

**BOARD OF SUPERVISORS FOR THE
UNIVERSITY OF LOUISIANA SYSTEM**

FINANCE COMMITTEE

October 22, 2020

- Item H.1.** **Louisiana Tech University's** request for approval to enter into an Affiliation Agreement with the Louisiana Tech Applied Research Corporation to provide applied research and contracting services for large contracts as well as support and facilities for classified contracts.

EXECUTIVE SUMMARY

Louisiana Tech University is requesting permission to enter into an Affiliation Agreement with the Louisiana Tech Applied Research Corporation (LTARC) subject to review and approval of Board staff and counsel. LTARC is a separate 501(c)3 nonprofit corporation with a separate governing board. The Affiliation Agreement will allow LTARC to provide research and contracting support services to the University on externally funded contracts, including contracts funded through the Department of Defense. Additionally, LTARC will provide services for University personnel engaging in classified work at the Secret and Top Secret levels for the Department of Defense. It is anticipated that faculty and researchers from various centers and colleges at the University, including the Louisiana Tech Applied Research Institute, will work on contracts serviced by LTARC and this Affiliation Agreement will enable those interactions to seamlessly occur.

RECOMMENDATION

It is recommended that the following resolution be adopted:

***NOW, THEREFORE, BE IT RESOLVED,** that the Board of Supervisors for the University of Louisiana System hereby approves Louisiana Tech University's request to execute an Affiliation Agreement with the Louisiana Tech Applied Research Corporation, subject to review and approval of Board staff and counsel.*



H.1.

LOUISIANA TECH
UNIVERSITY

OFFICE OF THE PRESIDENT

September 28, 2020

LADIES AND GENTLEMEN OF THE BOARD OF SUPERVISORS FOR THE UNIVERSITY OF LOUISIANA SYSTEM:

The University's research programs are supported by a broad range of federal, state, and industry grants and contract and is performed by faculty, staff and students from all of its academic and research units, including the Louisiana Tech Research Institute, which is a center within the University. The Louisiana Tech Applied Research Corporation ("LTARC") is a separate 501(c)(3) nonprofit corporation with its own governing board. Part of LTARC's mission is to support the advancement of the University. To that end, LTARC, through this Affiliation Agreement will act as the contracting entity for the University on externally funded contracts, including classified and unclassified contracts with the Department of Defense. Additionally, LTARC can provide University personnel facilities necessary to service classified contracts. LTARC will hold and service the contracts and flow contract funding to the University for all work performed and expenditures incurred by University personnel. This Affiliation Agreement will make these formal interactions between the University and LTARC more seamless.

The use of an applied research corporation for this function is well-established as evident in similar relationships between entities such as the Georgia Tech Applied Research Corporation, the Wright State Applied Research Corporation, and the Virginia Tech Applied Research Corporation and each of those entity's affiliated universities.

Louisiana Tech University requests permission to proceed with the execution of the attached Affiliation Agreement, subject to approval of Board Staff and Legal Counsel.

Sincerely,

Leslie K. Guice
President

AFFILIATION AGREEMENT

THIS AGREEMENT made and entered into this _____ day of _____
_____, 2020, by and between

LOUISIANA TECH UNIVERSITY
(herein called "University")

and the

LOUISIANA TECH APPLIED RESEARCH CORPORATION
(herein called "Affiliate");

RECITALS

WHEREAS, the University's research programs enhance knowledge and understanding of fundamental and applied problems, communicate new knowledge to society as a whole, and engage and train students to be life-long, independent learners and thinkers. University research is supported by a broad range of federal, state, and industry grants and contracts.

WHEREAS, the University manages its research through the Office of Sponsored Projects, the Office of Research and Innovation, and the Office of Research and Partnerships, subject to all applicable state and federal rules and regulations. The research of the University is based on research performed by faculty, staff, and students from all of its academic and research units including all colleges and centers, including the Louisiana Tech Research Institute ("LTRI"). The research of the University is focused primarily on basic research.

WHEREAS, Affiliate supports the University research enterprise primarily by acting as a contracting entity for the University and LTRI and it provides supplemental operational mechanisms necessary to fulfill the mission and vision directives of the University and its constituent units, thereby benefitting the University, the State, and the nation. As a 501(c)(3), Affiliate has a separate governing board of directors and follows the Office of Management and Budget (OMB) Uniform Guidance Super Circular and federal costing principles of OMB Circular A-122, whereas the University is subject to OMB Circular A-21.

WHEREAS, Affiliate's enabling documents and management practices are consistent with the University's purpose, mission, and procedures as defined in this Agreement and associated Standard Operating Procedures ("SOPs").

WHEREAS, Operationally, Affiliate provides applied research services to the University and LTRI that includes business development, total cost accounting and recovery, Federal Acquisition Regulations (FAR) based contracting support for large contracts, security support for classified contracts and facilities, and special facilities compliant with International Traffic in Arms Regulations (ITAR) to support ITAR performance based contracts. Affiliate is particularly focused on supporting research and development contracts from industry, federal, or state sponsors.

WHEREAS, Affiliate has established business and compliance procedures to ensure self-sufficiency and the highest levels of integrity.

WHEREAS, this Affiliate is often closely identified with the University, if not in fact, at least in the perception of citizens, alumni, and contracting entities of the University.

WHEREAS, Affiliate renders invaluable support and services to and works very closely with the University.

WHEREAS, Affiliate and the University recognize their mutual interest in guarding against even the appearance of impropriety in their activities.

WHEREAS, it is, therefore, prudent and beneficial for the University and this Affiliate to document clearly their relationship and their respective responsibilities and authority.

NOW, THEREFORE, recognizing the importance of an agreement between the parties on acceptable standards and procedures for the accounting and auditing of accounts of the Affiliate, while at the same time preserving the private and independent status of the Affiliate, the University and the Affiliate agree as follows:

ARTICLE I

The Affiliate's Relationship to the University

- 1.1. The Affiliate is a separately incorporated 501(c)(3) non-profit organization and shall engage in activities that conduct, promote, facilitate, encourage and aid scientific investigations, research, experiments, studies, education, training, and allied supportive services for the advancement of the mission of the University.
- 1.2. The Affiliate's board of directors is responsible for the control and management of all business and assets of the Affiliate.
- 1.3. The Affiliate is responsible for the performance and oversight of all aspects of its operations based on a comprehensive set of bylaws that clearly address the board's fiduciary responsibilities, including expectations of individual board members based upon ethical guidelines and policies.
- 1.4. The Affiliate shall not engage in activities contrary to the objective of providing support to the University. Nothing herein is intended to limit the ability of the Affiliate to expend funds on its behalf to achieve the mutual goals of the Affiliate and the University.

ARTICLE II

The University's Relationship to the Affiliate

- 2.1. The University President or his/her designee should communicate the university's priorities and long-term plans to the Affiliate. The chief executive of the Affiliate

should have regular, reasonable access to the University President or his/her designee and to other members of the President's senior administrative team for the purpose of being an active and prominent participant in strategic planning for the University.

- 2.2. The University recognizes that the Affiliate is a private corporation with the authority to keep all records and data confidential consistent with state and federal law, University policy or as mutually agreed-upon within this document.

ARTICLE III

Affiliate Responsibilities

3.1. Contracting Activity

- 3.1.1. Government and Industry Contracting. Affiliate will support the University research enterprise by developing new contracting opportunities with federal and state governments and the industrial community to enhance the University research mission and vision. Without limiting the scope of its performance, Affiliate will also assist the University with:

- a. Coordination with the University on assignment of research opportunities between the organizations with basic research primarily being managed through the University and LTRI and applied research primarily through Affiliate;
- b. Faculty involvement and compliance regarding the National Industrial Security Program (NISPO);
- c. Managing the execution of prime contracts, particularly those that include dealing with classified information or to which other information security controls apply, so that customers have a firewall between basic research conducted on campus and applied research requiring dissemination of classified materials;
- d. Maintenance and support of Technology Control and Assessment Plans to effectively engage the University academic expertise regardless of citizenship status, to the extent allowed by law, in the furtherance of basic science for contracts which include ITAR and the Export Administrative Regulations (EAR) control laws that affect the manufacturing, sales and distribution of technology while supplying secure IT and physical facilities to meet customer security protection requirements and end use goals.

- 3.2. In accordance with Article 7, Section 14 of the Louisiana Constitution, no funds or property of the University may be donated, loaned, or pledged to any Affiliate, unless the parties agree to a cooperative endeavor for a specific, defined project. In such an instance, the parties will enter into a cooperative endeavor agreement, which must be approved by the UL Board of Supervisors and, if applicable, the Division of Administration.

3.3. Affiliate Funding and Administration

- 3.3.1. The Affiliate has the right to use a reasonable percentage of the annual unrestricted funds and assess fees for services to support its operations, including but not limited to, recovering costs from contract funding through an established Facilities and Administrative Rate.
- 3.3.2. The Affiliate shall reimburse, either directly or through in-kind services, the cost of housing, personnel, which personnel shall remain public servants for all purposes, and other support furnished to the Affiliate by the University, if any, pursuant to R.S. 17:3390(B)(3). Reimbursement of any amounts due to the University shall be remitted within 90 days of the date of purchase or services rendered. Amounts payable to the University at June 30th shall be remitted within 30 days to allow the University to accomplish timely fiscal year-end accounting close-outs.
- 3.3.3. From time to time, Affiliate may hire independent contractors as consultants on Affiliate projects. These consultants will be hired through Affiliate's contracting process.
- 3.3.4. The University and Affiliate shall jointly adopt a set of standard operating procedures ("SOP") designed to implement the terms of this Agreement. Topics to be addressed in the SOP include, but are not limited to, human resource management, facilities management, industrial security, information technology, business development, contracting, grants, Affiliate services procurement, intellectual property and commercialization, procurement and capital asset acquisition, insurance, accounting and financial reporting, and legal compliance.
- 3.3.5. Affiliate may adopt further written policies and procedures designed to implement the terms of this Agreement and the SOP. Such policies and procedures shall at all times be consistent with this Agreement and the SOP, and University policies.
- 3.3.6. Under no circumstances shall any of the net earnings or assets of the Affiliate inure to or be distributed to the benefit of its directors, officers, or other private persons, except that the Affiliate shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the overall purpose of the Affiliate.
- 3.3.7. The Affiliate shall be responsible for establishing and implementing a system of controls that ensure compliance with all applicable laws and regulations, specifically including state and federal laws regarding the non-profit, tax-exempt status of the entity.

3.4. Approved Expenses

- 3.4.1. All disbursements by Affiliate for administrative and operating expenses shall be in accordance with policies adopted by its governing board previously or within 120 days of this agreement (if no such written policy exists). Such policies shall provide for sound and prudent business practices, the payment or reimbursement of ordinary,

necessary and reasonable business expenses, and the avoidance of conflicts-of-interests.

3.4.2. Any supplemental compensation and/or benefits for a University employee must be approved by the Board of Supervisors, upon recommendation of the University and System Presidents, before they are paid. Absent exceptional circumstances and approval by the System President, such compensation or benefits shall be paid through the University, not directly to the employee by the Affiliate. For purposes of this paragraph, supplemental compensation or benefits shall mean all compensation or benefits in addition to the base University compensation and benefits approved by the Board of Supervisors for duties performed for the University.

3.4.3. Reasonable travel, entertainment, educational benefits or reimbursements may be paid to a University employee (or authorized traveler, if applicable) in accordance with University policies and procedures. Payments may be made for such expenses within and above state limits when specifically approved by appropriate University administrators in accordance with University policy. Pending further specification of University policy, such expenses require approval of the employee's dean, vice president or other equivalent administrative official.

3.4.4. Reasonable moving or relocation expenses of a University employee may be paid only upon recommendation of the University President.

3.4.5. Any single payment of \$1,000 or more made to or on behalf of a university employee must be reported to the university on a quarterly basis. Supporting documentation must be made available to the university upon request.

3.5. Prohibited Expenses

3.5.1. Fines, forfeitures or penalties of a University employee may not be paid.

3.5.2. The Affiliate may not present gifts on behalf of a university employee nor reimburse university employees for gifts that are represented as having personally come from the employee.

3.5.3. Political contributions prohibited by applicable Internal Revenue Service Regulations or state laws and regulations may not be made or reimbursed. Accordingly, the Affiliate will not provide funds in any manner for university employees to endorse political parties or candidates, attend political fund-raisers, participate in lobbying activities, etc.

3.5.4. Any expense or reimbursement that would create, under all the circumstances, a reasonable conclusion on behalf of the Affiliate that the benefit to the individual University employee outweighs the benefit to the University may not be paid.

3.5.5. Any expense or reimbursement that would create, under all the circumstances, a

reasonable conclusion on behalf of the Affiliate that the amount is extravagant or lavish beyond the appropriate University purpose may not be paid. While not necessarily controlling, reference should be made to regulations adopted by the Internal Revenue Service in connection with allowed business expenses.

3.5.6. Funds shall not be disbursed in connection with contracts (or other agreements) between the Affiliate and a University employee unless justified in writing and with specificity demonstrating, among other justifications, that the proposed contractual duties with the Affiliate are not those which the employee should perform directly for the University. All such contracts must be approved by the University President in accordance with PPM FS-III.VII. The requirements of the *Louisiana Code of Governmental Ethics* must also be considered by the Affiliate if the University employee (or a related person) has an ownership interest in a legal entity with which the Affiliate is considering contracting.

3.5.7. Any expense or reimbursement request not described above as authorized (or through written joint amendment or clarification of this Agreement) shall not be paid to or on behalf of a University employee without specific recommendation of the University President.

3.6. Accounting System

3.6.1. Affiliate shall own and operate its own financial management systems that are compliant with the requirements of being a Certified Accounting System (CAS) for the execution of FAR contracts. Affiliate will use a system for its accounting and financial reporting that is compliant with the FAR and Defense Contract Audit Agency (DCAA) audit requirements.

3.6.2. Affiliate shall establish and maintain a reasonable accounting system with appropriate controls and reporting functions that enables the University to readily identify Affiliate's assets, liabilities, revenues, expenses, cost of goods, and use of funds. The University and its authorized representatives shall have the right to audit, to examine, and to make copies of or extracts from all financial and related records relating to or pertaining to this Agreement kept by or under the control of Affiliate. Such records shall include, but not be limited to, accounting records, written policies and procedures, cancelled checks, deposit slips, bank statements, journals, and supporting documentation, insurance documents, payroll documents, timesheets, memoranda, and correspondence except for information that Affiliate is bound by external contract or law to keep confidential.

3.6.3. Affiliate shall, at all times during the term of this Agreement and for a period of ten (10) years after completion of this Agreement, maintain such records, together with such supporting or underlying documents and materials. Such records shall be made available to the University during normal business hours at Affiliates's office or place of business and subject to a three (3) day written notice.

3.6.4. Affiliate shall use its best efforts to ensure the University has these rights with Affiliate's employees, agents, assigns, successors, and subcontractors.

3.6.5. The Affiliate's financial statements shall be audited annually in accordance with generally accepted auditing standards by an independent professional auditor who shall furnish to the University and the legislative auditor copies of his annual audit and management letter (including supplemental assurances) within six months of the Affiliate's fiscal year end. [R.S. 17:3390(D)(1)]. However, any information needed for the System's financial report must be provided to the university within 60 days of the fiscal year close. If the engaged CPA cannot issue the report timely, then the CPA is not meeting the terms of the contract, and should not be considered for selection in the next fiscal year.

3.6.8. For those affiliated organizations included in the ULS reporting entity, the audit engagement letter must be presented to the ULS System President for approval prior to the commencement of the audit.

- a. The Affiliate's engagement letter with the independent CPA will require that the auditor provide supplemental assurances that the Affiliate has complied with specific requirements of the Affiliation Agreement that will be determined by the University President.

3.7. The Board of Supervisors for the University of Louisiana System may, at any time, review all accounting records, files, and documentation of the Affiliate that pertain to payments made to or on behalf of university employees and/or university programs/projects. Notwithstanding the preceding requirements, classified or otherwise confidential records related to Affiliate's federal contracting activity shall be exempt and not available for disclosure.

- a. Should the Board of Supervisors determine that a more in-depth review or audit of the Affiliate's records is necessary, the Affiliate will be instructed to contract for agreed-upon procedures engagement with a CPA that is mutually acceptable to both the Affiliate and the Board. The ULS Board's Finance Committee Chairman will select the CPA to perform the engagement in the event that a CPA acceptable to both parties has not been identified within 60 days of the Board's initial written request for the agreed-upon procedures engagement.
- b. The Board's Finance Committee Chairman (or the System President, if so designated by the Board) will identify the agreed-upon procedures that will be performed and will approve the engagement agreement between the Affiliate and the CPA.

3.8. Intellectual Property

3.8.1. Affiliate agrees to provide such services as are required to protect and commercialize IP developed by Affiliate or jointly developed by the University. At University's request,

Affiliate will transfer any such IP to the Louisiana Tech Research Corporation for further commercialization or protection.

3.8.2. The Parties acknowledge that each is the recipient of research funding from external sponsors, including the federal and state government and private industry, and that such research funding is typically provided under grants or contracts that give the sponsor certain rights in any intellectual property developed using the funds provided. The Parties intend that their respective performances under this Agreement shall be consistent with all such rights of research sponsors. Accordingly, the Parties agree that this Agreement, and all rights created under or derived from it, shall be subject to the University's and Affiliate's existing and future grants and contracts with research sponsors and to any statutory or regulatory requirements, including, without limitation, the Bayh-Dole Act, as amended (codified at 35 U.S.C. §§ et seq.). The Parties resolve to work with one another in good faith to address any complications that might arise relative to such funding arrangements.

3.8.3. Each Party understands that any transfer of any intellectual property or other rights to the other Party under any agreement, including transfers to each Party's affiliates and permitted uses by certain third parties, may require a license from a cognizant agency of the United States Government and/or written assurances by the receiving Party that the receiving Party shall not transfer data or commodities to certain foreign countries without the prior approval of an appropriate agency of the United States Government.

ARTICLE IV

University Responsibilities

- 4.1. The University President will work in conjunction with the leadership of the Affiliate to identify, cultivate, and solicit prospects for sponsored research and related federal, state, and industry contracting and research opportunities.
- 4.2. The University shall accept funds from the Affiliate for the purpose of promoting the well-being and advancement of the University and to develop, expand, and improve the University's curricula, programs, and facilities so as to provide greater educational advantages and opportunities; encourage teaching, research, scholarship, and service; and increase the University's benefits to the citizens of the State of Louisiana and the United States of America.
- 4.3. The University shall use such funds and carry out research and contractual obligations in accordance with the terms and conditions as may be imposed by sponsors and/or contracting agencies, within the limits of the law and as agreed to by University.
- 4.4. The University and the Affiliate shall have open communication regarding both the application of the policies set forth herein and mechanisms that would allow each party to better accomplish their common goals. The University President will bring any recommendations that arise from such discussions to the University of Louisiana System President for further consideration.

ARTICLE V

Confidentiality

- 5.1. The Parties acknowledge that each may receive or have access to non-public information owned by or within the control of the other Party. The Parties agree that the use or disclosure of such information may be subject to a non-disclosure agreement to be executed by the Parties when appropriate.

ARTICLE VI

Security and Compliance

- 6.1. Affiliate to Maintain Secure Systems. Affiliate will establish separate email and other such collaborative technologies as required ensuring compliance with ITAR, EAR, and other security requirements as appropriate.
- 6.2. U.S. Laws and Regulations. Each Party understands that both Parties may be subject to the laws and regulations of the United States, including the export of technical data, computer software, laboratory prototypes and other commodities (including the Arms Export Control Act, as amended, the Export Administration Act of 1979, and the U.S. Patriot Act), and each Party's obligations hereunder are contingent upon compliance with all applicable laws and regulations, including those for export control.
- 6.3. Lobbying/Participating in Political Campaigns. Affiliate will comply with state and federal rules and regulations related to lobbying and political campaigns.

ARTICLE VII

Terms of the Affiliation Agreement

- 7.1. Term. This Agreement is effective for three (3) years or if terminated as set forth herein. The Agreement may be renewed for additional three (3) year terms by a signed writing by the Parties.
- 7.2. This Affiliation Agreement is intended to set forth policies and procedures that will contribute to the coordination of mutual activities of the University and the Affiliate.
- 7.3. Either party may, upon 90 days prior written notice to the other, terminate this agreement. Notwithstanding the foregoing, either party may terminate this agreement in the event the other party defaults in the performance of its obligations and fails to cure the default within a reasonable time after receiving written show cause notice.
- 7.4. Should the University choose to terminate this agreement, the Affiliate may require the University to pay, within 180 days of written notice, all debt incurred by the Affiliate on the University's behalf including, but not limited to, lease payments, advanced funds, and funds borrowed for specific initiatives. Should the Affiliate choose to terminate this agreement, the University may require the Affiliate to pay

debt it holds on behalf of the Affiliate in like manner.

- 7.5. Should the University choose to terminate this agreement, the agreement shall continue in full force and effect until receipt by the Affiliate of the notice of termination, and any transactions entered into by the Affiliate prior to the receipt of such notice shall be binding upon the University. In such case, the Affiliate shall be prohibited from using the University's name to solicit sponsored research or for any other purpose and shall not in any way represent to alumni, contributors, or the general public that said Affiliate is affiliated with the University.
- 7.6. Should any substantial misuse of funds or fraudulent activity on the part of the Affiliate be discovered, the University may, at its discretion, immediately terminate this agreement. In such case, the Affiliate shall be prohibited from using the University's name to solicit sponsored research or for any other purpose and shall not in any way represent to alumni, contributors, or the general public that said Affiliate is affiliated with the University.
- 7.7. Should the Affiliate cease to exist, fail to maintain an affiliation agreement with the University, or the affiliation agreement is terminated by either party, all Affiliate funds will become the property of the University or other University-affiliated organizations approved by the University in accordance with donor intent. The Affiliate will remit the funds to the University or to another Affiliate approved by the University using the timeline or schedule of transfers to be provided by the University.
- 7.8. Nothing in this Agreement shall be construed as to invalidate or restrict the Affiliate's private and independent status.
- 7.9. No Authority to Bind. Nothing in this Agreement shall be interpreted as creating a relationship of agent, partnership, joint venture, profit-sharing, association or similar relationship between the Parties. The Parties are independent contractors in relation to one another. Neither Party shall have the authority to expend or commit to expend funds of the other Party or enter into any binding legal agreement of any type on behalf of the other Party, except as may be expressly authorized in writing by the Party to be bound thereby.
- 7.10. No Third-Party Beneficiaries. The parties do not intend the benefits of this Agreement to inure to any third person. The Agreement shall not be construed as a stipulation pour autrui or as creating any right, claim, or cause of action against any party by any person or entity not a party to this Agreement.
- 7.11. Severability. If any provision of this Agreement is determined to be illegal or unenforceable by a court of competent jurisdiction, the other provisions shall remain in full force and effect.
- 7.12. Indemnification. To the extent permitted by law, and except to the extent caused by the negligent acts or omissions of the University or its officers, employees, agents,

students, or assigns, Affiliate agrees to defend, indemnify and hold harmless the University from liability arising from any loss, claim, or damage (including reasonable attorney's fees) arising from the negligent acts or omissions of Affiliate or its directors, trustees, officers, agents, or assigns or University employees supporting Affiliate operations.

