

SOUTHERN UNIVERSITY - BATON ROUGE  
(INTERCOLLEGIATE ATHLETICS PROGRAM)

EXIT CONFERENCE

An exit conference was held to discuss the report. Those in attendance were as follows:

SOUTHERN UNIVERSITY-BATON ROUGE CAMPUS

Mr. Hankus McClintock                      -            Associate Controller

BRUNO & TERVALON, Certified Public Accountants

Mr. Edward Phillips, Jr.                      -            Senior Manager

*Bruno & Tervalon*  
BRUNO & TERVALON  
CERTIFIED PUBLIC ACCOUNTANTS

December 30, 1996

INDEPENDENT ACCOUNTANTS' REPORT ON  
COMPLIANCE WITH STATE LAWS AND REGULATIONS  
(CONTINUED)

This report is intended for the information of the President, her designers and authorized representatives of the NCAA. This restriction is not intended to limit the distribution of this report, which upon acceptance by the University is a matter of public record.

*Bruno & Tervalon*

BRUNO & TERVALON  
CERTIFIED PUBLIC ACCOUNTANTS

December 30, 1996

**INDEPENDENT ACCOUNTANTS' REPORT ON  
COMPLIANCE WITH STATE LAWS AND REGULATIONS**

Dr. Dolores R. Spikas, President  
Southern University-Baton Rouge Campus  
Baton Rouge, Louisiana

We have applied certain agreed-upon procedures to the accounting records of the Southern University-Baton Rouge Campus Intercollegiate Athletics Program for the year ended June 30, 1996.

Compliance with laws, regulations, contracts and grants applicable to the Intercollegiate Athletics Program is the responsibility of the Southern University-Baton Rouge Campus' management.

As part of our agreed-upon procedures, we performed certain tests of the University's compliance with certain provisions of state laws, regulations, contracts and grants that pertain to the Intercollegiate Athletics Programs. However it should be noted that our objective was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion. Our procedures are as follows:

- A. We obtained and reviewed representations made by management in the Louisiana Systems Survey and Compliance Questionnaire.
- B. We tested those representations which related to the operations of the Intercollegiate Athletics Program.

The results of our agreed-upon procedures disclosed no instances of non-compliance that are required to be reported under Government Auditing Standards.

SOUTHERN UNIVERSITY - BATON ROUGE  
(INTERCOLLEGIATE ATHLETICS PROGRAM)

EXIT CONFERENCE

An exit conference was held to discuss the report. Those in attendance were as follows:

SOUTHERN UNIVERSITY-BATON ROUGE CAMPUS

Mr. Huxley McClinton                      -            Associate Comptroller

BRUNO & TERVALON, Certified Public Accountants

Mr. Edward Phillips, Jr.                      -            Senior Manager

*Bruno & Tervalon*

BRUNO & TERVALON  
CERTIFIED PUBLIC ACCOUNTANTS

December 30, 1966

**INDEPENDENT ACCOUNTANTS' REPORT ON  
COMPLIANCE WITH STATE LAWS AND REGULATIONS**

Dr. Dolores E. Spinks, President  
Southern University-Hatou Rouge Campus  
Hatou Rouge, Louisiana

We have applied certain agreed-upon procedures to the accounting records of the Southern University-Hatou Rouge Campus Intercollegiate Athletics Program for the year ended June 30, 1996.

Compliance with laws, regulations, contracts and grants applicable to the Intercollegiate Athletics Program is the responsibility of the Southern University-Hatou Rouge Campus' management.

As part of our agreed-upon procedures, we performed certain tests of the University's compliance with certain provisions of state laws, regulations, contracts and grants that pertain to the Intercollegiate Athletics Programs. However it should be noted that our objective was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion. Our procedures are as follows:

- A. We obtained and reviewed representations made by management in the Louisiana System Survey and Compliance Questionnaire.
- B. We tested those representations which related to the operations of the Intercollegiate Athletics Program.

The results of our agreed-upon procedures disclosed no instances of non-compliance that are required to be reported under Government Auditing Standards.

