

STATE OF LOUISIANA LEGISLATIVE AUDITOR

**Bossier Parish Community College
Louisiana Community and
Technical College System
State of Louisiana
Bossier City, Louisiana**

December 13, 2000



Financial and Compliance Audit Division

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

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

DIRECTOR OF FINANCIAL AND COMPLIANCE AUDIT

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**BOSSIER PARISH COMMUNITY COLLEGE
LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM
STATE OF LOUISIANA**
Bossier City, Louisiana

Management Letter
Dated November 6, 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.

December 13, 2000



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

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November 6, 2000

**BOSSIER PARISH COMMUNITY COLLEGE
LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM
STATE OF LOUISIANA
Bossier City, Louisiana**

As part of our audit of the Louisiana Community and Technical College System's financial statements for the year ended June 30, 2000, we considered Bossier Parish Community College's internal control over financial reporting; we examined evidence supporting certain accounts and balances material to the System's financial statements; and we tested the college's compliance with laws and regulations that could have a direct and material effect on the System's financial statements as required by *Government Auditing Standards*. We also considered Bossier Parish Community College's internal control over compliance with requirements that could have a direct and material effect on a major federal program, as defined in the Single Audit of the State of Louisiana, and we tested the college's compliance with laws and regulations that could have a direct and material effect on the major federal programs as required by U.S. Office of Management and Budget Circular A-133. In addition, our procedures included tests of financial transactions and tests of adherence to applicable laws, regulations, policies, and procedures governing financial activities for the year ended June 30, 1999.

The Annual Fiscal Report of the Bossier Parish Community College is not audited or reviewed by us, and, accordingly, we do not express an opinion on that report. The college's accounts are an integral part of the Louisiana Community and Technical College System's financial statements, upon which the Louisiana Legislative Auditor expresses an opinion.

In our prior audit report dated November 10, 1998, for the year ended June 30, 1998, on the Bossier Parish Community College, we reported findings relating to inadequate controls over the payroll function and inadequate controls over journal vouchers. These findings have been resolved by management. The finding relating to noncompliance with the General Appropriations Act is addressed again in this letter.

Based on the application of the procedures referred to previously, all significant findings are included in this letter for management's consideration. All findings included in this management letter that are required to be reported by *Government Auditing Standards* will also be included in the State of Louisiana's Single Audit Report for the year ended June 30, 2000.

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BOSSIER PARISH COMMUNITY COLLEGE LOUISIANA COMMUNITY AND TECHNICAL COLLEGE SYSTEM STATE OF LOUISIANA

Management Letter, Dated November 6, 2000

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Noncompliance With General Appropriation Act

For fiscal years 1998-1999 and 1999-2000, Bossier Parish Community College did not comply with the General Appropriation Acts (Act 19 of 1998 and Act 10 of 1999 of the Regular Sessions of the Louisiana Legislature). The preambles to these acts state that "in the event revenues should be less than the amount appropriated, the appropriation shall be reduced accordingly." Management did not exercise due care to ensure that expenditures would be financed with available resources. After payment of a promissory note for \$475,000 to the Bossier Parish School Board in fiscal year 1998-1999 in exchange for assets received, management did not reduce expenditures accordingly, resulting in a General Fund deficit of \$475,000. The deficit was carried over to fiscal year 1999-2000 and was only partially reduced, resulting in a deficit of \$326,229 for the year. The college must address the deficit by reducing future expenditures and/or increasing future revenues or appropriations.

Management should aggressively seek methods to avoid projected deficits. This would require the immediate reduction of expenditures or the identification of additional sources of funds. Management concurred with the finding and recommendation and implemented a plan of corrective action (see Appendix A, page 1).

Inconsistent Application of Student Receivable Policies

Bossier Parish Community College does not consistently apply its student receivable policies. These policies prohibit students with outstanding balances from re-enrolling and requires students to either make full payment of tuition and fees at registration or opt for the deferral method, which requires payment of only one-third of the applicable tuition and fees at registration. In addition, the college does not have adequate controls in place to ensure that only valid student receivables are recorded and reported in the financial statements and does not follow established procedures relative to collection efforts and write-off of uncollectible receivables.

