

L.E. FLETCHER TECHNICAL COMMUNITY COLLEGE
LOUISIANA COMMUNITY AND TECHNICAL COLLEGE
SYSTEM

STATE OF LOUISIANA



FINANCIAL AUDIT SERVICES
PROCEDURAL REPORT
ISSUED JUNE 9, 2021

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

LEGISLATIVE AUDITOR
MICHAEL J. "MIKE" WAGUESPACK, CPA

FIRST ASSISTANT LEGISLATIVE AUDITOR
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 \$0.25. 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. 3573 or Report ID No. 80210057 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 Jenifer Schaye, General Counsel, at 225-339-3800.

Louisiana Legislative Auditor

Michael J. “Mike” Waguespack, CPA

L.E. Fletcher Technical Community College



June 2021

Audit Control # 80210057

Introduction

The primary purpose of our procedures at the L.E. Fletcher Technical Community College (FTCC) was to evaluate certain controls FTCC 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 finding reported in the prior report.

Results of Our Procedures

We evaluated FTCC’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 FTCC’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, contract expenses, student tuition and fee revenue, payroll and personnel expenses, movable property, and federal programs.

Follow-up on Prior-report Finding

We reviewed the status of the prior-report finding in FTCC’s management letter report dated December 26, 2019. We determined that management has resolved the prior-report finding related to Failure to Make Proper Notification of Misappropriated Assets.

Cash

FTCC maintains an operating account and two other bank accounts. The cash balance at June 30, 2020 per the FTCC’s Annual Financial Report was \$9,191,642. We obtained an understanding of FTCC’s controls over the bank accounts, evaluated the segregation of duties, and reviewed bank statements and bank reconciliations. Based on the results of our procedures, FTCC had adequate controls in place to ensure timely preparation, review, and approval of bank reconciliations.

Contract Expenses

FTCC had contracts in effect during the period under review totaling \$2,509,463 and \$709,635 for fiscal years 2020 and 2021, respectively. We obtained an understanding of FTCC's controls over the execution of and payment of contracts. We analyzed the listing of invoices paid during the period July 1, 2019, through February 28, 2021, and selected transactions and related contracts to review. Based on the results of our procedures, FTCC had adequate controls to ensure contracts were properly executed and in compliance with applicable laws and regulations; payments were approved and in accordance with contract terms; and sufficient documentation was maintained to support the payments.

Student Tuition and Fee Revenue

In fiscal year 2020, student tuition and fees comprised approximately 28% of FTCC's total revenues. We obtained an understanding of controls over student tuition and fee revenue and performed procedures to ensure that tuition and fees were properly assessed, were in accordance with the approved fee schedule, were accurately recorded in the accounting records, and were properly posted to students' accounts. We also ensured tuition discounts and waivers were properly documented and complied with applicable policies and laws. Based on the results of our procedures, no exceptions were identified.

Payroll and Personnel Expenses

Salaries and related benefits comprised approximately 54% of FTCC's expenses in fiscal year 2020 and 44% for the first eight months in fiscal year 2021. We obtained an understanding of FTCC's controls over the time and attendance function and reviewed selected employee time statements and leave records. Based on the results of our procedures, FTCC had adequate controls in place to ensure timely review and approval of employee time statements and leave requests, employees were paid the amounts authorized, and leave taken was accounted for properly.

Movable Property

FTCC reported approximately \$7 million of movable property to the Louisiana Property Assistance Agency in its August 2020 annual certification. We performed procedures to ensure that controls over movable property were adequate for FTCC's multiple locations, that assets were properly safeguarded and recorded, and that FTCC complied with state property regulations. Based on the results of our procedures, no exceptions were identified.

Federal Programs

On March 27, 2020, Congress enacted the Coronavirus Aid, Relief, and Economic Security Act (CARES) to provide economic aid to the American people negatively impacted by the COVID-19 pandemic. FTCC was awarded grants under the CARES Act Higher Education Emergency Relief Fund (HEERF) program and the CARES Act Coronavirus Relief Fund (CRF).

The objective of the HEERF program is to “prevent, prepare for, and respond to coronavirus” through grants to eligible institutions. FTCC received both student aid funds (disbursed to students as emergency financial aid grants) and institutional aid funds (used to cover expenses incurred by FTCC as a result of the pandemic). The CRF grant funds were used to cover costs that were necessary expenditures incurred due to the public health emergency with respect to COVID-19.

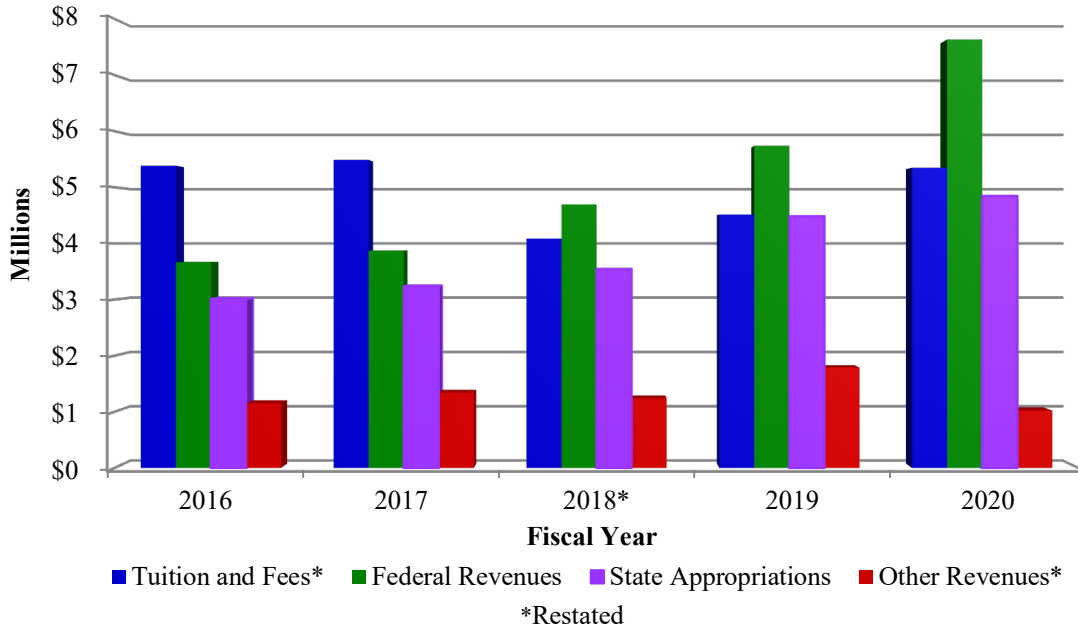
We obtained an understanding of FTCC’s controls over these federal programs and their requirements. We performed procedures on selected transactions to ensure that controls were adequate and that the transactions were in compliance with certain federal requirements. Based on the results of our procedures, no reportable exceptions were identified.

