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**GRAMBLING STATE UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM**

**AGREED-UPON PROCEDURES ENGAGEMENT
FOR THE YEAR ENDED JUNE 30, 2007**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 8/20/08

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**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES
TO THE ACCOUNTING RECORDS**

Dr. Horace A. Judson, President
Grambling State University
Grambling, Louisiana

At your request, we have performed the agreed-upon procedures, as enumerated below, which were agreed to by management of the **Grambling State University (the University)**, to the accounting records of the Intercollegiate Athletics Program as of the year ended June 30, 2007, solely to assist **the University** in complying with NCAA Bylaw 6.2.3.1. **The University** is responsible for the accounting records of the Intercollegiate Athletics Program. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representations regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. Our procedures and findings were as follows:

MINIMUM AGREED-UPON GENERAL PROCEDURES

1. We obtained written representation from management as to the fair presentation of the statement of revenues and expenses of the Intercollegiate Athletics Program, completeness of required schedules and related financial information, adequacy of controls, compliance with NCAA rules and legislation, and other information as we considered necessary. We also verified the mathematical accuracy of amounts and agreed the Schedule of Revenues and Expenditures for the year ended June 30, 2007 to **the University's** general ledger. We noted no exceptions based on the procedures performed.
2. We obtained an understanding of the control environment and accounting system used by **the University's** intercollegiate athletics program, and performed test of the specific elements of the control environment and accounting system. We noted no exceptions based on the procedures performed.

**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES
TO THE ACCOUNTING RECORDS**

(CONTINUED)

MINIMUM AGREED-UPON GENERAL PROCEDURES , CONTINUED

3. We compared each operating revenue and expense category for June 30, 2006 and June 30, 2007, identifying variances of 20% or greater between categories that are 5% or more of the total, and obtained an explanation for variance. We obtained explanations for all variances that exceeded established thresholds, noting no exceptions.
4. We compared the budgeted revenues and expenses to actual revenues and expenses for each operating revenue and expense category for the year June 30, 2007, to identify any variances of 20% or greater between categories that are 5% or more of the total, and obtained an explanation for variance. We obtained explanations for all variances that exceeded established thresholds, noting no exceptions.

MINIMUM AGREED-UPON PROCEDURES FOR REVENUES

1. We verified amounts reported as ticket sales by reviewing appropriate documentation (i.e. sales reports, receipts etc.) and comparing amounts to the general ledger. Based on procedures performed, we noted that three (3) home football games, amounts per the ticket master audit reports were not reconciled to amounts recorded in the general ledger.

Recommendation

We recommend that management follow prescribed procedures that require ticket sales from home football games to be reconciled to the general ledger on a timely basis after the conclusion of the game.

2. We agreed the amounts reported as game guarantee revenue and Classic games for Football, and Men's & Women's basketball games to the University's contractual agreements with other Universities or promoters and to amounts recorded in the general ledger. We also selected a sample and vouched the related cash receipts.

Based on procedures performed, we noted a difference of \$19,578 between the settlement statement and amount recorded in the general ledger for the State Fair Classic. It does not appear as if management reviewed or analyzed the settlement statement received from the promoter in relation to the terms of the contract.

**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES
TO THE ACCOUNTING RECORDS**

(CONTINUED)

We also noted that proceeds from the Bayou Classic per the general ledger totaled \$461,980 for ticket sales and \$760,865 as miscellaneous income, whereas amounts per the settlement statement totaled \$660,276. It does not appear as if management reconciled the Bayou Classic settlement statement to amounts recorded in the general ledger. The difference appears to be a contribution paid to the University from the Grambling State University Black and Gold Foundation. We also noted that there was not a current signed contract between the University and the promoters of the Bayou Classic.

Recommendation

We recommend that all game settlement statements for classic games be properly reconciled to amounts recorded in the general ledger. We also recommend that management of the University enter into a contract with the promoters of the Bayou Classic outlining the event arrangements.

