Athletic Department
University of New Orleans
University of Louisiana System
State of Louisiana

Louisiana Legislative Auditor

Agreed-Upon Procedures Report
Issued February 19, 2014

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

January 15, 2014

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

DR. PETER J. FOS, 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) Constitution 3.2.4.16 for the year ended June 30, 2013, and to assist you in your evaluation of the effectiveness of the University Athletic Department's internal control over financial reporting as of June 30, 2013. University management is responsible for the Statement (unaudited) and related notes (unaudited) and 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 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 internal auditor reports issued during the period relating to the intercollegiate athletics program to identify any significant deficiencies noted.

   We determined that the University's internal auditor issued two reports during the period with findings related to the athletic department.

4. We obtained the University's procedures for gathering information on the nature and extent of affiliated and outside organizational activity for or on behalf of the University's intercollegiate athletics program and determined 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, 2013.

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 identified formula errors in the supporting schedules for several of the expense categories. Management revised the Statement to correct the errors.

   - Direct Facilities, Maintenance and Rental Expense was understated by $9,493.

   - Coaching Salaries, Benefits, and Bonuses paid by the University and Related Entities Expense was understated by $657,428.

- Support Salaries, Benefits, and Bonuses paid by the University and Related Entities Expense was overstated by $657,428.

- Medical Expenses and Medical Insurance was understated by $54,325.

- Other Operating Expenses was overstated by $63,819.

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 operating revenue and expense account for June 30, 2013, and June 30, 2012, to identify variances of 20 percent or greater between individual revenue and expense accounts that are 5 percent or more of the total. We obtained and documented the University's explanations for any significant variations.

   As a result of our procedures, we identified variances of 20 percent or greater in the following revenue and expense accounts that are 5 percent or more of the total:

   Revenues
   Guarantees
   Contributions
   Direct institutional support

   Expenses
   Athletic student aid
   Support staff/administrative salaries, benefits, and bonuses paid by university and related entities
   Team travel
   Equipment, uniforms, and supplies

5. We compared the budgeted revenues and expenses to actual revenues and expenses for each major operating revenue and expense account for the year June 30, 2013, to identify any variances of 20 percent or greater in individual revenue and expense accounts that are 5 percent or more of the total. We obtained and documented the University's explanations for any significant variations.

   As a result of our procedures, we identified variances of 20 percent or greater in the following revenue and expense accounts that are 5 percent or more of the total:

   Revenues
   Sponsorship revenue

Expenses
Supplies
Professional services
Other charges
Scholarships and awards

MINIMUM AGREED-UPON PROCEDURES FOR REVENUES

1. Using a schedule prepared by the University, we compared the value of the tickets sold, complimentary tickets provided, and unsold tickets for the reporting period per the schedule to the related revenue reported by the University in the general ledger and Statement and to the related attendance figures. We agreed the information on the schedule to the supporting game reconciliations for a random sample of one basketball and one baseball game. We recalculated the reconciliations for the games tested.

   We noted the revenue reported for basketball games was $121 more on the general ledger and statements than the related attendance figures in the ticket reports. The revenue reported for the baseball games was $122 less on the general ledger and Statement than the related attendance figures in the ticket reports.

2. Based on 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 and obtained explanations from the University regarding any variances in excess of 5 percent. We recalculated the totals.

   We found no exceptions as a result of these procedures.

3. We selected the away game with the largest game guarantee settlement and agreed the amount to the general ledger and the contractual agreement. We recalculated the settlement report for the game tested.

   We found no exceptions as a result of these procedures.

4. We obtained and inspected supporting documentation for each contribution of monies, goods, or services received directly by an intercollegiate athletics program for 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 percent or more of all contributions received for intercollegiate athletics during the reporting period.

   The Privateer Athletic Foundation is an outside organization that contributed monies, goods, or services for or on behalf of the athletic department that exceeded 10 percent of total contributions.

5. We compared direct institutional support recorded by the University during the period with state appropriations, institutional authorizations, and/or other corroborative supporting documentation. We recalculated the totals.

   We found no exceptions as a result of these procedures.

6. Based on the relevant terms and conditions of one randomly selected agreement related to the University's participation in revenues from NCAA/Conference tournaments during the period, we compared and agreed the related revenues to the University's general ledger and/or the Statement. We recalculated the totals.

   We found no exceptions as a result of these procedures.

7. Based on the relevant terms and conditions of agreements related to the University's participation in revenues from royalties, licensing, advertisements, and sponsorships during the period, we compared and agreed related revenues to the general ledger and/or the Statement and recalculated the totals.

   We found no exceptions as a result of these procedures.

8. We randomly selected a sample of one program sales, concessions, novelty sales, and parking receipts revenue and agreed to adequate supporting documentation. We recalculated the totals.

   We found no exceptions as a result of these procedures.

