

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



FINANCIAL AUDIT SERVICES  
MANAGEMENT LETTER  
ISSUED DECEMBER 17, 2014

**LOUISIANA LEGISLATIVE AUDITOR  
1600 NORTH THIRD STREET  
POST OFFICE BOX 94397  
BATON ROUGE, LOUISIANA 70804-9397**

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**DIRECTOR OF FINANCIAL AUDIT**  
THOMAS H. COLE, CPA

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LOUISIANA LEGISLATIVE AUDITOR  
DARYL G. PURPERA, CPA, CFE

December 17, 2014

The Honorable John A. Alario, Jr.,  
President of the Senate  
The Honorable Charles E. "Chuck" Kleckley,  
Speaker of the House of Representatives  
Dr. Monty Sullivan, President,  
Louisiana Community and Technical College System  
Dr. James Henderson, Chancellor,  
Bossier Parish Community College

Dear Senator Alario, Representative Kleckley, Dr. Sullivan, and Dr. Henderson:

This report includes the results of the procedures we performed at Bossier Parish Community College (BPCC) for the period from July 1, 2013 through June 30, 2014, to evaluate its accountability over public funds. The procedures are a part of our audit of the Louisiana Community and Technical College System's financial statements for the year ended June 30, 2014. I hope the information in this report will assist you in your legislative and operational decision-making processes.

We would like to express our appreciation to the management and staff of BPCC for their assistance during our work.

Sincerely,

Daryl G. Purpera, CPA, CFE  
Legislative Auditor

JDO:BAC:BDC:THC:aa

BPCC 2014



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# Louisiana Legislative Auditor

Daryl G. Purpera, CPA, CFE

Bossier Parish Community College

December 2014



Audit Control # 80140050

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## Introduction

As a part of our audit of the Louisiana Community and Technical College System's (System) financial statements for the year ended June 30, 2014, we performed procedures at Bossier Parish Community College (BPCC) to provide assurances on financial information that is significant to the System's financial statements; to 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.

BPCC is a part of the System and reported an enrollment of more than 8,300 students for the fall 2013 semester. The mission of BPCC is to promote attainment of educational goals within the community and strengthen the regional economy.

## 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 a management letter dated December 5, 2013. We determined that management has not resolved the prior-year finding related to excessive refunds disbursed to students and it is addressed again in this report.

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### Current-Year Findings

#### Student Financial Aid Fraud

BPCC identified an alleged \$12,540 fraud committed by two of its married students. The wife used her husband's personal identification number (PIN) to obtain federal Title IV funds, including student loans, to attend online classes in her husband's place while he was incarcerated. Although federal regulations require PINs to authenticate the recipients of federal funds, the students were able to override those controls through collusion.

Federal regulations do not allow someone to accept federal student aid on another person's behalf and explicitly do not allow incarcerated individuals to obtain federal student loans. As a result, both students have been arrested and charged with theft, and

BPCC returned a corresponding amount of federal funds to the U.S. Department of Education.

BPCC should attempt to recoup these funds from the students and consider the cost-effectiveness of additional program eligibility screenings. Management concurred with the finding and recommendations and outlined a plan of corrective action (see Appendix A, page 1).

### **Excessive Refunds Disbursed to Students**

For the second consecutive year, BPCC did not have adequate controls over its student refund processing, disbursing refunds to students in excess of the amounts they were due. A test of 15 students with outstanding balances at June 30, 2014, revealed that three of these students received excessive refunds totaling \$10,634. BPCC subsequently billed students for all outstanding balances, including balances for excessive refunds.

In addition to the excessive refunds, five of the 15 students with outstanding balances from previous semesters were allowed to register for subsequent classes. These students owed \$34,032 to BPCC at June 30, 2014, in violation of BPCC's policy that requires a registration hold be placed on accounts with an outstanding balance.

