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**GRAMBLING STATE UNIVERSITY**

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Release Date: MAR 2 1990

**INTERCOLLEGIATE ATHLETICS PROGRAM  
AGREED-UPON PROCEDURES ENGAGEMENT  
FOR THE YEAR ENDED JUNE 30, 1997**

## TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES TO THE ACCOUNTING RECORDS.....	1
SCHEDULE OF REVENUES AND EXPENDITURES FOR THE YEAR ENDED JUNE 30, 1997.....	3
NOTES TO THE SCHEDULE OF REVENUES AND EXPENDITURES .....	4
INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES - INTERNAL CONTROL OVER FINANCIAL REPORTING FOR THE INTERCOLLEGIATE ATHLETICS PROGRAM .....	9
SCHEDULE OF PRIOR FINDINGS .....	11
INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES - COMPLIANCE WITH STATE LAWS AND REGULATIONS .....	14
EXIT CONFERENCE .....	16

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

Dr. Leonard L. Hynes, III, Acting President  
Grambling State University  
Grambling, Louisiana 71244

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, 1997, solely to assist the University in complying with NCAA Bylaws 6.3.3.1. 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 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 agreed the Schedule of Revenues and Expenditures for the year ended June 30, 1997 to the general ledger and noted no exceptions.
- B. We verified amounts reported as ticket sales by reviewing appropriate documentation (i.e. sales reports, receipts etc.), recalculating the number of tickets sold by reference to the ticket price and comparing amounts calculated to the final box office statements and we vouches supporting cash receipts. We noted no exceptions as a result of this procedure.
- C. We agreed the amounts reported as game guarantee revenues and expenditures to the University's contract with other Universities and additionally, we vouches supporting cash receipts and cash disbursements accordingly. We noted no exceptions as a result of this procedure.

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

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**(CONTINUED)**

Dr. Leonard L. Haynes, III, Acting President  
Grambling State University  
Page 2

- D. We agreed revenues from television broadcasts and other miscellaneous revenues to applicable supporting documentation and noted no exceptions.
- E. We compared current payroll disbursements to athletic employees' to prior period amounts and reviewed supporting personnel action forms for appropriate approval for the related wages and fringe benefits increases or decreases. We noted no exceptions as a result of this procedure.
- F. We vouches a random sample of expenditure amounts and reviewed the related purchasing documents, invoices and cancelled checks. We noted no exceptions as a result of this procedure.

We were not engaged to, and did not, perform 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 use of the Acting President, his designees and authorized representatives of the National Collegiate Athletic Association and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes.

*Bruno & Tervalon*  
**BRUNO & TERVALON**  
CERTIFIED PUBLIC ACCOUNTANTS

December 29, 1997

**GRAMBLING STATE UNIVERSITY**  
**INTERCOLLEGIATE ATHLETICS PROGRAMS**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**FOR THE YEAR ENDED JUNE 30, 1997**

	Football	Baseball	Other Sports	Non-Program Sports	Subtotal	Event Clinic Activity	Total Athletics
<b>REVENUES</b>							
Ticket sales (NOTE 4)	\$ 372,210	\$ 6,218	\$ 21,905	\$ -	\$ 400,333	\$ 203,041	\$ 603,374
Concessions	-	194,260	-	-	194,260	-	194,260
Sales appreciation (NOTE 1)	158,485	179,214	729,479	107,118	1,074,296	-	1,074,296
MCJA revenue distribution (NOTE 1)	-	52,300	-	100,432	152,732	-	152,732
Television rights	-	-	-	-	-	163,208	163,208
Other revenue	13,029	75,228	-	13,000	91,257	-	91,257
Total revenues	683,724	253,018	751,394	217,540	1,905,676	366,251	2,271,927
<b>EXPENDITURES</b>							
Personnel services	473,716	80,322	223,307	408,889	1,126,234	2,349	1,128,583
Travel	188,656	112,616	86,719	29,278	387,269	194,495	581,764
Operating services	40,595	8,000	34,311	100,436	183,342	3,047	186,389
Supplies	69,341	11,385	30,854	13,041	124,621	800	125,421
Professional services and fees	-	-	-	84,170	84,170	53,334	137,504
Other charges and equipment	94,718	58,223	84,878	4,447	198,266	415	198,681
Scholarships	198,009	119,031	300,490	-	617,530	-	617,530
Other grant income	-	4,000	-	-	4,000	-	4,000
Total expenditures	1,113,035	394,287	783,717	660,696	2,751,735	188,300	2,940,035
Excess (deficiency) of revenues over expenditures	(429,311)	-	-	(227,095)	(656,406)	477,951	(178,455)
Transfer of net assets of revenues over expenditures	479,064	-	-	-	479,064	(479,064)	-
Excess (deficiency) of revenues over expenditures after transfers	-	-	-	(227,095)	(227,095)	-	(227,095)
Fund Balance at June 30, 1996	-	-	-	304,142	304,142	-	304,142
Fund Balance at June 30, 1997	-	-	\$ -	\$ 42,047	\$ 42,047	\$ -	\$ 42,047

