

STATE OF LOUISIANA LEGISLATIVE AUDITOR

Louisiana Technical College,
Westside Campus
Louisiana Community and
Technical College System
State of Louisiana
Plaquemine, Louisiana

July 9, 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. Seventeen copies of this public document were produced at an approximate cost of \$42.84. 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.la.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,
WESTSIDE CAMPUS
LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM
STATE OF LOUISIANA
Plaquemine, Louisiana**

Management Letter
Dated June 6, 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
BATON ROUGE, LOUISIANA 70804-9397

1600 NORTH THIRD STREET
POST OFFICE BOX 94397
TELEPHONE: (225) 339-3800
FACSIMILE: (225) 339-3870

June 6, 2003

**LOUISIANA TECHNICAL COLLEGE,
WESTSIDE CAMPUS
LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM
STATE OF LOUISIANA**
Plaquemine, 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, Westside 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.

In our prior report dated January 30, 2002, on the Louisiana Technical College, Westside Campus for the two years ended June 30, 2001, we reported findings relating to the loss of federal funding, weaknesses in financial reporting, insufficient controls over expenditures, insufficient controls over cash, bank account not approved, and inaccurate performance progress reports. The findings relating to loss of federal funding, financial reporting, and controls over expenditures were resolved by management. The finding titled "Performance Progress Reports Inaccurate" will be followed up by other auditors from the Legislative Auditor's Performance Audit Division during its ongoing statewide procedures of performance indicators. The remaining findings are repeated in this report.

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 Cash

For the second consecutive engagement, the Louisiana Technical College, Westside Campus does not have adequate internal control over cash. A good system of internal control includes procedures that provide for the reconciliation between receipts and student enrollment records, timely and proper classification of revenues in the general ledger system, an accounting for all deposits, an accounting for and maintenance of cash receipt documentation, proper documentation and approval of voided receipts, proper segregation of duties, timely transfer of funds to the Louisiana Technical College's central bank account, proper collateralization of the bank account, timely

LEGISLATIVE AUDITOR

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

Management Letter, Dated June 6, 2003

Page 2

reconciliation of bank accounts that are approved by a supervisor, and the proper identification and classification of sales tax collections from book sales.

The following deficiencies in internal control over cash were noted:

- The campus does not reconcile the tuition revenue to the student enrollment records. As a result, the campus has not identified \$4,270 of \$36,220 of tuition revenue for the fall 2002 semester that needs to be billed to third parties.
- Of the \$61,060 deposited into the general ledger system as revenue, none has been classified to the proper revenue accounts or reconciled to the supporting records at the campus.
- The campus does not have controls to ensure that all deposits are recorded in the general ledger. Receipts are recorded in the general ledger when deposits are made into the Louisiana Technical College's central bank account. The local bank account has a book balance of \$93,880 at June 30, 2002, representing collections of tuition and book sales. This bank account was not included in the June 30, 2002, financial statements. Of this balance, the campus transferred \$84,780 during July to the Louisiana Technical College's central bank account, which was improperly included in the accounts receivable balance of the June 30, 2002, financial statements instead of cash. The remaining \$9,100 was not included in the financial statements at all.
- The campus does not have controls to ensure that all receipts issued are subsequently deposited. As a result, the campus could not locate 41 of the 412 tuition receipts issued (10%) for fiscal year 2002 and nine of 408 tuition receipts (2%) for fiscal year 2003.
- There were 12 voided receipts totaling \$556 during fiscal year 2003 that were not properly documented or approved. None of the 12 receipts contained an explanation, date, name of the person voiding the receipts, or an approval by a supervisor.
- The Accounting Specialist who collects payments and issues receipts for book sales also performs the incompatible duties of conducting the perpetual and periodic inventory counts of books held for sale.

LEGISLATIVE AUDITOR

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

Management Letter, Dated June 6, 2003

Page 3

- The Accountant 2 is assigned the incompatible duties of preparing the deposits and classifying the deposits in the general ledger system.
- The campus did not make timely transfers of funds from its local bank account to the Louisiana Technical College's central office bank account. The campus did not transfer \$31,785 for collections from August 2002 through October 2002 until November 2002. In addition, the campus did not transfer \$29,275 for collections from November 2002 through January 2003 until February 2003. The campus policy states that the funds will be transferred every five business days at a minimum.
- The campus' bank account was not completely secured as required by Louisiana Revised Statute 49:321. During July 2002, the campus' bank account exceeded FDIC coverage of \$100,000 by as much as \$1,090 for four days and was not secured by the pledge of additional collateral.
- Bank reconciliations for the campus' local bank account have not been performed timely and have not been approved by a supervisor. The bank reconciliations for July to October 2002, which were not completed until December 2002, were also not signed or dated by a supervisor.
- For those sales of books that were subsequently paid for by third parties, the campus improperly classified \$280 of the collections as revenue instead of sales tax. The campus' internal control procedures were not sufficient to properly identify these amounts as needing to be remitted as sales tax.

