

**Louisiana Board of
Examiners of Nursing
Facility Administrators**

Baton Rouge, Louisiana

Fiscal Year Ended June 30, 2020

Agreed-Upon Procedures

William D. Mercer, CPA
A PROFESSIONAL ACCOUNTING CORPORATION



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A PROFESSIONAL ACCOUNTING
CORPORATION

INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of Louisiana Board of Examiners of Nursing Facility Administrators
and the Louisiana Legislative Auditor
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 Board of Examiners of Nursing Facility Administrators, a component unit of the State of Louisiana, is responsible for its financial records, establishing internal controls over financial reporting, and compliance with applicable laws and regulations. These procedures were agreed to by management of the Louisiana Board of Examiners of Nursing Facility Administrators and the Louisiana Legislative Auditor solely to assist the users in assessing certain controls and in evaluating management's assertions about the Louisiana Board of Examiners of Nursing Facility Administrators's compliance with certain laws and regulations during the year ended June 30, 2020.

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.
 - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law or state purchasing rules and regulations, as applicable to the entity; and (5) documentation required to be maintained for all bids and price quotes.
 - c) ***Disbursements***, including processing, reviewing, and approving.
 - d) ***Receipts/Collections***, 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 (e.g. periodic confirmation with outside parties, reconciliation of receipt number sequences, reasonableness of cash collections based on licenses issued).
 - e) ***Payroll/Personnel***, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- 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 of statements, and (5) monitoring card usage (e.g. determining the reasonableness of fuel card purchases).
- 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
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees annually attest through signature verification that they have read the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Written policies and procedures were obtained and inspected. No written policies for ethics and disaster recovery/business continuity were initially provided. The entity has updated its policies and procedures for these missing categories as a result of this engagement. No other exceptions were noted.

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.

Variances meeting the stated criteria, and management's explanations for these variances, are as follows:

- *Pension related deferred outflows increased by \$17,826, due to the increase in the actuarially determined amounts of expected and actual experience and expected and actual return on plan investments from fiscal year 2019 to fiscal year 2020. These amounts are determined by the actuaries of the Louisiana State Employees' Retirement System based upon information provided by our office. Also, the employer contributions increased by \$ 6,118 as the employer contribution rates increased from 37.9% in fiscal year 2019 to 40.7% in fiscal year 2020.*
- *Net OPEB obligation decreased by \$ 38,589 primarily due to the decrease in the actuarially determined amount of net OPEB obligation for fiscal year 2020. These amounts are determined by the actuaries of the Office of Group Benefits based upon information provided by our office.*
- *Administrative operating expenses increased by \$ 78,763 primarily due to increase in pension expense from fiscal year 2019 to fiscal year 2020. The pension expense was \$ 6,873 for fiscal year 2019, while pension expense for fiscal year 2020 was \$ 90,781.*

Board Meetings/Minutes

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.
 - b) Observe that the minutes referenced or included monthly budget-to-actual comparisons.
 - c) Access the entity's online information included in the DOA's boards and commissions database (<https://wwwcfprd.doa.louisiana.gov/boardsandcommissions/home.cfm>) and observe that the entity submitted board meeting minutes for all meetings during the fiscal period.

Board minutes for the period under examination were obtained and inspected. The board met four times during the period under examination. Minutes referenced review of appropriate financial information. The board and commissions database was accessed. Minutes of Board meetings for the period under examination were included in the database by a reference to the entity's website. No exceptions were noted.

Bank Reconciliations

4. Obtain a listing of bank accounts for the fiscal period from management and management's representation that the listing is complete. 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 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
 - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged);
 - 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
 - d) The reconciled balance for the final month of the fiscal period agrees to the general ledger.

For the period under examination, the entity had one operating checking account. Bank statements and reconciliations for both accounts for all months during the fiscal year were obtained. Bank reconciliations are prepared by the Executive Director, and then provided to the outside accountant and the Board president for review and approval. No reconciling items were noted as being over six months old. No exceptions were noted.

Receipts/Collections

5. Obtain and inspect written policies and procedures relating to employees 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.
 - b) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

- c) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source are not responsible for collecting cash, unless another employee verifies the reconciliation.

Written policies and procedures relating to receipts/collections were obtained. Most of the entity's collections are via electronic payments directly to its bank account. However, some payments are received via mail or in-person at the Board office. The Executive Director reviews and approves collection reports and deposits collected by and prepared by the Assistant Director. No exceptions were noted.

6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

Employees who have access to cash are covered by an insurance policy provided by the Office of Risk Management.

