LAKEWOOD COMMUNITY COLLEGE
FINANCIAL AUDIT
FOR THE THREE YEARS ENDED JUNE 30, 1991

DECEMBER 1992

Financial Audit Division
Office of the Legislative Auditor
State of Minnesota

92-86

Centennial Office Building, Saint Paul, MN 55155 ● 612/296-4708

LAKEWOOD COMMUNITY COLLEGE

FINANCIAL AUDIT
FOR THE THREE YEARS ENDED JUNE 30, 1991

Public Release Date: December 23, 1992 No. 92-86

OBJECTIVES:

- EVALUATE INTERNAL CONTROL STRUCTURE: Tuition and fee revenues, federal revenues and cash management, bookstore revenues, employee payroll expenditures, and federal financial aid expenditures.
- TEST COMPLIANCE WITH CERTAIN FINANCE-RELATED LEGAL PROVISIONS.

CONCLUSIONS:

We found nine areas where the internal control structure needed improvement:

- Lakewood Community College does not sufficiently control its biweekly payroll transactions.
- The college does not maintain accurate employee leave records.
- The college does not always properly support payroll expense transfer calculations.
- The college does not adequately control access to the student information system.
- The college is not adequately pursuing unpaid tuition balances.
- The college needs to improve controls over continuing education revenue.
- The college needs to improve cash management over the federal grant and college work study programs.
- The college has inadequate controls over bookstore revenue.
- The college does not adequately control unpaid bookstore receivables.

We found two areas where the college had not complied with finance-related legal provisions:

- Lakewood Community College has not complied with certain biweekly payroll transaction requirements.
- The college has not complied with federal cash management regulations for its federal grant and college work study programs.

Contact the Financial Audit Division for additional information.

FINANCIAL AUDIT DIVISION

STATE OF MINNESOTA
OFFICE OF THE LEGISLATIVE AUDITOR
CENTENNIAL BUILDING, ST. PAUL, MN 55155 • 612/296-4708
JAMES R. NOBLES, LEGISLATIVE AUDITOR

Representative Ann Rest, Chair
Legislative Audit Commission

Members of the Legislative Audit Commission

Dr. Geraldine Evans, Chancellor
Community College System

Members of the Community College Board

Dr. Neil Christenson, President
Lakewood Community College

Audit Scope

We have conducted a financial related audit of Lakewood Community College as of and for the three years ended June 30, 1991. Our audit was limited to only that portion of the State of Minnesota financial activities attributable to the transactions of Lakewood Community College, as discussed in the Introduction. We have also made a study and evaluation of the internal control structure of Lakewood Community College in effect as of January 1992.

We conducted our audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial activities attributable to the transaction of Lakewood Community College are free of material misstatements.

As part of our study and evaluation of the internal control structure, we performed tests of Lakewood Community College's compliance with certain provisions of laws, regulations, contracts, and grants. However, our objective was not to provide an opinion on overall compliance with such provisions.

Federal Financial Aid

We performed tests on Lakewood Community College's federal financial aid programs in conjunction with our statewide audits of the State of Minnesota's annual financial statements and federal programs. We issued three separate management letters to the Community College System concerning federal financial aid during the audit period. They were dated April 26, 1990, May 3, 1991, and April 29, 1992 and covered fiscal years 1989, 1990, and 1991 respectively.

All three systemwide management letters indicated that Lakewood Community College's satisfactory academic progress policy was inadequate. The fiscal year 1991 management letter contained one additional finding related to Lakewood Community College. The finding indicated that the college did not comply with financial aid transcript requirements.

Management Responsibilities

The management of Lakewood Community College is responsible for establishing and maintaining an internal control structure. This responsibility includes compliance with applicable laws, regulations, contracts, and grants. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that:

- assets are safeguarded against loss from unauthorized use or disposition;
- transactions are executed in accordance with applicable legal and regulatory provisions, as well as management's authorization; and
- transactions are recorded properly on the statewide accounting system in accordance with Department of Finance policies and procedures.

Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

Internal Control Structure

For purposes of this report, we have classified the significant internal control structure policies and procedures in the following categories:

- tuition and fee revenues,
- federal revenues,
- bookstore revenues,
- employee payroll expenditures, and
- federal financial aid expenditures.

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk.

Conclusions

Our study and evaluation disclosed the conditions discussed in findings 1 to 9 involving the internal control structure of Lakewood Community College. We consider these conditions to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data.

A material weakness is a reportable condition in which the design or operation of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial activities being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We believe finding 1 of the reportable conditions described above is a material weakness.

We also noted other matters involving the internal control structure and its operation that we reported to the management of Lakewood Community College at a meeting held on November 25, 1992.

The results of our tests indicate that, except for the issues discussed in the federal financial aid paragraph, and in findings 1 and 7, with respect to the items tested, Lakewood Community College complied, in all material respects, with the provisions referred to in the audit scope paragraphs. With respect to items not tested, nothing came to our attention that caused us to believe that Lakewood Community College had not complied, in all material respects, with those provisions.

This report is intended for the information of the Legislative Audit Commission and management of Lakewood Community College. This restriction is not intended to limit the distribution of this report, which was released as a public document on December 23, 1992.

Representative Ann Rest, Chair
Members of the Legislative Audit Commission
Dr. Geraldine Evans, Chancellor
Members of the Community College Board
Dr. Neil Christenson, President

We thank the Lakewood Community College staff for their cooperation during this audit.

James R. Nobles	John Asmussen, CPA
Legislative Auditor	Deputy Legislative Auditor

End of Fieldwork: April 3, 1992

Report Signed On: December 17, 1992

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Audit Participation

The following members of the Office of the Legislative Auditor prepared this report:

John Asmussen, CPA	Deputy Legislative Auditor
Jeanine Leifeld, CPA	Audit Manager
Brad White, CPA	Auditor-In-Charge
Rhonda Regnier, CPA	Auditor
Christina Weiss	Auditor

Exit Conference

The findings and recommendations in this report were discussed with the following officials of Lakewood Community College at an exit conference on November 25, 1992:

Neil Christenson	President
Willie Nesbit	Dean of Student Services
Ron Leatherbarrow	Dean of Academic Affairs
Elnore Slette	Nursing Director
Dave Godderz	Associate Dean of Technical Sciences
Gail Westby	Director of Community Relations
Larry Miller	Director of Institutional Services
Betty Mayer	Personnel Director
Marie Peterson	Business Office Supervisor
Joan Hanson	Registrar
Gary Langer	Director of Student Success
Karen Larson	Bookstore Manager
Marvin Cohan	Director of Financial Aid
Mary Ann O'Brien	Director of Services to Business/Development

Introduction

Lakewood Community College is under the management and control of the Minnesota State Board for Community Colleges and the immediate supervision of the college president. Dr. Jerry Owens served as president of Lakewood Community College until November 1991. Dr. Carl Gerber was interim president from November 12, 1991 to January 13, 1992. Dr. Neil Christenson is the current college president.

Operations of the college are financed mainly by student tuition and fees, and state appropriations from the General Fund. Instructional and operating activities are accounted for on the statewide accounting system. Other activities, such as federal financial aid and the bookstore, are accounted for through manual records and local bank accounts. These local accounts are referred to as the All College Fund and are exempt from Department of Finance budgeting and accounting requirements. Community college board policies govern the use of the All College Fund.

