

MINUTES

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

**November 8, 2006
8:00 a.m.**

**The Louisiana Building
Baton Rouge Community College
5310 Florida Blvd., Baton Rouge, Louisiana 70806
(Board Anti-Room)**

1. Call to Order by Committee Chair – John DeLaney

Chair John DeLaney called the meeting to order at 8:10 a.m. Bonni Blouin called roll and a quorum was established. The following Audit Committee members were in attendance: John DeLaney, Chair; Cleo Norris, Stevie Smith. (Supervisor Sellers Johnson arrived at 8:12 a.m. Supervisor Mellington arrived at 8:15 a.m.) Supervisor McHenry was also in attendance. Staffs present for the meeting were: Allen Brown, Director of Internal Audit; Alana Davis, Legislative Auditor; Howard Karlton, Director of Fiscal Affairs and Reba Poulson, Director-Perkins Program.

2. Update on Current Work – Allen Brown

Allen Brown noted that the initial plan for 2006 included a review of movable property in the System Office. He stated that this review has been completed. He added that follow-ups on all audits conducted in the last eighteen (18) months have also been completed. He reported that the System is still involved with FEMA but the campuses are moving forward.

a. LTC North Central Campus

Mr. Brown reported that an audit has been completed on the Louisiana Technical College North Central Campus in Farmerville, LA. A draft report has been submitted to Jim Henderson, Senior Vice President of Workforce Training and Development, to obtain responses from management in the region and the campus. Responses should be received from Mr. Henderson by the end of the week.

Mr. Brown reminded Committee members that the North Central Campus received a finding for having an employee confess to taking a student's check. The report has been finalized and the response from the campus is expected within the next couple of days.

b. LTC Acadian Campus

Mr. Brown reported on an issue at Louisiana Technical College Acadian Campus where a student employee was being paid by Workforce Investment Act (WIA) funds and has been cited for falsifying timesheets and receiving payment for hours that she did not work. A report has been issued and a meeting has been scheduled for Friday, November 10, 2006, with Chris Williams and Pat Meyers to finalize the report which will be submitted to WIA for further action.

Supervisor Smith questioned what actions would follow the report of these findings.

Mr. Brown responded that recommendations had been provided to each campus regarding what actions are needed to ensure that there is no reoccurrence of these findings. He reiterated that final reports on each of these campuses will be provided to members of the Board.

c. LTC Regions Work

Mr. Brown reported that work at the various regions has begun to review internal controls/processes within the new regions. He stated that work had begun in Region 4. A formal report will not be provided; instead, a meeting with management at each campus will be held to review recommendations.

Mr. Brown stated that due to limited staff, it will be impossible to visit every campus in each region, but the largest campus in each region will be visited and additional campuses that may be requested by Regional Directors. He added that no report will be submitted unless significant findings occur.

d. Elected Officials

Mr. Brown stated that a review of elected officials employed with the LCTCS is ongoing. He reported that there are approximately 21 LCTCS employees who also serve in an elected position. The scope of this work includes checking to make sure that no conflicts exist related to leave and to ensure that policies regarding outside employment are being followed.

e. Perkins

Mr. Brown stated that a review of Perkins funding is ongoing and is expected to be completed by the end of the year.

Supervisor Mellington questioned whether the Board of Elementary and Secondary Education (BESE) was also being audited for the distribution of Perkins funds.

Mr. Brown responded that when the funds are distributed to the school boards, private CPAs conduct the audits for the school boards under the Federal Single

Audit Act. If a finding occurs at the school board, BESE is responsible for following up. Mr. Brown added that he plans to schedule a meeting with BESE to talk about their procedures to ensure that proper follow-up is being conducted. He further stated that a Memorandum of Understanding between the LCTCS and BESE exists that spells out the responsibilities of BESE regarding the distribution of Perkins funds.

Ms. Reba Poulson reported that the LCTCS does receive reports from BESE on any findings that occur.

3. Report Distribution Survey

Mr. Brown reported that a “Report Distribution Survey” was recently conducted by Bonni Blouin with members of the Board asking their preference on how they would like to receive audit reports. He stated that not all Board members had responded to the survey and he would be attempting to meet with each board member to determine their preference for receiving the reports. He noted that Board members can receive all the reports by e-mail or regular mail, or they can receive a monthly summary prepared by the Internal Auditors Office. Board members present provided their preference for receiving the reports.

4. Other Business

Supervisor Smith questioned whether any outstanding issues/findings exist that are not being addressed or followed up on by the campuses. He mentioned the findings in some areas that were recently discussed regarding the large amount of movable property that was missing and questioned whether progress was being made on this issue.

Mr. Brown responded that campuses are being reminded that responsibility must be assigned to individuals who are responsible for movable property and a process must be implemented at each campus to ensure that all property is accounted for. Discussion among committee members followed.

Mr. Brown further stated that, by law, a report must be provided to the legislative auditor and the district attorney all known misappropriations and/or thefts. He added that, according to the law, they must have actual knowledge that the property was stolen.

Supervisor Norris asked what happens after a campus reports missing property.

Mr. Brown responded that once a campus makes a report to the Internal Audit Office, he in turn provides a report to the district attorney and legislative auditor. He stated that the Internal Auditor’s Office does not investigate or pursue what happens next. He further stated that the property is written off after three years if it is not located.

APPROVED MINUTES
AUDIT COMMITTEE MEETING – 11/8/06
APPROVED 12/13/06

Supervisor Mellington questioned whether a component exists with PeopleSoft that provides an account of property for each campus.

Mr. Brown responded that there is a statewide system called Protégé which catalogs all property with a value of \$1,000 or more. He reported that the law requires that all new property must be added to the system within sixty (60) days. He stated that a review of the System Office has been completed to ensure that all property has been marked and entered.

Supervisor Smith stated that a request had been made to include this factor in the yearly staff evaluations in an attempt to assign responsibility for movable property at the campuses.

Mr. Brown reported on the progress made at the Louisiana Technical College in relation to bank account reconciliations. He stated that Howard Karlton had taken over this process. He reported that the reports for July, August and September, 2006 had been received with no un-reconciled items. Howard Karlton was commended for the excellent job he has done in getting this issue resolved.

Mr. Brown reported that three positions are vacant in the Internal Auditor's Office – Manager's position, IT Auditors. He stated that they have received no viable applications and would continue to search to fill these positions.

Supervisor Johnson asked Mr. Brown to forward her the job descriptions for the positions.

Supervisor Dejoie asked if training was provided to the individuals responsible for property control at the various LCTCS campuses to ensure that the reporting process is clear.

Mr. Brown responded that auditors discuss the process with staff and free training for property reporting is provided by the State.

Supervisor Dejoie questioned whether it was possible to mandate that staff attend the training.

Mr. Brown responded that the Internal Auditor's Office did provide a required training session this past year in every region (except Delgado, Nunez and Region 1), on Board policies, ethics laws, etc. He added that training will be provided at Delgado, Nunez and Region 1 once all the campuses are back in full operation.

There being no further business to come before the Audit Committee, on motion of Supervisor Mellington, seconded by Supervisor Johnson, the Audit Committee adjourned at 8:44 a.m.