more than one)

Initial Year of Finding: 1998

Amount of Questioned Costs in Finding: \$ cannot determine

Status of Questioned Costs (check one): Resolved _____ Unresolved: X

Briefly describe the status of the Questioned Costs. Were they refunded to federal government?
Are they still in negotiation?

The finding published in 2001 had no questioned costs. See below.

Page Number (from Single Audit Report): 107

Program Name(s): Various

Federal Grantor Agency: Various

CFDA Number(s): Various

Status of Finding (check one):

Fully Corrected	_____	Not Corrected	<u>X</u>
Partially Corrected	_____	No Further Action Needed	_____
Change of Corrective Action	_____	(See OMB A-133 Section 315(b)(4))	

Description of Status: (include corrective action planned and anticipated completion date, if applicable): The state contracted with DMG/Maximus to study the finding. The results were given to Mr. Merle Schmidt of the U.S. Department of Health and Human Services, Division of Allocation. The study showed a potential over billings to federal programs of \$19.5 million. The state's contention is that this amount should be off set as the state has provided OMBA-87 allowable administrative services and paid claims from general fund appropriation (contributed capital) totaling \$192.3 million. The federal share of the contributed capital is \$28.9 million. Mr. Schmidt in his letter of Sept. 1, 2000, did not accept the

* continued below

NOTE: Use this form to present the status of any findings that are listed for your agency on the attached schedule. You should only present 1 finding per page. If you have 2 findings to present, then you should use 2 forms (1 for each finding). If there are no federal findings to present in this schedule, write NONE above.

Preparer's Signature: Walter J. King

Phone Number: (225) 342-7058

* state's position and an appeal is in process. Final completion can not be determined at this time. Currently the state and federal government are filing briefs with no trial date set.

**SCHEDULE 8-3
SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS**

Department/University or College/Commission/District:

DBH - Medical Vendor

For the Year Ended June 30, 2002

Finding Title: Improper Claims by Case Management Providers

Reference Number (from attached schedule of findings): F-01-HHS-DHH-1

Initial Year of Finding: 2001

Amount of Questioned Costs in Finding: \$ 14,168

Status of Questioned Costs (check one): Resolved Unresolved

Briefly describe the status of the Questioned Costs. Were they refunded to federal government? Are they still in negotiation?

As findings are resolved, the appropriate adjustments will be made to
Our federal claims

Page Number (from Single Audit Report): 109

Program Name(s): Medical Assistance Program

Federal Grantor Agency: HHS

CFDA Number(s): 93.778

Status of Finding (check one):

Fully Corrected

Partially Corrected

Change of Corrective Action

Not Corrected

No Further Action Needed

{See OMB A-133 Section 315(b)(4)}

Description of Status: (include corrective action planned and anticipated completion date, if applicable):

We are continuing with our corrective action plan. We believe our plan should resolve the finding.

NOTE: Use this form to present the status of any findings that are listed for your agency on the attached schedule. You should only present 1 finding per page. If you have 2 findings to present, then you should use 2 forms (1 for each finding). If there are no federal findings to present in this schedule, write NONE above.

Preparer's Signature: Ken Corbett

Phone Number: (225) 342-4379

**SCHEDULE 8-3
SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS**

Department/University or College/Commission/District:

DHH - Medical Vendor

For the Year Ended June 30, 2002

Finding Title: Improper Claims by Waiver Services Providers

Reference Number (from attached schedule of findings): F-01-HHS-DHH-2

Initial Year of Finding: 2000

Amount of Questioned Costs in Finding: \$ 77,876

Status of Questioned Costs (check one): Resolved Unresolved

Briefly describe the status of the Questioned Costs. Were they refunded to federal government? Are they still in negotiation?

As findings are addressed, appropriate adjustments will be
Made to our federal claim

Page Number (from Single Audit Report): 110

Program Name(s): Medical Assistance Program

Federal Grantor Agency: HHS

CFDA Number(s): 93.778

Status of Finding (check one):

Fully Corrected

Partially Corrected

Change of Corrective Action

Not Corrected

No Further Action Needed

(See OMB A-133 Section 315(b)(4))

Description of Status: (Include corrective action planned and anticipated completion date, if applicable):

We are continuing with our corrective action plan. We believe our plan should resolve the finding.

NOTE: Use this form to present the status of any findings that are listed for your agency on the attached schedule. You should only present 1 finding per page. If you have 2 findings to present, then you should use 2 forms (1 for each finding). If there are no federal findings to present in this schedule, write NONE above.

