REPORT TO MANAGEMENT ON
FOLLOW-UP AUDIT OF
STUDENT FINANCIAL AID
LAMAR INSTITUTE OF TECHNOLOGY
APRIL 2002
# 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>EXECUTIVE SUMMARY</td>
<td>4</td>
</tr>
<tr>
<td>DETAILED FINDINGS AND RECOMMENDATIONS</td>
<td>7</td>
</tr>
</tbody>
</table>
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 Student Financial Aid, April 2002. The primary focus of the audit was to evaluate management’s progress in implementing the prior audit recommendation addressed in January 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 fully implemented the outstanding audit recommendation. Lamar Institute of Technology has continued to review all suspense/clearing Financial Aid accounts and has made the appropriate adjustment to the general ledger account.

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
EXECUTIVE SUMMARY
OBJECTIVES

The Internal Audit Plan for fiscal year 2002 provides for a follow-up audit of student financial aid. The primary focus of the audit was to evaluate management’s progress in implementing the prior audit recommendation addressed in January 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 fully implemented the prior audit recommendation. The status of the finding and recommendation is as follows:

Management has fully implemented the prior audit recommendation:

- Performed a comprehensive review of all suspense/clearing Financial Aid accounts and made the appropriate adjustment to the general ledger account.

CONCLUDING REMARK

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

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
UNAPPLIED FINANCIAL AID

Prior Audit Recommendation:

We recommend management perform a comprehensive review of all suspense/clearing Financial Aid accounts and make the appropriate adjustment to the Student Information System (SIS) as well as the Financial Records System (FRS). Information Systems should be consulted during this review.

Management has fully implemented the prior audit recommendation.

Internal Audit noted general ledger accounts entitled “Unapplied Financial Aid” and other related clearing accounts had the following balances:

<table>
<thead>
<tr>
<th>Account No. and Description</th>
<th>08-31-2000</th>
<th>08-31-2001</th>
<th>04-17-2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>010370 - Education/General</td>
<td>$ 16,630.00</td>
<td>$ 20,198.44</td>
<td>$ 25,825.99</td>
</tr>
<tr>
<td>014370 - Designated Fund</td>
<td>-$ 8,995.59</td>
<td>-$ 8,995.59</td>
<td>-$ 8,895.59</td>
</tr>
<tr>
<td>030300 - US Dept Education</td>
<td>-$ 25,759.84</td>
<td>-$ 23,872.11</td>
<td>-$ 19,587.18</td>
</tr>
<tr>
<td>030500 - FFELP-Stafford</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>030502 - FFELP-2000-Staffords</td>
<td>-$ 2,210.85</td>
<td>-$ 3,459.70</td>
<td>-$ 720.00</td>
</tr>
<tr>
<td>041375 - TPEG Loan Fund</td>
<td>-$ 1,332.40</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>041376 - TPEG-NON TX Loan</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>TOTAL</td>
<td>-$ 21,668.68</td>
<td>-$ 16,128.96</td>
<td>-$ 3,376.78</td>
</tr>
</tbody>
</table>

The Accountant III performs a monthly review of all unapplied financial aid and related clearing accounts to ensure accounts are properly stated. As noted in the balances above, there was a substantial decrease from 08-31-2000 to 08-31-2001 due to these monthly reviews.

Per management’s response, the Lamar Institute of Technology (Institute) is still looking at ways to review the automation built in SIS, which feed the FRS accounts. The Institute is consulting the Information Systems to assist them in this matter.
RECOMMENDATION

There is no further recommendation for this finding.