

LOUISIANA TECH UNIVERSITY  
UNIVERSITY OF LOUISIANA SYSTEM

STATE OF LOUISIANA



FINANCIAL AUDIT SERVICES  
MANAGEMENT LETTER  
ISSUED NOVEMBER 27, 2019

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# Louisiana Legislative Auditor

Daryl G. Purpera, CPA, CFE

Louisiana Tech University



November 2019

Audit Control # 80190063

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## Introduction

As a part of our audit of the University of Louisiana (System) and the Single Audit report of the State of Louisiana (Single Audit) for the fiscal year ended June 30, 2019, 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. We also performed procedures for the period July 1, 2017, through June 30, 2018, to evaluate certain internal controls La Tech uses to ensure accurate financial reporting, compliance with applicable laws and regulations, and to provide accountability over public funds.

## Results of Our Procedures

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### Financial Statements – University of Louisiana System

As a part of our audit of the System's financial statements for the year ended June 30, 2019, 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

**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** - Educational and General, and Auxiliary Enterprises

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, 2019, 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 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).

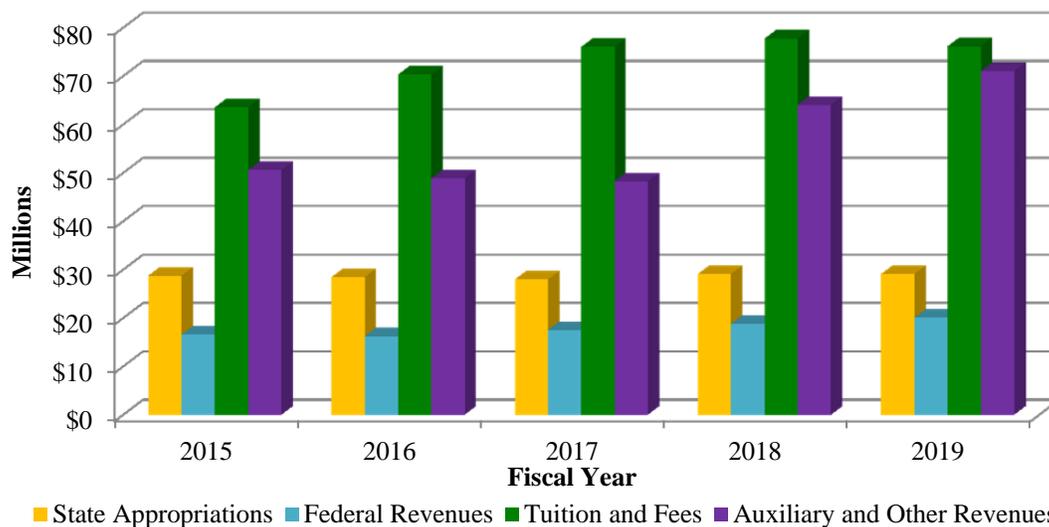
La Tech's information submitted for the preparation of the state's SEFA is materially correct.

## 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.

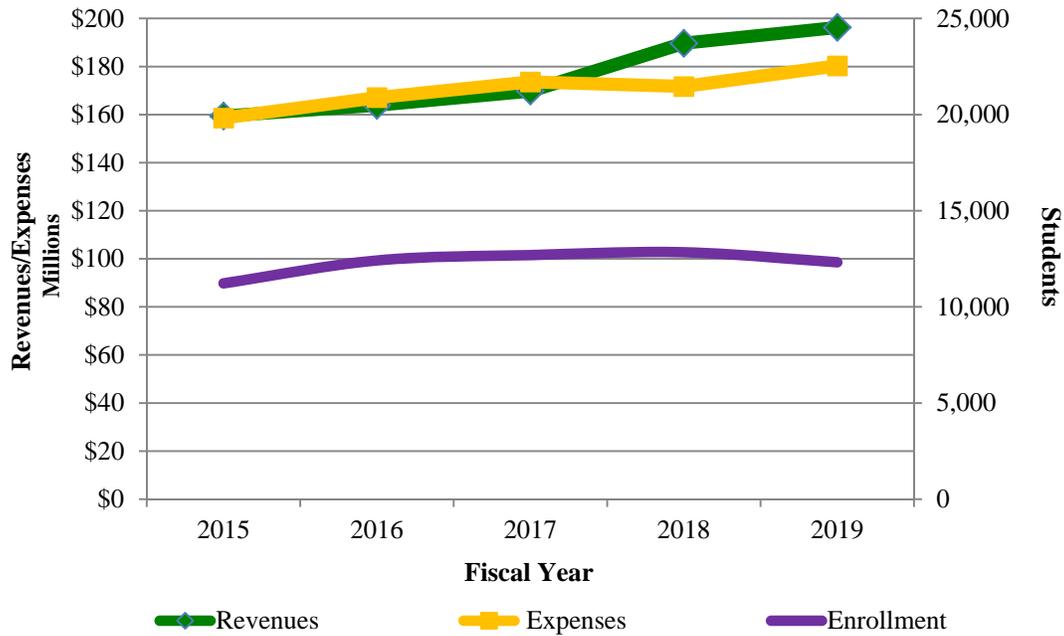
In analyzing financial trends of La Tech over the past five fiscal years, total revenues increased in line with expenses until fiscal years 2018 and 2019, when revenues exceeded expenses. In fiscal year (FY) 2018, La Tech received approximately \$18 million in capital grants and gifts from the Louisiana Tech Foundation for a new press box at Joe Aillet Stadium; and in FY 2019, La Tech received approximately \$22 million in capital appropriation funds for the construction of a new Integrated Engineering and Science Building. Also, in FY 2019 expenses increased due in part to an approximately \$2.1 million impairment loss related to tornado damages that occurred to several sports facilities on campus.

**Exhibit 1  
Five-Year Revenue Trend**



**Source:** Fiscal Years 2015-2019 System Audit Reports/La Tech Annual Fiscal Reports

**Exhibit 2  
Fiscal/Enrollment Trends**



**Source:** Fiscal Years 2015-2019 System Audit Reports/La Tech Annual Fiscal Reports and Board of Regents Publication Data

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

Respectfully submitted,

Thomas H. Cole, CPA  
First Assistant Legislative Auditor

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## APPENDIX A: SCOPE AND METHODOLOGY

We performed certain procedures at Louisiana Tech University (La Tech) for the period from July 1, 2018, through June 30, 2019, 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 Report of the State of Louisiana (Single Audit) for the year ended June 30, 2019.

In addition, we conducted certain procedures at La Tech for the period from July 1, 2017, through June 30, 2018. Our objective was to evaluate certain controls La Tech 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 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 information for the preparation of the state's Schedule of Expenditures of Federal Awards for the year ended June 30, 2019, as a part of the 2019 Single Audit.
- We compared the most current and prior-year financial activity using La Tech's Annual Fiscal 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.