

BOSSIER PARISH COMMUNITY COLLEGE  
LOUISIANA COMMUNITY AND  
TECHNICAL COLLEGE SYSTEM

STATE OF LOUISIANA



FINANCIAL AUDIT SERVICES  
MANAGEMENT LETTER  
ISSUED DECEMBER 9, 2019

**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

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# Louisiana Legislative Auditor

Daryl G. Purpera, CPA, CFE

Bossier Parish Community College



December 2019

Audit Control # 80190064

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## Introduction

As a part of our audit of the Louisiana Community and Technical College System (System) for the fiscal year ended June 30, 2019, 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 year.

## Results of Our Procedures

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### Follow-up on Prior-year Finding

Our auditors reviewed the status of the prior-year finding reported in BPCC's management letter dated December 19, 2018. We determined that management has resolved the prior-year finding related to Weaknesses over Outstanding Account Receivable Balances.

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### Current-year Findings

#### Inadequate Controls over Banner System

BPCC did not have adequate controls over its Banner accounting system, increasing the risk of errors or fraud. Our procedures, during fiscal year 2019, revealed the following deficiencies.

- BPCC did not follow its written policies and procedures for monitoring and terminating the access of employees. We found the following:
  - Five employees had access to record cash receipts and change student account balances when cashiering duties were not a part of their daily job functions during fiscal year 2019. These employees were prior seasonal cashiers or transferred to another department.

- One employee had access to set course level fees; however, she transferred to the human resource department prior to fiscal year 2019.
- BPCC did not correctly set up tuition and fee rates and refund codes in the Banner Student module. We found the following:
  - The Northwestern State University (NSU) student technology fee was set up to charge over the maximum \$60 authorized for students enrolled in more than 12 credit hours. As a result, 40 (17%) of the 230 NSU students at BPCC were overcharged \$15 or \$30 for a total \$630 during fiscal year 2019.
  - The NSU student union fee was set up to charge \$10 to students enrolled in 5 to 11 credit hours instead of the \$11 fee authorized. As a result, 67 (29%) of the 230 NSU students at BPCC were undercharged \$1, and 28 (12%) NSU students were not charged the \$11 fee for a total of \$375 during fiscal year 2019.
  - The refund tables for the NSU Fall 2018 term, BPCC special sessions, and high school students were set up to provide 100% refunds, but not the 75% and 50% refunds as required per BPCC's published catalog. Also, the last date for a refund for the NSU session B of the spring term was set up as eight days after the date required per BPCC's published catalog.
  - The refund detail codes for 16 other student fees were set up to compute refunds at percentages not in accordance with BPCC's published catalog.

Good internal control requires sufficient monitoring of employee access, keeping up to date with changes in published fee rates and refund criteria, and testing of fee and refund calculations in the system for accuracy.

Management should strengthen its policies and procedures to ensure employee access is appropriate for job duties and access is terminated timely. In addition, management should establish procedures to review the tuition and fees and the refund rules set up in the Banner student system each term to ensure fees are charged in accordance with authorized fee schedules and refunds are issued in accordance with BPCC's refund policy. Management concurred with the finding and outlined a plan of corrective action (see Appendix A, page 1).

### **Failure to Report Misappropriation**

BPCC failed to notify the Louisiana Legislative Auditor (LLA) and the Bossier Parish District Attorney (DA) about its knowledge of a misappropriation involving federal financial aid funds totaling \$6,987 during fiscal year 2019, as required by state law.

The misappropriation was identified through BPCC's in-house investigation of a suspicious student who had enrolled and attended online classes in the fall 2018 semester but withdrew within the refund period. BPCC communicated the misappropriation to the U.S. Department of

Education (U.S. DOE) Office of Inspector General, the System's Chief Financial Officer, and the System's Director of Internal Audit; and returned \$2,184 of unearned federal financial aid funds to the U.S. DOE.

In accordance with Louisiana Revised Statute 24:523, an agency head of an auditee who has actual knowledge of or reasonable cause to believe that there has been a misappropriation of the public funds or assets of his agency shall immediately notify, in writing, the legislative auditor and the district attorney of the parish in which the agency is domiciled of such misappropriation. Failure to immediately report misappropriations of assets impairs a timely response to control weaknesses by the auditor and could delay the potential prosecution of the guilty parties. In addition, failure to make proper notifications places the college in noncompliance with state law.

Management should update its policies and procedures to ensure all misappropriations of public funds or assets are immediately reported in writing to the LLA and DA in accordance with state law. Management's response noted that BPCC will henceforth report all detected instances of fraud and misappropriation to the requisite agencies (see Appendix A, page 2).

