

LOUISIANA STATE UNIVERSITY AT EUNICE
LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA



FINANCIAL AUDIT SERVICES
PROCEDURAL REPORT
ISSUED MAY 23, 2018

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Louisiana Legislative Auditor

Daryl G. Purpera, CPA, CFE

Louisiana State University at Eunice



May 2018

Audit Control # 80180049

Introduction

The primary purpose of our procedures at Louisiana State University at Eunice (LSU Eunice) was to evaluate certain controls LSU Eunice uses to ensure accurate financial reporting and transparency, compliance with applicable laws and regulations, and to provide overall accountability over public funds. In addition, we determined whether management has taken action to correct the finding reported in the prior report.

Results of Our Procedures

We evaluated LSU Eunice's operations and system of internal control through inquiry, observation, and review of its policies and procedures, including a review of the applicable laws and regulations. Based on the documentation of LSU Eunice's controls, our understanding of related laws and regulations, and the results of our analytical procedures, we performed procedures on selected controls and transactions related to the reconciliation of the general ledger to the subsidiary ledger, tuition and fee revenues, fixed dining allowance fee, and non-payroll expenses.

Follow-up on Prior-year Finding

We reviewed the status of the prior-year finding reported in the LSU Eunice's procedural report dated July 20, 2016. We determined that management has resolved the prior-year finding related to Inadequate Segregation of Duties.

Reconciliation of the General Ledger to the Subsidiary Ledger

LSU Eunice has a subsidiary system to process and record revenue transactions. LSU Eunice converts the subsidiary system transactions to general ledger classifications and posts the transactions to the general ledger on a regular basis. We performed procedures to reconcile the material transactions per the subsidiary system to cash deposits per the bank statement and to the

asset, liability, revenue, and expense transactions recorded in the general ledger for fiscal year 2017 and fiscal year 2018 to December 31, 2017.

Based on the results of our procedures, LSU Eunice had adequate controls in place to ensure that the transactions reflected in the subsidiary ledger agree to those in the general ledger.

Student Tuition and Fees Revenues

LSU Eunice assesses tuition and fees as students enroll for courses. We obtained an understanding of controls over student tuition and fees and tested the reasonableness of the Summer 2016 to Fall 2017 revenues based on student enrollment data. Based on the results of our procedures, tuition and fees revenues were reasonable.

Fixed Dining Allowance Fee

Beginning with the Fall 2017 semester, LSU Eunice has implemented a fixed “dining allowance” fee of \$175 per semester for all students enrolled in six hours or more. Dual enrollment and 100% online students are exempt from the fee. The additional revenue generated from this fee, coupled with funds received from mandatory meal plans for residential students, would provide the necessary revenue stream to fund enhanced and expanded dining services for all students, faculty, and staff.

The students pay the fee and in turn receive a declining balance credit card to be used at the LSU Eunice dining facilities. LSU Eunice remits the fees paid by the students to a contractor who in turn runs the dining services, pays rent, and provides other stipulated services to LSU Eunice. We reviewed the Fall 2017 semester student billing data to ensure that LSU Eunice properly charged the correct amounts to the appropriate students. Based on the results of our procedures, LSU Eunice is charging the proper fee to the intended students.

Non-payroll Expenses

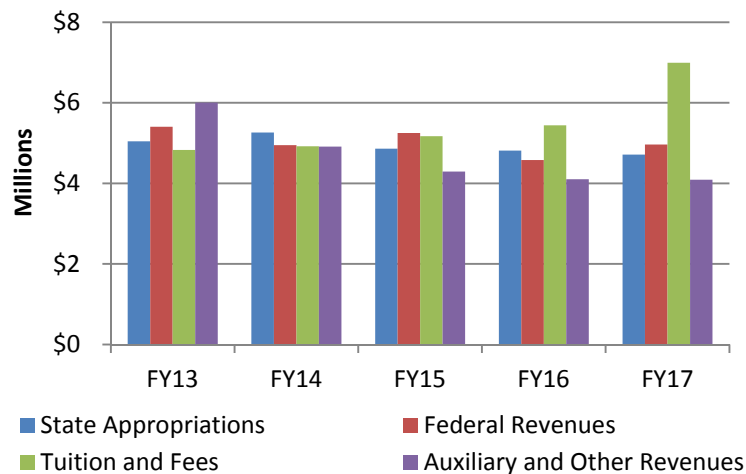
Non-payroll expenses totaled \$11.5 million for fiscal year 2017. We obtained an understanding of LSU Eunice’s controls over the approval and payment of these expenses and reviewed selected transactions that occurred between July 1, 2016, and December 31, 2017. Based on the results of our procedures, LSU Eunice had adequate controls in place to ensure transactions were adequately supported, properly approved, and complied with laws and regulations.