Preparer's Signature: Ken Corbett

Phone Number: (225) 342-4379

**SCHEDULE 8-3
SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS**

Department/University or College/Commission/District:
DHH-Medical Vendor

For the Year Ended June 30, 2002

Finding Title: Improper Claims by Waiver Services Providers

Reference Number (from attached schedule of findings): F-00-HHS-DHH-3

Initial Year of Finding: 2000

Amount of Questioned Costs in Finding: \$ 68,869

Status of Questioned Costs (check one): Resolved Unresolved

Briefly describe the status of the Questioned Costs. Were they refunded to federal government? Are they still in negotiation?

As findings are addressed, appropriate adjustments will be made to
to our federal claims.

Page Number (from Single Audit Report): 127

Program Name(s): Medical Assistance Program

Federal Grantor Agency: HHS

CFDA Number(s): 93.778

Status of Finding (check one):

Fully Corrected
Partially Corrected
Change of Corrective Action

Not Corrected
No Further Action Needed
{See OMB A-133 Section 315(b)(4)}

Description of Status: (include corrective action planned and anticipated completion date, if applicable):
We are continuing with our Corrective Action Plan. We believe our Plan should resolve the finding.

NOTE: Use this form to present the status of any findings that are listed for your agency on the attached schedule. you should only present 1 finding per page. If you have 2 findings to present, then you should use 2 forms (1 for each finding). If there are no federal findings to present in this schedule, write NONE above.

Preparer's Signature: *Ken Corbett*

Phone Number: (225) 342-4379

**SCHEDULE 8-3
SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS**

Department/University or College/Commission/District:
DHH - Medical Vendor

For the Year Ended June 30, 2002

Finding Title: Improper Claims by Dental Providers

Reference Number (from attached schedule of findings): F-00-HHS-DHH-2

Initial Year of Finding: 2000

Amount of Questioned Costs in Finding: \$ 39,827

Status of Questioned Costs (check one): Resolved Unresolved

Briefly describe the status of the Questioned Costs. Were they refunded to federal government? Are they still in negotiation?

\$35,591 will be returned to the Federal Government during the
September 2002 quarter. Balance of the questioned costs have been
Determined to be allowable

Page Number (from Single Audit Report): 126

Program Name(s): Medical Assistance Program

Federal Grantor Agency: HHS

CFDA Number(s): 93.778

Status of Finding (check one):

Fully Corrected	<input checked="" type="checkbox"/>	Not Corrected	<input type="checkbox"/>
Partially Corrected	<input type="checkbox"/>	No Further Action Needed	<input type="checkbox"/>
Change of Corrective Action	<input type="checkbox"/>		

(See OMB A-133 Section 315(b)(4))

Description of Status: (Include corrective action planned and anticipated completion date, if applicable):

Corrective actions have been taken and the federal share of overpayments will be returned during
The September 2002 quarter

NOTE: Use this form to present the status of any findings that are listed for your agency on the attached schedule. You should only present 1 finding per page. If you have 2 findings to present, then you should use 2 forms (1 for each finding). If there are no federal findings to present in this schedule, write NONE above.

Preparer's Signature: Ken Corke

Phone Number: (225) 342-4379

**SCHEDULE 8-3
SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS**

Department/University or College/Commission/District:
DHH - Medical Vendor

For the Year Ended June 30, 2002

Finding Title: Pre-Authorization Procedures for Certain Services
Not Followed

Reference Number (from attached schedule of findings): F-00-HHS-DHH-5

Initial Year of Finding: 2000

Amount of Questioned Costs in Finding: \$ 6,884

Status of Questioned Costs (check one): Resolved Unresolved

Briefly describe the status of the Questioned Costs. Were they refunded to federal government? Are they still in negotiation?

As findings are resolved, the appropriate adjustments will be made to
Our federal claims.

Page Number (from Single Audit Report): 131

Program Name(s): Medical Assistance Program

Federal Grantor Agency: HHS

CFDA Number(s): 93.778

Status of Finding (check one):

Fully Corrected	<input checked="" type="checkbox"/>	Not Corrected	<input type="checkbox"/>
Partially Corrected	<input type="checkbox"/>	No Further Action Needed	<input type="checkbox"/>
Change of Corrective Action	<input type="checkbox"/>		

(See OMB A-133 Section 315(b)(4))

Description of Status: (Include corrective action planned and anticipated completion date, if applicable):

Corrective actions have been taken to resolve the finding; however, we are still awaiting final resolution of the
questioned costs.