The errors noted above occurred primarily because BPCC staff was not familiar with all aspects of the Banner accounting system. While staff efforts have improved since the prior year, employees failed to check students' accounts for outstanding balances and entered incorrect withdrawal codes. As a result, receivables continue to increase significantly, and the excessive refunds disbursed may be difficult to collect from students. In addition, the excessive refunds have an adverse impact on BPCC's cash flow, which already had to be supplemented by an operating loan from the System in April 2014. Good internal controls include analyzing students' account balances for accuracy. In addition, BPCC's 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 continue to aggressively 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, 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, 2014, we considered BPCC's internal controls over financial reporting and examined evidence supporting certain account balances and classes of transactions as follows:

**Statement of Net Position**

**Assets** - Accounts receivable

**Liabilities** - Accounts payable and accrued liabilities

**Net Position** - Investment in capital assets, restricted-expendable, restricted-nonexpendable, and unrestricted

**Statement of Revenues, Expenses, and Changes in Net Position**

**Revenues** - Net student tuition and fees, and federal non-operating revenues

**Expenses** - Education and general expenses

Our audit included tests of BPCC's compliance with laws and regulations that could have a direct and material effect on the financial statements, as required by *Government Auditing Standards*.

Based on the results of these procedures, we reported a repeat finding related to excessive refunds disbursed to students, and another finding related to student financial aid fraud that will also be included in the State of Louisiana's Single Audit Report for the year ended June 30, 2014. In addition, the account balances and classes of transactions tested, as adjusted, are materially correct.

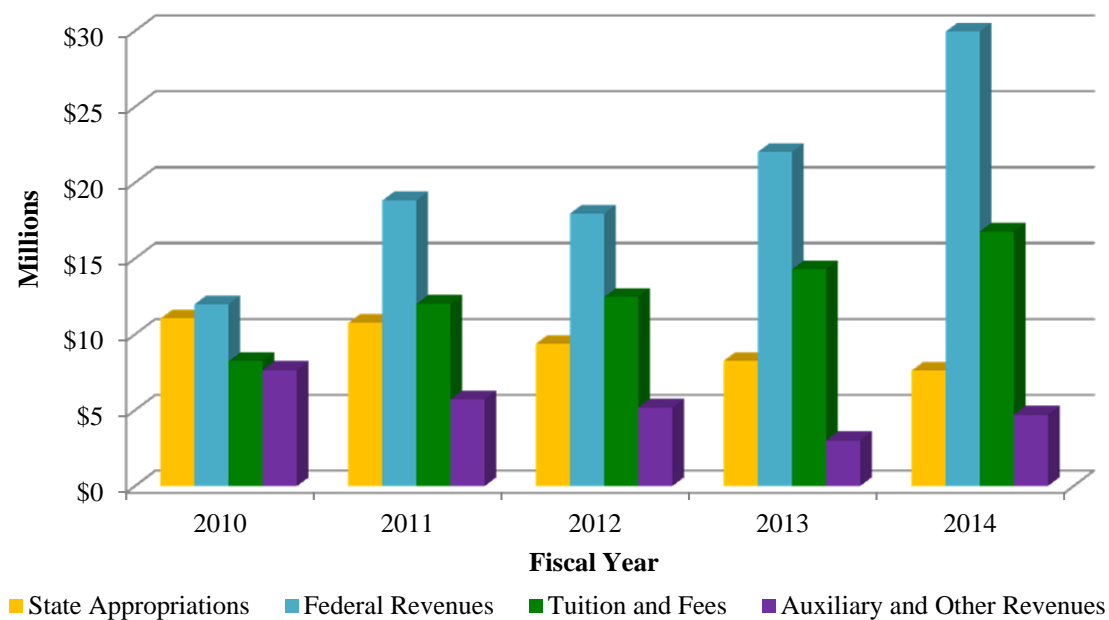
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**Trend Analysis**

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 management for any significant variances. We also prepared an analysis of revenues, expenses, and enrollment over the last five years.

