

LOUISIANA TECH UNIVERSITY
UNIVERSITY OF LOUISIANA SYSTEM

STATE OF LOUISIANA



FINANCIAL AUDIT SERVICES
MANAGEMENT LETTER
ISSUED DECEMBER 20, 2017

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

LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

ASSISTANT LEGISLATIVE AUDITOR
FOR STATE AUDIT SERVICES
NICOLE B. EDMONSON, CIA, CGAP, MPA

DIRECTOR OF FINANCIAL AUDIT
ERNEST F. SUMMERVILLE, JR., CPA

Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Attorney General, and to other public officials as required by state law. A copy of this report is available for public inspection at the Baton Rouge office of the Louisiana Legislative Auditor and at the office of the parish clerk of court.

This document is produced by the Louisiana Legislative Auditor, State of Louisiana, Post Office Box 94397, Baton Rouge, Louisiana 70804-9397 in accordance with Louisiana Revised Statute 24:513. One copy of this public document was produced at an approximate cost of \$0.20. This material was produced in accordance with the standards for state agencies established pursuant to R.S. 43:31. This report is available on the Legislative Auditor's website at www.la.la.gov. When contacting the office, you may refer to Agency ID No. 3476 or Report ID No. 80170101 for additional information.

In compliance with the Americans With Disabilities Act, if you need special assistance relative to this document, or any documents of the Legislative Auditor, please contact Elizabeth Coxe, Chief Administrative Officer, at 225-339-3800.

Louisiana Legislative Auditor

Daryl G. Purpera, CPA, CFE

Louisiana Tech University



December 2017

Audit Control # 80170101

Introduction

As a part of our audit of the University of Louisiana System (System) and the Single Audit of the State of Louisiana (Single Audit) for the year ended June 30, 2017, we performed procedures at Louisiana Tech University (La Tech) to provide assurances on financial information that is significant to the System's financial statements, evaluate the effectiveness of La Tech's internal controls over financial reporting and compliance, and determine whether La Tech complied with applicable laws and regulations.

La Tech is a part of the System and reported an enrollment of 12,690 students for the Fall 2016 semester. La Tech's mission is to lead the educational, economic, and cultural development of northeast Louisiana.

Results of Our Procedures

Financial Statements - University of Louisiana System

As a part of our audit of the System's financial statements for the year ended June 30, 2017, we considered La Tech's internal control over financial reporting and examined evidence supporting certain account balances and classes of transactions, as follows:

Statement of Net Position

Assets - Cash and Cash Equivalents, Investments, Due from State Treasury, and Capital Assets

Liabilities - Unearned Revenues

Net Position - Net investment in Capital Assets, Restricted-Expendable, Restricted-Nonexpendable, and Unrestricted

Statement of Revenues, Expenses, and Changes in Net Position

Revenues - Student Tuition and Fees, Auxiliary Revenues, Federal Nonoperating Revenues, and State Appropriations

Expenses - Educational and General and Auxiliary Enterprises

Based on the results of these procedures on the financial statements, we did not report any internal control deficiencies or noncompliance with laws or regulations. In addition, the account balances and classes of transactions tested are materially correct.

Federal Compliance - Single Audit of the State of Louisiana

As a part of the Single Audit for the year ended June 30, 2017, we performed internal control and compliance testing as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) on La Tech's major federal program, as follows:

- Student Financial Assistance Cluster

Those tests included evaluating the effectiveness of La Tech's internal controls designed to prevent or detect material noncompliance with program requirements and tests to determine whether La Tech complied with applicable program requirements. In addition, we performed procedures on information submitted by La Tech to the Division of Administration's Office of Statewide Reporting and Accounting Policy for the preparation of the state's Schedule of Expenditures of Federal Awards (SEFA) as required by Uniform Guidance.

