

GRAMBLING STATE UNIVERSITY
UNIVERSITY OF LOUISIANA SYSTEM

STATE OF LOUISIANA



FINANCIAL AUDIT SERVICES
MANAGEMENT LETTER
ISSUED DECEMBER 2, 2015

**LOUISIANA LEGISLATIVE AUDITOR
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Louisiana Legislative Auditor

Daryl G. Purpera, CPA, CFE

Grambling State University

December 2015



Audit Control # 80150088

Introduction

As a part of our audit of the University of Louisiana System's (System) financial statements and the Single Audit of the State of Louisiana (Single Audit) for the year ended June 30, 2015, we performed procedures at Grambling State University (University) to provide assurances on financial information that is significant to the System's financial statements, evaluate the effectiveness of the University's internal controls over financial reporting and compliance; and determine whether the University complied with applicable laws and regulations. In addition, we determined whether management has taken actions to correct the finding reported in the prior year.

The University is a part of the System and reported an enrollment of 4,504 students for the fall 2014 semester. The University's mission is to provide exceptional customer service to students, colleagues, and community; develop ongoing professional developmental training to employees to improve customer service; and provide opportunities to share experiences and spotlight individuals and departments for outstanding service.

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 report dated November 26, 2014. We determined that management has resolved the prior-year finding related to property thefts.

Current-year Finding

Untimely Determination of Students' Withdrawal Dates

The University did not determine the withdrawal dates of students receiving Title IV federal funding within the required timeframe. Federal regulations require the University to determine students' withdrawal dates within 30 days after the period of enrollment; however, withdrawal dates for 21 of 25 students tested did not meet the 30-day requirement.

These exceptions occurred because University faculty did not provide timely attendance information for students who unofficially withdrew from the University. Although the University could be subject to sanctions for not complying with federal regulations, the exceptions did not result in late refunds or otherwise have a direct financial impact on the University or the federal program.

The University should hold its faculty responsible for providing timely attendance information. Management concurred with the finding and outlined a plan of corrective action (see Appendix A).

Financial Statements - University of Louisiana System

As a part of our audit of the System's financial statements for the year ended June 30, 2015, we considered the University's internal controls over financial reporting and examined evidence supporting certain account balances and classes of transactions as follows:

Statement of Net Position

Assets - Investments, due from State Treasury, and capital assets

Liabilities - Unearned revenues and 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 revenues, state appropriations, and federal nonoperating revenues

Expenses - Educational and general expenses

Based on the results of these procedures on the financial statements, we did not report any internal control deficiencies or noncompliance 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 for the year ended June 30, 2015, we performed internal control and compliance testing on the University'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 the University's internal controls designed to prevent or detect material noncompliance with program requirements and tests to determine whether the University complied with applicable program requirements. In addition, we performed procedures on loan information submitted by the University 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 OMB Circular A-133.

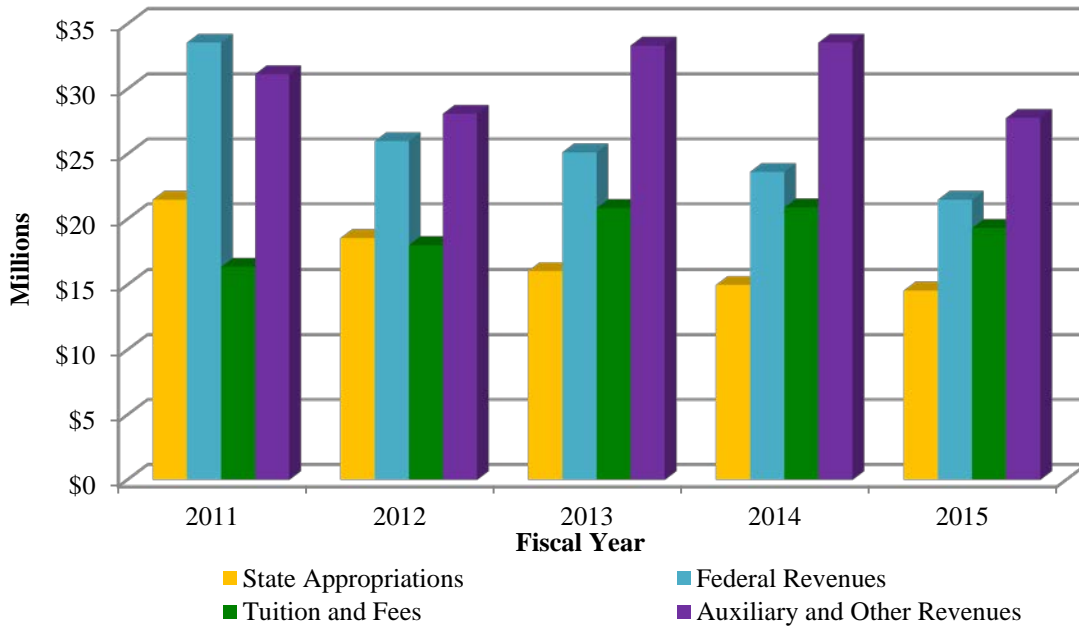
Based on the results of these Single Audit procedures, we reported a finding regarding untimely determination of students' withdrawal dates, as described previously. No other internal control deficiencies or noncompliance with program requirements were reported, and the loan information was materially correct, as adjusted.

Trend Analysis

We compared the most current and prior-year financial activity using the University's annual fiscal reports and/or system-generated reports and obtained explanations from University 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.

