

BATON ROUGE COMMUNITY COLLEGE
LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM

STATE OF LOUISIANA



FINANCIAL AUDIT SERVICES
MANAGEMENT LETTER
ISSUED APRIL 6, 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

Baton Rouge Community College



April 2022

Audit Control # 80210087

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 Baton Rouge 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 management letter dated May 5, 2021. We determined that management has resolved the prior-year findings related to Disbursement of CARES Act Funds to Ineligible Students and Untimely Deactivation of Fuel Card Personal Identification Numbers. The prior-year finding related to Inadequate Controls over Return of Title IV Funds has not been resolved and is addressed again in this letter.

Current-year Findings

Inadequate Controls over Return of Title IV Funds

For the second consecutive audit, the College did not have adequate controls in place to ensure that returns of Title IV funds were accurately calculated and timely returned to the U.S. Department of Education (USDOE) as required by federal regulations. Failure to timely and accurately perform return of funds calculations and remit the related funds to USDOE results in noncompliance with federal regulations and can result in improper billings to students and/or a loss of funds by the College.

In a non-statistical sample for the Summer 2020 semester of four students from a population of 379 who were evaluated by the College for return of Title IV funds, one (25%) return calculation was inaccurate, resulting in \$46 being owed back to the USDOE. Also, two (67%) of three required returns were not returned to the USDOE within 45 days of determining the student's withdrawal dates as required by federal regulations. The late returns were 28 days after the required 45-day period.

In a non-statistical sample for the Fall 2020 semester of 27 students from a population of 1,609 who were evaluated by the College for return of Title IV funds, three (11%) return calculations were inaccurate, resulting in \$81 being improperly returned to the USDOE and \$1,095 being owed back to the USDOE. Also, one (5%) of 20 required returns were not returned to the USDOE within 45 days of determining the student's withdrawal dates as required by federal regulations. The late return was 64 days after the required 45-day period.

In a non-statistical sample for the Spring 2021 semester of 29 students from a population of 1,682 who were evaluated by the College for return of Title IV funds, three (10%) return calculations were inaccurate, resulting in \$1,622 being owed back to the USDOE.

The Code of Federal Regulations (CFR) 34 CFR 668.22(a)(1) requires the institution to determine the amount of Title IV funds that the student earned as of the student's withdrawal date. 34 CFR 668.22(j) requires the institution to return unearned Title IV funds within 45 days of the determination date of withdrawal. 34 CFR 668.22(f) defines how the percentage of the period of enrollment completed is calculated, including the total number of days in the period of enrollment, except scheduled breaks of at least five consecutive days are excluded from the total number.

Management noted the returns were untimely for the Summer 2020 and Fall 2020 semesters because the returns were held for processing in a larger batch. Inaccurate return calculations were the result of incomplete institutional charges included in the return calculations and incorrect percentages earned. Management's response to the prior-year finding indicated it would implement corrective action by September 2021 and were in the process of implementing the additional controls during the fiscal year under audit.

Management should strengthen controls to ensure any unearned funds by withdrawn students are accurately calculated by ensuring the institutional charges included in the return calculations are complete and the percentages earned are correct; and returns to the USDOE are completed within the required timeframes. Management also should adjust all applicable student accounts in the Banner System for the inaccurate returns. Management concurred with the finding and outlined a plan of corrective action (see Appendix A, page 1).

Higher Education Emergency Relief Fund Reporting Weaknesses

The College did not ensure the accuracy of quarterly reports for the Higher Education Emergency Relief Funds (HEERF) program and did not ensure the reports were publicly posted by the required deadlines, resulting in noncompliance with federal regulations.

The Quarterly Public Reporting for Institutional and Minority Serving Institutions (MSI) portions for the quarter ending June 30, 2021, was publicly posted 61 days after the required due date. In addition, the Institutional portion total quarterly expenditures for the quarter ending June 30, 2021, did not agree to the underlying documentation. The MSI total quarterly expenditures for the quarters ending March 31, 2021, and June 30, 2021, did not agree to the underlying documentation. The College subsequently revised the reports after auditor inquiry.

The Quarterly Public Reporting for Student Aid Portion for the quarters ending March 31, 2021, and June 30, 2021, were publicly posted 219 and 209 days, respectively, after the required due dates, following auditor inquiry.

The Coronavirus Aid, Relief, and Economic Security (CARES) Act 18004(e) and the Coronavirus Response and Relief Supplemental Appropriations (CRRSAA) Act 314(e) requires an institution receiving funds under HEERF I and HEERF II to submit a report to the secretary, at such time in such a manner as the secretary may require. Per USDOE form instructions, the College must post the Quarterly Public Reporting for Institutional and MSI portions no later than 10 days after the end of each quarter on its website. Per the May 13, 2021, Federal Register, institutions must publicly post its initial report for the CRRSAA – Student Aid Portion as soon as possible, but no later than 30 days after the publication of the notice. The USDOE further indicated that institutions have until June 30, 2021, to post the retroactive reports.

