

Louisiana Community & Technical College System
INTERNAL AUDIT DEPARTMENT

Date: August 12, 2020

To: Mr. Craig Spohn, Chair – LCTCS Audit Committee
Members of the LCTCS Audit Committee of the LCTCS Board of Supervisors
Dr. Monty Sullivan, LCTCS President

Re: Year End Report for Fiscal Year 2019-2020

We are pleased to submit the annual report of the LCTCS office of Internal Audit (IA) for the fiscal year ending June 30, 2020. This report is required annually by Louisiana law (HB 1, Section 8C) and by *The International Standards for the Professional Practice of Internal Auditing*, promulgated by the Institute of Internal Auditors. This report provides information on the assurance services, consulting services and other activities of the internal audit function.

LCTCS IA has received significant support and cooperation from the LCTCS Board of Supervisors, LCTCS Audit Committee, members of LCTCS senior management and the leadership and staff of LCTCS member colleges. We are grateful for this support.

We also affirm that LCTCS IA enjoys an organizational independence, which allows it to fulfill its responsibilities with objectivity.

IA activity for the fiscal year can be summarized as follows:

- Six of nine projects on the approved Audit plan for 2019-2020 completed or in-progress
 - Four projects completed
 - Two projects in-progress with completion anticipated before the end of the calendar year.
- Thirteen reports issued.
- Researched and responded to numerous special requests regarding ethics regulations, accounting procedures, internal controls and allegations of fraud.
- Ethics Liaison activities:
 - Monitoring of LCTCS employees with regard to required annual training.
 - Monitoring of LCTCS Board of Supervisors with regard to required financial disclosures.
- Performed QAR – External Validation for Grambling State University

Status of Fiscal 2019-2020 Audit Plan

The chart below shows the approved Audit Plan for fiscal year 2019-2020 and the status of each of the proposed projects.

Louisiana Community and Technical College System
Internal Audit

Risk Assessment Matrix and Proposed Audit Plan- FY 2019-2020

Proj.	Potential Audit Area	Risk Identified BY	Weighted Total	Complete	In-Progress	Not Started	Expected Completion in FY18-19	To Be Deferred OR Carried Over
1	ADA website compliance	LCTCS Senior Staff	2.45	X				
2	Faculty Utilization	LCTCS IA	1.80		X			D
3	Property Management	LCTCS IA	2.55	X	X		X	
4	Live Work	LCTCS IA	2.40		X			D
5	Compliance Baseline	LCTCS IA	2.05		X		X	
6	Review of OER Savings	LCTCS Senior Staff	2.00		X			D
7	Facilities Maintenance Analysis	LCTCS IA	1.95		X			C
8	Purchase/Travel Cards	Non-LCTCS Stakeholders	1.15	X				
9	Follow-up on prior projects	LCTCS IA		X				

Completed Projects – Report Issued

- **ADA Website Compliance** – Internal Audit reviewed the efforts of the LCTCS in response to a Resolution Agreement with the United States Department of Education, Office of Civil Rights. This project was carried over into the current audit plan from the 2018-2019 annual audit plan. Its report was issued on September 6, 2019.
- **Property Review**
 - Nunez Community College - This project, with report issued August 19, 2019, was conducted at the request of the college to provide assurance as to the accuracy and completeness of the college’s annual inventory certification to the Louisiana Property Assistance Agency (LPAA).

- Louisiana Delta Community College – After conducting the property review at Nunez, Internal Audit extended our reviews to selected other colleges. Our report was issued on March 19, 2020.
- **Purchase / Travel Card Reviews** – A review of the controls over the use of LaCarte cards by our colleges. The Office of State Travel (OST) requires that the use of these cards be included in the agency’s annual risk assessment. If deemed appropriate, a project can be initiated. It will continue to be a part of our annual risk assessment.
LCTCS IA did not consider this to be a high risk area but took advantage of available time between other projects to conduct six reviews:
 - Delgado Community College – Report issued November 15, 2019
 - Baton Rouge Community College – Report issued December 18, 2019
 - Northshore Technical Community College – Report issued March 12, 2020
 - Bossier Parish Community College – Report issued June 8, 2020
 - SOWELA Technical Community College – Report issued June 18, 2020
 - River Parish Community College – Report issued June 30, 2020
- **LLA Follow-up on Repeat Findings** – LCTCS Internal Audit (IA) conducted a review of the colleges who currently have repeat findings with the Louisiana Legislative Auditor (LLA). IA requested that each college provide documentation detailing how their corrective action plans were carried out and an explanation as to why the repeat finding(s) occurred. Four reports were issued:
 - Central Louisiana Technical Community College – Issued December 20, 2019
 - South Louisiana Community College – Issued January 6, 2020
 - Delgado Community College – Issued January 13, 2020
 - Louisiana Delta Community College – Issued March 19, 2020

