

Louisiana Physical Therapy Board

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

Louisiana Physical Therapy Board

Table of Contents

	<u>Page(s)</u>
Independent Accountants' Report on the Applying Agreed-Upon Procedures	1-9
Appendix A	
Management's Response	11-15



J. WALKER & COMPANY^{APC}

ACCOUNTANTS AND ADVISORS

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of
Louisiana Physical Therapy Board

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 Physical Therapy 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 Physical Therapy 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 Physical Therapy Board's 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.

OFFICES:

2740 RUE DE JARDIN
STE. 100
LAKE CHARLES
LOUISIANA 70605
(O) 337-478-7902
(F) 337-478-3345

5100 WESTHEIMER
SUITE 230
HOUSTON
TEXAS 77056
(O) 713-588-4460
(F) 713-966-6125

WWW.JWALKERCO.COM

MEMBER OF:

AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

RESULTS OF OUR PROCEDURES

Follow-up on Prior Year Exceptions

Ethics

We selected five of the Board members and reported whether the Board maintained documentation to demonstrate that required annual ethics training was completed.

Results: Board was unable to provide documentation for one of the five commissioners that the commissioner completed the annual requirement of one hour of ethics training required by R.S. 42:1170(3)(a)(i). The statute requires that all public servants receive a

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

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

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

Contracts

For one of the selected contracts, the Board failed to comply with best practice guidelines. La R.S. 39:1554(d)(8) requires that contracts be awarded through a competitive process. Board was unable to provide documentation regarding the competitive process used in the selection of firm to provide information technology services to the Board.

Results: Management should ensure that all disbursements follow best practice guidelines established by the State.

We considered this prior year finding in our procedures for the current year. See *Results of Other Procedures*.

Current Year Findings

Ethics

We obtained ethics compliance documentation from management and report indicating whether the Board maintained documentation demonstrated that required annual ethics training was completed.

We obtained a listing of Board members and employees from management. We randomly selected five of the Board members and selected four employees and reported whether the Board maintained documentation to demonstrate that required one-hour annual ethics training was completed.

We inquired of management whether any alleged ethics violations were reported to the Board during the fiscal period.

Results: Board was able to provide documentation that the one-hour annual ethics training was completed by all four employees.

Board was unable to provide documentation for one of the five commissioners that the commissioner completed the annual requirement of one hour of ethics training required by R.S. 42:1170(3)(a)(i). All board members had not completed the Ethics within a timely fashion. 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. The prior year exception remains unresolved.



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

Inadequate Segregation of Duties

We obtained the listing of bank accounts from management and the management's representation states that the listing is complete. We obtained the bank statements and reconciliations for all months of the fiscal year. We confirmed that bank account reconciliations are performed timely, and bank statements are reviewed timely. A member of management or a Board member who does not handle cash, post ledgers or issue checks has reviewed each reconciliation.

Results: The Board has not established adequate segregation of duties over bank and credit card reconciliations. One employee performs the monthly bank reconciliations and the monthly credit card reconciliations and another employee reviews the work. Both of these employees have access to the general ledger and records transactions. Inadequate segregation of duties increases the risk of employee error or fraud, although no such errors or fraud were identified.

Adequate segregation of duties requires functions be segregated between processing transactions in the accounting system and reconciliation. If the controls cannot be adequately segregated due to limited staff, management should develop other monitoring procedures to help mitigate the risk of error or fraud. The prior year exception remains unresolved.

Recommendation: The Board should consider assigning a Board member to routinely compare the monthly bank reconciliation and credit card reconciliation to payments, deposits, relevant supporting documentation, and the trial balance, which should partially compensate for the deficiency and serve as a monitoring function.

Results of Other Procedures

Written Policies and Procedures

We obtained the Commission's written policies and procedures and assessed whether they addressed budgeting, purchasing, disbursements, receipts, payroll/personnel, contracting, credit cards, travel and expense reimbursements, ethics, and debt service.

Results: There were no exceptions noted.

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. In those instances where 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 obtained management's explanation of the variance. *Cash & Equivalents* increased by 91.46%. Management's explanation was that there was more cash in the checking and savings account because and the entity did not reinvest the CD



that matured and invested the renewal income in a new CD at the end of the fiscal year. *Receivables* decreased by 15.28%. Management's explanation was that the receivables reflect the balance owed by professionals who are disciplined. Upon disciplinary action, the professional must reimburse the board for the cost of the investigation and adjudication. In the FY 2018-2019, there were many transactions, both credits, and debits, for *Receivables*. The total is the balance that is outstanding for all individuals who are ordered to reimburse the board. *Accumulated depreciation* increased by 12.95% management provided no explanation of the variance. Management's explanation is that it is the depreciation schedule, as calculated by the contracted accountant on its assets. *Deposit-Rent* increased by 858.79%. Management's explanation was that the entity moved buildings and had to pay a deposit on rent due to the move.

