

RECEIVED
LEGISLATIVE AUDIT

05 FEB 22 PM 1:10

**SOUTHERN UNIVERSITY - BATON ROUGE CAMPUS
INTERCOLLEGIATE ATHLETICS PROGRAM**

AGREED-UPON PROCEDURES ENGAGEMENT

FOR THE YEAR ENDED JUNE 30, 2004

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 2/23/05

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES TO THE ACCOUNTING RECORDS.....	1
SCHEDULE OF REVENUES AND EXPENDITURES FOR THE YEAR ENDED JUNE 30, 2004	3
NOTES TO THE SCHEDULE OF REVENUES AND EXPENDITURES	4
INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES - INTERNAL CONTROL OVER FINANCIAL REPORTING FOR THE INTERCOLLEGIATE ATHLETICS PROGRAM	8
INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES - COMPLIANCE WITH STATE LAWS AND REGULATIONS	10
EXIT CONFERENCE	12



Member
American Institute of
Certified Public Accountants
Society of Louisiana
Certified Public Accountants

Michael B. Bruno, CPA
Alcide J. Tervalon, Jr., CPA
Waldo J. Moret, Jr., CPA
Paul K. Andoh, Sr., CPA

**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES
TO THE ACCOUNTING RECORDS**

Dr. Leon Tarver, II, President
Southern University System
Baton Rouge, Louisiana

At your request, we have performed the agreed-upon procedures, as enumerated below, which were agreed to by management of the **Southern University - Baton Rouge Campus (the University)**, to the accounting records of the Intercollegiate Athletics Program as of the year ended June 30, 2004, solely to assist **the University** in complying with NCAA Bylaw 6.2.3.1. **The University** is responsible for the accounting records of the Intercollegiate Athletics Program. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representations 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 findings were as follows:

- A. We agreed the Schedule of Revenues and Expenditures for the year ended June 30, 2004 to the general ledger and noted no exceptions.
- B. We verified amounts reported as ticket sales by reviewing appropriate documentation (i.e. sales reports, receipts etc.). We also verified amounts reported as other revenues and NCAA revenue distribution by reviewing related contract and receipt documentation. We noted no exceptions as a result of this procedure.
- C. We agreed the amounts reported as game guarantee revenues and expenditures to **the University's** contracts with other Universities and vouched the related cash receipts and cash disbursements. We noted no exceptions as a result of this procedure.
- D. We recomputed student athletic fees based upon student enrollment data obtained from the Registrar and agreed such amounts to the general ledger. We noted no exceptions as a result of this procedure.

**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES
TO THE ACCOUNTING RECORDS
(CONTINUED)**

Dr. Leon Tarver, II, President
Southern University-Baton Rouge Campus
Page 2

- E. We agreed radio rights' revenues to the contract and vouched the cash receipt and noted no exceptions.
- F. We compared current selected expenditure balances to prior period amounts and received explanations and/or reviewed supporting documentation for related increases or decreases in the account balances. We noted no exceptions as a result of this procedure.
- G. We vouched a random sample of expenditure transactions and reviewed the related purchasing documents, invoices and cancelled checks. We noted no exceptions as a result of this procedure.
- H. We 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 noting appropriate approval for the related wages and fringe benefits increases and/or decreases. We noted no exceptions as a result of these procedures.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the specified elements, accounts or items. 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, his designees and authorized representatives of the National Collegiate Athletics Association and is not intended to be and should not be used by anyone other than these specified parties.

Bruno & Tervalon LLP

**BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS**

December 23, 2004

 ***Bruno & Tervalon* LLP**
Certified Public Accountants

SOUTHERN UNIVERSITY - BATON ROUGE CAMPUS
INTERCOLLEGIATE ATHLETICS PROGRAMS
SCHEDULE OF REVENUES AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2004

