

TABLE OF CONTENTS

	PAGE
INDEPENDENT ACCOUNTANTS' REPORT	1
STATEMENT OF REVENUES AND EXPENDITURES	3
NOTES TO THE STATEMENT OF REVENUES AND EXPENDITURES	4
INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL STRUCTURE	9
SCHEDULE OF REPORTABLE CONDITIONS	12
SCHEDULE OF PRIOR REPORTABLE CONDITIONS	14
INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS	15
SCHEDULE OF FINDINGS AND RECOMMENDATIONS	17
EXIT CONFERENCE	18

**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES**

Dr. Raymond Hulse, President
Grambling State University
Grambling, Louisiana 71244

At your request, we have applied certain agreed-upon procedures, as commented below, to the accounting records of the Grambling State University Intercollegiate Athletics Program as of the year ended June 30, 1996, solely to assist the University in complying with NCAA Bylaw 8.2.3.1. 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 the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which the report has been requested or for any other purpose. Our procedures were as follows:

- A. We prepared the Statements of Revenues and Expenditures for the year ended June 30, 1996, from the general ledger.
- B. We verified amounts reported as ticket sales by reviewing appropriate documentation (i.e. sales reports, receipts, etc.), recalculating the number of tickets sold by reference to the ticket price and comparing amounts calculated to the final line of the statements. Additionally, we vouchered supporting cash receipts.
- C. We reviewed the University's contract with other Universities regarding the amounts reported as game guarantees. Additionally, we vouchered supporting cash receipts accordingly.
- D. We verified revenues from television broadcasts and other miscellaneous revenues by reviewing applicable supporting documentation.

**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES
(CONTINUED)**

Dr. Raymond Hicks, President
Granddod State University
Page 2

- E. We performed analytical review procedures of payroll disbursements to athletic employees' by comparing current amounts to prior period amounts and investigating any significant or unusual fluctuations. We also reviewed supporting personnel action forms noting appropriate approval for the related wages and fringe benefits.
- F. We reached a random sample of expenditure amounts and reviewed the appropriate supporting documentation. We also verified the University's compliance with certain state laws and regulations for the tested expenditures.

We were not engaged to, and did not, perform an audit, the objective of which would be the expression of an opinion on the specified elements, accounts, or items. Accordingly, we do not express such an opinion. 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 use of the President, his designees or an authorized representative of the National Collegiate Athletic Association.

Bruno & Tervalon
BRUNO & TERVALON
CERTIFIED PUBLIC ACCOUNTANTS

January 24, 1997

STATE OF TEXAS

COMPTROLLER GENERAL'S OFFICE

STATEMENT OF REVENUES AND EXPENDITURES
FOR THE YEAR ENDING JUNE 30, 1979

	DEBITAL	CREDITAL	REVENUE	EXPENSE	NET CLASSIFIED	NET
			DEBITAL	DEBITAL	REVENUE	DEBITAL
Operating revenues:						
Texas Lotto (1975-76)	1,051,000	1	1	1	1,051,000	1,051,000
Operations	30,000	1	1	1	30,000	30,000
State operations (1975-76)	294,100	10,400	10,400	10,400	1,402,700	1,402,700
State revenue distribution (1975-76)	7,400	1	1	1	7,400	7,400
F.A. 1979	1,000	1	1	1	1,000	1,000
Other revenues	1,000	1	1	1	1,000	1,000
Total operating revenues	1,353,500	10,400	10,400	10,400	1,353,500	1,353,500
Operating support items:						
Personal services	10,000	10,000	10,000	10,000	10,000	10,000
Travel	10,000	10,000	10,000	10,000	10,000	10,000
Printing services	10,000	10,000	10,000	10,000	10,000	10,000
Supplies	10,000	10,000	10,000	10,000	10,000	10,000
Professional services and fees	10,000	10,000	10,000	10,000	10,000	10,000
Other charges and expenses	10,000	10,000	10,000	10,000	10,000	10,000
Contingency	10,000	10,000	10,000	10,000	10,000	10,000
Non-current	10,000	10,000	10,000	10,000	10,000	10,000
and 502 expense	10,000	10,000	10,000	10,000	10,000	10,000
Total operating expenditures	1,000,000	10,000	10,000	10,000	1,000,000	1,000,000
Transfers (Additions) of revenues and expenditures	10,000	10,000	10,000	10,000	10,000	10,000
Transfers of revenues and expenditures	10,000	10,000	10,000	10,000	10,000	10,000
Transfers (Additions) of revenues and expenditures other than transfers	10,000	10,000	10,000	10,000	10,000	10,000

The accompanying notes are an integral part of this statement.