NOTE: Use this form to present the status of any findings that are listed for your agency on the attached schedule. You should only present 1 finding per page. If you have 2 findings to present, then you should use 2 forms (1 for each finding). If there are no federal findings to present in this schedule, write NONE above.

Preparer's Signature: *Ken Corbett*

Phone Number: (225) 342-4379

SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS

Department / University or College / Commission / District

(name of agency) Labor - Workforce Development

For the Year Ended June 30, 2002

Finding Title: Non-Compliance with Federal Cash Management Requirements

Reference Number(s): F-01-HHS-LABR-5

(from attached schedule of findings, may include more than one)

Initial Year of Finding: 2001

Amount of Questioned Costs in Finding: -0-

Status of Questioned Costs (check one): Resolved N/A Unresolved N/A

Briefly describe the status of the Questioned Costs. Were they refunded to Federal government?
Are they still in negotiation?

Page Number (from Single Audit Report): 112

Program Name(s): Community Services Block Grant

Federal Grantor Agency: U.S. Dept of Health & Human Services

CFDA Number(s): 93.569

Status of Finding (check one):

Fully Corrected X

Partially Corrected _____

Change of Corrective Action _____

Not Corrected _____

No Further Action Needed _____

(See OMB A-133 Section 315(b)(4))

Description of Status: (include corrective action planned and anticipated completion date, if applicable):

NOTE: Use this form to present the status of any findings that are listed for your agency on the attached schedule. You should only present 1 finding per page. If you have 2 findings to present, then you should use 2 forms (1 for each finding). If there are no federal findings to present in this schedule, write NONE above.

Preparer's Signature: W. J. K.

Phone Number: 225-342-3103

SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS

Department / University or College / Commission / District

(name of agency) Labor - Workforce Development

For the Year Ended June 30, 2002

Finding Title: Inadequate Monitoring Procedures for Community Service Block Grant

Reference Number(s): F-00-HHS-LABR-11

(from attached schedule of findings, may include more than one)

Initial Year of Finding: 1999

Amount of Questioned Costs in Finding: \$ 669,497

Status of Questioned Costs (check one): Resolved Unresolved

Briefly describe the status of the Questioned Costs. Were they refunded to Federal government?
Are they still in negotiation?

Still in negotiation

Page Number (from Single Audit Report): 132

Program Name(s): Community Services Block Grant

Federal Grantor Agency: U. S. Dept of Health & Human Services

CFDA Number(s): 93.569

Status of Finding (check one):

Fully Corrected
Partially Corrected
Change of Corrective Action

Not Corrected
No Further Action Needed
(See OMB A-133 Section 315(b)(4))

Description of Status: (include corrective action planned and anticipated completion date, if applicable):

Procedures have been established to correct the finding.

NOTE: Use this form to present the status of any findings that are listed for your agency on the attached schedule. You should only present 1 finding per page. If you have 2 findings to present, then you should use 2 forms (1 for each finding). If there are no federal findings to present in this schedule, write NONE above.

Preparer's Signature: W. J. P. A.

Phone Number: 225-342-3103

SCHEDULE 8-3
SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS

Department/University or College/Commission/District:
DEPARTMENT OF SOCIAL SERVICES

For the Year Ended June 30, 2002

Finding Title: Child Care Cluster: Noncompliance with Federal and State Requirements

Reference Number (from attached schedule of findings): F-01-HHS-DSS-2

Initial Year of Finding: 2001

Amount of Questioned Costs in Finding: \$12,110

Status of Questioned Costs (check one): Resolved Unresolved:

Briefly describe the status of the Questioned Costs. Were they refunded to federal government?
Are they still in negotiation?

The Department is in the process of recovering these funds through its Fraud and Recovery Section. Any funds collected are refunded to the federal government.

Page Number (from Single Audit Report): 114

Program Name(s):

CHILD CARE CLUSTER:
Child Care and Development Block Grant
Child Care Mandatory and Matching Funds of the Child Care and Development Fund

Federal Grantor Agency: Department of Health and Human Services

CFDA Number(s): 93.575, 93.596

Status of Finding (check one):

Fully Corrected	<input type="checkbox"/>	Not Corrected	<input type="checkbox"/>
Partially Corrected	<input checked="" type="checkbox"/>	No Further Action Needed	<input type="checkbox"/>
Change of Corrective Action	<input type="checkbox"/>	(See OMB A-133 Section 315(b)(4))	

Description of Status: (include corrective action planned and anticipated completion date, if applicable):

The Department now has the reports needed to document the amount of child care certificates which have been issued and obligated on the Child Care Development Fund financial report (ACF-696). Also, the Department has amended the prior year ACF-696 reports to reflect the correct percentage for direct program assistance with federal concurrence.

