

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

June 12, 2013
8:00 a.m.

MINUTES AS APPROVED ON DECEMBER 11, 2013

1. Call to Order

Board Supervisor Keith Gamble, Chair, Audit Committee, called the meeting to order at 8:00 a.m.

2. Roll Call

Bonni Blouin, Coordinator of Board Services, called roll. The following Audit Committee members were in attendance: Keith Gamble, Chair; Helen Bridges Carter; Deni Grissette, Vice Chair; Woody Ogé; Paul Price; and, Michael Murphy, ex officio. Other Board members present for the meeting included Bob Brown, Brett Mellington and Stevie Toups. LCTCS staff present for the meeting included: Michael Redmond, Director of Internal Audit; Jeff Fleming; Dr. Joe May, System President; Jan Jackson, Senior Vice President of Finance and Administration; Shannon Sedberry, Director of Fiscal Affairs; and, Bonni Blouin, Coordinator of Board Services.

3. Significant Reports and Current Projects

Mr. Redmond briefed the Committee on significant reports issued and projects that are currently being worked on. He stated that, since the last Audit Committee meeting, three reports have been issued by the Internal Auditor's Office. The reports were Perkins follow-up reports. He noted that in all three cases, no significant issues were reported. He stated that field work conducted over the last two months has focused on current Perkins work. He reported that six colleges were visited and a review of current year transactions was conducted. He noted that the findings are under review and expects the final reports to be issued within the next few weeks. He commented that there were no major findings.

Mr. Redmond updated the Committee on the progress on the Quality Assurance Review (QAR). He noted that the QAR is conducted every five years to internal audit departments to ensure quality, compliance and that standards are being followed. He stated that, due to the lack of staffing in the Internal Auditor's Office and work taking place in the field, progress has been limited on the review. He added that, with additional staffing in place, he hoped to make more progress on the QAR in the next quarter.

4. Presentation of Audit Plan for Fiscal 2013-2014 and Risk Assessment Memo

Mr. Redmond reviewed the Annual Audit Plan and Risk Assessment Memo for Fiscal Year 2013-2014. A printed copy of the report was distributed to Committee members.

Mr. Redmond stated that each year a Risk Assessment Memo is prepared. He noted that the Annual Audit Plan is based on the Risk Assessment Memo. He added that the Risk Assessment Memo is prepared based on analysis received from several sources:

- Input received from questionnaires submitted to LCTCS Board of Supervisors, LCTCS senior staff, chancellors, directors and various department heads requesting input on issues that may need to be reviewed by Internal Audit, e.g., processes and/or policies to be reviewed.
- Analysis of findings of outside auditors (Legislative auditors, Board of Regents auditors, US Department of Education auditors and others)
- Analysis of special projects over the last five years
- Discussions with senior LCTCS staff

Mr. Redmond discussed the following matters, occurring during the 2012-2013 fiscal year and other recent years, that raise the concern of Internal Audit with regard to risk:

- Budget reductions resulting in reductions in force by means of retirement, layoff and/or attrition
- College mergers resulting in the combination of institutional cultures, job functions, academic programs and fee structures
- The implementation of Banner Financials, Student Information and Human Resources
- The identification of data provided by various colleges in support of GRAD Act requirements as insufficiently reliable
- The identification of data provided by various colleges in support of Perkins reporting as inaccurate
- The identified lack of policies or inefficient enforcement of policies resulting in the possibility of loss of LCTCS resources
- The Affordable Care Act signed into law in 2012-2013 and effective during 2013-2014

Mr. Redmond emphasized that none of the issues listed means that things are happening, only that it could happen because they are risks. He stated that the risks are identified for each of the issues listed and what the ramifications might be and controls that could be implemented. He added that Internal Audit has rated each of the risks as High, Medium or Low and indicated what the impact would be (High, Medium or Low).

Mr. Redmond stated that the Internal Audit Plan for 2013-2014 was based upon the Risk Analysis. He reviewed the plan with the Committee. He noted that the plan is premised on having approved staff hires in place for the beginning of the fiscal year. He added that the plan is presented in four categories.

Audit Plan for Fiscal Year 2013-2014

Monitoring – 30%

- Perkins Fiscal, Programmatic and Civil Rights Monitoring
- Adult Education Fiscal Monitoring

Assurance Services – 25%

- Student Data
- Student Grades
- Affordable Care Act
- Follow up on Prior Year Reports

Consulting Services – 25%

- Internal Controls Documentation
 - Cash Handling
 - Purchasing
 - Travel

Special Projects – 20%

- As requested

On motion of Supervisor Carter, seconded by Supervisor Grissette, the Audit Committee approved the Audit Plan for Fiscal Year 2013-2014 as submitted. The motion carried.

5. Department Status

Mr. Redmond introduced Mr. Jeff Fleming. Mr. Redmond stated that he has recommend Jeff Fleming for the position of Internal Audit Manager, effective July 1st. He added that he is currently receiving applications for three additional staff positions – two that were previously vacant and one that will become vacant upon Mr. Fleming’s promotion to Manager. He noted that finalists have been identified for the positions and he hopes to hire for July 1st.

6. Questions and/or Other Business

None presented.

7. Adjournment

On motion of Supervisor Price, seconded by Supervisor Grissette, the Audit Committee adjourned at 8:37 a.m.