# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>TRANSMITTAL LETTER</td>
<td>3</td>
</tr>
<tr>
<td>DETAILED FINDINGS AND RECOMMENDATIONS</td>
<td>4</td>
</tr>
</tbody>
</table>

Follow-Up Audit of Cash and Investment Activities

Table of Contents
June 24, 2003

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

Dear Dr. Krienke:

Enclosed is the audit report entitled, Report to Management on Follow-Up Audit of Cash and Investment Activities, June 2003. The primary focus of the audit was to evaluate management’s progress in implementing the prior audit recommendation addressed in April 2002. Internal Audit obtained and examined the check listing report as of March 31, 2003.

Management has fully implemented the outstanding recommendation. Management reviewed the list of outstanding checks to ensure that the checks do not exceed one year as stated in its policies and procedures.

During our audit, Internal Audit had an additional finding and recommendation. Internal Audit noted that April 2002 and May 2002 outstanding checks totaled $167,137.26. This figure was approximately fifty-three percent (53%) of the total outstanding checks as of March 31, 2003. It seems as if the Institute has not reconciled their check listing report against their bank statements. We recommend management reconcile the list of outstanding checks to their bank statements, on a monthly basis.

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

We appreciate the assistance received from management during our audit. If you should have comments or questions, I am available, at your convenience, to review the report.

Sincerely,

Twila Baker
Director of Internal Audit
DETAILED FINDINGS
AND
RECOMMENDATIONS
OUTSTANDING CHECKS REVIEWED TIMELY

Prior Audit Recommendation:

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

Management has fully implemented the prior audit recommendation.

Lamar Institute of Technology’s Bank Reconciliation Policies and Procedures stated that the office reviewed and had written-off outstanding checks over a year to the unclaimed liability account.

Internal Audit obtained and examined the check listing report as of March 31, 2003. We noted no exception.

However, Internal Audit noted that April 2002 and May 2002 outstanding checks totaled $167,137.26. This figure was approximately fifty-three percent (53%) of the total outstanding checks as of March 31, 2003. It seems as if the Institute has not reconciled their check listing report against their bank statements.

Management should reconcile the list of outstanding checks to their bank statements, on a monthly basis. This will help ensure that any checks recorded in the Institute’s books cleared through the bank. Also, it will help ensure a current and accurate account of its cash flow. Finally, this will help ensure that the Institute does not make an adjusting entry after the one-year period for any outstanding checks to the unclaimed liability account without verifying that it’s been cleared through the bank.

RECOMMENDATION

We recommend management reconcile the list of outstanding checks to their bank statements, on a monthly basis.

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. The list of outstanding checks is currently being reconciled on a monthly basis to the bank statements. Recommendation has been implemented as of July 2003.
REPORT TO MANAGEMENT ON
FOLLOW-UP AUDIT OF
CASH AND INVESTMENT ACTIVITIES

LAMAR INSTITUTE OF TECHNOLOGY
JUNE 2003

Copies of this report have been mailed to the following:

Lamar Institute of Technology
Dr. Robert Krienke, President
Mr. Jonathan Wolfe, Vice President for Finance and Operations
Ms. Bonnie Albright, Director of Finance/Cash Management

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