

LOUISIANA STATE BOARD OF  
EXAMINERS OF PSYCHOLOGISTS

DEPARTMENT OF HEALTH AND HOSPITALS

STATE OF LOUISIANA



FINANCIAL AUDIT SERVICES  
PROCEDURAL REPORT  
ISSUED JUNE 8, 2016

**LOUISIANA LEGISLATIVE AUDITOR  
1600 NORTH THIRD STREET  
POST OFFICE BOX 94397  
BATON ROUGE, LOUISIANA 70804-9397**

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DARYL G. PURPERA, CPA, CFE

**ASSISTANT LEGISLATIVE AUDITOR**  
**FOR STATE AUDIT SERVICES**  
NICOLE B. EDMONSON, CIA, CGAP, MPA

**DIRECTOR OF FINANCIAL AUDIT**  
ERNEST F. SUMMERVILLE, JR., CPA

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# Louisiana Legislative Auditor

Daryl G. Purpera, CPA, CFE



## Louisiana State Board of Examiners of Psychologists

Department of Health and Hospitals

June 2016

*Audit Control # 80150170*

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## Introduction

The primary purpose of our procedures at the Louisiana State Board of Examiners of Psychologists (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 within the Department of Health and Hospitals as provided by Louisiana Revised Statute (R.S.) 37:2353. The Board was created to safeguard life, health, property, and the public welfare of this state, and to protect the people of this state against unauthorized, unqualified, and improper application of psychology.

## 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 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.

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## Follow-up on Prior-Year Findings

We reviewed the status of the prior-year findings reported in the Agreed-Upon Procedures report dated September 12, 2014. We determined that management has resolved the prior-year finding related to overpayment of contracted services. However, the prior-year finding related to the lack of adequate written policies and procedures for business and accounting functions of the Board has not been resolved and is addressed again in each of the current-year findings within this report.

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## **Current-Year Findings**

### **Inadequate Segregation of Duties and Lack of Supporting Documentation**

The Board did not establish policies requiring adequate segregation of duties over cash receipts and cash disbursements. The Board did not have policies and procedures documenting the cash collection process, and the employees who performed the cash collection processes in fiscal year 2015 are no longer employed by the Board. While the Board was able to provide a log for receipts, there was no documentation of preparation or review of the receipts. Furthermore, the Board was unable to provide supporting documents for deposits made during the fiscal year. In addition, one person prepared, signed, and remitted checks and prepared the bank reconciliation without another person reviewing for appropriateness. Inadequate segregation of duties and lack of adequate supporting documentation increases the risk of employee error or fraud.

As a compensating control, the monthly bank reconciliations were reviewed by an external CPA. However, no evidence of this review was maintained by the Board. Also, the CPA was not in a position to evaluate the appropriateness of Board disbursements. The monthly financial statements and General Ledger detail were also provided to the Board members at each meeting. However, there was no evidence of Board member review or approval of this financial information.

Adequate segregation of duties requires that the initiation, execution, and approval of a financial transaction be performed by separate individuals. While acknowledging the Board has limited staff, mitigating controls, including reconciliations and approvals, could be implemented. Adequate documentation of preparation and review by each individual involved in the activities should be maintained.

If adequate segregation of duties cannot be accomplished with existing Board staff, 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. In addition, the Board should develop written policies and procedures to ensure that staff is aware of their responsibilities and that work performed is adequately documented. Management concurred with the finding and outlined a plan of corrective action (see Appendix A, pages 1-3).

### **Inadequate Controls over Employee Payroll and Leave**

The Board did not establish policies and procedures regarding employee payroll and leave, resulting in inadequate controls over payroll transactions. Inadequate internal controls increase the risk of abuse and inaccurate financial reporting.

The Board failed to place sufficient emphasis on developing and implementing internal controls regarding payroll and leave records. Our procedures identified the following:

- The Board was unable to provide time sheets for four (80%) of the five employees reviewed. Of the time sheets provided, none were signed by either the employee or a supervisor.
- Of the five employees reviewed, only two were eligible to earn leave. For those two employees, the Board was unable to provide written leave records detailing hours earned, hours used, leave request approvals, and available leave balance.
- For one (20%) of the five employees reviewed, the Board was only able to provide a handwritten note on the employee's resume as support for their pay rate. In contrast, the Board provided Employee Notification Forms from the state's human resources system for the other four employees supporting their approved rate of pay.
- During January 2015, a Board employee deposited the same paycheck twice. The Board disclosed the error during our procedures in December 2015, at which time the Board contacted the bank and the funds were returned.

