# LOUISIANA BOARD OF EXAMINERS FOR SPEECH-PATHOLOGY AND AUDIOLOGY

## Independent Accountants' Report on Applying Agreed-Upon Procedures

**June 30, 2012**

GRIFFIN & COMPANY, LLC
CERTIFIED PUBLIC ACCOUNTANTS

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# INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

**To the Board Members**
**Louisiana Board of Examiners for Speech-Language Pathology and Audiology**
**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 Board of Examiners for Speech-Language Pathology and Audiology (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, 2012.**

**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.***

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## 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.**

   ***All 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.**

   ***Bank reconciliations have been prepared for all months in the period covered by the financial statements. Management indicated approval of bank reconciliations in eleven of the twelve months covered by the financial statements. The reconciled balances 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.**

   ***A list of all active credit cards for the period under examination was obtained from management.***

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)**

          ***For each purchase examined, the charge was 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)**

  ***For each purchase examined, the business purpose for each charge was clearly documented.***

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

  ***For each purchase examined, there was no additional other documentation 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).**

  ***For the purchases examined, we determined the purchases did not effectively circumvent the Board's normal procurement/purchasing process or the Louisiana Public Bid Law.***

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

***There was evidence of management review for the two statements selected.***

**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 and selected the five vendors that were paid the most money during the period. For one vendor providing information technology services, a contract exists between the vendor and the Louisiana State Board of Social Work Examiners (with whom the Board shares office space and services). For another vendor providing information technology services, the Board provided the vendor with a written contract however the vendor never returned a signed copy of the contract. For the remaining three vendors, the Board had written contracts supporting the services arrangements.***

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

**(1) Services**

***A list of all contracts for the period was traced to the general ledger for completeness.***

**(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.**

  ***We obtained management's representation that the contract was not with a related party.***

- **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.**

    ***For the contract examined, the Board did not seek proposals from other vendors due to the long standing relationship they have with the existing service provider. It is the Board's policy that for existing annual service contracts less than $50,000, the Board will evaluate the performance and cost of each service provider at their renewal date and determine if they will renew the contract. If an existing service provider chooses to terminate the relationship at the end of a contract or the Board is not satisfied with the performance or cost, the Board will solicit proposals to replace that service provider. For annual service contracts in excess of $50,000, the Board will solicit proposals.***

- **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.**

  ***There were no amendments to the contract.***

- **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.**

  ***The payment reviewed complied with the terms and conditions of the contract.***

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

  ***The contract was approved by the Board in a public meeting.***

**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.**

     ***Changes made to hourly pay rates/salaries during the period under examination 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.)**

     ***The Board utilizes a payroll service that features an online time and attendance feature. All employees of the Board are required to utilize this service to keep track of their time. We reviewed reports for the year noting that time and attendance records are being maintained.***

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

*Supervisors are required to approve all time and attendance reports through the online system for 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.**

  *Leave records are maintained in the online system by the payroll service based on the Board's annual and sick leave policies. The service appears to accurately track leave time.*

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 and all amendments without exception.*

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

   *We traced the budget adoption and amendments 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.**

   *Actual revenues were 15% more than budgeted revenues. Actual expenditures were 18% less than budgeted expenditures.*

**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: Management did not indicate approval of one bank reconciliation during the period covered by the financial statements.***

   ***Response: Management believes this to be an isolated incident and will make every effort to ensure all bank reconciliations indicate approval in the future.***

**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, 2012**