

LOUISIANA LICENSED PROFESSIONAL
COUNSELORS BOARD OF EXAMINERS

STATE OF LOUISIANA



FINANCIAL AUDIT SERVICES
PROCEDURAL REPORT
ISSUED OCTOBER 14, 2015

**LOUISIANA LEGISLATIVE AUDITOR
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LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

October 14, 2015

The Honorable John A. Alario, Jr.,
President of the Senate
The Honorable Charles E. "Chuck" Kleckley,
Speaker of the House of Representatives
Laura Hensley Choate, Board Chair
Louisiana Licensed Professional Counselors
Board of Examiners

Dear Senator Alario, Representative Kleckley, and Ms. Choate:

This report provides the results of our procedures at the Louisiana Licensed Professional Counselors Board of Examiners (Board) for the period from July 1, 2014, through June 30, 2015. Our objective was to evaluate certain controls the Board uses to ensure accurate financial reporting, compliance with applicable laws and regulations, and overall accountability over public funds. I hope this report will benefit you in your legislative and operational decision-making processes.

We would like to express our appreciation to the management and staff of the Board for their assistance during our work.

Sincerely,

Daryl G. Purpera, CPA, CFE
Legislative Auditor

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LPCBOARD2015

Louisiana Legislative Auditor

Daryl G. Purpera, CPA, CFE



Louisiana Licensed Professional Counselors Board of Examiners

October 2015

Audit Control # 80150169

Introduction

The primary purpose of our procedures at the Louisiana Licensed Professional Counselors Board of Examiners (Board) was to evaluate certain controls that the Board uses to ensure accurate financial reporting, compliance with applicable laws and regulations, and overall accountability over public funds.

The Board was created by Louisiana Revised Statute (R.S.) 37:1101. The Board's mission is to protect the public interest by regulating the practice of mental health counseling, the practice of marriage and family therapy, and the use of the titles of Licensed Professional Counselor (LPC) or any similar term, Licensed Marriage and Family Therapist (LMFT), Provisional Licensed Professional Counselor (PLPC), and Provisional Licensed Marriage and Family Therapist (PLMFT).

Results of Our Procedures

We evaluated the Board's operations and system of internal control through inquiry, observation, and review of its policies and procedures, including a review of the applicable laws and regulations. Based on the documentation of the Board's controls and our understanding of related laws and regulations, we performed procedures on selected controls and transactions relating to cash, credit cards, travel expenses, contracts, payroll, and budget.

Follow-up on Prior-year Finding

We reviewed the status of the prior-year finding reported in the Agreed-Upon Procedures report dated August 19, 2014. We determined that management has resolved the prior-year finding related to a payment made in excess of the contracted amounts.

Current-year Finding

Inadequate Segregation of Duties

The Board has not established adequate segregation of duties over cash disbursements. One employee prepares and signs checks without anyone reviewing the appropriateness of the

disbursement either before or after the check has been prepared and signed. Although the Board contracts with a Certified Public Accountant (CPA) to post payments to the general ledger and prepare bank reconciliations, the CPA is not in a position to evaluate the appropriateness of Board disbursements.

Adequate segregation of duties requires that one person prepare a check and another review the supporting documentation before signing the check; however, the Board has limited staff. Inadequate segregation of duties increases the risk of employee error or fraud, although no such errors or fraud were identified.

The Board should consider assigning the Board treasurer or other designated Board member to routinely compare the monthly bank reconciliation to payments and relevant supporting documentation, which should partially compensate for the deficiency and serve as a monitoring function. Management concurred with the finding and outlined a plan of corrective action (see Appendix A).

Other Results of Our Procedures

Cash

The Board maintains a checking and PayPal account for general operations. The Board also maintains a savings account and owns certificates of deposit. Total cash balances and certificates of deposit totaled \$447,200 and \$100,737, respectively, at June 30, 2015. Three staff members participate in the cash collection process, and the Board's contracted CPA reconciles the bank statements. We performed procedures to reconcile cash transactions to the Board's General Ledger, evaluated the segregation of duties between Board staff, and confirmed the timely preparation of bank account reconciliations. During our review of cash disbursements, we noted that the Board has not established adequate segregation of duties. See Current-year Finding mentioned above.

Credit Cards

The Board's two state purchase cards used by the director and administrative assistant for travel, office supplies, and small purchases were voluntarily canceled in October 2014. We traced selected credit card purchases to supporting documentation and evaluated compliance with laws and regulations. We further confirmed the timely review of credit card statements. No exceptions were noted.

Travel Expenses

Travel expenses include conference travel for the Board's director, as well as reimbursement of travel expenses for Board members to attend meetings. Travel expenses totaled \$9,710 for the year ended June 30, 2015. We traced travel expense reimbursements to supporting documentation and evaluated compliance with laws and regulations. No exceptions were noted.

Contracts

The Board contracted with several entities to perform accounting, consulting, and legal services. Contract expenditures totaled \$101,631 for the year ended June 30, 2015. We traced selected contract payments to contract terms and evaluated compliance with laws and regulations. No exceptions were noted.

