

FINANCE AND AUDIT COMMITTEE
(Following the Athletics Committee)
Friday, February 25, 2011
Board of Supervisors' Meeting Room
2nd Floor, J.S. Clark Administration Building
Southern University and A & M College at Baton Rouge

AGENDA

1. Call to Order
2. Roll Call
3. Adoption of the Agenda
4. Public Comments
5. Action Item(s)
 - A. Letter of Engagement between SUBR and Sean M. Bruno, Certified Public Accountants, LLP, for the application of certain agreed upon procedures to the Statement of Revenues and Expenses and the accompanying notes and supplemental information of the Department of Athletics; and, to the related outside organizations created for or on behalf of the Department, for the year ended June 30, 2010
 - B. Study Abroad Tuition and Housing Fee Increase, SULC
6. Other Business
7. Adjournment

MEMBERS

Mr. Myron K. Lawson – Chair; Atty. Warren A. Forstall – Vice Chair;
Atty. Patrick O. Jefferson, Atty. Walter C. Dumas, Mrs. Lea P. Montgomery, Mr. Randale Scott
Mr. Darren G. Mire – Ex-Officio



Office of the Chancellor
P. O. Box 9374
[225] 771-5020
FAX [225] 771-2018

January 18, 2011

Dr. Ronald Mason, Jr.
President
Southern University System
J.S. Clark Administration Building
Baton Rouge, LA 70813

Dear Dr. Mason:

Transmitted herewith is an original engagement letter from Sean M. Bruno Certified Public Accountants, LLP, which requires your approval and the approval of the Southern University Board of Supervisors.

This engagement will encompass the Statement of Revenues and Expenses and the accompanying notes and supplemental information of the Southern University-Baton Rouge-Athletic Department for the year ended June 30, 2010. The cost of the engagement is \$9,500.00.

If additional information is required, please advise.

Sincerely,

Kofi Lomotey
Chancellor

Enclosure

Sean M. Bruno
Certified Public Accountants

Member
American Institute of
Certified Public Accountants
Society of Louisiana
Certified Public Accountants
December 1, 2010

Dr. Ronald Mason, President
Southern University System
J.S. Clark Administration Building
4th Floor, President's Office
Baton Rouge, LA 70813

Dear Dr. Mason:

At the request of the University, Sean M. Bruno CPAs, Certified Public Accountants anticipates serving you by performing certain agreed-upon procedures to assist the University in complying with the National Collegiate Athletic Association Bylaws 6.2.3, *Financial Report—Procedures*. This letter will confirm my understanding of the nature and limitations of the services Sean M. Bruno will provide.

I will apply the agreed-upon procedures listed below, which management of the University has specified, to the Statement of Revenues and Expenses and the accompanying notes and supplemental information of the Southern University-Baton Rouge Athletic Department for the year ended June 30, 2010, and to the related outside organizations created for or on behalf of the Southern University-Baton Rouge's Athletic Department. My engagement to apply agreed-upon procedures will be performed in accordance with the attestation standards for agreed-upon procedures engagements established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the management of the University. Consequently, I make no representation regarding the sufficiency of the procedures listed below either for the purpose for which this engagement has been requested or for any other purpose. If, for any reason, I am unable to complete the procedures, I will describe any restrictions on the performance of the procedures in my report, or will not issue a report as a result of this engagement. It is my understanding that the Southern University-Baton Rouge's Athletic Department is responsible for the Statement of Revenues and Expenses and the accompanying notes and supplemental information for the year ended June 30, 2010, and that the statement, notes, and supplemental information will be available no later than December 22, 2010.

The following agreed-upon procedures will be performed by Sean M. Bruno CPAs solely to assist Southern University-Baton Rouge in complying with the National Collegiate Athletic Association Bylaws 6.2.3.

