

LOUISIANA STATE BOARD OF PRIVATE INVESTIGATOR EXAMINERS
DEPARTMENT OF PUBLIC SAFETY AND CORRECTIONS
STATE OF LOUISIANA

For the year ended
June 30, 2014

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date SEP 10 2014

Louisiana State Board of Private Investigator Examiners
Department of Public Safety and Corrections
State of Louisiana
BATON ROUGE, LOUISIANA

Annual Financial Reports
As of and for the year ended
June 30, 2014

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MICHAEL K. GLOVER
CERTIFIED PUBLIC ACCOUNTANT
(A Professional Accounting Corporation)

9497 BROOKLINE
BATON ROUGE, LOUISIANA 70809
(225) 295-1860

Exhibit A

Independent Accountant's Report
On Applying Agreed-Upon Procedures
For the Year Ended June 30, 2014

Louisiana State Board of Private Investigator Examiners
State of Louisiana
Baton Rouge, LA

I have performed the procedures enumerated below as they are a required part of the engagement. I am required to perform each procedure and report the results, including any exceptions. Management is required to provide a corrective action plan that addresses all exceptions noted. For any procedures that do not apply, I have marked "not applicable."

Management of the Louisiana State Board of Private Investigator is responsible for its financial records, establishing internal controls over financial reporting, and compliance with applicable laws and regulations. These procedures were agreed to by management of the Louisiana State Board of Private Investigator and the Legislative Auditor, State of Louisiana, solely to assist the users in assessing certain controls and in evaluating management's assertions about the Louisiana State Board of Private Investigator compliance with certain laws and regulations during the year ended June 30, 2014.

This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

General

1. Determine if there are adequate written policies and procedures for the primary financial/business functions of the entity (budgeting, receipts, purchasing, disbursements, payroll/personnel, contracting, travel, related parties, ethics).

The Board does not have any written policies that cover all of the policies and procedures listed above. Per discussion with administration, the Board does follow the State of Louisiana policies and procedures and these policies and procedure appear to be adequate for the entity.

2. Using the financial statements or AFR, perform analytical procedures comparing current and prior year financial statements, by line item. Identify and obtain explanations for variances of 10% or greater for line items that are 10% or more of the respective total assets, liabilities, equity, revenues, or expenses.

There were no variances by line items that were greater than 10% or more of the respective total assets, liabilities, equity, revenues or expenses.

Cash

1. Prepare a proof of cash for the period covered by the financial statements.

A proof of cash was prepared for the period covered by the financial statements without exception.

2. Determine if cash collection responsibilities are adequately segregated to ensure that the person responsible for cash collections is not responsible for posting accounts receivable or making deposits.

The agency does not accept payment by cash; however the individual that collects payments for services is not the same person responsible for posting accounts receivable or making the deposits.

3. Determine if bank reconciliations have been prepared for all months in the period covered by the financial statements. Determine if there is evidence of management review of the bank reconciliations. Determine if the reconciled balance for the final month of the fiscal year agrees to the general ledger.

Bank reconciliations have been prepared for all months in the period covered by the financial statements. There is evidence of management reviewing the bank reconciliations. The reconciled balance for the final month of the fiscal year agrees to the general ledger.

Credit Cards

1. Obtain from management a listing of all active credit cards (and bank debit cards if applicable) for the period under examination, including the card numbers and the names of the persons who maintained possession of the cards.

The information was maintained.

2. Obtain the monthly statements for all credit/debit cards used during the period under examination and select for detailed review the largest (dollar amount) statement for the two cards with the most (dollar amount) activity:

- A. Obtain the entity's supporting documentation for the largest purchase/charge shown on each selected monthly statement:

The information was obtained.

- Determine if each purchase is supported by:
 - An original itemized receipt (i.e., identifies precisely what was purchased)
 - Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating)
 - Other documentation as may be required by policy (e.g., purchase order, authorization, etc.)

Purchases were supported by original receipts and the business purpose was documented. No other documentation was required.

- Determine if selected purchases effectively circumvented the entity's normal procurement/purchasing process and/or the Louisiana Public Bid Law (i.e., large or recurring purchases requiring the solicitation of bids or quotes).