This occurred because the College did not have adequate controls in place to ensure the accurate preparation of the reports or to ensure that the reports were publicly posted by the required deadlines. Management should strengthen its procedures over the preparation and public posting of quarterly reports for the HEERF program to ensure compliance with reporting requirements. Management concurred with the finding and outlined a plan of corrective action (see Appendix A, page 2).

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, Receivables resulting from tuition and fees, and Due from Federal Government

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 net of Scholarship Allowances, Federal Nonoperating Revenues, and Coronavirus Aid, Relief, and Economic Security Act (CARES) revenues
Expenses - Educational and General

The account balances and classes of transactions tested, as adjusted, were 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 on the status of the prior-year findings for the preparation of the state's Summary Schedule of Prior Audit Findings.

Other Procedures

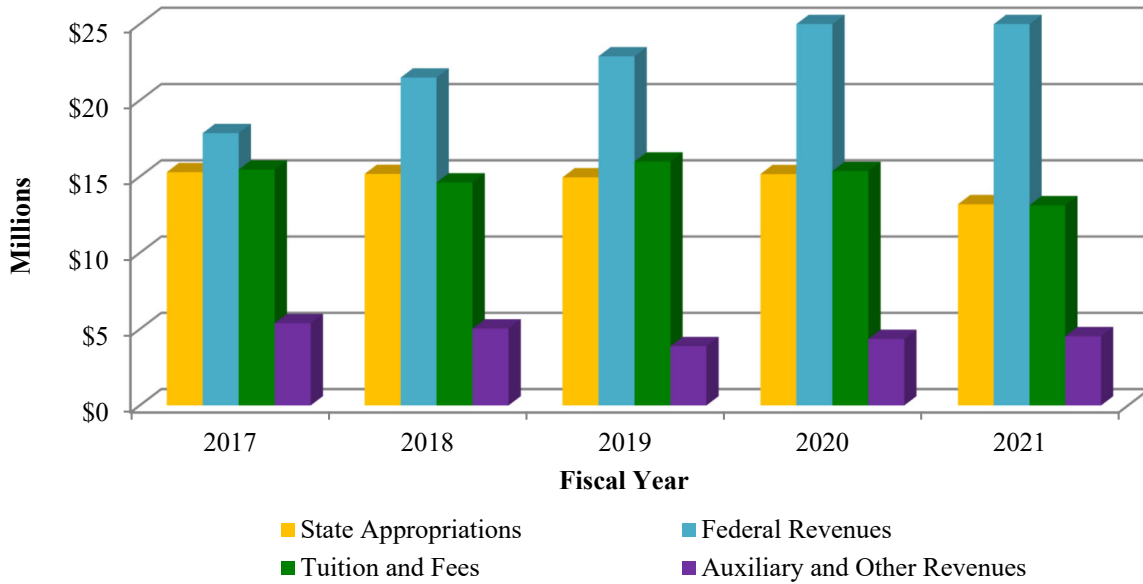
In addition to the System and Single Audit procedures noted above, we performed limited procedures on the Student Financial Assistance Cluster and Higher Education Emergency Relief Fund. Based on the results of these procedures, we reported findings related to Inadequate Controls over Return of Title IV Funds and Higher Education Emergency Relief Fund Reporting Weaknesses, 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.

