

BOSSIER PARISH COMMUNITY COLLEGE
LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM

STATE OF LOUISIANA



FINANCIAL AUDIT SERVICES
MANAGEMENT LETTER
ISSUED DECEMBER 19, 2018

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Louisiana Legislative Auditor

Daryl G. Purpera, CPA, CFE



Bossier Parish Community College

December 2018

Audit Control # 80180103

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 Bossier Parish Community College (BPCC) to provide assurances on financial information that is significant to the System's financial statements; evaluate the effectiveness of BPCC's internal controls over financial reporting and compliance; and determine whether BPCC complied with applicable laws and regulations. In addition, we determined whether management has taken actions to correct the finding reported in the prior report.

Results of Our Procedures

Follow-up on Prior-year Finding

Our auditors reviewed the status of the prior-year finding disclosed in the BPCC management letter dated December 20, 2017. We determined that management has resolved the prior-year finding related to Lack of Controls over Banner System.

Current-year Finding

Weaknesses over Outstanding Account Receivable Balances

BPCC has weaknesses in its controls over outstanding account receivable balances, increasing the risk for these balances to continually increase and become uncollectible. We found the following:

- BPCC allowed three students with outstanding account balances from previous semesters to attend subsequent classes when improper financial aid purge protections were placed on the students' accounts instead of holds. There was a lack of coordination between the financial aid, bursar, and Veterans Administration program coordinator's offices. Also, BPCC's employees learned of the improper purge protections after the students had enrolled and the purge

dates had passed. These students owed \$14,222 to BPCC as of June 30, 2018, consisting of the following:

- One student was provided financial aid purge protection with no financial aid pending, and was not placed on hold. The student had a prior unpaid balance of \$3,138 from Spring 2017 and incurred an additional \$3,229 balance in the Fall 2017 semester.
- One student was provided financial aid purge protection from a financial aid office memo indicating that the student's current semester financial aid would cover her prior semester balance by more than \$200 when federal regulations allow only \$200 to be applied to a prior semester. The student's prior and current semester financial aid funds were returned, resulting in unpaid balances totaling \$1,631 and \$2,473 from the Fall 2017 and Spring 2018 semesters, respectively.
- One student was provided Veterans Administration Title 29 waiver protection by the program coordinator when the student no longer met the eligibility criteria. The student incurred an unpaid balance of \$580 in the Winter 2017 semester and \$3,171 in the Spring 2018 semester.
- BPCC did not write off third-party account balances totaling \$44,567 that were more than two years old, as required by System and BPCC's policies.

Management should strengthen its existing policies and procedures and provide employees the necessary training to ensure students with outstanding balances from previous semesters are not allowed to attend subsequent classes. In addition, management should ensure that receivables are written off in accordance with System and BPCC's policies. Management concurred with the finding and outlined a plan of corrective action (see Appendix A).

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 BPCC'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, Receivables, and Due from Federal Government

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

Net Position - Investment in Capital Assets, Restricted - Nonexpendable, Restricted - Expendable, 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 Outstanding Account Receivable Balances, as described previously. 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 BPCC to the Division of Administration's Office of Statewide Reporting and Accounting Policy for the preparation of the state's Schedule of Expenditures of Federal Awards (SEFA).

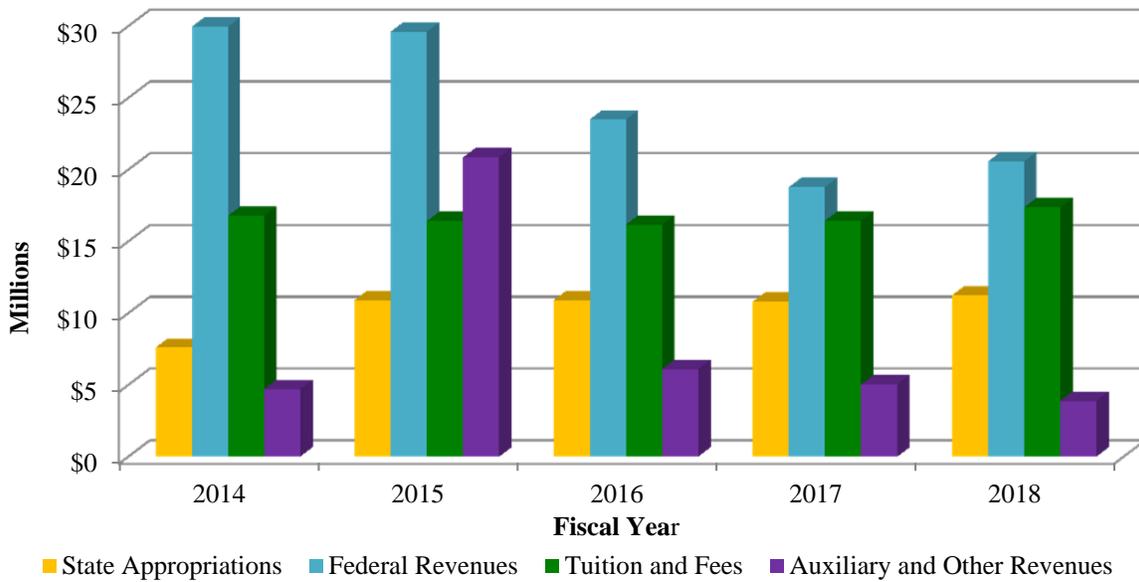
Based on the results of these Single Audit procedures, BPCC's information submitted for the preparation of the state's SEFA was materially correct.