Failure to provide an effective system of internal control increases the risk that cash is not accurately recorded and that errors and/or fraud could occur and not be detected in a timely manner.

Management should implement procedures to (1) reconcile cash receipts to student enrollment records; (2) classify revenues in the general ledger system in a timely manner; (3) ensure all deposits are recorded in the general ledger; (4) ensure all receipts issued are subsequently deposited; (5) include proper documentation and approval for voided receipts; (6) segregate the incompatible duties of collecting cash receipts for bookstore sales and conducting the bookstore inventory; (7) segregate the incompatible duties of preparing the deposits and classifying the deposits in the general ledger system; (8) ensure the timely transfer of funds to Louisiana Technical College's central bank account; (9) ensure the proper collateralization of the bank account; (10) reconcile the bank account timely and require approval by a supervisor; and

LEGISLATIVE AUDITOR

LOUISIANA TECHNICAL COLLEGE,
WESTSIDE CAMPUS
LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM
STATE OF LOUISIANA

Management Letter, Dated June 6, 2003

Page 4

(11) ensure collections from the sales of books are properly identified and classified as revenues or sales tax collections. Management concurred with the finding and recommendations and outlined a plan of corrective action (see Appendix A, page 1).

Insufficient Controls Over Expenses

The Louisiana Technical College, Westside Campus does not have adequate internal control over expenses to ensure that payroll and non-payroll expenses are properly supported, approved, and accurately processed. A good system of internal control includes procedures that provide for the monitoring of financial data, proper segregation of duties, supervisory review and approval of transactions, and the maintenance of proper supporting documentation.

The following deficiencies in internal control over payroll and non-payroll expenses at the campus were noted:

- The campus does not have procedures to ensure that transactions are entered accurately and completely into the general ledger system and that payments are not duplicated. As a result, the campus did not prevent or detect an erroneous vendor payment for \$6,885 even though a subsequent payment for the same service was later paid to the correct vendor.
- During our examination of 11 payment vouchers totaling \$74,805, we noted that none of the invoices for these vouchers were properly approved for payment. In addition, turnaround reports from the general ledger system have not been reviewed or approved by someone other than the person who enters the transactions into the general ledger system.
- During our examination of three payroll periods, we noted that none of the time and attendance records were approved by a supervisor.
- We examined travel authorization for seven employees with time charged to travel. One of the travel authorizations was found but not approved as required by campus policies and procedures. Three of the travel authorizations, which are required to determine if the payments are approved before the payment is made, were not located in the accounting department. Management subsequently obtained them at our request and it was determined that all were approved.

LEGISLATIVE AUDITOR

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

Management Letter, Dated June 6, 2003

Page 5

- Two employees in the accounting department have been assigned incompatible duties of requesting travel reimbursement for employees and distributing the checks.
- Leave reports from the payroll system have not been obtained and reviewed to ensure that annual and sick leave were accrued and recorded in accordance with Louisiana Community and Technical College System rules and regulations.
- District payroll personnel housed at the Westside Campus have been assigned incompatible duties of updating the payroll master file and entering their own time and attendance data.
- Payroll reports from the payroll system have not been obtained timely or reviewed by a person independent of the payroll entry to ensure that time and attendance data entered into the system are accurate and complete.

Failure to provide an effective system of internal control increases the risk that expenses could be recorded incorrectly and that errors and/or fraud could occur and not be detected in a timely manner. These conditions exist because management did not have appropriate access to and/or training for using the accounting system.

Management should establish adequate procedures for monitoring financial transactions for accuracy and completeness, supervisory review and approval of transactions, maintaining travel authorization documentation in the accounting office, and segregation of incompatible duties. Management concurred with the finding and recommendations and outlined a plan of corrective action (see Appendix A, page 2).