At June 30, 1999, the college reports in its financial statements \$301,987 of student receivables, which is net of an allowance of \$40,000 for uncollectibles. In a sample of account balances for 34 students, which ranged from \$570 to \$4,100, the following deficiencies were noted:

- Seven student receivables were unsupported by detailed registration charges.

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- Four students were allowed to re-enter school while still owing a balance from previous semesters.
- Thirteen students were allowed to enroll in school without paying the full tuition and fees, or the minimum required one-third of tuition and fees, as required by the deferral plan.
- Two student receivables were written off without following the documented procedures.

During a general review of the student receivables, the following deficiencies were noted:

- Outstanding balances are not reported timely to the collection agency. Management has not submitted delinquent receivables for collection efforts since June 30, 1998.
- Management has not followed the policy of canceling the provisional registration status of students who issued checks that were subsequently returned by the bank as NSF checks.
- The college has not filed its quarterly report on debts and receivables owed to it. Louisiana Revised Statute 39:79(C) requires each state agency to report to the commissioner of administration and to the Joint Legislative Committee on the Budget on a quarterly basis all relevant information regarding debts and receivables owed to the state agency.

Because of management's inability to adequately support certain student receivables and the resulting inability to dispute a student's potential claim that the debt is no longer owed, approximately \$150,000 of student receivables were written off as uncollectible as of June 30, 2000. These conditions exist in part because of the change in management of the college (from the school board, to the University of Louisiana System Board of Supervisors, to the Louisiana Community and Technical College System Board) within a three-year period.

Management should (1) enforce the existing policies that require the payment of all outstanding debt before re-enrollment and the payment of all current tuition and fees in full unless the deferral plan is selected; (2) review the monthly aged receivable reports, report delinquent accounts to an outside collection agency as appropriate, and follow the general write-off procedures; and (3) file the required quarterly reports timely.

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Management concurred with the finding and recommendation and outlined a plan of corrective action (see Appendix A, page 2).

**Unofficial Withdrawals Not Monitored
for Title IV Programs**

Bossier Parish Community College does not have controls in place to ensure that all refunds/repayments are calculated and required refunds are made to the proper Title IV program(s) as a result of unofficial withdrawals by students receiving federal financial aid. Title 34 CFR Part 668.22 states that if a student who received Title IV program assistance withdraws, drops out, is expelled from the institution, or otherwise fails to complete the program on or after the first day of class of a period of enrollment, an institution must return a portion of a refund (unearned tuition and fees) owed a student to the Title IV program. Title 34 CFR Part 682.607 requires an institution to return to the lender any portion of a refund allocated to the loan program within 60 calendar days from the date the student withdraws or notifies the institution of his/her withdrawal.

In a test of 18 Title IV students who received all failures or incomplete grades, two (11%) unofficially withdrew from the college within the period in which refunds and repayments would be due and a withdrawal date could not be determined for 14 (78%) of the students tested. Amounts were not refunded to the Title IV program for these recipients, and it is possible that the following amounts may be due to the federal government:

- \$5,897 - Federal Family Education Loans (CFDA 84.032)
- \$14,049 - Federal Pell Grant Program (CFDA 84.063)

Because management did not recognize the need to have controls in place to identify and report Title IV recipients who stopped attending class, the grantor agency could request the college to return the funds questioned above. Also, additional questioned costs may exist for the students not tested.

Bossier Parish Community College should establish and implement the controls necessary to identify and report, in a timely manner, students who unofficially withdraw from the college. The college can then make the applicable calculations to determine if refunds or repayments are due and the appropriate parties can be notified within the prescribed time frame. Management concurred with the finding and recommendation and implemented a plan of corrective action (see Appendix A, page 3).