3. Per discussion with the University's management and per review of the general ledger, the University did not receive any indirect institutional support for the year ended June 30, 2007.
4. We agreed the amounts reported as direct institutional support through state appropriations by vouching cash receipts and reviewing appropriate documentation. We noted no exceptions as a result of the procedures performed.
5. Per discussion with the University's management they did not participate or receive revenues from NCAA/Conference tournaments for the year ended June 30, 2007.
6. We obtained and inspected agreements related to the University's receipt of revenues from royalties, advertisements, and sponsorships. The revenues were vouched to the related agreements and to cash receipts. We noted no exceptions as a result of the procedures performed.
7. We requested sport-camp agreements between the University and the sponsors of the sport-camps and noted that all sport camps were conducted by the coaches of their applicable sport. For those sport camps that were held at the University, we noted that the Coaches are allowed to conduct the sport camps as a part of their coach's contract with the University, except for the women's basketball coach who is not coaching under a contract. However, we also noted that the University did not enter into a contract with the coaches, which outlined the camp arrangements and responsibilities.

**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES
TO THE ACCOUNTING RECORDS**

(CONTINUED)

MINIMUM AGREED-UPON PROCEDURES FOR REVENUES, CONTINUED

Recommendation

We recommend that **the University** enter into separate contracts with the coaches, which outlines the coaches' responsibility with respect to the sport camp.

8. We selected one operating revenue receipt from each category not previously mentioned above and agreed amounts to supporting documentation (i.e. contracts, sales reports, cash receipts) and agreed amounts to the general ledger. We noted amounts received from the NCAA per the general ledger totaled \$119,438, whereas amounts per supporting documentation totaled \$266,982. The difference relates to a payment that was not received by **the University**. Prior to the issuance of this report, **the University** contacted the NCAA and a check was reissued, received by **the University**, and deposited into **the University's** athletic account.

Recommendation

We recommend that management reconcile amounts per the general ledger to supporting documentation received from the NCAA on a timely basis.

MINIMUM AGREED-UPON PROCEDURES FOR EXPENSES

1. We vouched a random sample of student-athletes from the listing of **the University** student aid recipients. We then compared the students' award letter to the detail of the student accounts, and noted no exceptions as a result of this procedure.
2. We obtained and inspected the largest contractual agreement pertaining to expenses recorded by **the University** from a guaranteed contest during the period. We reconciled the amounts recorded to the general ledger to the contractual agreement, and noted no exceptions.

**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES
TO THE ACCOUNTING RECORDS**

(CONTINUED)

MINIMUM AGREED-UPON PROCEDURES FOR EXPENSES, CONTINUED

3. We compared current payroll amounts to the prior year's amounts and reconciled all variances greater than a pre-determined amount. We also reviewed supporting personnel action forms, W-2's, and Contracts for fifteen (15) coaches and support personnel, noting appropriate approval for the related wages and fringe benefits increases and/or decreases. We noted no exceptions as a result of the procedures performed.
4. Per discussion with management and per payroll procedures performed above, **the University** did not have any severance payments to athletic department employees during the year ended June 30, 2007.
5. We obtained and documented an understanding of **the University's** recruiting expense policies. **The University's** policies were compared and agreed to existing institutional and NCAA related policies without exception.
6. We obtained and documented an understanding of **the University's** team travel policies. **The University's** policies were compared and agreed to existing institutional and NCAA related policies without exception.
7. We obtained and documented an understanding of the institution's methodology for allocating indirect facilities support. Per discussion with management, **the University** did not allocate indirect facilities support during the year.
8. Per discussion with management, we noted that **the University** elected not to report indirect facilities and administrative support in the statement for the period tested. No exceptions noted.
9. We vouched a random sample of operating expenditure transactions and reviewed the related purchasing documents, invoices and cancelled checks. We noted no exceptions based on the procedures performed.

**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES
TO THE ACCOUNTING RECORDS**

(CONTINUED)

MINIMUM AGREED-UPON PROCEDURES FOR NOTES AND DISCLOSURES

1. We requested from the University's management, a detail of contributions received by the athletic department, noting that no individual contribution exceeded 10% of all contributions. No exceptions noted.
2. We obtained and gained an understanding of the policies and procedures for acquiring, depreciating, and disposing of intercollegiate athletics - related assets, noting no exception.
3. The University did not have any capitalized asset addition during the period.

