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LOUISIANA STATE BOARD OF BARBER EXAMINERS
STATE OF LOUISIANA
INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED UPON PROCEDURES
For the Year Ended December 31, 2017

To the Members of the Board
Louisiana State Board of Barber Examiners
P. O. Box 14029
Baton Rouge, Louisiana 70898

I have performed the procedures enumerated below as they are a required part of the engagement. I am 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, I have marked "not applicable."

Management of the Louisiana State Board of Barber Examiners 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 State Board of Barber Examiners 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 State Board of Barber Examiners' compliance with certain laws and regulations during the year ended December 31, 2017.

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, I 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.

Written Policies and Procedures

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget

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The Board has written policies and procedures that address budgeting.

- b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

The Board has written policies and procedures that address purchasing.

- c) **Disbursements**, including processing, reviewing, and approving

The Board has written policies and procedures that address disbursements.

- d) **Receipts**, including receiving, recording, and preparing deposits

The Board has written policies and procedures that address receipts.

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

- f) *The Board has written policies and procedures that address payroll/personnel.*

- g) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process

The Board has written policies and procedures that address contracting.

- h) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage

N/A

- i) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers

The Board has written policies and procedures that address travel and expense reimbursement.

- j) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.

The Board has written policies and procedures that address ethics.

- k) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

N/A

Annual Fiscal Report (AFR)

2. Obtain 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. Perform analytical procedures comparing current and prior period amounts, by line item. Report any variances of 10% or greater for line items that are 10% or more of their total assets/deferred outflows of resources, liabilities/deferred inflows of resources, net position, revenues or expenses, and management's explanation of the variance.

The AFR had not yet been prepared for the current year, but a comparison of the prior two years revealed that net position had decreased by \$552,491, primarily due to the adoption of GASB 68, which created a \$636,842 pension liability. Cash and cash equivalents increased by \$95,818 or 18% due to otherwise strong financial results.

Board (or Finance Committee, if applicable)

3. Obtain and review the board/committee minutes for the fiscal period, and:
- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

The Board met quarterly with a quorum present at each meeting.

- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).

Attached to each set of minutes was a quarterly budget to actual comparison of the General Fund.

- If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

N/A

- c) Access the entity's online information included in the DOA's boards and commissions database (<https://wwwcfprd.doa.louisiana.gov/boardsandcommissions/home.cfm>) and report whether the entity submitted board meeting notices and minutes for all meetings during the fiscal period.

The online information indicated that the Board had submitted all board meeting notices and minutes during the fiscal period.

Bank Reconciliations

4. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

The Board has one checking account, one savings account and one CD.

5. For each of the bank accounts in the listing provided by management, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;

Reconciliations were prepared for checking account in each period. There were no reconciling items in the savings account or CD.

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

Reconciliations are prepared by the Board's contract accountant and reviewed by the Executive Director and the Board Chairman.

- d) The reconciled balance for the final month of the fiscal period agrees to the general ledger; and

The reconciled balance for the final month of the fiscal period agreed to the general ledger.

- e) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

There were no outstanding items at year end over six months old.

Collections

6. Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

The Executive Director is the sole employee working out of the main office in Baton Rouge. As a result, she is responsible for depositing the cash in the bank and recording the related transaction. The contract accountant reconciles the related bank account, which is then reviewed by the Board Chairman.

7. Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

- Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day.

Deposits were made within one day of collection.

- Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

Daily cash collections are completely supported by documentation.

8. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

The Board has written policies and procedures that address collections.

9. For licensing boards, obtain a list of initial and renewal licenses granted during the period from management and management's representation that the listing is complete. Randomly select 10 individual applicants from the listing and obtain the supporting documentation (e.g. application, copy of check) from management and:

- Report whether the fee paid for license was the appropriate fee based on the applicable fee schedule established by the board or statute.

Each of the fees was appropriate.

- If a penalty was assessed (e.g. late fee) report whether the penalty was assessed and collected in accordance with the board's policies.

Penalties observed were assessed and collected in accordance with board policies.

