



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

August 26, 2014

To the Board of Directors  
State Plumbing Board of Louisiana  
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 State Plumbing Board of Louisiana 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 State Plumbing Board of Louisiana and the Legislative Auditor, State of Louisiana, solely to assist the users in assessing certain controls and in evaluating management's assertions about the State Plumbing Board of Louisiana's 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).

We determined that there are adequate written policies and procedures over the areas listed above.

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.

We identified the following variances and obtained the required explanations as follows:

Cash increased by 14% and investments increased by 25% due to net income of approximately \$63,000 in the current year.

## **Cash**

---

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

We prepared a proof of cash for the year ended June 30, 2014.

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.

We determined that cash collection responsibilities are adequately segregated.

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.

We determined that bank reconciliations have been prepared for all months in the period covered by the financial statements and that the reconciled balance for the final month of the fiscal year agrees to the general ledger.

We determined that there is evidence of management review of the bank reconciliations.

## **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.

Management provided us with the required listing.

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:

We obtained the required monthly statements and selected the largest statements for the two cards with the most 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)
  - 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.)

We determined that each purchase was supported by an original itemized receipt, documentation of the business/public purpose, and other documentation as required by policy.

- 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).

We determined that the selected purchases did not circumvent the entity's normal procurement/purchasing process and/or Louisiana Public Bid Law.

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

We determined there is evidence of management review of the selected 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:

Management provided us with the required listing and we traced to the general ledger for completeness. We selected for review the three persons reimbursed the most money.

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

We obtained the required reports and determined that each expenditure was reimbursed in accordance with written policy and applicable laws and was for an appropriate business purpose.

- 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.)

We determined that each expenditure was supported by an original itemized receipt, documentation of the business/public purpose, and any other documentation required by policy.

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

We determined that each expense report was reviewed and approved, in writing, by someone other than the person receiving 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.

Not Applicable

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

(2) Materials and supplies

(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.)
  - 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:

We selected the five highest paid employees during the period and performed the required procedures

- 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.

We determined that payments issued during the period were done in accordance with the required terms and conditions of the civil service.

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

We determined that changes made to hourly pay rates/salaries were approved in writing and in accordance with policy.

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.)

We determined that all employees are documenting their daily attendance and leave.

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

For the pay period selected for testing, there was no evidence of written approval of attendance for 4 of the 5 employees. See finding 2014-01.

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

We determined that the entity is maintaining 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.

We reviewed the sole termination payment made during the period under examination and determined that there was adequate supporting documentation, proper approval, and in accordance with policy.

### ***Budget***

---

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

Management provided us with a copy of the original budget and all amendments

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

We traced the budget adoption and amendments to the board minutes on December 12, 2013.

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.

We compared the total revenues and total expenditures of the final budget to actual total revenues and total expenditures on the AFR and determined that total expenditures on the AFR exceeded total expenditures of the final budget by 11%.

### ***Debt Service***

---

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

Not 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 attached schedule.

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 State Plumbing Board of Louisiana 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.

*Hienz & Macaluso, LLC*

Metairie, LA

**STATE PLUMBING BOARD OF LOUISIANA  
SUMMARY SCHEDULE OF FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2014**

**Finding 2014-01 Approval of Attendance**

For the pay period selected for testing, there was no evidence of written approval of attendance for 4 of the 5 employees.

**Corrective Action**

All time, leave, hours, comp, sick time is and will be approved and signed prior to the leave/absence, unless an unforeseen emergency, which then at that time will be documented and approved. All corresponding documents, leave slips, and time sheets will be approved by Angela King, Ashley Jones(acting Office Manager) and Executive Director, John Barker from here on out. All reports on leave and absences are calculated monthly on worksheet and attached to all approved and signed leave slips per employee.

**STATE PLUMBING BOARD OF LOUISIANA  
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2014**

**Finding 2013-01 Management Review of Bank Reconciliations**

There was no evidence of management review of bank reconciliations as enumerated in Cash procedure # 3.

**This finding was resolved in the current year.**

**Finding 2013-02 Segregation of Duties**

Cash collection responsibilities are not adequately segregated to ensure that the person responsible for cash collections is not responsible for posting accounts receivable or making deposits as enumerated in Cash procedure # 2.

**This finding was resolved in the current year.**

**Finding 2013-03 Management Review of Credit Card Statements**

There was no evidence of management review of credit card statements as enumerated in Credit Card procedure # 2B.

**This finding was resolved in the current year.**

**Finding 2013-04 Approval of Leave**

Employee leave records were not approved in writing by a supervisor. The board did not approve, in writing, the leave for the executive director.

**This finding was resolved in the current year.**

