

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



MANAGEMENT LETTER
ISSUED DECEMBER 18, 2013

**LOUISIANA LEGISLATIVE AUDITOR
1600 NORTH THIRD STREET
POST OFFICE BOX 94397
BATON ROUGE, LOUISIANA 70804-9397**

LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

**FIRST ASSISTANT LEGISLATIVE AUDITOR
AND STATE AUDIT SERVICES**
PAUL E. PENDAS, CPA

DIRECTOR OF FINANCIAL AUDIT
THOMAS H. COLE, CPA

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 \$8.54. 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. 6094 or Report ID No. 80130071 for additional information.

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LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

December 16, 2013

**SOUTH LOUISIANA COMMUNITY COLLEGE
LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM
STATE OF LOUISIANA**
Lafayette, 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 year ended June 30, 2013, we conducted certain procedures at South Louisiana Community College (College) for the period from July 1, 2012, through June 30, 2013. Effective July 1, 2012, Acadiana Technical College merged with South Louisiana Community College.

- Our auditors obtained and documented an understanding of the College's operations and system of internal control 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, as adjusted for the merger, using the College's annual fiscal reports and/or system-generated reports and obtained explanations from management for any significant variances. We also analyzed the College's revenues, enrollment, and awards over the last four years.
- Our auditors reviewed the status of the findings identified in South Louisiana Community College's prior year independent accountant's review report dated October 29, 2012, and Acadiana Technical College's prior year financial statement audit dated November 1, 2012. The prior year findings relating to noncompliance with the dual employment law and noncompliance with hardship waivers' requirements have been resolved by management. The finding relating to late return of federal Pell Grant program funds has not been resolved and is addressed again in this letter.
- Our auditors considered internal control over financial reporting and examined evidence supporting the following: accounts payable, net position, federal non-operating revenues, and education and general expenses. We also tested the College's compliance with laws and regulations and contracts and grants 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, 2013, 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 that report. The College's accounts are an integral part of the System's financial statements, upon which the Louisiana Legislative Auditor expresses opinions.

The findings related to inadequate administration of federal pell grant program funds and late return of federal pell grant program funds will be included in the State of Louisiana's Single Audit Report for the fiscal year ended June 30, 2013. Based on the application of the procedures referred to previously, we have included the following significant findings for management's consideration.

Inadequate Administration of Federal Pell Grant Program Funds

The College did not perform timely eligibility determinations for 42 students with maximum potential awards totaling \$120,019 of Federal Pell Grant Program funds. As a result, students who may have been eligible did not receive these funds, which could impair the students' ability to obtain higher education. In addition, the College did not perform required periodic reconciliations which could delay or compromise the College's ability to receive future Pell Grant funds. Also, failure to adequately perform timely eligibility determinations and reconciliations results in noncompliance with federal regulations and may subject the College to sanctions, up to and including termination of program participation.

The required reconciliation of the College's records of Pell Grant disbursements to the U.S. Department of Education's systems, which identified \$366,244 of unresolved differences, was performed at the end of the academic year, rather than periodically as required by the *Student Financial Aid Handbook*. Federal guidance recommends that Pell be reconciled monthly.

Management should develop and implement procedures to ensure that Pell Grant eligibility determinations are made for all students. In addition, management should implement procedures to reconcile the College's records of Pell Grant disbursements to the U.S. Department of Education's systems at least monthly as recommended by federal guidelines and resolve identified differences. Management concurred with the finding and provided a corrective action plan (see Appendix A, pages 1-2).

Weaknesses in Controls over Banner System

The College did not disable user access to its Banner accounting system to 39 terminated employees nor did it close its accounting periods timely, increasing the risk that unauthorized personnel could have access to college data or personally identifiable information. In addition, failure to close its accounting periods timely allows for the inappropriate posting of accounting entries to noncurrent periods. Our procedures revealed the following:

- As of March 25, 2013, Banner user IDs belonging to 39 employees, who were terminated between December 11, 2010 and January 20, 2013, were still enabled 64 to 835 days after termination. Of these 39 former employees' user IDs:

- Nineteen had both network access and Banner access as of March 25, 2013. Two had access in the Banner Finance module that allowed changes such as creation or modification of requisitions, purchase orders, vendor information, accounts payable, direct deposit information, bank routing numbers, payments and charges and mass entry billing.
- Twenty had network access disabled, but still had Banner access. One had access to the Banner Finance and Student modules that allowed changes such as creation or modification of a student account, the application of payments and charges, mass entry billing, miscellaneous transactions, and student registration.
- As of July 11, 2013, 12 fiscal periods (July 2012 through June 2013) remained open in Acadiana Technical College (ATC) Banner, and fiscal periods for February through June 2013 remained open in the College Banner. ATC merged with the College on July 1, 2012, and during fiscal year 2013, financial aid and student receivables were being maintained in Banner separately for ATC and the College.