STATEMENT OF REVENUES AND EXPENSES

GENERAL PROCEDURES

1. Obtain written representations from management as to the fair presentation of the statement of revenues and expenses of the Intercollegiate Athletics Program, completeness of required schedules and related financial information, adequacy of controls, compliance with NCAA rules and legislations, and other information as I consider necessary for the year ended June 30, 2010. Verify the mathematical accuracy of the amounts on the statement and agree the amounts to supporting schedules provided by the University and/or the University's general ledger.
2. Obtain an understanding and test the specific elements of the control environment and accounting systems that are unique to the University's intercollegiate athletics program.
3. Compare each operating revenue and expense category for June 30, 2009, and June 30, 2010, to identify variances of 20% or greater between individual revenue and expenses categories (line items) that are 5% or more of the total.
4. Compare the budgeted revenues and expenses to actual revenues and expenses for each operating revenue and expense category for the year June 30, 2009, to identify any variances of 20% or greater in individual revenue and expense categories (line items) that are 5% or more of the total.

MINIMUM AGREED-UPON PROCEDURES FOR REVENUES

1. Using a schedule prepared by the University, I will compare the value of the tickets sold for the reporting period per the schedule to the related revenue reported in the statement and to related attendance figures, if available. I will agree the information on the schedule to the supporting game reconciliation for the football and basketball games with the largest ticket sales. I will recalculate the reconciliations for the games tested.
2. Using auditor judgment, I will select the away game with the largest game guarantee settlement and agree the amount to the general ledger and to the contractual agreement. The settlement reports for the game tested will be recalculated.
3. Compare indirect institutional support recorded by the institution during the period with state appropriations, institutional authorizations and/or other corroborative supporting documentation. Recalculate the totals.

**MINIMUM AGREED-UPON PROCEDURES
FOR REVENUES (continued)**

4. Compare direct institutional support recorded by the institution during the period with state appropriations, institutional authorizations and/or other corroborative supporting documentation. Recalculate the totals.
5. Obtain and inspect agreements related to the University's participation in revenues from NCAA/Conference tournaments during the period to gain an understanding of relevant terms and conditions. Compare and agree related revenues to the general ledger and/or the statement. Recalculate the totals.
6. Obtain and inspect agreements related to the University's participation in revenues from royalties, advertisements, and sponsorships during the period to gain an understanding of relevant terms and conditions. Compare and agree related revenues to the general ledger and/or the statement. Recalculate the totals.
7. Obtain and inspect sport-camp contract(s) between the University and person(s) conducting the University sport-camps or clinics during the period. The University will provide a schedule listing each camp, the total amount of revenue generated for the camp, the charge per participant, and number of participants for the camp. Review and recalculate largest camp totals.
8. Select one operating revenue receipt from each category not previously mentioned above and agree to adequate supporting documentation.

**MINIMUM AGREED-UPON PROCEDURES
FOR EXPENSES**

1. Select a sample of four students from the listing of the University student aid recipients and obtain individual student-account detail for each selection and compare total aid allocated from the related aid award letter to the student's account. Recalculate the totals.
2. Obtain and inspect the largest contractual agreement pertaining to expenses recorded by the University from a guaranteed contest during the period. Select the largest game settlement report for the period and agree related expenses to the University's general ledger and/or statement. Recalculate the totals.

**MINIMUM AGREED-UPON PROCEDURES
FOR EXPENSES (continued)**

3. After obtaining from management a list of coaches and support staff/administrative personnel paid by the University, I will examine the contracts for the head coaches from football, men's and women's basketball, and two support staff/administrative personnel. The following procedures will be performed:
 - i. Compare and agree the financial terms and conditions of each head coach selected to the related coaching salaries, benefits, and bonuses recorded by the University and related entities in the statement.
 - ii. Obtain and inspect W-2s, 1099s, etc for each selection.
 - iii. Compare and agree related W-2s, 1099s, etc. for each selection to the related salaries, benefits, and bonuses paid by the University and related entities expense recorded by the University in the statement during the reporting period.
4. Using list prepared by the University, I will select the athletic employee with the highest severance payment and agree the severance pay to the related termination letter or employment contract. Recalculate the totals.
5. Obtain and document an understanding of the University's recruiting expense policies. Compare and agree to existing institutional and NCAA related policies.
6. Obtain an understanding of the University's team travel policies. Compare and agree to existing institutional and NCAA related policies.
7. Obtain and document an understanding of the institution's methodology for allocating indirect facilities support. Sum the indirect facilities support and indirect institutional support totals reported by the University in the statement.
8. Compare and agree indirect facilities and administrative support reported by the University in the statement to the corresponding revenue category (indirect facilities and administrative support) reported by the institution in the statement. Recalculate totals.
9. Select one operating expense from each category not previously mentioned above and agree to adequate supporting documentation.

