

SOUTHEASTERN LOUISIANA UNIVERSITY
UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA



FINANCIAL AUDIT SERVICES
MANAGEMENT LETTER
ISSUED OCTOBER 15, 2014

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

October 15, 2014

The Honorable John A. Alario, Jr.,
President of the Senate
The Honorable Charles E. "Chuck" Kleckley,
Speaker of the House of Representatives
Dr. John L. Crain, President
Southeastern Louisiana University,
University of Louisiana System

Dear Senator Alario, Representative Kleckley, and Dr. Crain:

This report includes the results of the procedures we performed at Southeastern Louisiana University (Southeastern) for the period from July 1, 2013 through June 30, 2014 to evaluate its accountability over public funds. The procedures are a part of our audit of the University of Louisiana System's financial statements and the Single Audit of the State of Louisiana for the year ended June 30, 2014. I hope the information in this report will assist you in your legislative and operational decision-making processes.

We would like to express our appreciation to the management and staff of Southeastern for their assistance during our work.

Sincerely,

Daryl G. Purpera, CPA, CFE
Legislative Auditor

EMS:BQD:THC:aa

SOUTHEASTERN 2014

Louisiana Legislative Auditor

Daryl G. Purpera, CPA, CFE



Southeastern Louisiana University

October 2014

Audit Control # 80140110

Introduction

As a part of our audit of the University of Louisiana System (System) financial statements and the Single Audit of the State of Louisiana for the year ended June 30, 2014, we performed procedures at Southeastern Louisiana University (Southeastern) to provide assurances on financial information that is significant to the System's financial statements; to evaluate the effectiveness of Southeastern's internal controls over financial reporting and compliance; and to determine whether Southeastern complied with applicable laws and regulations. In addition, we determined whether management had taken actions to correct findings reported in the prior year.

Southeastern is a part of the University of Louisiana System and reported an enrollment of more than 14,000 students for the fall 2014 semester. The university's mission is to lead the educational, economic, and cultural development of southeast Louisiana.

Results of Our Procedures

Follow-Up on Prior-Year Findings

Our auditors reviewed the status of the prior-year finding reported in a management letter dated November 7, 2013. We determined that management has resolved the prior-year finding related to the lack of controls over the TRIO Talent Search program.

Financial Statements - University of Louisiana System

As a part of our audit of the System's financial statements for the year ended June 30, 2014, we considered Southeastern's internal controls 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 to State Treasury, capital assets

Liabilities - Accounts payable and accrued liabilities, deferred revenue, bonds payable

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, auxiliary enterprise revenue, state appropriations, federal non-operating revenues

Expenses - Education and general and auxiliary enterprise

Our audit included tests of Southeastern's compliance with laws and regulations that could have a direct and material effect on the financial statements, as required by *Government Auditing Standards*.

Based on the results of these procedures on the financial statements, we did not report any internal control deficiencies or non-compliance with laws or regulations. In addition, 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 of the State of Louisiana for the year ended June 30, 2014, we performed internal control and compliance testing on Southeastern's Student Financial Assistance Cluster of federal programs, as required by the Office of Management and Budget (OMB) Circular A-133. Those tests included evaluating the effectiveness of Southeastern's internal controls designed to prevent or detect material noncompliance with program requirements and determining whether Southeastern complied with applicable program requirements.

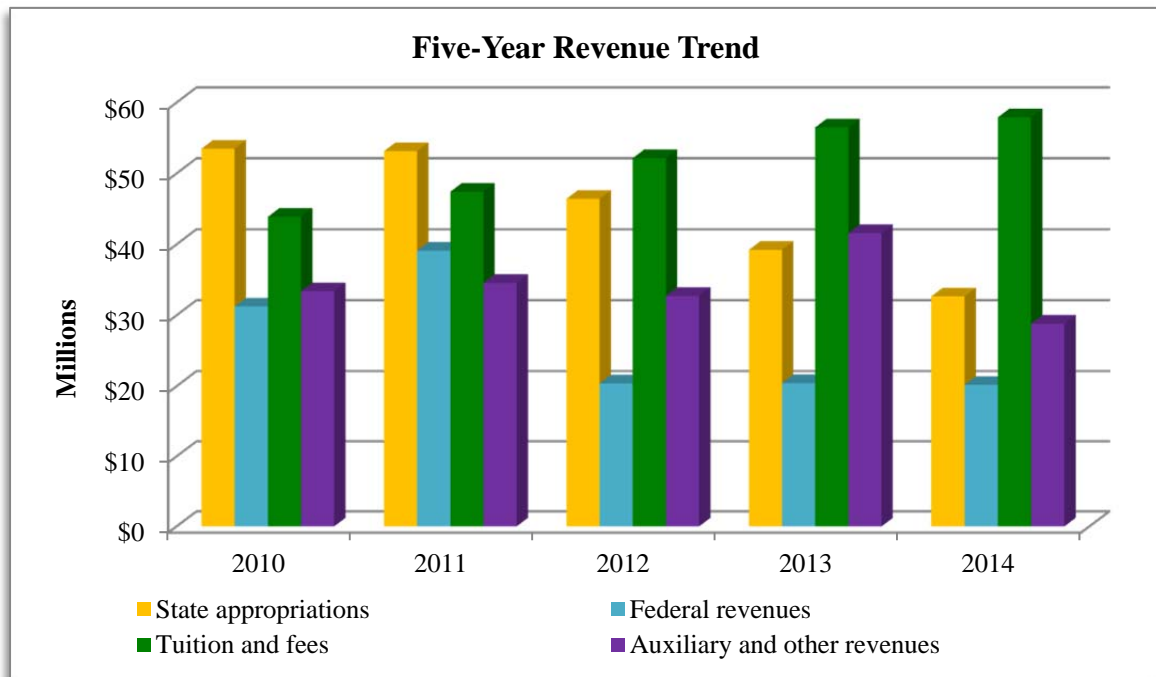
Based on the results of these Single Audit procedures, we did not report any internal control deficiencies or non-compliance with program requirements.

