

DELGADO COMMUNITY COLLEGE
LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM
STATE OF LOUISIANA



MANAGEMENT LETTER
ISSUED APRIL 21, 2010

**LEGISLATIVE AUDITOR
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LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA

March 19, 2010

**DELGADO COMMUNITY COLLEGE
LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM
STATE OF LOUISIANA**
New Orleans, Louisiana

As part of our audit of the Louisiana Community and Technical College System's (System) financial statements for the year ended June 30, 2009, we considered Delgado Community College's (Delgado) internal control over financial reporting; we examined evidence supporting certain accounts and balances material to the System's financial statements; and we tested Delgado'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*.

The annual financial information of Delgado Community College provided to the System is not audited or reviewed by us, and, accordingly, we do not express an opinion on that report. Delgado's accounts are an integral part of the System's financial statements, upon which the Louisiana Legislative Auditor expresses opinions.

In our prior management letter on Delgado Community College dated November 21, 2008, for the year ended June 30, 2008, we reported a finding relating to unlocated movable property. The unlocated movable property finding has not been resolved by management and is addressed again in this letter.

Based on the application of the procedures referred to previously, all significant findings are included in this letter for management's consideration. The finding included in this management letter, as required by *Government Auditing Standards*, has also been included in the State of Louisiana's Single Audit Report for the year ended June 30, 2009.

Unlocated Movable Property

For the sixth consecutive year, Delgado reported significant amounts of movable property that could not be located. Good internal control requires that adequate control procedures be in place to ensure that movable property is properly safeguarded against loss arising from unauthorized use or theft. In addition, Louisiana Administrative Code Title 34 Part VII Section 313 (A) states, in part, that efforts must be made to locate all movable property items for which there are no explanations available for their disappearance. Property unlocated after three years is permanently deleted from movable property records.

Louisiana Revised Statutes 39:324 and 39:325 require entities to conduct an annual inventory of movable property and identify amounts of unlocated property in an annual certification submitted to the Louisiana Property Assistance Agency (LPAA). Delgado submitted its annual certification of property inventory to the LPAA on June 19, 2009. In this certification, Delgado reported \$21,285,621 of total movable property and unlocated movable property items totaling \$704,666. After submission of the certification, additional efforts reduced the unlocated property amount to \$694,540. Items totaling \$254,276 were removed from the property records because they had not been located for three consecutive years. The unlocated property included \$336,724 of unlocated computers and computer-related equipment. Delgado also reported 11 movable property items with a total value of \$14,139 as stolen to the legislative auditor and the Orleans Parish District Attorney's Office.

Failure to adequately monitor, secure, and account for all movable property and locate those items for which there are no explanations available for their disappearance subjects the movable property of Delgado to increased risk of loss and/or unauthorized use and noncompliance with state laws and regulations. Furthermore, because of the nature of services provided by Delgado, the risk exists that sensitive information could be improperly recovered from the missing computers and/or computer-related equipment.

Management of Delgado should strengthen its internal control over movable property to ensure that all movable property is adequately secured and monitored, physical inventories are conducted accurately, and additional efforts are devoted toward locating movable property reported as unlocated in previous years. Management concurred with the finding 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 Delgado. The nature of the recommendation, its implementation costs, and its potential impact on the operations of Delgado should be considered in reaching decisions on courses of action.

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



Daryl G. Purpera, CPA
Legislative Auditor

KML:JR:EFS:PEP:dl

DCC09

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

CHANCELLOR'S OFFICE

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New Orleans, LA 70119
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November 23, 2009

Mr. Steve J. Theriot, CPA
Legislative Auditor
1600 North Third Street
Baton Rouge, LA 70802

Dear Mr. Theriot:

Management of Delgado Community College concurs with the finding and recommendations related to Unlocated and Stolen Movable Property. It is important to note that the total unlocated property in fiscal year 2009 has decreased by \$204,318 or 22.48% over prior year which totaled \$908,984. Also, subsequent to Delgado Community College submitting its 2009 Certification of Annual Property Inventory Report dated June 19, 2009 additional searches were conducted for unlocated property which has resulted in the total unlocated inventory being further reduced from \$704,666 to \$694,540. This decreases the current year unlocated by 1.44% over what had been originally reported with the 2009 inventory.

During the fiscal year, we conducted mandatory training and emphasized the importance of maintaining proper controls and accountability over property to the employees responsible for conducting the annual inventory – the property location supervisors. In addition, Property Control staff conducted on-site departmental focused training with the property location supervisor and staff that assist with the annual inventory.

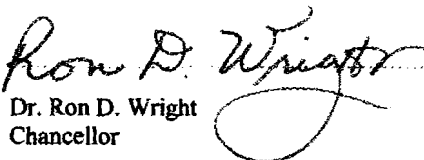
The college has reorganized its Property Control Department and Shipping and Receiving Departments; they are now both managed by Campus Police. Also, as part of the reorganization these departments were relocated to building 38 on the city park campus which increases their warehouse space and provides a closed circuit television security monitoring system. The increased warehouse space allows the departments to store newly acquired property in a secure location until it is ready to be received by the purchaser and also warehouse surplus taggable property until it can be returned to LPAA. We are presently reviewing the Property Control Department's operational processes and relevant college policies to ensure that they effectively address the previous audit findings by strengthening internal controls, enforcing management accountability, and improving efforts to locate property.

The person responsible for corrective action is Dr. Ron D. Wright, Chancellor.

Sincerely,



A.C. Eagan, III
Vice Chancellor for Business and Administrative Affairs



Dr. Ron D. Wright
Chancellor