

State of Louisiana
Board of Veterinary Medicine

Fiscal Year Ended June 30, 2018
Agreed-Upon Procedures Report

**State of Louisiana
Board of Veterinary Medicine**

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J. WALKER & COMPANY_{APC}

ACCOUNTANTS AND ADVISORS

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Management of
Louisiana Board of Veterinary Medicine

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 Veterinary Medicine, a component unit of the State 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 Louisiana Board of Veterinary Medicine and the Legislative Auditor, State of Louisiana, solely to assist the users in assessing certain controls and in evaluating management's assertions about the Louisiana Board of Veterinary Medicine's compliance with certain laws and regulations during the year ended June 30, 2018.

This agreed-upon procedures engagement was conducted 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.

The procedures and associated findings are as follows:

Prior Year Findings

Ethics

We obtained the Board's policy relating to ethic to determine if policy included (1) the prohibitions as defined in LA R.S. 42:1111-1121, (2) actions to be taken if an ethics violation takes place, and (3) system to monitor possible ethics violations. No exceptions noted related to this procedure.

We selected the Board's four employees and five commissioners and obtained documentation to demonstrate that required annual ethics training was completed. We inquired of management whether any alleged ethics violations were reported to the entity during the fiscal period ending June 30, 2017. Management was unable to provide documentation that one board member completed the annual requirement of one hour of ethics education and training required by R.S. 42:1170 (3)(a)(i). The statute requires that

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all public servants receive a minimum of one hour of education and training on the Code of Governmental Ethics during each year of public employment or term of office.

Management should ensure that all employees and commissioners complete the required ethics training annually. Management concurred with the finding and outlined a plan of corrective action.

We considered this prior year finding in our procedures for the current year. See *Ethics* below under current year findings.

Current Year Findings

Ethics

Using the five selected employees from procedures under *Payroll and Personnel*; we obtained ethics compliance documentation from management, indicating whether the Board maintained documentation demonstrated that required annual ethics training was completed.

We obtained a listing of board members from management. Randomly selected five of the board members to determine whether the Board maintained documentation to demonstrate that required annual ethics training was completed.

We inquired of management whether any alleged ethics violations were reported to the Board during the fiscal period. If applicable, reviewed documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the Board's ethics policy. Reported whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

Based on the results of our procedures relating to ethics for employees, no exceptions were identified.

Board was unable to provide documentation for one of the three employees that the employee completed the annual requirement of one hour of ethics training required by R.S. 42:1170(3)(a)(i). The statute requires that all public servants receive a minimum of one hour of education and training on the Code of Governmental Ethics during each year of public employment or term of office.

(Recommendation) Management should ensure that all employees and commissioners complete the required ethics training annually. Management concurred with the finding and outlined a plan of corrective action (See Appendix A).

Other Results of Our Procedures

Written Policies and Procedures

We obtained the Board's written policies and procedures relating to financial/business functions as addressed in this report. Any exceptions are noted under current findings.



Annual Fiscal Report (AFR)

We obtained the financial statements from the AFR submitted to the Division of Administration's (DOA) Office of Statewide Reporting and Accounting Policy for the current and prior periods. We performed analytical procedures comparing current and prior period amounts by line item. There was no variance of 10% or greater for line items that are 10% or more of the respective total assets/deferred outflows of resources, liabilities/deferred inflows of resources, net position, revenues, and/or expenses. No exceptions noted regarding these procedures.

Board Activity

We obtained and reviewed the board minutes for the fiscal year ended June 30, 2018. The Board of commissioners holds six meetings per year. For meetings for the fiscal year there was a quorum to conduct business for each of the meetings reviewed. We reviewed the minutes to determine if there was a reference to the introduction of monthly budget to actual comparisons financials and/or a reference that monthly budget comparative financials were provided to commissioners. Additionally, we accessed the Board's online information included in the DOA's boards and commissions' database to determine if the Board submitted board meeting notices and minutes for all meetings during the fiscal period. Based on the results of our procedures, no exceptions were identified.

