

RIVER PARISHES COMMUNITY COLLEGE

LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM
STATE OF LOUISIANA



FINANCIAL AUDIT SERVICES
PROCEDURAL REPORT
ISSUED SEPTEMBER 7, 2022

**LOUISIANA LEGISLATIVE AUDITOR
1600 NORTH THIRD STREET
POST OFFICE BOX 94397
BATON ROUGE, LOUISIANA 70804-9397**

LEGISLATIVE AUDITOR
MICHAEL J. "MIKE" WAGUESPACK, CPA

FIRST ASSISTANT LEGISLATIVE AUDITOR
ERNEST F. SUMMERVILLE, JR., CPA

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 is available for public inspection at the Baton Rouge office of the Louisiana Legislative Auditor and online at www.la.gov. When contacting the office, you may refer to Agency ID No. 6130 or Report ID No. 80220073 for additional information.

This document is produced by the Louisiana Legislative Auditor, State of Louisiana, Post Office Box 94397, Baton Rouge, Louisiana 70804-9397 in accordance with Louisiana Revised Statute 24:513. One copy of this public document was produced at an approximate cost of \$0.30. This material was produced in accordance with the standards for state agencies established pursuant to R.S. 43:31.

In compliance with the Americans With Disabilities Act, if you need special assistance relative to this document, or any documents of the Legislative Auditor, please contact Jenifer Schaye, General Counsel, at 225-339-3800.

Louisiana Legislative Auditor

Michael J. “Mike” Waguespack, CPA

River Parishes Community College



September 2022

Audit Control # 80220073

Introduction

The primary purpose of our procedures at River Parishes Community College (RPCC) was to evaluate certain controls RPCC 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 findings reported in the prior report.

Results of Our Procedures

We evaluated RPCC’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 RPCC’s controls and our understanding of related laws and regulations, and the results of our analytical procedures, we performed procedures relating to cash, student tuition and fees, student receivables, and federal grant expenses.

Follow-up on Prior-report Findings

We reviewed the status of the prior-report findings in RPCC’s procedural report dated August 5, 2020. We determined that management has not resolved the prior-report finding related to Ineffective Bank Reconciliations, which is addressed again in this report. The prior-report findings related to Improper Tuition and Fee Charges and Inadequate Controls over Outstanding Student Account Balances have not been fully resolved and portions of those findings are addressed again in this report in the finding titled Inadequate Controls Over Student Account Balances.

Current-report Findings

Inadequate Controls over Student Account Balances

For the third consecutive engagement, RPCC did not have adequate controls over student account balances, increasing the risk that accounts receivable balances may be overstated.

Based on our procedures, the following were identified:

- Of the 2,196 dual-enrolled students from Fall 2020 through Spring 2022, tuition and fee waivers were not placed timely on six (33%) of the 18 dual-enrolled student accounts reviewed. Failure to timely place waivers, which could also impact third-party contractors responsible for payment of tuition and fees, on student accounts could result in students being charged tuition and fees for which they do not owe to RPCC.
- RPCC did not write off student-related account balances as required by Louisiana Community and Technical College System (LCTCS) and RPCC policies. Based on system aging reports, account balances totaling approximately \$1,346,511 that were between two and a half and eight years old were not written off as of June 21, 2022. LCTCS and RPCC policies require write-offs of delinquent accounts be made at the end of no more than the second year.

RPCC's management represented that it has not complied with the policies and procedures related to timely placement of waivers on student accounts and student account receivable write-offs due to substantial employee turnover within the Business Office.

RPCC management should ensure that tuition and fee waivers for dual-enrolled students are timely applied to eligible student accounts. Management should also ensure uncollectible amounts are written off in accordance with LCTCS and RPCC policies. Management concurred with the finding and provided a corrective action plan (see Appendix A, pages 1-2).

