

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



AGREED-UPON PROCEDURES REPORT
ISSUED FEBRUARY 7, 2022

**LOUISIANA LEGISLATIVE AUDITOR
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LOUISIANA LEGISLATIVE AUDITOR
MICHAEL J. "MIKE" WAGUESPACK, CPA

February 2, 2022

Independent Accountant's Report on the
Application of Agreed-Upon Procedures

DR. JOHN W. NICKLOW, PRESIDENT
UNIVERSITY OF NEW ORLEANS
UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA
New Orleans, Louisiana

We have performed the procedures enumerated below, which were agreed to by you, as President of the University of New Orleans (University), solely to assist you in evaluating whether the accompanying Statement of Revenues and Expenses (Statement) of the University's athletic department is in compliance with the National Collegiate Athletic Association (NCAA) Bylaw 3.2.4.17 for the year ended June 30, 2021. University management is responsible for the accuracy of the Statement (unaudited) and the related note (unaudited) and the compliance with NCAA requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of management of the University. Management of the University has acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The University specified a threshold of \$2,500 for reporting exceptions and the agreed-upon procedures described below were not applied to any transactions that fell under this amount, nor did we report any exceptions noted below this amount. In addition, procedures were not performed on specific reporting categories that were less than 4% of the total revenues or expenses.

The procedures that we performed and our findings are as follows:

MINIMUM COMPLIANCE AGREED-UPON PROCEDURES

INTERNAL CONTROL

1. We obtained, through discussion with management, the identity of those aspects of internal control that management considers unique to intercollegiate athletics.

2. We performed procedures to test specific elements of the control environment and accounting systems that are unique to intercollegiate athletics to determine adherence to established policies and procedures relating to revenues and expenses. The following procedures were performed:
 - (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.
 - (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.
 - (c) We inquired of and were to observe athletic department personnel to determine their compliance with policies and procedures related to the control and safeguarding of unsold tickets.

We found no exceptions as a result of these procedures.

We were unable to observe the athletic department personnel to determine their compliance with policies and procedures related to the control and safeguarding of unsold tickets because the University no longer pre-prints tickets. Tickets are now printed as they are purchased.

3. We obtained the University's procedures for gathering information on the nature and extent of affiliated and outside organization activity for or on behalf of the University's intercollegiate athletics program and performed procedures to determine the University's adherence to these procedures.

We found no exceptions as a result of these procedures.

STATEMENT OF REVENUES AND EXPENSES

GENERAL PROCEDURES

1. We obtained written representations from management as to the accuracy of the Statement, completeness of required schedules and related financial information, adequacy of controls, compliance with NCAA rules and legislation, completeness of the list of all known affiliated and outside organizations, and other information as we considered necessary for the year ended June 30, 2021.
2. We verified the mathematical accuracy of the amounts on the Statement and compared and agreed the amounts to supporting schedules provided by the University and/or the University's general ledger.

We noted that expense classification coaching salaries, benefits, and bonuses paid by a third party, and expense classification support staff/administrative compensation, benefits, and bonuses paid by the University and related entities, did

not agree to the University's general ledger. They were overstated and understated, respectively, by \$1,456,178 because the University reported the amount in the wrong classification on the Statement. Statement A was corrected.

3. We compared and agreed a sample of five operating revenue receipts and a sample of five expense disbursements obtained from the supporting schedules to adequate supporting documentation.

We found no exceptions as a result of these procedures.

4. We compared each major revenue and expense account greater than 10% of total revenues or expenses for June 30, 2021, to June 30, 2020, amounts and budget estimates, to identify variations greater than 10%.

We reported the analysis in Appendix A to this report.

MINIMUM AGREED-UPON PROCEDURES FOR REVENUES

1. We obtained and documented an understanding of the University's methodology for allocating student fees to the intercollegiate athletics program. We compared and agreed student fees reported in the Statement to student enrollment. We were to obtain explanations from the University regarding any variances in excess of 5%. We recalculated the totals. Additionally, if the athletic department is reporting that an allocation of student fees should be countable as generated revenue, we were to recalculate the totals of the University's methodology for supporting that the athletic department is able to count each sport. We were to tie the calculation to supporting documents such as seat manifests, ticket sales reports, and student fee totals.