*Executive Order BJ 2012-2*, which governs leave for unclassified employees, requires employees to apply for leave and obtain approval from the appointing authority or his designee prior to use. Good internal controls should ensure each employee is documenting and certifying time worked each pay period and that certification is reviewed by appropriate personnel. In addition, good internal controls should also ensure that written leave records detailing hours earned, hours used, and available leave balance are maintained.

The Board should develop written policies and procedures and implement internal controls to ensure adequate payroll and leave records are maintained. Management concurred in part with the finding and outlined a plan of corrective action. Management did not concur that time sheets and written leave records should have been completed and maintained for Board employees during the fiscal year (see Appendix A, pages 4-6).

**Additional Comments:** Daily attendance and leave records should be maintained for unclassified employees who are eligible to accrue or use annual, sick, and/or compensatory leave. In addition, time sheet preparation and review are good controls to ensure that full-time employees meet their minimum 40-hour work week required by *BJ 2012-2* and use leave for any hours when the employees are unavailable to perform their required job duties to meet this minimum. Time sheet preparation and review are also good controls to ensure that part-time employees are paid only for hours worked. Furthermore, maintaining accurate written leave records detailing hours earned, used, and remaining balance for each employee allows for accurate financial reporting.

### **Inadequate Controls over Debit and Credit Cards**

The Board did not maintain adequate supporting documentation including itemized receipts, documentation of the business purpose, and/or proper approval for all debit and credit card transactions. The Board processed approximately \$22,000 in credit card charges during the fiscal year. The Board also failed to establish policies and procedures regarding the use of debit

and credit cards and failed to establish adequate internal control over the card transactions. Inadequate internal control and lack of supporting documentation increases the risk of employee error or fraud.

The Board utilized two debit cards and one credit card during fiscal year 2015. The debit cards that were active during the fiscal year included an employee's name on the card rather than the Board's name. Since the Board could not provide supporting documentation, we reviewed the debit and credit card statements and noted the following activity that appeared at risk for not having a valid business purpose:

- Amazon.com purchases totaling \$148
- Apple Store purchases totaling \$1,260
- Etsy purchases totaling \$196
- TJ Maxx purchases totaling \$32
- Drug store purchases totaling \$267
- Grocery store purchases totaling \$1,212

One transaction totaling \$1,175 for the Apple Store was not in compliance with the Board's current purchasing policy, which states purchases of greater than \$500 require Board approval and must be in accordance with applicable state and federal laws. The Board was unable to provide documentation of Board approval for the transaction. In addition, there were two ATM cash withdrawals totaling \$46. The Board also provided no documentation showing that the monthly debit and credit card statements were reviewed to ensure all transactions were valid and supported by adequate documentation.

Good internal controls over credit and debit card usage should require that transaction documentation is retained and used for reconciliation with the card statements at the end of each billing cycle. This documentation should include itemized purchase receipts/invoices, receiving documents, credits, disputes, and written approvals for all card transactions.

The Board should develop written policies and procedures to ensure adequate supporting documentation is maintained and that an employee, other than the purchaser, review each purchase and the monthly debit and credit card statements to ensure all purchases have a valid business purpose and were properly approved. Management concurred with the finding and outlined a plan of corrective action (see Appendix A, pages 7-9).

### **Inadequate Controls over Travel and Meal Expenses**

The Board did not maintain prior travel authorizations, itemized receipts, or proper approval for \$13,594 in travel and meal expenses charged either directly to the Board's debit cards or reimbursed to Board members and employees during fiscal year 2015. The Board did not develop and implement adequate internal controls to ensure compliance with Board policies and

state regulations regarding travel and meal expenses. Inadequate internal control and lack of supporting documentation increases the risk of employee error or fraud.

Our review of Board travel and meal expenses revealed the following:

- Based on bank statement descriptions, a total of \$3,364 was paid to hotels for conferences held in Palm Springs and Atlanta; however, no supporting documentation was provided.
- Based on information provided by the Board, the former executive director may have improperly charged \$2,343 to the Board for airfare, hotel, baggage, and parking fees related to participation in Association of State and Provincial Psychology Boards (ASPPB) committee meetings during October and November 2014. ASPPB stated it pays for flights, hotel rooms, and associated travel expenses for committee meeting participants, either directly or through reimbursement. ASPPB provided the Board with documentation of reimbursements to the former executive director totaling \$1,185 in connection with these two meetings; however, the Board does not have sufficient documentation to determine if these reimbursements were subsequently provided to the Board. The remaining charges were for hotel expenses incurred during the November 2014 committee meeting, for which the former executive director did not request reimbursement.
- Travel reimbursements and per diems to employees and Board members totaling \$3,241 were not supported by approved reimbursement requests or itemized receipts as required by the current Board policy and state travel regulations.
- State travel regulations require that travel meal expenses should be incurred by the employee and subsequently reimbursed. However, based on the limited documentation available, it appears that \$158 for meals was charged directly to the Board.
- Expenses for meals provided during Board meetings and working lunches during the fiscal year totaled \$1,016. The Board did not provide documented authorizations or maintain itemized receipts as evidence that the meals were within the allowable rates outlined in state regulations.

