

BOSSIER PARISH COMMUNITY COLLEGE
LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM

STATE OF LOUISIANA



FINANCIAL AUDIT SERVICES
MANAGEMENT LETTER
ISSUED DECEMBER 20, 2017

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Louisiana Legislative Auditor

Daryl G. Purpera, CPA, CFE



Bossier Parish Community College

December 2017

Audit Control # 80170098

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, 2017, we performed procedures at the 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.

BPCC is a part of the System and reported an enrollment of 6,674 students for the Fall 2016 semester. BPCC's mission is to promote attainment of educational goals within the community and strengthen the regional economy.

Results of Our Procedures

Follow-up on Prior-year Finding

Our auditors reviewed the status of the prior-year finding reported in the BPCC's management letter dated November 2, 2016. We determined that management has resolved the prior-year finding related to an Inaccurate Annual Fiscal Report.

Current-year Finding

Lack of Controls over Banner System

BPCC did not have adequate controls over its Banner accounting system, increasing the risk of errors or fraud in a system that processed more than \$50 million in revenues and expenses during fiscal year 2017.

In November 2016, BPCC notified the System's Internal Auditor of potential erroneous distributions of financial aid awards that were not applied for. As a result of an internal audit investigation, it was discovered that \$16,345 in inappropriate refunds were disbursed to students

not entitled to the refunds. The information was provided to the Louisiana Inspector General's office for further investigation.

Inquiries of BPCC management regarding the inappropriate refunds revealed that management did not monitor the former comptroller's entries of waiver and loan data in the Banner Finance Module, and the former comptroller's Banner system identification number (ID) and password were shared with another employee. Both actions increase the risk of unauthorized transactions being posted.

Additional audit procedures identified the following weaknesses:

- Prior to November 2016, BPCC did not have a process in place to reconcile the Banner Finance Module data to the Banner Student Financial Aid Module.
- Bank account reconciliations were not prepared timely for the months of December 2016 through February 2017. On April 3, 2017, BPCC contracted with an outside Certified Public Accountant firm to perform the reconciliations.
- BPCC did not close its accounting periods in the system timely. The periods from July 2016 through October 2016 were not closed for up to five months, and the periods from December 2016 through May 2017 were not closed for up to eight months.
- System accesses for five employees who terminated during the fiscal year were not removed for up to 148 days after separation of employment.
- BPCC did not reconcile the Banner Student Accounts Receivable Module data to the Banner Finance general ledger summary for the year ended June 30, 2017. As a result, BPCC's Annual Fiscal Report understated accounts receivable by \$49,816.

Management should ensure controls are in place to perform the following processes in a timely manner: reconciliations between system modules, monthly bank reconciliations, and closing of accounting periods. In addition, management should monitor these processes to ensure they are being properly performed. Furthermore, management should ensure employees' system accesses are appropriate for their job duties, IDs and passwords are not being shared, and access is disabled timely upon termination of employment or change in job function. Management concurred with the finding and outlined a corrective plan of 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, 2017, 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, Due From Federal Government, and Capital Assets

Liabilities - Accounts Payable and Accruals and Unearned Revenue

Net Position - Net Investment in Capital Assets, Restricted-Expendable, Restricted-Nonexpendable, and Unrestricted

Statement of Revenues, Expenses, and Changes in Net Position

Revenues - Student Tuition and Fees, Federal Grants and Contracts, 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 Lack of Controls over Banner System, 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, 2017, we performed internal control and compliance testing 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 BPCC's major federal program, as follows:

- Student Financial Assistance Cluster

Those tests included evaluating the effectiveness of BPCC's internal controls designed to prevent or detect material noncompliance with program requirements, and tests to determine whether BPCC complied with applicable program requirements.

Based on the results of these Single Audit procedures, we did not report any internal control deficiencies or noncompliance with program requirements.

