

STATE OF LOUISIANA LEGISLATIVE AUDITOR

Louisiana Technical College,
Lamar Salter Campus
Department of Education
Board of Elementary and
Secondary Education
State of Louisiana
Leesville, Louisiana

April 15, 1988



Financial and Compliance Audit Division

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

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Lafayette, Louisiana

Management Letter
Dated March 2, 1968

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.

April 15, 1968



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March 2, 1998

LOUISIANA TECHNICAL COLLEGE,
LAMAR SALTER CAMPUS
DEPARTMENT OF EDUCATION
BOARD OF ELEMENTARY AND
SECONDARY EDUCATION
STATE OF LOUISIANA
Lafayette, Louisiana

As part of our audit of the State of Louisiana's financial statements for the year ended June 30, 1998, we conducted certain procedures at Louisiana Technical College, Lamar Salter Campus, Department of Education. Our procedures included (1) a review of the technical college's internal controls; (2) tests of financial transactions for the years ended June 30, 1996, and June 30, 1997; (3) tests of adherence to applicable laws, regulations, policies, and procedures governing financial activities for the years ended June 30, 1996, and June 30, 1997; and (4) a review of compliance with prior report recommendations.

The Annual Fiscal Reports of Louisiana Technical College, Lamar Salter Campus were not audited or reviewed by us, and, accordingly, we do not express an opinion on any other form of assurance on these reports. The technical college's 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 selected management personnel and selected technical college 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 discussed our findings and recommendations with appropriate management personnel before submitting this written report.

In our prior management letter of Regional Management Center 6, Alexandria dated July 19, 1995, we reported findings specific to the Lamar Salter Campus relating to certain controls over revenues, electronic data processing access controls, bid requirements for book purchases, and movable property. These findings have been resolved by management.

Based on the application of the procedures referred to previously, one significant finding is included in this report for management's consideration.

LOUISIANA TECHNICAL COLLEGE,
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Inadequate Electronic Data Processing User Controls

Louisiana Technical College, Lamar Salter Campus has not established adequate internal controls over the statewide electronic data processing (EDP) systems. Good internal controls provide for segregation of duties so that no one employee would be in a position to both initiate and conceal errors and fraud and that allows system access to only those employees with legitimate business needs. In our review of the controls over EDP, we noted the following weaknesses:

- The director and accountant had unnecessary access to the Advanced Government Purchasing System (AGPS) to request new vendors and changes to the master vendor files.
- The accounting specialist had unnecessary data entry access to the Government Financial System (GFS).
- The administrative secretary had unnecessary access to the Office of Statewide Uniform Payroll System (OSUPS) to input master file updates.
- The assistant director and the accounting specialist had unnecessary access to AGPS to approve payment transactions.
- All four employees given access to AGPS were able to perform incompatible duties, including entering new vendors, purchase requisitions, purchase orders, and receiving reports as well as processing invoices and payments in the AGPS. No separate electronic approvals had been set up.
- No one at the school verifies that new vendors are legitimate, before they are entered into the master data vendor files.

Additional responsibilities were placed on the director and accountant after the school was reorganized under the technical college system. Incompatible functions were assigned to system users as well as unnecessary access to those employees. Also, the school relied on the Office of Statewide Reporting to verify new vendors. As a result, there is an increase risk that errors and fraud could occur and not be detected in a timely manner.

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Louisiana Technical College, Lamar Salter Campus should establish and implement policies and procedures to ensure adequate controls over the EDI[®] systems. In a letter dated February 19, 1998, Mr. Tommie J. Cordova, Director, stated that he concurred with the finding and that corrective action is planned to address the matters noted in the finding.

The recommendation in this report represents, in our judgment, one most likely to bring about beneficial improvements to the operations of the technical college. The nature of the recommendation, its implementation costs, and its potential impact on operations of the technical college should be considered in reaching decisions on courses of action.

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

SAC:MAN/aa

LW:aa

