

ATHLETIC DEPARTMENT
UNIVERSITY OF LOUISIANA AT LAFAYETTE
UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA



AGREED-UPON PROCEDURES REPORT
ISSUED FEBRUARY 12, 2014

**LOUISIANA LEGISLATIVE AUDITOR
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LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

January 14, 2014

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

DR. E. JOSEPH SAVOIE, PRESIDENT
UNIVERSITY OF LOUISIANA AT LAFAYETTE
UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA
Lafayette, Louisiana

We have performed the procedures enumerated below, which were agreed to by you, as president of the University of Louisiana at Lafayette (University), solely to assist you in evaluating whether the accompanying Statement of Revenues and Expenses (Statement) of the University Athletic Department is in compliance with the National Collegiate Athletic Association (NCAA) Constitution 3.2.4.16 for the year ended June 30, 2013, and to assist you in your evaluation of the effectiveness of the University Athletic Department's internal control over financial reporting as of June 30, 2013. University management is responsible for the Statement (unaudited) and related notes (unaudited) and 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. 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 University set materiality at \$5,000 and the agreed-upon procedures described below were not applied to any transactions that fell under this amount.

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 which 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 two 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 discussed with and observed 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.

3. We inquired about internal auditor reports that were issued during the reporting period relating to the intercollegiate athletics program to identify any significant deficiencies reported, and were informed by management that the internal auditor did not issue any reports related to athletics during the reporting period.
4. We obtained the University's procedures for gathering information on the nature and extent of affiliated and outside organizational activity for or on behalf of the University's intercollegiate athletics program and determined the University's adherence to those procedures.

We found no exceptions as a result of this procedure.

STATEMENT OF REVENUES AND EXPENSES

GENERAL PROCEDURES

1. We obtained written representations from management as to the fair presentation of the Statement of the intercollegiate athletics program, 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 we considered necessary for the year ended June 30, 2013.
2. We verified the mathematical accuracy of the amounts on the Statement and agreed the amounts to supporting schedules provided by the University and/or the University's general ledger.

We found no exceptions as a result of this procedure.

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 operating revenue and expense account for June 30, 2012, and June 30, 2013, to identify variances of 20 percent or greater between individual revenue and expense accounts that are 5 percent or more of the total and obtained and documented the University's explanations.

As a result of our procedures, we identified variances of 20 percent or greater in the following revenue and expense accounts that are 5 percent or more of the total:

Revenues

NCAA/Conference distributions, including all tournament revenues

Expenses

No variances met the criteria noted above.

5. We compared the budgeted revenues and expenses to actual revenues and expenses for each major operating revenue and expense account for the year ended June 30, 2013, to identify any variances of 20 percent or greater in individual revenue and expense accounts that are 5 percent or more of the total and obtained and documented the University's explanations.

As a result of our procedure, we identified variances of 20 percent or greater between budget and actual amounts in the following individual accounts that are 5 percent or more of the total:

Revenues

Ticket sales

NCAA/Conference distributions, including all tournament revenues

Expenses

Equipment, uniforms, and supplies

Game expenses

Direct facilities, maintenance, and rental

**MINIMUM AGREED-UPON PROCEDURES
FOR REVENUES**

1. We used a schedule prepared by the University and compared the value of the tickets sold, complementary tickets provided, and unsold tickets for the reporting period per the schedule to the related revenue reported by the University in the general ledger and Statement and to the related attendance figures. We agreed the information on the schedule to the supporting game reconciliations for a random sample of one football, one basketball, and one baseball game and recalculated the reconciliations for the games tested.

We noted that ticket sales for football, men's basketball, and baseball were understated by \$56,271; \$29,060; and \$11,665, respectively, due to unrecorded receivables for season tickets. Statement A was corrected.

2. We inquired about the University's methodology for allocating student fees to the intercollegiate athletics program, and were informed by management that the University has no student fees that are allocated to the intercollegiate athletics program.
3. We selected the away game with the largest game guarantee settlement and agreed the amount to the general ledger and to the contractual agreement. We recalculated the settlement report for the game tested.

We found no exceptions as a result of this procedure.

