

BOSSIER PARISH COMMUNITY COLLEGE  
LOUISIANA COMMUNITY AND  
TECHNICAL COLLEGE SYSTEM

STATE OF LOUISIANA



FINANCIAL AUDIT SERVICES  
MANAGEMENT LETTER  
ISSUED NOVEMBER 2, 2016

**LOUISIANA LEGISLATIVE AUDITOR  
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BATON ROUGE, LOUISIANA 70804-9397**

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# Louisiana Legislative Auditor

Daryl G. Purpera, CPA, CFE



## Bossier Parish Community College

November 2016

Audit Control # 80160080

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## Introduction

As a part of our audit of the Louisiana Community and Technical College System's (System) financial statements and the Single Audit of the State of Louisiana (Single Audit) for the fiscal year ended June 30, 2016, we performed procedures at Bossier Parish Community College (BPCC) to provide assurances on financial information that is significant to the System's financial statements; evaluate the effectiveness of BPCC's internal controls over financial reporting; and determine whether BPCC complied with applicable laws and regulations. In addition, we determined whether management had taken actions to correct the finding reported in the prior year.

BPCC is a part of the System and reported an enrollment of 7,039 students for the fall 2015 semester. BPCC's mission is to promote attainment of educational goals within the community and strengthen the regional economy.

## Results of Our Procedures

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### Follow-up on Prior-year Finding

Our auditors reviewed the status of the prior-year finding reported in the management letter dated December 7, 2015. We determined that management has resolved the prior-year finding related to students allowed to attend classes owing outstanding balances.

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### Current-year Finding

#### Inaccurate Annual Fiscal Report

BPCC failed to prepare an accurate Annual Fiscal Report (AFR), resulting in inaccurate financial information being submitted to the System for fiscal year 2016. Examples of errors identified in the AFR that required adjustment are noted below:

- Statement of Revenues, Expenses, and Changes in Net Position

- Net tuition and fees revenues and scholarship and fellowship expenses were understated by approximately \$2.5 million.
- Statement of Cash Flows
  - Payments for employee compensation were understated by approximately \$2.5 million, and payments for benefits were overstated by approximately \$2.5 million.
  - Increase in net pension liability and decrease in other liabilities were understated by approximately \$1.3 million.
  - Gifts and grants for other than capital purposes and other disbursements were understated by approximately \$1.1 million.

These errors resulted from the lack of an independent review of the AFR and supporting schedules, as well as the failure to adhere to System guidance on proper classification of financial amounts prior to the submission of the AFR to the System. Good internal controls should include timely and thorough review by a knowledgeable person of the financial information included in the AFR.

Management should hold its finance personnel accountable for providing inaccurate information to the System, provide additional accounting training, and assign a knowledgeable person to review financial information before submitting its AFR to the System. Management concurred with the finding and outlined a plan of corrective action (see Appendix A).

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## **Financial Statements - Louisiana Community and Technical College System**

As a part of our audit of the System's financial statements for the year ended June 30, 2016, we considered BPCC's internal controls over financial reporting and examined evidence supporting certain account balances and classes of transactions as follows:

### **Statement of Net Position**

**Assets** - Receivables, due from federal government, and capital assets

**Liabilities** - Accounts payable and accrued liabilities, and unearned revenues

**Net Position** - Net investment in capital assets, restricted-expendable, restricted-nonexpendable, and unrestricted

### **Statement of Revenues, Expenses, and Changes in Net Position**

**Revenues** - Student tuition and fees, scholarship allowances, federal nonoperating revenues, and capital grants and gifts

**Expenses** - Educational and general expenses

Based on the results of these procedures on the financial statements, we reported a finding related to an inaccurate annual fiscal report, as described previously. In addition, the account balances and classes of transactions tested, as adjusted, are materially correct.

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## **Federal Compliance - Single Audit of the State of Louisiana**

As a part of the Single Audit for the year ended June 30, 2016, we performed procedures on loan information submitted by BPCC to the Division of Administration's Office of Statewide Reporting and Accounting Policy for the preparation of the state's Schedule of Expenditures of Federal Awards.

Based on the results of these Single Audit procedures, the loan information was materially correct.

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## **Other Procedures**

In addition to the financial statement and federal compliance work noted above, we performed certain procedures which included obtaining, documenting, and reviewing BPCC's internal control and compliance with related laws and regulations over the LaCarte procurement card program, movable property, and the corporate business account program.

Based on the results of the procedures performed, we found no issues or weaknesses that were required to be reported.

