

SOUTH LOUISIANA COMMUNITY COLLEGE
LOUISIANA COMMUNITY AND TECHNICAL COLLEGE
SYSTEM

STATE OF LOUISIANA



FINANCIAL AUDIT SERVICES
MANAGEMENT LETTER
ISSUED MAY 18, 2022

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

LEGISLATIVE AUDITOR
MICHAEL J. "MIKE" WAGUESPACK, CPA

FIRST ASSISTANT LEGISLATIVE AUDITOR
ERNEST F. SUMMERVILLE, JR., CPA

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Louisiana Legislative Auditor

Michael J. “Mike” Waguespack, CPA

South Louisiana Community College



May 2022

Audit Control # 80210083

Introduction

As a part of our audit of the Louisiana Community and Technical College System (System) and our work related to the Single Audit of the State of Louisiana (Single Audit) for the fiscal year ended June 30, 2021, we performed procedures at the South Louisiana Community College (College) to provide assurances on financial information that is significant to the System’s financial statements; evaluate the effectiveness of the College’s internal controls over financial reporting and compliance; and determine whether the College complied with applicable laws and regulations. In addition, we determined whether management has taken actions to correct the findings reported in the prior year.

Results of Our Procedures

Follow-up on Prior-year Findings

Our auditors reviewed the status of the prior-year findings reported in the College’s management letter dated May 10, 2021. We determined that management has resolved the prior-year findings related to Unallowed Coronavirus Aid, Relief, and Economic Security (CARES) Act Payroll Expenditures and Unallowed Disbursement of CARES Act Funds to Students. We performed procedures on payroll transactions that occurred between July 1, 2020, and June 30, 2021, related to the prior-report finding titled Possible Improper Payments to Employees and determined that there were no one-time payments and retroactive payments had adequate supporting documentation and explanations provided by management were reasonable.

Current-year Findings

Failure to Return Title IV Funds in Required Time Frames

The College failed to return, to the U.S. Department of Education (USDOE) within required time frames, Student Financial Assistance (SFA) funds that the College attempted to disburse directly to a student or parent but the student or parent did not receive. Management has identified \$30,347 of SFA funds that were not returned to the USDOE as required during the fiscal year ending June 30, 2021.

Management represented there were no procedure to return these funds to the USDOE. Additionally, the College was unaware of the specific time frame to return the funds to the USDOE until recently, when it started looking at Higher Education Emergency Relief Fund (HEERF) monies that were returned to the College from the financial institution. Management is currently developing procedures to address this requirement and is working to identify and return funds to the USDOE as quickly as possible. The College's failure to have a process in place to timely return the funds to the USDOE results in noncompliance with federal regulations and could result in disallowed cost.

Management should develop and implement a process to return all SFA funds that are not received by a student or parent to the USDOE within the required time frames set by federal regulations. Management concurred with the finding and outlined a plan of corrective action. (see Appendix A, page 1).

Noncompliance with Gramm-Leach-Bliley Act Regarding Student Information Security

The College did not have a formal risk assessment documented or related safeguards that address the following minimum requirements of the Gramm-Leach-Bliley Act standards for safeguarding student information:

- Employee training and management;
- Information systems including network and software design, as well as information processing, storage, transmission and disposal; and
- Detecting, preventing and responding to attacks, intrusions, or other systems failures.

Management has represented that the College has procedures to provide employees and management with security training to perform information system vulnerability scanning and network activity monitoring and has policies on passwords and data disposal, but has not performed a formal documented risk assessment including safeguards to address the identified risks required by federal regulation. As a result, there is an increased risk for unauthorized disclosure, misuse, alteration, destruction or other compromise of student information and results in noncompliance.

Management should develop, implement, maintain, and document information security programs that include a formal documented risk assessment of relevant areas of operation, and design and implement safeguards to control the risks identified in regards to student information. Management concurred with the finding and outlined a plan of corrective action. (see Appendix A, page 2).

Untimely Termination of System Access

The College did not timely terminate employee access to the Banner system. Untimely termination of system access increases the risk of errors or fraud.

In a review of employees terminated in fiscal year 2021 as of May 24, 2021, 16 (61.5%) of 26 terminated employees did not have Banner access timely removed. Delays in removal of access ranged from two to 24 days after the employee's last date of employment, with an average of eight days' delay.

