

STATE OF LOUISIANA LEGISLATIVE AUDITOR

Baton Rouge Community College
State of Louisiana
Baton Rouge, Louisiana

February 23, 2000



Financial and Compliance Audit Division

Daniel G. Kyle, Ph.D., CPA, CFE
Legislative Auditor

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LEGISLATIVE AUDITOR

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BATON ROUGE COMMUNITY COLLEGE
STATE OF LOUISIANA
Baton Rouge, Louisiana

General Purpose Financial Statements
and Independent Auditor's Reports
As of and for the Year Ended June 30, 1999

Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Attorney General, and to other public officials as required by state law. A copy of this report has been made available for public inspection at the Baton Rouge office of the Legislative Auditor.

February 23, 2000

UNAUDITED

BATON ROUGE COMMUNITY COLLEGE
STATE OF LOUISIANA

General Purpose Financial Statements
and Independent Auditor's Reports
As of and for the Year Ended June 30, 1999

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DANIEL G. KYLE, PH.D., CPA, CFE
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February 7, 2000

Independent Auditor's Report
on the Financial Statements

BATON ROUGE COMMUNITY COLLEGE
STATE OF LOUISIANA
Baton Rouge, Louisiana

We were authorized to audit the accompanying general purpose financial statements of Baton Rouge Community College, a component unit of the State of Louisiana, as of and for the year ended June 30, 1999, as listed in the foregoing table of contents. These financial statements are the responsibility of management of Baton Rouge Community College.

As discussed in Exhibit A of this report, the college's accounting controls and records contained major inadequacies, including a failure to reconcile its operating bank account to the accounting records, the lack of controls over cash receipts and accounts receivable, and numerous weaknesses in controls over financial reporting. These inadequacies made it impractical to apply sufficient audit procedures to enable us to express an opinion on the fair presentation of the accompanying general purpose financial statements.

For the year ended June 30, 1999, accounts payable in the General Fund totaling \$106,194 were omitted from the financial statements of the college. In addition, the Net Investment in Plant Fund did not include \$3,202,219 for land and buildings of the James M. Frazier, Sr., Vocational Technical Campus. Under generally accepted accounting principles, these amounts should be included in the general purpose financial statements.

Because we were not able to apply sufficient auditing procedures to satisfy ourselves as to the cash and accounts receivable included in the general purpose financial statements, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the fair presentation of the accompanying general purpose financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 7, 2000, on our consideration of Baton Rouge Community College's internal control over financial reporting, and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Daniel G. Kyle".

Daniel G. Kyle, CPA, CFE
Legislative Auditor

LLG:THC:RCL:ss
[BRCC]

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**BATON ROUGE COMMUNITY COLLEGE
STATE OF LOUISIANA
ALL FUNDS**

Balance Sheet, June 30, 1999

	CURRENT FUNDS		
	GENERAL	AUXILIARY ENTERPRISES	RESTRICTED
ASSETS			
Cash cash equivalents	\$1,444,782		
Accounts receivable (net)	124,245	\$31,986	\$962
Due from State Treasury	8,804		206,866
Due from other funds		35,349	
Institutional plant			
TOTAL ASSETS	\$1,577,831	\$67,335	\$207,828
LIABILITIES AND FUND EQUITY			
Liabilities:			
Accounts payable	\$345,007		\$7,080
Due to other funds	21,043		42,726
Deferred revenues	212,946	\$18,000	
Compensated absences payable	100,118		
Total Liabilities	679,114	18,000	49,806
Fund Equity:			
Net investment in plant			
Fund balances:			
Current operations - unrestricted	898,717		
Current operations - restricted		49,335	158,022
Total Fund Equity	898,717	49,335	158,022
TOTAL LIABILITIES AND FUND EQUITY	\$1,577,831	\$67,335	\$207,828

The accompanying notes are an integral part of this statement.

PLANT FUNDS		
UNEXPENDED	NET INVESTMENT IN PLANT	TOTAL (MEMORANDUM ONLY)
		\$1,444,782
\$293		157,486
		215,670
28,420		63,769
	\$11,604,846	11,604,846
<u>\$28,713</u>	<u>\$11,604,846</u>	<u>\$13,486,553</u>
		\$352,087
		63,769
		230,946
		100,118
<u>NONE</u>	<u>NONE</u>	<u>746,920</u>
	\$11,604,846	11,604,846
		898,717
\$28,713		236,070
<u>28,713</u>	<u>11,604,846</u>	<u>12,739,633</u>
<u>\$28,713</u>	<u>\$11,604,846</u>	<u>\$13,486,553</u>

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**BATON ROUGE COMMUNITY COLLEGE
STATE OF LOUISIANA**

**Statement of Changes in Fund Balances
For the Year Ended June 30, 1999**

	CURRENT FUNDS		
	GENERAL	AUXILIARY ENTERPRISES	RESTRICTED
Revenues and other additions:			
Unrestricted current fund revenues	\$6,465,206		
Tuition and fees - restricted			\$135,545
Governmental grants and contracts:			
Federal			17,330
State			291,673
Private gifts, grants, and contracts			19,799
Auxiliary enterprise revenues		\$49,335	
Additions to plant facilities			
Total revenues and other additions	<u>6,465,206</u>	<u>49,335</u>	<u>464,347</u>
Expenditures and other deductions:			
Educational and general	5,724,368		304,075
Indirect costs recovered			2,250
Compensated absences	(16,804)		
Total expenditures and other deductions	<u>5,707,564</u>	<u>NONE</u>	<u>306,325</u>
Net increase for the year	757,642	49,335	158,022
Fund balances at beginning of year - restated	<u>141,075</u>	<u>NONE</u>	<u>NONE</u>
Fund balances at end of year	<u><u>\$898,717</u></u>	<u><u>\$49,335</u></u>	<u><u>\$158,022</u></u>

The accompanying notes are an integral part of this statement.

Statement B

PLANT FUNDS		
UNEXPENDED	NET INVESTMENT IN PLANT	TOTAL (MEMORANDUM ONLY)
		\$6,465,206
\$28,713		164,258
		17,330
		291,673
		19,799
		49,335
	\$3,327,900	3,327,900
28,713	3,327,900	10,335,501
		6,028,443
		2,250
		(16,804)
NONE	NONE	6,013,889
28,713	3,327,900	4,321,612
NONE	8,276,946	8,418,021
\$28,713	\$11,604,846	\$12,739,633

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Statement C

**BATON ROUGE COMMUNITY COLLEGE
STATE OF LOUISIANA
CURRENT FUNDS**

**Statement of Revenues, Expenditures,
and Other Changes
For the Year Ended June 30, 1999**

	GENERAL	AUXILIARY ENTERPRISES	RESTRICTED	TOTAL (MEMORANDUM ONLY)
Revenues:				
Tuition and fees	\$1,566,647			\$1,566,647
State appropriations	4,867,217			4,867,217
Governmental grants and contracts:				
Federal			\$17,330	17,330
State			280,895	280,895
Local			5,850	5,850
Private gifts, grants, and contracts				
Sales and services of education departments	3,298			3,298
Auxiliary enterprises revenue		\$49,335		49,335
Administrative expense recovery	2,250			2,250
Other sources	25,794			25,794
Total revenues	6,465,206	49,335	304,075	6,818,616
Expenditures and transfers:				
Educational and general:				
Instruction	2,130,136		160,065	2,290,201
Academic support	498,786		9,426	508,212
Student services	375,041		111,678	486,719
Institutional support	2,022,233		19,888	2,042,121
Operations and maintenance of plant	459,333			459,333
Scholarships and fellowships	238,839		3,018	241,857
Compensated absences	(16,804)			(16,804)
Total educational and general expenditures	5,707,564	NONE	304,075	6,011,639
Other additions (deductions):				
Excess of restricted receipts over transfers to revenues			160,272	160,272
Other			(2,250)	(2,250)
Net increase in fund balances	\$757,642	\$49,335	\$158,022	\$964,999

The accompanying notes are an integral part of this statement.

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BATON ROUGE COMMUNITY COLLEGE
STATE OF LOUISIANA

Notes to the Financial Statements
For the Year Ended June 30, 1999

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. BASIS OF PRESENTATION

In April 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. In July of 1984, the GASB issued Statement 1 which provided that all statements and interpretations issued by the National Council on Governmental Accounting (NCGA) continue as generally accepted accounting principles until altered, amended, supplemented, revoked or superseded by subsequent GASB pronouncements.

