

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

STATE OF LOUISIANA



FINANCIAL AUDIT SERVICES
PROCEDURAL REPORT
ISSUED OCTOBER 6, 2021

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Louisiana Legislative Auditor

Michael J. “Mike” Waguespack, CPA

Elaine P. Nunez Community College



October 2021

Audit Control # 80210006

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 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, travel expenses, and federal programs.

Follow-up on Prior-report Findings

We reviewed the status of the prior-report findings in the College’s procedural report dated August 28, 2019. We determined that management has resolved the prior-report findings related to Failure to Make Proper Notifications of Misappropriated Assets and Noncompliance with Unclaimed Property Regulations.

Current-report Finding

Inadequate Controls over Refund Tables

The College did not ensure an adequate review was performed of the refund rules for student tuition and fees set up in the Banner student system for the Fall 2019 and Spring 2020 semesters. Management could not provide support of a review performed to ensure the refund rules input in the system agreed to its published refund policy for Fall 2019 and Spring 2020 semesters.

We identified four input errors with incorrect dates and/or erroneously set up rules; however, these errors did not affect any students and therefore did not result in any incorrect refunds. Failure to ensure an adequate review of the refund rules set up in the Banner student system could cause inaccurate refunds, resulting in undercharges and overcharges to student accounts.

In addition, the refund schedules for all of the College's programs, available both in full-term and compressed timeframes, were not made available to students during the Spring 2021 semester as required by Louisiana Community and Technical College System (LCTCS) and College policy. Failure to ensure the refund schedule is made available to students could result in noncompliance with LCTCS and College policy. This noncompliance may cause financial loss for students who were unaware of the refund schedule.

Management should establish procedures to review the refund rules set up in the Banner student system each semester to ensure refunds are issued in accordance with its refund policy and academic calendar. Additionally, management should ensure that the refund schedule, including percentages to be refunded and applicable dates, are posted in the academic calendar or otherwise made available to all students. Management concurred with the finding and outlined a plan of corrective action (see Appendix A).

Cash

The College maintains an operating account and two other bank accounts. The cash balance at June 30, 2021, per the College's Annual Fiscal Report, was \$6,075,173. We obtained an understanding of the College's controls over the bank accounts and reviewed bank reconciliations. We also evaluated the College's compliance with unclaimed property regulations. Based on the results of our procedures, the College had adequate controls over bank reconciliations, accesses to the bank accounts, and submission of unclaimed property.

Student Tuition and Fee Revenues

We obtained an understanding of controls over student tuition and fee revenues. We performed procedures to determine if tuition discounts, waivers, and scholarships were properly documented and were in compliance with applicable policies and laws. Also, we performed procedures to determine if refund rules were properly set up in the Banner student system. Based on the results of our procedures, the College had adequate controls in place to ensure that tuition discounts, waivers, and scholarships were properly supported and complied with applicable policies and laws, but did not properly set up all refund rules in the Banner student system (see Current-report Finding section).

Payroll Expenses

Salaries and related benefits comprised approximately 39% of the College's expenses in fiscal years 2020 and 2021. We obtained an understanding of the College's controls over the 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 accounted for properly.

Travel Expenses

The College has a controlled billed account for travel expenses such as airfare, lodging, and registration fees. We obtained an understanding of controls over the travel account and examined selected transactions. Based on the results of our procedures, the College had adequate controls in place to ensure that the travel expenses were properly authorized, made for proper business purposes, accurately recorded, adequately supported, and in compliance with applicable laws and regulations.

Federal Programs

On March 27, 2020, Congress enacted the Coronavirus Aid, Relief, and Economic Security (CARES) Act to provide economic aid to the American people negatively impacted by the COVID-19 pandemic. The College was awarded grants under the CARES Act Higher Education Emergency Relief Fund (HEERF) program and the CARES Act Coronavirus Relief Fund (CRF).