10. For levee districts, obtain independent confirmation of the tax amounts received from the appropriate parish Sheriff's offices. Report any differences between the confirmed amount and amount deposited by levee district.

N/A

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

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

N/A, the Board does not use any cards.

12. Using the listing prepared by management, randomly select five that were used during the fiscal period. Obtain the monthly statements, or combined statements with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.

N/A

b) Report whether finance charges and/or late fees were assessed on the selected statements.

N/A

13. Using the monthly statements or combined statements selected under #12 above, obtain supporting documentation for all transactions for each of the five cards selected (i.e. each of the five cards should have one month of transactions subject to testing).

N/A

a) For each transaction, report whether the transaction is supported by:

- An original itemized receipt (i.e., identifies precisely what was purchased)
- Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
- Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

c) For each transaction, compare the entity'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, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

Travel and Expense Reimbursement

14. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

A listing was obtained from management.

15. Obtain the entity's written policies related to travel and expense reimbursements. Compare 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) and report any rates that exceed the rates established by PPM 49. (Note: Report rates that exceed those established in PPM 49 even if the entity has the legal authorization to establish its own rates.)

The Board's written policies and procedures specify that reimbursement rates will not exceed those outlined in PPM 49.

16. Using the listing or general ledger from #14 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the PPM 49 rates (#15 above) and report each reimbursement that exceeded those rates.

No reimbursement exceeded PPM 49 rates.

- b) Report whether each expense is supported by:

- An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]

Original itemized receipts were provided.

- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

Documentation was provided as necessary.

- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

N/A

- c) Compare the entity'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, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the

transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

The documentation was compared and no exceptions were noted.

- d) If the travel and expense reimbursement request was submitted more than 30 days following the date of travel, report the number of days between the travel date and reimbursement request date.

Each reimbursement request was submitted within 30 days following the date of travel.

- e) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Each expense and related documentation was reviewed and approved by someone other than the person receiving reimbursement.

Contracts

17. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

General ledger was sorted/filtered for contract payments.

18. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

Each had a written contract.

- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)

N/A

- If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

The only contract "vendors" identified were the landlord, professionals and office equipment lessors. Quotes were not solicited.

- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

Two contracts for the lease of office equipment were renewed for substantially the same terms as during the prior period.

- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

Related payments complied with the terms and conditions of each contract without exception.

- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law.

N/A

Payroll and Personnel

19. Obtain a listing of employees with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:

- Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

Payments were made in accordance to pay rate structure.

- Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

There were no changes to hourly pay rates/salaries during the period.

20. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee and:

- a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).

All selected employees/officials documented their daily attendance and leave.

- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

There is written documentation that supervisors approved in writing.

- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

There is written documentation that the Board maintained written leave records on those selected employees/officials that earn leave.

21. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

There were no terminations during the period.

Disbursements – Other General

22. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements that are not addressed in the above sections. Obtain management's representation that the listing or general ledger population is complete.

The general ledger was obtained and filtered for entity disbursements.

23. Using the disbursement population from #22 above, randomly select 5 disbursements. Obtain supporting documentation (e.g. purchase requisitions, invoices, receipts, receiving slips) for each disbursement. For each of the five disbursements selected:

- a) Report whether each expense is supported by:

- An original itemized receipt or invoice that identifies precisely what was purchased.

Each expense is supported by an itemized receipt that identifies precisely what was purchased.

- Documentation of the business/public purpose.

Each expense was so documented.

- Other documentation as may be required by written policy

N/A

- b) Compare the entity'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, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

The documentation was compared and no exceptions were noted.

- c) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the one who initiated the purchase.

Each expense and related documentation was reviewed and approved by someone other than the person receiving reimbursement.

Ethics

24. Using the five randomly selected employees/officials from procedure #19 under “Payroll and Personnel” above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

The Executive Director was able to provide evidence of her own compliance with training but did not maintain documentation of other employees.

The Executive Director will collect employee ethics completion certificates in the future.

25. Obtain a listing of board members from management. Randomly select five of the board members and report whether the entity maintained documentation to demonstrate that required annual ethics training was completed.