MINIMUM AGREED-UPON PROCEDURES FOR NOTES AND DISCLOSURES

1. Obtain from the University management a list of contributions received by the athletic department to identify any individual contributions that constitute more than 10% of the total contributions. If such individual contributions exist, obtain and review supporting documentation for each such contribution and ensure the source of funds, goods, and services, as well as the value associated these items are disclosed within the notes to the statement.
2. Obtain a schedule of total intercollegiate athletics capitalized assets and additions and improvements of facilities by type along with a description of the University's policies and procedures for acquiring, approving, depreciating, and disposing of intercollegiate athletics-related assets.
3. Agree the capital asset schedule to the University's general ledger and select any capitalized addition that is greater than 10% of total capital additions and agree recorded cost to adequate supporting documentation.

MINIMUM AGREED-UPON PROCEDURES FOR AFFILIATED AND OUTSIDE ORGANIZATIONS

1. Obtain written representations from management of the University that the listing of all known affiliated and outside organizations provided to us by the University are the only outside organizations created for or on behalf of the athletic department.
2. Obtain from management a summary of revenue and expenses for or on behalf of intercollegiate athletics programs affiliated and outside organizations to be included with the agreed upon procedures report and written representations as to the fair presentation of the statements and agree the amounts reported to the University's general ledger.
3. Obtain an understanding and test the procedures used by the University to gather information on the nature and extent of affiliated and outside organizational activity for or on behalf of the University's intercollegiate athletics program.
4. For all outside organizations that had any independent audit, obtain the independent auditor's report, identify any reportable conditions relating to the outside organization's internal controls, make inquiries of management, and document any corrective action taken in response to the reportable condition.

UNIVERSITY RESPONSIBILITY

The University will be responsible for providing the following during the course of the agreed-upon procedures engagement, if applicable:

1. Statement of Revenues and Expenses for intercollegiate athletics prepared in accordance with the guidance established by the *National Collegiate Athletic Association Financial Audit Guidelines* including schedules from the accounts in the general ledger that support the reclassifications on the Statement of Revenues and Expenses per NCAA guidelines.
2. Using the format in the Statement of Revenues and Expenses prepare a comparison of revenues and expenses to prior year revenues and expenses and current year actual revenues and expenses to budgeted revenues and expenses for the Athletic Department.
3. Using the current format in the Statement of Revenues and Expenses prepare a statement using the prior year financial information. Prepare a crosswalk schedule demonstrating the redistribution of the prior year financial information into the new format.
4. A listing of all affiliated and outside organizations and individuals that made direct or indirect contributions and/or in-kind contributions for or in behalf of the University's athletic program, to include proper name, address, and amount contributed. The list is also to include the name and phone number of the appropriate contact person for the organization.
5. A summary of revenues and expenses for or on behalf of intercollegiate athletics programs affiliated and outside organizations to be included in with the agreed-upon procedure report.
6. A copy of the audit report for affiliated or outside organizations not under the control of the University that made any contributions to the University's intercollegiate athletics program.
7. A copy of any internal audit reports pertaining to intercollegiate athletics program.
8. Formal written internal control policies and procedures relating to the University's intercollegiate athletics program of the University.

9. A schedule indicating the tickets that were sold by sporting event. The schedule is to be in the same format as the Statement of Revenues and Expenses. The schedule will include the number and dollar value of tickets sold by denomination, the number of complimentary tickets issued, and the number of unsold tickets for each event.
10. A schedule of athletic student aid provided in the same format as the Statement of Revenues and Expenses. The list is to include the student's name, type of aid, and amount for each type of aid.
11. Provide a list of coaches by sport and amount paid each coach (amounts reportable on the University and related entities W-2 and 1099 forms) that was employed by the University and related entities. Also provide a similar listing for athletic support/administrative staff.
12. Provide a list of all athletic related employees that were terminated during the period. The list is to reflect the employee's name and amount of termination pay.
13. Provide a listing of game guarantee revenues by source and game guarantee expenses by payment.
14. A schedule of NCAA/Conference revenue distribution.
15. A schedule of Capital Assets, Additions, and Improvements of Facilities. If applicable, provide repayment schedules for debt and the capital assets relating to the intercollegiate athletics program.
16. A detailed schedule of other revenues and expenses.
17. Pull and re-file documents needed for the engagement.