Bank Reconciliations

The Board maintains one operating account that is used for general operations. Two staff persons primarily participate in fee collection and disbursement activities. Bank reconciliations are performed by the contract accountant. Bank reconciliations are reviewed and approved by the Executive Director and a Board member. We performed procedures to reconcile cash transactions to the Board's general ledger and bank statements and evaluated the segregation of duties between Board staff. We confirmed that bank account reconciliations are performed monthly, and bank statements are reviewed timely by the executive Director and Board. Based on the results of our procedures, no exceptions were identified.

Collections

We reviewed the Board's policy relating to receipts. We reviewed policy to determine if policy contained procedures relating to the receiving, recording and preparation of deposits. We obtained existing documentation relative to insurance policies, policy manual and job descriptions to determine whether each person responsible for collecting cash is not responsible for depositing the cash in the bank, recording the related transactions, and reconciling the related bank account(s). The administrative personnel of the Board consist primarily of two people including the Executive Director. Through inquiry with Executive director, compensating controls have been implemented relating to cash activities. Administrative personnel perform cash activities (collecting and deposits). The Executive Director reviews and signs-off on bank deposits as well as bank reconciliations. Bank reconciliations are reviewed by the contract accountant as well as the Board's Secretary-Treasurer.



We selected the highest (dollar) week of cash collections from the general ledger and using the Board's collection documentation (e.g. deposit slips and bank statements) we traced the daily collections to the deposit date on the corresponding bank statement. We reviewed the date of collections and compared date to the date deposits were made to determine if deposits were made within one day of collections. We reviewed the receipt books provided and considered if the receipts were sequentially numbers. We verified if daily cash collections were completely supported by documentation. Based on the results of our procedures, no exceptions were identified.

We reviewed the process as outlined in the Board's policy regarding completeness of all collections, including electronic transfers. Documentation is placed in the file of each licensee showing payments and form of payment. For electronic payments, the reports are uploaded and compared to recording of payments to each licensee's file.

We obtained a list of initial and renewal licenses granted during the period from management and management's representation that the listing is complete. We randomly selected 10 individual applicants from the listing and obtained the supporting documentation (e.g. application, copy of check) from management. We verified if the fee paid for license was the appropriate fee based on the applicable fee schedule established by the board or statute. We reviewed to see if any penalty was assessed; if so was assessed penalty collected in accordance with the Board's policies. Based upon our procedures, no exceptions were identified.

Credit Cards/Debit Cards/Fuel Card/P-Cards

We reviewed the Board's written policy regarding credit cards (and debit cards, fuel cards, and P-Cards). We reviewed the Board's policy to determine if procedures included (1) how cards are to be controlled, (2) allowable business uses; (3) documentation requirements, (4) required approvers, and (5) monitoring card usage. We obtained a list from the Board of all active credit cards, bank debit cards, fuel cards, and P-cards, including the card numbers and the names of the persons who maintained possession of the cards. The Board has one debit card that was used during the fiscal period ending June 30, 2018. We obtained the monthly statements with the largest dollar activity for each card selected. We looked for evidence that the monthly statements along with supporting documentation for transactions were reviewed and approved, in writing, either by the executive director or a commissioner. Additionally, we reviewed the selected statements to determine if any finance charges and/or late fees had been assessed. Based on the results of our procedures, no exceptions were identified.

Using the monthly statements for the card selected above, we obtained supporting documentation for all transactions. For each transaction, we looked to see if an original itemized receipt was presented. We looked for documentation to address the business/public purpose of the transaction. If meal charges were involved in the transaction, we looked to see if there was documentation indicating the individuals participating in the transaction. For each transaction we compared the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the Board's written purchasing/disbursement policies and the Louisiana Public Bid Law. For each transaction selected we compared the Board's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge or donation of funds, credit, property, or things of value. Based on the results of our procedures, no exceptions were identified.



