

SOUTH LOUISIANA COMMUNITY COLLEGE
LOUISIANA COMMUNITY AND TECHNICAL
COLLEGE SYSTEM

STATE OF LOUISIANA



FINANCIAL AUDIT SERVICES
MANAGEMENT LETTER
ISSUED DECEMBER 26, 2018

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

LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

ASSISTANT LEGISLATIVE AUDITOR
FOR STATE AUDIT SERVICES
NICOLE B. EDMONSON, CIA, CGAP, MPA

DIRECTOR OF FINANCIAL AUDIT
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.lla.la.gov.

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 \$0.35. This material was produced in accordance with the standards for state agencies established pursuant to R.S. 43:31. This report is available on the Legislative Auditor's website at www.lla.la.gov. When contacting the office, you may refer to Agency ID No. 6094 or Report ID No. 80180053 for additional information.

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 Elizabeth Coxe, Chief Administrative Officer, at 225-339-3800.

Louisiana Legislative Auditor

Daryl G. Purpera, CPA, CFE



South Louisiana Community College

December 2018

Audit Control # 80180053

Introduction

As a part of our audit of the Louisiana Community and Technical College System (System) and the Single Audit of the State of Louisiana (Single Audit) for the fiscal year ended June 30, 2018, we performed procedures at the South Louisiana Community College (College) to provide assurances on financial information that is significant to the System's financial statements; evaluate the effectiveness of the College's internal controls over financial reporting and compliance; and determine whether the College complied with applicable laws and regulations. In addition, we determined whether management has taken actions to correct the findings reported in the prior year.

Results of Our Procedures

Follow-up on Prior-year Findings

Our auditors reviewed the status of the prior-year findings reported in the College's management letter dated January 10, 2018. We determined that management has resolved the prior-year findings related to Unlocated Movable Property, Excess Cash for Federal Direct Student Loans Program, Inaccurate Reporting of Student Enrollment Status, and Inadequate Controls over Return of Title IV Funds. The prior-year finding related to Inadequate Administration over Federal Direct Student Loans Program has not been resolved and is addressed again in this letter.

Current-year Findings

Inadequate Administration over Federal Direct Student Loans Program

For the fourth consecutive year, the College did not ensure compliance with the Federal Direct Student Loans program regulations by properly calculating Direct Loan Funds awards. As a result, students who were eligible for Direct Loan Funds may not have received the appropriate amount of subsidized and/or unsubsidized loans.

Audit procedures revealed that the College incorrectly awarded loans to students in excess of limits defined by law. Awards to two (5%) of 40 students tested were not properly calculated to be in compliance with the Federal Direct Student Loans program regulations. One student

received \$52 of subsidized loans that was in excess of the aggregate loan limit. One student was awarded unsubsidized loans when additional subsidized loans were available.

Management should strengthen procedures to accurately calculate Direct Loan awards. Management concurred with the finding and outlined a plan of corrective action (see Appendix A, page 1).

Weaknesses over Banner Tuition and Fees and Refunds

The College failed to correctly set tuition and fee codes and refund codes in Banner. In addition, entries made to drop or add courses caused refund calculation errors. As a result, students were not assessed the correct amount of tuition and fees or issued the correct amount of refunds.

Audit procedures revealed the following:

- The Excess Credit Hour Fee was set to calculate fees on credit hours taken above 12 credit hours rather than above 15 credit hours, as authorized by the Louisiana Community and Technical College System Board. This occurred during the Summer 2017 and Summer 2018 terms, resulting in students being overcharged \$4,982 and \$4,831, respectively.
- Refund codes for five of the nine Fall 2017 terms were set to refund students at incorrect percentages based on the College inappropriately excluding Saturdays as instructional days when calculating refunds. Refund percentages were impacted by one to three days, resulting in some students incorrectly receiving higher refunds.
- Refund calculation errors were identified for 21 students in Fall 2017 and 13 students in Spring 2018, causing an estimated \$14,096 underassessment of tuition. This occurred as a result of the Banner system incorrectly calculating refunds when manual entries were made to backdate effective dates of courses that were added or dropped.

Management should strengthen procedures to ensure that tuition and fee codes and refund codes are properly established in Banner in compliance with College policy. In addition, management should develop procedures to review Banner calculations to ensure the proper amounts are being assessed and refunded. Management concurred with the finding and outlined a plan of corrective action (see Appendix A, pages 2-3).