Payroll and Personnel

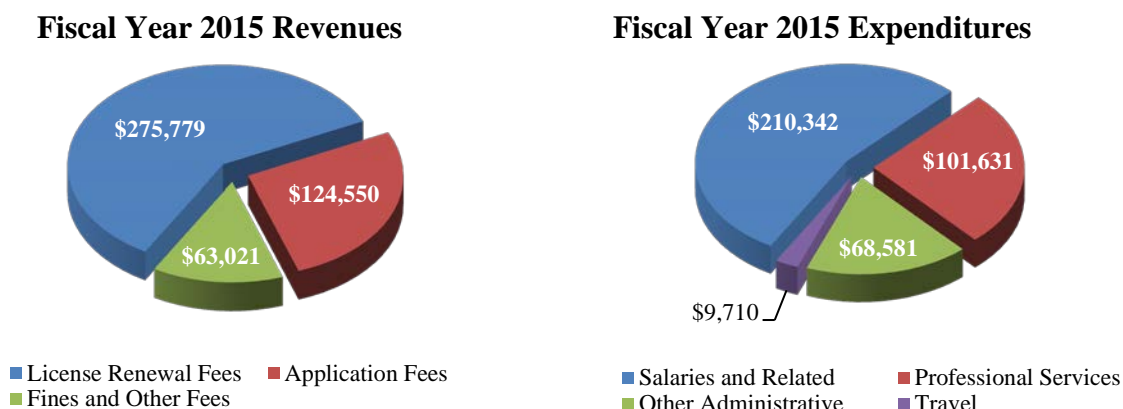
Approximately 54% of the Board's expenditures relate to payroll costs. Board personnel include the director and four administrative staff. We traced selected employees' salaries to contract terms or pay structure, evaluated controls over time and attendance records, and evaluated a termination payment. No exceptions were noted.

Budget

The Board annually adopts a budget by majority vote of its board of directors. We confirmed the adoption of the Board's budget and evaluated variances greater than 10% between budgeted amounts and actual revenues and expenditures for reasonableness. No exceptions were noted.

Comparison of Activity between Years

We compared the most current and prior-year financial activity using the Board's annual fiscal reports and/or system-generated reports to identify trends and obtained explanations from management for any significant variances that could potentially indicate areas of risk. Management provided reasonable explanations for all significant variances. The following charts show the Board's cash basis revenues and expenditures for the most recent fiscal year ended June 30, 2015.



Source: Prepared by legislative auditor's staff using the Board's General Ledger

Under R.S. 24:513, this report is a public document, and it has been distributed to appropriate public officials.

APPENDIX A: MANAGEMENT'S RESPONSE



LOUISIANA
Licensed Professional Counselors Board of Examiners

September 29, 2015

Daryl G. Purpera, CPA, CFE
Louisiana Legislative Auditor (LLA)
1600 North Third Street
Baton Rouge, LA 7007-9397

Re: *Response to Finding of Inadequate Segregation of Duties over Cash Disbursements*

Dear Mr. Purpera,

Thank you for your letter dated September 12th, 2015 and for your allowance of additional time for the Louisiana Licensed Professional Counselors Board of Examiners (hereinafter "Board") to provide an official response to your office's finding. The Board discussed your correspondence and the merits of your finding at our Board Meeting on September 25th, 2015. The Board appreciates and concurs with your feedback and recommendations. Consequently, effective September 25th, 2015, the Board unanimously approved of the following corrective action plan:

A Board Member, namely, the elected Board Secretary will routinely compare the monthly bank reconciliation to payments and relevant supporting documentation. Additionally, given the limited staff, the Board Secretary will ensure that every payment made to the Executive Director is adequately supported with appropriate documentation. Furthermore, the Board Secretary will review all disbursements to evaluate the appropriateness of such expenditures.

On behalf of the Board, we hope our corrective action plan is deemed acceptable and adequately addresses the justifiable concerns of your office. Please do not hesitate to contact me with any further inquiries.

Respectfully,

Mary Alice Olsan
Executive Director

cc: Louisiana Licensed Professional Counselors Board of Examiners
Brian Fleming, CPA, Audit Manager, LLA
Brian Mobley, CPA, Senior Auditor II, LLA

APPENDIX B: SCOPE AND METHODOLOGY

We conducted certain procedures at the Louisiana Licensed Professional Counselors Board of Examiners (Board) for the period from July 1, 2014, through June 30, 2015. Our objective was to evaluate certain internal controls the Board uses to ensure accurate financial reporting, compliance with applicable laws and regulations, and overall accountability over public funds. The scope of our procedures, which are summarized below, was significantly less than an audit conducted in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. We did not audit or review the Board's annual fiscal report and, accordingly, we do not express an opinion on that report. The Board's accounts are an integral part of the state of Louisiana's financial statements, upon which the Louisiana Legislative Auditor expresses opinions.

- We evaluated the Board's operations and system of internal control through inquiry, observation, and review of its policies and procedures, including a review of the laws and regulations applicable to the Board.
- Based on the documentation of the Board's controls and our understanding of related laws and regulations, we performed procedures on selected controls and transactions relating to cash, credit cards, travel expenses, contracts, payroll, and budget.
- We compared the most current and prior-year financial activity using the Board's annual fiscal reports and/or system-generated reports and obtained explanations from the Board's management for any significant variances.

The purpose of this report is solely to describe the scope of our work at the Board and not to provide an opinion on the effectiveness of the Board's internal control over financial reporting or on compliance. Accordingly, this report is not intended to be and should not be used for any other purpose.