

STATE OF LOUISIANA LEGISLATIVE AUDITOR

Athletic Department
University of New Orleans
Louisiana State University System
State of Louisiana
New Orleans, Louisiana

February 9, 2000



Financial and Compliance Audit Division

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

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**ATHLETIC DEPARTMENT
UNIVERSITY OF NEW ORLEANS
LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
New Orleans, Louisiana**

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

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.

February 9, 2000

**ATHLETIC DEPARTMENT
UNIVERSITY OF NEW ORLEANS
LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA**

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

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OFFICE OF
LEGISLATIVE AUDITOR
STATE OF LOUISIANA
BATON ROUGE, LOUISIANA 70804-9397

DANIEL G. KYLE, PH.D., CPA, CFE
LEGISLATIVE AUDITOR

1600 NORTH THIRD STREET
POST OFFICE BOX 94397
TELEPHONE: (225) 339-3800
FACSIMILE: (225) 339-3870

January 7, 2000

Independent Auditor's Report on
Applying Agreed-Upon Procedures

DR. GREGORY M. ST. L. O'BRIEN, CHANCELLOR
UNIVERSITY OF NEW ORLEANS
LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
New Orleans, Louisiana

We have audited the general purpose financial statements of the University of New Orleans, 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 on the Louisiana State University System dated December 22, 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 University of New Orleans 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 the University of New Orleans. 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, 1999, as shown on Statement A. In addition, we verified the mathematical accuracy of the amounts on the statement and traced and agreed the amounts on the statement to various accounts in the revenue and expenditure ledgers of the university.

We found no exceptions as a result of these procedures.

LEGISLATIVE AUDITOR

DR. GREGORY M. ST. L. O'BRIEN, CHANCELLOR
UNIVERSITY OF NEW ORLEANS
LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
Audit Report, June 30, 1999

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 5% or greater between individual revenue and expenditure accounts of each fiscal year. As a result of our procedure, we identified variances of 5% or greater in the following accounts:

Revenues:
Admissions and concessions
Contributions:
In-kind
Direct
Expenditures:
Scholarships
Supplies and expense
Wages
Cost of sales

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 5% or greater. As a result of our procedure, we identified variances of 5% or greater between budget and actual amounts in the following revenue and expenditure accounts:

Revenues:
Fee allocations
Admissions and concessions
Contributions - direct
Expenditures:
Salaries
Wages
Cost of sales

4. We obtained from university management a list of contributions to the athletic department to identify any individual contributions that constituted more than 10% of the total contributions.

No individual contributions were received by the athletic department that exceeded 10% (\$7,174) of the total contributions.

LEGISLATIVE AUDITOR

DR. GREGORY M. ST. L. O'BRIEN, CHANCELLOR
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**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.

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.

- We judgmentally selected four revenue transactions and followed them through the university's revenue control system to determine adherence to established policies and procedures.

We found no exceptions as a result of this procedure.

- 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 athletics programs and obtained workpaper documentation and reports issued by the internal auditor to support the auditor's involvement. During fiscal year 1999, the internal auditor issued two reports: Bi-weekly Payroll and Photocopy Services from Kinkos. The bi-weekly payroll audit report disclosed that the amount of leave on the time sheets did not agree with the corresponding leave ledger balances. The athletic department provided the internal auditor with a written response outlining the corrective actions taken. The photocopy services audit report stated that the athletic department complied with purchasing policies and procedures.

LEGISLATIVE AUDITOR

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UNIVERSITY OF NEW ORLEANS
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Audit Report, June 30, 1999

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 athletics program to identify deficiencies in the design of those procedures.

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 ORGANIZATION MADE FOR OR IN BEHALF OF THE UNIVERSITY OF NEW ORLEANS INTERCOLLEGIATE ATHLETICS PROGRAM

9. We obtained written representation from management of the university that the University of New Orleans Athletic Association is the only outside organization that made disbursements for or in behalf of the athletic department.
10. We compared the direct payments of the athletic association 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.

11. We obtained the independent auditor's report for the University of New Orleans Athletic Association to identify any reportable conditions relating to the association's internal controls and made inquiries of management to document any corrective action taken in response to the reportable conditions.

The audit report, dated November 8, 1999, included no reportable conditions relating to the outside organization's internal controls.