We found no exceptions as a result of these procedures.

We noted no variances between student fees reported in the Statement and student fees calculated from student enrollment in excess of 5%.

The University does not report the allocation of student fees as generated revenue.

2. We compared direct institutional support recorded by the University during the reporting period with the institutional supporting budget transfers documentation and other corroborative supporting documentation. We recalculated the totals.

We noted direct institutional support was overstated by \$42,200. This error occurred because the University did not make enough transfers to cover all of the increased costs for the athletics program. Statement A was corrected.

**MINIMUM AGREED-UPON PROCEDURES
FOR EXPENSES**

1. We selected a sample of 10% of student athletes from the listing of University student aid recipients. We performed the following:
 - (a) We obtained individual student account detail for each selection, and compared total aid in the University's student system to the student's detail in NCAA's Compliance Assistance (CA) software.
 - (b) We performed a check of each student selected to ensure his/her information was reported accurately in the NCAA's CA software using the criteria found in 2021 NCAA Agreed-Upon Procedures.
 - (c) We recalculated the totals for each sport and overall for all sports.

We found no exceptions as a result of these procedures.

2. We obtained and inspected a list of coaches and support staff/administrative personnel paid by the University and related entities during the reporting period. We selected head coaches' contracts from men's and women's basketball and a sample of three staff/administrative personnel and performed the following:
 - (a) We compared and agreed the financial terms and conditions of each selection to the related salaries, benefits, and bonuses recorded by the University and related entities in the Statement during the reporting period.
 - (b) We obtained and inspected payroll summary registers for the reporting year for each selection.
 - (c) We compared and agreed payroll summary registers for each selection to the related salaries, benefits, and bonuses paid by the University and related entities' expense recorded by the University in the Statement during the reporting period.
 - (d) We compared and agreed the totals recorded to any employment contracts executed for the sample selected.
 - (e) We recalculated the totals.

We found no exceptions as a result of these procedures.

3. We obtained and documented an understanding of the University's team travel policies, and compared and agreed the University's team travel policies to existing University and NCAA-related policies. In addition, we obtained the general ledger detail and compared the detail to the total expenses reported. We recalculated the totals.

We found no exceptions as a result of these procedures.

4. We obtained general ledger detail for the purchase of equipment, uniforms, and supplies and compared the detail to the total expenses reported. We selected a sample of five transactions to validate the existence of the transactions and the accuracy of their recording. We recalculated the totals.

We found no exceptions as a result of these procedures.

5. We obtained general ledger detail for medical expenses and medical insurance and compared the detail to the total expenses reported. We selected a sample of five transactions to validate the existence of the transactions and the accuracy of their recording. We recalculated the totals.

We found no exceptions as a result of these procedures.

MINIMUM AGREED-UPON PROCEDURES FOR OTHER REPORTING ITEMS

1. We agreed the total outstanding University debt to supporting documentation and the University's audited financial statements, if available, or the University's general ledger.

We noted total institutional debt was understated by \$2,010,000. The University did not include audit adjustments in the amount reported. The University corrected this error.

2. We agreed the total fair market value of University endowments to supporting documentation, the University's general ledger, and/or audited financial statements, if available.

We found no exceptions as a result of these procedures.

3. We were to obtain a schedule of athletics-related capital expenditures made by athletics, the University, and affiliate organizations during the reporting period. We were to obtain the general ledger detail and compare the detail to the total expenses reported. We were to select a sample of five transactions to validate the existence of the transactions and the accuracy of their recording. We were to recalculate the totals.

The University did not report any athletics-related capital expenditures during the reporting period.