The Board maintained the required documentation.

26. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management’s actions complied with the entity’s ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

No violations were reported to the Board during the fiscal period.

Budget

27. Obtain a copy of the legally adopted budget and all amendments.

A copy of the original budget was obtained. There were no amendments.

28. Trace the budget adoption and amendments to the minute book.

Adoption of the original budget was traced to the December 4, 2016 board minutes.

29. Compare the total revenues and total expenditures of the final budget to actual revenues and expenditures on the financial statements or AFR. Report variances of 10% or greater.

Variances were less than 10%.

30. Inquire of management whether the entity has updated its budget information in DOA’s boards and commissions database referred to in #3 above for the current fiscal period (i.e. period covered in these procedures). Access the online database and obtain the budget information for the current fiscal period. Report any differences between the budget information contained in the database and the budget adopted by the entity’s board.

There were no differences between the information contained in the database and the budget adopted by the Board.

Debt Service

31. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

N/A, the Board has no debt.

32. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

N/A

Other

33. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

The Board had no misappropriations of public funds or assets.

34. Inquire of management whether the entity contracted for audit or attest services other than these agreed-upon procedures during the current period. Report the type of audit or attest service (i.e. audit review, agreed-upon procedures, etc.) contracted by management and the purpose or requirement for the additional audit or attest service.

The Board did not contract for additional audit or attest services.

35. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

N/A

Corrective Action

36. Obtain management's response and corrective action plan for any exceptions noted in the above agreed-upon procedures.

I was 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, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

This report is intended solely for the use of management of the Louisiana State Board of Barber Examiners 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.

A handwritten signature in blue ink that reads "John L. McKowen, CPA". The signature is written in a cursive style.

John L. McKowen, CPA
Baton Rouge, Louisiana
June 18, 2018

**LOUISIANA STATE BOARD OF BARBER EXAMINERS
STATE OF LOUISIANA
SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS**

For the Year Ended December 31, 2017

<u>Name</u>	<u>Amount</u>
Rebecca Villeneuve	3,750
Alton Broussard	875
Craig Pollard	2,500
Gina Moreau	1,250
Kedrian Landrew	<u>1,375</u>
Totals	<u>\$9,750</u>

**LOUISIANA STATE BOARD OF BARBER EXAMINERS
STATE OF LOUISIANA
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER**

For the Year Ended December 31, 2017

AGENCY HEAD NAME: Latrice Matthews, Executive Director

PURPOSE	AMOUNT
Salary	\$ 53,042
Benefits - Retirement	19,545
Benefits - Insurance	6,344
Reimbursements:	
Mileage	193
Other travel	1,602
Supplies	<u>32</u>
Total	<u><u>\$ 80,758</u></u>

**LOUISIANA STATE BOARD OF BARBER EXAMINERS
STATE OF LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

For the Year Ended December 31, 2017

2017.01 Ethics

Criteria: Management is responsible for seeing that employees and board members comply with the annual ethics training requirement and maintaining documentation to demonstrate compliance.

Condition: Management was unable to provide documentation regarding employee compliance.

Cause: The Executive Director was able to show her own certificate of completion for ethics training, along with those of each board member, but did not have certificates for employees.

Effect: The Board may not be in compliance with ethics requirements.

Recommendation: Management needs to collect copies of completion certificates from employees in the future.

Management's Response: Management agrees with the recommendation and will collect copies of employee completion certificates in the future.

**LOUISIANA STATE BOARD OF BARBER EXAMINERS
STATE OF LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS**

For the Year Ended December 31, 2017

<i>2016.01</i>	<i>Written Policies and Procedures</i>
Status:	Resolved
<i>2016.02</i>	<i>Bank Reconciliations</i>
Status:	Resolved
<i>2016.03</i>	<i>Bank Reconciliations (Outstanding items)</i>
Status:	Resolved
<i>2016.04</i>	<i>Collections</i>
Status:	Resolved
<i>2016.05</i>	<i>Ethics</i>
Status:	Partially resolved, see finding 2017.01