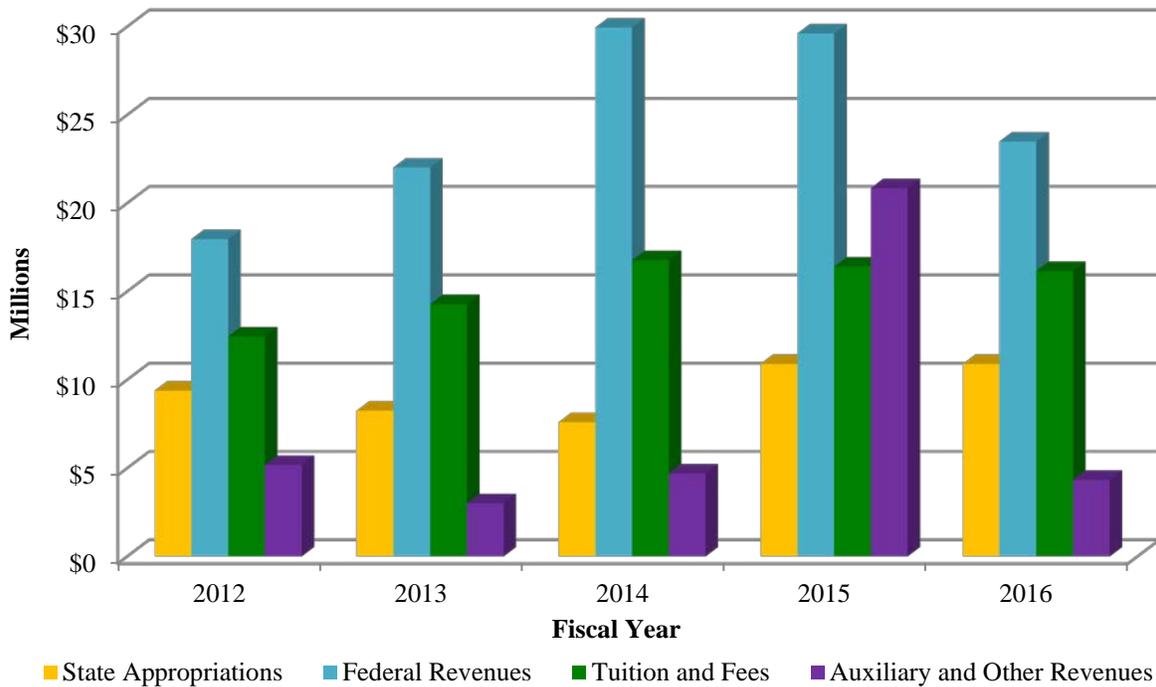
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## **Trend Analysis**

We compared the most current and prior-year financial activity using BPCC's annual fiscal reports and/or system-generated reports and obtained explanations from BPCC management for any significant variances. We also prepared an analysis of revenues, expenses, and enrollment over the last five fiscal years, as shown in Exhibits 1 and 2.

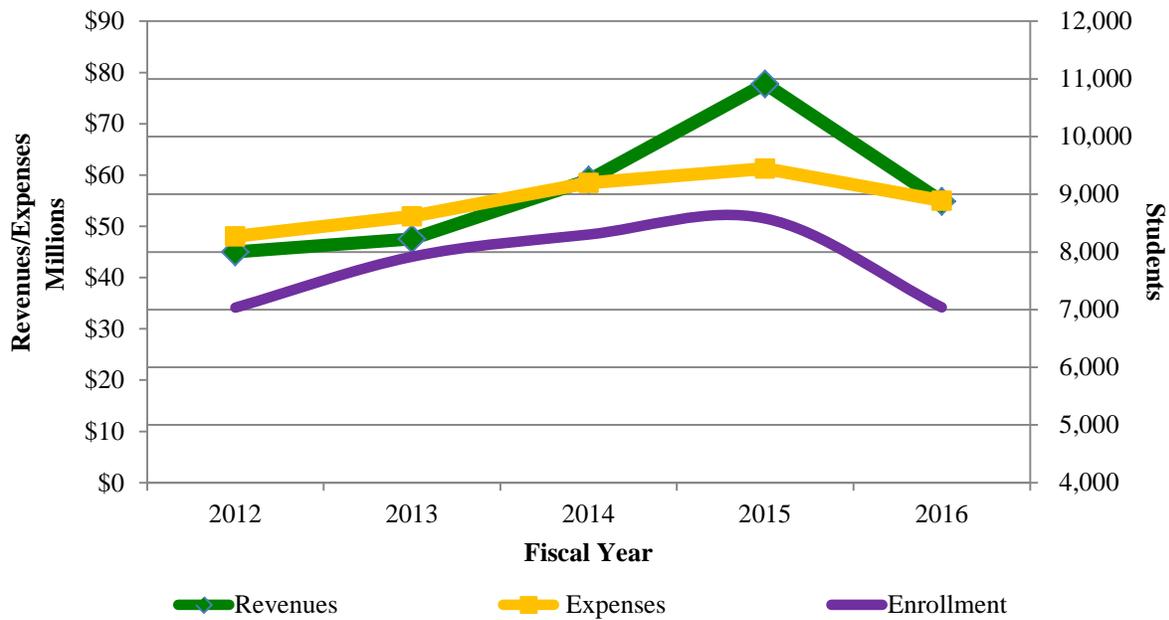
In analyzing the financial trends of BPCC over the last five fiscal years, total revenues and total expenses increased steadily with enrollment until fiscal year (FY) 2015. In FY 2015, there was a spike in other revenues due to the construction of a \$16 million Advanced Manufacturing Training Center building funded by the Louisiana Department of Economic Development; and BPCC received \$3.3 million in additional state appropriation funds. However, in FY 2016, there was a significant drop in federal revenues due to the ending of the Trade Adjustment Assistance Community College and Career Training federal grant and BPCC instituted a new drop policy, resulting in a drop in student enrollment and a reduction in federal student financial aid. Although there was a drop in enrollment, there was an increase in tuition in 2016 that contributed to the stabilization of tuition revenue.

