

Louisiana Community and Technical College System Audit Committee Meeting

June 9, 2010
8:00 a.m.

The Louisiana Building – Board Anteroom
Baton Rouge Community College
5310 Florida Blvd., Baton Rouge, Louisiana 70806

DRAFT MINUTES

1. Call to Order by Committee Chair – Keith Gamble

Supervisor Deni Grissette, 1st Vice Chair, Audit Committee, served as Chair of the Audit Committee meeting in Supervisor Keith Gamble's absence. Ms. Grissette called the meeting to order at 8:00 a.m.

2. Roll Call

Bonni Blouin, Coordinator of Board Services, called roll and a quorum was established.

Audit Committee members present:

Helen Bridges Carter; Deni Grissette, *Vice Chair*; Paul Price; Vincent St. Blanc, III; and, Stevie Smith, *Ex-Officio*. Supervisor Michael Murphy arrived to the meeting at 8:12 a.m.

Committee members absent: Keith Gamble

Other Board Members present for the meeting: Norwood (Woody) Ogé

LCTCS Staff present for the meeting: Dr. Joe May; Allen Brown; John Paul Domiano; Jan Jackson; Shannon Sedberry; Dr. Andrea Miller; Angele Ozoemelum; Rick Bateman; Dr. Monty Sullivan; Robert Bowsher, General Counsel for LCTCS; and, Christina Parker, Legislative Auditor.

3. Approval of Audit Plan for 2010-2011

Mr. Allen Brown, Director of Internal Audit, LCTCS, presented the proposed Audit Plan for 2010-2011. He reviewed the Required Projects and Recommendations listed and briefly discussed each. A handout was distributed.

INTERNAL AUDIT PLAN FOR 2010-2011

Required Projects:

1. Elected Officials

Mr. Brown stated that currently there are nineteen (19) elected officials working for the LCTCS – 2 are state legislators. He stated that no findings had occurred from the audit.

2. Perkins fiscal monitoring (Federal regulations)

Mr. Brown stated that Perkins fiscal monitoring is required by the Perkins program and is conducted each year. He noted that any findings over the past two years have been minor.

Recommendations:

Mr. Brown stated that the recommendations presented come from Audit staff and individuals in the System Office. He added that the focus for 2010-2011 fiscal year will be on areas that have not been previously audited or on areas that were previously audited and had findings.

Mr. Brown noted that for each suggested project, a sampling of colleges/campuses would be used. He added that the election of colleges/campuses will be made by the Director of Internal Audit and staff, along with any recommendations from the Audit Committee. He stated that audit procedures for various items may also include the System Office.

1. Follow-up on Prior Audits as necessary

Mr. Brown stated that follow-ups will be conducted on prior audits, if necessary, to ensure that schools have completed the necessary work to correct the audit finding.

2. Rapid Response Funds

a. Fiscal years 2009 and 2010

Mr. Brown noted that the Rapid Response Funds have never been audited and they would audit these funds to determine how the funds are being used. He noted that the LCTCS Board is responsible for these funds and Dr. May serves on the committee that sets up the strategic plan on how the funds will be used. The committee spokesperson reports to the Board of Regents each year.

3. Contracts

a. Contracting in Compliance with Applicable Laws

b. Contractor Performance

Mr. Brown stated they will review contracting in compliance with applicable laws in the State of Louisiana and some form of performance with the individuals who handle the contracts.

4. Bank Reconciliations

a. Review to ensure that Reconciliations are being done timely

Mr. Brown noted that bank reconciliations have been conducted with the Louisiana Technical College (LTC) for the past two (2) years. The audit will be conducted to ensure that the reconciliations are being performed and they are being completed correctly.

b. Review of the Reconciliation Process

Mr. Brown stated that an audit will be performed to ensure that the person conducting the bank reconciliation does not have any responsibility for spending money.

5. Information Technology

a. Termination Dates VS. Access Deletion Dates

Mr. Brown stated that an audit will be conducted to determine whether computer access has been terminated with the termination of an employee.

b. Other areas related to IT as may be determined appropriate

Mr. Brown stated that there will be additional audits related to IT but the final determination has not been made.

