

STATE OF LOUISIANA LEGISLATIVE AUDITOR

Athletic Department
Southeastern Louisiana University
University of Louisiana System
State of Louisiana
Hammond, Louisiana

February 19, 2003



Financial and Compliance Audit Division

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**ATHLETIC DEPARTMENT
SOUTHEASTERN LOUISIANA UNIVERSITY
UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA
Hammond, Louisiana**

Financial Statement and
Independent Auditor's Report
For the Year Ended June 30, 2002
With Supplemental Information Schedule

Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Attorney General, and to other public officials as required by state law. A copy of this report has been made available for public inspection at the Baton Rouge and New Orleans offices of the Legislative Auditor and at the office of the parish clerk of court.

February 19, 2003

**ATHLETIC DEPARTMENT
SOUTHEASTERN LOUISIANA UNIVERSITY
UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA**

Financial Statement and
Independent Auditor's Report
For the Year Ended June 30, 2002
With Supplemental Information Schedule

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January 30, 2003

Independent Auditor's Report on
Applying Agreed-Upon Procedures

DR. RANDY MOFFETT, PRESIDENT
SOUTHEASTERN LOUISIANA UNIVERSITY
UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA
Hammond, Louisiana

We have audited the basic financial statements of the University of Louisiana System, as of and for the year ended June 30, 2002, and have issued our report thereon dated December 19, 2002. Southeastern Louisiana University is a part of the University of Louisiana System. As requested by the university, we have also performed the procedures, as enumerated below, which were agreed to by management of the university. These procedures were applied to the accounting records and internal controls of the Southeastern Louisiana University Athletic Department and to the related outside organizations created for or in behalf of the university's intercollegiate athletic programs for the year ended June 30, 2002, solely to assist the university in complying with NCAA Bylaw 6.2.3.1. This engagement to apply agreed-upon procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of management of Southeastern Louisiana University. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and associated findings are as follows:

STATEMENT OF REVENUES AND EXPENDITURES

1. We obtained written representations from management as to the fair presentation of the statement of revenues and expenditures of the intercollegiate athletic program for the year ended June 30, 2002. We also verified the mathematical accuracy of the amounts on the statement and agreed the amounts to the university's general ledger.

We found no exceptions as a result of these procedures.

2. We compared the statement of revenues and expenditures of the intercollegiate athletic program for June 30, 2001, and June 30, 2002, to identify variances of 5% or greater between individual revenue and expenditure accounts. As a result of our procedure, we identified variances of 5% or greater in the following accounts:

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**DR. RANDY MOFFETT, PRESIDENT
SOUTHEASTERN LOUISIANA UNIVERSITY
UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA**

Auditor's Report, June 30, 2002

Revenues

Gate receipts
Guarantees
Concessions
Program sales
Other sources

Expenditures

Personal services
Travel
Operating services
Supplies
Professional services
Equipment
Other charges

3. We compared the budgeted revenues and expenditures to actual revenues and expenditures for the year ended June 30, 2002, to identify any unfavorable variances of 5% or greater. As a result of our procedure, we identified no unfavorable variances of 5% or greater.
4. We obtained from university management a list of contributions received by the athletic department to identify any individual contributions that constituted more than 10% of the total contributions.

The Southeastern Athletic Association, an outside organization, contributed monies, goods, or services for or in behalf of the athletic department that exceeded 10% (\$3,532) of the total contributions (\$35,323) included in other sources on Statement A.

**INTERNAL CONTROL - POLICIES AND
PROCEDURES RELATING TO INTERCOLLEGIATE
ATHLETICS - AGREED-UPON PROCEDURES**

5. We made inquiries of management and obtained the university's organization chart, employee job descriptions, and written athletic department policies and procedures to identify aspects of internal control unique to the university's intercollegiate athletic department and to detect deficiencies in the components of those controls.

We detected no deficiencies in the components of the internal controls unique to the university's intercollegiate athletic department.