Good internal control requires removal of access on the same day or before a user's job termination is effective. Management represented that College supervisors were not timely submitting requests to terminate access in Banner and only secondary controls were detecting and correcting instances of inappropriate access; thus, user accounts were not timely locked when the employee separated from employment.

Management should ensure the removal of employee access to the Banner system immediately upon separation. Management concurred with the finding and outlined a plan of corrective action. (see Appendix A, page 3).

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, 2021, we considered the College's internal control over financial reporting and examined evidence supporting certain account balances and classes of transactions, as follows:

Statement of Net Position

Assets - Cash and Cash Equivalents and Due from Federal Government resulting from federal nonoperating revenues and CARES Act revenues

Liabilities - Unearned Revenues resulting from student tuition and fees

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 net of Scholarship Allowances, Federal Nonoperating, and CARES Act Revenues

Expenses - Educational and General

Based on the results of these procedures on the financial statements, we reported a finding related to Untimely Termination of System Access, as described previously. In addition, the account balances and classes of transactions tested, as adjusted, are materially correct.

Federal Compliance - Single Audit of the State of Louisiana

As a part of the Single Audit for the year ended June 30, 2021, we performed procedures as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) on information submitted by the College to the Division of Administration's Office of Statewide Reporting and Accounting Policy for the preparation of the state's status of the prior-year findings for the preparation of the state's Summary Schedule of Prior Audit Findings.

The College's information submitted for the preparation of the state's Summary Schedule of Prior Audit Findings, as adjusted, is materially correct.

Other Procedures

In addition to the System and Single Audit procedures noted above, we performed certain procedures that included obtaining, documenting, and reviewing the College's internal control and compliance with related laws and regulations over the Student Financial Assistance cluster and movable property.

Based on the results of these procedures, we reported a finding related to Failure to Return Title IV Funds in Required Time Frames and Noncompliance with Gramm-Leach-Bliley Act Regarding Student Information Security, as described previously.

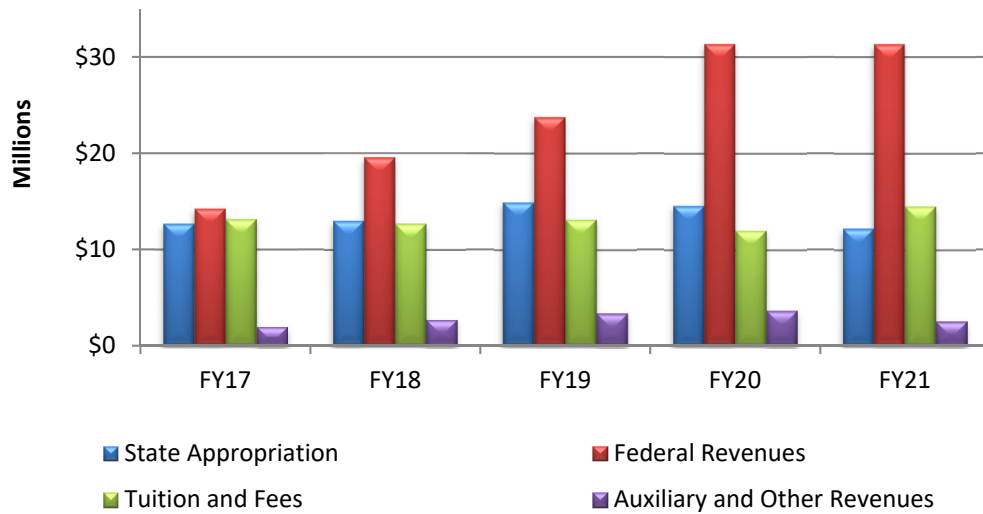
Trend Analysis

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

In analyzing the financial trends of the College over the past five fiscal years, federal revenues increased in fiscal years (FY) 2018 to 2020 due to new or additional funding for the following grants and contracts: Pell Grant, Workforce Innovation and Opportunity Act, Supplemental Educational Opportunity Grants (increases in FY18 and FY19 only), Predominantly Black Institution, Employment and Training Administration Grant transferred from South Central Louisiana Technical College, CARES Act HEERF (new in FY20), and Coronavirus Relief Funds (new in FY20). From FY20 to FY21 federal revenues stayed relatively the same although we noted a decrease in Workforce Innovation and Opportunity Act, Predominantly Black Institution, and Employment and Training Administration Grant with an offsetting increase in CARES Act funds. Although there was a decrease in credit course enrollment in FY21, tuition and fees revenue increased due to an influx of non-credit course enrollment and a decrease in scholarship allowance due to a decrease in Pell Funds. In FY20, operating expenses decreased due to decreases made to Pensions and OPEB expenses and a large investment in Academic Computing infrastructure in

