

ATHLETIC DEPARTMENT
SOUTHEASTERN LOUISIANA UNIVERSITY
UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA



AGREED-UPON PROCEDURES REPORT
ISSUED APRIL 27, 2005

**LEGISLATIVE AUDITOR
1600 NORTH THIRD STREET
POST OFFICE BOX 94397
BATON ROUGE, LOUISIANA 70804-9397**

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TABLE OF CONTENTS

	Page
Independent Accountant's Report on Applying Agreed-Upon Procedures	3
Statement	
Financial Statement - Statement of Revenues and Expenses (Unaudited)	A9
Schedule	
Supplemental Information Schedule - Schedule of Revenues and Expenses of Outside Funds Not Subject to University's Accounting Controls (Unaudited)	1.....13



STEVE J. THERIOT, CPA
LEGISLATIVE AUDITOR

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April 6, 2005

Independent Accountant's Report on
Applying Agreed-Upon Procedures

DR. RANDY MOFFETT, PRESIDENT
SOUTHEASTERN LOUISIANA UNIVERSITY
UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA
Hammond, 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. Southeastern Louisiana 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 Southeastern Louisiana University Athletic Department and to the related outside organizations created for or in behalf of the university's Intercollegiate Athletics Program for the year ended June 30, 2004, solely to assist the university in complying with National Collegiate Athletics 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 Southeastern Louisiana 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 and associated findings are as follows:

STATEMENT OF REVENUES AND EXPENSES

1. We obtained written representations from management as to the fair presentation of the statement of revenues and expenses of the Intercollegiate Athletics Program for the year ended June 30, 2004. 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 expenses of the Intercollegiate Athletics Program for June 30, 2003, and June 30, 2004, to identify variances of \$25,000 or greater that are also 10% or greater between individual revenue and expense accounts. As a result of our procedure, we identified variances of \$25,000 or greater that are also 10% or greater in the following accounts for which the university provided satisfactory responses:

<u>Revenues</u>	<u>Expenses</u>
Gate receipts	Personal services
Guarantees	Travel
Memberships	Operating services
Concessions	Supplies
Other sources	Professional services
	Equipment
	Other charges

3. We compared the budgeted expenses to actual expenses for the year ended June 30, 2004, to identify any variances of 5% or greater.

As a result of our procedure, we identified variances between budget and actual amounts that are 5% or greater in the Other Charges expense account, for which the university provided a satisfactory response.

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.

The Southeastern Athletic Association, Inc., and the Southeastern Development Foundation, Inc., both outside organizations, each contributed monies, goods, or services for or in behalf of the athletic department that exceeded 10% of the total contributions included in other sources on Statement A.

**INTERNAL CONTROL - POLICIES AND PROCEDURES
RELATING TO INTERCOLLEGIATE ATHLETICS**

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 control unique to the university's intercollegiate athletic department.

INDEPENDENT ACCOUNTANT'S REPORT

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 expenses:
- 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.

We found no exceptions as a result of this procedure.
 - 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.

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 Athletics Program and obtained workpaper documentation and reports issued by the internal auditor to support the auditor's involvement.

On August 30, 2004, the internal auditor issued one follow-up report related to athletic concessions inventory. The report identified one recommendation that remained open, which management agreed to address. The report did not result in NCAA violations.

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 activities for or in behalf of the university's Intercollegiate Athletics Program.

**EXPENSES OF OUTSIDE ORGANIZATIONS MADE
FOR OR IN BEHALF OF THE SOUTHEASTERN LOUISIANA
UNIVERSITY INTERCOLLEGIATE ATHLETICS PROGRAM**

9. We obtained written representation from management of the university that the following groups were the only outside organizations created for or in behalf of the athletic department.

Southeastern Athletic Association, Inc.
Southeastern Development Foundation, Inc.

10. We obtained from representatives of the outside organizations statements of cash receipts and disbursements and written representations as to the fair presentation of the statements. We compared the receipts and disbursements of the outside organizations for or in behalf of the athletic department to the revenues and expenses reported on the university's Schedule of Revenues and Expenses of Outside Funds Not Subject to University's Accounting Controls (Schedule 1) and identified any reconciling items.

We found no exceptions as a result of this comparison. Management of the university made written representation that the deficit on Schedule 1 is due to the expenditure of funds for football from donations that were received in prior years from the capital campaign to return football to Southeastern. This campaign began in the 2001-2002 Fiscal Year and the funds are reflected in the beginning fund balance for the Development Foundation.