The Board should re-evaluate its current written policies and develop and implement procedures, including adequate internal control, to ensure compliance with state travel regulations. Management concurred with the finding and outlined a plan of corrective action (see Appendix A, pages 10-12).

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## **Other Results of Our Procedures**

### **Cash**

The Board maintains two checking accounts for general operations, one of which the Board closed in April 2015. The Board also maintains two certificates of deposit. The Board's checking account balance at June 30, 2015, totaled \$187,101. The certificates of deposit balances at June 30, 2015, totaled \$59,667. In addition, the Board held \$170 in petty cash. We performed procedures to reconcile cash transactions to the Board's General Ledger, evaluated the segregation of duties between Board staff, and considered the timely preparation and review of bank account reconciliations. During our review of cash receipts and disbursements, we noted that the Board has not established adequate segregation of duties or maintained adequate supporting documentation. This issue was reported as a finding. See Current-Year Findings section mentioned previously in this report.

### **Credit Cards**

The Board has two debit cards and one credit card which are used by the executive director. The debit cards are used for travel expenses and general operating expenses, while the credit card is used for office supplies. One of the debit cards was deactivated in April 2015 when the related checking account was closed. We did not evaluate compliance with laws and regulations or confirm timely review of debit and credit card statements due to the lack of adequate supporting documentation maintained by the Board for the debit and credit card transactions. This issue was reported as a finding. See Current-Year Findings section mentioned previously in this report.

### **Travel Expenses**

Travel expenses include conference travel for the Board's executive director and Board members, reimbursement of travel expenses for Board members to attend meetings, and meal expenses for Board meetings and working lunches. Travel expenses totaled \$13,594 for the year ended June 30, 2015. Based on the results of our procedures, we determined the Board did not implement adequate internal controls to ensure compliance with laws and regulations and maintenance of adequate supporting documentation. This issue was reported as a finding. See Current-Year Findings section mentioned previously in this report.

### **Contracts**

The Board contracted with several parties to perform legal, accounting, complaints coordination and investigation, and website services. Contract expenditures totaled \$90,763 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**

Approximately 43% of the Board's expenditures relate to payroll and related benefits. Board personnel include the executive director and an administrative assistant. We traced selected



employees' salaries to contract terms or pay structure. One exception was noted. In addition, we determined the Board did not implement adequate internal controls or maintain adequate time and attendance records. These issues were reported as a finding. See Current-Year Findings mentioned previously in this report.

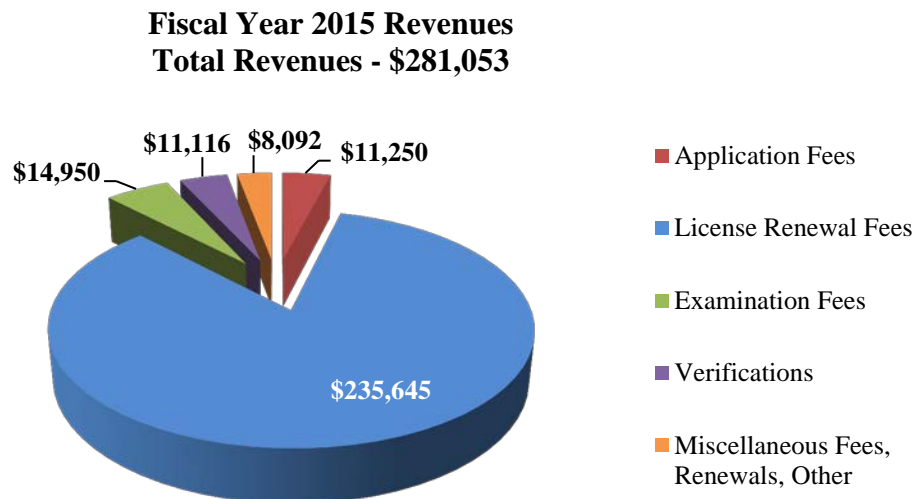
### **Budget**

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. Actual revenues for the fiscal year exceeded budget by 14%. The majority of this increase is due to advanced license fees that were not properly recorded as such in fiscal year 2014 and, therefore, not considered in the fiscal year 2015 budgeted amount. Actual expenditures for the fiscal year exceeded budget by 16%. The majority of this increase is due to additional legal expenses to cover excess costs for cases that were not factored into the fiscal year 2015 budgeted amount.