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**DR. RANDY MOFFETT, PRESIDENT
SOUTHEASTERN LOUISIANA UNIVERSITY
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STATE OF LOUISIANA**

Auditor's Report, June 30, 2002

6. We performed tests of controls unique to the university's intercollegiate athletic department to determine adherence to established policies and procedures related to revenues and expenditures:
 - a. We randomly selected one cash-receipt batch sheet of ticket sales and followed it through the university's cash control system to determine adherence to established policies and procedures.

We found no exceptions as a result of this procedure.
 - b. We selected the ten largest athletic department cash disbursement transactions and followed them through the university's accounting system to determine adherence to established policies and procedures.

We found no exceptions as a result of this procedure.
 - c. We conducted inquiries and observations of the athletic department personnel to determine their compliance with policies and procedures relating to the control and safeguarding of unsold tickets.

We found no exceptions as a result of this procedure.
7. We inquired of management about the involvement of the university's internal auditor in the intercollegiate athletic programs and obtained workpaper documentation and reports issued by the internal auditor to support the auditor's involvement.

During fiscal year 2002, the internal auditor issued two internal audit reports: a Review of Athletics Theft - Men's Basketball Travel Monies (\$553) and the Audit of Athletics Revenues and Expenditures for the year ended June 30, 2001. Both reports address minor recommendations that were corrected by management prior to the audit of the athletic department's Statement of Revenues and Expenditures for the year ended June 30, 2002. The thefts of \$300 on November 27, 2001, and \$253 on November 30, 2001, were referred to University Police for investigation, and the funds have been reimbursed by the Southeastern Athletic Association.
8. We obtained the university's procedures for gathering information on the nature and extent of booster group activity for or in behalf of the university's intercollegiate athletic program to identify deficiencies in the design of those procedures.

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UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA**

Auditor's Report, June 30, 2002

We found no deficiencies in the design of the university's procedures for gathering information on the nature and extent of booster group activities for or in behalf of the university's intercollegiate athletic program.

**EXPENDITURES OF OUTSIDE ORGANIZATIONS MADE
FOR OR IN BEHALF OF SOUTHEASTERN LOUISIANA
UNIVERSITY INTERCOLLEGIATE ATHLETIC PROGRAM**

9. We obtained written representation from management of the university that the following groups were the only outside organizations created for or in behalf of the athletic department.

Southeastern Athletic Association, Inc.
Southeastern Development Foundation, Inc.

10. We obtained from representatives of the outside organizations statements of cash receipts and disbursements with written representations as to the fair presentation of the statements. We compared the receipts and disbursements of the outside organization for or in behalf of the athletic department to the revenues and expenditures reported on the university's Schedule of Revenues and Expenditures of Outside Funds Not Subject to University's Accounting Control (Schedule 1) and identified any reconciling items.

We found no exceptions as a result of this comparison.

11. We compared the direct payments of the outside organization to the university with the revenues reported on the university's Statement of Revenues and Expenditures (Statement A) and identified any reconciling items.

We found no exceptions as a result of this comparison.

12. For all outside organizations that had an independent audit, we obtained the independent auditor's reports to identify any reportable conditions relating to the outside organization's internal controls and made inquiries of management to document any corrective action taken in response to the reportable conditions.

The financial statements of the Southeastern Athletic Association, Inc., were audited by an independent certified public accounting firm for the year ended June 30, 2002. The audit report is dated October 18, 2002, and included no reportable conditions relating to the outside organization's internal controls. The financial statements of the Southeastern Development Foundation, Inc., were audited by an independent certified public accounting firm for the year ended

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**DR. RANDY MOFFETT, PRESIDENT
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UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA**

Auditor's Report, June 30, 2002

June 30, 2002. The audit report is dated October 15, 2002, and included no reportable conditions relating to the outside organization's internal controls.

