

STATE OF LOUISIANA LEGISLATIVE AUDITOR

Louisiana Technical College,
Gulf Area Campus
Louisiana Community and
Technical College System
State of Louisiana
Abbeville, Louisiana

May 21, 2003



Financial and Compliance Audit Division

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Albert J. Robinson, Jr., CPA

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**LOUISIANA TECHNICAL COLLEGE,
GULF AREA CAMPUS
LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM
STATE OF LOUISIANA**
Abbeville, Louisiana

Management Letter
Dated April 29, 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.

May 21, 2003



OFFICE OF
LEGISLATIVE AUDITOR
STATE OF LOUISIANA
BATON ROUGE, LOUISIANA 70804-9397

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April 29, 2003

**LOUISIANA TECHNICAL COLLEGE,
GULF AREA CAMPUS
LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM
STATE OF LOUISIANA**
Abbeville, 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, Gulf Area 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 Gulf Area 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.

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

Noncompliance With Record Retention Law

The Louisiana Technical College, Gulf Area Campus did not establish or submit a written record retention schedule to the Secretary of State (State Archives) in accordance with state law. Louisiana Revised Statute 44:411(A)(1) requires agency heads to submit schedules to the state archivist that state the length of time each state record or series of records should be retained for administrative, legal, or fiscal purposes after the records have been created or received by the agency.

The campus did not have a record retention schedule and therefore did not submit the schedule to the Secretary of State. These conditions exist because campus management was not aware of the requirement. Failure to establish a written record retention schedule could result in the destruction or deterioration of critical records, while failure to submit the schedule to the Secretary of State results in noncompliance with state law. In addition, the lack of a written retention schedule could result in the agency keeping records beyond the legally required retention date, which would be an inefficient use of office or warehouse space.

LEGISLATIVE AUDITOR

**LOUISIANA TECHNICAL COLLEGE,
GULF AREA CAMPUS
LOUISIANA COMMUNITY AND
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STATE OF LOUISIANA**

Management Letter, Dated April 29, 2003
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Management should establish and submit a written record retention schedule to the Secretary of State as required by state law. 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 1).

Insufficient Monitoring Procedures Over Financial Transactions

The Louisiana Technical College, Gulf Area Campus did not have adequate monitoring procedures over revenue and non-payroll expense transactions entered into the PeopleSoft accounting system, which is the primary accounting system used by the Louisiana Community and Technical College System and the individual technical college campuses. Adequate monitoring procedures are necessary to ensure that all financial transactions are authorized, are accurately and completely recorded, and that errors and/or fraud are detected timely. Our review of campus procedures disclosed that PeopleSoft reports had not been obtained to ensure that transactions were entered accurately and completely into the accounting system.

This condition exists because management did not have appropriate access to and/or training for the PeopleSoft system. Therefore, reports necessary for reviewing and reconciling financial transactions with supporting documentation were not available.

Failure to establish adequate monitoring procedures over financial transactions may result in incomplete financial data and inaccurate financial statements, and errors and/or fraud may not be detected timely. Management concurred with the finding and recommendation and outlined a corrective action plan (see Appendix A, page 2).

The recommendations in this letter 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 campus should be considered in reaching decisions on courses of action. The finding relating to the campus' compliance with applicable laws and regulations should be addressed immediately by management.

LEGISLATIVE AUDITOR

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Management Letter, Dated April 29, 2003

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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, stylized initial "G".

Grover C. Austin, CPA
First Assistant Legislative Auditor

EPM:BMC:THC:ss

[LTCGULF03]

Appendix A

Management's Correction 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

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

An Equal Opportunity
College

April 7, 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 Gulf Area 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. Christopher Williams (Assistant Chancellor)
Mr. Ray Lavergne (Gulf Area Campus Dean)
Mr. Allen Brown (LCTCS Internal Audit Director)
Ms. Jan Jackson (LCTCS Vice President for Finance/Administration)
File



James S. Clarke, Ph.D.
Acting Chancellor

CAMPUSES:

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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
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Young Memorial Campus

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LOUISIANA TECHNICAL COLLEGE

Office of the Chancellor

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April 11, 2003

Grover C. Austin, CPA
First Assistant Legislative Auditor
Office of Legislative Auditor
P.O. Box 94397
Baton Rouge, LA 70804-9397

**Re: Insufficient Monitoring Procedures over
Financial Transactions**

Dear Mr. Austin:

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

Revenue

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.

Expenditures

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. Christopher Williams (Assistant Chancellor)
Mr. Ray Lavergne (Campus Dean)
Mr. Allen Brown (LCTCS Internal Audit Director)
Ms. Jan Jackson (LCTCS Vice President for Finance/Administration) 2
File