4. We have obtained and reviewed supporting documentation for each contribution of monies, goods, or services received directly by an intercollegiate athletics program for any affiliated or outside organization, agency, or group of individuals, two or more, that are not considered corporate sponsors that constitute 10 percent or more of all contributions received for intercollegiate athletics during the reporting period.

The University of Louisiana at Lafayette Foundation, Inc., an outside organization, contributed monies, goods, and services for or on behalf of the athletic department that exceeded 10 percent of the total contributions.

5. We inquired about direct state or other governmental support recorded by the University during the reporting period, and were informed by management that the University had no direct state or other governmental support as defined by NCAA guidelines.
6. We compared direct institutional support recorded by the University during the reporting period with state appropriations, institutional authorizations, and/or other corroborative supporting documentation. We recalculated the totals.

We found no exceptions as a result of this procedure.

7. We compared indirect institutional support recorded by the University during the reporting period with state appropriations, institutional authorizations, and other corroborative supporting documentation and recalculated the totals.

We found no exceptions as a result of this procedure.

8. We compared and agreed the NCAA/Conference distributions, including all tournament revenues, to the general ledger and/or the Statement based on the relevant terms and conditions of all agreements related to the University's participation in NCAA/Conference tournaments and recalculated the totals.

We noted that \$55,000 of NCAA distributions was classified as Direct Institutional Support. Statement A was corrected.

9. We obtained and inspected all the agreements related to the University's participation in revenues from broadcasts, television, radio, and Internet rights during the reporting period. We compared and agreed related revenues to the general ledger and/or the Statement and recalculated the totals.

We found no exceptions as a result of this procedure.

10. We obtained and inspected all agreements related to the University's participation in revenues from royalties, licensing, advertisements, and sponsorships during the reporting period. We compared and agreed the related revenues to the general ledger and/or the Statement and recalculated the totals.

We noted an agreement that was in effect, but \$119,053 of the royalties, licensing, advertisements and sponsorship revenue and the related medical expenses were excluded from Statement A. We also noted an agreement that was reported with amounts for fiscal year 2014 rather than 2013, overstating royalties, licensing, advertisements, and sponsorships revenue and equipment, uniforms and supplies expense by \$56,579. Statement A was corrected.

11. We inquired about sports-camp contracts between the University and person(s) conducting the camps or clinics, and were informed by management that the University had no revenue amounts received by the athletic department for sports camps or clinics during the reporting period.

12. We were to randomly select one endowment agreement and compare and agree the classification and use of the endowment and investment income reported in the Statement for the reporting period to the uses of income as defined in the agreement, but were informed by management that the University had no endowments for the reporting period.

13. We randomly selected one operating revenue receipt from each category not previously mentioned and agreed to adequate supporting documentation and recalculated the totals.

We found no exceptions as a result of this procedure.

MINIMUM AGREED-UPON PROCEDURES FOR EXPENSES

1. We randomly selected a sample of four students from the listing of University student aid recipients during the reporting period and obtained individual student-account detail for each selection and compared total aid allocated from the related aid award letter to the student's account. We recalculated the totals.

We found no exceptions as a result of this procedure.

2. We obtained and inspected the away game with the largest settlement report received by the University during the reporting period and agreed the related expenses to the University's general ledger and/or Statement.

We found no exceptions as a result of this procedure.

3. We obtained and inspected a random sample of one contractual agreement pertaining to expenses recorded by the University from guaranteed contests during the reporting period. We compared and agreed related amounts expensed by the University during the reporting period to its general ledger and/or the Statement and recalculated the totals.

We found no exceptions as a result of this procedure.

4. We obtained from management a list of coaches and support staff/administrative personnel paid by the University and related entities during the reporting period. We selected the head coaches from football, men's and women's basketball, and baseball and randomly selected two support staff/administrative personnel and performed the following procedures:

- (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.

- (b) We obtained and inspected W-2s and 1099s for each selection.

- (c) We compared and agreed related W-2s and 1099s 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 recalculated the totals.

We found no exceptions as a result of these procedures.

5. We inquired about coaches and support staff/administrative personnel that were paid by third parties and were informed by management that no salaries were paid by third parties.
6. Using a list prepared by the University, we selected the two athletic employees with severance payments that exceeded materiality set for the agreed-upon procedures and agreed the severance pay to the related termination letter or employment contract and recalculated the totals.

