

NORTHSHORE TECHNICAL COMMUNITY COLLEGE

**LOUISIANA COMMUNITY AND TECHNICAL
COLLEGE SYSTEM**

STATE OF LOUISIANA

FINANCIAL AUDIT SERVICES

**Procedural Report
Issued July 24, 2024**

**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
BETH Q. DAVIS, 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. When contacting the office, you may refer to Agency ID No. 3439 or Report ID No. 80240041 for additional information.

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 \$0.23. This material was produced in accordance with the standards for state agencies established pursuant to R.S. 43:31.

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



Northshore Technical Community College

July 2024

Audit Control # 80240041

Introduction

The primary purpose of our procedures at Northshore Technical Community College (NTCC) was to evaluate certain controls NTCC uses to ensure accurate financial reporting, compliance with applicable laws and regulations, and accountability over public funds.

Results of Our Procedures

We evaluated NTCC'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 NTCC's controls and our understanding of related laws and regulations, and the results of our analytical procedures, we performed procedures relating to cash, payroll expenditures, and student tuition and fee revenue.

Current-report Finding

Weakness in Controls over Tuition and Fee Revenue Related to Non-Credit Student Enrollment Management

NTCC did not have adequate controls in place to ensure that students who never begin attendance have their tuition and fee revenue and awarded scholarships removed from their student account balances.

In a review of 25 student accounts that encompassed 10 regular students, 10 dual-enrolled students, and five non-credit students, we noted two (8%) non-credit students never began attendance for the course they enrolled in for the Fall 2023 semester. The course instructor properly identified the two non-credit students as not attending the course, but the tuition and fee charges for the course and the awarded scholarships were never removed from the two students' account balances.

While the course instructor reported to NTCC's Workforce Training and Development section that the two students did not attend the course, the instructor's email

communication was not provided to the appropriate person responsible for dropping both students from the course roster. Management indicated that this oversight was detected during a review of grade submissions for the course, but management erroneously submitted unsatisfactory course grades for the two students.

A good system of internal controls ensures accurate financial reporting and that all tuition and fee charges and scholarships awarded are properly assessed and reflected in students' account balances. Good internal controls would permit the timely detection and correction of noted errors when necessary. Failure to drop students from course rosters in a timely manner due to non-attendance may cause tuition and fee charges and scholarship awards to erroneously remain on students' account balances and prevent the scholarship funds from being available to award to other students.

NTCC should strengthen its internal controls to ensure that all students who do not attend the courses they are enrolled in are identified and dropped from the course roster in a timely manner. In addition, NTCC should strengthen its internal controls over its review of grade submissions to ensure that the proper corrective action is taken on all issues identified during the review process and that they maintain adequate documentation of this review. Management concurred with the finding and provided a corrective action plan (see Appendix A).

Cash

NTCC maintains an operating account and three other bank accounts. We obtained an understanding of NTCC's controls over the bank accounts and reviewed selected bank reconciliations during the period July 1, 2023, through March 31, 2024. Based on the results of our procedures, NTCC had adequate controls in place to ensure timely preparation, review and approval of bank reconciliations, and that all reconciling items were adequately supported.

Payroll Expenditures

Salaries and related benefits comprised approximately \$11.1 million of NTCC's expenditures in fiscal year 2024 as of January 2024. We obtained an understanding of NTCC's controls over the time and attendance function and reviewed selected employee time statements and pay authorizations during the period July 1, 2023, through March 3, 2024. Based on the results of our procedures, NTCC had adequate controls in place to ensure timely review and approval of employee time statements and employees were paid the amounts authorized.

Student Tuition and Fee Revenue

NTCC reported net tuition and fee revenue of \$6.9 million in fiscal year 2024 as of January 2024. We obtained an understanding of controls over student tuition and fee revenue. We performed procedures on selected students' accounts during the Summer 2023, Fall 2023, and Spring 2024 semesters to ensure that tuition and fees were properly assessed, were in accordance with the approved fee schedule, and were properly posted to students' accounts. We ensured payments applied to the students' accounts were accurate and complied with applicable policies and laws based on the source of the payments. In addition, we performed procedures to ensure that refunds owed to students were properly calculated and issued to the students. Based on the results of our procedures, except as noted in the Current-report Finding Section, NTCC had adequate controls in place to ensure that tuition and fees were properly assessed, were in accordance with the approved fee schedule, and were properly posted to students' accounts. Payments applied to the students' accounts were accurate and refunds owed to students were properly calculated and issued to the students.

Trend Analysis

We compared the most current and prior-year financial activity using NTCC's Annual Fiscal Reports and system-generated reports and obtained explanations from NTCC's management for any significant variances.

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

Respectfully submitted,



Michael J. "Mike" Waguespack, CPA
Legislative Auditor

RAY:REW:JPT:BQD:ch

NTCC 2024

APPENDIX A: MANAGEMENT'S RESPONSE

JIM CARLSON, Ed.D.
CHANCELLOR

WWW.NORTHSHORECOLLEGE.EDU
FLORIDA PARISHES CAMPUS
HAMMOND AREA CAMPUS
LIVINGSTON CAMPUS
SULLIVAN CAMPUS
LACOMBE MAIN CAMPUS

July 10, 2024

Michael J. "Mike" Waguespack, CPA, Legislative Auditor
P.O. Box 94397
Baton Rouge, LA 70804-9397

Re: Northshore Technical Community College Audit Finding – Weakness in Controls over Tuition & Fee Revenue Related to Non-Credit Student Enrollment Management

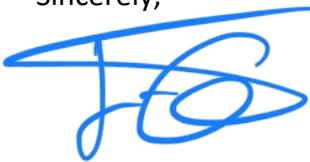
Dear Mr. Waguespack,

Northshore Technical Community College (NTCC) concurs with the aforementioned finding.

The Workforce Department of NTCC has developed procedures to strengthen internal controls to ensure that all non-credit students that do not attend the courses they are enrolled in are identified and dropped from the course roster in a timely manner. These procedures will also strengthen internal controls in the Workforce Department over its review of grade submissions to ensure that the proper corrective action is taken on all issues identified during the review process and that the Workforce Department maintains adequate documentation of this review. The procedures also address the timeliness communication(s) by the Workforce Department to the Finance & Accounting Department which will ensure that students who never begin attendance have their tuition and fee revenue and awarded scholarships removed from their student account balances. These procedures have now been implemented.

Bridget Laborde, Director of Workforce Training and Development, is the contact person responsible for corrective action of this finding.

Sincerely,



Jim Carlson, Ed.D.
Chancellor

APPENDIX B: SCOPE AND METHODOLOGY

We performed certain procedures at the Northshore Technical Community College (NTCC) for the period from July 1, 2023, through June 30, 2024. Our objective was to evaluate certain controls NTCC 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 NTCC's Annual Fiscal Reports, and accordingly, we do not express an opinion on those reports. NTCC's accounts are an integral part of the Louisiana Community and Technical College System's financial statements, upon which the Louisiana Legislative Auditor expresses an opinion.

- We evaluated NTCC'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 NTCC.
- Based on the documentation of NTCC's controls and our understanding of related laws and regulations, and results of our analytical procedures, we performed procedures relating to cash, payroll expenditures, and student tuition and fee revenue.
- We compared the most current and prior-year financial activity using NTCC's Annual Fiscal Reports and system-generated reports to identify trends and obtained explanations from NTCC'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 NTCC and not to provide an opinion on the effectiveness of NTCC'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.