Because the agreed-upon procedures listed above do not constitute an examination, I will not express an opinion on the Statement of Revenues and Expenses or on the University's financial statements or any elements, accounts, or items thereof. In addition, I will not express an opinion on the effectiveness of the University's internal control over financial reporting or any part thereof. In addition, I have no obligation to perform any procedures beyond those described previously.

Dr. Ronald Mason, President
Southern University System
December 1, 2010
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I will submit a report listing the procedures performed and my findings. This report is intended solely for the use of the management of Southern University-Baton Rouge and should not be used by those who did not agree to the procedures and take responsibility for the sufficiency of the procedures for their purposes. My report will contain a paragraph indicating that had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

I plan to begin my procedures no later than December 22, 2010, and anticipate the report to be completed and presented to management no later than March 15, 2011. At the conclusion of my engagement, I will require a written representation letter from management that, among other things, will confirm management's responsibility for the presentation of the statement of revenues and expenses of the athletic department in accordance with the guidance established by the *National Collegiate Athletic Association Financial Audit Guidelines*.

My fee for this engagement will be \$9,500 inclusive of out-of-pocket expenses. This fee is based on the assumption that you will provide the assistance detailed on the attached Engagement Addendum. Any amendments to the fee will be in writing and signed by both my firm and the University President.

At the completion of my engagement, I will send Southern University-Baton Rouge five copies of my report. In addition, I will send one copy of my report to the Louisiana Legislative Auditor as required.

Sean M. Bruno CPAs shall notify the Legislative Auditor immediately, in writing of any errors, fraud, or illegal acts detected.

The audit/engagement documentation of Sean M. Bruno CPAs shall be available for inspection by the Legislative Auditor, any state or federal grantor, any state or federal cognizant agency, any successor auditor, and/or any organization authorized by the Louisiana State Board of Certified Public Accountants to perform audit/engagement documentation reviews as part of a quality assurance program.

Dr. Ronald Mason, President
Southern University System
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Sean M. Bruno CPAs shall immediately notify the Legislative Auditor, in writing, of any client imposed scope restrictions, to include failure to provide the appropriate books and records in a timely manner or denial of access to appropriate books and records, excluding confidential information.

Sean M. Bruno CPAs shall immediately notify the Legislative Auditor, in writing, of any decision to withdraw from the engagement or if the engagement is canceled, to include all substantive reasons for the withdrawal or cancellation.

Subsequent to the issuance of the report, should it be necessary to alter or reissue the report and/or any management letter, Sean M. Bruno CPAs shall distribute such reissued report and/or management letter in the same manner as the original report and management letter.

It is understood that my working papers are confidential information. However, I will make those working papers available to any successor auditor, recognized external quality review organizations, and upon request, to any authorized representative of the National Collegiate Athletic Association. I will retain the working papers for five years.

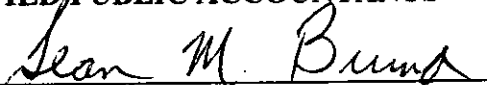
I will exercise overall control and management for the engagement. It is my understanding that you have assigned Mr. Mark Trepagnier of your staff, J.S. Clark Administration Building, Baton Rouge, Louisiana, (225) 771-4500, as your chief representative during the engagement.

Dr. Ronald Mason, President
Southern University System
December 1, 2010
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I appreciate the opportunity to assist you and believe this letter accurately summarizes the significant terms of my engagement. If these comments and arrangements meet with your approval, please sign below in the space provided and return the agreement to us. I look forward to a pleasant association and the opportunity to provide the services included in this engagement provide the services included in this engagement.