Salaries, wages, and other related benefits decreased by 81.72%. Management's explanation is that the variation is due to the timeframe for payroll and actual liabilities at the time of the report. In 2019, the only liability reflected on the balance sheet was that of the quarterly state withholding taxes. *Operating Services* decreased by 100%. Management's explanation is that it appears to be a timing issue and that there were more amounts owed on June 2018 as compared to June 2019. *Assessments* decreased by 100%. Management's explanation is that the 2018 assessment was calculated using the credit card processing fee (\$9,804), disciplinary fees (\$14,106.32), and license fees (\$11,403). In 2019, the Assessment was \$0. The credit card processing fee in 2019 (9,932) was calculated with the *Sales of Commodities & Services*. The Disciplinary fees (10,671.24) and Licensing fees for wallet, wall and verification (10,487) was calculated into the *License, Permits and Fees* total.

Use of Money & Property decreased by 100%. Management's explanation is that it appears that interest income for June 2019 of \$13,529 is presented as other nonoperating revenue. *Federal Grants* decreased by 100%. Management's explanation is that it is a non-employer contribution revenue recorded as part of TRSL GASB 68 entries. In June 2019, \$342 of revenue was recorded. The revenue was grouped in with the other nonoperating revenue as opposed to reporting on the *Revenues-Federal Grants and Contracts* line. *Professional Service* decreased by 59.78%. Management's explanation is that this was the balance on the credit card. The balance is paid in full each month. *Sales of Commodities & Services* increased by 17.60%. Management's explanation is that it should add the credit card processing fees to the total for 2018 (\$144,530 plus \$9,804) to compare the two totals. The revenue is generated from course sponsor applications and varies depending on how many course applications the board receives from year to year.

Licenses, permits and fees increased by 17.21% for the year. Management's explanation is that the total for 2019 should be \$728,595. *Other Operating Revenue* increased by 44.56%. Management's explanation is that the other operating varied because the total mailing lists purchased each year varies depending on how many people request a mailing list. *Cost of Sales & Services* decreased by 73.05%, management provided no explanation of the variance. *Administrative* increased by 13.48%, management provided no explanation of the variance. *Net position-beginning* decreased by 15.61%, management provided no explanation of the variance. *Net position-Restatement* decreased by 100.17%, management provided no explanation of the variance.



Board Activity

We obtained and reviewed the board minutes for the fiscal year ended June 30, 2019. The Board meets a minimum of six times a year. For all 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.

Results: There were no exceptions noted.

Bank Reconciliations

We selected and observed the entity's bank accounts from management and the management's representation states that the listing is complete; in which we obtained the bank statements and reconciliations for all months of the fiscal year.

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.

Bank reconciliations are performed on a monthly basis by external CPA. A board member reviews and signs-off on the bank reconciliations.

Results: There were no exceptions noted.

Collections

We reviewed the Board's policy relating to receipts 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). Approximately 90% of the Board's revenue collections are related to annual licensing fees. We traced selected licenses that were granted to supporting documentation to ensure the appropriate fees were collected in accordance with the fee schedule established by the Board.

We selected the highest (dollar) week of cash collections from the general ledger for the fiscal period. Using deposit slips and bank statements, we traced daily collections to the deposit date on the corresponding bank statement. We also reviewed documentation to determine if deposits were made within one day of collection.

The Board doesn't accept cash payments for fees; therefore, no procedures were performed relating to sequentially numbered receipts and verification of cash collections.

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 the record of payments to each licensee's file. A separate person verifies payments and recording of payment than person making deposits.

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.

Results: There were no exceptions noted.

Credit Cards/Debit Cards

We reviewed the Board's written policy regarding credit cards (including 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 and bank debit cards, including the card numbers and the names of the persons who maintained possession of the cards. The Board maintains one credit card that is possessed solely by the Executive Director. We reviewed the Chase Visa credit card that was used during the fiscal period ending June 30, 2019. We obtained the monthly statements with the largest dollar activity for each account 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 Board member. Additionally, we reviewed the selected statements to determine if any finance charges and/or late fees had been assessed.

Using the monthly statements for the credit card reviewed above, we obtained supporting documentation for all transactions for the credit card. 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.

