

LOUISIANA STATE UNIVERSITY
IN SHREVEPORT
LOUISIANA STATE UNIVERSITY SYSTEM

STATE OF LOUISIANA



FINANCIAL AUDIT SERVICES
PROCEDURAL REPORT
ISSUED JUNE 22, 2016

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Louisiana Legislative Auditor

Daryl G. Purpera, CPA, CFE

Louisiana State University in Shreveport



Audit Control # 80160023

June 2016

Introduction

The primary purpose of our procedures at Louisiana State University in Shreveport (University) was to evaluate certain controls the University uses to ensure accurate financial reporting, compliance with applicable laws and regulations, and overall accountability over public funds.

The University is a part of the Louisiana State University System (System), which is a component unit of the state of Louisiana. The University's mission is to:

- Serve as a teaching institution focused on the successful education of undergraduate and graduate students through bachelors, masters, and select doctoral programs.
- Provide a stimulating and supportive learning environment in which students, faculty, and staff participate freely in the creation, acquisition, and dissemination of knowledge.
- Encourage an atmosphere of intellectual excitement.
- Foster the academic and personal growth of students.
- Produce graduates who possess the intellectual resources, and professional and personal skills that will enable them to be effective and productive members of an ever-changing global community.
- Enhance the cultural, technological, social, and economic development of the region through outstanding teaching, research, and public service.

Results of Our Procedures

We evaluated the University's operations and system of internal control through inquiry, observation, and review of its policies and procedures, including a review of applicable laws and regulations. Based on documentation of the University's controls and our understanding of related laws and regulations, we performed procedures on selected controls and transactions relating to University contract expenditures, payroll expenditures, movable property, tuition and fee revenue, receivables, cash, LaCarte procurement card expenditures, travel expenditures, and

scholarship expenditures. We also performed analytical review procedures and analyzed the University's revenues, expenses, and enrollment trends over the last five fiscal years.

Contract Expenditures

We obtained an understanding of the University's policies and procedures relating to contract expenditures. For contracts in effect during the two-year period ending June 30, 2016, for legal services, technical support and consulting services, and a summer program for kids, we examined contracts, and invoice payments for the months of July 2014, November 2014, February 2015, July 2015, August 2015, and September 2015. Based on the results of our procedures, no exceptions were identified.

Payroll Expenditures

The University has approximately 293 employees, and payroll expenditures are the University's largest expenditure. We obtained an understanding of the University's controls over payroll expenditures. We performed inquiries and observations of University personnel and examined support for pay rates, termination pay, leave taken and earned, time worked, and payroll payments for certain pay periods as of February 29, 2016, for selected employees. Based on the results of our procedures, no exceptions were identified.

Movable Property

The University owns more than 6,035 items with original costs of approximately \$16,344,279. We tested the timeliness of selected new additions and reviewed the latest annual inventory property certification as of April 2015. Based on the results of these procedures, no exceptions were identified.

Tuition and Fee Rates

We obtained an understanding of the controls over student tuition rate tables and agreed the electronic table rates to those authorized for the 2015-2016 academic year. We recalculated the tuition revenues for undergraduate, graduate, academic excellence, and student technology fees for reasonableness. Based on procedures performed, no exceptions were identified.

Receivables

As of January 1, 2016, the University began using the Office of Debt Recovery for collection of delinquent accounts. The University used a private collection agency in the past. We obtained an understanding of the University's written receivables policies and procedures relating to collection efforts, allowance for doubtful accounts, and write-off approvals. We compared the receivables balances as of June 30, 2015, and June 30, 2014. We examined support for the calculation of allowance for doubtful accounts and write offs for the 2015 fiscal year and reviewed delinquent receivables turned over to the Office of Debt Recovery as of April 14, 2016. Based on the results of our procedures, no significant variances were noted, the University's policies and procedures were in compliance with System policies and procedures and applicable state laws, and the University is turning over delinquent accounts to the Office of Debt Recovery.

Cash

Our procedures included a review of the cash accounts and procedures relating to access to cash, segregation of duties, bank reconciliations, collateralization of account balances, and timely deposit of receipts. The University maintains the following three bank accounts:

- Operating - consisting of all funds received and disbursements made except payroll
- Payroll - imprest account to process payroll checks
- Money Market account - interest earning investment account

We inquired of and observed University personnel and examined support for selected deposits made from November 2015 through February 2016 to ensure timely deposit of funds. We also examined bank reconciliations and securities pledged reports for proper collateralization for the months January 2015 through August 2015. Based on the results of our procedures, no exceptions were identified.

