

DELGADO COMMUNITY COLLEGE

LOUISIANA COMMUNITY AND
TECHNICAL COLLEGE SYSTEM

A COMPONENT UNIT OF THE
STATE OF LOUISIANA

FINANCIAL AUDIT SERVICES

Management Letter
Issued December 15, 2022

**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

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Louisiana Legislative Auditor

Michael J. "Mike" Waguespack, CPA



Delgado Community College

December 2022

Audit Control # 80220091

Introduction

As a part of our audit of the Louisiana Community and Technical College System (System) and our work related to the Single Audit of the State of Louisiana (Single Audit) for the fiscal year ended June 30, 2022, we performed procedures at Delgado Community College (Delgado) to provide assurances on financial information that is significant to the System's financial statements; evaluate the effectiveness of Delgado's internal controls over financial reporting and compliance; and determine whether Delgado complied with applicable laws and regulations. In addition, we determined whether management has taken actions to correct the findings reported in the prior year.

Results of Our Procedures

Follow-up on Prior-year Findings

Our auditors reviewed the status of the prior-year findings reported in the Delgado management letter dated May 9, 2022. We determined that management has resolved the prior-year findings related to Untimely Recording of Movable Property Additions and Noncompliance with Borrower Data Reconciliation Requirements.

Current-year Finding

Inaccurate Annual Fiscal Report

Delgado submitted an inaccurate Annual Fiscal Report (AFR) to the System that contained errors requiring adjustments:

- Capital assets as reported on the Statement of Net Assets were overstated by \$21,608,320. As a result, Net Investment in Capital Assets, a major component of total net position was also overstated by \$21,608,320.

- Capital appropriations as reported on the Statement of Revenues, Expenses, and Changes in Net Position were overstated by \$19,517,654.
- Noncash capital appropriation, grant and/or gift of capital assets were overstated by \$19,517,654, as reported on the Statement of Cash Flows.

These errors occurred because management did not perform an adequate review of the AFR. In addition, there was a misunderstanding between Delgado and the System regarding the funding and recording of the new Nursing and Allied Health Building currently under construction on Delgado's City Park Campus. Failure to properly compile and review the AFR increases the likelihood that errors and omissions, either intentional or unintentional, may occur and remain undetected.

Good internal controls over financial reporting should include adequate procedures to record, process, and transmit financial data needed to prepare an accurate and complete AFR. In addition, controls should include a review process that will identify preparation errors and correct those errors before submitting the AFR to be included in the System's financial statements.

Prior to submitting the AFR for inclusion in the System's financial statements, Delgado should perform a thorough review of the AFR to identify and correct errors as well as discuss any new and/or significant changes impacting the AFR with System personnel. Management partially concurred with the finding and provided a corrective action plan (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, 2022, we considered Delgado'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 and Capital Assets

Net Position – Net 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, Federal Grants and Contracts, Federal Nonoperating Revenues, COVID-19 Federal Funding, and Capital Appropriations

Expenses – Educational and General

Based on the results of these procedures on the financial statements, we reported a finding related to an Inaccurate Annual Fiscal Report, 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, 2022, we performed procedures 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 information submitted by Delgado to the Division of Administration's Office of Statewide Reporting and Accounting Policy for the preparation of the state's Schedule of Expenditures of Federal Awards (SEFA) and on the status of the prior-year findings for the preparation of the state's Summary Schedule of Prior Audit Findings.

Based on the results of these procedures, we did not report any findings. In addition, Delgado's information submitted for the preparation of the state's SEFA, as adjusted, and the state's Summary Schedule of Prior Audit Findings is materially correct.

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

Respectfully submitted,



Michael J. "Mike" Waguespack, CPA
Legislative Auditor

KML:ETM:RR:EFS:aa

DELGADO2022

APPENDIX A: MANAGEMENT'S RESPONSE

CHANCELLOR'S OFFICE

615 City Park Avenue
New Orleans, LA 70119-4399
(504) 762-3000 FAX: (504) 351-6697
www.dcc.edu

December 8, 2022

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

RE: Inaccurate Annual Fiscal Report

Delgado Community College concurs in part with the finding "Inaccurate Annual Fiscal Report."

Delgado Community College did perform an adequate and transparent review of its Annual Fiscal Report (AFR). Delgado included its new Nursing and Allied Health Building under construction as a capital asset based on management's understanding at the time; however, the error did not occur due to inadequate review. As noted by the Legislative Auditor, we concur there was a misunderstanding regarding the funding and recording of the new capital asset.

The capital asset and related appropriations were recorded and explained throughout the College's Workbook and AFR that were thoroughly reviewed by Delgado management and subsequently submitted to the System Office. As part of our requirements to provide explanations on any significant variances from previous year, the new building was explained in each section referencing "Capital Assets" and "Net Position" throughout the Workbook and the Annual Financial Report. Delgado management's understanding at the time of compiling the Annual Financial Report was that this capital asset should be reported by Delgado, but not until the misstatement was made known to Delgado by the Legislative Auditor did management become aware that this capital asset was supposed to be solely reported by the System Office.

Moving forward, Delgado will continue to perform adequate and transparent reviews of its AFR, and management will also discuss any new and/or significant changes impacting the College's AFR's submission to the System Office for inclusion in the System's AFR.

Should you have any questions regarding this matter, please contact Ronald Russo, Vice Chancellor for Business and Administrative Affairs, at (504) 762-3005.

Sincerely,



Larissa Littleton-Steib, Chancellor

cc: Ronald Russo, Vice Chancellor for Business and Administrative Affairs

APPENDIX B: SCOPE AND METHODOLOGY

We performed certain procedures at Delgado Community College (Delgado) for the period from July 1, 2021, through June 30, 2022, 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 and our work related to the Single Audit of the State of Louisiana (Single Audit) for the year ended June 30, 2022.

- We evaluated Delgado'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 Delgado.
- Based on the documentation of Delgado'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 performed procedures on information for the preparation of the state's Schedule of Expenditures of Federal Awards and on the status of prior-year findings for the preparation of the state's Summary Schedule of Prior Audit Findings for the year ended June 30, 2022, as a part of the 2022 Single Audit.
- We compared the most current and prior-year financial activity using Delgado's Annual Fiscal Reports and/or system-generated reports to identify trends and obtained explanations from Delgado's management for significant variances.

The purpose of this report is solely to describe the scope of our work at Delgado, and not to provide an opinion on the effectiveness of Delgado'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 Delgado's Annual Fiscal Report, and accordingly, we do not express an opinion on that report. Delgado's accounts are an integral part of the System's financial statements, upon which the Louisiana Legislative Auditor expresses an opinion.