

# Louisiana State Board of Private Security Examiners

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

# Louisiana State Board of Private Security Examiners

## Table of Contents

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



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

ACCOUNTANTS AND ADVISORS

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

To the Board of Examiners of  
Louisiana State Board of  
Private Security Examiners

We have performed the procedures enumerated below as they are a required part of the engagement. We are required to perform each procedure and report the results, including any exceptions. Management is required to provide a corrective action plan that addresses all exceptions noted. For any procedures that do not apply, we have marked "not applicable."

Management of the Louisiana State Board of Private Security Examiners, 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 State Board of Private Security Examiners and the Legislative Auditor, State of Louisiana, solely to assist the users in assessing certain controls and in evaluating management's assertions about the Louisiana State Board of Private Security Examiners' compliance with certain laws and regulations during the year ended June 30, 2019.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

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

#### Ethics

We inquired of management whether any alleged ethics violations were reported to the Board during the fiscal period. If applicable, reviewed documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Reported whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

The Board was unable to provide documentation for one of the five Examiners 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

#### **OFFICES:**

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

5100 WESTHEIMER  
SUITE 231  
HOUSTON  
TEXAS 77056  
(O) 713-588-4460  
(F) 713-966-6125

[WWW.JWALKERCO.COM](http://WWW.JWALKERCO.COM)

#### **MEMBER OF:**

AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

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 Examiners complete the required ethics training annually. *(See current-year results for status).*

### Contracts

We inquired about 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, 2018. 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 Examiners had approved the execution of the contracts.

For two of the selected contracts, the vendors were not compensated according to the terms of the contracts. Invoices provided for the two vendors did not provide sufficient detail to determine compliance with contract terms.

Management should ensure that vendors are compensated according to contracts and all invoices contained detail related to charges. Management concurred with the finding and outlined a plan of corrective action. *(See current-year results for status).*

### Bank Reconciliations

Bank reconciliations are performed on a monthly basis by the administrative coordinator. The Executive Director reviews and signs-off on the bank reconciliations. No board member reviews or signs-off on the bank reconciliation and we consider this a lack of a necessary compensating control.

Management should implement a policy to have someone who does not handle cash, post ledgers, issue checks or sign checks to review each reconciliation. Management concurred with the finding and outlined a plan of corrective action. *(See current-year results for status).*

## **Current-Year Results**

### Written Policies and Procedures

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

**Results:** The Agency's written policies and procedures did not address budgeting.

We noted that in January of 2019 the agency crafted a policy with respect to the use of credit/purchase cards. The policy was reviewed and accepted by the DOA and appears to be in line with LLA guidelines; including (1) how cards are to controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and monitoring card usage.



Recommendation: Management should update and refine existing written policies and procedures to address the following:

Budgeting, including preparing, adopting, monitoring, and amending the budget.

Debt Service, including (1) debt issuance approval, (2) continuing disclosure /EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements. (See management's response under Appendix A)

Annual Fiscal Report (AFR)

We obtained the financial statements from the AFR submitted to the Division of Administration's (DOA) Office of Statewide Reporting and Accounting Policy for the current and prior periods. We performed analytical procedures comparing current and prior period amount by line item. We inquired of management if there was a variance of 10% or greater for line items that are 10% or more of the respective total assets/deferred outflows of resources, liabilities/deferred inflows of resources, net position, revenues, and/or expenses.

We inquired of management regarding line items that had a variance of 10% or greater. The line item Cash and equivalents had a decrease of 18.52, management provided no explanation of the variance. Machinery & Equipment had a decrease of 44.12%, management provided no explanation of the variance. The line item Accounts Payable and Accruals had an increase of 299.53%, management provided no explanation of the variance. The line item OPEB Liability has a decrease of 22.16%, management provided no explanation of the variance. The line items Net Pension Liability shows a decrease of 11.42%, management provided no explanation of the variance.

The line item Unrestricted Fund balance had a decrease of 11.61%, management provided no explanation of the variance. Cost of Sales and Services Expenditure had an increase of 12.79%, management provided no explanation of the variance. The line item Net Position- Beginning had an increase of 75.19%, management provided no explanation of the variance. The line item Net position-restatement shows an increase of 76.80%, management provided no explanation of the variance. Line item total other sources (uses) shows an increase of 74.13%, management provided no explanation of the variance.

