

LOUISIANA TECHNICAL COLLEGE - REGION 4
LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM
STATE OF LOUISIANA



MANAGEMENT LETTER
ISSUED DECEMBER 16, 2009

**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. Six copies of this public document were produced at an approximate cost of \$18.12. 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. 3437 or Report ID No. 80090023 for additional information.

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LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA

December 4, 2009

LOUISIANA TECHNICAL COLLEGE - REGION 4
LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM
STATE OF LOUISIANA
Lafayette, Louisiana

As part of our audit of the Louisiana Community and Technical College System's (System) financial statements for the year ended June 30, 2009, we considered the Louisiana Technical College - Region 4's (region) internal control over financial reporting; we examined evidence supporting certain accounts and balances material to the System's financial statements; and we tested the region's 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 region's internal control over compliance with requirements that could have a direct effect on a major federal program, as defined in the Single Audit of the State of Louisiana, and we tested the region's compliance with laws and regulations that could have a direct and material effect on the major federal program as required by U.S. Office of Management and Budget Circular A-133.

The financial information of the region provided to the System is not audited or reviewed by us, and, accordingly, we do not express an opinion on that financial information. The region's accounts are an integral part of the System's financial statements, upon which the Louisiana Legislative Auditor expresses opinions.

In our prior management letter on the Louisiana Technical College for the year ended June 30, 2008, we reported findings relating to weakness over return of Federal Pell Grant Program funds and inadequate controls over purchasing. The finding relating to inadequate controls over purchasing has been resolved by management. The finding relating to weakness over return of Federal Pell Grant Program funds is addressed again in this management 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, 2009.

Weakness Over Return of Federal Pell Grant Program Funds

For the second consecutive audit, the Louisiana Technical College - Region 4 (region) did not maintain sufficient controls over the Federal Pell Grant Program (CFDA 84.063) to ensure proper treatment of funds when a student withdraws. The U.S. Code of Federal Regulations (CFR) Title 34, Chapter 668, Section 22 states that when a recipient of a Title IV grant withdraws from the institution during a payment period or period of enrollment, the institution must determine the amount of Title IV grant that the student earned as of the student's withdrawal date.

According to the Department of Education letter (GEN-04-03, dated November 2004), if a student who began attendance and has not officially withdrawn fails to earn a passing grade in at least one course offered over the entire period, the institution must assume, for Title IV purposes, that the student has unofficially withdrawn, unless the institution can document that the student completed the period. Title 34 CFR 668.22(a)(4) states that if the total amount of grant assistance that the student earned is greater than the total amount that was disbursed to the student as of the date of the institution's determination that the student withdrew, the difference must be treated as a post-withdrawal disbursement--a type of late disbursement. Title 34 CFR 668.164(g)(4) states that an institution may not make a late disbursement later than 180 days after the date of the institution's determination that the student withdrew.

In a test of 19 withdrawals, consisting of eight official withdrawals and 11 unofficial withdrawals, the following deficiencies were noted:

For seven of 19 (36.8%) students, the region did not perform a return of funds calculation.

- The region did not return any Pell funds for three students.
- The region returned all funds to the Louisiana Community and Technical College System (LCTCS) for two students rather than retaining funds that had been earned by the students. The students are now due a post-withdrawal disbursement.
- For two students that received all failing and/or incomplete grades, the region's financial aid officer did not perform a return of funds calculation and did not document that the student completed the semester. After inquiry by the auditor, the financial aid officer obtained documentation confirming that the students earned 100% of aid.

For the remaining 12 students in the test, the region performed a return of funds calculation, but the following errors were noted:

- Four of 12 (33.3%) return calculations included the incorrect number of completed days and/or total days.
- Six of 12 (50%) return calculations did not use the correct number of decimal places to calculate the percentage of aid earned.

In a test of 10 students with returns of funds:

- (1) the region did not return the campus share of Pell funds to LCTCS for one student who never attended and
- (2) three of 10 (30%) students for whom a return of funds calculation was performed did not receive the correct amount of post-withdrawal disbursement.

As a result of these discrepancies, the region did not return \$1,664 to the U.S. Department of Education (via LCTCS) and did not draw down Pell funds to accurately make post-withdrawal disbursements to students of \$2,053. Questioned costs total \$1,664. For four students, it has been over 180 days since the institution determined that the student withdrew and cannot make the post-withdrawal disbursement without U.S. Department of Education approval.

The region's financial aid officers failed to understand the return of funds requirements relating to Federal Pell Grant Program funds. Failure to identify official and unofficial withdrawals and perform the return of funds calculations accurately and timely results in noncompliance with federal regulations and program guidance. The region and its students may not receive all of the Pell funds earned because of the time limitation on post-withdrawal disbursements.

Management should require all employees to adhere to program regulations and established procedures to ensure that the appropriate funds are returned when a student officially or unofficially withdraws. Management concurred with the finding and provided a corrective action plan (see Appendix A, pages 1-3).

