

RIVER PARISHES COMMUNITY COLLEGE

LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM
STATE OF LOUISIANA



FINANCIAL AUDIT SERVICES
PROCEDURAL REPORT
ISSUED AUGUST 5, 2020

**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.la.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 \$0.40. 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.la.la.gov. When contacting the office, you may refer to Agency ID No. 6130 or Report ID No. 80200062 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

River Parishes Community College



August 2020

Audit Control # 80200062

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 on selected controls and transactions relating to cash, student tuition and fee revenues, student refunds, student receivables, payroll, and information technology.

Follow-up on Prior-report Findings

We reviewed the status of the prior-report findings in RPCC's procedural report dated October 2, 2019. We determined that management has resolved the prior-report finding related to Inadequate Controls over Banner System. We performed procedures related to the prior-year finding titled Possible Improper Payment to Employees. We reviewed the single retroactive payment made during fiscal year 2020 as of April 5, 2020, and determined the payment was in compliance with state law.

The prior-report findings related to Improper Tuition and Fee Charges, Inadequate Controls over Outstanding Student Account Balances, and Bank Reconciliations Not Performed have not been fully resolved and are addressed again in this report.

Current-report Findings

Improper Tuition and Fee Charges

For the second consecutive engagement, RPCC did not maintain adequate controls over the assessment of student tuition and fees, which resulted in incorrect charges to students and loss of revenues to the college.

Our procedures disclosed the following:

- Sixteen students were undercharged a total of \$2,223. The students were not charged tuition for an online course during the fall semester. The undercharge was the result of the course not being properly set up in the Banner system.
- Tuition and fee waivers were not placed on 15 (83%) of 18 dual-enrolled students' accounts reviewed from the Fall 2019 and Spring 2020 semesters. These waivers related to third-party contracts with high schools responsible for payment of the tuition and fees. The waivers were not placed on student accounts, which could result in students being charged tuition and fees for which they do not owe to RPCC. For the Fall 2019 and Spring 2020 semesters, RPCC had dual-enrolled students totaling 844 and 868, respectively.

RPCC management should ensure that all courses are properly set up in the Banner System. Management should also ensure that tuition and fee waivers for dual-enrolled students are timely applied to eligible students' accounts. Management concurred with the finding and provided a corrective action plan (see Appendix A, page 1).

Inadequate Controls over Outstanding Student Account Balances

For the second consecutive engagement, RPCC did not have adequate controls over outstanding student account balances, increasing the risk for delinquent accounts to continually increase and become uncollectable resulting in lost revenue.

Based on our procedures, the following were identified:

- In a review of 12 students with outstanding balances from the Fall 2019 semester, three students (25%) did not have financial holds placed on their accounts. Of those three students, one student with a total outstanding balance of \$6,296 was able to enroll in subsequent semesters. RPCC's policy prohibits students with outstanding balances from being admitted to the college. A financial hold prevents a student from registering for classes in subsequent semesters.
- RPCC has not sent notices to students with outstanding balances for more than a year after unpaid balances were incurred by students. RPCC policy requires notices of payment due to be sent to students after outstanding balances are more than 30 days old.

- RPCC has not transferred to the Louisiana Office of Debt Recovery (ODR) any outstanding student account balances having unpaid charges incurred since the Summer 2018 semester. RPCC has an agreement with ODR to perform further collection activities on behalf of RPCC. The agreement requires RPCC to transfer accounts to ODR within 60 days of becoming delinquent.
- RPCC did not write off student-related account balances as required by Louisiana Community and Technical College System (LCTCS) and RPCC policies. Based on reports provided by management, account balances totaling approximately \$1,056,568 that were more than two years old were not written off.

This total consisted of Credit Student balances of \$922,803 as of May 6, 2020, and Non-Credit Student balances of \$133,765 as of May 7, 2020. Credit Students are individuals taking courses to be used towards a degree. Non-Credit Students are generally employees of companies using these courses as employee training and, in most cases, the courses are paid for by the company.

RPCC's Business Office management represented that it has not complied with policies and procedures related to student accounts receivable due to employee turnover within the office.