Board Activity

We obtained and inspected the board minutes for the fiscal year ended June 30, 2019, as well as the board's enabling legislation, charter, bylaws, or equivalent documentation in effect during the fiscal period, and observed that each meeting was met with a quorum to conduct business during the fiscal period. We reviewed the minutes to determine if there was a reference to the introduction of monthly budget- to- actual comparison financials and no exceptions were identified. Additionally, we accessed the Board's online information included in the DOA's boards and commissions' database to determine if the Board submitted board meeting notices and minutes for all meetings during the fiscal period.

Result: We did not identify any exceptions



### Bank Reconciliations

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.

Result: We did not identify any exceptions.

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

Result: We did not identify any exceptions.

### Collections

We reviewed the Board's policy relating to receipts. We reviewed policy to determine if policy contained procedures relating to the receiving, recording, preparation of deposits and observed that the job duties for collections are properly segregated. 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 staff prepares schedule of daily collections. A secondary staff member prepares daily deposits and records payments to the accounting system. Deposits are signed off and approved by the Executive Director.

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 of collections and compared it to the date that deposits were made to determine if deposits were made within one day of collections. We reviewed the receipt books provided and considered if the receipts were sequentially numbered. We verified if daily cash collections were completely supported by documentation.

Result: In three instances the bank deposits were deposited 12 days after receipt of the checks and in four instances the bank deposits were deposited 8 days after receipt of the checks.

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

We reviewed the process as outlined in the Board's policy regarding completeness of all collections, including electronic transfers., for each revenue source (e.g. periodic confirmation with outside parties, reconciliation of receipt number sequences, reasonableness of cash collections. Documentation is placed in the file of each licensee showing payments and form of payment. For electronic payments, reports are uploaded



and compared to records of payment for each licensee's file. Based on the results of our procedures, no exceptions were noted.

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 the license was the appropriate fee based on the applicable fee schedule established by the board or statute. We reviewed to see if any penalty was assessed; if so was assessed penalty collected in accordance with the board's policies.

Result: We did not identify any exceptions.

#### Credit Cards/Debit Cards/Fuel Card/P-Cards

We reviewed the Board's written policy regarding credit cards (and debit cards, fuel cards, and P-Cards). We reviewed the policy to determine if procedures included (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage. We obtained a list from the Board of all active credit cards, bank debit cards, fuel cards, and P-cards, including the card numbers and the names of the persons who maintained possession of the cards. We selected all cards that were used during the fiscal period ending June 30, 2019. We obtained the monthly statements with the largest dollar activity for each card selected. We looked for evidence that the monthly statements along with supporting documentation for transactions were reviewed and approved, in writing, either by 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.

Result: We did not identify any exceptions.

Using the monthly statements for the cards selected above, we obtained supporting documentation for all transactions for each of the cards selected. For each transaction, we observed if an original itemized receipt was presented. We requested written documentation of the business/public purpose of each transaction. Requested documentation of the individual participating in meal charge, to produce documentation of the meal charge/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. Also, we compared the Board's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge or donation of funds, credit, property, or things of value.

Result: We did not identify any exceptions.

#### Travel Expenditures

We obtained from the Board a listing of all travel and related expense reimbursements, by person during the fiscal year ending June 30, 2019. We obtained the Board's written policies relating to travel and expense reimbursements. 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 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 was present that identified precisely what was purchased. We looked to determine if the documentation provided indicated the business/public purpose of the transaction. For each transaction selected we compared the Board's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge or donation of funds, credit, property, or things of value. For the transactions considered there were no instance whereby the request for travel and/or expense reimbursement was submitted more than 30 days following the date of travel.

Result: We did not identify any exceptions.

#### Contracts

We obtained the Board's policy relating to contracting for services. We reviewed policy to determine if policy included guidelines relating to (1) types of services requiring written contracts, (2) standard terms and conditions, (3) approval process, and (4) monitoring process. We obtained a list of all contracts in effect during the fiscal year ending June 30, 2019. We randomly selected five contract vendors that were paid during the fiscal period. We looked to determine if a formal/written contract that supported the services arrangement and the amount(s) paid to vendors was done. 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 about reviewed documentation to see whether the Board solicited quotes as a best practice. None of the contracts considered were amended during the fiscal period ending June 30, 2019. We selected the largest payment from each of the contracts and 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 Examiners had approved the execution of the contracts.

