



Report Highlights

Louisiana State University System

DARYL G. PURPERA,
CPA, CFE

Audit Control # 80170106
Financial Audit Services • March 2018

Why We Conducted This Audit

We conducted a financial statement audit of the Louisiana State University System (System) for the year ended June 30, 2017, as a part of the State of Louisiana’s Single Audit and Comprehensive Annual Financial Report and to provide accountability over public funds.

What We Found

- The System’s financial statements, as adjusted, are fairly stated.
- The System did not have adequate controls over the preparation of the System’s financial statements, related note disclosures, and required supplementary information (Financial Report) for fiscal year 2017. Errors resulted from the lack of adequate controls in place to ensure an independent and thorough review was performed on the System’s Financial Report. For fiscal year 2017, the System’s Financial Report was compiled by an outside CPA firm; however, adequate internal controls were not in place at the System level to ensure the Financial Report was free from material misstatement once compiled.
- For the second consecutive year, the System did not have complete, signed agreements for all equipment being utilized by the partner managing the University Medical Center New Orleans. Allowing the partner to use state assets without complete, signed agreements increases the risk that the state has not been properly compensated and assets will be misused, misappropriated, or become unlocated. In addition, there is an increased risk of misunderstandings and/or nonpayment without protection for the State, including remedies for default. The uncertainties relating to agreements for the use of additional buildings and parking lots outlined in the prior finding were resolved during fiscal year 2017.
- As shown in the charts, total operating expenses increased by 5.4% and total operating revenue increased by 4.3% in fiscal year 2017. The system reported an average increase in tuition and fees of 7.4 % during fiscal year 2017, with the campuses only receiving slight reductions in State appropriations as compared to the prior fiscal year. The increase in operating expenses is attributable to several factors. Notably, there were increases in public service expenses primarily due to inter-governmental transfer agreements with the Louisiana Department of Health (LDH) in furtherance of the joint goals of LDH and LSU Health Science Centers [New Orleans and Shreveport] of promoting health, including services to low income needy individuals within the State of Louisiana.