Travel Expenditures

We obtained the Board's policy relating to travel and expense reimbursement. We reviewed the policy to determine if policy included guidelines relating to (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, (4) time-frame in which request must be submitted and (4) required approvers. We obtained from the Board a listing of all travel and related expense reimbursements, by person during the fiscal year ending June 30, 2018. We compared the amounts in the policies to the per diem and mileage rates established by the state's travel rules and regulations (i.e., PPM 49) to determine if there were any reimbursements that exceeded the rates established by PPM 49. Based on the results of our procedures, no exceptions were identified.

From documentation provided we selected the three individuals who incurred the most travel costs during the fiscal period ending June 30, 2018. We obtained the expense reimbursement reports of each person selected, including the supporting documentation, and we choose the largest travel expense for each person to review in detail. We compared expense documentation to written policies to determine whether each expense was reimbursed in accordance with written policy. We looked to determine if an original itemized receipt that identified precisely what was purchased and if it indicated the business/public purpose of the transaction. For each transaction selected we compared the Board's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge or donation of funds, credit, property, or things of value. For the transactions considered there were no instance whereby the request for travel and/or expense reimbursement was submitted more than 30 days following the date of travel. Based on the results of our procedures, no exceptions were identified.

Contracts

We obtained the Board's policy relating to contracting for services. We reviewed policy to determine if policy included guidelines relating to (1) types of services requiring written contracts, (2) standard terms and conditions, (3) approval process, and (4) monitoring process. We obtained a list of all contracts in effect during the fiscal year ending June 30, 2018. We randomly selected five contract vendors that were paid during the fiscal period. We looked to determine if a formal/written contract that supported the services arrangement and the amount(s) paid to vendors. We compared each contract's detail as it related to the Louisiana Public Bid Law or Procurement Code. None of the contracts selected met the requirements under the Louisiana Public Bid Law. We inquired of a reviewed documentation to see whether the Board solicited quotes as a best practice. None of the contracts considered were amended during the fiscal period ending June 30, 2018. We selected the largest payment from each of the contracts and obtain the supporting invoice(s) and compared the invoice(s) to the contract terms. We reviewed documentation provided, including board minutes to determine if the board of commissioners had approved the execution of the contracts. Based on the results of our procedures, no exceptions were identified.

We obtained the Board's policies relating to disbursements. We reviewed the policy to determine if the policy included (1) how purchases are initiated; (2) the preparation and approval process of purchase requisitions and purchase orders; (3) controls to ensure



compliance with the public bid law or state purchasing rules and regulations; and (4) documentation required to be maintained for all bids and price quotes. Based on the results of our procedures, no exceptions were identified.

Payroll and Personnel

We obtained a copy of the Board's policies relating to payroll/personnel issues. We reviewed policies to determine (1) payroll processing; and (2) process for reviewing and approving time and attendance records, including leave and overtime worked. We obtained a listing of employees with their related salaries. We selected the four employees employed during the fiscal year and obtained the personnel files of the four selected employees. We reviewed compensation paid to each employee during the fiscal period to determine if payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure. Based on our procedures, no exceptions were identified.

We noted no changes in hourly pay rates/salaries during the fiscal period. Therefore, no procedures were performed relating to changes in hourly pay rates/salaries.

We obtained attendance and leave records and randomly selected one pay period in which leave had been taken by at least one employee. We looked to determine if all employees' documentation were approved by a supervisor. We looked to determine if appropriate documentation existed relating to written leave records. Based on our procedures, no exceptions were identified.

We requested from management a list of those employees that were terminated during the fiscal period. There were no employees discharged during the fiscal year. Therefore, no procedures were performed relating to terminated employees.

Disbursements – Other General

We obtained the Board's policy relating to disbursements. We reviewed the policy to determine if policy addressed procedures relating to processing, reviewing and approving disbursements. We obtained a listing (general ledger) of the Board's disbursements from management. From the listing we randomly selected five disbursements. We obtained supporting documentation for each of the disbursements. We looked to see if an original itemized receipt or invoice existed that identified precisely what was purchased or acquired. We looked to see if the documentation provided for the business/public purpose of the transaction. For each transaction selected we compared the Board's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge or donation of funds, credit, property, or things of value. We looked to determine if documentation in writing existed indicating who reviewed and approved transaction and determined if said individual is someone other than the person who initiated the purchase. Based on the results of our procedures, no exceptions were identified.