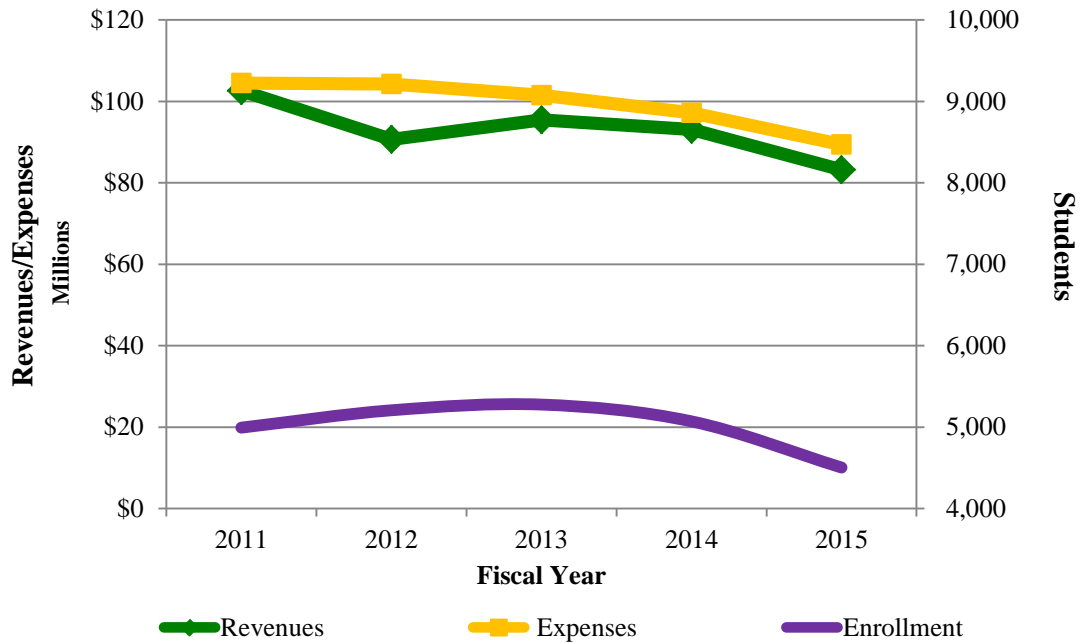
In analyzing the financial trends of the University over the past five fiscal years, expenses have consistently exceeded revenues, while the impact of state funding reductions on the University's budgets has been significant. The decline in state appropriations has been partially offset by an increase in tuition and fees; however, there was a significant decrease in enrollment in fiscal year (FY) 2015 mainly due to more stringent admission standards and not admitting new students in the Bachelor of Science Nursing program. The spike in federal revenues in FY 2011 is attributable to one-time American Recovery and Reinvestment Act funding. The increase in other revenues in FY 2013 and FY 2014 is due to receipt of donated West Campus property in FY 2013, and an increase in net investment income in FY 2014 from improvement in the stock market as it relates to the stocks held by the University. There was a slight decrease in FY 2015 resulting from a subsequent stock market decline.

**Exhibit 1
Five-Year Revenue Trend**



Source: Fiscal year 2011-2015 Grambling State University Annual Fiscal Reports, as adjusted

**Exhibit 2
Fall/Enrollment Trends**



Source: Fiscal year 2011-2015 Grambling State University Annual Fiscal Reports, as adjusted, and Board of Regents website

The recommendation in this letter represents, in our judgment, that which is most likely to bring about beneficial improvements to the operations of the University. The nature of the recommendation, its implementation costs, and its potential impact on the operations of the University should be considered in reaching decisions on courses of action.

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

Respectfully Submitted,

A handwritten signature in blue ink that reads "Daryl G. Purpera". The signature is written in a cursive style with a large initial "D".

Daryl G. Purpera, CPA, CFE
Legislative Auditor

KWB:BAC:BDC:EFS:aa

GSU2015

APPENDIX A: MANAGEMENT'S RESPONSE



Office of the President

November 5, 2015

Mr. Daryl G. Purpera, CPA, CFE
Legislative Auditor
Office of the Legislative Auditor
1600 North Third Street
Baton Rouge, LA 70804-9397

Dear Mr. Purpera:

RE: Untimely Determination of Students' Withdrawal Dates

Grambling State University concurs that determination of Students' Withdrawal Dates was not done within the required timeframes. The following will address this matter:

- Currently, Grambling State University faculty members are responsible for competent and effective performance of their duties. Those duties include instruction and all of the related processes.
- The University is revising the existing policy on faculty responsibility to clearly articulate the expected behaviors, timelines, and sanctions related to failure to comply.
- The Provost/Vice President for Academic Affairs is appointing a committee consisting of a dean, a department head, and faculty members to draft the revised policy for submission to and approval by the University Policies and Procedures Committee by the close of the Fall 2015 semester.
- In addition, the President and the Provost/Vice President for Academic Affairs will send a joint letter of concern and expectation to the faculty that stresses the importance of timely grade submission and response to the Unofficial Withdrawal Report

Ms. Rachel Davis, Controller, is responsible for oversight of the corrective action plan noted above.

If you have any questions, please contact me or Mr. Leon Sanders, Vice President for Finance and Administration, at 318-274-6406.

Sincerely,

Willie D. Larkin, Ph.D.
President

WDL:jj

APPENDIX B: SCOPE AND METHODOLOGY

We performed certain procedures at Grambling State University (University) for the period from July 1, 2014, through June 30, 2015, 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, 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, 2015.

- We evaluated the University'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 the University.
- Based on the documentation of the University's controls and our understanding of related laws and regulations, we performed procedures to provide assurances on certain University account balances and classes of transactions to support the opinions on the System financial statements.
- We performed procedures on the Student Financial Assistance cluster of federal programs, and on loan information submitted by the University for the preparation of the state's Schedule of Expenditures of Federal Awards for the year ended June 30, 2015, to support the Single Audit.
- We compared the most current and prior-year financial activity using the University's annual fiscal reports and/or system-generated reports to identify trends and obtained explanations from University management for significant variances.

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