- 7.13. Whenever any notice or demand is required or permitted under this Agreement, such notice or demand shall be given in writing and delivered in person or by certified mail to the following addresses:

University: _____

Affiliate: _____

- 7.14. This agreement constitutes the entire agreement between the parties and shall be amended in writing, executed by all parties hereto.

IN WITNESS WHEREOF, the parties have caused this Affiliation Agreement to be executed by their duly authorized officers as of the day and date first above written.

WITNESSES

LOUISIANA TECH UNIVERSITY

Dr. Leslie K. Guice, President

WITNESSES

LOUISIANA TECH APPLIED RESEARCH
CORPORATION

Mr. Robert Cockrell, Chairman of the Board

**BOARD OF SUPERVISORS FOR THE
UNIVERSITY OF LOUISIANA SYSTEM**

FINANCE COMMITTEE

October 22, 2020

Item H.2. **University of New Orleans'** request for approval of a resolution granting authority for the issuance of Board of Supervisors for the University of Louisiana System Revenue Bonds not to exceed \$8 million (University of New Orleans Project).

EXECUTIVE SUMMARY

The University is in the process of acquiring and implementing cloud-based enterprise resource planning software. Because of the cost of the software, the University desires to finance the acquisition of the software through the issuance of Revenue Bonds. The University is requesting that the Board of Supervisors for the University of Louisiana System, acting on behalf of the University (the "*Board*"), issue its not to exceed \$8,000,000 Revenue Bonds (University of New Orleans Project), in one or more series (the "*Bonds*") for the purpose of (i) providing funds to finance the acquisition of cloud-based enterprise resource planning software (the "*ERP Software*"); (ii) funding a debt service reserve fund, if necessary, and (iii) paying the costs of issuance of the Bonds (collectively, the "*Project*").

Annual debt service for the proposed Bonds will be secured and payable from the University's Pledged Revenues, which will be defined in the Bond Resolution as follows:

"Pledged Revenues" means (1) all revenue derived by the University from the levy and collection of the Facilities Use and Maintenance Fee; (2) all revenue derived by the University from the levy and collection of the Building Use Fee; (3) all revenue derived by the University from the levy and collection of the Student Health Services Fee. "Facilities Use and Maintenance Fee" means that certain facilities use and maintenance fee instituted by resolution adopted by the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College dated December 4, 1971, as increased pursuant to the authority of La. R.S. 17:3351.7, as amended, the revenues of which are authorized to be used for the purpose of the construction, enlargement, remodeling, equipping, and furnishing of buildings (including the provision of software associated therewith), utilities and land improvements on the campus of the University. "Building Use Fee" means that certain building use fee authorized to be levied by the Board and collected by the University pursuant to La. R.S. 17:3351.19, as amended, the revenues of which are authorized to be used to construct, acquire, repair, maintain, operate, or improve the facilities and physical infrastructure of the University. "Student Health Services Fee" means that certain student health services fee approved by referendum of the students of the University in May of 1989, the revenues of which are authorized to be used to improve health services available to students of the University.

The Board and University have not and will not pledge its full faith and credit or State appropriated funds to make any debt service payments on the Bonds.

RECOMMENDATION

It is recommended that the following resolution be adopted:

NOW, THEREFORE, BE IT RESOLVED, that the Board of Supervisors for the University of Louisiana System hereby authorizes the issuance of not to exceed \$8,000,000 Board of Supervisors for the University of Louisiana System Revenue Bonds (University of New Orleans Project), in one or more series, for the purposes of financing the Project.

BE IT FURTHER RESOLVED, that the University of New Orleans shall obtain final review from UL System staff and legal counsel to the Board, and shall secure all other appropriate approvals from agencies/parties of processes, documents, and administrative requirements prior to execution of documents.

BE IT FURTHER RESOLVED, that the President of the University of Louisiana System, and his or her designee, and the President of the University of New Orleans, and his or her designee, are hereby authorized and directed to execute any and all documents necessary in connection with the issuance of the bonds described herein.

AND FURTHER, that the University of New Orleans will provide the System office with copies of all final executed documents for the Board's files.

BOARD OF SUPERVISORS FOR THE UNIVERSITY OF LOUISIANA SYSTEM

RESOLUTION

A RESOLUTION GRANTING AUTHORITY FOR THE ISSUANCE OF NOT TO EXCEED EIGHT MILLION DOLLARS (\$8,000,000) BOARD OF SUPERVISORS FOR THE UNIVERSITY OF LOUISIANA SYSTEM REVENUE BONDS (UNIVERSITY OF NEW ORLEANS PROJECT), IN ONE OR MORE SERIES; ADOPTING A FORM OF NOTICE OF INTENT TO ISSUE BONDS; MAKING APPLICATION TO THE STATE BOND COMMISSION; AUTHORIZING THE EXECUTION AND DELIVERY OF A BOND PURCHASE AGREEMENT AND CERTAIN FINANCING DOCUMENTS REQUIRED FOR THE ISSUANCE OF THE BONDS; AND OTHERWISE PROVIDING WITH RESPECT THERETO.

WHEREAS, the Board of Supervisors (the “*Board*”) for the University of Louisiana System (the “*System*”) is authorized pursuant to Section 3351(A)(4) of Title 17 of the Louisiana Revised Statutes of 1950, as amended, and Article VII, Section 6(C), Article VII, Section 8 and Article VIII, Section 6 of the Louisiana Constitution of 1974 (collectively, the “*Act*”), and other constitutional and statutory authority supplemental thereto, to issue bonds and to pledge revenues to guarantee the payment thereof;

WHEREAS, the Board now desires to authorize the incurrence of debt and the issuance of its Revenue Bonds (University of New Orleans Project), in one or more series, in an aggregate principal amount of not to exceed Eight Million Dollars (\$8,000,000) (the “*Bonds*”) in the manner authorized and provided by the Act for the purpose of, together with other moneys of the Board available therefor, if any: (i) providing funds to finance the acquisition of cloud based enterprise resource planning software (the “*ERP Software*”); (ii) funding a debt service reserve fund, if necessary, and (iii) paying the costs of issuance of the Bonds (collectively, the “*Project*”);

WHEREAS, in connection with the issuance of the Bonds, the Board desires to authorize the filing of an application with the Louisiana State Bond Commission requesting approval of the issuance and sale of the Bonds in accordance with the Act; and

WHEREAS, the Board desires to employ certain professionals in connection with the issuance of the Bonds.

NOW, THEREFORE, BE IT RESOLVED by the Board of Supervisors for the University of Louisiana System, as follows:

SECTION 1. The facts recited in the preamble to this resolution are found to be true and correct and are specifically and affirmatively adopted by the Board as resolutions of the Board.

SECTION 2. For the purpose of providing funds to finance the acquisition of the ERP System, fund a debt service reserve fund, if necessary and pay the costs of issuance of the Bonds, the Board hereby authorizes the issuance of not to exceed Eight Million Dollars (\$8,000,000) of its Revenue Bonds (University of New Orleans Project) in one or more series. The Bonds shall bear interest at a taxable or tax-exempt fixed rate not to exceed five percent (5.00%) per annum, maturing no later than 20 years from their date of issuance. The acceptance of an offer for the sale of the Bonds and the further details of the Bonds shall be established by the bond resolution to be adopted by the Board.

SECTION 3. The Bonds shall be secured by and payable solely from revenue derived by the University from Pledged Revenues defined as follows:

“Pledged Revenues” means (1) all revenue derived by the University from the levy and collection of the Facilities Use and Maintenance Fee; (2) all revenue derived by the University from the levy and collection of the Building Use Fee; (3) all revenue derived by the University from the levy and collection of the Student Health Services Fee. “Facilities Use and Maintenance Fee” means that certain facilities use and maintenance fee instituted by resolution adopted by the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College dated December 4, 1971, as increased pursuant to the authority of La. R.S. 17:3351.7, as amended, the revenues of which are authorized to be used for the purpose of the construction, enlargement, remodeling, equipping and furnishing of buildings (including the provision of software associated therewith), utilities and land improvements on the campus of the University. “Building Use Fee” means that certain building use fee authorized to be levied by the Board and collected by the University pursuant to La. R.S. 17:3351.19, as amended, the revenues of which are authorized to be used to construct, acquire, repair, maintain, operate, or improve the facilities and physical infrastructure of the University. “Student Health Services Fee” means that certain student health services fee approved by referendum of the students of the University in May of 1989 the revenues of which are authorized to be used to improve health services available to students of the University.

SECTION 4. The form of the Notice of Intent to Issue Bonds attached hereto as Exhibit A is hereby approved with such changes as may be approved by Bond Counsel and counsel to the Board. The Notice of Intent and this resolution (the “*Resolution*”) shall be published in *The Advocate*, Baton Rouge, Louisiana, being the official journal of the State, as provided by the Act. For a period of thirty (30) days from the date of publication of the Notice of Intent and this Resolution, any persons in interest shall have the right to contest the legality of this Resolution and the legality of the issuance of the Bonds for any cause, after which time no one shall have any cause or right of action to contest the legality of this Resolution or of any resolution providing for the issuance of the Bonds for any cause whatsoever. If no suit, action or proceeding is begun contesting the validity of the issuance of the Bonds within the prescribed thirty (30) days, the authority to issue the Bonds and to provide for the payment and security thereof, and the legality thereof and all of the provisions of this Resolution authorizing the issuance of the Bonds shall be conclusively presumed, and no court shall have the authority to inquire into such matters.

SECTION 5. The Board hereby employs the investment banking firm of Raymond James & Associates, Inc. to serve as Placement Agent or Underwriter in connection with the issuance of the Bonds.

SECTION 6. It is recognized, found and determined that a real necessity exists for the employment of Bond Counsel in connection with the issuance of the Bonds and accordingly, Jones Walker LLP, Baton Rouge, Louisiana, is hereby employed as Bond Counsel to the Board to do and to perform comprehensive, legal and coordinate professional work with respect to the issuance and sale of the bonds. Bond Counsel shall (i) prepare and submit to the Board for adoption all of the proceedings incidental to the authorization, issuance, sale and delivery of the Bonds, (ii) counsel and advise the Board with respect to the issuance and sale of the Bonds, and (iii) furnish its opinion covering the legality of the issuance thereof. The fee for bond counsel services to be paid Bond Counsel from Bond proceeds shall be an amount not to exceed the Attorney General’s then current Bond Counsel Fee Schedule and other guidelines for comprehensive, legal and coordinate professional work in the issuance of revenue bonds applied to the actual aggregate principal amount issued, sold, delivered and paid for at the time such Bonds are delivered, together with the reimbursement of out-of-pocket expenses incurred and advanced in connection with the issuance of the Bonds, said fee to be payable out of Bond proceeds subject to the Attorney General’s written approval of said employment and fee as required by the Act.

SECTION 7. It is recognized and agreed that a real necessity exists for the employment of a registered municipal advisor to the Board in connection with the issuance of the Bonds and accordingly Sisung Securities Corporation, New Orleans Louisiana, is hereby employed for such purposes

SECTION 8. The Board does hereby authorize the filing of an application with the Louisiana State Bond Commission requesting approval of the issuance of the Bonds. By virtue of applicant/issuer's application for, acceptance and utilization of the benefits of the Louisiana State Bond Commission's approval(s) resolved and set forth herein, it resolves that it understands and agrees that such approval(s) are expressly conditioned upon, and it further resolves that it understands, agrees and binds itself, its successors and assigns to, full and continuing compliance with the "State Bond Commission Policy on Approval of Proposed Use of Swaps, or other forms of Derivative Products Hedges, Etc.", adopted by the Commission on July 20, 2006, as to the borrowing(s) and other matter(s) subject to the approval(s), including subsequent application and approval under said Policy of the implementation or use of any swap(s).

SECTION 9. The Bonds may be sold and purchased pursuant to the terms of the Bond Purchase Agreement to be entered into by and between the Board and Raymond James & Associates, Inc., which will provide for the sale of the Bonds by the Board to the Raymond James & Associates, Inc. and which will be in such form as may be approved by Bond Counsel and counsel to the Board. The use and distribution of a Preliminary Official Statement is hereby approved in such form as may be approved by Bond Counsel and counsel to the Board.

SECTION 10. Any of the President of the University, the Chairman of the Board, Vice Chairman of the Board or the System President, or their designee (each an "*Authorized Officer*"), is hereby authorized to do all things necessary, on the advice of Bond Counsel and counsel to the Board, to effectuate and implement this Resolution, including the publications as required by the Act.

SECTION 11. This Resolution does hereby incorporate by reference as though fully set out herein the provisions and requirements of the Act.

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SECTION 12. This Resolution is effective immediately upon adoption.

Whereupon the resolution was adopted this 22nd day of October, 2020 as follows:

<u>Member</u>	<u>Yea</u>	<u>Nay</u>	<u>Absent</u>	<u>Abstaining</u>
Mark Romero, Chair				
James Carter, Vice Chair				
Elizabeth Pierre				
Olivia Bailey				
Jimmy Clarke				
John Condos				
Edward J. Crawford, III				
Lola Dunahoe				
Pamela Egan				
Thomas Kitchen				
Mimi Methvin				
Shawn Murphy				
Alejandro “Al” Perkins				
Virgil Robinson				
Kristine Russell				
Joe Salter				

(Other items not pertinent hereto are omitted)

Upon motion duly made, seconded and unanimously carried, the meeting was adjourned.

Certified to be a true copy.

Secretary

STATE OF LOUISIANA

PARISH OF EAST BATON ROUGE

I, the undersigned Assistant to the Board, on behalf of the Board of Supervisors for the University of Louisiana System (the “*Board*”), do hereby certify that the foregoing constitutes a true and correct copy of a resolution adopted by the Board on October 22, 2020, entitled:

A RESOLUTION GRANTING AUTHORITY FOR THE ISSUANCE OF NOT TO EXCEED EIGHT MILLION DOLLARS (\$8,000,000) BOARD OF SUPERVISORS FOR THE UNIVERSITY OF LOUISIANA SYSTEM REVENUE BONDS (UNIVERSITY OF NEW ORLEANS PROJECT), IN ONE OR MORE SERIES; ADOPTING A FORM OF NOTICE OF INTENT TO ISSUE BONDS; MAKING APPLICATION TO THE STATE BOND COMMISSION; AUTHORIZING THE EXECUTION AND DELIVERY OF A BOND PURCHASE AGREEMENT AND CERTAIN FINANCING DOCUMENTS REQUIRED FOR THE ISSUANCE OF THE BONDS; AND OTHERWISE PROVIDING WITH RESPECT THERETO.

which resolution was duly adopted by the Board; at a meeting duly called, noticed and held and at which meeting a quorum was present and voting.

IN FAITH WHEREOF, witness my official signature and the impress of the official seal of said Board on this the 22ND day of October, 2020.

Name: Carol Slaght
Title: Assistant to the Board

EXHIBIT A

FORM OF NOTICE OF INTENTION TO ISSUE BONDS

Notice is hereby given that pursuant to Section 3351(A)(4) of Title 17 of the Louisiana Revised Statutes of 1950, as amended, and Article VII, Section 6(C), Article VII, Section 8 and Article VIII, Section 6 of the Louisiana Constitution of 1974, the Board of Supervisors for the University of Louisiana System (the “*Board*”) intends, pursuant to a resolution adopted October 22, 2020 (the “*Resolution*”) to issue not to exceed \$8,000,000 of its Revenue Bonds (University of New Orleans Project) in one or more series (the “*Bonds*”) for the purpose of providing funds to (i) finance the acquisition of cloud based enterprise resource planning software (the “*ERP System*”); (ii) fund a debt service reserve fund, if necessary, and (iii) pay the costs of issuance of the Bonds. The Bonds will not constitute a general obligation or indebtedness or pledge of the general credit of the State of Louisiana (the “*State*”), the Board, the University, or any other entity within the meaning of any constitutional or statutory provision relating to the incurring of indebtedness. The Bonds are payable solely from Pledged Revenues, defined as follows:

“Pledged Revenues” means (1) all revenue derived by the University from the levy and collection of the Facilities Use and Maintenance Fee; (2) all revenue derived by the University from the levy and collection of the Building Use Fee; (3) all revenue derived by the University from the levy and collection of the Student Health Services Fee. “Facilities Use and Maintenance Fee” means that certain facilities use and maintenance fee instituted by resolution adopted by the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College dated December 4, 1971, as increased pursuant to the authority of La. R.S. 17:3351.7, as amended, the revenues of which are authorized to be used for the purpose of the construction, enlargement, remodeling, equipping and furnishing of buildings (including the provision of software associated therewith), utilities and land improvements on the campus of the University. “Building Use Fee” means that certain building use fee authorized to be levied by the Board and collected by the University pursuant to La. R.S. 17:3351.19, as amended, the revenues of which are authorized to be used to construct, acquire, repair, maintain, operate, or improve the facilities and physical infrastructure of the University. “Student Health Services Fee” means that certain student health services fee approved by referendum of the students of the University in May of 1989 the revenues of which are authorized to be used to improve health services available to students of the University.

The Bonds upon original issuance will be dated; will be in fully registered form; will be of the denomination; will mature no later than 20 years; bear interest on such dates at an interest rate not exceed five percent (5.00%) per annum; shall be subject to redemption prior to maturity; and be subject to such other terms and conditions all as set forth in a bond resolution of the Board and in the purchase agreement for the Bonds to be adopted providing for such details.

At the election of the Board, the Bonds may be registered in book entry only form as provided in the bond resolution, in which event, the provisions governing the book entry only system shall apply to the Bonds.

Article VII, Section 8 of the Louisiana Constitution of 1974 provides that after 30 days from the date of publication of notice of intention to issue bonds, such bonds shall be conclusively presumed to be legal and no court shall have authority to inquire into the provisions and proceedings relating to the authorization and issuance of said bonds. Said constitutional provision further provides that bonds of the State shall not be invalid because of any irregularity or defect in the proceedings or in the issuance and sale thereof and shall be incontestable in the hands of a bona fide purchaser or holder.

The Resolution adopted by the Board on October 22, 2020 is available for inspection at the Office of the Board, 1201 N. Third St., Suite 7-300, Baton Rouge, Louisiana, between the hours of 8:00 a.m. and 4:30 p.m. on weekdays.

* * * * *

**BOARD OF SUPERVISORS FOR THE
UNIVERSITY OF LOUISIANA SYSTEM**

FINANCE COMMITTEE

October 22, 2020

Item H.3. **University of Louisiana System's** request for acceptance of revised Internal Audit Charters for (a) Grambling State University, (b) Louisiana Tech University, (c) Nicholls State University, (d) Northwestern State University, (e) Southeastern Louisiana University, (f) University of Louisiana at Monroe, (g) University of Louisiana System, and (h) University of New Orleans.

EXECUTIVE SUMMARY

The Internal Audit Charters set forth the purpose, authority, and responsibility of the internal audit activity for the University of Louisiana System and its individual campuses. The Charters have now been modified to reflect compliance with mandatory guidance of the International Professional Practices Framework. Specific updates were made to eliminate the reference to having an External Validation conducted by July 31, 2020, and changing to every five years as required by the Standards for the Professional Practice of Internal Auditing.

RECOMMENDATION

It is recommended that the following resolution be adopted:

***NOW, THEREFORE, BE IT RESOLVED,** that the Board of Supervisors for the University of Louisiana System hereby approves University of Louisiana System's request for acceptance of revised Internal Audit Charters for (a) Grambling State University, (b) Louisiana Tech University, (c) Nicholls State University, (d) Northwestern State University, (e) Southeastern Louisiana University, (f) University of Louisiana at Monroe, (g) University of Louisiana System, and (h) University of New Orleans.*

GSU OFFICE OF INTERNAL AUDIT – AUDIT MANUAL

Section: 1000

Subject: Purpose Authority, and Responsibility

**GRAMBLING STATE UNIVERSITY
INTERNAL AUDIT ACTIVITY CHARTER**

This charter sets forth the purpose, mission, objectives, authority, and responsibility of the internal audit activity at Grambling State University. The charter establishes the internal audit activity's position within the University; authorizes access to records, personnel, and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities.

Purpose and Mission

The purpose of the University's internal audit activity is to provide independent, objective assurance and consulting services designed to add value and improve the University's operations. The mission of internal audit is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight. The internal audit activity helps the University accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes. The internal audit activity is guided by a value-driven philosophy of partnering with other departmental units to continuously improve the operations of the University.

Standards for the Professional Practice of Internal Auditing

The internal audit activity will govern itself by adherence to the *Mandatory Guidance* of the Institute of Internal Auditors' International Professional Practices Framework, including the International Standards for the Professional Practice of Internal Auditing and the Code of Ethics. The Director of Internal Audit (Chief Audit Executive) will report periodically to the University President and, through the System Director of Internal & External Audit, to the Board of Supervisors of the University of Louisiana System (Board) regarding the internal audit activity's conformance to the Code of Ethics and the Standards.

Authority

The University's internal audit activity is established by the Board. The internal audit activity's responsibilities are defined by the Board as part of their oversight role. The Director of Internal Audit will report administratively (i.e., day-to-day operations) to the President of the University and functionally to the Board, through the System Director of Internal & External Audit and the Finance Committee. To establish, maintain, and assure that University's internal audit activity has sufficient authority to fulfill its duties, the Board of Supervisors will:

- Approve the internal audit activity's charter.
- Approve the risk based internal audit plan.
- Approve the internal audit activity's budget and resource plan.
- Receive communications from the Director of Internal Audit on the internal audit activity's performance relative to its plan and other matters.
- Approve decisions regarding the appointment and removal of the Director of Internal Audit.
- Approve the salary of the Director of Internal Audit.
- Make appropriate inquiries of management and the Director of Internal Audit to determine whether there is inappropriate scope or resource limitations.

GSU OFFICE OF INTERNAL AUDIT – AUDIT MANUAL

Section: 1000

Subject: Purpose Authority, and Responsibility

The Director of Internal Audit will have unrestricted access to, and communicate and interact directly with the System Director of Internal & External Audit, the Finance Committee of the Board of Supervisors, and the Board of Supervisors, including in private meetings without management present.

The Board of Supervisors authorizes the internal audit activity to:

- Have full, free, and unrestricted access to all functions, records, property, and personnel pertinent to carrying out any engagement, subject to accountability for confidentiality and safeguarding of records and information.
- Audit or review any function, activity, or unit of the University and the accounts of all organizations required to submit financial statements to the University.
- Have direct and unrestricted access and present to the President of the University any matter considered to be of sufficient importance to warrant attention or that has been brought to the internal audit activity for review.
- Allocate resources, set frequencies, select subjects, determine scopes of work, and apply the techniques required to accomplish audit objectives.
- Obtain the necessary assistance of personnel of the University where they perform audits, as well as other specialized services from within or outside the University, in order to complete the engagement.

Independence and Objectivity

The Director of Internal Audit will ensure that the internal audit activity remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of audit selection, scope, procedures, frequency, timing, and report content. If the Director of Internal Audit determines that independence or objectivity may be impaired in fact or appearance, the details of impairment will be disclosed to appropriate parties.

Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively and in such a manner that they believe in their work product, that no quality compromises are made, and that they do not subordinate their judgment on audit matters to others.

Internal auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, internal auditors will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair their judgment, including:

- Assessing specific operations for which they had responsibility within the previous year.
- Performing any operational duties for the University or its affiliates.
- Initiating or approving transactions external to the Department of Internal Audit.
- Directing the activities of any University employee not employed by the internal audit activity, except to the extent that such employees have been appropriately assigned to auditing teams or to otherwise assist internal auditors.

