

STATE OF LOUISIANA LEGISLATIVE AUDITOR

Louisiana Technical College,
Northeast Louisiana Campus
Department of Education
Board of Elementary and
Secondary Education
State of Louisiana
Winnsboro, Louisiana

July 10, 1997



Financial and Compliance Audit Division

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

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STATE OF LOUISIANA
Monroeville, Louisiana

Management Letter
Dated June 10, 1987

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 and Shreveport offices of the Legislative Auditor and at the office of the parish clerk of court.

July 18, 1987



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June 10, 1997

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Winnsboro, Louisiana

As part of our audit of the State of Louisiana's financial statements for the year ended June 30, 1997, we conducted certain procedures at Louisiana Technical College, Northeast Louisiana Campus. Our procedures included (1) a review of the technical college's internal control structure; (2) tests of financial transactions for the years ending June 30, 1997, and June 30, 1996; and (3) tests of adherence to applicable laws, regulations, policies, and procedures governing financial activities for the years ending June 30, 1997, and June 30, 1996.

The Annual Fiscal Reports of Louisiana Technical College, Northeast Louisiana Campus were not within the scope of our procedures, and, accordingly, we do not express an opinion or any other form of assurance on those reports. The Louisiana Technical College, Northeast Louisiana Campus accounts are an integral part of the State of Louisiana's financial statements upon which the Louisiana Legislative Auditor expresses an opinion.

Our procedures included interviews with management personnel and selected personnel. We also evaluated selected documents, files, reports, systems, procedures, and policies as we considered necessary. After analyzing the data, we developed recommendations for improvements. We then discussed our findings and recommendations with appropriate management personnel before submitting this written report.

Based upon the application of the procedures referred to previously, all significant findings are included in this report for management's consideration.

EDP Controls - Incompatible Functions

Louisiana Technical College, Northeast Louisiana Campus does not have adequate internal control procedures over access to the Advanced Governmental Purchasing System (AGPS) and the Governmental Financial System (GFS). A good internal control structure provides for adequate segregation of duties so that no one employee would be

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in a position to both initiate and correct errors or irregularities. In our test of access controls, we identified the following weaknesses:

1. Two employees who served as agency security administrator could also create, modify, and approve documents in the GFS. One of the employees could enter new vendors, purchase requisitions, purchase orders, and receiving reports as well as process invoices and approve payments in the AGPS. The other employee could approve payments in the AGPS.
2. One employee could enter new vendors, purchase requisitions, purchase orders, and receiving reports as well as process invoices in the AGPS. The employee could also create, modify, and approve documents in the GFS.
3. One employee could enter new vendors, purchase requisitions, purchase orders, and receiving reports as well as process invoices and approve payments in the AGPS. The employee could also create, modify, and approve documents in the GFS.

The technical college's security administrators assigned incompatible functions to system users. Inadequate segregation of duties increases the risk that errors or irregularities could occur and not be detected in a timely manner.

The security administrator should monitor access to the AGPS to ensure access is restricted to only those functions necessary to complete the employee's assigned tasks without creating an inadequate segregation of duties. The security administrator function should be limited to a supervisor who does not have responsibility for data entry or approval. In a letter dated March 18, 1987, Mr. John H. Finkard, Director, stated that changes of employee profiles in both AGPS and GFS would be made to eliminate the incompatible functions. In addition, the security administrator position will be limited to supervisory only.

The recommendations in this report represent, in our judgment, those most likely to bring about beneficial improvements to the operations of the technical college. The varying nature of the recommendations, their implementation costs, and their potential impact on operations of the technical college should be considered in reaching decisions on courses of action.

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By provisions of state law, this report is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,



Daniel G. Kyle, CPA, CFE
Legislative Auditor

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