

UNIVERSITY OF NEW ORLEANS
UNIVERSITY OF LOUISIANA SYSTEM

STATE OF LOUISIANA



FINANCIAL AUDIT SERVICES
MANAGEMENT LETTER
ISSUED DECEMBER 7, 2016

**LOUISIANA LEGISLATIVE AUDITOR
1600 NORTH THIRD STREET
POST OFFICE BOX 94397
BATON ROUGE, LOUISIANA 70804-9397**

LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

ASSISTANT LEGISLATIVE AUDITOR
FOR STATE AUDIT SERVICES
NICOLE B. EDMONSON, CIA, CGAP, MPA

DIRECTOR OF FINANCIAL AUDIT SERVICES
ERNEST F. SUMMERVILLE, JR., CPA

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Louisiana Legislative Auditor

Daryl G. Purpera, CPA, CFE



University of New Orleans

December 2016

Audit Control # 80160082

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 fiscal year ended June 30, 2016, 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; to evaluate the effectiveness of UNO's internal control over financial reporting and compliance; and to determine whether UNO complied with applicable laws and regulations.

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

Financial Statements - University of Louisiana System

As a part of our audit of the System's financial statements for the fiscal year ended June 30, 2016, 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, scholarship allowances, grants and contracts revenues, auxiliary revenues, state appropriations, federal nonoperating revenues, capital appropriations, and capital grants and gifts

Expenses - Educational and general expenses

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, 2016, we performed internal control and compliance testing as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) on UNO's major federal program, TRIO Cluster.

Those tests included evaluating the effectiveness of UNO's internal controls designed to prevent or detect material noncompliance with program requirements and tests to determine whether UNO complied with applicable program requirements. In addition, we performed procedures on 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 Uniform Guidance.

Based on the results of these Single Audit procedures, we did not report any internal control deficiencies or noncompliance with program requirements, and the information submitted for the preparation of the state's Schedule of Expenditures of Federal Awards was materially correct, as adjusted.

Other Procedures

In addition to the financial statement and federal compliance procedures noted above, we performed certain procedures, which included obtaining, documenting, and reviewing UNO's internal control and compliance with related laws and regulations over the LaCarte procurement program, travel expenses, and movable property.

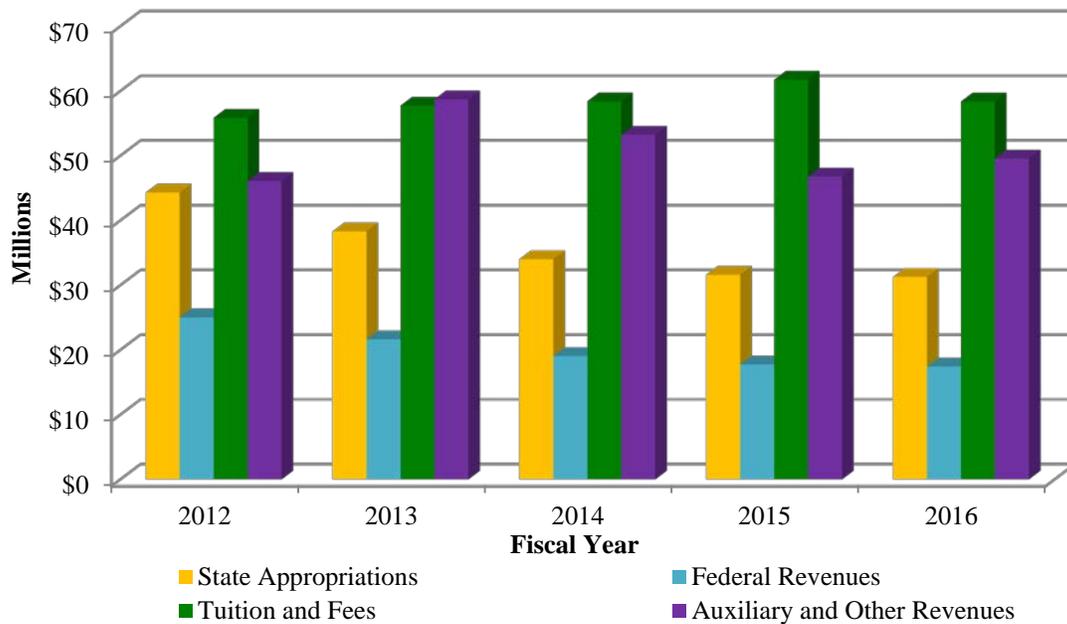
Based on the results of the procedures performed, we found no issues or weaknesses that were required to be reported.

