

LOUISIANA STATE BOARD OF DENTISTRY
STATE OF LOUISIANA



FINANCIAL AUDIT SERVICES
PROCEDURAL REPORT
ISSUED AUGUST 25, 2016

**LOUISIANA LEGISLATIVE AUDITOR
1600 NORTH THIRD STREET
POST OFFICE BOX 94397
BATON ROUGE, LOUISIANA 70804-9397**

LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

ASSISTANT LEGISLATIVE AUDITOR
FOR STATE AUDIT SERVICES
NICOLE B. EDMONSON, CIA, CGAP, MPA

DIRECTOR OF FINANCIAL AUDIT
ERNEST F. SUMMERVILLE, JR., CPA

Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Attorney General, and to other public officials as required by state law. A copy of this report is available for public inspection at the Baton Rouge office of the Louisiana Legislative Auditor and at the office of the parish clerk of Board.

This document is produced by the Louisiana Legislative Auditor, State of Louisiana, Post Office Box 94397, Baton Rouge, Louisiana 70804-9397 in accordance with Louisiana Revised Statute 24:513. One copy of this public document was produced at an approximate cost of \$0.30. This material was produced in accordance with the standards for state agencies established pursuant to R.S. 43:31. This report is available on the Legislative Auditor's website at www.la.la.gov. When contacting the office, you may refer to Agency ID No. 3463 or Report ID No. 80160149 for additional information.

In compliance with the Americans With Disabilities Act, if you need special assistance relative to this document, or any documents of the Legislative Auditor, please contact Elizabeth Coxe, Chief Administrative Officer, at 225-339-3800.

Louisiana Legislative Auditor

Daryl G. Purpera, CPA, CFE



Louisiana State Board of Dentistry

August 2016

Audit Control # 80160149

Introduction

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

The Board was created within the Louisiana Department of Health as provided by Louisiana Revised Statute 37:753. The Board is responsible for licensing and regulating dentists, dental hygienists, and dental assistants in Louisiana.

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 Board's controls and our understanding of related laws and regulations, we performed procedures on selected controls and transactions relating to cash, licensing fees, travel expenses, contracts, payroll and personnel, other operating expenses, and budget.

Cash

The Board maintains one checking account for general operations. The executive director and three staff participate in cash collection, disbursement, and reconciliation activities. Cash balances totaled \$2,232,227 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. No exceptions were noted.

Licensing Fees

Approximately 83% of the Board's revenue collections are biennial 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.

Travel Expenses

Travel expenses include conference travel for Board members and the Board's executive director, reimbursement of travel expenses for staff to perform required dental office inspections, and reimbursement of travel expenses for Board members to attend meetings. Fiscal year 2016 travel expenses totaled \$23,953 through April 30, 2016. We traced selected travel expense reimbursements to supporting documentation and evaluated compliance with laws and regulations. No exceptions were noted.

Contracts

The Board contracted with several parties to perform accounting, consulting, and legal services. Fiscal year 2016 contract expenditures totaled \$113,066 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 63% of the Board's expenditures relate to payroll costs. Board personnel include the executive director, director of licensing, an inspector, and four administrative staff. We traced selected employees' salaries to contract terms or pay structure, and evaluated controls over time and attendance records, and evaluated termination payments. No exceptions were noted.

Other Operating Expenses

The Board's office supplies and small purchases are either paid directly by the Board or reimbursed to the executive director. We traced selected reimbursements to the executive director to supporting documentation and evaluated compliance with laws and regulations. No exceptions were noted.

Budget

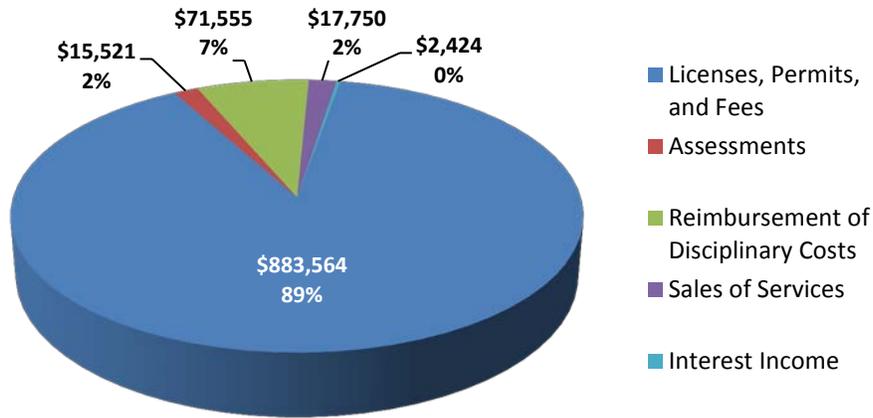
The Board annually adopts a budget by majority vote of its board of directors. The amended expense budget for the year ended June 30, 2016, was approximately 14% lower than the previous year's actual expenses mainly because of a decrease in total professional services, specifically in legal and investigations expenses. We confirmed the adoption of the Board's budget and evaluated variances between budgeted amounts and actual revenues and expenditures for reasonableness as of April 30, 2016. No exceptions were noted.

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

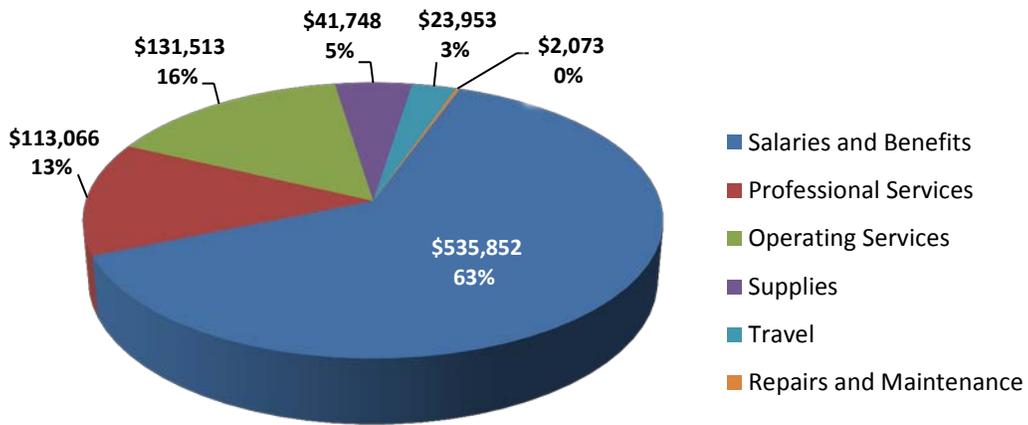
charts show the Board’s fiscal year 2016 cash basis revenues and expenditures through April 30, 2016.

Fiscal Year 2016 Revenues, as of April 30, 2016



Source: Board General Ledger

Fiscal Year 2016 Expenditures, as of April 30, 2016



Source: Board 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

APPENDIX A: SCOPE AND METHODOLOGY

We conducted certain procedures at the Louisiana State Board of Dentistry (Board) for the period from July 1, 2015, through June 30, 2016. Our objective 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 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 opinions 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, travel expenses, contracts, payroll and personnel, other operating expenses, 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.