The objective of the HEERF program is to "prevent, prepare for, and respond to coronavirus" through grants to eligible institutions. The College received both student aid funds (disbursed to students as emergency financial aid grants) and institutional aid funds (used to cover expenses incurred by the College as a result of the pandemic). The CRF grant funds were used to cover costs that were necessary expenditures incurred due to the public health emergency with respect to COVID-19.

We obtained an understanding of the College's controls over these federal programs and performed procedures on selected transactions. Based on the results of our procedures, the College had adequate controls to ensure HEERF student funds were distributed to eligible students and that CRF funds were used for allowable payroll expenses.

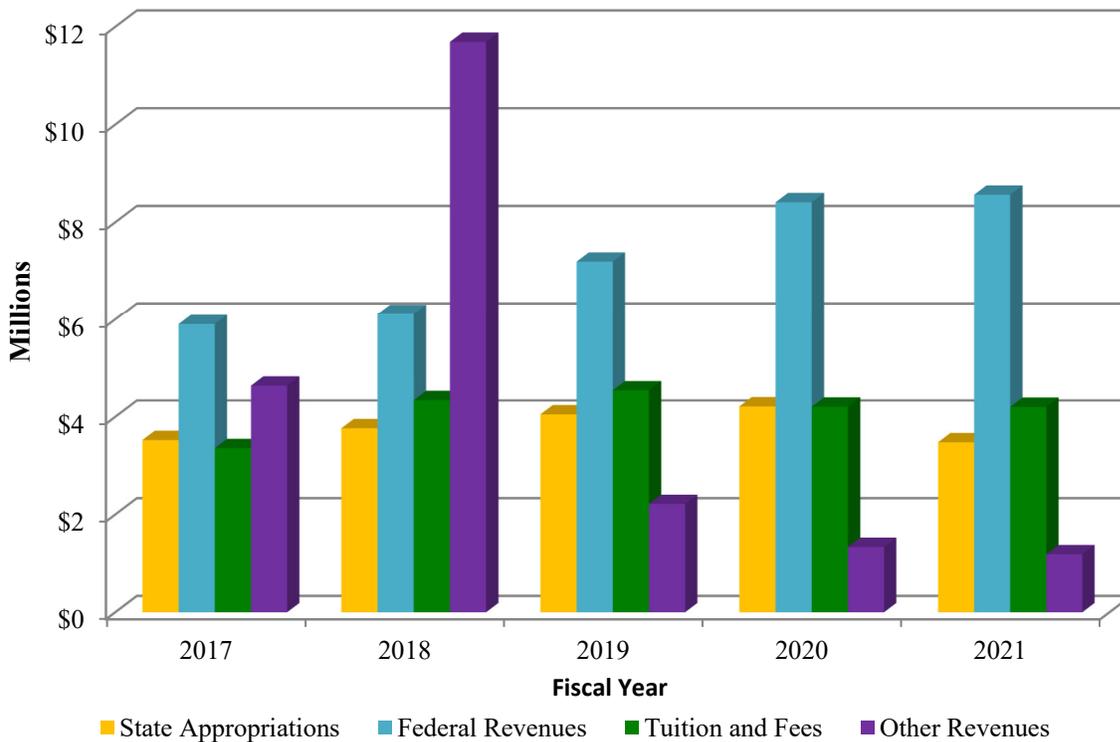
Trend Analysis

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.

