

STATE OF LOUISIANA LEGISLATIVE AUDITOR

Louisiana Technical College,
Sidney N. Collier Campus
Louisiana Community and
Technical College System
State of Louisiana
New Orleans, Louisiana

May 28, 2003



Financial and Compliance Audit Division

LEGISLATIVE AUDIT ADVISORY COUNCIL

MEMBERS

Senator J. "Tom" Schedler, Chairman
Representative Edwin R. Murray, Vice Chairman

Senator Robert J. Barham
Senator Lynn B. Dean
Senator Jon D. Johnson
Senator Willie L. Mount
Representative Rick Farrar
Representative Victor T. Stelly
Representative T. Taylor Townsend
Representative Warren J. Triche, Jr.

DIRECTOR OF FINANCIAL AND COMPLIANCE AUDIT

Albert J. Robinson, Jr., CPA

This document is produced by the Legislative Auditor, State of Louisiana, Post Office Box 94397, Baton Rouge, Louisiana 70804-9397 in accordance with Louisiana Revised Statute 24:513. Thirty-five copies of this public document were produced at an approximate cost of \$67.55. This material was produced in accordance with the standards for state agencies established pursuant to R.S. 43:31. A copy of this document is available on the Legislative Auditor's Web site at www.lia.state.la.us.

In compliance with the Americans With Disabilities Act, if you need special assistance relative to this document, or any documents of the Legislative Auditor, please contact Wayne "Skip" Irwin, Director of Administration, at 225/339-3800.

**LOUISIANA TECHNICAL COLLEGE,
SIDNEY N. COLLIER CAMPUS
LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM
STATE OF LOUISIANA
New Orleans, Louisiana**

Management Letter
Dated February 26, 2003

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.

May 28, 2003



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

February 26, 2003

**LOUISIANA TECHNICAL COLLEGE,
SIDNEY N. COLLIER CAMPUS
LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM
STATE OF LOUISIANA**
New Orleans, Louisiana

As part of our audit of the Louisiana Community and Technical College System's financial statements for the year ended June 30, 2003, we considered the Louisiana Technical College, Sidney N. Collier Campus' internal control over financial reporting; we examined evidence supporting certain accounts and balances material to the System's financial statements; and we tested the campus' 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*.

The financial information provided to the Louisiana Community and Technical College System by the Louisiana Technical College, Sidney N. Collier Campus is not audited or reviewed by us, and, accordingly, we do not express an opinion on that information. The campus' 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.

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

**Insufficient Controls Over
the Payroll Process**

The Louisiana Technical College, Sidney N. Collier Campus did not have sufficient internal controls over the payroll transactions entered into the PeopleSoft accounting system, which is the primary accounting system used by the Louisiana Community and Technical College System and the individual technical college campuses. Good internal control requires that an appropriate supervisor review and approve payroll transactions so that financial data is accurately and completely recorded, processed, and summarized and that errors and/or fraud are detected timely.

In a test of payroll data for the Sidney N. Collier Campus, the following deficiencies were noted:

- Payroll data was not compared to the original time sheet report for accuracy. The campus accounting specialist enters time into the PeopleSoft excel spreadsheet from the time sheet report for each employee. The campus secretary recalculates the hours input by the accounting specialist, but does not refer to the original source documents.

LEGISLATIVE AUDITOR

**LOUISIANA TECHNICAL COLLEGE,
SIDNEY N. COLLIER CAMPUS
LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM
STATE OF LOUISIANA**

Management Letter, Dated February 26, 2003

Page 2

- Three (50%) of the six leave postings tested had errors including unauthorized leave and missing leave slips.
- Leave balances recorded in the PeopleSoft accounting system are not accurate because leave balances from the previous year are not included.

These errors occurred because the campus has not developed and implemented policies and procedures to ensure that data input into the accounting system are properly reviewed by an appropriate supervisor or employee independent of the payroll function. The lack of adequate internal control procedures increases the risk that errors and/or fraud could occur and not be detected in a timely manner.

