

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



PROCEDURAL REPORT
ISSUED NOVEMBER 21, 2012

**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.

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 \$8.14. 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. 3439 or Report ID No. 80110153 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 Kerry Fitzgerald, Chief Administrative Officer, at 225-339-3800.

PROCEDURAL SUMMARY

We tested Northshore Technical Community College's (NTCC) controls related to cash, social services contracts, expenses, movable property, and student tuition and fees. We also analyzed revenues, expenses, enrollment, and completers over the last four years. Our procedures disclosed the following:

- A review of 18 social services contracts at NTCC disclosed that five (28%) contracts were paid a total of \$76,353 in excess of the approved contract terms. The excess payments caused three (60%) of the five contracts to exceed \$50,000, which would have required additional approvals.
- Based upon a four-year analysis, NTCC has become more dependent on federal revenue sources as state appropriations and other revenue sources have decreased.

This report is a public report and has been distributed to state officials. We appreciate NTCC's assistance in the successful completion of our work.



LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

September 26, 2012

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

As required by Louisiana Revised Statute 24:513, we conducted certain procedures at the Northshore Technical Community College (NTCC) for the period from July 1, 2010, through June 30, 2011.

- Our auditors obtained and documented a basic understanding of NTCC's operations and system of internal controls through inquiry, observation, and review of its policies and procedures documentation, including a review of the related laws and regulations applicable to NTCC.
- Our auditors performed analytical procedures consisting of a comparison of the most current and prior year financial activity using NTCC's annual fiscal report and/or system-generated reports and obtained explanations from its management for any significant variances.
- Based on the documentation of NTCC's controls and our understanding of related laws and regulations, procedures were performed on selected controls and transactions relating to cash; professional, personal, consulting, and social services contracts; payroll and nonpayroll expenses; movable property; net student tuition and fees; and PeopleSoft user access. In addition, our auditors performed an analysis of the revenue sources, operating expenses, fall enrollment, and total completers for fiscal years 2008 through 2011 for informational purposes.

The Annual Fiscal Report of NTCC was not audited or reviewed by us, and, accordingly, we do not express an opinion on that report. NTCC'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.

Based on the application of these procedures, all significant findings are included in this letter for management's consideration. Other than the finding noted on the following page, we found no other significant control deficiencies, noncompliance, or errors related to our analytical procedures or our other procedures which should be communicated to management.

The following significant finding is included in this report for management's consideration.

Inadequate Controls over Contract Expenditures

A review of 18 social services contracts at NTCC disclosed that five (28%) contracts were paid a total of \$76,353 in excess of the approved contract terms. The excess payments caused three (60%) of the five contracts to exceed \$50,000, which would have required additional approvals.

NTCC policy FIN-007 states that contracts totaling \$50,000 or more in one calendar year require Louisiana Community and Technical College System (LCTCS) Board approval and Office of Contractual Review (OCR) approval prior to contract award. It further requires that all contract amendments be processed in accordance with OCR regulations, which would require OCR approval to be effective. NTCC failed to follow the requirements of NTCC policy FIN-007, which requires the initiating campus to ensure that the total or detailed amount(s) of the contract is not exceeded when coordinating contracted services with the vendor.

Inadequate monitoring of contract expenditures increases the risk that funds will not be expended in accordance with approved contract terms and that NTCC may be overcharged for services.

Management should strengthen its existing controls over contract monitoring to ensure that NTCC is compliant with the terms of approved contracts and properly prepares amendments to existing contracts, when needed. Management concurred with the finding and provided a corrective action plan (see Appendix A).

The recommendations in this letter represent, in our judgment, those most likely to bring about beneficial improvements to the operations of NTCC. The nature of the recommendations, their implementation costs, and their potential impact on the operations of NTCC should be considered in reaching decisions on courses of action.

In accordance with Act 209 of the 2011 Regular Legislative Session, Northshore Technical College became Northshore Technical Community College effective June 27, 2011.

This letter is intended solely for the information and use of NTCC and its management, others within NTCC, LCTCS, and the Louisiana Legislature 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 distributed by the Legislative Auditor as a public document.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Daryl G. Purpera".

Daryl G. Purpera, CPA, CFE
Legislative Auditor

KSH:CLP:BQD:THC:ch

NTCC11

Appendix A

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



NORTHSHORE TECHNICAL COMMUNITY COLLEGE

WILLIAM S. WAINWRIGHT, Ph.D.
CHANCELLOR

WWW.NORTHSHORECOLLEGE.EDU
FLORIDA PARISHES BRANCH CAMPUS
HAMMOND AREA BRANCH CAMPUS
SULLIVAN MAIN CAMPUS

September 6, 2012

Mr. Daryl G. Purpera, CPA, CFE Legislative Auditor
1600 North Third Street
Post Office Box 94397
Baton Rouge, LA 70804-9397

Dear Mr. Purpera,

Please accept this letter as a formal response to the following finding: Inadequate Controls over Contract Expenditures for Northshore Technical Community College. I concur with the finding and provide the following response inclusive of corrective action and accountability.

Response and Corrective Action: The Northshore Technical Community College policy on contracts for professional, personal, consulting and social services has been reviewed which states, "It is the responsibility of the initiating campus to ensure that the total or detailed amount(s) of the contract is not exceeded when coordinating contracted services with the vendor. In the event a change needs to be applied to a contract, see the "Modification of Contract" section below. The Director of Accounting will review, coordinate, and manage all contracts and documents to ensure compliance with OCR guidelines. In the event that the Director of Accounting is not available, the Vice Chancellor of Finance & Administration will review and manage contracts and appropriate documents. All amendments to contracts for professional, personal, consulting and social services are coordinated through the NTCC Finance Office in accordance with OCR regulations. The initiating campus must notify the NTCC Finance Office **immediately** if a contract requires modification prior to negotiating with the vendor to amend a contract. Only after an amendment to a contract has been fully approved, those amended contracted services can begin. ***Under no circumstances can the contract be modified after the contract has expired.***" NTCC management will ensure compliance to contract payment terms in the future."

Name of contact person responsible for corrective action plan: William S. Wainwright, Chancellor

Corrective Action Planned: Review of NTCC Policy FIN-007 and Signature upon Review by Campus Deans, Division Directors, and Program Managers.

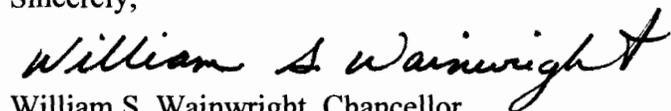
Anticipated Completion Date: September 14, 2012

1710 SULLIVAN DRIVE ♦ BOGALUSA, LA 70427 ♦ (985) 732-6640 ♦ FAX (985) 732-6603

MEMBER OF THE LOUISIANA COMMUNITY AND TECHNICAL COLLEGE SYSTEM ♦ ACCREDITED BY THE COUNCIL ON OCCUPATIONAL EDUCATION ♦ AN EQUAL OPPORTUNITY EMPLOYER

Please accept this document as a formal response to the audit report and finding. Please don't hesitate to contact me if I can provide additional information.

Sincerely,



William S. Wainwright, Chancellor
Northshore Technical Community College

cc: Marc Chauvin, Vice Chancellor of Finance and Administration