The GASB recognized two models for college and university accounting and financial reporting in GASB Statement 15: the AICPA College Guide Model, AICPA Industry Audit Guide, *Audits of Colleges and Universities*; and the Governmental model established by the National Council on Governmental Accounting, *Governmental Accounting and Financial Reporting Principles*. For financial reporting, the Division of Administration has chosen the former. The accompanying financial statements have been prepared in accordance with the AICPA College Guide Model principles.

The GASB, Code Section 2100 has defined the governmental reporting entity to be the State of Louisiana. Therefore, the accompanying financial statements of the college contains sub-account information of the various funds of the State of Louisiana. As such, the accompanying financial statements present information only as to the transactions of the programs of the college as authorized by Louisiana statutes and administrative regulation.

2. REPORTING ENTITY

The Baton Rouge Community College is a publicly supported institution of higher education. Using the criteria established in GASB Statement 14, The Financial Reporting Entity, the institution is reported as a discrete component unit of the State of Louisiana since it is legally separate from and is financially accountable to the State.

Annually, the State of Louisiana issues a comprehensive financial statement which includes the activity contained in the accompanying financial statement. The general purpose financial statements are audited by the Louisiana Legislative Auditor.

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BATON ROUGE COMMUNITY COLLEGE
STATE OF LOUISIANA
Notes to the Financial Statements (Continued)

3. FUND ACCOUNTING

In order to ensure observance of limitations and restrictions placed on the use of the resources available, the accounts of the college are maintained in accordance with the principles of "fund accounting." Such principles prescribe the manner in which resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with the activities or objectives specified. Accounts are separately maintained for each fund. However, in the accompanying financial statements, funds having similar characteristics have been combined into fund groups. Accordingly, all financial transactions have been recorded and reported by fund groups. A brief description of each of the fund groups follows.

Current Funds

Current funds are operating funds that will be expended in the near term. Such funds have two basic subgroups - unrestricted and restricted.

Unrestricted current funds include all funds for operating purposes on which there are no restrictions, except the budgetary control provisions included in the annual legislative appropriations act, and include the General Fund. Restricted current funds represent those operating funds on which restrictions have been imposed which limit the purposes for which such funds can be used, and includes the Auxiliary enterprise Fund and gifts, grants, or contracts from governmental or private agencies.

Plant Funds

The Plant funds group contains two self-balancing sub-groups. Unexpended plant funds are used for acquisition of long-lived assets for institutional purposes. Investment in plant includes all long-lived assets of the college.

4. BASIS OF ACCOUNTING

The financial statements of college have been prepared on the accrual basis of accounting, except that depreciation is not recognized and summer school tuition and fees and faculty salaries and related benefits for June are not prorated but are deferred to the succeeding year.

The statement of current funds revenues, expenditures, and other changes is a statement of financial activities of current funds related to the current reporting period. It does not purport to present the results of operations for the period as would a statement of revenues and expenses.

UNAUDITED

BATON ROUGE COMMUNITY COLLEGE
STATE OF LOUISIANA
Notes to the Financial Statements (Continued)

To the extent that current funds are used to finance plant assets, the amounts so provided are counted for as expenditures in the case of normal acquisitions, repairs or renovations; mandatory transfers in the case of required provisions for debt amortization and interest; and as transfers of a non-mandatory nature for all other cases.

5. BUDGET PRACTICES

The annual budget for the General Fund of the college is established by annual legislative action and by Titles 17 and 39 of the Louisiana Revised Statutes. The submission of a budget proposal for approval by the Board of Regents and the legislative budget process is required. The other funds of the college, although subject to internal budgeting, are not required to submit budgets for approval through the legislative budget process. In compliance with these legal restrictions, budgets are adopted on the accrual basis of accounting except that (1) depreciation is not recognized and summer school tuition and fees and summer school faculty salaries and related benefits for June are not prorated but are recognized in the succeeding year.

6. DEPOSITS WITH FINANCIAL INSTITUTIONS

For reporting purposes, cash and cash equivalents include petty cash and demand deposits. Cash and cash equivalents are stated at cost, which approximates market. Under state law these deposits must be secured by federal deposit insurance or the pledge of securities owned by the bank, and the college may deposit funds within a fiscal agent bank organized under the laws of the United States. Furthermore, the college may invest in certificates of deposit of state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

7. INVENTORIES

Inventories in the General Fund are recorded as expenditures at the time of purchase.

8. PLANT ASSETS

Physical plant and equipment are stated at cost at the date of acquisition and gifts at estimated fair market values when donated. Depreciation on physical plant and equipment is not recorded. Public domain or infrastructure assets are not capitalized. Construction in progress is capitalized during construction.

BATON ROUGE COMMUNITY COLLEGE
STATE OF LOUISIANA
Notes to the Financial Statements (Continued)

9. DEFERRED REVENUES

Tuition and fees collected at June 30, 1999, but applicable to the 1999 summer session, and certain revenues for other programs or activities to be conducted primarily in the fiscal year are reported as deferred revenues/credits. Expenses related to this session's programs and activities are reported in the period the tuition and fees are recognized as revenues.

10. ENCUMBRANCES

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve fund balances, is employed by the college. Encumbrances outstanding at year-end in all funds, except for the unrestricted fund, are reported as reservations of fund balance since they do not constitute expenditures or liabilities in the year encumbered. Encumbrances of the unrestricted fund are not included in the financial statements because the college does not have the ability to finance the liquidation of encumbrances after June 30, 1999, as provided by Louisiana Revised Statute 39:82.

11. TOTAL COLUMNS ON COMBINED STATEMENTS - OVERVIEW

The total columns on the combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not necessarily present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

B. GENERAL FUND

At June 30, 1999, the General Fund had no unexpended appropriation due to the State Treasury. Act 10 of 1999 provides that any funds which were specifically appropriated for implementation of the United States v. State of Louisiana Settlement Agreement, that remain unexpended on June 30, 1999, shall be hereby re-appropriated for use by the management board for the continued implementation of the Agreement.

C. BUDGETARY COMPARISON

The following is an appropriation budgetary comparison for current year appropriation General Fund:

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BATON ROUGE COMMUNITY COLLEGE
STATE OF LOUISIANA
Notes to the Financial Statements (Continued)

	Actual	Adjustment to Budget Basis	Actual on Budget Basis	Budget	Variance Favorable (Unfavorable)
REVENUES					
Appropriated by Legislature:					
State General fund (Direct)	\$4,867,217		\$4,867,217	\$5,125,214	\$257,997
State General Fund by Self-Generated Revenues	1,597,989		1,597,989	1,668,538	70,549
Total Revenues	6,465,206	NONE	6,465,206	6,793,752	328,546
EXPENDITURES					
Program Expenditures	5,724,368		5,724,368	6,793,752	1,069,384
Total Expenditures	5,724,368	NONE	5,724,368	6,793,752	1,069,384
UNEXPENDED APPROPRIATION CURRENT YEAR	\$740,838	NONE	\$740,838	NONE	(\$740,838)

D. PLANT FUNDS

A summary of investment in plant follows:

	Balance July 1, 1998	Adjustments	Restated Balance July 1, 1998	Additions	Deletions	Balance June 30, 1999
Land	\$1,351,877		\$1,351,877	\$691,955		\$2,043,832
Buildings	5,644,596		5,644,596	974,420		6,619,016
Equipment	1,107,008		1,107,008	1,577,373		2,684,381
Library books	173,465		173,465	84,152		257,617
Total	\$8,276,946	NONE	\$8,276,946	\$3,327,900	NONE	\$11,604,846

In accordance with Louisiana Revised Statutes 39:321-322 the college has complied with the Louisiana movable property statutes.

