REPORT TO MANAGEMENT ON
FOLLOW-UP AUDIT OF RECEIVABLES
LAMAR INSTITUTE OF TECHNOLOGY
APRIL 2002
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April 18, 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 Receivables, April 2002. The primary focus of the audit was to evaluate management’s progress in implementing the prior audit recommendation addressed in March 2001.

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 partially implemented the outstanding audit recommendation. Lamar Institute of Technology has reviewed the deficit cash and fund balances, stagnant receivables, and negative accounts payable and made the necessary adjustments. Management should continue to research the accounts and make the necessary adjustments.

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 receivables. The primary focus of the audit was to evaluate management’s progress in implementing the prior audit recommendation addressed in March 2001.

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

Management has partially implemented the prior outstanding recommendation. The status of the finding and recommendation is as follows:

Management has partially implemented the prior audit recommendation:

- Reviewed the deficit cash and fund balances, stagnant receivables, and negative accounts payable and made the necessary adjustments.

CONCLUDING REMARK

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

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
ADJUST THE ACCOUNTS

Prior Audit Recommendation:

We recommend management research the deficit cash and fund balances, stagnant receivables, and negative accounts payable and make the necessary adjustments to these accounts upon completion of the review.

Management has partially implemented the prior audit recommendation.

Internal Audit noted the following:

- Deficit cash and fund balances from three (3) accounts totaling $156,536.55. Management has closed thirteen (13) old restricted grant accounts at the end of fiscal year 2001.

- Stagnant receivables from four (4) accounts totaling $33,494.75. Approximately forty-six percent (46%) came from one account (041379 - Eber Ephlin Loan Fund). The Scholarship Clearing Account has an outstanding balance of $16,267.17. Management has closed six (6) receivables accounts at the end of fiscal year 2001.

- Negative accounts payable from account 0103702121 - Education/General totaling $3,489.51.

Per management’s response, these accounts have been researched and corrected. Lamar Institute of Technology’s finance staff is continuing this process and making necessary adjustments as needed.

RECOMMENDATION

We recommend management research the deficit cash and fund balances, stagnant receivables, and negative accounts payable and make the necessary adjustments to these accounts upon completion of the review.

MANAGEMENT’S RESPONSE

We concur with this recommendation. LIT finance personnel are currently researching all deficit cash and fund balances, stagnant receivables, and negative accounts payable balances to make necessary adjustments. Upon completion of the review the necessary adjustments will be made.