

State of Louisiana  
Board of Examiners of  
Nursing Facility Administrators

Fiscal Year Ended June 30, 2019  
Agreed-Upon Procedures Report

**State of Louisiana  
Board of Examiners of  
Nursing Facility Administrators**

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# J. WALKER & COMPANY<sup>APC</sup>

ACCOUNTANTS AND ADVISORS

## **INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES**

To the Management of  
Louisiana Board of Examiners of  
Nursing Facility Administrators

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 of Nursing Facility Administrators (BENFA), 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 Examiners of Nursing Facility Administrators 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 Examiners of Nursing Facility Administrators compliance with certain laws and regulations during the year ended June 30, 2019.

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:

### **Follow-up on Prior-year Findings**

#### Ethics

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

Board was unable to provide documentation for four of the five Board commissioners that the commissioners 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.

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(Recommendation) Management should ensure that all Board commissioners complete the required ethics training annually.

We considered other matters relating to ethics for the current year. See *Ethics* below under other results of our procedures.

*Credit Cards/Debit Cards-Finance and/or late fees*

We reviewed the selected credit card statements to determine if any finance charges and/or late fees had been assessed. On one occasion the Board was assessed finance and late charges for failing to make payment in a timely manner. Board should avoid having to use public funds to pay finance charges and late fees.

(Recommendation) Management should implement controls to ensure timely payment of fees as to avoid potential finance and/or late fees being assessed.

See *Credit/Debit cards* below under Other Results of Our Procedures for additional procedures performed under this section.

**Current Year Results**

*Written Policies and Procedures*

We obtain and inspected the Agency's written policies and procedures and observed that they addressed the following categories and subcategories; budgeting, purchasing, disbursements, receipts, payroll/personal, contracting, credit cards(and debits cards, fuel cards, P- cards, travel and expense reimbursements, ethics, and debit service.

Result: We did not identify any exceptions

*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 amount by line item. We inquired of management if there was a 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.

We inquired of management regarding line items that had a variance of 10% or greater. The line item Accumulated Amortization shows an increase of 85.71%., Managements explanation is the difference between FY2018 and FY2019 is the addition the new software program's amortization. The line item Deferred outflows increase of 11.31%, management provided no explanation of the variance. The line item Travel & Training has increased 16.64%, the explanation by management is as follows: While it appears that FY 2019 is less than FY2018, some expenses were paid in July 2019. If these were included, the percentage would have been much closer. The line item Professional Services had an decrease of 65.18%, an explanation was not provided by management. The line item Supplies had an increase of 73.93%, and provided the following



explanation: while there was a new purchase of a computer for \$739 in June, there was also some account reclassifications. Specifically, a new expense category (Minor Equipment Purchase) was created for more transparency of purchases. Previously any purchases that would be a Minor Equipment were added to the Telecommunications category. The line item Deferred inflows shows a decrease of 63.41% and management t provide no explanation to the variance. Line item other Operating Revenue show a decrease from last year of 14.64% and management provided an explanation of the following: The revenue raised in this category is derived from Continuing Education seminars and NFA ID cards sold throughout the year. This can be an unpredictable field as some topics and events are more attended than others. This was what caused the variance between FY2018 and FY2019. The February 2018 event was very popular and we received a larger turnout than expected while the 2019 event was not as well attended. Line item Expenses/Expenditures in the Administrative category shows a decrease of 19.56% and managements explanation is: while we continually look at ways to save money, we also learned early in February 2019 the annual meeting was not well attended. As a result, we intentionally looked at ways to save money over the year. This included reducing our spending in the following categories: Minor Equipment, Repairs, consulting and professional services. Please note that the % variance is incorrect as the \$451,000 is the total expenses for all categories.

#### Board Activity

We obtained and reviewed the board minutes for the fiscal year ended June 30, 2019. The Board of commissioners is scheduled to meet on a quarterly basis. 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.

Result: We did not identify any exceptions.

#### Bank Reconciliations

The Board maintains one operating account that is used for general operations. Two staff persons participate in fee collection, disbursement, and reconciliation activities. 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.

Result: We did not identify any exceptions.

Bank reconciliations are performed on a monthly basis by the administrative coordinator (they were prepared within two months of the related statement closing date); and that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation.(e.g. initialed and dated, electronically logged);



Result: The Executive Director reviews and signs-off on the bank reconciliations and is also an authorized signer on the operating checking account.

Recommendation: Management should implement a procedure or process for a member of management or board member who does not handle cash, post ledgers, or issue checks to review each bank reconciliation (e.g. initialed and dated, electronically logged): (*See management's response under Appendix A*)

### 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 three people including the Executive Director. Through inquiry with Executive Director and Assistant Executive Director compensating controls have been implemented relating to cash activities. Two administrative personnel perform cash activities (collecting, deposits and bank reconciliations). The Executive Director reviews and signs-off on bank deposits as well as bank reconciliations.

