REPORT TO MANAGEMENT ON
FOLLOW-UP AUDIT OF
CASH AND INVESTMENT ACTIVITIES
LAMAR INSTITUTE OF TECHNOLOGY
APRIL 2002
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Follow-Up Audit of Cash and Investment Activities

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April 19, 2002

Dr. Robert Krienke, President
Lamar Institute of Technology
P.O. Box 10043
Beaumont, TX 77710

Dear Dr. Krienke:

Enclosed is a copy of Report to Management on Follow-Up Audit of Cash and Investment Activities, April 2002. The primary focus of the audit was to evaluate management’s progress in implementing the prior audit recommendations addressed in November 2000.

The audit is classified as a Category II based on criteria prescribed by the Rules and Regulations of The Texas State University System.

Management has fully implemented one (1) of the two (2) outstanding audit recommendations. Lamar Institute of Technology has reviewed, on a monthly basis, the Unapplied Cash-B/R (Billing and Receivables), Unapplied Financial Aid, and Unapplied Cash Payment account. Management has partially implemented the other outstanding audit recommendation. The Institute needs to review the listing of outstanding checks that have remained unpaid for a lengthy period of time.

If you should have comments or questions, I am available at your convenience to review the report.

Sincerely,

Twila J. Baker, CPA
Director of Internal Audit
OBJECTIVES

The Internal Audit Plan for fiscal year 2002 provides for a follow-up audit of cash and investment activities. The primary focus of the audit was to evaluate management’s progress in implementing the prior audit recommendations addressed in November 2000.

The audit is classified as a Category II based on criteria prescribed by the Rules and Regulations of The Texas State University System.

RESULTS OF REVIEW

Two (2) of the audit recommendations were outstanding at the end of the prior audit. Management has fully implemented one (1) and partially implemented the other prior audit recommendations. The status of the findings and recommendations are as follows:

Management has fully implemented the prior audit recommendation:

- Reviewed, on a monthly basis, the Unapplied Cash-B/R (Billing and Receivables), Unapplied Financial Aid, and Unapplied Cash Payment account.

Management has partially implemented the prior audit recommendation:

- Reviewed the listing of outstanding checks that have remained unpaid for a lengthy period of time.

CONCLUDING REMARK

We appreciate the assistance provided to Internal Audit by the staff doing our engagement.
REPORT TO MANAGEMENT ON
FOLLOW-UP AUDIT OF
CASH AND INVESTMENT ACTIVITIES

LAMAR INSTITUTE OF TECHNOLOGY
APRIL 2002

Lamar Institute of Technology
Dr. Robert Krienke, President
Mr. Jonathan Wolfe, Vice President for Finance and Operations

The Texas State University System
Mr. J. Wiley Thedford, Vice Chancellor of Finance
Mr. Jerry W. Neef, Director of Audits and Analysis

Project Auditors
Ms. Twila Baker, Project Director
Ms. Daphne McIntire, Project Auditor
DETAILED FINDINGS
AND
RECOMMENDATIONS
OUTSTANDING CHECKS

Prior Audit Recommendation:

We recommend management review the listing of outstanding checks that have remained unpaid for a lengthy period of time.

Management has partially implemented the prior audit recommendation.

Internal Audit obtained and reviewed the listing of outstanding checks for February 28, 2002. Ten (10) checks totaling $4,657.12 have been outstanding for over one year. Internal Audit stated that one year of outstanding checks is acceptable. We noted that three (3) of the ten (10) checks were dated back to October and December of 2000. Management has voided the checks and reclassified them as accounts payable unclaimed checks.

RECOMMENDATION

We recommend management review the listing of outstanding checks that have remained unpaid for a lengthy period of time.

MANAGEMENT'S RESPONSE

We concur with this recommendation. LIT finance personnel are currently reviewing all outstanding checks that remain unpaid for a lengthy period of time. Upon completion of the review the necessary adjustments will be made.

UNAPPLIED CASH

Prior Audit Recommendation:

We recommend management perform a review of the Unapplied Cash-B/R, Unapplied Financial Aid, and Unapplied Cash Payment accounts containing balances, and identify and properly apply amounts to the correct general ledger accounts as appropriate. Procedures also should be established that require the periodic review of these accounts.

Management has fully implemented the prior audit recommendation.
Lamar Institute of Technology (Institute) has procedures requiring monthly review of the Unapplied Cash-B/R, Unapplied Financial Aid, and Unapplied Cash Payment accounts.

Internal Audit noted the following accounts:

<table>
<thead>
<tr>
<th>Account No. and Name</th>
<th>Description of Sub-Account</th>
<th>11-30-2000</th>
<th>08-31-2001</th>
<th>04-17-2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>0143702125 Designated Fund</td>
<td>Unapplied Financial Aid</td>
<td>- $ 8,995.59</td>
<td>- $ 8,981.59</td>
<td>- $ 8,895.59</td>
</tr>
<tr>
<td>0413751670 TPEG Loan Fund</td>
<td>Unapplied Cash Payment</td>
<td>- $ 293.75</td>
<td>$ 3,885.25</td>
<td>$ 5,667.25</td>
</tr>
<tr>
<td>0413752115 TPEG Loan Fund</td>
<td>Unapplied Cash - B/R (Billing and Receivables)</td>
<td>- $ 412.00</td>
<td>closed</td>
<td>closed</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td>- $ 9,701.34</td>
<td>- $ 5,096.34</td>
<td>- $ 3,228.34</td>
</tr>
</tbody>
</table>

The Institute has continued to identify and properly apply amounts to the correct general ledger accounts as appropriate.

RECOMMENDATION

There is no further recommendation for this finding.