

STATE OF LOUISIANA LEGISLATIVE AUDITOR

Louisiana Technical College,
Folkes Campus
Louisiana Community and
Technical College System
State of Louisiana
Jackson, Louisiana

May 28, 2003



Financial and Compliance Audit Division

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

Jackson, Louisiana

Management Letter
Dated April 24, 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.

May 28, 2003



OFFICE OF
LEGISLATIVE AUDITOR
STATE OF LOUISIANA
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April 24, 2003

**LOUISIANA TECHNICAL COLLEGE,
FOLKES CAMPUS
LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM
STATE OF LOUISIANA**
Jackson, 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 Folkes 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*. After analyzing the data and based upon the application of the procedures referred to previously, we noted that the size of the campus' operation and its limited staff preclude an adequate segregation of duties and other features of an adequate system of internal control, although to employ such controls may not be cost beneficial.

The annual financial information provided to the Louisiana Community and Technical College System by the Folkes 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.

**Insufficient Monitoring Procedures
Over Financial Transactions**

The Louisiana Technical College, Folkes Campus did not have adequate monitoring procedures over revenue and expense transactions entered into the PeopleSoft accounting system. Adequate monitoring procedures are necessary to ensure that financial data are accurately and completely recorded, processed, and summarized and that errors and/or fraud are detected timely.

Our review of campus procedures during February 2003, disclosed the following:

Revenue

- Revenue data in the PeopleSoft accounting system had not been reconciled to supporting data maintained either on Folkes' Quickbooks accounting system or in hand kept records. Quickbooks, until October 2002, and the hand kept records thereafter, were used at the campus level to issue receipts to students for tuition fees and book sales and to prepare quarterly reports for accounts receivable.

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Expenses

- PeopleSoft payroll reports for the period July 1, 2002, to February 18, 2003, had not been obtained and/or reviewed to ensure that time and attendance data entered into the PeopleSoft system were accurate and complete.
- PeopleSoft's leave reports had not been obtained and reviewed to ensure that annual and sick leave were recorded or accrued in accordance with Louisiana Community and Technical College rules and regulations.
- PeopleSoft reports had not been obtained and reviewed to ensure that transactions were entered accurately and completely into the accounting system.

These conditions exist because management did not have appropriate training for the PeopleSoft system and did not establish compensating controls. Therefore, reports necessary for reviewing and reconciling financial transactions with supporting documentation were either not available or were not reviewed timely. Failure to establish adequate monitoring procedures over financial transactions may result in incomplete financial data and inaccurate financial statements, and errors and/or fraud may not be detected timely.

Management should establish adequate monitoring procedures over revenue and expense transactions entered into the PeopleSoft accounting system. Management concurred with the finding and recommendation and outlined a corrective action plan (see Appendix A, page 1).

Noncompliance With Record Retention Law

The Louisiana Technical College, Folkles Campus did not establish or submit a written record retention schedule to the Secretary of State (State Archives) in accordance with state law. Louisiana Revised Statute 44:411(A)(1) requires agency heads to submit schedules to the state archivist that state the length of time each state record or series of records should be retained for administrative, legal, or fiscal purposes after the records have been created or received by the agency. These conditions occurred because campus management was not aware of the requirement.

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Failure to establish a written record retention schedule could result in the destruction or deterioration of critical records while failure to submit the schedule to the Secretary of State results in noncompliance with state law. In addition, the lack of a written retention schedule could result in the campus keeping records beyond the legally required retention date, which would be an inefficient use of office or warehouse space.

Management should establish and submit a written record retention schedule to the Secretary of State as required by state law. Once the retention schedule is approved, it should be implemented immediately. Management concurred in part with the finding because it does not believe that campus deans are responsible for preparing or submitting a record retention 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 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.

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 the appropriate public officials.

Respectfully submitted,



Grover C. Austin, CPA
First Assistant Legislative Auditor

JES:EFS:THC:ss

[LTCFOLK03]

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

April 14, 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: Insufficient Monitoring Procedures Over Financial Transactions

Dear Mr. Austin:

The Louisiana Technical College has received the audit finding referenced above relating to the Folkes 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, Folkes 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 Beth Sigler.

Sincerely,

James S. Clarke, Ph.D.
Acting Chancellor

JSC/pgj

- C: Dr. Walter G. Bumphus (LCTCS President)
- Mr. Wayne Meaux (Assistant Chancellor)
- Ms. Dildred Womack (Folkes Student Personnel Services Officer)
- Mr. Allen Brown (LCTCS Internal Audit Director)
- Ms. Jan Jackson (LCTCS Vice President for Finance/Administration)
- File



LOUISIANA TECHNICAL COLLEGE

Office of the Chancellor

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James S. Clarke, Ph.D.
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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

April 7, 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: Noncompliance with Record Retention Law

Dear Mr. Austin:

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

Management concurs in part with the finding and recommendations related to "Noncompliance with Record Retention Law." 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.

The contact person responsible for corrective action is Beth Sigler.

Sincerely,

James S. Clarke, Ph.D.
Acting Chancellor

JSC/pgj

C: Dr. Walter G. Bumphus (LCTCS President)
Mr. Wayne Meaux (Assistant Chancellor)
Ms. Dildred Womack (Student Personnel Services Officer)
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