

SOUTHEASTERN LOUISIANA UNIVERSITY
UNIVERSITY OF LOUISIANA SYSTEM

STATE OF LOUISIANA



FINANCIAL AUDIT SERVICES
MANAGEMENT LETTER
ISSUED DECEMBER 12, 2016

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Louisiana Legislative Auditor

Daryl G. Purpera, CPA, CFE

Southeastern Louisiana University



December 2016

Audit Control # 80160162

Introduction

As a part of our audit of the University of Louisiana System's (System) financial statements and the Single Audit of Louisiana (Single Audit) for the year ended June 30, 2016, we performed procedures at Southeastern Louisiana University (Southeastern) to provide assurances on financial information that is significant to the System's financial statements; evaluate the effectiveness of Southeastern's internal controls over financial reporting and compliance; and determine whether Southeastern complied with applicable laws and regulations. In addition, we determined whether management has taken actions to correct the finding reported in the prior year.

Southeastern is a part of the System and reported an enrollment of 14,594 students for the Fall 2015 semester. Southeastern is primarily a teaching institution whose mission is successful education of undergraduate students and services to the employers and communities in its region. The university's overall mission is to lead the educational, economic, and cultural development of southeast Louisiana.

Results of Our Procedures

Follow-up on Prior-year Finding

Our auditors reviewed the status of the prior-year finding reported in the management letter dated December 16, 2015. We determined that management has resolved the prior-year finding related to inadequate controls over PeopleSoft system.

Financial Statements - University of Louisiana System

As a part of our audit of the System's financial statements for the year ended June 30, 2016, 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 from State Treasury, and capital assets

Liabilities - Unearned revenue resulting from tuition and fees, and bonds payable

Net Position - Net investment in capital assets, restricted-expendable, restricted-nonexpendable, and unrestricted

Statement of Revenue, Expenses, and Changes in Net Position

Revenues - Student tuition and fees, state appropriations, auxiliary revenues, and federal nonoperating revenues

Expenses - Educational and general

Based on the results of these procedures on the financial statements, 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 for the year ended June 30, 2016, we performed internal control and compliance testing on Southeastern's TRIO Cluster of federal programs as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those tests included evaluating the effectiveness of Southeastern's internal controls designed to prevent or detect material noncompliance with program requirements and tests to determine whether Southeastern complied with applicable program requirements.

In addition, we performed procedures on information submitted by Southeastern to the Division of Administration's Office of Statewide Reporting and Accounting Policy for the preparation of the State's Schedule of Expenditures of Federal Awards as required by Uniform Guidance.

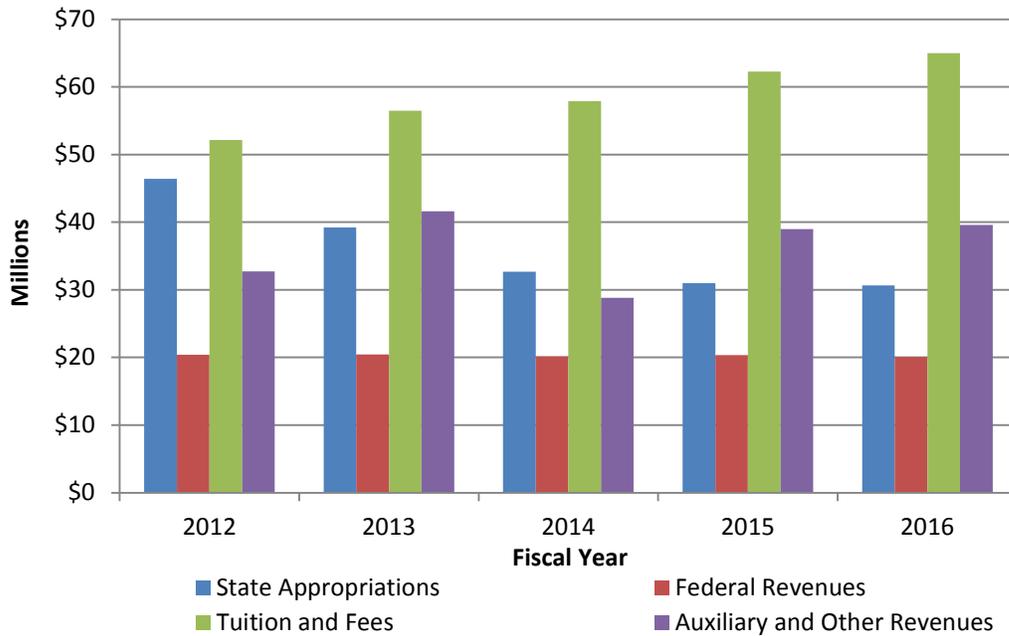
Based on the results of these Single Audit procedures, we did not report any internal control deficiencies or noncompliance with program requirements. In addition, the information submitted for the preparation of the State's Schedule of Expenditures of Federal Awards is materially correct.

