

STATE OF LOUISIANA LEGISLATIVE AUDITOR

Louisiana Technical College,
Alexandria Campus
Louisiana Community and
Technical College System
State of Louisiana
Alexandria, Louisiana

July 9, 2003



Financial and Compliance Audit Division

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**LOUISIANA TECHNICAL COLLEGE,
ALEXANDRIA CAMPUS
LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM
STATE OF LOUISIANA
Alexandria, Louisiana**

Management Letter
Dated June 13, 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 office of the Legislative Auditor and at the office of the parish clerk of court.

July 9, 2003



OFFICE OF
LEGISLATIVE AUDITOR
STATE OF LOUISIANA
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June 13, 2003

**LOUISIANA TECHNICAL COLLEGE,
ALEXANDRIA CAMPUS
LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM
STATE OF LOUISIANA**
Alexandria, 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, Alexandria 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 Alexandria 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.

Inadequate Segregation of Duties

The Louisiana Technical College, Alexandria Campus did not have adequate segregation of duties over financial data 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. A good system of internal control would segregate duties so that no one employee is in a position to commit errors or fraud that would not be detected timely by another employee in the regular course of performing assigned duties.

In reviewing the internal control over the campus' accounting function, it was determined that the administrative services officer performs the following incompatible functions:

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Revenue/Receipts

The administrative services officer receives the bank deposit form along with the tuition fees and book sales collected from the accounting specialist and compares the amount collected to the daily collection reports and the bank deposit form. In addition, the administrative services officer enters financial transactions such as deposits and journal entries into the PeopleSoft accounting system and reviews the associated PeopleSoft reports. Someone other than the administrative services officer should compare the daily collection reports to the PeopleSoft deposit and journal entries to ensure that all receipts collected were deposited and properly recorded.

Payroll

The administrative services officer prepares the spreadsheet containing time and attendance data input into the PeopleSoft payroll system by the Alexandria Campus staff. In addition, the administrative services officer prepares the Leave Accrual Report to account for the leave earned and taken by each employee for each pay period. Someone other than the administrative services officer should review the spreadsheet and Leave Accrual Report for accuracy and validity of time and attendance data.

These conditions exist because management has not reviewed the job duties assigned to ensure an adequate segregation of duties. The lack of an adequate segregation of duties increases the risk that errors and/or fraud could occur and not be detected in a timely manner.

Management should establish an adequate segregation of duties for its administrative personnel. Management concurred with the finding and recommendation and outlined a plan of corrective action (see Appendix A, page 1).

Insufficient Controls Over Payroll Transactions

Louisiana Technical College, Alexandria Campus did not have adequate monitoring procedures over payroll transactions entered into the PeopleSoft Human Resource Management System, which is the payroll system used by the Louisiana Community and Technical College System (LCTCS) and the individual technical college campuses. Adequate monitoring procedures are necessary to ensure that payroll data are accurately and completely recorded, processed, and summarized and that errors and/or fraud are detected timely.

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Our review of campus procedures over payroll transactions during February and March 2003 disclosed the following:

- The Time Administration Entry Sign-in Sheets and leave slips for the period July 1, 2002, to February 2, 2003, had not been adequately reviewed to ensure that time and attendance data entered into PeopleSoft were accurate and complete. For eight (12%) of 69 transactions tested, the hours recorded on the Time Administration Entry Sign-in Sheets and leave slips totaled to less than the 80 hours recorded in PeopleSoft. In addition, eight (12%) of 69 instances occurred where the Time Administration Entry Sign-in Sheets were not approved by the interim assistant chancellor before input into PeopleSoft.
- According to campus administrative personnel, manual leave reports are maintained because the PeopleSoft leave reports do not appear to be accurate. However, no reconciliation exists between the campus' manual leave records and the PeopleSoft reports to identify the differences between the two reports. For two of five employees tested, the PeopleSoft leave report balance did not agree to the campus' manual leave report. In addition, PeopleSoft continued to accrue leave for two employees after their termination dates.
- One employee earned 55.5 hours of compensatory time without prior written approval as required by LCTCS policy.
- The campus' written payroll procedures and policies have not been revised for the implementation of PeopleSoft.

These conditions exist because management did not obtain appropriate system access and training for using the PeopleSoft system; therefore, reports necessary for reviewing and reconciling payroll transactions with supporting documentation were either not available or were not reviewed timely. Failure to establish adequate monitoring procedures over payroll transactions may result in incomplete financial data and inaccurate financial reporting, and errors and/or fraud may occur and not be detected timely.

Management should establish adequate procedures to timely monitor payroll transactions for accuracy, completeness, and compliance with system policies. 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.

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

LJD:STD:THC:dl

[LTCAC03]

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

May 5, 2003

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

Re: Inadequate Segregation of Duties

Dear Mr. Austin:

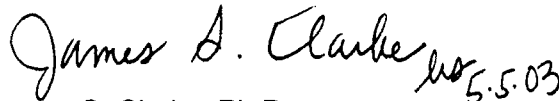
The Louisiana Technical College has received the audit finding referenced above relating to the Alexandria campus. Management concurs with this finding.

A member of the accounting staff will collect and record monies received on a daily basis. The Financial Aid Officer, will then compare the daily collection reports to the PeopleSoft deposit and journal entries to ensure that all receipts collected were deposited and properly recorded. In addition, a member of the accounting staff will code the time and attendance data based on the time sheets and leave slips. The Administrative Secretary will then import the time and attendance entered into an excel spreadsheet and will review the time and attendance spreadsheet as well as the Leave Accrual Report for accuracy and validity of time and attendance data.

Please be advised that corrective action will be immediately implemented.

The contact person responsible for implementation is Beth Sigler.


Sincerely,



James S. Clarke, Ph.D.
Acting Chancellor

JSC/pgj

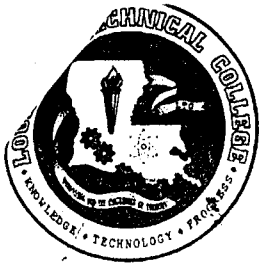
C: Dr. Walter G. Bumphus (LCTCS President)
Dr. Leonard Garrett (Acting Chancellor)
Mr. John R. Martin (Assistant Campus Dean)
Mr. Allen Brown (LCTCS Internal Audit Director)
Ms. Jan Jackson (LCTCS Vice President for Finance/Administration)
File



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



LOUISIANA TECHNICAL COLLEGE

Office of the Chancellor

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Telephone: 225/219-9532
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James S. Clarke, Ph.D.
Acting Chancellor

May 19, 2003

CAMPUSES:

Acadian Campus
Alexandria Campus
Ascension Campus
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Bastrop Campus
Baton Rouge Campus
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Campus
Delta Ouachita Campus
Evangeline Campus
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Folkes Campus
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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
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West Jefferson Campus
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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 Controls over Payroll Transactions

Dear Mr. Austin:

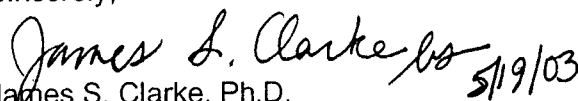
The Louisiana Technical College has received the audit finding referenced above relating to the Alexandria campus. Management concurs with this finding.

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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