Financial Statements - Louisiana Community and Technical College System

As a part of our audit of the System's financial statements for the year ended June 30, 2018, we considered the College's internal control over financial reporting and examined evidence supporting certain account balances and classes of transactions, as follows:

Statement of Net Position

Assets - Cash and Cash Equivalents, Accounts Receivable resulting from student tuition and fees, and Due from Federal Government resulting from federal nonoperating revenues

Liabilities - Accounts Payable and Accruals, and Unearned Revenues resulting from student tuition and fees

Net Position - Net Investment in Capital Assets, Restricted-Expendable, Restricted-Nonexpendable, and Unrestricted

Statement of Revenues, Expenses, and Changes in Net Position

Revenues - Student tuition and fees net of scholarship allowances and Federal Nonoperating Revenues

Expenses - Educational and General

Based on the results of these procedures on the financial statements, we reported a finding related to Weaknesses over Banner Tuition and Fees and Refunds, as previously described. In addition, the account balances and classes of transactions tested, as adjusted, are materially correct.

Federal Compliance - Single Audit of the State of Louisiana

As a part of the Single Audit for the year ended June 30, 2018, we performed procedures as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) on information submitted by the College to the Division of Administration's Office of Statewide Reporting and Accounting Policy on the status of the prior-year findings for the preparation of the state's Summary Schedule of Prior Audit Findings.

Based on the results of these Single Audit procedures, we reported a finding related to Inadequate Administration over Federal Direct Student Loans Program. In addition, the College's information submitted for the preparation of the state's Summary Schedule of Prior Audit Findings, as adjusted, is materially correct.

Other Procedures

In addition to the System and Single Audit procedures noted above, we performed certain procedures that included obtaining, documenting, and reviewing the College’s internal control and compliance with related laws and regulations over movable property.

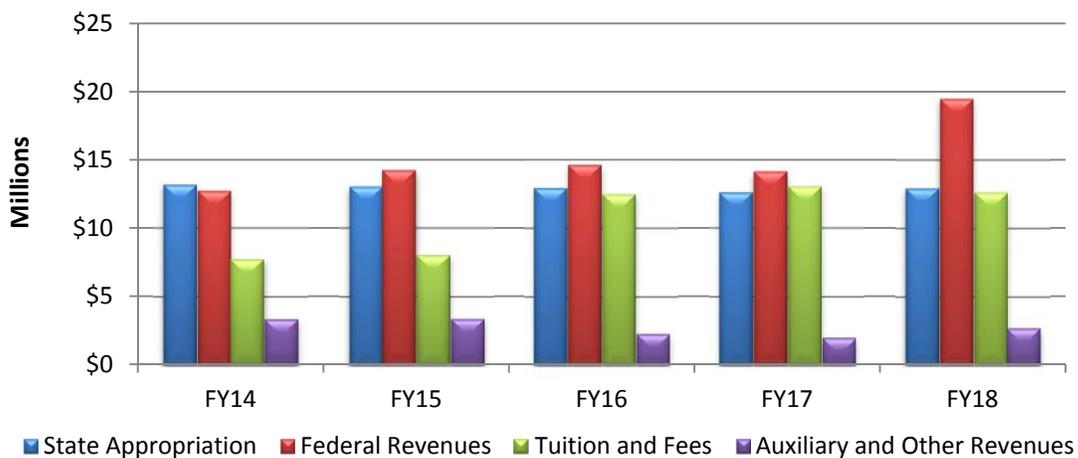
Based on the results of these procedures, we found no issues or weaknesses that were required to be reported.

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 past five fiscal years, as shown in Exhibits 1 and 2.