NOTE: Use this form to present the status of any findings that are listed for your agency on the attached schedule. You should only present 1 finding per page. If you have 2 findings to present, then you should use 2 forms (1 for each finding). If there are no federal findings to present in this schedule, write NONE above.

Preparer's Signature: Debra S. Williams

Phone Number: (225) 342-4164

**SCHEDULE 8-3
SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS**

Department/University or College/Commission/District:
DEPARTMENT OF SOCIAL SERVICES

For the Year Ended June 30, 2002

Finding Title: Child Support Escrow Fund Not Reconciled

Reference Number (from attached schedule of findings): F-01-HHS-DSS-3

Initial Year of Finding: 2000

Amount of Questioned Costs in Finding: \$N/A

Status of Questioned Costs (check one): Resolved _____ Unresolved: _____

Briefly describe the status of the Questioned Costs. Were they refunded to federal government?
Are they still in negotiation?

Page Number (from Single Audit Report): 116

Program Name(s): Child Support Enforcement

Federal Grantor Agency: Department of Health and Human Services

CFDA Number(s): 93.563

Status of Finding (check one):

Fully Corrected _____	Not Corrected _____
Partially Corrected _____	No Further Action Needed <u> X </u>
Change of Corrective Action _____	(See OMB A-133 Section 315(b)(4))

Description of Status: (include corrective action planned and anticipated completion date, if applicable):

The Department is in the process of reconciling the Child Support Escrow Fund.
This process has not as of yet been completed for the current year.

NOTE: Use this form to present the status of any findings that are listed for your agency on the attached schedule. You should only present 1 finding per page. If you have 2 findings to present, then you should use 2 forms (1 for each finding). If there are no federal findings to present in this schedule, write NONE above.

Preparer's Signature: Debra S. Williams

Phone Number: (225) 342-4164

**SCHEDULE 8-3
SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS**

Department/University or College/Commission/District:
DEPARTMENT OF SOCIAL SERVICES

For the Year Ended June 30, 2002

Finding Title: Control Weaknesses in the LaCarte Purchasing Card Program

Reference Number (from attached schedule of findings): F-01-HHS-DSS-4

Initial Year of Finding: 2001

Amount of Questioned Costs in Finding: \$N/A

Status of Questioned Costs (check one): Resolved _____ Unresolved: _____

Briefly describe the status of the Questioned Costs. Were they refunded to federal government?
Are they still in negotiation?

Page Number (from Single Audit Report): 117

Program Name(s): Foster Care - Title IV-E

Federal Grantor Agency: Department of Health and Human Services

CFDA Number(s): 93.658

Status of Finding (check one):

Fully Corrected _____

Partially Corrected _____

Change of Corrective Action _____

Not Corrected _____

No Further Action Needed _____

(See OMB A-133 Section 315(b)(4))

Description of Status: (include corrective action planned and anticipated completion date, if applicable):

The Department has initiated revised procedures to resolve all issues related to this finding.

NOTE: Use this form to present the status of any findings that are listed for your agency on the attached schedule. You should only present 1 finding per page. If you have 2 findings to present, then you should use 2 forms (1 for each finding). If there are no federal findings to present in this schedule, write NONE above.

Preparer's Signature: Richard A. Williams

Phone Number: (225) 342-4164

**SCHEDULE 8-3
SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS**

Department/University or College/Commission/District:
DEPARTMENT OF SOCIAL SERVICES

For the Year Ended June 30, 2002

Finding Title: Foster Care: Insufficient Reimbursements from Child Support Collections

Reference Number (from attached schedule of findings): F-01-HHS-DSS-5

Initial Year of Finding: 2001

Amount of Questioned Costs in Finding: \$ 241,616

Status of Questioned Costs (check one): Resolved _____ Unresolved: X

Briefly describe the status of the Questioned Costs. Were they refunded to federal government?
Are they still in negotiation?
Resolution of questioned costs is still pending.