GSU OFFICE OF INTERNAL AUDIT – AUDIT MANUAL

Section: 1000

Subject: Purpose Authority, and Responsibility

To provide for the independence of the internal audit activity, its personnel will report to the University's Director of Internal Audit, who reports functionally to the Board of Supervisors through the System Director of Internal & External Audit and administratively to the President of the University. The University President has authority to handle all personnel matters regarding Internal Audit. Therefore, internal audits and appraisals do not in any way substitute for nor relieve other persons in the University of the responsibilities assigned to them.

Where the Director of Internal Audit has or is expected to have roles and/or responsibilities that fall outside of internal auditing, safeguards will be established to limit impairments to independence or objectivity. Internal auditors will:

- Disclose any impairment of independence or objectivity, in fact or appearance, to appropriate parties.
- Exhibit professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined.
- Make balanced assessments of all available and relevant facts and circumstances.
- Take necessary precautions to avoid being unduly influenced by their own interests or by others in forming judgments.

At least annually, the Director of Internal Audit will confirm to the University President and, through the System Director of Internal & External Audit, the Board of Supervisors of the University of Louisiana System the organizational independence of the internal audit activity. The Director of Internal Audit will also disclose to those parties any interference and related implications in determining the scope of internal auditing, performing work, and/or communicating results.

Scope of Internal Audit Activities

The scope of internal audit activities encompasses, but is not limited to, objective examinations of evidence for the purpose of providing independent assessments to the Board, management, and outside parties on the adequacy and effectiveness of governance, risk management, and control processes for the University. Internal audit assessments include evaluating whether:

- Risks relating to the achievement of the University's strategic objectives are appropriately identified and managed.
- The actions of the University's officers, executive management, directors, managers, employees, and contractors are in compliance with the University's policies, procedures, and applicable laws, regulations, and governance standards.
- The results of operations or programs are consistent with established goals and objectives.
- Operations or programs are being carried out effectively and efficiently.
- Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact the University.
- Information and the means used to identify, measure, analyze, classify, and report such information are reliable and have integrity.
- Resources and assets are acquired economically, used efficiently, and protected adequately.

GSU OFFICE OF INTERNAL AUDIT – AUDIT MANUAL

Section: 1000

Subject: Purpose Authority, and Responsibility

The Chief Audit Executive will report periodically to senior management and the Board regarding:

- The internal audit activity's purpose, authority, and responsibility.
- The internal audit activity's plan and performance relative to its plan.
- The internal audit activity's conformance with the IIA's Code of Ethics and Standards, and action plans to address any significant conformance issues.
- Significant risk exposures and control issues, including fraud risks, governance issues, and other matters requiring the attention of, or requested by, the Board.
- Results of audit engagements or other activities.
- Resource requirements.
- Any response to risk by management that may be unacceptable to the University.

The Chief Audit Executive also coordinates activities, where possible, and considers relying upon the work of other internal and external assurance and consulting service providers as needed. The internal audit activity may perform advisory and related client service activities, the nature and scope of which will be agreed with the client, provided the internal audit activity does not assume management responsibility.

Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during engagements. These opportunities will be communicated to the appropriate level of management.

Responsibility

The Chief Audit Executive has the responsibility to:

- Annually develop and submit to senior management and the Board a risk-based internal audit plan for review and approval. The flexible annual audit plan (summary of the audit work schedule, staffing plan, and time budget) will be developed based on internal audit's assessment of risk with input from management regarding areas of concern and areas of increased risk.
- Communicate to senior management and the Board the impact of resource limitations on the internal audit plan.
- Review and adjust the annual internal audit plan, as necessary, in response to changes in the University's business, risks, operations, programs, systems, and controls.
- Communicate to senior management and the Board any significant interim changes to the internal audit plan.
- Ensure each engagement of the internal audit plan is executed, including the establishment of objectives and scope, the assignment of appropriate and adequately supervised resources, the documentation of work programs and testing results, and the communication of engagement results with applicable conclusions and recommendations to appropriate parties.
- Follow up on engagement findings and corrective actions, and report periodically to senior management and the Board any corrective actions not effectively implemented.

GSU OFFICE OF INTERNAL AUDIT – AUDIT MANUAL

Section: 1000

Subject: Purpose Authority, and Responsibility

- Ensure the principles of integrity, objectivity, confidentiality, and competency are applied and upheld.
- Ensure the Office of Internal Audit collectively possesses or obtains the knowledge, skills, and other competencies needed to meet the requirements of the internal audit charter.
- Establish a Quality Assurance and Improvement Program by which the Chief Audit Executive assures the operations of internal auditing activities are acceptable.
- Perform consulting services, beyond internal auditing's assurance services, to assist management in meeting its objectives.
- Ensure trends and emerging issues that could impact the University are considered and communicated to senior management and the Board as appropriate.
- Ensure emerging trends and successful practices in internal auditing are considered.
- Evaluate and assess significant merging/consolidating functions and new or changing services, processes, operations, and control processes coincident with their development, implementation, and/or expansion.
- Assist in the investigation of significant suspected fraudulent activities within the University and notify management and the finance committee of the results.
- Consider the scope of work of the external auditors and regulators, as appropriate, for the purpose of providing optimal audit coverage.
- Establish and ensure adherence to policies and procedures designed to guide the internal audit department.
- Ensure adherence to the University's relevant policies and procedures, unless such policies and procedures conflict with the internal audit charter. Any such conflicts will be resolved or otherwise communicated to senior management and the Board.
- Submit written and timely reports to the President of the University and appropriate members of management at the conclusion of each engagement to acknowledge satisfactory performance or to set forth observations and/or recommendations for correction or improvement.
- Forward a copy of each internal audit report and a summary to the System's Director of Internal & External Audit.
- Ensure conformance of the internal audit department with the Standards, with the following qualifications:
 - If the internal audit department is prohibited by law or regulation from conformance with certain parts of the Standards, the Chief Audit Executive will ensure appropriate disclosures and will ensure conformance with all other parts of the Standards.
 - If the Standards are used in conjunction with requirements issued by other authoritative bodies (e.g., AICPA, GAO, etc.) the Chief Audit Executive will ensure that the internal audit department conforms with the Standards, even if the internal audit department also conforms with the more restrictive requirements of other authoritative bodies.

GSU OFFICE OF INTERNAL AUDIT – AUDIT MANUAL

Section: 1000

Subject: Purpose Authority, and Responsibility

Quality Assurance and Improvement Program

The internal audit activity will maintain a Quality Assurance and Improvement Program (program) that covers all aspects of the internal audit activity. The program is detailed in the Audit Manual of the University's Office of Internal Audit. The program will include an evaluation of the internal audit activity's conformance with the Standards and an evaluation of whether internal auditors apply the IIA's Code of Ethics. The program will also assess the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement. The program will include both internal and external assessments. The internal assessments will include ongoing monitoring of the performance of the internal audit activity and periodic self-assessments. The IIA Standards and Act 314 of the 2015 Regular Legislative Session (*L.R.S. 17:3351*) provide that external assessments are required to be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organization. The Chief Audit Executive will communicate to executive management and the Board on the internal audit activity's quality assurance and improvement program, including results of internal assessments (*ongoing monitoring and periodic internal assessments*) and external assessments.



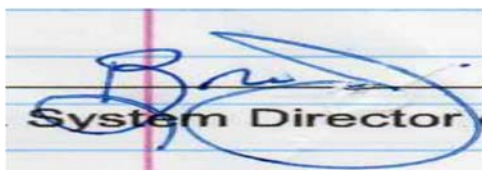
University Director of Internal AuditSeptember 22, 2020

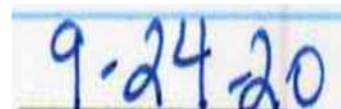
Date



University President9/25/20

Date



UL System Director of Internal & External Audit

Date



LOUISIANA TECH UNIVERSITY


OFFICE OF THE PRESIDENT

September 28, 2020

LADIES AND GENTLEMEN OF THE BOARD OF SUPERVISORS FOR THE UNIVERSITY
OF LOUISIANA SYSTEM:

Please find the attached for your review and approval Louisiana Tech University's Revised Internal Audit Charter. Your approval is requested.

Sincerely,



Leslie K. Guice
President



LOUISIANA TECH UNIVERSITY

MEMORANDUM

OFFICE OF INTERNAL AUDIT

TO: Dr. Les Guice *LG*
President

FROM: Robert Grafton *RG*
Director of Internal Audit

DATE: September 29, 2020

SUBJECT: Revised Internal Audit Charter

Louisiana Tech's current Internal Audit Activity Charter includes a specific date when our external assessment would be completed to comply with Act 314 of the 2015 Regular Legislative Session. It is no longer relevant that this date is listed in the charter. I have deleted this date reference and moved the reference to Act 314 from the final paragraph to the section of "Standards for the Professional Practice of Internal Auditing". These revisions can be seen in the attached version showing the tracked changes.

As recommended in our external assessment, I have added an approval signature line for me as Director in addition to you as President.

Bruce Janet has encouraged all of the universities in our System to update their charters at the same time if they have the need. I would expect several other charters to be presented at the October Board meeting, so I am asking you to include Tech's revised charter as an agenda item.

Thank you for your support of the internal audit function at Louisiana Tech.

Attachments

**LOUISIANA TECH UNIVERSITY
INTERNAL AUDIT ACTIVITY CHARTER**

This charter sets forth the purpose, mission, objectives, authority, and responsibility of the internal audit activity at Louisiana Tech University. The charter establishes the internal audit activity's position within the University; authorizes access to records, personnel, and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities.

Purpose and Mission

The purpose of the University's internal audit activity is to provide independent, objective assurance and consulting services designed to add value and improve the University's operations. The mission of internal audit is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight. The internal audit activity helps the University accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes. The internal audit activity is guided by a value-driven philosophy of partnering with other departmental units to continuously improve the operations of the University.

Standards for the Professional Practice of Internal Auditing

The internal audit activity will govern itself by adherence to the mandatory elements of the Institute of Internal Auditors' International Professional Practices Framework, including the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the International Standards for the Professional Practice of Internal Auditing (*Standards*), and the Definition of Internal Auditing. Act 314 of the 2015 Regular Legislative Session (L.R.S. 17:3351) provides that the chief audit executive will ensure that the internal audit activity adheres to the IIA *Standards*. The Director of Internal Audit (Chief Audit Executive) will report periodically to the University President and, through the System Director of Internal & External Audit, to the Board of Supervisors of the University of Louisiana System (Board) regarding the internal audit activity's conformance to the Code of Ethics and the *Standards*.

Authority

The University's internal audit activity is established by the Board. The internal audit activity's responsibilities are defined by the Board as part of their oversight role. The Director of Internal Audit will report administratively (i.e., day-to-day operations) to the President of the University and functionally to the Board, through the System Director of Internal & External Audit and the Finance Committee. To establish, maintain, and assure that the University's internal audit activity has sufficient authority to fulfill its duties, the Board of Supervisors will:

- Approve the internal audit activity's charter.
- Approve the risk based internal audit plan.
- Approve the internal audit activity's budget and resource plan.
- Receive communications from the Director of Internal Audit on the internal audit activity's performance relative to its plan and other matters.
- Approve decisions regarding the appointment and removal of the Director of Internal Audit.
- Approve the remuneration of the Director of Internal Audit.
- Make appropriate inquiries of management and the Director of Internal Audit to determine whether there is inappropriate scope or resource limitations.

The Director of Internal Audit will have unrestricted access to and communicate and interact directly with the System Director of Internal & External Audit, the Finance Committee of the Board of Supervisors, and the Board of Supervisors, including in private meetings without management present.

The Board of Supervisors authorizes the internal audit activity to:

- Have full, free, and unrestricted access to all functions, records, property, and personnel pertinent to carrying out any engagement, subject to accountability for confidentiality and safeguarding of records and information.

**LOUISIANA TECH UNIVERSITY
INTERNAL AUDIT ACTIVITY CHARTER**

- Audit or review any function, activity, or unit of the University and the accounts of all organizations required to submit financial statements to the University.
- Have direct and unrestricted access and present to the President of the University any matter considered to be of sufficient importance to warrant attention or that has been brought to the internal audit activity for review.
- Allocate resources, set frequencies, select subjects, determine scopes of work, and apply the techniques required to accomplish audit objectives.
- Obtain the necessary assistance of personnel of the University where they perform audits, as well as other specialized services from within or outside the University, in order to complete the engagement.

Independence and Objectivity

The Director of Internal Audit will ensure that the internal audit activity remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of audit selection, scope, procedures, frequency, timing, and report content. If the Director of Internal Audit determines that independence or objectivity may be impaired in fact or appearance, the details of impairment will be disclosed to appropriate parties.

Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively and in such a manner that they believe in their work product, that no quality compromises are made, and that they do not subordinate their judgment on audit matters to others.

Internal auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, internal auditors will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair their judgment, including:

- Assessing specific operations for which they had responsibility within the previous year.
- Performing any operational duties for the University or its affiliates.
- Initiating or approving transactions external to the Department of Internal Audit.
- Directing the activities of any University employee not employed by the internal audit activity, except to the extent that such employees have been appropriately assigned to auditing teams or to otherwise assist internal auditors.

To provide for the independence of the internal audit activity, its personnel will report to the University's Director of Internal Audit, who reports functionally to the Board of Supervisors through the System Director of Internal & External Audit and administratively to the President of the University. Therefore, internal audits and appraisals do not in any way substitute for nor relieve other persons in the University of the responsibilities assigned to them.

Where the Director of Internal Audit has or is expected to have roles and/or responsibilities that fall outside of internal auditing, safeguards will be established to limit impairments to independence or objectivity. Internal auditors will:

- Disclose any impairment of independence or objectivity, in fact or appearance, to appropriate parties.
- Exhibit professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined.
- Make balanced assessments of all available and relevant facts and circumstances.
- Take necessary precautions to avoid being unduly influenced by their own interests or by others in forming judgments.

LOUISIANA TECH UNIVERSITY
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At least annually, the Director of Internal Audit will confirm to the University President and the Board of Supervisors of the University of Louisiana System through the System Director of Internal & External Audit, the organizational independence of the internal audit activity. The Director of Internal Audit will also disclose to those parties any interference and related implications in determining the scope of internal auditing, performing work, and/or communicating results.

Scope of Internal Audit Activities

The scope of internal audit activities encompasses, but is not limited to, objective examinations of evidence for the purpose of providing independent assessments to the Board, management, and outside parties on the adequacy and effectiveness of governance, risk management, and control processes for the University. Internal audit assessments include evaluating whether:

- Risks relating to the achievement of the University's strategic objectives are appropriately identified and managed.
- The actions of the University's officers, directors, employees, and contractors are in compliance with the University's policies, procedures, applicable laws, regulations, and governance standards.
- The results of operations or programs are consistent with established goals and objectives.
- Operations or programs are being carried out effectively and efficiently.
- Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact the University.
- Information and the means used to identify, measure, analyze, classify, and report such information are reliable and have integrity.
- Resources and assets are acquired economically, used efficiently, and protected adequately.

The Director of Internal Audit will report periodically to senior management and the Board regarding:

- The internal audit activity's purpose, authority, and responsibility.
- The internal audit activity's plan and performance relative to its plan.
- The internal audit activity's conformance with The IIA's Code of Ethics and *Standards*, and action plans to address any significant conformance issues.
- Significant risk exposures and control issues, including fraud risks, governance issues, and other matters requiring the attention of, or requested by, the Board.
- Results of audit engagements or other activities.
- Resource requirements.
- Any response to risk by management that may be unacceptable to the University.

The Director of Internal Audit also coordinates activities, where possible, and considers relying upon the work of other internal and external assurance and consulting service providers as needed. The internal audit activity may perform advisory and related client service activities, the nature and scope of which will be agreed with the client, provided the internal audit activity does not assume management responsibility.

Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during engagements. These opportunities will be communicated to the appropriate level of management.

Responsibility

The chief audit executive has the responsibility to:

- Annually develop and submit to senior management and the Board a risk-based internal audit plan for review and approval. The flexible annual audit plan will be developed based on internal audit's assessment of risk with input from management regarding areas of concern and areas of increased risk.

**LOUISIANA TECH UNIVERSITY
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- Communicate to senior management and the Board the impact of resource limitations on the internal audit plan.
- Review and adjust the annual internal audit plan, as necessary, in response to changes in the University's business, risks, operations, programs, systems, and controls.
- Communicate to senior management and the Board any significant interim changes to the internal audit plan.
- Ensure each engagement of the internal audit plan is executed, including the establishment of objectives and scope, the assignment of appropriate and adequately supervised resources, the documentation of work programs and testing results, and the communication of engagement results with applicable conclusions and recommendations to appropriate parties.
- Follow up on engagement findings and corrective actions, and report periodically to senior management and the Board any corrective actions not effectively implemented.
- Ensure the principles of integrity, objectivity, confidentiality, and competency are applied and upheld.
- Ensure the Department of Internal Audit collectively possesses or obtains the knowledge, skills, and other competencies needed to meet the requirements of the internal audit charter.
- Maintain a Quality Assurance and Improvement Program by which the Director assures the operations of internal auditing activities are adequate.
- Perform consulting services, beyond internal auditing's assurance services, to assist management in meeting its objectives.
- Ensure trends and emerging issues that could impact the University are considered and communicated to senior management and the Board as appropriate.
- Ensure emerging trends and successful practices in internal auditing are considered.
- Evaluate and assess significant merging/consolidating functions and new or changing services, processes, operations, and control processes coincident with their development, implementation, and/or expansion.
- Assist in the investigation of significant suspected fraudulent activities within the University and notify management and the Finance Committee of the results.
- Consider the scope of work of the external auditors and regulators, as appropriate, for the purpose of providing optimal audit coverage.
- Establish and ensure adherence to policies and procedures designed to guide the internal audit activity.
- Ensure adherence to the University's relevant policies and procedures, unless such policies and procedures conflict with the internal audit charter. Any such conflicts will be resolved or otherwise communicated to senior management and the Board.
- Submit written and timely reports to the President of the University and appropriate members of management at the conclusion of each engagement to acknowledge satisfactory performance or to set forth observations and/or recommendations for correction or improvement.
- Forward a copy of each internal audit report and a summary to the System's Director of Internal & External Audit.
- Ensure conformance of the internal audit activity with the *Standards*, with the following qualifications:
 - If the internal audit activity is prohibited by law or regulation from conformance with certain parts of the *Standards*, the chief audit executive will ensure appropriate disclosures and will ensure conformance with all other parts of the *Standards*.
 - If the *Standards* are used in conjunction with requirements issued by other authoritative bodies (e.g., AICPA, GAO, etc.), the chief audit executive will ensure that the internal audit activity conforms with the *Standards*, even if the internal audit activity also conforms with the more restrictive requirements of other authoritative bodies.

LOUISIANA TECH UNIVERSITY
INTERNAL AUDIT ACTIVITY CHARTER

Quality Assurance and Improvement Program

The internal audit activity will maintain a quality assurance and improvement program that covers all aspects of the internal audit activity. The program is detailed in the Audit Manual of the Louisiana Tech University Department of Internal Audit. The program will include an evaluation of the internal audit activity's conformance with the *Standards* and an evaluation of whether internal auditors apply the IIA's Code of Ethics. The program will also assess the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement. The program will include both internal and external assessments. The internal assessments will include ongoing monitoring of the performance of the internal audit activity and periodic self-assessments. The *Standards* provide that external assessments are required to be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organization. The Director of Internal Audit will communicate to senior management and the Board on the internal audit activity's quality assurance and improvement program, including results of internal assessments (ongoing monitoring and periodic self-assessments) and external assessments.

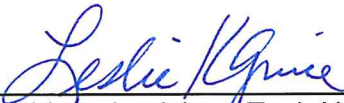
Approved:



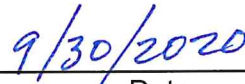
Director of Internal Audit, Louisiana Tech University



Date



President, Louisiana Tech University



Date



Nicholls State University

Office of the President

P.O. Box 2001 | Thibodaux, LA 70310 | 985.448.4003 | 985.448.4920 [F]

September 30, 2020

Via Electronic Transmittal Only

Dr. Jim Henderson
University of Louisiana System President
1201 North Third Street, Suite 7-300
Baton Rouge, LA 70802

Dear Dr. Henderson:

Nicholls State University requests consideration and approval of the following to be placed on the agenda for the October 22, 2020 meeting of the Board of Supervisors for the University of Louisiana System:

Revised Internal Audit Charter.

Thank you for your assistance in this matter.

Sincerely,

Jay Clune
President

JC/apf

Enclosures

c: Dr. Alex Arceneaux, Executive Vice President
Dr. Sue Westbrook, Provost and Vice President for Academic Affairs
Mr. Terry Braud, Vice President for Finance and Administration
Mr. Jonathan Terrell, Athletic Director
Dr. Michele Caruso, Interim Vice President for Student Affairs
Dr. Todd Keller, Vice Provost
Mr. Steven Kenney, Assistant Vice President for Human Resources and CDIO
Ms. Paulette Mayon, Internal Auditor
Dr. James Stewart, Faculty Senate President/ Faculty Association Representative
Ms. Renee Hicks, Assistant Vice President of Strategic Initiatives, Effectiveness and Planning
Ms. Monique Crochet, Executive Director of External Affairs

NICHOLLS STATE UNIVERSITY INTERNAL AUDIT ACTIVITY CHARTER

This charter sets forth the purpose, vision, mission, objectives, authority, and responsibility of the internal audit activity at Nicholls State University. The charter establishes the internal audit activity's position within the University; authorizes access to records, personnel, and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities.

Purpose and Mission

The purpose of the University's internal audit activity is to provide independent, objective assurance and consulting services designed to add value and improve the University's operations. The mission of internal audit is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight. The internal audit activity helps the University accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes. The internal audit activity is guided by a value-driven philosophy of partnering with other departmental units to continuously improve the operations of the University.

Vision

The vision of the University's internal audit activity is to be a valued partner of the University, the Board of Supervisors of the University of Louisiana System, and other institutions within the University of Louisiana System and to deliver professional assurance and consulting services to assist these entities in achieving their mission, strategic planning goals, and initiatives in an atmosphere of respect and accountability.

Standards for the Professional Practice of Internal Auditing

The internal audit activity will govern itself by adherence to the *Mandatory Elements (Guidance)* of the Institute of Internal Auditors' International Professional Practices Framework, including the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the *International Standards for the Professional Practice of Internal Auditing*, and the Definition of Internal Auditing. The Director of Internal Audit (Chief Audit Executive) will report periodically to the University President and, through the System Director of Internal & External Audit, to the Board of Supervisors of the University of Louisiana System (Board) regarding the internal audit activity's conformance to the Code of Ethics and the *Standards*.

Authority

The University's internal audit activity is established by the Board as provided by LRS 17:3351 (Act 314 of the 2015 Regular Session). The internal audit activity's responsibilities are defined by the Board as part of their oversight role. The Director of Internal Audit will report administratively (i.e., day-to-day operations) to the President of the University and functionally to the Board, through the System Director of Internal & External Audit and the Finance Committee. To establish, maintain, and assure that University's internal audit activity has sufficient authority to fulfill its duties, the Board of Supervisors will:

- Approve the internal audit activity's charter.
- Approve the risk based internal audit plan.
- Approve the internal audit activity's budget and resource plan.
- Receive communications from the Director of Internal Audit on the internal audit activity's performance relative to its plan and other matters.
- Approve decisions regarding the appointment and removal of the Director of Internal Audit.

