

# STATE OF LOUISIANA LEGISLATIVE AUDITOR

Louisiana Technical College,  
Jumonville Memorial Campus  
Louisiana Community and  
Technical College System  
State of Louisiana  
New Roads, Louisiana

June 11, 2003



***Financial and Compliance Audit Division***

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**LOUISIANA TECHNICAL COLLEGE,  
JUMONVILLE MEMORIAL CAMPUS  
LOUISIANA COMMUNITY AND  
TECHNICAL COLLEGE SYSTEM  
STATE OF LOUISIANA**  
New Roads, Louisiana

Management Letter  
Dated May 28, 2003

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 Legislative Auditor and at the office of the parish clerk of court.

June 11, 2003



OFFICE OF  
**LEGISLATIVE AUDITOR**  
STATE OF LOUISIANA  
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May 28, 2003

**LOUISIANA TECHNICAL COLLEGE,  
JUMONVILLE MEMORIAL CAMPUS  
LOUISIANA COMMUNITY AND  
TECHNICAL COLLEGE SYSTEM  
STATE OF LOUISIANA**  
New Roads, Louisiana

As part of our audit of the Louisiana Community and Technical College System's financial statements for the year ended June 30, 2003, we considered the Louisiana Technical College, Jumonville Memorial 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*.

The annual financial information provided to the Louisiana Community and Technical College System by the campus is not audited or reviewed by us, and, accordingly, we do not express an opinion on that financial 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.

Based on the application of the procedures referred to previously, all significant findings are included in this letter for management's consideration.

**Insufficient Monitoring Procedures  
Over Financial Transactions**

The Louisiana Technical College, Jumonville Memorial Campus did not have adequate monitoring procedures over expense transactions entered into the PeopleSoft accounting system, which is the primary accounting system used by the Louisiana Community and Technical College System and the individual technical college campuses. Adequate monitoring procedures are necessary to ensure that financial data are accurately and completely recorded, processed, and summarized and that errors and/or fraud are detected timely.

Our review of campus procedures during February 2003, disclosed the following:

- Payroll reports for the period July 1, 2002, to December 22, 2002, had not been obtained and reviewed to ensure that time and attendance data and employee master record data entered into the PeopleSoft system were accurate and complete.

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STATE OF LOUISIANA**

Management Letter, Dated May 28, 2003

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- PeopleSoft reports had not been obtained and reviewed to ensure that non-payroll expense transactions were entered accurately and completely into the accounting system.

These conditions exist because management and accounting staff at the campus did not have appropriate access to the PeopleSoft system and training for using the PeopleSoft system. Therefore, reports necessary for reviewing and reconciling financial transactions with supporting documentation were either not available or were not reviewed timely. Failure to establish adequate monitoring procedures over financial transactions may result in incomplete financial data, inaccurate financial statements, and errors and/or fraud may not be detected timely.

Management should establish adequate procedures to timely monitor financial transactions for accuracy and completeness. Management concurred with the finding and recommendation and outlined a plan of corrective action (see Appendix A, page 1).

### **Inadequate Controls Over Cash Collections**

The Louisiana Technical College, Jumonville Memorial Campus has not established adequate controls over cash collections of tuition and fees and bookstore revenue. A good system of internal control requires the campus to establish procedures to properly safeguard its assets and segregate duties to ensure that one person is not in the position to both initiate and conceal errors or fraud.

The following weaknesses exist in controls over cash collections:

- No independent checks exist to ensure that cash overages and shortages can be identified with a particular cashier. Most employees in the administrative office are collecting tuition and fees and placing the cash and receipt copies in one central lock box.
- No independent checks exist to ensure that the accounting specialist, who receives the cash collections and receipts from the cashiers and makes the deposits, is making the deposits intact and forwarding all receipts to the accountant, who records the receipts in the general ledger.
- Inadequate segregation of duties exists relating to cash receipts for the bookstore. One employee is responsible for issuing books to students, collecting the revenue, issuing receipts to the students, reconciling the cash collections to the receipts, preparing the deposits, and performing

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STATE OF LOUISIANA**

Management Letter, Dated May 28, 2003

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the year-end inventory count. Consequently, this employee could be placed in a position to perpetrate and conceal errors and/or fraud.

These conditions exist because management did not place sufficient emphasis on controls over cash receipts, including proper segregation of duties. Failure to maintain adequate internal control over cash receipts, including adequately segregating incompatible duties, may result in errors and/or fraud that may not be detected in a timely manner.

Management should establish adequate controls over cash collections and bookstore revenues including accountability for collections, verification of receipts, and segregation of incompatible duties. Management concurred with the finding and recommendations and outlined a plan of corrective action (see Appendix A, page 2).

**Failure to Submit a Document Retention  
Schedule to State Archives**

The Louisiana Technical College, Jumonville Memorial Campus failed to submit a document retention schedule to State Archives as required by state law. Louisiana Revised Statute 44:411(A)(1) requires the head of every agency to submit to the state archivist record retention schedules proposing the length of time each state record series warrants retention for administrative, legal, or fiscal purposes after it has been created or received by the agency.

Neither the Jumonville Memorial Campus dean nor his administrative staff was aware of the requirement to submit the required documentation to State Archives. Failure to submit and receive an approved retention schedule increases the risk of the untimely destruction of vital information that could be needed in the future and the risk of the campus incurring excessive storage costs for documents that will never be needed.

