

LOUISIANA DELTA COMMUNITY COLLEGE

LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM

STATE OF LOUISIANA



FINANCIAL AUDIT SERVICES
MANAGEMENT LETTER
ISSUED NOVEMBER 25, 2020

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Louisiana Legislative Auditor

Daryl G. Purpera, CPA, CFE



Louisiana Delta Community College

November 2020

Audit Control # 80200080

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, 2020, we performed procedures at Louisiana Delta Community College (LDCC) to provide assurances on financial information that is significant to the System's financial statements; evaluate the effectiveness of LDCC's internal controls over financial reporting and compliance; and determine whether LDCC complied with applicable laws and regulations. We also performed procedures for the period July 1, 2018, through June 30, 2019, to evaluate certain internal controls LDCC uses to ensure accurate financial reporting, compliance with applicable laws and regulations, and accountability over public funds. In addition, we determined whether management has taken actions to correct the findings reported in the prior report.

Results of Our Procedures

Follow-up on Prior-report Findings

Our auditors reviewed the status of the prior-report findings reported in the LDCC management letter dated December 19, 2018. We determined that management has resolved the prior-year findings related to Inadequate Controls over Outstanding Student Account Balances and Chancellor Waivers Not in Accordance with System Policy. The prior-year finding related to Inadequate Controls over Banner System has not been resolved and is addressed again in this letter.

Current-year Finding

Inadequate Controls over Banner System

LDCC did not have adequate controls over its Banner accounting system, increasing the risk of errors or fraud. During fiscal year 2020, audit procedures revealed the following deficiencies:

- As of March 9, 2020, LDCC did not remove system access for 10 employees who terminated during the fiscal year until up to 42 days after separation of employment. LDCC developed a written information security policy effective as

of March 4, 2020, to address removing access. This is the third consecutive audit that this deficiency was reported.

- For the second consecutive audit, LDCC did not accurately set up its student fee tables in Banner.
 - For 42 high school students tested in the fall semester, their accounts were charged \$32 per credit hour instead of the System's stated rate of \$138.96 per credit hour for in-person tuition, and \$133.92 as a flat rate instead of per credit hour rate for a three-hour online course. As a result, tuition charges posted to the students' accounts and waivers were undercharged by \$25,689. Since the students' accounts are paid by local school boards at a contracted rate, the amounts collected were correct.
 - Online students taking more than 12 hours during the fall semester were overcharged a total of \$31,198 for the operational, student technology, academic excellence, and building access fees.
 - Online students were charged \$2 less for the \$5 per hour technology fee and were charged \$5 extra per credit hour for the GRAD Act tuition adjustment for certain courses during the spring semester, resulting in a net total of \$92 of tuition and fees being undercharged.
- For the second consecutive audit, LDCC did not provide evidence that employees monitored reports to reconcile data between the Banner Student Accounts Receivable and the Banner Finance modules as of June 30, 2020.
- Of 273 expense related journal entries reviewed as of February 29, 2020, 28 (10%) were entered and processed through Banner Finance by the same employee without an independent review.

Management should develop and implement policies and procedures to ensure employee access is removed timely, fee tables are accurate, system modules are reconciled, and journal entry processing duties are segregated. In addition, management should monitor employees to ensure policies and procedures are being followed. Management concurred in part with the finding and outlined a plan of corrective action (See Appendix A).

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, 2020, we considered LDCC's internal control over financial reporting and examined evidence supporting certain account balances and classes of transactions, as follows:

Statement of Net Position

Liabilities – Accounts Payable and Accruals

Net Position – Investment in Capital Assets, Restricted-Nonexpendable, Restricted-Expendable, and Unrestricted