UNAUDITED

BATON ROUGE COMMUNITY COLLEGE
STATE OF LOUISIANA
Notes to the Financial Statements (Continued)

E. ACCOUNTS RECEIVABLE

Accounts receivable are shown on Statement A net of an allowance for doubtful accounts as follows:

<u>FUND</u>	<u>Accounts Receivable</u>	<u>Allowance for Doubtful Accounts</u>	<u>Net Receivables Statement A</u>
General	\$124,245		\$124,245
Auxiliary	31,986		31,986
Restricted	962		962
Unexpended plant	293		293
Total	<u>\$157,486</u>	<u>NONE</u>	<u>\$157,486</u>

F. DUE FROM/TO OTHER FUNDS

The following is a summary of amounts due to/due from other funds at June 30, 1999:

	<u>Due From</u>	<u>Due To</u>
Current Funds:		
General	\$21,043	
Auxiliary Enterprises		\$35,349
Restricted	42,726	
Unexpended Plant Fund		28,420
Total	<u>\$63,769</u>	<u>\$63,769</u>

G. COMPENSATED ABSENCES

Employees accrue and accumulate annual and sick leave in accordance with state law and administrative regulations. The leave is accumulated without limitation; however, nine month faculty members do not accrue annual leave, but are granted faculty leave during holiday periods when students are not in classes. Employees who are considered having non-exempt status according to the guidelines contained in the Fair Labor Standards Act may be paid for compensatory leave (K-time) earned.

UNAUDITED

BATON ROUGE COMMUNITY COLLEGE
STATE OF LOUISIANA
Notes to the Financial Statements (Continued)

Upon separation or termination of employment, both classified and non-classified personnel or their heirs are compensated for accumulated annual leave not to exceed 300 hours. In addition, academic personnel or their heirs are compensated for accumulated sick leave not to exceed 25 days upon retirement or death. Act 343 of 1993 allows members of the Louisiana State Employees' Retirement System, upon application for retirement, the option of receiving an actuarially determined lump sum payment for annual and sick leave which would otherwise have been used to compute years of service for retirement.

The liability for unused annual leave, sick leave, and compensatory leave at June 30, 1999, computed in accordance with GASB 16, is estimated to be \$95,326, \$4,792, and \$0, respectively.

H. ON-BEHALF PAYMENTS FOR FRINGE BENEFITS AND SALARIES

There were no on-behalf payments for fringe benefits and salaries for which the college was not legally responsible.

I. CONTINGENT LIABILITES

Losses arising from judgments, claims, and similar contingencies such as guarantor of mortgage loans on sorority and fraternity houses are considered state liabilities and paid upon appropriation by the Legislature and not the college. The college was involved in several lawsuits at June 30, 1999, in which the plaintiffs are seeking claims. In the opinion of legal counsel for the college, these lawsuits have not progressed to a point where the likelihood of the outcome or any estimate of the amount or range of potential loss can be determined.

J. LEASES

At June 30, 1999, the college had no capital or operating leases.

K. DEFERRED COMPENSATION PLAN

Certain employees of Baton Rouge Community College may participate in the Louisiana Deferred Compensation plan adopted under provisions of Internal Revenue Code section 457. Complete disclosure relating to this statewide plan is available in the financial statements of the State of Louisiana.

BATON ROUGE COMMUNITY COLLEGE
STATE OF LOUISIANA
Notes to the Financial Statements (Continued)

**L. POSTRETIREMENT HEALTH CARE
AND LIFE INSURANCE BENEFITS**

As of June 30, 1999, Baton Rouge Community College had no retired employees. Upon retirement, the college will provide certain continuing health care and life insurance benefits for its retired employees. Substantially all of the college's employees become eligible for these benefits if they reach normal retirement age while working for Baton Rouge Community College. The benefits for retirees and similar benefits for active employees will be provided through a state-operated group insurance program and various insurance companies whose monthly premiums are paid jointly by the employee and Baton Rouge Community College. The college will recognize the cost of providing these benefits to the retirees as an expenditure when paid during the year.

**M. DEPOSITS WITH FINANCIAL INSTITUTIONS
AND INVESTMENTS**

1. DEPOSITS WITH FINANCIAL INSTITUTIONS

For reporting purposes, deposits with financial institutions include savings, demand deposits, time deposits, and certificates of deposit. Under state law the Baton Rouge Community College may deposit funds with a fiscal agent bank selected and designated by the Interim Emergency Board. Further, the agency may invest in time certificates of deposit in state banks organized under the laws of Louisiana, national banks having their principal office in the State of Louisiana, in savings accounts or shares of savings and loan associations and savings banks and in share account and share certificate accounts of federally or state chartered credit unions.

Deposits in bank accounts are stated at cost, which approximates market. Under state law these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank in the form of safekeeping receipts held by the state treasurer. The deposits at June 30, 1999, were secured as follows:

UNAUDITED

BATON ROUGE COMMUNITY COLLEGE
STATE OF LOUISIANA
Notes to the Financial Statements (Continued)

	<u>Cash</u>
Deposits in Bank Accounts per Balance Sheet	<u>\$1,444,782</u>
Bank Balances:	
Insured (FDIC) or collateralized with securities held by the entity or its agent in the entity's name	\$100,000
Collateralized with securities held by pledging financial institution's trust department or agent in the entity's name	NONE
Uncollateralized, including any securities held for the entity but not in the entity's name	<u>1,937,563</u>
Total Bank Balances	<u>2,037,563</u>
Difference between Balance Sheet and Total Bank Balances	<u>(\$592,781)</u>

2. INVESTMENTS

There were no investments at June 30, 1999.

N. AUXILIARY ENTERPRISES

A summary of the net increases (decreases) in the Auxiliary Enterprise Funds for the year ended June 30, 1999, is as follows:

	<u>Bookstore</u>	<u>Concessions</u>	<u>Total</u>
Net increase (decrease) in fund balances	\$46,986	2,349	\$49,335
Net income (loss)	46,986	2,349	49,335
Net Assets	64,986	2,349	67,335

O. RESERVATIONS OF FUND BALANCE

Fund balances at June 30, 1999, as shown on Statement A, are summarized as follows:

UNAUDITED

BATON ROUGE COMMUNITY COLLEGE
STATE OF LOUISIANA
Notes to the Financial Statements (Continued)

	<u>Unrestricted</u>	<u>Internally Restricted</u>	<u>Externally Restricted</u>	<u>Total</u>
Current Funds:				
General	\$898,717			\$898,717
Auxiliary Enterprises		\$49,335		49,335
Restricted		97,373	\$60,649	158,022
Non-Current Funds -				
Plant Funds - Unexpended		28,713		28,713
 Total	 <u>\$898,717</u>	 <u>\$175,421</u>	 <u>\$60,649</u>	 <u>\$1,134,787</u>

**P. PRIOR-YEAR RESTATEMENT
OF FUND BALANCES**

The following adjustment was made to restate beginning fund balance for July 1, 1998, to recognize the liability for compensated absences in the financial statements:

	<u>General Fund</u>
Fund Balance at July 1, 1998, Previously Reported	\$257,997
Adjustment	<u>(116,922)</u>
Fund Balance at July 1, 1998, As Restated	<u>\$141,075</u>

Q. FOUNDATIONS

The accompanying financial statements do not include the accounts of the Baton Rouge Community College Foundation, Incorporated. The foundation is a separate corporation whose financial statement is subject to audit by independent certified public accountants.

R. SUBSEQUENT EVENTS

No events of a material nature have occurred subsequent to the balance sheet date that would require adjustment to, or disclosure in, the accompanying financial statement.

BATON ROUGE COMMUNITY COLLEGE
STATE OF LOUISIANA
Notes to the Financial Statements (Continued)

S. PER DIEM PAID BOARD MEMBERS

There were no per diem payments paid to board members by the college.

T. PENSION PLANS

Plan Description: Substantially all employees of the Baton Rouge Community College are members of two statewide, public employee retirement systems. Academic employees are generally members of the Louisiana Teachers Retirement System (TRS), and classified/unclassified state employees are members of the Louisiana State Employees Retirement System (LASERS). Both plans are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. TRS and LASERS provide retirement, disability, and survivors' benefits to plan members and beneficiaries. Benefits granted by the retirement systems are guaranteed by the State of Louisiana by provisions of the Louisiana Constitution of 1974. Generally, all full-time employees are eligible to participate in the systems, with employee benefits vesting after 10 years of service. Article 10, Section 29 of the Louisiana Constitution of 1974 assigns the authority to establish and amend benefit provisions to the state legislature. The systems issue annual publicly available financial reports that include financial statements and required supplementary information for the systems. The reports may be obtained by writing to the Teachers Retirement System of Louisiana, Post Office Box 94123, Baton Rouge, Louisiana 70804-9123, or by calling (225) 925-6446 and/or the Louisiana State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804, or by calling (225) 922-0600.

