

BOSSIER PARISH COMMUNITY COLLEGE
LOUISIANA COMMUNITY AND TECHNICAL
COLLEGE SYSTEM
STATE OF LOUISIANA



MANAGEMENT LETTER
ISSUED DECEMBER 11, 2013

**LOUISIANA LEGISLATIVE AUDITOR
1600 NORTH THIRD STREET
POST OFFICE BOX 94397
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LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

December 5, 2013

**BOSSIER PARISH COMMUNITY COLLEGE
LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM
STATE OF LOUISIANA**
Bossier City, Louisiana

As required by Louisiana Revised Statute 24:513 and as a part of our audit of the Louisiana Community and Technical College System's (System) financial statements and the Single Audit of the State of Louisiana for the fiscal year ended June 30, 2013, we conducted certain procedures at Bossier Parish Community College (college) for the period from July 1, 2012, through June 30, 2013.

- Our auditors obtained and documented an understanding of 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.
- Our auditors performed analytical procedures consisting of a comparison of the most current and prior year financial activity using the college's annual fiscal reports and/or system-generated reports and obtained explanations from management for any significant variances. We also analyzed the college's revenues, expenses, enrollment, and completers over the last four years.
- Our auditors considered internal control over financial reporting and examined evidence supporting the college's account balances and classes of transactions material to the System's financial statements as follows:

Statement of Net Position - Receivables, accounts payable and accrued liabilities, unearned revenues, and net position

Statement of Revenues, Expenses, and Changes in Net Position - Student tuition and fees revenues, scholarship allowances, federal nonoperating revenues, and education and general expenses

We also tested the college's compliance with laws and regulations that could have a direct and material effect on the System's financial statements, as part of our audit of the System's Annual Financial Report for the fiscal year ended June 30, 2013, in accordance with *Government Auditing Standards*.

- Our auditors also performed walkthrough and risk assessment procedures in accordance with *Government Auditing Standards* and Office of Management and Budget Circular A-133 on the federal Student Financial Aid Cluster for the fiscal year ended June 30, 2013, as part of the Single Audit of the State of Louisiana.

The Annual Fiscal Report of the college was not audited or reviewed by us, 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 opinions.

Based on the application of the procedures referred to previously, we have included one significant finding in this letter for management's consideration.

Excessive Refunds Disbursed to Students

During the 2013 fiscal year, the college did not have adequate controls over its student refund processing, disbursing an unknown number of refunds to students in excess of the amounts they were due. A test of 19 students with outstanding balances at June 30, 2013, revealed that seven of these students received excessive refunds totaling \$40,151, even though six of the seven did not attend any classes. The college subsequently billed students for all outstanding balances, including balances for excessive refunds, but could not provide an estimate of the total excessive refunds.

In addition to the excessive refunds, two of 19 students with outstanding balances from previous semesters were allowed to register for subsequent classes. These students owed \$18,873 to the college at June 30, 2013, in violation of college policy that requires a registration hold be placed on accounts with an outstanding balance.

The errors noted above occurred primarily because the college staff was not familiar with the new Banner accounting system. In the college's efforts to disburse residual financial aid balances to students as quickly as possible, employees did not always determine the accuracy of the outstanding balances or whether students ever attended class and were due refunds. As a result, receivables increased significantly and the excessive refunds disbursed may be difficult to collect from students. Good internal controls include analyzing students' account balances for accuracy and verifying students' class attendance and enrollment status before disbursing refunds. In addition, college policy requires a registration hold be placed on all accounts with a balance remaining after the last scheduled payment date of any semester.

Management should pursue collection of outstanding student receivables. Management should also hold its staff accountable for verifying the accuracy of student account balances before issuing refunds and verifying outstanding balances before registering

students. Management concurred with the finding and recommendations and outlined a plan of corrective action (see Appendix A).

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 purpose of this letter 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 letter is not intended to be and should not be used for any other purpose. Under Louisiana Revised Statute 24:513, this letter is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,

A handwritten signature in blue ink that reads "Daryl G. Purpera". The signature is written in a cursive style with a large initial "D".

Daryl G. Purpera, CPA, CFE
Legislative Auditor

JDO:BAC:THC:mk

BPCC2013

APPENDIX A

Management's Corrective Action Plan and Response to the Finding and Recommendations



JIM HENDERSON
CHANCELLOR
BOSSIER PARISH COMMUNITY COLLEGE

December 5, 2013

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

Dear Mr. Purpera:

Regarding the finding for Excessive Refunds Disbursed to Students in Fiscal Year 2013, we concur with the finding. As detailed in your correspondence with me, the internal control issues were directly related to the transition to a new statewide financial management system. We have already begun earnest collection efforts utilizing a number of state resources, and we are more optimistic about the potential success of those efforts than your letter indicates.

The financial management system is now fully functional and workflows are in place to prevent recurrence. These processes were not enabled in the financial management system at the time the exceptions noted in your letter occurred. At my direction, we implemented a temporary work around in order to effectively serve students while minimizing risk, albeit with a calculated increase in risk.

Vice Chancellor of Business Affairs Tom Williams will serve as the contact person responsible for corrective action.

As always, we appreciate the professionalism and courtesy of your team as we work to serve the citizens of Louisiana. Please do not hesitate to contact me with any questions or concerns.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Dr. James B. Henderson', written over a horizontal line.

Dr. James B. Henderson