According to Community College System records, Lakewood Community College collected and spent the following amounts during the audit period:

	Year Ended June 30		
	1991	1990	1989
Revenues:			
Tuition and Fees	$ 5,860,726	$ 5,082,360	$ 4,385,983
Bookstore	1,347,606	1,225,761	1,037,259
Federal Financial Aid	1,383,149	1,206,338	1,024,149
Federal Grants	523,060	617,872	586,484
Other	210,764	170,736	129,559
Total Revenues	$ 9,325,305	$ 8,303,067	$ 7,163,434
Expenditures:			
Employee Payroll	$11,079,655	$ 9,708,710	$ 8,508,666
Pell Grants	1,296,054	1,100,609	926,364
Other	3,849,221	3,571,815	3,004,414
Total Expenditures	$16,224,930	$14,381,134	$12,439,444

Sources: Statewide accounting system, Manager's Financial Reports for fiscal years 1991, 1990, and 1989 as of the closing date. Community College System revenue spreadsheet for fiscal years 1991, 1990, 1989. Lakewood Community College statements of representation for fiscal years 1991, 1990, 1989.

Current Findings and Recommendations

1. Lakewood Community College does not sufficiently control its biweekly payroll transactions.

The college is not initiating salary adjustments for college employees timely and accurately. It also is not verifying biweekly payroll certification reports.

The college has not initiated certain payroll transactions timely and has had to process numerous retroactive payroll adjustments. The college personnel office has experienced significant staff turnover. New staff often lacked experience with the state's payroll system and the bargaining agreement requirements. Because of this, the personnel office has emphasized routine payroll processing over verifying the accuracy of payroll transactions. For example, the personnel office did not ensure that employees received evaluations timely and were promoted in accordance with the applicable bargaining agreement. As a result, the college had to process large salary adjustments for step increases due to employees several years ago. In other cases, the personnel office, unfamiliar with certain bargaining agreement provisions, entered erroneous transactions which they had to correct later. The college also has had to make numerous leave balance adjustments to correct classified employee leave balances.

The personnel office has not always maintained documentation to support its payroll transactions. During our audit, staff were unable to locate some biweekly payroll documents, including time rosters and certifications. The college also had not retained documentation to support various payroll adjustments which had been made.

In addition, one employee generally has sole responsibility for processing classified staff increases and leave balance adjustments. With the quantity and complexity of the college's payroll adjustments, it is important that an independent person review and approve the adjustments.

The college also has not taken responsibility for reviewing and certifying the biweekly payroll certification report. The review would determine the accuracy of hours posted into the payroll system for classified staff and unclassified administrators. It would also ensure that the college has processed revisions to faculty appointments correctly. The college overpaid $1,995 to one faculty and failed to detect the error. The Community College System office later identified and corrected the error. A review of the biweekly certification report would provide assurance that the hours and salary processed are accurate and agree with information submitted.

Recommendations

- *The college should review its personnel and payroll duty delegations. It should put proper controls in place to ensure accurate processing of the college payroll.*

Recommendations (Continued)

- *An independent person should review and approve all retroactive payroll and leave balance adjustments.*
- *The college personnel office should review and authorize the accuracy of the payroll certification report.*

2. The college does not maintain accurate employee leave records.

Employee leave records contained a wide variety of errors which the college did not detect. We found the following errors during our audit.

- The college did not post leave for three staff totalling 12 days to the employees' leave records.
- The college failed to reduce the leave balances of ten employees for a total of 25 days of leave the employees took.
- The college posted leave to the wrong leave categories (i.e., personal leave reduced from sick leave balances, bereavement leave not reduced from sick leave, and sick leave reduced from lapsed sick leave bank) for six employees.
- The college allowed eight employees to accrue negative leave balances, rather than requiring them to take leave without pay.
- The college provided one administrator sixteen hours of excess leave by incorrectly converting leave from days to hours.
- The college paid one employee five more military leave days than the contract limit of fifteen days per calendar year.
- The college's classified employee leave balances differed from the balances on the central payroll system for 29 employees. The differences ranged from one-half hour to 29 hours as of December 1991.

Faculty and administrators do not promptly document and report leave taken. They often submit documentation to the personnel office months after taking the leave. This delay increases the risk that employees forget to report leave and that leave balances are not properly reduced.

