

# STATE OF LOUISIANA LEGISLATIVE AUDITOR

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

May 2, 2001



***Financial and Compliance Audit Division***

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***Daniel G. Kyle, Ph.D., CPA, CFE  
Legislative Auditor***

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

Management Letter  
March 29, 2001

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 2, 2001



DANIEL G. KYLE, PH.D., CPA, CFE  
LEGISLATIVE AUDITOR

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March 29, 2001

**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, 2001, 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*. In addition, we considered the Delta-Ouachita Campus' 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 campus' 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 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 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 on the Delta-Ouachita Campus for the year ended June 30, 1999, we reported findings relating to controls over payroll, state movable property regulations, purchasing procedures, and cash controls. The findings relating to payroll, purchasing, and cash have 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. All findings included in this management letter that are required to be reported by *Government Auditing Standards* will also be included in the State of Louisiana's Single Audit Report for the year ended June 30, 2001.

**Bank Account Not Disclosed**

The Louisiana Technical College, Delta-Ouachita Campus did not include a bank account in the financial data provided to the Louisiana Community and Technical College System (LCTCS) for the purpose of preparing the Annual Fiscal Report at year-end. In addition, the campus did not obtain approval for the bank account from the Cash Management Review Board, as required by Louisiana Revised Statute 39:372. Good

## LEGISLATIVE AUDITOR

LOUISIANA TECHNICAL COLLEGE,  
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Management Letter, Dated March 29, 2001  
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internal control dictates that all funds received in the name of the campus be deposited and reported in the financial records so that public assets will be safeguarded and the LCTCS's financial statements will be fairly presented in accordance with accounting principles generally accepted in the United States.

When the campus' current director was made aware of the account's existence in July 1999, she instructed her staff to stop using the account. Consequently, there has been no activity in the account since July 1999, when the balance was \$2,525. The director notified LCTCS in writing of her unsuccessful attempts to close the account and remit the balance to the state treasury.

This bank account was opened without authorization from the Cash Management Review Board and was used by former campus management, who did not disclose the account to auditors, the LCTCS, or to the Division of Administration, Office of Statewide Reporting and Accounting Policy. Failure to properly deposit and account for all public funds could lead to fraud or theft and could result in LCTCS financial statements that are not fairly presented in accordance with accounting principles generally accepted in the United States.

Management of the Delta-Ouachita Campus should ensure that all financial data are presented to LCTCS for inclusion in the System's Annual Fiscal Report. In addition, LCTCS should assist the technical college director in closing the account and remitting the funds to the state treasury. Management concurred with the finding and recommendation and outlined a plan of corrective action (see Appendix A, page 1).

### **Control Weaknesses Over Movable Property**

For the third consecutive audit, Louisiana Technical College, Delta-Ouachita Campus did not have adequate controls to ensure that movable property is properly and accurately reported to the Louisiana Property Assistance Agency (LPAA) in compliance with state movable property regulations. The state property control regulations, defined in the Louisiana Administrative Code Title 34:VII.307, require all acquisitions of qualified property to be tagged and pertinent inventory information sent to LPAA within 45 days of receipt of the property. In addition, good internal control dictates that assets be properly monitored to safeguard against loss or theft.

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During the examination of movable property, the following deficiencies were noted:

- A test of 27 property items acquired during July 1, 1999, through January 11, 2001, revealed that six acquisitions (22%) totaling \$42,404 were not tagged and entered into the LPAA Property Management System within 45 days of receipt. Four of these items were acquired during July 1999 to November 1999, but remained untagged and unreported as of January 2001.
- The Delta-Ouachita Campus reported \$215,687 of current year discrepancies in its Certification of Annual Property Inventory submitted on November 3, 2000, which represented 9.1% of the campus' inventory as reported in the certification.

In addition, an audit performed by the LPAA during April 2000 revealed the following:

- Thirty property items purchased in 1997, 26 items purchased in 1998, and 21 items purchased in 1999 were not tagged nor was the information entered into the Property Management System within 45 days of receipt.
- Sixty of 241 selected items (25%) totaling \$249,999 could not be located and four property items did not have property tags.
- A "high percentage" of property items were in locations other than the areas specified on the inventory listing.

The above conditions occurred because former management did not place sufficient emphasis on the controls over movable property, including conducting a proper physical inventory. Because of these deficiencies, management cannot provide reasonable assurance that movable property is adequately safeguarded, that accountability has been maintained, and that fraud or errors will be detected within a timely period.

Management should develop and implement adequate internal control over movable property to comply with movable property regulations as prescribed by state laws and regulations. In addition, management should devote additional efforts to locate movable property reported as unlocated in previous years. Management concurred with the finding and recommendation and outlined a plan of corrective action (see Appendix A, page 2).

