

SOWELA TECHNICAL COMMUNITY COLLEGE

LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM
STATE OF LOUISIANA



FINANCIAL AUDIT SERVICES
PROCEDURAL REPORT
ISSUED JULY 22, 2015

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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. Neil Aspinwall, Chancellor
SOWELA Technical Community College
Louisiana Community and Technical College System

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

This report provides the results of our procedures at SOWELA Technical Community College (SOWELA) for the period July 1, 2013, through June 22, 2015. Our objective was to evaluate certain controls that SOWELA uses to ensure accurate financial reporting, compliance with applicable laws and regulations, and to provide overall accountability over public funds. I hope this report will benefit you in your legislative decision-making process and business operations.

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

Sincerely,

Daryl G. Purpera, CPA, CFE
Legislative Auditor

KDD:CR:WG:EFS:aa

SOWELA 2015

Louisiana Legislative Auditor

Daryl G. Purpera, CPA, CFE



Audit Control # 80150078

SOWELA Technical Community College

July 2015

Introduction

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

SOWELA is a part of the Louisiana Community and Technical College System (System), which is a component unit of the state of Louisiana. SOWELA's mission is to provide traditional, distance, and lifelong learning experiences and award associate degrees, technical diplomas, and certificates that empower learners in transfer, career, and technical education to excel as globally competitive citizens. SOWELA is composed of the main campus, the Morgan Smith campus, and the Plumbers and Steamfitters Local Number 106 Training Center.

Results of Our Procedures

We evaluated SOWELA'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 SOWELA. Based on the documentation of SOWELA's controls and our understanding of related laws and regulations, we performed procedures on selected controls and transactions relating to student tuition and fee revenues, student financial aid, and outside employment policies. We performed analytical review procedures and also analyzed SOWELA's revenues, expenses, and enrollment over the last five years.

Student Tuition and Fee Revenues

Based on risks identified at the System, we obtained a basic understanding of SOWELA's controls over tuition and fee revenues and performed procedures on selected transactions to ensure the controls were in place for charges and refunds to students. We performed procedures on the approval and assessment of tuition and fees and compliance with SOWELA's withdrawal, refund, accounts receivable, and allowance/write-off policies. Based on the results of these procedures, we determined that SOWELA properly implemented controls over tuition and fees revenues and related accounts receivable.

Student Financial Aid

Based on risks identified at the System level, we obtained a basic understanding of SOWELA's internal control over compliance requirements applicable to the Federal Pell Student Financial Aid Program. Our procedures included examining select transactions to determine if SOWELA implemented certain controls over federal compliance requirements including eligibility and verification, disbursements to students, and returns to the federal grantor. Based on the results of these procedures, we determined that SOWELA properly implemented controls over student financial aid.

Outside Employment

We reviewed SOWELA's policies and procedures relating to outside employment of college employees. Based on the results of these procedures, we determined that SOWELA has adequate policies and procedures in place to ensure that all outside employment is disclosed and submitted for administrative review and approval.

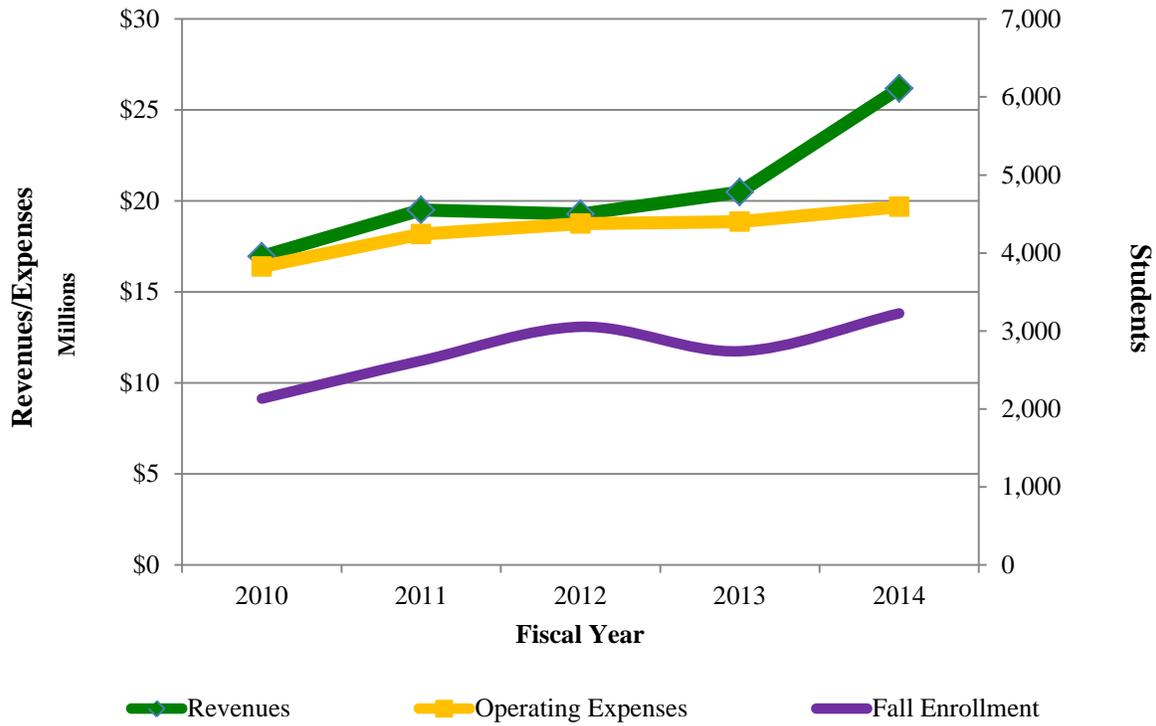
Trend Analysis

We compared the most current and prior-year financial activity using SOWELA'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 SOWELA's revenues, expenses, and enrollment over the last five years.

