

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

**July 12, 2006
8:00 a.m.**

**The Louisiana Building
Baton Rouge Community College
5310 Florida Blvd., Baton Rouge, Louisiana 70806**

DRAFT MINUTES

1. Call to Order by Committee Chair

Mr. Alvin Kimble, Chair, Audit Committee, called the meeting to order at 8:10 a.m.

Bonni Blouin, Coordinator of Board Services, called roll. The following Audit Committee members were in attendance:

Alvin Kimble, Chair

In addition, the following Board members were in attendance:

Kathy Sellers Johnson
Joan McHenry
Brett Mellington
Cleo Norris

In order to establish a quorum the following Board members were appointed to serve on the Audit Committee: Kathy Sellers Johnson, Joan McHenry, Brett Mellington, and Cleo Norris. A quorum was established.

Audit Committee members John DeLaney and Stevie Smith arrived for the meeting at 8:25 a.m.

Staff present for the meeting were: Allen Brown, Michael Lacour, Howard Karlton, Ernie Levy, Gwen Brown, Leo Hamilton, Staff Counsel and Alanna Davis, Legislative Auditor.

2. Current Work Update

Allen Brown, Director of Internal Audit, Louisiana Community & Technical College System (LCTCS/System), discussed current work that is ongoing within the LCTCS. A handout providing a summary of the ongoing projects was distributed.

APPROVED MINUTES
JULY 2006 AUDIT COMMITTEE MEETING
APPROVED JULY 12, 2006

Mr. Brown reviewed each of the ongoing projects and discussed issues that have been determined for each.

➤ Report on foundations

Mr. Brown reported that in compiling a current list of LCTCS foundations, several issues were determined: 1) foundations must be approved by the Board. This issue was resolved at the last Board meeting; 2) foundations should have an operating agreement with their campus. Jan Jackson and Leo Hamilton are currently working on this issue to secure the operating agreements and signatures; 3) foundations should be audited every year by state law and by Board policy. Some have been audited – others have never been audited; 4) foundation bylaws should be on file in the System Office. A report will be issued at the end of July which will contain a list of all the LCTCS foundations.

Mr. Hamilton suggested a revision to the audit process that would correlate with foundation revenue limits. He noted that some of the foundations are very small and cannot afford to have an audit every year.

Mr. Brown stated that guidelines exist for certain non-profits, with a certain amount of revenue, that exempt them from conducting an audit. Mr. Mellington asked Mr. Brown to explore this option for the System.

➤ Executive Order KBB 04-30

Mr. Brown reported that former Board member Gibson Chigbu had requested information on compliance of policies for small businesses. He stated that Executive Order KBB04-30 exists, which speaks to purchasing procedures and qualifications for small business. Mr. Brown reported that a review had been conducted at System campuses and a draft report has been completed. It was determined by the Internal Audit staff and the Audit Committee that this issue did not merit further audit review, but noted that the issue had been brought to the attention of LCTCS campuses.

➤ IT Access – Non PeopleSoft Colleges

Mr. Brown reported that access work on IT had been conducted at Baton Rouge Community College (BRCC) and Bossier Parish Community College (BPCC). He stated that Delgado Community College (DCC) was not included due to damages sustained by Hurricane Katrina. He reviewed the findings with committee members. He reported that findings were small and the campuses had rectified the findings. He added that DCC will be audited for IT access later to ensure that procedures are being followed.

➤ IT follow-up on PeopleSoft Colleges

Follow-up is being conducted on colleges that utilize PeopleSoft. A report on any findings will be provided the week of July 17th.

