

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

**November 12, 2008  
8:00 a.m.**

**Baton Rouge Community College  
Louisiana Building - (Board Ante-Room)**

**MINUTES**

**1. Call to Order by Committee Chair – Keith Gamble**

Supervisor Keith Gamble, Chair, Audit Committee, called the meeting to order at 8:02 a.m.

**2. Roll Call – Bonni Blouin**

Bonni Blouin, Coordinator of Board Services called roll and a quorum was established. The following Audit Committee members were present: Keith Gamble, Chair; Helen Carter; Kathy Sellers Johnson; and Stevie Smith, Ex-Officio. Supervisor Woody Ogé was also in attendance.

LCTCS staff attending the meeting included: Dr. Joe May, System President; Mr. Jim Henderson, Senior Vice President for Career and Technical Education; Ms. Jan Jackson, Senior Vice President for Finance and Administration; Allen Brown, Director, Internal Audit; John Paul Domiano, Internal Audit; and, Shannon Sedberry and Joel Watkins, Finance. Leo Hamilton, General Counsel, and Alanna Davis, Legislative Auditor's Office also attended the meeting.

**3. Projects Update – Allen Brown**

Allen Brown provided updates on projects currently being conducted by the Internal Auditor's office. The following projects were discussed:

- Review of bids and quotes are being conducted at every community college and LTC regions. Work has been completed at all regions, with the exception of Region 7 & 8. The review entails verifying bids and quotes with actual third parties to determine if they are legitimate. Field work has been completed for the community colleges and an entrance meeting has been scheduled with Baton Rouge Community College next week. No problems have been documented.
- Pathways Grants (federal and state). Project is near completion. Field work has been conducted. Reviews of SOWELA Technical Community College

(SOWELA) and River Parishes Community College (RPCC) have been completed with no real findings. Region VI has been reviewed and no problems have resulted. Baton Rouge Community College (BRCC) is in final review. Field work has been completed for Delgado Community College (DCC), but the review has not begun.

- BRCC Article – On October 31<sup>st</sup>, BRCC did not make payroll. A review was conducted to determine the cause of the error. It was determined that a change in payroll personnel occurred and the necessary procedure for completing and releasing payroll funds was not initiated. All employees were paid by paper checks and the college has committed to reimbursing any charges that may result from NSF fees. BRCC has instituted a procedure to eliminate future problems. Internal Audit recommended that a second person be assigned the responsibility of ensuring that payroll is submitted and completed.

Supervisor Johnson asked if this is something that could potentially be a problem for other campuses.

Mr. Brown responded that it could potentially be a problem and the issue would be discussed at the Chief Financial Officer's (CFO) meeting scheduled for Thursday, November 13<sup>th</sup>.

Committee members agreed that it should be a policy that all campuses have back-up for this critical responsibility.

Jan Jackson stated that only two other campuses process their own payroll - Delgado and Bossier Parish Community College (BPCC). The remaining campus payroll is processed through PeopleSoft at the System Office and several back-up levels exist for this function. She added that she would discuss the issue at the CFO meeting on Thursday.

- Vendors and who has capability to set up a vendor on the PeopleSoft system. The purpose of this review is to ensure that no individual has access and/or the ability to set up a vendor and submit a check request to a vendor to ensure that no improprieties for fraud exist.
- LTC Bank Reconciliations. A student has been hired with transition money to conduct bank reconciliations for the LTC.

#### **4. Pell Update for LTC for Fall 2008**

Mr. Brown distributed a report providing information on Fall 2008 Pell grant distribution amounts for LTC campuses. He reviewed the information and committee members discussed the report at length.

Mr. Henderson asked committee members to note the improvement realized from 11/5/07 to 11/5/08. He added that there were 2 operational issues that were uncovered by Ms. Phyllis Dupuis, Regional Director, and corrective actions are being taken to remedy the problem.

Mr. Henderson further stated that there was some confusion regarding the accounting process that resulted in a delay for closing out funds at one of the regions.

Committee members voiced their concern over the delay in distribution of Pell funds. Supervisor Johnson requested another Pell update in December to see if the funds have been distributed.

Dr. May commented that all the checks will be cut, and noted that the problem exists with the lateness of when the checks are cut. He noted that any real improvement will be evident in the Spring 2009.

Mr. Brown stated that he could provide an update at the end of the semester and another update in the Spring 2009.

#### **5. Update - Reporting Requirements for Board Members under New Ethics Laws**

Mr. Brown distributed a copy of the article from The Advocate and a copy of R.S. 42:1124.2.1 – Financial Disclosure. He stated that a recent vote of the Ethics Board resulted in a decision to require the reporting of percentage of ownership rather than the actual value of property owned when reporting information related to financial disclosure. He added that the ruling has to be approved by the Legislative Oversight Committee and a form still has not been created for this process.

Mr. Brown stated that he will mail a document to all board members stating new regulations/limits regarding meals consumed with potential buyers.

Dr. May asked everyone to be cognizant of the new regulations.

#### **6. Background Checks for New Employees – for discussion**

Mr. Brown stated that background checks are not conducted on prospective employees.

Dr. May stated that he felt background checks should be done.

Mr. Brown stated that the cost to conduct a background check is approximately \$50. He added that he will research the issue further and provide the information at the next Audit Committee meeting.

**OTHER BUSINESS**

Mr. Brown reported on a finding resulting from a review of internal control work at an LCTCS campus. He stated that the campus had a cash register in the cafeteria and receipts were discarded at the end of each day. Internal Audit recommended that receipts be kept and reconciled. As a result of the recommendation, the reporting of cafeteria funds increased from \$500 to \$9,000 for the fiscal year.

**There being no further business to come before the Audit Committee, on motion of Supervisor Johnson, seconded by Supervisor Smith, the Audit Committee adjourned at 8:50 a.m.**