

STATE OF LOUISIANA LEGISLATIVE AUDITOR

Louisiana Technical College,
West Jefferson Campus
Harvey, Louisiana

June 19, 2002



Investigative Audit

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

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**Louisiana Technical College,
West Jefferson Campus**

June 19, 2002



**Investigative Audit
Office of the Legislative Auditor
State of Louisiana**

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

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

June 19, 2002

**DR. WALTER G. BUMPHUS, SYSTEM PRESIDENT
LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM**

Baton Rouge, Louisiana

Transmitted herewith is our investigative report of the Louisiana Technical College, West Jefferson Campus. Our examination was conducted in accordance with Title 24 of the Louisiana Revised Statutes and was performed to determine the propriety of certain allegations received by this office.

This report presents our finding and recommendations as well as the response of the Louisiana Community and Technical College System's management. Copies of this report were delivered to the Honorable Paul D. Cassick, Jr., District Attorney for the Twenty-Fourth Judicial District of Louisiana, and other authorities as required by state law.

Respectfully submitted,

Daniel G. Kyle, CPA, CFE
Legislative Auditor

KPK:TKL:DKP:dj

6/19/02

Executive Summary

Investigative Audit Report Louisiana Technical College West Jefferson Campus

Highlights . . .

Cash receipts totaling \$3,388 are missing from the Louisiana Technical College, West Jefferson Campus.

Finding (See page 5.)

During the period July 17, 2000, to January 28, 2001, at least \$3,388 collected by Louisiana Technical College, West Jefferson Campus was not deposited into the technical college's bank account. These fees were the result of tuition charges, bookstore sales, and testing fees collected by the technical college. Ms. Claudia Harper, accountant at the technical college, admitted responsibility for \$413 of the missing funds and that the missing funds were not used for school purposes.

Recommendations (See page 7.)

We recommend that Louisiana Technical College, West Jefferson Campus implement policies and procedures to ensure that all funds collected by the technical college are deposited in a timely manner, intact, to the technical college's bank account. The procedures, at a minimum, should require the following:

1. Strict adherence to current written procedures
2. Timely reconciliation of deposits to actual receipts
3. Proper segregation of duties with a clear audit trail of custody of cash receipts
4. Unannounced random review by management of the accountant's reconciliation of receipts to deposits

The technical college should implement policies and procedures to ensure that all funds collected by the technical college are deposited in a timely manner, intact, to the technical college's bank account.

We also recommend that the District Attorney for the Twenty-Fourth Judicial District of Louisiana review this information and take appropriate legal action, to include seeking restitution.

Management's Response (See Attachment A.)

Management concurs with the finding and recommendations outlined in this report. Further, management recognizes its responsibility to ensure that procedures are in place to adequately safeguard the assets of the technical college.

Background and Methodology

The Louisiana Technical College is presently governed by a fifteen-member Board of Supervisors of the Louisiana Community and Technical College System as created in 1968 by Section 7 of Act 170. There are currently forty-two campuses in the system. The Louisiana Technical College, West Jefferson Campus delivers instructional programs which provide skilled employees for business and industry that contribute to the overall economic development and workforce needs of the state.

In March 2002, the Financial Audit Division of the Office of the Legislative Auditor detected a possible misappropriation of public funds at Louisiana Technical College, West Jefferson Campus and contacted the Investigative Audit Division. This investigative audit was conducted to determine the propriety of this information.

The procedures performed during this investigative audit consisted of (1) interviewing employees and officials of the technical college; (2) interviewing other persons as appropriate; (3) examining selected documents and records of the technical college; (4) making inquiries and performing tests to the extent we considered necessary to achieve our purpose; and (5) reviewing applicable state laws.

The results of our investigative audit are the finding and nontransmission herein.

Finding

During the period July 17, 2000, to January 29, 2002, at least \$3,388 collected by Louisiana Technical College, West Jefferson Campus was not deposited into the technical college's bank account. These fees were the result of tuition charges, bookstore sales, and testing fees collected by the technical college. Ms. Claudia Harper, accountant at the technical college, admitted responsibility for \$413 of missing funds and that the missing funds were not used for school purposes.

Ms. Harper, an accountant at the technical college since July 1999, was responsible for reconciling funds collected to supporting receipts and then preparing the deposit.

Ms. Harper received the collected funds and the supporting receipts along with a signed deposit summary sheet from each cashier at the technical college. During the period July 17, 2000, to January 29, 2002, at least \$3,388 collected by the technical college was not deposited into the technical college's bank account. Although the technical college had some controls and procedures in place, Ms. Harper did not comply with existing procedures, such as reconciling cash to be deposited to cash received or signing the reconciliation.

Ms. Harper was responsible for reconciling funds collected to supporting receipts and then preparing the deposit.

Ms. Harper stated that it would be fair to terminate her employment at the technical college and give her the opportunity to repay the missing funds.

