

STATE OF LOUISIANA LEGISLATIVE AUDITOR

Athletic Department
Northwestern State University
State of Louisiana
Monroe, Louisiana

January 28, 2000



Financial and Compliance Audit Division

*Daniel G. Kyle, Ph.D., CPA, CFE
Legislative Auditor*

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**ATHLETIC DEPARTMENT
NORTHWESTERN STATE UNIVERSITY
STATE OF LOUISIANA
Natchitoches, Louisiana**

*Financial Statement and
Independent Accountant's Report
For the Year Ended June 30, 1998*

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 Shreveport offices of the Legislative Auditor and at the office of the parish clerk of court.

January 28, 2000

**ATHLETIC DEPARTMENT
NORTHWESTERN STATE UNIVERSITY
STATE OF LOUISIANA**

**Financial Statement and
Independent Accountant's Report
For the Year Ended June 30, 1999**

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October 27, 1999

Independent Accountant's Report on
Agreed-Upon Procedures

DR. RANDALL J. WEBB, PRESIDENT
NORTHWESTERN STATE UNIVERSITY
STATE OF LOUISIANA
Natchitoches, Louisiana

We have audited the general purpose financial statements of Northwestern State University, a component unit of the State of Louisiana reporting entity, as of and for the year ended June 30, 1999, and have issued our report therein dated November 18, 1999. 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 Northwestern State 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, 1999, 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 Northwestern State 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 are as follows:

**STATEMENT OF REVENUES
AND EXPENDITURES**

1. We obtained written representation from management as to the fair presentation of the statement of revenues and expenditures of the intercollegiate athletic programs for the year ended June 30, 1999, as shown on Statement A. 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.

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DR. RANDALL J. WEISS, PRESIDENT
NORTHWESTERN STATE UNIVERSITY
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2. We compared the statements of revenues and expenditures of the intercollegiate athletic programs for June 30, 1999, and June 30, 1998, to identify variances of 20% or greater between individual revenues and expenditures accounts that are 5% or more of the total. As a result of our procedure, we identified variances of 20% or greater in the following revenues and expenditures accounts, for which the university provided satisfactory responses:

- Gate receipts
- Guarantees
- Outside funds
- Supplies
- Professional services

3. We compared the budgeted revenues and expenditures to actual revenues and expenditures for the year ended June 30, 1999, to identify any variances of 20% or greater in individual revenue and expenditure accounts that are 5% or more of the total. As a result of our procedure, we identified one variance of 20% or greater in the following revenue account, for which the university provided a satisfactory response:

- Sport camp fees

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. We identified and counted a \$48,772 cash contribution from the sale of stocks donated by Tyrus Raymond Sissy that exceeded 10% (\$20,277) of the total contributions. There were no other individual contributions that exceeded 10% of the total contributions.

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 athletics department and to detect deficiencies in the components of these controls.

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

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DR. RANDALL J. WEBB, PRESIDENT
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6. We performed tests of controls unique to the university's intercollegiate athletics department to ensure that recorded revenues are complete and expenditures are properly authorized:
- a. We selected one gate receipt and one game guarantee receipt and followed them 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 a sample of 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.
 - d. We compared the amount of State General Fund Appropriation transferred to the Auxiliary Fund (Athletics) to determine compliance with the amount allowed by the Board of Regents.

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 athletics programs and obtained workpaper documentation and the report issued by the internal auditor to support the auditor's involvement.

During fiscal year 1966, the internal auditor issued one report on the athletic department relating to an internal control review of questioned timesheets. A discrepancy was noted during the payroll editing process where the athletic department did not maintain sign in/out sheets to support the hours paid to a student worker, and the supervisor completed timesheets that were not signed by the student. The athletic department provided the internal auditor with a written response outlining the corrective actions taken.

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DR. RANDALL J. WEIR, PRESIDENT
NORTHWESTERN STATE UNIVERSITY
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9. 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 athletics program to identify deficiencies in the design of those procedures. The accounts of the Northwestern Athletic Association are maintained by the Northwestern State University Foundation, Incorporated. The athletic director and the university's comptroller receive audited annual financial statements from the foundation as a basis to monitor spending of the booster group for athletics.

We found no deficiencies in the design of 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 athletics program.

**EXPENDITURES OF OUTSIDE ORGANIZATIONS MADE
FOR OR IN BEHALF OF THE NORTHWESTERN STATE
UNIVERSITY INTERCOLLEGIATE ATHLETICS PROGRAM**

9. We obtained written representation from management of the university that the Northwestern Athletic Association, a part of the Northwestern State University Foundation, Incorporated, was the only outside organization created for or in behalf of the athletic department.
10. We obtained the independent auditor's report for the Northwestern State University Foundation, Incorporated.

The financial statements of the Northwestern State University Foundation, Incorporated, have been audited by an independent certified public accounting firm for the year ended June 30, 1999. The audit report is dated October 7, 1999, and included no reportable conditions relating to the outside organization's internal control.

