

LOUISIANA BOARD OF PROFESSIONAL  
GEOSCIENTISTS

STATE OF LOUISIANA



FINANCIAL AUDIT SERVICES  
PROCEDURAL REPORT  
ISSUED OCTOBER 7, 2015

**LOUISIANA LEGISLATIVE AUDITOR  
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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  
Madhurendu B. Kumar, Chairman  
Louisiana Board of Professional Geoscientists

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

This report provides the results of our procedures at the Louisiana Board of Professional Geoscientists (Board) for the period from July 1, 2013, through June 30, 2015. Our objective 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. 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

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# Louisiana Legislative Auditor

Daryl G. Purpera, CPA, CFE



## Louisiana Board of Professional Geoscientists

October 2015

Audit Control # 80150152

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### Introduction

The primary purpose of our procedures at the Louisiana Board of Professional Geoscientists (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 by Louisiana Revised Statute (R.S.) 37:711.4 to administer the Louisiana Professional Geoscience Practice Act. The Board's mission is to protect public health, safety, and welfare and to guard the state's natural resources with regard to environmental and civil projects where a geoscientific review and evaluation is required. The Board was authorized to set fees for the licensure of geoscientists on and after August 1, 2013.

### 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, credit cards, travel expenses, contracts, payroll, and budget.

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### Current-year Findings

#### Inadequate Segregation of Duties

The Board has not established segregation of duties over the receipt, deposit, and recording of license fees. Adequate segregation of duties requires these activities to be performed by separate individuals; however, the Board has only one full-time employee. Inadequate segregation of duties increases the risk of employee error or fraud, although no such errors or fraud were identified.

The Board treasurer or other designated board member should routinely compare the fees deposited to the expected fees, based on the number of licenses issued or renewed, and should

review and approve the reconciliation of the monthly bank statements. Management concurred with the finding and outlined a plan of corrective action (see Appendix A).

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

The Board did not require timely submission of travel reimbursement claims. During a review of six travel reimbursements, we identified five reimbursements totaling \$9,582 for expenses incurred over a three- to 12-month period.

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. Of the total \$9,582 in late claims, \$3,729 was incorrectly reimbursed in the subsequent fiscal year.

The Board should 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 plan of corrective action (see Appendix A).

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## **Other Results of Our Procedures**

### **Cash**

The Board maintains a checking account that is used for general operations. One full-time staff member participates in cash collection, disbursement, and reconciliation activities and all disbursements require review and approval by a board member prior to payment. Cash balances totaled \$272,223 and \$216,647 for the years ended June 30, 2014, and June 30, 2015, 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. We noted the Board has not established adequate segregation over of duties over the receipt, deposit, and recording of license fees. See Current-year Findings mentioned previously in this report.

### **Credit Cards**

The Board has one credit card used by the executive secretary for postage and payroll software fees. We traced selected credit card purchases to supporting documentation and evaluated compliance with laws and regulations. We confirmed the timely review of credit card statements. No exceptions were noted.

### **Travel Expenses**

Travel expenses include conference travel for the Board's chairman, as well as reimbursement of travel expenses for board members to attend meetings. Travel expenses totaled \$27,269 for the two years ended June 30, 2015. We traced travel expense reimbursements to supporting documentation and evaluated compliance with laws and regulations. During our review, we noted the Board did not require timely submission of travel reimbursement claims. See Current-year Findings mentioned previously in this report.

### **Contracts**

The Board contracted with several parties to perform legal, management, website design, and accounting services. Contract expenditures totaled \$43,686 for the two years ended June 30, 2015. We traced selected contract payments to contract terms and evaluated compliance with laws and regulations. No exceptions were noted.

### **Payroll and Personnel**

Approximately 38% of the Board's expenditures for the two years ended June 30, 2015, relate to payroll costs. Board personnel include the executive secretary and a part-time assistant. We traced the employees' salaries to contract terms or pay structure and evaluated controls over time and attendance records. No exceptions were noted.

### **Budget**

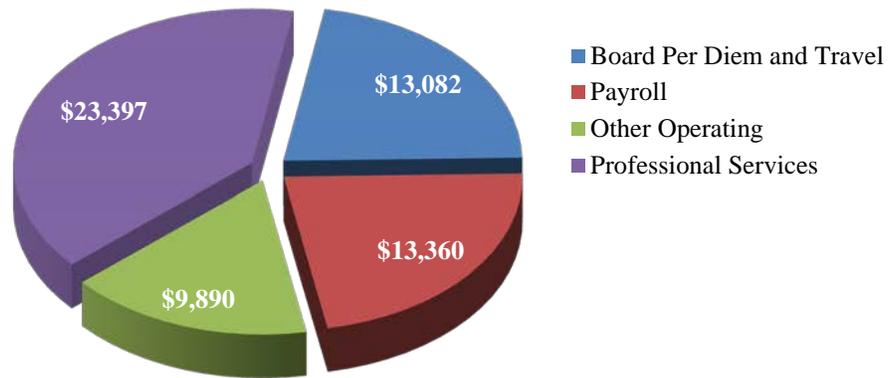
The Board annually adopts a budget by majority vote of its board of directors. We confirmed the adoption of the Board's budgets for the fiscal years ended June 30, 2014, and June 30, 2015, and evaluated the variances greater than 10% between budgeted amounts and actual revenue and expenditures for reasonableness. No exceptions were noted.