Results: There were no exceptions noted.

Travel Expenditures

We obtained the Board's policy relating to travel and expense reimbursement. We reviewed policy to determine if it included (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, (4) time-frame in which requests must be submitted and (5) required approvers. We obtained from the Board a listing of all travel and related expense reimbursements, by person during the fiscal year ending June 30, 2018. We compared the amounts in the policies to the per diem and mileage rates



established by the state's travel rules and regulations (i.e., PPM 49) to determine if there were any reimbursements that exceeded the rates established by PPM 49.

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 and 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.

Results: There were no exceptions noted.

Contracts

We obtained a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were in effect during the fiscal period. We obtained management's representation that the listing is complete.

We selected four disbursements and obtained supporting documentation for each one.

We observed from the four selected vendors that there was a formal/written contract that supports the services arrangement and the amount paid. None of the contracts observed met the guideline for bidding in accordance with the Louisiana Public Bid Law. We observed the contracts to determine if Louisiana Procurement Code (e.g. solicited quotes or bids, advertised), was followed.

We inquired of a reviewed documentation to see whether the Board solicited quotes as a best practice. We selected the largest payment from each of the contracts and obtained 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.

Results: There were no exceptions noted.

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 four employees and obtained their personnel files. 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. There was a pay



raise ordered by the state. We observed the procedures for changes in pay rate structure and the Board followed the proper procedures.

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

We obtained from management a list of those employees that were terminated during the fiscal period. Management indicated that there were no terminations during the fiscal period reviewed and therefore, there were no procedures performed.

Results: There were no exceptions noted.

Non-Payroll 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 the transaction and determined if that individual is someone other than the person who initiated the purchase.

Results: There were no exceptions noted.

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 and compared the total revenues and total expenditures of the final budget to actual total revenues and total expenditures on the financial statements. We inquired of management on-line items with a variance 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 ending June 30, 2019. We noted no differences between the budget information contained in the database and the budget adopted by the Board of Commissioners.

Results: There were no exceptions noted.



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 Physical Therapy Board 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

August 15, 2019



Appendix A



JOHN BEL EDWARDS
GOVERNOR

State of Louisiana
DEPARTMENT OF HEALTH AND HOSPITALS

CHARLOTTE F. MARTIN, M.P.A.
EXECUTIVE DIRECTOR

Louisiana Physical Therapy Board

September 26, 2019

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

Re: Ethics

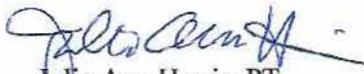
Dear Mr. Purpera,

The Louisiana Physical Therapy Board (LPTB) concurs that management should ensure that all employees and commissioners complete the required ethics training annually. Management has required the completion of the government ethics course by all full-time staff, part-time staff, volunteers and all appointed members of the board and advisory committee no later than December 31st of the calendar year. In 2018, it was advised that management require the completion of the government ethics course within 60 days of appointment or employment with the state agency, and every year on, or within 60 days of the anniversary of each individual. This new process has caused confusion to those who are required to complete the course and it has resulted in the staff no longer sending reminders, as these reminders were previously sent out on a schedule at the same time to everyone.

In summary, here is a listing of the corrective action items, including the date of completion and individuals responsible for completion of each item:

- 1) Require that individuals must complete the Ethics course within 60 days of their appointment, then annually before December 31 while serving on the board.
Responsible: Charlotte Martin, Executive Director.
- 2) Require that certificates of completion are submitted to the board office upon completion.
Management keeps track of who has submitted the certificate
Responsible: Jessica Alwell, Assistant Executive Director

Thank you,


Julie Ann Harris, PT
Chairman of the Board

In compliance with Act 655 of the 2018 Regular Legislative Session, the Board gives notice to its licensees and applicants of their opportunity to file a complaint about board actions or procedures. You may submit such complaints to one or more of the following organizations: La Physical Therapy Board, 2110 W. Pinhook Road, Ste. 202, LA 70508; 337-262-1043; info@laptboard.org; Committee on House & Governmental Affairs; La House of Representatives, P.O. Box 44486, Baton Rouge, LA 70804; 225-342-2403; h&ga@legis.la.gov; Committee on Senate & Governmental Affairs; La Senate, P.O. Box 94183, Baton Rouge, LA 70804; 225-342-9845; s&g@legis.la.gov