LaCarte Procurement Card Expenditures

The University participates in the state of Louisiana's LaCarte Procurement Card Program and utilizes LaCarte cards to make small-dollar purchases. We obtained an understanding of the University's policies and procedures for procurement card use and reviewed a listing of LaCarte card transactions for the period July 1, 2014, through December 31, 2015. We selected and examined supporting documents, such as purchase orders, invoices, receipts, and credit card statements for purchases made in April 2015 and August 2015 by certain employees. Based on the results of our procedures, no exceptions were identified.

Travel Expenditures

The University uses a Corporate Business Account to charge hotel and airfare travel expenditures. We obtained an understanding of the University's policies and procedures for travel activities and reviewed a listing of travel transactions for the period July 1, 2014, through February 29, 2016. We selected transactions and examined travel logs, original receipts, travel authorizations, and certificates of attendance relating to lodging, airfare, fuel, and meals. Based on the results of our procedures, no exceptions were identified.

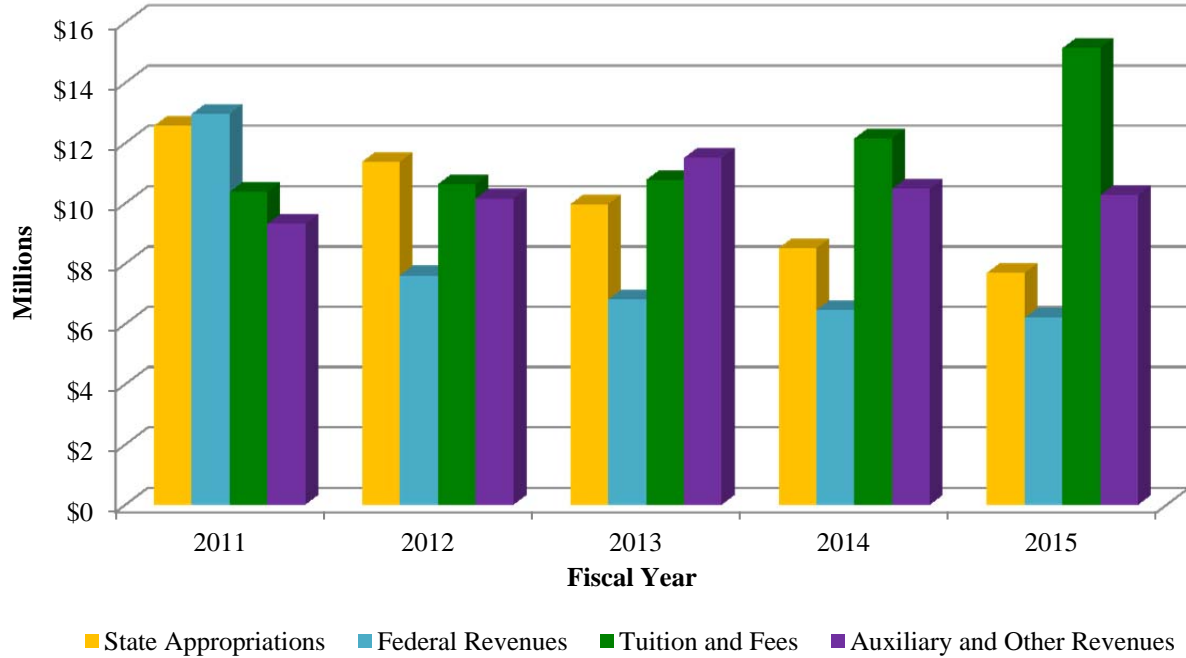
Scholarship Expenditures

The University awards several types of scholarships based on academic, athletic, and other performance-related criteria. We obtained an understanding of the University's policies and procedures for awarding scholarships. For the two fiscal years 2015 and 2016 as of March 14, 2016, we selected students' awards and examined support to determine whether scholarship criteria were met and award was approved. Based on the results of our procedures, no exceptions were identified.

Trend Analysis

We compared the most current and prior-year financial activity using the University's financial statements and/or system-generated reports to identify trends and obtained explanations from management for significant variances that could potentially indicate areas of risk. Management provided reasonable explanations for all significant variances.

