LOUISIANA STATE BOARD OF CHIROPRACTIC EXAMINERS

Independent Accountants' Report on Applying Agreed-Upon Procedures

June 30, 2013

GRIFFIN & COMPANY, LLC
CERTIFIED PUBLIC ACCOUNTANTS

Stephen M. Griffin, CPA
Robert J. Furman, CPA

INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Board Members
Louisiana State Board of Chiropractic Examiners
Baton Rouge, Louisiana

We have performed the procedures enumerated below as they are a required part of the engagement. We are 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, we have marked "*not applicable*."

Management of the Louisiana State Board of Chiropractic Examiners (the Board) 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 Board and the Legislative Auditor, State of Louisiana, solely to assist the users in assessing certain controls and in evaluating management's assertions about the Board compliance with certain laws and regulations during the year ended June 30, 2013.

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, and ethics).**

   Written policies and procedures were reviewed and determined to be adequate for all primary financial/business functions.

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.**

   Explanations were obtained for all variances of 10% or greater for line items that were 10% or more of the respective total assets, liabilities, equity, revenues, and expenses.

POST OFFICE BOX 983 • MANDEVILLE, LA 70470
850 NORTH CAUSEWAY BLVD., SUITE 200 • MANDEVILLE, LA 70448
PHONE: (985) 727-9924 FAX: (985) 727-9975
WWW.GRIFFINANDCO.COM

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.**

   Due to the limited number of employees within the Organization, the person responsible for posting cash collections occasionally makes the deposit.

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 were prepared for all months covered by the financial statements. Due to the limited number of employees within the Organization, the Executive Director reconciles the bank statements each month. As a result, there is no indication of management review of the bank reconciliations. The reconciled balance for the final month of the fiscal year did agree 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.**

   Not applicable.

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:

   - **Determine if each purchase is supported by:**

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

       Not applicable.

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

  Not applicable.

- **Other documentation as may be required by policy (e.g., purchase order, authorization, etc.)**

  Not applicable.

- **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).**

  Not applicable.

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

Not applicable.

Travel and Expense Reimbursement

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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:

The list of all travel and related expense reimbursements was obtained and traced to general ledger without exception.

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**

    All expenditures were reimbursed in accordance with written policy.

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

    All expenditures reimbursed were for appropriate and necessary business purposes.

- **Determine if each expenditure is supported by:**

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

All expenditures were supported by an original itemized receipt.

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

  All expenditures documented the business/public purpose of the expenditure.

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

  Not applicable.

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

  All expense reports reviewed were approved in writing by someone other than the person receiving the reimbursement.

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.**

   We reviewed the accounting records for the period under examination to identify individuals/businesses being paid for contracted services. Four vendors were identified that were paid for contracted services during the period. Three of the four vendors had written contracts.

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

   Not applicable.

   (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.**

  Not applicable.

- **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.**

    Not applicable.

- **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.**

  Not applicable.

- **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.**

  Not applicable.

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

  Not applicable.

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:**

   A list of employment contracts/salaries in force during the period under examination was obtained and traced to general ledger without exception.

- **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.**

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

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

  Not applicable.

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.)**

     For the period selected, all employees documented their daily attendance and leave.

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

     For the period selected, supervisors approved, in writing, the attendance and leave of all employees.

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

     For the period selected, the entity maintained accurate written leave records on all eligible employees.

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.**

   Not applicable.

Budget

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

   We obtained a copy of the legally adopted budget. There were no amendments to the budget.

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

   We traced the budget adoption to the minute book without exception.

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.**

   No variances of 10% or greater were noted.

Debt Service

1. **If debt was issued during the financial statement period, verify that State Bond Commission approval was obtained, as applicable.**

   Not applicable - the Board did not issue any debt during the fiscal year.

2. **Determine compliance with applicable debt covenants.**

   Not applicable - the Board did not issue any debt during the fiscal year.

Corrective Action

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

   Cash

   Finding: The person responsible for posting cash collections occasionally makes the cash deposit.

   Response: The Board will make every effort to segregate these duties however due to the limited number of staff there are instances where these duties will not be able to be segregated.

   Finding: Bank reconciliations do not indicate evidence of management review.

   Response: At the present time, the Executive Director reconciles the bank statement each month and the reconciliation is not reviewed. This was noted in the prior year report and the planned corrective action was for the Treasurer of the Board to review and approve the monthly bank reconciliations. However, due to software problems, reconciliations were not completed until late in the year and the planned reviews did not occur. The Board will implement this policy in the 2013-2014 fiscal year.

We were 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, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of the Board 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.

Griffin & Company, LLC

September 5, 2013