**MINIMUM AGREED-UPON PROCEDURES
FOR AFFILIATES AND OUTSIDE ORGANIZATIONS**

1. The University provided written representation that the listing of all known affiliated and outside organizations provided to us by the University are the only outside organizations created for or on behalf of the athletic department. No exceptions noted.
2. We requested from management, a summary of revenue and expenses for or on behalf of the intercollegiate athletics programs affiliated and outside organizations to be included with agreed upon procedures report, and to confirm reported revenues and expenses with a responsible official of the organization. No exceptions noted.
3. We obtained and gained an understanding of the procedures used by the University to gather information on the nature and extent of affiliated and outside organizational activity for or on behalf of the University's intercollegiate athletics programs. We tested the University's procedures on gathering information related to affiliated and outside organizational activity, and noted no exceptions as a result of procedures performed.
4. We obtained and reviewed the independent audit report for the Athletic Foundation, noting no reportable conditions.

**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES
TO THE ACCOUNTING RECORDS**

(CONTINUED)

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the specified elements, accounts or items. 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, his designees and authorized representatives of the National Collegiate Athletics Association and is not intended to be and should not be used by anyone other than these specified parties.

Bruno & Tervalon LLP

**BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS**

February 21, 2008

GRAMBLING STATE UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAMS
SCHEDULE OF REVENUES AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2007

	Football	Bayou Classic Activity	Sub-total Football	Men's Basketball	Women's Basketball	Other Sports	Non-Program Specific	Total
Operating Revenues:								
Ticket sales	\$ 582,845	\$ 461,980	\$ 1,044,825	\$ 1,241	\$ 1,241	\$ 3,399	\$ 35	\$ 1,050,741
Guarantees	550,000	-0-	550,000	265,000	19,500	2,500	-0-	837,000
State appropriations (NOTE 3)	-0-	-0-	-0-	-0-	-0-	-0-	800	800
NCAA revenue distribution (NOTE 8)	-0-	-0-	-0-	-0-	-0-	-0-	119,438	119,438
SWAC revenue distribution (NOTE 8)	-0-	-0-	-0-	-0-	-0-	-0-	28,035	28,035
Royalties/sponsorship	-0-	-0-	-0-	-0-	-0-	-0-	23,224	23,224
Other revenue	1,564	760,865	762,429	-0-	-0-	-0-	130,373	892,802
Total operating revenues	1,134,409	1,222,845	2,357,254	266,241	20,741	5,899	301,905	2,952,040
Operating Expenditures:								
Salaries & wages	678,264	-0-	678,264	168,182	155,247	320,021	660,904	1,983,153
Related benefits	155,435	-0-	155,435	43,377	39,176	96,456	168,653	508,849
Professional services	19,196	10,797	29,993	29,993	-0-	-0-	107,096	137,089
Membership dues	14,960	-0-	14,960	2,604	-0-	1,055	2,275	20,894
Medical expense & insurance	-0-	-0-	-0-	333	-0-	5,859	133,685	139,877
Operating services	-0-	114,999	114,999	-0-	-0-	-0-	5,565	120,564
Travel	26,172	66,021	92,193	11,177	12,867	103,878	6,903	227,017
Team travel	190,336	2,862	193,198	110,595	97,796	276,462	12,371	693,400
Equipment & uniforms	115,787	15,722	131,509	36,428	25,528	53,807	9,118	258,496
Game expenses	25,450	-0-	25,450	24,600	25,300	27,203	-0-	102,553
Supplies	18,378	3,516	21,893	2,700	1,919	20,630	75,566	122,708
Facility, maintenance, & rental	18,768	3,000	21,768	-0-	2,315	1,032	15,382	40,995
Guarantees	16,000	-0-	16,000	9,676	4,200	-0-	-0-	29,876
Other charges	18,907	-0-	18,907	2,026	-0-	3,119	86,911	111,113
Prior period adjustments	214	-0-	214	-0-	-0-	-0-	-0-	214
Food for persons	8,350	-0-	8,350	9,427	2,082	10,669	710	36,126
Scholarships	444,224	-0-	444,224	111,020	125,539	729,215	-0-	1,409,997
Total operating expenditures	1,750,440	216,916	1,967,356	562,138	491,969	1,649,405	1,286,888	5,944,670
Excess revenues over (expenditures)	\$ (616,031)	\$ 1,005,929	\$ 389,898	\$ (295,897)	\$ (471,228)	\$ (1,643,506)	\$ 1,860,524	\$ (130,217)

The accompanying notes are an integral part of this schedule.