The accompanying notes are an integral part of these schedules.

**GRAMBLING STATE UNIVERSITY  
INTERCOLLEGIATE ATHLETICS PROGRAM  
AGREED-UPON PROCEDURES ENGAGEMENT  
NOTES TO THE SCHEDULE OF REVENUES AND EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 1997**

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**NOTE 1 - Summary of Significant Accounting Policies:**

**Organization**

Grambling State University (GSU) which is located in Grambling, Louisiana is an institution of higher education founded in 1901.

The University is a component unit of the State of Louisiana within the executive branch of government and is governed by the Board of Trustees for State Colleges and Universities. The annual budget of the University and any proposed changes in degree programs, or departments of instruction, etc., require the approval of the Louisiana Board of Regents.

The University has an enrollment of approximately 6,172 students and is accredited by the Southern Association of Colleges and Schools and the National Council for Accreditation of Teachers Education.

The 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); and
- Volleyball (women).

**GRAMBLING STATE UNIVERSITY  
INTERCOLLEGIATE ATHLETICS PROGRAM  
AGREED-UPON PROCEDURES ENGAGEMENT  
NOTES TO THE SCHEDULE OF REVENUES AND EXPENDITURES, CONTINUED  
FOR THE YEAR ENDED JUNE 30, 1997**

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**NOTE 1 - Summary of Significant Accounting Policies, Continued:**

**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 statement is to present a summary of those activities of Grambling State University for the year ended June 30, 1997 which relate to intercollegiate athletics.

Because the schedule presents only a selected portion of the 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 fund is audited by other auditors for the year ended June 30, 1997.

The accounting principles followed by the University in preparing the accompanying schedule 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, CONTINUED  
FOR THE YEAR ENDED JUNE 30, 1997**

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**NOTE 1 - Summary of Significant Accounting Policies Continued:**

o **Basis of Accounting**

The Schedule of Revenues and Expenditures for the Intercollegiate Athletics Program has been prepared on the accrual basis of accounting and in accordance with generally accepted accounting principles, 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 for June 30, 1997 are not accrued, but are deferred to the succeeding year, and (4) inventory is recorded as an expenditure 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 reduce a deficit experienced by another program.

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

**NOTE 2 - 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, CONTINUED  
FOR THE YEAR ENDED JUNE 30, 1997**

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**NOTE 3 - State Appropriation:**

Grambling State University is a publicly supported institution of higher education. As a state university, operations of the University's programs are funded through annual lapsing appropriations made by the Louisiana Legislature.

State appropriations as shown on the Schedule of Revenues and Expenditures for Intercollegiate Athletics represents the State appropriation budgeted for the University's intercollegiate athletic program for the year ended June 30, 1997.

**NOTE 4 - Ticket Sales:**

Ticket sale revenues include the net proceeds received for participating in the Classics, and the gross revenue for all home games. All revenues received and expenditures disbursed for the Classic games were deposited to and disbursed from agency fund accounts. The net proceeds were then transferred from the Agency Fund to the Unrestricted General Fund prior to the end of the fiscal year.

**NOTE 5 - Bayou Classic:**

The revenues received and expenditures disbursed for the Bayou Classic are also deposited to and disbursed from an Agency Fund account. The amount reflected in the financial statements for ticket sales represents the fifty (50%) percent distribution of net income. Additionally, other revenues represent funds received from the television broadcast of the Bayou Classic.

