

NORTHSHORE TECHNICAL COMMUNITY COLLEGE
LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM

STATE OF LOUISIANA



FINANCIAL AUDIT SERVICES
PROCEDURAL REPORT
ISSUED SEPTEMBER 7, 2022

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Louisiana Legislative Auditor

Michael J. “Mike” Waguespack, CPA

Northshore Technical Community College



September 2022

Audit Control # 80220005

Introduction

The primary purpose of our procedures at Northshore Technical 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 movable property, student tuition and fee revenues, payroll expenses, nonpayroll expenses, information technology, and federal programs.

Follow-up on Prior-report Finding

We reviewed the status of the prior-report finding in the College’s financial statement audit report issued October 30, 2020. We determined that management has resolved the prior-report finding related to Late Additions of Movable Property.

Movable Property

The College reported approximately \$9.7 million of movable property to the Louisiana Property Assistance Agency in its calendar year 2021 annual certifications for the College’s multiple locations. We obtained an understanding of the College’s controls over movable property and examined the calendar years 2020 and 2021 annual certifications and asset management system reports. Based on the results of our procedures, the College had adequate controls in place to ensure that assets were timely recorded in the asset management system.

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, 2020, through February 28, 2022, to ensure that tuition and fees were properly assessed, were in accordance with the approved fee schedule, and were properly posted to students' accounts. We ensured payments applied to the students' accounts were accurate and complied with applicable policies and laws. Also, we performed procedures to determine if tuition and fee rates and refund rules during the period Fall 2020 through Summer 2022 semesters were reviewed and properly set up in the Banner student system. 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. Payments applied to the students' accounts were accurate. Also, the College had adequate controls in place to ensure that the tuition and fee rates and refund rules were reviewed and properly set up in the Banner student system.

Payroll Expenses

Salaries and related benefits comprised approximately 67% of the College's expenses in fiscal year 2021. We obtained an understanding of the College's controls over the time and attendance function and reviewed selected employee time statements and pay rate authorizations during the period July 1, 2020 through February 28, 2022. Based on the results of our procedures, the College had adequate controls in place to ensure timely review and approval of employee time statements and employees were paid the amounts authorized.

Nonpayroll Expenses

Nonpayroll expenses comprised approximately 33% of the College's expenses in fiscal year 2021. We obtained an understanding of controls over nonpayroll expenses and examined selected transactions during the period July 1, 2020, through February 28, 2022. Based on the results of our procedures, the College had adequate controls in place to ensure that the nonpayroll expenses were properly authorized, accurately recorded, adequately supported, and in compliance with applicable laws and regulations.

Information Technology

We obtained an understanding of the College's controls as it relates to the Banner Enterprise Resource Planning System, which processes transactions and maintains data related to student records and registration, financial aid, human resources, payroll, and financial operations. We performed procedures to determine whether access was restricted to business need only and adequately segregated during the period July 1, 2020, through April 19, 2022, and fiscal periods are closed timely during the period July 1, 2020, through May 18, 2022. Based on the results of

our procedures, the College had adequate controls in place to ensure access was restricted to business need only, adequately segregated, and fiscal periods were closed timely.

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, 2020, through February 28, 2022. 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 payroll and 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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APPENDIX A: SCOPE AND METHODOLOGY

We performed certain procedures at Northshore Technical Community College (College) for the period from July 1, 2020, through June 30, 2022. 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 an opinion.

- 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 movable property, student tuition and fee revenues, payroll expenses, nonpayroll expenses, information technology, 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.