

RIVER PARISHES COMMUNITY COLLEGE
LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM
STATE OF LOUISIANA



PROCEDURAL REPORT
ISSUED JUNE 8, 2005

**LEGISLATIVE AUDITOR
1600 NORTH THIRD STREET
POST OFFICE BOX 94397
BATON ROUGE, LOUISIANA 70804-9397**

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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. Six copies of this public document were produced at an approximate cost of \$11.70. This material was produced in accordance with the standards for state agencies established pursuant to R.S. 43:31. This report is available on the Legislative Auditor's Web site at www.la.state.la.us. When contacting the office, you may refer to Agency ID No. 6130 or Report ID No. 05400881 for additional information.

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STEVE J. THERIOT, CPA
LEGISLATIVE AUDITOR

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May 12, 2005

**RIVER PARISHES COMMUNITY COLLEGE
LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM
STATE OF LOUISIANA**
Sorrento, Louisiana

As required by Louisiana Revised Statute 24:513, we conducted certain procedures at the River Parishes Community College. Our procedures included (1) a review of the college's internal controls; (2) tests of financial transactions for the period July 1, 2003, through May 12, 2005; and (3) tests of adherence to applicable laws, regulations, policies, and procedures governing financial activities for the period July 1, 2003, through May 12, 2005. Our procedures were more limited than would be necessary to give an opinion on internal control and on compliance with laws, regulations, policies, and procedures governing financial activities.

Specifically, we interviewed management personnel and selected college personnel and evaluated selected documents, files, reports, systems, procedures, and policies, as we considered necessary. After analyzing the data, we developed recommendations for improvement. We then discussed our findings and recommendations with appropriate management personnel before submitting this written report.

The Annual Fiscal Report of the River Parishes Community College was not audited or reviewed by us, and, accordingly, we do not express an opinion on that report. The college's 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 report for management's consideration.

Untimely Deposit of Cash Receipts

River Parishes Community College did not make timely deposits to its bank account. In our sample of 15 batch deposits, six deposits totaling \$498,092 included \$258,139 that was not deposited timely into the college's bank account. These untimely deposits were four to 16 days after receipt of the funds. Failure to deposit funds timely increases the risk that errors and/or fraud could occur and not be detected timely, and interest income could be lost. Good internal control requires that all money received be deposited timely in the local bank account to properly safeguard assets.

Management should establish and maintain procedures to ensure that cash receipts are deposited timely in its bank account. Management concurred with the finding and recommendation and outlined a plan of corrective action (see Appendix A, page 1).

Payroll Control Weaknesses

River Parishes Community College does not have adequate internal control over its payroll transactions entered into its automated system, PeopleSoft. Good internal control requires that an appropriate supervisor review and approve payroll transactions to ensure that financial data are accurately and completely recorded, processed, and summarized and that errors and/or fraud are detected timely.

In a walk-through of payroll transactions, we determined that there was no documentation supporting an independent verification of information entered into PeopleSoft. In addition, there was no documentation of an independent review of the biweekly payroll report generated by the Louisiana Community and Technical College System's payroll department. Inadequate control procedures increase the risk that errors and/or fraud could occur and not be detected in a timely manner.

Management should establish policies and procedures to ensure that payroll transactions entered into the accounting system are accurate, reviewed timely, and approved by an appropriate supervisor or employee independent of the payroll function. Management concurred with the finding and recommendation and outlined a plan of corrective action (see Appendix A, page 2).

The recommendations in this report represent, in our judgment, those most likely to bring about beneficial improvements to the operations of the college. The varying nature of the recommendations, their implementation costs, and their potential impact on the operations of the college should be considered in reaching decisions on courses of action.

This report is intended solely for the information and use of the college 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 report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,

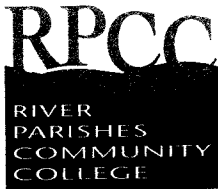


Steve J. Theriot, CPA
Legislative Auditor

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[RPCC05]

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



April 8, 2005

Mr. Steve J. Theriot, CPA
Legislative Auditor
Post Office Box 94397
Baton Rouge, LA 70804-9397

Dear Mr. Theriot:

RE: Untimely Deposit of Cash Receipts

River Parishes Community College concurs with the finding concerning the untimely deposit of cash receipts.

The management of River Parishes Community College has implemented the following corrective actions:

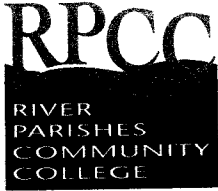
- 1.) All deposits from the Louisiana State Treasury are now electronically deposited into River Parishes Community College bank account.
- 2.) The employee handling mail is required to notify the Director of Accounting and Payroll of any payments received in each day's mail.
- 3.) We have cross trained additional employees to handle deposits in the event of absences in accounting personal.
- 4.) Extra care is now taken to ensure no cash receipts are overlooked when emptying the safe and preparing deposits.

Clen Burton is the contact person regarding the corrective action plans for this finding.

If you have any questions, please contact my office

Sincerely,

Clen Burton, MS, CPA
Chief Business Officer



April 8, 2005

Mr. Steve J. Theriot, CPA
Legislative Auditor
Post Office Box 94397
Baton Rouge, LA 70804-9397

Dear Mr. Theriot:

RE: Payroll Control Weakness

River Parishes Community College concurs with the finding concerning the payroll control weakness.

Management understands the auditor's concerns that undetected errors may occur in processing payroll without an analytical review accessing changes in payroll from period to period.

River Parishes Community College is currently producing a report from payroll data which compares gross pay from prior pay periods to the current period. The Director of Accounting and Payroll shall evaluate this report and investigate any changes from period to period.

Clen Burton is the contact person regarding the corrective action plans for this finding.

If you have any questions, please contact my office

Sincerely,

Clen Burton, MS, CPA
Chief Business Officer