**GRAMBLING STATE UNIVERSITY  
INTERCOLLEGIATE ATHLETICS PROGRAM  
AGREED-UPON PROCEDURES ENGAGEMENT  
NOTES TO THE SCHEDULE OF REVENUES AND EXPENDITURES, CONTINUED  
FOR THE YEAR ENDED JUNE 30, 1997**

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**NOTE 6 - Outside Organizations:**

Grambling State University's Intercollegiate Athletics Program is the recipient of contributions to or in behalf of the program by the Grambling State Athletic Foundation (the Athletic Foundation). The financial activities of the Athletic Foundation for the year ended June 30, 1997 were not available as of the report issuance date. As such, we did not perform certain agreed-upon procedures to the accounting records of the Athletic Foundation.

**NOTE 7 - NCAA Revenue Distribution:**

The Intercollegiate Athletics Program received revenue during the year from the NCAA for certain intercollegiate athletics 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.

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

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Dr. Leonard L. Haynes, III, Acting President  
Grambling State University  
Grambling, Louisiana 71245

We have performed the procedures enumerated below, which we agreed to by the management of Grambling State University, solely to assist the users in evaluating management's assertion that Grambling State University maintained an effective internal control over financial reporting for the Intercollegiate Athletics Program as of June 30, 1997, which was included in its representation letter dated December 29, 1997. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the 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 the use of internal auditors in the department. We noted no exceptions as a result of this procedure.
- B. We reviewed the flow of information through the accounting system for randomly selected revenues, cash receipts and cash disbursements transactions. We noted no exceptions as a result of this procedure.
- C. We reviewed and documented the current status of internal control findings noted in prior years. See pages 11 through 13 for such findings and the related current status.

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

---

Dr. Leonard L. Haynes, III, Acting President  
Grambling State University

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertion. 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 use of the Interim President, his designees and authorized representatives of the NCAA and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes.

*Bruno & Tervalon*  
**BRUNO & TERVALON**  
**CERTIFIED PUBLIC ACCOUNTANTS**

December 29, 1997

**GRAMBLING STATE UNIVERSITY  
INTERCOLLEGIATE ATHLETICS PROGRAM  
SCHEDULE OF PRIOR FINDINGS  
JUNE 30, 1997**

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**I. CLASSIC FOOTBALL GAMES**

We noted during our performing agreed upon procedures to the Grambling State University's Athletic revenues and expenditures at June 30, 1996 the following:

- o The management of GSU had not adhered to established internal control procedures and account for all unsold game tickets for the Red River Classic football game. Specifically, the University did not account for unsold game tickets maintained by an agent totaling \$13,550.
- o The management of GSU had not established an adequate internal control structure over game tickets for the State Fair and Red River football classics (the Classics) by not requiring an agent and ticket outlets to obtain bonds for the value of tickets issued.
- o The management of GSU did not maintain an effective internal control structure over expenditures paid by the agent for the Classics. Specifically, the University did not maintain supporting documentation of expenditures paid by the agent for the Classics.
- o The general ledger of the University does not fully reflect certain revenues and expenditures of football classics.

**CURRENT STATUS**

Presently, the University is adhering to its established internal control procedures requiring its accountability for unsold game tickets. In addition, contracts with agents of the Classic football games are now required to obtain bonds exceeding the value of the expected ticket sales. Supporting documentation for expenditures paid by agents for the Classic games are being maintained and the University is developing an institutional policy relating to revenues and expenditures of football classics that will ensure that appropriate revenues and expenditures are recorded in the general ledger of the University.

**GRAMBLING STATE UNIVERSITY  
INTERCOLLEGIATE ATHLETICS PROGRAM  
SCHEDULE OF PRIOR FINDINGS  
(CONTINUED)  
JUNE 30, 1997**

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**2. FOOTBALL TICKET SALES**

We noted during our performing agreed upon procedures to the Grambling State University's Athletic revenues at June 30, 1996 that football home game audit reports did not agree to related ticket sales deposits recorded to the general ledger. The totals per the audit reports were \$2,693 less than the general ledger amounts.

**CURRENT STATUS**

The Comptroller's Office and the Office of Business Services have established procedures to ensure that audit reports reconcile with ticket sales deposits for each home game.

**3. INTERNAL CONTROLS - SEPARATION OF DUTIES**

During our review, we noted the Office of Business Services is currently responsible for selling tickets for all athletic events, as well as recording the revenue received from such events and reconciling all game income. However, these functions are not being reviewed/verified by an individual independent of the Office of Business Services. As such, there appears to be a lack of separation of duties to ensure proper internal controls.

