

# STATE OF LOUISIANA LEGISLATIVE AUDITOR

Louisiana Technical College,  
Avoyelles Campus  
Louisiana Community and  
Technical College System  
State of Louisiana  
Cottonport, Louisiana

April 26, 2000



***Financial and Compliance Audit Division***

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***Daniel G. Kyle, Ph.D., CPA, CFE  
Legislative Auditor***

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**Daniel G. Kyle, Ph.D., CPA, CFE**

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**LOUISIANA TECHNICAL COLLEGE,  
AVOYELLES CAMPUS  
LOUISIANA COMMUNITY AND  
TECHNICAL COLLEGE SYSTEM  
STATE OF LOUISIANA  
Cottonport, Louisiana**

**Management Letter  
Dated March 31, 2000**

Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Attorney General, and to other public officials as required by state law. A copy of this report has been made available for public inspection at the Baton Rouge and Shreveport offices of the Legislative Auditor and at the office of the parish clerk of court.

April 26, 2000



OFFICE OF  
**LEGISLATIVE AUDITOR**  
STATE OF LOUISIANA  
BATON ROUGE, LOUISIANA 70804-9397

DANIEL G. KYLE, PH.D., CPA, CFE  
LEGISLATIVE AUDITOR

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March 31, 2000

**LOUISIANA TECHNICAL COLLEGE,  
AVOYELLES CAMPUS  
LOUISIANA COMMUNITY AND  
TECHNICAL COLLEGE SYSTEM  
STATE OF LOUISIANA**  
Cottonport, Louisiana

As part of our audit of the State of Louisiana's financial statements for the year ending June 30, 2000, we conducted certain procedures at the Louisiana Technical College, Avoyelles Campus. Our procedures included (1) a review of the technical college's internal control; (2) tests of financial transactions for the years ending June 30, 2000, and June 30, 1999; (3) tests of adherence to applicable laws, regulations, policies, and procedures governing financial activities for the years ending June 30, 2000, and June 30, 1999; and (4) a review of compliance with the prior audit report recommendation.

The Annual Fiscal Reports of the Louisiana Technical College, Avoyelles Campus were not audited or reviewed by us, and, accordingly, we do not express an opinion or any other form of assurance on these reports. The technical college's accounts are included in the Louisiana Community and Technical College System and are an integral part of the State of Louisiana's financial statements, upon which the Louisiana Legislative Auditor expresses an opinion.

Our procedures included interviews with management personnel and other selected technical college personnel. We also evaluated selected documents, files, reports, systems, procedures, and policies as we considered necessary. After analyzing the data, we noted that the size of the technical college's operation and its limited staff preclude an adequate segregation of duties and other features of an adequate system of internal control, although to employ such controls may not be cost beneficial. In addition, we developed recommendations for improvement. We then discussed our findings and recommendations with appropriate management personnel before submitting this written report.

In our prior management letter dated March 13, 1998, on the Louisiana Technical College, Avoyelles Campus, we reported a finding relating to electronic data processing control weaknesses. This finding has been resolved and is not repeated in this report.

Based on the application of the procedures referred to previously, all significant findings are included in this report for management's consideration.

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LOUISIANA TECHNICAL COLLEGE,  
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### **Noncompliance With Documentation Requirements for Federal Program**

The Louisiana Technical College, Avoyelles Campus did not obtain sufficient documentation from applicants to support their eligibility to receive benefits/services from the Single Parent programs. These programs are funded through the Vocational Education - Basic Grants to States (CFDA 84.048) program. The state Department of Education, Office of Vocational Education Guidelines outline eligibility requirements including participation in the food stamp program and employment status. Documentation requirements include proof of parenthood, marital status, and custody or joint custody of children, if applicable. Five of six student files reviewed for compliance did not contain the required documentation to support benefit payments of \$2,103; therefore, these costs are questioned.

These conditions occurred because management has not placed sufficient emphasis on reviewing documentation before approving students for benefits/services. As a result, the college could incur unnecessary expenditures because ineligible applicants may be allowed to participate in the program.

The technical college should ensure that students provide the required documentation to support eligibility determinations for the Single Parent programs before benefits or services are provided to those students. Management concurred with the finding and recommendation and outlined a corrective action plan (see Appendix A, page 1).