**GRAMBLING STATE UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM
AGREED-UPON PROCEDURES ENGAGEMENT
NOTES TO THE SCHEDULE OF REVENUES AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2007**

NOTE 1 - Organization:

Grambling State University (the University) is a publicly supported institution of higher education. **The University** is a political subdivision of the State of Louisiana, within the Executive Branch of government, under the management and supervision of the **Grambling State University** Board of Supervisors. However, the annual budget of **the University** and proposed changes to the degree programs, departments of instruction, et cetera, require the approval of the Board of Regents. The Board of Supervisors is comprised of 15 members appointed for a six year term by the Governor with the consent of the Senate, and one student member appointed for a one year term by a council composed of the student body presidents of the **Grambling State University**. As a State agency, operations of **the University's** instructional programs are funded through annual lapsing appropriations made by the Louisiana Legislature.

The **Grambling State University** operates the following intercollegiate athletics programs:

- Football;
- Basketball (*men and women*);
- Baseball;
- Tennis (*men and women*);
- Golf (*men and women*);
- Track (*men and women*);
- Volleyball; (*women*)
- Softball (*Women*); and
- Bowling (*Women*).

**GRAMBLING STATE UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM
AGREED-UPON PROCEDURES ENGAGEMENT
NOTES TO THE SCHEDULE OF REVENUES AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2007**

(CONTINUED)

NOTE 2 - Summary of Significant Accounting Policies:

Basis of Reporting

The accompanying schedule of revenues and expenditures for the Intercollegiate Athletics Program has been prepared in the format set forth in the NCAA Audit Guide. The purpose of the schedule is to present a summary of those activities of the **Grambling State University (the University)** Intercollegiate Athletics Program for the year ended June 30, 2007.

Because the schedule presents only selected financial activities of **the University**, it is not intended to and does not present either the financial position, changes in fund balances or the current fund's revenues, expenditures and other changes of **the University**.

All activities of the intercollegiate athletics program are reported among **the University's** unrestricted current funds. The unrestricted current funds of **the University** were audited by the State of Louisiana Legislative Auditor.

The accounting principles followed by **the University** in preparing the schedule of revenues and expenditures are as follows:

- Fund Accounting

The accounts of **the University** are maintained in accordance with the principles of fund accounting under which resources for various purposes are classified into funds according to specified activities or objectives. Financial transactions of funds having similar characteristics are combined and reported by fund group. As indicated above, the activities of the intercollegiate athletics program are reported in the unrestricted current funds.

**GRAMBLING STATE UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM
AGREED-UPON PROCEDURES ENGAGEMENT
NOTES TO THE SCHEDULE OF REVENUES AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2007**

(CONTINUED)

NOTE 2 - Summary of Significant Accounting Policies, Continued

- Basis of Accounting

The schedule of revenues and expenditures for the Intercollegiate Athletics Program has been prepared on the accrual basis of accounting, except that (1) depreciation is not recognized, (2) annual and sick leave are recognized when paid, (3) summer school tuition and fees and faculty salaries and related benefits are not pro rated, but are deferred to the succeeding year, and (4) inventory of the general fund are recorded as expenditures at the time of purchase.

The preparation of the schedule of revenues and expenditures in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Additionally, the excess of revenues over expenditures that a specific intercollegiate athletic program generates is utilized to offset a deficit experienced by another program and are recorded as transfers.

To the extent that current funds are used to finance plant assets, the amounts so provided are accounted for as expenditures.

NOTE 3 - Capital Outlays:

Capital outlays are recorded as expenditures in the current fund and as an addition to fund balance in the Net Investment in the Plant Fund.

**GRAMBLING STATE UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM
AGREED-UPON PROCEDURES ENGAGEMENT
NOTES TO THE SCHEDULE OF REVENUES AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2007**

(CONTINUED)

NOTE 4 - NCAA Revenue Distribution:

The Intercollegiate Athletics Program received revenues during the year from the NCAA for certain intercollegiate athletic activities. The amount received was calculated by the NCAA in accordance with a distribution formula, which is utilized to determine the amount to be remitted to all participating institutions.

NOTE 5 - Outside Organizations:

Grambling State University Intercollegiate Athletics Program is the recipient of contributions to or in behalf of the program established by the Grambling State University Athletic Foundation.

