

MCNEESE STATE UNIVERSITY
UNIVERSITY OF LOUISIANA SYSTEM

STATE OF LOUISIANA



FINANCIAL AUDIT SERVICES
MANAGEMENT LETTER
DECEMBER 19, 2018

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Louisiana Legislative Auditor

Daryl G. Purpera, CPA, CFE

McNeese State University



December 2018

Audit Control # 80180051

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 fiscal year ended June 30, 2018, we performed procedures at McNeese State University (McNeese) to provide assurances on financial information that is significant to the System's financial statements; evaluate the effectiveness of McNeese's internal controls over financial reporting and compliance; and determine whether McNeese complied with applicable laws and regulations. We also performed procedures for the period July 1, 2016, through June 30, 2017, to evaluate certain internal controls McNeese uses to ensure accurate financial reporting, compliance with applicable laws and regulations, and to provide overall accountability over public funds. In addition, we determined whether management has taken actions to correct the finding reported in the prior report.

Results of Our Procedures

Follow-up on Prior-report Finding

Our auditors reviewed the status of the prior-report finding reported in the McNeese management letter dated November 23, 2016. We determined that management has resolved the prior-report finding related to Failure to Submit Past-due Student Accounts Receivable for Collection.

Financial Statements – University of Louisiana System

As part of our audit of the System's financial statements for the year ended June 30, 2018, we considered McNeese's internal controls 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
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 net of Scholarship Allowances, Auxiliary Revenues net of Scholarship Allowances, State Appropriations, and Federal Nonoperating Revenues

Expenses - Education and General, and Auxiliary Enterprise

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, as adjusted, 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, 2018, we performed procedures 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 information submitted by McNeese 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).

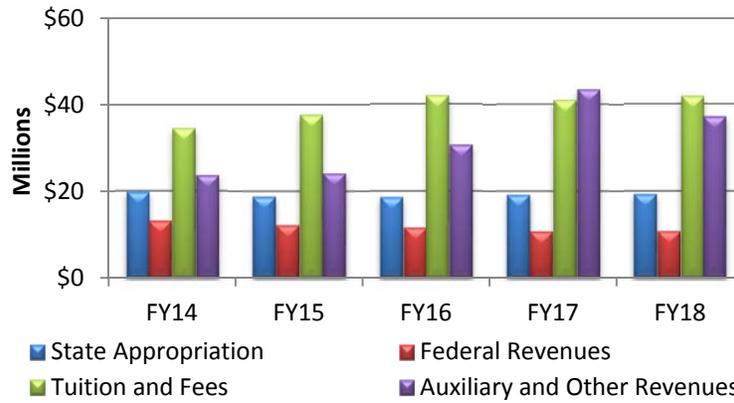
Based on the results of these Single Audit procedures, McNeese's information submitted for the preparation of the state's SEFA is materially correct.

Trend Analysis

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

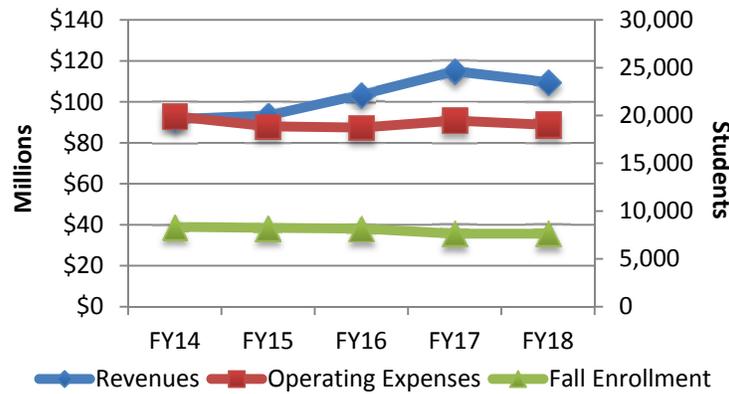
In analyzing the financial trends of McNeese over the past five fiscal years, tuition and fees and auxiliary and other revenues have generally increased, while state appropriations and federal revenues have remained consistent. The increase in tuition and fees is the result of increased fees charged to students, while the increase in auxiliary and other revenues is primarily the result of increased capital appropriations for construction, building repairs, and land improvements. Operating expenses and enrollment have remained fairly consistent. The university's operations may become more dependent on tuition and fees if other revenue sources remain stagnant or decline.

**Exhibit 1
Five-Year Revenue Trend, by Fiscal Year (FY)**



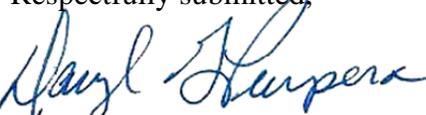
Source: 2018 Annual Fiscal Report/2017 and 2015 System Audit Reports

**Exhibit 2
Fiscal/Enrollment Trends**



Source: 2018 Annual Fiscal Report/2017 and 2015 System Audit Reports/Agency Reports

Under Louisiana Revised Statute 24:513, this letter is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,

 Daryl G. Purpera, CPA, CFE
 Legislative Auditor

RE:RM:BH:EFS:ch

APPENDIX A: SCOPE AND METHODOLOGY

We performed certain procedures at McNeese State University (McNeese) for the period from July 1, 2017, through June 30, 2018, 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, 2018.

In addition, we conducted certain procedures at McNeese for the period from July 1, 2016, through June 30, 2017. Our objective was to evaluate certain controls McNeese uses to ensure accurate financial reporting, compliance with applicable laws and regulations, and to provide accountability over public funds. The scope of these procedures was significantly less than an audit conducted in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States.

- We evaluated McNeese'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 McNeese.
- Based on the documentation of McNeese'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 the opinions on the System's financial statements.
- We performed procedures on information for the preparation of the state's Schedule of Expenditures of Federal Awards for the year ended June 30, 2018, as a part of the 2018 Single Audit.
- We compared the most current and prior-year financial activity using McNeese's Annual Fiscal Reports and/or system-generated reports to identify trends and obtained explanations from McNeese's management for significant variances.

The purpose of this report is solely to describe the scope of our work at McNeese and not to provide an opinion on the effectiveness of McNeese'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 McNeese's Annual Fiscal Report, and accordingly, we do not express an opinion on that report. McNeese's accounts are an integral part of the System's financial statements, upon which the Louisiana Legislative Auditor expresses opinions.