SOUTHERN UNIVERSITY-BATON ROUGE CAMPUS  
INTERCOLLEGIATE ATHLETICS PROGRAM  
SCHEDULE OF PRIOR REPORTABLE CONDITIONS, CONTINUED  
FOR THE YEAR ENDED JUNE 30, 1996

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3. **THEFT OF GAME REVENUES**

During the course of performing our agreed-upon procedures to the activities of Southern University in Baton Rouge athletic program, for the years ended June 30, 1995 and 1992 it was brought to our attention by officials of the University that approximately \$4,843 and \$2,500 respectively, of proceeds received from athletic events were stolen from the athletic department. We were informed by the University that the thefts are currently being investigated by the University's Police Department and that reimbursement totaling \$2,500 has been received from the insurance carrier.

We recommend that the University continue to take the necessary steps to ensure the timely completion of the investigations, and that the results of the investigations be reported to appropriate management and the Legislative Auditor.

**Current Status**

The University's Police Department has completed the investigation of the theft of \$2,500. However, the matters related to the theft of \$4,843 has been referred to the District Attorney's office. Upon completion, the results of the investigation will be reported to management and the Legislative Auditor.

**SOUTHERN UNIVERSITY-BATON ROUGE CAMPUS  
INTERCOLLEGIATE ATHLETICS PROGRAM  
SCHEDULE OF PRIOR REPORTABLE CONDITIONS, CONTINUED  
FOR THE YEAR ENDED JUNE 30, 1995**

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**2. PHYSICAL INVENTORY - UNSOLD PRE-NUMBERED  
TICKET STOCK PAPER \_\_\_\_\_**

We noted during the course of performing our agreed-upon procedures that appropriate University personnel had not adhered to established procedures and performed a periodic inventory of unsold pre-numbered ticket stock paper.

Additionally, we noted that appropriate University personnel had not established procedures to reconcile sold ticket stock paper to actual sales reported per the internal sales reports.

**Current Status**

The University is continuing to develop procedures to ensure sold ticket stock paper is reconciled to internal sales reports. Additionally, a periodic inventory of unsold pre-numbered ticket stock paper was not performed.

**SOUTHERN UNIVERSITY-BATON ROUGE CAMPUS  
INTERCOLLEGIATE ATHLETICS PROGRAM  
SCHEDULE OF PRIOR REPORTABLE CONDITIONS  
FOR THE YEAR ENDED JUNE 30, 1996**

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**1. BAYOU CLASSIC REVENUES**

During the course of performing our agreed-upon procedures to the activities of Southern University in Baton Rouge athletic program, (the University) it was brought to our attention by officials of the University that approximately \$20,280 in cash receipts had been erroneously recorded as a reduction in accounts receivable for the 1992 Bayou Classic. It was determined by the University that such funds were revenue amounts collected for the 1993 football season.

As a result, the University appears to have a shortage in cash collections totaling \$20,280 that are applicable to the 1992 Bayou Classic.

We recommend that the University review these matters and that the results of the review be communicated to appropriate management and the Legislative Auditor.

**Current Status**

The investigation of the matters is continuing to be performed by the District Attorney's office. Upon completion of the investigation, the University will communicate the results of the investigation to appropriate management and the Legislative Auditor.

**SOUTHERN UNIVERSITY-BATON ROUGE CAMPUS  
INTERCOLLEGIATE ATHLETICS PROGRAM  
SCHEDULE OF REPORTABLE CONDITIONS  
FOR THE YEAR ENDING JUNE 30, 1996**

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**BAYOU CLASSIC TICKET SALES**

We noted during our performing agreed-upon procedures to the accounting records of the Southern University-Baton Rouge Campus Intercollegiate Athletics Program that management of the Baton Rouge Campus had not maintained an adequate internal control structure over the distribution and collection of ticket sales for the 1995 Bayou Classic. Specifically, the University had not received payment for \$30,050 in ticket sales for the 1995 Bayou Classic prior to June 30, 1996.

We recommend that management of the Baton Rouge Campus maintain complete and accurate records on tickets, and timely verify the accuracy of the settlement of revenues generated from the Bayou Classic football game.

Additionally, we were informed by management of the University that an investigation is presently being performed of a possible irregularity of football ticket sales for the 1996 Bayou Classic which occurred subsequent to June 30, 1996. The amount of the possible irregularity and the methodology utilized to perform such is presently being determined.

