

## **Louisiana Community and Technical College System Audit Committee Meeting**

**Wednesday, June 8, 2005  
8:00 a.m.**

**The Louisiana Building – Board Conference Room  
Baton Rouge Community College  
5310 Florida Blvd., Baton Rouge, LA 70806**

### **MINUTES**

1. Call to Order by Committee Chair

Audit Committee Chair Nick Trist called the meeting to order at 8:00 a.m.

2. Roll Call

Ms. Bonni Blouin, Coordinator of Board Services, called roll. The following committee members were in attendance: Nick Trist, Chair; Gibson Chigbu, Vice Chair; John DeLaney and Stevie Smith. Supervisor Knapp was not present. Also present were Board Chair Kathy Sellers Johnson and 1<sup>st</sup> Vice Chair, Brett Mellington.

A quorum was established.

3. Update on Current Work by Allen Brown

Mr. Allen Brown, Director, Internal Audit, LCTCS provided an update on the projects that are currently being worked on by the Internal Auditors' office.

a. LTC Shreveport – Bossier

Mr. Brown reported that work has been completed at LTC Shreveport-Bossier and a draft report has been submitted with preliminary responses received from the LTC. A final report should be issued by the end of this week. He indicated that several findings had been reported to the campus, but they listed the corrective action that will be taken to correct these findings.

Mr. Brown reported that approximately two week ago, Dr. Bumphus submitted a letter to Mr. Brown stating that there had been an allegation in the Senate stating that Dr. Bumphus had a quid pro-quo arrangement with someone for speaking engagements. Dr. Bumphus requested that the Internal

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Auditors' Office fully investigate this allegation. Mr. Brown stated that Dr. Bumphus has provided a letter of representation of honorariums that he has received since January, 2003. The report has been drafted and has been reviewed with Dr. Bumphus and the final report will be submitted to the Audit Committee.

Mr. Brown stated that the Internal Auditor's office found no problems with the information determined from their investigation.

Committee members discussed this issue at length and stated they felt it was extremely positive and beneficial to the LCTCS for Dr. Bumphus to visit other campuses to speak about the LCTCS.

b. Credentials

Mr. Brown reported that work has been done on the campuses to determine the practices of each campus to verify credentials of faculty being hired. He reported that the work is complete and in review, but there were no major findings. He stated a broad recommendation will be made to the campuses to ensure that they receive official transcripts by having the transcripts sent directly to the Academic Officer in charge of verifying credentials. He added that a final report will be submitted in the next couple of weeks.

c. Perkins Monitoring

Mr. Brown reported that monitoring of Perkins funds is ongoing. He stated that the LCTCS receives approximately \$25 million a year in Perkins funds, half of which goes to the Board of Elementary and Secondary Education (BESE), and they distribute the funds. The LCTCS provides the monitoring of the funds that LCTCS distributes.

Supervisor Mellington asked who monitors the BESE funds received through Perkins.

Mr. Brown stated that the Internal Auditor's Office with the Board of Elementary and Secondary Education provides the monitoring of Perkins funds that they receive, plus the BESE funds go to the school boards and the school boards are audited under the single audit Act by private CPAs.

Supervisor Mellington asked whether the LCTCS receives an audit report from BESE.

Mr. Brown answered that BESE submits a copy of their audit report to the LCTCS Perkins staff and they are kept on file.

Dr. Bumphus stated that the LCTCS serves as the fiscal agent of the Perkins funds and he would follow up on this question and provide a report on his findings.

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Mr. Brown reported on an item that was not listed on the agenda. He stated that an IT audit has just been completed on PeopleSoft mainly dealing with individual access. He reported that the report has already been exited with Jan Jackson and she is working on a response. He added that he would attend the Chief Financial Officer's meeting scheduled to be held on Thursday, June 9<sup>th</sup>, to talk about a few of this issues that were reported regarding control issues, terminating access for employees that have been terminated/resigned, how access is granted, passwords, compatibility of access, etc. He reported that one finding included seventeen (17) people who no longer work with the LCTCS but still had access on the financial side and approximately 30-34 individuals on the human resources side who no longer work for the LCTCS, but still have full live access. Mr. Brown stated that the IT staff in the System Office is looking at the possibility of comparing access to PeopleSoft to payroll.