MINIMUM AGREED-UPON PROCEDURES FOR NOTES AND DISCLOSURES

1. We were to obtain from University management a list of contributions of monies, goods, or services received directly by the intercollegiate athletics program from any affiliated or outside organization, agency, or individuals (e.g., contributions by corporate sponsors) that constitutes 10% or more of all contributions received for

intercollegiate athletics during the reporting period, and ensure the source(s) of the funds, goods, and services, as well as the value associated with these items, were properly disclosed in the notes to the Statement.

The University did not report any such contributions during the report period.

2. We obtained a description of the University's policies and procedures for acquiring, approving, depreciating, and disposing of intercollegiate athletics-related assets. We ensured that the University's policies and procedures are properly disclosed within the note to the Statement.

We found no exceptions as a result of these procedures (see note 1 to the Statement).

MINIMUM AGREED-UPON PROCEDURES FOR AFFILIATED AND OUTSIDE ORGANIZATIONS

1. We obtained from management a listing of all affiliated and outside organizations for the reporting period. We obtained written representations from management that the University of New Orleans Foundation (UNO Foundation) is the only outside organization created for or on behalf of the athletic department.
2. We obtained from management of the University statements for all affiliated and outside organizations and agreed the amounts reported in the statements to the amounts provided by the UNO Foundation.

We noted that the total amount reported in Statement A did not agree to the total amount provided by the UNO Foundation. This error occurred because the University did not include amounts totaling \$31,860 for Other Sports in the Statement A totals. We also noted that expenses for the support staff/administrative compensation, benefits, and bonuses paid by the University and related entities classification were overstated by \$11,436 because they were included in the wrong classification. This caused an understatement of \$11,436 in the fundraising, marketing, and promotion classification where they should have been included. Statement A was corrected.

3. We obtained from University management a summary schedule of revenues and expenses for or on behalf of intercollegiate athletics programs by affiliated and outside organizations not under the accounting control of the University to be included with the agreed-upon procedures report as follows:

	<u>UNO Foundation</u>
Revenues	
Contributions	<u>\$469,111</u>
Expenses	
Athletic student aid	75,723
Recruiting	2,006
Team travel	5,973
Sports equipment, uniforms, and supplies	119,616
Fundraising, marketing, and promotion	13,736
Spirit groups	636
Memberships and dues	3,113
Other operating expenses	<u>248,308</u>
Total expenses	<u>469,111</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENSES	<u><u>NONE</u></u>

We obtained written representations from management as to the accuracy of the summary schedule.

We found no exceptions as a result of these procedures.

4. For all outside organizations that had an independent audit, we obtained the independent auditor's report to identify any significant deficiencies relating to the outside organization's internal controls. We were to make inquiries of management to document any corrective action taken in response to the significant deficiencies.

The UNO Foundation statements were audited by an independent certified public accountant for the year ended December 31, 2020. The audit report dated June 28, 2021, included no significant deficiencies on the outside organization's internal control.

ADDITIONAL MINIMUM AGREED-UPON PROCEDURES

1. In order for the NCAA to place reliance on the Division I financial reporting to calculate the NCAA revenue distributions, we performed the following procedures:
 - (a) For Grants-in-Aid, we compared and agreed the sports sponsored and reported in the NCAA Membership Financial Reporting System to the Calculation of Revenue Distribution Equivalencies Report. We were to inquire about any discrepancies and report the justification.

We found no discrepancies as a result of these procedures.

- (b) We compared current-year Grants-in-Aid revenue distribution equivalencies to prior-year reported equivalencies per the Membership Financial Report submission. We were to inquire about any variances greater than +/- 4%.

We noted no variances greater than 4%.

- (c) We obtained the University's Sports Sponsorship and Demographics Form for the reporting year. We validated that the countable sports reported by the University met the minimum requirements, set forth in Bylaw 20.9.6.3 for the number of contests and the number of participants in each contest that are counted toward meeting the minimum contest requirement. We validated the countable sports and ensured the University has properly reported these sports as countable for revenue distribution purposes within the NCAA Membership Financial Reporting System.