NICHOLLS STATE UNIVERSITY INTERNAL AUDIT ACTIVITY CHARTER

- Approve the remuneration of the Director of Internal Audit.
- Make appropriate inquiries of management and the Director of Internal Audit to determine whether there is inappropriate scope or resource limitations.
- The Director of Internal Audit will have unrestricted access to and communicate and interact directly with the System Director of Internal & External Audit, the Finance Committee of the Board of Supervisors, and the Board of Supervisors, including in private meetings without management present.

The Board of Supervisors authorizes the internal audit activity to:

- Have full, free, and unrestricted access to all functions, records, property, and personnel pertinent to carrying out any engagement, subject to accountability for confidentiality and safeguarding of records and information.
- Audit or review any function, activity, or unit of the University and the accounts of all organizations required to submit financial statements to the University.
- Have direct and unrestricted access and present to the President of the University any matter considered to be of sufficient importance to warrant attention or that has been brought to the internal audit activity for review.
- Allocate resources, set frequencies, select subjects, determine scopes of work, and apply the techniques required to accomplish audit objectives, and issue reports.
- Obtain assistance from the necessary personnel of the University where they perform audits, as well as other specialized services from within or outside the University, in order to complete the engagement.

Independence and Objectivity

The Director of Internal Audit will ensure that the internal audit activity remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of audit selection, scope, procedures, frequency, timing, and report content. If the Director of Internal Audit determines that independence or objectivity may be impaired in fact or appearance, the details of impairment will be disclosed to appropriate parties.

Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively and in such a manner that they believe in their work product, that no quality compromises are made, and that they do not subordinate their judgment on audit matters to others.

Internal auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, internal auditors will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair their judgment, including:

- Assessing specific operations for which they had responsibility within the previous year.
- Performing any operational duties for the University or its affiliates.
- Initiating or approving transactions external to the Department of Internal Audit.
- Directing the activities of any University employee not employed by the internal audit activity, except to the extent that such employees have been appropriately assigned to auditing teams or to otherwise assist internal auditors.

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To provide for the independence of the internal audit activity, its personnel will report to the University's Director of Internal Audit, who reports functionally to the Board of Supervisors through the System Director of Internal & External Audit and administratively to the President of the University. The University President has authority to handle all personnel matters regarding Internal Audit. Therefore, internal audits and appraisals do not in any way substitute for nor relieve other persons in the University of the responsibilities assigned to them.

Where the Director of Internal Audit has or is expected to have roles and/or responsibilities that fall outside of internal auditing, safeguards will be established to limit impairments to independence or objectivity.

Internal auditors will:

- Disclose any impairment of independence or objectivity, in fact or appearance, to appropriate parties.
- Exhibit professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined.
- Make balanced assessments of all available and relevant facts and circumstances.
- Take necessary precautions to avoid being unduly influenced by their own interests or by others in forming judgments.

At least annually, the Director of Internal Audit will confirm to the University President and, through the System Director of Internal & External Audit, the Board of Supervisors of the University of Louisiana System the organizational independence of the internal audit activity.

The Director of Internal Audit will also disclose to those parties any interference and related implications in determining the scope of internal auditing, performing work, and/or communicating results.

Scope of Internal Audit. Activities

The scope of internal audit activities encompasses, but is not limited to:

- Assurance services provided to the Board, management, and outside parties primarily consisting of objective examinations of evidence for the purpose of providing independent assessments on the adequacy and effectiveness of governance, risk management, and control processes for the University.
- Consulting services provided to the Board, management, and outside parties primarily consisting of advisory and related client service activities, the nature and scope of which will be agreed with the client and be intended to add value and improve the University's governance, risk management, and control process without the internal audit activity assuming management responsibility. Examples may include counsel, advice, facilitation, and training.

Internal audit assessments include evaluating whether:

- Risks relating to the achievement of the University's strategic objectives are appropriately identified and managed.
- The actions of the University's officers, directors, employees, and contractors are in compliance with the University's policies, procedures, and applicable laws, regulations, and governance standards.
- The results of operations or programs are consistent with established goals and objectives.
- Operations or programs are being carried out effectively and efficiently.

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- Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact the University.
- Information and the means used to identify, measure, analyze, classify, and report such information are reliable and have integrity.
- Resources and assets are acquired economically, used efficiently, and protected adequately.

The Director of Internal Audit will report periodically to senior management and the Board regarding:

- The internal audit activity's purpose, authority, and responsibility.
- The internal audit activity's plan and performance relative to its plan.
- The internal audit activity's conformance with The IIA's Code of Ethics and *Standards*, and action plans to address any significant conformance issues.
- Significant risk exposures and control issues, including fraud risks, governance issues, and other matters requiring the attention of, or requested by, the Board.
- Results of audit engagements or other activities.
- Resource requirements.
- Any response to risk by management that may be unacceptable to the University.

The Director of Internal Audit also coordinates activities, where possible, and considers relying upon the work of other internal and external assurance and consulting service providers as needed. The internal audit activity may perform advisory and related client service activities, the nature and scope of which will be agreed with the client, provided the internal audit activity does not assume management responsibility.

Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during engagements. These opportunities will be communicated to the appropriate level of management.

Responsibility

The chief audit executive has the responsibility to:

- Annually develop and submit to senior management and the Board a risk-based internal audit plan for review and approval. The flexible annual audit plan (summary of the audit work schedule, staffing plan, and time budget) will be developed based on internal audit's assessment of risk with input from management regarding areas of concern and areas of increased risk.
- Communicate to senior management and the Board the impact of resource limitations on the internal audit plan.
- Review and adjust the annual internal audit plan, as necessary, in response to changes in the University's business, risks, operations, programs, systems, and controls.
- Communicate to senior management and the Board any significant interim changes to the internal audit plan.
- Ensure each engagement of the internal audit plan is executed, including the establishment of objectives and scope, the assignment of appropriate and adequately supervised resources, the documentation of work programs and testing results, and the communication of engagement results with applicable conclusions and recommendations to appropriate parties.
- Follow up on engagement findings and corrective actions, and report periodically to senior management and the Board any corrective actions not effectively implemented.

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- Ensure the principles of integrity, objectivity, confidentiality, and competency are applied and upheld.
- Ensure the Department of Internal Audit collectively possesses or obtains the knowledge, skills, and other competencies needed to meet the requirements of the internal audit charter.
- Establish a Quality Assurance and Improvement Program by which the Director assures the operations of internal auditing activities are acceptable.
- Perform consulting services, beyond internal auditing's assurance services, to assist management in meeting its objectives.
- Ensure trends and emerging issues that could impact the University are considered and communicated to senior management and the Board as appropriate.
- Ensure emerging trends and successful practices in internal auditing are considered.
- Evaluate and assess significant merging/consolidating functions and new or changing services, processes, operations, and control processes coincident with their development, implementation, and/or expansion.
- Assist in the investigation of significant suspected fraudulent activities within the University and notify management and the finance committee of the results.
- Consider the scope of work of the external auditors and regulators, as appropriate, for the purpose of providing optimal audit coverage.
- Establish and ensure adherence to policies and procedures designed to guide the internal audit department.
- Ensure adherence to the University's relevant policies and procedures, unless such policies and procedures conflict with the internal audit charter. Any such conflicts will be resolved or otherwise communicated to senior management and the Board.
- Submit written and timely reports to the President of the University and appropriate members of management at the conclusion of each engagement to acknowledge satisfactory performance or to set forth observations and/or recommendations for correction or improvement.
- Forward a copy of each internal audit report and a summary to the System's Director of Internal & External Audit.
- Ensure conformance of the internal audit department with the Standards, with the following qualifications:
 - If the internal audit department is prohibited by law or regulation from conformance with certain parts of the *Standards*, the chief audit executive will ensure appropriate disclosures and will ensure conformance with all other parts of the *Standards*.
 - If the *Standards* are used in conjunction with requirements issued by other authoritative bodies (e.g., AICPA, GAO, etc.) the chief audit executive will ensure that the internal audit department conforms with the *Standards*, even if the internal audit department also conforms with the more restrictive requirements of other authoritative bodies.

Quality Assurance and Improvement Program

The internal audit activity will maintain a Quality Assurance and Improvement Program (program) that covers all aspects of the internal audit activity. The program is detailed in the Audit Manual of the Nicholls State University Department of Internal Audit. The program will include an evaluation of the internal audit activity's conformance with the *Standards* and an evaluation of whether internal auditors apply the IIA's Code of Ethics. The program will also assess the efficiency and effectiveness of the internal audit activity and identify opportunities

NICHOLLS STATE UNIVERSITY INTERNAL AUDIT ACTIVITY CHARTER

for improvement. The program will include both internal and external assessments. The internal assessments will include ongoing monitoring of the performance of the internal audit activity and periodic self-assessments. The IIA Standards provide that external assessments are required to be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organization.

The Director of Internal Audit will communicate to senior management and the Board on the internal audit activity's quality assurance and improvement program, including results of internal assessments (ongoing monitoring and periodic internal assessments) and external assessments conducted at least once every five years by a qualified, independent assessor or assessment team from outside the University.



Chief Audit Executive/Director of Internal Audit

Date:

9-23-2020



Nicholls State University President

9/30/2020



NORTHWESTERN STATE

Office of the President

310 Sam Sibley Drive
Caspari Hall - Suite 223
Natchitoches, LA 71497
(O) 318-357-6441
(F) 318-357-4223

September 30, 2020

**Dr. James B. Henderson, President
University of Louisiana System
1201 North Third Street, 7-300
Baton Rouge, LA 70802**

Re: Revised Internal Auditor Activity Charter

Dear Dr. Henderson:

Northwestern State University is submitting the attached “*Revised Internal Audit Activity Charter*” to be placed on the agenda for approval at the October 2020 Board Meeting.

Thank you for your consideration.

Sincerely,

**Dr. Chris Maggio
President**

Attachment

DEDICATED TO ONE GOAL. **YOURS.**™



NORTHWESTERN STATE UNIVERSITY INTERNAL AUDIT ACTIVITY CHARTER

This charter sets forth the purpose, mission, objectives, authority, and responsibility of the internal audit activity at Northwestern State University. The charter establishes the internal audit activity's position within the University; authorizes access to records, personnel, and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities.

Purpose and Mission

The purpose of the University's internal audit activity is to provide independent, objective assurance and consulting services designed to add value and improve the University's operations. The mission of internal audit is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight. The internal audit activity helps the University accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes. The internal audit activity is guided by a value-driven philosophy of partnering with other departmental units to continuously improve the operations of the University.

Standards for the Professional Practice of Internal Auditing

The internal audit activity will govern itself by adherence to the *Mandatory Guidance* of the Institute of Internal Auditors' International Professional Practices Framework, including the Core Principles for the Professional Practice of Internal Auditing, Definition of Internal Auditing, the Code of Ethics, and the Standards. The Director of Internal Audit (Chief Audit Executive) will report periodically to the University President and, through the System Director of Internal & External Audit, to the Board of Supervisors of the University of Louisiana System (Board) regarding the internal audit activity's conformance to the Code of Ethics and the Standards.

Authority

The University's internal audit activity is established by the Board as provided by LRS 17:3351. The internal audit activity's responsibilities are defined by the Board as part of their oversight role. The Director of Internal Audit will report administratively (i.e., day-to-day operations) to the President of the University and functionally to the Board, through the System Director of Internal & External Audit and the Finance Committee. To establish, maintain, and assure that University's internal audit activity has sufficient authority to fulfill its duties, the Board of Supervisors will:

- Approve the internal audit activity's charter.
- Approve the risk based internal audit plan.
- Approve the internal audit activity's budget and resource plan.
- Receive communications from the Director of Internal Audit on the internal audit activity's performance relative to its plan and other matters.
- Approve decisions regarding the appointment and removal of the Director of Internal Audit.
- Approve the remuneration of the Director of Internal Audit.
- Make appropriate inquiries of management and the Director of Internal Audit to determine whether there is inappropriate scope or resource limitations.

The Director of Internal Audit will have unrestricted access to and communicate and interact directly with the System Director of Internal & External Audit, the Finance Committee of the Board of Supervisors, and the Board of Supervisors, including in private meetings without management present.

The Board of Supervisors authorizes the internal audit activity to:

- Have full, free, and unrestricted access to all functions, records, property, and personnel pertinent to carrying out any engagement, subject to accountability for confidentiality and safeguarding of records and information.
- Audit or review any function, activity, or unit of the University and the accounts of all organizations required to submit financial statements to the University.

**NORTHWESTERN STATE UNIVERSITY
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- Have direct and unrestricted access and present to the President of the University any matter considered to be of sufficient importance to warrant attention or that has been brought to the internal audit activity for review.
- Allocate resources, set frequencies, select subjects, determine scopes of work, and apply the techniques required to accomplish audit objectives.
- Obtain the necessary assistance of personnel of the University where they perform audits, as well as other specialized services from within or outside the University, in order to complete the engagement.

Independence and Objectivity

The Director of Internal Audit will ensure that the internal audit activity remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of audit selection, scope, procedures, frequency, timing, and report content. If the Director of Internal Audit determines that independence or objectivity may be impaired in fact or appearance, the details of impairment will be disclosed to appropriate parties.

Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively and in such a manner that they believe in their work product, that no quality compromises are made, and that they do not subordinate their judgment on audit matters to others.

Internal auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, internal auditors will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair their judgment, including:

- Assessing specific operations for which they had responsibility within the previous year.
- Performing any operational duties for the University or its affiliates.
- Initiating or approving transactions external to the Department of Internal Audit.
- Directing the activities of any University employee not employed by the internal audit activity, except to the extent that such employees have been appropriately assigned to auditing teams or to otherwise assist internal auditors.

To provide for the independence of the internal audit activity, its personnel will report to the University's Director of Internal Audit, who reports functionally to the Board of Supervisors through the System Director of Internal & External Audit and administratively to the President of the University. The University President has authority to handle all personnel matters regarding Internal Audit. Therefore, internal audits and appraisals do not in any way substitute for nor relieve other persons in the University of the responsibilities assigned to them.

Where the Director of Internal Audit has or is expected to have roles and/or responsibilities that fall outside of internal auditing, safeguards will be established to limit impairments to independence or objectivity. Internal auditors will:

- Disclose any impairment of independence or objectivity, in fact or appearance, to appropriate parties.
- Exhibit professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined.
- Make balanced assessments of all available and relevant facts and circumstances.
- Take necessary precautions to avoid being unduly influenced by their own interests or by others in forming judgments.

At least annually, the Director of Internal Audit will confirm to the University President and, through the System Director of Internal & External Audit, the Board of Supervisors of the University of Louisiana

**NORTHWESTERN STATE UNIVERSITY
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System the organizational independence of the internal audit activity. The Director of Internal Audit will also disclose to those parties any interference and related implications in determining the scope of internal auditing, performing work, and/or communicating results.

Scope of Internal Audit Activities

The scope of internal audit activities encompasses, but is not limited to, objective examinations of evidence for the purpose of providing independent assessments to the Board, management, and outside parties on the adequacy and effectiveness of governance, risk management, and control processes for the University. Internal audit assessments include evaluating whether:

- Risks relating to the achievement of the University's strategic objectives are appropriately identified and managed.
- The actions of the University's officers, directors, employees, and contractors are in compliance with the University's policies, procedures, and applicable laws, regulations, and governance standards.
- The results of operations or programs are consistent with established goals and objectives.
- Operations or programs are being carried out effectively and efficiently.
- Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact the University.
- Information and the means used to identify, measure, analyze, classify, and report such information are reliable and have integrity.
- Resources and assets are acquired economically, used efficiently, and protected adequately.

The Director of Internal Audit will report periodically to senior management and the Board regarding:

- The internal audit activity's purpose, authority, and responsibility.
- The internal audit activity's plan and performance relative to its plan.
- The internal audit activity's conformance with The IIA's Code of Ethics and Standards, and action plans to address any significant conformance issues.
- Significant risk exposures and control issues, including fraud risks, governance issues, and other matters requiring the attention of, or requested by, the Board.
- Results of audit engagements or other activities.
- Resource requirements.
- Any response to risk by management that may be unacceptable to the University.

The Director of Internal Audit also coordinates activities, where possible, and considers relying upon the work of other internal and external assurance and consulting service providers as needed. The internal audit activity may perform advisory and related client service activities, the nature and scope of which will be agreed with the client, provided the internal audit activity does not assume management responsibility.

Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during engagements. These opportunities will be communicated to the appropriate level of management.

Responsibility

The chief audit executive has the responsibility to:

- Annually develop and submit to senior management and the Board a risk-based internal audit plan for review and approval. The flexible annual audit plan (summary of the audit work schedule, staffing plan, and time budget) will be developed based on internal audit's assessment of risk with input from management regarding areas of concern and areas of increased risk.
- Communicate to senior management and the Board the impact of resource limitations on the internal audit plan.

**NORTHWESTERN STATE UNIVERSITY
INTERNAL AUDIT ACTIVITY CHARTER**

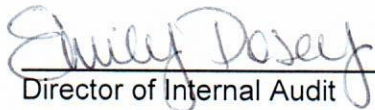
- Review and adjust the annual internal audit plan, as necessary, in response to changes in the University's business, risks, operations, programs, systems, and controls.
- Communicate to senior management and the Board any significant interim changes to the internal audit plan.
- Ensure each engagement of the internal audit plan is executed, including the establishment of objectives and scope, the assignment of appropriate and adequately supervised resources, the documentation of work programs and testing results, and the communication of engagement results with applicable conclusions and recommendations to appropriate parties.
- Follow up on engagement findings and corrective actions, and report periodically to senior management and the Board any corrective actions not effectively implemented.
- Ensure the principles of integrity, objectivity, confidentiality, and competency are applied and upheld.
- Ensure the Department of Internal Audit collectively possesses or obtains the knowledge, skills, and other competencies needed to meet the requirements of the internal audit charter.
- Establish a Quality Assurance and Improvement Program by which the Director assures the operations of internal auditing activities are acceptable.
- Perform consulting services, beyond internal auditing's assurance services, to assist management in meeting its objectives.
- Ensure trends and emerging issues that could impact the University are considered and communicated to senior management and the Board as appropriate.
- Ensure emerging trends and successful practices in internal auditing are considered.
- Evaluate and assess significant merging/consolidating functions and new or changing services, processes, operations, and control processes coincident with their development, implementation, and/or expansion.
- Assist in the investigation of significant suspected fraudulent activities within the University and notify management and the finance committee of the results.
- Consider the scope of work of the external auditors and regulators, as appropriate, for the purpose of providing optimal audit coverage.
- Establish and ensure adherence to policies and procedures designed to guide the internal audit department.
- Ensure adherence to the University's relevant policies and procedures, unless such policies and procedures conflict with the internal audit charter. Any such conflicts will be resolved or otherwise communicated to senior management and the Board.
- Submit written and timely reports to the President of the University and appropriate members of management at the conclusion of each engagement to acknowledge satisfactory performance or to set forth observations and/or recommendations for correction or improvement.
- Forward a copy of each internal audit report and a summary to the System's Director of Internal & External Audit.
- Ensure conformance of the internal audit department with the Standards, with the following qualifications:
 - If the internal audit department is prohibited by law or regulation from conformance with certain parts of the Standards, the chief audit executive will ensure appropriate disclosures and will ensure conformance with all other parts of the Standards.
 - If the Standards are used in conjunction with requirements issued by other authoritative bodies (e.g., AICPA, GAO, etc.) the chief audit executive will ensure that the internal audit department conforms with the Standards, even if the internal audit department also conforms with the more restrictive requirements of other authoritative bodies.

Quality Assurance and Improvement Program

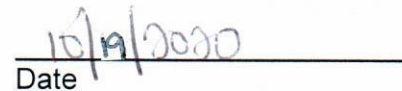
The internal audit activity will maintain a Quality Assurance and Improvement Program (program) that covers all aspects of the internal audit activity. The program is detailed in the Audit Manual of the NSU

**NORTHWESTERN STATE UNIVERSITY
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Department of Internal Audit. The program will include an evaluation of the internal audit activity's conformance with the Standards and an evaluation of whether internal auditors apply the IIA's Code of Ethics. The program will also assess the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement. The program will include both internal and external assessments. The internal assessments will include ongoing monitoring of the performance of the internal audit activity and periodic self-assessments. The IIA Standards and Act 314 of the 2015 Regular Legislative Session (L.R.S. 17:3351) provide that external assessments are required to be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organization. The Director of Internal Audit will communicate to senior management and the Board on the internal audit activity's quality assurance and improvement program, including results of internal assessments (ongoing monitoring and periodic internal assessments) and external assessments.



Director of Internal Audit

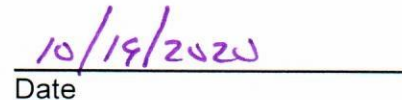


Date

Approved:



NSU President



Date

University of Louisiana System Board

Date

SOUTHEASTERN LOUISIANA UNIVERSITY
OFFICE OF INTERNAL AUDIT
Internal Audit Charter

Introduction

The University Internal Audit function is an objective assurance and consulting activity that is independently managed within the University and guided by a value-driven philosophy of partnering with other units to continuously improve the operations of the University. Professionalism and commitment to excellence are facilitated by operating within a framework of professional standards for performance of the audit function which are developed from the International Standards for the Professional Practice of Internal Auditing (Standards) from the Institute of Internal Auditors (IIA).

This charter sets forth the purpose, mission, objectives, authority, and responsibility of the internal audit activity at Southeastern Louisiana University. The charter establishes the internal audit activity's position within the University; authorizes access to records, personnel, and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities.

Purpose and Mission

The purpose of the University's internal audit activity is to provide independent, objective assurance and consulting services designed to add value and improve the University's operations. The mission of internal audit is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight. The internal audit activity helps the University accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes. The internal audit activity is guided by a value-driven philosophy of partnering with other departmental units to continuously improve the operations of the University.

Standards for the Professional Practice of Internal Auditing

The internal audit activity will govern itself by adherence to the *Mandatory Guidance* of the Institute of Internal Auditors' International Professional Practices Framework, including the International Standards for the Professional Practice of Internal Auditing and the Code of Ethics. The Director of Internal Audit (Chief Audit Executive) will report periodically to the University President and, through the System Director of Internal & External Audit, to the Board of Supervisors of the University of Louisiana System (Board) regarding the internal audit activity's conformance to the Code of Ethics and the Standards.

Authority

The University's internal audit activity is established by the Board. The internal audit activity's responsibilities are defined by the Board as part of their oversight role. The Director of Internal Audit will report administratively (i.e., day-to-day operations) to the President of the University and functionally to the Board, through the System Director of Internal & External Audit and the Finance Committee. To establish, maintain, and assure that University's internal audit activity has sufficient authority to fulfill its duties, the Board of Supervisors will:

- Approve the internal audit activity's charter.
- Approve the risk based internal audit plan.
- Approve the internal audit activity's budget and resource plan.
- Receive communications from the Director of Internal Audit on the internal audit activity's performance relative to its plan and other matters.
- Approve decisions regarding the appointment and removal of the Director of Internal Audit.