We found no exceptions as a result of this procedure.

7. We compared and agreed the University's recruiting expense policies to existing University and NCAA-related policies.

We found no exceptions as a result of this procedure.

8. We compared and agreed the University's team travel policies to existing University and NCAA-related policies.

We found no exceptions as a result of this procedure.

9. We obtained and documented the University's methodology for allocating indirect facilities support to athletics, summed the indirect facilities support and indirect institutional support totals, and determined that it is presented in accordance with the University's methodology for allocating indirect facilities support. We compared and agreed indirect facilities and administrative support expense to the corresponding revenue category reported by the University in the Statement and recalculated the totals.

We found no exceptions as a result of these procedures.

10. We randomly selected one operating expense from each category not previously mentioned, agreed to adequate supporting documentation and recalculated the totals.

We found no exceptions as a result of these procedures.

**MINIMUM AGREED-UPON PROCEDURES
FOR NOTES AND DISCLOSURES**

1. We obtained from University management a list of contributions of monies, goods, or services received directly by the athletic department to identify any individual contributions that constitute more than 10 percent of the total contributions. We ensured the source of funds and goods and services, as well as the value associated with these items, were properly disclosed.

The University of Louisiana at Lafayette Foundation, Inc., an outside organization, contributed monies, goods, and services for or on behalf of the athletic department that exceeded 10 percent of the total contributions.

2. We inquired about all outstanding intercollegiate athletics debt maintained by the University and/or affiliated and outside organizations during the reporting period, and were informed by management that the University had no outstanding intercollegiate athletics debt.

**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 also obtained written representation from management of the University that the University of Louisiana at Lafayette Foundation, Inc., was the only outside organization created for or on behalf of the athletic department.
2. We obtained from management statements for all affiliated and outside organizations and performed the following:
 - (a) We agreed the amounts reported in the statements to the University's general ledger.
 - (b) We reconciled the cash disbursements made by the organization for or on behalf of the University's intercollegiate athletics programs or employees to the revenues reported on the University's Statement.
 - (c) We reconciled the direct payments of the outside organizations to the University with the revenues reported on the University's Statement.

We found no exceptions as a result of these procedures.

3. We obtained from 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>FOOTBALL</u>	<u>MEN'S BASKETBALL</u>	<u>WOMEN'S BASKETBALL</u>	<u>OTHER SPORTS</u>	<u>NON- PROGRAM SPECIFIC</u>	<u>TOTAL</u>
Revenues:						
Contributions	\$687,711	\$85,387	\$15,164	\$248,753	\$316,603	\$1,353,618
Total revenues	<u>687,711</u>	<u>85,387</u>	<u>15,164</u>	<u>248,753</u>	<u>316,603</u>	<u>1,353,618</u>
Expenses:						
Athletic student aid				12,487	2,000	14,487
Coaching salaries, benefits, and bonuses paid by the university and related entities	7,762	2,500		2,500		12,762
Recruiting	15,279	1,307		2,855		19,441
Team travel	193	3,948		3,794		7,935
Equipment, uniforms, and supplies	183,169	4,079	5,272	51,767	45,133	289,420
Game expenses				4,188		4,188
Fund raising, marketing, and promotion	365,784	34,772	6,467	145,396	79,033	631,452
Direct facilities, maintenance, and rental	30,893		400	8,765	3,785	43,843
Spirit groups		994	2,970			3,964
Medical expenses and medical insurance	6,560	1,610			41,250	49,420
Memberships and dues				360		360
Other operating expense	78,071	36,177	55	16,641	145,402	276,346
Total expenses	<u>687,711</u>	<u>85,387</u>	<u>15,164</u>	<u>248,753</u>	<u>316,603</u>	<u>1,353,618</u>
EXCESS OF REVENUES OVER EXPENSES						
	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>

4. We obtained written representation from management as to the fair presentation of the summary schedule and agreed the amounts reported to the University's general ledger.

We found no exceptions as a result of this procedure.

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

The financial statements of the University of Louisiana at Lafayette Foundation, Inc., were audited by an independent certified public accounting firm for the year ended June 30, 2013. The audit report is dated August 26, 2013, and includes no significant deficiencies on the outside organization's internal control.