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 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.

Result: In one instance the bank deposits were deposited 12 days after receipt of the checks and in three instances the bank deposits were deposited 7 days after receipt of the checks.

Recommendation: Management requires the accounting staff to make daily deposits to the bank. (*See management's response under Appendix A*)

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, reports are uploaded and compared to records of payment for 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.



Result: We did not identify any exceptions.

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 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. We selected the two cards that were used during the fiscal period ending June 30, 2019. 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 someone other than the authorized card holder.

Using the monthly statements for the two cards selected above, we obtained supporting documentation for all transactions for each of the three cards selected. 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.

Result: We did not identify any exceptions.

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, 2019. 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.

Result: We did not identify any exceptions.

From documentation provided we selected the three individuals who incurred the most travel costs during the fiscal period ending June 30, 2019. 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. We looked to determine if the documentation provided 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.

Result: We did not identify any exceptions.

### 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, 2019. 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, 2019. 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.

Result: We did not identify any exceptions.

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.

Result: We did not identify any exceptions.

### 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 three employees employed during the fiscal year and obtained the personnel files of the three 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. 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.



Result: We did not identify any exceptions.

We obtained attendance and leave records and randomly selected on 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.

Result: We did not identify any exceptions.

We obtained 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 and 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.

Result: We did not identify any exceptions.

#### Ethics

Using the three selected employees from procedures under *Payroll and Personnel* above, we obtained ethics compliance documentation from management indicating whether the entity-maintained documentation demonstrating that required annual ethics training was completed. Agency did a better job this year of making sure everyone had the required annual ethics training session completed this year.

Result: We did not identify any exceptions.

We inquired of management whether any alleged ethics violations were reported to the Board during the fiscal period. Management indicated there were no alleged ethics violations reported to the Board. Therefore, no procedures were performed for this section.

#### 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, 2019. We traced the budget adoption to the minute 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 noted no variances of 10% or greater. We inquired of management whether the Board has updated its budget information into the DOA's boards and commissions' database for the fiscal period ending June 30, 2019. We accessed the online database to obtain the budget information for the fiscal period June 30, 2019. We detected no differences between the budget information contained in the database and the budget adopted by the Board's board of commissioners. Based on our procedures, no exceptions were identified.

Result: We did not identify any exceptions.

#### Debt Service

The Board issued no debt obligations for the fiscal year ending June 30, 2019. 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, 2019.

#### Corrective Action

We obtained management's response and corrective action plan for exceptions noted in the above agreed-upon procedures. See Appendix A for management's response and corrective action plan.

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 Louisiana Board of Examiners of Nursing Facility Administrators 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.

*J. Walker & Company, APC*

Lake Charles, Louisiana  
September 18, 2019



# **Appendix A**



**STATE OF LOUISIANA  
BOARD OF EXAMINERS OF  
NURSING FACILITY ADMINISTRATORS**

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September 25, 2019

*Via Email and U.S. First Class Mail*

Jonald J. Walker, III  
J. Walker & Company, APC  
2740 Rue De Jardin, Ste. 100  
Lake Charles, LA 70605

Re: Response to Legislative Audit Report

This correspondence responds to the audit report prepared by J. Walker & Company, APC, which summarizes the September 18, 2019 audit of the LA Board of Examiners of Nursing Facility Administrators ("LABENFA"). Please see our following responses.

**Bank Reconciliations**

*Finding:*

Bank reconciliations are performed on a monthly basis by the administrative coordinator (they were prepared within two months of the related statement closing date); and that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation.(e.g. initialed and dated, electronically logged);

Result: The Executive Director reviews and signs-off on the bank reconciliations and is also an authorized signer on the operating checking account.

Recommendation: Management should implement a procedure or process for a member of management or board member who does not handle cash, post ledgers, or issue checks to review each bank reconciliation (e.g. initialed and dated, electronically logged): *(See management's response under Appendix A)*

*Response:*

1. We agree with this exception. Effective immediately, we will have a board member, that is not involved in the cash transaction process, review, approve, sign, and date each bank reconciliation.

## Collections

### Finding:

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 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.

Result: In one instance the bank deposits were deposited 12 days after receipt of the checks and in three instances the bank deposits were deposited 7 days after receipt of the checks.

Recommendation: Management requires the accounting staff to make daily deposits to the bank. (See management's response under Appendix A)

Response: We agree with this exception and will have all deposits made daily in the future.

We hope that this resolves any concerns discovered during the audit report. Please contact me directly with any additional questions.



**Mark A. Hebert**

**Executive Director**

Louisiana Board of Examiners of

Nursing Facility Administrators

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