

GRAMBLING STATE UNIVERSITY  
INTERCOLLEGIATE ATHLETICS PROGRAM

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AGREED-UPON PROCEDURES ENGAGEMENT

FOR THE YEAR ENDED JUNE 30, 2009

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 3/30/11

***Sean M. Bruno***  
***Certified Public Accountants***

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**Sean M. Bruno**  
**Certified Public Accountants**

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

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Dr. Frank G Pogue, Interim President  
**Grambling State University**  
Grambling, Louisiana

At your request, I 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, 2009, 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, I 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. My procedures and findings were as follows:

**MINIMUM AGREED-UPON GENERAL PROCEDURES**

1. I obtained written representation from management as to the fair presentation of the statement of revenues and expenditures of the Intercollegiate Athletics Program, completeness of required schedules and related financial information, adequacy of controls, compliance with National Collegiate Athletic Association (NCAA) rules and legislation, and other information as I considered necessary. I also verified the mathematical accuracy of amounts and agreed the Schedule of Revenues and Expenditures for the year ended June 30, 2009 to **the University's** general ledger. I noted no exceptions based on the procedures performed.
  
2. I 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. I 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. I compared each operating revenue and expense category for June 30, 2008 and June 30, 2009, identifying variances of 20% or greater between categories that are 5% or more of the total, and obtained an explanation for variance. I obtained explanations for all variances that exceeded established thresholds, noting no exceptions.
4. I compared the budgeted revenues and expenditures to actual revenues and expenditures for each operating revenue and expense category for the year June 30, 2009, to identify any variances of 20% or greater between categories that are 5% or more of the total, and obtained an explanation for variance. I obtained explanations for all variances that exceeded established thresholds, noting no exceptions.

**MINIMUM AGREED-UPON PROCEDURES FOR REVENUES**

1. I verified amounts reported as ticket sales by reviewing appropriate documentation (i.e. sales reports, receipts, contracts, etc.) and comparing amounts to the general ledger. Based on procedures performed, I noted no exceptions.
2. I agreed the amounts reported as Classic games and game guarantee revenue 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. I also selected a sample and vouched the related cash receipts.

**State Fair Classic**

Based on procedures performed, I noted that the University's agreement with the promoter of the event called for the University to receive a percent of revenues generated from the event. Per the settlement statement provided to the University from the promoter, the University's share of event proceeds should have totaled \$106,584, however, I noted that the amount per the general ledger totaled \$189,359. The difference relates to sponsorship revenues received from the promoter that was not included in the settlement statement. Per review of agreement with the promoter, there was no language that addressed the manner in which sponsorship revenues will be shared. I also noted that an additional \$32,375 was received from the promoter, but misclassified in the general ledger. As such total receipts received from the promoter of the event totaled \$221,734.

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

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(CONTINUED)

**MINIMUM AGREED-UPON PROCEDURES FOR REVENUES, CONTINUED**

Bayou Classic

Based on procedures performed, I noted that proceeds from the Bayou Classic per the general ledger totaled \$485,188 for ticket sales; whereas, amounts per the settlement statement totaled \$689,074. The amount recorded in the general ledger represented game ticket sales of \$454,741 and battle of the band sales of \$30,447 that were sold by the University's ticket office. Battle of the Band proceeds should have been transferred to the Black and Gold Foundation. It appears as if the difference was transferred to the Black and Gold Foundation as part of the reconciliation process by the promoter of the event. I also noted that there was not a current signed contract between the University and the promoters (The Black and Gold Foundation and the Southern University System Foundation).

**Recommendation**

State Fair Classic

I recommend that the game settlement statement for the classic be properly reconciled to amounts recorded in the general ledger. With respect to the State Fair Classic, management should enter into a revised contract with the promoter to include language regarding sponsorship revenue allocation. Management should also attempt to collect all remaining amounts due from the promoter for outstanding sponsorship revenues. In addition to the above, management should also consider requiring the promoter to have an audit of the State Fair Classic conducted at the conclusion of the event.

Bayou Classic

I recommend that settlement statements for the Bayou Classic game and the Battle of the Bands event be properly reconciled to amounts recorded in the general ledger, with a receivable being recorded for amounts being due from the Foundation. I 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**

The contract between the University and the promoter of the State Fair Classic has been modified to address all concern noted above. The University has also collected all amounts due from the promoter. Procedures have been implemented that requires the business manager to reconcile Bayou Classic ticket sales to the general ledger within sixty days of the close of the event. Legal counsel is working on a contract between the promoters and the University, which will be executed prior to next year's event.