Management should adhere to its existing policies, procedures, and agreement terms to ensure students with outstanding balances are not allowed to enroll in subsequent classes and all delinquent student accounts are transferred to ODR for further collections. Management should also strengthen its policy and procedures over collection practices regarding students and companies with delinquent balances, which includes sending timely notices to those parties. In addition, management should ensure uncollectible amounts are written off in accordance with LCTCS and RPCC policies. Management partially concurred with the finding and provided a corrective action plan (see Appendix A, pages 2-3).

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 2019 through March 2020 did not balance, with differences between bank balances and the general ledger ranging from \$1,458,132 to negative \$1,311,551. In addition, there was no evidence of supervisor review of the monthly reconciliations. This is the second 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 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 are in agreement.

RPCC management should ensure that its bank accounts are properly 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 4).

Cash

We performed procedures to address the prior-year finding titled Bank Reconciliations not Performed. We obtained an understanding of RPCC's controls over its bank accounts and reviewed bank statements and reconciliations for the months of July 2019 through March 2020. Although monthly bank reconciliations are being prepared, the bank reconciliations are ineffective because large unreconciled differences remain between the bank balances and the general ledger. In addition, there is 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.

Student Tuition and Fee Revenues

We performed procedures to address the prior-year finding titled Improper Tuition and Fee Charges. We obtained an understanding of RPCC's controls over student tuition and fees. We performed procedures on selected transactions for the Fall 2019 and Spring 2020 semesters to determine that RPCC properly charged tuition and fees in accordance with the authorized fee schedule and accurately posted charges, payments, and waivers to students' accounts. Based on the results of these procedures, we reported a finding titled Improper Tuition and Fee Charges.

Student Refunds

We performed procedures to address errors in student refunds as reported in the prior-year finding titled Improper Tuition and Fee Charges. We determined if selected student refunds for the Fall 2019 and Spring 2020 semesters were accurately calculated based on the student withdrawal date and that tuition and fees were appropriately adjusted in the accounting records. Based upon the results of these procedures, we determined that the portion of the prior year finding as it related to student refunds has been resolved.

Student Receivables

We performed procedures to address the prior-year finding titled Inadequate Controls over Outstanding Student Account Balances. We obtained an understanding of RPCC's policies and procedures for the collection of past-due student accounts, the estimation of the allowance for uncollectible accounts, and the transfer of delinquent accounts to ODR. We performed procedures on selected Fall 2019 outstanding student balances to determine if financial holds had been placed on students' accounts prior to the beginning of the following semester in accordance with RPCC policy. We obtained and reviewed accounts receivable aging reports to determine if

accounts more than two years old had been written-off in accordance with LCTCS policy. We also performed procedures to determine if RPCC timely notified students and transferred delinquent debts as specified in the Participation Agreement with ODR. Based on the results of these procedures, we found RPCC does not have adequate controls over delinquent accounts and write-offs and has not transferred delinquent accounts to ODR as reported in the repeat finding titled Inadequate Controls over Outstanding Student Account Balances.

Payroll

Since the retroactive payment reviewed as part of our prior report follow-up was the result of an error in the number of pay terms entered into the system, we analyzed payroll data to determine if the number of pay terms for all employee contracts had been entered correctly into Banner. Based on the results of our procedures, RPCC is correctly entering pay terms for employee contracts into the Banner system.