Trend Analysis

We compared the most current and prior-year financial activity using LSU Eunice's Annual Fiscal Reports and/or system-generated reports and obtained explanations from LSU Eunice's management for any significant variances. We also analyzed LSU Eunice's revenue and enrollment trends over the past five fiscal years.

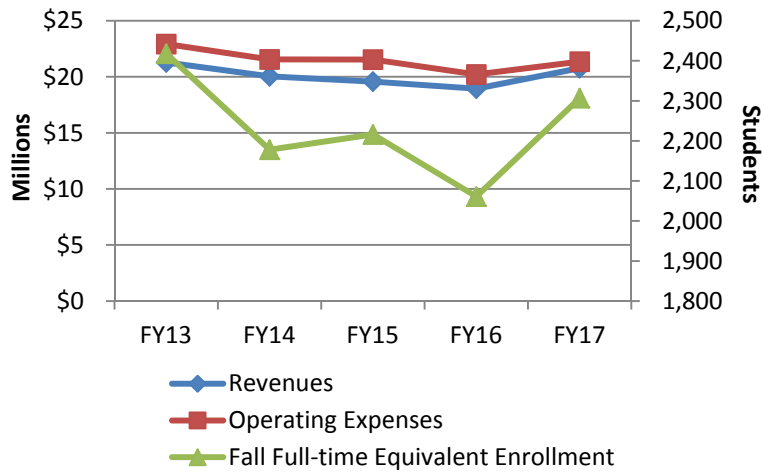
In analyzing financial trends of LSU Eunice over the past five years, tuition and fees have increased since 2013, primarily from increases in tuition and fees charged to students to help offset decreases in state and federal funding. Fluctuations in auxiliary and other revenues are mainly due to capital appropriations for construction projects. LSU Eunice is actively working to increase enrollment and has increased its recruiting efforts. New programs were added and some pre-existing programs were expanded from certificate programs to associate degree programs. As a result, LSU Eunice saw an almost 12% increase in enrollment between 2016 and 2017.

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



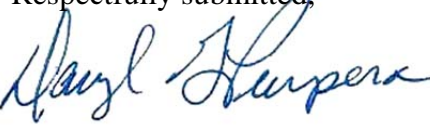
Source: Fiscal year 2013-2017 LSU System Audit Reports

Exhibit 2
Fiscal/Enrollment Trends, by Fiscal Year (FY)



Source: Fiscal year 2013-2017 LSU System Audit Reports and LSU Eunice published enrollment data

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

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APPENDIX A: SCOPE AND METHODOLOGY

We performed certain procedures at Louisiana State University at Eunice (LSU Eunice) for the period from July 1, 2016, through May 8, 2018. Our objective was to evaluate certain controls LSU Eunice uses to ensure accurate financial reporting, compliance with applicable laws and regulations, and to provide 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 LSU Eunice's Annual Fiscal Reports, and accordingly, we do not express an opinion on those reports. LSU Eunice's accounts are an integral part of the State of Louisiana's financial statements, upon which the Louisiana Legislative Auditor expresses opinions.

- We evaluated LSU Eunice'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 LSU Eunice.
- Based on the documentation of LSU Eunice's controls and our understanding of related laws and regulations, we performed procedures on selected controls and transactions relating to the reconciliation of the general ledger to the subsidiary ledger, tuition and fees revenues, fixed dining allowance fee, and non-payroll expenses.
- We compared the most current and prior-year financial activity using LSU Eunice's Annual Fiscal Reports and/or system-generated reports to identify trends and obtained explanations from LSU Eunice's management for any significant variances that could potentially indicate areas of risk.

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