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

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(CONTINUED)

**MINIMUM AGREED-UPON PROCEDURES FOR REVENUES, CONTINUED**

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, 2009.
4. I agreed the amounts reported as direct institutional support through state appropriations by vouching cash receipts and reviewing appropriate documentation. I noted no exceptions as a result of the procedures performed.
5. Per discussion with the University's management, the University did not participate in or receive revenues from NCAA/Conference tournaments for the year ended June 30, 2009.
6. I 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. Based on procedures performed, I noted that management was unable to provide supporting documentation for two (2) transactions selected for testing. General ledger amounts were based on a journal entry with no support being attached.

**Recommendation**

I recommend that the accounting department ensure that supporting documentation is obtained for all receipts, disbursements, and journal entries.

**Management's Response**

Policies have been implemented that require the accounting department to obtain appropriate supporting documentation prior to the recording of journal entries or depositing funds. In situations where funds are deposited without supporting documentation, the deposited amount will be recorded in a nonathletic temporary revenue account until appropriate documentation is provided. The revenues will be transferred to the athletic department revenue account upon receipt of documentation.

7. I 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, I 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, I 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**

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**(CONTINUED)**

**MINIMUM AGREED-UPON PROCEDURES FOR REVENUES, CONTINUED**

**Recommendation**

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

**Management's Response**

Management concurs with the finding and recommendation and will enter into separate contracts with the coaches regarding the conducting of sport camps.

8. I 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, noting that amounts recorded as NCAA revenues, which totaled \$200,000, were based on a journal entry with no supporting documentation. Amounts per the NCAA distribution reports totaled \$467,662. The receivable was understated by approximately \$247,662. I also noted that an amount was recorded for SWAC revenues which totaled \$28,000; there was no support for the amount recorded.

**Recommendation**

I recommend that supporting documentation be reviewed by accounting personnel prior to recording transactions in the general ledger. I also recommend that management reconcile amounts recorded as revenues per NCAA to amounts per NCAA distribution reports that can be retrieved from the NCAA online reporting system. Management should obtain supporting documentation from the SWAC office to support amounts recorded as receivables.

**Management's Response**

The accounting department will require supporting documentation for all NCAA and SWAC deposits and receivables. The business manager will also work with the SWAC athletic conference in determining receivables to be recorded.

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

**(CONTINUED)**

**MINIMUM AGREED-UPON PROCEDURES FOR EXPENDITURES**

1. I vouched a random sample of student-athletes from the listing of **the University** student aid recipients. I then compared the students' award letter to the detail of the student accounts, and noted one (1) student that was awarded \$5,000 per award letter and scholarship detail, yet received \$6,500 per the students billing statement.

**Recommendation**

I recommend that management implement procedures that require amounts disbursed to student athletes be reconciled to amounts awarded.

**Management's Response**

It is the policy of the athletic business department to reconcile scholarship amounts disbursed to students on a quarterly basis. I believe that the noted discrepancy relates to additional amounts awarded to the student for summer school enrollment. I am currently investigating the amounts disbursed to the student.

2. I obtained and inspected the largest contractual agreement pertaining to expenditures recorded by **the University** from a guaranteed contest during the period. I reconciled the amounts recorded to the general ledger to the contractual agreement, and noted no exceptions.
3. I compared current payroll amounts to the prior year's amounts and reconciled all variances greater than a pre-determined amount. I 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. I 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 make any severance payments to athletic department employees during the year ended June 30, 2009.
5. I 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. I 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.



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

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**(CONTINUED)**

**MINIMUM AGREED-UPON PROCEDURES FOR EXPENDITURES, CONTINUED.**

7. I 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, I noted that the University elected not to report indirect facilities and administrative support in the statement for the period tested. No exceptions noted.
9. I vouched a random sample of operating expenditure transactions and reviewed the related purchasing documents, invoices and cancelled checks, noting the following:

**MINIMUM AGREED-UPON PROCEDURES FOR NOTES AND DISCLOSURES**

1. I requested from the University's management, a detail of contributions received by the athletic department, noting that the Black and Gold Foundation contributed \$550,000 to the Athletic Department.
2. I 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 additions 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. I requested from management a summary of revenue and expenditures 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 expenditures with a responsible official of the organization. No exceptions noted.

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

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(CONTINUED)

3. I 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. I 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. I obtained and reviewed the independent audit report for the Grambling State University Athletic Foundation, noting no reportable conditions.

I was 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, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my 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 Athletic Association and is not intended to be and should not be used by anyone other than these specified parties.