JOHN BEL EDWARDS
GOVERNOR

State of Louisiana
DEPARTMENT OF HEALTH AND HOSPITALS

CHARLOTTE F. MARTIN, M.P.A.
EXECUTIVE DIRECTOR

Louisiana Physical Therapy Board

September 26, 2019

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

Re: Inadequate Segregation of Duties

Dear Mr. Purpera,

The Louisiana Physical Therapy Board (LPTB) completely concurs that inadequate segregation of duties increases the risk of employee error or fraud. A corrective action plan was created in response to the finding for Inadequate Segregation of Duties in 2016. Management has followed the corrective action plan from 2016, which was based on the recommendations of the reviewer in 2016. In the 2017 review, the reviewer notes that adequate segregation of duties requires functions be segregated between processing transactions in the accounting system and reconciliation. The external, third-party contracted CPA firm of the board will be responsible for reconciling the checking, savings and credit card accounts and providing quarterly financial review beginning in fiscal year 2017-18. In 2018 the board revised the financial policy to require reconciliation of accounts by the an external CPA firm and that the CPA firm will provide a quarterly financial review to compare monthly bank statements to payments, deposits, relevant supporting documentation and the trial balance.

In summary, here is a listing of the corrective action items, including the date of completion and individuals responsible for completion of each item:

- 1) Revise the internal policy on Financials to require a board member to routinely compare the monthly bank reconciliation and credit card reconciliation to payments, deosits, relevant supporting documentation, and the trial balance. Policy will be reviewed at the September 2019 board meeting for board approval.

Responsible: Charlotte Martin, Executive Director

Thank you,

Julie Ann Harris, PT
Chairman of the Board

In compliance with Act 655 of the 2018 Regular Legislative Session, the Board gives notice to its licensees and applicants of their opportunity to file a complaint about board actions or procedures. You may submit such complaints to one or more of the following organizations: La Physical Therapy Board, 2110 W. Pinhook Road, Ste. 202, LA 70508; 337-262-1043; info@lptboard.org; Committee on House & Governmental Affairs; La House of Representatives, P.O. Box 44486, Baton Rouge, LA 70804; 225-342-2403; h&ga@legis.la.gov; Committee on Senate & Governmental Affairs; La Senate, P.O. Box 94183, Baton Rouge, LA 70804; 225-342-9845; s&g@legis.la.gov

Financials Policy

Effective Date: 10/09/2017

Revised: 09/26/2019

Policy:

It is the policy of the Louisiana Physical Therapy Board to prudently manage financial obligations and properly allocate fiscal resources. The Board shall be a self-sustaining body and shall generate sufficient revenues from fees and assessments to maintain effective and efficient operations. (*La R.S. 113.A*)

SCOPE & STRUCTURE

Financial accounts shall be established and used to carry out the monetary duties of the Board. A business checking account shall be used as the operating account for receivables and payables. The supply of unused/blank checks shall be adequately secured in a designated filing cabinet in the Board office. A designated employee shall lock the filing cabinet at the close of business and keep the key in a secure place. If that employee is out of the office, he/she shall assign the responsibility to the Executive Director. A business savings account shall be used for reserves with quick accessibility. A short term CD may be used as an investment for any funds received in excess of annual operating expenses. The Executive Director and specified staff member(s) may be eligible to obtain use a business credit card in their name to be used for board expenses. Authorized account holders and signees of all financial accounts shall be the current Chairman, Treasurer/Secretary, and Executive Director of the Board. An additional employee of the Board may be added as an account holder and/or signee upon this discretion of the Executive Director and the Board.

RECEIVABLES

The Board may assess reasonable fees with regards to administrative business expenses and services. (*La R.S. 501.D*). Fees received by the Board shall be deposited into the operating account and allocated to accounts payables as necessary. The fees shall be established by rule adopted in accordance with the Administrative Procedure Act, R.S. 49:950 et seq., and shall not exceed the schedule provided in §2424, Subsections C and D (§2424.A).

Receivables are to be processed and deposited immediately, but no later than three business days from receipt. Cash received is deposited immediately, but no later than the next business day. Payments received but not deposited by close of business are secured in a designated filing cabinet in the Board office. A designated employee shall lock the filing cabinet at the close of business and keep the key in a secure place. If that employee is out of the office, he/she shall assign the responsibility to the Executive Director or his designee.

Payments to the Board may be in the form of a business, personal, or cashier's check, money order, credit card, or cash. A \$3 processing fee is added to all credit card payments and is incurred by the payee. The purpose of the processing fee is to transfer the service charge paid by the Board to the credit card terminal vendor. The acceptable form of payment is dependent upon the purpose of the payment.