Weakness Over Eligibility and Verification of Federal Pell Grant Program

The region did not maintain sufficient controls over the Federal Pell Grant Program (CFDA 84.063) to ensure that eligibility and verification compliance requirements were met. The U.S. CFR Title 34, Chapter 668.16(e) requires an institution to establish, publish, and apply reasonable standards for measuring whether an otherwise eligible student is maintaining satisfactory progress in his or her educational program. According to the institution's published satisfactory academic progress standards, students must not have earned over 150% of the hours required to complete the program.

Title 34 CFR 690.63(b) requires that the federal pell grant for a payment period (semester) is calculated by determining the student's enrollment status for the term; based upon that enrollment status, determining the student's annual award from the Payment Schedule for full-time students or the Disbursement Schedule for three-quarter-time, half-time, or less-than-half-time students; and dividing the amount by two. Also, 34 CFR 668.56(a) requires an institution to require the applicant selected for verification to submit acceptable documentation for the number of family members in the household who are enrolled as at least half-time in postsecondary educational institutions, the earned income credit taken on the applicant's tax return, and all other untaxed income subject to U.S. income tax reporting requirements. In addition, 34 CFR 668.59 states that if the information on an application changes as a result of the verification process, the institution shall require the applicant to resubmit the application unless there were no errors in non-dollar items and no dollar amount in excess of \$400.

Test procedures performed disclosed the following deficiencies:

- Two of 21 (9.5%) students tested were not meeting the satisfactory academic progress standards, did not file an academic appeal, but received Pell funds totaling \$7,096. This amount represents questioned costs.
- One of six (16.7%) students tested was disbursed Pell based on the full-time payment schedule although the student was not full time, resulting in a \$591 overpayment, which represents questioned costs. In addition, verification was not sufficiently performed for this student. The Institutional Student Information Record (ISIR) included student tax information that was overstated by \$5,055 and number of students enrolled in college was misstated. Although the student financial aid file contained sufficient documentation to verify this information, the ISIR was not corrected.

The region's financial aid officers did not adequately monitor the eligibility and verification requirements relating to Federal Pell Grant Program funds. Failure to adequately determine eligibility and verification results in noncompliance with federal regulations and may result in disallowed costs.

Management should require all employees to adhere to program regulations and established procedures to ensure that the Federal Pell Grant Program funds are accurately disbursed to eligible students and verification procedures are sufficiently performed. Management concurred with the finding and provided a corrective action plan (see Appendix A, pages 4-5).

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

This letter is intended for the information and use of the region and its management, others within the region, the Louisiana Community and Technical College System, and the Louisiana Legislature 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,



Daryl G. Purpera, CPA
Temporary Legislative Auditor

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LTCR409

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



Phyllis A. Dupuis
Regional Director

September 4, 2009

Mr. Steve J. Theriot
Legislative Auditor
1600 North Third Street
P. O. Box 94397
Baton Rouge, LA 70804-9397

Dear Mr. Theriot:

This letter constitutes an official response to the reportable audit findings for Louisiana Technical College, Greater Acadiana Region 4. LTC Region 4 has addressed each of the issues described in these findings and taken corrective action in the manner stated as follows:

Finding: Weakness Over Return of Federal Pell Grant Program Funds

Audit Detail: For the second consecutive audit, the LTC Region 4 did not maintain sufficient controls over the Federal Pell Grant Program to ensure proper treatment of funds when a student withdraws.

For 7 of the 19 students, the region did not perform a return of funds calculation

Response: Inservice activities will be conducted with Region 4 faculty and staff members on processes for completing student forms specifically related to reporting of drops, last date of attendance and student progress. These workshops are intended to improve accuracy and timeliness of information between instructional and student services staff.

Student services will implement a process for reporting last date of attendance to include placing the last date of attendance next to any grade of "F" reported on a final roster. Return of funds calculations will be based on information received from faculty via final rosters.

Student services personnel have been instructed not to accept any forms without the complete date (month, day, and year) for "Last Date of Attendance".

Four of 12 return calculations included the incorrect number of completed days and/or total days.

Response: Region 4 will conduct inservice activities in conjunction with staff from other LTC regions and the LCTCS system office in order to review and correct inconsistencies in pell procedures and guidelines. Beginning Summer 2009, a memo will be sent to each Region 4 Financial Aid Officer prior to each semester/session detailing the number of calendar days for each Pell payment period. This will



Phyllis A. Dupuis
Regional Director

Louisiana Technical College ♦ Region 4 ♦ *“World Class Technology in Your Own Backyard”*

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www.greateracadianaregion.net

ensure that all Region 4 Financial Aid Officer's are using the same total number of days in the payment period to determine the percentage of Title IV aid earned. This calendar will be used for pell calculations and will reduce inconsistencies based on number of completed days and/or total days.

Six of 12 return calculations did not use the correct number of decimal places to calculate the percentage of aid earned.

