

GRAMBLING STATE UNIVERSITY  
UNIVERSITY OF LOUISIANA SYSTEM

STATE OF LOUISIANA



FINANCIAL AUDIT SERVICES  
MANAGEMENT LETTER  
ISSUED DECEMBER 12, 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**  
ERNEST F. SUMMERVILLE, JR., CPA

Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Attorney General, and to other public officials as required by state law. A copy of this report is available for public inspection at the Baton Rouge office of the Louisiana Legislative Auditor and the office of the parish clerk of court.

This document is produced by the Louisiana Legislative Auditor, State of Louisiana, Post Office Box 94397, Baton Rouge, Louisiana 70804-9397 in accordance with Louisiana Revised Statute 24:513. One copy of this public document was produced at an approximate cost of \$0.50. This material was produced in accordance with the standards for state agencies established pursuant to R.S. 43:31. This report is available on the Legislative Auditor's website at [www.la.la.gov](http://www.la.la.gov). When contacting the office, you may refer to Agency ID No. 3394 or Report ID No. 80160083 for additional information.

In compliance with the Americans With Disabilities Act, if you need special assistance relative to this document, or any documents of the Legislative Auditor, please contact Elizabeth Coxe, Chief Administrative Officer, at 225-339-3800.

---

# Louisiana Legislative Auditor

Daryl G. Purpera, CPA, CFE

Grambling State University



December 2016

Audit Control # 80160083

---

## Introduction

As a part of our audit of the University of Louisiana System (System) financial statements and the Single Audit of the State of Louisiana (Single Audit) for the year ended June 30, 2016, we performed procedures at Grambling State University (University) to provide assurances on financial information that is significant to the System's financial statements; evaluate the effectiveness of the University's internal controls over financial reporting and compliance; and determine whether the University complied with applicable laws and regulations. In addition, we determined whether management has taken actions to correct the finding reported in the prior year.

The University is a part of the System and reported an enrollment of 4,533 students for the fall 2015 semester. The University's mission is to provide exceptional customer service to students, colleagues, and the community; develop ongoing professional developmental training to employees to improve customer service; and provide opportunities to share experiences and spotlight individuals and departments for outstanding service.

## Results of Our Procedures

---

### Follow-up on Prior-year Finding

Our auditors reviewed the status of the prior-year Single Audit finding reported in the management letter dated December 2, 2015. We determined that management has not resolved the prior-year finding related to untimely determination of students' withdrawal dates and it is addressed again in this letter.

---

### Current-year Finding

#### Untimely Determination of Students' Withdrawal Dates

For the second consecutive year, the University did not determine the withdrawal dates of students receiving Title IV federal funding within the required timeframe. Federal regulations require the University to determine students' withdrawal dates within 30 days after the period of

enrollment; however, withdrawal dates for all 24 students tested for the fall and spring semesters did not meet the 30-day requirement.

These exceptions occurred because University faculty did not provide timely attendance information for students who unofficially withdrew from the University. Although the University could be subject to sanctions for not complying with federal regulations, the exceptions did not result in late refunds or otherwise have a direct financial impact on the University or the federal program.

University management should develop and implement policies and procedures to ensure students' withdrawal dates are determined within the required timeframe and hold its faculty responsible for providing timely attendance information. 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, 2016, we considered the University's internal controls over financial reporting and examined evidence supporting certain account balances and classes of transactions as follows:

### **Statement of Net Position**

**Assets** - Investments, due from State Treasury, and capital assets

**Liabilities** - 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, auxiliary enterprise revenues, state appropriations, and federal nonoperating revenues

**Expenses** - Educational and general expenses, and auxiliary enterprise expenses

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.

---

## **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 procedures on information submitted by the University 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 and on the status of the prior-year finding for the preparation of the state's Summary Schedule of Prior Audit Findings, 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).

Based on the results of these Single Audit procedures, the information for the preparation of the state's Schedule of Expenditures of Federal Awards and the status of the prior-year finding for the preparation of the state's Summary Schedule of Prior Audit Findings were materially correct.

---

## **Other Procedures**

In addition to the financial statement and federal compliance work noted above, we performed certain procedures which included obtaining, documenting, and reviewing the University's internal control and compliance with related laws and regulations over the FuelTrac Card Program, the State of Louisiana Corporate Liability Travel Card Program, contracts, and movable property.