Public Bid Laws were not applicable.

- B. Determine if there is evidence of management review of the two selected statements.

There was evidence of management review of charges included in the statements.

Travel and Expense Reimbursement

1. Obtain a listing of all travel and related expense reimbursements during the period under examination and trace to the general ledger for completeness. Select for review the three persons who were reimbursed the most money:

A list of travel and related expense reimbursements was obtained from the detail general ledger. Three individuals who were reimbursed the most money were reviewed.

A. Obtain all of the expense reimbursement reports of each selected person, including the supporting documentation, and choose the largest expense report from each person to review in detail:

- Determine if each expenditure is:

- Reimbursed in accordance with written policy (e.g., rates established for meals, mileage, lodging, etc.) and applicable laws.

Reimbursements were in compliance with the State of Louisiana travel and expense reimbursement policies.

- For an appropriate and necessary business purpose relative to the travel

The travel expense examined, were for business purposes related to the agency.

- Determine if each expenditure is supported by:

- An original itemized receipt (i.e., identifies precisely what was purchased)

[Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) generally does not require a receipt.]

- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating)

- Other documentation as may be required by policy (e.g., authorization for travel, conference brochure, certificate of attendance, etc.)

Original receipts were available where applicable. The business purpose of the reimbursements were identified on the Travel account voucher that was turned in with the receipts.

- Determine if each expense report (including documentation) was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Each expense report was reviewed and approved in writing by the administrator.

Contracts

1. Review accounting records (e.g., general ledgers, accounts payable reports, etc.) for the period under examination to identify individuals/businesses being paid for contracted services (e.g., professional, technical, etc.). Select the five "vendors" that were paid the most money during the period and determine if there is a formal/written contract that supports the services arrangement:

I reviewed the accounting records for the period under examination and identified only three individual/business being paid for contracted services. Each of these had formal/written contracts that supported the service arrangements.

2. Obtain a listing of all active contracts and the expenditures made during the period under examination and trace to the general ledger for completeness. Select for detailed review, the largest (dollar amount) contract in each of the following categories that was entered into during the period.

(1) Services

A list was obtained.

(2) Materials and supplies - Not applicable

(3) Public works - Not applicable.

A. Obtain the selected contracts and the related paid invoices and:

- Determine if the contract is a related party transaction by obtaining management's representation.

I obtained managements representation that none of the contracts were related parties.

- Determine if the transaction is subject to the Louisiana Public Bid Law or Procurement Code:

- If yes, determine if the entity complied with all requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder, etc.)

Not applicable

- If no, determine if the entity provided an open and competitive atmosphere (a good business practice) for the transaction/work.

This agency does not purchase the quantity of office supplies or have services that are subject to the bidding process; however, they are using good business practices to assure themselves that they are getting supplies and services at a reasonable competitive price.

- Determine if the contract was amended. If so, determine whether the original contract contemplated or provided for such an amendment. Furthermore, determine if the amendment is outside the scope of the original contract, and if so, whether it should have been separately bid and contracted.

None of the contracts were amended.

- Select the largest payment from each of the 3 largest contracts selected above and determine if the invoice(s) received and payment complied with the terms and conditions of the contract.

Of the 3 contracts selected, the payments were in compliance with the terms and conditions of the contracts.

- Determine if there is documentation of board approval, if required.

There is documentation of the Board approving each of the contracts.

Payroll and Personnel

1. Obtain a listing of employment contracts/salaries in force during the period under examination and trace to the general ledger for completeness. Select the five highest paid employees and:

I obtained a list of the three employees hired for the agency. There are no employment contracts in force.

- Determine if payments issued during the period under examination were done in strict accordance with the terms and conditions of the contract or pay rate structure.

There are no employment contracts but the pay rate structure was done in strict accordance with the approval of the Board for each of the employees.

- Determine if changes made to hourly pay rates/salaries during the period under examination were approved in writing and in accordance with policy.

Changes made to the hourly rates were approved by the board.

2. Select the attendance and leave records for one pay period in which leave has been taken by at least one employee and:

- Determine if all employees are documenting their daily attendance and leave (e.g., vacation, sick, etc.). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

Documentation indicates that employees are keeping track of their daily attendance and leave.