### **Inadequate Segregation of Duties Over Pell Grant Checks**

The technical college did not have adequate segregation of duties over the Federal Pell Grant Program (CFDA 84.063) disbursements to students. Good internal control requires adequate segregation of duties and proper reviews and approvals by management to reduce the risk that errors and/or fraud will occur and go undetected. Duties were not adequately segregated or reviewed because one employee was responsible for the following duties:

- Entered Pell grant applications on-line into the U.S. Department of Education System (Institutional Student Information Record)
- Calculated the amount of funds the student would receive each term based on the total award amount
- Requested the checks from the state Department of Education (SDE)

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- . Received the Pell Disbursement Acknowledgement Report
- . Made determinations regarding whether or not a student had been attending or was enrolled in class
- . Received checks back that were not disbursed to students
- . Returned checks that were not disbursed to students to the SDE
- . Reconciled the disbursement report to application of funds, payment request, and other related information in students' files
- . Received the annual statement of accounts from the U.S. Department of Education

Pell Grant checks of \$284,372 were received by the school to disburse to active students. The lack of an adequate segregation of duties and proper review and approval by management increases the risk that errors and/or fraud could occur and not be detected in a timely manner.

The technical college should establish adequate segregation of duties and management review of Pell Grant checks to students to ensure that the checks received are for students that were actually enrolled in school and that the checks not distributed are returned to the SDE. Management concurred with the finding and recommendation and outlined a corrective action plan (see Appendix A, page 2).

### **Improper Payroll Charges to a Federal Program**

The technical college did not properly allocate payroll charges to the Vocational Education - Basic Grants to States (CFDA 84.048) program. Office of Management and Budget Circular A-21 states that for costs to be allowable they must be reasonable and allocable to the grant. The technical college's employees did not complete detailed time sheets so actual hours could not be allocated to the employees' job assignments. In testing administrative expenditures for two employees, it was determined that 100% of their salaries and related benefits were charged to this program rather than approximately 95% that should have been charged. Discussions with the director and other employees indicated that these employees worked 95% of their time on this program and 5% of their time on general administrative duties. The technical college overcharged the program approximately \$4,000 in payroll expenditures, and this amount is questioned cost.

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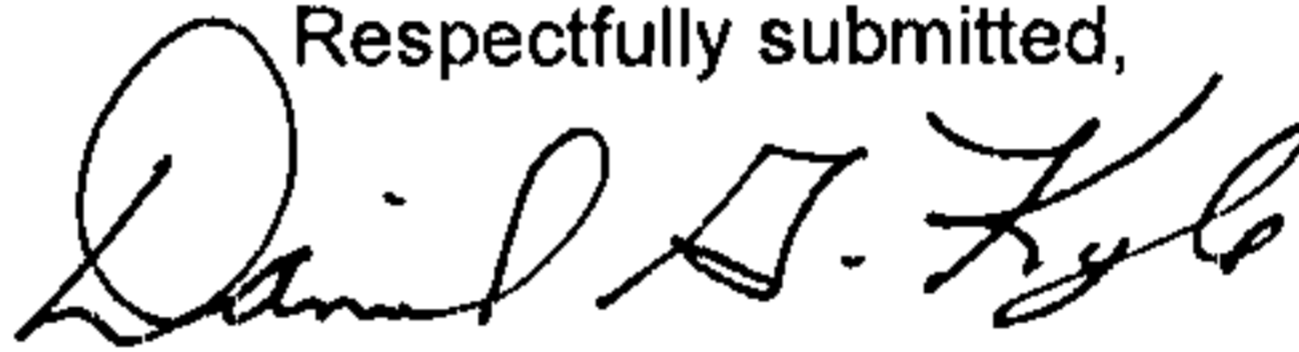
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The technical college should prepare time sheets that reflect the hours worked by federal program and should charge those federal programs based on actual time worked on those programs. Management concurred with the finding and recommendation and outlined a corrective action plan (see Appendix A, page 3).

The recommendations in this report represent, in our judgment, those most likely to bring about beneficial improvements to the operations of the technical college. The varying nature of the recommendations, their implementation costs, and their potential impact on the operations of the technical college should be considered in reaching decisions on courses of action. The findings relating to the technical college's compliance with applicable laws and regulations should be addressed immediately by management.

