

STATE PLUMBING BOARD OF LOUISIANA  
STATE OF LOUISIANA



FINANCIAL AUDIT SERVICES  
PROCEDURAL REPORT  
ISSUED SEPTEMBER 14, 2016

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# Louisiana Legislative Auditor

Daryl G. Purpera, CPA, CFE



## State Plumbing Board of Louisiana

September 2016

Audit Control # 80160126

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### Introduction

The primary purpose of our procedures at the State Plumbing Board of Louisiana (Board) was to evaluate certain controls the Board uses to ensure accurate financial reporting, compliance with applicable laws and regulations, and overall accountability over public funds.

The Board ensures that licensed individuals and companies offering plumbing services meet professional levels of experience. This helps to ensure the water received in homes or businesses is sanitary and provides for effective sewerage control. The Board tracks these service providers and offers licenses with comprehensive regulations.

### Results of Our Procedures

We evaluated the Board's operations and system of internal control through inquiry, observation, and review of its policies and procedures, including a review of the applicable laws and regulations. Based on the documentation of the Board's controls and our understanding of related laws and regulations, we performed procedures on selected controls and transactions relating to cash, licensing fees, credit cards, travel expenditures, contracts, payroll and personnel, and budget.

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### Follow-up on Prior-year Finding

We reviewed the status of the prior-year finding reported in the procedural report dated October 2015. We determined that management has resolved the prior-year finding related to inadequate controls over employee benefits.

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## **Other Results of Our Procedures**

### **Cash**

The Board maintains an operating account and certificate of deposits that are used for general operations. There are four Board staff members who participate in cash collection, disbursement, and reconciliation activities. Cash balances totaled \$643,961 at April 30, 2016. We performed procedures to reconcile cash transactions to the Board's general ledger, evaluated the segregation of duties between Board staff, and confirmed the timely preparation of bank account reconciliations. During our review of bank reconciliations, we noted that reconciliations were performed within an average of two weeks after receipt of bank statements.

### **Licensing Fees**

Approximately 49% of the Board's revenue collections are 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. No exceptions were noted.

### **Credit Cards**

The Board has one credit card and one debit card associated with its operating cash account that are used by the director, office manager, and staff accountant for travel, small purchases, and supplies. We traced selected credit card purchases to supporting documentation and evaluated compliance with laws and regulations. We further confirmed the timely review of credit card statements. No exceptions were noted.

### **Travel Expenditures**

Travel expenditures include reimbursement for Board members to attend meetings, as well as conferences and exam travel. Travel expenditures also include mileage and travel reimbursements for enforcement officers and the director when they are out in the field visiting work locations or inspecting allegations. Travel expenditures are also reimbursed for any conferences or meetings the director may attend related to the Board. Fiscal year 2016 travel expenditures totaled \$28,967 through April 30, 2016. We traced selected travel reimbursements to supporting documentation and evaluated compliance with laws and regulations. No exceptions were noted.

### **Contracts**

The Board's three largest contracts were with the I.C.E. Institute of Continuing Education, Computer Network Consultants, and the National Inspection Testing and Certification Corporation for purchases of continuing education materials, computer networking services, and testing and certification services for plumbing personnel, respectively. Expenditures on these contracts totaled \$134,793 through April 30, 2016. We traced selected contract payments to contract terms and evaluated compliance with laws and regulations. No exceptions were noted.

### **Payroll and Personnel**

Approximately 50% of the Board's expenditures relate to payroll costs. Board personnel include the director, an office manager, a staff accountant, two office workers, and six enforcement officers. We traced selected employees' salaries to contract terms or pay structure, evaluated controls over time and attendance records, and evaluated termination payments. No exceptions were noted.