Funding Policy: The contribution requirements of plan members and the Baton Rouge Community College are established and may be amended by the state legislature. The legislature annually sets the required employer contribution rate equal to the actuarially required employer contribution as set forth in R.S. 11:102. Employees contribute 8% (TRS) and 7.5% (LASERS) of covered salaries. The state is required to contribute 16.5% of covered salaries to TRS and 12.4% of covered salaries to LASERS for the fiscal year ended June 30, 1999. Baton Rouge Community College's employer contribution is funded by the State of Louisiana through the annual appropriation to the Baton Rouge Community College. Baton Rouge Community College's employer contribution to TRS for the year ended June 30, 1999, was \$201,053, and to LASERS for the year ended June 30, 1999, was \$78,081, equal to the required contribution.

R.S. 11:921 created an optional retirement plan for academic and administrative employees of public institutions of higher education. This program was designed to aid universities in recruiting employees who may not be expected to remain in the TRS for 10 or more years. The purpose of the optional retirement plan is to provide retirement and death benefits to the participants while affording the maximum portability of these benefits to the participants.

UNAUDITED

**BATON ROUGE COMMUNITY COLLEGE
STATE OF LOUISIANA
Notes to the Financial Statements (Concluded)**

The optional retirement plan is a defined contribution plan that provides for full and immediate vesting of all contributions remitted to the participating companies on behalf of the participants. Eligible employees make an irrevocable election to participate in the optional retirement plan rather than the TRS and purchase retirement and death benefits through contracts provided by designated companies.

Total contributions by the Baton Rouge Community College was 16.5% of the covered payroll for the fiscal year ending June 30, 1999. The participant's contribution, less any monthly fee required to cover the cost of administration and maintenance of the optional retirement plan, is remitted to the designated company or companies. Upon receipt of the employer's contribution, the TRS pays over to the appropriate company or companies, on behalf of the participant, an amount equal to the employer's portion of the normal cost contribution as determined annually by an actuarial committee. The TRS retains the balance of the employer contribution for application to the unfunded accrued liability of the system. Benefits payable to participants are not the obligation of the State of Louisiana or the TRS. Such benefits and other rights of the optional retirement plan are the liability and responsibility solely of the designated company or companies to whom contributions have been made.

Employer contributions to the optional retirement plan totaled \$160,617 for the year ended June 30, 1999.

**OTHER REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

The following pages contain a report on compliance with laws, regulations, contracts, and grants and on internal control over financial reporting as required by *Government Auditing Standards*, issued by the Comptroller General of the United States. This report is based solely on the audit of the financial statements and includes, where appropriate, any reportable conditions and/or material weaknesses in internal control or compliance matters that would be material to the presented financial statements.



DANIEL G. KYLE, PH.D., CPA, CFE
LEGISLATIVE AUDITOR

OFFICE OF
LEGISLATIVE AUDITOR
STATE OF LOUISIANA
BATON ROUGE, LOUISIANA 70804-9397

1600 NORTH THIRD STREET
POST OFFICE BOX 94397
TELEPHONE: (225) 339-3800
FACSIMILE: (225) 339-3870

February 7, 2000

Report on Compliance and on Internal Control
Over Financial Reporting Based on an Audit of the
General Purpose Financial Statements

BATON ROUGE COMMUNITY COLLEGE
STATE OF LOUISIANA
Baton Rouge, Louisiana

We were authorized to audit the general purpose financial statements of Baton Rouge Community College, a component unit of the State of Louisiana, as of and for the year ended June 30, 1999, and have issued our report thereon dated February 7, 2000. Our audit was to have been conducted in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. However, because of inadequacies in the college's accounting controls and records, we were not able to apply the foregoing standards.

Compliance

As part of attempting to obtain reasonable assurance about whether Baton Rouge Community College's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed the following instance of noncompliance that is required to be reported under *Government Auditing Standards*.

**Noncompliance With Movable
Property Regulations**

Baton Rouge Community College (BRCC) did not maintain adequate internal controls over movable property as prescribed by state and federal regulations. Louisiana Administrative Code (LAC) 34:VII.307(A) requires that all movable property be tagged and all pertinent inventory information be entered into the state's movable property master listing within 45 days of receipt of the movable property. In addition, the Common Rule for Administrative Requirements for Grants Subpart C, Section 32 (d)(1) requires property records to be maintained for property purchased under federal programs. Furthermore, LAC 34:VII.307(E) requires that property records be maintained for qualified property acquired from federal surplus. At June 30, 1999, BRCC reported movable property acquisitions of \$1,577,373.

EXHIBIT A

LEGISLATIVE AUDITOR

BATON ROUGE COMMUNITY COLLEGE
STATE OF LOUISIANA
Compliance and Internal Control Report
February 7, 2000
Page 2

A test of 1,001 movable property items acquired during the year, totaling \$1,152,786, disclosed the following instances of noncompliance:

- Eight hundred eleven acquisitions totaling \$995,854 (86%) were not reported to the Louisiana Property Control Agency (LPAA) within 45 days of receipt.
- Seventeen acquisitions totaling \$23,920 (2%) were reported to LPAA with either an incorrect acquisition cost or acquisition date.
- None of the five items purchased under the Donation of Federal Surplus Personal Property Program (CFDA 39.003), totaling \$2,200, have been reported to LPAA as of November 19, 1999.

Management did not place sufficient emphasis on controls over movable property and did not have sufficient personnel to tag and enter all items timely into the state property control listing. Failure to comply with state and federal property regulations increases the risk that movable property items could be lost or stolen.

Management of BRCC should provide the necessary resources to ensure that all movable property items are tagged and included in the state property records timely and correctly. Management concurred with the finding and recommendation and implemented a plan of corrective action (see Appendix A, page 1).

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Baton Rouge Community College's internal control over financial reporting to determine our auditing procedures for the purpose of attempting to express an opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, because of inadequacies in the college's accounting controls and records, we were unable to form an opinion on the college's financial statements and related notes. In addition to the matter relating to noncompliance with movable property regulations previously disclosed in the compliance section of this report, we noted certain other matters involving the internal control over financial reporting and its operations that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the college's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the following paragraphs.

EXHIBIT A

BATON ROUGE COMMUNITY COLLEGE
STATE OF LOUISIANA
Compliance and Internal Control Report
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Page 3

**Bank Account Not Reconciled
to Accounting Records**

Baton Rouge Community College (BRCC) has not reconciled its operating bank account to the accounting records since the account was opened in July 1998. Good internal control requires reconciliation of the bank account balance to the accounting records on a monthly basis. A bank reconciliation provides management with a basis to ensure that all transactions that affect both the bank account and the accounting records are in agreement and that no errors or fraud have occurred.

During the period from July 1998 through June 30, 1999, the operating bank account receipts and disbursements totaled \$6,728,633 and \$4,691,046, respectively. The college's accounting personnel's unfamiliarity with the accounting software and bank reconciliation procedures contributed to the failure to reconcile the bank account. Failure to reconcile the bank account timely could lead to the misappropriation of funds and increases the risk that assets could be lost or misused and not be detected timely.

BRCC should reconcile its operating bank account to the college's accounting records monthly. Management concurred with the finding and recommendation and outlined a plan of corrective action (see Appendix A, page 2).

Inadequate Controls Over Cash Receipts

BRCC has not established adequate controls over cash receipts. Adequate internal controls should include a reconciliation of amounts received to amounts recorded and deposited in the bank. In addition, access to cash receipts should be limited and all receipts should be deposited in the bank timely. During fiscal year 1999, BRCC deposited cash and checks from tuitions, fees, and other self-generated sources totaling \$1,861,416. A review of the college's controls over cash receipts revealed the following weaknesses:

- BRCC did not reconcile cash receipts for tuition and fees to amounts recorded and deposited in the bank. Manual written receipts are issued by the Bursar's Office for all tuition and fees received. However, BRCC did not reconcile the amount of the manual receipts issued to receipts recorded in the college's accounting system or to the individual bank deposits. As a result, management of BRCC could not provide reasonable assurance that all cash received during fiscal year 1999 was recorded in the college's accounting records and deposited in the bank.