PAYABLES

Operating Expenses

The Executive Director and/or the Board Treasurer/Secretary is responsible for approving accounts payable. The Executive Director shall review and pay payables totaling less than \$2,500 and the Treasurer/Secretary of the Board shall review and pay payables that are \$2,500 or greater.

Operating expenses for services rendered shall be invoiced and sent directly to the Board office. The Executive Director shall review all invoices for accuracy. Approved invoices will be submitted to a designated staff member for payment processing. The designated staff member is responsible for tracking payables owed and incoming invoices to ensure all bills are paid a timely manner.

Payment methods operating expenses may be a paper check (signed by either the Executive Director or Treasurer/Secretary of the Board), the Board's business credit card, making an online payment, or by using the automatic bill pay feature through an online bank portal.

Expense Reimbursement

Board Members, Advisory Committee Members, and employees shall be entitled to reimbursement of actual expenses reasonably necessary for attending Board or Committee Meetings or for representing the Board or participating in board-approved activities. The Board shall adopt policies to provide guidance to the Executive Director in determining "reasonable" expenses (La R.S. 113.E). Per diem, as authorized by La. R.S. 37:2404, shall be paid to Board Members and Advisory Committee Members for each day during which they are attending regular or called Board Meetings, attending to official business of the Board, or attending a board related or board sanctioned conference or activity, including travel days to and from these meetings, conferences, and related board activities. Per diem does not negate reimbursement for meals, lodging, and other expenses incurred as a result of these meetings, conferences, and related activities (La R.S. 111.A). Travel reimbursement will be in accordance with the authority vested in the Commissioner of Administration by Section 231 of Title 39 of the Revised Statutes of 1950 and in accordance with the provisions of the Administrative Procedure Act, R.S. 49:950-968 as amended on July 1, 2016.

The Executive Director shall review expense reports for accuracy and reimburse Board Members, Advisory Committee Members, and employees accordingly. Any questionable claims on expense reports shall be brought to the attention, and must be approved by the Board Chairman or Secretary/Treasurer. The Chairman of the Board shall review the expense reports submitted by the Executive Director for his reimbursement. If the Chairman is unavailable to review expense reports for the Executive Director, the Secretary/Treasurer may review for approval. All expense reimbursement and compensation of Board Members, Advisory Committee Members, and employees shall be paid out of Board funds only, and shall not be charged to the State (§2424.B).

Payroll

Employees will be paid for their labor on a bi-weekly basis for 26 pay periods per year. Board Members and Advisory Committee Members may be reimbursed for board-incurred expenses once per month on the first pay period of that month. The Executive Director is responsible for reviewing leave requests and expense reports submitted by employees or members of the Board. The Chairman of the Board shall review expense reports submitted by the Executive Director for her reimbursement. If the Chairman is unavailable, the Secretary/Treasurer may review for approval. The Executive Director shall complete payroll through the internal accounting software and submit the appropriate payment and reports for the state retirement system and group benefits.

Board Members perform an annual review of the work performance and current wage of the Executive Director. The Executive Director or his designee performs an annual review of the work performance and

current wage of the full-time board employees. The propositioned pay raise for the Executive Director and employees will depend on employee work performance, the current fiscal state of the Board. The Unclassified employee positions with the Board may earn leave at the same rate and shall be entitled to participate in the state retirement system and group benefits, at the same rate as classified employees.

Taxes & Liabilities

It is the duty of a third-party external contracted CPA firm to prepare quarterly, and annual payroll tax forms. An external CPA firm will prepare an annual AFR Report. An external CPA firm will make end of year adjustments as needed.

REPORTING & RECONCILIATION

The Board shall adopt an annual operating budget at a specified Board Meeting, which will allow timely filing with Division of Administration schedules (La R.S. 113.C). The Board shall have internal procedures for proper segregation of financial resources and responsibilities. To reduce risk of employee error or fraud, a third-party external contracted CPA firm shall reconcile the bank balance with the book balance (general ledger) of all bank accounts on a quarterly basis and shall provide a quarterly financial review for the purpose of comparing the bank statements to payments, deposits, relevant supporting documentation, and the trial balance.

The Board Secretary/Treasurer will routinely compare the monthly bank reconciliation and credit card reconciliation to payments, deposits, relevant supporting documentation, and the trial balance. Policy will be reviewed at the September 2019 board meeting for board approval.

The Board Secretary/Treasurer will provide updates to the Board Members at each Board Meeting during the Treasurer's Report. Further financial audit(s) will be conducted if requested by the Board. The financial records of the Board shall be subject to an annual audit in accordance with §2424. B.