

# Internal Control and Compliance Assessment

## Legislative Joint Auditing Committee

### Educational Institutions Financial and Compliance Audit Section

## Crowley's Ridge Technical Institute

June 30, 2017

### INTRODUCTION

This report is issued to inform the Legislative Joint Auditing Committee of compliance with state fiscal laws and regulations as well as deficiencies in internal controls for the Crowley's Ridge Technical Institute. As discussed in the Results of Assessment section below, our procedures disclosed unaccounted for funds as the result of internal control deficiencies.

### SCOPE AND METHODOLOGY

We performed an internal control and compliance assessment of the Crowley's Ridge Technical Institute, a technical institute of the State of Arkansas, as of and for the year ended June 30, 2017, and have issued our report dated October 19, 2017. Management of the Crowley's Ridge Technical Institute is responsible for establishing and maintaining internal controls and complying with applicable laws and regulations. Crowley's Ridge Technical Institute was merged with East Arkansas Community College (EACC) effective August 1, 2017.

The assessment included cash on deposit, cash receipts, accounts receivable, investments, inventories, expenditures, liabilities, capital assets, and data entry to the Arkansas Administrative Statewide Information System (AASIS). The assessment consisted principally of inquiries, observations, analytical procedures, and selected tests of internal control policies and procedures, accounting records, and other relevant documents. We relied on financial data in AASIS recorded by the Crowley's Ridge Technical Institute. The methodology used in conducting this assessment was developed uniquely for this engagement and, therefore, was more limited in scope than an audit or attestation engagement performed in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States.

### RESULTS OF ASSESSMENT

Assessment procedures disclosed the following unaccounted for funds as a result of internal control deficiencies that was discussed with East Arkansas Community College officials during the assessment and at the exit conference.

*The Institute issued 13 checks totaling \$16,943 to a non-employee, who then cashed the checks, from its Student Organization (SO) account in February 2017. According to office personnel, due to a pending merger between the Institute and another entity, the Interim President requested these checks be issued and cashed so funds would be removed from the SO account and available for students to attend a conference. Also, donations of \$808 were not deposited in the SO account, resulting in \$17,751 of cash to be undocumented as to its disposition. Of this amount, \$14,731 was returned to the Institute by the non-employee and redeposited into the SO account, \$1,497 was properly documented as used by professors and students attending a conference, and \$1,523 remains unaccounted for.*

*Management (East Arkansas Community College) Response:* This reportable finding resulted from the actions of an agency official (previous interim Institute Director) whose employment with Crowley's Ridge Technical Institute (CRTI) ended on July 31, 2017 in conjunction with Legislative Act 636 of 2017. Going forward, EACC management will ensure that all agency funds are managed in compliance with all applicable state and federal regulations, including Generally Accepted Accounting Principles concerning cash disbursements, cash controls, adequate separation of duties, administrative oversight, and supporting documentation for all transactions, and in accordance with all applicable institutional board and administrative financial policies and procedures.

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