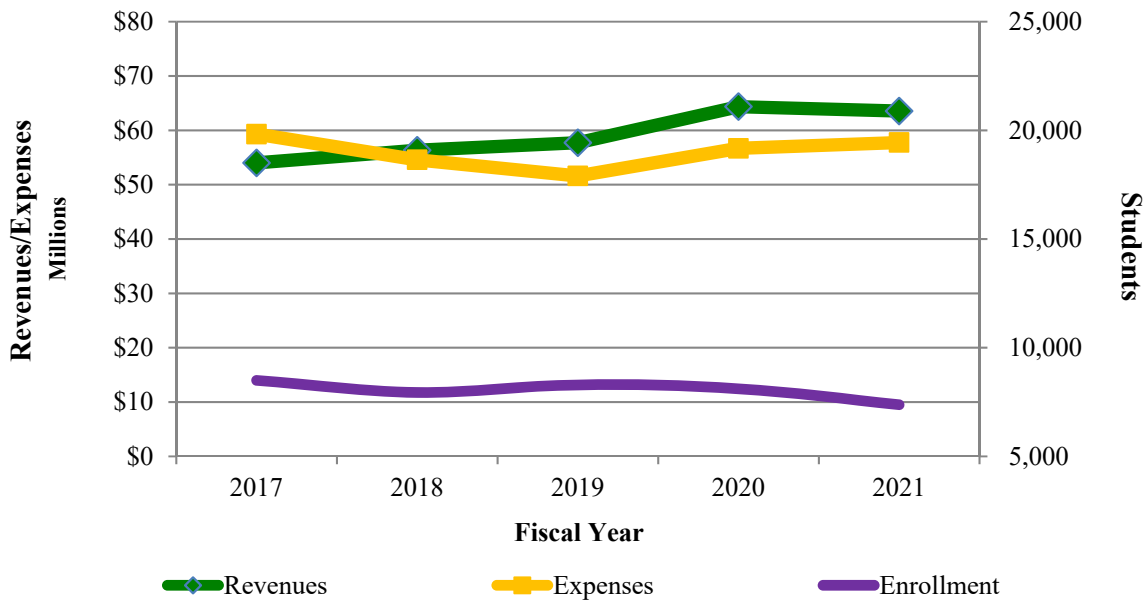
In analyzing the financial trends of the College over the past five fiscal years, we found that since fiscal year 2017 tuition and fee revenues have decreased 15%. The decrease in tuition and fee revenues is mainly attributed to the August 2016 flooding impacting the region of the students served by the College, the discontinuation of the Aviation program, and the COVID-19 Pandemic. In addition, federal revenues increased 83%, mainly due to CARES Act revenues. Since fiscal year 2018, total revenues have exceeded total expenses.

Exhibit 1 Five-Year Revenue Trends



Source: Fiscal Year 2017-2021 College Annual Fiscal Reports, as adjusted

Exhibit 2 Fiscal/Enrollment Trends



Source: Fiscal Year 2017-2021 College Annual Fiscal Reports, as adjusted, and Louisiana Board of Regents website

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 findings 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

KDN:CLL:BQD:EFS:aa

BRCC 2021

APPENDIX A: MANAGEMENT'S RESPONSES



201 Community College Drive Baton Rouge, Louisiana 70806

March 30, 2022

Mr. Michael J. "MIKE" Waguespack, CPA
Legislative Auditor
Post Office Box 94397
Baton Rouge, LA 70804-9397

Dear Mr. Waguespack

Baton Rouge Community College concurs with the finding that the *Inadequate Controls over Return to Title IV Funds* led to errors totaling \$2,763.

The corrective action plan will include the Director of Financial Services and Compliance and the Registrar conducting a two-point review of the break dates listed in Banner (SOATERM) for accuracy and ensuring dates are updated to reflect changes to the Academic Calendar. The Office of Financial Services and Compliance will notify the Accounting Office of completion of R2T4 calculations to ensure funds are remitted to the USDOE within the required time frames. R2T4 returns completed inaccurately will be adjusted and the students' accounts will be corrected. The Director of Financial Services and Compliance will be responsible for implementing our corrective action plan. These corrective actions will be in place by June 30, 2022.

Respectfully,

A handwritten signature in blue ink, appearing to read "Willie E. Smith, Sr.", is written over a light blue horizontal line.

Willie E. Smith, Sr., Ed.D.
Chancellor



201 Community College Drive Baton Rouge, Louisiana 70806

March 30, 2022

Mr. Michael J. "MIKE" Waguespack, CPA
Legislative Auditor
Post Office Box 94397
Baton Rouge, LA 70804-9397

Dear Mr. Waguespack

Baton Rouge Community College concurs with the finding *Higher Education Emergency Relief Fund Reporting Weakness*.

The College will establish the appropriate controls to ensure the applicable HEERF quarterly reports are posted on the College's website within ten days of the end of quarter and that the information in the reports reconciles back to the underlying data. The College's Corrective Action Plan will include that reviews of the reports are completed by the Office of Accounting and Finance Staff to ensure the reports are posted timely and accurately. The Vice Chancellor for Finance and Administration will be responsible for ensuring the corrective actions are completed and the College complies with the applicable HEERF reporting requirements. We expect to have our corrective actions fully implemented by June 30th, 2022.

Respectfully,

A handwritten signature in blue ink, appearing to read "WES", is written over a faint, larger version of the signature.

Willie E. Smith, Sr., Ed.D.
Chancellor

APPENDIX B: SCOPE AND METHODOLOGY

We performed certain procedures at Baton Rouge 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, were 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 the status of the 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 limited procedures on the Student Financial Assistance Cluster and Higher Education Emergency Relief Fund. 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.