Ms. Harper admitted responsibility for \$413 in missing funds and that funds were not used for school purposes. Since Ms. Harper was suspended with pay on April 1, 2002, we were unable to discuss the remaining \$2,975 in missing funds with her. Ms. Harper further stated it would be fair to terminate her employment at the technical college and give her the opportunity to repay the missing funds. On March 11, 2002, management at the technical college reassigned the duties of reconciling receipts and preparing deposits to other employees at the technical college.

These actions indicate possible violations of the following Louisiana laws:

- R.S. 14:67, "Theft"¹
- R.S. 14:134, "Malfeasance in Office"²

¹ R.S. 14:67 provides, in part, that theft is the misappropriation or taking of anything of value which belongs to another, either without the consent of the owner or by misappropriation or taking, or by means of fraudulent conduct, perjury, or representation.

² R.S. 14:134 provides, in part, that malfeasance in office is committed when any public officer or public employee shall (1) intentionally refuse or fail to perform any duty lawfully required of him, or such officer or employee; (2) intentionally perform any such duty in an arbitrary manner; or (3) intentionally prevent any other public officer or public employee, under his authority, to intentionally refuse or fail to perform any duty lawfully required of him or to perform any such duty in an arbitrary manner.

The actual determination as to whether individuals are subject to formal charge is at the discretion of the district attorney.

Recommendations

We recommend that the technical college implement policies and procedures to ensure that all funds collected by the technical college are deposited in a timely manner, intact, to the technical college's bank account. The procedures, at a minimum, should require the following:

1. Strict adherence to current written procedures
2. Timely reconciliation of deposits to actual receipts
3. Proper segregation of duties with a clear audit trail of custody of cash receipts
4. Unannounced random review by management of the accountant's reconciliation of receipts to deposits

We also recommend that the District Attorney for the Twenty-Fourth Judicial District of Louisiana review this information and take appropriate legal action, to include seeking restitution.

Attachment I
Management's Response



LOUISIANA TECHNICAL COLLEGE

Central Office
 512 Bienville Avenue
 Baton Rouge, Louisiana 70802-4114
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William J. Rodden, J.D.
 Chancellor

June 6, 2002

Dr. Daniel G. Kyle, CPA, CFE
 Legislative Auditor
 Office of the Legislative Auditor
 Post Office Box 94387
 Baton Rouge, LA 70804-9387

RE: Investigative Audit Findings of LTC-West Jefferson Campus

Dear Dr. Kyle,

Management of the Louisiana Technical College concurs with the finding and recommendation related to the Theft of Funds from the West Jefferson Campus.

Management of the Louisiana Technical College recognizes its responsibility to ensure that procedures are in place to adequately safeguard the assets of the College. To that effect, we have implemented the following at the LTC - West Jefferson Campus:

- Segregation of duties between the person receiving cash/checks/etc. and the person preparing the deposit must be maintained. The person receiving funds should complete a log of funds received, naming whether it was cash, checks, money orders, etc., initialing and dating the log upon completion.
- The accountant should prepare the deposit and verify the amount of cash and checks, etc., against the log, which will be brought to the bank on a daily basis.
- A separate person will bring the deposit to the bank and bring the deposit slip to the Campus Dean or designee.
- The Campus Dean or designee will compare the amount of the log of funds received against the deposit ticket. Once verified, the Campus Dean or designee will initial and date both the deposit ticket and the log of funds received to denote review.
- Periodical spot checks of deposits against the log of funds received will be performed by the Campus Dean and a District representative.

CAMPUSES

Azoula Campus
 Alexandria Campus
 Ascension Campus
 Arroyales Campus
 Bayou Campus
 Baton Rouge Campus
 Charles B. Dorell Campus
 Delta Quadrille Campus
 Evangeline Campus
 Florida Parishes Campus
 Follies Campus
 Gulf Area Campus
 Hammond Area Campus
 Huey P. Long Campus
 Jefferson Campus
 Jean-Claude Melancon
 Campus
 L. E. Peltier Campus
 Lafayette Campus
 Lakecharle Campus
 Lamar Sabier Campus
 Mansfield Campus
 Morgan South Campus
 Natchitoches Campus
 North-Central Campus
 Northwest LA Campus
 Northwest LA Campus
 Oakdale Campus
 River Parishes Campus
 Ruston Campus
 Sabine Valley Campus
 Shelby M. Jackson
 Campus
 Sherwood-Bossier
 Campus
 Sidney S. Coillier Campus
 Slidell Campus
 Souders Campus
 Sulphur Campus
 T. H. Harris Campus
 Tallulah Campus
 Trebo Area Campus
 West Jefferson Campus
 Westside Campus
 Young Memorial Campus

Mr. D'Wayne Adams, Administrative Services Officer 3 – Fiscal, is responsible for ensuring compliance with the corrective action listed above.

Sincerely,



William J. Riden, Chancellor

- CC: Dr. Walter Humphreys, System President
Ms. Tracy Barreto-Tranter, Assistant Chancellor District 3
Ms. Donna Wilson, Campus Dean
Ms. Gayle Smith, Chief Financial Officer
Mr. Malcolm Davis, Director of Internal Audit