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 fiscal years, as shown in Exhibits 1 and 2.

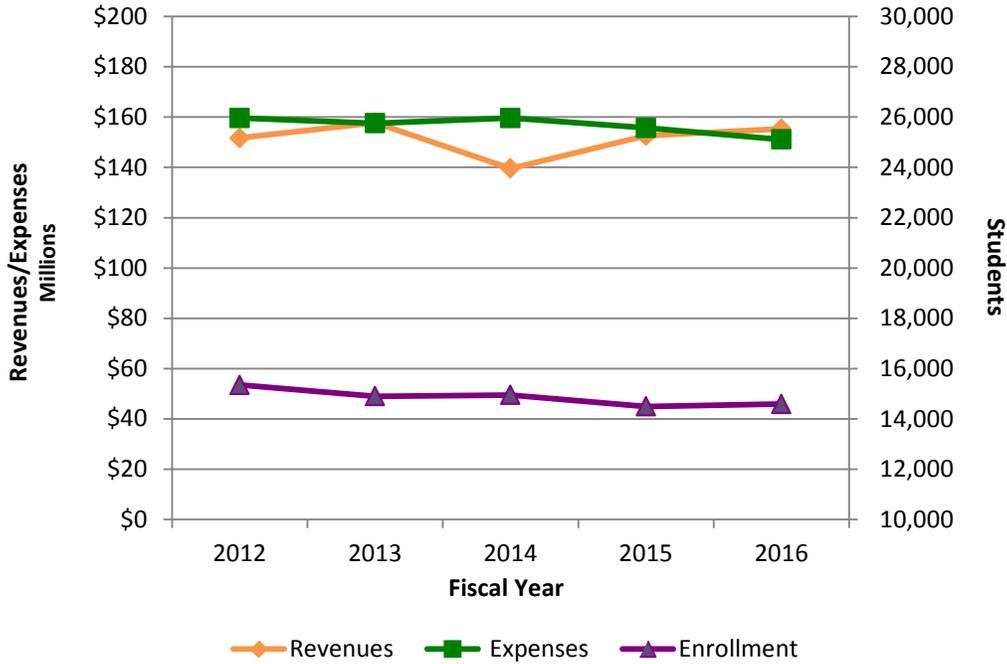
In analyzing financial trends of Southeastern over the past five fiscal years, expenses have remained fairly consistent. Since fiscal year 2012, state appropriations have decreased 34%. As these revenues continue to become a smaller portion of total revenues, the university's operations are becoming more dependent on student tuition and fees, auxiliary, and other revenue. Over the same period, tuition and fees have increased by 25% mainly due to the increases in tuition permitted by the GRAD Act (Act 741 of Regular Session of the Louisiana Legislature). Auxiliary and other revenues have increased by 21%.

**Exhibit 1
Five-Year Revenue Trend**



Source: Fiscal Year 2012 ULS Audit Report; Fiscal Year 2013-2016 Southeastern Annual Fiscal Reports

**Exhibit 2
Fiscal/Enrollment Trends**



Source: Fiscal Year 2012 ULS Audit Report; Fiscal Year 2013-2016 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.

Respectfully submitted

 Daryl G. Purpera, CPA, CFE
 Legislative Auditor

LMF:EMS:BQD:EFS:aa

SOUTHEASTERN 2016

APPENDIX A: SCOPE AND METHODOLOGY

We performed certain procedures at Southeastern Louisiana University (Southeastern) for the period from July 1, 2015, through June 30, 2016, to provide assurances on financial information significant to the University of Louisiana System (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 System's financial statements and the Single Audit of the State of Louisiana (Single Audit) for the year ended June 30, 2016.

- 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 planned procedures on the TRIO cluster of federal programs and on information submitted by Southeastern for the preparation of the State's Schedule of Expenditures of Federal Awards for the year ended June 30, 2016, as a part of the 2016 Single Audit.
- 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 purpose.

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 an opinion.