Management did not implement sufficient policies and procedures to monitor access to Banner or timely close fiscal periods. The System's Guidelines and Timeframes to Notify Information Systems of Separated Employees requires advance notice of separating employees in sensitive positions and the user account should be deleted within 15 minutes of notification on the day of separations. The System requires notice of separation for all other employees within 24 hours of separation.

Management should implement procedures to ensure access is terminated or modified when employees retire, terminate, or transfer to a different department or no longer have a business need. Management should also implement procedures to periodically review all current users to verify that they are current employees with an appropriate business need for the access granted. In addition, management should implement procedures to close fiscal periods timely. Management concurred in part with the finding and provided a corrective action plan. Management noted that the majority of the former employees never logged into Internet Native Banner and that three former College employees are active employees at other colleges within the System (see Appendix A, pages 3-4).

Additional Comments: Although management indicates that former employees never logged into Banner, the former employees had enabled user IDs resulting in a potential for inappropriate access to Banner. In addition, employees that transfer to another college within the System should be monitored to determine if it is appropriate to continue to allow those employees to have access to the College's information.

Late Return of Federal Pell Grant Program Funds

For seven of the eight (88%) Pell Grant students tested for the spring 2013 semester who did not earn 100% of Pell funds, the College did not return Pell Grant funds totaling \$1,941 to the U.S. Department of Education or issue post-withdrawal disbursements totaling \$5,436 to these students within the required 45-day period after determination

that the students had withdrawn from classes. As a result, the College is in noncompliance with Pell Grant regulations and may be subject to sanctions, up to and including termination of program participation. The late returns ranged from three to 138 days after the required 45-day period.

This was the sixth consecutive audit that the College did not maintain sufficient controls over the Federal Pell Grant Program (CFDA 84.063) to perform the return of funds calculations timely and to ensure the timely return of funds or post-withdrawal disbursement when a student withdraws.

Management should develop and implement monitoring procedures to ensure that withdrawals are identified within the required timeframe and funds are returned to the U.S. Department of Education or issued to the student as a post-withdrawal disbursement within 45 days of that date, as required by federal guidelines. Management concurred with the finding and provided a corrective action plan (see Appendix A, pages 5-6).

The recommendations in this letter 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. The findings related to the College's compliance with applicable laws and regulations should be addressed immediately by management.

The purpose of this letter 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 letter is not intended to be and should not be used for any other purpose. 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

RJM:BH:EFS:THC:mk

SLCC13

APPENDIX A

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



South Louisiana Community College

320 Devalcourt
Lafayette, LA 70506
Phone: (337) 521-8896

Office of the Vice Chancellor of
Administration & Finance

November 19, 2013

Mr. Daryl G. Purpera, CPA, CFE
Legislative Auditor
Post Office Box 94397
Baton Rouge, LA. 70804-9397

RE: Inadequate Administration of Federal Pell Grant Program Funds

Dear Mr. Purpera:

In response to the above-referenced audit finding, South Louisiana Community College (SLCC) submits the following:

RESPONSE:

South Louisiana Community College concurs with the audit findings and recommendations.

CORRECTIVE ACTIONS:

SLCC recognizes the importance of developing and implementing procedures to ensure that Pell Grant eligibility determinations are made for all students and procedures for reconciling the college's records of Pell Grant disbursements.

The students that were identified as having balances that were potentially available were identified during the end-of-year reconciliation process. At that time the Financial Aid Office was working through the PPA process with ED, which placed a requirement that we had to have a \$0.00 balance in both the SLCC and ATC COD available funds columns. As a result, the Financial Aid Office was required to draw down what was available, and hold off of reconciling the remaining accounts until we received an approved PPA.

Although monthly reconciliation is required by FSA only for those schools which participate in the Direct Loan Program (SLCC does not participate in DL at this

time), Student Accounts and Financial Aid have already discussed and will begin monthly reconciliation of Pell funds effective November 2013. In addition, the Associate Directors will be conducting regular audits of all work processed by the Financial Aid Advisors to ensure accuracy and to identify areas of opportunity for additional training in both Banner Systems operation and Federal Student Aid.

