

Dear Board Member:

In accordance with Act 4 of the Regular Session of 1991, it is required that all audit reports be reviewed by the Board of Trustees of institutions as defined in Section 1 of the enclosed Act.

Please review the enclosed audit report prior to our next board meeting.

The following resolution is presented for the Board of Trustees consideration:

RESOLVED, That the Board of Trustees of Ouachita Technical College has reviewed the audit report of Ouachita Vocational-Technical School, now Ouachita Technical College, for the year ending June 30, 1990, and accepts the response by the institution to the recommendations made in the audit.

1 State of Arkansas  
2 78th General Assembly  
3 Regular Session, 1991  
4 By: Representative Thicksten  
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# A Bill

HOUSE BILL 1003

## For An Act To Be Entitled

"AN ACT TO REQUIRE BOARDS OR GOVERNING BODIES OF PUBLICLY FUNDED SCHOOLS, EDUCATIONAL COOPERATIVES, VOCATIONAL-TECHNICAL SCHOOLS, AND INSTITUTIONS OF HIGHER EDUCATION TO REVIEW AUDIT REPORTS IN AN OPEN MEETING; TO REQUIRE THE BOARDS OR GOVERNING BODIES TO TAKE APPROPRIATE ACTION CONCERNING RECOMMENDATIONS CONTAINED IN THE REPORTS; TO REQUIRE DOCUMENTATION THEREOF; AND FOR OTHER PURPOSES."

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

SECTION 1. Review of Audit Report by Board. The audit reports and accompanying comments and recommendations relating to any publicly funded school, educational cooperative, vocational-technical school, or institution of higher education prepared in accordance with the provisions of Arkansas Code Annotated 6-1-101 or other Code provisions shall be reviewed by the applicable board or governing body. The audit report and accompanying comments and recommendations shall be reviewed at the first regularly scheduled meeting following receipt of the audit report if the audit report is received by the board or governing body prior to ten (10) days before the regularly scheduled meeting. If the audit report is received by the board or governing body within ten (10) days before a regularly scheduled meeting, the audit report may be reviewed at the next regularly scheduled meeting after the ten (10) day period. The board or governing body shall take appropriate action relating to each finding and recommendation contained in the audit report. The minutes of the board or governing body shall document the review of the findings and recommendations and the action taken by the board or governing body.

SECTION 2. All provisions of this Act of a general and permanent nature

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1 are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code  
2 Revision Commission shall incorporate the same in the Code.

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4 SECTION 3.. If any provision of this Act or the application thereof to  
5 any person or circumstance is held invalid, such invalidity shall not affect  
6 other provisions or applications of the Act which can be given effect without  
7 the invalid provision or application, and to this end the provisions of this  
8 Act are declared to be severable.

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10 SECTION 4. All laws and parts of laws in conflict with this Act are  
11 hereby repealed.

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*Edward F. Tucksten*

APPROVED *B. McHenry*  
1-28-91 GOVERNOR

PRESIDENT OF SENATE

SPEAKER OF THE HOUSE

AUDIT REPORT OF  
OUACHITA VOCATIONAL TECHNICAL SCHOOL  
FOR THE YEAR ENDED JUNE 30, 1991

Act 4 of 1991 requires the boards or governing bodies of publicly funded schools, educational cooperatives, vocational-technical schools, and institutions of higher education to review audit reports in an open meeting, to take appropriate action concerning recommendations contained in the reports, and further requires that the minutes of the board document the review of the findings and any recommendations on actions taken by the board. In accordance with Act 1244 of 1991, the State Board of Higher Education (SBHE) is, until appointment of a local board of trustees for each of vocational-technical schools restructured as a technical college, considered the legal entity or governing board for the technical colleges.

The independent auditor's report by Charles Robinson, CPA, legislative Auditor, contained the exception that the school does not prepare a complete budget of revenues and expenditures; therefore, a Combined Statement of Revenues, Expenditures and Changes in Fund Balances -- All Governmental Fund Type(s) was not included in the financial Statement as required by generally accepted accounting principles. The management letter by Mr. Jackie Knight, CPA, Deputy Legislative Auditor, included in the audit report, contained a recommendation in the area of internal control concerning cash transactions. A copy of the Ouachita Vocational-Technical School, now Ouachita Technical College, audit report for 1989-90 is included in the agenda book packet.

During the examination of the cash flow operations, the auditor noted inadequate control over cash transactions because of insufficient segregation of duties due to limited number of personnel. Accordingly, recommendations were made to segregate duties relating to cash transactions.

The institution has responded that it will work with the auditors and the DFA accounting staff to change the responsibilities in the accounting office in order to better segregate duties concerning cash transactions.

Regarding the omission of the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Type(s), ADHE has provided a two-day workshop on college and university accounting procedures using materials obtained from the National Association of College and University Business Officers (NACUBO), with 100 percent participation by representatives of the technical colleges. In addition, there has been a distribution of the Workforce 2000 funds with a portion of the funds targeted for the purchase of a fund accounting software package which will automate the accounting functions of the institution and the generation of the aforementioned report.