LEGISLATIVE AUDITOR

BATON ROUGE COMMUNITY COLLEGE
STATE OF LOUISIANA
Compliance and Internal Control Report
February 7, 2000
Page 4

- . Cash receipts for copy machine fees were not adequately controlled. From August 1998 until March 19, 1999, library copy machine fees were collected at the library circulation desk. However, no records were maintained of the number of copies made or the total receipts collected from the copy machine. Beginning on March 19, 1999, an automated counter was installed on the copy machine that recorded the number of copies purchased. However, there was no comparison of the number of copies purchased and the amounts collected.
- . Fees for educational seminars were not adequately controlled. BRCC's Business and Industry Institute (Institute) sponsored educational seminars and collected a \$45 fee directly from each participant. The fees collected by the Institute were subsequently remitted to BRCC's accounting office. Documentation maintained by the Institute indicated that fees totaling \$11,595 were remitted to the accounting office but only \$11,370 was deposited and recorded in BRCC's general ledger.
- . Cash received from BRCC's bookstore was not deposited timely. BRCC awarded a book grant of up to \$150 per semester to qualified students to purchase textbooks from the bookstore. At the end of the semester, students were required to return the books to the bookstore. The bookstore retained selected books for resale and a refund for these books was paid directly to the college to be used for additional book grants. During December 1998, the college bookstore refunded \$2,493 in cash to BRCC's accounting office. This cash was not recorded in the college's accounting records or deposited in the bank until May 4, 1999.
- . Cash receipts in the Bursar's Office were not adequately safeguarded. Several different individuals, including two student bursars, the Director of Accounting, and the Administrative Specialist I, routinely received payments from students and accessed the cash drawer. In addition, three employees had knowledge of the combination to the office's safe. Also, the combination to the safe was not properly safeguarded and other employees could obtain the combination as well. These weaknesses in safeguarding cash receipts may have contributed to a theft of \$1,300 from the office's safe reported on March 1, 1999.

Lack of adequate controls and safeguards over cash receipts increases the risk that errors or fraud relating to cash receipts may occur and not be detected timely.

EXHIBIT A

LEGISLATIVE AUDITOR

BATON ROUGE COMMUNITY COLLEGE
STATE OF LOUISIANA
Compliance and Internal Control Report
February 7, 2000
Page 5

Management of BRCC should establish policies and procedures to ensure that all receipts are adequately safeguarded, are reconciled to amounts recorded and deposited, and are deposited timely. Management concurred with the finding and recommendation and outlined a plan of corrective action (see Appendix A, page 3).

Inadequate Segregation of Duties

BRCC did not maintain an adequate segregation of duties over the accounting function of the college. Good internal controls should include the proper separation of duties including the assignment of incompatible duties to separate individuals. In reviewing the internal control over the college's accounting function, it was noted that the Director of Accounting performed the following incompatible duties:

- Collected cash and checks for payment of student tuition and fees, recorded cash receipts in the accounting records, prepared bank deposits, and was responsible for reconciling the college's bank account.
- Calculated and approved refunds due to students, recorded refunds in the accounting records, and prepared and signed student refund checks.
- Approved purchase orders, approved invoices for payment, recorded purchases in the accounting records, and prepared and signed checks.
- Initiated, approved, and recorded adjustments to the accounting records.

BRCC did not provide sufficient employees in the accounting department for an adequate segregation of duties. The limited number of employees in the accounting department made it necessary for the Director of Accounting to perform all accounting functions.

Management is responsible for maintaining a system that adequately safeguards assets. Failure to adequately segregate incompatible duties increases the risk that errors or fraud may be perpetrated and concealed.

Management of BRCC should provide adequate staffing and proper training to allow for a proper segregation of duties within the college's accounting department. Management concurred with the finding and recommendation and outlined a plan of corrective action (see Appendix A, page 4).

LEGISLATIVE AUDITOR

BATON ROUGE COMMUNITY COLLEGE

STATE OF LOUISIANA

Compliance and Internal Control Report

February 7, 2000

Page 6

Financial Reporting Weaknesses

BRCC has weaknesses in its controls over financial reporting. An adequate control system should ensure that transactions are properly recorded in the accounting records and should include periodic reconciliations of those records to the general ledger account balances. In addition, the system should provide information sufficient to identify all assets and liabilities at year-end.

Our review of BRCC's controls over financial reporting disclosed the following deficiencies:

Accounts Payable

BRCC could not produce a subsidiary ledger or other listing of accounts payable totaling \$345,007 at June 30, 1999. In addition, BRCC did not use its accounting system to track outstanding obligations that may represent accounts payables at year-end. The lack of a detailed listing of the accounts payable balance and the failure to track obligations increases the risk of unrecorded payables at year-end. Our tests for unrecorded payables at June 30, 1999, disclosed that accounts payable of \$106,194 had not been recorded in the accounting records.

Payroll Expenditures

BRCC did not reconcile monthly invoices from Louisiana State University for reimbursement of payroll expenditures totaling \$3,317,016 to the distribution of those costs in the general ledger at June 30, 1999. As a result, management was unaware that \$80,561 in instruction program expenditures for January 1999 had been incorrectly distributed to other functional accounts. Failure to reconcile the distribution of costs in the general ledger to supporting documentation increases the risk of misclassification of program expenditures.

Tuition and Fees Revenue

BRCC did not reconcile tuition and fees recorded in student accounts to the general ledger balance of tuition and fees revenue totaling \$1,566,647 at June 30, 1999. As a result, management was unaware that tuition and fees totaling \$43,113 received in July 1998 for the fall 1998 term had not been posted to the general ledger. Failure to reconcile the general ledger revenue balance to the amounts recorded in the student accounts increases the risk that all revenue may not be properly recorded.

LEGISLATIVE AUDITOR

BATON ROUGE COMMUNITY COLLEGE

STATE OF LOUISIANA

Compliance and Internal Control Report

February 7, 2000

Page 7

Plant Fund Assets

Assets totaling \$3,202,219 were omitted from BRCC's Investment in Plant Fund. These assets include land and buildings of the former James M. Frazier Campus of the Louisiana Technical College that were transferred to BRCC on April 22, 1999, by the Louisiana State Board of Elementary and Secondary Education. The omission of these assets resulted in the college's Investment in Plant Fund being understated by 22% at June 30, 1999.

These deficiencies occurred because BRCC's accounting staff did not have sufficient knowledge or experience with the college's accounting system to generate listings of account transactions and reconcile subsidiary records to the general ledger or to use the system's capabilities to track assets and outstanding obligations.

Management of BRCC should adequately train accounting staff to fully use the accounting system's capabilities to track college assets and liabilities and to produce subsidiary ledgers or other information necessary to periodically reconcile general ledger accounts to subsidiary data. In addition, cost distributions in the general ledger should also be periodically reconciled to supporting documentation. Management concurred with the finding and recommendation and outlined a plan of corrective action (see Appendix A, page 5).

Lack of Controls Over Student Accounts Receivable

BRCC has not established adequate internal controls over student accounts receivable. An adequate system of internal control should include periodic reconciliations of individual student accounts to the general ledger and should provide for the timely collection of student accounts receivable. The following weaknesses were noted relating to student accounts receivable:

- BRCC has never reconciled the amounts owed by the students in the student data base to the student accounts receivable balance in the college's general ledger. BRCC maintains individual student records in a data base that includes amounts the student owes to the college. At June 30, 1999, there was an unreconciled difference of \$8,783 between the student records and the general ledger. Failure to reconcile individual student records to the general ledger balance increases the risk that all receivables may not be properly recorded in the general ledger.

BATON ROUGE COMMUNITY COLLEGE

STATE OF LOUISIANA

Compliance and Internal Control Report

February 7, 2000

Page 8

- BRCC has not established policies and procedures for the timely collection of student accounts receivable. At June 30, 1999, BRCC's student accounts receivable totaling \$91,675 included \$88,382 (96%) in accounts that were more than 91 days delinquent and \$45,400 (50%) that were more than 6 months delinquent. At June 30, 1999, management of BRCC had not actively pursued collection of these receivables. Without adequate procedures for the timely collection of accounts receivable, BRCC may not receive all amounts that it is owed.

Management did not place adequate emphasis on internal control over student accounts receivable resulting in increased risk that amounts owed to the college will not be properly recorded and collected.

Management of BRCC should establish policies and procedures for periodic reconciliations of individual student accounts receivable to the general ledger and for the timely collection of student accounts receivable. Management concurred with the finding and recommendation and outlined a plan of corrective action (see Appendix A, page 6).