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## **Comparison of Activity between Years**

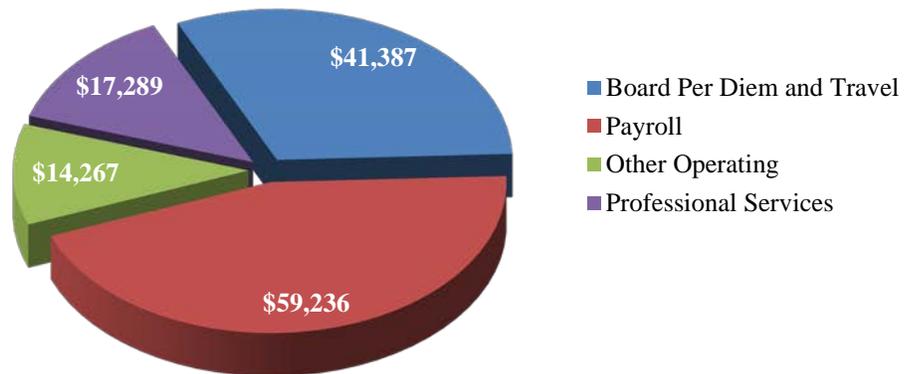
We compared the most current and prior-year financial activity using the Board's annual fiscal reports and/or system-generated reports to identify trends and obtained explanations from management for any significant variances that could potentially indicate areas of risk. Management provided reasonable explanations for all significant variances. Total license revenues for the fiscal years ended June 30, 2014, and June 30, 2015, were \$329,645 and \$72,450, respectively. The following charts show the Board's expenditures for the years ended June 30, 2014, and June 30, 2015.

### Fiscal Year 2014 Expenditures



Source: Board's General Ledger

### Fiscal Year 2015 Expenditures



Source: Board's General Ledger

Fiscal year 2014 was the Board's first year of operation. Licensing revenues were significantly higher in fiscal year 2014 than 2015 due to the initial licensing period. The Board began accepting applications and fees in October 2013, but most of the official licenses were not issued until after June 2014. As a result, there were few renewals due in fiscal year 2015.

The Board's first full year of operation was fiscal year 2015 and represents a more accurate picture of the Board's future expenditures. The Board hired a full-time employee in March 2014 and a part-time employee in April 2015. Professional services in fiscal year 2014 included initial startup costs for website design and contracted management services. The fiscal year 2015 increase in board member per diem and travel is largely due to 2014 travel reimbursements that were not paid until 2015 due to untimely submission of travel reimbursements. See Current-year Findings mentioned previously in this report.

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**





**OUR BOARD  
OF DIRECTORS**

**Chairman**

Madhurendu B. Kumar, Ph.D  
mbkumar@lbopg.org

**Vice Chairman**

John E. Johnston III  
johnjohnstoniii@lbopg.org

**Secretary/Treasurer**

Arthur H. Johnson  
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**Board Member**

William R. Finley  
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**Board Member**

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**Board Member**

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**Board Member**

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**Board Member**

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**Board Member**

L. Todd Perry  
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**LOUISIANA BOARD  
OF PROFESSIONAL GEOSCIENTISTS**

9643 Brookline Ave, Ste. 101, Baton Rouge, LA 70809

September 16, 2015

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

RE: Louisiana Board of Professional Geoscientists

Dear Mr. Purpera:

This letter is in response to the letter of September 12, 2015 from Brian Fleming, CPA, Audit Manager.

Regarding the finding by title Inadequate Segregation of Duties, the Louisiana Board of Professional Geoscientist (LBOPG) concur. A part-time position was added to our one person staff on April 15, 2015 to enable segregation of duties over the receipt, deposit and recording of license fees. Additionally, the Board Treasurer will compare the fees deposited to the expected fees, based on the number of licenses issued and renewed. Further, the Board Treasurer will review and approve the reconciliation of the monthly bank statement.

Regarding the finding titled Untimely Submission of Travel Reimbursements, the LBOPG concur and have established the requirement that all per diem and travel reimbursement claims will be submitted within 30 days of the date of the meeting and travel.

The LBOPG Policies and Procedures have been revised to incorporate the above mentioned corrective actions of the Louisiana Board of Professional Geoscientists.

With kind regards,

Madhurendu B. Kumar, PhD  
Chairman



## APPENDIX B: SCOPE AND METHODOLOGY

We conducted certain procedures at the Louisiana Board of Professional Geoscientists (Board) for the period from July 1, 2013, 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 Reports, and, accordingly, we do not express opinions on those reports. 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.