

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



FINANCIAL AUDIT SERVICES
MANAGEMENT LETTER
ISSUED DECEMBER 3, 2014

**LOUISIANA LEGISLATIVE AUDITOR
1600 NORTH THIRD STREET
POST OFFICE BOX 94397
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AND STATE AUDIT SERVICES
PAUL E. PENDAS, CPA

DIRECTOR OF FINANCIAL AUDIT
THOMAS H. COLE, CPA

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LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

December 3, 2014

The Honorable John A. Alario, Jr.,
President of the Senate
The Honorable Charles E. "Chuck" Kleckley,
Speaker of the House of Representatives
Ms. Joan Y. Davis, Chancellor,
Delgado Community College,
Louisiana Community and Technical College System

Dear Senator Alario, Representative Kleckley, and Ms. Davis:

This report includes the results of the procedures we performed at Delgado Community College for the period from July 1, 2013 through June 30, 2014, to evaluate its accountability over public funds. The procedures are a part of our audit of the Louisiana Community and Technical College System's financial statements and the Single Audit of the State of Louisiana for the year ended June 30, 2014. I hope the information in this report will assist you in your legislative and operational decision-making processes.

We would like to express our appreciation to the management and staff of Delgado Community College for their assistance during our work.

Sincerely,

Daryl G. Purpera, CPA, CFE
Legislative Auditor

DG:BDC:THC:aa

DELGADO14

Louisiana Legislative Auditor

Daryl G. Purpera, CPA, CFE

Delgado Community College

December 2014



Audit Control # 80140114

Introduction

As a part of our audit of the Louisiana Community and Technical College System (System) financial statements and the Single Audit of the State of Louisiana (Single Audit) for the year ended June 30, 2014, we performed procedures at Delgado Community College (College) to provide assurances on financial information that is significant to the System's financial statements; evaluate the effectiveness of the College's internal control over financial reporting and compliance; and determine whether the College complied with applicable laws and regulations. In addition, we determined whether management has taken actions to correct the finding reported in the prior year.

The College is a part of the System and is the state's second-largest college. The College's mission is to provide a learning-centered environment in which students from diverse backgrounds are prepared to attain their educational, career, and personal goals; to think critically; to demonstrate leadership; and to be productive and responsible citizens.

Results of Our Procedures

Follow-Up on Prior-Year Finding

Our auditors reviewed the status of the prior-year finding reported in a management letter dated December 11, 2013. We determined that management has not fully resolved the prior-year finding related to Title IV refunds, which is repeated in this management letter.

Current-Year Findings

Noncompliance with Student Financial Assistance Regulations

The College did not return \$15,133 of federal Title IV funds to the U.S. Department of Education within required timeframes and did not have a control in place to ensure that student withdrawal dates reported in the College's system are supported by attendance records. As a result, the College did not comply with federal regulations and may be subject to sanctions, up to and including termination of program participation.

A test of 69 students who withdrew from the College revealed that the College did not return the related federal funds for nine of these students. For three of these nine students, conflicting

withdrawal dates were reported in the College's system, increasing the risk of error in the refund calculation. These exceptions occurred because the College does not have a uniform process to verify the last date of attendance when updating the College's system and current policies are not monitored to ensure refunds are issued accurately and timely.

Management should establish specific procedures to require staff to update the College's system using official attendance records, ensure current policies are effectively monitored, and return these funds to the U.S Department Education. Management concurred with the finding and recommendations and outlined a plan of corrective action (see Appendix A, page 1).

Inadequate System for Tracking Parking Citations

The College did not have an adequate system for tracking parking citations issued by campus police, increasing the risk of errors or fraud in an operational area that reported approximately \$153,000 in collections during fiscal year 2014. A good tracking system should include a continuous record of all parking citations and a regular reconciliation to the College's accounting records. However, the College's citation books and individual citations were issued out of sequence and were not formally tracked to ensure that citations were appropriately paid, waived, or voided.

Management should immediately begin reconciling issued citations to subsequent collections or official disposition. Management should also consider the cost effectiveness of implementing a formal electronic tracking system. Management concurred with the finding and recommendations and outlined a plan of corrective action (see Appendix A, pages 2-3).