**Bank Accounts and Cash Management
Policies Not Approved**

BRCC did not obtain approval from the Cash Management Review Board (Board) to open the college's bank accounts and did not obtain board approval of the college's cash management policies and procedures. Louisiana Revised Statute (R.S.) 39:372 requires the Board to approve all bank accounts and cash management policies and procedures adopted by the college.

Management of BRCC was not aware of the requirements of R.S. 39:372. Failure to obtain Board approval of bank accounts and cash management policies and procedures increases the risk that public funds could be lost or misused. Also, as a result of deficiencies in the college's cash management policies and procedures, management failed to detect that interest earnings had not been credited to the college's operating account. On December 14, 1999, we brought this matter to the bank's attention, and the college's account was credited for interest earned on the account, totaling \$99,528.

Management of BRCC should obtain approval of the Board for its bank account and its cash management policies and procedures, as required by state law. Management concurred with the finding and recommendation and outlined a plan of corrective action (see Appendix A, page 7).

LEGISLATIVE AUDITOR

BATON ROUGE COMMUNITY COLLEGE

STATE OF LOUISIANA

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Untimely Requests for Reimbursements

BRCC did not have adequate controls to ensure that reimbursements relating to two federal programs were requested timely.

- A request for reimbursement of expenditures, totaling \$176,935 for the Rehabilitation Services - Vocational Rehabilitation Grants to States program (CFDA 84.126), for the period August 1, 1998, to July 31, 1999, was not submitted to the Louisiana Department of Social Services until July 1999.
- A request for reimbursement of expenditures, totaling \$19,861 for the Vocational Education - Basic Grants to States program (CFDA 84.048), for the period July 1, 1998, to June 30, 1999, was not submitted to the Louisiana Community and Technical College System (successor to the Louisiana Department of Education) until December 1999.

Guidelines established by the Louisiana Department of Education and the Louisiana Department of Social Services require monthly requests for reimbursement from both programs. However, the college failed to submit monthly requests because of a lack of policies and procedures for the timing and processing of these requests. As a result of these delays, state funds were used for long periods of time before reimbursements were requested from the federal government.

Management of BRCC should establish policies and procedures to request reimbursements from the federal government timely. Management concurred with the finding and recommendation and outlined a plan of corrective action (see Appendix A, page 8).

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described previously, we consider the noncompliance with movable property regulations, the failure to reconcile the bank account, inadequate controls over cash receipts, inadequate segregation of duties, financial reporting weaknesses, and the lack of controls over student accounts receivable to be material weaknesses.

EXHIBIT A

LEGISLATIVE AUDITOR

BATON ROUGE COMMUNITY COLLEGE

STATE OF LOUISIANA

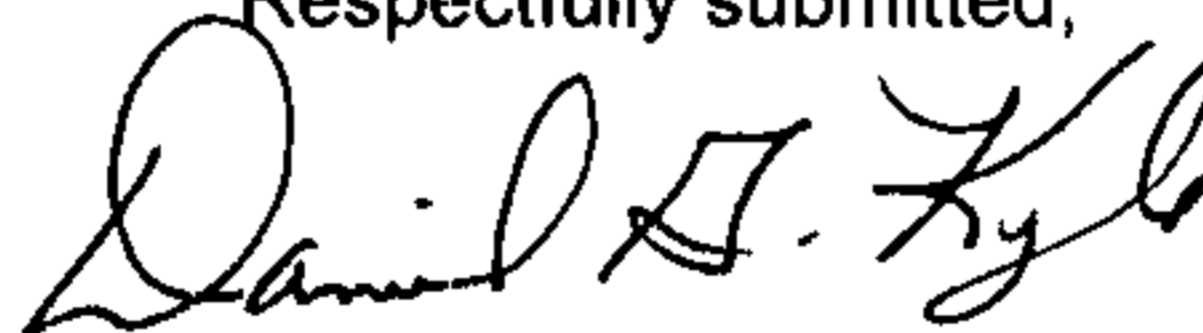
Compliance and Internal Control Report

February 7, 2000

Page 10

This report is intended solely for the information and use of Baton Rouge Community College and its management and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Daniel G. Kyle". The signature is written in a cursive style with a large initial "D".

Daniel G. Kyle, CPA, CFE
Legislative Auditor

LLG:THC:RCL:ss

[BRCC]

EXHIBIT A

Appendix A

Management's Responses and Corrective Action Plans to the Findings and Recommendations



BRCC

January 27, 2000

Dr. Daniel G. Kyle, CPA, CFE
Legislative Auditor
Office of Legislative Auditor
1600 North Third Street
Post Office Box 94397
Baton Rouge, Louisiana 70804-9397


Dear Dr. Kyle:

Management of Baton Rouge Community College concurs with the finding and recommendation related to **Noncompliance with Movable Property Regulations**.

Management of Baton Rouge Community College recognizes its responsibility to provide sufficient controls over movable property. With the assistance of the Internal Audit staff of the Louisiana Community and Technical Colleges System, the college is presently conducting a complete movable property inventory. Also, policies and procedures relating to movable property are being developed to ensure compliance with state and federal regulations.

The person responsible for corrective action is Mark Trepagnier, Director of Accounting and Finance. If you have any questions regarding our response, please advise.

Sincerely,



Sammie W. Cospers
Interim Chancellor



BRCC

January 27, 2000

Dr. Daniel G. Kyle, CPA, CFE
Legislative Auditor
Office of Legislative Auditor
1600 North Third Street
Post Office Box 94397
Baton Rouge, Louisiana 70804-9397

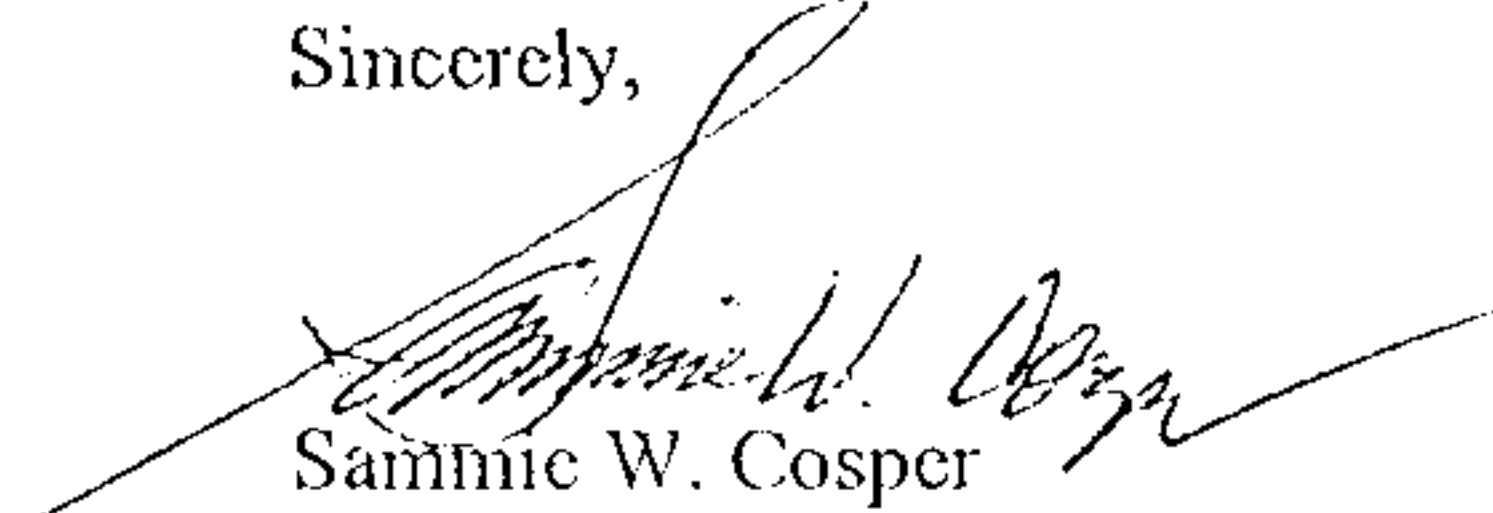
Dear Dr. Kyle:

Management of Baton Rouge Community College concurs with the finding and recommendation related to **Bank Account Not Reconciled To Accounting Records.**

Current management of Baton Rouge Community College recognizes the importance of timely preparation of bank reconciliations. As you are aware, the college has made some personnel changes in the accounting office. A new Director of Accounting was hired on December 20, 1999, with bank reconciliations being made a priority. We expect to have all reconciliations completed by February 18, 2000.