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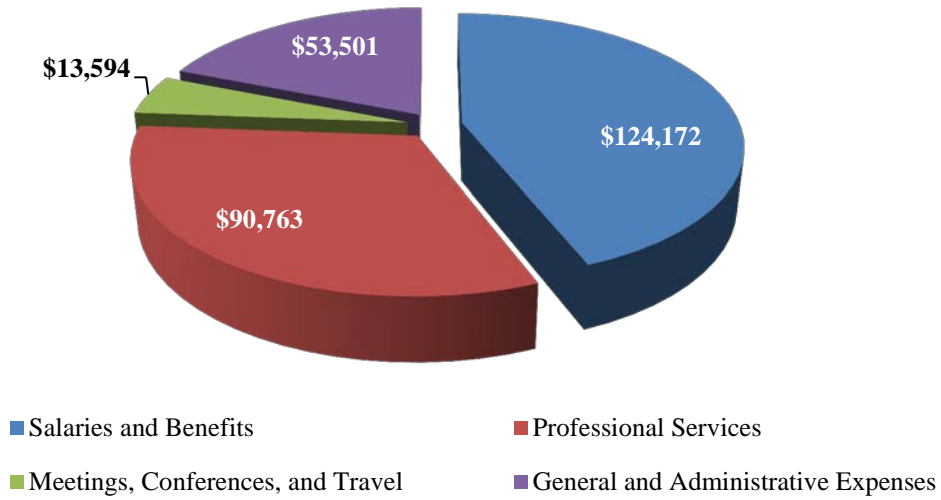
## **Comparison of Activity between Years**

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 exhibits show the Board's cash basis revenue 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

**Fiscal Year 2015 Expenditures**  
**Total Expenditures - \$282,030**



**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.

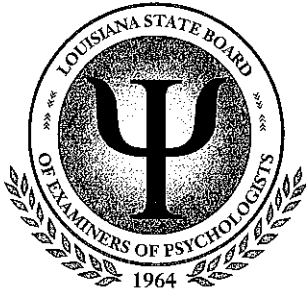
Respectfully submitted,  
*Daryl G. Purpera*  
Daryl G. Purpera, CPA, CFE  
Legislative Auditor

JDO:CST:WG:EFS:aa

LSBEP 2015

## **APPENDIX A: MANAGEMENT'S RESPONSES**





# LOUISIANA STATE BOARD OF EXAMINERS OF PSYCHOLOGISTS

8706 Jefferson Hwy., Suite B  
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May 6, 2016

## Via Certified and Electronic Mail

Daryl G. Purpera, CPA, CFE  
Legislative Auditor  
1600 North Third Street  
Post Office Box 94397  
Baton Rouge, LA 70804-9397

RE: Legislative Audit and Findings of Inadequate Segregation of Duties  
and Lack of Supporting Documentation

Dear Mr. Purpera,

On behalf of the Louisiana State Board of Examiners of Psychologists (LSBEP), I am responding in my capacity as the Executive Director of the LSBEP, as related to the above referenced findings outlined in your agency's letter dated April 18, 2016 from Carrie Thompson, CPA and Audit Manager.

The LSBEP is 100% self-generated funded and does not pay into the state's general fund. The LSBEP currently licenses approximately 750 psychologists and obtains its funding primarily from licensing and renewal fees. As noted in your agency's report, our resources are limited, with the capacity to employ one other full-time position to assist the Executive Director with administrative/secretarial duties. LSBEP's professional staff (accountant, attorney, etc.) is contracted for services.

I was rehired on September 18, 2015 as Executive Director. The former director held this position from July 7, 2015-September 18, 2015. His predecessor resigned her position as Executive Director with the LSBEP on July 7, 2015. It is worth noting that the Administrative Assistant underwent medical leave in August 2014; and then the position was vacated and went through several individuals from April 2015 - September 2015. This turnover of the entire staff impacted the LSBEP's ability to keep records as it has adequately maintained in past fiscal years.

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To address specifically, the issues outlined in your preliminary findings:

**Regarding Adequate Segregation Of Duties Over Cash Receipts and Cash Disbursements:** I would concur that the LSBEP does not have written policies that specifically address the cash collection process. The majority of fees collected for the 2014-15 fiscal year would have been collected in the months of June and July 2014. A log of receivables was available, however I cannot dispute the lack of documentation for the deposit records or lack of documentation for the review/oversight of the processes during this period.

