

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



AGREED-UPON PROCEDURES REPORT
JANUARY 15, 2020

**LOUISIANA LEGISLATIVE AUDITOR
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LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

January 14, 2020

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, 2019. 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, 2019.
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, 2019, to June 30, 2018, 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 athletic 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 found no exceptions as a result of these procedures.

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.

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 2019 NCAA Agreed-Upon Procedures.
- (c) We recalculated the totals for each sport and overall for all sports.

We found no exceptions as a result of these procedures.

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 head coaches' contracts 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.

We found no exceptions as a result of these procedures.

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.

We found no exceptions as a result of these procedures.

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 noted other operating expenses and transfers were understated by \$30,450 because the University included other operating expenses with recruiting. Statement A was corrected.

6. We obtained the general ledger detail for medical expenses and medical insurance and compared the detail to the total expenses reported. We selected a sample of two 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 during the reporting period.

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 (PAF) is the only outside organization created for or on behalf of the athletic department.

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 PAF.

As a result of our procedures, we noted that the PAF merged with the UNO Foundation, effective December 31, 2018. The UNO Foundation is the surviving entity and the PAF ceased to exist as a separate legal entity in accordance with Louisiana Revised Statute 12:246. The UNO Foundation assumed all of the PAF's assets and liabilities.

2. We obtained from management of the University statements for all affiliated and outside organizations and agreed the amounts reported in the statements to the amounts provided by the PAF and UNO Foundation.

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 as follows:

	Privateer Athletic Foundation	UNO Foundation	Total
Revenues			
Contributions	\$60,230	\$105,703	\$165,933
Expenses			
Recruiting	8,003	8,082	16,085
Team travel	2,131	2,714	4,845
Sports equipment, uniforms, and supplies	7,606	40,427	48,033
Fundraising, marketing, and promotion	1,200	6,118	7,318
Sports camps expense	1,436	11,539	12,975
Spirit groups		5,090	5,090
Membership dues	63	160	223
Other	39,791	31,573	71,364
Total expenses	60,230	105,703	165,933
EXCESS (Deficiency) OF REVENUES OVER EXPENSES	NONE	NONE	NONE

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

Due to the merger of the PAF and the UNO Foundation, adjustments to the summary schedule were necessary to present activity from the PAF and the UNO Foundation separately.

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, 2018. The audit report dated June 24, 2019, 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 to calculate the NCAA revenue distributions, we performed the following procedures:
 - (a) For Grants-in-Aid, we compared and agreed the sports sponsored and 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 compared current year Grants-in-Aid revenue distribution equivalencies to prior year reported equivalencies per the Membership Financial Report submission. We were to inquire about any variances greater than +/- 4%.

We noted no variances that met the 4% threshold.

- (c) 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.

- (d) We compared current year number of Sports Sponsored to prior year reported total per the Membership Financial Report submission. We were to inquire about any variances.

We found no discrepancies as a result of these procedures.

- (e) 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 Athletic Aid, Pell Grant recipients on Partial Athletic Aid and Pell Grant recipients with no Athletic 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.

- (f) We compared current year Pell Grants total to prior year reported total per the Membership Financial Report submission. We were to inquire about any variances greater than +/- 20 grants.

We noted no variances that met the +/- 20 grants threshold.

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, 2019. 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 fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Daryl G. Purpera, CPA, CFE
Legislative Auditor

DF:CRV:RR:EFS:ch

UNO NCAA 2019

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, 2019**

	MEN'S BASKETBALL	WOMEN'S BASKETBALL	BASEBALL	OTHER SPORTS	NON- PROGRAM SPECIFIC	TOTAL
REVENUES						
Operating revenues:						
Ticket sales	\$29,315	\$749	\$30,809			\$60,873
Student fees					\$1,421,279	1,421,279
Direct institutional support					3,139,149	3,139,149
Indirect institutional support					196,103	196,103
Guarantees	427,000	92,000	16,000	\$2,500		537,500
Contributions	37,715	4,454	17,668	62,300	43,796	165,933
NCAA distributions					259,352	259,352
Program, novelty, parking, and concession sales	1,278	110	45,695	1,132	7,250	55,465
Royalties, licensing, advertisements, and sponsorships	128		305		234,238	234,671
Sports camp revenues				1,003		1,003
Other operating revenue	12,311				72,987	85,298
Total operating revenues	<u>507,747</u>	<u>97,313</u>	<u>110,477</u>	<u>66,935</u>	<u>5,374,154</u>	<u>6,156,626</u>
EXPENSES						
Operating expenses:						
Athletic student aid	213,366	159,923	240,943	548,825	200	1,163,257
Guarantees	14,500	8,500	5,000			28,000
Coaching salaries, benefits, and bonuses paid by the University and related entities	412,956	323,744	241,058	481,533		1,459,291
Support staff/administrative compensation, benefits, and bonuses paid by the University and related entities	28,688	336	5,666	2,179	881,361	918,230
Severance payments	5,625		5,367	692	21,807	33,491
Recruiting	45,621	27,784	41,901	20,164		135,470
Team travel	172,551	114,867	92,899	266,691	20,746	667,754
Sports equipment, uniforms, and supplies	37,827	32,662	81,851	115,999	170,612	438,951
Game expenses	47,455	35,610	25,710	45,984	78,815	233,574
Fundraising, marketing, and promotion		29			32,719	32,748
Sports camp expenses	11,809	1,166				12,975
Spirit groups					5,090	5,090
Direct overhead and administrative expenses	2,296				179,555	181,851
Indirect institutional support					196,103	196,103
Medical expenses and insurance	250		9,000	5,311	237,594	252,155
Memberships and dues	3,370	8,794		6,558	31,683	50,405
Student-athlete meals (non-travel)	30,827	22,274		2,656		55,757
Other operating expenses	63,034	16,416	28,870	47,403	135,801	291,524
Total operating expenses	<u>1,090,175</u>	<u>752,105</u>	<u>778,265</u>	<u>1,543,995</u>	<u>1,992,086</u>	<u>6,156,626</u>
EXCESS (Deficiency) OF REVENUES OVER (Under) EXPENSES						
	<u>(\$582,428)</u>	<u>(\$654,792)</u>	<u>(\$667,788)</u>	<u>(\$1,477,060)</u>	<u>\$3,382,068</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 three 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.

UNAUDITED

APPENDIX A

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

**Major Revenue and Expense Analysis
For the Year Ended June 30, 2019**

Accounts Exceeding 10% Threshold and Variation Greater Than 10%	Fiscal Year 2019	Fiscal Year 2018	Increase/ (Decrease)	Percent Variance	
Operating Revenues per Statement A					
No variations met the 10% variance threshold in the NCAA guidelines, and no explanations are required.					
Operating Expenses per Statement A					
Athletic student aid	\$1,163,257	\$1,490,626	(\$327,369)	(22%)	1
	Fiscal Year 2019 - Actual	Fiscal Year 2019 - Budget	Increase/ (Decrease)	Percent Variance	
Budget					
Athletic student aid	\$1,163,257	\$856,776	\$306,481	36%	2

NOTES:

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

1. In 2018-2019, the University instituted the Gulf State Promise which changed the cost of tuition for out of state students from Texas, Mississippi, Alabama, and Florida to in-state tuition. Thus the aid and scholarship amount was lowered for student-athletes from those states.
2. More scholarships were distributed to student-athletes than initially anticipated.