

LOUISIANA STATE UNIVERSITY - SHREVEPORT
LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA



FINANCIAL AUDIT SERVICES
MANAGEMENT LETTER
ISSUED OCTOBER 15, 2014

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

LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

**FIRST ASSISTANT LEGISLATIVE AUDITOR
AND STATE AUDIT SERVICES**
PAUL E. PENDAS, CPA

DIRECTOR OF FINANCIAL AUDIT
THOMAS H. COLE, CPA

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LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

October 15, 2014

The Honorable John A. Alario, Jr.,
President of the Senate
The Honorable Charles E. "Chuck" Kleckley,
Speaker of the House of Representatives
Mr. Larry Clark, Chancellor
Louisiana State University - Shreveport,
Louisiana State University System

Dear Senator Alario, Representative Kleckley, and Mr. Clark:

This report includes the results of the procedures we performed at Louisiana State University - Shreveport for the period from July 1, 2013 through June 30, 2014 to evaluate its accountability over public funds. The procedures are a part of our audit of the Louisiana State University System's financial statements, the Single Audit of the State of Louisiana, and the process for re-accreditation required by the Southern Association of Colleges and Schools for the year ended June 30, 2014. I hope the information in this report will assist you in your legislative and operational decision-making processes.

We would like to express our appreciation to the management and staff of Louisiana State University - Shreveport for their assistance during our work.

Sincerely,

A handwritten signature in blue ink that reads "Daryl G. Purpera". The signature is written in a cursive, flowing style.

Daryl G. Purpera, CPA, CFE
Legislative Auditor

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Louisiana Legislative Auditor

Daryl G. Purpera, CPA, CFE



Louisiana State University - Shreveport

October 2014

Audit Control # 80140069

Introduction

As a part of our audit of the Louisiana State University System (System) financial statements, the Single Audit of the State of Louisiana, and the process for re-accreditation required by the Southern Association of Colleges and Schools for the year ended June 30, 2014, we performed procedures at Louisiana State University - Shreveport (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.

Louisiana State University - Shreveport is a part of the Louisiana State University System and reports an enrollment of 4,132 students, of which 46% are part-time. Its mission is to educate and promote critical thinking for its well-rounded students.

Results of Our Procedures

Financial Statements - Louisiana State University System

As a part of our audit of the System's financial statements for the year ended June 30, 2014, we considered the University's internal controls over financial reporting and examined evidence supporting capital assets and educational and general expenses.

Our audit included tests of the University's compliance with laws and regulations that could have a direct and material effect on the financial statements, as required by *Government Auditing Standards*.

Based on the results of these procedures on the financial statements, we did not report any internal control deficiencies or non-compliance with laws or regulations. In addition, the accounts tested, as adjusted, are materially correct.

Federal Compliance - Single Audit of the State of Louisiana

As a part of the Single Audit of the State of Louisiana for the year ended June 30, 2014, we performed a walkthrough of the University's Student Financial Assistance Cluster of federal programs as required by Office of Management and Budget Circular A-133. The walkthrough included evaluating the effectiveness of the University's internal controls designed to prevent or detect material noncompliance with applicable program requirements.

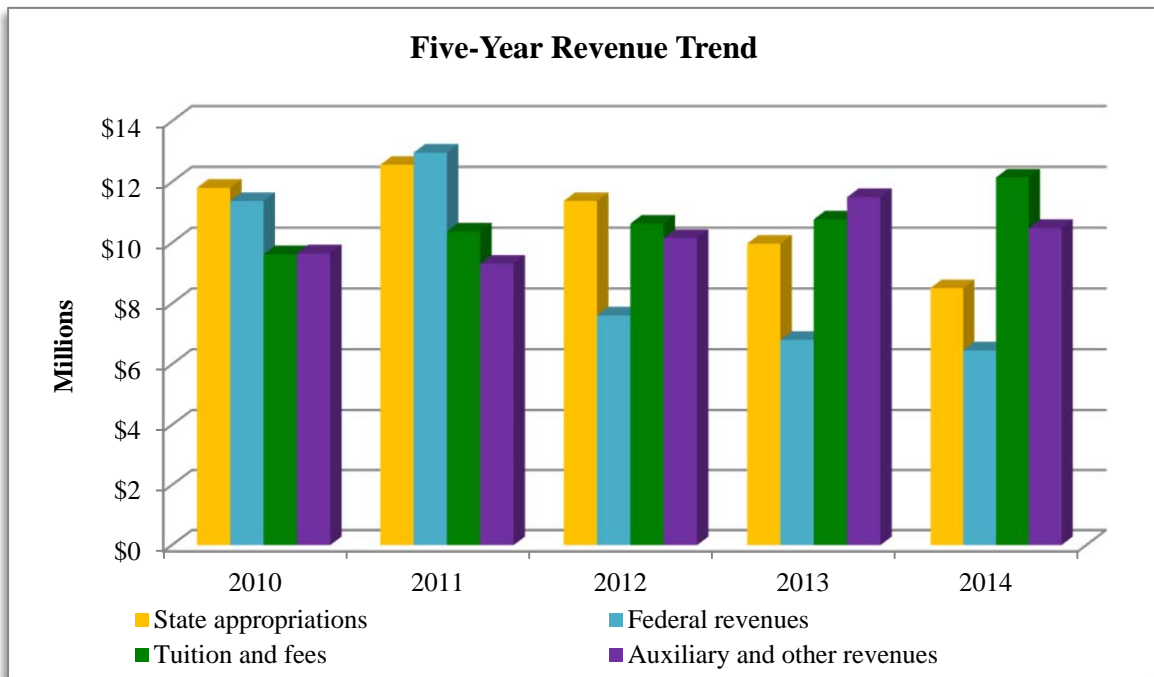
Based on the results of these Single Audit procedures, we did not report any internal control deficiencies or non-compliance with program requirements.

