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March 12, 2014 Audit Committee Minutes as Approved June 11, 2014

LOUISIANA COMMUNITY & TECHNICAL COLLEGE SYSTEM

LCTCS Board of Supervisors Audit Committee Meeting
Baton Rouge Community College, Louisiana Building
Board Anteroom

March 12, 2014

8:00 a.m.

MINUTES

1. Call to Order

Board Supervisor Keith Gamble, Chair, Audit Committee, called the meeting to order at 8:06 a.m.

2. Roll Call

Sara Landreneau Kleinpeter, Coordinator of Board Services, called roll. The following Audit Committee members were in attendance: Keith Gamble, Chair; Deni Grissette, Vice Chair; Helen Bridges Carter; Steve Hemperley; Willie Mount; and, Michael Murphy, ex officio. Other Board members present for the meeting included Woody Oge, Bob Brown, Frank Russell, Vincent St. Blanc III, Craig Spohn, and Stevie Toups. LCTCS staff present for the meeting included: Michael Redmond, Director of Internal Audit; Jan Jackson; Shannon Sedberry, Dr. Neil Matkin, Joe Marin, Sara Landreneau Kleinpeter, Coordinator of Board Services. Bossier Parish Community College Chancellor Jim Henderson and Leo Hamilton, Board Legal Counsel, were also in attendance.

3. Approval of Minutes from December 11, 2013 Meeting

On motion of Supervisor Grissette, seconded by Supervisor Carter, the Board voted to approve the minutes of the December 11, 2013 meeting as presented. The motion carried.

4. Significant Reports and Current Projects

Mr. Redmond thanked the members for being in attendance. He briefed the Committee on significant reports issued and projects that are currently being worked on. He reviewed the draft report of an audit conducted at the request of the Board of the fiscal year 2012-2013 at Bossier Parish Community College. The audit focused on the cash flow status within the budget at BPCC. The audit found a negative cash flow at the end of 2012-2013, due to budget adjustments mid-year. It is projected that BPCC will have a cash flow deficit at the end of the current year 2013-2014. At its current rate, BPCC will have a cash flow shortage by the third payroll of April 2014, resulting in a negative \$403,000. Without intervention, the cash flow shortage will grow to a negative \$3.7 million at end of fiscal year. It is anticipated that in 2014-2015, the college will meet the requirements of the grad act and will be eligible to increase tuition by 10%, with a continued growth in enrollment. Past inequities will likely be corrected at the statewide level for 2014-2015. BPCC also believes it

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will be eligible for WISE Program Funding. The outlook for 2014-2015 is positive for BPCC. The report recommends that the System Office be authorized to work with the college to assist in helping the college to end the 2013-2014 fiscal year in a positive financial situation.

LCTCS President Monty Sullivan outlined the board item that will assist colleges in ending the fiscal year with a positive fiscal outlook. BPCC is the least funded institution in the State of Louisiana. BPCC has responded to the needs of the workforce in the area in training qualified employees while it continues to be underfunded by the state higher education budget. Dr. Sullivan noted that the System Office will begin to prepare a fiscal health index by quarter for the Board. Dr. Sullivan would like the Board to know the status and outlook of the financial status of each of the colleges within the LCTCS.

BPCC Chancellor Jim Henderson addressed the board and thanked them for their concern for cash flow concerns at BPCC. Dr. Henderson explained that it is an issue that he has been concerned about for a number of years and has worked hard to eliminate the problem. BPCC has worked closely with the system office to develop a plan that was not immediately executed.

5. Preview of Upcoming Projects

Mr. Redmond stated that the audit staff is beginning its annual Perkins Fiscal Monitoring, as well as a review of fiscal controls and cash control monitoring throughout the system. In addition, the audit staff will continue to finalize the 2014-2015 risk assessment and audit plan.

6. Questions and/or Other Business

Mr. Redmond noted the next Audit Committee meeting will be held on June 11, 2014.

Supervisor Oge asked when the first quarterly fiscal monitoring report would be available for review. Dr. Sullivan noted that the plan will include the following information in a five column format: college name, starting reserve, revenue by quarter, expenditures by quarter, and projected reserves at the end of the year. The report will include a red flag noting issues that are of concern to the board.

Supervisor Toups thanked Dr. Sullivan for his effort to keep the Board apprised of the financial status of the colleges.

7. Adjournment

On motion of Supervisor Mount, seconded by Supervisor Oge, the Audit Committee adjourned at 8:46 a.m.