**Corrective Action:**

Having been the previous director for the LSBEP, I can attest that standardized procedures for cash collections, developed even prior to my first tenure, have been reinstated and will be applied for the 2016 renewal period. The LSBEP accepts only Check, Money Orders, Visa and Master Card. The collection of fees will be segregated between the Executive Director and Administrative Assistant, with additional oversight from our accountant and the LSBEP finance committee (which is made up of the entire board). The procedures include having the Administrative Assistant receive, log and prepare deposits. The deposits detail the name of the individual and income account to which the funds are applied. Copies of checks are kept and attached to the detailed deposit slip. The funds are deposited by the Executive Director, who also verifies receivables against the logs. Written documentation will be kept of these reviews and reported for budgeting and as requested by the LSBEP. Additionally, the renewal log is reconciled at the completion of renewals and reported to the LSBEP and reflected in the minutes.

The LSBEP does have written policies for cash disbursements, which authority is given to the Executive Director to approve regular monthly operating expenses, payment of contracts and payroll. The LSBEP approves purchases over \$500, which approval is recorded in the minutes.

**Regarding The Prepared, Signed, And Remitted Checks For Payables; Control and Prepared Bank Reconciliations:** I concur and have confirmed the findings regarding accounts payables, control and prepared bank reconciliations for fiscal year ending June 30, 2015.

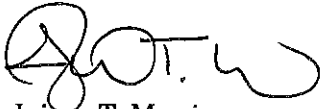
**Corrective Action:**

Since taking this position, I have worked tirelessly to train, implement a proper segregation of duties, and facilitate compliance with all administrative laws and rules. Currently, the Administrative Assistant prepares the checks, the Executive Director signs the checks with the authority to approve regular monthly operating expenses, payment of contracts and payroll. My accountant reviews the payables and receivables for proper coding. She also reviews the reconciliations and bank statements and prepares the financial statements for the entire Board to review. The financial statements include the: General Ledgers, Profit and Loss (budget vs. actual) FY to date, Balance Sheet, and a statement/report regarding the boards

financial status (including any major occurrences or changes in finances or accounting). The LSBEP reviews and approves these statements, which approval is recorded in the minutes. Additionally, the Board Chair reviews and signs the reconciliations prepared by the Executive Director.

In closing, the LSBEP will meet on May 13, 2016. Their agenda includes a review of these findings, and also a review to amend the *written* accounting policy and procedures, to affirm that the procedures I have implemented and/or reinstated properly address the adequate segregation of duties over cash receipts and disbursements; preparation, signing and remitting checks for disbursements; and control and prepared bank reconciliation. These policies will be provided to all board members, staff and contract employees. Additional controls may also be considered to facilitate board members continued awareness of policies and procedures as the members rotate through their terms.

Sincerely,

A handwritten signature in black ink, appearing to read 'J. T. Monic', with a stylized flourish at the end.

Jaime T. Monic  
Executive Director



**LOUISIANA STATE BOARD  
OF EXAMINERS OF  
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May 12, 2016

**Via Certified and Electronic Mail**

Daryl G. Purpera, CPA, CFE  
Legislative Auditor  
1600 North Third Street  
Post Office Box 94397  
Baton Rouge, LA 70804-9397

RE: Inadequate Controls Over Payroll and Leave

Dear Mr. Purpera,

On behalf of the Louisiana State Board of Examiners of Psychologists (LSBEP), I am responding in my capacity as the Executive Director of the LSBEP, as related to the above referenced revised findings received on May 5, 2016 from Carrie Thompson, CPA and Audit Manager. I was rehired on September 18, 2015 as Executive Director. The former director held this position from July 7, 2015-September 18, 2015. His predecessor resigned her position as Executive Director with the LSBEP on July 7, 2015.

To address specifically, the issues outlined in your preliminary findings:

**Inadequate Controls Over Payroll and Leave:**

I do not fully concur with the finding related to leave and rate of pay.

Executive Order BJ 2012-2 is referenced in this finding, which Order does govern leave for unclassified employees. However, the provision for granting leave under Section 4., is discretionary; further Section 22.B provides that "The head of each department shall be responsible for deciding the extent to which the discretionary provisions of this Order shall be implemented within their department."

Additionally, the LSBEP has written policies that specifically address payroll and leave. This policy (last amended on May 30, 2014) reads as follows:



**Employee Salaries/Leave/Benefits**

- A. Employees will be paid bi-weekly for labor (26 pay periods annually).
- B. Board members will review wages and consider raises annually
- C. The Executive Director and Administrative Assistant may earn leave at the same rate as classified employees.
- D. The Executive Director and Administrative Assistant shall be entitled to participate in the state retirement system and group benefits, at the same rate as classified employees.

