

# STATE OF LOUISIANA LEGISLATIVE AUDITOR

Louisiana Technical College,  
Florida Parishes Campus  
Department of Education  
Board of Elementary and  
Secondary Education  
State of Louisiana  
Greensburg, Louisiana

October 22, 1997

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***Financial and Compliance Audit Division***

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

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STATE OF LOUISIANA  
Greensburg, Louisiana**

Management Letter  
Dated August 18, 1997

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 and at the office of the parish clerk of court.

October 22, 1997



OFFICE OF  
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August 18, 1997

**LOUISIANA TECHNICAL COLLEGE,  
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DEPARTMENT OF EDUCATION  
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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, Florida Parishes 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; (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; and (4) a review of compliance with prior report recommendations.

The Annual Fiscal Reports of Louisiana Technical College, Florida Parishes Campus are not within the scope of our procedures, and, accordingly, we offer no opinion or any other form of assurance on those 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 management personnel and selected technical college personnel. We also evaluated selected documents, files, reports, systems, procedures, and policies as we considered necessary. In addition, after analyzing the data, we developed recommendations for improvement. We then discussed our findings and recommendations with appropriate management personnel before submitting this written report. We noted that the size of the technical college's operation and its limited staff preclude an adequate segregation of duties and other features of an adequate system of internal control, although to employ such controls may not be cost beneficial.

In our prior management letter on the Regional Management Center 2, Baton Rouge, dated June 22, 1994, we reported three findings specific to the Florida Parishes Campus relating to time and attendance records, Vocational Education - Community Based Organization, and extension classes. These findings have been resolved by management.

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

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**Noncompliance With State Travel Regulations**

The director of Louisiana Technical College, Florida Parishes Campus appears to have used a state-owned vehicle in violation of Louisiana Revised Statutes (R.S.) and the Louisiana Administrative Code (LAC). In addition, the technical college has not complied with certain provisions of the LAC relating to vehicle logs.

Region 2 Management Center directed the affairs of all technical colleges in the region, including the Florida Parishes Campus, until the region was dissolved in August 1996. At that time the director of the management center became the director of the Florida Parishes Campus and transferred all movable property belonging to Region 2 Management Center, including the vehicle acquired on November 30, 1994, to the Florida Parishes Campus. Our examination of various documents related to vehicle usage for the period August 1996 to February 1997 disclosed the following:

- The vehicle did not have a decal affixed until February 1997 indicating the name of the state agency owning the vehicle. The vehicle was driven on at least 105 occasions during the period of our examination before the identifying decal was affixed. R.S. 49:121 prohibits officers and employees of the state from driving or operating a publicly owned vehicle that is not marked in accordance with the statute. The director of the technical college was listed as the driver on all occasions where the driver was indicated.
- Policy and Procedure Memorandum 49, section 1505(A) requires that all claims for reimbursement for travel be submitted on state form BA-12 unless an exception has been granted by the Commissioner of Administration. The director of the technical college was reimbursed \$256 through petty cash for 14 purchases of gasoline. These reimbursement requests were not submitted on the required form.

We also determined that the transportation coordinator for the Louisiana Technical College, Florida Parishes Campus failed to perform the duties of transportation coordinator in accordance with LAC 34:103.B.6, which requires that she ensure the accurate completion of the daily vehicle usage log. Review of the daily vehicle logs from August 1996 through February 1997 disclosed the following:

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- For 73 of the 105 occasions when the vehicle was driven, the driver failed to attest to (initial) the purpose of the trip, the locations visited, the odometer readings, and mileage traveled.
- The locations visited and purpose of the trip were not present for three trips totaling 366 miles.
- Travel totaling 274 miles is not accounted for on the daily vehicle log because the ending odometer reading for December 1996 does not match the beginning odometer reading for January 1997.
- Fuel purchases are not always accurately reported on the vehicle log. One purchase totaling \$22 was reported as occurring on November 19, 1996, but the supporting documentation indicates that the purchase took place on November 1, 1996. It is also likely that additional purchases of gasoline were made that are not reflected by the technical college's payment records or the vehicle log because the car was driven a total of 1,660 miles between January 13 and January 21, 1997, but no purchases of fuel are recorded for that vehicle.
- Gasoline totaling \$435 was purchased from a local vendor on open charge account. Nine of these 25 purchases totaling \$91 are not recorded on the vehicle logs of either of the two vehicles owned by the technical college. The invoices from the vendor do not always provide sufficient detail to identify the vehicle(s) receiving fuel. This does not provide adequate assurance that all fuel purchased was for the use of the technical college and its vehicles.