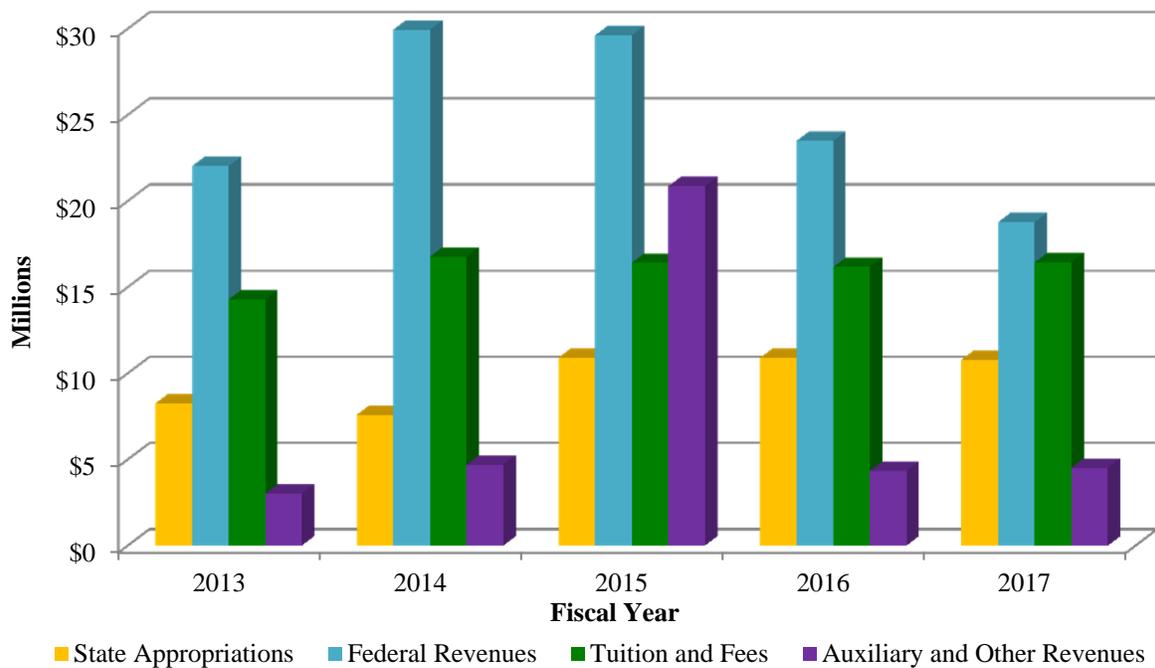
Trend Analysis

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 the financial trends of BPCC over the last five fiscal years, total revenues and total expenses increased steadily with enrollment until fiscal year (FY) 2015. In FY 2015, there was a spike in other revenues from funds received by the Louisiana Department of Economic

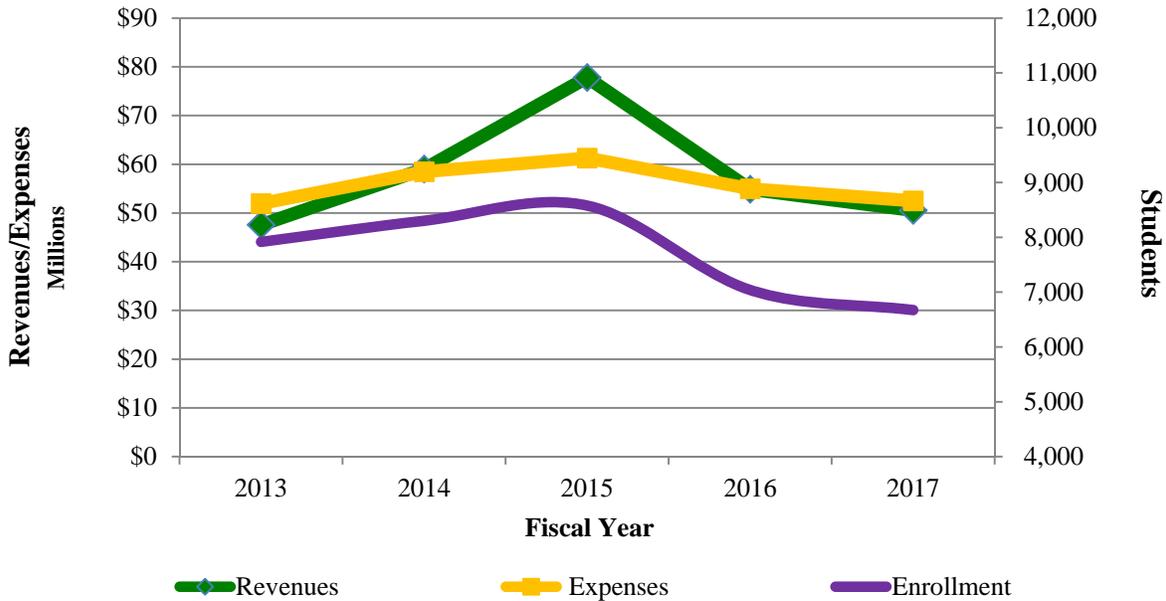
Development to construct a \$16 million Advanced Manufacturing Training Center building, and BPCC received \$3.3 million in additional state appropriation funds for its operations. In FY 2016 and FY 2017, there were significant drops in federal revenues due to the ending of the Trade Adjustment Assistance Community College and Career Training federal grant. Also, in FY 2016 BPCC had instituted a new drop policy, resulting in a drop in student enrollment and Federal student financial aid. Although there was a drop in enrollment, there were increases in tuition that contributed to the stabilization of tuition and fees revenue.

**Exhibit 1
Five Year Revenue Trend**



Source: Fiscal years 2013-2017 BPCC Annual Fiscal Reports, as adjusted

**Exhibit 2
Fiscal/Enrollment Trends**



Source: Fiscal Year 2013-2017 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 costs, 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

ASM:BAC:BH:EFS:aa

BPCC 2017

APPENDIX A: MANAGEMENT'S RESPONSE



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

October 13, 2017

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

RE: Lack of Controls over Banner System

Bossier Parish Community College (College) concurs that it did not have adequate controls over certain areas of its Banner accounting system which resulted in increased risk of errors or fraud.

In November 2016, the College detected a potential erroneous distribution of financial aid and immediately notified the Louisiana Community and Technical College System (System) Internal Auditor for guidance. A subsequent investigation revealed that several refunds had been issued to students who were not otherwise entitled. The College immediately instituted additional control procedures to prevent a future occurrence.

Upon detection of the above situation, the College began the process to engage a CPA firm to review the previously prepared bank reconciliations and to perform the reconciliations for the remainder of the year in an effort to determine if other inappropriate refunds had been issued.

The untimely bank reconciliations for the months of December 2016 through February 2017 resulted from the time period between the absence of the comptroller and the engagement of the CPA firm. The un-timely closure of the July through October 2016 accounting periods was an oversight and the December 2016 through May 2017 closures were the result of the time required for the CPA firm to perform the remaining bank reconciliations.

Procedures for ensuring timely termination of system accesses by separated employees has been strengthened and reconciliation of the Banner Student Accounts Receivable Module and the Finance Module will be performed monthly.

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 'R. Bateman', written over a blue horizontal line.

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, 2016, through June 30, 2017, 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, 2017.

- 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 the opinion on the System's financial statements.
- We performed procedures on the Student Financial Assistance Cluster for the year ended June 30, 2017, as a part of the 2017 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 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.