

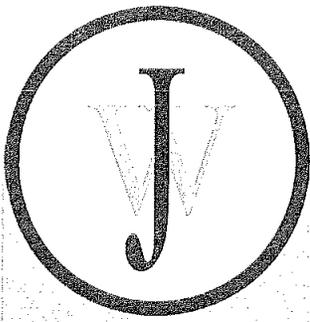
State of Louisiana  
Board of Massage Therapy

Fiscal Year ended June 30, 2017  
Agreed-Upon Procedures Report

**State of Louisiana  
Board of Massage Therapy**

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

ACCOUNTANTS AND ADVISORS

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

To the Board of Directors of  
Louisiana Board of Massage Therapy

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 Louisiana Board of Massage Therapy, 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 Massage Therapy 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 Massage Therapy compliance with certain laws and regulations during the year ended June 30, 2017.

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

#### General — Analytical Procedures

During Fiscal year 2016, there were two variances determined which were caused by certain accounts receivable adjustments that were posted to fund balance rather than revenue.

(Recommendation) Because these errors were discovered after the filing of the Board's Annual Financial Report (AFR) with the Office of Statewide Reporting and Accounting Policy, the Board should ensure the AFR that was filed was accurate and requires no revisions. Management concurred with the finding and revised the financial statement and the Annual Financial report was amended.

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### Cash

During the fiscal year 2016, after comparing bank deposits to revenue per financial statement, there was a difference of \$74,150.

(Recommendation) the Board should insure that transactions are recorded accurately. Management concurred with the finding and revised the financial statement that resolved the difference. See *Bank Reconciliations* under Other Results of Our Procedures for current status.

### Bank Reconciliation

Due to recent flooding, the original documents for management's review of the bank reconciliation were damaged and could not be verified.

(Recommendation) Management should have backup for documents in a safe location from flooding. Management concurred with the findings and reproduced copies of the reconciliations which approved that reconciliations were reviewed at monthly board meetings. See *Bank Reconciliations* under Other Results of Our Procedures for current status.

### Current Findings

#### Ethics

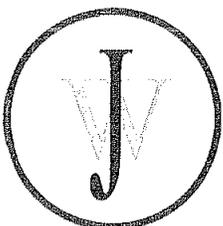
We obtained the Board's policy relating to ethics and to determine if policy included (1) the prohibitions as defined in LA R.S. 42:1111-1121, (2) actions to be taken if an ethics violation takes place, and (3) system to monitor possible ethics violations.

We selected the Board's three employees and seven 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 any staff members or commissioners had 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 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 (see Appendix A).

#### Board Activity - Financials

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. We reviewed copies of the financials provided to commissioners. We noticed many of the financial reports didn't



contain monthly budget to actual comparisons. There were two reports in 2017 that contained monthly budget to actual comparison reports.

Management should ensure that comparative financial reporting is provided to the board members so that any issues can be addressed in a timely manner. See Board Activity under Other Results of Our Procedures for additional procedures performed. Management does not concur with the finding (see Appendix A).

#### Collections - Deposits

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. On several occasions, deposits were made that exceeded one day from the time of collection. Deposits were made three, ten, and twenty-one days from the time of collection.

Management should establish controls to ensure that deposits are made within one day of collections. 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

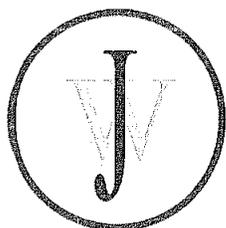
#### Annual Fiscal Report (AFR)

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. We considered any variances 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, or expenses. No variances greater than 10% noted for the fiscal year.

#### Board Activity

We obtained and reviewed the board minutes for the fiscal year ended June 30, 2017. 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. See *Current Year Findings* under *Board Activity – Financials*

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 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

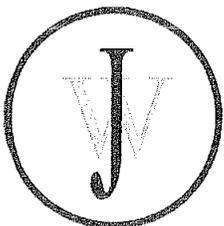
We reviewed the Board's policy relating to receipts. We reviewed policy to determine if it contained procedures relating to the receiving, recording and preparation of deposits. We obtained existing documentation relative to insurance policies, policy manual and job descriptions to determine whether 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 and 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.

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 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 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 credit card that was used during the fiscal period ending



June 30, 2017. We obtained the monthly statements with the largest dollar activity for the 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.