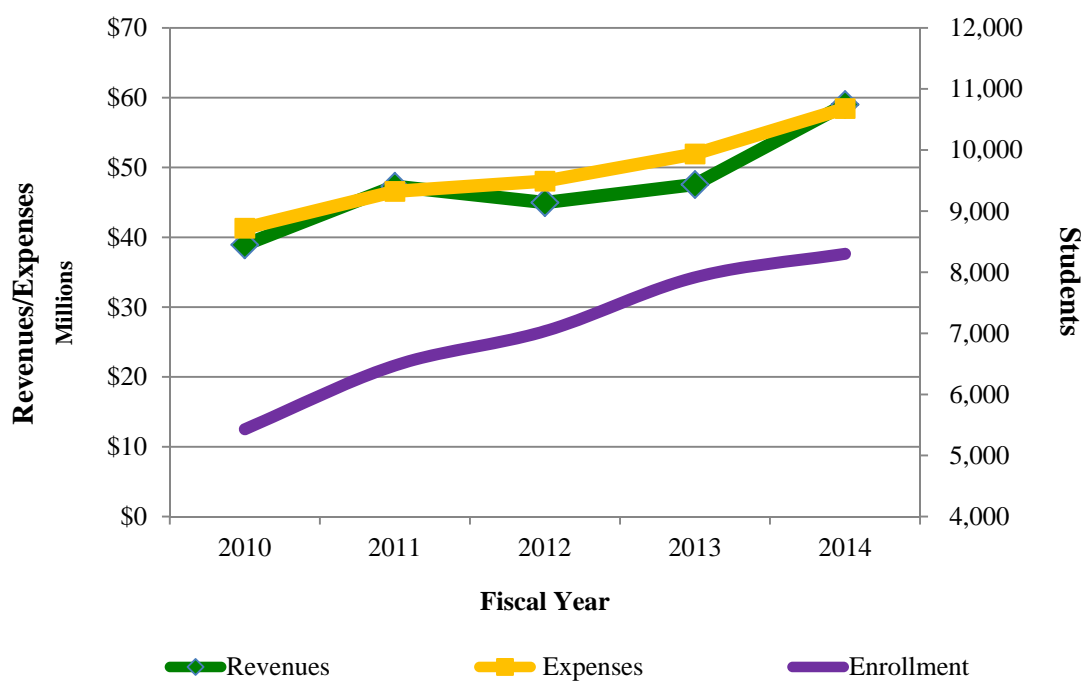
In analyzing financial trends of BPCC over the past five years, total expenses and total revenues have increased significantly with the rapid increase in enrollment. The cost per student has increased by 3%, from \$6,830 in 2011 to \$7,042 in 2014. Since 2010, federal revenues have increased by 150%, mainly because the majority of the students enrolled at BPCC's various sites receive student financial aid. Also, in 2014, BPCC received a \$7 million grant from the United States Department of Labor as consortium lead of a Trade Adjustment Assistance Community College and Career Training grant program, named "Gulf Coast IT Pathways" to support partnerships between community colleges and employers.

**Exhibit 1**  
**Five-Year Revenue Trend**



**Source:** Fiscal Year 2010-2014 Bossier Parish Community College Annual Fiscal Reports, as adjusted.

**Exhibit 2**  
**Fall Enrollment Trend Analysis**



**Sources:** Fiscal Year 2010-2014 Bossier Parish Community College Annual Fiscal Reports, as adjusted, and Board of Regents website.



The recommendations in this letter represent, in our judgment, those most likely to 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.

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



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





**JIM HENDERSON**  
CHANCELLOR  
BOSSIER PARISH COMMUNITY COLLEGE

November 17, 2014

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

**RE: STUDENT FINANCIAL AID FRAUD**

Dear Mr. Purpera:

Bossier Parish Community College concurs that an alleged \$12,540 fraud was committed by two of its married students. Though appropriate controls were in place, the students were able to override them through collusion. The College has begun the process of recouping these funds by receipt of a partial payment and the implementation of a legally-binding payment plan. The College will also consider the cost-effectiveness of additional program eligibility screening.

Associate Vice Chancellor for Finance Raymond Abraham 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. James B. Henderson  
Chancellor



**JIM HENDERSON**  
CHANCELLOR  
BOSSIER PARISH COMMUNITY COLLEGE

November 17, 2014

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

**RE: EXCESSIVE REFUNDS DISBURSED TO STUDENTS**

Dear Mr. Purpera:

Bossier Parish Community College (BPCC) concurs that several students, who had an outstanding balance as of June 30, 2014, received refunds that were later determined to be excessive. The refunds were calculated, processed and disbursed during the spring semester when their account balances supported the refunds. Subsequently, classes were dropped which reduced the amount of student aid available to these students. When the aid was returned, the debt was placed on the students accounts, resulting in the balance as of June 30, 2014.

BPCC also concurs that several students with outstanding balances from previous semesters were allowed to register for subsequent classes. Management has instituted additional procedures to help ensure students with outstanding balances have holds placed on their accounts to prevent them from registering for future classes.

Associate Vice Chancellor for Finance Raymond Abraham 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. James B. Henderson  
Chancellor

## APPENDIX B: SCOPE AND METHODOLOGY

We performed certain procedures at Bossier Parish Community College (BPCC) for the period from July 1, 2013 through June 30, 2014, 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*. 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 for the year ended June 30, 2014.

- 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 BPCC's account balances and classes of transactions to support the 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 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 purpose.

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 opinions.