

UNIVERSITY OF NEW ORLEANS
UNIVERSITY OF LOUISIANA SYSTEM

STATE OF LOUISIANA



FINANCIAL AUDIT SERVICES
MANAGEMENT LETTER
ISSUED DECEMBER 20, 2017

**LOUISIANA LEGISLATIVE AUDITOR
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Louisiana Legislative Auditor

Daryl G. Purpera, CPA, CFE

University of New Orleans

December 2017



Audit Control # 80170112

Introduction

As a part of our audit of the University of Louisiana System's (System) and the Single Audit of the State of Louisiana (Single Audit) for the year ended June 30, 2017, 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; evaluate the effectiveness of UNO's internal control over financial reporting and compliance; and determine whether UNO complied with applicable laws and regulations.

UNO is a part of the System and reported an enrollment of more than 8,000 students for the Fall 2016 semester. 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

Current-year Finding

Failure to Timely Submit Past-due Student Accounts for Collection

UNO did not submit past-due student accounts receivable to the Louisiana Attorney General (AG). The last date past-due accounts were sent to the AG was April 24, 2017. These accounts totaling \$423,331 were submitted eight to 669 days past the 90-day period stated in UNO's policy. Failure to submit these accounts for collection increases the risk that the accounts will become uncollectible.

UNO's policy states that delinquent accounts between 60 and 90 days past due are to be forwarded to the AG for collections.

Management should strengthen procedures to ensure compliance with its policy to submit past-due accounts to the AG for collection. 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, 2017, 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 - 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, Auxiliary Revenues, State Appropriations, and Federal Nonoperating Revenues

Expenses - Educational and General

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 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, 2017, 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* on UNO's Student Financial Assistance 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.

Based on the results of these Single Audit procedures, we did not report any internal control deficiencies or noncompliance with program requirements.

Other Procedures

In addition to the System and Single Audit procedures noted above, we performed certain procedures that included obtaining, documenting, and reviewing UNO's internal control and

compliance with related laws and regulations over the LaCarte procurement program, travel expenses, movable property, and student receivables.

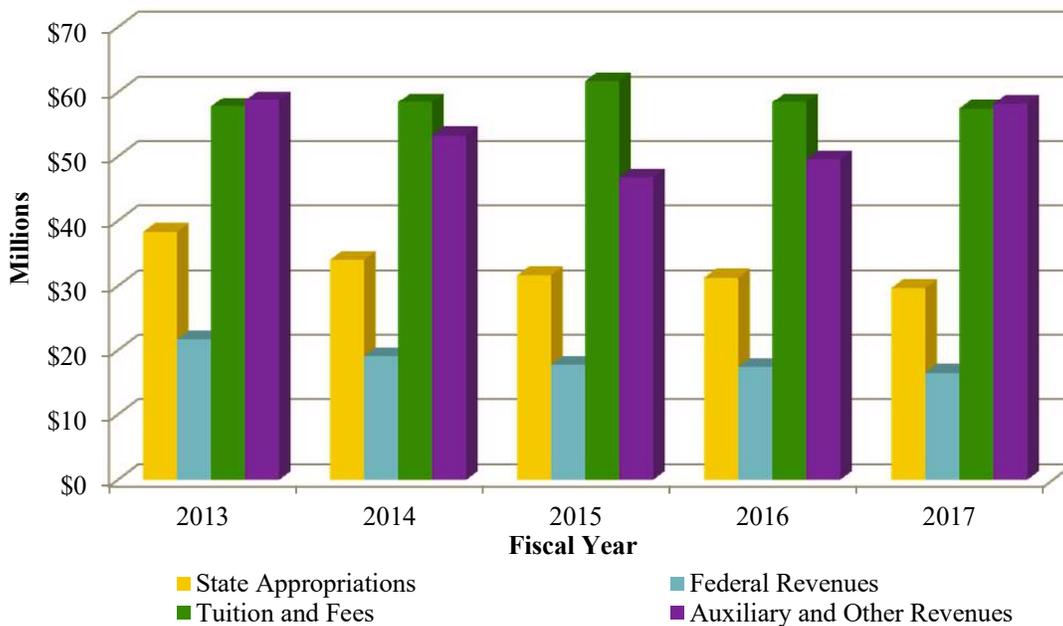
Based on the results of the procedures performed, we reported a finding related to UNO's Failure to Timely Submit Past-due Student Accounts for Collection, as described previously.

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 past five fiscal years, as shown in Exhibits 1 and 2.