Financial Statements – Louisiana Community and Technical College System

As a part of our audit of the System's financial statements for the year ended June 30, 2014, we considered the College's internal control over financial reporting and examined evidence supporting certain account balances and classes of transactions as follows:

Statement of Net Position

Assets - Cash and cash equivalents, receivables, and capital assets

Liabilities - Accounts payable and accruals

Net Position - Net investment in capital assets, restricted-expendable, restricted-nonexpendable, and unrestricted

Statement of Revenues, Expenses, and Changes in Net Position

Revenues - Student tuition and fees, scholarship allowances, federal grants and contracts, and federal nonoperating revenues

Expenses - Education and general expenses

Our audit included tests of the College's compliance with laws and regulations that could have a direct and material effect on the financial statements, as required by *Government Auditing Standards*.

Based on the results of these procedures on the financial statements, we did not report any internal control deficiencies or noncompliance with laws or regulations. In addition, the account balances and classes of transactions tested, as adjusted, are materially correct.

Federal Compliance - Single Audit of the State of Louisiana

As a part of the Single Audit for the year ended June 30, 2014, we performed internal control and compliance testing on the College's Student Financial Assistance Cluster of federal programs, as required by the Office of Management and Budget Circular A-133. Those tests included evaluating the effectiveness of the College's internal control designed to prevent or detect material noncompliance with program requirements and tests to determine whether the College complied with applicable program requirements.

Based on the results of these Single Audit procedures, we reported a finding related to noncompliance with student financial assistance regulations that will also be included in the Single Audit for the year ended June 30, 2014.

Other Results of Our Procedures

Parking Citations

The College issues citations for parking violations. We performed procedures to determine if the College has controls in place to ensure that all of the citations issued are recorded properly and voids are handled appropriately. Based on the results of these procedures, we reported a finding related to the controls over parking citations.

Scholarship Award Process

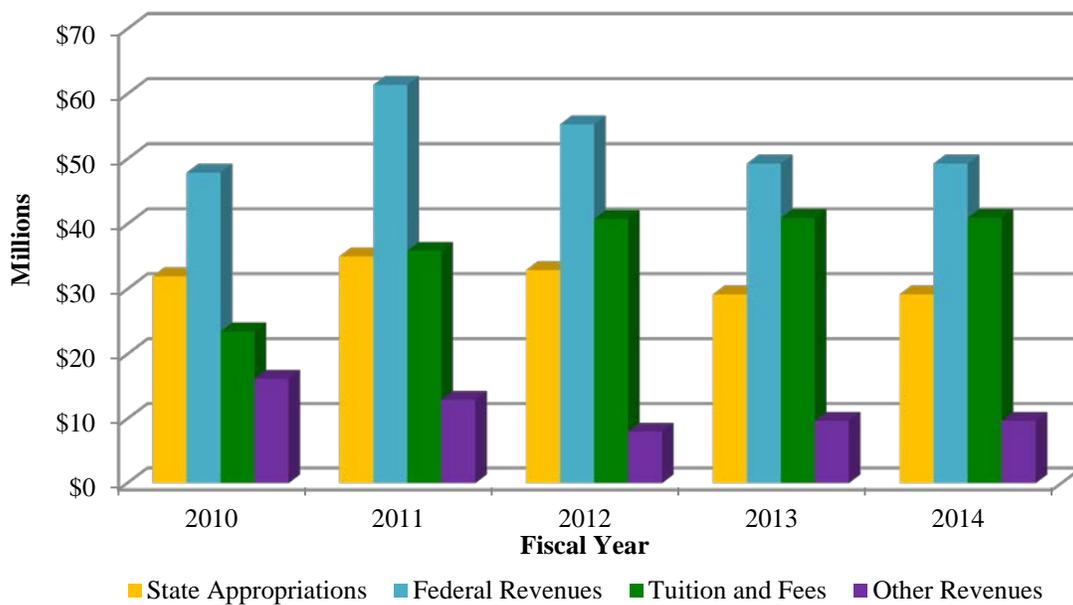
The College awards several types of scholarships to students, depending on availability of funds in its budget. We performed procedures to determine if the College is awarding academic scholarships in a fair and impartial manner. We determined that the College has policies and procedures in place to ensure that scholarships are awarded in fair and impartial manner through the Scholarship and Financial Assistance Committee.

