

BATON ROUGE COMMUNITY COLLEGE
LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM
STATE OF LOUISIANA



MANAGEMENT LETTER
ISSUED JULY 18, 2007

**LEGISLATIVE AUDITOR
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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.

This document is produced by the Legislative Auditor, State of Louisiana, Post Office Box 94397, Baton Rouge, Louisiana 70804-9397 in accordance with Louisiana Revised Statute 24:513. Seven copies of this public document were produced at an approximate cost of \$17.57. 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.lla.state.la.us. When contacting the office, you may refer to Agency ID No. 5841 or Report ID No. 07500932 for additional information.

In compliance with the Americans With Disabilities Act, if you need special assistance relative to this document, or any documents of the Legislative Auditor, please contact Wayne "Skip" Irwin, Director of Administration, at 225-339-3800.



STEVE J. THERIOT, CPA
LEGISLATIVE AUDITOR

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June 21, 2007

**BATON ROUGE COMMUNITY COLLEGE
LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM
STATE OF LOUISIANA**
Baton Rouge, Louisiana

As part of our audits of the Louisiana Community and Technical College System's financial statements for the years ended June 30, 2005, and June 30, 2006, we considered Baton Rouge Community College's internal control over financial reporting; we examined evidence supporting certain accounts and balances material to the System's financial statements; and we tested the college's 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 Fiscal Reports that Baton Rouge Community College provides to the Louisiana Community and Technical College System were not audited or reviewed by us, 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 an opinion.

In our prior audit report on Baton Rouge Community College for the year ended June 30, 2003, we reported findings on stipends paid for work performed for the Baton Rouge Community College Foundation; lack of controls over collection of workforce, corporate, and continuing education division courses; bank accounts not properly reconciled; and inappropriate access to the college's accounting information system. The findings for the year ended June 30, 2003, have been resolved by management, except the finding on inappropriate access to the college's accounting information system which is repeated in this management letter.

In addition, the Single Audit of the State of Louisiana for the year ended June 30, 2005, reported findings on noncompliance with the Public Safety and Community Policing Grant (COPS) and inadequate internal control over Pell grants. Those findings have not been resolved by management and are addressed again in this letter.

Based on the application of the procedures referred to previously, all significant findings are included in this letter for management's consideration. All findings included in this management letter that are required to be reported by *Government Auditing Standards* have been included in the State of Louisiana's Single Audit Report for the years ended June 30, 2006.

Inadequate Control Over Pell Grant

For the second consecutive year, the Baton Rouge Community College has not established adequate internal controls over unofficial withdrawals and refunds of the Federal Pell Grant program (CFDA 84.063). An adequate system of internal controls should include fully documenting those procedures performed to identify Federal Pell Grant (Pell) recipients who unofficially withdraw from the college in a timely manner and accurately calculating the portion of grant funds to be refunded to the grantor agency. The Code of Federal Regulations (34 CFR 668.22) states that if a student who received Title IV program assistance withdraws from the college during a payment period or period of enrollment, the college must (1) determine the student's withdrawal date within 30 days after the date of the period of enrollment; (2) calculate the portion of grant funds earned by the student; and (3) refund any unearned grant funds to the grantor agency within 30 days of determining the student withdrew. If a student ceases attendance without providing official notification of his or her withdrawal (unofficial withdrawal), the withdrawal date is considered the midpoint of the payment period or the last date of attendance at an academically related activity.

For the spring 2006 semester, 153 students with Pell grants totaling \$211,412 received failing grades in all courses attempted. During our test of 10 students receiving Pell grants totaling \$11,346, we determined the following:

- For eight students (80%), the college did not fully document the date the student unofficially withdrew or that the student attended an academically related activity after 100% of grant funds were earned. The college prepared a listing of students who received all failing grades for the semester as part of procedures to identify unofficial withdrawals; however, the documentation provided was not adequate to determine the date the student unofficially withdrew or attended an academically related activity after 100% of grant funds were earned. Refunds for these students calculated using the midpoint of the payment period as the withdrawal date represent questioned costs totaling \$3,828.
- For one student (10%), the college was able to provide documentation to support the date of last attendance; however, it did not calculate the refund due. The refund calculation for this student using the date of last attendance represents questioned costs of \$671.