SOUTHEASTERN LOUISIANA UNIVERSITY
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Internal Audit Charter

- Approve the remuneration of the Director of Internal Audit.
- Make appropriate inquiries of management and the Director of Internal Audit to determine whether there is inappropriate scope or resource limitations.

The Director of Internal Audit will have unrestricted access to and communicate and interact directly with the System Director of Internal & External Audit, the Finance Committee of the Board of Supervisors, and the Board of Supervisors, including in private meetings without management present.

The Board of Supervisors authorizes the internal audit activity to:

- Have full, free, and unrestricted access to all functions, records, property, and personnel pertinent to carrying out any engagement, subject to accountability for confidentiality and safeguarding of records and information.
- Audit or review any function, activity, or unit of the University and the accounts of all organizations required to submit financial statements to the University.
- Have direct and unrestricted access and present to the President of the University any matter considered to be of sufficient importance to warrant attention or that has been brought to the internal audit activity for review.
- Allocate resources, set frequencies, select subjects, determine scopes of work, and apply the techniques required to accomplish audit objectives.
- Obtain the necessary assistance of personnel of the University where the internal audit activity performs audits, as well as other specialized services from within or outside the University, in order to complete the engagement.

Independence and Objectivity

The Director of Internal Audit will ensure that the internal audit activity remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of audit selection, scope, procedures, frequency, timing, and report content. If the Director of Internal Audit determines that independence or objectivity may be impaired in fact or appearance, the details of impairment will be disclosed to appropriate parties.

Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively and in such a manner that they believe in their work product, that no quality compromises are made, and that they do not subordinate their judgment on audit matters to others.

Internal auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, internal auditors will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair their judgment, including:

- Assessing specific operations for which they had responsibility within the previous year.
- Performing any operational duties for the University or its affiliates.
- Initiating or approving transactions external to the Department of Internal Audit.
- Directing the activities of any University employee not employed by the internal audit activity, except to the extent that such employees have been appropriately assigned to auditing teams or to otherwise assist internal auditors.

SOUTHEASTERN LOUISIANA UNIVERSITY
OFFICE OF INTERNAL AUDIT
Internal Audit Charter

To provide for the independence of the internal audit activity, its personnel will report to the University's Director of Internal Audit, who reports functionally to the Board of Supervisors through the System Director of Internal & External Audit and administratively to the President of the University. The University President has authority to handle all personnel matters regarding Internal Audit. Therefore, internal audits and appraisals do not in any way substitute for nor relieve other persons in the University of the responsibilities assigned to them.

Where the Director of Internal Audit has or is expected to have roles and/or responsibilities that fall outside of internal auditing, safeguards will be established to limit impairments to independence or objectivity. Internal auditors will:

- Disclose any impairment of independence or objectivity, in fact or appearance, to appropriate parties.
- Exhibit professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined.
- Make balanced assessments of all available and relevant facts and circumstances.
- Take necessary precautions to avoid being unduly influenced by their own interests or by others in forming judgments.

At least annually, the Director of Internal Audit will confirm to the University President and, through the System Director of Internal & External Audit, the Board of Supervisors of the University of Louisiana System the organizational independence of the internal audit activity. The Director of Internal Audit will also disclose to those parties any interference and related implications in determining the scope of internal auditing, performing work, and/or communicating results.

Scope of Internal Audit Activities

The scope of internal audit activities encompasses, but is not limited to, objective examinations of evidence for the purpose of providing independent assessments to the Board, management, and outside parties on the adequacy and effectiveness of governance, risk management, and control processes for the University. Internal audit assessments include evaluating whether:

- Risks relating to the achievement of the University's strategic objectives are appropriately identified and managed.
- The actions of the University's officers, directors, employees, and contractors are in compliance with the University's policies, procedures, and applicable laws, regulations, and governance standards.
- The results of operations or programs are consistent with established goals and objectives.
- Operations or programs are being carried out effectively and efficiently.
- Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact the University.
- Information and the means used to identify, measure, analyze, classify, and report such information are reliable and have integrity.
- Resources and assets are acquired economically, used efficiently, and protected adequately.

SOUTHEASTERN LOUISIANA UNIVERSITY
OFFICE OF INTERNAL AUDIT
Internal Audit Charter

The Director of Internal Audit will report periodically to senior management and the Board regarding:

- The internal audit activity's purpose, authority, and responsibility.
- The internal audit activity's plan and performance relative to its plan.
- The internal audit activity's conformance with The IIA's Code of Ethics and Standards, and action plans to address any significant conformance issues.
- Significant risk exposures and control issues, including fraud risks, governance issues, and other matters requiring the attention of, or requested by, the Board.
- Results of audit engagements or other activities.
- Resource requirements.
- Any response to risk by management that may be unacceptable to the University.

The Director of Internal Audit also coordinates activities, where possible, and considers relying upon the work of other internal and external assurance and consulting service providers as needed. The internal audit activity may perform advisory and related client service activities, the nature and scope of which will be agreed with the client, provided the internal audit activity does not assume management responsibility.

Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during engagements. These opportunities will be communicated to the appropriate level of management.

Responsibility

The chief audit executive has the responsibility to:

- Annually develop and submit to senior management and the Board a risk-based internal audit plan for review and approval. The flexible annual audit plan (summary of the audit work schedule, staffing plan, and time budget) will be developed based on internal audit's assessment of risk with input from management regarding areas of concern and areas of increased risk.
- Communicate to senior management and the Board the impact of resource limitations on the internal audit plan.
- Review and adjust the annual internal audit plan, as necessary, in response to changes in the University's business, risks, operations, programs, systems, and controls.
- Communicate to senior management and the Board any significant interim changes to the internal audit plan.
- Ensure each engagement of the internal audit plan is executed, including the establishment of objectives and scope, the assignment of appropriate and adequately supervised resources, the documentation of work programs and testing results, and the communication of engagement results with applicable conclusions and recommendations to appropriate parties.
- Follow up on engagement findings and corrective actions, and report periodically to senior management and the Board any corrective actions not effectively implemented.
- Ensure the principles of integrity, objectivity, confidentiality, and competency are applied and upheld.
- Ensure the Office of Internal Audit collectively possesses or obtains the knowledge, skills, and other competencies needed to meet the requirements of the internal audit charter.

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- Establish a Quality Assurance and Improvement Program by which the Director assures the operations of internal auditing activities are acceptable.
- Perform consulting services, beyond internal auditing's assurance services, to assist management in meeting its objectives.
- Ensure trends and emerging issues that could impact the University are considered and communicated to senior management and the Board as appropriate.
- Ensure emerging trends and successful practices in internal auditing are considered.
- Evaluate and assess significant merging/consolidating functions and new or changing services, processes, operations, and control processes coincident with their development, implementation, and/or expansion.
- Assist in the investigation of significant suspected fraudulent activities within the University and notify management and the Finance Committee of the results.
- Consider the scope of work of the external auditors and regulators, as appropriate, for the purpose of providing optimal audit coverage.
- Establish and ensure adherence to policies and procedures designed to guide the internal audit department.
- Ensure adherence to the University's relevant policies and procedures, unless such policies and procedures conflict with the internal audit charter. Any such conflicts will be resolved or otherwise communicated to senior management and the Board.
- Submit written and timely reports to the President of the University and appropriate members of management at the conclusion of each engagement to acknowledge satisfactory performance or to set forth observations and/or recommendations for correction or improvement.
- Forward a copy of each internal audit report and a summary to the System's Director of Internal & External Audit.
- Ensure conformance of the internal audit department with the Standards, with the following qualifications:
 - If the internal audit department is prohibited by law or regulation from conformance with certain parts of the Standards, the chief audit executive will ensure appropriate disclosures and will ensure conformance with all other parts of the Standards.
 - If the Standards are used in conjunction with requirements issued by other authoritative bodies (e.g., AICPA, GAO, etc.), the chief audit executive will ensure that the internal audit department conforms with the Standards, even if the internal audit department also conforms with the more restrictive requirements of other authoritative bodies.

Quality Assurance and Improvement Program

The internal audit activity will maintain a Quality Assurance and Improvement Program (program) that covers all aspects of the internal audit activity. The program is detailed in the Audit Manual of the Southeastern Louisiana University Department of Internal Audit. The program will include an evaluation of the internal audit activity's conformance with the Standards and an evaluation of whether internal auditors apply the IIA's Code of Ethics. The program will also assess the efficiency and effectiveness of the internal audit activity and identify opportunities for improvement. The program will include both internal and external assessments. The internal assessments will include ongoing monitoring of the performance of the internal audit activity and periodic self-assessments. The IIA Standards provide that external assessments are required to be conducted at least once every five

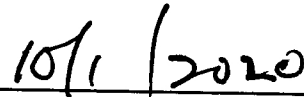
SOUTHEASTERN LOUISIANA UNIVERSITY
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years by a qualified, independent assessor or assessment team from outside the organization. The program will include both internal and external assessments. The internal assessments will include ongoing monitoring of the performance of the internal audit activity and periodic self-assessments. The IIA Standards provide that external assessments are required to be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organization.

Approved:



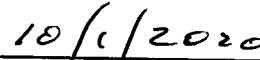
Director, Internal Audit



Date



SLU President



Date

ULS Board

Date



Office of the President

University Library 632 | 700 University Avenue | Monroe, LA 71209
P 318.342.1010 | F 318.342.1019

September 21, 2020

Dr. James B. Henderson, President
University of Louisiana System
1201 Third Street, 7-300
Baton Rouge, LA 70802

Dear Dr. Henderson:

I respectfully request approval of the University of Louisiana at Monroe's updated Internal Audit Charter at the October 22, 2020, Board of Supervisors meeting.

If I may be of further assistance, please let me know.

Sincerely,

Ronald L. Berry, D.B.A.
President

#TAKEFLIGHT

ULM is a member of the University of Louisiana System • AA/EOE

UNIVERSITY OF LOUISIANA AT MONROE INTERNAL AUDIT ACTIVITY CHARTER

This charter sets forth the purpose, mission, objectives, authority, and responsibility of the internal audit activity at the University of Louisiana at Monroe. The charter establishes the internal audit activity's position within the University; authorizes access to records, personnel, and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities.

Purpose and Mission

The purpose of the University's internal audit activity is to provide independent, objective assurance and consulting services designed to add value and improve the University's operations. The mission of internal audit is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight. The internal audit activity helps the University accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes. The internal audit activity is guided by a value-driven philosophy of partnering with other departmental units to continuously improve the operations of the University.

Vision

The vision of the University's internal audit activity is to be a valued partner of the University, the Board of Supervisors of the University of Louisiana System, and other institutions within the University of Louisiana System and to deliver professional assurance and consulting services to assist these entities in achieving their mission, strategic planning goals, and initiatives in an atmosphere of respect and accountability.

Standards for the Professional Practice of Internal Auditing

The internal audit activity will govern itself by adherence to the *Mandatory Guidance* of the Institute of Internal Auditors' International Professional Practices Framework (IPPF), including the Core Principles for the Professional Practice of Internal Auditing, International Standards for the Professional Practice of Internal Auditing, the Code of Ethics, and the Definition of Internal Auditing. The Director of Internal Audit (Chief Audit Executive) will report periodically to the University President and, through the System Director of Internal & External Audit, to the Board of Supervisors of the University of Louisiana System (Board) regarding the internal audit activity's conformance to the *mandatory elements* of the IPPF.

Authority

The University's internal audit activity is established by the Board as provided by Louisiana Revised Statute 17:3351. The internal audit activity's responsibilities are defined by the Board as part of their oversight role. The Director of Internal Audit will report administratively (i.e., day-to-day operations) to the President of the University and functionally to the Board, through the System Director of Internal & External Audit and the Finance Committee. To establish, maintain, and assure that University's internal audit activity has sufficient authority to fulfill its duties, the Board of Supervisors will:

- Approve the internal audit activity's charter.
- Approve the risk based internal audit plan.
- Approve the internal audit activity's budget and resource plan.
- Receive communications from the Director of Internal Audit on the internal audit activity's performance relative to its plan and other matters.
- Approve decisions regarding the appointment and removal of the Director of Internal Audit.
- Approve the remuneration of the Director of Internal Audit.
- Make appropriate inquiries of management and the Director of Internal Audit to determine whether there is inappropriate scope or resource limitations.

The Director of Internal Audit will have unrestricted access to and communicate and interact directly with the System Director of Internal & External Audit, the Finance Committee of the Board of Supervisors, and the Board of Supervisors, including in private meetings without management present.

UNIVERSITY OF LOUISIANA AT MONROE
INTERNAL AUDIT ACTIVITY CHARTER

The Board of Supervisors authorizes the internal audit activity to:

- Have full, free, and unrestricted access to all functions, records, property, and personnel pertinent to carrying out any engagement, subject to accountability for confidentiality and safeguarding of records and information.
- Audit or review any function, activity, or unit of the University and the accounts of all organizations required to submit financial statements to the University.
- Have direct and unrestricted access and present to the President of the University any matter considered to be of sufficient importance to warrant attention or that has been brought to the internal audit activity for review.
- Allocate resources, set frequencies, select subjects, determine scopes of work, and apply the techniques required to accomplish audit objectives.
- Obtain the necessary assistance of personnel of the University where they perform audits, as well as other specialized services from within or outside the University, in order to complete the engagement.

Independence and Objectivity

The Director of Internal Audit will ensure that the internal audit activity remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of audit selection, scope, procedures, frequency, timing, and report content. If the Director of Internal Audit determines that independence or objectivity may be impaired in fact or appearance, the details of impairment will be disclosed to appropriate parties.

Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively and in such a manner that they believe in their work product, that no quality compromises are made, and that they do not subordinate their judgment on audit matters to others.

Internal auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, internal auditors will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair their judgment, including:

- Assessing specific operations for which they had responsibility within the previous year.
- Performing any operational duties for the University or its affiliates.
- Initiating or approving transactions external to the Department of Internal Audit.
- Directing the activities of any University employee not employed by the internal audit activity, except to the extent that such employees have been appropriately assigned to auditing teams or to otherwise assist internal auditors.

To provide for the independence of the internal audit activity, its personnel will report to the University's Director of Internal Audit, who reports functionally to the Board of Supervisors through the System Director of Internal & External Audit and administratively to the President of the University. The University President has authority to handle all personnel matters regarding Internal Audit. Therefore, internal audits and appraisals do not in any way substitute for nor relieve other persons in the University of the responsibilities assigned to them.

Where the Director of Internal Audit has or is expected to have roles and/or responsibilities that fall outside of internal auditing, safeguards will be established to limit impairments to independence or objectivity. Internal auditors will:

- Disclose any impairment of independence or objectivity, in fact or appearance, to appropriate parties.
- Exhibit professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined.
- Make balanced assessments of all available and relevant facts and circumstances.

UNIVERSITY OF LOUISIANA AT MONROE
INTERNAL AUDIT ACTIVITY CHARTER

- Take necessary precautions to avoid being unduly influenced by their own interests or by others in forming judgments.

At least annually, the Director of Internal Audit will confirm to the University President and, through the System Director of Internal & External Audit, the Board of Supervisors of the University of Louisiana System the organizational independence of the internal audit activity. The Director of Internal Audit will also disclose to those parties any interference and related implications in determining the scope of internal auditing, performing work, and/or communicating results.

Scope of Internal Audit Activities

The scope of internal audit activities encompasses, but is not limited to:

- Assurance services provided to the Board, management, and outside parties primarily consisting of objective examinations of evidence for the purpose of providing independent assessments on the adequacy and effectiveness of governance, risk management, and control processes for the University. Examples may include financial, performance, compliance, system security, and due diligence engagements.
- Consulting services provided to the Board, management, and outside parties primarily consisting of advisory and related client service activities, the nature and scope of which will be agreed with the client and be intended to add value and improve the University's governance, risk management, and control processes without the internal audit activity assuming management responsibility. Examples may include counsel, advice, facilitation, and training.

Internal audit assessments include evaluating whether:

- Risks relating to the achievement of the University's strategic objectives are appropriately identified and managed.
- The actions of the University's officers, directors, employees, and contractors are in compliance with the University's policies, procedures, and applicable laws, regulations, and governance standards.
- The results of operations or programs are consistent with established goals and objectives.
- Operations or programs are being carried out effectively and efficiently.
- Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact the University.
- Information and the means used to identify, measure, analyze, classify, and report such information are reliable and have integrity.
- Resources and assets are acquired economically, used efficiently, and protected adequately.

The Director of Internal Audit will report periodically to senior management and the Board regarding:

- The internal audit activity's purpose, authority, and responsibility.
- The internal audit activity's plan and performance relative to its plan.
- The internal audit activity's conformance with The IIA's Code of Ethics and Standards, and action plans to address any significant conformance issues.
- Significant risk exposures and control issues, including fraud risks, governance issues, and other matters requiring the attention of, or requested by, the Board.
- Results of audit engagements or other activities.
- Resource requirements.
- Any response to risk by management that may be unacceptable to the University.

The Director of Internal Audit also coordinates activities, where possible, and considers relying upon the work of other internal and external assurance and consulting service providers as needed.

UNIVERSITY OF LOUISIANA AT MONROE
INTERNAL AUDIT ACTIVITY CHARTER

Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during engagements. These opportunities will be communicated to the appropriate level of management.

Responsibility

The chief audit executive has the responsibility to:

- Communicate to senior management and the Board the impact of resource limitations on the internal audit plan.
- Annually develop and submit to senior management and the Board a risk-based internal audit plan for review and approval. The flexible annual audit plan (summary of the audit work schedule, staffing plan, and time budget) will be developed based on internal audit's assessment of risk with input from management regarding areas of concern and areas of increased risk.
- Review and adjust the annual internal audit plan, as necessary, in response to changes in the University's business, risks, operations, programs, systems, and controls. Any significant interim changes from the approved internal audit plan will be communicated to senior management and the Board through periodic activity reports.
- Communicate to senior management and the Board any significant interim changes to the internal audit plan.
- Ensure each engagement of the internal audit plan is executed, including the establishment of objectives and scope, the assignment of appropriate and adequately supervised resources, the documentation of work programs and testing results, and the communication of engagement results with applicable conclusions and recommendations to appropriate parties.
- Follow up on engagement findings and corrective actions, and report periodically to senior management and the Board any corrective actions not effectively implemented.
- Ensure the principles of integrity, objectivity, confidentiality, and competency are applied and upheld.
- Ensure the Department of Internal Audit collectively possesses or obtains the knowledge, skills, and other competencies needed to meet the requirements of the internal audit charter.
- Establish a Quality Assurance and Improvement Program by which the Director assures the operations of internal auditing activities are acceptable.
- Perform consulting services, beyond internal auditing's assurance services, to assist management in meeting its objectives.
- Ensure trends and emerging issues that could impact the University are considered and communicated to senior management and the Board as appropriate.
- Ensure emerging trends and successful practices in internal auditing are considered.
- Evaluate and assess significant merging/consolidating functions and new or changing services, processes, operations, and control processes coincident with their development, implementation, and/or expansion.
- Assist in the investigation of significant suspected fraudulent activities within the University and notify management and the finance committee of the results.
- Consider the scope of work of the external auditors and regulators, as appropriate, for the purpose of providing optimal audit coverage.
- Establish and ensure adherence to policies and procedures designed to guide the internal audit department.
- Ensure adherence to the University's relevant policies and procedures, unless such policies and procedures conflict with the internal audit charter. Any such conflicts will be resolved or otherwise communicated to senior management and the Board.
- Submit written and timely reports to the President of the University and appropriate members of management at the conclusion of each engagement to acknowledge satisfactory performance or to set forth observations and/or recommendations for correction or improvement.

**UNIVERSITY OF LOUISIANA AT MONROE
INTERNAL AUDIT ACTIVITY CHARTER**

- Forward a copy of each internal audit report and a summary to the System's Director of Internal & External Audit.
- Ensure conformance of the internal audit department with the Standards, with the following qualifications:
 - If the internal audit department is prohibited by law or regulation from conformance with certain parts of the Standards, the chief audit executive will ensure appropriate disclosures and will ensure conformance with all other parts of the Standards.
 - If the Standards are used in conjunction with requirements issued by other authoritative bodies (e.g., AICPA, GAO, etc.) the chief audit executive will ensure that the internal audit department conforms with the Standards, even if the internal audit department also conforms with the more restrictive requirements of other authoritative bodies.

Quality Assurance and Improvement Program

The internal audit activity will maintain a Quality Assurance and Improvement Program (program) that covers all aspects of the internal audit activity. The program is detailed in the ULM Department of Internal Audit Manual. The program will include an evaluation of the internal audit activity's conformance with the Standards and an evaluation of whether internal auditors apply the IIA's Code of Ethics. The program will also assess the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement. The program will include both internal and external assessments. The internal assessments will include ongoing monitoring of the performance of the internal audit activity and periodic self-assessments. The IIA Standards provide that external assessments are required to be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organization. The Director of Internal Audit will communicate to senior management and the Board on the internal audit activity's quality assurance and improvement program, including results of internal assessments (ongoing monitoring and periodic internal assessments) and external assessments.

Approved:



ULM Director of Internal Audit

9/22/2020

Date



ULM President

9/24/2020

Date

University of Louisiana System

**Title: INTERNAL AUDIT CHARTER
(Policy Revision)**

Effective Date: October 22, 2020

Cancellation: December 1, 2017

Chapter: Finance and Business

Policy and Procedures Memorandum

Introduction

This charter sets forth the purpose, mission, objectives, authority, and responsibility of the internal audit activity for the University of Louisiana System (System). The charter establishes the internal audit activity's position within the System and the Universities within the System; authorizes access to records, personnel, and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities.

The University of Louisiana System supports a System Director of Internal and External Audit (Chief Audit Executive) as a staff function and as a coordinator of a System-wide, independent appraisal function to examine and evaluate the business and administrative activities of the System's universities. The System supports this staff function as a service to System executive management and the Board of Supervisors (Board). The System Director reports functionally to the Board of Supervisors and administratively to the System President. In carrying out his/her duties and responsibilities, the System Director will have full, free, and unrestricted access to all activities, records, property, and personnel within the entire System.

The coordination of the System's internal auditing function is the responsibility of the System Director. The Board, on recommendation from the System President, appoints the System Director. The internal auditing function consists of the Campus Offices of Internal Audit, whose Directors (Chief Audit Executives) report to their respective Presidents and to the Board through the System Director. The System Director will prepare, for approval by the System President, a consolidated System-wide audit plan. Such plan will incorporate each campus' proposed audit plan, each of which shall include input from the President and CFOs as to areas of audit concern and areas subject to increased risk. The proposed individual plans will identify the audits to be conducted at each campus during the year. The System-wide audit plan will identify areas of audit concern on a campus-by-campus basis, as well as a System-wide approach. The final plan shall be reviewed and, if necessary, revised by the Finance Committee and then approved by the Board at an open meeting.

Purpose and Mission

The purpose of the internal audit activity is to provide independent, objective assurance and consulting services designed to add value and improve the operations of the System and the Universities within the System. The mission of internal audit is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight. The internal audit activity helps the System and the Universities within the System accomplish their objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes. The internal audit activity is guided by a value-driven philosophy of partnering with other departmental units to continuously improve the operations of the System and the Universities within the System.