Should you have any questions regarding our response, please advise.

Sincerely,



Sammie W. Cospers
Interim Chancellor



BRCC

January 27, 2000

Dr. Daniel G. Kyle, CPA, CFE
Legislative Auditor
Office of Legislative Auditor
1600 North Third Street
Post Office Box 94397
Baton Rouge, Louisiana 70804-9397

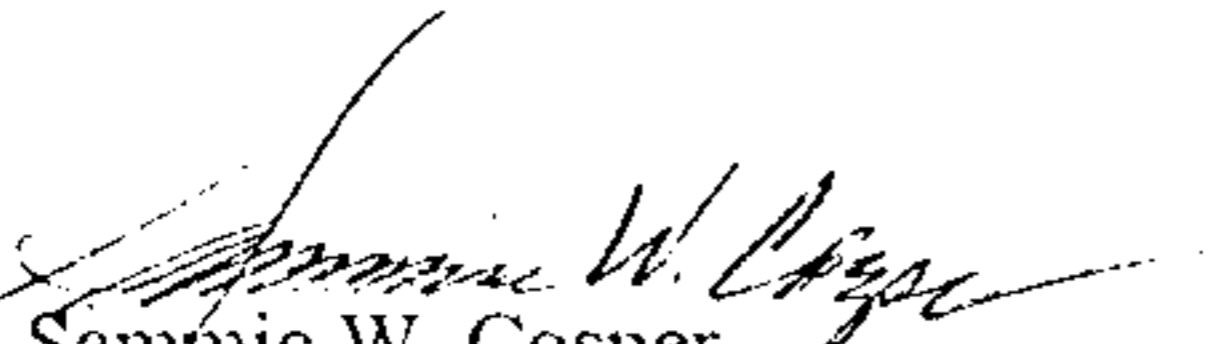
Dear Dr. Kyle:

Management of Baton Rouge Community College concurs with the finding and recommendation related to **Inadequate Controls Over Cash Receipts**.

Management of Baton Rouge Community College is in the process of developing fiscal policies and procedures that will ensure adequate controls over cash receipts, as well as other areas of finance.

If you have any questions regarding our response, please advise.

Sincerely,



Sammie W. Cosper
Interim Chancellor



BRCC

January 27, 2000

Dr. Daniel G. Kyle, CPA, CFE
Legislative Auditor
Office of Legislative Auditor
1600 North Third Street
Post Office Box 94397
Baton Rouge, Louisiana 70804-9397

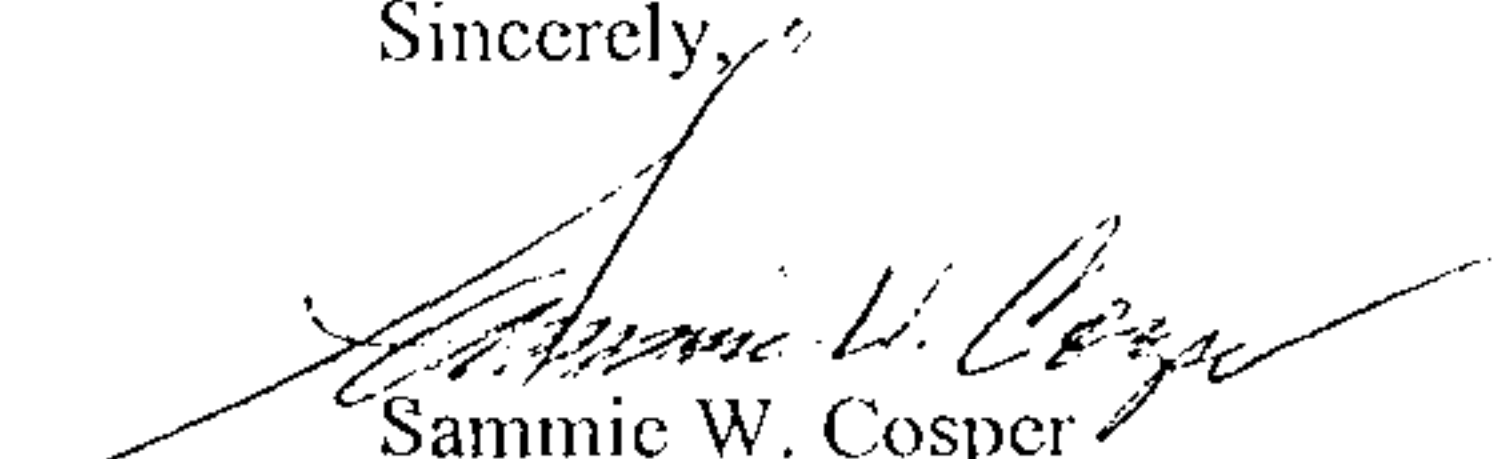
Dear Dr. Kyle.

Management of Baton Rouge Community College concurs with the finding and recommendation related to **Inadequate Segregation of Duties**.

Management of Baton Rouge Community College recognizes its responsibility to establish and maintain systems of internal controls to ensure adequate safeguards of assets. The college recently made some personnel changes in the accounting office. The Director of Accounting noted in the audit finding, is now the Assistant Director of Accounting. We have obtain data disclosing all access given to the previous director and are in the process of comparing such to the new responsibilities assigned not only to the previous director, but to all staff in the accounting office.

Should you have any questions regarding our response, please advise.

Sincerely,



Sammie W. Cospers
Interim Chancellor



BRCC

January 27, 2000

Dr. Daniel G. Kyle, CPA, CFE
Legislative Auditor
Office of Legislative Auditor
1600 North Third Street
Post Office Box 94397
Baton Rouge, Louisiana 70804-9397

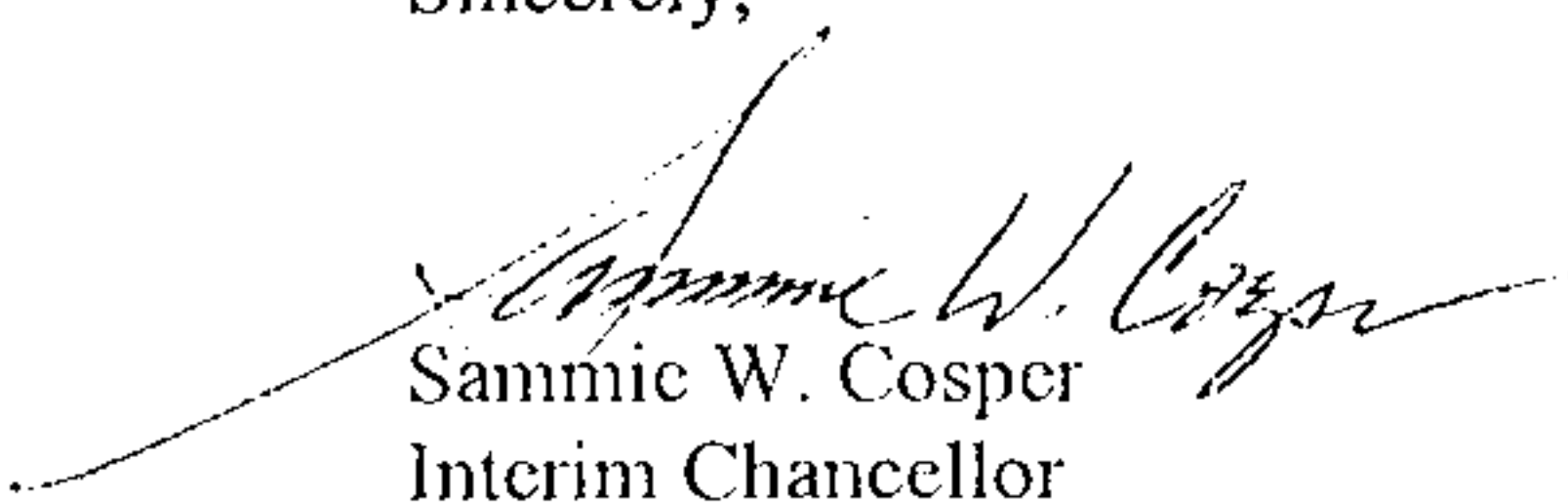
Dear Dr. Kyle:

Management of Baton Rouge Community College concurs with the finding and recommendation related to **Financial Reporting Weakness**.

