

RIVER PARISHES COMMUNITY COLLEGE

LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM
STATE OF LOUISIANA



FINANCIAL AUDIT SERVICES
PROCEDURAL REPORT
ISSUED JULY 22, 2015

**LOUISIANA LEGISLATIVE AUDITOR
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LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

July 22, 2015

The Honorable John A. Alario, Jr.,
President of the Senate
The Honorable Charles E. "Chuck" Kleckley,
Speaker of the House of Representatives
Dr. Dale Doty, Chancellor
River Parishes Community College
Louisiana Community and Technical College System

Dear Senator Alario, Representative Kleckley, and Dr. Doty:

This report provides the results of our procedures at River Parishes Community College (College) for the period from July 1, 2014, through June 17, 2015. Our objective was to evaluate certain controls the College uses to ensure accurate financial reporting, compliance with applicable laws and regulations, and to provide overall accountability over public funds. I hope the report will benefit you in your legislative and operational decision-making processes.

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

Sincerely,

Daryl G. Purpera, CPA, CFE
Legislative Auditor

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RPCC15

Louisiana Legislative Auditor

Daryl G. Purpera, CPA, CFE



River Parishes Community College

July 2015

Audit Control # 80150034

Introduction

The primary purpose of our procedures at River Parishes Community College (College) was to evaluate certain internal controls the College uses to ensure accurate financial reporting, compliance with applicable laws and regulations, and to provide overall accountability over public funds.

The College is a part of the Louisiana Community and Technical College System (LCTCS) and reported an enrollment of 3,238 students for the fall 2014 semester. The College is an open admission institution that partners with the communities and businesses of the river parishes region of Louisiana to provide workforce training, certificates, diplomas, and associate degrees.

Results of Our Procedures

We evaluated the College's operations and system of internal controls through inquiry, observation, and review of its policies and procedures, including a review of the applicable laws and regulations. Based on the documentation of the College's internal controls and our understanding of related laws and regulations, we performed procedures on selected controls and transactions relating to cash, movable property, certain tuition and fee revenues, student refunds and receivables, student financial assistance programs, and payroll expenses.

Follow-Up on Prior-Year Findings

We reviewed the status of the prior-year finding reported in the College's procedural report dated September 6, 2013. We determined that management resolved the finding related to the loss of tuition revenues.

Current-Year Findings

Overcharge of Registration Fees for Online Courses

The College overcharged the registration fee for online classes during the 2013-2014 and 2014-2015 school terms, which resulted in students being overcharged by \$18,760.

On August 10, 2011, the LCTCS Board approved an increase in the registration fee for LCTCS Online courses from \$20 to \$40 per student beginning in the fall 2011 semester in accordance with Act No. 307 of the 2009 Regular Legislative Session. In addition, the LCTCS Online website states a \$40 registration fee is charged each term.

College staff entered the fee in the registration system but did not cap the amount charged at \$40. The error resulted in charging the \$40 registration fee per online class rather than per student, per term. Based upon system reports of registration fees accepted for online classes for the 2013-2014 and 2014-2015 school terms, students were overcharged \$18,760.

College management should ensure that registration fee rates are set correctly for online courses to prevent incorrect billing of students. In addition, any overcharged amounts should be credited to the students' accounts or refunded to the students. Management concurred with the finding and provided a corrective action plan (see Appendix A, page 1).

Bank Reconciliations Not Performed

The College, as of February 28, 2015, had not completed monthly bank reconciliations for its two bank accounts for the months of July 2014 through January 2015. Failure to perform bank reconciliations could result in errors or misstatements not being detected timely and an increased risk of misappropriation of funds. Management represented that the bank accounts had not been reconciled because of employee turnover in the College's Business Office.

Good internal control requires reconciliation of the bank account balances to the accounting records on a monthly basis. Bank reconciliations provide management with a basis to ensure that all transactions that affect both the bank accounts and the accounting records are in agreement. College management should ensure that the College's bank accounts are reconciled monthly. Management concurred with the finding and provided a corrective action plan (see Appendix A, page 2).

Cash

Based on identified risks relating to cash, we performed procedures to determine if bank reconciliations were being performed timely. Based on the results of these procedures, we reported a finding related to bank reconciliations not performed.

Movable Property

Based on identified risks relating to movable property, we performed procedures to determine if assets were properly safeguarded during the relocation of the main campus. Based on the results of these procedures, the College had controls in place to ensure movable property assets were properly safeguarded during the transition to the new main campus location.

