

ELAINE P. NUNEZ COMMUNITY COLLEGE  
LOUISIANA COMMUNITY AND  
TECHNICAL COLLEGE SYSTEM

STATE OF LOUISIANA



FINANCIAL AUDIT SERVICES  
PROCEDURAL REPORT  
ISSUED AUGUST 28, 2019

**LOUISIANA LEGISLATIVE AUDITOR  
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# Louisiana Legislative Auditor

Daryl G. Purpera, CPA, CFE



Elaine P. Nunez Community College

August 2019

Audit Control # 80190004

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## Introduction

The primary purpose of our procedures at the Elaine P. Nunez Community College (College) was to evaluate certain controls the College uses to ensure accurate financial reporting, compliance with applicable laws and regulations, and to provide accountability over public funds. In addition, we determined whether management has taken action to correct the findings 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 on selected controls and transactions relating to cash, student tuition and fee revenues, payroll expenses, nonpayroll expenses, and information technology.

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### Follow-up on Prior-report Findings

We reviewed the status of the prior-report findings in the College's procedural report dated September 21, 2017. We determined that management has resolved the prior-report findings related to Improper Retroactive Pay, Lack of Controls over Payroll, Inadequate Controls over Bank Accounts, Lack of Controls over Deposits, Inadequate Controls over the Banner System, Noncompliance with Purchase Regulations and Reporting Requirements, Inadequate Controls over the Assessment and Refunding of Student Tuition and Fees, Noncompliance with Tuition Discount Policy, and Noncompliance with Hardship Waiver Requirements.

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### Current-report Findings

#### Failure to Make Proper Notifications of Misappropriated Assets

The College failed to notify the Louisiana Legislative Auditor and the parish district attorney of a suspected misappropriation of assets as required by Louisiana Revised Statute (R.S.) 24:523.

R.S. 24:523 states, in part, “An agency head of an auditee who has actual knowledge of or reasonable cause to believe that there has been a misappropriation of the public funds or assets of his agency shall immediately notify, in writing, the legislative auditor and the district attorney of the parish in which the agency is domiciled of such misappropriation.”

College management should immediately report any suspected misappropriation of public funds or assets of the College, in writing, to the legislative auditor and district attorney in accordance with state law. Management concurred in part with the finding and outlined a plan of corrective action (see Appendix A, page 1)

### **Noncompliance with Unclaimed Property Regulations**

The College did not report 24 outstanding checks totaling \$996, which were held for more than one year, as abandoned property to the State Treasurer’s Office as unclaimed property. Outstanding check dates ranged from August 2014 through May 2017.

State law [R.S. 9:154(A)(10) and 9:159] requires that outstanding checks more than one year old be reported to the State Treasurer as unclaimed property. Management should ensure compliance with existing laws and regulations over unclaimed property. Management concurred with the finding and outlined a plan of corrective action (see Appendix A, page 2)

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## **Cash**

The College maintains an operating account and two other bank accounts. The cash balance at June 30, 2018, per the College’s Annual Fiscal Report, was \$4,192,476. We obtained an understanding of the College’s controls over the bank accounts, evaluated the segregation of duties, reviewed bank statements, bank reconciliations, and selected deposits for the months of October 2017 through March 2019. We also evaluated the College’s compliance with unclaimed property regulations. Based on the results of our procedures, except as noted in the Current-report Findings section, the College had adequate controls in place to ensure timely preparation, review, and approval of bank reconciliations; that receipts were timely reviewed and deposited; and that accesses to the bank accounts were for current employees.

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## **Student Tuition and Fee Revenues**

We obtained an understanding of controls over student tuition and fee revenues. We performed procedures on selected transactions to determine if the College was properly assessing and refunding certain student tuition and fee revenues. We performed procedures to determine if student tuition and fee revenues received were accurately recorded and correctly posted to students’ accounts. We also performed procedures to determine if tuition discounts and waivers were properly documented and were in compliance with applicable policies and laws. Based on the results of our procedures, the College had adequate controls in place to ensure that student tuition and fee revenues were properly assessed and refunded; student tuition and fee revenues

received were accurately recorded and correctly posted to students' accounts; and tuition discounts and waivers were properly documented and were in compliance with applicable policies and laws.

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## **Payroll Expenses**

Salaries and related benefits comprised approximately 38% and 37% of the College's expenses in fiscal years 2018 and 2019, respectively. We obtained an understanding of the College's controls over time and attendance function and reviewed selected employee time statements and leave records. 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 leave requests, employees were paid the amounts authorized, and leave taken was properly accounted for.