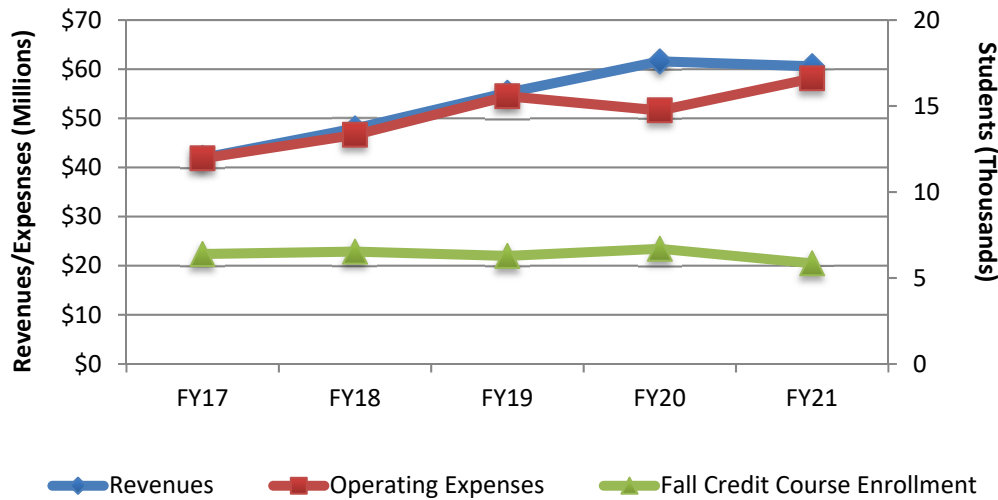
FY19 that was completed in FY20 resulting in less FY20 expenses. In FY21, operating expenses increased due to large increases in Pension expense.

Exhibit 1
Five-Year Revenue Trend, by Fiscal Year



Source: Fiscal Year 2017-2021 College Annual Fiscal Reports/Agency Reports

Exhibit 2
Fiscal/Enrollment Trends, by Fiscal Year



Source: Fiscal Year 2017-2021 College Annual Fiscal Reports/Agency Reports

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 finding related to the College’s

compliance with applicable laws and regulations should be addressed immediately by management.

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

Respectfully submitted,



Michael J. "Mike" Waguespack, CPA
Legislative Auditor

JKB:RJM:BH:EFS:ch

SLCC 2021

APPENDIX A: MANAGEMENT'S RESPONSES

May 5, 2022

Michael J. "Mike" Waguespack, CPA
Louisiana Legislative Auditor
1600 North Third Street
Post Office Box 94397
Baton Rouge, LA 70804-9397

RE: Failure to Return Title IV Funds in Required Time Frames

Dear Mr. Waguespack,

South Louisiana Community College (SLCC) concurs with the finding titled Failure to Return Title IV Funds in Required Time Frames.

The College has identified \$31,658 of SFA funds that need to be returned to the USDOE for the fiscal year ending June 30, 2021.

SLCC processes student refunds through BankMobile Disbursements, a technology solution, powered by BMTX, Inc. BankMobile actively reaches out to students to deliver their funds. The Office of Student Accounts also sends communication to students that have not activated their BankMobile accounts. After 90 days, if the funds have not been claimed by the student, BankMobile returns the funds to the College.

SLCC will implement the following process in response to this finding:

- Upon receipt of the returned funds from BankMobile, the Office of Student Accounts will continue to attempt to deliver the funds to the student.
- If funds are still unclaimed after 180 days, a listing will be provided to the Office of Financial Aid of funds that need to be returned.
- The Office of Financial Aid will adjust the student's award in COD.
- The Office of Student Accounts will return the funds through the G5 system before the 240-day mark.

