

STATE OF LOUISIANA LEGISLATIVE AUDITOR

Louisiana Technical College,
Bastrop Campus
Louisiana Community and
Technical College System
State of Louisiana
Bastrop, Louisiana

June 5, 2002



Financial and Compliance Audit Division

Daniel G. Kyle, Ph.D., CPA, CFE
Legislative Auditor

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**LOUISIANA TECHNICAL COLLEGE,
BASTROP CAMPUS
LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM
STATE OF LOUISIANA
Bastrop, Louisiana**

Dated February 28, 2002

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

June 5, 2002



OFFICE OF
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February 28, 2002

**LOUISIANA TECHNICAL COLLEGE,
BASTROP CAMPUS
LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM
STATE OF LOUISIANA
Bastrop, Louisiana**

As required by Louisiana Revised Statute 24:513, we conducted certain procedures at the Louisiana Technical College, Bastrop Campus. Our procedures included (1) a review of the campus' internal control; (2) tests of financial transactions for the years ending June 30, 2002, and June 30, 2001; and (3) tests of adherence to applicable laws, regulations, policies, and procedures governing financial activities for the years ending June 30, 2002, and June 30, 2001. Our procedures were more limited than would be necessary to give an opinion on internal control and on compliance with laws, regulations, policies, and procedures governing financial activities.

Specifically, we interviewed management personnel and selected campus personnel and evaluated selected documents, files, reports, systems, procedures, and policies as we considered necessary.

The annual financial information provided to the Louisiana Community and Technical College System by the Louisiana Technical College, Bastrop Campus is not audited or reviewed by us, and, accordingly, we do not express an opinion on that 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 Control Policies and Procedures for
Human Resources and Payroll Processes**

The Louisiana Technical College, Bastrop Campus did not have sufficient policies and procedures for human resources and payroll processes to ensure that transactions were valid, authorized, and correctly entered into the Payroll/Personnel System. Sound internal control requires that (1) duties are adequately segregated; (2) assets are adequately safeguarded; and (3) transactions are reviewed and approved by an appropriate supervisor so that errors and/or fraud are detected timely.

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The following conditions were noted in a January 2002 review of human resources and payroll processes:

1. The coordinator of financial services had incompatible functions in that she had the ability to establish new employee master records, approve and input updates to existing employee master records, enter new employee positions, process employee terminations, enter time and attendance data, and approve and enter payroll adjustments in the payroll/personnel system. The coordinator also had custody of the termination checks until the checks were delivered to employees.
2. No employee independent of the personnel/payroll function examined the payroll/personnel system reports and payroll documents to ensure that input of employee master record changes and time and attendance data were valid and accurate and to ensure that employee terminations were entered into the payroll system timely. For example, three (50%) of six terminated employees tested were not entered as terminated in the payroll/personnel system until one to six months after their termination dates. In addition, for one (6%) of 17 employees tested, the sick leave taken per the time sheet (8 hours) did not agree to the payroll system leave register (2.5 hours) or to the leave slip (4 hours).
3. The Bastrop Campus did not have written in-house procedures for processing personnel and payroll transactions.

The campus has not developed and implemented policies and procedures to ensure that adequate controls exist for human resources and payroll processes because campus management is waiting for the Louisiana Technical College central office to provide guidance and written procedures. The lack of adequate control procedures increases the risk that assets are not safeguarded and that errors and/or fraud could occur and not be detected in a timely manner.

Management should establish policies and procedures that ensure (1) duties are adequately segregated; (2) assets are adequately safeguarded; and (3) transactions are reviewed and approved by an appropriate supervisor. Management concurred with the finding and recommendation and outlined a plan of corrective action (see Appendix A, page 1).

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The recommendations in this report 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.

This report is intended for the information and use of the campus and its management. By provisions of state law, this report is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,


Daniel G. Kyle, CPA, CFE
Legislative Auditor

JGG:STD:DPS:ss

[LTCBAS02]

Appendix A

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



LOUISIANA TECHNICAL COLLEGE

Central Office

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April 11, 2002

William J. Roden, J.D.
Chancellor

Dr. Daniel G. Kyle, CPA, CFE
Legislative Auditor
Office of the Legislative Auditor
Post Office Box 94397
Baton Rouge, LA 70804-9397

RE: Audit Findings at the LTC-Bastrop Campus

Dear Dr. Kyle:

The management of the Louisiana Technical College (LTC) concurs with the findings relative to 'Insufficient Control Policies and Procedures for Human Resources and Payroll Processes.'

Corrective action will be taken to address weaknesses in internal controls relative to segregation of duties, security system access, and timely review of documents. Lorraine Murry, LTC Director of Human Resources, will be responsible for ensuring that all corrective actions are taken.

Sincerely,

William J. Roden, J.D., Chancellor
Louisiana Technical College

CAMPUSES:

- Acadian Campus
- Alexandria Campus
- Ascension Campus
- Bovay Campus
- Bastrop Campus
- Baton Rouge Campus
- Charles B. Coreil Campus
- Delta Ouachita Campus
- Evangeline Campus
- Florida Parishes Campus
- Glades Campus
- Gulf Area Campus
- Hammond Area Campus
- Huey P. Long Campus
- Jefferson Campus
- Monville Memorial Campus
- E. Fletcher Campus
- Lafayette Campus
- Lafourche Campus
- Mar Salter Campus
- Manfield Campus
- Morgan Smith Campus
- Natchitoches Campus
- North Central Campus
- North East LA Campus
- North West LA Campus
- Oakdale Campus
- Orleans Parishes Campus
- Plaquemine Campus
- Red River Valley Campus
- Robert M. Jackson Campus
- Terrebonne Bossier Campus
- Thibodaux N. Collier Campus
- Thibodaux Campus
- Wavelle Campus
- William J. Roden Campus
- William H. Harris Campus
- William J. Roden Campus
- White Area Campus
- West Jefferson Campus
- Westside Campus
- Young Memorial Campus