

ATHLETIC DEPARTMENT
UNIVERSITY OF NEW ORLEANS
UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA



AGREED-UPON PROCEDURES REPORT
FEBRUARY 13, 2019

**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

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LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

January 14, 2019

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

DR. JOHN W. NICKLOW, PRESIDENT
UNIVERSITY OF NEW ORLEANS
UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA
New Orleans, Louisiana

We have performed the procedures enumerated below, which were agreed to by you, as President of the University of New Orleans (University), solely to assist you in evaluating whether the accompanying Statement of Revenues and Expenses (Statement) of the University's athletic department is in compliance with the National Collegiate Athletic Association (NCAA) Bylaw 3.2.4.15 for the year ended June 30, 2018. University management is responsible for the accuracy of the Statement (unaudited) and the related notes (unaudited) and the 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 \$2,500 and the agreed-upon procedures described below were not applied to transactions that fell under this amount. In addition, procedures were not performed on specific reporting categories that were less than 4% of the total revenues or expenses.

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 that 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 10 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 inquired of 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 obtained the University's procedures for gathering information on the nature and extent of affiliated and outside organization activity for or on behalf of the University's intercollegiate athletics program and performed procedures to determine the University's adherence to these procedures.

We found no exceptions as a result of these procedures.

STATEMENT OF REVENUES AND EXPENSES

GENERAL PROCEDURES

1. We obtained written representations from management as to the fair presentation of the Statement, 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 as we considered necessary for the year ended June 30, 2018.
2. We verified the mathematical accuracy of the amounts on the Statement and compared 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 these procedures.

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 revenue and expense account over 10% of total revenues or expenses for June 30, 2018, to June 30, 2017, amounts and budget estimates, to identify variations greater than 10%.

We reported the analysis in Appendix A to this report.

MINIMUM AGREED-UPON PROCEDURES FOR REVENUES

1. We obtained and documented an understanding of the University's methodology for allocating student fees to the intercollegiate athletics program. We compared and agreed student fees reported in the Statement to student enrollment. We obtained explanations from the University regarding any variances in excess of 5%. We recalculated the totals. Additionally, if the athletics department is reporting that an allocation of student fees should be countable as generated revenues, we were to recalculate the totals of the University's methodology for supporting that the athletic department is able to count each sport. We were to tie the calculation to supporting documents such as seat manifests, ticket sales, and student fee totals.

We noted the variance between student fees reported in the Statement and student fees calculated from student enrollment was less than 5%.

The University does not report the allocation of student fees as generated revenue.

2. We compared direct institutional support recorded by the University during the reporting period with the institutional supporting budget transfers documentation and other corroborative supporting documentation. We recalculated the totals.

We noted direct institutional support was understated by \$1,074,334. The University did not include funds transferred from the Privateer Spirit Fee in the Statement. This error caused understatements for expense classifications as follows: Recruiting \$116,988; Team Travel \$669,814; Sports Equipment, Uniforms, and Supplies \$191,532; and Medical Expenses and Insurance \$96,000. Statement A was corrected.

3. We selected the contractual agreement pertaining to revenues derived from the largest guaranteed contest during the reporting period and compared and agreed the selection to the University's general ledger and/or the Statement. We recalculated the totals.

We found no exceptions as a result of these procedures.

4. We compared the NCAA distribution amounts recorded in the revenue and expense reporting during the reporting period to the general ledger detail for NCAA distributions and other corroborative supporting documentation. We recalculated the totals.

We found no exceptions as a result of these procedures.

5. We obtained and reviewed supporting documentation for contributions of monies, goods, or services received directly by an intercollegiate athletics program from

any affiliated or outside organization, agency, or group of individuals (two or more) not included above (e.g., contributions by corporate sponsors) that constitutes 10% or more in aggregate for the reporting year of all contributions received for intercollegiate athletics during the reporting period. We recalculated the totals.

We found no exceptions as a result of these procedures.

MINIMUM AGREED-UPON PROCEDURES FOR EXPENSES

1. We selected a sample of 10% of student athletes from the listing of University student aid recipients. We performed the following:
 - (a) We obtained individual student account detail for each selection and compared total aid in the University's student system to the student's detail in the NCAA's Compliance Assistant (CA) software.
 - (b) We performed a check of each student selected to ensure his/her information was reported accurately in the NCAA's CA software using the criteria found in 2018 NCAA Agreed-Upon Procedures.
 - (c) We recalculated the totals for each sport and overall for all sports.