Bank Account Not Approved

For the second consecutive engagement, the Louisiana Technical College, Westside Campus has not obtained approval from the Cash Management Review Board to open the campus' bank account. Louisiana Revised Statute 39:372 requires all state agencies to submit a report of all banking and checking accounts and the balances of each to be approved in writing by the state's Cash Management Review Board for authorization of the accounts.

Management has indicated that a request to obtain approval from the Cash Management Review Board was remitted to the Louisiana Technical College central office and is waiting for a response. However, the Cash Management Review Board had not received that request. Failure to obtain approval of bank accounts results in

LEGISLATIVE AUDITOR

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

Management Letter, Dated June 6, 2003

Page 6

noncompliance with Louisiana law and increases the risk that public funds could be lost or misused.

Management should follow up on its request for approval of the Cash Management Review Board for all banking and checking accounts. Management concurred with the finding and recommendation and outlined a plan of corrective action (see Appendix A, page 3).

Failure to Submit a Document Retention Schedule to State Archives

The Louisiana Technical College, Westside 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 Westside Campus dean 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.

The Louisiana Technical College, Westside 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 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 4).

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.

LEGISLATIVE AUDITOR

LOUISIANA TECHNICAL COLLEGE,
WESTSIDE CAMPUS
LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM
STATE OF LOUISIANA

Management Letter, Dated June 6, 2003

Page 7

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

BSL:WDD:THC:ss

[LTCWSC03]

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

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: Insufficient Controls over Cash

Dear Mr. Austin:

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

Campus management will implement procedures to reconcile the receipts recorded in QuickBooks to deposits recorded in the PeopleSoft accounting system. This will ensure that all receipts have been properly deposited and recorded in the official accounting records. In addition, management will ensure that revenues are classified in a timely manner as well as transferred to the central bank account in a timely manner. Also, please be advised that segregation of duties for the handling of cash will be immediately implemented.

The person responsible for corrective action is Beth Sigler.

Sincerely,

James S. Clarke, Ph.D.
Acting Chancellor

C: Dr. Walter G. Bumphus (LCTCS President)
Mr. Wayne Meaux (Assistant Chancellor)
Dr. Joycelyn Brunswick (Campus Administrator)
Mr. Allen Brown (LCTCS Internal Audit Director)
Ms. Jan Jackson (LCTCS Vice President for Finance/Administration)
File



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 5, 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 Controls Over Expenses

Dear Mr. Austin:

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

On February 20, 2003, campus accountants were provided with policies and procedures for obtaining and reviewing payroll-related data. In addition, accountants will be given increased on-line access to personnel and payroll data in PeopleSoft. Similar policies and procedures for verifying the accuracy of non-payroll transactions will be implemented in the near future.

The person responsible for corrective action is Beth Sigler.

Sincerely,

James S. Clarke, Ph.D.
Acting Chancellor

C: Dr. Walter G. Bumphus (LCTCS President)
Mr. Wayne Meaux (Assistant Chancellor)
Dr. Joycelyn Brunswick (Campus Administrator)
Mr. Allen Brown (LCTCS Internal Audit Director)
Ms. Jan Jackson (LCTCS Vice President for Finance/Administration)
File



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

May 5, 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: Bank Account Not Approved

Dear Mr. Austin:

The Louisiana Technical College (LTC) has received the audit finding referenced above relating to the WestSide campus.

Management concurs with the finding and recommendations related to "Bank Account Not Approved." Corrective action is being taken to assure that all bank accounts are approved by the Cash Management Review Board. Please be advised that LTC Central Office is in the process of submitting applications for approval to the Cash Management Review Board.

The person responsible for corrective action is Beth Sigler.

Sincerely,

James S. Clarke 5-5-03

James S. Clarke, Ph.D.
Acting Chancellor

JSC/pgj

C: Dr. Walter G. Bumphus (LCTCS President)
Mr. Wayne Meaux (Assistant Chancellor)
Dr. Joycelyn A. Brunswick (Campus Administrator)
Mr. Allen Brown (LCTCS Internal Audit Director)
Ms. Jan Jackson (LCTCS Vice President for Finance/Administration)
File



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
Lumonville 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
Stidell Campus
Towela Campus
Sullivan Campus
T. H. Harris Campus
Tallulah Campus
Teche Area Campus
Vest Jefferson Campus
Vestside Campus
Young Memorial Campus

May 5, 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 WestSide 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)
Dr. Joycelyn A. Brunswick (Campus Administrator)
Mr. Allen Brown (LCTCS Internal Audit Director)
Ms. Jan Jackson (LCTCS Vice President for Finance/Administration)
File