Standards for the Professional Practice of Internal Auditing

The internal audit activity will govern itself by adherence to the *Mandatory Guidance* of the Institute of Internal Auditors' International Professional Practices Framework, including the International Standards for the Professional Practice of Internal Auditing and the Code of Ethics. The System Director will report periodically to the System President and the Board of Supervisors for the University of Louisiana System regarding the internal audit activity's conformance to the Code of Ethics and the Standards. Also, the Campus Directors will report periodically to their University Presidents and, through the System Director, to the Board of Supervisors for the University of Louisiana System regarding the Campus internal audit activity's conformance to the Code of Ethics and the Standards.

Authority

The System or University's internal audit activity is established by the Board. The internal audit activity's responsibilities are defined by the Board as part of their oversight role. To establish, maintain, and assure that the internal audit activities of the System and the Universities within the System have sufficient authority to fulfill their duties, the Board of Supervisors will:

- Approve the internal audit activity's charter.
- Approve the risk based internal audit plan.
- Approve the internal audit activity's budget and resource plan.
- Receive communications from the Directors of Internal Audit on the internal audit activity's performance relative to its plan and other matters.
- Approve decisions regarding the appointment and removal of the Directors of Internal Audit.
- Approve the remuneration of the Directors of Internal Audit.
- Make appropriate inquiries of management and the Directors of Internal Audit to determine whether there is inappropriate scope or resource limitations.

Internal Audit will have unrestricted access to and communicate and interact directly with the System Director, the Finance Committee of the Board of Supervisors, and the Board of Supervisors, including in private meetings without management present.

The Board of Supervisors authorizes the internal audit activity to:

- Have full, free, and unrestricted access to all functions, records, property, and personnel pertinent to carrying out any engagement, subject to accountability for confidentiality and safeguarding of records and information.
- Audit or review any function, activity, or unit of the System or Universities within the System and the accounts of all organizations required to submit financial statements to the Universities.
- Have direct and unrestricted access and present to the System President or University President any matter considered to be of sufficient importance to warrant attention or that has been brought to the internal audit activity for review.
- Allocate resources, set frequencies, select subjects, determine scopes of work, and apply the techniques required to accomplish audit objectives.
- Obtain the necessary assistance of personnel of the System or University where they perform audits, as well as other specialized services from within or outside the System or University, in order to complete the engagement.

Independence and Objectivity

The System Director and the Campus Directors will ensure that the internal audit activity remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of audit selection, scope, procedures, frequency, timing, and report content. If the System or Campus Directors determine that independence or objectivity may be impaired in fact or appearance, the details of impairment will be disclosed to appropriate parties.

Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively and in such a manner that they believe in their work product, that no quality compromises are made, and that they do not subordinate their judgment on audit matters to others.

Internal auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, internal auditors will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair their judgment, including:

- Assessing specific operations for which they had responsibility within the previous year.
- Performing any operational duties for the System, the Universities within the System or affiliated organizations.
- Initiating or approving transactions external to Internal Audit.
- Directing the activities of any System or University employee not employed by the internal audit activity, except to the extent that such employees have been appropriately assigned to auditing teams or to otherwise assist internal auditors.

To provide for the independence of the internal audit activity, campus internal audit personnel will report to the Campus Directors of Internal Audit, who reports functionally to the Board

of Supervisors through the System Director of Internal and External Audit and administratively to the President of their University.

Where the System or Campus Director has or is expected to have roles and/or responsibilities that fall outside of internal auditing, safeguards will be established to limit impairments to independence or objectivity. Internal auditors will:

- Disclose any impairment of independence or objectivity, in fact or appearance, to appropriate parties.
- Exhibit professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined.
- Make balanced assessments of all available and relevant facts and circumstances.
- Take necessary precautions to avoid being unduly influenced by their own interests or by others in forming judgments.

At least annually, the System Director will confirm to the System President and the Board of Supervisors for the University of Louisiana System the organizational independence of the internal audit activity. Also, the Campus Directors will confirm to the University Presidents and, through the System Director, to the Board of Supervisors for the University of Louisiana System, the organizational independence of the internal audit activity. The System and Campus Directors will also disclose to those parties any interference and related implications in determining the scope of internal auditing, performing work, and/or communicating results.

Scope of Internal Audit Activities

The scope of internal audit activities encompasses, but is not limited to, objective examinations of evidence for the purpose of providing independent assessments to the Board, management, and outside parties on the adequacy and effectiveness of governance, risk management, and control processes of the System and the Universities within the System. Internal audit assessments include evaluating whether:

- Risks relating to the achievement of the strategic objectives of the System and the Universities within the System are appropriately identified and managed.
- The actions of the officers, directors, employees, and contractors of the System and the Universities within the System are in compliance with applicable policies, procedures, laws, regulations, and governance standards.
- The results of operations or programs are consistent with established goals and objectives.
- Operations or programs are being carried out effectively and efficiently.
- Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact the System or the Universities within the System.
- Information and the means used to identify, measure, analyze, classify, and report such information are reliable and have integrity.
- Resources and assets are acquired economically, used efficiently, and protected adequately.

The System Director and the Campus Directors will report periodically to senior management and the Board regarding:

- The internal audit activity's purpose, authority, and responsibility.
- The internal audit activity's plan and performance relative to its plan.
- The internal audit activity's conformance with The IIA's Code of Ethics and Standards, and action plans to address any significant conformance issues.
- Significant risk exposures and control issues, including fraud risks, governance issues, and other matters requiring the attention of, or requested by, the Board.
- Results of audit engagements or other activities.
- Resource requirements.
- Any response to risk by management that may be unacceptable to the University.

The System Director and the Campus Directors also coordinate activities, where possible, and consider relying upon the work of other internal and external assurance and consulting service providers as needed. The internal audit activity may perform advisory and related client service activities, the nature and scope of which will be agreed with the client, provided the internal audit activity does not assume management responsibility.

Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during engagements. These opportunities will be communicated to the appropriate level of management.

Responsibility

The System or Campus Director has the responsibility to:

- Annually develop and submit to senior management and the Board a risk-based internal audit plan for review and approval. The flexible annual audit plan (summary of the audit work schedule, staffing plan, and time budget) will be developed based on internal audit's assessment of risk with input from management regarding areas of concern and areas of increased risk.
- Communicate to senior management and the Board the impact of resource limitations on the internal audit plan.
- Review and adjust the annual internal audit plan, as necessary, in response to changes in the business, risks, operations, programs, systems, and controls of the System and the Universities within the System.
- Communicate to senior management and the Board any significant interim changes to the internal audit plan.
- Ensure each engagement of the internal audit plan is executed, including the establishment of objectives and scope, the assignment of appropriate and adequately supervised resources, the documentation of work programs and testing results, and the communication of engagement results with applicable conclusions and recommendations to appropriate parties.
- Follow up on engagement findings and corrective actions, and report periodically to senior management and the Board any corrective actions not effectively implemented.

- Ensure the principles of integrity, objectivity, confidentiality, and competency are applied and upheld.
- Ensure that Internal Audit staff collectively possess or obtain the knowledge, skills, and other competencies needed to meet the requirements of the internal audit charter.
- Establish a Quality Assurance and Improvement Program by which the System Director and the Campus Directors assure the operations of the internal auditing activities are acceptable.
- Perform consulting services, beyond internal auditing's assurance services, to assist management in meeting its objectives.
- Ensure trends and emerging issues that could impact the System or the Universities within the System are considered and communicated to senior management and the Board as appropriate.
- Ensure emerging trends and successful practices in internal auditing are considered.
- Evaluate and assess significant merging/consolidating functions and new or changing services, processes, operations, and control processes coincident with their development, implementation, and/or expansion.
- Assist in the investigation of significant suspected fraudulent activities within the System or the Universities within the System and notify management and the Finance Committee of the results.
- Consider the scope of work of the external auditors and regulators, as appropriate, for the purpose of providing optimal audit coverage.
- Establish and ensure adherence to policies and procedures designed to guide the internal audit department.
- Ensure adherence to relevant policies and procedures of the System and the Universities within the System, unless such policies and procedures conflict with the internal audit charter. Any such conflicts will be resolved or otherwise communicated to senior management and the Board.
- Submit written and timely reports to appropriate members of management at the conclusion of each engagement to acknowledge satisfactory performance or to set forth observations and/or recommendations for correction or improvement.
- Ensure that Campus auditors forward a copy of each internal audit report and a summary to the System Director.
- Ensure conformance of the internal audit activity with the Standards, with the following qualifications:
 - If the internal audit department is prohibited by law or regulation from conformance with certain parts of the Standards, the System or Campus Director will ensure appropriate disclosures and will ensure conformance with all other parts of the Standards.
 - If the Standards are used in conjunction with requirements issued by other authoritative bodies (e.g., AICPA, GAO, etc.) the System or Campus Director will ensure that the internal audit department conforms with the Standards, even if the internal audit department also conforms with the more restrictive requirements of other authoritative bodies.

Quality Assurance and Improvement Program

The internal audit activity will maintain a Quality Assurance and Improvement Program (program) that covers all aspects of the internal audit activity. The program will include an evaluation of the internal audit activity's conformance with the Standards and an evaluation of whether internal auditors apply the IIA's Code of Ethics. The program will also assess the efficiency and effectiveness of the internal audit activity and identify opportunities for improvement. The program will include both internal and external assessments. The internal assessments will include ongoing monitoring of the performance of the internal audit activity and periodic self-assessments. The IIA Standards provide that external assessments are required to be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organization. Act 314 of the 2015 Regular Legislative Session (L.R.S. 17:3351) became effective on August 1, 2015. Therefore, an external assessment will be required to be completed by July 31, 2020, which is five years of the effective date of Act 314 of 2015. The System or Campus Director will communicate to senior management and the Board on the internal audit activity's quality assurance and improvement program, including results of internal assessments (ongoing monitoring and periodic internal assessments) and external assessments.

Meetings

Prior to each Finance Committee meeting, the System Director will provide the Committee members with information relating to the status of audit activities. Such information should include, but not be limited to, audit reports, audit follow-up and the implementation of recommendations, management services, external audits, and other relevant information. In addition, annual audit plans, staffing plans, financial and budget reports, and other appropriate information will be provided and reviewed as necessary.

Review Process:

System Administration Staff

Policy References:

Association of College & University Auditors
Institute of Internal Auditors

Distribution:

University Presidents
Campus Internal Audit Directors



THE UNIVERSITY *of*
NEW ORLEANS

OFFICE OF THE PRESIDENT

September 28, 2020

Dr. James B. Henderson
President
The University of Louisiana System
1201 North Third Street
Baton Rouge, LA 70802

Re: Revised Audit Charter

Dear Dr. Henderson,

I am requesting approval of UNO's revised audit charter.

Thank you for your consideration.

Sincerely,

John W. Nicklow
President



INTERNAL AUDIT ACTIVITY CHARTER

This charter sets forth the purpose, mission, objectives, authority, and responsibility of the internal audit activity at the University of New Orleans. The charter establishes the internal audit activity's position within the University; authorizes access to records, personnel, and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities.

Purpose and Mission

The purpose of the University's internal audit activity is to provide independent, objective assurance and consulting services designed to add value and improve the University's operations. The mission of internal audit is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight. The internal audit activity helps the University in accomplishing its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of the University's governance, risk management and control processes. The internal audit activity is guided by a value-driven philosophy of partnering with other departmental units to continuously improve the operations of the University.

Standards for the Professional Practice of Internal Auditing

The internal audit activity will govern itself by adherence to the *Mandatory Guidance* of The Institute of Internal Auditors' International Professional Practices Framework, including the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the International Standards for the Professional Practice of Internal Auditing, and the Definition of Internal Auditing using such audit programs, techniques, and procedures as are considered applicable and necessary to guide operations. The Chief Audit Executive (CAE) will report periodically to the University President and, through the System Director of Internal & External Audit, to the Board of Supervisors of the University of Louisiana System (Board) regarding the internal audit activity's conformance to the Code of Ethics and the Standards.

Authority

The University's internal audit activity is established by the Board. The internal audit activity's responsibilities are defined by the Board as part of their oversight role. The CAE will report administratively (i.e., day-to-day operations) to the President of the University and functionally to the Board, through the System Director of Internal & External Audit and the Finance Committee. To establish, maintain, and assure that University's internal audit activity has sufficient authority to fulfill its duties, the Board of Supervisors will:

- Approve the internal audit activity's charter.
- Approve the risk based internal audit plan.
- Approve the internal audit activity's budget and resource plan.
- Receive communications from the CAE on the internal audit activity's performance relative to its plan and other matters.
- Approve decisions regarding the appointment and removal of the CAE.
- Approve the remuneration of the CAE.

- Make appropriate inquiries of management and the CAE to determine whether there is inappropriate scope or resource limitations.

The CAE will have unrestricted access to and communicate and interact directly with the System Director of Internal & External Audit, the Finance Committee of the Board of Supervisors and the Board of Supervisors, including private meetings without management present.

The Board of Supervisors authorizes the internal audit activity to:

- Have full, free, and unrestricted access to all functions, records, property, and personnel pertinent to carrying out any engagement, subject to accountability for confidentiality and safeguarding of records and information.
- Audit or review any function, activity, or unit of the University and the accounts of all organizations required to submit financial statements to the University.
- Have direct and unrestricted access and present to the President of the University any matter considered to be of sufficient importance to warrant attention or that has been brought to the internal audit activity for review.
- Allocate resources, set frequencies, select subjects, determine scopes of work, and apply the techniques required to accomplish audit objectives.
- Obtain the necessary assistance of personnel of the University where they perform audits, as well as other specialized services from within or outside the University, in order to complete the engagement.

Independence and Objectivity

The CAE will ensure that the internal audit activity remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of audit selection, scope, procedures, frequency, timing, and report content. If the CAE determines that independence or objectivity may be impaired in fact or appearance, the details of impairment will be disclosed to appropriate parties.

Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively and in such a manner that they believe in their work product, that no quality compromises are made, and that they do not subordinate their judgment on audit matters to others.

In performing their work, the CAE and other internal audit staff members will have no direct operational responsibility or authority over any of the activities audited. Accordingly, Internal auditors will not implement internal controls, develop procedures, install systems, prepare or approve records, make management decisions, or engage in any other activity, which could be construed to compromise their independence and/or objectivity, including:

- Performing any operational duties for the University or its affiliates.
- Assessing any specific operations which they had responsibility for within the previous year.
- Initiating or approve transactions external to the internal audit activity.
- Directing the activities of any University employee not employed by the internal audit activity, except to the extent such employees have been appropriately assigned to auditing teams or to otherwise assist the internal auditors.

To provide for the independence of the internal audit activity, its personnel will report to the University's CAE, who reports functionally to the Board of Supervisors through the System

Director of Internal & External Audit and administratively to the President of the University. Therefore, internal audits and appraisals do not in any way substitute for nor relieve other persons in the University of the responsibilities assigned to them.

Where the CAE has or is expected to have roles and/or responsibilities that fall outside of internal auditing, safeguards will be established to limit impairments to independence or objectivity.

Internal auditors will:

- Disclose any impairment of independence or objectivity, in fact or appearance, to appropriate parties.
- Exhibit professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined.
- Make balanced assessments of all available and relevant facts and circumstances.
- Take necessary precautions to avoid being unduly influenced by their own interests or by others in forming judgments.

At least annually, the CAE will confirm to the University President and, through the System Director of Internal & External Audit, the Board of Supervisors of the University of Louisiana System the organizational independence of the internal audit activity. The CAE will also disclose to those parties any interference and related implications in determining the scope of internal auditing, performing work, and/or communicating results.

Scope of Internal Audit Activities

The scope of internal audit activities encompasses, but is not limited to, objective examinations of evidence for the purpose of providing independent assessments to the Board, management, and outside parties on the adequacy and effectiveness of governance, risk management, and control processes for the University. Internal Audit engagements include, but are not limited to, evaluating whether:

- Risks relating to the achievement of the University's strategic objectives are appropriately identified and managed.
- University directors, officers, employees and contractor's actions are in compliance with the University's policies, procedures, and applicable laws, regulations, codes and governance standards.
- The results of operations or programs are consistent with established goals and objectives.
- Operations or programs are being carried out effectively and efficiently.
- Established systems and processes enable compliance with those policies, plans, procedures, laws, and regulations which could have a significant impact on the University.
- Information and the means used to identify, measure, analyze, classify, and report such information are reliable and have integrity.
- Resources and assets are acquired economically, used efficiently, and adequately protected.
- Quality and continuous improvement are fostered in the University's control process.
- Significant trends and legislative or regulatory issues that could impact the University are recognized and communicated properly.

The CAE will report periodically to senior management and the Board regarding:

- The internal audit activity's purpose, authority, and responsibility.

- The internal audit activity's plan and performance relative to its plan.
- The internal audit activity's conformance with The IIA's Code of Ethics and Standards, and action plans to address any significant conformance issues.
- Significant risk exposures and control issues, including fraud risks, governance issues, and other matters requiring the attention of, or requested by, the Board.
- Results of audit engagements or other activities.
- Resource requirements.
- Any response to risk by management that may be unacceptable to the University.

The CAE also coordinates activities, where possible, and considers relying upon the work of other internal and external assurance and consulting service providers as needed. The internal audit activity may perform advisory and related client service activities, the nature and scope of which will be agreed with the client, provided the internal audit activity does not assume management responsibility.

Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during engagements. These opportunities will be communicated to the appropriate level of management.

Responsibility

The University's CAE has the responsibility to:

- Annually develop and submit to senior management and the University of Louisiana System Board of Supervisors a risk-based internal audit plan for review and approval. The flexible annual audit plan (summary of the audit work schedule, staffing plan, and time budget) will be developed based on the internal audit activity's assessment of risk and a prioritization of the audit universe, including input of senior management and the Board regarding areas of concern and areas of increased risk.
- Communicate to senior management and the Board the impact of resource limitations and significant interim changes on the internal audit plan.
- Implement the annual audit plan, as approved, including, as appropriate, any special tasks or projects requested by management and the Audit Committee.
- Review and adjust the annual internal audit plan, as necessary, in response to changes in the University's business, risks, operations, programs, systems, and controls.
- Communicate to senior management and the Board any significant deviation from the approved internal audit plan.
- Ensure each engagement of the internal audit plan executed includes the establishment of objectives and scope, the assignment of appropriate and adequately supervised resources, the documentation of work papers and testing results, and the communication of engagement results with applicable conclusions and recommendations to appropriate parties.
- Follow-up on engagement findings and corrective actions, and report periodically to senior management and the Board any corrective actions not effectively implemented.
- Ensure the principles of integrity, objectivity, confidentiality, and competency are applied and upheld.
- Ensure the internal audit activity collectively possesses or obtains the knowledge, skills, and other competencies needed to meet the requirements of the internal audit charter.
- Ensure trends and emerging issues that could impact the University are considered and communicated to senior management and the Board as appropriate.
- Ensure emerging trends and successful practices in internal auditing are considered.

- Evaluate and assess significant merging/consolidating functions and new or changing services, processes, operations, and control processes coincident with their development, implementation, and/or expansion.
- Establish and ensure adherence to policies and procedures designed to guide the internal audit activity.
- Ensure adherence to the University's relevant policies and procedures, unless such policies and procedures conflict with the internal audit charter. Any such conflicts will be resolved or otherwise communicated to senior management and the Board.
- Establish a quality assurance program by which the CAE assures the operations of internal auditing activities.
- Perform consulting services, beyond internal auditing's assurance services, to assist management in meeting its objectives. Examples may include facilitation, process design, training, and advisory services.
- Assist in the investigation of significant suspected fraudulent activities within the University and notify management and the audit committee of the results.
- Consider the scope of work of the external auditors and regulators, as appropriate, for the purpose of providing optimal audit coverage.
- Evaluate specific operations at the request of the Board or management, as appropriate.
- Submit written and timely reports to the President of the University and appropriate members of management at the conclusion of each engagement to acknowledge satisfactory performance or to set forth observations and/or recommendations for correction or improvement.
- Forward a copy of each internal audit report and a summary to the System's Director of Internal & External Audit.
- Ensure conformance of the internal audit activity with the Standards, with the following qualifications:
 - If the internal audit activity is prohibited by law or regulation from conformance with certain parts of the Standards, the CAE will ensure appropriate disclosures and will ensure conformance with all other parts of the Standards.
 - If the Standards are used in conjunction with requirements issued by other authoritative bodies (e.g., AICPA, GAO, etc.) the CAE will ensure that the internal audit activity conforms with the Standards, even if the internal audit activity also conforms with the more restrictive requirements of other authoritative bodies.


Audit Committee for the Board of Supervisors

To maintain oversight of the auditing function, both internal and external, the Audit Committee will review the previous year's System-wide internal audit program and the direction of the System-wide audit program to be followed in the year ahead, and review the annual financial and compliance audits, including any specific issues of concern. As appropriate, any background documents related to specific audit issues will be sent to the Committee during the course of each year.

Quality Assurance and Improvement Program

The internal audit activity will maintain a Quality Assurance and Improvement Program (program) that covers all aspects of the internal audit activity. The program will include an evaluation of the internal audit activity's conformance with the Standards and an evaluation of whether internal auditors apply the IIA's Code of Ethics. The program will also assess the efficiency and effectiveness of the internal audit activity and identify opportunities for

improvement. The program will include both internal and external assessments. The internal assessments will include ongoing monitoring of the performance of the internal audit activity and periodic self-assessments. The IIA Standards and Act 314 of the 2015 Regular Legislative Session (L.R.S. 17:3351) provide that external assessments are required to be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organization. The CAE will communicate to senior management and the Board on the internal audit activity's quality assurance and improvement program, including results of internal assessments (ongoing monitoring and periodic internal assessments) and external assessments.

Approved: 
University of New Orleans Internal Audit Director

Date: 9/25/20

Approved: 
University of New Orleans President

Date: 9/28/2020

**BOARD OF SUPERVISORS FOR THE
UNIVERSITY OF LOUISIANA SYSTEM**

FINANCE COMMITTEE

October 22, 2020

Item H.4. **University of Louisiana System's** request for acceptance of the Fiscal Year 2019-20 Financial and Compliance Representation Letter for the University of Louisiana System.

EXECUTIVE SUMMARY

In connection with its financial and compliance audits of colleges and universities, the Legislative Auditor's Office requires the President and Chief Fiscal Officer to review certain representations and certify that those representations are true and correct. The officers answer and sign a financial and compliance questionnaire at the beginning of the audit and then sign an update upon conclusion of the audit certifying that: (1) there were no material changes to the original certification; or (2) any such changes have been disclosed to the Legislative Auditor. Office of Legislative Auditor policy further requires that the appropriate management board accept the university's questionnaire in a public meeting. The documentation is available in the System Office.

RECOMMENDATION

It is recommended that the following resolution be adopted:

NOW, THEREFORE, BE IT RESOLVED, that the Board of Supervisors for the University of Louisiana System hereby accepts the Fiscal Year 2019-20 Financial and Compliance Representation Letter for the University of Louisiana System.



Claiborne Building | 1201 North Third Street | Suite 7-300 | Baton Rouge, LA 70802
 P 225.342.6950 | F 225.342.6473
www.ULSystem.edu

October 6, 2020

Legislative Auditor
 Baton Rouge, Louisiana

In connection with your audit of the University of Louisiana System's annual financial statements as of June 30, 2020 and for the year ended June 30, 2020 conducted for the purpose of forming and expressing an opinion as to the fair presentation of the system's financial statements in accordance with accounting principles generally accepted in the United States, to provide assurances on the system's accounts, classes of transactions, and disclosures that are material to the system's financial statements in accordance with the accounting and reporting requirements of the Division of Administration, and to review our systems of internal control over financial reporting and our compliance with material laws and regulations applicable to those accounts, classes of transactions, and disclosures, we confirm, to the best of our knowledge and belief, the following representations. These representations are based on the information available to us as of October 6, 2020.