9. We randomly selected one operating revenue receipt from each category not previously mentioned above and agreed to adequate 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 random sample of four students from the listing of University student aid recipients, obtained individual student-account detail for each selection, and compared total aid allocated from the related aid award letter to the student's account. We recalculated the totals.

   We found no exceptions as a result of these procedures.

2. We obtained and inspected the away game with the largest game settlement report received by the University during the reporting period and agreed related expenses to the University's general ledger and/or Statement. We recalculated the totals.

   We found no exceptions as a result of these procedures.

3. We obtained and inspected a random sample of one contractual agreement pertaining to expenses recorded by the University from guaranteed contests during the period. Using the game settlement report from these contests, we agreed related expenses to the University's general ledger and/or Statement. We recalculated the totals.

   We noted that the University paid for nine hotel rooms for two nights instead of six hotel rooms for two nights as agreed in the contract.

4. 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 examined the contracts for a random sample of three support staff/administrative personnel and all head coaches from men's and women's basketball and baseball 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.

   (b) We obtained and inspected W-2s and 1099s for each selection.

   (c) We compared and agreed related W-2s and 1099s 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 recalculated the totals.

   We found no exceptions as a result of these procedures.

5. Using a list prepared by the University, we randomly selected one athletic employee with a severance payment and agreed the severance pay to the related termination letter or employment contract. We recalculated the totals.

   We found no exceptions as a result of this procedure.

6. We compared and agreed the University's recruiting expense policies to existing University and NCAA-related policies.

   We noted that FY2013 policies were not updated after the University changed from NCAA Division 2 to NCAA Division 1.

7. We compared and agreed the University's team travel policies to existing institutional and NCAA-related policies.

   We noted that FY2013 policies were not updated after the University changed from NCAA Division 2 to NCAA Division 1.

8. Based on the understanding of the University's methodology for allocating indirect facilities support, we were to compare and agree indirect facilities and administrative support to the corresponding revenue category (indirect facilities and administrative support) reported by the University in the Statement. We were to sum the indirect facilities support and indirect institutional support totals reported by the University in the Statement and determine whether it was presented in accordance with the University's methodology for allocating indirect facilities support. We were to recalculate the totals.

   The University did not have any indirect facilities support during the period.

9. We randomly selected one equipment, uniforms, and supplies expense and agreed to adequate supporting documentation. We recalculated the totals.

   We found no exceptions as a result of this procedure.

10. We randomly selected one game expense and agreed to adequate supporting documentation. We recalculated the totals.

    We found no exceptions as a result of this procedure.

11. We randomly selected one fund raising, marketing, and promotion expense and agreed to adequate supporting documentation. We recalculated the totals.

    We found no exceptions as a result of this procedure.

12. We randomly selected one direct facilities, maintenance, and rental expense and agreed to adequate supporting documentation. We recalculated the totals.

    We found no exceptions as a result of this procedure.

13. We randomly selected one medical and medical insurance expense and agreed to adequate supporting documentation. We recalculated the totals.

    We found no exceptions as a result of this procedure.

14. We randomly selected one membership and dues expense and agreed to adequate supporting documentation. We recalculated the totals.

    We found no exceptions as a result of this procedure.

15. We randomly selected one operating expense from each category not previously mentioned above and agreed to adequate supporting documentation. We recalculated the totals.

    We found no exceptions as a result of this procedure.

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 an intercollegiate athletics program for any affiliated or outside organization, agency, or group of individuals (two or more) that constitutes 10 percent 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 Privateer Athletic Foundation is the only outside organization that contributed monies, goods, or services for or on behalf of the athletic department that exceeded 10 percent of the total contributions (note 1).

2. We obtained a description of the University's policies and procedures for acquiring, approving, depreciating, and disposing of intercollegiate athletics-related assets along with a schedule of changes in those assets. We agreed the schedule of changes to the University's general ledger and outside organizations' financial statements. We ensured that the University's policies and procedures and schedule of changes are properly disclosed within the notes to the Statement.

   We found no exceptions as a result of these procedures.

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 organizations on the listing provided to us by the University are the only outside organizations created for or on behalf of the athletic department.

2. We obtained from management statements for all affiliated and outside organizations and performed the following:

   (a) We agreed the amounts reported in the statements to the University's general ledger or, alternatively, confirmed revenues and expenses directly with a responsible official of the organization.

   (b) We reconciled the cash disbursements made by the organization for or on behalf of the University's intercollegiate athletics programs or employees to the revenues reported on the University's Statement.

   (c) We reconciled the direct payments of outside organizations to the University with the revenues reported on the University's Statement.

We found no exceptions as a result of these procedures. However, we noted that management changed the reporting basis of the foundation amount. The year-end was changed from December 31 (calendar year) to June 30 (fiscal year).