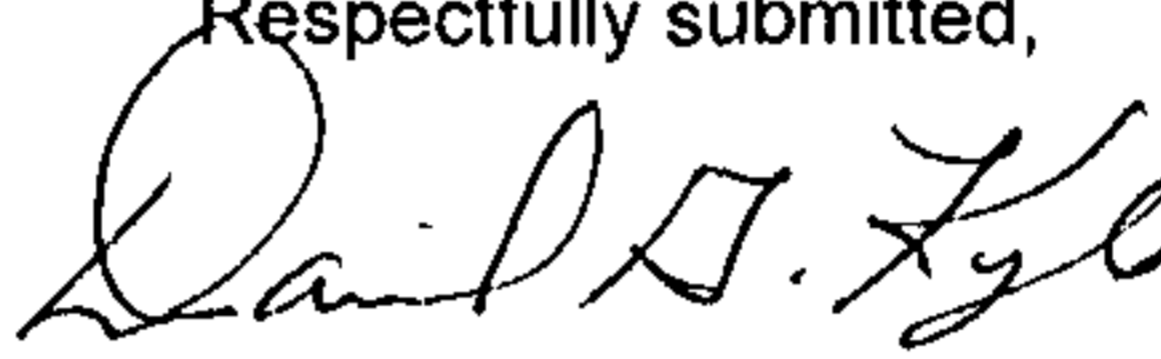
We were not engaged to, and did not, perform an audit, the objective of which would be the expression of an opinion on the statement of revenues and expenditures of the University of New Orleans Athletic Department. Accordingly, we do not express such an opinion. Also, we express no opinion on the University of New Orleans' 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.

LEGISLATIVE AUDITOR

DR. GREGORY M. ST. L. O'BRIEN, CHANCELLOR
UNIVERSITY OF NEW ORLEANS
LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
Audit Report, June 30, 1999

This report is intended solely for the information and use of management of the University of New Orleans 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,

A handwritten signature in cursive script, appearing to read "Daniel G. Kyle".

Daniel G. Kyle, CPA, CFE
Legislative Auditor

YEA:JR:RCL:ss

[UNO-NCAA]

UNAUDITED

Statement A

ATHLETIC DEPARTMENT
UNIVERSITY OF NEW ORLEANS
LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
(A PORTION OF) CURRENT FUNDS - UNRESTRICTED -
AUXILIARY ENTERPRISE FUND

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

REVENUES

Fee allocations	\$1,475,165
Admissions and concessions	1,022,596
Contributions:	
In-kind (note 2)	71,301
Direct	435
Total revenues	<u>2,569,497</u>

EXPENDITURES

Equipment	5,618
Salaries	1,057,913
Scholarships	196,141
Supplies and expense	839,516
Travel	353,988
Employee benefits	189,719
Wages	45,175
Cost of sales	17,610
Total expenditures	<u>2,705,680</u>

EXCESS OF EXPENDITURES OVER REVENUES	<u><u>(\$136,183)</u></u>
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The accompanying notes are an integral part of this statement.

(UNAUDITED)

**ATHLETIC DEPARTMENT
UNIVERSITY OF NEW ORLEANS
LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA**

Notes to the Financial Statement
For the Year Ended June 30, 1999

INTRODUCTION

The University of New Orleans, a part of the Louisiana State University System, 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 University of New Orleans Athletic Department is a part of the University of New Orleans. The accompanying financial statement presents information only as to the transactions of the University of New Orleans 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 the University of New Orleans 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 - Unrestricted

Current funds include all funds for operating purposes on which there are no restrictions, except the budgetary control provisions included in the annual legislative appropriation act, and 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.

**ATHLETIC DEPARTMENT
UNIVERSITY OF NEW ORLEANS
LOUISIANA STATE UNIVERSITY SYSTEM
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Notes to the Financial Statement (Continued)

Expenditures

Expenditures are generally recognized under the accrual basis of accounting when incurred, except that (1) depreciation is not recognized, (2) annual and sick leave are recognized when paid, and (3) summer school fees and faculty salaries and related benefits for June are not prorated but are deferred to the succeeding year.

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 financial statement when paid.

**2. CONTRIBUTIONS (GIFTS IN-KIND)
FROM OUTSIDE ORGANIZATION**

The following is a summary of contributions-in-kind received and reported as revenues and expenditures on Statement A:

Revenues - Contributions-in-kind

Automobile dealership:

Amite Ford - one car at \$361 a month for 12 months - 46% business use	\$1,991
Banner Chevrolet - one car at \$284 a month for 12 months - 31% business use	1,041
Bryan Cheverolet - one car at \$439 a month for 12 months - 25% business use	1,343
Crescent City Dodge - one car for \$191 a month for 5 months - 51% business use	485
Crescent City Nissan - one car for \$334 a month for 8 months - 19% business use	518
Lamarque - one car at \$462 a month for 12 months - 42% business use	2,338
Regency Buick - one car at \$459 a month for 4 months - 38% business use	696
University of New Orleans Athletic Association	<u>62,889</u>
Total revenues	<u><u>\$71,301</u></u>

(UNAUDITED)

**ATHLETIC DEPARTMENT
UNIVERSITY OF NEW ORLEANS
LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA**
Notes to the Financial Statement (Concluded)

Expenditures

Travel	\$15,217
Supplies and expenses	<u>47,672</u>
Total	<u>\$62,889</u>

**3. OUTSIDE ORGANIZATION CREATED FOR
OR IN BEHALF OF THE UNIVERSITY OF
NEW ORLEANS INTERCOLLEGIATE
ATHLETIC DEPARTMENT**

The University of New Orleans Athletic Association is the only outside organization created for or in behalf of the University of New Orleans Intercollegiate Athletic Department. The accounts are maintained within the association, which is a separate nonprofit corporation whose financial statements were audited by independent certified public accountants for the year ended June 30, 1999.