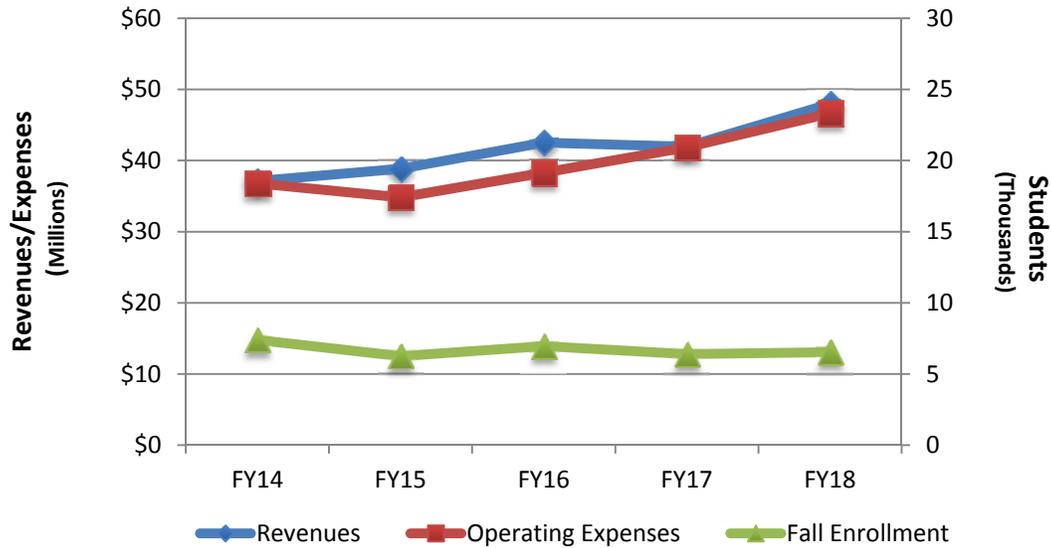
In analyzing the financial trends of the College over the past five fiscal years, federal revenues increased from 2017 to 2018 due to new or additional funding for the following grants and contracts: Pell Grant, Workforce Innovation and Opportunity Act (WIOA), Supplemental Educational Opportunity Grants (SEOG), and Predominantly Black Institution (PBI). The tuition and fees revenue increase in 2016 was mainly due to increased tuition rates as allowed by the GRAD Act, new fees, and fee increases. Operating expenses increased in 2016 due to purchases for the Helicopter program and for science labs; in 2017 due to increased pension expense, additional funding for the Adult Education grant with related expenses, and technology fee expenses; and in 2018 due to the addition of non-credit programs from South Central Louisiana Technical College (SCLTC) and additional funding from federal grants and contracts.

**Exhibit 1
Five-Year Revenue Trend, by Fiscal Year (FY)**



Source: Fiscal Year 2014-2018 SLCC Annual Fiscal Reports/Agency Reports

**Exhibit 2
Fiscal/Enrollment Trends**



Source: Fiscal Year 2014-2018 SLCC Annual Fiscal Reports/Agency Reports

The recommendations in this letter represent, in our judgment, those most likely to bring about beneficial improvements to the operations of the College. The nature of the recommendations, their implementation costs, and their potential impact on the operations of the College should be considered in reaching decisions on courses of action. The finding related to the College’s compliance with applicable laws and regulations should be addressed immediately by management.

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

Respectfully submitted,

Thomas H. Cole, CPA
First Assistant Legislative Auditor

RE:RM:BH:EFS:aa

SLCC2018

APPENDIX A: MANAGEMENT'S RESPONSES



**South Louisiana
Community College**

Lafayette Campus

Office of Academic Affairs
1101 Bertrand Drive
Lafayette, LA 70506
Phone: 337.521.9032

December 12, 2018

Mr. Daryl G. Purpera, CPA, CFE
Legislative Auditor
1600 North Third Street
Post Office Box 94397
Baton Rouge, LA 7084-9397

Re: Inadequate Administration over Federal Direct Student Loans Program

Mr. Purpera:

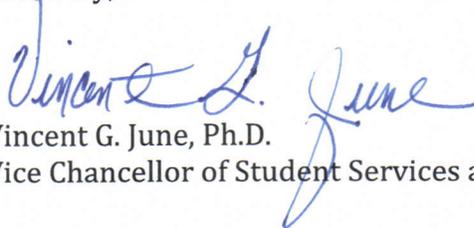
South Louisiana Community College (SLCC) has reviewed the audit finding, "Inadequate Administration over Federal Direct Student Loans Program." The College concurs with the finding of inadequate administration over federal direct student loans program. The incident of over award of program funding was corrected on, May 10, 2018.

Corrective Actions:

- The Financial Aid Office (FAO) has fully implemented an automated initial loan awarding process. All manual requests for loan changes, will be handled by the processing staff, who have received training on the loan eligibility calculations. This training identified the difference between Subsidized, Unsubsidized, and PLUS loan eligibility; loan annual and aggregate limits; as well as the calculation of Subsidized Utilization Loan Aggregate.
- The FAO Technology Team will monitor Direct Loan eligibility during the monthly reconciliation process.