Statement of Revenues, Expenses, and Changes in Net Position

Expenses – Education and General

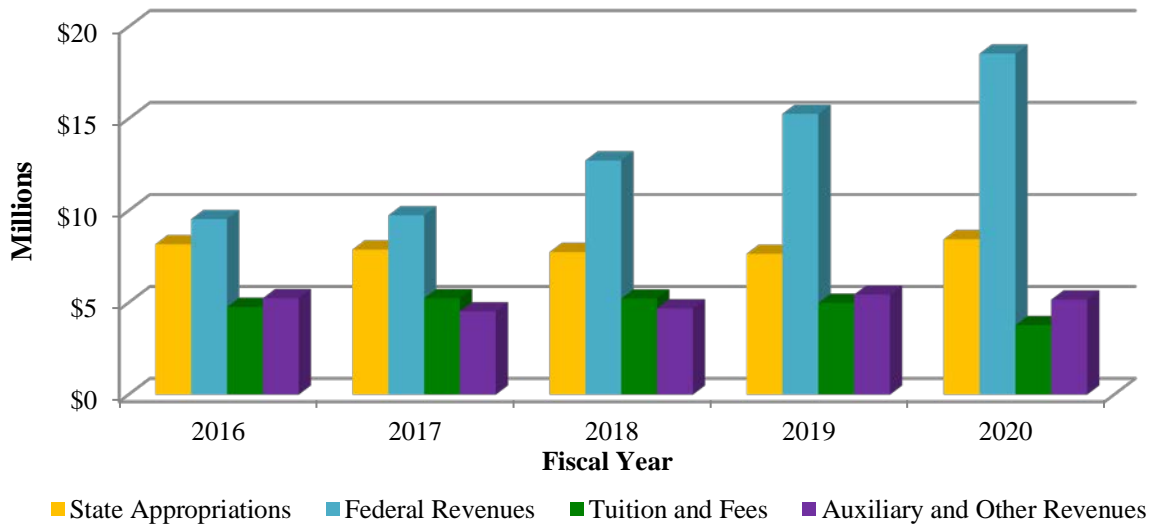
Based on the results of these procedures on the financial statements, we reported a finding related to Inadequate Controls over Banner System, as described previously. In addition, the account balances and classes of transactions tested, as adjusted, are materially correct.

Trend Analysis

We compared the most current and prior-year financial activity using LDCC's Annual Fiscal Reports and/or system-generated reports, and obtained explanations from LDCC'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.

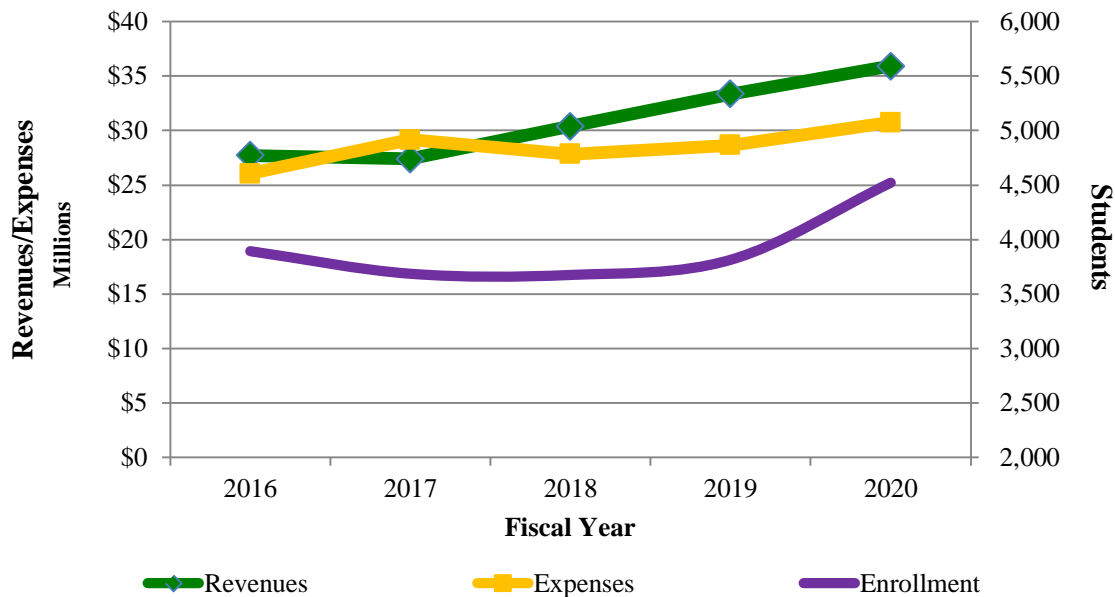
In analyzing financial trends of LDCC over the past five fiscal years, total revenues and expenses fluctuated in fiscal years 2017 and 2018 and have increased in line with enrollment in the last three fiscal years. Federal revenues have steadily increased due to increases in student aid and federal grant funds. In 2018, LDCC was selected as the new Louisiana Headquarters for the Small Business Development Center and began receiving related federal grant funds. In fiscal year 2020, the LDCC received approximately \$2 million in Coronavirus Aid, Relief, and Economic Security Act funds as a result of the novel coronavirus disease 2019 pandemic. Tuition and fee revenues decreased in fiscal year 2020 due to an increase in the percentage of institutional aid awarded to students and allocated to scholarship allowances.

**Exhibit 1
Five-Year Revenue Trend**



Source: Fiscal Year 2016-2020 LDCC Annual Fiscal Reports, as adjusted

**Exhibit 2
Fiscal/Enrollment Trends**



Source: Fiscal Year 2016-2020 LDCC Annual Fiscal Reports, as adjusted, and Board of Regents Website

The recommendation in this letter represents, in our judgment, that which will most likely bring about beneficial improvements to the operations of LDCC. The nature of the recommendation, its implementation costs, and its potential impact on the operations of LDCC 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,



Daryl G. Purpera, CPA, CFE
Legislative Auditor

WMS:BAC:BH:EFS:ch

LDCC2020

APPENDIX A: MANAGEMENT'S RESPONSE



LOUISIANA DELTA
COMMUNITY COLLEGE

OFFICE OF THE CHANCELLOR

September 22, 2020

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

Mr. Purpera,

In response to your request to Louisiana Delta Community College, please note the following responses to the preliminary audit findings.