NOTE 6 - Scholarship Expense:

The total scholarship expense per the statement of revenues and expenses represents all athletic scholarships disbursed during the Fall 2006, Spring and Summer 2007 semesters.

NOTE 7 - Bayou Classic:

Ticket sales revenue included the net proceeds from the Bayou Classic. Revenues and direct expenditures are recorded in the University's Statement of Revenues, Expenses, and Other Changes as auxiliary enterprises for intercollegiate athletic.

NOTE 8 - NCAA Revenue Distribution:

The Intercollegiate Athletics Program received revenues during the year from the NCAA for certain intercollegiate athletic activities. The amount received was calculated by the NCAA in accordance with a distribution formula which is utilized to determine the amount to be remitted to all participating institutions.



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**INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES -
INTERNAL CONTROL OVER FINANCIAL REPORTING
FOR THE INTERCOLLEGIATE ATHLETICS PROGRAM**

Dr. Horace A. Judson, President
Grambling State University
Grambling, Louisiana

We have performed the procedures enumerated below, which were agreed to by the management of **Grambling State University (the University)**, solely to assist the users in evaluating whether **the University** maintained an effective internal control over financial reporting for the Intercollegiate Athletics Program as of June 30, 2007. The management of **the University** is responsible for **the University's** Intercollegiate Athletics Program's internal control over financial reporting. 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 those parties specified in this report. 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.

Our procedures and findings are as follows:

- A. We reviewed the athletic department's organization and noted the following:
- The Office of Business Service (ticket office) is currently responsible for selling tickets for all athletic events, recording the revenue received from such events and reconciling all game income, which represents a lack of separation of duties.

**INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES -
INTERNAL CONTROL OVER FINANCIAL REPORTING
FOR THE INTERCOLLEGIATE ATHLETICS PROGRAM**

(CONTINUED)

- The staffing of the Office of Business Service was inadequate to meet the following office requirements.
 - Planning and supervising athletic travel needs;
 - Processing medical bills for athletics;
 - Selling game tickets;
 - Monitoring departmental expenditures;
 - Coordinating certain athletic events; and
 - Recording athletic event income.

B. We reviewed the flow of information through the accounting system for randomly selected revenue, cash receipts and cash disbursements transactions, noting no exceptions. We also noted that athletic ticket sales reports were not reconciled to amounts in the general ledger and that amounts recorded as Bayou Classic revenues were not reconciled to the Bayou Classic settlement statement.

We were not engaged to, and did not, conduct an examination, the objective of which would be the expression of an opinion on the effectiveness of internal control over financial reporting. 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, his designees and authorized representatives of the NCAA and is not intended to be and should not be used by anyone other than these specified parties.

Bruno & Tervalon LLP
BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

February 21, 2008



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**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES -
COMPLIANCE WITH STATE LAWS AND REGULATIONS**

Dr. Horace A. Judson, President
Grambling State University
Grambling, Louisiana

We have performed the procedures enumerated below, which were agreed to by the management of **Grambling State University (the University)**, solely to assist the users in evaluating the effectiveness of the **University's Intercollegiate Athletics Program's** internal control over compliance with state laws and regulations as of June 30, 2007. The management of the **University** is responsible for the **University's Intercollegiate Athletics Program's** internal control over compliance with those 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 those parties specified in this report. 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.

Our procedures and findings were as follows:

- A. We reviewed and tested representations made by management in the Louisiana Systems Survey and Compliance Questionnaire which related to the operations of the Intercollegiate Athletic Program. We noted no exceptions as a result of this procedure.
- B. We reviewed the Athletic Department's compliance with state travel regulations and competitive bid requirements by randomly testing expenditure transactions. We noted no exceptions as a result of this procedure.

**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES -
COMPLIANCE WITH STATE LAWS AND REGULATIONS**

(CONTINUED)

Dr. Horace A. Judson, President
Grambling State University

We were not engaged to, and did not, conduct an examination, the objective of which would be the expression of an opinion on the effectiveness of internal control over compliance with state laws and regulations. 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, his designees and authorized representatives of the NCAA and the Legislative Auditor for the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor for the State of Louisiana as a public document.