**GRAMBLING STATE UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM
NOTES TO THE STATEMENT OF REVENUE AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 1996**

NOTE 1 - Summary of Significant Accounting Policies:

Organization

Grambling State University (GSU) which is located in Grambling, Louisiana is an institution of higher education founded in 1891.

The University is a component unit of the State of Louisiana within the executive branch of government and is governed by the Board of Trustees for State Colleges and Universities. The annual budget of the University and any proposed changes to degree programs, or departments of instruction, etc., require the approval of the Louisiana Board of Regents.

The University has an enrollment of approximately 7,000 students and is accredited by the Southern Association of Colleges and Schools and the National Council for Accreditation of Teacher Education .

The University operates the following intercollegiate Athletics Programs:

- Football;
- Basketball (men and women);
- Baseball;
- Tennis (men and women);
- Golf (men and women);
- Track (men and women); and
- Volleyball (women).

GRAMBLING STATE UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM
NOTES TO THE STATEMENT OF REVENUES AND EXPENDITURES, CONTINUED
FOR THE YEAR ENDED JUNE 30, 1995

NOTE 1 - Summary of Significant Accounting Policies, Continued:

Basis of Reporting

The accompanying Statement of Revenues and Expenditures for the Intercollegiate Athletics Program has been prepared in the format set forth in the NCAA Audit Guide. The purpose of the statement is to present a summary of those activities of Grambling State University for the year ended June 30, 1995 which relate to intercollegiate activities.

Because the statement presents only a selected portion of the activities of the University, it is not intended to and does not present either the financial position, changes in fund balances or the current fund's revenues, expenditures and other changes of the University.

All activities of the Intercollegiate Athletics Program are reported among the University's unrestricted current funds. The unrestricted current fund is audited by other auditors for the year ended June 30, 1995.

The accounting principles followed by the University in preparing the accompanying statement are as follows:

o **Fund Accounting**

The accounts of the University are maintained in accordance with the principles of fund accounting under which resources for various purposes are classified into funds according to specified activities or objectives. Financial transactions of funds having similar characteristics are combined and reported by fund group. As indicated above, the activities of the Intercollegiate Athletics Program are reported in the unrestricted current fund.

GRAMBLING STATE UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM
NOTES TO THE STATEMENT OF REVENUES AND EXPENDITURES, CONTINUED
FOR THE YEAR ENDED JUNE 30, 1996

NOTE 1 - Summary of Significant Accounting Policies (Continued)

o Basis of Accounting

The Statement of Revenues and Expenditures for the Intercollegiate Athletics Program has been prepared on the accrual basis of accounting and in accordance with generally accepted accounting principles, except that (1) depreciation is not recognized, (2) annual and sick leave are recognized when paid, (3) summer school tuition and fees and faculty salaries and related benefits for June 30, 1996 are not presented, but are deferred to the succeeding year, and (4) inventory is recorded as an expenditure at the time of purchase.

Additionally, the excess of revenues over expenditures that a specific intercollegiate athletic program generates is utilized to reduce a deficit experienced by another program.

To the extent that excess funds are used to finance plant assets, the amounts so provided are accounted for as expenditures.

NOTE 2 - Capital Outlays

Capital outlays are recorded as expenditures in the current fund and as an addition to fund balance in the Net Investment in the Plant Fund.

NOTE 3 - State Appropriation

Grambling State University is a publicly supported institution of higher education. As a state university, operations of the University's programs are funded through annual lump-sum appropriations made by the Louisiana Legislature.

GRAMBLING STATE UNIVERSITY

INTERCOLLEGIATE ATHLETICS PROGRAM

**NOTES TO THE STATEMENT OF REVENUES AND EXPENDITURES, CONTINUED
FOR THE YEAR ENDED JUNE 30, 1996**

NOTE 3 - State Appropriation, Continued:

State appropriations as shown on the Statement of Revenues and Expenditures for Intercollegiate Athletics represents the difference between self-generated revenues and expenditures.

However, the State appropriation budgeted for the University Intercollegiate athletic program was \$1,671,078 for the year ended June 30, 1996.

NOTE 4 - Ticket Sales:

Ticket sale revenues include the net proceeds received for participating in the Classics, and the gross revenue for all home games. All revenues received and expenditures disbursed for the Classic games were deposited to and disbursed from agency fund accounts. The net proceeds were then transferred from the Agency Fund to the General Fund prior to the end of the fiscal year.