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.

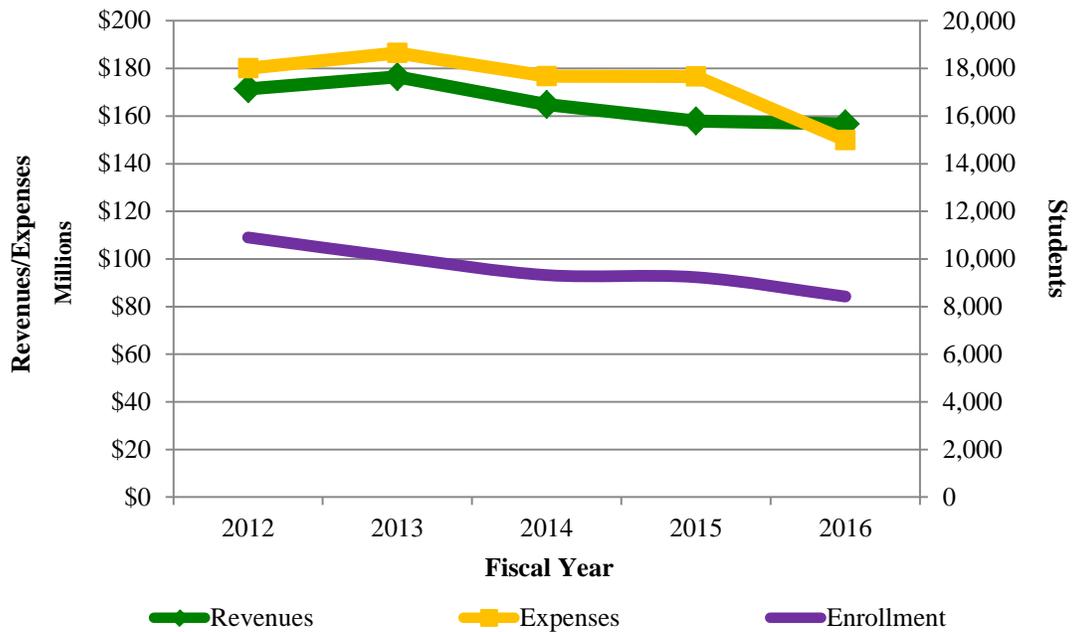
In analyzing the financial trends of UNO over the past five fiscal years, both expenses and revenues have decreased significantly, with expenses exceeding revenues in fiscal years 2012 through 2015. Revenues exceeded expenses in fiscal year 2016, resulting primarily from a decrease in expenses totaling \$26,743,820 (15.1%) from fiscal year 2015. The decline in federal revenues and state appropriations totaling \$20,667,855 (29.8%) from fiscal year 2012 through fiscal year 2016 has been partially offset by increases in tuition and fees. Since fiscal year 2012, net tuition and fees have increased by 4.5%, mainly because of increases in tuition rates; however, fall enrollment for fiscal year 2016 declined 8.8% from fiscal year 2015, and fall enrollments have decreased an average of 5.6% annually for fiscal years 2012 through 2016.

**Exhibit 1
Five-Year Revenue Trend**



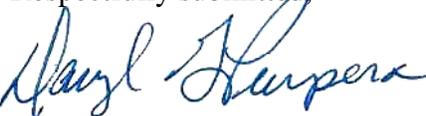
Source: Fiscal Year 2012-2016 Annual Fiscal Reports, as adjusted

**Exhibit 2
Fiscal/Enrollment Trends**



Source: Fiscal Year 2012-2016 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,

 Daryl G. Purpera, CPA, CFE
 Legislative Auditor

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UNO 2016

APPENDIX A: SCOPE AND METHODOLOGY

We performed certain procedures at the University of New Orleans (UNO) for the period from July 1, 2015, through June 30, 2016, 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, 2016.

- 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 the TRIO Cluster and on the 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 2016 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 UNO 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 an opinion.