**CURRENT STATUS**

The University recognizes the lack of separation of duties and have assigned the Comptroller's Office the responsibility of reviewing/verifying ticket sales for athletic events. In addition, the Internal Auditor will annually perform tests of ticket sales reports.

**GRAMBLING STATE UNIVERSITY  
INTERCOLLEGIATE ATHLETICS PROGRAM  
SCHEDULE OF PRIOR FINDINGS  
(CONTINUED)  
JUNE 30, 1997**

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**4. FRAUDULENT USE OF CREDIT CARD**

During the course of our performing agreed upon procedures to the activities of Grambling State University's Intercollegiate Athletics Programs, it was brought to our attention by officials of the University that approximately \$7,500 in tickets for a "classic" football game were purchased with a stolen credit card. Additionally, the final settlement for this event, which was remitted to the University, was not of the amount of ticket sales which were purchased with the unauthorized card. We were informed by the University that this matter is currently being investigated by the State Attorney General's Office.

**CURRENT STATUS**

The investigation of this matter has not been completed. However, the University has established policies and procedures to ensure that credit card charges via mail or telephone are no longer accepted.

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

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Dr. Leonard L. Haynes, III, Acting President  
Grambling State University  
Grambling, Louisiana 71345

We have performed the procedures enumerated below, which were agreed to by the management of Grambling State University, solely to assist the users in evaluating management's assertions about Grambling State University's Intercollegiate Athletics Program's compliance with state laws and regulations during the period July 1, 1996 through June 30, 1997 and about the effectiveness of Grambling State University's Intercollegiate Athletics Program's internal control over compliance with the aforementioned compliance requirements as of June 30, 1997, which were included in its representation letter dated December 29, 1997. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the 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)**

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Dr. Leonard L. Haynes, III, Acting President  
Grambling State University

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertion. 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 use of the Interim President, his designers and authorized representatives of the NCAA and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes.

  
**BRUNO & TERVALON**  
**CERTIFIED PUBLIC ACCOUNTANTS**

December 28, 1997

GRAMBLING STATE UNIVERSITY  
INTERCOLLEGIATE ATHLETICS PROGRAM  
AGREED-UPON PROCEDURES ENGAGEMENT

EXIT CONFERENCE

An exit conference was held with representatives of the University. Those individuals participating were as follows:

GRAMBLING STATE UNIVERSITY

Mr. Melvin Davis	--	Vice-President of Finance
Mr. Albert Dennis	--	Manager of Business Services

BRUNO & TERVALON, CERTIFIED PUBLIC ACCOUNTANTS

Mr. Edward Phillips, Jr.	--	Senior Manager
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*Bruno & Tervalon*  
BRUNO & TERVALON  
CERTIFIED PUBLIC ACCOUNTANTS

December 29, 1997

**& Tervalon**

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**INDEPENDENT AUDITORS' COMMENT TO MANAGEMENT**

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Dr. Leonard L. Haynes, III  
Acting President  
Grambling State University  
Grambling, Louisiana 71245

We have applied certain agreed-upon procedures to the accounting records of the Grambling State University Inter-Collegiate Athletics Program, as of June 30, 1997 and have applied certain agreed-upon procedures to management's assertions that an effective internal control over financial reporting was maintained and that management has complied with state laws and regulations during the period July 1, 1996 through June 30, 1997.

In performing our agreed-upon procedures, we became aware of a matter that is presented in the accompanying memorandum for your consideration.

This letter is intended for the information of the Acting President and his designees and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes.

*Bruno & Tervalon*

**BRUNO & TERVALON**  
**CERTIFIED PUBLIC ACCOUNTANTS**

December 29, 1997

## INDEPENDENT AUDITORS' COMMENT TO MANAGEMENT

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(CONTINUED)

### **TIMELY COMPLETION OF AGREED-UPON PROCEDURES OF THE ATHLETIC PROGRAM**

We noted that the University did not complete and issue the agreed-upon procedures report of the Athletic Program within six (6) months of the close of the University's fiscal year. Louisiana Revised Statute 24:513(a)(5)(a) requires that the agreed-upon procedures report of the Athletic Program must be completed and issued within six (6) months of the close of the entity's fiscal year.

We recommend that management of the University adhere to established procedures and ensure that the report is issued as prescribed by state statutes.