

LOUISIANA TECHNICAL COLLEGE - REGION 2
LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM
STATE OF LOUISIANA



MANAGEMENT LETTER
ISSUED MAY 6, 2009

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

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LOUISIANA LEGISLATIVE AUDITOR
STEVE J. THERIOT, CPA

March 24, 2009

**LOUISIANA TECHNICAL COLLEGE - REGION 2
LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM
STATE OF LOUISIANA
Baton Rouge, Louisiana**

As part of our audit of the Louisiana Community and Technical College System's (System) financial statements for the year ended June 30, 2008, we considered the Louisiana Technical College - Region 2's (region) internal control over financial reporting; we examined evidence supporting certain accounts and balances material to the System's financial statements; and we tested the region's 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*. In addition, we considered the region's internal control over compliance with requirements that could have a direct and material effect on a major federal program, as defined in the Single Audit of the State of Louisiana, and we tested the region's compliance with laws and regulations that could have a direct and material effect on the major federal programs as required by U.S. Office of Management and Budget Circular A-133.

The Annual Fiscal Report of the region is not audited or reviewed by us, and, accordingly, we do not express an opinion on that report. The region's accounts are an integral part of the System's financial statements, upon which the Louisiana Legislative Auditor expresses opinions.

Based on the application of the procedures referred to previously, all significant findings are included in this letter for management's consideration.

Inadequate Internal Control Over Accounts Payable

The Louisiana Technical College (LTC) Region 2 does not have adequate internal control over recording and reporting its accounts payable at fiscal year-end. Good internal control requires that LTC Region 2 develop and implement procedures to monitor expenditures and journal entries made subsequent to the end of the fiscal year to ensure that all accounts payable and related accounts are accurately recorded and reported in the region's annual fiscal report.

Our audit procedures revealed that LTC Region 2's accounts payable reported for the fiscal year ended June 30, 2008, were understated by \$64,131, requiring adjustments to the region's 2008 annual fiscal report for the following:

- \$36,421 of fiscal year 2008 accounts payable paid in fiscal year 2009 was incorrectly recorded as 2008 cash payments, thereby understating 2008 accounts payable and cash.
- \$17,211 of fiscal year 2009 expenses was for goods and services received or rendered before June 30, 2008, thereby understating 2008 accounts payable and the related expenses.
- Fiscal year 2008 accounts payable were understated by \$10,500; expenses were understated by \$5,250; and other operating revenues were overstated by \$5,250 because of posting errors.

Management has not placed sufficient emphasis on establishing and maintaining good internal control over recording and reporting all year-end accounts payable. Failure to monitor expenditures and journal entries made subsequent to the end of the fiscal year to identify unrecorded payables could result in misstated financial reports and undetected errors or fraud.

Management of LTC Region 2 should establish policies and procedures to monitor expenditures and journal entries made subsequent to the end of the fiscal year to ensure that all accounts payable and related accounts are accurately recorded and reported in the region's annual fiscal report. Management concurred with the finding and recommendation and outlined a plan of corrective action (see Appendix A).

The recommendation in this letter represents, in our judgment, that which is most likely to bring about beneficial improvements to the operations of the region. The nature of the recommendation, its implementation costs, and its potential impact on the operations of the region should be considered in reaching decisions on courses of action.

This letter is intended for the information and use of the region and its management, others within the region, the Louisiana Community and Technical College System, and the Louisiana Legislature 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,



Steve J. Theriot, CPA
Legislative Auditor

AD:ETM:BQD:THC:dl

LTCR208

Management's Corrective Action
Plan and Response to the
Finding and Recommendation



LOUISIANA TECHNICAL COLLEGE

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Dr. Kay McDaniel
Regional Director

March 5, 2009

GREATER CAPITAL AREA
REGION 2

Baton Rouge Campus
Baton Rouge

Folkes Campus
Jackson

Jumonville Memorial
Campus
New Roads

Port Allen Campus
Port Allen

Westside Campus
Plaquemine

Steve J. Theriot, CPA
Legislative Auditor
1600 North Third Street
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Baton Rouge, LA 70804-9397

Re: Inadequate Internal Control over Accounts Payable

Dear Mr. Theriot,

The Louisiana Technical College (LTC) Region II concurs with this finding and recommendation.

Correcting entries have been made to ensure that accounts payable and related account balances in fiscal year 2008 are recorded properly.

LTC Region II management recognizes its responsibility to ensure adequate internal controls over accounts payable. Management will closely monitor all journal entries made subsequent to year end to ensure that all accounts payable and related accounts are accurately recorded and reported in the up coming fiscal year annual financial report.

Sincerely,

Kay McDaniel
Regional Director- LTC Region II

LTC is an Equal
Opportunity
College

Governed
By
Board of Supervisors of the Louisiana Community and Technical College System
And
Louisiana Board of Regents