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## **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, 2019, 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** - 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** - Education and General

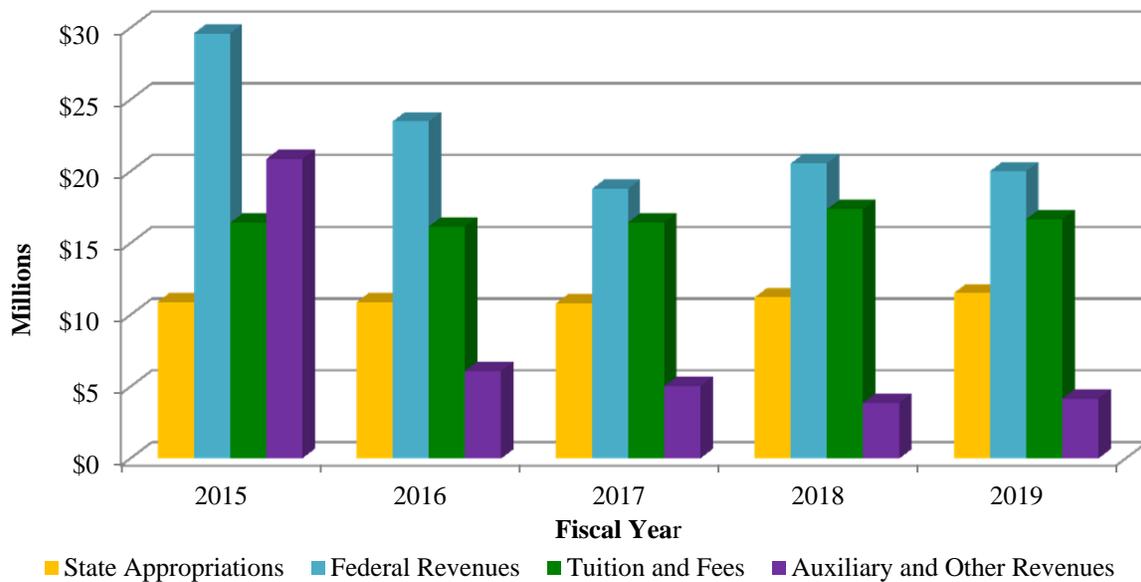
Based on the results of these procedures on the financial statements, we reported findings related to Inadequate Controls over Banner System and Failure to Report Misappropriation, as described previously. In addition, the account balances and classes of transactions tested, as adjusted, are materially correct.

## Trend Analysis

We compared the 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.

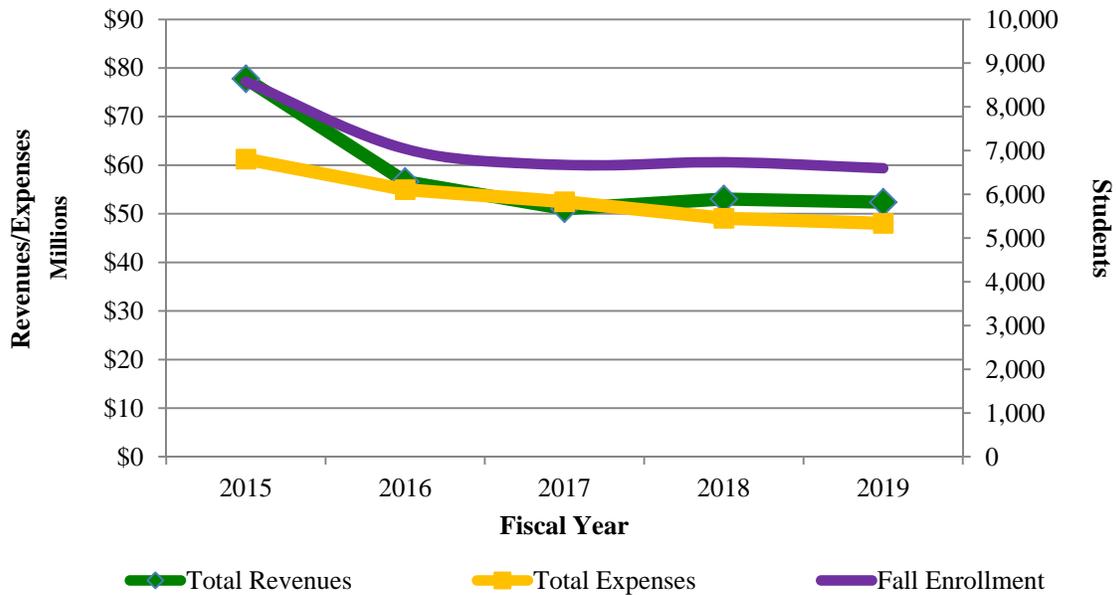
In analyzing financial trends of BPCC over the past five fiscal years, total revenues and total expenses were in line with changes in enrollment. Revenues significantly exceeded expenses in fiscal year (FY) 2015 due to other revenues received from the Louisiana Department of Economic Development to construct a \$16 million Advanced Manufacturing Training Center building and \$3.3 million of additional state appropriation funds received for BPCC’s operations. Beginning in FY 2016, expenses decreased mainly due to a reduction in staff, which leveled off in FY 2018 and FY 2019. The significant drop in enrollment in FY 2016 was due to BPCC’s implementation of a new purge policy, which dropped students for nonpayment by a set date. 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, but increased in FY 2018 mainly due to increases in federal Pell funds received.