We recommend that the University continue to take the necessary steps to ensure the timely completion of the investigation and that the results be reported to appropriate management, the District Attorney and the Legislative Auditor.

**INDEPENDENT ACCOUNTANTS' REPORT ON  
INTERNAL CONTROL STRUCTURE**  
CONTINUED

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe that the reportable condition previously described is not a material weakness.

In connection with our agreed-upon procedures, we reviewed the prior-year reportable conditions on the internal control structure, including applicable internal administrative controls, to determine whether management had implemented appropriate action to correct the conditions giving rise to the findings. The results of our review with respect to the prior-year reportable conditions are described in the schedule of prior reportable conditions.

This report is intended for the information of the President, her designees and authorized representatives of the NCAA. This restriction is not intended to limit the distribution of this report, which upon acceptance by the University, is a matter of public record.

*Bruno & Tervalon*  
BRUNO & TERVALON  
CERTIFIED PUBLIC ACCOUNTANTS

December 26, 1996

**INDEPENDENT ACCOUNTANTS' REPORT ON  
INTERNAL CONTROL STRUCTURE**  
**CONTINUED**

- B. We reviewed and documented the flow of information through the accounting system as it relates to the Athletic Department's revenues, cash receipts and cash disbursements.
  
- C. We reviewed the University's procedures for gathering information on the nature and extent of outside organization's activities for or in behalf of the University's Intercollegiate Athletics Program. However, the financial statements of the Quarterback Club have not been completed as of this report issuance date. Therefore, a Statement of Revenues and Expenditures for the outside organization was not provided.

The agreed-upon procedures as noted above that were applied to certain aspects of the University's system of internal accounting control were more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole. Because our study and evaluation was limited to applying agreed-upon procedures as noted above to certain aspects of the system of internal accounting control we do not express an opinion on whether the system of internal accounting control of the Southern University-Baton Rouge Campus Intercollegiate Athletics Program is effective for the year ended June 30, 1996, taken as a whole, was sufficient to meet the objectives stated above.

We noted a certain matter involving the internal control structure and its operation that we consider to be a reportable condition under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the organization's ability to record, process, summarize, and report financial data in a manner that is consistent with the assertions of management in the statement of revenues and expenditures.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the statement of revenues and expenditures being reviewed may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

**INDEPENDENT ACCOUNTANTS' REPORT ON  
INTERNAL CONTROL STRUCTURE**

Dr. Dolores B. Spikes, President  
Southern University-Baton Rouge Campus  
Baton Rouge, Louisiana

We have applied certain agreed-upon procedures to the accounting records of the Southern University-Baton Rouge Campus Intercollegiate Athletics Program for the year ended June 30, 1996. As part of our agreed-upon procedures, we performed a study and evaluation of certain aspects of the University's system of internal accounting control pertinent to the Athletic Department.

The management of the Southern University-Baton Rouge Campus Intercollegiate Athletics Program is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system of internal accounting control are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

Because of inherent limitations in any system of internal accounting control, errors or irregularities may occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions, or that the degree of compliance with the procedures may deteriorate. Our procedures are as follows:

- A. We reviewed the Athletic Department's organization.

**SOUTHERN UNIVERSITY-BATON ROUGE CAMPUS  
INTERCOLLEGIATE ATHLETICS PROGRAM  
NOTES TO THE STATEMENT OF REVENUES AND EXPENDITURES, CONTINUED  
FOR THE YEAR ENDED JUNE 30, 1996**

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**NOTE 3 - Capital Outlays:**

Capital outlays are recorded as expenditures in the current fund and as an addition to fund balance in the Net Investment in the Plant Fund.

**NOTE 4 - NCAA Revenue Distribution:**

The Intercollegiate Athletics Program received revenue during the year from the NCAA for certain intercollegiate athletic activities. The amount received was calculated by the NCAA in accordance with a distribution formula which is utilized to determine the amount to be retained to all participating institutions.

**NOTE 5 - Outside Organizations:**

Southern University-Baton Rouge Campus Intercollegiate Athletics Program is the recipient of contributions to or in behalf of the program by the Southern University Quarterback Club, East Baton Rouge Area Chapter, Inc. (the Quarterback Club). We were informed by appropriate management of the organization that the financial statements for the Quarterback Club have not been completed. As such, we are unable to prepare a statement of revenues and expenditures for this outside organization as of June 30, 1996.

