

LOUISIANA PROFESSIONAL ENGINEERING  
AND LAND SURVEYING BOARD

STATE OF LOUISIANA



FINANCIAL AUDIT SERVICES  
PROCEDURAL REPORT  
ISSUED OCTOBER 7, 2015

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

**LEGISLATIVE AUDITOR**  
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

Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Attorney General, and to other public officials as required by state law. A copy of this report is available for public inspection at the Baton Rouge office of the Louisiana Legislative Auditor.

This document is produced by the Louisiana Legislative Auditor, State of Louisiana, Post Office Box 94397, Baton Rouge, Louisiana 70804-9397 in accordance with Louisiana Revised Statute 24:513. One copy of this public document was produced at an approximate cost of \$0.55. This material was produced in accordance with the standards for state agencies established pursuant to R.S. 43:31. This report is available on the Legislative Auditor's website at [www.la.la.gov](http://www.la.la.gov). When contacting the office, you may refer to Agency ID No. 3298 or Report ID No. 80150156 for additional information.

In compliance with the Americans With Disabilities Act, if you need special assistance relative to this document, or any documents of the Legislative Auditor, please contact Elizabeth Coxe, Chief Administrative Officer, at 225-339-3800.



LOUISIANA LEGISLATIVE AUDITOR  
DARYL G. PURPERA, CPA, CFE

October 7, 2015

The Honorable John A. Alario, Jr.,  
President of the Senate  
The Honorable Charles E. "Chuck" Kleckley,  
Speaker of the House of Representatives  
Theodore H. Thompson, Chairman  
Louisiana Professional Engineering  
and Land Surveying Board

Dear Senator Alario, Representative Kleckley, and Mr. Thompson:

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

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

Sincerely,

Daryl G. Purpera, CPA, CFE  
Legislative Auditor

BDM:BF:BDC:EFS:aa

LAPELS2015



---

# Louisiana Legislative Auditor

Daryl G. Purpera, CPA, CFE

## Louisiana Professional Engineering And Land Surveying Board



October 2015

*Audit Control # 80150156*

---

## Introduction

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

The Board was created by Louisiana Revised Statute (R.S.) 37:683. The Board's purpose is to license professional engineers and land surveyors practicing in Louisiana and enforce the laws and rules which regulate these practices.

## Results of Our Procedures

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

---

## Follow-up on Prior-year Findings

We reviewed the status of the prior-year finding reported in the Agreed-Upon Procedures report dated August 11, 2014. We determined that management has resolved the prior-year finding related to the reimbursement of a non-business purpose travel expense.

---

## Current-year Findings

### Overpayment of Attorney Fees

The Board made payments to its contracted attorney without verifying that billed rates were in accordance with contract terms, resulting in identified overpayments of \$9,583 between 2010 and 2015. Because contracted hourly rates are based on the different experience levels of the attorney and staff, prudent business practice requires the Board to review detailed invoices prior

to making payments. However, the Board did not request and review detailed invoices before making payments.

The Board should request reimbursement for the identified overpayments and establish a policy to require a detailed review of future contractual invoices. Management concurred with the finding and outlined a corrective action plan (see Appendix A).

### **Untimely Submission of Travel Reimbursements**

The Board did not require timely submission of travel reimbursement claims. During a review of three travel reimbursements, we identified a \$3,213 reimbursement for expenses incurred over a seven-month period that also included a \$71 overpayment. Although the Office of State Procurement's Louisiana Travel Guide (PPM 49) states that travel claims should be submitted within the month following travel, the Board does not have a policy regarding the timely submission of travel reimbursement claims. In addition to noncompliance with PPM 49, cumulative travel claims with large amounts of documentation increase the risk of errors in the preparation and review of the claims. They also increase the risk that reimbursements will be made in a different fiscal year than when the claim was incurred.

The Board should recoup the overpayment and establish a policy requiring travel reimbursement claims to be submitted at least by the month following travel. Management concurred with the finding and outlined a corrective action plan (see Appendix A).

---

## **Other Results of Our Procedures**

### **Cash**

The Board maintains a checking account and owns numerous certificates of deposit, which are used for general operations and cash reserves, respectively. Multiple staff members participate in cash collections, disbursements, and reconciliation activities. The Board's checking account and certificates of deposit balances at June 30, 2015, totaled \$332,382 and \$1,494,623, respectively. We performed procedures to reconcile cash transactions to the Board's general ledger, evaluated the segregation of duties between Board staff, and confirmed the timely preparation of bank account reconciliations. No exceptions were noted.

### **Debit Cards**

The Board has two debit cards that are used for travel, supplies, small purchases, and expenses for Board meetings. We traced selected debit card purchases to supporting documentation and evaluated compliance with laws and regulations. No exceptions were noted.

### **Travel Expenses**

Travel expenses include conference travel for Board members and Board staff, as well as reimbursement of travel expenses for Board members to attend meetings. Travel expenses totaled \$115,926 for the year ended June 30, 2015. We traced travel expenses to supporting documentation and evaluated compliance with laws and regulations. We identified a \$3,213 reimbursement for expenses incurred over a seven-month period that also included a \$71 overpayment. See Current-year Findings mentioned previously in this report.

### **Contracts**

The Board contracted with several parties to perform accounting, consulting, legal, and testing services. Contract expenditures totaled \$294,562 for the year ended June 30, 2015. We traced selected contract payments to contract terms and evaluated compliance with laws and regulations. During our review of contract payments, we noted that payments were made to the contracted attorney without verifying that billed rates were in accordance with contract terms, resulting in identified overpayments of \$9,583 between 2010 and 2015. See Current-year Findings mentioned previously in this report.