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## **Nonpayroll Expenses**

We obtained an understanding of the College's controls over nonpayroll expenses. We reviewed selected expenses and evaluated compliance with applicable laws and regulations. We also performed procedures to determine if the College submitted quarterly contract reports to the Louisiana Community and Technical College System (LCTCS) Board Office. Based on the results of our procedures, the College had adequate controls in place to ensure compliance with applicable laws and regulations.

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## **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. We also performed procedures to determine if manual journals entered into the system were approved and supported. Based on the results of our procedures, the College had adequate controls in place to ensure access was restricted to business need only and adequately segregated, and manual journals entered into the system were approved and supported.

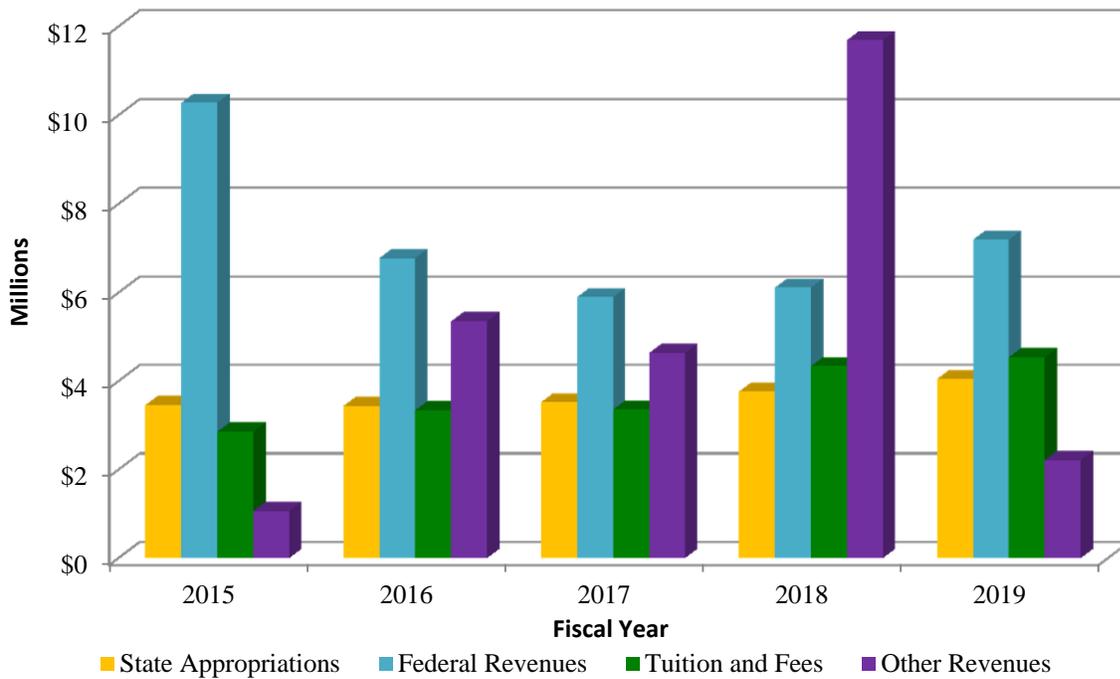
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## **Trend Analysis**

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. We also prepared an analysis of revenues, expenses, and enrollment over the last five fiscal years, as shown in Exhibits 1 and 2.

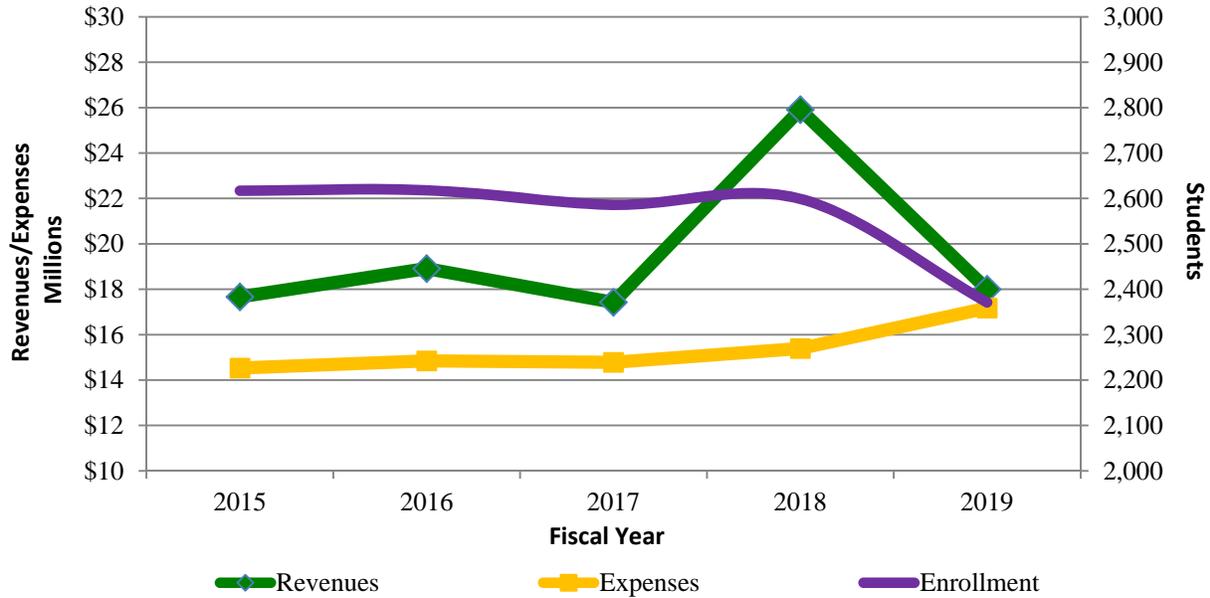
In analyzing financial trends of the College over the past five fiscal years, we determined that revenues increased from 2015 to 2019 by 2%. Tuition and fee revenues have increased by 59%, primarily from increases in LCTCS Board-approved tuition and fees. Other revenues, consisting primarily of capital appropriations, significantly increased due to new construction. The College received capital appropriations and capital grants and gifts for the construction of the Kane Center Building and the Technical and Biology Wing Building that were completed in fiscal year 2019.

