

NORTHWESTERN STATE UNIVERSITY  
UNIVERSITY OF LOUISIANA SYSTEM  
STATE OF LOUISIANA



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AGREED-UPON PROCEDURES REPORT

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ISSUED JUNE 20, 2007

**LEGISLATIVE AUDITOR  
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June 5, 2007

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

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

We have performed the procedures enumerated below, which were agreed to by the Board of Regents (BOR) and the management of Northwestern State University (university), solely to assist BOR and the university in evaluating whether the university is complying with the reporting requirements of the Louisiana Board of Regents, Endowed Chair and Endowed Professorship Programs, Statement of Investment Policy and Objectives (Statement), Section 2(H) regarding the university's Endowed Chair and Endowed Professorship Program Assets (Program Assets), endowment proceeds, investment earnings, and annual reports for the year ended June 30, 2006. University management is responsible for ensuring that program assets are managed in accordance with Statement 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 the BOR and the management of the 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.

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

1. We verified that the long-term objective of the Program Assets had been obtained by achieving an average annual real total return of at least 5% of the assets over time in accordance with Section A of the Statement.

We found that the long-term objective of achieving an average annual real total return of at least 5% had not been obtained for 24 of the 26 endowments. For the year ended June 30, 2006, the average annual real total return ranged from 2.89% to 6.16% for the 26 endowments.

2. We verified that the long-term average spending is no greater than the long-term real total return of the fund in accordance with Section B of the Statement.

We found no exception as a result of this procedure.

3. We verified that the portfolio composition and asset allocation is in accordance with Section C of the Statement.

We found no exceptions as a result of this procedure.

4. We verified that the investment performance of the Program Assets met the benchmarks contained in Section E of the Statement.

We found no exceptions as a result of this procedure.

5. We verified that the annual financial reports were prepared in accordance with the Statement using the correct information.

We found no exceptions as a result of this procedure.

6. We agreed the year-end amounts on the annual financial reports to the university's general ledger and supporting schedules.

We found no exceptions as a result of this procedure.

7. We footed and cross-footed the supporting schedules used to prepare the annual financial reports for accuracy.

We found no exceptions as a result of this procedure.

8. We tested the university computations for the five largest endowments to verify that sufficient funds were accumulated for use as salaries or salary supplements or for other expenses related to scholarly work for eligible faculty members.

We found no exceptions as a result of this procedure.

9. We were to select one expenditure transaction, using auditor judgment, from nine endowments and verify that the transaction was properly approved and spent in accordance with the Statement.

We found no exceptions as a result of this procedure.

10. If Program Assets were pooled, we were to test the allocation of investment earnings of 10 endowments to determine that the investment earnings generated from the pooled assets involving the endowments were properly allocated in accordance with the Statement and trace the amounts allocated to the general ledger or supporting schedules.

We found no exceptions as a result of this procedure.

11. We were to verify that the required Annual Reporting forms were submitted no later than October 1, 2006. In addition, we were to verify that the required audit report was submitted to the Legislative Auditor's office and to the Finance and

Administration Division of the BOR by October 31, 2006. Furthermore, if there were any audit findings, we were to determine if there was a corrective action plan included in the report to address each finding.

We found that the university submitted the required Annual Reporting forms on September 13, 2006. However, the required audit report was not submitted to the Legislative Auditor or to the Finance and Administration Division of the BOR by October 31, 2006. Management included a corrective action plan to address each finding in the report.

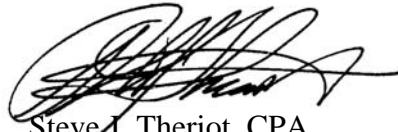
12. We verified that internal management fees charged, if any, did not exceed 125 basis points in total for all Program Assets as required by Section D(2) of the Statement.

We found no exceptions as a result of this procedure.

We were not engaged to, and did not, conduct an examination, the objective of which would be the expression of an opinion on the university's annual financial reports or on its compliance with the BOR, Endowed Chair and Endowed Professorship Programs, Statement of Investment Policy and Objectives. 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 information and use of the BOR and the management of the university and is not intended to be, and should not be, used by anyone other than these specified parties. By provision of state law, this 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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