APPROVED MINUTES
JULY 2006 AUDIT COMMITTEE MEETING
APPROVED JULY 12, 2006

- LTC Student Data Report
The yearly Student Data Report is complete. The report will be issued next week. No major issues found.
- Perkins Monitoring
 - Reports on nine (9) campuses have been issued. No major findings. One finding at LSU-Shreveport, but it has been corrected.
 - As a result of campuses not drawing down majority of the funds until the end of the year, the process for conducting Perkins audit will be changed. The audit will now begin in August 2007 for 2006 FY.
- LTC River Parishes – issue July 10
Mr. Brown reported that the Internal Audit Office had been contacted by River Parishes due to missing funds in the amount of \$3,000. Upon review of the campus, it appears that approximately \$14,000 in funds are missing. He noted numerous problems with internal controls. He added that the Sheriff's Office is conducting an investigation. He reviewed several of the issues documented at the campus: 1) pre-numbered receipts are used, but no record of what receipts were issued, so reconciliation is not possible; 2) three employees work out of the same cash drawer; 3) cash drawer was not kept locked; 4) receipts were not deposited intact; 5) cash receipts were kept overnight in an unlocked bag in a locked file cabinet, but numerous people have knowledge of where the key is kept; 6) cash transmittals were not used; 7) allowed students to use an installment program for tuition payments which is against System policy; 8) campus accountant does not conduct a bank reconciliation.

A follow-up visit was conducted at the campus. Problems still exist at the campus. Mr. Brown reported that the campus Dean has stepped in and operating procedures have changed. The campus is still using the QuickBooks System which continues to pose a problem.

Another follow-up visit will occur in the Fall.

Lengthy discussion followed.

- LTC Bank Reconciliations
Mr. Brown reported that, as a result of the findings at the LTC River Parishes Campus, a review on accounting procedures was conducted at the Central Office of the Louisiana Technical College. It was determined that there is no way to reconcile the LTC bank statement. He reported that “plugs” exist ranging from \$1,056 to \$534,189 - possibly due to items not being posted. In the future, reconciliation of the LTC statement will be taken care of by

APPROVED MINUTES
JULY 2006 AUDIT COMMITTEE MEETING
APPROVED JULY 12, 2006

Howard Karlton of the System Office. Beth Sigler will be closing-out the accounts for 2006.

Mr. Brown stated that the report on the LTC bank reconciliation issue will be completed on Friday and a report will be provided the Audit Committee members.

Mr. Mellington requested that a follow-up report on the LTC Bank Reconciliation issue be provided to the Audit Committee at the next meeting.

➤ Current Work

a. Movable property – System Office

Mr. Brown reported that an audit on movable property at the System Office is in process.

Supervisor Smith asked if an inventory report for the System had ever been provided to the Board.

Mr. Brown responded that he did not think a report had been provided to the Board.

Supervisor Smith indicated that he would request a copy of the annual inventory report from Dr. Bumphus. He further stated that he would ask Dr. Bumphus to seek accountability for those persons that are responsible for missing equipment and that this issue be a consideration during the annual evaluation of personnel.

Mr. Brown explained how the annual inventory process works. He stated that every year an inventory is conducted and if an item is unaccounted for, for three (3) years, the item can be removed from the inventory and the value of this item removed from the total.

Chair Kimble stated the need for yearly accountability instead of a 3-year timeframe.

Mr. Hamilton stated the 3-year timeframe is a state law, but a 1-year timeframe could be implemented as an internal LCTCS policy for LCTCS campuses to maintain accountability.

b. Follow-up on past 18 months of reports issued

3. Efforts to Fill Vacant Positions – Allen Brown

Mr. Brown reported that there are two vacant positions in the Internal Audit Office.

APPROVED MINUTES
JULY 2006 AUDIT COMMITTEE MEETING
APPROVED JULY 12, 2006

4. Other Matters

Mr. Brown reported that a Legislative Auditor visited Baton Rouge Community College to review student records and to address a couple of issues. He stated that a Legislative Auditor report will be forthcoming on this issue.

There being no further business to come before the Audit Committee, on motion of Supervisor Mellington, seconded by Supervisor Smith, the Audit Committee adjourned at 9:00 a.m.