Trend Analysis

We compared the most current- and prior-year financial activity using the College’s annual fiscal reports and/or system-generated reports and obtained explanations from the College’s management for any significant variances. We also prepared an analysis of revenues, expenses, and enrollment over the last five years.

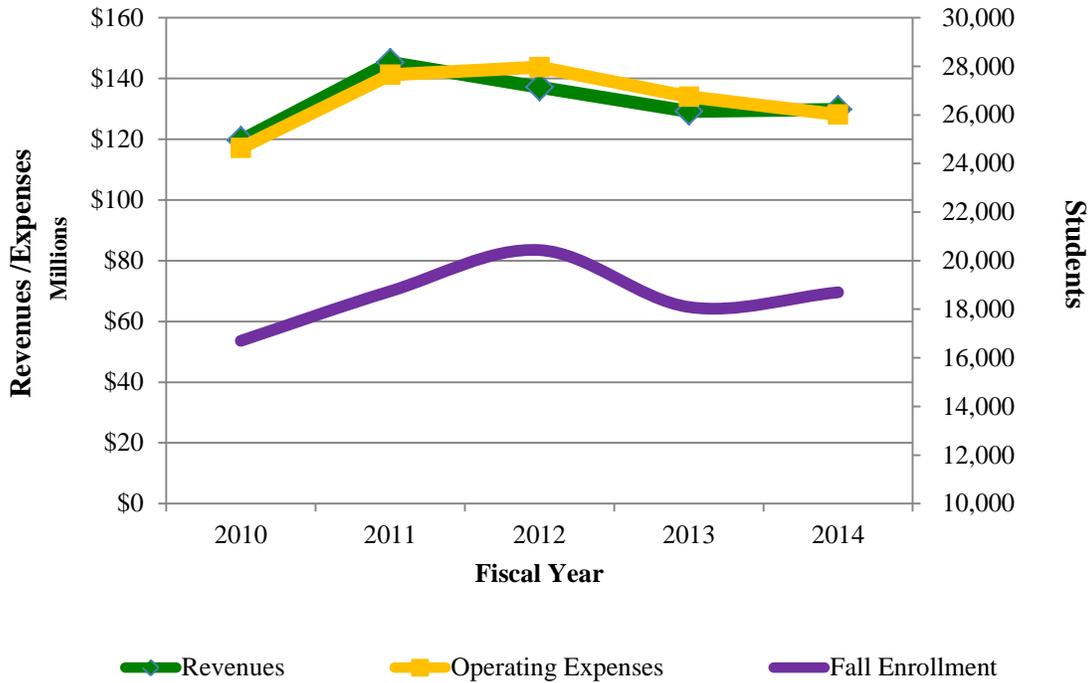
In analyzing financial trends over the past five years, total expenses and revenues have gradually decreased since 2011. The College has become more dependent on tuition and fees as federal revenues and state appropriations have decreased.

**Exhibit 1
Five-Year Revenue Trend**



Source: Fiscal year 2010 -2014 Annual Fiscal Reports, as adjusted

**Exhibit 2
Fall Enrollment Trend Analysis**



Source: Fiscal year 2010-2014 Annual Fiscal Reports, as adjusted, and Board of Regents website

The recommendations in this letter represent, in our judgment, those most likely to bring about beneficial improvements to the operations of the College. The nature of the recommendations, their implementation costs, and their potential impact on the operations of the College should be considered in reaching decisions on courses of action. The finding relating to the College’s compliance with applicable laws and regulations should be addressed immediately by management.

Under Louisiana Revised Statute 24:513, this letter is a public document, and it has been distributed to appropriate public officials.

APPENDIX A: MANAGEMENT'S RESPONSES

CHANCELLOR'S OFFICE

615 City Park Avenue
New Orleans, LA 70119
(504) 762-3000 FAX: (504) 361-6697
www.dcc.edu

November 18, 2014

Mr. Daryl G. Purpera, CPA, CFE
Legislative Auditor
P.O. Box 94397
Baton Rouge, LA 70804-9397

RE: Noncompliance with Student Financial Assistance Regulations

This correspondence is in response to Delgado Community College's Audit Finding – Noncompliance with Student Financial Assistance Regulations.

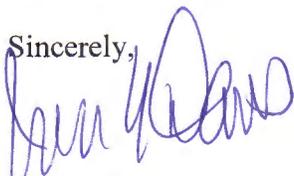
Delgado Community College concurs that funds for nine students were not returned within required timeframes as required by regulations guiding the Return of Title IV Funds. Delgado has taken the following step to ensure that no such errors occur in the future.