### **Payroll and Personnel**

Approximately 56% of the Board's expenditures relate to payroll and related benefits. Board personnel include a director, deputy director, and approximately 20 administrative positions. We traced selected employees' salaries to contract terms or pay structure, evaluated controls over time and attendance records, and evaluated termination payments. No exceptions were noted.

### **Budget**

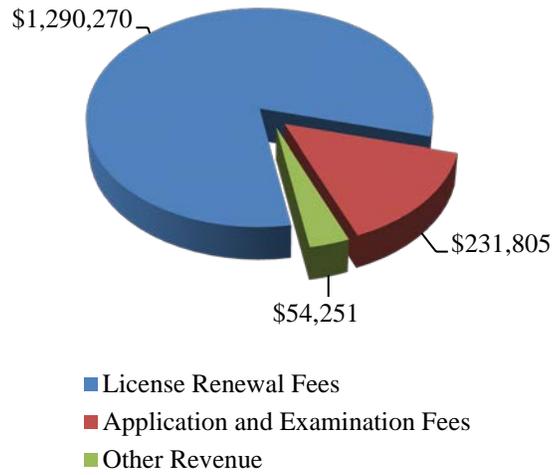
The Board annually adopts a budget by majority vote of its board of directors. The budget for the year ended June 30, 2015, was approximately 2% higher than the previous year because of increases in payroll and related benefits costs. We confirmed the adoption of the Board's budget and evaluated variances between budgeted amounts and actual revenues and expenditures for reasonableness. No exceptions were noted.

---

## **Comparison of Activity between Years**

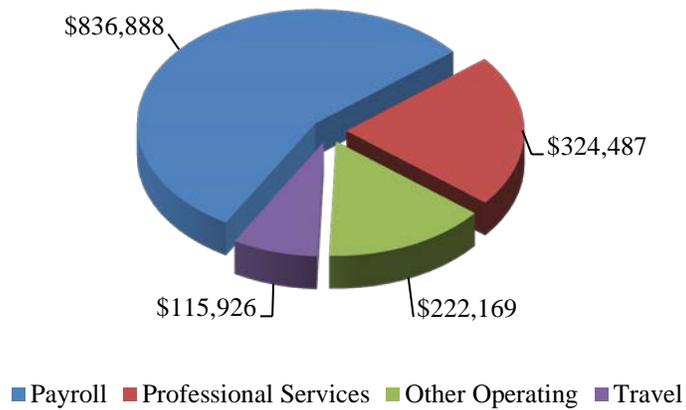
We compared the most current and prior-year financial activity using the Board's annual fiscal reports and system-generated reports to identify trends and obtained explanations from management for any significant variances that could potentially indicate areas of risk. Management provided reasonable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

### Fiscal Year 2015 Revenues



Source: Board's General Ledger

### Fiscal Year 2015 Expenditures



Source: Board's General Ledger

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

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



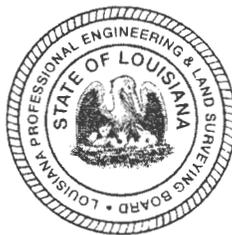
Theodore H. Thompson, P.E.  
Chairman

Kevin E. Crosby, P.E., P.L.S.  
Vice Chairman

John W. Moore, P.E.  
Secretary

David L. Patterson, P.L.S.  
Treasurer

Donna D. Sentell  
Executive Director



Terry J. Huval, P.E.

Paul N. Hale, Jr. Ph.D., P.E.

Christopher P. Knotts, P.E.

D. Scott Phillips, P.E., P.L.S.

Alan D. Krouse, P.E.

Thomas R. Carroll III, P.E., P.L.S.

Wilfred J. Fontenot, P.L.S.

LOUISIANA PROFESSIONAL ENGINEERING AND LAND SURVEYING BOARD

September 22, 2015

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

RE: FY 2014-15 Procedural Report

Dear Mr. Purpera:

This letter is our official response to the procedural report issued on September 9, 2015. As requested, below is our response to the two current year findings:

Overpayment of Attorney Fees

Yes we agree, over a 6 year period we made overpayments to our contract attorney. We failed to ensure varying hourly rates of attorney and staff members were applied correctly.

As of result of this finding, the *corrective action* we have implemented includes:

- a review process which highlights the billing of various staff members;
- the final bill is reviewed by two members of the accounting staff and the Executive Director before payment is remitted.

As of today, the overpayments have been reimbursed in full.

Untimely Submission of Travel Reimbursements

Yes we agree we did not require timely submission of travel reimbursement from our board members. This process is not in compliance with PPM 49 which states claims should be submitted within a month of travel. Our noncompliance and the travel claims of large amounts for a period of several months did result in errors.

The *corrective action* we have implemented includes:

- holding all expenses from the collective group, until all expenses have been sent to LAPELS for review and reimbursement;
- once all expenses have been received, conduct a comparative analysis of the expenses submitted to ensure appropriate amounts, receipts and reimbursement requested are in compliance with PPM 49;
- completing a summary sheet of all expenses to document any funds needing to be reimbursed by board/staff member to LAPELS (i.e. meals paid for the collective group, including payments for guests that must be repaid);
- before any funds have been reimbursed to a board/staff member, a review by both accounting staff members and the Executive Director will be conducted.

We appreciate the professionalism Mr. Fleming exhibited during his review of our current practices and thank you for the opportunity to modify our practices. Be assured, we want our fiduciary responsibilities to be in compliance with the standards of the Louisiana Legislative Auditor's office and demonstrate we are indeed good stewards of the public funds entrusted to the LAPELS Board.

If you have questions, please feel free to contact me.

Sincerely,



Donna D. Sentell  
Executive Director

## APPENDIX B: SCOPE AND METHODOLOGY

We conducted certain procedures at the Louisiana Professional Engineering and Land Surveying Board (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, debit 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 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.