

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



MANAGEMENT LETTER
ISSUED DECEMBER 5, 2012

**LOUISIANA LEGISLATIVE AUDITOR
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POST OFFICE BOX 94397
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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 Louisiana Legislative Auditor and at the office of the parish clerk of court.

This document is produced by the Louisiana Legislative Auditor, State of Louisiana, Post Office Box 94397, Baton Rouge, Louisiana 70804-9397 in accordance with Louisiana Revised Statute 24:513. Two copies of this public document were produced at an approximate cost of \$7.94. 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. 3283 or Report ID No. 80120059 for additional information.

In compliance with the Americans With Disabilities Act, if you need special assistance relative to this document, or any documents of the Legislative Auditor, please contact Kerry Fitzgerald, Chief Administrative Officer, at 225-339-3800.

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EXECUTIVE SUMMARY

We conducted certain procedures at the Central Louisiana Technical College (College) to evaluate its accountability over public funds for the fiscal year ended June 30, 2012. We evaluated controls over compliance and financial reporting relating to significant accounts, including federal receivables, accounts payable, net assets, federal nonoperating revenues, and educational and general expenses. Our procedures disclosed the following:

- The College supervisors did not always approve employee time sheets before employees were paid, resulting in an increased risk of payroll fraud.
- The finding identified in our prior management letter relating to unapproved contracts has been resolved by management.
- Financial information relating to significant accounts was fairly presented.
- Other than the finding previously mentioned, internal controls related to significant accounts, based on the sample items we tested, were operating effectively, and the College complied with related laws and regulations.
- We examined financial trends to look for unusual changes that did not follow logical patterns. We compared current and prior year financial information and determined the changes in accounts to be reasonable.
- We also analyzed the College's revenues, expenses, tuition, fees, enrollment, and completers over the last four years. During the last four years, state appropriations have declined and if this trend continues, the College may become more dependent on federal revenues and increasing tuition and fees.



LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

November 29, 2012

**CENTRAL LOUISIANA TECHNICAL COLLEGE
LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM
STATE OF LOUISIANA**
Alexandria, Louisiana

As required by Louisiana Revised Statute 24:513 and as a part of our audit of the Louisiana Community and Technical College System's (System) financial statements for the fiscal year ended June 30, 2012, we conducted certain procedures at the Central Louisiana Technical College (College) for the period from July 1, 2011, through June 30, 2012.

- Our auditors obtained and documented an understanding of the college's operations and system of internal controls through inquiry, observation, and review of its policies and procedures, including a review of the laws and regulations applicable to the College.
- Our auditors performed analytical procedures consisting of a comparison of 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 analyzed the College's revenues, expenses, tuition, fees, enrollment, and completers over the last four years.
- Our auditors reviewed the status of the finding identified in the prior management letter issued December 8, 2010. The finding, relating to unapproved contracts, has been resolved by management.
- Our auditors considered internal control over financial reporting and examined evidence supporting the College's account balances and classes of transactions as follows: Due from Federal Government, Accounts Payable and Accrued Liabilities, Net Assets, Federal Nonoperating Revenues, and Educational and General Expenses. We also tested the College's compliance with laws and regulations that could have a direct and material effect on the System's financial statements, as part of our audit of the System's Annual Financial Report for the fiscal year ended June 30, 2012, in accordance with *Government Auditing Standards*.

The Annual Fiscal Report of the College was not audited or reviewed by us, and, accordingly, we do not express an opinion on this report. The College's accounts are an integral part of the System's financial statements, upon which the Louisiana Legislative Auditor expresses an opinion.

Based on the application of the procedures referred to previously, we have included one significant finding that is required to be reported by *Government Auditing Standards*. Other than the finding noted below, we found no significant control deficiencies, noncompliance, or errors related to our analytical procedures or our other audit procedures that should be communicated to management.

Time Sheets Not Approved

The College supervisors did not always approve employee time sheets before employees were paid, resulting in an increased risk of payroll fraud. Although we did not discover any instances of actual payroll fraud, nine (16%) out of 55 time sheets selected for testing were not signed by supervisors.

These lapses were caused, in part, by changes in management and a lack of emphasis on time sheet approval, which is required by Civil Service Rule 15.2 and System policies. In the future, management should ensure that all time sheets have been approved before processing payroll. Management concurred with the finding and recommendation and outlined a plan of corrective action. (See Appendix A.)

The recommendation in this letter represents, in our judgment, that most likely to bring about beneficial improvements to the operations of the College. The nature of the recommendation, its implementation costs, and potential impact on the operations of the College should be considered in reaching decisions on courses of action. Since this finding relates to the College's compliance with applicable laws and regulations, it should be addressed immediately by management.

This letter is intended for the information and use of the College and its management, others within the College, the System, the LCTCS Board of Supervisors, 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, CFE
Legislative Auditor

BAC:BDC:THC:ch

APPENDIX A

Management's Corrective Action Plan and Response to the Finding and Recommendation



Barbara Clements, CPA
Audit Manager
Legislative Auditor
1600 North 3rd Street
Baton Rouge LA 70804

RE: Finding - Timesheets Not Approved

Ms. Clements:

Central Louisiana Technical Community College Management concurs that there were employee timesheets that had no approved signature by supervisor and the employees were paid.

With the System-wide implementation of Banner Time Entry, each employee's timesheet must be approved by their supervisor in order to advance to payment. This process was implemented for CLTCC Payroll Period Ending September 3, 2012.

Sincerely,

Dr. Michael A. Elam
Interim Chancellor