3. We obtained from 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.

	Privateer Athletic Foundation
Revenues	
Contributions	$76,025
Expenses	
Recruiting	6,869
Team travel	1,890
Equipment, uniforms, and supplies	34,414
Game expenses	6,463
Direct facilities, maintenance, and rental	7,223
Indirect facilities and administrative	1,107
Fund raising, marketing, and promotion	11,128
Memberships and dues	1,118
Other	5,813
Total expenses	76,025
EXCESS (Deficiency) OF REVENUES OVER EXPENSES	NONE

4. We obtained written representations from management as to the fair presentation of the summary schedule and compared summary schedules provided by outside organizations to ensure data is included in the University's Statement.

We found no exceptions as a result of these procedures.

5. For all outside organizations that had an independent audit, we obtained the independent auditor's report, identified any significant deficiencies relating to the outside organization's internal controls, made inquiries of management, and documented any corrective action taken in response to the significant deficiencies.

The financial statements of the Privateer Athletic Foundation were audited by an independent certified public accounting firm for the year ended December 31, 2012. The audit report is dated June 25, 2013, and included no significant deficiencies on the outside organization's internal control.

We were not engaged to, and did not, conduct an examination, the objective of which would be the expression of an opinion on the accompanying Statement and related notes of the University's athletic department or on its compliance with NCAA Constitution 3.2.4.16 or on the effectiveness of the University athletic department's internal control over financial reporting for the year ended June 30, 2013. 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 of the University and is not intended to be, and should not be, used by anyone other than the president. By provisions of state law, this report is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,

Daryl G. Purpera

Daryl G. Purpera, CPA, CFE
Legislative Auditor

CR:DG:BDC:THC:ch

UNO NCAA 2013

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, 2013

	MEN'S BASKETBALL	WOMEN'S BASKETBALL	BASEBALL	OTHER SPORTS	NON-PROGRAM SPECIFIC	TOTAL
REVENUES						
Operating revenues:						
Ticket sales	$12,248	$6,352	$7,904			$26,504
Guarantees	475,000	60,000	36,500	$1,000		572,500
Contributions	6,661	3	33,325	21,372	$353,424	414,785
Student fees					1,773,741	1,773,741
NCAA/Conference distributions, including all tournament revenues				112,527		112,527
Program sales, concessions, novelty sales, and parking	874	133	1,642	638	4,396	7,683
Royalties, licensing, advertisements, and sponsorships	8,000	8,000	8,500	4,000	61,508	90,008
Direct institional support					1,184,396	1,184,396
Other					84,617	84,617
Total operating revenues	502,783	74,488	87,871	139,537	3,462,082	4,266,761
EXPENSES						
Operating expenses:						
Athletic student aid	203,922	162,087	153,550	433,109		952,668
Guarantees	16,000		8,210			24,210
Coaching salaries, benefits, and bonuses paid by the university and related entities	282,388	165,736	203,931	432,919		1,084,974
Support staff/administrative salaries, benefits, and bonuses paid by the university and related entities	921	203	2,250	6,046	570,117	579,537
Severance payments			5,885		2,010	7,895
Recruiting	37,925	17,633	7,211	35,195	5,426	103,390
Team travel	176,948	91,359	124,616	109,702	17,192	519,817
Equipment, uniforms, and supplies	33,563	26,537	63,006	132,030	148,828	403,964
Game expenses	29,360	18,250	18,943	17,550	86,834	170,937
Direct facilities, maintenance, and rental			2,562	6,286	79,202	88,050
Indirect facilities and administrative support					1,107	1,107
Fund raising, marketing, and promotion	8,578	8,000	10,160	9,943	15,100	51,781
Medical expenses and medical insurance		45	150	450	109,660	110,305
Memberships and dues	655	2,220		12,599	2,605	18,079
Other	13,192	1,886	7,849	22,949	104,171	150,047
Total operating expenses	803,452	493,956	608,323	1,218,778	1,142,252	4,266,761
EXCESS (Deficiency) OF REVENUES OVER (Under) EXPENSES	($300,669)	($419,468)	($520,452)	($1,079,241)	$2,319,830	NONE

NOTES TO THE FINANCIAL STATEMENT
(UNAUDITED)

1. CONTRIBUTIONS

Individual contributions to the athletic department from the Privateer Athletic Foundation exceeded 10 percent of the total contributions included in Statement A.

2. 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.

Capital asset activity for the athletic department for the year ended June 30, 2013, is as follows:

	Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013
Depreciated Assets:				
Buildings	$3,669,069			$3,669,069
Equipment	138,747	$13,491		152,238
Total Depreciated Assets	3,807,816	13,491	NONE	3,821,307
Less Accumulated Depreciation:				
Buildings	(917,467)	(128,801)		(1,046,268)
Equipment	(114,385)	(5,375)		(119,760)
Total Accumulated Depreciation	(1,031,852)	(134,176)	NONE	(1,166,028)
Capital Assets, Net	$2,775,964	($120,685)	NONE	$2,655,279