We noted athletic student aid was overstated by \$9,620. The University included expenses for student-athlete meals (non-travel). Statement A was corrected.

2. We obtained and inspected a list of coaches and support staff/administrative personnel paid by the University and related entities during the reporting period. We selected all head coaches from men's and women's basketball and a sample of three staff/administrative personnel and performed the following:
 - (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 during the reporting period.
 - (b) We obtained and inspected payroll summary registers for the reporting year for each selection.
 - (c) We compared and agreed payroll summary registers 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 compared and agreed the totals recorded to any employment contracts executed for the sample selected.
 - (e) We recalculated the totals.

We found no exceptions as a result of these procedures.

3. We obtained and documented an understanding of the University's team travel policies, and compared and agreed the University's team travel policies to existing University and NCAA-related policies. In addition, we obtained the general ledger detail and compared it to the total expenses reported. We recalculated the totals.

As reported above in the section titled Minimum Agreed-Upon Procedures for Revenues, procedure 2, we noted team travel was understated by \$669,814 because the University transferred some expenses from athletics to the Privateer Spirit Fee. In addition, team travel was overstated by \$13,289 because the University included team travel expenses for student-athlete meals that were non-travel related. Statement A was corrected.

4. We obtained general ledger detail for the purchase of equipment, uniforms, and supplies and compared the detail to the total expenses reported. We selected a sample of five transactions to validate the existence of the transactions and the accuracy of their recording. We recalculated the totals.

As reported above in the section titled Minimum Agreed-Upon Procedures for Revenues, procedure 2, we noted sports equipment, uniforms, and supplies was understated by \$191,532 because the University transferred some expenses from athletics to the Privateer Spirit Fee. Statement A was corrected.

5. We obtained the general ledger detail for other operating expenses and transfers to the University and compared the detail to the total expenses reported. We selected a sample of five transactions to validate the existence of the transactions and the accuracy of their recording. We recalculated the totals.

We found no exceptions as a result of these procedures.

6. We obtained the general ledger detail for direct overhead and administrative expenses and compared the detail to the total expenses reported. We selected a sample of five transactions to validate the existence of the transactions and the accuracy of their recording. We recalculated the totals.

We found no exceptions as a result of these procedures.

MINIMUM AGREED-UPON PROCEDURES FOR OTHER REPORTING ITEMS

1. We agreed the total outstanding University debt to supporting documentation and the University's audited financial statements, if available, or the University's general ledger.

We found no exceptions as a result of these procedures.

2. We agreed the total fair market value of University endowments to supporting documentation, the University's general ledger, and/or audited financial statements, if available.

We found no exceptions as a result of these procedures.

3. We were to obtain a schedule of athletics related capital expenditures made by athletics, the University, and affiliate organizations during the reporting period. We were to obtain the general ledger detail and compare the detail to the total expenses reported. We were to select a sample of five transactions to validate the existence of the transactions and the accuracy of their recording. We were to recalculate the totals.

The University did not report any athletics related capital expenditures during the reporting period.

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 intercollegiate athletics program from any affiliated or outside organization, agency, or individuals (e.g., contributions by corporate sponsors) that constitutes 10% or more of all contributions received for intercollegiate athletics during the reporting period, and ensured the source(s) of the funds, goods, and services, as well as the value associated with these items, were properly disclosed in the notes to the Statement.

The University did not report any contributions that met the 10% threshold.

2. We obtained a description of the University's policies and procedures for acquiring, approving, depreciating, and disposing of intercollegiate athletics-related assets. We ensured that the University's policies and procedures are properly disclosed within the notes to the Statement.

We found no exceptions as a result of these procedures (see note 1 to the Statement).

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 obtained written representations from management that the Privateer Athletic Foundation is the only outside organization created for or on behalf of the athletic department.

We found no exceptions as a result of these procedures. The University of New Orleans Foundation (UNO Foundation) is an outside organization created for or on behalf of the University but not for the athletic department. The financial

statements of the UNO Foundation include the funds held in custody for the Privateer Athletic Foundation.

2. We obtained from management of the University statements for all affiliated and outside organizations and confirmed the revenues and expenses directly with a responsible official of the organization.

We found no exceptions as a result of these procedures.