### Exhibit 1 Five-Year Revenue Trend



Source: Fiscal year 2012-2016 BPCC Annual Fiscal Reports, as adjusted

### Exhibit 2 Fiscal/Enrollment Trends



Sources: Fiscal Year 2012-2016 BPCC Annual Fiscal Reports, as adjusted, and Board of Regents website

The recommendation in this letter represents, in our judgment, that which is most likely to bring about beneficial improvements to the operations of BPCC. The nature of the recommendation, its implementation costs, and its potential impact on the operations of BPCC should be considered in reaching decisions on courses of action.

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

Respectfully submitted,

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

Daryl G. Purpera, CPA, CFE  
Legislative Auditor

ASM:BAC:BH:EFS:aa

BPCC 2016



## **APPENDIX A: MANAGEMENT'S RESPONSE**





RICK BATEMAN, JR., PH.D.  
CHANCELLOR  
BOSSIER PARISH COMMUNITY COLLEGE

October 24, 2016

Mr. Daryl G. Purpera, CPA, CFE  
Louisiana Legislative Auditor  
P.O. Box 94397  
Baton Rouge, LA 70804-9397

RE: Inaccurate Annual Fiscal Report

Bossier Parish Community College concurs that it failed to prepare an accurate Annual Fiscal Report (AFR) which resulted in inaccurate financial information being submitted to the Louisiana Community and Technical College System for fiscal year 2016. However, subsequent to submission, management continued to review the financial data submitted and internally detected two of the three Statement of Cash Flows corrections noted in the finding (approximately \$2.5M for payments for employee compensation and payments for benefits; and approximately \$1.1M for gifts and grants).

Upon detection of the two errors noted previously, management adopted a change to the Financial Reporting Procedures to institute a monthly reporting process to mirror the annual process. Included in this monthly procedure is the development of a full set of financial statements, including the Statement of Cash Flows. The Comptroller will be in training on the monthly reporting process throughout the current fiscal year and will take over the development of the AFR. This will allow the Associate Vice Chancellor for Finance to provide the final review. A revised timeline has been developed to ensure adequate time for review after completion of the AFR.

The Associate Vice Chancellor for Finance will serve as the contact person responsible for corrective action.

As always, we appreciate the professionalism and courtesy of your team as we work to serve the citizens of Louisiana. Please do not hesitate to contact me with any questions or concerns.

Sincerely,

Dr. Rick Bateman, Jr.  
Chancellor



## APPENDIX B: SCOPE AND METHODOLOGY

We performed certain procedures at Bossier Parish Community College (BPCC) for the period from July 1, 2015, through June 30, 2016, to provide assurances on financial information significant to the Louisiana Community and Technical College System (System) and to evaluate relevant systems of internal controls in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. The procedures included inquiry, observation, review of policies and procedures, and a review of relevant laws and regulations. Our procedures, summarized below, are a part of the audit of the System's financial statements and the Single Audit of the State of Louisiana (Single Audit) for the year ended June 30, 2016.

- We evaluated BPCC'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 BPCC.
- Based on the documentation of BPCC's controls and our understanding of related laws and regulations, we performed procedures to provide assurances on certain BPCC account balances and classes of transactions to support the opinion on the System financial statements.
- We performed procedures on the loan information for the preparation of the state's Schedule of Expenditures of Federal Awards for the year ended June 30, 2016, to support the Single Audit.
- We compared the most current and prior-year financial activity using BPCC's annual fiscal reports and/or system-generated reports to identify trends and obtained explanations from BPCC management for significant variances.

The purpose of this report is solely to describe the scope of our work at BPCC and not to provide an opinion on the effectiveness of BPCC'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 purposes.

We did not audit or review BPCC's Annual Fiscal Report, and accordingly, we do not express an opinion on that report. BPCC's accounts are an integral part of the System's financial statements, upon which the Louisiana Legislative Auditor expresses opinions.