Under item "C." above, the Executive Director and Administrative Assistant "may" earn leave. Further, while Executive Order BJ 2012-2 does require LSBEP to offer leave, the LSBEP within their discretion, does not compel its employees to participate.

The LSBEP has two unclassified positions, (the Executive Director and Administrative Assistant. Both unclassified positions are constitutionally created under Article X, Part I Section 2.B.(7); there is also one temporary part-time WAE position that is unclassified through Civil Service (Rule 4.1(d)1.). According to the State Civil Service Human Resources Handbook:

*"...an unclassified employee serves at the pleasure of the appointing authority, i.e. they are "at will" employees."; and,*

*" Positions that are designated as unclassified by the state constitution are not subject to the hiring and compensation standards set by State Civil Service, although they may have qualification requirements and pay limits set by state statutes. When the Commission or the Director designates a position as unclassified, they may choose to set parameters regarding qualifications or compensation as a condition of their approval of the position."*

LSBEP's full-time regular employees are paid an annual salary (not hourly) rate, which rate is decided by the LSBEP annually, reported in the minutes of the LSBEP, recorded on the Division of Administration/Boards and Commissions Website, and also reported to Civil Service. Time sheets are not required for salaried employees unless they are participating in leave benefits.

For the reasons stated above, the findings related to leave and rate of pay are, in my opinion, not founded.

I do concur that the temporary unclassified employee should have been reported to Civil Service, however, this seems to have been an oversight by the previous administration.

Additionally, it is true that in January 2015, a Board employee deposited the same paycheck twice. I do not concur that a change in policy would have prevented this particular issue. As your finding referenced, the issue was ultimately discovered, investigated, and corrected under this administration.

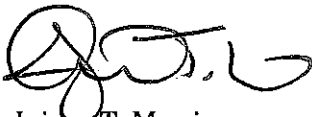
**Corrective Action:**

Although I do not concur fully with these findings, the current LSBEP employees have opted to participate in earning regular and sick leave. Therefore, the current procedures are for the Executive Director to review, sign and approve leave for the Administrative Assistant and for the Board Chair to review, sign and approve leave time for the Executive Director. Leave time is granted in accordance with Executive Order BJ 2012-2.

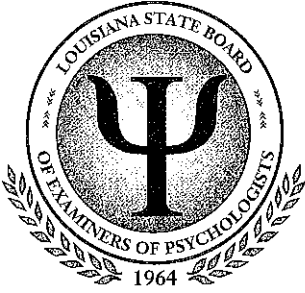
Regarding payroll, the Board annually approves salaries. Payroll disbursement is managed in the same manner as disbursements for regular monthly operating expenses. The Administrative Assistant prepares payroll checks, the Executive Director signs the payroll checks. The accountant reviews payroll for proper withholdings and coding, reconciles the withholdings with payments to LASERS (retirement) and the Office of Group Benefits (health insurance) and approved budgeted amounts, and reviews the reconciliations and bank statements. The Accountant prepares the financial statements for the entire Board to review. The financial statements include the: General Ledgers, Profit and Loss (budget vs. actual) FY to date, Balance Sheet, and a statement/report regarding the Board's financial status (including any major occurrences or changes in finances or accounting). The LSBEP reviews and approves these statements, which approval is recorded in the minutes. Additionally, the Board Chair reviews and signs the reconciliations prepared by the Executive Director.

In closing, the LSBEP will meet on May 13, 2016. Their agenda includes a review of these findings, and also a review to amend the *written* accounting policy and procedures, to affirm that the procedures I have implemented and/or reinstated properly address the adequate controls over employee payroll and leave in accordance with applicable laws, rules or Executive Orders. These policies will be provided to all board members, staff and contract employees. Additional controls may also be considered to facilitate board members continued awareness of policies and procedures as the members rotate through their terms.

Sincerely,



Jaime T. Monic  
Executive Director



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May 16, 2016

**Via Certified and Electronic Mail**

Daryl G. Purpera, CPA, CFE  
Legislative Auditor  
1600 North Third Street  
Post Office Box 94397  
Baton Rouge, LA 70804-9397

RE: Inadequate Controls Over Debit and Credit Cards

Dear Mr. Purpera,

On behalf of the Louisiana State Board of Examiners of Psychologists (LSBEP), I am responding in my capacity as the Executive Director of the LSBEP, to the above referenced findings outlined in your agency's letter dated April 27, 2016, and revised on May 10, 2015, from Carrie Thompson, CPA and Audit Manager.

I was rehired on September 18, 2015 as Executive Director. The former director held this position from July 7, 2015-September 18, 2015. His predecessor resigned her position as Executive Director with the LSBEP on July 7, 2015. It is worth noting that the Administrative Assistant underwent medical leave in August 2014; and then the position was vacated and went through several individuals from April 2015 – September 2015. This turnover of the entire staff impacted the LSBEP's ability to keep records as it has adequately maintained in past fiscal years.