Page Number (from Single Audit Report): 118

Program Name(s): Child Welfare Services – State Grants
Foster Care – Title IV-E
Social Services Block Grant

Federal Grantor Agency: Department of Health and Human Services

CFDA Number(s): 93.645, 93.658, 93.667

Status of Finding (check one):

Fully Corrected	_____	Not Corrected	_____
Partially Corrected	<u>X</u>	No Further Action Needed	_____
Change of Corrective Action	_____	(See OMB A-133 Section 315(b)(4))	

Description of Status: (include corrective action planned and anticipated completion date, if applicable):

The Department has implemented procedures to ensure the proper distribution of Child Support payments.

NOTE: Use this form to present the status of any findings that are listed for your agency on the attached schedule. You should only present 1 finding per page. If you have 2 findings to present, then you should use 2 forms (1 for each finding). If there are no federal findings to present in this schedule, write NONE above.

Preparer's Signature: Debra S. Williams

Phone Number: (225) 342-4164

**SCHEDULE 8-3
SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS**

Department/University or College/Commission/District:
DEPARTMENT OF SOCIAL SERVICES

For the Year Ended June 30, 2002

Finding Title: Foster Care - Title IV Program: Insufficient Controls over Program Administration

Reference Number (from attached schedule of findings): F-01-HHS-DSS-6

Initial Year of Finding: 2001

Amount of Questioned Costs in Finding: \$301,250

Status of Questioned Costs (check one): Resolved _____ Unresolved: X

Briefly describe the status of the Questioned Costs. Were they refunded to federal government?
Are they still in negotiation?

Resolution of questioned costs is still pending.

Page Number (from Single Audit Report): 119

Program Name(s): Foster Care - Title IV-E

Federal Grantor Agency: Department of Health and Human Services

CFDA Number(s): 93.658

Status of Finding (check one):

Fully Corrected _____
Partially Corrected X
Change of Corrective Action _____

Not Corrected _____
No Further Action Needed _____

(See OMB A-133 Section 315(b)(4))

Description of Status: (include corrective action planned and anticipated completion date, if applicable):

The Department has initiated procedures to resolve all issues related to this finding.

NOTE: Use this form to present the status of any findings that are listed for your agency on the attached schedule. You should only present 1 finding per page. If you have 2 findings to present, then you should use 2 forms (1 for each finding). If there are no federal findings to present in this schedule, write NONE above.

Preparer's Signature: Debra A. Williams

Phone Number: (225) 342-9164

**SCHEDULE 8-3
SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS**

Department/University or College/Commission/District:
DEPARTMENT OF SOCIAL SERVICES

For the Year Ended June 30, 2002

Finding Title: Temporary Assistance For Needy Families Program:
Noncompliance With Certain Federal and State Requirements

Reference Number (from attached schedule of findings): F-01-HHS-DSS-7

Initial Year of Finding: 1999

Amount of Questioned Costs in Finding: \$22,838

Status of Questioned Costs (check one): Resolved Unresolved:

Briefly describe the status of the Questioned Costs. Were they refunded to federal government?
Are they still in negotiation?

Page Number (from Single Audit Report): 122

Program Name(s): Temporary Assistance for Needy Families

Federal Grantor Agency: Department of Health and Human Services

CFDA Number(s): 93.558

Status of Finding (check one):

Fully Corrected	<input type="checkbox"/>	Not Corrected	<input type="checkbox"/>
Partially Corrected	<input checked="" type="checkbox"/>	No Further Action Needed	<input type="checkbox"/>
Change of Corrective Action	<input type="checkbox"/>	(See OMB A-133 Section 315(b)(4))	

Description of Status: (include corrective action planned and anticipated completion date, if applicable):

The Department has taken corrective actions to resolve this finding.

NOTE: Use this form to present the status of any findings that are listed for your agency on the attached schedule. You should only present 1 finding per page. If you have 2 findings to present, then you should use 2 forms (1 for each finding). If there are no federal findings to present in this schedule; write NONE above.

Preparer's Signature: Debra D. Williams

Phone Number: (225) 342-4164

**SCHEDULE 8-3
SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS**

Department/University or College/Commission/District:
DEPARTMENT OF SOCIAL SERVICES

For the Year Ended June 30, 2002

Finding Title: Temporary Assistance For Needy Families Program:
Noncompliance With Certain Federal and State Requirements

Reference Number (from attached schedule of findings): F-00-HHS-DSS-7

Initial Year of Finding: 1999

Amount of Questioned Costs in Finding: \$25,310

Status of Questioned Costs (check one): Resolved X Unresolved:

Briefly describe the status of the Questioned Costs. Were they refunded to federal government?
Are they still in negotiation?