Trend Analysis

We compared the most current and prior-year financial activity using FTCC’s Annual Financial Reports and/or system-generated reports and obtained explanations from FTCC’s management for any significant variances. We also prepared an analysis of revenues, expenses, and enrollment over the last five fiscal years, as shown in Exhibits 1 and 2.

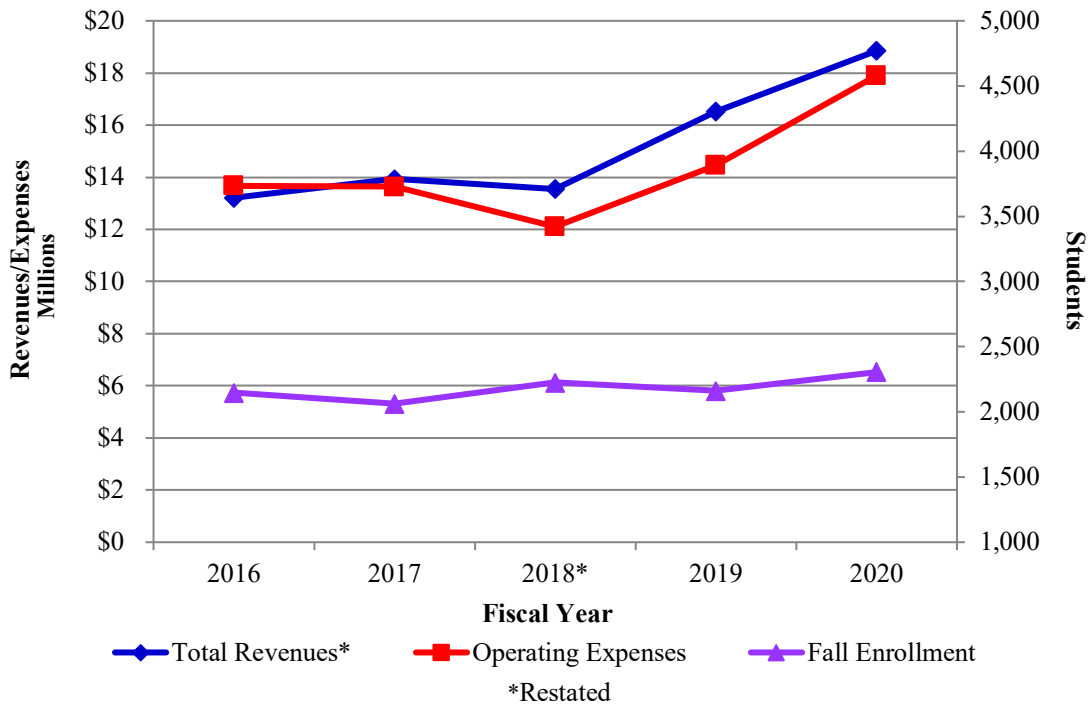
In analyzing financial trends of FTCC over the past five fiscal years, we determined that total revenues and operating expenses increased between fiscal years 2019 and 2020. The increases are mainly attributed to the costs of converting face-to-face courses to online along with constant safety, disinfecting, and personal protective equipment needs. Also federal revenues increased 33%, mainly due to funding from the Higher Education Emergency Relief Fund and Coronavirus Relief Fund programs.

**Exhibit 1
Five-Year Revenue Trend, by Fiscal Year**



Source: FTCC Annual Financial Reports

**Exhibit 2
Fiscal/Enrollment Trends, by Fiscal Year**



Sources: FTCC Annual Financial Reports and Louisiana 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,

A handwritten signature in blue ink, appearing to read "Mike Waguespack", with a stylized flourish extending to the right.

Michael J. "Mike" Waguespack, CPA
Legislative Auditor

EE:CR:RR:EFS:aa

FTCC2021

APPENDIX A: SCOPE AND METHODOLOGY

We performed certain procedures at L.E. Fletcher Technical Community College for the period from July 1, 2019, through June 4, 2021. Our objective was to evaluate certain controls FTCC 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 FTCC's Annual Financial Reports, and accordingly, we do not express an opinion on those reports. FTCC's accounts are an integral part of the State of Louisiana's financial statements, upon which the Louisiana Legislative Auditor expresses opinions.

- We evaluated FTCC'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 FTCC.
- Based on the documentation of FTCC'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, contract expenses, student tuition and fee revenue, payroll and personnel expenses, movable property, and federal programs.
- We compared the most current and prior-year financial activity using FTCC's Annual Financial Reports and/or system-generated reports to identify trends and obtained explanations from FTCC'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 FTCC and not to provide an opinion on the effectiveness of FTCC'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.