Tuition and Fee Revenues

Based on the prior-year finding and identified risks relating to tuition and fee revenues, we performed procedures to determine that the College was properly charging certain tuition and fee revenues including non-mandatory fees and student-assessed fees. We also performed procedures to determine that tuition and fee revenue received was accurately recorded, timely deposited, and correctly posted to students' accounts. Based on the results of these procedures, except for the finding related to the overcharge of registration fees for online courses, the College was properly charging the tuition and fee revenues that were tested. In addition, tuition and fee revenue received was accurately recorded, timely deposited, and correctly posted to students' accounts.

Student Refunds and Receivables

Based on risks identified at the LCTCS level, we performed procedures to determine that student refunds were accurately calculated based on student withdrawal date and that tuition and fees were appropriately adjusted in the accounting records. We also performed procedures to determine that the College has policies and procedures in place for the accounting, collection, and reconciliation of student receivables. Based on the results of these procedures, the College had adequate controls in place to ensure student refunds were properly calculated and recorded and the College has a process in place to account for and collect past due student accounts.

Student Financial Assistance Programs

The College administers the Federal Pell Grant Program and Federal Direct Student Loans to provide financial assistance to eligible students. Based on risks identified at the LCTCS level, we performed certain procedures to ensure students were eligible for funding; student aid files contained adequate documentation to verify eligibility; funds were timely and accurately disbursed to or on behalf of students; refunds and returns were accurately calculated and disbursed based on student withdrawal dates; student status changes were timely reported; and student enrollment data agreed to the students' academic files. Based on results of these procedures, the College complied with federal regulations related to these areas of the Federal Pell Grant and Federal Direct Student Loans programs.

Payroll Expenses

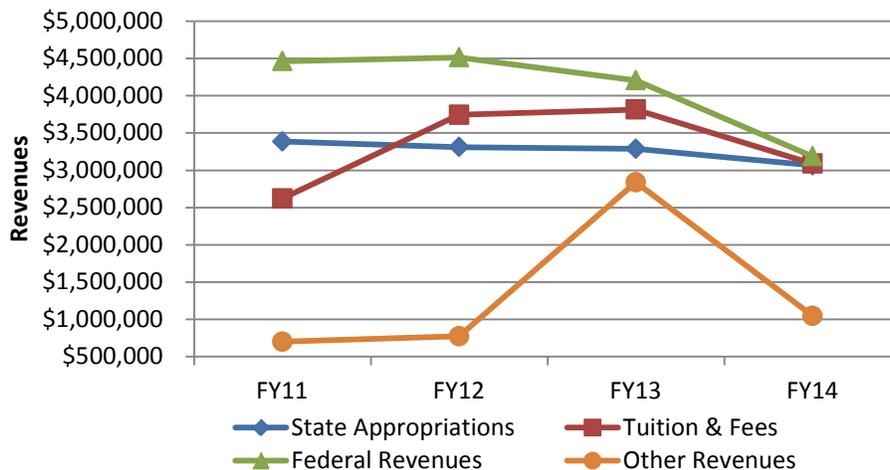
Based upon risks identified at the LCTCS level, we performed procedures to determine if employees are approving their own time sheets. We also performed procedures to ensure faculty was paid in accordance with payroll contract terms. Based on the results of these procedures, we determined that time sheets were appropriately approved by employees’ supervisors, and the College had controls in place to ensure proper monitoring of payroll contract expenses.

Trend Analysis

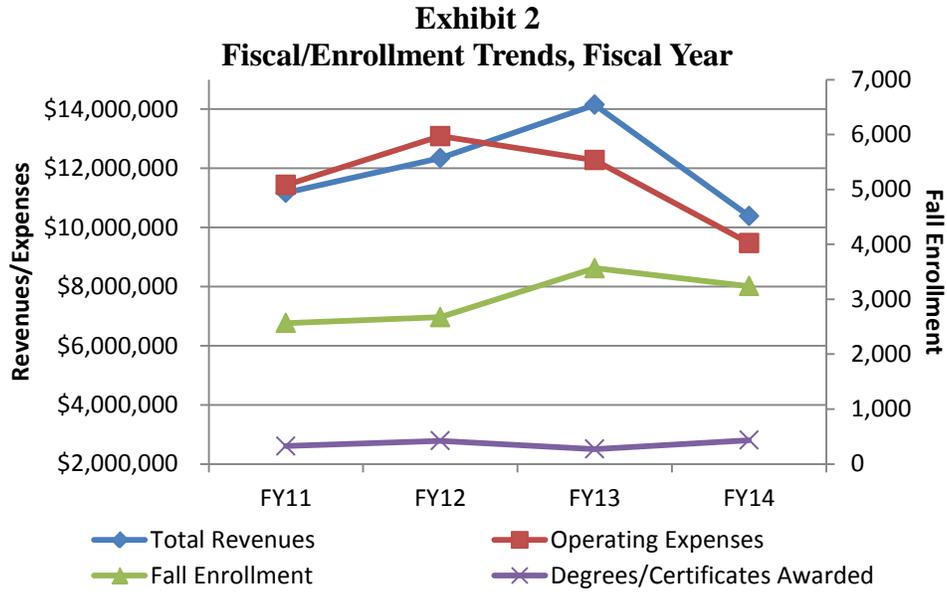
We compared the most current and prior-year financial activity using the College’s annual fiscal reports and/or system-generated reports to identify trends and obtained explanations from management for any significant variances that could potentially indicate areas of risk. Management provided reasonable explanations for all significant variances.

