

UNIVERSITY OF NEW ORLEANS

UNIVERSITY OF LOUISIANA SYSTEM

FINANCIAL AUDIT SERVICES

Management Letter
Issued March 6, 2024

**LOUISIANA LEGISLATIVE AUDITOR
1600 NORTH THIRD STREET
POST OFFICE BOX 94397
BATON ROUGE, LOUISIANA 70804-9397**

LEGISLATIVE AUDITOR
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FIRST ASSISTANT LEGISLATIVE AUDITOR
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Louisiana Legislative Auditor

Michael J. "Mike" Waguespack, CPA

University of New Orleans



March 2024

Audit Control # 80230088

Introduction

As a part of our audit of the University of Louisiana System (System) and our work related to the Single Audit of the State of Louisiana (Single Audit) for the fiscal year ended June 30, 2023, we performed procedures at the University of New Orleans (UNO) to provide assurances on financial information that is significant to the System's financial statements; evaluate the effectiveness of UNO's internal controls over financial reporting and compliance; and determine whether UNO complied with applicable laws and regulations.

In addition to the procedures noted above, we also performed certain other procedures for the period July 1, 2022, through June 30, 2023.

We also determined whether management has taken actions to correct the findings reported in the prior year.

Results of Our Procedures

Follow-up on Prior-year Findings

Our auditors reviewed the status of the prior-year findings reported in UNO's management letter dated January 11, 2023. We determined that management has resolved the prior-year findings related to Management Override of Controls Over Public Works Project, Theft of Cash Received by the Athletics Department, and Failure to Certify and Approve Time and Attendance Records.

Current-year Finding

Inadequate Cybersecurity Response Documentation

In March 2023, UNO responded to an indicator of compromise. UNO did not adequately document its cybersecurity response. Due to their sensitive nature, we have communicated the related control weaknesses confidentially to UNO. Inadequate response documentation may preclude UNO from supporting that a

potentially adverse event was negligible or isolated and did not cause error or fraud in financial reporting.

We evaluated UNO information technology controls over financial reporting based on best practices, as defined by *Control Objectives for Information and Related Technology*, a framework by the Information Systems Audit and Control Association as well as guidance provided by the National Institute of Standards and Technology (NIST).

UNO should improve its incident response documentation procedures. These procedures should clearly address retention of appropriate records and documentation, define responsibilities of outside parties, and delineate any business and legal-related components of incident response. Additionally, UNO should require all outside parties involved in incident response to document their activities in detail according to NIST guidance and obtain these records as evidence of successful incident response and remediation. Management concurred with the finding and provided a plan of corrective action (see Appendix A).

Financial Statements - University of Louisiana System

As a part of our audit of the System's financial statements for the year ended June 30, 2023, we considered UNO's internal control over financial reporting and examined evidence supporting certain account balances and classes of transactions, as follows:

Statement of Net Position

Assets – Due from State Treasury and Capital Assets

Net Position – Net Investment in Capital Assets, Restricted – Expendable, Restricted – Nonexpendable, and Unrestricted

Statement of Revenues, Expenses, and Changes in Net Position

Revenues – Student Tuition and Fees net of Scholarship Allowances, State and Local Grants and Contracts, State Appropriations, and Federal Nonoperating Revenues

Expenses – Educational and General

Based on the results of these procedures on the financial statements, we reported a finding related to Inadequate Cybersecurity Response Documentation, as described previously. In addition, the account balances and classes of transactions tested, as adjusted, are materially correct.

Other Procedures

In addition to the System and Single Audit procedures noted above, we performed certain procedures related to UNO's previous change in payment structure for its non-academic, unclassified employees.

Based on the results of these procedures, we did not report any findings.

Trend Analysis

We compared the most current and prior-year financial activity using UNO's Annual Fiscal Reports and/or system-generated reports and obtained explanations from UNO's management for any significant variances.

The recommendation in this letter represents, in our judgment, that which will most likely bring about beneficial improvements to the operations of UNO. The nature of the recommendation, its implementation costs, and its potential impact on the operations of UNO should be considered in reaching decisions on courses of action.

Under Louisiana Revised Statute 24:513, this letter is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,



Michael J. "Mike" Waguespack, CPA
Legislative Auditor

DF:CRV:RR:BQD:aa

UNO 2023

APPENDIX A: MANAGEMENT'S RESPONSE



THE UNIVERSITY *of*
NEW ORLEANS
OFFICE OF THE PRESIDENT

February 21, 2024

Michael J. Waguespack, CPA
Louisiana Legislative Auditor
PO BOX 94397
Baton Rouge, LA 70804-9397

RE: Inadequate Cybersecurity Response Documentation

Dear Mr. Waguespack,

The University of New Orleans concurs with the finding that the University did not adequately document its cybersecurity response to the March 2023 event.

The University's Information Technology department has established Response and Procedure Plans in order to combat any future cyber events. Mr. William Martinez, Interim Chief Technology Officer is responsible for the oversight of the corrective action plan.

If you should have any questions, please call me directly or my primary point of contact, Ms Mamie Sterkx Gasperecz, Vice President for Finance and Administration, at 504-280-6209.

Sincerely,

Kathy Johnson, Ph.D.
President

APPENDIX B: SCOPE AND METHODOLOGY

We performed certain procedures at the University of New Orleans (UNO) for the period from July 1, 2022, through June 30, 2023, to provide assurances on financial information significant to the University of Louisiana System (System), and to evaluate relevant systems of internal control in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. Our procedures, summarized below, are a part of the audit of the System's financial statements and our work related to the Single Audit of the State of Louisiana (Single Audit) for the year ended June 30, 2023.

- We evaluated UNO's operations and system of internal controls through inquiry, observation, and review of its policies and procedures, including a review of the laws and regulations applicable to UNO.
- Based on the documentation of UNO's controls and our understanding of related laws and regulations, we performed procedures to provide assurances on certain account balances and classes of transactions to support our opinions on the System's financial statements.
- We compared the most current and prior-year financial activity using UNO's Annual Fiscal Reports and/or system-generated reports to identify trends and obtained explanations from UNO's management for significant variances.

In addition, we performed procedures on UNO's previous change in payment structure for its non-academic, unclassified employees. The scope of these procedures was significantly less than an audit conducted in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States.

The purpose of this report is solely to describe the scope of our work at UNO, and not to provide an opinion on the effectiveness of UNO's internal control over financial reporting or on compliance. Accordingly, this report is not intended to be, and should not be, used for any other purposes.

We did not audit or review UNO's Annual Fiscal Report, and accordingly, we do not express an opinion on that report. UNO's accounts are an integral part of the System's financial statements, upon which the Louisiana Legislative Auditor expresses opinions.