Trend Analysis

We compared the most current- and prior-year financial activity using Southeastern's annual fiscal reports and/or system-generated reports and obtained explanations from Southeastern management for any significant variances. We also prepared an analysis of revenues, expenses, and enrollment over the last five years.

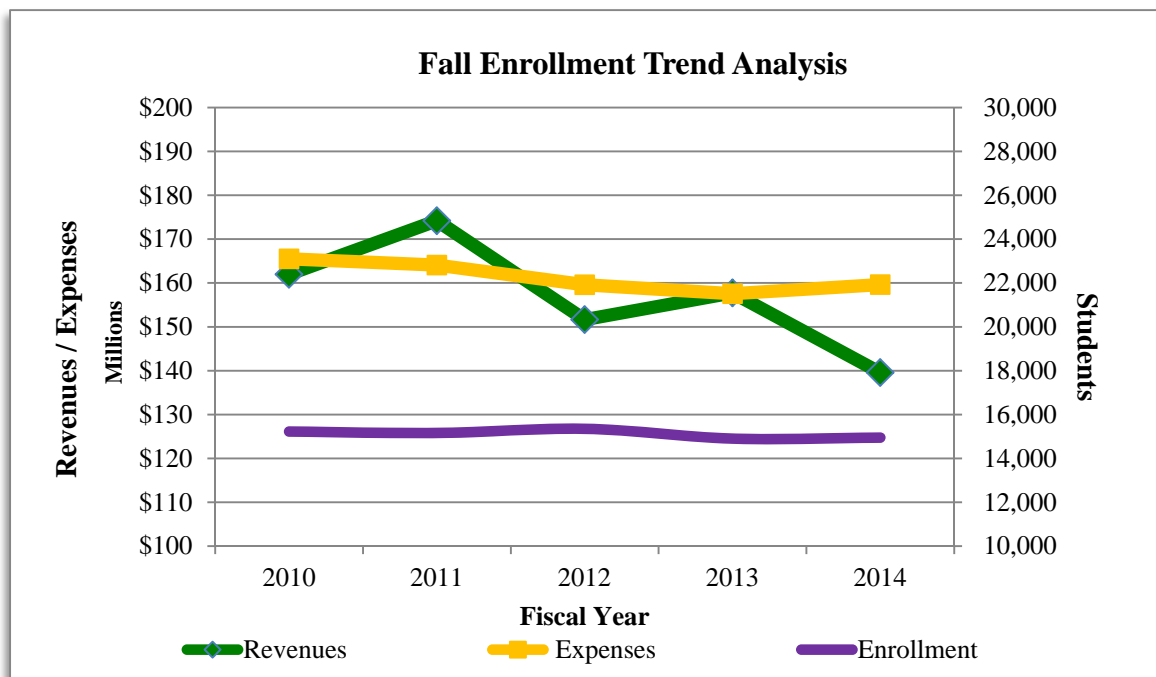
In analyzing financial trends of Southeastern over the past five years, expenses have remained fairly consistent. However, revenues have decreased. Since 2010, federal revenues have decreased 35% mainly because of non-recurring American Recovery and Reinvestment Act funds; state appropriations have decreased nearly 39%; and tuition and fees have increased by 32%. If state appropriations continue to decline, the university's operations may become more dependent on tuition and fees, auxiliary and other revenues collected by Southeastern, which are directly related to enrollment.

Exhibit 1



Source: Fiscal year 2010-2012 ULS Audit Reports; Fiscal year 2013-2014 Southeastern Annual Fiscal Reports

Exhibit 2



Source: Fiscal year 2010-2012 ULS Audit Reports; Fiscal year 2013-2014 Southeastern Annual Fiscal Reports

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

APPENDIX A: SCOPE AND METHODOLOGY

We performed certain procedures at Southeastern Louisiana University (Southeastern) for the period from July 1, 2013 through June 30, 2014 to provide assurances on financial information significant to the 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, and 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 University of Louisiana System (System) financial statements and the Single Audit of the State of Louisiana for the year ended June 30, 2014.

- We evaluated Southeastern'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 Southeastern.
- Based on the documentation of Southeastern's controls and our understanding of related laws and regulations, we performed procedures to provide assurances on Southeastern's account balances and classes of transactions to support the opinion on the System's financial statements.
- We performed procedures on the Student Financial Assistance cluster of federal programs for the year ended June 30, 2014, to support the 2014 Single Audit of the State of Louisiana.
- We compared the most current- and prior-year financial activity using Southeastern's annual fiscal reports and/or system-generated reports to identify trends and obtained explanations from Southeastern management for significant variances.

The purpose of this report is solely to describe the scope of our work at Southeastern and not to provide an opinion on the effectiveness of Southeastern'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 Southeastern's Annual Fiscal Report and, accordingly, we do not express an opinion on that report. Southeastern's accounts are an integral part of the System's financial statements, upon which the Louisiana Legislative Auditor expresses opinions.