

**LOUISIANA PROFESSIONAL ENGINEERING AND
LAND SURVEYING BOARD**

STATE OF LOUISIANA

Report on Agreed-Upon Procedures

For the year ended

June 30, 2019

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Independent Accountant's Report On
Applying Agreed-Upon Procedures

September 12, 2019

To the Board of Directors
Louisiana Professional Engineering and Land Surveying Board
State of Louisiana
Baton Rouge, Louisiana

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 Professional Engineering and Land Surveying Board, 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 Professional Engineering and Land Surveying Board 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 Professional Engineering and Land Surveying Board compliance with certain laws and regulations during the year ended June 30, 2019.

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 and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories, as applicable:
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
The policy and procedures address the preparation, adoption, monitoring and amending the budget.
 - b) ***Purchasing***, including (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.
The entity does not have written policies and procedures for purchases.
 - c) ***Disbursements***, including processing, reviewing, and approving.
The entity does not have written policies and procedures for disbursements
 - d) ***Receipts***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue.
The entity does not have written policies and procedures for receipts.

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

The entity has policies and procedures addressing the documentation of payroll that include payroll processing and reviewing and approval of time and attendance that is submitted which include leave. However, the policies and procedures do not specifically address overtime worked.

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

There are no policies and procedures addressing contracts.

- g) **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.

There are policies and procedures that address the handling of credit/debit cards and they include how cards are to be controlled, allowable business uses, documentation requirements, required approvers and the monitoring of credit card usage

- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (2) documentation requirements, (3) time-frame in which requests must be submitted and (4) required approvers.

The Board does not have policies that address the policies and procedures for travel and expense. They use the guidelines of the DOA for travel usage and reimbursements.

- i) **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, and (3) system to monitor possible ethics violations.

The entity does not have any policies and procedures regarding ethics requirements except for those guidelines set by the State of Louisiana.

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

Not applicable, the entity does not have any debt.

The policies and procedures that are recommended by the State of Louisiana are being used when there are no written policies and procedures addressing the respective above categories.

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 the respective total assets/deferred outflows of resources, liabilities/deferred inflows of resources, net position, revenues, or expenses, and management's explanation of the variance.

There are variances of 10% or greater for the following line items from the AFR report:

Total assets increased by 15.6% that is attributed to the increase of net position.

Deferred outflows and inflows of resources increased by 25.7% and 106%, respectfully, than the previous year due to the adjustment made by the actuary.

Total liabilities decreased by 14.17% due to the decrease on the OPEB and net pension liability calculated by the actuary.

Total expenses decreased by 20% from the decrease of the OPEB and net pension liability calculated by the actuary, the decrease of travel expenses, operating expenses and professional services over the prior year.

Board (or Finance Committee, if applicable)

3. Obtain and inspect the board minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

- a) Observe that the 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 had 5 meetings this year and at each of these meetings there was a quorum. The legislation required the board to have at least four meeting per year.

- b) Observe that the minutes referenced or included monthly budget-to-actual comparisons.

- If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, observe 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, observe that the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

The minutes do not state specifically whether the budget-to-actual comparisons are shown to management, they do however state that the financial report presented was approved. Management has informed me that at each meeting the board does review the budget-to-actual, however, this detail procedure is not documented in the minutes that are published.

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

The board minutes and notices are being posted to the DOA's database in a timely manner.

Bank Reconciliations

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

There is only one bank account for this entity.

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 observe that:

- a) Bank reconciliations include evidence that they were prepared within two months of the related statement closing date (e.g. initialed and dated, electronically logged);

All twelve of the bank reconciliations include evidence that they were prepared within two months of the related statements closing date.

- b) Bank reconciliations include evidence 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);

Each bank reconciliation includes evidence that a member of management has reviewed the bank reconciliations.

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months at the statement closing date; and

There is no documentation that indicates that management has or has not researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal year.

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

The reconciled balance for the final month agrees with the general ledger balance