Due to the problems with leave balances, we were concerned that the college may have made errors in calculating severance pay. To satisfy ourselves, we reviewed all severance payments made to former employees during the audit period. We found two instances of overpayments, totalling only five hours. Although the errors we found were immaterial, the extent of errors with leave balances increases the risk of future problems with severance payments.

Recommendations

- *The college should work with the system office to review and correct leave balances for the past three years.*

- *College staff and supervisors must promptly submit approved leave requests to the personnel office.*

3. The college does not always properly support payroll expense transfer calculations.

The college does not always prepare payroll expense transfer documentation timely and accurately. The college uses payroll expense transfers to adjust payroll cost allocations to reflect actual time worked, especially for employees partially funded from federal grants. The college is supposed to send revised placement and personnel activity reports to the community college system office to prompt expense transfers. However, in some cases, the college requested changes verbally and then did not submit supporting documentation or submitted documentation which differed from the original change request. On some occasions, the college even had to submit adjustments to changes already made.

The college does not always retain documentation to support the reasons for payroll expense transfers nor the calculations of the transfer amounts. Since expense transfers can cover several pay periods, it is often very difficult to reconstruct the calculations after the fact. Documentation to support payroll expense transfer calculations is necessary to ensure that the expense transfers reflect actual payroll costs, especially for federal grants.

Recommendations

- *The college should prepare placement revisions accurately and on a timely basis.*

- *The college should document the calculation of all expense transfers entered into the statewide accounting system.*

4. The college does not adequately control access to the student information system.

The college data processing coordinator does not periodically review and terminate user clearances to the student information system. The college uses the system to register students for classes, record tuition payments and deferments, and post grades. At the time of our audit, five former employees who had left employment several years ago still had active clearance to the system. In addition, other employees had inappropriate access which was not consistent with their job responsibilities. To maintain adequate controls, the college should authorize employees only to enter transactions which are necessary to carry out their jobs. Without these controls, the college may not prevent inappropriate or unauthorized transactions.

Recommendations

- *The data processing coordinator should immediately cancel computer system access for terminated employees.*
- *The college should limit access to the student information system based on employee job responsibilities.*

5. The college is not adequately pursuing unpaid tuition balances.

The college is not monitoring the tuition balance due lists sufficiently. After an initial effort to collect unpaid amounts each quarter, the college business office did not continue to pursue unpaid accounts further. It did not routinely print updated balance due reports to ensure that ultimately all unpaid items were resolved. Recently, the college business office began a renewed effort to pursue tuition receivables from the last three academic years. It intends to bill students, hold student records, or drop students from classes, if necessary, to collect the receivables.

The student information system showed $12,840 of invalid tuition balances due for the three fiscal years we audited. The invalid balances were primarily the result of improper tuition assessments and students assigned more than one identification number. It also showed $9,680 in outstanding tuition balances due. Although the amounts are not significant, the business office should develop a process to ensure the accuracy of the student information system. Business office employees should continue to pursue outstanding balances and work with the college records office to correct errors within the student information system timely.

Recommendations

- *The business office should frequently print new balance due reports and resolve all outstanding tuition balances timely.*
- *The records office should promptly correct all improper tuition rates and duplicate student identification numbers within the student information system.*

6. Controls over continuing education revenue need improvement.

The continuing education office does not effectively control its receipts. Most students pay their continuing education fees in the continuing education office on campus. However, students may also pay their fees at various course locations throughout the metropolitan area. When students come to campus to pay their continuing education fees, they go to the continuing education office, rather than to the business office. There, the same person who registers students for continuing education classes routinely collects fees from students. Students receive handwritten fee statements, but continuing education does not issue the statements in sequential order. The fee statements are not routed to the business office with the money. Sequential control would assure the business office that it has received continuing education fees. The college should consider requiring students to pay continuing education fees directly at the business office, similar to regular tuition. If the continuing education office continues to collect fees, it should use sequential receipt forms to document the collections.