We found no exceptions as a result of these procedures. As a result of COVID-19 and its impact on institutional sport seasons, the NCAA Division I Council has approved a blanket waiver of the minimum sports sponsorship requirements for the 2020-21 academic year.

- (d) We compared the current-year number of Sports Sponsored to the prior-year reported total per the Membership Financial Report submission. We were to inquire about any variances.

We noted no variances as a result of these procedures.

- (e) For Pell Grants, we agreed the total number of Division I student athletes who, during the academic year, received a Pell Grant award (e.g., Pell Grant recipients on Full Athletic Aid, Pell Grant recipients on Partial Athletic Aid and Pell Grant recipients with no Athletic Aid) and the total dollar amount of these Pell Grants reported in the NCAA Membership Financial Reporting System to a report, generated out of the University's financial aid records, of all student-athlete Pell Grants.

We noted the total number of student athletes who received a Pell Grant award and the total dollar amount of these Pell Grants were overstated by 26 and \$66,590, respectively. The University corrected this error.

- (f) We compared current-year Pell Grants total to prior-year reported total per the Membership Financial Report submission. We were to inquire about any variance greater than +/- 20 grants.

We noted no variances that met the 20 grants threshold.

An agreed-upon procedures engagement involves the practitioner performing specific procedures that the engaging party has agreed to and acknowledged to be appropriate for the intended purpose of the engagement and reporting on findings based on the procedures performed. We were not engaged to, and did not, conduct an examination or review, the objective of which would be the

expression of an opinion or conclusion, respectively, on the compliance of the accompanying Statement and related notes of the University's Athletic Department or on its compliance with NCAA Bylaw 3.2.4.17 or on the effectiveness of the University Athletic Department's internal control over financial reporting for the year ended June 30, 2021. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of the President of the University and is not intended to be, and should not be, used by anyone other than this specified party. 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 blue ink, appearing to read 'Mike Waguespack', with a stylized flourish extending to the right.

Michael J. "Mike" Waguespack, CPA
Legislative Auditor

CC:CRV:BQD:EFS:ch

UNO NCAA 2021

UNAUDITED

Statement A

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

**Statement of Revenues and Expenses
For the Year Ended June 30, 2021**

	MEN'S BASKETBALL	WOMEN'S BASKETBALL	BASEBALL	OTHER SPORTS	NON- PROGRAM SPECIFIC	TOTAL
REVENUES						
Operating revenues:						
Ticket sales	\$27,038	\$1,727	\$54,555			\$83,320
Student fees					\$2,318,147	2,318,147
Direct institutional support					3,794,579	3,794,579
Indirect institutional support					158,584	158,584
Guarantees	101,400	41,000	15,000			157,400
Contributions	25,706	8,295	61,719	\$31,860	347,031	474,611
NCAA distributions					266,523	266,523
Program, novelty, parking, and concession sales	1,049	280	61,063	48	5,490	67,930
Royalties, licensing, advertisement, and sponsorships					15,685	15,685
Other operating revenue					77,078	77,078
Total operating revenues	<u>155,193</u>	<u>51,302</u>	<u>192,337</u>	<u>31,908</u>	<u>6,983,117</u>	<u>7,413,857</u>
EXPENSES						
Operating expenses:						
Athletic student aid	299,768	290,877	259,252	975,660	68,127	1,893,684
Guarantees			2,000			2,000
Coaching salaries, benefits, and bonuses paid by the University and related entities	504,825	382,521	285,292	554,147		1,726,785
Support staff/administrative compensation, benefits, and bonuses paid by the University and related entities					1,456,178	1,456,178
Recruiting	5,579	2,395	2,739	2,048		12,761
Team travel	108,915	73,979	120,287	227,076	23,411	553,668
Sports equipment, uniforms, and supplies	42,114	21,632	88,600	87,783	97,756	337,885
Game expenses					164,528	164,528
Fundraising, marketing, and promotion				2,300	11,436	13,736
Spirit groups					636	636
Indirect institutional support					158,584	158,584
Medical expenses and insurance					318,353	318,353
Memberships and dues		871		2,400	24,343	27,614
Student-athlete meals (non-travel)	3,138	3,510	10,257	11,796	4,792	33,493
Other operating expenses	14,161	16,989	21,179	62,305	641,519	756,153
Total operating expenses	<u>978,500</u>	<u>792,774</u>	<u>789,606</u>	<u>1,925,515</u>	<u>2,969,663</u>	<u>7,456,058</u>
EXCESS (Deficiency) OF REVENUES OVER (Under) EXPENSES	<u><u>(\$823,307)</u></u>	<u><u>(\$741,472)</u></u>	<u><u>(\$597,269)</u></u>	<u><u>(\$1,893,607)</u></u>	<u><u>\$4,013,454</u></u>	<u><u>(\$42,201)</u></u>