Respectfully submitted,

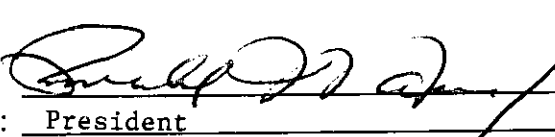
SEAN M. B RUNO
CERTIFIED PUBLIC ACCOUNTANTS

By: 
Sean M. Bruno, CPA

Title: Managing Partner

ENGAGEMENT APPROVED:

SOUTHERN UNIVERSITY-BATON ROUGE
INTERCOLLEGIATE ATHLETICS
PROGRAM

By:  ^{12/1/10}
Title: President

Date: 12.1.11

Sean M. Bruno
Certified Public Accountants



SOUTHERN UNIVERSITY LAW CENTER

261 A. A. LENOIR HALL

POST OFFICE BOX 9294

BATON ROUGE, LOUISIANA 70813-9294

OFFICE OF THE CHANCELLOR

(225) 771-2552

FAX (225) 771-2474

February 10, 2011

RECEIVED
OFFICE OF THE CHANCELLOR
2011 FEB 22 PM 4:40
SOUTHERN UNIVERSITY
SYSTEM

VIA EMAIL AND HAND DELIVERY

Dr. Ronald Mason
President
Southern University System
J.S. Clark Administration Bldg.
Southern University
Baton Rouge, LA 70813

Re: London, England Study Abroad Tuition and Housing Increase Approval

Dear Dr. Mason:

This summer the Southern University Law Center will host its seventh summer study abroad program in London, England. Last summer we closed out our the summer term with an accreditation site visit from the American Bar Association, which resulted in our getting rave reviews and a reaffirmation of our summer abroad program for an additional six years. Each year the program has gotten larger with our top number of 49 students for last year's program.

The first five years of the program we partnered with City University of London, but had to hastily find new accommodations when City sold off its dormitory facilities. We were fortunate last year to find Queens College, University of London, in a position to meet our needs within the short time frame we had to search for a new partnering school. We thought it necessary, however, to upgrade our student accommodations in accordance with a survey of our program participants from last year. In that connection we surveyed several institutions in and around London, and found University College London (UCL), meeting all of the specifications we required to insure that we continue to have a quality, but affordable program.

Hence, the transition from Queens College to UCL will require us to increase our tuition per student by \$47.00 to \$3,414.00 and Housing by \$256.00 to \$2,436.00. This small increase still makes our program one of the most affordable of all of the programs in Europe. I therefore ask your approval and concurrence by the Southern University Board of Supervisors of this request.

With kind regards, I am

Sincerely,

Freddie Pitcher, Jr. (Judge Ret.)
Chancellor – SULC

Approved:

Dr. Ronald Mason
President - SUS

OVERVIEW

AFFORDABLE LONDON

- Six full weeks
- Six credit hours
- Six thousand two hundred dollars

Take a stroll down Chancery Lane and visit the Inns of Court. Savor the thousand-year-old roots of America's legal heritage. Take in a civil trial at the Royal Courts of Justice, or a criminal trial at the Central Criminal Court (the Old Bailey).

Sit in the visitors' gallery in the House of Lords. Watch Prime Minister David Cameron at work on the floor of the House of Commons. Meet your classmates for tea at the Law Society. Rub shoulders with barristers and solicitors at the Citty of Yorke, a London pub since 1430 that began primarily serving the legal profession in 1695.

According to Professor M. R. Franks, who is directing the program, most of these things will be possible at Southern University Law Center's seventh summer abroad, being held at University College London. The university's central location is at the very heart of London, with easy access to all of London's many attractions.

Total cost of the six-week program will run under \$6,200, not including meals, transport and incidentals. Tuition is \$3,414 for in-state students and out-of-state students alike. The private room at Schafer House will run \$2,436. There is an activity fee of \$350. Air transportation is not provided by the university, but should cost \$1,200 or less.

A \$25 non-refundable application fee is due with the application, which must be filed on or before 21 April 2011. A non-refundable deposit of \$350 is due six weeks after acceptance or 3 May 2011, whichever is earlier. Applications are available on line. The first fifty qualified applicants will be accepted, and students from all 191 law schools in the United States may apply, so be sure to apply early to guarantee you a place. Enrollment will be capped at fifty students.