11. We compared the direct payments of the outside organizations to the university and the cash disbursements made by outside organizations for in behalf of the athletic department to the revenues reported on the university's Statement of Revenues and Expenses (Statement A) and identified any reconciling items.

We found no exceptions as a result of this comparison.

12. For each of the outside organizations that had an independent audit, we obtained the independent auditor's report to identify any reportable conditions relating to the outside organization's internal control and made inquiries of management to document any corrective action taken in response to the reportable conditions.

The financial statements of the Southeastern Athletic Association, Inc., were audited by an independent certified public accounting firm for the year ended June 30, 2004. The audit report is dated September 30, 2004, and includes no reportable conditions relating to the outside organization's internal control.

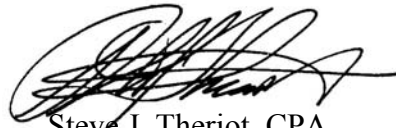
The financial statements of the Southeastern Development Foundation, Inc., were audited by an independent certified public accounting firm for the year ended June 30, 2004. The audit report is dated December 2, 2004, and includes no reportable conditions relating to the outside organization's internal control.

INDEPENDENT ACCOUNTANT'S REPORT

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 expenses of the Southeastern Louisiana University Athletic Department. Accordingly, we do not express such an opinion. Also, we express no opinion on Southeastern Louisiana 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 Southeastern Louisiana 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

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**ATHLETIC DEPARTMENT
SOUTHEASTERN LOUISIANA UNIVERSITY
UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA
(A PORTION OF) CURRENT FUNDS
UNRESTRICTED - AUXILIARY ENTERPRISE FUNDS**

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

REVENUES

Gate receipts	\$533,036
Education and general transfers	1,897,078
Guarantees	347,500
NCAA distribution	138,214
Program sales	11,380
Concessions	141,309
Other sources	1,628,467
Total revenues	<u>4,696,984</u>

EXPENSES

Personal services and related benefits	1,879,215
Travel	562,154
Operating services	289,662
Supplies	355,469
Professional services	155,428
Other charges	1,322,307
Equipment	153,607
Total expenses	<u>4,717,842</u>

EXCESS OF REVENUES OVER EXPENSES (\$20,858)

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SUPPLEMENTAL INFORMATION SCHEDULE
For the Year Ended June 30, 2004

The following supplemental information schedule presents revenues and expenses on behalf of Southeastern Louisiana University's Athletic Department made by outside organizations not subject to the university's accounting controls for the year ended June 30, 2004. Revenues and expenses of the Southeastern Athletic Association, Inc., and a portion of the revenues and expenses of the Southeastern Development Foundation, Inc., are used by those organizations to support the athletic department of Southeastern Louisiana University. Except for \$148,896 paid by the Southeastern Athletic Association, Inc., and \$1,058,174 paid by the Southeastern Development Foundation, Inc., to the university for the year ended June 30, 2004, these funds are not subject to the university's accounting controls and are not included in the Statement of Revenues and Expenses (Statement A).

The Schedule of Revenues and Expenses (Schedule 1) includes contributions-in-kind of \$162,592 in donation revenue of the Southeastern Athletic Association, Inc., for the year ended June 30, 2004. These gifts in kind were for travel (\$500), operating services (\$66,998), supplies (\$3,384), and other charges (\$91,710) and were included in these Southeastern Athletic Association, Inc., expenses on the Schedule of Revenues and Expenses (Schedule 1).

**ATHLETIC DEPARTMENT
SOUTHEASTERN LOUISIANA UNIVERSITY
UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA
OUTSIDE FUNDS NOT SUBJECT TO UNIVERSITY'S
ACCOUNTING CONTROLS**

**Schedule of Revenues and Expenses
For the Year Ended June 30, 2004**

	SOUTHEASTERN ATHLETIC ASSOCIATION, INC.	(A PORTION OF) SOUTHEASTERN DEVELOPMENT FOUNDATION, INC.	TOTAL
REVENUES			
Donations	\$307,754	\$175,409	\$483,163
Interest income		19,950	19,950
Membership	143,273	20,581	163,854
Other sources	627,987		627,987
Total revenues	<u>1,079,014</u>	<u>215,940</u>	<u>1,294,954</u>
EXPENSES			
Travel	31,534		31,534
Operating services	336,255		336,255
Supplies	70,720		70,720
Other charges	694,879	1,159,539	1,854,418
Total expenses	<u>1,133,388</u>	<u>1,159,539</u>	<u>2,292,927</u>
EXCESS OF REVENUES OVER EXPENSES	<u>(\$54,374)</u>	<u>(\$943,599)</u>	<u>(\$997,973)</u>

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