**Exhibit 1  
Five-Year Revenue Trend**



**Source:** Fiscal Year 2015-2019 BPCC Annual Fiscal Reports, as adjusted

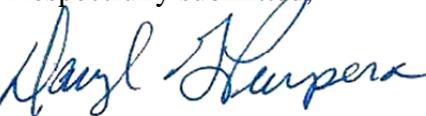
**Exhibit 2  
Fiscal/Enrollment Trends**



**Source:** Fiscal Year 2015-2019 BPCC Annual Fiscal Reports, as adjusted, and Board of Regents website

The recommendations in this letter represent, in our judgment, those which will most likely bring about beneficial improvements to the operations of BPCC. The nature of the recommendations, their implementation costs, and their potential impact on the operations of BPCC should be considered in reaching decisions on courses of action. The finding related to BPCC’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,  
  
 Daryl G. Purpera, CPA, CFE  
 Legislative Auditor

KWB:BAC:BH:EFS:aa

BPCC2019



## **APPENDIX A: MANAGEMENT'S RESPONSES**





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

October 1, 2019

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

**RE: Inadequate Controls over Banner System**

Bossier Parish Community College (college) concurs that

- Six employees who had changed positions did not have accesses removed that were no longer required as part of their new responsibilities.
- One student fee was not set to cap at 12 hours, resulting in overcharges of \$630.
- One student fee was assessed below the authorized rate, resulting in undercharges of \$375.
- Select refund tables and detail codes were not established in accordance with the published catalog.

Management has removed those accesses that are no longer required and revised their procedures to ensure that accesses are removed upon changing positions. In addition, management is refunding the \$630 to the respective students who were overcharged and has revised procedures to ensure these errors do not occur in the future.

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,

Dr. Rick Bateman, Jr.  
Chancellor



November 27, 2019

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

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

**RE: Failure to Report Misappropriation**

Bossier Parish Community College (BPCC) is a member of the Louisiana Community and Technical College System which is governed by a Board of Supervisors, created in accordance with Louisiana Revised Statute 17:1871. Article II, Section 2 of the Bylaws of the Board, entitled Board Policies, outlines the policy setting process and maintenance of a policy manual. Board Policy #5.019—Misappropriation of Assets - Notification—specifically requires the College to notify the Board’s Director of Internal Audit as expeditiously as possible. The College understands LCTCS Board policy such that once communication is made to Internal Audit, the Director notifies the Legislative Auditor and the appropriate district attorney.

At a meeting of the LCTCS President’s Advisory Council of Chancellors last year, it was disclosed that the Office of the Inspector General was engaged in a series of financial aid fraud investigations. Consequently, college leaders were asked to not engage in behavior that could jeopardize any of the OIG’s ongoing investigations. The College became aware of possible financial aid fraud on November 13, 2018 and the LCTCS Director of Internal Audit was notified on November 16, 2018. Based on the College’s understanding of Board policy and the Directive of OIG, I believe the College acted appropriately.

BPCC has a well-established record of working closely with our Internal Auditor, the Bossier Parish District Attorney, the State OIG, the Department of Education, and the DOE IG. We have reported fraud and misappropriation of assets in each and every case and we have cooperated and assisted numerous investigations leading to multiple convictions. I believe that BPCC has met the spirit of the requirements set out in Louisiana Revised Statute 24:523 in that the College reported the matter using the guidance and understanding in place at the time. It is the College’s contention that the “failure to report” was caused by a lack of clarity in the communication between the various agencies involved; therefore, corrective action is not required of the College. Whether BPCC receives a finding in this case or not... the College will henceforth report all detected instances of fraud and misappropriation to the requisite agencies.

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 'R. Bateman', with a stylized flourish at the end.

Rick Bateman, Jr., Ph.D.  
Chancellor

## APPENDIX B: SCOPE AND METHODOLOGY

We performed certain procedures at Bossier Parish Community College (BPCC) for the period from July 1, 2018, through June 30, 2019, 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. Our procedures, summarized below, are a part of the audit of the System's financial statements for the year ended June 30, 2019.

- 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 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.