

LEGISLATIVE AUDITOR  
STATE OF LOUISIANA



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ATHLETIC DEPARTMENT

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NORTHWESTERN STATE UNIVERSITY  
UNIVERSITY OF LOUISIANA SYSTEM  
STATE OF LOUISIANA

AGREED-UPON PROCEDURES REPORT  
ISSUED FEBRUARY 16, 2005

**LEGISLATIVE AUDITOR  
1600 NORTH THIRD STREET  
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STEVE J. THERIOT, CPA  
LEGISLATIVE AUDITOR

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January 24, 2005

Independent Auditor's Report on  
Applying Agreed-Upon Procedures

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

We have audited the basic financial statements of the University of Louisiana System, as of and for the year ended June 30, 2004, and have issued our report thereon dated December 8, 2004. Northwestern State 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 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, 2004, solely to assist the university in complying with National Collegiate Athletic Association (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 that follow 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 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, 2004, 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.

2. We compared the Statement of Revenues and Expenditures of the intercollegiate athletic programs for June 30, 2004, and June 30, 2003, to identify variances of 5% or greater between individual revenue and expenditure accounts for each fiscal year.

As a result of our procedure, we identified variances of 5% or greater in the following revenue and expenditure accounts, for which the university provided satisfactory responses:

**Revenues**

Guarantees	Payments-in-kind	Other
Outside funds	Conference distribution	

**Expenditures**

Other salaries	Awards	Loan cars
Related benefits	Scholarships	Other
Supplies	Guarantees	Equipment
Fund raisers	Cultivation	Capital projects
Professional services	Entertainment/promotions	

3. We compared the budgeted expenditures to actual expenditures for the year ended June 30, 2004, to identify any variances of 5% or greater in individual expenditure accounts. As a result of our procedure, we identified variances of 5% or greater in the following expenditure accounts, for which the university provided satisfactory responses:

Travel  
Supplies  
Capital projects

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. No individual contributions met the criteria.

**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 and expenditures:

- a. We selected the two largest cash receipt batch sheets of ticket sales and followed them through the university's cash control system.

We found no exceptions as a result of this procedure.

- b. We selected the 10 largest athletic department cash disbursement transactions and followed them through the university's accounting system.

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. No athletic related reports were issued during the audit year.

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.

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 athletic program. 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.

**EXPENDITURES OF OUTSIDE ORGANIZATIONS MADE  
FOR OR IN BEHALF OF THE NORTHWESTERN STATE  
UNIVERSITY INTERCOLLEGIATE ATHLETIC 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, to identify any reportable conditions relating to the foundation's internal control and make inquiries of management to document any corrective action taken in response to the reportable conditions.

The financial statements of the Northwestern State University Foundation, Incorporated, were audited by an independent certified public accounting firm for the year ended June 30, 2004. The audit report is dated September 16, 2004, 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) and no reconciling items were identified.

We found no exceptions 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 items were identified.

We found no exceptions 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.

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## INDEPENDENT AUDITOR'S REPORT

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



Steve J. Theriot, CPA  
Legislative Auditor

RKB:WJR:AJR:dl

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

**Statement of Revenues and Expenditures  
For the Year Ended June 30, 2004**

	(PORTION OF) CURRENT FUNDS		TOTAL (MEMORANDUM ONLY)
	UNRESTRICTED - GENERAL FUND	RESTRICTED - AUXILIARY ENTERPRISE FUND	
<b>REVENUES</b>			
Season tickets		\$135,141	\$135,141
Gate receipts		153,474	153,474
State General Fund		2,478,839	2,478,839
Guarantees		553,750	553,750
Outside funds		961,306	961,306
Payments-in-kind		138,580	138,580
Conference distribution		312,221	312,221
Sports camp fees		104,498	104,498
Other		21,990	21,990
Total revenues	NONE	4,859,799	4,859,799
<b>EXPENDITURES</b>			
Personal services:			
Coaches' salaries		686,851	686,851
Other salaries	\$202,188	354,652	556,840
Related benefits	49,246	227,156	276,402
Loan cars		33,600	33,600
Travel		387,652	387,652
Operating services		576,454	576,454
Supplies		354,345	354,345
Fund raisers		129,606	129,606
Professional services		306,011	306,011
Other charges:			
Awards		16,210	16,210
Scholarships		978,659	978,659
Guarantees		80,900	80,900
Cultivation		22,127	22,127
Demon Sports Network		70,383	70,383
Entertainment and promotions		11,311	11,311
Other		94,085	94,085
Equipment		235,561	235,561
Capital projects		15,981	15,981
Total expenditures	251,434	4,581,544	4,832,978
<b>EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES</b>	<b>(\$251,434)</b>	<b>\$278,255</b>	<b>\$26,821</b>

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