

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

**Wednesday, June 13, 2012
8:00 am**

MINUTES

Board Supervisor Keith Gamble, Chair, Audit Committee, was unable to attend the meeting. Board Supervisor Deni Grissette, Vice Chair, Audit Committee, convened the meeting.

1. Call to Order by Committee Chair

Board Supervisor Deni Grissette, Vice Chair, Audit Committee, called the meeting to order at 8:00 a.m.

2. Roll Call

Bonni Blouin, Coordinator of Board Services, called roll to establish a quorum. The following Audit Committee members were in attendance: Helen Bridges Carter; Deni Grissette, Vice Chair; Michael Murphy; Paul Price; Stevie Smith; and, Vincent St. Blanc, III, ex-officio.

Also in attendance were the following Board members: Robert Brown; Brett Mellington; Norwood “Woody” Ogé; Stevie Smith; Scott Terrill; and, Stevie Toups.

LCTCS staff present for the meeting included: Dr. Joe May; John Paul Domiano; Jan Jackson; Dr. Derrick Manns; Kyle Michelli; Shannon Sedberry; Dr. Monty Sullivan; and, Dr. Jerry Ryan. Mr. Leo Hamilton, General Counsel for the LCTCS was also present.

Guests present for the meeting included: Dr. Andrea Miller; Debra Lea, Jimmy Eagan and Pam Diez.

3. Approval of the 2012 – 2013 Audit Plan

John Paul Domiano, Director of Internal Audit, presented the 2012-2013 Audit Plan for consideration of the Audit Committee. He noted that the first three items listed are annual projects and he reviewed each of the proposed projects with the Committee.

Recommended Projects for 2012-2013 Fiscal Year:

1. Carl Perkins Fiscal & Program Monitoring
 - Required by federal guidelines
2. Elected Officials
 - Review of compliance with Board policies. Mr. Domiano noted that currently the LCTCS employs 16 elected officials.

3. Adult Education
 - Fiscal monitoring. Required by federal guidelines.
4. Foundations
 - Review of colleges' documentation to support the in kind contributions provided to their affiliated foundations
5. Cash Controls
 - Review of controls regarding the collection and depositing of tuition and fees at various colleges
6. Continuous Auditing
 - Design and implement automated and recurring Banner reports that will identify exceptions to existing controls.
7. Follow up on prior year work – only as determined necessary
8. Special projects as may be requested – Mr. Domiano noted that last year 12 audit reports resulted from special projects and took up approximately 30% of the Internal Auditor's Office time.

On motion of Supervisor Price, seconded by Supervisor Carter, the Audit Committee approved the proposed 2012-2013 Audit Plan as presented. The motion carried.

4. BRCC – Legislative Auditor Report

Mr. Domiano stated that a Legislative Audit Report was issued on Baton Rouge Community College (BRCC) on March 21, 2012. He noted that the procedures were performed on Fiscal Year 2011 and several issues were noted:

- i. The first issue was that BRCC had not reported 44 stolen items with a value of \$14,000 as required by LCTCS policy and state law. These items had been stolen between December 2006 and May 2011. LCTCS policy requires that stolen items are reported to internal audit. Internal audit then reports the stolen items to the district attorney and legislative auditor as required by law.
- ii. BRCC delivered 27 pieces of computer equipment including 10 laptops valued at \$15,447 to a nonprofit organization without the authority to do so. BRCC management stated that the computer equipment was delivered to the nonprofit organization in error, but the college was unable to retrieve the equipment because the nonprofit had recycled the equipment.
- iii. BRCC did not timely enter 34 items into the state's property tracking system, including 12 weapons. BRCC management informed Internal Audit that all 34 property items, including the 12 weapons, are and have continuously been under the control of the college. This was just an issue with BRCC not entering the property into the state tracking system.
- iv. Students who may have been eligible for hardship waivers of the academic excellence and operational fees were not informed of those waivers and were

therefore not afforded the opportunity to receive this assistance. BRCC has edited their hardship waiver policy to address the concerns noted in the audit.

- v. Legislative auditors also noted in their report the LCTCS internal audit report related to the BRCC Athletic Program. These issues were discussed at the last Audit Committee meeting in December.

Supervisor Murphy questioned whether the individual who authorized the donation to the non-profit had been identified.

Pam Diez responded that a BRCC Facilities staff person mistakenly delivered the surplus equipment to a non-profit organization which is located directly next to the Louisiana Property Assistance Association (LPAA). She noted that the property manager discovered the error the next day and contacted the non-profit and was informed that the equipment had already been dismantled and recycled. She stated that the required BF-11 form authorizing the surplus was obtained but the equipment was just delivered to the wrong place. She noted that procedures have been put in place to ensure that this does not reoccur.

Supervisor Mellington questioned the procedures for inputting property purchased by the college into the system.

Mr. Domiano stated that not all property purchased by the college would be required to be entered into the system. Property valued at less than \$1000.00 is not normally required to be entered into the system but all firearms should be inventoried.

Ms. Diez stated that the Property Control Coordinator is responsible for the inventory but she also has other duties and responsibilities and in this case, she was neglectful of the property control. She added that the employee is now only responsible for property control.

Supervisor Brown questioned whether training was provided to ensure that the individual is properly trained for this responsibility.

Ms. Diez responded that the LPAA conducts training and internal training is provided by BRCC as well.

