

UNIVERSITY OF NEW ORLEANS  
UNIVERSITY OF LOUISIANA SYSTEM

STATE OF LOUISIANA



FINANCIAL AUDIT SERVICES  
MANAGEMENT LETTER  
ISSUED DECEMBER 3, 2018

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# Louisiana Legislative Auditor

Daryl G. Purpera, CPA, CFE

University of New Orleans



December 2018

*Audit Control # 80180084*

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## 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 fiscal year ended June 30, 2018, 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. In addition, we determined whether management has taken actions to correct the finding reported in the prior year.

## Results of Our Procedures

### Follow-up on Prior-year Finding

Our auditors reviewed the status of the prior-year finding reported in the UNO management letter dated December 20, 2017. We determined that management has resolved the prior-year finding related to Failure to Timely Submit Past-due Student Accounts for Collections.

### Financial Statements – University of Louisiana System

As a part of our audit of the System's financial statements for the year ended June 30, 2018, 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 Revenues resulting from tuition and fees, and Bonds Payable

**Net Position** - Net Investment in Capital Assets, Restricted-Expendable, Restricted-Nonexpendable, and Unrestricted

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**Statement of Revenues, Expenses, and Changes in Net Position**

**Revenues** - Student Tuition and Fees net of Scholarship Allowances, Grants and Contracts, Auxiliary Revenues, State Appropriations, and Federal Nonoperating Revenues

**Expenses** - Educational and General, and Auxiliary Enterprise

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.

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**Federal Compliance – Single Audit of the State of Louisiana**

As a part of the Single Audit for the year ended June 30, 2018, we performed procedures 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 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 (SEFA).

Based on the results of these Single Audit procedures, information submitted for the preparation of the state's SEFA is materially correct.

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**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, and payroll expenses.

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

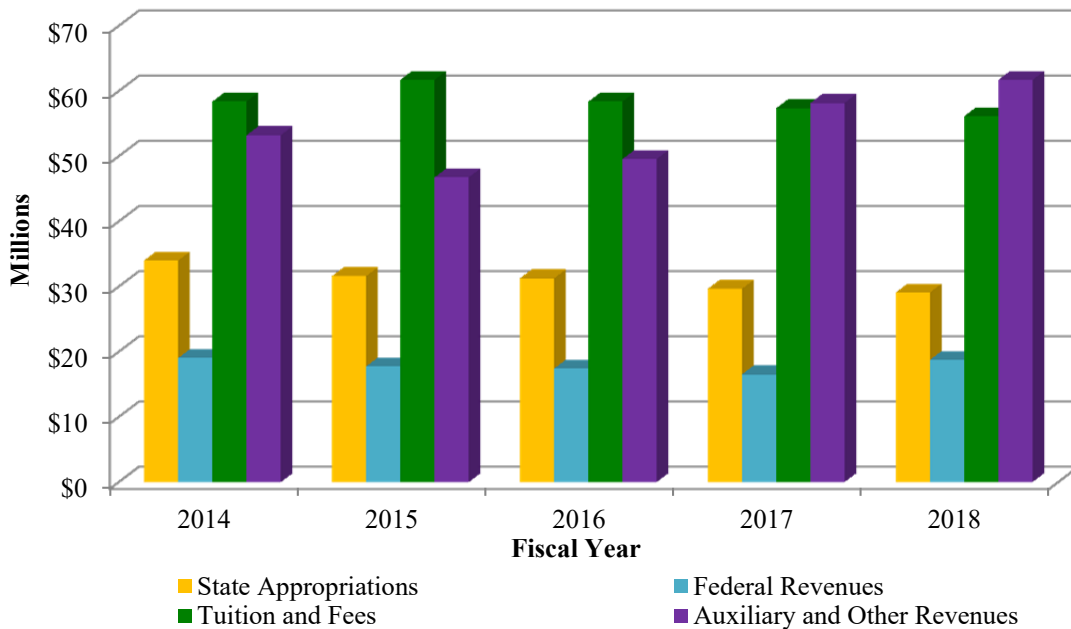
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**Trend Analysis**

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's 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.