Response: Region 4 will conduct inservice activities in conjunction with staff from other LTC regions and the LCTCS system office in order to review and correct inconsistencies in pell procedures and guidelines. During the inservice activities, Financial Aid Officers will engage in simulated pell return scenarios and practice actual calculations. Discrepancies and/or incorrect calculations will be discussed and corrected. In addition, all Financial Aid Officers will be trained in using R2T4 online which will reduce mathematical errors. This process will include oversight by the Region 4 Business Services Department. When submitting a request to the Business Services Department to return Title IV funds, the Financial Aid Officer must include the following: 1) a complete Return of Funds form, 2) Federal calculation form – Treatment of Title IV Funds When a Student Withdraws from a Credit Hour Program, 3) copy of the Exit or Withdrawal form, 4) copy of the original tuition receipt or invoice, and 5) copy of the revised/new invoice (if one is needed).

The Business Services Department will also run a double check of the return of Title IV funds calculation to ensure the correct percentage is used and free from math errors.

In a test of 10 students with returns of funds:

The region did not return the campus share of the Pell funds to LCTCS for one student who never attended.

Response: Region 4 will provide inservice activities to campus personnel (staff and faculty) so that procedures can be put in place for tracking student attendance so that Pell refunds can be correctly processed. Within Student Affairs, we will evaluate procedures in place to reconcile the Pell RFP with tuition invoices and drop forms and adjust campus discrepancies as identified.

Three of 10 students for whom return of funds calculation was performed did not receive the correct amount of post-withdrawal disbursement.

Response: Region 4 will implement a checks and balance system to monitor accuracy of the Return to Title IV funds process. Inservice activities have been and will be held to address this issue.

ACCREDITED BY THE COUNCIL ON OCCUPATIONAL EDUCATION

MEMBER OF THE LOUISIANA COMMUNITY & TECHNICAL COLLEGE SYSTEM ♦ AN EQUAL OPPORTUNITY EMPLOYER

LAFAYETTE CAMPUS – LAFAYETTE
ACADIAN CAMPUS – CROWLEY
C.B. COREIL CAMPUS – VILLE PLATTE
EVANGELINE CAMPUS – ST. MARTINVILLE
GULF AREA CAMPUS – ABBEVILLE
MORGAN SMITH CAMPUS – JENNINGS
TECHE AREA CAMPUS – NEW IBERIA
T.H. HARRIS CAMPUS – OPELOUSAS



Phyllis A. Dupuis
Regional Director

As a result of the discrepancies, the region did not return \$1,664...

Response: *Region 4 Financial Aid Officers will be retrained in calculating Pell awards for students who are registered at "less than half-time" enrollment. Financial Aid Officers will be instructed on how to address drops that include one class but not all classes and the appropriate action necessary to eliminate the error of exceeding the 180 day timeline to complete returns in order to make post withdrawal disbursements within EDEXpress.*

Management concurs with this finding. Management will require all employees to adhere to program regulations and established procedures to ensure that the Federal Pell Grant Program funds are accurately disbursed to eligible students and verification procedures are sufficiently performed. A corrective action plan has been implemented to address these issues. The following processes will be the major components of this plan:

1. Student Affairs Officers/Financial Aid Officers will ensure that the final class roster includes the number of semester absences for each student.
2. Students will sign the official 14th/7th day roster to verify enrollment and thus eligibility to receive financial aid.
3. Students Affairs Officers/Financial Aid Officers will monitor and verify attendance and drops/withdrawals for each pell recipient throughout each semester enrolled.

LTC Region 4 held two training sessions to address these issues. The financial lead, Ms Christina Dooley conducted the sessions. One was held on July 14, 2009 and the other was held on August 13, 2009. Each of the Student Affairs/Financial Aid Officers from each campus will be responsible for corrective action. These actions will be monitored by Ms Dooley.

It is the opinion of LTC Region 4 Management that corrective actions should be in place for the students enrolling in the Fall 2009 semester. Should you need additional information do not hesitate to contact me.

Sincerely,

Phyllis A. Dupuis



Phyllis A. Dupuis
Regional Director

September 4, 2009

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Legislative Auditor
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Finding: Weakness over Eligibility and Verification of Federal Pell Grant Program

Audit Detail: The LTC Region 4 did not maintain sufficient controls over the Federal Pell Grant Program to ensure that eligibility and verification compliance requirements were met.

Two of 21 students tested were not meeting the satisfactory academic progress standards.

Response: The Financial Aid Officers will evaluate the academic progress of all financial aid recipients prior to requesting subsequent Pell refunds. Students not maintaining satisfactory academic progress will be notified of his/her ineligibility to receive Federal Pell Funds until such time as Satisfactory Academic Progress has been restored or the appeal process has been exhausted.

Financial Aid Officers will serve as guest speakers in ORNT 1000 (Freshman Seminar) classes to explain the Satisfactory Academic Progress policy to incoming freshman.

One of 6 students tested was disbursed Pell based on full time payment schedule...

Response: Region 4 will provide retraining to Financial Aid Officers on the verification process and ensure that 14th day schedules are reviewed to determine student enrollment status prior to requesting semester refunds

Management concurs with this finding. Management will require all employees to adhere to program regulations and established procedures to ensure that the Federal Pell Grant Program funds are accurately disbursed to eligible students and verification procedures are sufficiently performed.



Phyllis A. Dupuis
Regional Director

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Sincerely,

Phyllis A. Dupuis