**Exhibit 1  
Five-Year Revenue Trends**



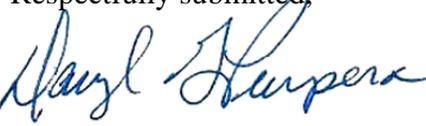
**Source:** College Annual Financial Reports, as adjusted

### Exhibit 2 Fiscal/Enrollment Trends



**Sources:** College Annual Financial Reports, as adjusted, and Louisiana Board of Regents

Under Louisiana Revised Statute 24:513, this report is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,  
  
 Daryl G. Purpera, CPA, CFE  
 Legislative Auditor

KDN:CLL:BQD:EFS:aa

NUNEZ 2019



## **APPENDIX A: MANAGEMENT'S RESPONSES**





# NUNEZ COMMUNITY COLLEGE

3710 PARIS ROAD • CHALMETTE, LA 70043 • (504) 278-6468 • FAX: (504) 278-6480

## CHANCELLOR'S OFFICE

August 15, 2019

Daryl G. Purpera, CPA, CFE  
Legislative Auditor  
1600 North Third Street  
Baton Rouge, LA 70804-9397

Dear Mr. Purpera:

Management of Nunez Community College partially concurs with the finding related to Failure to Make Proper Notification of Misappropriated Assets. During the Fall 2018 semester, college administration obtained information pertaining to Title IV funds disbursed that appeared to be suspicious, which resulted in immediate communication by college administration with the Department of Education – Office of Inspector General (DOE-OIG) in accordance with 34 CFR 668.16. Through the ongoing process of communication between college administration and DOE-OIG and a continued investigation into the suspicious activity reported by the college, the college administration actions of due diligence never were intended or interpreted as a violation of R.S. 24:523, hence the partial concurrence to this finding.

Management of Nunez Community College does concur with the recommendations provided in the finding and will immediately report through the LCTCS system office, activity that is defined by the statute.

The person(s) responsible for corrective action are the Vice Chancellor of Finance and Operations and the Vice Chancellor for Student Affairs.

Sincerely,

Tina M. Tinney, Ed. D.



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## CHANCELLOR'S OFFICE

August 15, 2019

Daryl G. Purpera, CPA, CFE  
Legislative Auditor  
1600 North Third Street  
Baton Rouge, LA 70804-9397

Dear Mr. Purpera:

Management of Nunez Community College concurs with the finding and recommendations related to non-compliance with Unclaimed Property Regulations. The college's practice relevant to this statute included an inadvertent misinterpretation of the subsection that specifically pertained to the college's responsibility for handling of unclaimed property.

The college will submit the outstanding checks with the next required submission and ensure that any future unclaimed property is submitted in accordance with 9:154(a)(10).

The person responsible for corrective action is the Vice Chancellor of Finance and Operations.

Sincerely,

Tina M. Tinney, Ed. D.

## APPENDIX B: SCOPE AND METHODOLOGY

We performed certain procedures at the Elaine P. Nunez Community College (College) for the period from July 1, 2017, through June 30, 2019. Our objective was to evaluate certain controls the College uses to ensure accurate financial reporting, compliance with applicable laws and regulations, and to provide 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, a component unit of the state of Louisiana'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 on selected controls and transactions relating to cash, student tuition and fee revenues, payroll expenses, nonpayroll expenses, and information technology.
- 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.