In addition to not calculating or refunding any amounts due to the federal grantor agency for students who unofficially withdrew, the procedures used to identify those students who unofficially withdrew during the spring 2006 semester were not performed timely since they were not begun until the fall of 2006.

The college's financial aid staff did not place sufficient emphasis on adequately documenting procedures performed to identify those students who unofficially withdrew to calculate refunds and return funds timely to the grantor agency. As a result, a total of \$4,499 in Pell grants were not properly refunded and represent questioned costs.

The college should ensure that procedures performed to identify unofficial withdrawals are adequately documented, refund calculations are performed, and funds are refunded timely to the grantor agency. The college did not concur with the finding or recommendations (see Appendix A, pages 1-2).

Additional Comments: The college states in its response that it performed the refund calculations using the last date of attendance as supported by the faculty members' grade books. As noted in our test results, the college could not provide this information for eight of the 10 students that we tested. Because the college could not provide this information, we used the midpoint of the payment period to calculate the questioned costs since this is required by the grantor agency to be used when the actual date is unknown. In addition, when we asked the college on March 22, 2007, for the refund calculation worksheets and evidence that any refunds were made to the grantor agency for the students that we tested, the college's staff stated that none were prepared.

We disagree with the college's assertion that the Legislative Auditor did not adhere to usual protocols, specifically that an exit conference was not held for the 2004-2005 audit period. As discussed and agreed with management in a meeting on January 31, 2007, audit procedures for the 2004-2005 audit were not complete and would continue concurrently with procedures performed for the 2005-2006 audit. In accordance with generally accepted auditing standards, an exit conference is not appropriate until the audit is completed. Accordingly, once all audit procedures were completed, an exit conference was held with management on June 21, 2007.

Noncompliance With Public Safety and Community Policing Grant

For the second consecutive year, the Baton Rouge Community College paid for the salaries and fringe benefits of three campus police officers who were not career law enforcement officers as required by the Public Safety Partnership and Community Policing Grant (CFDA 16.710), more commonly referred to as the Community Oriented Policing Services (COPS) program. For fiscal year 2006, these payments totaled \$81,097 (\$60,823 federal and \$20,274 state match). The United States Code (42 U.S.C., Section 3796dd) and the COPS Universal Hiring Program, Grant Owners Manual provide that grant funds be used to pay salaries and fringe benefits of career law enforcement officers, which is defined as an individual hired on a permanent basis who is authorized by law or by a state or local public agency to engage in or supervise the prevention, detection, or investigation of violations of criminal laws. According to the Lead Grant Program Specialist of the COPS Office of the U.S. Department of Justice, these officers must have the legal authority and ability to do all manner of law enforcement functions, such as carrying appropriate weapons and having the authority to initiate an arrest. Louisiana Revised Statute 17:1805(A)(2) requires all persons named as a police officer by the president of a college or university to be commissioned as a college police officer by the Louisiana Department of Public Safety (State Police). This commission authorizes the police officer to exercise full police powers including the power of arrest and carrying concealed weapons.

Management of the college indicated that it was not aware of the allowability requirement of the grant that campus police be career law enforcement officers (commissioned by the Superintendent of State Police). As a result, the \$81,097 paid to the noncommissioned campus police officers did not meet the grant requirement and, therefore, represents questioned costs.

Management of the college should establish procedures to verify and document that campus police officers funded by the COPS grant have received the required commission. In addition, management should contact the grant provider to resolve the questioned costs. Management does not concur with the finding stating that it continues to assert that the college managed the grant according to the grantor's established guidelines (see Appendix A, page 3).

Inappropriate Access to the Information System

For the fourth consecutive audit, the Baton Rouge Community College did not establish adequate internal control over the assigning and monitoring of access given to users of the college's accounting information. An adequate system of internal control should provide that users are assigned business-need-only access to data files and functions and that a user's access is disabled timely when he/she terminates employment.

