

Overall Conclusion

Lamar University (University) is providing accurate and consistent financial information to the Legislature. However, the University should improve its processes to ensure that it provides accurate information to the Texas State University System (System) Board of Regents and University management.

The University relies on manual processes to manage its financial activities and does not always follow its policies and procedures for recording detailed financial information. As a result, we found several inaccuracies in the University's detailed financial information, such as expenditures charged to the incorrect object codes. For fiscal year 2002, the inaccuracies in the University's detailed information did not significantly affect the information in its Annual Financial Report (AFR) because the AFR is a summary of the University's activities. However, the inaccuracies do affect the information that the System and the University use to manage operations, and if the University does not improve its financial reporting process, similar inaccuracies could affect future AFRs. The University can make better use of features in its automated financial system to improve accuracy of financial information.

Overall, the University uses state appropriations and local funds in accordance with applicable state laws and regulations. However, it does not provide adequate guidance to staff to ensure consistent compliance in several key areas, such as the use of Higher Education Assistance Funds.

The University generally has adequate processes in place to manage contracts and grants; however, we found examples of the University reporting inaccurate contract information to the Legislative Budget Board.

Summary of Information Technology Review

Overall, the two information systems we reviewed process financial transactions reliably. Results of our tests of reconciliations and transactions processed by the systems indicated that amounts reported in the financial statements were consistent with information in these systems. Also, the University has adequate policies and procedures in place to safeguard the financial and student information data processed by these systems. The two systems we reviewed are:

- Financial Reporting System (FRS) - The University uses FRS to track all its financial activities for its budget, which is more than \$75 million.
- Student Information System (SIS) - SIS tracks information for the University's approximately 9,000 currently enrolled students. The University uses SIS to record student registration and billings. This information is exported to FRS.



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The University should make better use of features in its automated system. The University relies heavily on manual processes, resulting in increased coding errors and the need for management to find and correct errors (see Chapters 1 and 2). Also, University accountants must summarize data from FRS manually when preparing financial statements. This increases the chance for error. We recommend that the University enable features in FRS that would prevent the use of inappropriate expenditure codes and work to develop custom reports to summarize FRS data automatically.

Our audit focused on FRS, the student billing portion of SIS, and the Web-based payment system and did not cover any of the University's other automated systems, such as the system used to manage human resources.