Information Technology

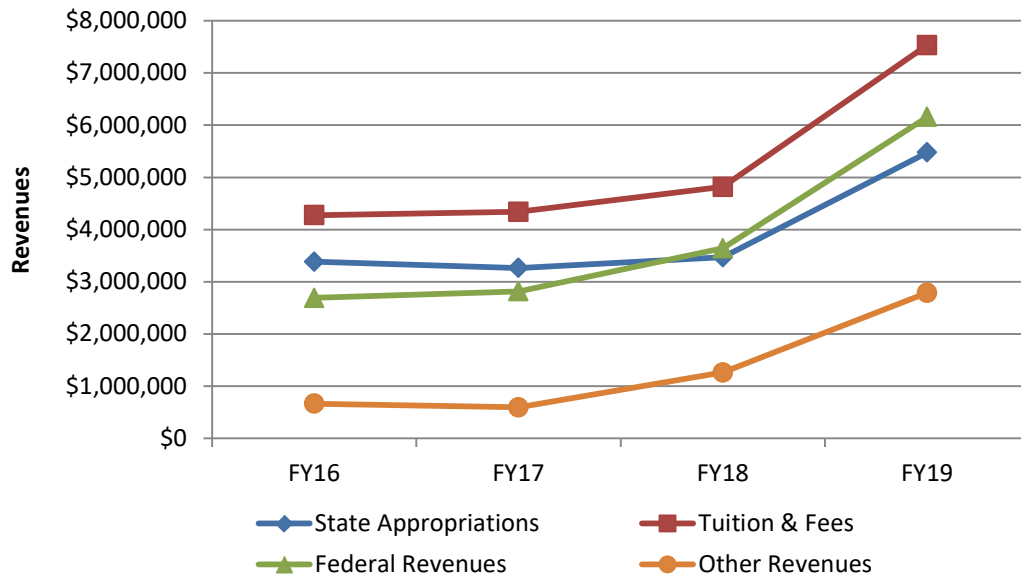
We performed procedures to address the prior-year finding titled Inadequate Controls over Banner System. We performed procedures to determine if RPCC has information technology policies and procedures to address user ID security and that access was restricted to current employees with a business need and adequately segregated. We also performed procedures to determine that fiscal periods are closed timely, and the Banner Finance and Banner Student modules are reconciled frequently. Based on the results of these procedures, the prior-year finding has been resolved.

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's management for any significant variances. We also prepared an analysis of RPCC's revenues, expenses, and enrollment for fiscal years 2016 through 2019.

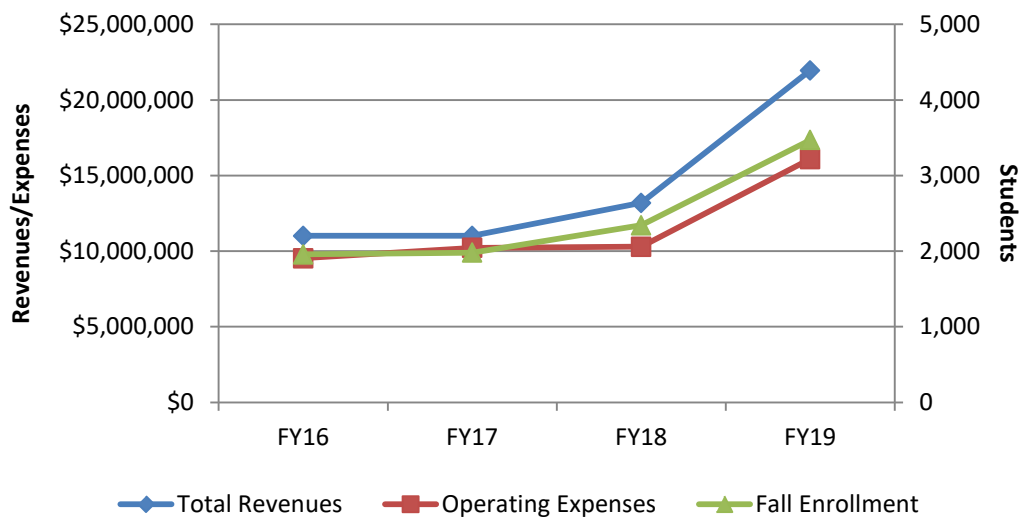
As shown in Exhibits 1 and 2, revenues have increased over the past few fiscal years as a result of an increase in student enrollment. The increase in students is the result of the acquisition of the Westside campus in Plaquemine and the Reserve campus, which increased RPCC's service area.

Exhibit 1
Revenue Sources by Fiscal Year (FY)



Source: FY2016-2019 LCTCS Audited Financial Statements

Exhibit 2
Fiscal/Enrollment Trends



Sources: FY2016-2019 LCTCS Audited Financial Statements and Board of Regents website

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

DF:NM:RR:EFS:aa

RPCC/2020

APPENDIX A: MANAGEMENT'S RESPONSES



925 West Edenborne Parkway • P. O. Box 2367 • Gonzales • LA • 70707

(225) 743-8500 • www.rpcc.edu

July 17, 2020

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

RE: Improper Tuition and Fee Charges

Dear Mr. Purpera:

We concur with the above referenced finding.