The Louisiana Technical College, Jumonville Memorial Campus should obtain the necessary information to prepare and submit a suitable retention schedule to State Archives as soon as possible. Once the retention schedule is approved, it should be implemented immediately. Management concurred in part with the finding because it does not believe that campus deans are responsible for preparing or submitting a record retention schedule to State Archives. On March 12, 2003, the Louisiana Community and Technical College System (LCTCS) Board of Supervisors adopted a policy requiring each LCTCS chancellor, including the Louisiana Technical College chancellor, to establish a formal record retention policy. The policy will require approval of the LCTCS Board of Supervisors and the state archivist (see Appendix A, page 3).

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Management Letter, Dated May 28, 2003

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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. The finding 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 appropriate public officials.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Grover C. Austin". The signature is fluid and cursive, with a large initial "G" and "A".

Grover C. Austin, CPA  
First Assistant Legislative Auditor

CCR:WDD:THC:ss

[LTCJUM03]

## Appendix A

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



# LOUISIANA TECHNICAL COLLEGE

## Office of the Chancellor

James S. Clarke, Ph.D.  
Acting Chancellor

150 Third Street – Suite 200  
Baton Rouge, Louisiana 70801  
Telephone: 225/219-9532  
Facsimile: 225/219-9497

May 5, 2003

### 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  
Teche Area Campus  
West Jefferson Campus  
Westside Campus  
Young Memorial Campus

Grover C. Austin, CPA  
First Assistant Legislative Auditor  
Office of Legislative Auditor  
P.O. Box 94397  
Baton Rouge, LA 70804-9397

### **Re: Insufficient Monitoring Procedures over Financial Transactions**

Dear Mr. Austin:

The Louisiana Technical College has received the audit finding referenced above relating to the Jumonville campus. Management concurs with this finding.

### Revenue

Campus management will implement procedures to reconcile the receipts recorded in QuickBooks to deposits recorded in the PeopleSoft accounting system. This will ensure that all receipts have been properly deposited and recorded in the official accounting records.

### Expenditures

On February 20, 2003, campus accountants were provided with policies and procedures for obtaining and reviewing payroll-related data. In addition, accountants will be given increased on-line access to personnel and payroll data in PeopleSoft. Similar policies and procedures for verifying the accuracy of non-payroll transactions will be implemented in the near future.

The person responsible for corrective action is Beth Sigler.

Sincerely,

James S. Clarke, Ph.D.  
Acting Chancellor

- C: Dr. Walter G. Bumphus(LCTCS President)
- Mr. Wayne Meaux (Assistant Chancellor)
- Mr. Mr. Tom P. Gauthier (Campus Administrator)
- Mr. Allen Brown (LCTCS Internal Audit Director)
- Ms. Jan Jackson (LCTCS Vice President for Finance/Administration)
- File



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James S. Clarke, Ph.D.  
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May 5, 2003

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Folkes Campus  
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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  
Teche Area Campus  
West Jefferson Campus  
Westside Campus  
Young Memorial Campus

Grover C. Austin, CPA  
First Assistant Legislative Auditor  
Office of Legislative Auditor  
P.O. Box 94397  
Baton Rouge, LA 70804-9397

### **Re: Insufficient Controls over Cash**

Dear Mr. Austin:

The Louisiana Technical College has received the audit finding referenced above relating to the Jumonville campus. Management concurs with this finding.

Campus management will implement procedures to reconcile the receipts recorded in QuickBooks to deposits recorded in the PeopleSoft accounting system. This will ensure that all receipts have been properly deposited and recorded in the official accounting records. In addition, management will ensure that revenues are classified in a timely manner as well as transferred to the central bank account in a timely manner. Also, please be advised that segregation of duties for the handling of cash will be immediately implemented.

The person responsible for corrective action is Beth Sigler.

Sincerely,

James S. Clarke, Ph.D.  
Acting Chancellor

C: Dr. Walter G. Bumphus(LCTCS President)  
Mr. Wayne Meaux (Assistant Chancellor)  
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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  
Teche Area Campus  
West Jefferson Campus  
Westside Campus  
Young Memorial Campus

**An Equal Opportunity  
College**

May 5, 2003

Grover C. Austin, CPA  
First Assistant to the Legislative Auditor  
Office of the Legislative Auditor  
P. O. Box 94397  
Baton Rouge, LA 70804-9397

### **Re: Noncompliance with Record Retention Law**

Dear Mr. Austin:

The Louisiana Technical College has received the audit finding referenced above relating to the Jumonville Memorial campus.

Management concurs in part with the finding and recommendations related to "Noncompliance with Record Retention Law." The Louisiana Community and Technical College System (LCTCS) Board of Supervisors adopted a policy on March 12, 2003, requiring each LCTCS Chancellor to establish a formal records retention policy. Accordingly, the Louisiana Technical College will prepare a formal records retention schedule for approval by the LCTCS Board of Supervisors and the State Archivist. Campus administrators have not been nor will be responsible for preparing or submitting a schedule to State Archives.

The contact person responsible for corrective action is Beth Sigler.

Sincerely,

James S. Clarke, Ph.D.  
Acting Chancellor

JSC/pgj

C: Dr. Walter G. Bumphus (LCTCS President)  
Mr. Wayne Meaux (Assistant Chancellor)  
Mr. Tom P. Gauthier (Campus Administrator)  
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