In a test of application controls over the college's accounting information system, the following deficiencies in controls over access to the system were identified:

- The college's payroll manager has the capability to process adjusting journal vouchers to the college's general ledger, which is not necessary for her job function.
- Nine instructional or administrative employees whose job functions did not include finance or purchasing duties had system access to initiate certain finance and/or purchasing functions, which are incompatible with their job functions.
- One former employee with access to certain confidential student records still had an active system user access code approximately one month after her date of termination.

Even though management concurred with the finding during each of the past audits, it has not placed sufficient emphasis on correcting the deficiencies over access to the accounting information system. Failure to establish controls over access to the system increases the risk that transactions could be processed without proper authorization or approval; that errors or fraud could occur and not be detected timely; and that confidential student records could be inappropriately accessed.

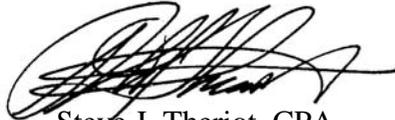
The college should establish internal controls over system access to ensure that access granted to users is limited to a business-need-only basis and a user's access is disabled when he/she terminates employment. Management concurred in part with the finding and recommendations (see Appendix A, pages 4-5).

Additional Comments: The college states in its response that the former employee's access that had not been removed would not have a detrimental impact on the students or college. However, the employee's access would allow her access to confidential student data such as their social security numbers, which we conclude could have a detrimental impact on students if used inappropriately.

The recommendations in this letter represent, in our judgment, those most likely to bring about beneficial improvements to the operations of the college. The varying 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.

This letter is intended for the information and use of the Baton Rouge Community College 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,



Steve J. Theriot, CPA
Legislative Auditor

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BRCC06

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



Office of the Chancellor

225.216.8402
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www.mybrcc.edu

5310 Florida Boulevard • Baton Rouge, Louisiana 70806

April 10, 2007

Mr. Steve J. Theriot, CPA
Legislative Auditor
1600 North Third Street
P.O. Box 94397
Baton Rouge, Louisiana 70804-9397

RE: Inadequate Control over Pell Grant

Dear Mr. Theriot:

This letter is in response to the Single Audit letter dated April 1, 2007. The management of Baton Rouge Community College (BRCC) accepts the responsibility of ensuring the accuracy of the calculations of refunds of students who officially and unofficially withdraw from classes. The institution placed great emphasis on the reporting of attendance and this process was implemented in the spring of 2005. The success of this process is evidenced in the reporting of the fall 2006 attendance reporting. It was a new process that relied heavily on the faculty to take attendance and to report attendance accurately. We are proud of our staff and faculty for embracing the concept and understanding the need for accuracy and an expedited response.

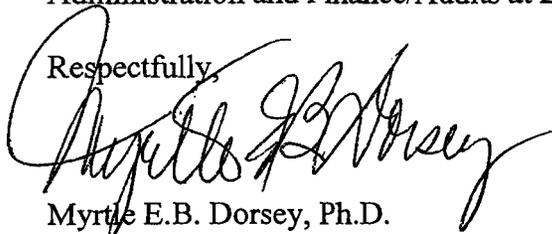
As discussed with your staff, BRCC did not receive the usual protocol, from the Legislative Auditors, as had been experienced in prior year audits. Specifically, an exit interview was not held for the 2004-05 audit. The management of BRCC was notified on January 31, 2007, during a re-entry meeting with Wayne DeLeo, Tom Cole and Les Gibson, that the auditors were re-entering to complete the 2004-05 audit and begin the 2005-06 audit.

- Spring 2006 calculations were not done based upon midpoint of the semester. The grade books for each student were reviewed and the last date of attendance was applied using the faculty members' grade books.

The management of BRCC continues to strive for accuracy and efficiencies in all aspects of its operations. Financial Aid is recognized as a pivotal operation as it provides needed financial support for students who wish to attend college. BRCC became eligible to offer Title IV programs in the fall of 2004. In that short period of time, there have been two financial aid directors and one interim director. This turnover did not provide the needed continuity in practices and procedures that the college desired. The director's position is currently filled on an interim basis while the institution concludes the search for a permanent director who is knowledgeable and dedicated to insuring the accuracy of disbursements to the students.

If you have any questions, please contact Ms. Maxine Rogers, Vice Chancellor for Administration and Finance/Audits at 225-216-8068.