The LSBEP's revenue is 100% self-generated, primarily from licensing and renewal fees, from approximately 750 psychologists. Therefore, our resources are limited, with the capacity to employ one other full-time position to assist the Executive Director with administrative/secretarial duties. The LSBEP professional staff (accountant, attorney, etc.) is contracted for services.

To address specifically the issues outlined in your preliminary and revised findings for **Inadequate Controls Over Debit and Credit Cards**:

The LSBEP had written policies for FY 2014-15, which policies addressed reimbursements for business expenses and also purchasing authority, regardless of

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the form of payment used. I concur that the LSBEP did not have written policies that specifically addressed the use of debit and credit cards.

The finding indicates that the Board did not maintain adequate supporting documentation or approval for approximately \$22,000 worth of debit and credit card transactions. While many of the transactions were appropriate and budgeted for by the LSBEP, I cannot dispute the lack of documentation, including itemized receipts and/or proper approval for every debit card purchase in the 2014-15FY.

Record keeping, authority and approval for the following transactions, in my opinion, are adequate:

- Credit card purchases to Office Depot which combined total was \$1,484 were within the approved purchasing authority of the Executive Director; which itemized purchases were provided on the statements from Office Depot. These itemized statements represent an adequate receipt for the online purchases that were delivered directly to the agency.
- Office desk for \$459.99 and small meeting room table and board room chairs for \$429.96, purchased from Cort Furniture, were each within the purchasing authority of the Executive Director, approved in the minutes and receipts were maintained;

I have confirmed that board members were aware of the purchase of the MacBook Air that was issued to the incoming Executive Director from the Apple Store, which purchase totaled \$1,175.02. However, I cannot dispute the lack of documentation that would evidence that purchasing policies were followed.

I cannot dispute the lack of documentation showing that monthly debit and credit card statements were reviewed.

**Corrective Action:**

Since taking this position, I have implemented controls for debit and credit card purchases, which include the reinstatement of procedures for reimbursements. Currently, the debit card is used **only** for payment of online operating expenses/bills, purchasing office supplies, supplies for board meetings, and working lunches for board meetings. These purchases do not exceed the purchasing authority currently written in LSBEP's policy. These purchases are included in the detailed ledger as part of the financial statements that are provided to the LSBEP, prepared by the Accountant. The review of the financial statements is documented in the meeting minutes. Additionally, the Board Chair reviews the reconciliation and bank statements of all accounts, this includes the bank statement associated with the debit card. The review is documented by the Chair's signature. All receipts and detailed documentation for purchases are kept in accordance with the document destruction schedule approved by the Secretary of State.

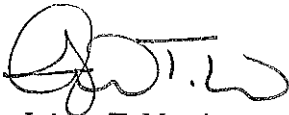
The LSBEP has one credit card with Office Depot for purchasing office supplies. The Administrative Assistant makes online supply orders. The Executive Director

approves the purchases and the credit card statement to ensure that all transactions are valid. The Executive Director may also approve the purchase of office supplies in-store, however, these purchases do not exceed the purchasing authority or the approved budget for supplies determined by the members of the LSBEP. Receipts are required to be maintained.

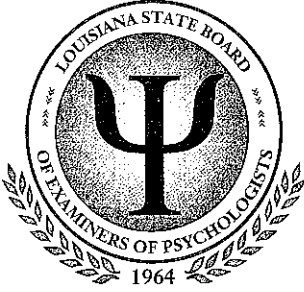
LSBEP does not employ enough individuals to enable participation in the state Purchase Card/Travel Card program. Therefore, any expenses incurred by an employee on behalf of the LSBEP are paid for with personal credit cards, debit cards and/or checks and reimbursed to the employee. The Executive Director's expenses are submitted for reimbursement and approved by the current Board Chair. The Administrative Assistant's expenses are submitted for reimbursement and approved by the Executive Director.

LSBEP, at their meeting on May 13, 2016, reviewed and approved new accounting policies to address adequate controls over the use of debit and credit cards, and reimbursements. These policies have been distributed to all board members, staff and contract employees. The LSBEP will continue to discuss options for additional controls to facilitate the continued awareness of policies and procedures by board members as they rotate through their terms.

Sincerely,

A handwritten signature in black ink, appearing to read 'J. T. Monic', written over a horizontal line.