Bruno & Tervalon LLP
BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

February 21, 2008



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**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED - UPON PROCEDURES -
TO THE FINANCIAL STATEMENTS OF AN OUTSIDE ORGANIZATION**

Dr. Horace A. Judson, President
Grambling State University
Grambling, Louisiana 71245

At your request, we have performed the agreed - upon procedures, as enumerated below, which were agreed to by management of **Grambling State University (the University)**, solely to assist you with respect to activities of the Intercollegiate Athletics Program and the Grambling Athletic Foundation (an outside organization).

This engagement to apply agreed - upon procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures below either for the purpose for which this report has been requested or for any other purpose. Our procedures and findings were as follows:

- A. We obtained the statements of financial position and cash flows and the accompanying statements of activities of the **Grambling University Athletic Foundation (the Foundation)** for the year ended June 30, 2007, which had been audited by other independent auditors who expressed an unqualified opinion on those statements.

**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED - UPON PROCEDURES -
TO THE FINANCIAL STATEMENTS OF AN OUTSIDE ORGANIZATION**

(CONTINUED)

Dr. Horace A. Judson, President
Grambling State University

We were not engaged to, and did not performed an audit, the objective of which would be the expression of an opinion on the specified elements, accounts, or items. 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, his designees, and authorized representatives of the Nation Collegiate Athletic Association and is not intended to be and should not be used by anyone other than these specified users.

Bruno & Tervalon LLP
BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

February 21, 2008

**GRAMBLING STATE UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM
AGREED-UPON PROCEDURES**

EXIT CONFERENCE

An exit conference was held to discuss the report. Those in attendance were as follows:

GRAMBLING STATE UNIVERSITY

Mr. Leon Sanders	--	Interim-Vice President for Finance and Administration
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BRUNO & TERVALON, LLP, CERTIFIED PUBLIC ACCOUNTANTS

Mr. Michael B. Bruno, CPA	--	Managing Partner
Mr. Sean M. Bruno, CPA	--	Manager



Office of the President

July 7, 2008

Bruno and Tervalon, CPAs
4298 Elysian Fields Ave.
New Orleans, LA 70122

Management of Grambling State University (GSU) has reviewed the conditions noted in the FY 2007 NCAA agreed upon procedures engagement and have prepared the following responses:

MINIMUM AGREED-UPON PROCEDURES FOR REVENUES

Exception - Item 1

We verified amounts reported as ticket sales by reviewing appropriate documentation (i.e. sales reports, receipts etc.) and comparing amounts to the general ledger. Based on procedures performed, we noted that three (3) home football games, amounts per the ticket master audit reports were not reconciled to amounts recorded in the general ledger.

Recommendation

We recommend that management follow prescribed procedures that require ticket sales from home football games to be reconciled to the general ledger on a timely basis after the conclusion of the game.

Management's Response

At the request of management the Office of Internal Audit has conducted an in-depth review of the reconciliation process. In collaboration with the Athletic Director and the Director of Ticket Operations, The Office of Internal Audit is preparing recommendations to address the reconciliation deficiencies.

Exception - Item 2

Based on procedures performed, we noted a difference of \$19,578 between the

settlement statement and amount recorded in the general ledger for the State Fair Classic. It does not appear as if management reviewed or analyzed the settlement statement received from the promoter in relation to the terms of the contract.

We also noted that proceeds from the Bayou Classic per the general ledger totaled \$461,980 for ticket sales and \$760,865 as miscellaneous income, whereas amounts per the settlement statement totaled \$660,276. It does not appear as if management reconciled the Bayou Classic settlement statement to amounts recorded in the general ledger. The difference appears to be a contribution Paid to **the University** from the Grambling State University Black and Gold Foundation. We also noted that there was not a current signed contract between **the University** and the promoters of the event.

Recommendation

We recommend that all game settlement statements for classic games be properly reconciled to amounts recorded in the general ledger. We also recommend that management of **the University** enter into a contract with the promoters of the Bayou Classic outlining the event arrangements.

Management's Response

In addition to the Director of Ticket Operations, the AVP for Finance and Controller will review settlement statements to insure that the settlement statement and the general ledger reconcile.

Bayou Classic proceeds received from the Grambling Black and Gold Foundation were classified as other income and not ticket sales. This caused the amount reported in the general ledger to not reconcile to the settlement statement. Going forward, the funds received will be recorded in accordance with gross ticket sales per the Bayou Classic Settlement Statement with amounts exceeding sales recorded as contributions.

