

UNIVERSITY OF NEW ORLEANS
UNIVERSITY OF LOUISIANA SYSTEM

STATE OF LOUISIANA



FINANCIAL AUDIT SERVICES
MANAGEMENT LETTER
ISSUED DECEMBER 21, 2015

**LOUISIANA LEGISLATIVE AUDITOR
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Louisiana Legislative Auditor

Daryl G. Purpera, CPA, CFE

University of New Orleans

December 2015



Audit Control # 80150118

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 the University of New Orleans (UNO) to provide assurances on financial information that is significant to the System's financial statements and evaluate the effectiveness of UNO's internal control over financial reporting.

UNO includes two campuses in the New Orleans area. Its mission is to serve national and international students and enhance the quality of life in New Orleans, the state, the nation, and the world, by participating in a broad array of research, service learning, cultural, and academic activities.

Results of Our Procedures

Follow-up on Prior-year Findings

Our auditors reviewed the status of the prior-year findings reported in the management letter report dated December 24, 2014. We determined that management has resolved the prior-year findings related to an inaccurate annual fiscal report and inadequate controls over parking tickets and related fines.

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 UNO's internal control over financial reporting and examined evidence supporting certain account balances and classes of transactions as follows:

Statement of Net Position

Assets - Cash and cash equivalents, investments, due from State Treasury, and capital assets

Liabilities - Accounts payable, unearned revenue, 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, grants and contracts revenues, auxiliary revenues, and state appropriations

Expenses - Educational and general

Based on the results of our procedures, 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 procedures on loan information submitted by UNO 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 Office of Management and Budget Circular A-133.

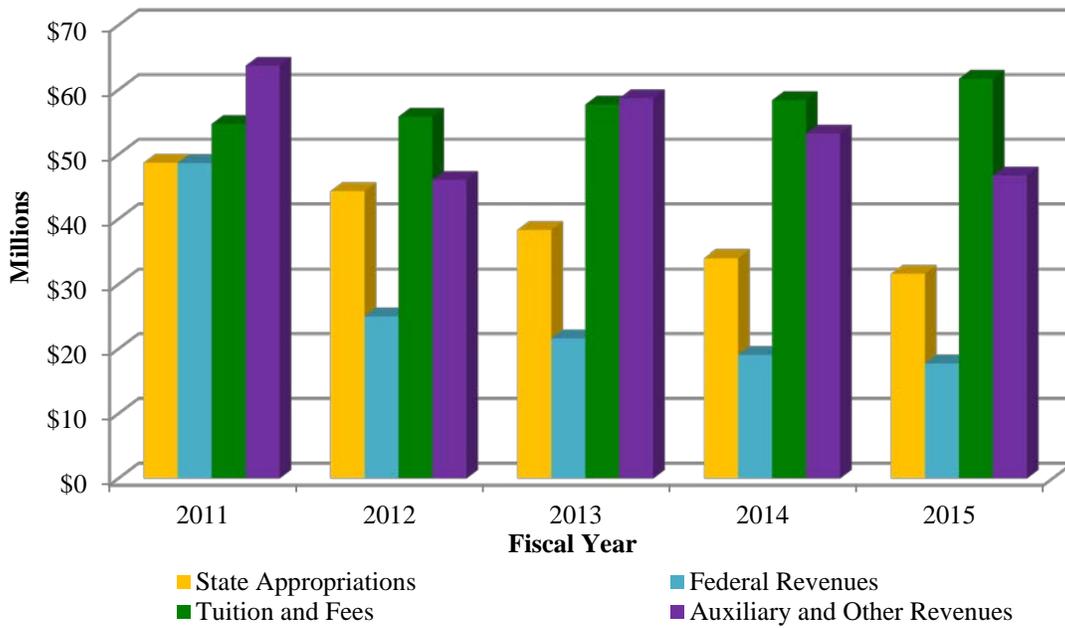
Based on the results of our procedures, we did not report any internal control deficiencies, and the loan information was materially correct, as adjusted.

Trend Analysis

We compared the most current and prior-year financial activity using UNO's annual fiscal reports and/or system-generated reports and obtained explanations from UNO management for any significant variances. We also prepared an analysis of revenues, expenses, and enrollment over the last five fiscal years, as shown in Exhibits 1 and 2.