Result: We did not identify any exceptions.

#### Payroll and Personnel

We obtained a copy of the Board's policies relating to payroll/personnel issues. We reviewed policies to determine (1) payroll processing and (2) process for reviewing and approving time and attendance records, including leave and overtime worked. We obtained a listing of employees with their related salaries. We randomly selected five 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. We noted that the Executive Director and several employees were awarded a merit increase during the fiscal period. And all related procedures were performed relating to salary changes.



Result: We did not identify any exceptions.

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' 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 were terminated during the fiscal period. Personnel file was obtained for one employee. We considered and looked at documentation of the discharged employee to determine if final payment was made in strict accordance with policy and approved by management. Based on our procedures, no exceptions were identified.

Result: We did not identify any exceptions.

*Disbursements- Other General*

We obtained the Board's policy relating to disbursements. We reviewed the policy to determine if the 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 said individual is someone other than the person who initiated the purchase.

Result: We did not identify any exceptions.

*Ethics*

Using the five selected employees from procedures under "Payroll and Personnel," we obtained ethics compliance documentation from management and reports indicating whether the Board maintained documentation demonstrating that required annual ethics training was completed.

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

We inquired of management whether any alleged ethics violations were reported to the Board during the fiscal period. If applicable, reviewed documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Reported



whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

Result: We determined that the agency did a better job of adhering to the ethics policy implemented last year. All employees and board members selected during the fiscal period had one-hour ethics training. We did not identify any exceptions.

#### 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 minutes 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 required of management whether the Board has uploaded its budget information into the DOA's boards and commissions' database for the fiscal period ending June 30, 2019. We accessed the online database to obtain the budget information for the fiscal period June 30, 2019. We detected no differences between the budget information contained in the database and the budget adopted by the Board of Examiners.

Result: We did not identify any exceptions.

#### Debt Service

The Board issued no debt obligations for the fiscal year ending June 30, 2019. They do not have any outstanding debt. No procedures were performed relating to debt service.

#### Other

We inquired of the management of the Board if 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 enter into a contract for the audit or attest services other than these agreed-upon procedures 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.

The report is intended solely for the use of management of the Louisiana State Board of Private Security Examiners and the Legislative Auditor, State of Louisiana, and should



not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as public document.

*J. Walker & Company, APC*

Lake Charles, Louisiana

September 16, 2019



# **Appendix A**



09.26.2019

## LSBPSE Executive Order No. 19-004

To  
Legislative Auditor & Staff

From  
Fabian P. Blache III  
Executive Director & CAO

CC  
FILE

Re  
LSBPSE Executive  
Order 19-004  
Audit Response

**Purpose:**

To provide substantive responses to the 2018-2019 Legislative Audit, and to direct staff on corrective actions resulting from the audit finding.

**Statement:**

We concur with the finding and offer the following corrective action plan.

**Response and Plan:**

The following corrective actions have been taken or are in process to improve the listed internal control(s):

**Written Policies & Procedures**

Results: The Agency's written policies and procedures did not address budgeting and credit cards (debit cards) and debt services.

Recommendation: Management should update and refine existing written policies and procedures to address the following:

1. Budgeting, including preparing, adopting, monitoring, and amending the budget.
2. Debt Service, including (1) debt issuance approval, (2) continuing disclosure /EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

**Response:**

- Management agrees with the finding.

## LA State Board of Private Security Examiners

Tel 225-272-2310  
Fax 225-272-5816

15703 Old Hammond Hwy  
Baton Rouge, LA 70816

www.LSBPSE.info  
ExecutiveSecretary@LSBPSE.com



- With respect to budgeting, including preparing, adopting, monitoring, and amending the budget, management will create and/or adopt new updated policies to cover each segment of the recommendations.
- With respect to debt service, the agency issues no debt and currently holds no debt.

**Collections**

Result: In three instances the bank deposits were deposited 12 days after receipt of the checks and in four instances the bank deposits were deposited 8 days after receipt of the checks.

Recommendation: Management requires the accounting staff to make daily deposits to the bank.

Response:

Management agrees with the finding.

- With respect to collections and bank deposits, the administrative coordinator is required to make deposits of any checks or money orders by the following business day. A written policy to this effect has been implemented.

Any questions regarding this memorandum, should be directed to Fabian Blache III at 225-272-2310 Ext. 8.

FPB/bah