Sincerely,

A handwritten signature in black ink, appearing to read 'Rudy V. Gonzales', with a long, sweeping horizontal stroke extending to the right.

Rudy V. Gonzales
Vice Chancellor of Administration and Finance

Cc: Dr. Natalie Harder, SLCC Chancellor



South Louisiana Community College

320 Devalcourt
Lafayette, LA 70506
Phone: (337) 521-8896

Office of the Vice Chancellor of
Administration & Finance

November 18, 2013

Mr. Daryl G. Purpera, CPA, CFE
Legislative Auditor
Post Office Box 94397
Baton Rouge, LA. 70804-9397

RE: Weaknesses in Controls over Banner System

Dear Mr. Purpera:

In response to the above-referenced audit finding, South Louisiana Community College (SLCC) submits the following:

RESPONSE:

South Louisiana Community College concurs in part with the audit findings and recommendations.

CORRECTIVE ACTIONS:

SLCC recognizes the importance of developing and implementing procedures to monitor access to Banner or timely close fiscal periods.

Back in 2011 before Finance went live the CFOs at each college had to complete a list of potential users on a spreadsheet that would need requisition access. When Finance went live on July 2011, Self Service Banner was not available and the users were given Internet Native Banner (INB) to do requisitions.

From the list of 39 employees, 30 of the employees never logged into INB. Three of the employees are active at other colleges and five other employees have new hired records, but never logged into INB.

The Office of the Vice Chancellor of Administration and Finance will work closely with the System Office Security Administrator, SLCC Office of Human Resources and Information Technology. Banner Access Request Forms, policies and

procedures are now in place for terminated employees for the new Banner system. The System Office security administrator for SLCC receives automated Cognos reports twice a day for terminated employees who have INB access and locks accounts immediately. Also a new work flow will be moved into production to auto lock the INB account for a user who is terminated by HR automatically.

In fiscal year 2012-2013, SLCC was going through the merger of ATC and SLCC and also implementing the Banner Student Services module. The Accounts Receivable sub module resides under the Student Services module. Because each ATC campus recorded the receivables by campus, it made it difficult to reconcile each campus and SLCC while trying to work through the many problems of the implementation. The fiscal periods could not be closed until we had reconciled to the General Ledger. The Director of Accounting Services will be responsible for implementing the procedures for closing fiscal periods timely.

Sincerely,

A handwritten signature in black ink, appearing to read 'Rudy V. Gonzales', with a long, sweeping flourish extending to the right.

Rudy V. Gonzales
Vice Chancellor of Administration and Finance

Cc: Dr. Natalie Harder, SLCC Chancellor



South Louisiana Community College

320 Devalcourt
Lafayette, LA 70506
Phone: (337) 521-8896

Office of the Vice Chancellor of
Administration & Finance

November 19, 2013

Mr. Daryl G. Purpera, CPA, CFE
Legislative Auditor
Post Office Box 94397
Baton Rouge, LA. 70804-9397

RE: Late Return of Federal Pell Grant Program Funds

Dear Mr. Purpera:

In response to the above-referenced audit finding, South Louisiana Community College (SLCC) submits the following:

RESPONSE:

South Louisiana Community College concurs with the audit findings and recommendations.

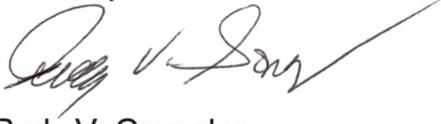
CORRECTIVE ACTIONS:

SLCC recognizes the importance of developing and implementing procedures to ensure that Pell Grant eligibility determinations are made for all students and procedures for reconciling the college's records of Pell Grant disbursements.

To eliminate delays in processing withdrawals and end of term R2T4, the Financial Aid Office will work directly with the Registrar's Office to ensure that all returns are processed within established regulations. An Associate Director of Financial Aid will work weekly with the Registrar to identify students who have fully withdrawn from school, and process returns that same week. At the end of term, the Associate Director of Financial Aid will work with the Registrar to identify 0 GPA students and determine which students may need to have a return processed, and process them within the time allowed by Federal regulations.

The Associate Director will be conducting regular audits of all work processed by the Financial Aid Advisors to ensure accuracy and to identify areas of opportunity for additional training in both Banner Systems operation and Federal Student Aid.

Sincerely,

A handwritten signature in black ink, appearing to read "Rudy V. Gonzales", with a long, sweeping flourish extending to the right.

Rudy V. Gonzales
Vice Chancellor of Administration and Finance

Cc: Dr. Natalie Harder, SLCC Chancellor