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Inadequate Controls Over Tuition Opportunity Program for Students (TOPS) Scholarships

Bossier Parish Community College does not have adequate controls in place for the Tuition Opportunity Program for Students (TOPS) scholarship awards. The college does not have controls and procedures to ensure that (1) the Office of Student Financial Assistance is billed timely for TOPS scholarships; (2) TOPS receipts are reconciled to the general and subsidiary ledgers; and (3) errors are resolved in a timely manner. Good internal controls require the development and active implementation of policies and procedures to ensure scholarships are properly invoiced, rebilled as necessary, and reconciled to and reported accurately in the financial records in a timely manner.

As of April 4, 2000, the college had not reconciled the fall 1999 TOPS receipts (\$51,800) to the ledger accounts (neither general nor subsidiary) and had not billed for the spring 2000 TOPS awards (\$51,800). Furthermore, the college had not resolved error listings (TOPS awards billed, but rejected for payment by the Office of Student Financial Assistance) totaling \$11,760.

Failure to bill timely, reconcile ledgers with receipts, and resolve errors in TOPS award receipts increases the risk that amounts will be credited to students' accounts although payment was not received from the TOPS program or that the rejected billings will not be added back to students' accounts, resulting in a loss of revenue to the school.

Bossier Parish Community College should review its controls and adequately train its staff to properly handle financial aid. In addition, management should require that TOPS awards are invoiced, rejected payments are rebilled to students' accounts, and payments received are reconciled to student financial records in a timely manner. Management concurred with the finding and recommendation and implemented a plan of corrective action (see Appendix A, page 4).

Lack of Accounting Support for Fiscal Operations Report and Application to Participate

Bossier Parish Community College prepared a Fiscal Operations Report and Application to Participate (FISAP) for award period July 1, 1998, through June 30, 1999, that contained information that was erroneous or could not be supported by other documentation. The Code of Federal Regulations [34 CFR 668.24(e)(1), 675.19(b)(3), and 676.19(b)(3)] require that the college keep any records necessary to support the data contained in the FISAP. U.S. Department of Education instructions for preparing

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the FISAP state that the college must provide accurate data and must retain records that can be verified and audited.

The following deficiencies were noted in a review of records supporting amounts reported in the FISAP:

- Inadequate documentation to support the number of students reported
- No documentation to support amounts expended for state grants and scholarships
- No documentation to support the amounts included in the income grid for two Federal Supplemental Education Opportunity Grants (CFDA 84.007) recipients

Management did not recognize the need to have controls in place to accurately and adequately document the FISAP submitted. The effect of these errors or unsupported documentation is that there is an unexpended Federal Work-Study (FWS) (CFDA 84.033) authorization of \$7,439. According to FISAP instructions, unexpended authorizations are subject to a penalty consisting of a reduction of the next year's FWS allocation.

Bossier Parish Community College should establish and implement control procedures necessary for the Comptroller's Office, Financial Aid Office, and Registrar's Office to work together to gather, verify, and retain accurate supporting documentation for the FISAP. Management concurred with the finding and recommendation and outlined a plan of corrective action (see Appendix A, page 5).

Theft of Payroll Funds

Bossier Parish Community College had payroll funds totaling \$10,120 that were stolen by a payroll department employee during the fiscal year 1998-99. Louisiana Revised Statute 14:67 defines theft as the misappropriation or taking of anything of value that belongs to another, either without the consent of the other to the misappropriation or taking, or by means of fraudulent conduct, practices, or representations.

During a routine internal audit, the college's internal auditor found one improper check made to an employee and expanded the audit work to examine all fiscal year payroll checks through March 12, 1999. Lack of management oversight in providing adequate internal controls and proper supervision of the payroll employee provided the opportunity for theft of the funds. The internal auditor made recommendations for improving internal