We were not engaged to, and did not, perform an audit, the objective of which would be the expression of an opinion on the statement of revenues and expenditures of the Southeastern Louisiana University Athletic Department. Accordingly, we do not express such an opinion. Also, we express no opinion on Southeastern Louisiana University's internal controls over financial reporting or any part thereof. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of management of Southeastern Louisiana University and is not intended to be and should not be used by anyone other than management of the university. By provisions of state law, this report is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,



Grover C. Austin, CPA
First Assistant Legislative Auditor

MM:ES:RCL:dl

[SLUNCAA02]

**ATHLETIC DEPARTMENT
SOUTHEASTERN LOUISIANA UNIVERSITY
UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA
(A PORTION OF) CURRENT FUNDS
UNRESTRICTED - AUXILIARY ENTERPRISE FUNDS**

**Statement of Revenues and Expenditures
For the Year Ended June 30, 2002**

REVENUES

Gate receipts	\$77,169
Education and general transfers	1,734,095
Guarantees	173,945
NCAA distribution	99,492
Program sales	1,096
Concessions	57,493
Other sources	405,605
Total revenues	<u>2,548,895</u>

EXPENDITURES

Personal services and related benefits	1,052,968
Travel	301,747
Operating services	126,805
Supplies	150,674
Professional services	101,081
Other charges	674,548
Equipment	25,260
Total expenditures	<u>2,433,083</u>

EXCESS OF REVENUES OVER EXPENDITURES \$115,812

**ATHLETIC DEPARTMENT
SOUTHEASTERN LOUISIANA UNIVERSITY
UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA**

**SUPPLEMENTAL INFORMATION SCHEDULE
For the Year Ended June 30, 2002**

The following supplemental information schedule presents revenues and expenditures on behalf of Southeastern Louisiana University's Athletic Department made by outside organizations not subject to the university's accounting controls for the year ended June 30, 2002. Revenues and expenditures of the Southeastern Athletic Association, Inc., and a portion of the revenues and expenditures of the Southeastern Development Foundation, Inc., are used by those organizations to support the athletic department of Southeastern Louisiana University. Except for \$34,674 paid by the Southeastern Athletic Association, Inc., and \$8,361 paid by the Southeastern Development Foundation, Inc., to the university for the year ended June 30, 2002, these funds are not subject to the university's accounting controls and are not included in the Statement of Revenues and Expenditures (Statement A).

The Schedule of Revenues and Expenditures (Schedule 1) includes contributions-in-kind of \$43,111 in donation revenue of the Southeastern Athletic Association, Inc., for the year ended June 30, 2002. These gifts in kind were for travel (\$11,000), operating services (\$23,394), supplies (\$8,117), and other charges (\$600) and were included in these Southeastern Athletic Association, Inc., expenditures on the Schedule of Revenues and Expenditures (Schedule 1).

UNAUDITED

Schedule 1

ATHLETIC DEPARTMENT
SOUTHEASTERN LOUISIANA UNIVERSITY
UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA
OUTSIDE FUNDS NOT SUBJECT TO UNIVERSITY'S
ACCOUNTING CONTROL

Schedule of Revenues and Expenditures
For the Year Ended June 30, 2002

	SOUTHEASTERN ATHLETIC ASSOCIATION, INC.	(A PORTION OF) SOUTHEASTERN DEVELOPMENT FOUNDATION, INC.	TOTAL
REVENUES			
Donations	\$116,874	\$241,374	\$358,248
Interest income		12,040	12,040
Membership	15,827		15,827
Other sources	209,353	796,075	1,005,428
Total revenues	<u>342,054</u>	<u>1,049,489</u>	<u>1,391,543</u>
EXPENDITURES			
Travel	12,184		12,184
Operating services	113,399		113,399
Supplies	24,758		24,758
Other charges	196,779	22,793	219,572
Total expenditures	<u>347,120</u>	<u>22,793</u>	<u>369,913</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	<u>(\$5,066)</u>	<u>\$1,026,696</u>	<u>\$1,021,630</u>