Management of Baton Rouge Community College recognizes its responsibility to establish and maintain control systems to ensure that financial transactions are properly recorded, timely, complete, and accurately reported in the college's financial statements. The college is in the process of building an experience financial staff that will eliminate the weakness in controls over financial reporting disclosed in this finding.

If you have any questions regarding our response, please advise.

Sincerely,



Sammie W. Cospers
Interim Chancellor



BRCC

January 27, 2000

Dr. Daniel G. Kyle, CPA, CFE
Legislative Auditor
Office of Legislative Auditor
1600 North Third Street
Post Office Box 94397
Baton Rouge, Louisiana 70804-9397

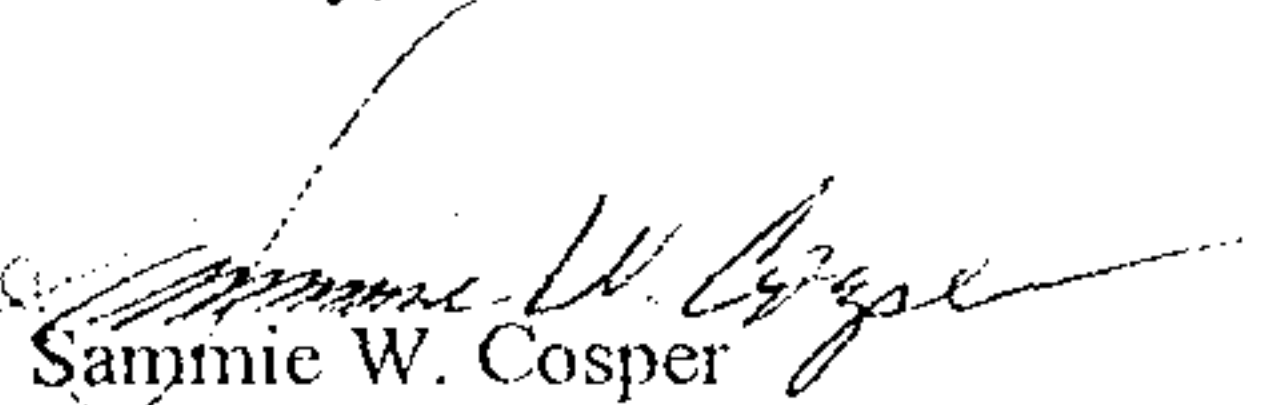
Dear Dr. Kyle:

Management of Baton Rouge Community College concurs with the finding and recommendation related to **Lack of Controls Over Student Accounts Receivable**.

Management of Baton Rouge Community College recognizes its responsibility to provide adequate internal controls over student accounts receivable that will include periodic reconciliations. Staff will be assigned to follow-up on the unreconciled difference noted in the finding. Also, policies and procedures relating to student accounts receivable are being developed to ensure adequate internal controls over student accounts receivable.

If you have any questions regarding our response, please advise.

Sincerely,



Sammie W. Cospers
Interim Chancellor



BRCC

January 27, 2000

Dr. Daniel G. Kyle, CPA, CFE
Legislative Auditor
Office of Legislative Auditor
1600 North Third Street
Post Office Box 94397
Baton Rouge, Louisiana 70804-9397

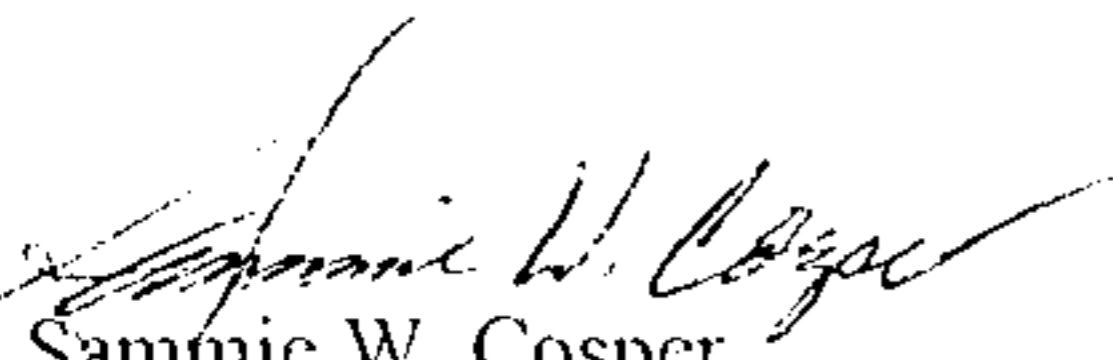
Dear Dr. Kyle:

Management of Baton Rouge Community College concurs with the finding and recommendation related to **Bank Accounts and Cash Management Policies Not Approved**.

The formal request to obtain approval for our existing bank account has been submitted to the Cash Management Review Board. In addition, we are developing cash management policies and procedures to be submitted for approval to our management board (Louisiana Community and Technical College System) at its March 2000 meeting. Upon the board's approval, the policies and procedures will be forwarded to the Cash Management Review Board.

If you have any questions regarding our response, please advise.

Sincerely,



Sammie W. Cospers
Interim Chancellor



BRCC

January 27, 2000

Dr. Daniel G. Kyle, CPA, CFE
Legislative Auditor
Office of Legislative Auditor
1600 North Third Street
Post Office Box 94397
Baton Rouge, Louisiana 70804-9397

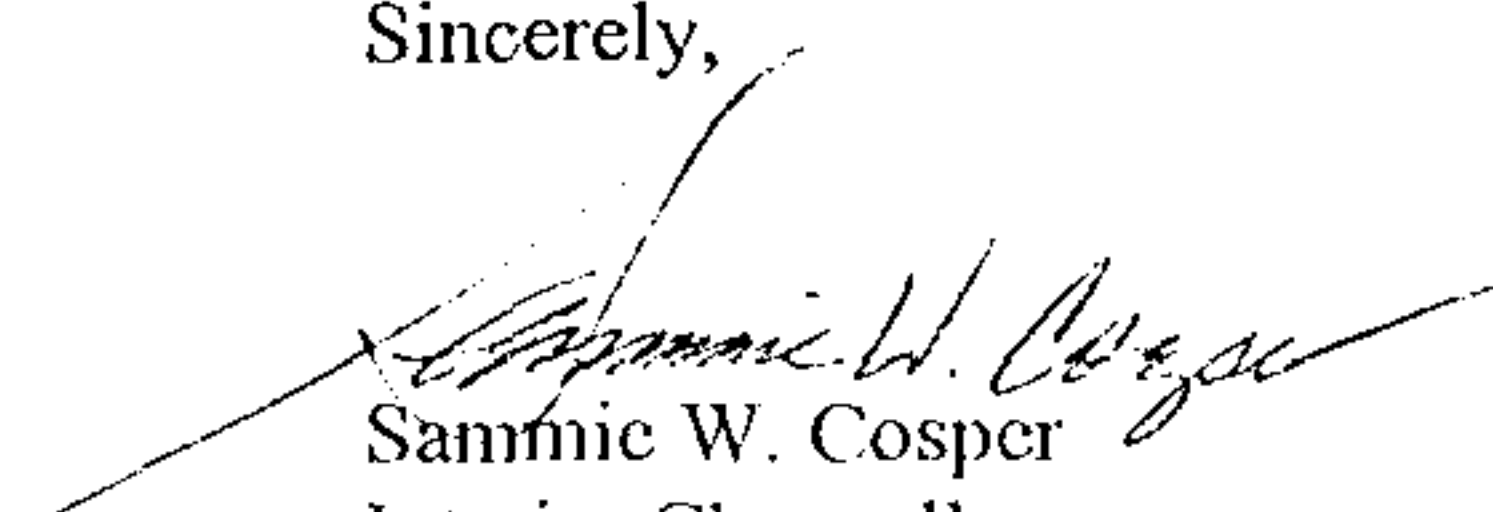
Dear Dr. Kyle:

Management of Baton Rouge Community College concurs with the finding and recommendation related to **Untimely Requests for Reimbursements**.

Baton Rouge Community College is in the process of developing experienced accounting staff that will ensure that reimbursements relating to federal programs are requested timely. The college did not receive awards from these two programs for the year ended June 30, 2000.

The person responsible for corrective action is Mark Trepagnier, Director of Accounting and Finance. If you have any questions regarding our response, please advise.

Sincerely,



Sammie W. Cospers
Interim Chancellor