NOTE 5 - Bayou Classic:

The revenues received and expenditures disbursed for the Bayou Classic are also deposited to and disbursed from an Agency Fund account. The amount reflected in the financial statements for ticket sales represents the City (COT) percent distribution of net income. Additionally, other revenues represent funds received from the television broadcast of the Bayou Classic.

NOTE 6 - Outside Organizations:

Grambling State University's Intercollegiate Athletics Program is the recipient of contributions to or in behalf of the program by the Grambling State Athletic Foundation (the Athletic Foundation). The financial activities of the Athletic Foundation for the year ended June 30, 1996 were not available as of the report issuance date. As such, we did not perform certain agreed-upon procedures on the accounting records of the Athletic Foundation.

GRAMBLING STATE UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM
NOTES TO THE STATEMENT OF REVENUES AND EXPENDITURES, CONTINUED
FOR THE YEAR ENDED JUNE 30, 1996

NOTE 7 - NCAA License Distribution:

The Intercollegiate Athletics Program received revenue during the year from the NCAA for certain intercollegiate athletics activities. The amount received was allocated by the NCAA in accordance with a distribution formula which is utilized to determine the amount to be received by all participating institutions.

**INDEPENDENT ACCOUNTANTS' REPORT ON
INTERNAL CONTROL STRUCTURE**

To, Raymond Hicks, President
Grambling State University
Grambling, Louisiana 70345

We have applied certain agreed-upon procedures to the accounting records of the Grambling State University Intercollegiate Athletics Program for the year ended June 30, 1994. As part of our agreed-upon procedures, we performed a study and evaluation of certain aspects of the University's internal control structure that were pertinent to the Athletics Program.

The management of the Grambling State University Intercollegiate Athletics Program is responsible for establishing and maintaining a system of internal accounting control. 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, and that transactions are recorded in accordance with management's authorization and recorded properly to permit the preparation of the statement of revenues and expenditures in accordance with generally accepted accounting principles.

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 system 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 degree of compliance with the procedures may deteriorate. Our procedures are as follows:

- A. We reviewed the athletic department's organization and the use of internal auditors in the department.

**INDEPENDENT ACCOUNTANTS' REPORT ON
INTERNAL CONTROL STRUCTURE**
(CONTINUED)

8. We reviewed and documented the flow of information through the accounting system as it relates to revenues, cash receipts and cash disbursements.

We agreed upon procedures as noted above that were applied to certain aspects of the University's system of internal accounting control were more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole. Because our study and evaluation was limited to applying agreed-upon procedures as noted above to certain aspects of the system of internal accounting controls we do not express an opinion on whether the system of internal accounting control of the Drexel/Borg Mather University Intercollegiate Athletics Program in effect for the year ended June 30, 1998, taken as a whole, was sufficient to meet the objectives stated above.

We noted certain matters involving the internal control structure and its operation that we consider 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 organization's ability to record, process, summarize, and report financial data in a manner that is consistent with the assertions of management in the statement of revenues and expenditures. See the accompanying Schedule of Reportable Conditions.

A material weakness is a reportable condition in which the design or operation of one or more of the 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 statement of revenues and expenditures being reviewed may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe none of the reportable conditions is a material weakness.

INDEPENDENT ACCOUNTANTS' REPORT ON
INTERNAL CONTROL STRUCTURE
(CONTINUED)

In connection with our agreed-upon procedures, we reviewed the prior-year reportable conditions on the internal control structure, including applicable internal administrative controls, to determine whether management had implemented appropriate action to correct the conditions giving rise to the finding. The results of our review with respect to the prior-year reportable conditions is described in the Schedule of Prior Reportable Conditions.

During our site visitations with management of the University, we discussed certain policy and procedural matters relating to the Athletic Program that we do not consider to be reportable conditions.

This report is intended for the information of the President, his designees and authorized representatives of the NCAA. This restriction is not intended to limit the distribution of this report, which upon acceptance by the University is a matter of public record.