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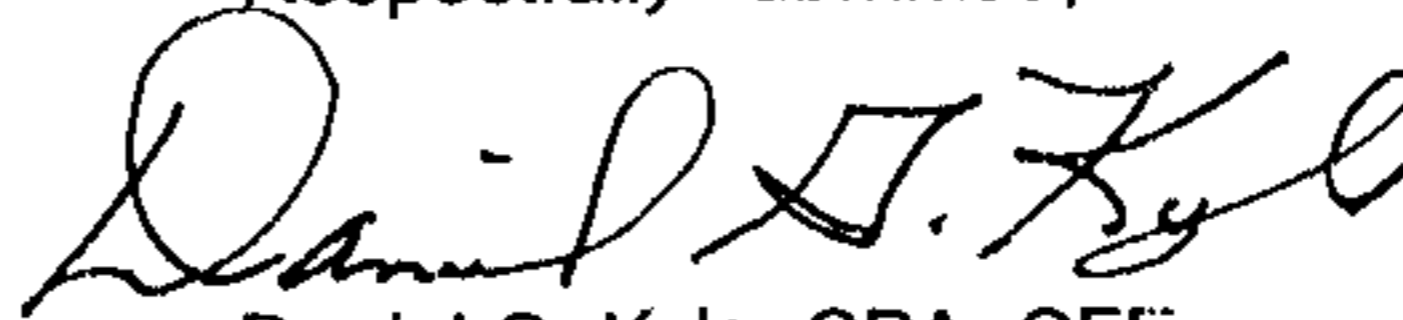
control and recommended disciplinary action toward the employee, notification of proper authorities, and restitution of funds. The investigation of this matter resulted in the termination of the employee, repayment of funds, and two years of court-ordered probation for the individual.

Bossier Parish Community College should implement internal control policies and procedures to prevent future theft of college payroll funds, as recommended by the internal auditor. Management concurred with the finding and recommendation and implemented a plan of corrective action (see Appendix A, page 6).

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

This letter is intended for the information and use of the college and its management and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this letter is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,



Daniel G. Kyle, CPA, CFE
Legislative Auditor

RE:MAN:DSP:ss

[BPCC]

Appendix A

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



October 12, 2000

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

Dear Dr. Kyle:

Management of Bossier Parish Community College concurs with the finding related to Noncompliance with General Appropriation Act. Management has implemented controls to ensure that future expenditures are reduced in order to offset the deficit. The current plan as approved by the Louisiana Community and Technical College Board is to repay the deficit over a five-year period beginning with FY 1990-00. Procedures are in place to identify and avoid any future projected deficits.

The responsible person for corrective action is Bill Welsh, Interim Comptroller.

If I may be of further assistance to your office, please do not hesitate to contact me.

Sincerely,

A handwritten signature in cursive script that reads 'Tom Carleton'.

Tom Carleton
Chancellor

TC/cl

Office of the President

Tom Carleton

2719 Airline Drive North

Bossier City

Louisiana 71111

318 746-9851 ext. 216

fax 318 742-8664



bossier
parish
community
college

August 28, 2000

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

Dear Dr. Kyle:

Bossier Parish Community College concurs with the findings and recommendations related to Student Receivables.

Management of Bossier Parish Community College has implemented enforcement of existing policies that require a student to pay all outstanding debt prior to re-enrollment and to pay all tuition and fees in full or by the deferment plan. Management is currently reviewing aged receivable reports monthly and is developing a write-off procedure based on prior history. Management is developing a procedure to report delinquent accounts to an outside collection agency at the end of each semester. The quarterly receivable reports will be made timely beginning with fiscal year 2000-2001.

The responsible person for corrective action is Bill Welsh, Interim Comptroller.

Office of the Chancellor

Tom Carleton

Sincerely,

Tom Carleton
Chancellor

TC/cp

2719 Airline Drive North

Bossier City

Louisiana 71111

318 746-9851 ext. 216

fax 318 746-5605



October 16, 2000

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

Dear Dr. Kyle:

Management of Bossier Parish Community College concurs with the finding and recommendation related to lack of controls in place to identify and report Title IV recipients who unofficially resign.

Management of Bossier Parish Community College has implemented procedures to identify students who unofficially withdraw from the college. These students are reported by faculty to the Registrar's Office, then forwarded to the Financial Aid Office. A Return of Title IV Funds calculation is performed within 30 days of the student's "unofficial withdrawal date." If for some reason, a student is not identified until the end of the semester, the Financial Aid Director will determine if the student actually completed the semester or unofficially withdrew. If he/she unofficially withdrew, the midpoint of the semester will be used as the withdrawal date, as prescribed in Federal Regulations. The Return of Title IV Funds calculation will be performed within 30 days of the last date of the semester.