Jaime T. Monic  
Executive Director



**LOUISIANA STATE BOARD  
OF EXAMINERS OF  
PSYCHOLOGISTS**

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May 16, 2016

**Via Certified and Electronic Mail**

Daryl G. Purpera, CPA, CFE  
Legislative Auditor  
1600 North Third Street  
Post Office Box 94397  
Baton Rouge, LA 70804-9397

RE: Inadequate Controls Over Travel and Meal Expenses

Dear Mr. Purpera,

On behalf of the Louisiana State Board of Examiners of Psychologists (LSBEP), I am responding in my capacity as the Executive Director of the LSBEP, to the above referenced findings outlined in your agency's letter dated April 27, 2016, and revised on May 9, 2015, from Carrie Thompson, CPA and Audit Manager.

I was rehired on September 18, 2015 as Executive Director. The former director held this position from July 7, 2015-September 18, 2015. His predecessor resigned her position as Executive Director with the LSBEP on July 7, 2015. It is worth noting that the Administrative Assistant underwent medical leave in August 2014; and then the position was vacated and went through several individuals from April 2015 - September 2015. This turnover of the entire staff impacted the LSBEP's ability to keep records as it has adequately maintained in past fiscal years.

The LSBEP's revenue is 100% self-generated, primarily from licensing and renewal fees, from approximately 750 psychologists. Therefore, our resources are limited, with the capacity to employ one other full-time position to assist the Executive Director with administrative/secretarial duties. The LSBEP professional staff (accountant, attorney, etc.) is contracted for services.

To address specifically the issues outlined in your revised findings for **Inadequate Controls Over Travel and Meal Expenses:**

The LSBEP had written policies for FY 2014-15, which policies addressed reimbursements for travel related expenses. The policy under which the LSBEP operated in FY2014-15 adopted the state travel reimbursement policy PPM49 to

A. 10

establish limitations and controls for reimbursement to employees and board members. The LSBEP is required to reimburse board members seventy-five dollars per diem allowance, plus the mileage rate provided state employees, to cover expenses while engaged in the discharge of their duties under 37:2353.(5).

The finding indicates that the Board did not maintain prior travel authorizations, itemized receipts, or proper approval for \$13,594 in travel and meal expenses charged directly to debit cards or reimbursed to board members and employees. While board member travel and attendance at meetings, is documented in the minutes of the LSBEP, including Association of State and Provincial Psychology Boards (ASPPB) meetings at the Omni Rancho Las Palmas in Palm Springs, California and Atlanta, GA, current administration is unable to account for the lack of documentation of expense reports, itemized receipts and/or proper approval for all travel and reimbursements in the 2014-15FY. Historically, the Executive Director or Administrative Assistant has assisted members with the preparation of expense reports that are submitted to the Board Chair for approval. Members recall having continued this process in the 2014-15 FY. Members were not provided copies of their approved reports to maintain for their records.

Regarding the potential improper charges by the former Executive Director for travel related to attending ASPPB Committee Meetings. I concur that information is not available to dispute these findings.

**Corrective Action:**

Since taking this position, I have reinstated procedures for submission of reimbursements and proper record keeping. Currently, board members and employees submit reimbursements in according with LSBEP policy and procedures. LSBEP has adopted the State Travel Regulations (PPM 49) for reimbursement guidelines.

LSBEP does not employ enough individuals to enable participation in the state Purchase Card/Travel Card program. Therefore, any expenses incurred by an employee on behalf of the LSBEP are paid for with personal credit cards, debit cards and/or checks and submitted for reimbursement, with proper receipts attached. The Board Chair approves reimbursements for Board Members and the Executive Director; the Vice Chair approves reimbursements for the Board Chair; and the Executive Director approves reimbursements for employees/contract employees.

These disbursements for reimbursements are included in the detailed ledger as part of the financial statements that are provided to the LSBEP, prepared by the Accountant. The financial review is documented in the meeting minutes. Additionally, the Board Chair reviews the reconciliation and bank statements of all accounts, this includes the bank statement associated with the debit card. The review is documented by the Chair's signature. All receipts and detailed documentation for reimbursements are kept in accordance with the document destruction schedule approved by the Secretary of State.

LSBEP, at their meeting on May 13, 2016, reviewed and approved new accounting policies to address adequate controls over travel and reimbursements. These policies have been distributed to all board members, staff and contract employees. The LSBEP will continue to discuss options for additional controls to facilitate the continued awareness of policies and procedures by board members as they rotate through their terms.

Sincerely,

A handwritten signature in black ink, appearing to read 'J.T. Monic', with a stylized flourish at the end.

Jaime T. Monic  
Executive Director



## APPENDIX B: SCOPE AND METHODOLOGY

We conducted certain procedures at the Louisiana State Board of Examiners of Psychologists (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.