

STATE OF LOUISIANA LEGISLATIVE AUDITOR

Louisiana Technical College,
River Parishes Campus
Department of Education
Board of Elementary and
Secondary Education
State of Louisiana
Reserve, Louisiana

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April 14, 1999



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

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**LOUISIANA TECHNICAL COLLEGE,
RIVER PARISHES CAMPUS
DEPARTMENT OF EDUCATION
BOARD OF ELEMENTARY AND
SECONDARY EDUCATION
STATE OF LOUISIANA
Reserve, Louisiana**

Management Letter
Dated March 17, 1999

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 New Orleans offices of the Legislative Auditor and at the office of the parish clerk of court.

April 14, 1999



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

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

1600 NORTH THIRD STREET
POST OFFICE BOX 94397
TELEPHONE: (225) 339-3800
FACSIMILE: (225) 339-3870

March 17, 1999

**LOUISIANA TECHNICAL COLLEGE,
RIVER PARISHES CAMPUS
DEPARTMENT OF EDUCATION
BOARD OF ELEMENTARY AND
SECONDARY EDUCATION
STATE OF LOUISIANA
Reserve, Louisiana**

As part of our audit of the State of Louisiana's financial statements for the year ending June 30, 1999, we conducted certain procedures at the Louisiana Technical College, River Parishes Campus. Our procedures included (1) a review of the technical college's internal controls; (2) tests of financial transactions for the years ending June 30, 1999 and 1998; and (3) tests of adherence to applicable laws, regulations, policies, and procedures governing financial activities for the years ending June 30, 1999 and 1998.

The Annual Fiscal Reports of the Louisiana Technical College, River Parishes Campus are not within the scope of our work, and, accordingly, we offer no form of assurance on those reports. The Louisiana Technical College, River Parishes Campus accounts 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 selected technical college personnel. We also evaluated selected documents, files, reports, systems, procedures, and policies, as we considered necessary. We then discussed our findings and recommendations with appropriate management personnel before submitting this written report.

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

**Noncompliance With Louisiana Property
Assistance Agency Regulations**

The Louisiana Technical College, River Parishes Campus did not comply with movable property regulations. Louisiana Administrative Code, Title 34 Part VII Section 307(A) requires, in part, that all gifts and other property having a fair market value of \$250 or more be tagged and all pertinent movable property information forwarded to the Louisiana Property Assistance Agency (LPAA) within 45 days after receipt of these items.

LEGISLATIVE AUDITOR

LOUISIANA TECHNICAL COLLEGE,
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STATE OF LOUISIANA

Management Letter, Dated March 17, 1999
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In a review of donated items, we determined that five vehicles and six machinery items, totaling \$63,425 and \$4,500, respectively, were not tagged and reported to LPAA. Also, during the period July 1, 1997, to December 31, 1998, the technical college did not forward movable property information to LPAA within 45 days for 39 (51%) of 76 items purchased. The submission of movable property information to LPAA ranged from 50 to 198 days after receipt of these items.

The technical college does not have adequate procedures to ensure donated items are tagged and reported to LPAA and movable property information is forwarded within 45 days after receipt. Failure to report donated items and movable property information timely increases the risk of errors and subjects the technical college to noncompliance with state laws and regulations.

The Louisiana Technical College, River Parishes Campus should establish procedures to ensure that donated items are tagged and reported to LPAA and movable property information is forwarded within 45 days after receipt of those items. Management concurred in part with the finding and recommendation and outlined a plan of corrective action (see Appendix A, page 1).

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

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

YEA:JR:RCL:dl

[LTC-RPC]

Appendix A

Management's Corrective Action Plans and Responses to the Finding and Recommendation



Louisiana Technical College
River Parishes Campus

181 Regala Park Road - P. O. Drawer AQ
Reserve, Louisiana 70084
Area Code 504
536-4418 FAX 536-7697

DENNIS R. MURPHY
Director March 24, 1999

Accredited by the
Accrediting Commission
of The Council on
Occupational Education

Dr. Daniel G. Kyle, CPA, CFE
Legislative Auditor

Dear Dr. Kyle,

An audit by your staff, conducted at Louisiana Technical College, River Parishes Campus dated March 16, 1999, reported two findings. We appreciate the work of the audit staff and would like to correct the following "findings".

Finding #1: "Noncompliance with LPAA Regulations in regards of tagging donated items in a timely matter."

Louisiana Administrative Code, Title 24 VII Section 307 (A) requires that all gifts and other property having a fair market value of \$250 or more are tagged and all pertinent movable property information is forwarded to LPAA within 45 days after receipt of these items.

The college has a very active "craft committee" system in place for each of our nine programs on campus. We receive donations on a frequent basis from our corporate partners. Our instructor did not follow up with proper tagging paperwork after receiving 5 vehicles donated by Nissan Motors to our automotive program. That instructor left our employment shortly after the donation. The other 6 machinery items were on loan from Marathon Oil Corporation to our campus. Marathon decided to donate the property to the campus for our use in the Industrial Technology department.

The Director concurs with the finding and recommendations concerning tagging donated property on campus. On February 12, 1999 the technical college developed procedures pertaining to acceptance of donated items. Also, on February 19, 1999 each employee signed and was issued a copy of the procedures. This should eliminate any problems in the future.



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Finding #2: Movable property information was not forwarded to LPAA within 45 days after receipt.

Louisiana Administrative Code, Title 34 Part VII Section 307 (A) requires, in part, that all gifts and other property having a fair market value of \$250 or more are tagged and all pertinent movable property information is forwarded to LPAA within 45 days after receipt of these items.

The director concurs in part with the finding. The college did forward the information in a timely matter to LPAA, as required by the code, but LPAA did not record the information, in some cases, when received. Our records show that a lot of items were not recorded for up to two months. We pointed this out to the audit team and area manager.

To eliminate this problem in the future, we will go on line directly with LPAA. This will eliminate the time lag problem. We will purchase the necessary software to accomplish this task. The audit team questions the time lag problem created by the mail system and when LPAA records the property.

Sincerely,

Dennis R. Murphy, Director