Respectfully,

A handwritten signature in black ink, appearing to read "Myrtle E.B. Dorsey". The signature is written in a cursive style with a large initial "M".

Myrtle E.B. Dorsey, Ph.D.
Chancellor

cc: Dr. Joe May, President, Louisiana Community and Technical College System
Ms. Maxine Rogers, Vice Chancellor for Administration and Finance/Audit



Office of the Chancellor

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5310 Florida Boulevard • Baton Rouge, Louisiana 70806

March 6, 2007

Mr. Steve J. Theriot, CPA
Legislative Auditor
P.O. Box 94397
Baton Rouge, Louisiana 70804-9397

Dear Mr. Theriot:

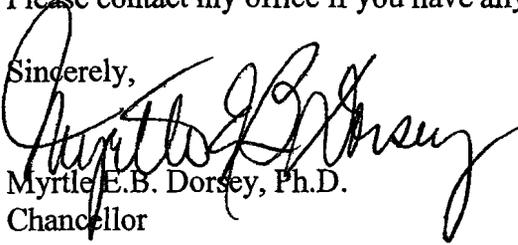
Management of Baton Rouge Community College (BRCC) does not concur with the finding and recommendations related to the finding "Noncompliance with Public Safety and Community Policing grant (COPS)".

The management of Baton Rouge Community College continues to assert that the college managed the grant according to established guidelines of the grantor and the Louisiana Office of Civil Service. Management will contact the grantor and inform them of this finding and will respond accordingly.

The Assistant to the Chancellor will be responsible for notifying the granting agency of this finding.

Please contact my office if you have any questions or need additional information regarding our response.

Sincerely,


Myrtle E.B. Dorsey, Ph.D.
Chancellor

cc: Joe May, Ed. D., President LCTCS
Mr. Allen Brown, Director, Internal Audit, LCTCS
Ms. Maxine Rogers, Vice Chancellor, Administration and Finance
Mrs. Misty O'Connell, Executive Assistant to the Chancellor



5310 Florida Boulevard • Baton Rouge, Louisiana 70806

May 18, 2007

Mr. Steve J. Theriot, CPA
Legislative Auditor
P.O. Box 94397
Baton Rouge, Louisiana 70804-9397

Dear Mr. Theriot:

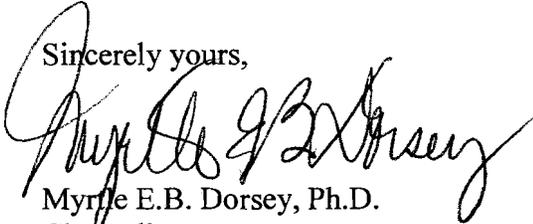
The management of the college concurs in part with the finding of Inappropriate Access to the Information System. The college has established internal controls for the system access to ensure that access granted to users is on a business-needs-only basis. The college does acknowledge that the human factor affected the outcomes of this audit finding.

- The payroll manager's access to this form stemmed from her previous role in the Accounting Department and migrated when she moved to Human Resources as the Payroll Manager. In this role the employee made modifications to labor distribution codes for employees that were incorrectly assigned in the system for payroll. Since the installation of Banner 6 (current version), the Finance Department now performs this task and the payroll manager's access has been modified. In addition, transaction logs support show that the payroll manager has not performed any journal entries since fiscal year 2004, at which time the system was upgraded.
- The positions identified in the auditor's query had a default role associated with a security class that had improper access to these forms. Upon further investigation, it was determined that earlier programming allowed a default to occur. This has been rectified.
- The former employee's access has been terminated. As documented by the access report, Ms. Kelly did not have access to any screens that would have a detrimental impact on students or the college.

The management of BRCC understands the importance of a secure information technology system and will continue to analyze the system for programming defaults. The Chief Information Officer is responsible for the continuous monitoring of access to the system.

If you have any questions, please contact Ms. Maxine Rogers, Vice Chancellor of Administration and Finance.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Myrtle E.B. Dorsey". The signature is written in a cursive, flowing style.

Myrtle E.B. Dorsey, Ph.D.
Chancellor

cc: Dr. Joe May, President, Louisiana Community and Technical College System
Ms. Maxine Rogers, Vice Chancellor for Administration and Finance