7. Randomly select 5 deposit dates for each of the bank accounts (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 5 deposits for each bank account and:
 - a) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - b) Trace the deposit slip total to the actual deposit per the bank statement.
 - c) 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 the deposit is less than \$100).
 - d) Trace the actual deposit per the bank statement to the general ledger.

Five dates during the fiscal year were randomly selected. Each deposit selected was traced to a payment collection log and each deposit slip was traced to the applicable bank statement. Each deposit was also traced to the general ledger. No exceptions were noted.

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.

Management and members of the Board regularly compare collections with expected results, consisting primarily of license application and renewals.

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:
 - a) Observe that the fee paid for license was the appropriate fee based on the applicable fee schedule established by the board or statute.
 - b) If a penalty was assessed (e.g. late fee), observe that the penalty was assessed and collected in accordance with the board's policies.

Ten individual license applications and renewals were randomly selected for the period under examination. All applications and renewals were traced to the entity's online license database. No exceptions to the above procedures were noted.

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

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

11. Obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employees job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

Most of the entity's non-payroll disbursements as applicable to this procedure are initiated by the Executive Director, or by another staff member and approved by the Executive Director. Payments are processed and signed by the Executive Director.

12. Obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements which are addressed in separate sections below) and obtain management's representation that the population is complete. Randomly select 5 disbursements, obtain supporting documentation (e.g. purchase requisition, invoices, receipts, receiving slips) for each transaction and:
 - a) Observe that the disbursement matched the related original invoice/billing statement
 - b) Observe that the disbursement documentation included evidence (e.g. initial/date, electronic logging) of segregation of duties tested under #11, as applicable.

Five non-payroll disbursements as defined above were randomly selected. For each of the five disbursements, an original invoice was obtained and examined. No exceptions were noted.

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

13. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, 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. Randomly select 2 monthly statements or combined statements for each card (for a debit card, randomly select 2 monthly bank statements), obtain supporting documentation, and:
- 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 (or electronically approved), by someone other than the authorized card holder.
 - b) Observe that finance charges and late fees were not assessed on the selected statements.

For the period under examination, the entity utilized one credit card, which is kept in the possession of the Executive Director. Two monthly statements for this account were examined. No evidence of review or approval was noted for either credit card statement examined. No finance charges or late fees were assessed on the statements examined.

Management's response: We agree with the exception noted, and have updated our policies and procedures to provide for review and approval of credit card charges by appropriate Board officials, effective immediately.

14. Obtain supporting documentation for all transactions included on the monthly statements or combined statements selected in #13 above. For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Supporting documentation, including invoices and receipts, for all charges on the monthly statements selected were examined. No exceptions were noted.

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

15. Obtain from management a listing of all travel and travel-related expense reimbursements paid to employees and board members during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana in PPM49 (<https://www.doa.la.gov/pages/osp/travel/TravelPolicy.aspx>) or the U.S. General Services Administration (www.gsa.gov).
- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Five disbursements as noted were randomly selected and supporting documentation for each was examined. No exceptions to these procedures were noted.

Contracts

16. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
 - a) Observe that the contract was bid in accordance with the Louisiana Procurement Code or the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - b) Observe that the contract was approved by the governing body/board, if required by policy.
 - c) If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment.
 - d) Randomly select one payment from the fiscal period for each of the 5 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.

For the period under examination, five contracts as defined above were randomly selected. Each of the contracts was approved by the governing board as required. None of the contracts were amended during the period under examination. One payment under each contract was randomly selected as noted. No exceptions were noted.

Payroll and Personnel

17. Obtain a listing of employees employed during the fiscal period, and management's representation that the listing is complete. Randomly select 5 employees (or select all employees if less than 5), obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

For the period under examination, the entity had three employees. Compensation for all of the employees was traced to authorized pay rates as noted in their personnel files. No exceptions were noted.

18. Randomly select 2 pay periods during the fiscal period. For the employees selected under #17 above, obtain attendance records and leave documentation for the pay period, and:
- Observe that all selected employees documented their daily attendance and leave (e.g., vacation, sick, compensatory).
 - Observe that supervisors approved the attendance and leave of the selected employees.
 - Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

For each of the two pay periods selected, time sheets were provided for each employee. Time sheets for all selected employees were properly approved by the Executive Director. Leave accrued or taken during the pay periods were calculated and tracked by the entity's outside payroll service provider. No exceptions were noted.

