

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



PROCEDURAL REPORT
ISSUED NOVEMBER 5, 2008

**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. Seven copies of this public document were produced at an approximate cost of \$17.36. 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.la.gov. When contacting the office, you may refer to Agency ID No. 6094 or Report ID No. 80080085 for additional information.

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LOUISIANA LEGISLATIVE AUDITOR
STEVE J. THERIOT, CPA

October 24, 2008

**SOUTH LOUISIANA COMMUNITY COLLEGE
LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM
STATE OF LOUISIANA
Lafayette, Louisiana**

As required by Louisiana Revised Statute 24:513, we conducted certain procedures at South Louisiana Community College for the period from July 1, 2006, through June 30, 2008. Our procedures included (1) a review of the college's internal controls; (2) tests of financial transactions; and (3) tests of adherence to applicable laws, regulations, policies, and procedures governing financial activities. 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 a recommendation for improvement. We then discussed our finding and recommendation with appropriate management personnel before submitting this written report.

The financial information of South Louisiana Community College provided to the Louisiana Community and Technical College System was not audited or reviewed by us, and, accordingly, we do not express an opinion on that information. 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 opinions.

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

Inadequate Controls Over Student Accounts Receivable

South Louisiana Community College (college) did not reconcile the student receivables subsidiary ledger to the general ledger in a timely manner and did not provide adequate support for certain adjustments to the accounting records. Good internal controls require reconciliations between supporting ledgers and the general ledger as well as documentation for each adjusting journal entry.

The college uses the Peoplesoft Student Administration module to calculate student tuition and enrollment fees and to process subsequent payments to the students' accounts. This module interfaces with the college's general ledger so at any given time the control account in the general ledger for student receivables should agree to the individual accounts in the student administration module (the subsidiary ledger).

The college did not have control procedures in place to ensure that the student receivable control account and the subsidiary accounts were properly reconciled. As a result, at June 30, 2007, the control account in the general ledger for student receivables was reduced by \$91,422 to agree to a schedule of student receivables generated from the subsidiary ledger. The adjustment represented 9% of total receivables reported by the college at June 30, 2007. Management could not provide an explanation as to why this adjustment was necessary. Failure to reconcile accounting records and provide support for adjustments could result in misreported financial data and undetected errors or fraud.

Management of the college should establish policies and procedures over financial operations to ensure that accounting records are analyzed and reconciled periodically and that adequate supporting documentation is maintained for all adjustments to the accounting records. Management concurred with the finding and outlined corrective action (see Appendix A).

The recommendation in this report represents, in our judgment, that which is most likely to bring about beneficial improvements to the operations of the college. The nature of the recommendation, its implementation costs, and its 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 the System 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

DLC:BH:EFS:PEP:sr

SLCC08

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



SOUTH LOUISIANA COMMUNITY COLLEGE

August 8, 2008

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

Re: Inadequate Controls over Student Accounts Receivable

Dear Mr. Theriot:

South Louisiana Community College (SLCC) has received and reviewed the audit finding noted above and concurs with the finding and recommendation.

The college uses the PeopleSoft Student Administration module to calculate student tuition and enrollment fees and to process subsequent payments. The use of this module has been problematic. As noted in the audit report, sufficient control procedures were not in place to adequately ensure timely and accurate reconciliations of the control account and the subsidiary account. We have further analyzed the processing of student receivables through the PeopleSoft Student Administration Module and believe we have identified the causes of the outage and have put in place the following interventions to rectify the problem:

- Additional resources were allocated to analyze the financial process and the interface between the general ledger and the subsidiary ledger
- Payment processing steps were amended and expanded to provide a greater electronic data trail, and
- The internal control of reconciliation was implemented to ensure accuracy between the general ledger and the subsidiary ledger

Mr. Bryan Glatter, Vice Chancellor of Administration and Finance, will oversee the implemented procedural steps. Please contact us if we may be of any further assistance or provide additional information.

Sincerely,

A handwritten signature in cursive script that reads "Jan Brobst".

Jan Brobst, Ph.D.
Chancellor

cc: Bryan Glatter

A Member of the Louisiana Community and Technical College System

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