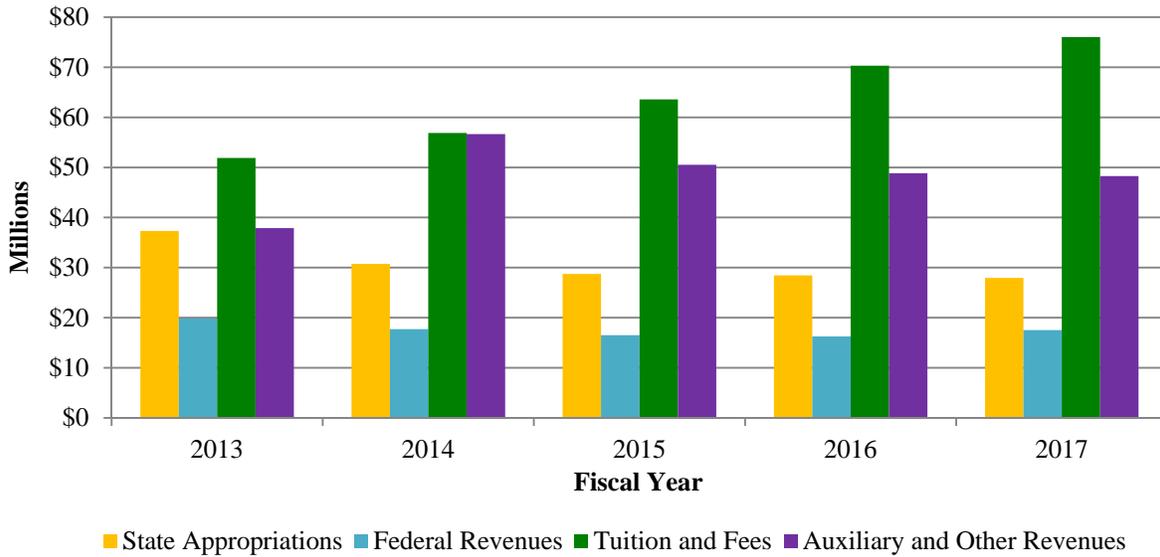
Based on the results of these Single Audit procedures, we did not report any internal control deficiencies or noncompliance with program requirements. In addition, La Tech's information submitted for the preparation of the state's SEFA is materially correct.

Trend Analysis

We compared the most current and prior-year financial activity using La Tech's Annual Fiscal Reports and/or system-generated reports and obtained explanations from La Tech's management for any significant variances. We also prepared an analysis of revenues, expenses, and enrollment over the past five fiscal years, as shown in Exhibits 1 and 2.