6. Student Organizations

a. Identify what Student Organizations are Affiliated with all of our Colleges

b. Review as to Compliance with Board Policy and Appropriate Controls Related to Fiscal Matters

Mr. Brown stated that a couple of problems recently arose regarding LCTCS student organizations. An audit will be conducted to determine whether or not the student organizations are following all the Board policies. He noted that an Attorney General opinion exists that states that if a faculty/staff member is assigned to serve as a sponsor to a student organization and has any responsibility for money, the school may be held liable for the funds. He added that all student organizations are encouraged to process funds through the school account to ensure that the money is controlled and accounted for.

Dr. May questioned whether or not student organizations have to fully comply with State purchasing requirements.

Mr. Brown stated that, according to General Counsel, the SGA must follow the purchasing procedures of the campus, but it is the organization's money and they can use it as they see fit.

7. Special projects as Required

Mr. Brown noted that the Audit Plan is shorter this year due to the removal of the requirement for student data. He stated that S.B. 493, which will eliminate the requirement for student data, will be debated tomorrow by the legislature.

On motion of Supervisor Smith, seconded by Supervisor St. Blanc, the Audit Plan for Fiscal Year 2010-2011 was approved. The motion carried.

4. SOWELA – Update on Legislative Audit for FYE 6/30/09

Mr. Brown stated that he attended the exit meeting with the Legislature Auditor on June 7, 2010, along with Dr. Andrea Miller, Chancellor, SOWELA Technical Community College (SOWELA). SOWELA will receive a clean opinion on their financial statements from the Legislative Auditor and will be able to move forward with the Southern Association of Colleges and Schools (SACS) accreditation process.

Dr. Miller provided comments and stated that Allen, Greene & Williamson, an accounting firm, will be working with the college moving forward.

5. Update on Prior Audits

Mr. Brown provided updates on prior audits. He stated that he and his staff, met with Mr. Daley, District Attorney, to discuss the issue regarding the individual who was selling tests to students, and they later received a call from the Assistant District Attorney stating that they do plan to take action. It is not clear at this time what action will be taken.

Supervisor Ogé asked whether the System offered a formalized ethics course that could be provided to the instructors and/or administrators.

Mr. Brown responded that he had provided a 2-hour ethics training to campuses approximately three (3) years ago, and plans to provide training again later this year on ethics laws and other areas where problems may exist.

Mr. Brown provided an update on the LTC-Gulf Area Campus finding involving the Medical Assistance Community Services organization. He noted that there was a student organization of Certified Nursing Assistants (CNAs) that held fundraisers in 2009-2010 for St. Jude's, but few records/receipts could be found. Funds were kept in an envelope by a faculty sponsor and no bank account existed. An audit was conducted and the faculty advisor admitted to co-mingling the

fundraiser funds with her personal funds and she admitted to using some of the funds for her personal business. She agreed to repay \$1155. There was also a vendor with an outstanding balance of \$816.00 – she paid the \$816.00 to the vendor. The employee has been terminated and the organization and school will determine what to do with the money. It would be Mr. Brown's recommendation that they send the money to St. Jude.

Supervisor Murphy questioned whether a policy exists addressing the solicitation of funds in the name of the institution.

Mr. Brown responded that the Student Government Association (SGA) has very firm policies regarding this issue that states they must have a faculty sponsor.

Mr. Murphy stressed that there needs to be an administrative procedure at each campus level.

Dr. May stated that this is a campus issue and should be handled at the campus level.

Mr. Brown further stated that six students provided signed statements that the same instructor in question submitted passing grades to students who had only received 8-20 credit hours of 80 required hours. Mr. Brown added that a copy of the report was sent to District Attorney Harson for his consideration.

Mr. Brown discussed another incident in which the Inspector General issued a report on May 5, 2010, reporting that four (4) individuals held two (2) full time state jobs, which is a violation of state law. He stated that 3 of the 4 individuals work with the LCTCS – one at Baton Rouge Community College, 2 employees were employed at Delgado Community College. The individual at Baton Rouge Community College was called in and the forms were reviewed and it was determined that there were discrepancies in the documents and she was terminated. The two employees from Delgado Community were nursing instructors and working for the LSU hospital in New Orleans full time. The issue was resolved by having the two instructors hired as part-time adjuncts.

Supervisor Smith questioned the status of the performance audit legislation. Dr. May responded that he felt the bill will pass, but the state auditor has indicated that he will only focus on higher education for the upcoming year.

6. Adjournment

There being no further business to come before the Audit Committee, on motion of Supervisor Carter, seconded by Supervisor Smith, the Audit Committee adjourned at 8:43 a.m.