  
SEAN M. BRUNO  
CERTIFIED PUBLIC ACCOUNTANTS

January 14, 2010

***Sean M. Bruno***  
**Certified Public Accountants**

**GRAMBLING STATE UNIVERSITY**  
**INTERCOLLEGIATE ATHLETICS PROGRAMS**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**FOR THE YEAR ENDED JUNE 30, 2008**

	Football	Bayou Classic Activity	Sub-total Football	Men's Basketball	Women's Basketball	Other Sports	Non-Program Specific	Total
<b>Operating Revenues:</b>								
Ticket sales	\$ 536,912	\$ 859,660	\$ 1,396,572	\$ 9,576	\$ 9,449	\$ -	\$ -	\$ 1,415,596
Guarantees	586,050	-	586,050	300,101	17,000	2,000	-	905,151
State appropriations (NOTE 3)	-	-	-	-	-	-	3,220,501	3,220,501
Program sales, concessions, novelty sales, and parking	3,700	-	3,700	-	-	-	46,125	49,825
Gift income	17,500	-	17,500	-	-	-	500,670	518,170
NCAA revenue distribution (NOTE 8)	-	-	-	-	-	-	397,860	397,860
SWAC revenue distribution (NOTE 8)	-	-	-	-	-	-	85,108	85,108
Royalties/Sponsorship	-	-	-	-	-	-	34,323	34,323
Other revenue	48,315	-	48,315	-	-	-	10,134	58,449
<b>Total operating revenues</b>	<b>1,192,477</b>	<b>859,660</b>	<b>2,052,137</b>	<b>309,677</b>	<b>26,449</b>	<b>2,000</b>	<b>4,294,720</b>	<b>6,684,983</b>
<b>Operating Expenditures:</b>								
Salaries and wages	611,891	-	611,891	165,802	130,681	355,965	760,588	2,024,926
Related benefits	172,437	-	172,437	42,782	31,519	99,346	198,949	545,034
Professional services	-	-	-	-	-	-	66,370	66,370
Membership dues	600	-	600	2,220	-	1,340	20,806	24,966
Medical expense and insurance	-	-	-	-	-	-	107,986	107,986
Travel	344,100	198,666	542,766	124,862	90,855	458,294	47,877	1,264,654
Equipment & uniforms	85,656	30,941	116,597	33,466	34,311	57,033	14,703	236,133
Game expenses	21,035	-	21,035	20,600	22,800	24,045	-	88,480
Supplies	29,279	-	29,279	3,090	12,940	26,351	94,060	165,721
Facilities, maintenance, & rental	67,796	-	67,796	1,239	3,184	-	24,969	97,187
Guarantees	-	-	-	4,104	1,841	-	-	5,945
Other charges	82,142	9,875	92,017	3,674	2,111	52,478	61,612	211,892
Food for persons	2,276	-	2,276	14,504	2,812	4,736	20,995	45,323
Scholarships	523,618	-	523,618	105,258	100,653	868,231	-	1,597,760
<b>Total operating expenditures</b>	<b>1,951,054</b>	<b>239,482</b>	<b>2,190,536</b>	<b>521,602</b>	<b>433,707</b>	<b>1,947,839</b>	<b>1,418,917</b>	<b>6,512,602</b>
<b>Excess revenues over (expenditures)</b>	<b>\$ (758,577)</b>	<b>\$ 620,178</b>	<b>\$ (138,399)</b>	<b>\$ (211,925)</b>	<b>\$ (407,259)</b>	<b>\$ (1,945,839)</b>	<b>\$ 2,875,803</b>	<b>\$ 172,381</b>

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, 2009**

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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, etc., require the approval of the Board of Regents. The Board of Supervisors is comprised of 17 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 **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.

**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, 2009

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(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 **Grambling State University (the University)** Intercollegiate Athletics Program for the year ended June 30, 2009.

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, 2009

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(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 expenditures 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 OVERLAYS:

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.

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.

**GRAMBLING STATE UNIVERSITY  
INTERCOLLEGIATE ATHLETICS PROGRAM  
AGREED-UPON PROCEDURES ENGAGEMENT  
NOTES TO THE SCHEDULE OF REVENUES AND EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2009**

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(CONTINUED)

NOTE 5 - OUTSIDE ORGANIZATIONS:

*Grambling State University Intercollegiate Athletics Program is the recipient of contributions to or on behalf of the program established by the Grambling State University Athletic Foundation. The Grambling State University Athletic Foundation has an audit conducted on an annual basis and provides a copy of the audit to the University, annually. The Grambling State University Athletic Foundation's 2009 audit reported total revenues of \$116,053 and total expenses of \$181,728.*

NOTE 6 - SCHOLARSHIP EXPENSE:

The total scholarship expense per the Statement of Revenues and Expenditures represents all athletic scholarships disbursed during the Fall 2008, Spring and Summer 2009 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, Expenditures, and Other Changes as auxiliary enterprises for intercollegiate athletic.