3. We obtained from University 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 below.

We noted understatements in expense classifications for Recruiting (\$39); Sports Equipment, Uniforms, and Supplies (\$90); and Other (\$2,410). We noted overstatements in expense classifications for Team Travel (\$39) and Fundraising, Marketing, and Promotion (\$2,500). The summary schedule and Statement A were corrected.

	Privateer Athletic Foundation
Revenues	
Contributions	<u>\$372,686</u>
Expenses	
Recruiting	7,612
Team Travel	34,255
Sports equipment, uniforms, and supplies	126,269
Game expenses	22,087
Fund raising, marketing, and promotion	23,276
Sports Camps Expense	17,605
Spirit Groups	4,509
Other	<u>137,073</u>
Total expenses	<u>372,686</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENSES	<u><u>NONE</u></u>

We obtained written representations from management as to the accuracy of the summary schedule.

We found no exceptions as a result of these procedures.

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

The UNO Foundation statements, which include the Privateer Athletic Foundation, were audited by an independent certified public accountant for the year ended December 31, 2017. The audit report dated June 26, 2018, included no significant deficiencies on the outside organization's internal control.

ADDITIONAL MINIMUM AGREED-UPON PROCEDURES

1. In order for the NCAA to place reliance on the Division I financial reporting for NCAA distribution purposes, we performed the following procedures:

- (a) For Grants-in-Aid, we compared and agreed the sports sponsored reported in the NCAA Membership Financial Reporting System to the Calculation of Revenue Distribution Equivalencies Report. We were to inquire about any discrepancies and report the justification.

We found no discrepancies as a result of these procedures.

- (b) We obtained the University's Sports Sponsorship and Demographics Forms Report for the reporting year. We validated that the countable sports reported by the University met the minimum requirements set forth in Bylaw 20.9.6.3 for the number of contests and the number of participants in each contest that are counted toward meeting the minimum contest requirement. We validated the countable sports and ensured the University has properly reported these sports as countable for revenue distribution purposes within the NCAA Membership Financial Reporting System.

We found no discrepancies as a result of these procedures.

- (c) For Pell Grants, we agreed the total number of Division I student athletes who, during the academic year, received a Pell Grant award (e.g., Pell Grant recipients on Full Grant-in-Aid, Pell Grant recipients on Partial Grants-in-Aid and Pell Grant recipients with no Grants-in-Aid) and the total value of these Pell Grants reported in the NCAA Membership Financial Reporting System to a report, generated out of the University's financial aid records, of all student-athlete Pell Grants.

We found no discrepancies as a result of these procedures.

We were not engaged to, and did not, conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the compliance of the accompanying Statement and related notes of the University's Athletic Department or on its compliance with NCAA Bylaw 3.2.4.15 or on the effectiveness of the University Athletic Department's internal control over financial reporting for the year ended June 30, 2018. 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 or provost of the University and is not intended to be, and should not be, used by anyone other than these specified parties. 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 style with a large initial "D".