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 years.

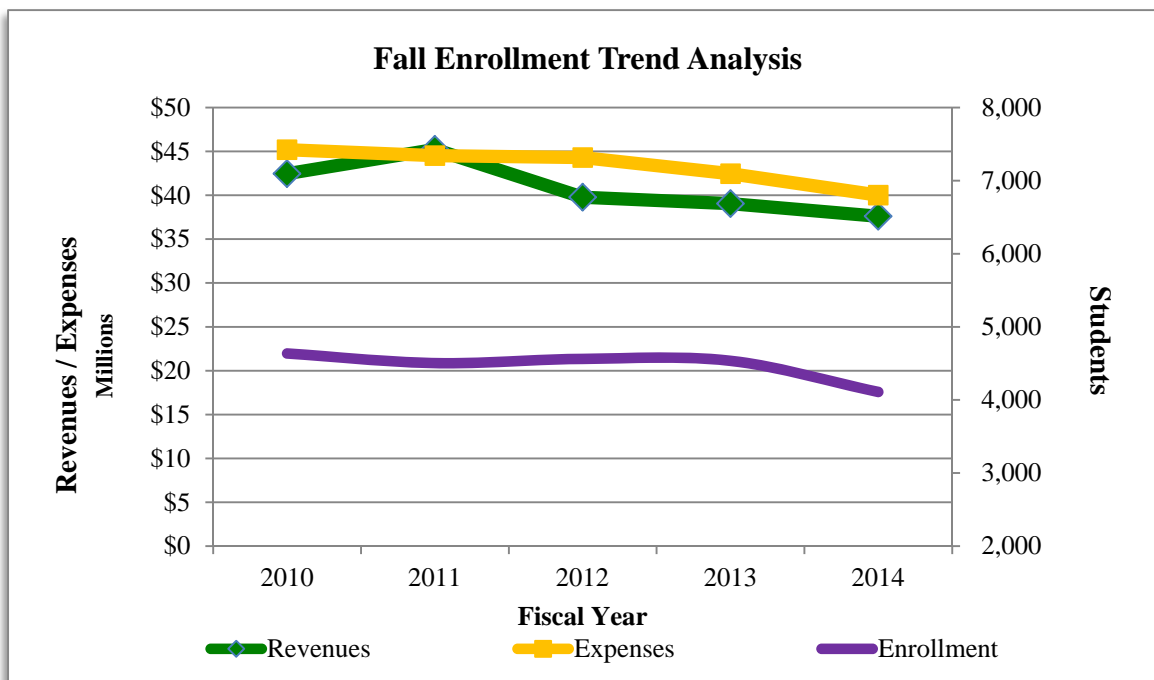
In analyzing financial trends of the University over the past five years, total expenses and revenues have gradually decreased. Since 2010, federal revenues decreased by 43% due to discontinued federal stimulus funds and state appropriations decreased by 28%; however, tuition and fees have increased by 26%. As external revenues decrease, the University's operations become more dependent on tuition and fees and auxiliary and other revenues collected by the University, which are directly related to enrollment.

Exhibit 1



Source: Fiscal year 2010 - 2014 Louisiana State University – Shreveport Annual Fiscal Reports

Exhibit 2



Source: Fiscal year 2010-2014 Louisiana State University – Shreveport Annual Fiscal Reports 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.

APPENDIX A: SCOPE AND METHODOLOGY

We performed certain procedures at Louisiana State University - Shreveport (University) for the period from July 1, 2013 through June 30, 2014 to provide assurances on financial information significant to the Louisiana State University 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 financial statements, the Single Audit of the State of Louisiana and the process for re-accreditation required by the Southern Association of Colleges and Schools for the year ended June 30, 2014.

- 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 the University's accounts to support the opinion on the System's financial statements.
- We performed a walkthrough of the Student Financial Assistance cluster of federal programs for the year ended June 30, 2014, to support the 2014 Single Audit of the State of Louisiana.
- 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 financial statements, upon which the Louisiana Legislative Auditor expresses opinions.