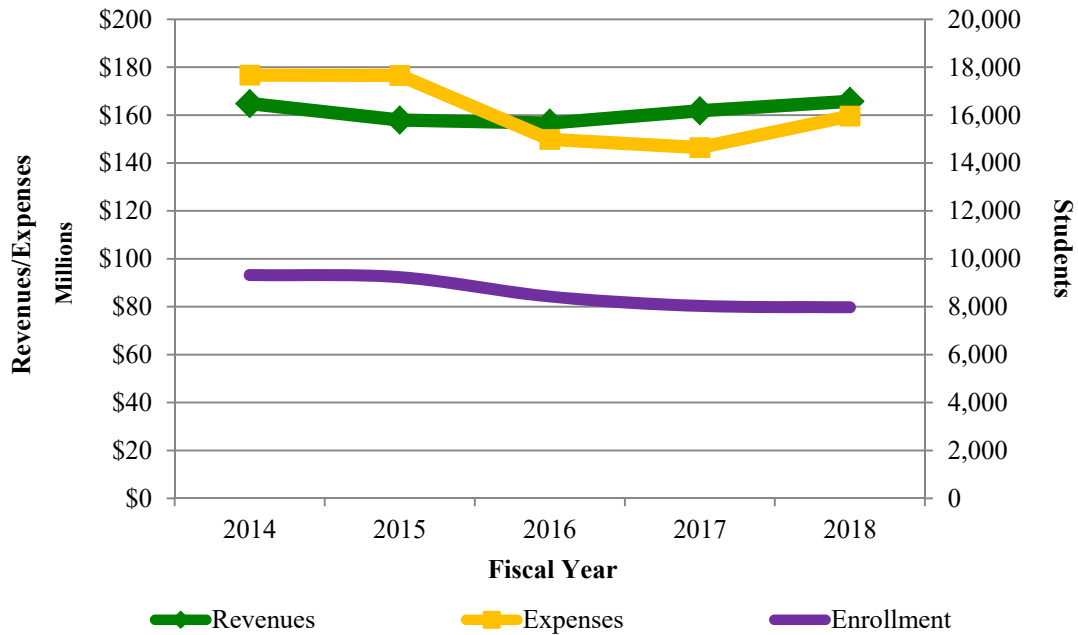
In analyzing financial trends of UNO over the past five fiscal years, expenses decreased in fiscal years 2014 through 2017 and increased in fiscal year 2018, while revenues decreased in fiscal years 2014 through 2016 and increased in fiscal years 2017 and 2018. In the past five fiscal years, revenues increased by 0.57% and expenses decreased by 9.7%. Net tuition and fees have declined by 3.92% over the five-year period as a result of student enrollment declining by 14.5%. The impact of the declining enrollment has been partially off-set by increases in tuition and fees charged to students.

**Exhibit 1  
Five-Year Revenue Trend**



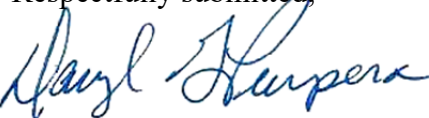
**Source:** Fiscal Year 2014-2018 Annual Fiscal Reports, as adjusted

**Exhibit 2  
Fiscal/Enrollment Trends**



**Source:** Fiscal Year 2014-2018 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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UNO2018

## APPENDIX A: SCOPE AND METHODOLOGY

We performed certain procedures at the University of New Orleans (UNO) for the period from July 1, 2017, through June 30, 2018, 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, 2018.

- 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 account balances and classes of transactions to support our opinions on the System's financial statements.
- We performed procedures on information for the preparation of the state's Schedule of Expenditures of Federal Awards for the year ended June 30, 2018, as a part of the 2018 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's 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, and payroll expenses. 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.