**NOTE 6 - Scholarship Expense:**

The total scholarship expense per the statement of revenues and expenses represents all athletic scholarships disbursed during the Fall 1995, Spring and Summer, 1996 semesters.

**SOUTHERN UNIVERSITY-HATON ROUGE CAMPUS  
INTERCOLLEGIATE ATHLETICS PROGRAM  
NOTES TO THE STATEMENT OF REVENUES AND EXPENDITURES, CONTINUED  
FOR THE YEAR ENDED JUNE 30, 1996**

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**NOTE 1 - Summary of Significant Accounting Policies:**  
*Continued:*

**a. Basis of Accounting**

The statement of revenues and expenditures for the Intercollegiate Athletics Program has been prepared on the accrual basis of accounting, except that (1) depreciation is not recognized, (2) annual and sick leave are recognized when paid, (3) summer school tuition and fees and faculty salaries and related benefits are not pro rated, but are deferred to the succeeding year, and (4) inventory of the general fund are recorded as expenditures at the time of purchase.

Additionally, the excess of revenues over expenditures that a specific intercollegiate athletic program generates is utilized to offset a deficit experienced by another program and are recorded as transfers.

To the extent that current funds are used to finance plant assets, the amounts so provided are accounted for as expenditures.

**NOTE 2 - Student Activity Fees:**

At a meeting of the Southern University Board of Supervisors (the Board) on June 28, 1985, the Board approved a resolution that allocated a portion of the General Registration Fee (tuition and fees) to be used as needed and would be known as a student activity fee. The allocation would be made, as specifically needed, to cover all expenditures not covered by other self-generated revenues from within the Intercollegiate Athletics Program during a fiscal year. On May 28, 1990, the Board approved an athletic fee of \$70.00 per semester for full-time undergraduate, graduate and law students who are enrolled on campus and for part-time undergraduate students who are enrolled on campus.

For purposes of this report, student activity fees have been allocated to other sports and non-sports specific activities.

**SOUTHERN UNIVERSITY-BATON ROUGE CAMPUS  
INTERCOLLEGIATE ATHLETICS PROGRAM**  
NOTES TO THE STATEMENT OF REVENUES AND EXPENDITURES, CONTINUED  
FOR THE YEAR ENDED JUNE 30, 1996

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**NOTE 1 - Summary of Significant Accounting Policies:**  
**Continued:**

**Basis of Reporting:**

The accompanying statement of revenues and expenditures for the Intercollegiate Athletics Program has been prepared in the format set forth in the NCAA Audit Guide. The purpose of the statement is to present a summary of those activities of the Southern University-Baton Rouge Campus (the University) Intercollegiate Athletics Program for the year ended June 30, 1996.

Because the statement presents only selected financial activities of the University, it is not intended to and does not present either the financial position, changes in fund balances or the current fund's revenues, expenditures and other changes of the University.

All activities of the intercollegiate athletics program are reported among the University's unrestricted current funds. The unrestricted current funds of the University were audited by other independent auditors.

The accounting principles followed by the University in preparing the statement of revenues and expenditures are as follows:

o **Fund Accounting**

The accounts of the University are maintained in accordance with the principles of fund accounting under which resources for various purposes are classified into funds according to specified activities or objectives. Financial transactions of funds having similar characteristics are combined and reported by fund group. As indicated above, the activities of the intercollegiate athletics program are reported in the unrestricted current funds.

SOUTHERN UNIVERSITY-BATON ROUGE CAMPUS  
INTERCOLLEGIATE ATHLETICS PROGRAM  
NOTES TO THE STATEMENT OF REVENUES AND EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 1998

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NOTE 1 - *Summary of Significant Accounting Policies*

*Organization*

*General:*

Southern University (the University) is a publicly supported institution of higher education. The University is a political subdivision of the State of Louisiana, within the Executive Branch of government, under the management and supervision of the Southern University Board of Superintents. However, the annual budget of the University and proposed changes to the degree programs, departments of instruction, or courses, require the approval of the Board of Regents. The Board of Superintents is comprised of 17 members appointed for a six year term by the Governor with the consent of the Senate, and one student member appointed for a one year term by a council composed of the student body presidents of the Southern University System. As a State agency, operations of the University's instructional programs are funded through annual lapsing appropriations made by the Louisiana Legislature.