	Football	Bayou Classic Activity	Sub-total Football	Basketball	Other Sports	Non-Program Specific	Total
Operating Revenues:							
Ticket sales	\$ 1,407,301	\$ 706,146	\$ 2,113,447	\$ 26,657	\$ 11,886	\$ -	\$ 2,151,990
Guarantees	150,000	-	150,000	110,076	-	-	260,076
Student Athletic Fees (NOTE 3)	-	-	-	-	-	2,120,417	2,120,417
NCAA revenue distribution (NOTE 5)	-	-	-	-	-	419,206	419,206
Other revenue	-	75,000	75,000	-	880	400,472	476,352
Total operating revenues	1,557,301	781,146	2,338,447	136,733	12,766	2,940,095	5,428,041
Operating Expenditures:							
Personal services	548,568	57,298	605,866	196,948	816,409	1,358,844	2,978,066
Professional services	-	-	-	-	-	108,046	108,046
Operating services	-	-	-	-	1,696	326,014	327,711
Travel	137,178	22,181	159,359	59,557	366,847	53,197	638,959
Supplies	58,477	5,099	63,576	8,295	34,781	153,347	259,999
Other charges	-	-	-	-	3,143	269,827	272,970
Scholarships (NOTE 7)	424,370	-	424,370	86,331	604,541	43,233	1,158,476
Acquisitions	-	-	-	-	-	381	381
Housing allowance	12,000	-	12,000	12,000	24,000	12,000	60,000
Total operating expenditures	1,180,592	84,579	1,265,171	363,130	1,851,417	2,324,890	5,804,608
Excess(deficiency) of revenues over expenditures before transfers	376,709	696,567	1,073,276	(226,397)	(1,838,651)	615,206	(376,567)
Transfers:							
Transfer of excess of revenues over expenditures (NOTE 2)	(376,709)	(696,567)	(1,073,276)	226,397	1,838,651	(991,773)	-
Non-mandatory transfer	-	-	-	-	-	444,060	444,060
Excess of expenditures over revenues after transfers	-	-	-	-	-	67,493	67,493
Fund balance, beginning of year	-	-	-	-	-	13,040	13,040
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 80,533	\$ 80,533

The accompanying notes are an integral part of this schedule.

**SOUTHERN UNIVERSITY-BATON ROUGE CAMPUS
INTERCOLLEGIATE ATHLETICS PROGRAM
AGREED-UPON PROCEDURES ENGAGEMENT
NOTES TO THE SCHEDULE OF REVENUES AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2004**

NOTE 1 - Organization:

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 Supervisors. However, the annual budget of **the University** and proposed changes to the degree programs, departments of instruction, et cetera, require the approval of the Board of Regents. The Board of Supervisors 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);
- o Volleyball;
- o Softball (Women); and
- o Bowling (Women).

**SOUTHERN UNIVERSITY-BATON ROUGE CAMPUS
INTERCOLLEGIATE ATHLETICS PROGRAM
AGREED-UPON PROCEDURES ENGAGEMENT
NOTES TO THE SCHEDULE OF REVENUES AND EXPENDITURES
(CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2004**

NOTE 2 - Summary of Significant Accounting Policies:

Basis of Reporting

The accompanying schedule 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 schedule 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, 2004.

Because the schedule 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 the State of Louisiana Legislative Auditor.

The accounting principles followed by **the University** in preparing the schedule 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
AGREED-UPON PROCEDURES ENGAGEMENT
NOTES TO THE SCHEDULE OF REVENUES AND EXPENDITURES
(CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2004

NOTE 2 - Summary of Significant Accounting Policies:
Continued:

o Basis of Accounting

The schedule 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.

The preparation of the schedule of revenues and expenditures in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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 3 - Student Athletic Fees:

An athletic fee of \$115 per semester is assessed to full-time undergraduate, graduate and law students who are enrolled on campus and for part-time undergraduate students who are also enrolled on campus. For purposes of the Schedule of Revenues and Expenditures, the student athletic fees have been allocated to other sports and non-program specific activities.

**SOUTHERN UNIVERSITY-BATON ROUGE CAMPUS
INTERCOLLEGIATE ATHLETICS PROGRAM
AGREED-UPON PROCEDURES ENGAGEMENT
NOTES TO THE SCHEDULE OF REVENUES AND EXPENDITURES
(CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2004**

NOTE 4 - 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 5 - NCAA Revenue Distribution:

The Intercollegiate Athletics Program received revenues 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 remitted to all participating institutions.

NOTE 6 - Outside Organizations:

Southern University-Baton Rouge Campus Intercollegiate Athletics Program is the recipient of contributions to or in behalf of the program established by the Southern University Quarterback Club, East Baton Rouge Area Chapter, Inc. (the Quarterback Club). The financial activities of the Quarterback Club for the year ended December 31, 2003 were not available as of the report issuance date.