INADEQUATE CONTROLS OVER BANNER SYSTEM

Finding: *The college did not remove system accesses for ten employees who terminated during the fiscal year until up to 42 days after separation of employment.*

College Response to Finding: Agree in part. The finding states “the college developed a written information security policy effective as of March 4, 2020, to address removing access”. While it is accurate that the policy was effective at the stated date, the college implemented the workflow portion of this policy in a process document along with automated processes to correct Information Technology access on December 4, 2018. While we do concur that it was not in policy format until the stated date, the college did take the prior audit findings seriously and put considerable work into correcting its Information Technology processes. There is a nightly process that removes Banner Access for employees with a termination date in the past. The former employees on this report that have a gap between termination and access cutoff date are users who, for various reasons, Human Resources waited to load their termination date and then backdated them. When Human Resources entered the date, the nightly process then recognized that termination date as occurring in the past and then removed access. We have discussed the issues that this caused with the Human Resource department, and in the future they will preload termination dates when they receive a termination notice. We would also note that, for these ten employees, we checked the last time that a user logged in and none of the ten employees identified accessed the system after their termination date.

College proposed corrective action: The Human Resources department has already altered its practice so that they now preload termination dates when they receive a termination notice. This will ensure the

C O U R A G E . A T T I T U D E . K N O W L E D G E .

automated processes are timely activated to remove access. Persons Responsible: Bradley Masters, Chief Information Officer; Kendra Clement, Executive Director of Human Resources

Completion Date: May 2020

Finding: *The college did not accurately set up its student fee tables in Banner.*

College Response to Finding: Agree. Previously, online fee tables were entered manually in SSADETL for each course offered which increased the risk of human error. However, beginning in Summer 2020, online tuition and fees were set up in SFARGFE, with a special attribute for each online course in SSADETL.

College proposed corrective action: All tuition and fee tables have been set up in SFARGFE and automated to decrease the risk of human error. Persons Responsible: Naomi Mitchell, CFO; Donna Gayle Collie, Bursar

Completion Date: Summer 2020

Finding: *The college did not provide evidence of Banner Student Accounts Receivable and Finance modules reconciliation.*

College Response to Finding: Agree. After careful review, it does not appear this reconciliation has been done in the past. The new CFO has made this a top priority for the near future. In addition, we have made a personnel change at the Bursar position with whom this responsibility lies. A new Bursar was recently hired and will be trained to maintain this reconciliation.

College proposed corrective action: The CFO has begun reconciliation using the COGNOS A/R Reconciliation Report. Reconciliation will span from the inception of Banner to date which could prove to be a lengthy process. However, a final reconciliation is estimated to be completed by January 2021. Persons Responsible: Naomi Mitchell, CFO; Donna Gayle Collie, Bursar

Estimated Completion Date: January 2021

Finding: *Journal entries were entered and processed in Banner Finance by the same employee without an independent review.*

College Response to Finding: Agree. The CFO was not aware entries should not be made by the approver. Once made aware of this by the legislative auditor, in May of 2020, she ceased making entries.

College proposed corrective action: The CFO no longer makes journal entries for the college. If an entry is needed, backup will be provided to an accountant for review and entry. Persons Responsible: Naomi Mitchell, CFO

Completion Date: May 2020

Sincerely,



Chris Broadwater
Interim Chancellor

APPENDIX B: SCOPE AND METHODOLOGY

We performed certain procedures at Louisiana Delta Community College (LDCC) for the period from July 1, 2019, through June 30, 2020, 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 for the year ended June 30, 2020.

In addition, we conducted certain procedures at LDCC for the period from July 1, 2018 through June 30, 2019. Our objective was to evaluate certain controls LDCC uses to ensure accurate financial reporting, compliance with applicable laws and regulations, and accountability over public funds. 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.

- We evaluated LDCC'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 LDCC.
- Based on the documentation of LDCC'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 compared the most current and prior-year financial activity using LDCC's Annual Fiscal Reports and/or system-generated reports to identify trends and obtained explanations from LDCC's management for significant variances.

The purpose of this report is solely to describe the scope of our work at LDCC and not to provide an opinion on the effectiveness of LDCC'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 LDCC's Annual Fiscal Reports, and accordingly, we do not express an opinion on those reports. LDCC's accounts are an integral part of the System's financial statements, upon which the Louisiana Legislative Auditor expresses an opinion.