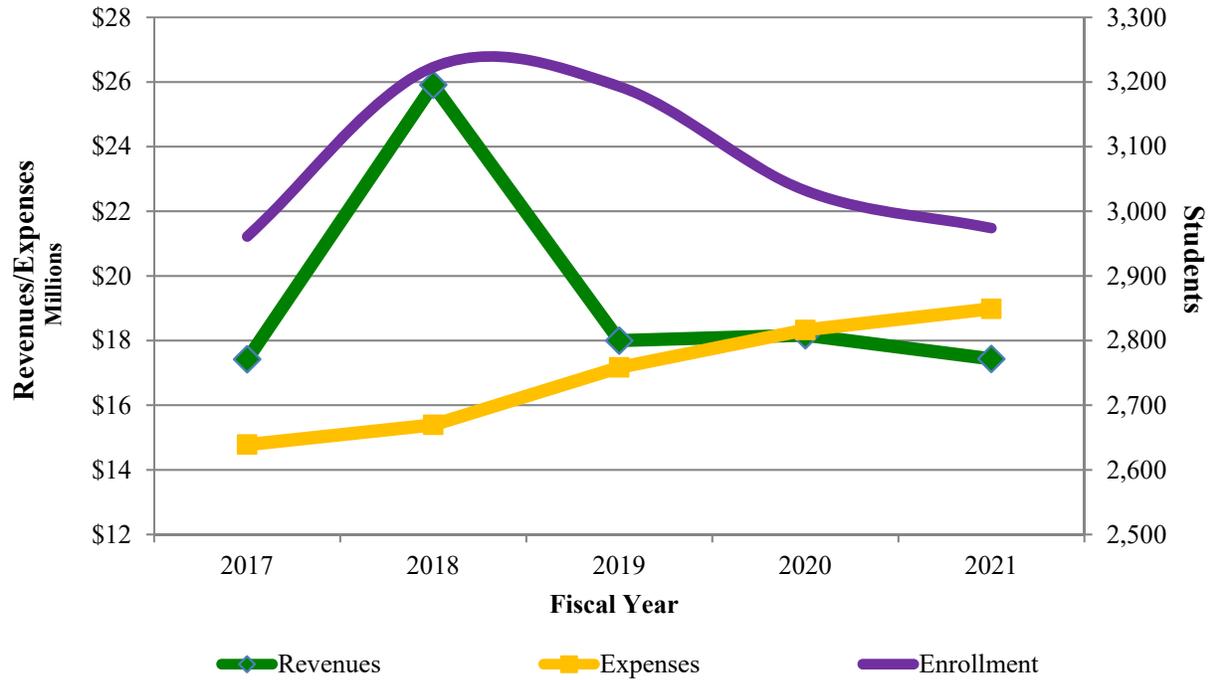
In analyzing financial trends of the College over the past five fiscal years, tuition and fee revenues have increased by 25%, primarily from increases in LCTCS Board-approved tuition and fees. Other revenues decreased by 74% mainly due to less capital appropriations received for new construction. In addition, federal revenues increased 45% mainly due to CARES Act revenues.

**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,

Michael J. "Mike" Waguespack, CPA
Legislative Auditor

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NUNEZ2021

APPENDIX A: MANAGEMENT'S RESPONSE



NUNEZ COMMUNITY COLLEGE

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CHANCELLOR'S OFFICE

September 24, 2021

Michael J. "Mike" Waguespack, CPA
Legislative Auditor
1600 North Third Street
Baton Rouge, LA 70804-9397

RE: Inadequate Controls over Refund Tables

Dear Mr. Waguespack:

Management of Nunez Community College concurs with the finding and recommendation related to Inadequate Controls over Refund Tables. Prior management had inadequate procedures to review refund set up rules, and to update the Academic Calendar. An organizational restructure is in progress. Academics, Student Affairs, and Workforce are now under the Vice Chancellor for Education, Training, and Student Success.

Nunez Community College has established a standing Academic Calendar Committee that includes key stakeholders from across the college. The scope of this committee is to plan out Academic Calendar dates for the upcoming academic years.

The college will establish procedures to review refund rules that are set up in Banner. Nunez Community College will develop committee to establish procedures and policies that outline the use of each Banner codes. Refund percentages and applicable dates will be posted to the academic calendar and made available to all students.

Nunez Community College will now publish refund table on the Refund Policy webpage. The webpage will be published online by September 30, 2021.

The person responsible for corrective action is Dr. Cherie Kay LaRocca, Vice Chancellor for Education, Training, and Student Success.

Sincerely,

Tina 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, 2019, through June 30, 2021. Our objective was to evaluate certain controls the College 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 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, travel expenses, and federal programs.
- 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.