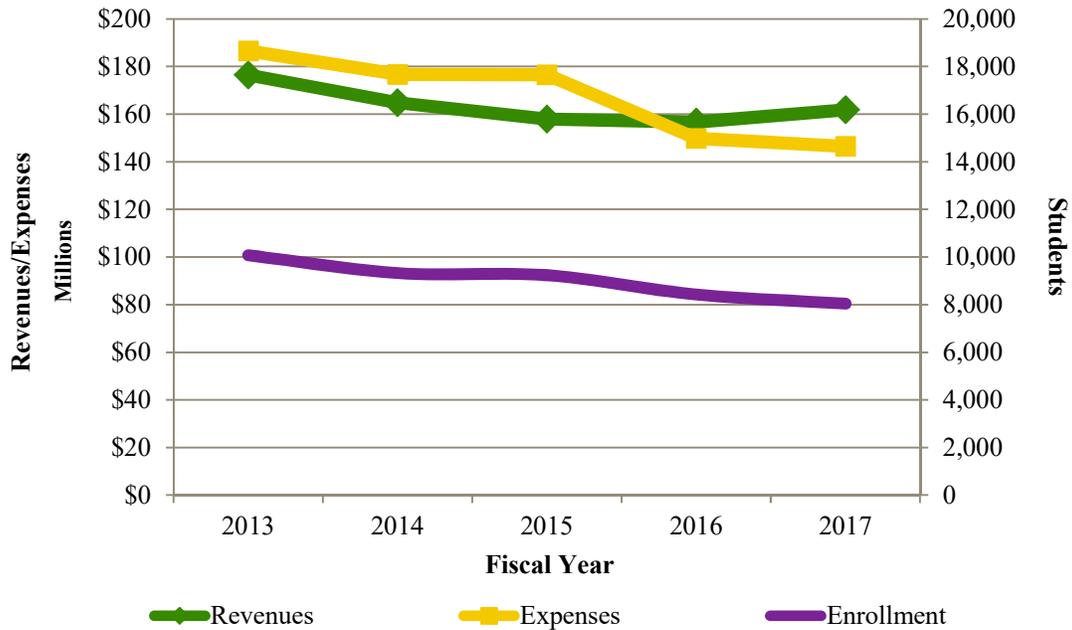
In analyzing financial trends of UNO over the past five fiscal years, both expenses and revenues have decreased, with expenses outpacing revenues in fiscal years 2013 through 2015. However, revenues exceeded expenses in fiscal years 2016 and 2017, resulting primarily from decreases in expenses totaling \$26,743,820 (15.1%) from fiscal years 2015 through 2016 and \$3,394,416 (2.2%) from fiscal years 2016 through 2017. The decline in federal revenues and State appropriations totaling \$13,746,545 (22.9%) from fiscal years 2013 through 2017 has been partially offset by decreases in expenses. Though student enrollment has declined by 20.2% over the five-year period, net tuition and fee revenues have remained relatively stable, decreasing by 0.65% from fiscal years 2013 through 2017, as a result of increases in tuition and fee rates charged to students.

Exhibit 1
Five-Year Revenue Trend



Source: Fiscal Year 2013-2017 Annual Fiscal Reports, as adjusted

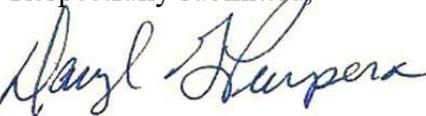
**Exhibit 2
Fiscal/Enrollment Trends**



Source: Fiscal Year 2013-2017 Annual Fiscal Reports, as adjusted, and Board of Regents website

The recommendation in this letter represents, in our judgment, that which will most likely bring about beneficial improvements to the operations of UNO. The nature of the recommendation, its implementation costs, and its potential impact on the operations of UNO 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,

 Daryl G. Purpera, CPA, CFE
 Legislative Auditor

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UNO2017

APPENDIX A: MANAGEMENT'S RESPONSE



THE UNIVERSITY of
NEW ORLEANS
OFFICE OF THE PRESIDENT

November 30, 2017

Daryl G. Pupera, CPA, CFE
Legislative Auditor
PO Box 94397
Baton Rouge, LA 70804-9397

RE: Failure to Timely Submit Past-due Student Accounts for Collection

Dear Mr. Pupera:

The University of New Orleans concurs with the finding for the fiscal year ended June 30, 2017 related to the failure to timely submit past-due student accounts receivable to the Louisiana Attorney General's Office for collections.

The University has taken the following corrective action to address this matter: the Accounts Receivable policies and procedures relating to delinquent student accounts placed for collections have been revised to correlate with the actual actions followed by the Accounts Receivable Department. The actions that were taken, although allowable, were not in compliance with the department's policies and procedures at the time of the finding.

Mr. Jose Cuevas, Accounts Receivable Manager, is the person responsible for the corrective action.

Sincerely,

John N. Nicklow
President

APPENDIX B: SCOPE AND METHODOLOGY

We performed certain procedures at the University of New Orleans (UNO) for the period from July 1, 2016, through June 30, 2017, 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, 2017.

- 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 our opinions on the System's financial statements.
- We performed procedures on the Student Financial Assistance Cluster of Federal programs for the year ended June 30, 2017, as a part of the 2017 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.

In addition, we performed procedures on UNO's internal control and compliance with related laws and regulations over the LaCarte procurement program, travel expenses, movable property, and student receivables. The scope of these procedures was significantly less than an audit conducted in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States.

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.