PART I. GENERAL

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement or entrance document, for the preparation and fair presentation of our financial statements (or other financial information/schedules) in conformity with accounting principles generally accepted in the United States of America and in accordance with accounting and reporting requirements of the Division of Administration. The annual financial statements (or other financial information) present fairly, in all material respects, our financial position as of June 30, 2020 and changes in financial position, (including cash flows, if applicable) for the year ended June 30, 2020 in conformity with accounting principles generally accepted in the United States of America and in accordance with accounting and reporting requirements of the Division of Administration.

Yes ☒ No ☐

2. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Yes ☒ No ☐

3. We acknowledge our responsibility for the design, implementation, and maintenance of effective internal controls to prevent and detect fraud.

Yes ☒ No ☐

4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.

Yes ☒ No ☐ NA ☐

5. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.

Yes ☒ No ☐ There are none ☐

6. The substance of all related party relationships and transactions involving sales, purchases, receivables, payables, guarantees, transfers, equipment usage, amounts receivable or payable to related parties, etc., has been considered, and appropriate adjustments or disclosures are made in the financial statements.

Yes ☒ No ☐ There are none ☐

7. Events that have occurred subsequent to the balance sheet date and through the date of this letter have been evaluated and classified as recognized or nonrecognized.

Yes ☒ No ☐ There are none ☐

On September 11, 2020, the US Department of Education granted Grambling State University a deferment for principal and interest payments on the University's Series 2016-4 Refunding bonds. The deferment was retroactive to October 1, 2019. The financial statements have been adjusted for this transaction.

On August 20, 2020, Hurricane Laura made landfall in Southwestern Louisiana and caused significant damage to McNeese State University's campus. The determination of the impairment loss is ongoing and though currently unknown is expected to be significant.

Both the Southwestern Athletic Conference (SWAC) and the Southland Athletic Conference (SAC) have postponed all Fall 2020 sports to Spring 2021 (planned). The effects of the postponements on the universities is currently unknown.

8. We acknowledge our responsibility to advise you of events occurring after the date of this representation.

Yes ☒ No ☐

9. The effects of all known actual or possible litigation and claims have been accounted for and have been disclosed to you in accordance with accounting principles generally accepted in the United States of America and whose effects should be considered when preparing the financial statements.

Yes ☒ No ☐ NA ☐

10. It is correct that there are no unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be recorded and/or disclosed in accordance with GASB Codification C50, *Claims and Judgments*.

Yes ☒ No ☐

11. It is correct that there are no other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB Codification C50, *Claims and Judgments*.

Yes ☒ No ☐

12. It is correct that all accounting estimates that could be material to the financial statements, including the key factors and significant assumptions underlying those estimates and measurements, are included in the financial statements, are complete and accurate, and have been prepared in accordance with GASB Codification C50, *Claims and Judgments*.

Yes ☒ No ☐ NA ☐

13. It is correct that we are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements, and we have not consulted legal counsel concerning any pending or threatened litigation and claims litigation or claims.

Yes ☒ No ☐

14. It is correct that all funds and activities under our control and oversight are properly classified in the financial statements (or other financial information/schedules) in accordance with GASB 34, as amended by GASB 35 and GASB 54.

Yes ☒ No ☐

15. It is correct that all transactions have been properly recorded in the accounting records and are reflected in the financial statements (or other financial information/schedules), and there are no undisclosed assets, liabilities, or other unrecorded transactions.

Yes ☒ No ☐

16. It is correct that we have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

Yes ☒ No ☐

17. It is correct that there have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices, or noncompliance with statutory provisions, that could have an effect on the financial statements.

Yes ☒ No ☐

18. We have complied with all aspects of state and federal laws and regulations, contractual agreements, debt agreements, tax propositions, and grant restrictions that would have a material effect on the financial statements (or other financial information/schedules) or on the individual agreement, grant award, etc., in the event of noncompliance.

Yes ☒ No ☐

19. It is correct that there are no violations or possible violations of laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, and any related debt covenants whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency or for reporting on noncompliance.

Yes ☒ No ☐

20. It is correct that we have disclosed to you all instances of identified or suspected noncompliance with provisions of laws, regulations, contracts, and grant agreements that have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.

Yes ☐ No ☐ NA ☒

21. It is correct that we have disclosed to you all instances of identified or suspected fraud that is material, either quantitatively or qualitatively, to the financial statement amounts or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.

Yes ☐ No ☐ NA ☒

22. We have disclosed to the auditor all fraud, noncompliance with laws and regulations, or uncorrected misstatements that have occurred at service organizations and have been reported to us by the service organization(s) or of which we are aware and that affect our financial statements.

Yes ☐ No ☐ NA ☒

23. We have disclosed to the auditor all investigations or legal proceedings that have been initiated or are in process with respect to the current period under audit.

Yes ☒ No ☐ NA ☐

24. The accounting principles, and the practices and methods followed in applying them, are as disclosed in the financial statements.

Yes ☒ No ☐

25. During the fiscal year under audit, there have been no changes of our accounting principles and practices.

Yes ☒ No ☐

26. We have made available to you all, if and to the extent requested by you, of the following data relevant to the preparation and fair presentation of the financial statements - (exceptions should be listed)

- a) Financial records and related data.
- b) Minutes of the meetings of directors, board members, commission members, etc., and the committees thereof, or summaries of actions of recent meetings for which minutes have not yet been prepared.
- c) Accurate names and addresses of board members, officials, or other interested parties, to include any audit committee or other committee exercising significant oversight of the finance function, who should receive the audit report.

- d) Financial records, agreements, guidelines, and related data pertaining to federal and state grant awards.
- e) Additional information that you have requested from us for the purpose of the audit.
- f) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

Yes ☒ No ☐

27. It is correct that we have not knowingly withheld from you any financial records or related data that in our judgment would be relevant to your audit.

Yes ☒ No ☐

28. We are responsible for adopting sound accounting policies, including establishing and maintaining effective internal control over financial reporting sufficient to record, process, summarize, and report financial data consistent with the assertions embodied in the financial statements; to safeguard public assets; and to comply with applicable laws and regulations.

Yes ☒ No ☐

29. We have disclosed to the auditor any known matters within our internal controls, to include those components relating to compliance with laws and regulations that we consider to be significant deficiencies and/or material weaknesses in relation to our financial statements (or other financial information/schedules).

Yes ☐ No ☐ NA ☒

30. It is correct that we have no knowledge of any fraud or suspected fraud affecting the entity involving:

- a) Management,
- b) Employees who have significant roles in internal control, or
- c) Others when the fraud could have a material effect on the financial statements or, where applicable, state and/or federal grants, contracts, and awards.

Yes ☒ No ☐

31. It is correct that we have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, regulators, or others.

Yes ☒ No ☐

32. We have taken timely and appropriate steps to remedy fraud, illegal acts, violations of or noncompliance with provisions of laws, regulations, contracts, and grant agreements that you have reported to us.

Yes ☐ No ☐ NA ☒

33. We have a process to promptly follow up and take corrective action on audit findings and recommendations.

Yes ☒ No ☐

34. It is correct that we are not aware of any employees who were employed by this entity during the above time period who have committed "dishonest acts" as defined in the Office of Risk Management (ORM) Insurance Information Notice No. 2002-4 (exceptions should be listed).

Yes ☒ No ☐

35. It is correct that we are not aware of any current employees of this entity who have committed "dishonest acts," as defined by ORM Insurance Notice No. 2002-2, who are in a position to cause a loss to this entity (exceptions should be listed).

Yes ☒ No ☐

36. It is correct that the ORM has not refused to cover a loss by this entity because it was caused by an employee who had previously committed a "dishonest act" (exceptions should be listed).

Yes ☒ No ☐

37. We have identified to you any previous financial audits, attestation engagements, performance audits, or other studies related to the objectives of the audit being undertaken and the corrective actions taken to address significant findings and whether related recommendations have been implemented.

Yes ☒ No ☐ There are none ☐

38. It is correct that we have not adopted any plans, nor do we have present intentions, that could materially affect the carrying value or classification of assets, liabilities, or net position in the financial statements.
- Yes ☒ No ☐
39. It is correct that there are no guarantees, whether written or oral, under which the entity is contingently liable.
- Yes ☒ No ☐
40. We acknowledge our responsibility for compliance with laws, regulations, and provisions of contracts and grant agreements applicable to our entity.
- Yes ☒ No ☐
41. We have identified and disclosed to you all laws, regulations, and provisions of contracts and grant agreements that have a direct and material effect on the determination of financial statement amounts (or other financial information/schedules) or other financial data significant to the audit objectives, including provisions for reporting specific activities in separate funds and legal matters that could have a material impact on our operations.
- Yes ☒ No ☐
42. Where applicable, all financial reports and claims for reimbursements, required under state grant awards, have been based on accurate financial data taken from our financial records and such reports and claims have been filed in a timely manner.
- Yes ☒ No ☐ NA ☐
43. It is correct that there are no reservations or designations of net position that were not properly authorized and approved.
- Yes ☒ No ☐
44. We have satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- Yes ☒ No ☐

45. The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all joint ventures and other related organizations, if any.

Yes ☒ No ☐ There are none ☐

46. All funds that meet the quantitative criteria of GASB 34, as amended by GASB 35 and GASB 37 for presentation as major are identified and presented as such, and all other funds that are presented as major are particularly important to the financial statement users.

Yes ☐ No ☐ NA ☒

University BTA reporting does not present funds in the financial statements.

47. Components of net position (net investment in capital assets, restricted, and unrestricted), and reserves and designations, as applicable, are properly classified and, if applicable, approved.

Yes ☒ No ☐ NA ☐

48. Provisions for uncollected receivables have been properly identified and recorded.

Yes ☒ No ☐ NA ☐

49. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities of the annual fiscal report, and allocations have been made on a reasonable basis (if applicable).

Yes ☒ No ☐

50. Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.

Yes ☒ No ☐ NA ☐

51. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.

Yes ☒ No ☐ NA ☐

52. Special and extraordinary items are appropriately classified and reported.

Yes ☒ No ☐ NA ☐

53. Investments, derivative transactions, and land and other real estate held by endowments are properly valued.
- Yes ☒ No ☐ NA ☐
54. Risk disclosures associated with deposit and investment securities and derivative transactions are presented in accordance with GASB requirements.
- Yes ☒ No ☐ NA ☐
55. Capital assets held under capital leases are properly classified and disclosed.
- Yes ☒ No ☐ NA ☐
56. Capital assets, including infrastructure assets, are properly classified, reported, and, if applicable, depreciated (modified approach not used).
- Yes ☒ No ☐ NA ☐
57. If the modified approach is used to account for eligible infrastructure assets, the entity meets the GASB established requirements for doing so.
- Yes ☐ No ☐ NA ☒
58. The system's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available is appropriately disclosed, and net position is properly recognized under the policy.
- Yes ☒ No ☐ NA ☐
59. It is correct that we are following either our established accounting policy regarding which resources (i.e., restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available or we are following GASB 54, paragraph 18 to determine the fund balance classifications for financial reporting purposes.
- Yes ☒ No ☐ NA ☐
60. We acknowledge that for required supplementary information (RSI):
- a) We are responsible for RSI.
 - b) RSI is measured and presented in accordance with prescribed guidelines.

- c) The methods of measurement or presentation of the RSI have not changed from those used in the prior period. If the methods of measurement have changed, we provided the reasons for the changes.
- d) We have communicated all significant assumptions or interpretations underlying the measurement and presentation of RSI.

Yes ☒ No ☐ NA ☐

61. We acknowledge that for supplementary information (SI):

- a) We are responsible for the presentation of the SI in accordance with applicable criteria.
- b) We believe the SI, including its form and content, is fairly presented in accordance with the applicable criteria.
- c) The methods of measurement or presentation of the SI have not changed from those used in the prior period. If the methods of measurement have changed, we provided the reasons for the changes.
- d) We have communicated all significant assumptions or interpretations underlying the measurement and presentation of SI.
- e) We will make the audited financial statements readily available to the intended users of the SI no later than the date of issuance by us of the SI and the auditor's report, thereon, when the SI is not presented with the audited financial statements.
- f) We agree to include the auditor's report on the SI in any document that contains the SI and that indicates that the auditor has reported on such SI.

Yes ☒ No ☐ NA ☐

62. We acknowledge as part of the audit, you prepared the draft financial statements, related notes, and/or other schedules. We have designated a competent management-level individual to oversee your services and have made all management decisions and performed all management functions. We have reviewed, approved, and accepted responsibility for those financial statements and related notes and/or schedules.

Yes ☐ No ☐ NA ☒

63. We acknowledge our responsibilities as it relates to nonaudit services performed by you, including a statement that we assume all management responsibilities; that we oversee the services by having designated an individual within senior management who possesses suitable skill, knowledge, or experience; that we have evaluated the adequacy and results of the services performed; and that we accept responsibility for the results of the services.

Yes ☐ No ☐ NA ☒

64. We agree with the findings of specialists in evaluating the [*describe the assertion*] and have adequately considered the qualifications of the specialists in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.

Yes ☐ No ☐ NA ☒

65. We have evaluated our ability to continue as a going concern and have made appropriate disclosures in the financial statements as necessary under GASB requirements.

Yes ☒ No ☐

We have noted no going concern issues and, therefore, have determined no additional disclosures are required.

66. We have provided you with all of the information that is relevant to our plans to mitigate the adverse effects of conditions and events that indicate there is substantial doubt about the entity's ability to continue as a going concern for a reasonable period of time, including our evaluation of the likelihood that those plans can be effectively implemented.

Yes ☐ No ☐ NA ☒

Legal Compliance

PART II. PUBLIC BID LAW

67. We have complied with the provisions of the public bid law, R.S. 38:2211 - 2296, and the regulations of the Division of Administration - Office of State Procurement.

Yes ☒ No ☐

PART III. CODE OF ETHICS LAW FOR PUBLIC OFFICIALS AND PUBLIC EMPLOYEES

68. It is correct that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone which would constitute a violation of R.S. 42:1101-1170.

Yes ☒ No ☐ NA ☐

69. It is correct that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances which would constitute a violation of R.S. 42:1119.

Yes ☒ No ☐ NA ☐

PART IV. LAWS AFFECTING BUDGETING

70. We have complied with the state budget requirements of R.S. 39:21-87.7 and the provisions of the annual appropriation act.

Yes ☒ No ☐ NA ☐

PART V. ACCOUNTING, AUDITING, AND FINANCIAL/OTHER REPORTING LAWS

71. We have maintained our accounting records in such a manner as to provide evidence of legal compliance and the preparation of annual financial statements to comply with R.S. 24:514.

Yes ☒ No ☐

72. All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by R.S. Title 44, Chapter 1.

Yes ☒ No ☐

73. We have submitted a document retention schedule to State Archives in accordance with R.S. 44:411(A)(1).

Yes ☒ No ☐

74. We have filed our annual financial statements in accordance with R.S. 24:514.

Yes ☒ No ☐ NA ☐

75. We have had our financial statements (or other financial information/schedules) audited in accordance with R.S. 24:513.

Yes ☒ No ☐ NA ☐

76. We have complied with the distribution requirements for entity reports submitted to the Louisiana Legislature as established in R.S. 24:772.

Yes ☒ No ☐ NA ☐

77. We have reported (in writing) any known misappropriations to the Legislative Auditor and the appropriate parish district attorney as required by R.S. 24:523.

Yes ☒ No ☐ There are none ☐

PART VI. ASSET MANAGEMENT LAWS

78. We have maintained records of our fixed assets and movable property, as required by R.S. 24:515 and R.S. 39:321-332.

Yes ☒ No ☐ NA ☐

PART VII. FISCAL ENTITY AND CASH MANAGEMENT LAWS

79. We have complied with the fiscal entity and cash management requirements of R.S. 49:301-331.

Yes ☒ No ☐

PART VIII. DEBT RESTRICTION LAWS

80. It is correct that we have not incurred any indebtedness (including installment purchase agreements) without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution; Article VI, Section 33 of the 1974 Louisiana Constitution; R.S. 39:1402-1405; and A.G. Opinion 95-508.

Yes ☒ No ☐ NA ☐

PART IX. REVENUE AND EXPENDITURE RESTRICTION LAWS

81. We have complied with the regulations of the Louisiana Department of State Civil Service in the employment, payment, and management of our personnel.

Yes ☒ No ☐ NA ☐

82. We have complied with the policy and procedure memoranda (PPMs) and other regulations issued by the Division of Administration.

Yes ☒ No ☐ NA ☐

83. We have restricted the collections and expenditures of revenues to those amounts authorized by Louisiana statutes, tax propositions, and the annual appropriation act.

Yes ☒ No ☐ NA ☐

84. It is correct that we have not advanced wages or salaries to employees or paid bonuses, in violation of Article VII, Section 14 of the 1974 Louisiana Constitution; and R.S. 14:138.

Yes ☒ No ☐ NA ☐

85. It is correct that no property or things of value have been loaned, pledged, or granted to anyone in violation of Article VII, Section 14 of the 1974 Louisiana Constitution.

Yes ☒ No ☐ NA ☐

The previous responses have been made to the best of our belief and knowledge.

Signature

President

Date October 6, 2020

Signature

Director of Accounting and Financial
Analysis

Date October 6, 2020

**BOARD OF SUPERVISORS FOR THE
UNIVERSITY OF LOUISIANA SYSTEM**

FINANCE COMMITTEE

October 22, 2020

Item H.5. **University of Louisiana System's** report on internal and external audit activity for the period of August 24 to October 18, 2020.

EXECUTIVE SUMMARY

Attached is a list of internal and external reports completed by various auditors since the last Board meeting. The internal audit reports are prepared based upon independent review of university departments and functions. The internal audits are designed to ascertain compliance with established policies and procedures, to evaluate operational efficiencies of business and management practices, and to determine adequacy of internal controls. The internal audits are conducted to provide management with recommendations and comments designed to improve the operations of university departments and functions. External audits are generally conducted in accordance with laws, regulations, or contracts. Also included are internal audits that are currently in progress.

I have all of the reports that were issued should any of you want to see the entire report.

This is a report only and no action by the Board is necessary.

**BOARD OF SUPERVISORS FOR THE
UNIVERSITY OF LOUISIANA SYSTEM**

FINANCE COMMITTEE

October 22, 2020

Item H.6. **University of Louisiana System's** discussion of Fiscal Year 2019-20 fourth quarter financial reports and ongoing assurances.

EXECUTIVE SUMMARY

Attached is a summary of the financial activities through the year ended June 30, 2020. This information was obtained from second quarter financial reports submitted by each university.

This is a report only and no action by the Board is necessary.

**BOARD OF SUPERVISORS FOR THE
UNIVERSITY OF LOUISIANA SYSTEM**

FINANCE COMMITTEE

October 22, 2020

REVENUES

Operating Budget (State Appropriations) – Tables 1 and 2

- The System's fiscal year 2020 actual revenues totaled \$877 million.
- Actual self-generated revenues were \$34 million less than appropriations and Support Education in Louisiana First (SELF – statutory dedicated funds) were \$2.5 million less than their appropriated amounts. These decreases are a direct result of the COVID-19 shutdown of our universities for the Spring 2020 semester/quarter.
- Excluded from the 2020 actual revenues are the House Bill (HB) 307 supplemental appropriations. The HB 307 appropriation, which totaled \$47,927,353, was appropriated for fiscal 2020, but the funds were intended to be received, budgeted, and expended in fiscal 2021. However, the funds are reported in state appropriations for the audited financial statements.

While HB 307 appropriated the \$47,927,353 to the universities, a budget adjustment document was sent to and approved by the Division of Administration's Office of Planning and Budget giving the System the legal authority to draw the funds. The funds were budgeted as part of the final, approved fiscal 2020 budget, but were not made available to the universities until July 2020.

Therefore, for an accurate comparison of results, the actual revenues have been reduced by the appropriation.

- The System's total actual and budgeted expenditures agree to the total actual and budgeted expenditures, respectively.
- The System's actual expenditures may not exceed actual revenues in the approved budget. The majority of the HB 307 revenues appropriated but not received were budgeted to instruction as salaries and related benefits. The remaining \$35 million decrease in expenditures was spread among the remaining functional categories, ranging from decreases of 2.1% to 28.8% (transfers are excluded from this range).
- For expenditures by object, decreases in non-payroll related expenditure categories ranged from 5.3% to 50.8%. The shutdown decreased spending in the categories by object.

Table 1
University of Louisiana System
Appropriated Operating Comparison - Actual to Budget
For the Fiscal Year Ended June 30, 2020

	Actual 2020	Budget 2020	Variance	Percent Variance
State Funds:				
General Fund direct	\$223,947,533	\$223,947,533	NONE	NONE
Statutory dedicated:				
Support Education in Louisiana First (SELF)	13,332,079	15,839,532	(2,507,453)	(15.8%)
Calcasieu Parish Fund	428,916	491,870	(62,954)	(12.8%)
Calcasieu Parish Higher Ed Improvement Fund	1,591,874	1,591,874	NONE	NONE
Interagency Transfers	259,923	509,923	(250,000)	(49.0%)
CARES Act		47,927,353	(47,927,353)	(100.0%)
Self Generated Revenues	637,230,127	671,283,144	(34,053,017)	(5.1%)
Total revenues	\$876,790,452	\$961,591,229	(\$84,800,777)	(8.8%)
Expenditures by Function				
Instruction	353,463,792	415,341,913	(61,878,121)	(14.9%)
Research	39,646,220	41,286,748	(1,640,528)	(4.0%)
Public service	2,452,763	2,794,689	(341,926)	(12.2%)
Academic support	79,879,200	84,014,393	(4,135,193)	(4.9%)
Student services	47,619,507	50,576,048	(2,956,541)	(5.8%)
Institutional services	128,341,506	137,513,610	(9,172,104)	(6.7%)
Scholarships/fellowships	116,230,738	118,557,884	(2,327,146)	(2.0%)
Plant operations/maintenance	80,938,935	82,696,106	(1,757,171)	(2.1%)
Transfers in/(out) of universities	(10,711)	2,188,738	(2,199,449)	(100.5%)
Athletics	25,838,680	23,262,889	2,575,791	11.1%
Other	2,389,822	3,358,211	(968,389)	(28.8%)
Total Expenditures	\$876,790,452	\$961,591,229	(\$84,800,777)	(8.8%)
Expenditures by Object:				
Salaries	427,940,473	469,565,375	(41,624,902)	(8.9%)
Other compensation	9,412,191	11,093,587	(1,681,396)	(15.2%)
Related benefits	185,145,102	203,391,405	(18,246,303)	(9.0%)
Travel	2,734,526	4,416,437	(1,681,911)	(38.1%)
Operating services	69,377,788	74,314,357	(4,936,569)	(6.6%)
Supplies	10,570,773	14,016,082	(3,445,309)	(24.6%)
Professional services	8,007,492	8,783,953	(776,461)	(8.8%)
Other charges	152,000,707	160,513,337	(8,512,630)	(5.3%)
Interagency transfers	3,322,987	6,755,669	(3,432,682)	(50.8%)
General acquisitions	3,875,607	4,964,833	(1,089,226)	(21.9%)
Library acquisitions	4,092,053	3,595,019	497,034	13.8%
Major repairs	310,753	181,175	129,578	71.5%
Total Expenditures	\$876,790,452	\$961,591,229	(\$84,800,777)	8.8%
Surplus (HB 307)	\$47,927,353			

- Actual revenues and expenditures for the year totaled \$877 million, an increase of \$6 million (0.7%) from the fiscal 2019 budgeted expenditures.
- Revenues from State General Fund Direct appropriations were \$224 million in fiscal 2020 compared to \$214 in fiscal 2019, a difference \$10 million.
- SELF and self-generated revenues decreased by approximately \$2 million.
- Expenditures for instruction and other decreased by \$13 million and \$1 million, respectively. For the remaining functional category expenditures increase ranging from \$237 thousand to \$9 million. Among the factors contributing to the increases were expenses related to the transition from live classes to 100% online classes, additional support services to students, and additional required operations and maintenance, and additional student aid provided to students as scholarships and fellowships, much of which was directly related to the shutdown. Expenditure decreases from 1.4% to 30.5% and increases ranged from 2.5% to 10.7% across the functional categories.
- For fiscal 2020 budget purposes, though actual revenues exceeded actual expenses by the HB 307 appropriation, the Board of Regents is balancing the actual revenues to actual expenditures for fiscal 2020 with a revenue offset for the appropriation.
- Expenditures for salaries increased by approximately 0% while other compensation decreased by \$1.2% (11.6%) primarily for the limited number of staff who were paid the other compensation and who could not work while the universities were closed.
- Travel decreased by \$1.5 million (35.4%) because of the national and international travel restrictions. With the shutdown, expenditures for supplies and general acquisitions decreased by approximately \$1 million each (8.7% and 22.8%, respectively). For the remaining expenditures by object, increases ranged from 0.8% for related benefits to 41.8% for professional services.