Daryl G. Purpera, CPA, CFE
Legislative Auditor

DF:CRV:RR:EFS:ch

UNO NCAA 2018

UNAUDITED

Statement A

**ATHLETIC DEPARTMENT
UNIVERSITY OF NEW ORLEANS
UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA**

**Statement of Revenues and Expenses
For the Year Ended June 30, 2018**

	MEN'S BASKETBALL	WOMEN'S BASKETBALL	BASEBALL	OTHER SPORTS	NON- PROGRAM SPECIFIC	TOTAL
REVENUES						
Operating revenues:						
Ticket sales	\$23,189	\$648	\$28,653	\$823		\$53,313
Student fees					\$1,403,978	1,403,978
Direct institutional support					3,119,683	3,119,683
Indirect institutional support					200,682	200,682
Guarantees	529,500	62,500	27,000	3,000		622,000
Contributions	50,734	3,854	43,645	11,472	284,481	394,186
NCAA distributions					243,817	243,817
Program, novelty, parking, and concession sales			48,920	3,467	8,413	60,800
Royalties, licensing, advertisements, and sponsorships					173,769	173,769
Other operating revenue	1,115	1,018		2,500	121,300	125,933
Total operating revenues	<u>604,538</u>	<u>68,020</u>	<u>148,218</u>	<u>21,262</u>	<u>5,556,123</u>	<u>6,398,161</u>
EXPENSES						
Operating expenses:						
Athletic student aid	314,914	343,054	258,040	574,618		1,490,626
Guarantees	32,028	11,000	7,000			50,028
Coaching salaries, benefits, and bonuses paid by the University and related entities	402,333	276,747	235,643	426,987		1,341,710
Support staff/administrative compensation, benefits, and bonuses paid by the University and related entities	1,086	4,444	8,047	879	827,637	842,093
Severance payments				10,544	12,436	22,980
Recruiting	49,212	23,571	39,521	20,948	850	134,102
Team travel	211,542	99,259	143,688	221,640	33,008	709,137
Sports equipment, uniforms, and supplies	65,675	40,287	69,395	82,309	344,182	601,848
Game expenses	48,020	28,745	31,715	23,415	27,697	159,592
Fundraising, marketing, and promotion			16,000	1,084	23,024	40,108
Sports camp expenses	17,076	529				17,605
Spirit groups					4,509	4,509
Direct overhead and administrative expenses	3,655		85	7,479	254,957	266,176
Indirect institutional support					200,682	200,682
Medical expenses and insurance			10,145	3,500	130,284	143,929
Memberships and dues	2,457	6,240		4,609	32,465	45,771
Student-athlete meals (non-travel)	1,356	21,553				22,909
Other operating expenses	41,668	13,624	19,579	16,046	213,439	304,356
Total operating expenses	<u>1,191,022</u>	<u>869,053</u>	<u>838,858</u>	<u>1,394,058</u>	<u>2,105,170</u>	<u>6,398,161</u>
EXCESS (Deficiency) OF REVENUES OVER (Under) EXPENSES	<u>(\$586,484)</u>	<u>(\$801,033)</u>	<u>(\$690,640)</u>	<u>(\$1,372,796)</u>	<u>\$3,450,953</u>	<u>\$0</u>

NOTE TO THE FINANCIAL STATEMENT

(UNAUDITED)

1. CAPITAL ASSETS

Capital assets are reported at cost at the date of acquisition or their estimated fair value at the date of donation. For movable property, the University's capitalization policy includes all items with a unit cost of \$5,000 or more and an estimated useful life greater than one year. Renovations to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of the structure are capitalized if they exceed \$100,000. Any infrastructure exceeding \$3 million must be capitalized, but the University does not have any infrastructure that meets that criterion. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred.

Depreciation is computed using the straight-line method over the estimated useful life of the assets, generally 40 years for buildings and infrastructure, 20 years for depreciable land improvements, and 3 to 10 years for most movable property. All departments within the University follow standardized policies and procedures prescribed by state laws and regulations for acquiring, approving, depreciating, and disposing of capital assets. The University has no debt associated with its Athletic Department's capital assets.

MAJOR REVENUE AND EXPENSE ANALYSIS (UNAUDITED)

Appendix A

Appendix A includes an analysis of revenue and expense accounts that exceed 10% of total revenues and expenses. A comparison is presented of current-year amounts to prior-year amounts and of current-year amounts to budget estimates.

**ATHLETIC DEPARTMENT
UNIVERSITY OF NEW ORLEANS
UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA**

**Major Revenue and Expense Analysis
For the Year Ended June 30, 2018**

<u>Accounts Exceeding 10% Threshold and Variation Greater Than 10%</u>	<u>Fiscal Year 2018</u>	<u>Fiscal Year 2017</u>	<u>Increase/ (Decrease)</u>	<u>Percent Variance</u>	
Operating Revenues per Statement A					
Direct institutional support	\$3,119,683	\$2,339,885	\$779,798	33%	1
Operating Expenses per Statement A					
Team travel	\$709,137	\$597,959	\$111,178	19%	2
	<u>Fiscal Year 2018 - Actual</u>	<u>Fiscal Year 2018 - Budget</u>	<u>Increase/ (Decrease)</u>	<u>Percent Variance</u>	
Budget					
Athletic student aid	\$1,490,626	\$1,087,000	\$403,626	37%	3
Team travel	\$709,137	\$613,370	\$95,767	16%	4

NOTES:

The budget analysis is presented based on University data only. Budget information is not available for the Privateer Athletic Foundation.

1. Additional funds were needed to cover a decrease in student fee revenue due to a decrease in enrollment.
2. Team travel was higher due to an increase in out-of-town trips for various sports and the baseball team's extended stay at conference tournaments.
3. More scholarships were distributed to student-athletes than initially anticipated.
4. Team travel expenses were higher than initially anticipated due to non-conference basketball trips and the baseball team advancing to the finals.