Management is diligently pursuing the preparation and execution of a contract as recommended.

Exception - Item 7

We requested sport-camp agreements between **the University** and the sponsors of the sport-camps and noted that all sport camps were conducted by the coaches of their applicable sport. For those sport camps that were held at **the University**, we noted that the Coaches are allowed to conduct the sport camps as a part of their coach's contract with **the University**, except for the women's basketball coach who is not coaching under a contract. However, we also noted that the

University did not enter into a contract with the coaches, which outlined the camp arrangements and responsibilities.

Recommendation

We recommend that the University enter into separate contracts with the coaches, which outlines the coaches' responsibility with respect to the sport camp.

Management's Response

The Athletic Director will insure that employment contracts sufficiently address sports camps or execute separate contracts.

Exception - Item 8

We selected one operating revenue receipt from each category not previously mentioned above and agreed amounts to supporting documentation (i.e. contracts, sales reports, cash receipts) and agreed amounts to the general ledger. We noted amounts received from the NCAA per the general ledger totaled \$119,438, whereas amounts per supporting documentation totaled \$266,982. The difference relates to a payment that was not received by the University. Prior to the issuance of this report, the University contacted the NCAA and a check was reissued, received by the University, and deposited into the University's athletic account

Recommendation

We recommend that management reconcile amounts per the general ledger to supporting documentation received from the NCAA.

Management's Response

Per the review and recommendations proposed by the Office of Internal Audit, procedures will be enhanced to provide for a more thorough review of Athletic financial activity by the Director of Ticket Operations and the Senior Women's Administrator, which will include NCAA revenue reconciliation.

Sincerely,



Horace A. Judson
President

HAI:jj



Office of the President

August 7, 2008

Bruno and Tervalon, CPAs
4298 Elysian Fields Ave.
New Orleans, LA 70122

RE: Internal Control Over Financial Reporting

Dear Mr. Bruno:

Management of Grambling State University (GSU) has reviewed the conditions noted in the FY 2007 NCAA agreed upon procedures engagement and have prepared the following response to the finding on "Internal Control Over Financial Reporting:"

MINIMUM AGREED-UPON PROCEDURES FOR REVENUES

Finding

We reviewed the athletic department's organization and noted the following:

- The Office of Business Service (ticket office) is currently responsible for selling tickets for all athletic events, recording the revenue received from such events and reconciling all game income, which represents a lack of separation of duties.
- The staffing of the Office of Business Service (ticket office) was inadequate to meet the following office requirements.
 - Planning and supervising athletic travel needs
 - Processing medical bills for athletics
 - Selling game tickets
 - Monitoring departmental expenditures
 - Coordinating certain athletic events
 - Recording athletic event income.

Management's Response

The Office of Internal Audit conducted a review of the ticket office operations for Fiscal Year 2007. As a result of the audit and further discussions with the Athletics Director and the Director of Ticket Operations, an *Action Plan for Athletics Revenue Controls (Action Plan)* has been developed. Recommendations included in the *Action Plan* to address the separation of duties include the addition of a Business Manager for the Athletics Department to strengthen overall business operations for Athletics as well as provide the needed supervisory reviews for the Ticket Office. The Business Manager would also be able to provide the following expertise to the Athletics Department:

- Budget planning
- Monitoring departmental expenditures
- Coordination of total expenditures for the overall benefit of the athletics program
- Planning and supervising athletic travel needs
- Securing game contracts
- Assisting the Athletics Director.

In order to provide adequate separation of duties for the Ticket Office, an investment to that area will be made through assigning the Director of Athletics Operations to assist with ticket sales. Further, the addition of a Business Manager will provide supervision for the Ticket Office operations including approvals, verifications, and additional reconciliations limiting the responsibilities of the Director of Ticket Operations and providing the proper separation of duties for adequate internal controls over financial reporting. Finally, the Ticket Office will have hours that allow for administrative functions that provide proper separation of duties.

The Office of Internal Audit is in the process of reviewing the Ticket Office operations for fiscal year 2008 and will continue to provide annual reviews based on management's request. Management remains committed to ensuring compliance with all State laws and University policies and procedures.

Sincerely,



Horace A. Judson
President

HAI:jpb