- Determine if supervisors are approving, in writing, the attendance and leave of all employees.

The supervisor is approving the attendance and leave of all employees on the payroll report that is submitted.

- Determine if the entity is maintaining accurate written leave records (e.g., hours earned, hours used, and balance available) on all eligible employees.

It does appear that the records maintained are accurate.

3. Select the two largest termination payments (e.g., vacation, sick, compensatory time, etc.) made during the period under examination. Determine if the payments were supported by adequate documentation, made in strict accordance with policy and/or contract, and properly approved.

There were no termination payments made during the period under examination.

Budget

1. Obtain a copy of the legally adopted budget and all amendments:

A copy of the original budget was obtained, there was no amendment.

2. Trace the budget adoption and amendments to the minute book.

The original budget was traced to the board minutes where they were approved.

3. Compare the total revenues and total expenditures of the final budget to actual total revenues and total expenditures on the financial statements or AFR. Report variances of 10% or greater.

There was a variance of the final budget to actual revenues where the total revenues budgeted were 17% greater than actual revenues. However the total expenditures did not exceed the budgeted expenditures by more than 10%

Debt Service

1. If debt was issued during the financial statement period, verify that State Bond Commission approval was obtained, as applicable.
2. Determine compliance with applicable debt covenants.

Not applicable

Corrective Action

1. Obtain management's response and corrective action plan for any exceptions noted in the above agreed-upon procedures.

See below

Current Year Finding

Budget

Finding – When preparing the budget, an unwritten policy exist to increase the budget by no more than 5% of the previous years amounts. Using this formula, the revenues budgeted for the 2013-2014 year exceeded the actual revenues by 17%. To be specific, the amount budgeted for Goods and Services was \$63,584 while the actual amount of revenues were \$41,984 and Licenses and Other Fees were budgeted for \$258,150 while only \$232,122 were actual revenues.

Recommendation – When comparing the budget to the actual during the year and there are visible differences, the differences should be reviewed and documented and the budget should be amended and approved by the board of directors before the end of the fiscal year.

Response - I concur with the findings of the revenue projections that were made too large during the budget process. It is typical for our office to increase revenues and expenditures by 5% per year. 2013 was an usually high year because of the large amount of license revenues issued out of the BP oil spill in the Gulf. Private investigators were being hired to investigate claims of the spill. That number created a bigger number on our 2014 projected budget and I should have caught in during the budget process. I plan to write and file an amendment to the file to reflect the reason for the unusually high number difference. In the future we will also amend the budget when needed.

Prior year finding(s):

Cash

Finding – There is no evidence that management is reviewing the bank reconciliations.

Response - Management will initial each bank reconciliation after reviewing them in the future

Payroll

Finding – Employees attendance is not being documented daily.

Response – A daily attendance form will be created to document each employees attendance. This form will be signed by both the employee and management.

I was not engaged to perform, and did not perform, an audit, the objective of which would be the expression of an opinion on management's assertions. Accordingly, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

This report is intended solely for the use of management of Louisiana State Board of Private Investigator and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

August 5, 2014



Michael K. Glover
Michael K. Glover APAC

MICHAEL K. GLOVER
CERTIFIED PUBLIC ACCOUNTANT
(A Professional Accounting Corporation)

9497 BROOKLINE
BATON ROUGE, LOUISIANA 70809
(225) 295-1860

Exhibit B

Separate Schedule of Requested Disclosures

August 8, 2014

Daryl G. Pupa, CPA, CFE
Louisiana Legislative Auditor
P.O. Box 94397
Baton Rouge, Louisiana 70804-9397

Re: Louisiana State Board of Private Investigator Examiners

Contract for Professional Services between Louisiana Legislative Auditor and Michael K Glover APAC
Section V. Report Deliverables Part B for the fiscal year ended June 30, 2014

1. There was no per diem payments or compensation paid to members of the governing board during the fiscal year.
2. There were no professional services payments made to contractors for surveys, feasibility studies, or special studies.

Sincerely,



Michael K. Glover CPA
Michael K Glover APAC