The continuing education office has allowed college staff to pay half price for its courses. The continuing education director told us that the previous president had endorsed the practice. The reduced fee rates provide a unfair advantage to college staff and should be discontinued.

Finally, the continuing education office has not collected full reimbursement for a $50,000 contract with Ramsey County for its Domestic Abuse Program. At the time of our audit, the college was not aware that it had not collected on two invoices totalling $4,700 and that Ramsey County had only partially paid other monthly invoices. The college business office should compare its billings to collections to ensure that the college collects all earned revenue.

Recommendations

- *The business office should consider collecting continuing education fees directly. If the continuing education office continues to collect fees, it should separate registration and fee collection duties and issue sequential receipt forms.*
- *The college should discontinue allowing reduced continuing education fees for staff.*
- *The college should review Domestic Abuse Program invoices and ensure that it has received all reimbursements.*

7. The college needs to improve cash management over the federal grant and college work study programs.

College staff do not effectively monitor cash needs for the federal grant and college work study programs. Staff also do not promptly transfer federal grant funds, once received, to the Community College System Office. Federal regulations require institutions to limit cash advances to the minimum amounts necessary to carry out the purpose of the program. The timing of cash advances should be as close as possible to the actual cash disbursement.

Bank records show excessive cash balances on hand at the college for the college work study program. The college often requests and receives cash for the federal college work study cash only every two months, even though it disburses payroll every two weeks.

The college did not deposit federal funds into the state treasury promptly in over half the requests we tested. It held the funds in its local bank account from three to seven days before making the deposit to the state treasury. In addition, the college requests federal grant funds only about once a month, even though the money is used primarily for biweekly payroll costs.

Federal cash management requirements are changing. On March 23, 1992, the U.S. Department of the Treasury proposed regulations to implement the federal Cash Management Act of 1990. These proposed rules provide states with several options to manage transfers of funds from the federal government for federal programs. Some options involve establishing check clearance patterns and/or incurring interest on federal fund balances. The Minnesota Department of Finance is currently working with state agencies to determine the specific funding techniques agencies will use, and to negotiate a state/federal cash management agreement.

Recommendations

- *The college should develop procedures which will enable the college to comply with federal cash management regulations.*

- *The college should promptly remit all federal grant funds to the the state treasury for use by the Community College System Office.*

8. Controls over bookstore revenue are inadequate.

The bookstore does not have effective controls over cash voids and refunds, nor over its inventory. Cashiers do not properly document voids and refunds. Furthermore, the bookstore has ineffective inventory control, making it susceptible to theft or shortages.

Bookstore cashiers do not properly document voids and refunds. Although the college has developed a process to document both voids and refunds, we found that the cashiers do not consistently use the process and complete the necessary forms. In addition, the bookstore supervisor only reviews and approves the voids and refunds for which the cashiers have completed the forms. Voids and refunds are sensitive because they represent differences between cash recorded and actual cash deposited. Failure to document reasons for, and independently approve voids and refunds increases the possibility of the college not detecting missing receipts.

In addition, the bookstore operation does not have independent counts of the bookstore inventory. Rather, bookstore staff maintain the inventory and count the inventory annually. It is important that an independent person oversee the physical count of inventory and investigate any significant inventory shortages.

Finally, the cashiers in the bookstore use the cash register for functions which hamper effective control. They monitor changes and calculate inventory extensions on the register. These entries cause the daily and cumulative sales readings to be incorrect and unusable, and increases the risk of unrecorded sales.