We analyzed the College’s revenues, expenses, enrollment, and completers for fiscal years 2011 through 2014. As shown in Exhibit 1, over the past four years the College has become more dependent on tuition and fees and other revenues as state appropriations and federal funds decline. In addition, in fiscal year 2013 the College received \$2,000,000 in other revenues to purchase property for its new main campus location. As shown in Exhibit 2, operating expenses have decreased even though enrollment has increased due to efforts by the College to reduce expenses by eliminating programs with low enrollment and ensuring existing faculty carry full teaching loads.

Exhibit 1
Revenue Sources, by Fiscal Year



Source: FY2011-2014 LCTCS Audited Financial Statements

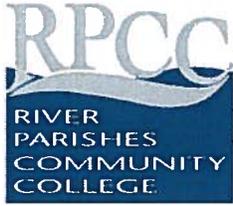


Sources: FY2011-2014 LCTCS Audited Financial Statements
and Board of Regents website

The recommendations in this report 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.

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

APPENDIX A: MANAGEMENT'S RESPONSES



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May 18, 2015

Daryl G. Purpera, CPA, CFE
Legislative Auditor
1600 North Third Street
P.O. Box 94397
Baton Rouge, LA 70804-9397

RE: Overcharge of Registration Fees for Online Courses

Dear Mr. Purpera:

We concur with the above referenced finding.

We recognize the importance of correctly billing our students. Our corrective action plan includes capping the per term registration fee for online courses to \$40. The Director of Accounting will enter the cap in Banner. I will verify that the cap has been entered for each term. As of May 15, 2015, student refunds were posted to all affected student accounts from previous terms.

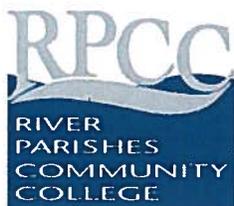
As the Vice Chancellor of Finance and Administration, I will be responsible for ensuring that the corrective action plan is fully implemented.

Sincerely,

A handwritten signature in blue ink that reads "Khalli S. Hagan" with a stylized flourish at the end.

Khalli S. Hagan, CPA
Vice Chancellor of Finance and Administration

CC: Dr. Dale Doty, RPCC Chancellor



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May 18, 2015

Daryl G. Purpera, CPA, CFE
Legislative Auditor
1600 North Third Street
P.O. Box 94397
Baton Rouge, LA 70804-9397

RE: Bank Reconciliations Not Performed

Dear Mr. Purpera:

We concur with the above referenced finding.

We recognize the importance of timely completion of bank reconciliations. Our corrective action plan includes ensuring that the bank statements are reconciled monthly. As of May 13, 2015, all bank reconciliations, through March, 2015, were completed.

As the Vice Chancellor of Finance and Administration, I will be responsible for ensuring that the corrective action plan is fully implemented.

Sincerely,

Khalli S. Hagan, CPA
Vice Chancellor of Finance and Administration

CC: Dr. Dale Doty, RPCCC Chancellor

APPENDIX B: SCOPE AND METHODOLOGY

We conducted certain procedures at the River Parishes Community College (College) for the period from July 1, 2014, through June 17, 2015. Our objective was to evaluate certain internal controls the College uses to ensure accurate financial reporting, compliance with applicable laws and regulations, and to provide overall accountability over public funds. The scope of our procedures, as summarized below, was significantly less than an audit conducted in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. We did not audit or review the College's Annual Fiscal Reports, and, accordingly, we do not express an opinion on those reports. The College's accounts are an integral part of the Louisiana Community and Technical College System's financial statements, upon which the Louisiana Legislative Auditor expresses opinions.

- We evaluated 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.
- Based on the documentation of the College's controls and our understanding of related laws and regulations, we performed procedures on selected controls and transactions relating to cash, movable property, certain tuition and fee revenues, student refunds and receivables, student financial assistance programs, and payroll expenses.
- 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 any significant variances that could potentially indicate areas of risk.

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 purposes.