

ELAINE P. NUNEZ COMMUNITY COLLEGE

**LOUISIANA COMMUNITY AND TECHNICAL
COLLEGE SYSTEM**

FINANCIAL AUDIT SERVICES

**Procedural Report
Issued August 16, 2023**

**LOUISIANA LEGISLATIVE AUDITOR
1600 NORTH THIRD STREET
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Louisiana Legislative Auditor

Michael J. "Mike" Waguespack, CPA

Elaine P. Nunez Community College



August 2023

Audit Control # 80230018

Introduction

The primary purpose of our procedures at the Elaine P. Nunez Community College (College) was to evaluate certain controls the College 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 action to correct the finding reported in the prior report.

Results of Our Procedures

We evaluated the College's operations and system of internal control through inquiry, observation, and review of its policies and procedures, including a review of the applicable laws and regulations. Based on the documentation of the College's controls and our understanding of related laws and regulations, and the results of our analytical procedures, we performed procedures relating to student tuition and fee revenues, nonpayroll expenses, and federal programs.

Follow-up on Prior-report Finding

We reviewed the status of the prior-report finding in the College's procedural report dated October 6, 2021. We determined that management has resolved the prior-report finding related to Inadequate Controls over Refund Tables.

Current-report Finding

Inadequate Controls over Student Accounts

The College did not have adequate controls over student accounts that had suspected fraudulent activity, increasing the risk of federal student aid being incorrectly disbursed to fraudulent students.

In a review of 58 student accounts identified by the College as having suspected fraudulent activity during fiscal years 2022 and 2023, 16 (28%) student accounts did

not have student holds placed on their accounts. A student hold prevents a student from registering for classes in subsequent semesters. The College placed student holds on the 16 student accounts after auditor inquiry during April 2023; however, the 16 student accounts were all identified by management as having suspected fraudulent activity in October 2021.

The College's procedures require the financial aid department to place student holds on student accounts when there is suspected fraudulent activity until the student's identity is verified. Management represented student holds were not placed on the student accounts in error because of the volume of suspected fraudulent activity experienced by the College. Management should strengthen its procedures over timely placing student holds on student accounts with suspected fraudulent activity. Management concurred with the finding and outlined a plan of corrective action (see Appendix A).

Student Tuition and Fee Revenues

We obtained an understanding of controls over student tuition and fee revenues. We performed procedures on selected students' accounts during the period July 1, 2021, through January 31, 2023, to determine whether tuition and fees were properly assessed, were in accordance with the approved fee schedule, and were properly posted to students' accounts. We evaluated payments applied to the students' accounts for accuracy and compliance with applicable policies and laws. We performed procedures to determine if refund rules during the period Fall 2021 through Summer 2023 semesters were reviewed and properly set up in the Banner student system. Also, we reviewed student accounts identified by the College as having suspected fraudulent activity during fiscal years 2022 and 2023 to determine whether student holds were timely placed on the student accounts. Based on the results of our procedures, the College had adequate controls in place to ensure that tuition and fees were properly assessed, were in accordance with the approved fee schedule, and were properly posted to students' accounts; that payments applied to the students' accounts were accurate; and that the refund rules were reviewed and properly set up in the Banner student system. The College did not have adequate controls to ensure that student holds were timely placed on student accounts identified by the College as having suspected fraudulent activity (see Current-report Finding section).

Nonpayroll Expenses

Nonpayroll expenses comprised approximately 66% of the College's expenses in fiscal year 2022. We obtained an understanding of controls over nonpayroll expenses and examined selected transactions during the period July 1, 2021, through January 31, 2023. Based on the results of our procedures, the College had adequate controls in place to ensure that nonpayroll expenses were properly authorized,

accurately recorded, adequately supported, and in compliance with applicable laws and regulations.

Federal Programs

The College was awarded grants under the Higher Education Emergency Relief Fund (HEERF) program with funding from the Coronavirus Aid, Relief, and Economic Security Act of 2020, the Coronavirus Response and Relief Supplemental Appropriations Act of 2021, and the American Rescue Plan Act of 2021.

The objective of the HEERF program is to “prevent, prepare for, and respond to coronavirus” through grants to eligible institutions. The College received both student aid funds (disbursed to students as emergency financial aid grants) and institutional aid funds (used to defray expenses associated with the pandemic).

We obtained an understanding of the College’s controls over the federal program and performed procedures on selected transactions during the period July 1, 2021, through January 31, 2023. Based on the results of our procedures, the College had adequate controls to ensure HEERF student funds were distributed to eligible students and that HEERF institutional funds were used for allowable nonpayroll expenses, reimbursement for lost revenues, and discharge of student debt.

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.

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

Respectfully submitted,



Michael J. "Mike" Waguespack, CPA
Legislative Auditor

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NCC2023

APPENDIX A: MANAGEMENT'S RESPONSE



NUNEZ COMMUNITY COLLEGE

3710 PARIS ROAD • CHALMETTE, LA 70043 • (504) 278-6468 • FAX: (504) 278-6480

CHANCELLOR'S OFFICE

August 8, 2023

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

RE: Inadequate Controls Over Student Accounts

Dear Mr. Waguespack:

Management of Nunez Community College concurs with the finding and recommendation related to Inadequate Controls over Student Accounts.

Nunez Community College conducted an internal review of current procedures to strengthen processes and reviewed guidance provided by LCTCS' Fraud Suspicion Verification. Nunez Community College created and implemented an updated Suspected Fraud Investigation Policy effective August 9, 2023. The policy is published on the Nunez Community College website, Policies Clearinghouse (<https://www.nunez.edu/faculty-staff/policies-clearinghouse>).

The person responsible for corrective action and implementation is Dr. Cherie Kay LaRocca, Vice Chancellor for Education, Training, and Student Success.

Sincerely,

Tina Tinney, Ed.D.

Nunez Community College, Chancellor

APPENDIX B: SCOPE AND METHODOLOGY

We performed certain procedures at the Elaine P. Nunez Community College (College) for the period from July 1, 2021, through June 30, 2023. Our objective was to evaluate certain controls the College uses to ensure accurate financial reporting, compliance with applicable laws and regulations, and accountability over public funds. The scope of our procedures, which is summarized below, was significantly less than an audit conducted in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. We did not audit or review the College's Annual Fiscal Reports, and accordingly, we do not express an opinion on those reports. The College's accounts are an integral part of the Louisiana Community and Technical College System's financial statements, upon which the Louisiana Legislative Auditor expresses opinions.

- 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, and results of our analytical procedures, we performed procedures relating to student tuition and fee revenues, nonpayroll expenses, and federal programs.
- 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 any significant variances that could potentially indicate areas of risk.

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 purpose.