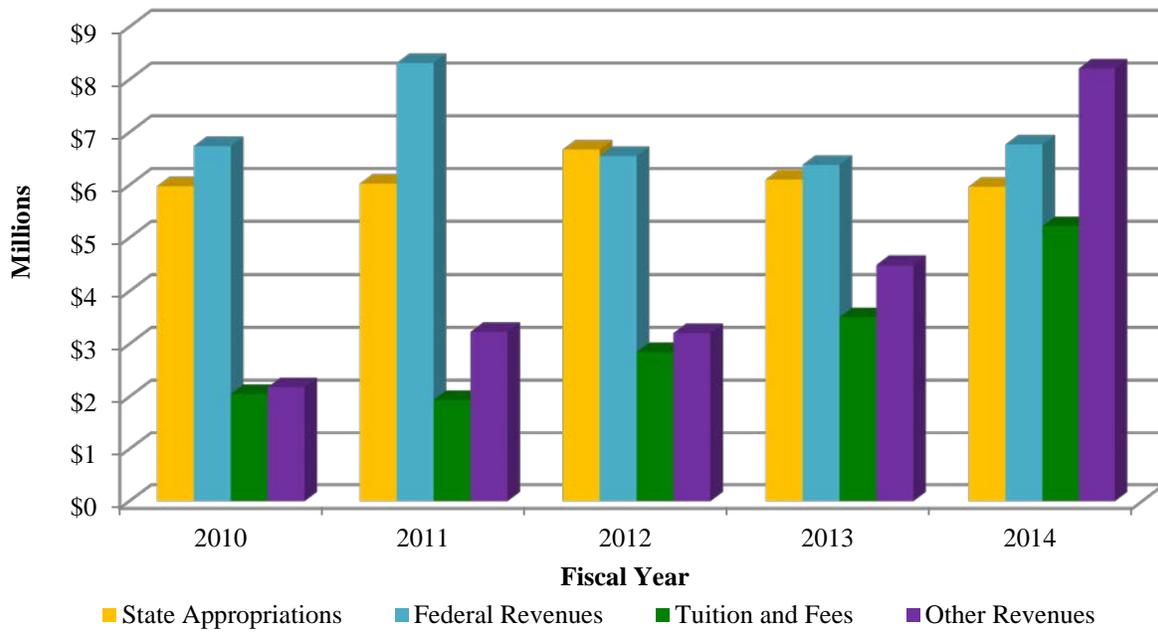
Enrollment increased in 2014 as a result of SOWELA's accreditation in 2013 through the Southern Association of Colleges and Schools. This accreditation allows students to transfer their credits from SOWELA to a Louisiana university, making SOWELA an attractive alternative to incoming students. As a result of the increased enrollment, federal funding also increased in 2014. This is related to the Pell Student Financial Assistance Program. Tuition and fees increased in 2014 because there was an increase in the fee rates coupled with the increase in enrollment. Other revenues increased in 2014 because of the receipt of bond proceeds for the Nursing Building, and an increase in Rapid Response grant funds.

Fiscal/Enrollment Trends



Source: SOWELA Audit Reports (FY2013, FY2012, FY2011, FY2010), SOWELA FY2014 Annual Financial Report and Board of Regents Enrollment Data (<http://regents.louisiana.gov/data-and-publications/>)

Five-Year Revenue Trend



Source: SOWELA Audit Reports (FY2013, FY2012, FY2011, FY2010) and SOWELA FY214 Annual Financial Report

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

APPENDIX A: SCOPE AND METHODOLOGY

We conducted certain procedures at SOWELA Technical Community College (SOWELA) for the period July 1, 2013, through June 22, 2015. Our objective was to evaluate certain internal controls SOWELA 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 was significantly less than an audit conducted in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. The Annual Fiscal Reports for SOWELA were not audited or reviewed by us, and accordingly, we do not express an opinion on those reports. SOWELA is part of the Louisiana Community and Technical College System (System), which is an integral part of the state of Louisiana's financial statements, upon which the Louisiana Legislative Auditor expresses opinions.

- We evaluated SOWELA'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 SOWELA.
- Based on the documentation of SOWELA's controls and our understanding of related laws and regulations, and risks identified by the System's audit team in the prior year, we performed procedures on selected controls and transactions relating to student tuition and fee revenues, student financial aid, and outside employment policies.
- We compared the most current and prior-year financial activity using SOWELA's annual fiscal reports and/or system-generated reports to identify trends and obtained explanations from SOWELA 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 SOWELA and not to provide an opinion on the effectiveness of SOWELA'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 purpose.