Trend Analysis

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

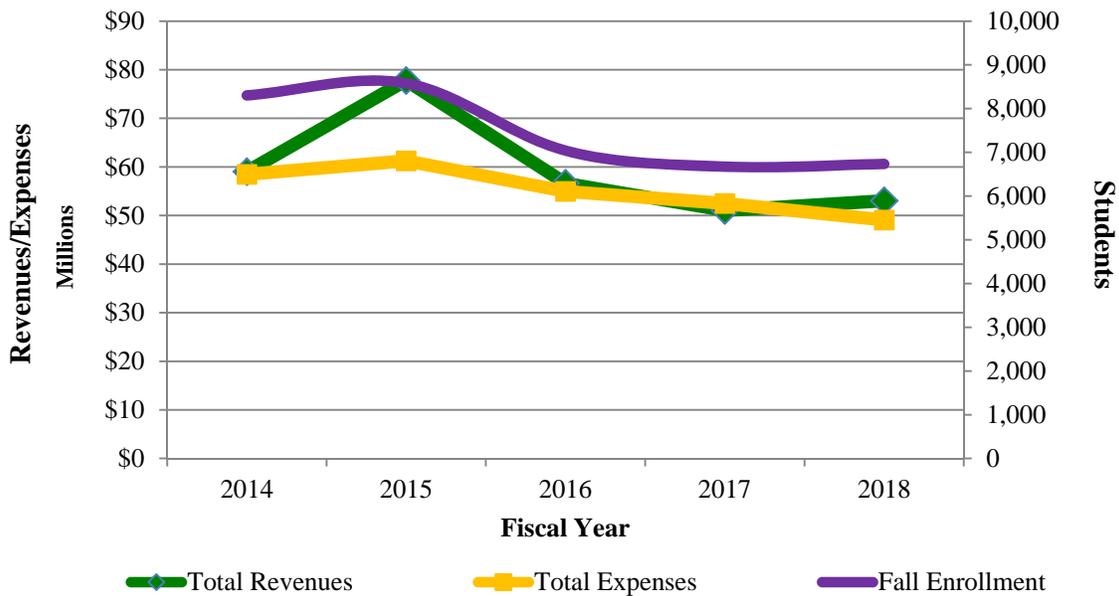
In analyzing financial trends of BPCC over the past five fiscal years, total revenues and total expenses were in line with changes in enrollment. In fiscal year (FY) 2016, BPCC had instituted a new purge policy, resulting in a significant drop in student enrollment. Revenues spiked in FY 2015 due to other revenue funds received by the Louisiana Department of Economic Development to construct a \$16 million Advanced Manufacturing Training Center building, and \$3.3 million of additional state appropriation funds received for BPCC's operations. Federal revenues declined in fiscal years 2016 and 2017 in part due to the ending of the Trade Adjustment Assistance Community College and Career Training federal grants. In FY 2018, total revenues increased mainly due to increases in federal Pell funds received and tuition and fee revenues, both related to the slight increase in enrollment. Total expenses decreased as a result of reducing staff, which had begun in FY 2016 and continued into the first part of FY 2018.

**Exhibit 1
Five-Year Revenue Trend**



Source: Fiscal Year 2014-2018 BPCC Annual Fiscal Reports, as adjusted

**Exhibit 2
Fiscal/Enrollment Trends**



Source: Fiscal Year 2014-2018 BPCC Annual Fiscal Reports, as adjusted, and Board of Regents website

The recommendation in this letter represents, in our judgment, that which will most likely bring about beneficial improvements to the operations of BPCC. The nature of the recommendation, its implementation cost, and its potential impact on the operations of BPCC should be considered in reaching decisions on courses of action.

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

Respectfully submitted,



Daryl G. Purpera, CPA, CFE
Legislative Auditor

KWB:BAC:BH:EFS:aa

BPCC2018

APPENDIX A: MANAGEMENT'S RESPONSE



RICK BATEMAN, JR., Ph.D.
CHANCELLOR
BOSSIER PARISH COMMUNITY COLLEGE

October 26, 2018

Mr. Daryl G. Purpera, CPA, CFE
Louisiana Legislative Auditor
P.O. Box 94397
Baton Rouge, LA 70804-9397

RE: Weaknesses over Outstanding Account Receivables Balances

Bossier Parish Community College (BPCC) concurs that weaknesses in controls over outstanding account receivable balances allowed three students to accrue a total of \$14,222 of balances due as of June 30, 2018. These balances have since been turned over to the Attorney General's Office for collection in accordance with college policy. Additionally, the college concurs that \$44,567 of third party account balances were over two years old as of June 30, 2018 and will be written off in accordance with college policy.

Management has determined that coordination between the financial aid, bursar and Veterans Administration program coordinator's offices needs to be strengthened and plans are being implemented to achieve this goal.

The Associate Vice Chancellor for Finance 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. BATEMAN', is written over a faint, circular stamp or watermark.

Dr. Rick Bateman, Jr.
Chancellor

APPENDIX B: SCOPE AND METHODOLOGY

We performed certain procedures at Bossier Parish Community College (BPCC) 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 BPCC'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 BPCC.
- Based on the documentation of BPCC'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 information for the preparation of the state's Schedule of Expenditures of Federal Awards 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 BPCC's Annual Fiscal Reports and/or system-generated reports to identify trends and obtained explanations from BPCC's management for significant variances.

The purpose of this report is solely to describe the scope of our work at BPCC and not to provide an opinion on the effectiveness of BPCC'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 BPCC's Annual Fiscal Report, and accordingly, we do not express an opinion on that report. BPCC's accounts are an integral part of the System's financial statements, upon which the Louisiana Legislative Auditor expresses an opinion.