Management should establish policies and procedures to ensure that payroll transactions entered into the accounting system are accurate, timely reviewed, and approved by an appropriate supervisor or employee independent of the payroll function. Management concurred with the finding and recommendation and outlined a plan of corrective action (see Appendix A, page 1).

Failure to Submit a Document Retention Schedule to State Archives

The Louisiana Technical College, Sidney N. Collier Campus failed to submit a document retention schedule to State Archives as required by state law. Louisiana Revised Statute 44:411(A)(1) requires the head of every agency to submit to the state archivist record retention schedules proposing the length of time each state record series warrants retention for administrative, legal, or fiscal purposes after it has been created or received by the agency.

Neither the Sidney N. Collier campus administrator nor her administrative staff was aware of the requirement to submit the required documentation to State Archives. Failure to submit and receive an approved retention schedule increases the risk of the untimely destruction of vital information that could be needed in the future or the campus incurring excessive storage costs for documents that will never be needed.

Louisiana Technical College, Sidney N. Collier Campus should obtain the necessary information to prepare and submit a suitable retention schedule to State Archives as soon as possible. Once the retention schedule is approved, it should be implemented immediately. Management concurred in part with the finding because they do not believe that campus deans are responsible for preparing or submitting a record retention

LEGISLATIVE AUDITOR

**LOUISIANA TECHNICAL COLLEGE,
SIDNEY N. COLLIER CAMPUS
LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM
STATE OF LOUISIANA**

Management Letter, Dated February 26, 2003
Page 3

schedule to State Archives. On March 12, 2003, the Louisiana Community and Technical College System (LCTCS) Board of Supervisors adopted a policy requiring each LCTCS Chancellor, including the Louisiana Technical College Chancellor, to establish a formal record retention policy. The policy will require approval of the LCTCS Board of Supervisors and the state archivist (see Appendix A, page 2).

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

This letter is intended for the information and use of the campus 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,



Grover C. Austin, CPA
First Assistant Legislative Auditor

FM:JR:THC:ss

[LTCSC03]

Appendix A

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



LOUISIANA TECHNICAL COLLEGE

Office of the Chancellor

150 Third Street – Suite 200
Baton Rouge, Louisiana 70801
Telephone: 225/219-9532
Facsimile: 225/219-9497

James S. Clarke, Ph.D.
Acting Chancellor

March 17, 2003

CAMPUSES:

Acadian Campus
Alexandria Campus
Ascension Campus
Avoyelles Campus
Bastrop Campus
Baton Rouge Campus
Charles B. Coreil Campus
Delta Ouachita Campus
Evangeline Campus
Florida Parishes Campus
Folkes Campus
Gulf Area Campus
Hammond Area Campus
Huey P. Long Campus
Jefferson Campus
Jumonville Memorial Campus
L. E. Fletcher Campus
Lafayette Campus
Lafourche Campus
Lamar Salter Campus
Mansfield Campus
Morgan Smith Campus
Natchitoches Campus
North Central Campus
Northeast LA Campus
Northwest LA Campus
Oakdale Campus
River Parishes Campus
Ruston Campus
Sabine Valley Campus
Shelby M. Jackson Campus
Shreveport Bossier Campus
Sidney N. Collier Campus
Slidell Campus
Sowela Campus
Sullivan Campus
T. H. Harris Campus
Tallulah Campus
Teche Area Campus
West Jefferson Campus
Westside Campus
Young Memorial Campus

Grover C. Austin, CPA
First Assistant Legislative Auditor
Office of Legislative Auditor
P.O. Box 94397
Baton Rouge, LA 70804-9397

Re: Insufficient Internal Control Policies and Procedures for the Payroll Process

Dear Mr. Austin:

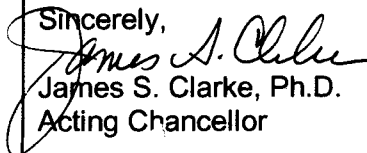
The Louisiana Technical College has received the audit finding referenced above relating to the Sidney N. Collier campus. Management concurs with this finding.