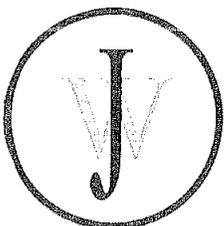
#### Travel Expenditures

We obtained from the Board a listing of all travel and related expense reimbursements, by person during the fiscal year ending June 30, 2017. We obtained the Board's written policies relating to travel and expense reimbursements. 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, 2017. We obtained the expense reimbursement reports of each person selected, including the supporting documentation, and we chose 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. 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 it 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, 2017. 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, 2017. 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.

#### Payroll and Personnel

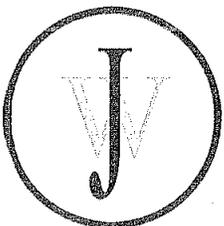
We obtained a copy of the Board's policies relating to payroll/personnel issues. We reviewed policies to determine (1) payroll processing, and (2) process for reviewing and approving time and attendance records, including leave and overtime worked. We obtained a listing of employees with their related salaries. We selected the three employees employed during the fiscal year and obtain 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. Based on our procedures, no exceptions were identified.

We obtain 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 obtained from management a list of those employees that 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 that 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, 2017. 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, 2017. We accessed the online database to obtain the budget information for the fiscal period June 30, 2017. We detected no differences between the budget information contained in the database and the budget adopted by the board of commissioners. Based on our procedures, no exceptions were identified.

#### Debt Service

The Board issued no debt obligations for the fiscal year ending June 30, 2017. Also, they do not have any outstanding debt therefore; no procedures were performed relating to debt service.

#### Other

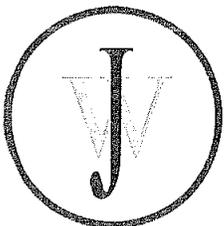
We inquired of the management of the Board had there were any misappropriations of public funds or assets. Management indicated that they were unaware of any misappropriation of public funds or assets from the Board.

The Board did not entered into a contract for the audit of the Board's financial statements for the fiscal year ending June 30, 2017.

#### 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.

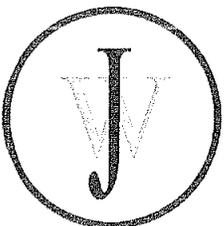


This report is intended solely for the use of management of Louisiana Board of Massage Therapy and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under 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 21, 2017



# **Appendix A**

Louisiana Board of Massage Therapy  
State of Louisiana

JOHN BEL EDWARDS  
GOVERNOR

October 17, 2017



J. Walker & Company  
2740 Rue de Jardin, Suite 100  
Lake Charles, LA 70605

RE: AUP Findings

Dear Mr. Walker,

In response to your findings for the Louisiana Board of Massage Therapy "Agreed Upon Procedures" audit, the following is being provided:

Ethics - Upon being informed of the requirement that all Public Servants are to take one hour of ethics training per calendar year and submit the certificate to the Board Office to be maintained, a process has been put in place. The Board Members were informed of this requirement at the August 11, 2017 meeting and a reminder has been posted in the online Board Package. The staff was also informed of this required training and a reminder has been added to the calendar. As of this date, two board members and the three staff members has submitted their certificates. The remainder of the board members should submit theirs by year end.

Financials - Management does not concur with this finding indicating that budget to actual comparisons were provided to the Board in only two reports.

The Board typically reviews its actual revenues/expenses to budgeted amounts after the 1<sup>st</sup> 6 months of operations and then quarterly until year-end. A budget to actual comparison was provided to the Board as of 12/31/2016, 3/31/2017 and 6/30/2017. Additionally, comparisons were made in the months of April and May as a result of the 2016 flood. It was during this period of time that unexpected expenditures were made to remediate flood damage and replace damaged furniture and equipment. Management determined that a monthly review was required in order to ensure that expenditures stayed within budgeted amounts in light of these additional disbursements.

In months that the Board does not meet, the financial report is provided to the treasurer for review.

Collections / Deposits - a deposit schedule has been implemented to make deposits at least twice each week. During the busier work periods, deposits are made more often. The monetary instruments are maintained in the office in a locked fire file until deposited.

If you have any questions or need additional information, please contact me.

Kindest regards,

Rhonda McManus  
Executive Director