Bruno & Tervalon

BRUNO & TERVALON
CERTIFIED PUBLIC ACCOUNTANTS

January 24, 1997

**GRAMBLING STATE UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM
SCHEDULE OF REPORTABLE CONDITIONS
FOR THE YEAR ENDING JUNE 30, 1996**

1. CLASSIC FOOTBALL GAMES

We noted during our performing agreed upon procedures to the Grambling State University's Athletic accounts and expenditures the following:

- a. The management of GSU had not adhered to established internal control procedures and accounts for all unsold game tickets for the Red River Classic football game. Specifically, the University did not account for unsold game tickets maintained by an agent totaling \$13,500.
- b. The management of GSU had not established an adequate internal control structure over game tickets for the State Fair and Red River football classics (the Classics) by not requiring an agent and ticket outlet to obtain bonds for the value of tickets issued.
- c. The management of GSU did not maintain an effective internal control structure over expenditures paid by the agents for the Classics. Specifically, the University did not maintain supporting documentation of expenditures paid by the agent for the Classics.
- d. The general ledger of the University does not fully reflect certain revenues and expenditures of football classics.

We recommended that management of GSU adhere to established procedures and account for all unsold game tickets, and additionally take the necessary steps to either obtain the unsold game tickets or pursue collection from the agent. Additionally, we recommended that a fidelity bond be obtained whenever agents or ticket outlets are utilized to distribute game tickets, and that supporting documentation be maintained of expenditures paid by agents.

We also recommended that management of GSU develop an appropriate methodology to record game expenditures which are shared by other Universities that participate in football classics.

**GRAMBLING STATE UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM
SCHEDULE OF REPORTABLE CONDITIONS
(CONTINUED)
FOR THE YEAR ENDED JUNE 30, 1988**

3. FOOTBALL TICKET SALES

We noted during our performing agreed upon procedures to the Grambling State University's Athletic revenues that football home game audit reports did not agree to related ticket sales deposits recorded to the general ledger. The totals per the audit reports were \$2,683 less than the general ledger amounts.

We recommended that management of Grambling State University adhere to established procedures and ensure that game audit reports are reconciled to deposits per the general ledger.

**GRAMBLING STATE UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM
SCHEDULE OF PRIOR REPORTABLE CONDITIONS
FOR THE YEAR ENDED JUNE 30, 1996**

1. INTERNAL CONTROLS - SEPARATION OF DUTIES

During our review, we noted the Office of Business Services is currently responsible for selling tickets for all athletic events, as well as recording the revenue received from such events and accounting all game income. However, these functions are not being reviewed/verified by an individual independent of the Office of Business Services. As such, there appears to be a lack of separation of duties to ensure proper internal controls.

Current Status

The University is continuing in its efforts to strengthen the internal control structure in the Office of Business Services. Certain individuals have been identified to perform certain functions to provide for appropriate separation of duties.

2. FRAUDULENT USE OF CREDIT CARD

During the course of our performing agreed upon procedures to the activities of Grambling State University's Intercollegiate Athletics Programs, it was brought to our attention by officials of the University that approximately \$7,500 in tickets for a "charity" football game were purchased with a stolen credit card. Additionally, the final settlement for this event, which was retained in the University, was out of the amount of ticket sales which were purchased with the unauthorized card. We were informed by the University that this matter is currently being investigated by the State Attorney General's Office.

Current Status

The University is continuing to pursue legal action to ensure the completion of the investigation and will report the results to the Legislative Auditors.

Additionally, the University has established a policy that credit cards are no longer accepted via the mail or telephone. All credit cards must be processed in person.

**INDEPENDENT ACCOUNTANTS' REPORT ON
COMPLIANCE WITH STATE LAWS AND REGULATIONS**

Dr. Raymond Hicks, President
Grambling State University
Grambling, Louisiana 71240

We have applied certain agreed-upon procedures to the accounting records of the Grambling State University Intercollegiate Athletics Program for the year ended June 30, 1998.

Compliance with laws, regulations, contracts, and grants applicable to the Intercollegiate Athletics Program is the responsibility of Grambling State University's management.

As part of our agreed-upon procedures, we performed certain tests of the Grambling State University Intercollegiate Athletics Program's compliance with certain provisions of state laws, regulations, and contracts that pertain to the Intercollegiate Athletics Program. However, it should be noted that our objective was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion. Our procedures are as follows:

- A. We obtained and reviewed representations made by management in the Louisiana System's Survey and Compliance Questionnaire.
- B. We tested these representations which related to the operations of the Intercollegiate Athletic Program.
- C. We reviewed the Athletic Department's Compliance with state tax and regulations and competitive bid requirements.

INDEPENDENT ACCOUNTANTS' REPORT ON
COMPLIANCE WITH STATE LAWS AND REGULATIONS
(CONTINUED)

The results of our agreed upon procedures disclosed no instances of non-compliance that are required to be reported under Government Auditing Standards. However, see the Schedule of Findings for a discussion on the University's failure to comply with a state statute.