On February 20, 2003, the Central Office provided campus accountants with policies and procedures for obtaining and reviewing payroll-related data every pay period. The procedures include the requirement that a management-level employee who has no access to payroll/personnel records review the payroll reports. The standard reports include the following information: leave balances, posting of leave taken, hours entered for hourly employees, and deductions. Sidney Collier campus will ensure that the information in the standard reports is verified using the records of original entry, such as the time sheets and leave slips.

The PeopleSoft accounting system has always included leave balances, but that information was not available to the campus accountants during the first six months of the fiscal year. That information is now available and changes in leave balances may be reviewed using the standard reports discussed above.

Louella Bland has been delegated the responsibility for implementing the new payroll policies and procedures.

Sincerely,


James S. Clarke, Ph.D.
Acting Chancellor

JSC/dp

C: Dr. Walter G. Bumphus (LCTCS President)
Ms. Toya-Barnes Teamer (Assistant Chancellor)
Ms. Barbara Forest (Campus Administrator)
Mr. Allen Brown (LCTCS Internal Audit Director)
Ms. Jan Jackson (LCTCS Senior Vice President for Finance/Administration)
File

An Equal Opportunity
College



LOUISIANA TECHNICAL COLLEGE

Office of the Chancellor

150 Third Street – Suite 200
Baton Rouge, Louisiana 70801
Telephone: 225/219-9532
Facsimile: 225/219-9497

James S. Clarke, Ph.D.
Acting Chancellor

May 21, 2003

CAMPUSES:

Acadian Campus
Alexandria Campus
Ascension Campus
Avoyelles Campus
Bastrop Campus
Baton Rouge Campus
Charles B. Coreil
Campus
Delta Ouachita Campus
Evangeline Campus
Florida Parishes Campus
Folkes Campus
Gulf Area Campus
Hammond Area Campus
Huey P. Long Campus
Jefferson Campus
Jumonville Memorial
Campus
L. E. Fletcher Campus
Lafayette Campus
Lafourche Campus
Lamar Salter Campus
Mansfield Campus
Morgan Smith Campus
Natchitoches Campus
North Central Campus
Northeast LA Campus
Northwest LA Campus
Oakdale Campus
River Parishes Campus
Ruston Campus
Sabine Valley Campus
Shelby M. Jackson
Campus
Shreveport Bossier
Campus
Sidney N. Collier
Campus
Slidell Campus
Sowela Campus
Sullivan Campus
T. H. Harris Campus
Tallulah Campus
Teche Area Campus
West Jefferson Campus
Westside Campus
Young Memorial Campus

Grover C. Austin, CPA
First Assistant Legislative Auditor
Office of Legislative Auditor
P.O. Box 94397
Baton Rouge, LA 70804-9397

Re: Noncompliance with Record Retention Law

Dear Mr. Austin:

The Louisiana Technical College has received the audit finding referenced above relating to the Sidney N. Collier campus. Management concurs in part with this finding.

The Louisiana Community and Technical College System (LCTCS) Board of Supervisors adopted a policy on March 12, 2003, requiring each LCTCS Chancellor to establish a formal records retention policy. Accordingly, the Louisiana Technical College will prepare a formal records retention schedule for approval by the LCTCS Board of Supervisors and the State Archivist. Campus administrators have not been nor will be responsible for preparing or submitting a schedule to State Archives.

Beth Sigler is the person responsible for implementation.

Sincerely,

James S. Clarke *ms 5-21-03*

James S. Clarke, Ph.D.
Acting Chancellor

JSC/pgj

C: Dr. Walter G. Bumphus(LCTCS President)
Ms. Toya-Barnes Teamer (Assistant Chancellor)
Ms. Barbara Forest(Campus Administrator)
Mr. Allen Brown(LCTCS Internal Audit Director)
Ms. Jan Jackson(LCTCS Vice President for Finance/Administration)
File