Chancellor Miller stated that she has found instances where a policy exists but internal procedures are not associated with the policy. She stated that they have reviewed the policies to ensure that policies and procedures are included to make sure that employees understand the process.

Ms. Diez added that as part of their policy/procedure review, college staff identified that the weapons had not been entered into the system, prior to the finding by the Legislative Auditors.

5. Delgado – Bursar's Office

Mr. Domiano stated that Delgado Community College (Delgado) has a program called the Dolphin Card program that allows students to put money on their student ID card and then use that card as a debit card at various vendors located at Delgado. One of the ways that students put money on their ID cards is by going to a Dolphin card machine and inserting cash into the machine. He noted that the former bursar at Delgado was responsible for collecting the cash out of these machines and then ensuring that the cash was deposited into Delgado's account. The Internal Auditor's Office reviewed reports from the dolphin card machines that showed how much cash the machines had collected and then compared these reports to the amount of cash deposited and noted that from May 10, 2008 through July 31, 2011, \$11,851 were missing.

Mr. Domiano stated that the former bursar resigned on October 26, 2011. A comparison was conducted on the dolphin card machine reports to the cash deposited into Delgado's bank account for the time frame after the former bursar was no longer responsible for cash collections and no differences were noted. He stated that a key is required to get into the cash box located inside each Dolphin Card Machine and according to Delgado, the former bursar was the only person who was assigned the keys, but the college did not have any documentation to support this. He added that there is a third party vendor who manages the machines. The third party vendor stated that Delgado has the only key to the cash box. This third party vendor was the same vendor when the former bursar was there and after she left.

Mr. Domiano stated that the Internal Auditor's Office has spoken with the DA's office in New Orleans and will be bringing them the information regarding this investigation.

Supervisor Mellington questioned whether a requirement was in place for two people to be present when the cash was removed from the machine. He noted that this is standard banking procedure.

Mr. Domiano stated that the processes are now in place to keep this issue from reoccurring in the future. He added that Delgado is also working on a process to reconcile their books to the balances on the cards.

Dr. May stated that any time criminal action is suspected it is reported to the District Attorney's Office.

Mr. Domiano stated that two attempts have been made to contact the former bursar.

Supervisor St. Blanc recommended that the contact be made through the District Attorney's Office.

6. South Louisiana Community College – Dual Employment

Mr. Domiano stated that the Internal Auditor's Office received an allegation that an instructor at South Louisiana Community College (SLCC) also had a full time job at

Nicholls State University. He stated that having two full time jobs in state government is a violation of Louisiana statute. He noted that the violation was remedied by the instructor resigning from Nicholls.

Mr. Domiano stated that the Internal Auditor's Office looked to make sure that the instructor was not performing work for Nicholls while on the clock at SLCC and did not find any evidence that the instructor was performing work for Nicholls State University on SLCC's time.

7. Perkins Fiscal and Programmatic Monitoring

Mr. Domiano stated that the Internal Auditor's Office is currently working on Perkins Fiscal and Programmatic Monitoring and will begin to issue reports within a month. He noted that only minimal issues have been determined so far.

Mr. Domiano commended the Perkins fiscal and programmatic staff, Jimmy Sawtelle and his group, for the time spent providing training to employees responsible for monitoring the Perkins program.

8. Adult Education Fiscal Monitoring

Mr. Domiano stated that this is the first year that the Adult Education Fiscal monitoring has taken place. He noted that the Adult Education grant is administered through the WorkReady U department and the grant goes to many agencies outside of LCTCS. He noted that this was the first year of conducting the fiscal monitoring and 1 LCTCS college, 3 not for profit organizations, and 2 school boards located in the State of Louisiana were reviewed. He stated that the LCTCS college had no findings. He reported on the types of issues that were noted at a not-for profit and a school board:

- i. A school board and a not-for-profit that did not complete required time and effort forms
- ii. A school board had purchased some equipment for multiple purposes and paid for the equipment entirely with Adult Ed funds. The school board should have paid for the equipment with both Adult Ed and non-Adult Ed funds, so we questioned about \$800 of those expenses. The school board will be working with the Interim Director of WorkReady to remedy this issue.

9. Current Work

Mr. Domiano stated that current work being conducted through the Internal Auditor's Office includes the reviewing of the EFT process at the System Office and at selected colleges. He noted that the purpose of this project is to make sure controls are in place regarding state funds being electronically taken from bank accounts. He stated that they will be working with the banks to determine who has access and what controls are in place to ensure that at least two people are required to touch the system before the monies leave the bank account.

Supervisor Mellington questioned whether a policy exists that mandates two people be involved any time money is involved. He stated that this should be a policy included in the policies and procedures for the colleges and questioned whether this would be part of the audit.

Mr. Domiano stated currently the plan is to review what the bank physically allows but they could incorporate the review of procedures.

Supervisor Brown stated that the System should require this in the agreement with every bank that the System has a relationship with.

Mr. Domiano added that the Internal Auditor's Office will also be conducting a review of elected officials. He noted that this year there are 16 total elected officials employed with the LCTCS and noted that no issues have been determined so far.

10. Adjournment

There being no further business to come before the Audit Committee, on motion of Supervisor Price, seconded by Supervisor Ogé, the Audit Committee adjourned at 8:47 a.m.