

Louisiana Community & Technical College System
INTERNAL AUDIT DEPARTMENT

Date: June 9, 2021

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 2020-2021

We are pleased to submit the annual report of the LCTCS office of Internal Audit (IA) for the fiscal year ending June 30, 2021. 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:

- Three of nine projects on the approved Audit plan for 2020-2021 completed or in-progress
 - Three projects were completed, with seven reports issued.
 - One project is in-progress with completion anticipated before the end of the calendar year.
- One project requested by college management during the year is in progress and should be complete by the end of the fiscal year.
- 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.

Status of Fiscal 2020-2021 Audit Plan

The chart below shows the approved Audit Plan for fiscal year 2020-2021 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 2020-2021

Proj.	Potential Audit Area	Risk Identified BY	Weighted Total	Complete	In-Progress	Not Started	Expected Completion in FY21-22	To Be Deferred OR Carried Over
1	Property Management	LCTCS IA	2.55	X				
2	Compliance Baseline	LCTCS IA	2.05					X
3	Remote Access Security	LCTCS IA	2.8		X		X	
4	Electronic Signatures	LCTCS IA	2.35	X				
5	Accounts Payable Controls	LCTCS IA	2.25		X		X	
6	Payroll Controls	LCTCS IA	2.25		X		X	
7	Contracts	LCTCS IA	1.85		X		X	
8	Agency Accounts	LCTCS Senior Staff	1.8		X		X	
9	Purchase / Travel Cards	Non-LCTCS Stakeholders	1.7	X				
10	Follow-up on prior projects	LCTCS IA		X				

Completed Projects – Report Issued

- **Property Management** – Internal Audit reviewed the college’s property inventory to provide assurance as to the accuracy and completeness of the college’s annual inventory certification to the Louisiana Property Assistance Agency (LPAA).
 - South Louisiana Community College – Report issued December 2, 2020
 - Central Louisiana Technical Community College – Report issued December 7, 2020

- **Electronic Signatures** – Internal Audit reviewed the adoption and use of electronic signatures at our colleges to give assurance that proper management oversight and review of transactions did not weaken as a result of reduced segregation of duties and remote operations during the Covid-19 pandemic.
 - Bossier Parish Community College – Report issued March 26, 2021
 - South Louisiana Community College – Report issued April 27, 2021
 - LCTCS System Office – Report issued May 7, 2021
 - Louisiana Delta Community College – Report issued May 14, 2021.
- **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 a review at Central Louisiana Technical Community College. Our report was issued on January 29, 2021.
- **Follow-up on Prior Findings** – Internal Audit reviewed reports issued during fiscal 2019-2020 for actions taken on reported findings. Most findings cannot be followed up on easily without conducting a repeat project at the college. We were able to conclude that management had acted upon the following matters and Internal Audit considers these matters closed:
 - Delgado Community College – Corrected documentation errors identified in a review of their PCard / Travel Card transactions.
 - Louisiana Delta Community College – Updated their procedures regarding the reporting of assets into the LPAA’s web-based tracking system.

Projects in Progress

- **Accounts Payable Controls** – Internal Audit is reviewing Accounts Payable transactions to give assurance that payments are properly authorized, paid to approved vendors, are unduplicated and for the correct amount.
 - Baton Rouge Community College – Report anticipated by June 30, 2021.
 - SOWELA Technical Community College – Report anticipated by June 30, 2021
 - Northwest Louisiana Technical Community College – Report anticipated by July 31, 2021
 - Fletcher Technical Community College – Report anticipated by August 15, 2021

Projects Carried Over to FY 2021-2022

- **Remote Access Security** – Prior to the Coronavirus pandemic, remote access to system IT resources was the exception rather than the rule. There were some staff members who regularly logged on to the LCTCS network while away from their office, most often System staff at one of the colleges. Teleworkers (workers who logged on from home, hotels or other non-system sites) were rare. Today, it is the norm. For the past few months, almost everyone has worked from home. Many continue to do so.
- **Payroll Controls** – Payroll expenditures, including benefits, are usually the largest line item on an institution's financial statement. Good internal controls assure that these expenditures are made to the appropriate persons and in the appropriate amounts.
- **Contracts** – The LCTCS System Office and its many institutions contract with numerous parties for a variety of services and products. Over the years, Internal Audit has been involved in assisting the LCTCS and the colleges with evaluating the effects of poorly executed contracts.
- **Agency Accounts** – Student organizations are encouraged at the colleges of the LCTCS and those organizations often raise money to support their activities. These are not state funds and are most often held by the college on behalf of the student organization in an agency account. When the organization goes dormant or ceases to exist, the funds should be distributed in accordance with organizational documents.

Off-Plan Work

- **Financial Aid Processing Controls** – Louisiana Delta Community College requested that Internal Audit conduct a review of the college's financial aid processes to establish a baseline for future improvements. Our report on this review is anticipated by June 30, 2021. Based on the results from this project, Internal Audit may consider performing similar work at additional colleges.

Projects Cancelled or Deferred

- **Compliance Baseline** – This was a project internal to Internal Audit with the intent of adding insight into the breadth and depth of compliance efforts at LCTCS institutions. Completing our review at a few of our colleges prior to the Covid-19 pandemic closure of campuses, it was our intention to continue our efforts after returning to on-site work, but the closure extended longer than expected. At this time, it is believed that completing this work would not add value to our understanding of
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college compliance efforts. Perhaps at another time, a more focused look at a particular area of compliance will be considered.

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. This change has affected our pace of project completion. Changes are being made to the structure of Internal Audit to address this issue. These changes will be discussed in further detail when we present the audit plan for fiscal 2021-2022 in August. 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 goal of training Louisiana's workforce.

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