Tuition does not include meals, books, air fare, residence hall rent, and bus or tube fare (including fare to and from destinations in Legal London). An estimate for air fare is \$1,200.

Students are offered dormitory rooms with private basin, clustered in groups of four surrounding baths and kitchen facilities. The total housing cost is \$2,436 (\$58 per day). All rooms are

single-occupancy. The residence hall has coin-operated laundry facilities. Students wishing to live off campus must obtain prior approval of the program director.

Food has not been included in the \$6,200 cost, as students would have to eat even if they stayed in the United States. A conservative estimate for food is \$1,500. (Food in London, like food in New York, costs more than it does in Baton Rouge!) No allowance has been made for entertainment, souvenir shopping, and transport or weekend trips to Paris, Dublin or Amsterdam. Exchange rates fluctuate and prices of air transportation and food are estimates only. Exchange rates are not guaranteed.

Professor Franks points out that this is a once-in-a-lifetime opportunity to spend six full weeks abroad: "After graduation, you will be busy studying for the bar, not seeing the world. After that, you'll have a regular job with two weeks of vacation each summer. Seeing Europe well on one of those two-week vacations is next to impossible. (The tour bus driver tells you, 'Over your left shoulder are the Royal Courts of Justice.' And that's about as close as you'll get.) Of course, you can always wait to see Europe when you retire at age 65."

Students will take two three-hour courses. In the 8:30 a.m. session, students will choose between "European Law" and "International Criminal Law." In the 10:30 session, students will choose between "Private International Law" (the international version of Conflict of Laws), and "Comparative Constitutional Law" (an internationalized version of American Constitutional Law on individual liberties, including some comparisons with other countries).

It is anticipated there will be an optional trip to Amsterdam and The Hague to visit the International Court of Justice and the International Criminal Court. All students, regardless of their course selections, will be eligible to make the optional trip.

Classes will meet each morning for four days a week, which will leave every single afternoon free for studying and getting to know London. There will be four 3½-day weekends and one 4½-day weekend, leaving ample time to see England or visit Scotland, Ireland, France, Spain, Italy, Germany or Greece.

Our residence in London, Schafer House is situated about five minutes' walk from UCL, just north of the Euston Road. The accommodation is arranged as self-contained flats, all with their own kitchen/dining area. Students have their own single rooms, each with its own computer data point, which are centrally heated, carpeted and each with a washbasin. There is a launderette, computer cluster room, TV lounge and a bicycle rack.

With kitchens accessible to all, students may choose to cook their own meals or dine out. Sainsbury's and Tesco have just about everything one can find at Kroger or Winn Dixie or HEB. Students can open tin cans, microwave frozen entrées, or do gourmet cooking, all at their pleasure. Economical breakfast and lunch are served at the university cafeteria, and many nearby pubs serve a hearty pub lunch. Sandwich shops are everywhere, and excellent sandwiches can be had at fair prices. Ethnic restaurants abound, and everything from Jamaican to Greek to Italian food is available. London has about 350 McDonalds to choose from, as well

as a large number of Burger Kings, Wendy's, Kentucky Fried Chicken, Pizza Hut, and Domino's.

Financial aid is available. Now is a good time for students to start planning financially. Passports are needed, and Professor Franks reminds us that now is a wise time to apply for one. Those who wait until the last minute to apply for a passport will be disappointed, as passports may take three months once the summer rush begins. It is absolutely impossible to travel to England without a passport. All you need to obtain a passport are your birth certificate and two passport-sized photos meeting Passport Office specifications. These can be obtained from AAA, FedEx Office (Kinko's) or most any professional photographer. Application for a first passport must be made in person. In Baton Rouge, applications are made at the postal facility on Bluebonnet. The New Orleans passport office keeps very limited hours by appointment only. If you already have a passport, check the renewal date now to make sure that your passport does not expire before February 2011. Some countries require six months' remaining validity for entry.

Professor Franks, as director of the summer-abroad program, says, "We'll see you in London this summer." Do contact him for further information to make that a reality for you.