Committee members discussed this issue at length.

(At this time, the two new student Board members, Mike Chandler and Karondellet Womack-Williams, entered the meeting and introduced themselves to the Board. They remained for the rest of the meeting).

Dr. Bumphus spoke to the Committee regarding the allegations made at the Senate regarding honorariums received for "speeches" provided at various institutions. He reiterated that he had asked Mr. Brown to conduct an audit review of this issue. Discussion followed.

Supervisor Chigbu suggested the possibility of adding a clause in Dr. Bumphus' contract to cover speaking engagements.

Supervisor Mellington asked if a report of the Internal Auditor's findings would be provided to the Board.

Dr. Bumphus responded that the Senate had made a request directly to the System Office for the information in question and it had been provided to them. He added that no further questions were posed from the Senate.

Supervisor Chigbu restated his feelings that further consideration should been given to this matter and to his suggestion that an amendment be made to Dr. Bumphus' contract to cover "speaking days".

Chair Trist asked about the practices of other systems and asked Mr. Brown to further investigate this and provide a report to the Committee.

Mr. Brown asked the preference of the Committee of whether the report should go to the full Board or just to Audit Committee members.

Chair Trist stated that the report should be provided to Audit Committee members only at this time. The Audit Committee will review the report and determine whether further action is needed.

4. 2005-2006 Audit Plan

Mr. Brown reviewed the 2005-2006 Audit Plan recommendations (handout provided).

Supervisor Chigbu asked about items that were not addressed in the past year that were on the 2004-2005 Audit Plan.

Mr. Brown stated that one of the items submitted by Supervisor Chigbu last year was to investigate the minority/small business contractors associated with the System. He stated that Mr. Leo Hamilton had provided a report on this issue.

Supervisor Chigbu stated that he had submitted a request regarding the purchasing policies of the System in compliance with State law. He questioned why this request was not added to the "new" list for 2005-2006. Mr. Brown stated that this item can be added to the 2005-2006 list.

Supervisor Chigbu restated his request to the Internal Auditor's Office to review System practices regarding the hiring of small businesses to ensure that they are in compliance with State law.

Mr. Brown reviewed the list provided and stated that the top three items listed are required of the System and the rest of the items are open for consideration by the Audit Committee. Committee members discussed the Audit Staff recommendations at length.

Mr. Brown asked for a recommendation from the Audit Committee for a list of projects for the 2005-2006 fiscal year.

The following recommendation was proposed for the Internal Audit Plan 2005-2006:

In addition to "must do" items, #1-3, the Internal Auditors' Office will address item #5 & #9 combined (Pell Grants); items #6 & #10 combined (tuition/scholarships/waivers); to item #8, add campuses that are not on PeopleSoft (IT follow up on former employees' access to PeopleSoft); add purchasing policy; and, eliminate items #4 & #7.

**Project Recommendations for 2005-2006**

1. Elected Officials – (required by audit committee)
2. Student Data – (required by law)
3. Perkins Monitoring – (required to provide some monitoring of our sub-recipients)
4. Pell grants and student attendance (possible overpayments) – follow-up on LTC refund issue reported by the Legislative Audit in past 3 reports)

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5. Compare tuition to students – include scholarship and waiver work
6. IT follow up on former employees access to PeopleSoft – include some work on those colleges not on PeopleSoft
7. Review, system-wide, purchasing policies to ensure compliance with the State's Small Business Plan

Carry-over from prior year – “UN-RANKED”:

Incumbent Worker Program

Live Work processes/procedures

Physical Plant Operations (Chancellor Johnson-Delgado)

LaCarte cards (no campuses have received as of to date)

Travel Expenses

5. Other Matters

There being no further business to come before the Audit Committee, on motion of Supervisor DeLaney, seconded by Supervisor Smith, the meeting adjourned at 8:58 a.m.