Should you have any questions, please do not hesitate to contact me at (337) 521-8909, or Ms. Robin Winston, Director of Student Financial Aid, at (337) 521-9053 – robin.winston@solacc.edu.

Sincerely,



Vincent G. June, Ph.D.
Vice Chancellor of Student Services and Academic Affairs



South Louisiana
Community College

Lafayette Campus

Office of Academic Affairs
1101 Bertrand Drive
Lafayette, LA 70506
Phone: 337.521.9032

December 12, 2018

Mr. Daryl G. Purpera, CPA, CFE
Legislative Auditor
1600 North Third Street
Post Office Box 94397
Baton Rouge, LA 70804-9397

Re: Weaknesses over Banner Tuition and Fees and Refunds

Mr. Purpera:

South Louisiana Community College (SLCC) has reviewed the audit finding, "Weaknesses over Banner Tuition and Fees and Refunds." The College concurs with the finding of weaknesses over Banner Tuition and Fees and Refunds.

Corrective Actions:

- The Excess Credit Hour Fee was corrected by reassessing the fee for both summer 2017 and summer 2018 terms and issuing refunds to the students that this error affected. This correction was completed on October 03, 2018. Moving forward, the Director of Student Accounts will stay abreast of all LCTCS Board approved items concerning tuition and fee charges. Furthermore, the Director will also review the calendar of all scheduled LCTCS Board meetings, minutes, and agendas for related actions impacting business processes for the Office of Student Accounts.
- The Refund Codes which excluded Saturdays as instructional days when calculating refunds was correct for the Spring 2018 term. However, during the Fall 2017 term, the Office of Student Accounts experienced leadership changes and the refund dates were not reviewed for accuracy. The Director of Student Accounts and the Office of the Registrar have created an internal process for setting refund dates and codes in Banner, and with the Academic Calendar for each term moving forward. The Director of Student Accounts is also creating a checklist for setting up refund codes for the department to ensure accuracy of refunds.
- Student Accounts is currently working with the LCTCS System Office to research the exact cause of the refund calculation error causing the underassessment of tuition for the 2017-2018 Academic Year. The backdating of courses is a factor, however, in some instances where backdating occurred, the Banner system accurately assessed tuition and fees. The Director is also working with the Accounts Receivable-ERP



**South Louisiana
Community College**

Lafayette Campus

Office of Academic Affairs
1101 Bertrand Drive
Lafayette, LA 70506
Phone: 337.521.9032

Specialist at the LCTCS System Office to modify a COGNOS report that can easily identify these types of errors. This will ensure that students' tuition and fees will be accurately assessed every semester which will prevent these types of refund calculation errors. While waiting for these modifications, the Director of Student Accounts is currently using a manual process (COGNOS Reports) to check student records where the student "Adds/Drops" from courses during the refund periods.

Should you have any questions, please do not hesitate to contact me at (337) 521-8909, or Ms. Wendi Robicheaux, Director of Student Accounts, at (337) 521-8932 - wendi.robicheaux@solacc.edu.

Sincerely,

Vincent G. June, Ph.D.

Vice Chancellor for Academic and Student Affairs

APPENDIX B: SCOPE AND METHODOLOGY

We performed certain procedures at the South Louisiana Community College (College) for the period from July 1, 2017, through June 30, 2018, to provide assurances on financial information significant to the Louisiana Community and Technical College System (System), and to evaluate relevant systems of internal control in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. The procedures included inquiry, observation, review of policies and procedures, and a review of relevant laws and regulations. Our procedures, summarized below, are a part of the audit of the System's financial statements and the Single Audit of the State of Louisiana (Single Audit) for the year ended June 30, 2018.

- 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, we performed procedures to provide assurances on certain account balances and classes of transactions to support our opinion on the System's financial statements.
- We performed procedures on the status of prior-year findings for the preparation of the state's Summary Schedule of Prior Audit Findings for the year ended June 30, 2018, as a part of the 2018 Single Audit.
- 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 significant variances.

In addition, we performed procedures on movable property. The scope of these procedures was significantly less than an audit conducted in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States.

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 purposes.

We did not audit or review the College's Annual Fiscal Report, and accordingly, we do not express an opinion on that report. The College's accounts are an integral part of the System's financial statements, upon which the Louisiana Legislative Auditor expresses an opinion.