Budget

We obtained a copy of the Board's policy regarding budgetary procedures. We reviewed the policy to determine if it included steps relating to the preparation, adopting, monitoring and amending the budget. We obtained a copy of the legally adopted budget for the fiscal year ending June 30, 2018. We traced the budget adoption to the minutes documentation of the Board. We compared the total revenues and total expenditures of the final budget to actual total revenues and total expenditures on the financial statements. We inquired of management on line items with a variance of 10% or greater. The line item *OPEB liability* had a variance of -62.93%. The explanation is due to the increased cost of post-retirement benefits. The line item *Cash and Equivalents* had a variance of -40.71%. The explanation is due to the difference of reporting on the AFR. The line item *Assessment Revenue* had a variance of 19.58%. The explanation is due to the difference in reporting on the AFR. The line item *Administrative Expenditures* had a variance of 15.54%. The explanation of management is due to the difference in calculation when reporting the AFR. The entity had a restatement in current year; the explanation is due to presentation of deferred inflow related to OPEB liability. We inquired of management whether the Board has updated their budget information into the DOA's boards and commissions' database for the fiscal period ending June 30, 2018. We accessed the online database to obtain the budget information for the fiscal period June 30, 2018. We detected no differences between the budget information contained in the database and the budget adopted by the board of commissioners.

Debt Service

The Board issued no debt obligations for the fiscal year ending June 30, 2018. Also, they do not have any outstanding debt therefore; no procedures were performed relating to debt service.

Other

We inquired of the management of the Board had there been any misappropriations of public funds or assets. Management indicated that they were unaware of any misappropriation of public funds or assets from the Board.

The Board did not enter into a contract for the audit of the Board's financial statements for the fiscal year ending June 30, 2018.

Corrective Action

Management's response and corrective action for those exceptions noted in the section Current Findings can be found under Appendix A.

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.



The report is intended solely for the use of management of the Louisiana Board of Veterinary Medicine 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 LLA as public document.

J. Walker & Company, APC
Lake Charles, Louisiana
September 21, 2018



Appendix A



Louisiana Board of Veterinary Medicine



September 28, 2018

Daryl G. Purpera, CPA, CFE
Legislative Auditor
PO Box 94397
Baton Rouge, LA 70804-9397

Re: FY2018 Audit – Ethics

Dear Mr. Purpera:

Current Year Findings – Ethics:

We obtained a listing of board members from management. Randomly selected five of the board members to determine whether the Board maintained documentation to demonstrate that required annual ethics training was completed.

We inquired of management whether any alleged ethics violations were reported to the Board during the fiscal period. If applicable, reviewed documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the Board's ethics policy. Reported whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy. Based on the results of our procedures relating to ethics for employees, no exceptions were identified. Board was unable to provide documentation for one of the five commissioners that the commissioner completed the annual requirement of one hour of ethics training required by R.S. 42:1170(3)(a)(i). The statute requires that all public servants receive a minimum of one hour of education and training on the Code of Governmental Ethics during each year of public employment or term of office.

Response to Current Findings – Ethics:

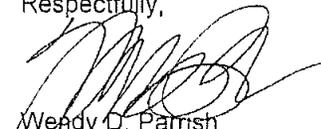
The Board office has never in the past been required to advise the temporary part-time clerk which is hired each year for 20 hours/week for 3 months during licensing renewal period to complete the annual ethics training. That position was approved each year by Civil Service, but was mandated two years ago to become a classified work-as-needed (WAE) position. Board members and the full-time staff have been reminded each year by the Board's executive director to complete the annual requirement of online ethics training.

In the case of the temporary WAE clerk, Kyle Barker, no ethics training was performed during FY2018. She has subsequently completed the online ethics training and a certificate has been provided to the contracted auditor.

The Board office will add the temporary WAE clerk to the annual reminder for the online ethics training.

We hope this adequately responds to the audit findings.

Respectfully,



Wendy D. Parrish
Executive Director