11. We obtained the Statement of Cash Receipts and Disbursements from representatives of the Northwestern Athletic Association and agreed the statement to the organization's accounting records. We also compared the cash disbursements made by the Athletic Association for or in behalf of the athletic department to the revenues reported on the university's Statement of Revenues and Expenditures (Statement A). No exceptions were found as a result of this comparison.
12. We compared the direct and in-kind payments from the Northwestern Athletic Association to the university with the revenues reported on the university's Statement of Revenues and Expenditures (Statement A) and no reconciling

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DR. RANDALL J. WEBB, PRESIDENT
NORTHWESTERN STATE UNIVERSITY
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items were identified. Also, no exceptions were found as a result of this comparison.

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 intercollegiate athletic programs. Accordingly, we do not express such an opinion. Also, we express no opinion on the Northwestern State University's internal control 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 the Northwestern State 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,



Daniel G. Kyle, CPA, CFE
Legislative Auditor

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UNAUDITED

Statement A

ATHLETIC DEPARTMENT
 NORTHWESTERN STATE UNIVERSITY
 STATE OF LOUISIANA
 (A PORTION OF) CURRENT FUNDS
 AUXILIARY ENTERPRISE FUND

Statement of Revenues and Expenditures
 For the Year Ended June 30, 1999

REVENUES

Student fees	\$1,804,029
Season tickets	75,550
Gate receipts	260,314
Guarantees	283,690
Program sales	10,029
Outside funds	490,324
Payments-in-kind (note 3)	34,940
Conference distribution	170,328
Sports camp fees	86,962
Other	45,073
Total revenues	<u>3,880,259</u>

EXPENDITURES

Personal services:	
Coaches' salaries	684,200
Other salaries	281,142
Retirol benefits	162,641
Loan cars	13,800
Travel	265,330
Operating services	343,809
Supplies	364,503
Fund raising	58,391
Professional services	220,683
Guarantees	148,344
Scholarships	871,339
Other charges	218,034
Equipment	77,585
Total expenditures	<u>3,453,344</u>

EXCESS OF REVENUES OVER EXPENDITURES\$426,915

The accompanying notes are an integral part of this statement.

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ATHLETIC DEPARTMENT
NORTHWESTERN STATE UNIVERSITY
STATE OF LOUISIANA

Notes to the Financial Statement
For the Year Ended June 30, 1968

INTRODUCTION

Northwestern State University is a publicly supported institution of higher education. The university is a component unit of the State of Louisiana within the executive branch of government. The Northwestern State University Athletic Department is a part of Northwestern State University. The accompanying financial statement presents information only as to the transactions of the Northwestern State University Athletic Department.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. FUND ACCOUNTING

To observe limitations and restrictions placed on the use of available resources, the accounts of Northwestern State University are maintained in accordance with the principles of fund accounting. Such principles prescribe the manner in which resources for various purposes are classified, for accounting and reporting purposes, into funds that are in accordance with the activities or specified objectives. Accounts are maintained for the transactions of the athletic department as follows:

Current Funds

Current funds are operating funds that will be expended in the near future. They include all funds for operating purposes on which there are restrictions that limit the purposes for which the funds can be used, and they include the Auxiliary Enterprise Fund. The Auxiliary Enterprise Fund includes the accounts of the athletic department.

B. BASIS OF ACCOUNTING

The accounts of the athletic department are maintained on the accrual basis of accounting as follows:

Revenues

Substantially all revenues are recognized when earned.

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NORTHWESTERN STATE UNIVERSITY
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Notes to the Financial Statement (Continued)

Expenditures

Expenditures are recognized under the accrual basis of accounting when incurred, except that (1) depreciation is not recognized; (2) summer school fees and faculty salaries and related benefits for June are not provided, but are deferred to the succeeding year; and (3) inventories of the General Fund are recorded as expenditures at the time of purchase.

C. EMPLOYEE COMPENSATED ABSENCES

Employees of the university working in the athletic department earn annual and sick leave in accordance with state law and administrative regulations. Leave benefits are reflected in the accompanying statement when earned.

2. CONTRIBUTIONS FROM OUTSIDE ORGANIZATION

Included on Statement A are expenditures made for or in behalf of the athletic department by the Northwestern Athletic Association as follows:

Personal services	\$450
Travel	37,261
Operating services	279,524
Supplies	89,593
Professional services	2,533
Fund raisers	69,991
Scholarships	22,893
Sports camp	9,188
Equipment	<u>23,118</u>
Total	<u>\$450,324</u>

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NORTHWESTERN STATE UNIVERSITY
STATE OF LOUISIANA
Notes to the Financial Statement (Continued)

3. PAYMENTS-IN-KIND

Included on Statement A are payments-in-kind, which are recognized as outside funds that were received for or in behalf of the athletic department from outside organizations as follows:

Loan cans	\$15,800
Travel	880
Operating services	10,150
Supplies	5,280
Equipment	<u>3,890</u>
Total	<u>\$35,900</u>

4. OUTSIDE ORGANIZATION CREATED FOR OR
IN BEHALF OF THE NORTHWESTERN STATE
UNIVERSITY INTERCOLLEGIATE ATHLETICS
PROGRAM

The Northwestern Athletic Association is the only outside organization created for or in behalf of the Northwestern State University Intercollegiate Athletics Program. The accounts for this club are maintained within the Northwestern State University Foundation, Incorporated, which is a separate corporation.