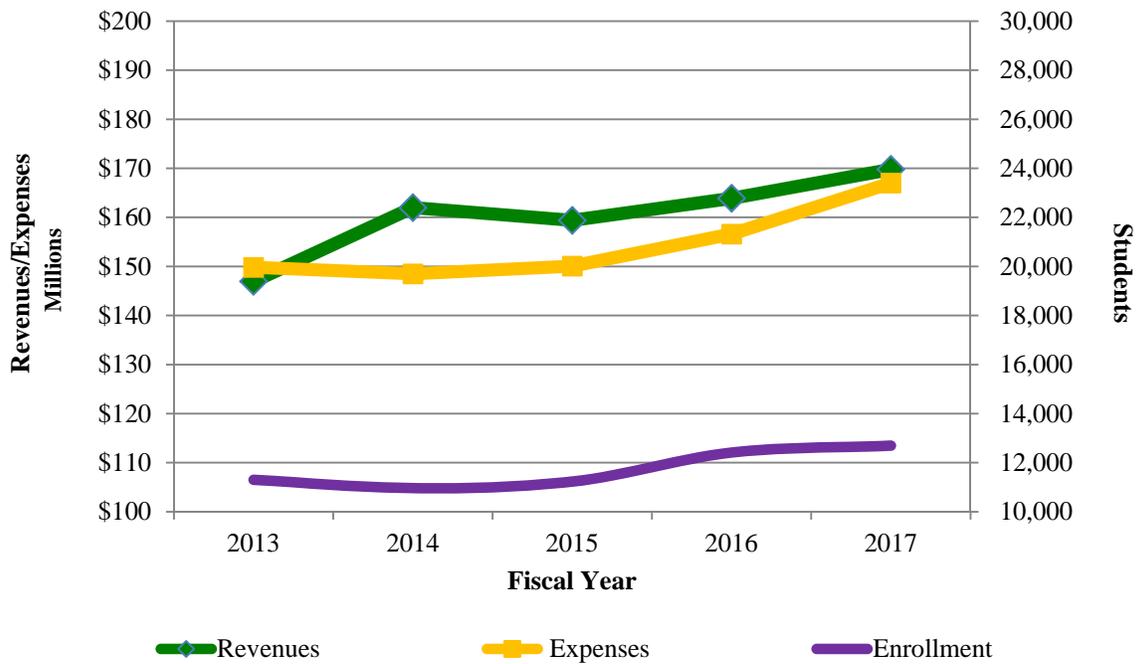
In analyzing financial trends of La Tech over the past five fiscal years, expenses remained fairly consistent, while revenues fluctuated until 2016 when expenses increased in line with revenues. There was a spike in revenues in fiscal year 2014 attributable to fundraising for the Davison Athletics Complex capital project. State appropriations decreased by 25% from fiscal year 2013 to fiscal year 2017. This decline in state funding has been offset by increased tuition and fees revenues resulting from enrollment growth and tuition and fee rate increases.

Exhibit 1 Five-Year Revenue Trend



Source: Fiscal Year 2013-2017 Annual Fiscal Reports, as adjusted

Exhibit 2 Fiscal/Enrollment Trends



Sources: Fiscal Year 2013-2017 Annual Fiscal Report and Board of Regents website

Under Louisiana Revised Statute 24:513, this letter 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 style with a large initial "D".

Daryl G. Purpera, CPA, CFE
Legislative Auditor

KVL:BAC:BH:EFS:aa

LATECH2017

APPENDIX A: SCOPE AND METHODOLOGY

We performed certain procedures at Louisiana Tech University (La Tech) for the period from July 1, 2015, through June 30, 2017, to provide assurances on financial information significant to the University of Louisiana System (System) and to evaluate relevant systems of internal control in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. The procedures included inquiry, observation, review of policies and procedures, and a review of relevant laws and regulations. Our procedures, summarized below, are a part of the audit of the System's financial statements and the Single Audit of the State of Louisiana (Single Audit) for the year ended June 30, 2017.

- We evaluated La Tech's operations and system of internal controls through inquiry, observation, and review of its policies and procedures, including a review of the laws and regulations applicable to La Tech.
- Based on the documentation of La Tech's controls and our understanding of related laws and regulations, we performed procedures to provide assurances on certain account balances and classes of transactions to support our opinions on the System's financial statements.
- We performed procedures on the Student Financial Assistance Cluster for the year ended June 30, 2017, as a part of the 2017 Single Audit.
- We performed procedures on information for the preparation of the State's Schedule of Expenditures of Federal Awards for the year ended June 30, 2017, as a part of the 2017 Single Audit.
- We compared the most current and prior-year financial activity using La Tech's Annual Fiscal Reports and/or system-generated reports to identify trends and obtained explanations from La Tech management for significant variances.

The purpose of this report is solely to describe the scope of our work at La Tech and not to provide an opinion on the effectiveness of La Tech's internal control over financial reporting or on compliance. Accordingly, this report is not intended to be, and should not be, used for any other purposes.

We did not audit or review La Tech's Annual Fiscal Reports, and accordingly, we do not express an opinion on those reports. La Tech's accounts are an integral part of the System's financial statements, upon which the Louisiana Legislative Auditor expresses opinions.