REPORT TO MANAGEMENT ON
FOLLOW-UP AUDIT OF
WORKFORCE TRAINING DEPARTMENT
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 22, 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 Workforce Training Department, 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 five (5) outstanding audit recommendations. Lamar Institute of Technology (LIT) has procedures that provide segregation of duties for mail opening, receipting, depositing, recording, and performing reconciliations. Also, LIT has assigned a special accountable officer to perform off-campus tuition collection. LIT has performed reconciliations in a timely manner. LIT has attached a refund calculation worksheet that includes the initial tuition fees and the percentage of fees refunded, if any, to the F4.7, Request to Pay Vendor or Payee form. Finally, LIT has verified the refunds and checked for accuracy.

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 Workforce Training Department. The primary focus of the audit was to evaluate management’s progress in implementing the prior audit recommendations addressed in January 2001.

The scope of the original audit was to determine if Lamar Institute of Technology’s Workforce Training Department was in compliance with appropriate guidelines, efficiency of performance, and accuracy of data. Internal Audit also determined the adequacy of internal controls with cash receipts, record retention, and reconciliation processes.

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 five (5) audit recommendations. The status of the findings and recommendations are as follows:

Management has fully implemented the prior audit recommendations:

- Developed procedures that provide segregation of duties for mail opening, receipting, depositing, recording, and performing reconciliations.

- Assigned a special accountable officer to perform off-campus tuition collection.

- Performed reconciliations in a timely manner.

- Attached a refund calculation worksheet that includes the initial tuition fees and the percentage of fees refunded, if any, to the F4.7, Request to Pay Vendor or Payee form.

- Verified the refunds and checked for accuracy.

CONCLUDING REMARK

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

LAMAR INSTITUTE OF TECHNOLOGY
APRIL 2002

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

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
SEGREGATION OF DUTIES

Prior Audit Recommendations:

We recommend management develop procedures that will provide segregation of duties for mail opening, receipting, depositing, recording, and performing reconciliation.

We recommend management assign a special accountable officer to perform off-campus tuition collection.

Management has fully implemented the prior audit recommendations.

The Vice President of Finance and Operations stated that the Workforce Training Department is no longer collecting tuition fees by mail since the last audit in January 2001. He also stated that all cash and/or checks received in person or by mail are collected by the cashier’s office to centralize cash collection.

Also, Lamar Institute of Technology has assigned a special accountable officer to perform off-campus tuition collection for the Institute. The special accountable officer is an instructor for the Workforce Training Department. Two people are always present to handle cash and to deposit the money collected the following day.

RECOMMENDATIONS

There are no further recommendations for these findings.

RECONCILIATION STATEMENT

Prior Audit Recommendation:

A formal reconciliation statement for cash collection records and the departmental ledger should be performed in a timely manner. The reconciliation should be reviewed and approved by supervisory staff. The reconciliation should be initialed and dated by both the preparer and the reviewer.
Management has fully implemented the prior audit recommendation.

The Workforce Training Department does not have to perform reconciliation because the department no longer receives tuition fees by mail to make daily deposits. The cashier’s office has performed a cash reconciliation Student Information System to deposit, on a daily basis, in the previously issued report titled Report to Management on Review of Reconciliations, March 2002.

RECOMMENDATION

There is no further recommendation for this finding.

REFUNDS

Prior Audit Recommendations:

We recommend management show the computation of refunds on the F4.7, Request to Pay Vendor or Payee form.

We recommend management reconcile refunds to check for accuracy.

Management has fully implemented the prior audit recommendations.

The Continuing Education Refund & Cancellation Policy states:

Registration fees will be refunded in full (except notebooks and/or material costs) when the class is

* full
* canceled by our office
* a one day course and participant notifies to cancel at least 24 hours prior

A partial refund of 70% will be awarded if requested prior to census date for classes over one day.

All courses require a minimum enrollment depending on the type of course. In order to ensure your place in the course, please register early and make certain that fees are paid.
Internal Audit received a copy of April’s F4.7, Request to Pay Vendor or Payee form. Before a refund check is generated, a refund calculation worksheet must be attached to the F4.7. The worksheet consists of the following: type of training, time period to drop, discount percent, amount of tuition, amount of refund, first day of class, and date dropped. We noted no exception.

Also, management verified the refunds and the accounts payable clerk checked for accuracy.

**RECOMMENDATIONS**

There are no further recommendations for these findings.