Wendi Robicheaux, Director of Student Accounts is responsible for the implementation of corrective action. SLCC anticipates that this process will be fully implemented by June 30, 2022.

Sincerely,



Crystal Lee, Ph.D.

Vice Chancellor for Academic & Student Affairs

cc: Dr. Vincent June, Chancellor
Dr. Timothy Wise, Associate Vice Chancellor for Student Affairs
Wendi Robicheaux, Director of Student Accounts
Tiffany Williams, Director of Financial Aid
Carla Ortego, Director of Accounting

February 9, 2022

Michael J. "Mike" Waguespack, CPA
Louisiana Legislative Auditor
1600 North Third Street
Post Office Box 94397
Baton Rouge, LA 70804-9397

RE: Noncompliance with Gramm-Leach-Bliley Act Regarding Student Information Security

Dear Mr. Waguespack,

South Louisiana Community College (SLCC) concurs with the finding titled Noncompliance with Gramm-Leach-Bliley Act Regarding Student Information Security.

SLCC has procedures to provide employees and management with security training, to perform information system vulnerability scanning and network activity monitoring, and has policies on passwords and data disposal, but has not performed a formal documented risk assessment including safeguards to address the identified risks required by federal regulation.

SLCC will develop, implement, maintain, and document information security programs that include a formal documented risk assessment of relevant areas of operation and design. The college will implement safeguards to control any risks that may be identified through the review regarding student information.

The campus personal responsible for implementing and monitoring corrective actions will be Nick Pitre, Director of Information Technologies. The projected completion of the documented risk assessment is June 30, 2021.

Sincerely,



Bryan Glatter, CPA, CGMA
Vice Chancellor of Administration and Finance

cc: Dr. Vincent June, Chancellor
Carla Ortego, Director of Accounting
Nick Pitre, Director of Information Technology

February 9, 2022

Michael J. "Mike" Waguespack, CPA
Louisiana Legislative Auditor
1600 North Third Street
Post Office Box 94397
Baton Rouge, LA 70804-9397

RE: Untimely Termination of System Access

Dear Mr. Waguespack,

South Louisiana Community College (SLCC) concurs with the finding titled Untimely Termination of System Access. To assure that access termination is performed timely, SLCC has transitioned the responsibility from the employee's supervisor to the Human Resources department as part of the exit process.

At the time of notification of separation, an access termination request will be initiated using a security access form. As part of the process, any special notes, including notations of earliest termination of access will be provided to our system (LCTCS) Information Technology team to allow for proper notice of access termination. This also allows payroll and human resources the time to adequately close out the employee record.

The campus personnel responsible for implementing and ensuring compliance for the corrective action is Amanda Linck, Senior Human Resources Generalist. The process has been implemented effective immediately.

Sincerely,



Bryan Glatter, CPA, CGMA
Vice Chancellor of Administration and Finance

cc: Dr. Vincent June
Carla Ortego, Director of Accounting
Alicia Hulin, Executive Director of Human Resources
& Strategic Engagement

APPENDIX B: SCOPE AND METHODOLOGY

We performed certain procedures at the South Louisiana Community College (College) for the period from July 1, 2020, through June 30, 2021, to provide assurances on financial information significant to the Louisiana Community and Technical College System (System), and to evaluate relevant systems of internal control in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. Our procedures, summarized below, are a part of the audit of the System's financial statements and our work related to the Single Audit of the State of Louisiana (Single Audit) for the year ended June 30, 2021.

- We evaluated the College'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 the College.
- Based on the documentation of the College's controls and our understanding of related laws and regulations, we performed procedures to provide assurances on certain account balances and classes of transactions to support our opinion on the System's financial statements.
- We performed procedures on information for the preparation of the state's status of prior-year findings for the preparation of the state's Summary Schedule of Prior Audit Findings for the year ended June 30, 2021, as a part of the 2021 Single Audit.
- We compared the most current and prior-year financial activity using the College's Annual Fiscal Reports and/or system-generated reports to identify trends and obtained explanations from the College's management for significant variances.

In addition, we performed procedures on the Student Financial Assistance cluster and movable property. The scope of these procedures was significantly less than an audit conducted in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States.

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

We did not audit or review the College's Annual Fiscal Report, 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 an opinion.