NOTE 7 - Scholarship Expense:

The total scholarship expense per the statement of revenues and expenses represents all athletic scholarships disbursed during the Fall 2003, Spring and Summer 2004 semesters.



Member
American Institute of
Certified Public Accountants
Society of Louisiana
Certified Public Accountants

Michael B. Bruno, CPA
Alcide J. Tervalon, Jr., CPA
Waldo J. Moret, Jr., CPA
Paul K. Andoh, Sr., CPA

**INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES -
INTERNAL CONTROL OVER FINANCIAL REPORTING
FOR THE INTERCOLLEGIATE ATHLETICS PROGRAM**

Dr. Leon Tarver, II, President
Southern University System
Baton Rouge, Louisiana

We have performed the procedures enumerated below, which were agreed to by the *management of Southern University - Baton Rouge Campus (the University)*, solely to assist the users in evaluating whether **the University** maintained an effective internal control over financial reporting for the Intercollegiate Athletics Program as of June 30, 2004. The *management of the University* is responsible for **the University's** Intercollegiate Athletics Program's internal control over financial reporting. 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 those parties specified in this report. 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 findings are as follows:

- A. We reviewed the athletic department's organization and the use of internal auditors in the department to ensure adherence to established policies and procedures. We noted no exceptions as a result of this procedure.
- B. We reviewed the flow of information through the accounting system for selected revenue, cash receipt and cash disbursement transactions. We noted no exceptions as a result of this procedure.

**INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES -
INTERNAL CONTROL OVER FINANCIAL REPORTING
FOR THE INTERCOLLEGIATE ATHLETICS PROGRAM
(CONTINUED)**

Dr. Leon Tarver, II, President
Southern University System

We were not engaged to, and did not, conduct an examination, the objective of which would be the expression of an opinion on the effectiveness of internal control over financial reporting. 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, his designees and authorized representatives of the NCAA and is not intended to be and should not be used by anyone other than these specified parties.

Bruno & Tervalon LLP

**BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS**

December 23, 2004



Member
American Institute of
Certified Public Accountants
Society of Louisiana
Certified Public Accountants

Michael B. Bruno, CPA
Alcide J. Tervalon, Jr., CPA
Waldo J. Moret, Jr., CPA
Paul K. Andoh, Sr., CPA

**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES -
COMPLIANCE WITH STATE LAWS AND REGULATIONS**

Dr. Leon Tarver, II, President
Southern University System
Baton Rouge, Louisiana

We have performed the procedures enumerated below, which were agreed to by the management of **Southern University - Baton Rouge Campus (the University)**, solely to assist the users in evaluating the effectiveness of **the University's Intercollegiate Athletics Program's** internal control over compliance with state laws and regulations as of June 30, 2004. The management of **the University** is responsible for **the University's** Intercollegiate Athletics Program's internal control over compliance with those 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 those parties specified in this report. 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 findings were as follows:

- A. We reviewed and tested representations made by management in the Louisiana Systems Survey and Compliance Questionnaire which related to the operations of the Intercollegiate Athletic Program. We noted no exceptions as a result of this procedure.
- B. We reviewed the Athletic Department's compliance with state travel regulations and competitive bid requirements by randomly testing expenditure transactions. We noted no exceptions as a result of this procedure.

**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES -
COMPLIANCE WITH STATE LAWS AND REGULATIONS
(CONTINUED)**

Dr. Leon Tarver, II, President
Southern University System

We were not engaged to, and did not, conduct an examination, the objective of which would be the expression of an opinion on the effectiveness of internal control over compliance with state laws and regulations. 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, his designees and authorized representatives of the NCAA and the Legislative Auditor for the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor for the State of Louisiana as a public document.

Bruno & Tervalon LLP
BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

December 23, 2004

**SOUTHERN UNIVERSITY - BATON ROUGE
INTERCOLLEGIATE ATHLETICS PROGRAM
AGREED-UPON PROCEDURES**

EXIT CONFERENCE

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

SOUTHERN UNIVERSITY - BATON ROUGE CAMPUS

Mr. Flandus McClinton	--	Vice Chancellor for Finance and Administration
-----------------------	----	---

BRUNO & TERVALON, LLP, CERTIFIED PUBLIC ACCOUNTANTS

Mr. Michael B. Bruno, CPA	--	Managing Partner
Mr. Sean M. Bruno, CPA	--	Manager