

STATE OF LOUISIANA LEGISLATIVE AUDITOR

Louisiana Technical College,
Young Memorial Campus
Louisiana Community and
Technical College System
State of Louisiana
Morgan City, Louisiana

April 9, 2003



Financial and Compliance Audit Division

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**LOUISIANA TECHNICAL COLLEGE,
YOUNG MEMORIAL CAMPUS
LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM
STATE OF LOUISIANA**
Morgan City, Louisiana

Management Letter
Dated March 19, 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 and at the office of the parish clerk of court.

April 9, 2003



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

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March 19, 2003

**LOUISIANA TECHNICAL COLLEGE,
YOUNG MEMORIAL CAMPUS
LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM
STATE OF LOUISIANA**
Morgan City, 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 Louisiana Technical College, Young Memorial 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, Young Memorial 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.

**Funds Not Deposited Timely Into the
Bank Accounts and Accounting System**

The Louisiana Technical College (LTC), Young Memorial Campus did not make timely deposits to its local bank account nor timely transfers of the funds deposited to the LTC central bank account. Good internal control requires that all money received be deposited timely in the local bank account to properly safeguard assets. Good internal control also requires that all funds deposited to the local bank account be transferred timely to the central bank account and recorded in the accounting system.

The LTC, Young Memorial Campus received 11 checks between July and December 2002 for the Incumbent Worker Program. Of the 11 checks received, three checks totaling \$51,725 were not deposited timely in the local bank account. The untimely deposits were made from 15 to 64 business days after receipt. After the 11 checks were deposited, eight checks totaling \$76,245 were not transferred timely to the LTC central bank account. These untimely transfers were from 9 to 84 business days after the initial

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Management Letter, Dated March 19, 2003

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deposit in the local account. In addition, deposits for tuition, books, and other fees totaling \$214,081 were not transferred timely to the LTC central bank account. These untimely transfers were made between 8 and 75 business days after the initial deposit to the local account. The untimely transfers to the LTC central bank account also resulted in delays in the information being entered into the accounting system of up to 73 business days.

Failure to make timely deposits to the local bank account increases the risk of loss or misuse of funds. Failure to make timely transfers to the central bank account causes delays in the funds being recorded in the accounting system.

Management of the campus should develop policies to ensure that all deposits are made timely to the local bank account, usually within 24 hours of receipt and that deposits are transferred timely to the LTC central bank account. Management should also ensure that funds are recorded timely in the accounting system. Management concurred with the finding and recommendation and outlined a plan of corrective action (see Appendix A, page 1).

Insufficient Monitoring Procedures Over Financial Transactions

The LTC, Young Memorial Campus did not have adequate monitoring procedures over financial transactions entered into the automated accounting system. Good internal control includes adequate monitoring procedures over financial transactions to ensure that financial data are accurately and completely recorded, processed, and summarized and that errors and/or fraud are detected in a timely manner.

Management and accounting staff at the campus did not have appropriate access and training in using the automated accounting system (PeopleSoft). As a result, reports necessary for reviewing and reconciling financial transactions with supporting documentation were either not available or not reviewed timely. Failure to establish adequate monitoring procedures over financial data may result in incomplete financial data and inaccurate financial statements, and errors and/or fraud may not be detected timely.

Management should establish adequate procedures to monitor financial transactions for accuracy and completeness in a timely manner. Management concurred with the finding and recommendation and outlined a plan of corrective action (see Appendix A, page 2).

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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. Findings 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,

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

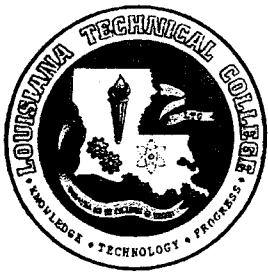
Grover C. Austin, CPA
First Assistant Legislative Auditor

GL:ES:RCL:ss

[LTCYMC03]

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

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

An Equal Opportunity
College

March 31, 2003

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

Re: Funds Not Deposited Timely In Bank Accounts

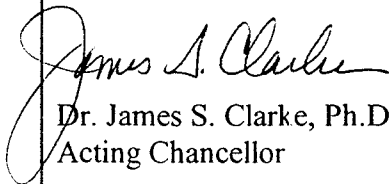
Dear Mr. Austin:

The Louisiana Technical College has received the audit finding referenced above relating to the Young Memorial campus.

Management concurs with the finding and recommendations related to "Funds Not Deposited Timely In Bank Accounts." Corrective action has been taken to insure that funds are deposited in the local bank account, and then transferred to the LTC central bank account within 24 hours, and then classified to the appropriate revenue account. Please be advised that all deposits, transfers to central bank account, and revenue classifications are up-to-date and are now completed within the 24 hour time frame stipulated in the audit report.

The contact person responsible for corrective action is Ms. Beth Sigler.

Sincerely,



Dr. James S. Clarke, Ph.D.
Acting Chancellor

JSC/pgj

C: Dr. Walter G. Bumphus (LCTCS President)
Mr. Christopher Williams (Assistant Chancellor)
Gregory L. Garrett (Young Memorial Campus Dean)
Mr. Allen Brown (LCTCS Internal Audit Director)
Ms. Jan Jackson (LCTCS Senior Vice President for Finance/Administration)
File



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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
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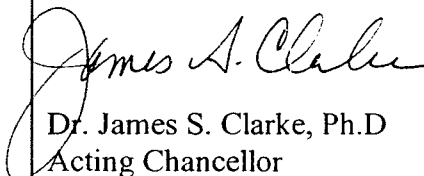
Re: Insufficient Monitoring Procedures Over Financial Transactions

Dear Mr. Austin:

The Louisiana Technical College has received the audit finding referenced above relating to the Young Memorial campus. Management concurs with the findings and recommendations related to "Insufficient Monitoring Procedures Over Financial Transactions." Every effort will be made to provide additional training to personnel and to provide access to appropriate accounting financial reports. Upon completion of the training process, Young Memorial accounting staff will have a better understanding of the PeopleSoft system and the financial reports that can be requested to accurately evaluate and monitor financial transactions.

The contact person responsible for corrective action is Ms. Beth Sigler.

Sincerely,



Dr. James S. Clarke, Ph.D
Acting Chancellor

JSC/pgj

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