Action Taken:

To address this challenge, effective Spring 2015 Semester, Delgado has deemed it necessary to formally adopt a non-attendance taking institution policy for the purpose of Return of Title IV Funds with the exception of programs with attendance-taking requirements from external agencies. Effective spring, the College will now identify students who withdrew without notice no later than 30 days after the end of the semesters enrollment period. This new policy will afford a consistent timeframe for identifying student attendance for the purpose of processing return of Title IV Funds. Thereby, the College anticipates future compliance in meeting this federal requirement.

Should you need further information, please feel free to contact Rodney Johnson, Interim Vice Chancellor for Business and Administrative Affairs at (504) 762-3005.

Sincerely,



Joan Y. Davis
Chancellor

cc: Rodney Johnson, Interim Vice Chancellor for Business and Administrative Affairs
Darlene Fisher, Legislative Auditor

A.1

CHANCELLOR'S OFFICE

615 City Park Avenue
New Orleans, LA 70119
(504) 762-3000 FAX: (504) 361-6697
www.dcc.edu

November 13, 2014

Mr. Daryl G. Purpera, CPA, CFE
Legislative Auditor
P.O. Box 94397
Baton Rouge, LA 70804-9397

RE: Inadequate System for Tracking Parking Citations

Dear Mr. Purpera:

This correspondence is in response to Delgado Community College's Audit Finding – Inadequate System for Tracking Parking Citations.

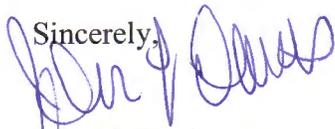
Delgado Community College concurs that during the time of the audit there wasn't an adequate system in place for tracking parking citations issued by campus police. Though the College does maintain hard copies of the citations issued, there wasn't a formal record available to provide relevant information regarding the status of each citation issued. Delgado has performed the following:

Action Taken:

- 1) Delgado has implemented procedures to provide sufficient documentation for issuing parking citations. These procedures, involved creating a formal log which captures relevant information regarding the issuance of parking citations and the current status.
- 2) Delgado has developed procedures to ensure that all citations issued are entered into the College's accounting records. These procedures in total will allow for timely reconciliation to the College's accounting records.

Page Two
Mr. Daryl G. Purpera
November 13, 2014

Should you need further information, please feel free to contact Rodney Johnson, Interim Vice Chancellor for Business and Administrative Affairs at 504/762-3005.

Sincerely,


Joan Y. Davis
Chancellor

cc: Rodney Johnson, Interim Vice Chancellor for Business and Administrative Affairs
Darlene Fisher, Legislative Auditor

APPENDIX B: SCOPE AND METHODOLOGY

We performed certain procedures at Delgado Community College (the College) for the period from July 1, 2013 through June 30, 2014, to provide assurances on financial information significant to the Louisiana Community and Technical College System (System) and to evaluate relevant systems of internal control in accordance with *Government Auditing Standards*. The procedures included inquiry, observation, review of policies and procedures, and review of relevant laws and regulations. Our procedures, summarized below, are a part of the audit of the System's financial statements and the Single Audit of the State of Louisiana (Single Audit), for the year ended June 30, 2014.

- We evaluated the College's operations and system of internal control through inquiry, observation, and review of its policies and procedures, including a review of the laws and regulations applicable to the College.
- Based on the documentation of the College's controls and our understanding of related laws and regulations, we performed procedures to provide assurances on the College's account balances and classes of transactions to support the opinion on the System's financial statements.
- We performed procedures on the Student Financial Assistance Cluster of federal programs for the year ended June 30, 2014, to support the 2014 Single Audit.
- We compared the most current- and prior-year financial activity using the College's annual fiscal reports and/or system-generated reports to identify trends and obtained explanations from the College's management for significant variances.

The purpose of this report is solely to describe the scope of our work at the College and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. Accordingly, this report is not intended to be, and should not be, used for any other purpose.

We did not audit or review the College's Annual Fiscal Report and, accordingly, we do not express an opinion on that report. The College's accounts are an integral part of the System's financial statements, upon which the Louisiana Legislative Auditor expresses opinions.