This report is intended for the information and use of the technical college and its management. By provisions of state law, this report is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,



Daniel G. Kyle, CPA, CFE  
Legislative Auditor

MOM:WMB:PEP:dl

[LTC-AVO]

## Appendix A

# Management's Corrective Action Plans and Responses to the Findings and Recommendations





STATE OF LOUISIANA  
**LOUISIANA TECHNICAL COLLEGE**  
Avoyelles Campus  
P. O. Box 307  
Cottonport, Louisiana 71327

March 24, 2000

Dr. Daniel G. Kyle, CPA, CFE  
*Office of Legislative Auditor*  
P. O. Box 94397  
Baton Rouge, LA 70804-9397

RE: Response Relating to Documentation Requirements for Federal Program

Dear Dr. Kyle:

After reviewing the above-referenced finding, this letter is to advise you that I concur with the finding of noncompliance.

**Corrective Action Plan:** To ensure that students provide the required documents to support eligibility determinations, we have developed two checklists – one for Carl Perkins program participants and the other for Sex Bias program participants. The checklists, along with copies of all supporting documents, will be prepared by the Special Program Coordinator and will be reviewed by the Director or his designee. Both of these employees will sign the checklist before benefits or services are provided to federal program participants.

The checklist, along with all supporting documents, will be attached to the Carl Perkins participant's application.

In addition, copies of all supporting documentation submitted by students will be date stamped, approved, and initialed by the Special Program Coordinator.

**Contact Person:** Ward Nash, Director

**Anticipated Completion Date:** We anticipate starting this procedure on April 3, 2000.

Please contact me should you have any questions or require additional information.

Sincerely,

Ward Nash, Director

mpc  
Enclosures

c Mr. Melvin Davis, LCTCS Auditor

*"An Equal Opportunity Employer"*

(318) 876-2401 or (318) 876-2701



STATE OF LOUISIANA

**LOUISIANA TECHNICAL COLLEGE**

Avoyelles Campus

P. O. Box 307

Cottonport, Louisiana 71327

March 24, 2000

Dr. Daniel G. Kyle, CPA, CFE  
Office of Legislative Auditor  
P. O. Box 94397  
Baton Rouge, LA 70804-9397

RE: Response to Segregation of Duties for Pell Program

Dear Dr. Kyle:

After reviewing the above-referenced finding, this letter is to advise you that I concur with the finding.

**Corrective Action Plan:** Since we are now governed by the Louisiana Community & Technical College System (LCTCS), I have been informed that the LCTCS staff is currently in the process of planning action to improve internal control throughout LCTCS for the Pell program. This will be implemented when the LCTCS Board of Supervisors approves the policy.

LTC - Avoyelles Campus is implementing in-house internal control changes. These changes will establish adequate segregation of duties and management review of specific problems cited in our Pell program finding.

**Contact Person:** Ward Nash, Director

**Anticipated Completion Date:** In-house changes April 3, 2000.

Sincerely,

A handwritten signature in cursive script that reads "Ward Nash".

Ward Nash, Director

mpc

c Mr. Melvin Davis, LCTCS Auditor

*"An Equal Opportunity Employer"*

(318) 876-2401 or (318) 876-2701



STATE OF LOUISIANA

**LOUISIANA TECHNICAL COLLEGE**

Avoyelles Campus  
P. O. Box 307  
Cottonport, Louisiana 71327

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March 24, 2000

Dr. Daniel G. Kyle, CPA, CFE  
Office of Legislative Auditor  
P. O. Box 94397  
Baton Rouge, LA 70804-9397

RE: Response Relating to Payroll Charges for Federal Program

Dear Dr. Kyle:

After reviewing the above-referenced finding, this letter is to advise you that I concur with the finding of noncompliance.

**Corrective Action Plan:** To insure that payroll charges to a federal program are based on actual time worked on the program, this plan will be placed in effect.

As a minimum, 5% of the payroll time will be charged to State General Funds for the following federal program employees: Guidance Aide, Health Occupations Teacher's Aide, and Skills Center Teacher's Aide. Should these employees work over 5% of their time on non-federal program activities, the time will be logged on the time sheet for two separate pay categories by the employee, will be approved by the school director, and appropriate charge made by the Accountant.

**Contact Person:** Ward Nash, Director

**Anticipated Completion Date:** We anticipate starting this procedure on April 3, 2000.

Sincerely,

Ward Nash, Director

mpc

c Mr. Melvin Davis, LCTCS Auditor