We were not engaged to, and did not, conduct an examination, the objective of which would be the expression of an opinion on the compliance of the accompanying Statement and related notes of the University's Athletic Department or on its compliance with NCAA Constitution 3.2.4.16 or on the effectiveness of the University Athletic Department's internal control over financial reporting for the year ended June 30, 2013. 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 president of the University and is not intended to be, and should not be, used by anyone other than the president. 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 that reads "Daryl G. Purpera". The signature is written in a cursive, flowing style.

Daryl G. Purpera, CPA, CFE
Legislative Auditor

RJM:BH:EFS:THC:mk

ULL NCAA 2013

**ATHLETIC DEPARTMENT
UNIVERSITY OF LOUISIANA AT LAFAYETTE
UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA**

**Statement of Revenues and Expenses
For the Year Ended June 30, 2013**

	FOOTBALL	MEN'S BASKETBALL	WOMEN'S BASKETBALL	OTHER SPORTS	NON- PROGRAM SPECIFIC	TOTAL
REVENUES						
Operating Revenues:						
Ticket sales	\$1,706,117	\$309,275	\$6,500	\$506,868		\$2,528,760
Guarantees	1,700,000	195,000		4,000		1,899,000
Contributions	2,154,715	447,815	31,949	485,694	\$548,293	3,668,466
Direct institutional support	1,376,372	850,368	909,214	3,320,388	1,099,259	7,555,601
Indirect facilities and administrative support	18,467	13,898	13,898	57,932	20,259	124,454
NCAA/Conference distributions, including all tournament revenues	107,390	7,390	7,390	112,010	884,423	1,118,603
Broadcast, television, radio, and Internet rights					41,881	41,881
Program sales, concessions, novelty sales, and parking	185,039		837	114,728	14,042	314,646
Royalties, licensing, advertisements, and sponsorships	136,171	6,823	4,927	96,547	429,186	673,654
Other operating revenue	53,762				135,534	189,296
Total operating revenues	7,438,033	1,830,569	974,715	4,698,167	3,172,877	18,114,361
EXPENSES						
Operating Expenses:						
Athletics student aid	1,511,972	240,419	278,392	1,629,118	265,872	3,925,773
Guarantees	525,000	10,500	10,000	48,313		593,813
Coaching salaries, benefits, and bonuses paid by the university and related entities	2,272,702	868,666	365,360	1,146,494		4,653,222
Support staff/administrative salaries, benefits, and bonuses paid by the university and related entities	136,906	51,653	1,739	24,420	1,591,297	1,806,015
Severance payments	12,627	3,519	2,587	22,061	414	41,208
Recruiting	187,684	65,854	52,618	76,119	6,228	388,503
Team travel	780,654	199,156	114,935	736,651		1,831,396
Equipment, uniforms, and supplies	582,691	48,341	35,036	399,796	196,047	1,261,911
Game expenses	472,336	198,133	64,261	282,001	188,945	1,205,676
Fund raising, marketing, and promotion	385,310	39,022	6,596	147,561	82,227	660,716
Direct facilities, maintenance, and rental	222,399	32,836	2,493	94,970	260,697	613,395
Spirit groups	89,611	994	2,970			93,575
Indirect facilities and administrative support	18,467	13,898	13,898	57,932	20,259	124,454
Medical expenses and medical insurance	7,890	1,753		2,090	724,982	736,715
Memberships and dues	1,470	775	667	3,599	89,370	95,881
Other operating expense	230,314	55,050	23,163	27,042	284,502	620,071
Total operating expenses	7,438,033	1,830,569	974,715	4,698,167	3,710,840	18,652,324
EXCESS (Deficiency) OF REVENUES OVER (Under) EXPENSES	NONE	NONE	NONE	NONE	(\$537,963)	(\$537,963)

**NOTE TO THE FINANCIAL STATEMENT
(UNAUDITED)**

1. CONTRIBUTIONS

No individuals or outside organizations other than the University of Louisiana at Lafayette Foundation, Inc., contributed monies, goods, or services for or on behalf of the athletic department that exceeded 10 percent of the total contributions included in Statement A.