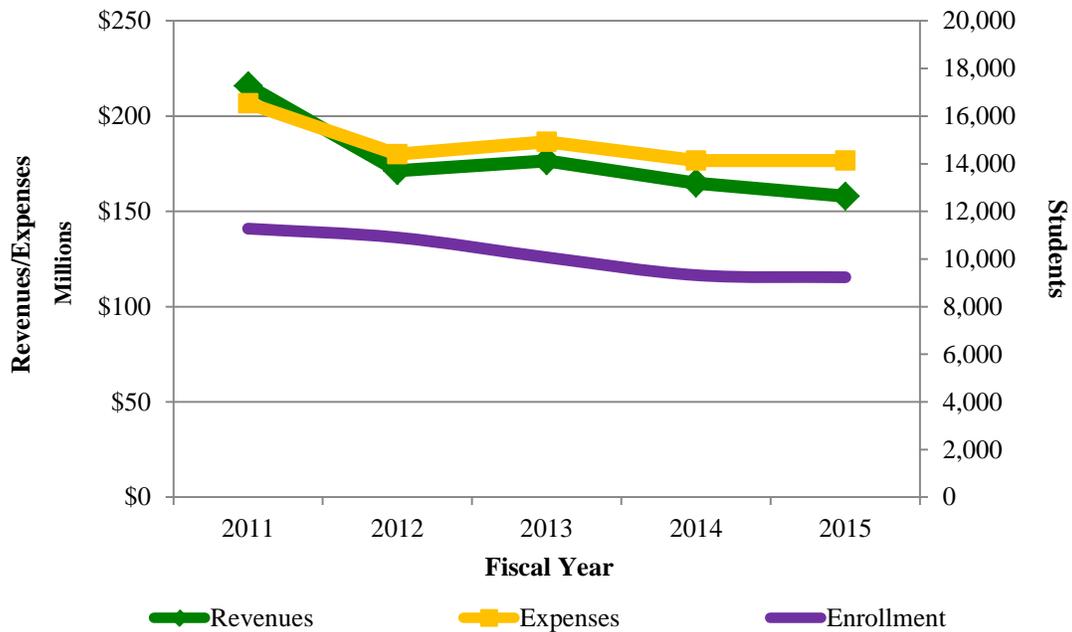
In analyzing financial trends of UNO over the past five fiscal years, both expenses and revenues have decreased significantly, with expenses outpacing revenues for the last four fiscal years. The decline in federal revenues and state appropriations has been offset partially by an increase in tuition and fees. Since fiscal year 2011, net tuition and fees have increased by 13%, mainly because of increases in tuition rates; however, the increases in tuition rates are offset by an 18% decline in enrollment at UNO.

**Exhibit 1
Five-Year Revenue Trend**



Source: Fiscal Year 2011-2015 Annual Fiscal Reports, as adjusted

**Exhibit 2
Fiscal/Enrollment Trends**



Source: Fiscal Year 2011-2015 Annual Fiscal Reports, as adjusted, and Board of Regents website

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, stylized initial "D".

Daryl G. Purpera, CPA, CFE
Legislative Auditor

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UNO2015

APPENDIX A: SCOPE AND METHODOLOGY

We performed certain procedures at the University of New Orleans (UNO) 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, and review of policies and procedures, and a review of relevant laws and regulations. Our procedures, summarized below, are a part of the audit of the System's financial statements and the Single Audit of the State of Louisiana (Single Audit) for the year ended June 30, 2015.

- We evaluated UNO's operations and system of internal control through inquiry, observation, and review of its policies and procedures, including a review of the laws and regulations applicable to UNO.
- Based on the documentation of UNO's controls and our understanding of related laws and regulations, we performed procedures to provide assurances on certain UNO account balances and classes of transactions to support the opinion on the System's financial statements.
- We performed procedures on loan information submitted by UNO 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 to support the 2015 Single Audit.
- We compared the most current and prior-year financial activity using UNO'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 UNO and not to provide an opinion on the effectiveness of UNO'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 UNO's Annual Fiscal Report, and, accordingly, we do not express an opinion on that report. UNO's accounts are an integral part of the System's financial statements, upon which the Louisiana Legislative Auditor expresses opinions.