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

---

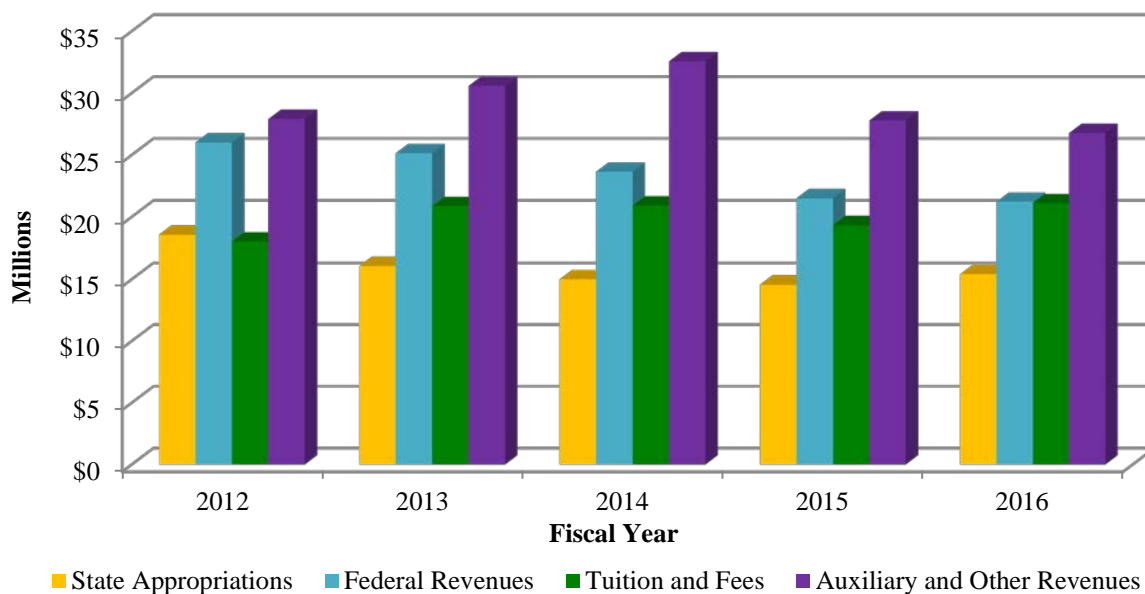
## **Trend Analysis**

We compared the most current and prior-year financial activity using the University's annual fiscal reports and/or system-generated reports and obtained explanations from University 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.

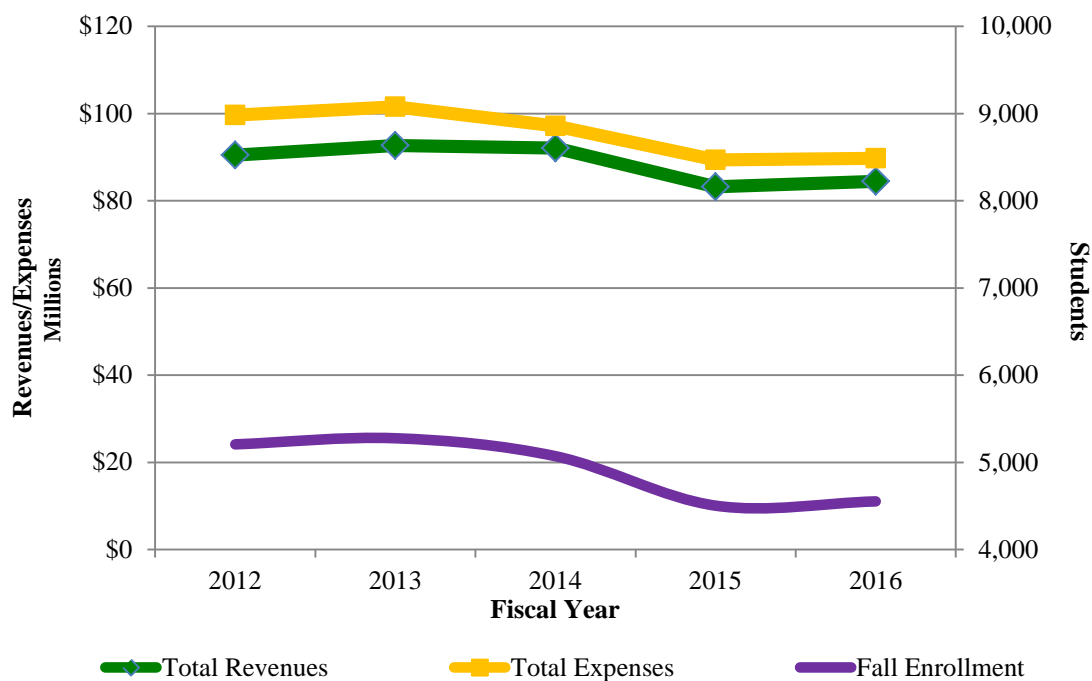
In analyzing the financial trends of the University over the past five fiscal years, expenses have consistently exceeded revenues; however, both remained fairly consistent in fiscal years (FY) 2016 and 2015. State appropriations increased slightly in FY 2016 due to a special appropriation given to the University to recruit students for the Sciences, Technology, Engineering, and Mathematics Program. Since the significant drop in enrollment in FY 2015 that was due to more stringent admission standards and not admitting new students in the Bachelor of Science Nursing program, enrollment increased in FY 2016 as the result of increased scholarship awareness and incentives, and allowing students to take one remedial course.