Page Number (from Single Audit Report): 137

Program Name(s): Temporary Assistance for Needy Families

Federal Grantor Agency: Department of Health and Human Services

CFDA Number(s): 93.558

Status of Finding (check one):

Fully Corrected	<u> </u>	Not Corrected	<u> </u>
Partially Corrected	<u> X </u>	No Further Action Needed	<u> </u>
Change of Corrective Action	<u> </u>	(See OMB A-133 Section 315(b)(4))	

Description of Status: (include corrective action planned and anticipated completion date, if applicable):

The Department has taken corrective action to resolve this finding.

NOTE: Use this form to present the status of any findings that are listed for your agency on the attached schedule. You should only present 1 finding per page. If you have 2 findings to present, then you should use 2 forms (1 for each finding). If there are no federal findings to present in this schedule, write NONE above.

Preparer's Signature: *Debra D. Williams*

Phone Number: (225) 342-9164

**SCHEDULE 8-3
SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS**

Department/University or College/Commission/District:
Southern University at Baton Rouge

For the Year Ended June 30, 2002
Finding Title: Eligibility

Reference Number(s): F-01-HHS-SUBR-4

(from attached schedule of findings, may include more than one)

Initial Year of Finding: 2000

Amount of Questioned Costs in Finding: \$ 2000.00

Status of Questioned Costs (check one): Resolved Unresolved:

Briefly describe the status of the Questioned Costs. Were they refunded to federal government?
Are they still in negotiation?

The questioned costs were refunded to the Federal Government.

Page Number (from Single Audit Report): 125

Program Name(s): Scholarships for Health Professions and Students from Disadvantaged Backgrounds

Federal Grantor Agency: Department of Education

CFDA Number(s): 93.929

Status of Finding (check one):

Fully Corrected	<input checked="" type="checkbox"/>	Not Corrected	<input type="checkbox"/>
Partially Corrected	<input type="checkbox"/>	No Further Action Needed	<input type="checkbox"/>
Change of Corrective Action	<input type="checkbox"/>	(See OMB A-133 Section 315(b)(4))	

Description of Status: (include corrective action planned and anticipated completion date, if applicable):

The University will adhere to established procedures in regards to this program.

NOTE: Use this form to present the status of any findings that are listed for your agency on the attached schedule. You should only present 1 finding per page. If you have 2 findings to present, then you should use 2 forms (1 for each finding). If there are no federal findings to present in this schedule, write NONE above.

Preparer's Signature: Gwendolyn A Bennett

Phone Number: (225)-771-2296

**SCHEDULE 8-3
SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS**

Department/University or College/Commission/District:
DEPARTMENT OF SOCIAL SERVICES

For the Year Ended June 30, 2002

Finding Title: Social Security Administration-Disability Insurance: Insufficient Level of Effort

Reference Number (from attached schedule of findings): F-01-SSA-DSS-8

Initial Year of Finding: 2001

Amount of Questioned Costs in Finding: \$N/A

Status of Questioned Costs (check one): Resolved _____ Unresolved: _____

Briefly describe the status of the Questioned Costs. Were they refunded to federal government?
Are they still in negotiation?

Page Number (from Single Audit Report): 126

Program Name(s): DISABILITY INSURANCE/SSI CLUSTER:
Social Security - Disability Insurance

Federal Grantor Agency: Social Security Administration

CFDA Number(s): 96.001

Status of Finding (check one):

Fully Corrected	<input checked="" type="checkbox"/>	Not Corrected	<input type="checkbox"/>
Partially Corrected	<input type="checkbox"/>	No Further Action Needed	<input type="checkbox"/>
Change of Corrective Action	<input type="checkbox"/>	(See OMB A-133 Section 315(b)(4))	

Description of Status: (include corrective action planned and anticipated completion date, if applicable):

The Department has taken corrective actions to resolve this finding.

NOTE: Use this form to present the status of any findings that are listed for your agency on the attached schedule. You should only present 1 finding per page. If you have 2 findings to present, then you should use 2 forms (1 for each finding). If there are no federal findings to present in this schedule, write NONE above.

Preparer's Signature: Debra A. Williams

Phone Number: (225) 342-4164

Acknowledgments



ACKNOWLEDGMENTS

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