These conditions occurred because the technical college has not adopted formal policies that would direct its personnel toward compliance with the Louisiana Administrative Code and other laws and regulations regarding vehicle use. The director stated that the records of vehicle use were maintained informally by him on a legal pad kept in the vehicle and that this information was transferred to the daily vehicle log at the end of the month by the transportation coordinator. Failure to comply with rules and regulations regarding vehicle identification and record keeping increases the risk that the vehicle will be used for unauthorized purposes that are not in the best interest of the state or that unnecessary costs will be incurred.

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Louisiana Technical College, Florida Parishes Campus should ensure that its vehicles are decaled and that complete records are maintained on all vehicle usage. In a letter dated July 22, 1997, Mr. George W. Foster, Director, concurred that the record keeping system used by the transportation coordinator and signed off by the director was poor and incomplete. However, he maintains that all gasoline purchased was for use by the technical college. Mr. Foster further stated that the requests for reimbursement were not made on form BA-12 because he was unaware of the required use of this form. Mr. Foster outlined a plan of corrective action to prevent similar problems in the future and presented various documents to show that implementation of that plan was begun immediately upon notification of the deficiencies.

**Movable Property Deficiencies**

Louisiana Technical College, Florida Parishes Campus failed to comply with LAC 34:VII.307.A, which requires that all acquisitions and transfers of qualified items be tagged and entered into the Louisiana Property Assistance Agency (LPAA) system within 45 days of receipt. In addition, the property control manager failed to properly account for an item in accordance with R.S. 39:330, which requires written consent of the Commissioner of Administration prior to entrusting property to another agency.

During our audit of the technical college's internal controls over movable property, we noted the following deficiencies:

1. Forty-three items with an original acquisition cost totaling \$91,762 were transferred from Region 2 Management Center to the Louisiana Technical College, Florida Parishes Campus in August 1996. These items were not tagged until approximately 150-170 days later and were not entered into the LPAA system until approximately 170-180 days after receipt of the items.
2. The property control manager for the Louisiana Technical College, Florida Parishes Campus loaned a piece of equipment costing \$2,240 to the Louisiana Technical College, Ascension Parish Campus without written consent from the Commissioner of Administration. The item in question was one of the 43 items transferred from the Region 2 Management Center and had not been properly tagged and recorded in the LPAA system at the time of transfer.

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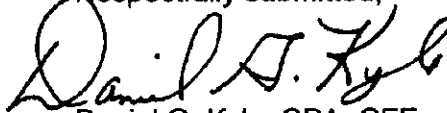
These conditions occurred because the technical college does not have sufficient controls in place to ensure compliance with the laws and regulations concerning movable property. Considering the technical college has in excess of \$680,000 of movable property as of December 12, 1996, the state's policies and procedures over movable property should be uniformly applied to ensure that movable property is safeguarded against unauthorized use or disposition and that reliable data are maintained and accurately reported in the technical college's financial statements.

Louisiana Technical College, Florida Parishes Campus should institute procedures to maintain adequate internal accounting controls over movable property and to comply with laws and regulations prescribed by the Commissioner of Administration and Louisiana Revised Statutes. In a letter dated April 30, 1997, Mr. George W. Foster, Director, concurred with the finding. Mr. Foster stated that the items were not tagged timely because of the increased workload caused by moving and installing the equipment formerly owned by the Region 2 Management Center. This event is unlikely to recur. Mr. Foster also stated that the equipment loaned to another campus was a scanner formerly belonging to Region 2 Management Center that could be used by all the campuses to assist them with their annual inventory. Mr. Foster was not aware that after the region was dissolved and the schools became autonomous, the equipment could no longer be used by all the schools without special written permission, but, in the future he will refrain from loaning equipment without appropriate approval.

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 cost, and their potential impact on the operations of the technical college should be considered in reaching decisions on courses of action. The findings relating to the technical college's compliance with applicable laws and regulations should be addressed immediately by management.

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