Collections

6. Obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties), and observe that job duties for collections are properly segregated such that:
- a) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts or license applications received) to the deposit.
The agency does not receive cash.
 - b) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger, unless another employee/official is responsible for reconciling ledger postings to the deposit.
Not applicable
 - c) The employee(s) responsible for reconciling cash collections to the general ledger by revenue source is not responsible for collecting cash, unless another employee/official verifies the reconciliation.
Not applicable
7. Select the highest (dollar) week of cash collections from the general ledger or other accounting records (e.g. cash collection log, daily revenue reports, receipt book, etc.) during the fiscal period. Obtain supporting documentation for each deposit made during the selected week and:
- Trace sequentially numbered receipts, system reports, and other related collection documentation to the deposit slip.
The deposit amount was traced to the systems reports.
 - Trace the deposit slip total to the actual deposit per the bank statement.
The deposit amount was traced to the actual deposit per the bank statement.
 - Observe that the deposit was made within one business day of collection (within one week if the depository is more than 10 miles from the collection location or deposit is less than \$100).
I was not able to make this determination; management does not keep track of when the payment is actually received.
 - Trace the actual deposit per the bank statement to the general ledger.
The actual deposit per the bank statement agrees with the general ledger balance.
8. Obtain and inspect written policies and procedures (if no written policies and procedures, inquire to management) and observe that there is a process performed to determine completeness of all collections, including electronic transfers, for each revenue source (e.g. periodic confirmation with outside parties, reconciliation of receipt number sequences, reasonableness of cash collections based on licenses issued) by a person who is not responsible for collections.
The entity does have written policies regarding the process to determine completeness of all collections by a person who is not responsible for 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:
- Observe that the fee paid for license was the appropriate fee based on the applicable fee schedule established by the board or statute.
The fees paid for the licenses selected were the appropriate fee based on the fee schedule established by the board.

If a penalty was assessed (e.g. late fee), observe that the penalty was assessed and collected in accordance with the board's policies.

Of the 10 items selected, none of them were for payment of penalties.

10. For levee districts, obtain independent confirmation of the tax amounts received from the appropriate parish Sherriff's offices. Observe that the confirmed amount agrees to the amount deposited by levee district.

Not applicable

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.

A bank debit card was used until March of 2019 and the agency established a policy to no longer use the debit card and use a credit card instead.

12. Using the listing prepared by management, randomly select five cards (all cards should be selected if the entity has less than 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:

There is only one debit card (used part of the year) and one credit card.

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g. original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder.

One of the credit card statements was selected and it was observed that charges were supported by documentation and they were reviewed and approved by someone other than the authorized cardholder.

- b) Observe that finance charges and/or late fees were not assessed on the selected statements.

There were no financial charges or late fees assessed on any of the credit card statements.

13. Using the monthly statements or combined statements selected under #12 above, obtain supporting documentation for all transactions included on the monthly statements or combined statements for each of the Original receipts were observed for each transaction.

- Written documentation of the business/public purpose.

Written documentation of business purpose was observed.

- Documentation of the individuals participating in meals (for meal charges only).

No meals were on the statement selected.

- Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

No other documentation was required,

- a) 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 or Louisiana Procurement Code (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes), as applicable, and report any exceptions.

The entity does not have a written purchasing/disbursement policy and none of the transaction selected were required to comply with the Louisiana Bid Law or the Louisiana Procurement Code.

- b) 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.

None of the transactions were for donations, loans, or pledges of public credit as addressed in Article 7, Section 14 of the Louisiana Constitution.

Travel and Travel-Related 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 list of travel and related expense that were reimbursed 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 PPM49. Note: Report rates that exceed those established in PPM49 even if the entity has the legal authorization to establish its own rates.

The room rate established by PPM 49 is \$134 per night while the rate reimbursed was greater than this amount. The amounts reimbursed for some of the meals was also greater than the PPM 49 rates. These travel expense were for a convention and the entity's policy is to pay the actual cost of room fees and meals for conventions.

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) Observe that 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, observe that each expense was reimbursed in accordance with the rates provided in PPM 49 rates (#15 above).

Each expense was reimbursed in accordance with the written policy of the entity.

- b) Observe that 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 receipts supporting the purchase identifies precisely what was purchased.

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

The business purpose was documented.

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

No other documentation was required.

- 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.

None of the transactions were for donations, loans, or pledges of public credit as addressed in Article 7, Section 14 of the Louisiana Constitution.

- d) Observe the travel reimbursement request exceeding \$25.00 was submitted within 30 days following the travel in accordance with PPM 49.

All travel reimbursements that exceeded \$25 were submitted within 30 days following the travel in accordance with PPM 49

- e) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Each reimbursement was reviewed by someone other than the person receiving the reimbursement.

Contracts

- 17. Obtain a listing of all agreements/contracts for professional services, materials, and supplies, leases, and construction activities that were 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.

A list of contracts was obtained from management.

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

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

A written contract supports the service agreement and the amount paid.

- b) Observe that the contract was bid in accordance with the Louisiana Public Bid Law or Louisiana Procurement Code (e.g. solicited quotes or bids, advertised), if required by law.

There was a contract that required a bid in accordance with the Louisiana Public Bid Law and solicited quotes were obtained, the remaining contracts that did not require a bid were approved by the Office of Procurement.

