LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

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BOSSIER PARISH COMMUNITY COLLEGE

A married couple allegedly committed fraud to obtain $12,540 in federal student financial aid from Bossier Parish Community College during the fiscal year that ended June 30, 2014, a period when the husband was incarcerated, Legislative Auditor Daryl Purpera said Monday.

In a management letter, financial auditors said the couple, who was not identified, has been arrested and charged with theft, and the college has returned the $12,540 in financial aid to the U.S. Education Department.

"The wife used her husband's personal identification number to obtain" student loans to attend online classes "in her husband's place while he was incarcerated," the report from the state auditor said. "Although federal regulations require PINs to authenticate the recipients of federal funds, the students were able to override those controls through collusion.

"Federal regulations do not allow someone to accept federal student aid on another person's behalf and explicitly do not allow incarcerated individuals to obtain federal student loans."

The report recommended the community college "should attempt to recoup these funds from the students and consider the cost-effectiveness of additional program eligibility screenings."

In a second finding, auditors said that for the second consecutive year BPCC did not have "adequate controls over its student refund processing" and distributed fee refunds to students in excess of the amounts they were due. The report said that a test of 15 students with outstanding balances on June 30, 2014, indicated that three of them received "excessive refunds totaling $10,634."

The college has since billed students for all outstanding balances, seeking repayment of excessive refunds. Besides the excessive refunds, auditors said five of the 15 students who owed the college money from a previous semester were allowed to register for subsequent classes, a violation of BPCC's policies.

The five students who were allowed to re-register owed the community college more than $34,000 as of June 30, 2014. The college policy requires that "a registration hold be placed on accounts with an outstanding balance."

Auditors said the errors reported occurred mainly because the BPCC staff was not familiar with all aspects of the accounting system. They said while staff efforts have improved since last year, employees "failed to check students' accounts for outstanding balances and entered incorrect withdrawal codes."

As a result, the totals owed the college continue to increase significantly, and the excessive refunds "may be difficult to collect from students.

"In addition, the excessive refunds have an adverse impact on BPCC's cash flow, which already had to be supplemented by an operating loan" from the Louisiana Community and Technical College System in April.

The report said school officials should "continue to aggressively pursue collection of outstanding student receivables" and hold its staff accountable for verifying the accuracy of student account balances."

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On Twitter: Married couple committed fraud to obtain financial aid while husband was incarcerated.