The Southern University-Baton Rouge Campus operates the following intercollegiate athletics programs:

- o Football;
- o Basketball (men and women);
- o Baseball;
- o Tennis;
- o Golf;
- o Track (men and women); and
- o Volleyball.



**INDEPENDENT ACCOUNTANTS' REPORT  
(CONTINUED)**

Dr. Delores R. Spikes, President  
Southern University-Baton Rouge Campus  
Page 3

- F. We performed analytical review procedures of expenditure balances by comparing current amounts to prior period amounts. Any significant or unusual fluctuations were noted and subsequently reconciled.
- G. We touched a random sample of expenditure transactions and reviewed the appropriate supporting documentation.
- H. We agreed payroll expenditures for athletes as recorded in the general ledger to the June 30, 1996 schedule of earnings and fringe benefits. We also compared current payroll amounts to the prior year's amounts and reconciled all variances greater than a pre-determined amount. We also reviewed supporting personnel action forms being appropriate approval for the related wages and fringe benefits increases and/or decreases.

Because the procedures noted above do not constitute an audit made in accordance with generally accepted auditing standards, we do not express an opinion on any of the accounts or items referred to above. In connection with the procedures referred to above, no matters came to our attention that caused us to believe that other specified accounts or items should be adjusted. Had we performed additional procedures or had we made an audit of the financial statements in accordance with generally accepted auditing standards, other matters might have come to our attention that would have been reported to you.

This report relates only to the accounts and items specified above and does not extend to the financial statements of the Southern University System or Baton Rouge Campus taken as a whole.

*Bruno & Tervalon*  
BRUNO & TERVALON  
CERTIFIED PUBLIC ACCOUNTANTS

December 30, 1996  
CERTIFIED PUBLIC ACCOUNTANTS

**Bruno  
& Tervalon**

**INDEPENDENT ACCOUNTANTS' REPORT**

Dr. Dolores B. Spitzer, President  
Southern University-Baton Rouge Campus  
Baton Rouge, Louisiana

At your request, we have applied certain agreed-upon procedures, as enumerated below, to the accounting records of the Southern University-Baton Rouge Campus Intercollegiate Athletics Program as of the year ended June 30, 1996, solely to assist the University in complying with NCAA Bylaw 6.2.3.1. It is understood that this report is solely for your information and is not to be referred to or distributed for any purposes to anyone who is not a member of management of Southern University-Baton Rouge Campus (the University) or an authorized representative of the National Collegiate Athletic Association. Our procedures are as follows:

- A. We prepared the Statement of Revenues and Expenditures for the year ended June 30, 1996, from the general ledger.
- B. We analyzed amounts reported as ticket sales by reviewing appropriate documentation (i.e. sales reports, receipts, etc.).
- C. We obtained the University's contracts with other Universities supporting the amounts reported as game guarantee revenues and expenditures. We agreed such amounts to either the general ledger or cash receipt ledgers. Additionally, we reached supporting cash receipts and cash disbursements accordingly.
- D. We accompanied student athletic activity fees based upon student enrollment data obtained from the Registrar. We agreed such amounts to the general ledger.
- E. We verified television rights' revenues that were received for the Breyer Clinic by reviewing the contract and reaching the cash receipts.

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SOUTHERN UNIVERSITY - BATON ROUGE CAMPUS  
 (INTERCOLLEGIATE ATHLETICS PROGRAM)

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Under provisions of state law, this report is a public document. A copy of the report has been submitted to the auditor, or archived, online and other appropriate public officials. This report is available for public inspection at the State Water Administration, 1000 Lakeside Blvd., Baton Rouge, LA 70803, or the office of the public clerk of court.

Adopted this 21<sup>st</sup> day of June, 1999.

STATEMENT OF REVENUES AND EXPENDITURES  
 TOGETHER WITH  
 INDEPENDENT ACCOUNTANTS' REPORT

FOR THE YEAR ENDED JUNE 30, 1996