- c) Observe that the contract was approved by the board, evidenced by board minutes or other contract documents, if required by policy.

The contracts were approved by the board and recorded in the respective minutes.

- d) If the contract was amended, observe that the original contract terms provided for such an amendment.

Two of the contracts were amended, the terms of the original contract provided for such an amendment.

- e) Select the largest payment from each of the five contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

The largest payments were supported by an invoice that agreed with the contract terms and the related payment that was agreed to the terms and conditions of the contract.

Payroll and Personnel

- 19. Obtain a listing of employees with their actual salaries paid during the period, and obtain management's representation that the listing is complete. Randomly select five employees, obtain their personnel files, and

- a) Agree actual paid salaries to the authorized salaries/pay rates in the personnel file.

The salaries that were paid agreed with the authorized salaries/payroll in the personnel file.

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

There were one employee who's rate changed during the year and it was approved in writing in accordance with written policy.

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

- a) Observe that all selected employees documented their daily attendance and leave (e.g., vacation, sick, compensatory).

All selected employees documented their daily attendance and leave.

- b) Observe that supervisors approved, electronically or in writing, the attendance and leave of the selected employees.

A supervisor approved all attendance and leave records of the selected employees.

- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

All leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

21. Obtain from management a list of those employees 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 related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee cumulative leave records, and agree the pay rates to the employees' authorized pay rates in the employees' personnel files.

Two employees terminated during the fiscal period. Each of these employees was paid for their remaining hours at the authorized pay rates that were in the employee's personal files.

22. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Managements employer and employee portions of payroll taxes, retirement contributions, health insurance premiums and workers' compensation premiums has been paid and the associated forms have been filed by the required deadlines.

Non-Payroll Disbursements – Other General

23. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter all for all other entity disbursements that are not addressed in the sections above (credit card/debit card/travel card/P-card, travel and expense reimbursement, and contracts). Obtain management's representation that the listing or general ledger population is complete.

A list of entity disbursements was obtained from the general ledger after sorting and filtering all of the other entity disbursements that were not addressed in the above sections.

24. Using the listing or general ledger from #23 above, randomly select five disbursements. Obtain supporting documentation (e.g. purchase requisition, invoices, receipts, receiving slips) for each disbursement. For each of the five disbursements selected:

- a) Observe that each expense is supported by:

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

Original receipts were obtained that identified the purchase.

- Documentation of the business/public purpose

The business purpose was documented.

- Other documentation as may be required by written policy

No other documentation was required.

- 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. purchases for items for personal use without a business/public purpose). 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.

None of the transactions were for donations, loans, or pledges of public credit as addressed in Article 7, Section 14 of the Louisiana Constitution.

- c) Observe that each expense and related documentation was reviewed and approved, in writing, by someone other than the person who initiated the purchase.

Each expense and related documentation was approved by someone other than the person who initiated the purchase.

Ethics

25. Using the five selected employees from procedure #19 under "Payroll and Personnel" above, obtain ethics compliance documentation from management, and observe that the documentation demonstrates each employee completed one hour of ethics training during the fiscal period.

From the documentation that was available, each of the five selected employees completed the required ethics training during the fiscal year.

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

The five selected board members completed the required annual ethics training.

Budget

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

A copy of the legal adopted budgets and the amendments were obtained.

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

The adopted budget and the amendment were traced to the respective minutes.

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

When comparing the total expenditures of the final budget to the actual expenditures on the AFR report, there was a variance if 13.6% of the final budget expenditures exceeding the actual expenditures reported.

30. Inquire of management whether the entity has updated its budget information in the 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. Observe that the budget information contained in the database agrees to the budget adopted by the entity's board.

The final budgeted amount that was approved by the board agrees with the amounts recorded on DOA's database.

Debt Service – Not applicable

31. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and observe that State Bond Commission approval was obtained.
32. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and observe that the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

Other

33. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

There was no misappropriation of public funds or assets during the fiscal year.

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.

Management did not contract for audit or attest services other than these agreed-upon-procedure during the current period.

Current year exceptions – None

Corrective Action

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

NA – No current exceptions

Prior year exceptions

Exception 2018-01 Budget 27

Exception - When comparing the amounts posted to the DOA's database to the final amended budget, neither the revenues or expenditures agreed with the final approved budget.

Update – The DOA's database for the current year agrees with the amended budget approved by the board.

I am 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.

The purpose of this report is solely to describe the procedures performed and the results of those procedures to assist the users in assessing certain controls and management's assertions about compliance with laws and regulations, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Michael K Glover APAC

September 12, 2019
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