Management of Bossier Parish Community College realizes the importance of written policies and procedures to address resignations of Title IV recipients; therefore, written policies are in place and are updated as necessary.

Office of the Chancellor
Tom Carleton

The responsible persons for corrective action are Kristi Speir, Interim Financial Aid Director; Patty Stewart, Registrar; and appropriate faculty members.

Sincerely,

A handwritten signature in black ink that reads 'Tom Carleton'.

Tom Carleton

2719 Airline Drive North
Bossier City
Louisiana 71111
318 746-9851 ext. 216
fax 318 746-5605

TC/ks



August 28, 2000

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

Dear Dr. Kyle:

Management of Bossier Parish Community College concurs with the finding and recommendation related to Inadequate Controls over Tuition Opportunity Program for Students (TOPS) scholarships.

Management of Bossier Parish Community College has implemented controls and procedures to account for its TOPS program. Reconciliation of the general and subsidiary ledgers was completed prior to the close fiscal year 1999-2000. BPCC's Collection Manager and Financial Aid Director have begun efforts to ensure that all TOPS students are billed, errors are corrected and collections made in a timely manner. Staff members from both of the above offices attended a TOPS processing workshop on August 25, 2000 and additional training opportunities will be sought.

The responsible persons for corrective action are Kristi Speir, Interim Financial Aid Director, and Bill Welsh, Interim Comptroller.

Vice President for
Business Affairs and
Administrative Services
Tom Williams

Sincerely,

A handwritten signature in black ink, appearing to read 'Tom Carleton', with a horizontal line underneath.

Tom Carleton
Chancellor

TC/cp

2719 Airline Drive North
Bossier City
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bossier
parish
community
college

October 3, 2000

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

Dear Dr. Kyle:

Management of Bossier Parish Community College concurs with the finding and recommendation related to Lack of Accounting Support for FISAP.

Management of Bossier Parish Community College is implementing procedures to reduce the amount of unexpended Federal Work-Study funds. Up to 25% of FWS funds will be transferred to the SEOG Program, as allowed by federal regulations. If any unexpended FWS funds exist at the end of the award year, up to 10% of those funds will be carried forward to be awarded in the next award year, as allowed by federal regulations.

Management of Bossier Parish Community College is implementing procedures to properly document the number of students reported on the FISAP. This documentation will be provided by reports generated by the Computer Center and enrollment statistics provided by the Registrar's Office. Documentation will be written and will be retained with the FISAP report.

Management of Bossier Parish Community College has implemented a process to document the expenditures for state grants and scholarships. The Comptroller's Office will provide the Financial Aid Office with a printout showing the final balance for each state grant and scholarship account to be reported on the FISAP.

Management of Bossier Parish Community College is implementing procedures to document the amounts included in the income grid for SEOG recipients. This information may be gathered manually, but the Financial Aid Office is currently working with the Computer Center to develop reports to generate the required income grid information for all information reported on the FISAP.

Office of the Chancellor

Tom Carleton

The responsible persons for corrective action are Kristi Speir, Interim Financial Aid Director; Bill Welsh, Interim Comptroller; Bill Martin, Computer Center Director; and Patty Stewart, Registrar.

If I may be of further assistance to your office, please do not hesitate to contact me.

Sincerely,

Tom Carleton
Chancellor

TC/ks

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bossier
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August 28, 2000

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

Dear Dr. Kyle:

Management of Bossier Parish Community College concurs with the finding related to Theft of Payroll Funds. Internal controls and procedures to prevent future theft of payroll funds as recommended by the Internal Auditor have been implemented. Restitution of all misappropriated funds has been made by the former employee.

The responsible person for corrective action is Bill Welsh, Interim Comptroller.

Sincerely,

Tom Carleton
Chancellor

Office of the Chancellor

Tom Carleton

TC/cp

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