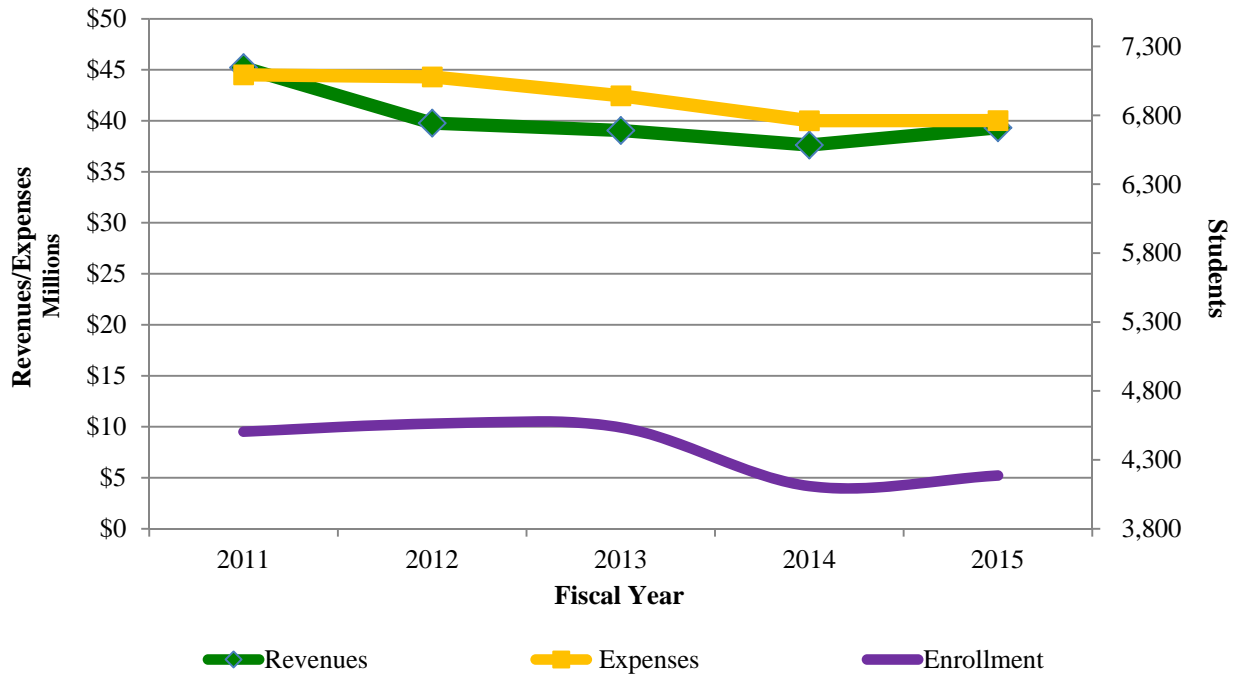
We analyzed the University's revenues, expenses, and enrollment data over the last five fiscal years to identify trends. In fiscal year (FY) 2011, revenues included \$4.4 million in federal stimulus funds that discontinued in FY 2012, as shown in Exhibit 1. As state and federal funds continue to decrease, the University relies more on increased tuition and fees, as well as auxiliary and other revenues. Tuition and fee revenue increased significantly in FY 2015 mainly due to increased tuition rates and the increased number of graduate students. The Granting Resources and Autonomies for Diplomas (GRAD) Act permits the University to increase tuition rates by 10% or to an amount equal to the southern average. The University's tuition and fee rates will reach the southern average in Fall 2016.

Exhibit 1 – Five-Year Revenue Trend, by Fiscal Year

Source: LSU System Annual Fiscal Reports


As shown in Exhibit 2, the University's enrollment remained fairly constant until it decreased significantly in FY 2014 due to a drop in dual-enrollment students because of increased program requirements for admission to the program. In FY 2015, enrollment increased due to an increase in graduate students from the addition of new graduate programs. Expenses gradually declined from FY 2011 until FY 2014 as management responded to budget cuts and has remained relatively unchanged between FY 2014 and FY 2015.

Exhibit 2 – Fiscal/Enrollment Trends, by Fiscal Year



Sources: LSU System Annual Fiscal Reports and Board of Regents enrollment data

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

Respectfully submitted,

 Daryl G. Purpera, CPA, CFE
 Legislative Auditor

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APPENDIX A: SCOPE AND METHODOLOGY

We conducted certain procedures at Louisiana State University in Shreveport (University) for the period from July 1, 2014, through June 9, 2016. Our objective was to evaluate certain internal controls the University uses to ensure accurate financial reporting, compliance with applicable laws and regulations, and provide overall accountability over public funds. The scope of our procedures, which are summarized below, was significantly less than an audit conducted in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. We did not audit or review the University's financial statements, and, accordingly, we do not express an opinion on those statements. The University's accounts are an integral part of the Louisiana State University System (System), which is an integral part of the state of Louisiana's financial statements, upon which the Louisiana Legislative Auditor expresses opinions.

- We evaluated the University'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 the University.
- Based on the documentation of the University's controls and our understanding of related laws and regulations, we performed procedures on selected controls and transactions relating to University contract expenditures, payroll expenditures, movable property, tuition and fee revenue, receivables, cash, LaCarte procurement card expenditures, travel expenditures, and scholarship expenditures.
- We compared the most current and prior-year financial activity using the University's financial statements and/or system-generated reports and obtained explanations from the University's management for any significant variances. We also performed an analysis of the University's revenues, expenses, and enrollment data over the last five fiscal years.

The purpose of this report is solely to describe the scope of our work at the University and not to provide an opinion on the effectiveness of the University'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 purpose.