NOTE TO THE FINANCIAL STATEMENT

(UNAUDITED)

1. CAPITAL ASSETS

Capital assets are reported at cost at the date of acquisition or their estimated fair value at the date of donation. For movable property, the University's capitalization policy includes all items with a unit cost of \$5,000 or more and an estimated useful life greater than one year. Renovations to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of the structure are capitalized if they exceed \$100,000. Any infrastructure exceeding \$3 million must be capitalized, but the University does not have any infrastructure that meets that criterion. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred.

Depreciation is computed using the straight-line method over the estimated useful life of the assets, generally 40 years for buildings and infrastructure, 20 years for depreciable land improvements, and 3 to 10 years for most movable property. All departments within the University follow standardized policies and procedures prescribed by state laws and regulations for acquiring, approving, depreciating, and disposing of capital assets. The University has no debt associated with its Athletic Department's capital assets.

MAJOR REVENUE AND EXPENSE ANALYSIS

(UNAUDITED)

Appendix A

Appendix A includes an analysis of revenue and expense accounts that exceed 10% of total revenues and expenses. A comparison is presented of current-year amounts to prior-year amounts and of current-year amounts to budget estimates.

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

**Major Revenue and Expense Analysis
For the Year Ended June 30, 2021**

Accounts Exceeding 10% Threshold and Variation Greater Than 10%	Fiscal Year 2021	Fiscal Year 2020	Increase/ (Decrease)	Percent Variance	
Operating Revenues per Statement A					
Student Fees	\$2,318,147	\$1,394,966	\$923,181	66%	1
Operating Expenses per Statement A					
Athletic student aid	\$1,893,684	\$1,238,281	\$655,403	53%	2
Coaching salaries, benefits, and bonuses paid by the university and related entities	\$1,726,785	\$1,536,162	\$190,623	12%	3
Other operating expenses	\$756,153	\$261,291	\$494,862	189%	4
	Fiscal Year 2021 - Actual	Fiscal Year 2021 - Budget	Increase/ (Decrease)	Percent Variance	
Budget					
Direct institutional support	\$3,794,579	\$3,200,000	\$594,579	19%	5
Other operating expenses	\$756,153	\$261,420	\$494,733	189%	6

NOTES:

The budget analysis is presented based on University data only. Budget information is not available for the University of New Orleans Foundation.

- As the lowest funded Division I program in the State of Louisiana, the University decided to utilize the Privateer Spirit Fee in fiscal year 2021 to help the Department of Athletics become more competitive.
- The University increased athletic student aid to help the Department of Athletics become more competitive.
- A 2% salary increase and corresponding benefits that was effective for only three months in fiscal year 2020 was effective for all of fiscal year 2021. In addition, several coaches also received market level increases as compared to actual and aspirational peers.
- Costs increased in fiscal year 2021 due to the NCAA extending an extra eligibility year for 18 senior student athletes and due to additional costs to prevent the spread of COVID-19.
- The University increased direct institutional support to help the Department of Athletics become more competitive.
- Costs increased in fiscal year 2021 due to the NCAA extending an extra eligibility year for 18 senior student athletes and due to additional costs to prevent the spread of COVID-19.