Recommendations

- *The college should improve control over bookstore receipts by documenting voids and refunds.*
- *A person independent of the bookstore functions should oversee the physical counts of bookstore inventory and investigate any shortages.*
- *Bookstore cashiers should limit the use of the cash register to recording sales. They should use the register's daily and cumulative sales totals to reconcile daily receipts.*

9. The college does not adequately control unpaid bookstore receivables.

The bookstore does not have effective controls to ensure collection of unpaid accounts receivable. One bookstore employee performs all accounts receivable duties. In addition, there is no independent comparison of subsidiary accounts receivables to ledger totals. Poor controls result in the need to write off invalid or uncollected receivable balances.

One person handles all bookstore receivable functions. The employee bills, collects, and maintains the bookstore accounts receivable records. Separate billing and collection duties are critical to ensure staff properly record and collect revenues.

In addition, the college business office does not periodically compare its bookstore accounts receivable ledger balance to the bookstore's subsidiary receivable totals. At the time of our audit, the total of the subsidiary records differed from the ledger by $614. The college should investigate and resolve this difference.

Finally, the bookstore's method for writing off old accounts receivable needs improvement. On August 26, 1991, a bookstore accounts receivable clerk wrote off $8,588 of invalid or uncollected receivables without an independent review and approval by the business office. In addition, the accounting method used to write off the receivables was improper. The college should review and resolve an additional $2,644 in old inactive bookstore accounts receivable balances which appear uncollectible.

Recommendations

- *The bookstore should improve controls over accounts receivable by:*
  - *separating duties to bill, collect, and maintain subsidiary records;*
  - *comparing subsidiary totals to the business office ledger balance periodically, investigating all differences;*
  - *reviewing inactive accounts periodically to determine whether collectible; and*
  - *providing for independent review and approval of uncollectible accounts receivable writeoffs.*

Lakewood

COMMUNITY COLLEGE

December 9, 1992

Jeanine Leifeld, CPA
Audit Manager
State of Minnesota
Office of the Legislative Auditor
Centennial Building
St. Paul, MN 55155

Dear Ms. Leifeld:

Enclosed are Lakewood Community College's responses to the audit findings and recommendations for the three years ending June 30, 1991.

Finding No. 1:
Lakewood Community College does not sufficiently control its bi-weekly payroll transactions.

Lakewood's Response:
Lakewood's Personnel Assistant is now reviewing the classified certification reports within one week of receiving the reports and adjustments are made at that time. The Personnel Assistant initials her reviews and forwards them to the Personnel Officer for further review and sign-off.

Lakewood's Personnel Officer is now reviewing the unclassified certification report every two weeks for any discrepancies, calls the System Office Payroll Department to review the discrepancies, and will note adjustments and/or information relating to the transaction on the certification report before signing off on the report.

Lakewood will process salary increases in a more timely manner.

The current Personnel Officer is continuously updating her knowledge of the various bargaining unit agreements to remain in compliance with the contracts.

The current Personnel Officer documents all payroll transactions in red on placement.

The Personnel Officer reviews and signs all classified staff increases and leave balance adjustments made by the Personnel Assistant.

3401 Century Avenue, White Bear Lake, Minnesota 55110 (612) 779-3200

Finding No. 2:
The College does not maintain accurate employee leave records.

Lakewood's Response:
The current Personnel Officer has reviewed leave balances beginning with the 1988-89 fiscal year and through the current year and has documented all necessary adjustments. A copy of the corrected leave balances has been forwarded to the faculty for review. The Personnel Officer discussed/researched any questions from faculty and made necessary corrections. Current leave balances are current and accurate.

Faculty and administrators telephone the Academic Affairs Secretary to report that they are taking sick leave and/or vacation time. She then initiates the leave slip and keeps a call-in record which the Personnel Officer uses to verify that Personnel has all the sick and vacation leave slips.

Finding No. 3:
The College does not always properly support payroll expense transfer calculations.

Lakewood's Response:
Payroll placement documents are now being submitted promptly and the funding source is being monitored more accurately. If a change in the funding source is necessary, it will be initiated by submitting a corrected Placement on Payroll and/or a Position Action Form to indicate proper accounting.