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STATE OF LOUISIANA**

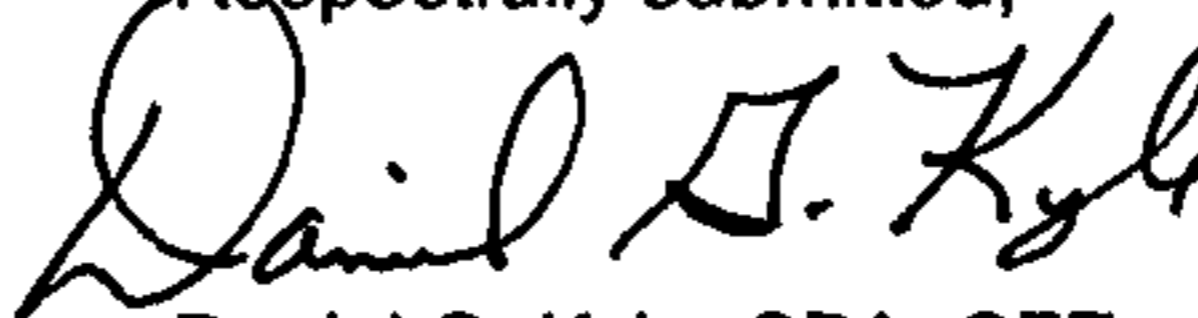
Management Letter, Dated March 29, 2001

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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. Findings 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 black ink that reads "Daniel G. Kyle". The signature is written in a cursive style with a large initial "D".

Daniel G. Kyle, CPA, CFE  
Legislative Auditor

NW:ES:DSP:ss

[LTCDOC01]

## **Appendix A**

# **Management's Corrective Action Plans and Responses to the Findings and Recommendations**





# LOUISIANA TECHNICAL COLLEGE

## Central Office

822 Neosho Avenue  
Baton Rouge, Louisiana 70802-4219  
Telephone: 225/219-8712 or 8773  
Facsimile: 225/219-8780

William J. Roden, J.D.  
Chancellor

March 29, 2001

### 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  
Lafayette Campus  
Lafourche Campus  
Lamar Salter Campus  
Lansfield Campus  
Lorgan Smith Campus  
Latchitoches Campus  
North Central Campus  
Northwest LA Campus  
Northwest LA Campus  
Oakdale Campus  
Orleans Parishes Campus  
Ruston Campus  
Sabine Valley Campus  
Selby M. Jackson Campus  
Shreveport Bossier Campus  
Sidney N. Collier Campus  
Tidwell Campus  
Towle Campus  
Tullivan Campus  
W. H. Harris Campus  
Waller Campus  
Wachitoches Area Campus  
West Jefferson Campus  
Westside Campus  
Young Memorial Campus

Dr. Daniel G. Kyle, CPA, CFE  
Legislative Auditor  
Office of the Legislative Auditor  
Post Office Box 94397  
Baton Rouge, LA 70804-9397

RE: Audit Findings of LTC-Delta Ouachita Campus

Dear Dr. Kyle:

Management of Louisiana Technical College concurs with the finding and recommendation related to **Bank Account Not Disclosed**. The bank account opened by a previous administration was closed on March 12, 2001. The funds were remitted to Louisiana State Treasurer's Office on March 16, 2001. Additionally, management has implemented controls to ensure all banks accounts opened in the agency's name are approved by the Cash Management Review Board and all cash balances are included in the Annual Financial Report.

Mrs. Lisa Cox, Accountant is responsible for ensuring compliance of corrective actions listed above.

Sincerely,

William J. Roden, Chancellor

cc: Dr. Wayne Brown  
Melvin L. Davis



# LOUISIANA TECHNICAL COLLEGE

Central Office

822 Neosho Avenue

Baton Rouge, Louisiana 70802-4219

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March 13, 2001

William J. Roden, J. D.  
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
- Tech Area Campus
- Vest Jefferson Campus
- Vestside Campus
- Young Memorial Campus

Dr. Daniel G. Kyle, CPA, CFE  
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Post Office Box 94397  
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RE: Audit Findings of LTC-Delta Ouachita Campus

Dear Dr. Kyle:

Management of Louisiana Technical College concurs with the finding and recommendation related to **Control Weaknesses over Movable Property.**

Management of Louisiana Technical College recognizes its responsibility to provide sufficient control over moveable property and have implemented the following:

- ◆ All movable property not tagged has been tagged and reported to Louisiana Property Assistance Agency, LPAA. Controls are in place to ensure that all moveable properties are tagged within 45 days.
- ◆ Procedures were developed and implemented July 1, 2000 for accounting for all movable property. The procedures have been disseminated to all faculty and staff members. Also, internal control measurements have been strengthened.
- ◆ A physical inventory of all movable property has been conducted and will be conducted annually.
- ◆ Property that needed to be disposed of was removed from the inventory and reported to LPAA.
- ◆ The Property Control Manager is working to locate property not accounted for during the physical inventory.

Mr. Johnny Bridges, Assistant Director, is responsible for ensuring compliance to corrective action listed above.

Sincerely,

  
William J. Roden, Chancellor

Cc: Dr. Wayne Brown, System President  
Ms. Norene Smith, Director  
Mr. Melvin Davis, Director of Internal Financial and Performance Audit and Financial Analyst