The increase in other revenues in FY 2013 and FY 2014 was due to receipt of donated West Campus property in FY 2013, and an increase in net investment income in FY 2014 from improvement in the stock market as it relates to the stocks held by the University. However, there has been a decrease since FY 2014 resulting from subsequent stock market declines. The increases in tuition and fees and enrollment were partially offset by the decrease in auxiliary and other revenues, but not enough to cause current year revenues to exceed expenses.

**Exhibit 1**  
**Five-Year Revenue Trend**



**Exhibit 2**  
**Fiscal/Enrollment Trend Analysis**



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

KWB:BAC:BH:EFS:aa

GSU 2016





## **APPENDIX A: MANAGEMENT'S RESPONSE**





Office of the President

September 26, 2016

Mr. Daryl G. Purpera, CPA, CFE  
Legislative Auditor  
Office of the Legislative Auditor  
1600 North Third Street  
Baton Rouge, LA 70804-9397

Dear Mr. Purpera:

**RE: Untimely Determination of Students' Withdrawal Dates**

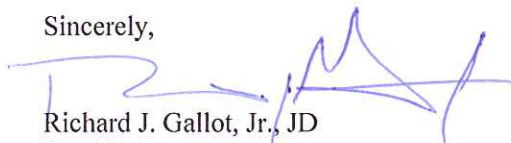
Grambling State University concurs that the institution did not determine the withdrawal dates of students receiving Title IV federal funding within the required 30 days after the period of enrollment due to the untimely attendance information provided by university faculty for students who unofficially withdrew from the university. Although the untimely determination of students' withdrawal dates did not result in late refunds or have a direct financial impact on the university or the federal program, the university has taken corrective action to strengthen internal control to ensure students' withdrawal dates are determined within the required timeframe.

The corrective action plan, which has anticipated completion date of December 16, 2016, includes the following:

- The implementation of the revised class attendance policy, which specifically outlines faculty responsibilities in providing timely and accurate attendance information.
- The revision of the grading system to include the elimination of the use of the "FN" (failed-never attended) grade.
- The development of mandatory workshops for faculty to discuss attendance information and to provide faculty with the training on how to properly manage attendance and streamline the attendance process.
- Incentivize the accurate and timely recording of attendance by the faculty.

Dr. Ellen D. Smiley, Interim Provost and Vice President for Academic Affairs, is responsible for the corrective action.

Sincerely,



Richard J. Gallot, Jr., JD  
President



## APPENDIX B: SCOPE AND METHODOLOGY

We performed certain procedures at Grambling State University (University) 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, 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 financial statements and the Single Audit of the State of Louisiana (Single Audit) for the year ended June 30, 2016.

- We evaluated the University's operations and system of internal controls through inquiry, observation, and review of its policies and procedures, including a review of the laws and regulations applicable to the University.
- Based on the documentation of the University's controls and our understanding of related laws and regulations, we performed procedures to provide assurances on certain University account balances and classes of transactions to support the opinion on the System's financial statements.
- We performed procedures on information for the preparation of the state's Schedule of Expenditures of Federal Awards and on the status of the prior-year finding for the preparation of the state's Summary Schedule of Prior Audit Findings for the year ended June 30, 2016, as part of the Single Audit.
- We compared the most current and prior-year financial activity using the University'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 the University and not to provide an opinion on the effectiveness of the University'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 the University's Annual Fiscal Report, and accordingly, we do not express an opinion on that report. The University's accounts are an integral part of the System's financial statements, upon which the Louisiana Legislative Auditor expresses an opinion.