Ineffective Bank Reconciliations

RPCC did not ensure bank reconciliations were properly prepared and reviewed, increasing the risk that errors and/or fraud could occur and not be detected in a timely manner. The bank reconciliations for the months of July 2020 through October 2021 did not balance, with differences between bank balances and the general ledger ranging from \$548,602 to negative \$2,138,421. As of July 20, 2022, bank reconciliations were not completed for the months of November 2021 through June 2022. In addition, for seven of the 16 (44%) bank reconciliations reviewed, the dates prepared were two to six months after the date on the bank statements and four of the 16 (25%) bank reconciliations did not include the date prepared. None of the prepared bank reconciliations contained signatures as evidence of supervisor review. This is the third consecutive engagement in which auditors noted issues related to bank reconciliations.

Management did not place sufficient emphasis on implementing an effective bank reconciliation process. Good internal control requires accurate and timely reconciliation of bank account balances to the accounting records as well as supervisor review of the completed bank reconciliations. Bank reconciliations provide management with a basis to ensure that all transactions that affect both the bank accounts and the accounting records agree.

RPCC management should ensure that bank accounts are properly and timely reconciled, and that completed bank reconciliations are reviewed by the appropriate level of management. Management concurred with the finding and provided a corrective action plan (see Appendix A, page 3).

Cash

We performed procedures to address the prior year finding titled Ineffective Bank Reconciliations. We reviewed bank statements and reconciliations for the two years ended June 30, 2022, and noted that bank reconciliations were either not completed or were ineffective because large unreconciled differences remained between the bank balances and the general ledger. In addition, there was no supervisor review of the completed bank reconciliations being performed. Based on the results of our procedures, we reported a finding titled Ineffective Bank Reconciliations in the Current-report Findings section above.

Student Tuition and Fees

We performed procedures to address the prior-year finding titled Improper Tuition and Fee Charges. RPCC reported net tuition and fees of \$5.5 million in its fiscal year 2021 Annual Fiscal Report. We obtained an understanding of RPCC's controls over student tuition and fees. We performed procedures on selected transactions for the Fall 2020, Spring 2021, Fall 2021 and Spring 2022 semesters to determine that RPCC properly charged tuition and fees in accordance with the authorized fee schedule and properly posted waivers to students' accounts. Based on the results of these procedures, we found that RPCC did not timely place waivers on students' accounts as reported in the finding titled Inadequate Controls over Student Account Balances in the Current-report Findings section above.

Student Receivables

We performed procedures to address the prior-year finding titled Inadequate Controls over Outstanding Student Account Balances. We obtained and reviewed accounts receivable aging reports to determine if accounts receivable were written-off in accordance with LCTCS and RPCC policies. Based on the results of these procedures, RPCC has not written off account balances in accordance with the policies as reported in the finding titled Inadequate Controls over Student Account Balances in the Current-report Findings section above.

The prior-year finding Inadequate Controls over Outstanding Student Account Balances also identified additional weaknesses in controls related to RPCC not placing financial holds on outstanding students' accounts, not sending notices to students with outstanding balances, and not transferring outstanding student account balances to the Louisiana Office of Debt Recovery in accordance with RPCC policies. Follow up procedures were not performed in the current engagement as RPCC analyzes outstanding student accounts in anticipation of the receipt of funding from the Higher Education Emergency Relief Fund (HEERF) federal program, which allows for student debt forgiveness.

Federal Grant Expenses

RPCC was awarded federal grant funds through HEERF (AL 84.425) to cover costs associated with significant changes to the delivery of instruction and to provide emergency financial aid grants to students for expenses related to the disruption of campus operations due to the Coronavirus. We obtained an understanding of RPCC's controls over HEERF expenses and reviewed selected state fiscal year 2022 expense transactions from a total population of \$6.9 million charged to or expected to be charged to the HEERF program. Based on the results of our procedures, RPCC had adequate controls in place to ensure HEERF expenses incurred were for activities and costs allowed by the program, properly approved, and supported by appropriate documentation.

