

# STATE OF LOUISIANA LEGISLATIVE AUDITOR

Louisiana Technical College,  
Delta-Ouachita Campus  
Louisiana Community and  
Technical College System  
State of Louisiana  
West Monroe, Louisiana

May 21, 2003



***Financial and Compliance Audit Division***

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**LOUISIANA TECHNICAL COLLEGE,  
DELTA-OUACHITA CAMPUS  
LOUISIANA COMMUNITY AND  
TECHNICAL COLLEGE SYSTEM  
STATE OF LOUISIANA**

West Monroe, Louisiana

Management Letter  
Dated April 15, 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 and Shreveport offices of the Legislative Auditor and at the office of the parish clerk of court.

May 21, 2003



OFFICE OF  
**LEGISLATIVE AUDITOR**  
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April 15, 2003

**LOUISIANA TECHNICAL COLLEGE,  
DELTA-OUACHITA CAMPUS  
LOUISIANA COMMUNITY AND  
TECHNICAL COLLEGE SYSTEM  
STATE OF LOUISIANA**  
West Monroe, Louisiana

As part of our audit of the Louisiana Community and Technical College System's financial statements for the year ending June 30, 2003, we considered the Delta-Ouachita 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 the Delta-Ouachita 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.

In our prior management letter dated March 29, 2001, on the Delta-Ouachita Campus for the year ended June 30, 2001, we reported findings relating to an undisclosed bank account and control weaknesses over movable property. The finding related to the undisclosed bank account has been resolved by management. The finding relating to movable property 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.

**Lack of Segregation of Duties Over Payroll Transactions**

The Louisiana Technical College, Delta-Ouachita Campus did not have adequate segregation of duties over payroll processing. During the period of July 2002 through December 2002, no controls existed to ensure independent verification of payroll and personnel entries into the PeopleSoft accounting system. Good internal control requires proper segregation of duties, including independent verification of data, so that errors and/or fraud are detected timely.

LEGISLATIVE AUDITOR

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Management Letter, Dated April 15, 2003

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A review of the controls over payroll at the campus disclosed that two employees had the ability to create and update personnel records and enter time and attendance data. In addition, these employees verified the same personnel and time and attendance data that they entered. Hence, there was no independent verification of personnel and payroll data.

Management did not establish sufficient procedures to ensure adequate controls were in place for personnel and payroll processes. Failure to establish adequate segregation of duties increases the risk that errors and/or fraud could occur and not be detected in a timely manner. As of January 2003, the campus accountant, who is independent of the payroll process, has begun reviewing system payroll reports for reasonableness.

Management should ensure that control procedures over personnel and payroll data include proper segregation and independent verification. Management concurred with the finding and recommendation and outlined a corrective action plan (see Appendix A, page 1).

**Noncompliance With State Movable Property Regulations**

For the fourth consecutive audit, the Louisiana Technical College, Delta-Ouachita Campus did not have adequate controls to ensure that movable property is reported to the Louisiana Property Assistance Agency (LPAA) in accordance with state movable property regulations. The state property control regulations, defined in Title 34, Part VII of the Louisiana Administrative Code, require all acquisitions of qualified property to be tagged and pertinent information to be entered into the LPAA system within 60 days of receipt of the property.

Tests of movable property transactions and controls identified that none of the 13 fiscal year 2003 acquisitions tested, totaling \$49,058, were reported to LPAA. Although the items were received in September and October 2002, the items had not been reported to LPAA as of January 29, 2003. Campus personnel responsible for movable property failed to adhere to state law and regulations. Failure to report activity to LPAA places the campus in noncompliance with state laws and regulations and increases the risk of inaccurate financial reporting.

Management should take the necessary measures to ensure that the campus complies with state movable property regulations. Management concurred with the finding and recommendation and noted that corrective action will be taken (see Appendix A, page 2).

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The recommendations in this letter represent, in our judgment, those most likely to bring about beneficial improvements to the operations of the campus. 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.

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 the appropriate public officials.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Grover C. Austin".

Grover C. Austin, CPA  
First Assistant Legislative Auditor

NWM:EFS:THC:dI

[LTCDOC03]

## Appendix A

### Management's Corrective 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

April 7, 2003

### CAMPUSES:

Acadian Campus  
Alexandria Campus  
Ascension Campus  
Avoyelles Campus  
Bastrop Campus  
Baton Rouge Campus  
Charles B. Corcil 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

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

### **Re: Lack of Segregation of Duties Over Payroll Transactions**

Dear Mr. Austin:

The Louisiana Technical College has received the audit finding referenced above relating to the Delta-Ouachita campus. Management concurs with this finding.

On February 20, 2003, the Central Office provided campus accountants with policies and procedures for obtaining and reviewing payroll-related data every pay period. The procedures include the requirement that a management-level employee who has no access to payroll/personnel records review the payroll reports. The standard reports include the following information: leave balances, posting of leave taken, hours entered for hourly employees, and deductions. Delta-Ouachita campus will ensure that the information in the standard reports is verified using the records of original entry, such as the time sheets and leave slips.

The PeopleSoft accounting system has always included leave balances, but that information was not available to the campus accountants during the first six months of the fiscal year. That information is now available and changes in leave balances may be reviewed using the standard reports discussed above.

The contact person responsible for implementation is Beth Sigler.

Sincerely,

James S. Clarke, Ph.D.  
Acting Chancellor

JSC/dp

C: Dr. Walter G. Bumphus (LCTCS President)  
Ms. Norene Smith (Assistant Chancellor and Campus Administrator)  
Mr. Allen Brown (LCTCS Internal Audit Director)  
Ms. Jan Jackson (LCTCS Vice President for Finance/Administration)  
File

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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

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

### **Re: Noncompliance with State Movable Property Regulations**

Dear Mr. Austin:

The Louisiana Technical College has received the audit finding referenced above relating to the Delta-Ouachita campus. Management concurs with this finding.

Delta-Ouachita campus will ensure that the State's Movable Property Regulations are adhered to and followed by all employees. Please be advised that necessary corrective action will be taken.

The contact person responsible for implementation is Beth Sigler.

Sincerely,

*James S. Clarke* *hsigler 4/7/03*

James S. Clarke, Ph.D.  
Acting Chancellor

JSC/dp

C: Dr. Walter G. Bumphus (LCTCS President)  
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