### **Budget**

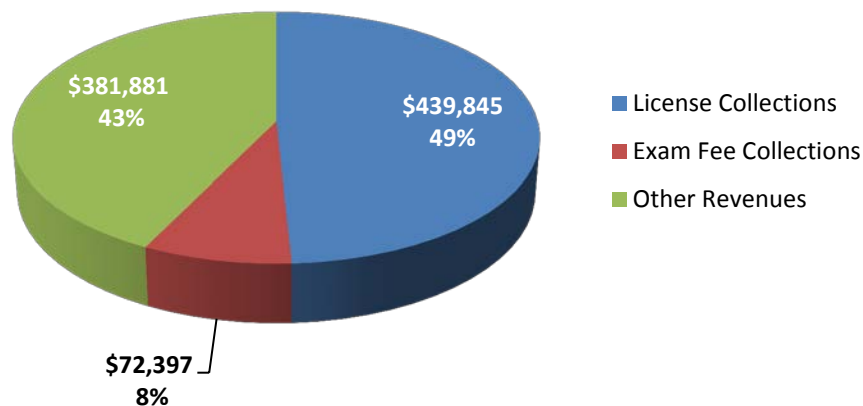
The Board annually adopts a budget by majority vote of its board of directors. The budget for the year ended June 30, 2016, was approximately 4% higher than the previous year to compensate for discretionary merit increases during fiscal year 2016. We confirmed the adoption of the Board's budget and evaluated variances between budgeted amounts and actual revenues and expenditures for reasonableness. No exceptions were noted.

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## **Comparison of Activity between Years**

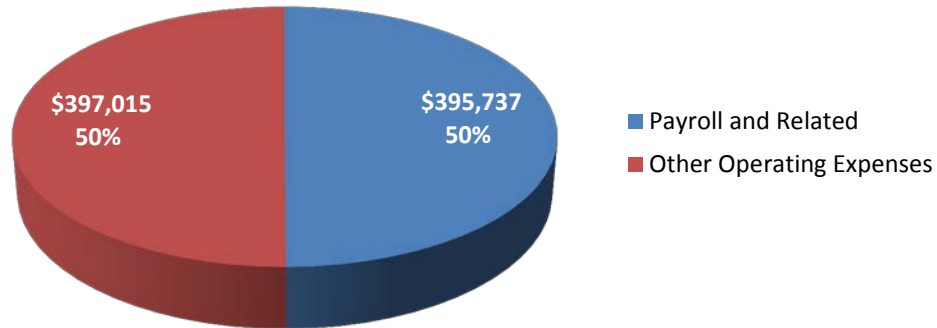
We compared the most current and prior-year financial activity using the Board's general ledger and other system generated reports to identify trends and obtained explanations from management for any significant variances that could potentially indicate areas of risk. Management provided reasonable explanations for all significant variances. The following charts show the Board's fiscal year 2016 cash basis revenues and expenditures through April 30, 2016.

**Fiscal Year 2016 Revenues, as of April 30, 2016**



Source: Board's General Ledger

**Fiscal Year 2016 Expenditures, as of April 30, 2016**



**Source:** Board's General Ledger

Under Louisiana Revised Statute 24:513, this report is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,

Daryl G. Purpera, CPA, CFE  
Legislative Auditor

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SPBLA 2016

## APPENDIX A: SCOPE AND METHODOLOGY

We conducted certain procedures at the State Plumbing Board of Louisiana (Board) for the period from July 1, 2015, through June 30, 2016. Our objective was to evaluate certain internal controls the Board uses to ensure accurate financial reporting, compliance with applicable laws and regulations, and overall accountability over public funds. The scope of our procedures, which are summarized below, was significantly less than an audit conducted in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. We did not audit or review the Board's Annual Fiscal Report, and, accordingly, we do not express an opinion on that report. The Board's accounts are an integral part of the state of Louisiana's financial statements, upon which the Louisiana Legislative Auditor expresses opinions.

- We evaluated the Board's operations and system of internal control through inquiry, observation, and review of its policies and procedures, including a review of the laws and regulations applicable to the Board.
- Based on the documentation of the Board's controls and our understanding of related laws and regulations, we performed procedures on selected controls and transactions relating to cash, licensing fees, credit cards, travel expenditures, contracts, payroll and personnel, and budget.
- We compared the most current and prior-year financial activity using the Board's general ledger and other system generated reports and obtained explanations from the Board's management for any significant variances.

The purpose of this report is solely to describe the scope of our work at the Board and not to provide an opinion on the effectiveness of the Board's internal control over financial reporting or on compliance. Accordingly, this report is not intended to be and should not be used for any other purpose.