Trend Analysis

We compared the most current and prior-year financial activity using RPCC's Annual Fiscal Reports and/or system-generated reports and obtained explanations from RPCC 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

DF:NM:RR:EFS:aa

RPCC2022

APPENDIX A: MANAGEMENT'S RESPONSES



August 23, 2022

Michael J. Waguespack, CPA
Legislative Auditor
1600 North Third Street
P.O. Box 94397
Baton Rouge, LA 70804-9397

RE: Inadequate Controls over Outstanding Student Account Balances

Dear Mr. Waguespack:

While River Parishes Community College has made improvements related to the processing of student accounts, we concur with the above referenced finding.

We acknowledge the importance of maintaining controls over student account balances to reduce the risk of being uncollectable.

Our corrective actions include the following:

- a) River Parishes Community College has hired a Bursar effective August 22, 2022 to oversee the student account processes. The addition of this position will ensure timely processing of 3rd party contracts and waivers on student accounts.
- b) Substantial turnover in personnel, resulted in a delay in the failure to write-off students accounts properly. The Controller and newly hired Bursar are reviewing students balances with their staff for waivers before completing the write-offs. Write-offs for accounts over 2 years old as of June 30, 2022 will be completed and written-off as of December 31, 2022.
- c) The college has reviewed the policy and procedures with the Business Office

A member of the Louisiana Community and Technical College System

Staff to ensure understanding and training of the requirements each year.

- d) A monthly status report of the progress on both waivers and write-offs will be provided to the Chancellor via the Vice Chancellor of Finance and Administration beginning September 30, 2022.

As the Vice Chancellor of Finance and Administration, I will be responsible for ensuring that the corrective action plan is fully implemented.

Sincerely,

A handwritten signature in blue ink that reads "Charles D. Cambre". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Charles D. Cambre
Vice Chancellor of Finance and Administration

CC: Mr. Quintin Taylor, Interim Chancellor



August 8, 2022

Michael J. Waguespack, CPA
Legislative Auditor
1600 North Third Street
P.O. Box 94397
Baton Rouge, LA 70804-9397

RE: Ineffective Bank Reconciliations

Dear Mr. Waguespack:

We concur with the above referenced finding.

We recognize the importance of effective bank reconciliations and review. Since the last audit, RPCC had hired a full-time position to oversee the bank reconciliation process; however, months of reconciliations revealed prior outstanding items that continued to hinder the balancing to zero. Assistance was given from LCTCS staff to help identify and balance these differences without resolution. The Finance and Administration Division saw turnover in 3 key positions which resulted in the lack of oversight as we continued to fill the vacancies and train the new staff. Additionally, the staff responsible for bank reconciliations has resigned.

We are nearly 100% staffed within the Business Office and have contracted for assistance to bring the bank reconciliations current and in balance. They have completed the reconciliations through April 2022 to date and continue to work with our staff on the remaining months within the fiscal year. RPCC is reviewing options of outsourcing bank reconciliations if we are unable to hire the appropriate staff.

The Controller will be responsible for ensuring accurate identification of all transactions moving forward will review bank reconciliations monthly. As the Vice Chancellor of Finance and Administration, I will be responsible for ensuring that the corrective action plan is fully implemented and providing oversight of the process and reporting the status quarterly to the LCTCS Board.

Sincerely,

A handwritten signature in blue ink that reads 'Charles D. Cambre'.

Charles D. Cambre
Vice Chancellor of Finance and Administration

CC: Mr. Quintin Taylor, RPCC Interim Chancellor

APPENDIX B: SCOPE AND METHODOLOGY

We performed certain procedures at River Parishes Community College (RPCC) for the period from July 1, 2020, through June 30, 2022. Our objective was to evaluate certain controls RPCC 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 RPCC's Annual Fiscal Reports, and accordingly, we do not express an opinion on those reports. RPCC'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 RPCC'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 RPCC.
- Based on the documentation of RPCC's controls and our understanding of related laws and regulations, and results of our analytical procedures, we performed procedures relating to cash, student tuition and fees, student receivables, and federal grant expenses.
- We compared the most current and prior-year financial activity using RPCC's Annual Fiscal Reports and/or system-generated reports to identify trends and obtained explanations from RPCC'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 RPCC, and not to provide an opinion on the effectiveness of RPCC'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.