This report is intended for the information of the President, his designees and authorized representatives of the BCNA. This restriction is not intended to limit the distribution of this report, which upon acceptance by the University is a matter of public record.

Bruno & Tervala
BRUNO & TERVALA
CERTIFIED PUBLIC ACCOUNTANTS

January 24, 1997

**GRAMBLING STATE UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM
SCHEDULE OF FINDINGS AND RECOMMENDATIONS**

**TIMELY COMPLETION OF AGREED-UPON
PROCEDURES OF THE ATHLETIC PROGRAM**

Condition

We noted that the University did not complete and issue the agreed-upon procedures report of the Athletic Program within six (6) months of the close of the University's fiscal year.

Cause

Certain management of the University was involved in certain matters that prevented sufficient time being devoted to the review.

Effect

The University has not complied with a Louisiana Revised Statute.

Criteria

Louisiana Revised Statute 38:513(c)(5)(a) requires that the agreed-upon procedures report of the Athletic Program must be completed within six (6) months of the close of the entity's fiscal year.

Recommendation

We recommend that management of the University adhere to established procedures and ensure that the report is issued as prescribed by state statute.

GRANBLING STATE UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM

EXIT CONFERENCE

An exit conference was held with representatives of the University. Those individuals participating were as follows:

GRANBLING STATE UNIVERSITY

Mr. Melvin Davis	--	Vice-President of Finance
Mr. Albert Dennis	--	Manager of Business Services

BRUNO & TERVALON, CERTIFIED PUBLIC ACCOUNTANTS

Mr. Edward Phillips	--	Senior Manager
Mr. Sean French	--	Audit Senior

Bruno & Tervalon
BRUNO & TERVALON
CERTIFIED PUBLIC ACCOUNTANTS

January 24, 1997

EXIT CONFERENCE DISCUSSION MATTERS

Dr. Raymond Hicks, President
Grambling State University
Grambling, Louisiana 71245

We have applied certain agreed-upon procedures to the accounting records of the Grambling State University Intercollegiate Athletics Program for the year ended June 30, 1998, and have issued our report thereon dated January 16, 1999.

As a part of our agreed upon procedures, we performed a study and evaluation of certain aspects of the University's system of internal accounting control that were pertinent to the Athletics Program and reviewed the University's compliance with laws, regulations, contracts and grants applicable to the Athletics Program.

In performing our agreed upon procedures, we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. The recommendations that accompany this letter summarize our comments and suggestions regarding those matters.

This letter does not affect our report dated January 16, 1999 on the statement of revenues and expenditures for the Grambling State University Intercollegiate Athletics Program. This report is solely for the information and use of the President and his designers.

SEALING OF THE TICKET OFFICE

We noted during our performing agreed upon procedures to Grambling State University's Athletic revenues and expenditures that the staffing of the ticket office was inadequate to meet the related office requirements. Specifically, the office is responsible for planning and supervising athletic travel needs, processing medical bills for athletes, selling game tickets, monitoring departmental expenditures, coordinating certain athletics events and reconciling and recording athletic events' income.

We recommend that immediate attention be given to ensure that the ticket office is adequately staffed.

**EXIT CONFERENCE DISCUSSION MATTERS
(CONTINUED)**

INTERNAL AUDITS

We noted during our performing agreed upon procedures that internal audits of athletic ticket sales were not performed during the year ended June 30, 1996. We believe that these audits are instrumental in ensuring that revenues earned from athletic events is properly accounted for and are an integral aspect of the University's internal control structure.

We were informed by the Internal Auditor that internal audits of athletic ticket sales will be performed during the 1996-1997 fiscal year. As such, we recommend that internal audits of ticket sales be performed.

UNSAID TICKET STOCK - STATE FAIR CLASSIC

We noted during our performing agreed-upon procedures in football ticket revenues that unsold ticket stock valued at \$2,435 out of \$29,100 were not properly retained in accordance with the State record retention requirements. The football game in question was the State Fair Classic.

Although the total unsold ticket stock was counted and verified by representatives of the other University participating in the Classic, it is still the responsibility of management of the University to properly retain accounting related records for at least three years.

We recommend that management of the University adhere to established record retention procedures.

We will review the status of these comments during our next engagement to perform agreed-upon procedures. We have already discussed many of these comments and suggestions with appropriate personnel of the University, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

Bruno & Tervalon

BRUNO & TERVALON
CERTIFIED PUBLIC ACCOUNTANTS

January 24, 1997

Bruno
& Tervalon

CERTIFIED PUBLIC ACCOUNTANTS