Projects in Progress

- **Property Review** – Property reviews, as done for Nunez and LDCC, have begun on two other colleges, but because of the closing of our colleges during the Covid-19 pandemic, we have been unable to complete the campus-based aspect of our reviews. Internal Audit anticipates completing these projects when it is safe to do so once the colleges reopen.
 - **Compliance Baseline** - The recent initiative by the colleges to comply with the agreement between the LCTCS and the Department of Education Office of Civil Rights highlights the ramifications of non-compliance with various policies, regulations and statutes. In previous years, failure to comply with OCR compliance reviews at our colleges receiving Perkins funds had serious implications. Significant work has been done on this project but it was hindered by the closing of our colleges
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during the Covid-19 pandemic. Internal Audit anticipates completing these projects when it is safe to do so once the colleges reopen.

Projects Not Started

- **OER Savings Review** – In consultation with the LCTCS staff who had originally suggested this project, it was determined the information obtained from the project would not be timely enough to be useful and therefore the project was deferred.

As the colleges transitioned to online classes and closed their campuses under the Covid-19 shelter-at-home order, the significance of certain projects planned by Internal Audit changed.

- **Faculty Utilization** – This project intended to use analytical procedures to understand faculty utilization in relation to the number of students enrolled, the number of employees and other applicable factors. But an analysis of past performance may be completely inapplicable to future performance given the nature of faculty and curriculum in the post-pandemic environment. This project may be considered again at a later time.
- **Live Work** – This project was initiated by our estimation of weak controls around this activity. But after the closing of our colleges, much of this work was postponed or ended. It is not known what the level of Live Work activity will be post-pandemic. The project may be considered at a later time.
- **Facilities Maintenance Analysis** – Inadequate controls over the acquisition and use of maintenance supplies leaves the college susceptible to fraud, waste and abuse. This was brought to our attention by a college as a potential area of risk. But as our colleges are now closed, the use of maintenance supplies is changing and analysis of past data may not be applicable to future activities. In addition, post-pandemic, there will be additional and different maintenance and cleaning activities, such as sanitizing and the acquisition and distribution of PPE. The project may be considered at a later time.

Off-Plan Work

- **Business Process Documentation** – At the request of one of our colleges, Internal Audit assisted the college in documenting the job duties of two resigning senior staff members.
- **Elected Officials** – This project reviewed leave usage by five employees at South Louisiana Community College who also serve as elected officials in some capacity. The report was issued on June 21, 2019.
- **QAR External Validation for Grambling State University** – Every Internal Audit activity must undergo a Quality Assurance Review every five years. Most public entities, like universities, conduct a self-evaluation and then engage an independent

review to conduct a validation of the entity's self-evaluation. Our report was issued on February 12, 2020.

Conclusion

Internal Audit has, like all other areas of the LCTCS and its member colleges, had to transform its activities from the traditional on-site, face-to-face projects to a more data oriented, remote access style of project. While still productive, this change has affected our pace of project completion. As we become more adept at data acquisition from online systems and the use video technologies like Zoom and Teams for meetings, we anticipate that project completion will return to normal levels. We hope that LCTCS management and staff will continue to look to Internal Audit as a trusted business partner as they endeavor to reach the goals of Our Louisiana 2020 and beyond.

If you have any questions, comments or concerns regarding any of the information contained in this report, please feel free to contact me by phone (225-922-0793), email (mredmond@lctcs.edu) or by simply dropping by the office.

It has been our pleasure to serve you this year and we are grateful for your continued support.

Respectfully submitted,



Michael G. Redmond, CPA, CIA, CFE, CISA, CGEIT, MS
Director of Internal Audit