We acknowledge the importance of accurately assessing tuition and fee charges. Our corrective actions includes the following:

- a) Turnover of the key position responsible for fee set-up contributed to the incorrect charging for an online course during Fall 2019. A seasoned internal staff member who now performs this function has received training from the Louisiana Community and Technical College System on proper set-up with audit reports to help validate new semester set-ups. The Controller has fixed the Fall 2019 course identified and looked for any other possible errors.
- b) Student Services experienced delays in getting our high school partners to validated class rosters; as a result, the Business Office did not place waivers timely. To date Student Services has provided all rosters and waivers are applied. The Chief Student Affairs Officer will communicate with the schools to provide clear expectations to ensure timely validation and reporting to the Business Office moving forward.

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

Sincerely,

A handwritten signature in blue ink, appearing to read 'Charles D. Cambre'.

Charles D. Cambre
Vice Chancellor of Finance and Administration

CC: Dr. Dale Doty, RPCC Chancellor

A member of the Louisiana Community and Technical College System



925 West Edenborne Parkway • P. O. Box 2367 • Gonzales • LA • 70707

(225) 743-8500 • www.rpcc.edu

July 20, 2020

Daryl G. Purpera, CPA, CFE
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. Purpera:

We partially 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 includes the following:

- a) Financial holds were placed on student accounts during Fall 2019 to prevent students from registering for a future semester; however, the report used excluded some students. Beginning Fall 2020, financial holds will be placed on student accounts following fee payment deadline for anyone not enrolled in a payment plan thus preventing the enrollment in subsequent semesters using a more accurate report provided by the LCTCS.
- b) Personnel turnover combined with the shutdown of COVID 19, resulted in a delay in the billing process. To date all outstanding balances have been billed through Summer 2020 and will continue to receive bills according to the 30, 60, 90 day billing cycles.
- c) Personnel turnover combined with the shutdown of COVID 19, resulted in a delay in the ODR submissions. To date RPCC has turned over Summer 2019 and prior semesters. ODR submissions first requires RPCC to attempt to collect. All outstanding balances for Fall 2019, Spring 2020 and Summer 2020 were sent their 1st and 2nd notice; however, they can't be turned over until the final notice is sent in August 2020. RPCC will send these account to ODR by September 30, 2020.

A member of the Louisiana Community and Technical College System

- d) During the fiscal year 2019 audit, RPCC acknowledged student write-offs were not completed. As indicated in our corrective action last year, all accounts over two years were billed, sent to ODR and outstanding accounts were written off by June 30, 2020. Account write-offs will be done annually as part of the fiscal year close.

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, reading "Charles D. Cambre". The signature is fluid and cursive, with the first name "Charles" and last name "Cambre" clearly legible.

Charles D. Cambre
Vice Chancellor of Finance and Administration

CC: Dr. Dale Doty, RPCC Chancellor



925 West Edenborne Parkway • P. O. Box 2367 • Gonzales • LA • 70707

(225) 743-8500 • www.rpcc.edu

June 30, 2020

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

RE: Ineffective Bank Reconciliations

Dear Mr. Purpera:

We concur with the above referenced finding.

We recognize the importance of effective bank reconciliations and review. As identified in last year's audit, bank reconciliations were not performed. Over the past year, RPCC has performed the bank reconciliations. We contracted for assistance where the contractor noted an adjustment would be required to bring the bank reconciliation into balance. Since then we have hired a full-time staff member focused to the bank reconciliation, provided her training and she is reworking the ineffective reconciliations. Effective with the April 2020 Bank Statement all incoming and outgoing transactions along with all ledger transactions are 100% identified and traced back and will continue moving forward. Ledger activity for bank items that occurred in previous months are being identified as we prepare a year-end adjustment to align and balance the bank reconciliation resulting the recording of an estimated \$800,000 increase in cash to the ledger which corrects all past cumulative discrepancies between the ledger and the bank.

The Vice Chancellor of Finance and Administration 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.

Sincerely,

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

Charles D. Cambre
Vice Chancellor of Finance and Administration

CC: Dr. Dale Doty, RPCC Chancellor

APPENDIX B: SCOPE AND METHODOLOGY

We performed certain procedures at River Parishes Community College (RPCC) for the period from July 1, 2019, through June 30, 2020. 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 is a part of the Louisiana Community and Technical College System, which is an integral part of the state of Louisiana's financial statements, upon which the Louisiana Legislative Auditor expresses opinions.

- 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 on selected controls and transactions relating to cash, student tuition and fee revenues, student refunds, student receivables, payroll, and information technology.
- 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.