

STATE OF LOUISIANA LEGISLATIVE AUDITOR

Louisiana Technical College,
Shreveport-Bossier Campus
Louisiana Community and
Technical College System
State of Louisiana
Shreveport, Louisiana

June 18, 2003



Financial and Compliance Audit Division

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**LOUISIANA TECHNICAL COLLEGE,
SHREVEPORT-BOSSIER CAMPUS
LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM
STATE OF LOUISIANA**
Shreveport, Louisiana

Management Letter
Dated May 22, 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 Shreveport offices of the Legislative Auditor and at the office of the parish clerk of court.

June 18, 2003



OFFICE OF
LEGISLATIVE AUDITOR
STATE OF LOUISIANA
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May 22, 2003

**LOUISIANA TECHNICAL COLLEGE,
SHREVEPORT-BOSSIER CAMPUS
LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM
STATE OF LOUISIANA**
Shreveport, Louisiana

As part of our audit of the Louisiana Community and Technical College System's financial statements for the year ending June 30, 2003, we considered the Louisiana Technical College, Shreveport-Bossier 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 annual financial information provided to the Louisiana Community and Technical College System by the campus is not audited or reviewed by us, and, accordingly, we do not express an opinion on that financial 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.

**Holidays Taken in Excess of
Legally Allowed Amount**

The Louisiana Technical College, Shreveport-Bossier Campus permitted its unclassified employees to take more paid holidays in calendar year 2002 than are allowed by state law. Louisiana Revised Statute (R.S.) 1:55(F) authorizes each institution of higher education to designate a maximum of 14 paid holidays per calendar year to be observed by all of its employees. Management included 17 paid holidays in its 2002 holiday calendar, which is three more than allowed by state law. Allowing employees to take paid holidays in excess of those allowed by law is a violation of R.S. 1:55(F) and Article VII, Section XIV of the Louisiana Constitution, which prohibits the donation of state funds to any person, association, or corporation.

The Louisiana Technical College, Shreveport-Bossier Campus should establish and implement an official holiday calendar that includes no more than the 14 holidays allowed by state law. Management concurred with the finding and recommendation and outlined a plan of corrective action (see Appendix A, page 1).

LEGISLATIVE AUDITOR

**LOUISIANA TECHNICAL COLLEGE,
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LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM
STATE OF LOUISIANA**

Management Letter, Dated May 22, 2003

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**Inadequate Controls Over
Payroll Transactions**

The Louisiana Technical College, Shreveport-Bossier Campus has not implemented adequate internal control over its payroll transactions. Adequate internal control would ensure that payroll transactions are properly documented and supported, and transactions are reviewed and approved by the appropriate supervisor before being entered into the PeopleSoft accounting system to be processed for payment. A test of payroll transactions and supporting documentation disclosed the following:

- Ten of 12 (83%) employee time sheets tested were not approved by the employees' supervisor.
- Four of seven (57%) overtime authorization slips haphazardly selected were not available for review.

The Louisiana Community and Technical College System implemented the PeopleSoft accounting system at all campuses effective July 1, 2002. Management at the individual campuses was responsible for developing and implementing the necessary controls over payroll transactions; however, management at the Shreveport-Bossier Campus failed to implement these controls. As a result, errors and/or fraud relating to payroll transactions could occur and not be detected timely.

Management of the Louisiana Technical College, Shreveport-Bossier Campus should implement the controls necessary to ensure that payroll transactions are properly supported and approved before being processed for payment. In addition, management should monitor the controls to ensure that they are working as intended. Management concurred with the finding and recommendations and outlined a plan of corrective action (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 varying 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.

LEGISLATIVE AUDITOR

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Management Letter, Dated May 22, 2003

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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,

A handwritten signature in black ink, appearing to read "Grover C. Austin". The signature is written in a cursive style with a large, prominent initial "G".

Grover C. Austin, CPA
First Assistant Legislative Auditor

RLA:WJR:THC:ss

[LTCSC03]

Appendix A

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



James S. Clarke, Ph.D.
Acting Chancellor

LOUISIANA TECHNICAL COLLEGE

Office of the Chancellor

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

May 13, 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: Holidays Taken in Excess of Legally Allowed Amount

Dear Mr. Austin:

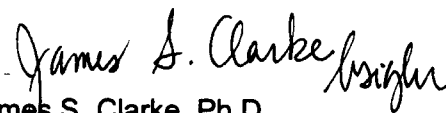
The Louisiana Technical College has received the audit finding referenced above relating to the Shreveport- Bossier campus. Management concurs with this finding.

The Louisiana Community and Technical College System Board of Supervisors adopted a policy on December 11, 2002, relating to holidays for all employees. The policy states that the System President and each Chancellor shall schedule a maximum of 14 paid holidays for each calendar year.

Because this policy was adopted late in calendar year 2002, the Shreveport-Bossier campus did not receive official notification of the policy change until most employees had left for the Christmas holidays. The Assistant Chancellor required all employees to take leave on January 2, 2003, which had previously been declared a holiday, in an attempt to comply with the new fourteen-day limitation. Technically, this allowed employees to have 15 holidays in calendar year 2002.

Ms. Beth Sigler has been delegated the responsibility for ensuring that the holiday policy is followed.

Sincerely,



James S. Clarke, Ph.D.
Acting Chancellor

JSC/pgj

C: Dr. Walter G. Bumphus (LCTCS President)
Mr. Percy McCraney (Assistant Chancellor and Campus Dean)
Ms. Angie Rymer (Assistant Campus Dean)
Mr. Allen Brown (LCTCS Internal Audit Director)
Ms. Jan Jackson (LCTCS Vice President for Finance/Administration)
File



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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: Control Weaknesses Relating to Payroll Transactions

Dear Mr. Austin:

The Louisiana Technical College has received the audit finding referenced above relating to the Shreveport-Bossier 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. Shreveport-Bossier 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.

The contact person responsible for implementation is Beth Sigler.

Sincerely,


James S. Clarke, Ph.D.
Acting Chancellor

JSC/pgj

C: Dr. Walter G. Bumphus(LCTCS President)
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