Finding No. 4:
The College does not adequately control access to the student information system.

Lakewood's Response:
The user list was updated to reflect current employees immediately after the auditor remarked that terminated employees still had access to the system. The list will be reviewed quarterly and terminated employees will be deleted from the list.

The list was reviewed for appropriate access to function, and the data production coordinator determined that all users had appropriate functions and that the processing functions (i.e., registration, tuition payment, awarding financial aid) were limited to the offices that were responsible for the procedure.

Finding No. 5:
The College is not adequately pursuing unpaid tuition balances.

Lakewood's Response:
The Business Office is printing balance due lists three times each quarter to resolve the outstanding tuition balances. The student's records are placed on hold the eighth week of the current quarter. These students on hold are not allowed to register for the next quarter until their tuition is paid in full. Outstanding tuition balances of students who do not return to Lakewood are turned in to the Revenue Recapture Program for collection.

The Mainframe Computer System has been changed to verify social security numbers before assigning a student number. This should eliminate the duplicate student number concern. The past duplicate numbers have been corrected.

Finding No. 6:
Controls over Community Education revenue needs improvement.

Lakewood's Response:
The Continuing Education staff are considering the issues raised in the audit report concerning the collection of non-credit fees. We have not yet resolved how to process thousands of mail-in and off-campus, walk-in registrations where no Business Office services are available. Requiring all students to register at the Business Office during "business hours" would destroy the program. We are hopeful that technological improvements and an "on-line" registration process for non-credit courses might alleviate some of the current problems.

The Continuing Education staff would like to continue the practice of offering discounted courses to College staff and their children as an internal marketing strategy and a good-will gesture. I will ask the Attorney General's Office for an opinion as to whether this practice actually violates "Statute 43A." If we are found to be violating State law, we would discontinue the practice.

The audit process was especially helpful in reconciling the process for billing and collections for Ramsey County participants in the Domestic Abuse Program. Billings are now prepared in the Continuing Education Office and sent to Ramsey County with copies to Lakewood's Business Office. This insures that the Business Office can monitor receivables, billings and collections, and follow-up if payments are not made in a timely manner.

Please note: The audit report refers to Lakewood's "Community Education Office" of Community Colleges, the correct title is "Continuing Education Office." (A small thing, but important to us.) Thanks.

Finding No. 7:
The College needs to improve cash management over the Federal grant and College work study programs.

Lakewood's Response:
The Business Office has developed a procedure with the Board Office to request and deposit Federal cash monies to the various grant programs. The requests are based on the actual costs incurred.

Finding No. 8:
Controls over Bookstore revenue are inadequate.

Lakewood's Response:
Voids are printed on a separate form and signed by the cashier making the void and by another person (one of the three full-time employees). Refunds are filled out by the customer and signed by the cashier.

Someone from the Business Office will spot-check the inventory.

We no longer use the cash register for inventory. The cumulative totals are listed on the cash report daily.

Finding No. 9:
The College does not adequately control unpaid bookstore receivables.

Lakewood's Response:
Accounts receivable payments will be entered by a second staff member.

Accounts receivable are balanced monthly to Business Office totals.

Old accounts will be reviewed each June for possible write-offs. Approval to write off uncollectibles will be requested from the Board Office and the write-off will not be done until written approval is received.

Listed below, per your request, are the person(s) responsible for resolution of the Findings and the projected completion date:

Finding No.	Person(s) Responsible	Projected Completion Date
1,2,3	Betty Mayer	Completed
4	Joan Hanson	Completed
5	Marie Peterson Larry Miller	Completed
6	Mary McKee Larry Miller	January 30, 1993
7	Marie Peterson Larry Miller	Completed
8	Karen Larson Larry Miller	Completed
9	Karen Larson Larry Miller	January 15, 1993

Sincerely,

Neil Christenson
President

dkr