19. Obtain a listing of those employees that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select 2 employees, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employees' cumulative leave records, and agree the pay rates to the employees' authorized pay rates in the employees' personnel files.

For the period of examination, no employees were terminated or resigned.

20. 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.

Obtained management's representation that all applicable payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums were paid and all applicable tax returns have been filed as required.

Ethics

21. Using the 5 randomly selected employees from procedure #17 under "Payroll and Personnel" above obtain ethics documentation from management, and:
- Observe that the documentation demonstrates each employee completed one hour of ethics training during the fiscal period.
 - Observe that the documentation demonstrates each employee attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

Ethics documentation for selected employees was obtained and examined. No exceptions were noted.

22. Obtain a listing of board members from management. Randomly select 5 board members and observe documentation to demonstrate that required annual ethics training was completed.

For the period under examination, the entity had fifteen individual Board members. Documentation of required annual ethics training for all Board members was provided by the entity and examined. No exceptions were noted.

Budget

23. Obtain a copy of the legally adopted budget, including all amendments, and the board minutes. Observe the minutes contain approval of the budget and amendments.

The adopted budget was obtained. During the period of examination, no amendments to the budget were made. Adoption and approval of the budget was noted in applicable Board minutes. No exceptions were noted.

24. 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.

Total revenues and total expenditures of the final budget were compared to total revenues and total expenditures on the financial statements. No variances of 10% or greater were noted between budgeted and actual revenues or budgeted and actual expenditures.

25. 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.

Information contained in the entity's adopted budget was traced to the DOA boards and commissions database for the period under examination. Budgeted revenues per the budget provided by the entity totaled \$ 464,592 and budgeted revenues per the DOA database were \$ 451,100. Budgeted expenditures per the budget provided by the entity were \$ 464,592 and budgeted expenditures per the DOA database were \$ 451,100.

Management response: We concur with this exception. The information input into the DOA boards and commission was based on a prior year budget due to clerical error. We will work to ensure that such an error does not recur.

Debt Service

26. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.

No bonds or notes were issued during the period under examination.

27. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

No bonds or notes were outstanding for the period under examination.

Sexual Harassment

28. Obtain and inspect the entity's written sexual harassment policies and procedures and observe that they address all requirements of R.S. 42:342-344, including agency responsibilities and prohibitions; annual employee training; and annual reporting requirements.

The entity's written sexual harassment policies and procedures were examined. No exceptions were noted.

29. Obtain a listing of employees/board members employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/board members, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/board member completed at least one hour of sexual harassment training during the calendar year.

For the period under examination, all employees selected under procedure #17 under "Payroll and Personnel" above received the required sexual harassment training. For the period under examination, all employees and Board members received the required sexual harassment training.

30. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

The entity's sexual harassment policy and complaint procedure was not originally observed on its website. These policies and procedures have been included on the website as a result of this engagement.

31. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that it includes the applicable requirements of R.S. 42:344.

The required annual sexual harassment report was prepared and submitted as required.

Other

32. 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.

No misappropriations of public funds or assets were known or noted by management for the period under examination.

33. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds. This notice is available for download or print at www.la.gov/hotline.

The required notice was observed on the entity's premises and on its website. No exceptions were noted.

Corrective Action

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

Management's responses to the exceptions noted herein are included as a component of this report.

I was not engaged to perform, and did not perform, an audit, the objective of which would be the expression of an opinion on management's assertions. Accordingly, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

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 R.S. 24:513, this report is distributed by the Legislative Auditor as a public document.

WILLIAM D. MERCER, CPA (APAC)

Baton Rouge, Louisiana
October 19, 2020

LOUISIANA BOARD OF EXAMINERS OF
NURSING FACILITY ADMINISTRATORS
Baton Rouge, Louisiana

SCHEDULE OF PRIOR YEAR AGREED-UPON PROCEDURES EXCEPTIONS

Year Ended June 30, 2020

The following exceptions were noted in the agreed-upon procedures engagement for the year ended June 30, 2019, in the accountant's report dated September 18, 2019.

Bank reconciliations

The Executive Director reviews and signs off on the bank reconciliations and is also an authorized signer on the operating checking account. It was recommended that management should implement a procedure or process for a member of management or board member who does not handle cash, post ledgers, or issue checks to review each bank reconciliation.

Collections

Examination of bank statements and collection documentation revealed one instance in which the bank deposit was made 12 days after receipt of the checks and three instances in which bank deposits were made 7 days after receipt of the checks. The accountant's recommendation noted that management requires the accounting staff to make daily deposits to the bank.