Table 2
University of Louisiana System
Appropriated Operating Budget Comparison - Actual Amounts
For the Fiscal Years Ended June 30, 2020, and June 30, 2019

	Actual 2020	Actual 2019	Variance	Percent Variance
State Funds:				
General Fund direct	\$223,947,533	\$214,197,479	\$9,750,054	4.6%
Statutory dedicated:				
Support Education in Louisiana First (SELF)	13,332,079	15,425,173	(2,093,094)	(13.6%)
Calcasieu Parish & Higher Ed Improvement Funds	2,020,790	1,552,730	468,060	30.1%
Interagency Transfers	259,923	263,000	(3,077)	(1.2%)
Self Generated Revenues	637,230,127	639,371,116	(2,140,989)	(0.3%)
Total revenues	\$876,790,452	\$870,809,498	\$5,980,954	0.7%
Expenditures by Function				
Instruction	353,463,792	365,963,906	(12,500,114)	(3.4%)
Research	39,646,220	38,245,765	1,400,455	3.7%
Public service	2,452,763	2,215,902	236,861	10.7%
Academic support	79,879,200	76,420,748	3,458,452	4.5%
Student services	47,619,507	48,285,185	(665,678)	(1.4%)
Institutional services	128,341,506	119,802,316	8,539,190	7.1%
Scholarships/fellowships	116,230,738	112,939,454	3,291,284	2.9%
Plant operations/maintenance	80,938,935	78,300,360	2,638,575	3.4%
Athletics	25,838,680	25,214,842	623,838	2.5%
Other**	2,379,111	3,421,020	(1,041,909)	(30.5%)
Total Expenditures	\$876,790,452	\$870,809,498	\$5,980,954	0.7%
Expenditures by Object:				
Salaries	427,940,473	427,857,617	82,856	0.0%
Other compensation	9,412,191	10,647,022	(1,234,831)	(11.6%)
Related benefits	185,145,102	183,608,844	1,536,258	0.8%
Travel	2,734,526	4,232,499	(1,497,973)	(35.4%)
Operating services	69,377,788	66,158,512	3,219,276	4.9%
Supplies	10,570,773	11,578,335	(1,007,562)	(8.7%)
Professional services	8,007,492	5,647,508	2,359,984	41.8%
Other charges/interagency transfers	155,323,694	152,321,700	3,001,994	2.0%
General acquisitions	3,875,607	5,023,064	(1,147,457)	(22.8%)
Library acquisitions	4,092,053	3,734,397	357,656	9.6%
Major repairs	310,753	310,753		100.0%
Total Expenditures	\$876,790,452	\$870,809,498	\$5,980,954	(0.7%)

*Combined Calcasieu Parish Fund and Calcasieu Parish Higher Ed Improvement Fund

**Includes transfers out totaling \$10,711 for fiscal 2020

Summary of June 30, 2020, Financial Statements (Tables 3-7)

The amounts reported for the fiscal year ended June 30, 2020, are unaudited; therefore, the amounts are subject to change for audit adjustments presented to the System by the legislative auditor. We do not expect material changes to the amounts used in our analysis of the financial statements.

The System's operating budget as approved by the Louisiana Legislature as State Appropriated revenues and expenditures differs from the System's consolidated financial statements – the consolidated financial statements include the following non-appropriated activities:

- Auxiliary revenues and expenses (e.g., housing, meal plans, athletics)
- Gifts
- Federal revenues
- Net investment income
- Capital appropriations
- Capital grants and gifts
- Additions to permanent endowments
- Other revenues
- Depreciation expenses
- Interest expenses
- Other expenses

Statement of Net Position (SNP - Table 3)

Highlights from the SNP follow:

- Current and other assets increased by \$76 million.
 - Amounts due from the state treasury increased \$36 million, primarily from the HB 307 supplemental appropriation that was due to be paid to the universities as of June 30, 2020.
 - Restricted cash increased by \$54 million from bonds issued by Louisiana Tech University (LA Tech) and the University of Louisiana at Lafayette (ULL). LA Tech's bonds, issued at a premium, totaled \$51.8 million, and ULL's bonds, issued through the Cajundome, totaled \$2.6 million.
- Liabilities changed as follows:
 - Bonds payable increased by \$27 million after new bonds issued offset by principal payments.

- The System's share of the net pension liability increased by \$69 million as of a result of changes in assumptions in the actuarial calculations.
- The System's share of the total other postemployment benefits (OPEB) decreased by \$87 million from changes in assumptions in the actuarial calculations. The State is not funding the OPEB liability, operating on a pay-as-you-go basis; therefore, any changes to the OPEB liability result from actuarial calculations combined with changes in the participant population.

Table 3
University of Louisiana System
Comparative Statement of Net Position
As of June 30, 2020 and June 30, 2019
(in millions of dollars)

	2020	2019	Variance	Percent Variance
Assets:				
Current and other assets	\$898	\$822	\$76	9.2%
Capital assets	1,727	1,755	(28)	(1.6%)
Total assets	2,625	2,577	48	1.9%
Deferred outflows:				
Deferred outflows for debt refunding	3	3	NONE	NONE
Deferred outflows related to pensions	297	253	44	17.4%
Deferred outflows related to other postemployment benefits (OPEB)	58	40	18	45.0%
Total deferred outflows	358	296	62	20.9%
Liabilities:				
Current liabilities	200	207	(7)	(3.4%)
Noncurrent liabilities	2,866	2,849	17	0.6%
Total liabilities	3,066	3,056	10	0.3%
Deferred inflows:				
Deferred inflows related to pensions	74	97	(23)	(23.7%)
Deferred inflows related to OPEB	163	83	80	96.4%
Total deferred inflows	237	180	57	31.7%
Net position:				
Net investment in capital assets	991	1,004	(13)	(1.3%)
Restricted	472	454	18	4.0%
Unrestricted	(1,783)	(1,821)	38	2.1%
Total net position	(\$320)	(\$363)	\$43	11.8%

Statement of Revenues, Expenses, and Changes in Net Position (SRECNP - Table 4)

Highlights from the SRECNP follow:

Net position for the System increased \$43 million for the fiscal year ended June 30, 2020, reducing the net position deficit for the System to \$320 million.

- Net student tuition and fees decreased by only \$2 million, which is better than initially expected because of the shutdown for the Spring 2020 semester.
- Auxiliary revenues decreased by \$24 million. Though the universities received direct aid from the CARES Act in addition to the HB 307 appropriation, the Governmental Accounting Standards Board (GASB) and the National Association of College and University Business Officers (NACUBO) required the housing and meal plan revenues be reduced by the refunds given to students rather than reporting the refunds as expenses.
- Athletic revenues, which are included in auxiliary revenues, decreased as a result of the cancellation of Spring 2020 athletics, though not to the extent they could have. Spring programs do not generate the majority of the universities' athletic revenues. Universities are dependent on fall sports to generate the majority of their revenues. Because Fall 2019 was not impacted by the shutdown, the universities received their game guarantees for football. However, the NCAA announced that conference distributions would be reduced as a result of the shutdown.
 - Because Fall 2020 attendance at athletic events are currently limited, and because football game schedules have been altered, athletic programs will likely see significant decreases in their revenues for the fiscal year ending June 30, 2021. In addition, the Southwestern Athletic Conference and the Southland Athletic Conference have postponed their fall football games with plans to play in Spring 2021, the universities in these conferences cannot currently determine the financial impact of the shutdown until the plans are finalized. However, universities are receiving few, if any game guarantees for Fall 2020, and conference distributions are likely to remain lower than normal.
- State appropriations increased by \$55 million. The universities' State General Fund Direct appropriations increased by \$7 million, and the HB 307 supplemental appropriation increase appropriations revenue by an additional \$48 million.
- Other revenues increase by \$45 million with the CARES Act direct aid to universities for both students and institutions. The universities were awarded \$65 million, but had not drawn all their CARES Act funds as of June 30, 2020.
- Education and general expenses increased \$58 million (Table 5), with instruction and scholarships and fellowships increasing by \$16 million and \$19 million, respectively. Increases across most functional categories resulted from increases in pension expenses offset with a decrease in the OPEB expense. Scholarships increased primarily from the

CARES Act aid paid directly to students – GASB and NACUBO required the aid be reported as a scholarship expense.

Table 4
University of Louisiana System
Comparative Statement of Changes in Revenues, Expenses, and Net Position
For the Fiscal Years Ended June 30, 2020, and June 30, 2019
(in millions of dollars)

	2020	2019	Variance	Percent Variance
Revenues:				
Student tuition and fees, net	\$561	\$563	(\$2)	(0.4%)
Auxiliary	164	188	(24)	(12.8%)
Other operating	203	191	12	6.3%
State appropriations	287	232	55	23.7%
Gifts	22	21	1	4.8%
Other nonoperating	214	169	45	26.6%
Capital appropriations	21	32	(11)	(34.4%)
Capital grants and gifts	4	4	NONE	NONE
Additions to permanent endowments	3	2	1	50.0%
Total revenues	1,479	1,402	77	5.5%
Expenses				
Educational and general	1,188	1,130	58	5.1%
Other	248	244	4	1.6%
	1,436	1,374	62	4.5%
Change in net position	43	28	15	53.6%
Net position, beginning of the year	(363)	(391)	28	7.2%
Total net position	(\$320)	(\$363)	\$43	11.8%

Table 5 presents the educational and general expenses by their functional categories.

Table 5
University of Louisiana System
Comparative Schedule of Educational and General Expenses
For the Fiscal Years Ended June 30, 2020, and June 30, 2019
(in millions of dollars)

	2020	2019	Variance	Percent Variance
Instruction	\$426	\$410	\$16	3.9%
Research	104	96	8	8.3%
Public service	41	39	2	5.1%
Academic support	99	93	6	6.5%
Student services	75	76	(1)	(1.3%)
Institutional support	145	139	6	4.3%
Operations and plant maintenance	103	104	(1)	(1.0%)
Depreciation	94	91	3	3.3%
Scholarships and fellowships	101	82	19	23.2%
Total	<u>\$1,188</u>	<u>\$1,130</u>	<u>\$58</u>	<u>5.1%</u>

Table 6 presents the change in net position by university:

Table 6
University of Louisiana System
Changes in Net Position by University
For the Fiscal Year Ended June 30, 2020

	2020	2019	Variance	Percent Variance
Grambling	(\$43,969,828)	(\$54,919,617)	\$10,949,789	(19.9%)
LA Tech	14,629,698	41,650	14,588,048	35,025.3%
McNeese	57,519,720	49,886,000	7,633,720	15.3%
Nicholls	(70,694,278)	(69,048,664)	(1,645,614)	2.4%
Northwestern	(61,038,310)	(65,526,863)	4,488,553	(6.8%)
Southeastern	(74,635,996)	(81,475,535)	6,839,539	(8.4%)
ULL	(74,639,164)	(66,499,824)	(8,139,340)	12.2%
ULM	(49,383,258)	(53,166,610)	3,783,352	(7.1%)
UNO	(11,295,628)	(16,711,530)	5,415,902	(32.4%)
Board of Supervisors	(6,023,804)	(5,521,174)	(502,630)	9.1%
Total	<u>(\$319,530,848)</u>	<u>(\$362,942,167)</u>	<u>\$43,411,319</u>	<u>(12.0%)</u>

Statement of Cash Flows (Table 7)

As shown in Table 7, cash for the System increased by \$22 million.

- Grambling's cash decreased by \$2 million, primarily from purchased of capital assets and principal and interest paid on capital debt offset by proceeds from bonds for construction of its natatorium. However, subsequent to year end, the university was granted a deferment on its debt payments for its Series 2016-4 bonds and received a refund of cash in fiscal 2021 for a majority of the debt service payments.
- LA Tech's cash increased primarily from the issuance of bonds (by Innovative Student Facilities, Inc., its blended component unit). Northwestern's cash increased by \$4 million primarily from the direct institutional aid from the CARES Act and from proceeds from the sales and maturities of its investments.
- Nicholls's cash decreased by \$5 million primarily from cash used for capital financing activities – purchase of capital assets, principal and interest paid on capital debt, and transfers of cash totaling \$2 million to the Office of Facility Planning for capital projects, offset by CARES Act funds received.
- ULL's purchases of capital assets and principal and interest paid on capital debt totaled \$38 million. This use of cash was offset by a net increase in cash totaling \$16 million for cash flows from noncapital financing activities (mostly CARES Act funds), Cajundome bonds and capital gifts and grants, and cash flows from investing activities.
- ULM's cash decreased \$3 million primarily from capital financing activities – purchases of capital assets and debt service payments – offset by CARES Act funds received.
- UNO's cash decreased \$4 million primarily from purchases of capital assets and debt service payments offset by increases in cash from noncapital financing activities and investing activities.

Table 7
University of Louisiana System
Changes in Cash by University
For the Fiscal Year Ended June 30, 2020

	2020	2019	Variance	Percent Variance
Grambling	\$24,903,789	\$26,519,605	(\$1,615,816)	(6.1%)
LA Tech	91,188,669	37,764,509	53,424,160	141.5%
McNeese	58,050,583	57,578,542	472,041	0.8%
Nicholls	26,407,528	30,961,573	(4,554,045)	(14.7%)
Northwestern	42,524,415	38,170,271	4,354,144	11.4%
Southeastern	53,420,678	53,556,298	(135,620)	(0.3%)
ULL	35,622,749	58,341,202	(22,718,453)	(38.9%)
ULM	31,101,803	34,193,235	(3,091,432)	(9.0%)
UNO	13,111,048	17,475,988	(4,364,940)	(25.0%)
Board of Supervisors	571,208	654,061	(82,853)	(12.7%)
Total	\$376,902,470	\$355,215,284	\$21,687,186	6.1%

HIGHLIGHTS OF AUXILIARY FINANCIAL REPORT (TABLES 8 AND 9)



UNIVERSITY OF LOUISIANA SYSTEM Table 8 Auxiliary Financial Report For the Fiscal Year Ended June 30, 2020

	Beginning Fund Balance	Year-to-Date Revenues	Projected/ Additional Revenues	Total Expected Revenues	Year-to-Date Expenses	Projected/ Additional Expenses	Total Expected Expenses	Mandatory Net Transfers In (Out) w/Projections	Current Yr. Operating Surplus (Deficit)	Non-Mandatory Net Transfers In (Out) w/Projections	Current Change in Fund Balance	Athletic & Consolidated Fund Balance	Projected Ending Fund Balance
Athletics	(\$22,977,955)	\$50,631,349		\$50,631,349	\$80,076,526		\$114,658,463	(\$30,000)	(\$64,057,114)	\$52,137,706	\$22,662,529	(\$315,426)	(\$23,293,381)
Contracted Services**		48,335,656		48,335,656	38,768,461		38,768,461	(104,530)	9,462,665	(\$1,378,322)	8,084,343		
Dining Services (self-op'ed)													
Student Housing (self-op'ed)		80,569,629		80,569,629	46,519,623		46,519,623	(21,707,243)	12,342,763	(\$2,205,780)	10,136,983		
Married Student Housing		1,088,058		1,088,058	470,093		470,093	(20,782)	597,183	(\$7,828)	589,355		
Bookstore (self-operated)		6,755,490		6,755,490	6,911,265		6,911,265		(155,775)	\$302,029	146,254		
Student Center/Union		10,748,510		10,748,510	6,639,645		6,639,645	(17,000)	4,091,865	(\$859,083)	3,232,782		
Post Office		339,442		339,442	324,141		324,141		15,301	(\$89,815)	(74,514)		
Student Health Center		3,246,419		3,246,419	3,333,851		3,333,851		(87,432)	\$315,475	228,043		
Vending		30,914		30,914					30,914		30,914		
Card Services / Card ID		1,770,024		1,770,024	1,973,892		1,973,892		(203,868)	\$479,072	275,204		
Recreation / Wellness		6,694,741		6,694,741	4,618,446		4,618,446	(1,079,592)	996,703	(\$4,902)	991,801		
Print Shop		854,692		854,692	898,371		898,371		(43,679)	\$82,453	38,774		
Power Plant/Utilities/ Telecommunications		7,054,487		7,054,487	6,262,807		6,262,807	(446,445)	345,235	(\$250,780)	94,455		
Auxiliary Mgmt Overhead (Accting, utilities, etc.)		373,387		373,387	8,799,112		8,799,112	(440,916)	(8,866,641)	(\$6,686,371)	(15,553,012)		
Intramural and Other		11,320,137		11,320,137	11,448,318		11,448,318	(325,000)	(453,181)	(\$2,111,296)	(2,564,477)		
Totals (excluding Athletics)	66,409,220	179,181,586		179,181,586	136,968,025		136,968,025	(24,141,508)	18,072,053	(12,415,148)	5,656,905	72,066,125	138,475,345
Grand Totals	\$43,431,265	\$229,812,935		\$229,812,935	\$251,626,488		\$251,626,488	(\$24,171,508)	(\$45,985,061)	\$39,722,558	(\$6,262,503)	\$71,750,699	\$115,181,964

Auxiliaries Excluding Athletic (Table 8)

1. Year to date revenues and expenses for auxiliary operations, excluding athletics, total \$179.2 million and \$137 million, respectively. The increase in revenues totaled \$0.6 million (0.3%), and the decrease in expenses totaled \$5 million (3.5%).

As shown in Table 4, auxiliary revenues on the financial statements decreased \$24 million. For financial statement purposes, the Governmental Accounting Standards Board, (GASB - the accounting standards setting body for governmental financial statements) required the auxiliary revenues be reduced by the housing and meal plan refunds to students because these revenues were not “earned” by the universities.

The revenues the universities received from the CARES Act were required to be reported as nonoperating revenues on the financial statements, which in Table 4 show an increase of \$45 million.

For the fund reporting for auxiliaries, the housing and meal plan revenues are restored to reflect an accurate fund balance.

2. The increase in fund balance, after transfers, is \$5.7 million compared to the prior year increase of \$1.4 million.
3. Universities with current year operating deficits in excess of \$50,000 in specific auxiliary operations before transfers and exclusive of overhead and intramural and other, are:
 - a. Gambling - \$74,514 for the post office.
 - b. ULL – \$227,853 for student housing; \$151,645 for the bookstore; \$328,097 for the student health center; \$131,350 for the recreation/wellness center; and \$83,063 for the print shop.
 - c. UNO - \$133,681 for student housing; \$144,635 for the student center/union;

Athletics (Table 8)

1. Total revenues (including mandatory and non-mandatory transfers in of \$52,137,706 million) are \$102,769,055 with expenses totaling \$114,658,463 plus mandatory net transfers out totaling \$30,000. The expected current year surplus totaled \$22,662,529 after excluding athletic scholarships from the reported expenses (revenues from scholarships are reported in tuition and fees and not in athletic revenues, and removing them from the calculation for comparability). The cumulative fund balance deficit is \$315,426.
2. The universities’ current year operating surpluses follow (after all transfers from auxiliary and operating funds and removal of athletic scholarships):
 - a. GSU – \$2,741,757
 - b. Tech – \$3,718,151

- c. McNeese – \$3,163,561
- d. Nicholls – \$2,952,083
- e. Northwestern – \$3,571,100
- f. Southeastern – \$2,414,466
- g. ULL – \$1,408,111
- h. ULM – \$1,461,814
- i. UNO – \$1,231,486

Contracted Services (Table 9)

The results of the contracted auxiliary services for the fiscal year ended June 30, 2020, follow:

Table 9 University of Louisiana System Contracted Auxiliary Services Fiscal Year Ended June 30, 2020					
Outsourced Auxiliary Services	Revenues	Expenses	Mandatory Net Transfers In (Out)	Current Yr. Operating Surplus (Deficit)	Non-Mandatory Net Transfers In (Out)
Dining Services	\$43,751,699	\$37,543,445	(\$102,103)	\$6,106,151	(\$462,892)
Student Housing	1,000	17,292		(16,292)	
Bookstore	2,409,068	1,314,338		1,094,730	
Student Center/Union	243,056	146,572		96,484	
Vending	731,034	35,425	(3,078)	692,531	(489,860)
Grand Total	\$47,135,857	\$39,057,072	(\$105,181)	7,973,604	(\$952,752)

SPECIFIED RESTRICTED FUNDS (TABLE 10)

The cumulative ending fund balances for restricted funds totaled \$66.2 million, an increase of \$1.5 million from June 30, 2019.

A comparison of the fund balances at June 30, 2020, and June 30, 2019, follows:

Table 10 University of Louisiana System Specified Restricted Funds Comparison of the Fiscal Years Ended June 30, 2020 and June 30, 2019				
	2020	2019	Change	Percent Change
Building Use Fee	\$15,289,996	\$14,476,262	\$813,734	5.62%
Vehicle Registration Fee	3,589,673	3,570,013	19,660	0.55%
Student Technology Fee	11,052,321	10,497,599	554,722	5.28%
Academic Enhancement Fee	8,527,681	8,629,864	(102,183)	(1.18%)
Performance Initiatives	106,686	105,759	927	0.88%
Debt/Bond Reserves	5,120,521	7,263,388	(2,142,867)	(29.50%)
Energy Surcharge	8,472,235	7,605,363	866,872	11.40%
Repair/Replacement	11,245,339	9,963,792	1,281,547	12.86%
Mineral Lease	2,756,653	2,507,478	249,175	9.94%
Totals	\$66,161,105	\$64,619,518	\$1,541,587	2.39%

MANAGEMENT'S QUARTERLY CERTIFICATIONS

No exceptions were noted by campuses. All certifications are available for review in the System office, as well as individual university reports.

This is a report only and no action by the Board is necessary.