

September 12, 1997

To the Board of Examiners
Louisiana Licensed Professional Vocational
Rehabilitation Counselors Board of Examiners
Baton Rouge, Louisiana

In planning and performing my audit of the component unit financial statements of the Louisiana Licensed Professional Vocational Rehabilitation Counselors Board of Examiners for the years ended June 30, 1997 and 1996, I considered the organization's internal control structure to determine my auditing procedures for the purpose of expressing an opinion on the financial statement and not to provide assurance on the internal control structure.

However, during my audit, I noted certain matters involving the internal control structure and other operational matters that are presented for your consideration. I will review the status of these comments during my next audit engagement. My comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control structure or result in other operating efficiencies. I will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. My comments are summarized as follows:

Internal Control Structure

I reported that, "as a material weakness in the internal control structure, the size of the Board's operations and its limited staff preclude an adequate segregation of duties and other features of an adequate system of internal control." Although to increase staff is not cost beneficial, the board can take steps to strengthen their internal control structure.

I wish to thank DeVonna Ponthieu for her support and assistance during the audit.

This report is intended solely for the information and use of the Board of Examiners, management and the Legislative Auditor of the State of Louisiana.


Alton Dale Thornton, Jr.
Certified Public Accountant

Independent Auditor's Report on Compliance Based on an
Audit of General Purpose Financial Statements Performed In
Accordance With *Government Auditing Standards*

To the Board of Examiners
Louisiana Licensed Professional Vocational
Rehabilitation Counselors Board of Examiners
Baton Rouge, Louisiana


I have audited the component unit financial statements of the Louisiana Licensed Professional Vocational Rehabilitation Counselors Board of Examiners, a component unit of the State of Louisiana, as of and for the years ended June 30, 1997 and 1996, and have issued my report thereon dated September 12, 1997.

I conducted my audit in accordance with generally acceptance auditing standards and *Government Auditing Standards*, issued by the Comptroller General of The United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements.

Compliance with laws, regulations, contracts, and grants applicable to the Louisiana Licensed Professional Vocational Rehabilitation Counselors Board of Examiners is the responsibility of the Board of Examiners. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatements, I performed tests of the Louisiana Licensed Professional Vocational Rehabilitation Counselors Board of Examiners compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of my audit of the general purpose financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, I do not express such an opinion.

The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended for the information of the Board of Examiners, management and the Legislative Auditor of the State of Louisiana. This restriction is not intended to limit the distribution of this report which is a matter of public record.


September 12, 1997

my opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, I do not express such an opinion.

I noted certain matters involving the internal control structure and its operation that I consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control structure that, in my judgement, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements.

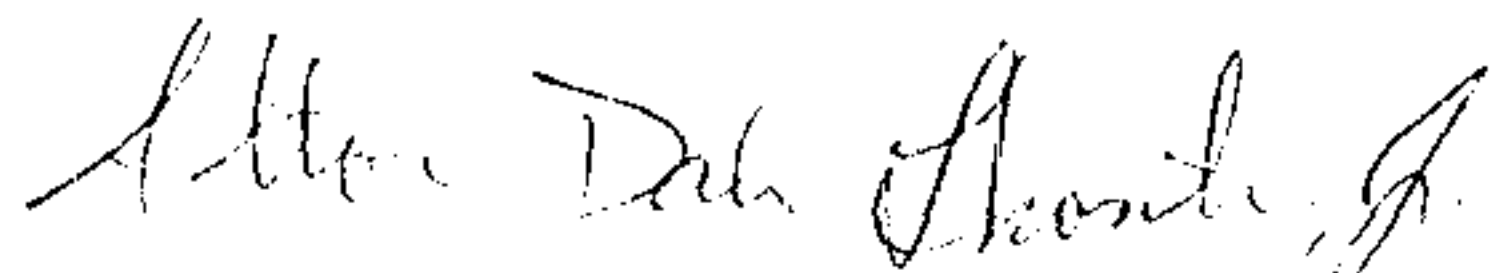
In my consideration of the internal control structure, I noted that, as a reportable condition, the size of the board's operations and its limited staff preclude an adequate segregation of duties and other features of an adequate system of internal control, although to employ such controls may not be cost beneficial.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions that are also considered to be material weaknesses as defined above. However, I believe the reportable condition described above is not a material weakness.

I also noted other matters involving the internal control structure and its operation that I have reported to the board of Examiners of the Louisiana Licensed Professional Vocational Rehabilitation Counselors Board of Examiners, in a separate letter dated September 12, 1997.

This report is intended for the information of the Board of Examiners, management and the Legislative Auditor of the State of Louisiana. This restriction is not intended to limit the distribution of this report, which is a matter of public record.



September 12, 1997

Independent Auditor's Report on Internal Control
Structure Based on an Audit of General Purpose
Financial Statements performed in Accordance
With *Government Auditing Standards*

To the Board of Examiners
Louisiana Licensed Professional Vocational
Rehabilitation Counselors Board of Examiners
Baton Rouge, Louisiana

I have audited the general purpose financial statements of the Louisiana Licensed Professional Vocational Rehabilitation Counselors Board of Examiners, a component unit of the State of Louisiana, as of and for the year ended June 30, 1997 and 1996, and have issued my report thereon dated September 12, 1997.

I conducted my audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

The Board of Examiners of the Louisiana Licensed Professional Vocational Rehabilitation Counselors Board of Examiners is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgements by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projections of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing my audit of the general purpose financial statements of the Louisiana Licensed Professional Vocational Rehabilitation Counselors Board of Examiners, for the years ended June 30, 1997 and 1996, I obtained an understanding of the internal control structure. With respect to the internal control structure, I obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and I assessed control risk in order to determine my auditing procedures for the purpose of expressing

OTHER REPORTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS

The following pages contain reports on internal control structure and compliance with laws and regulation required by *Government Auditing Standards*, issued by the Comptroller General of the United States. The report on internal control structure is based solely on the audit of the financial statements and includes, where appropriate, any reportable conditions and/or material weaknesses. The report on compliance with laws and regulations is, likewise, based solely on the audit of the presented financial statements and presents, where applicable, compliance matter that would be material to the presented financial statements.

LOUISIANA LICENSED PROFESSIONAL VOCATIONAL
REHABILITATION COUNSELORS BOARD OF EXAMINERS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 10 - Pension Plan

All employees are members in the Louisiana State Employee Retirement System. In addition to the employee contribution withheld at 7.5% of gross salary, the State contributes an additional 12.0% of gross salary of the Louisiana State Employees Retirement System. The total payroll of the board for the fiscal years ending June 30, 1997 and 1996 were \$10,750 and 5,700 respectively, all covered by the retirement system. Under present statutes, the agency does not guarantee any of the benefits granted by the retirement system.

LOUISIANA LICENSED PROFESSIONAL VOCATIONAL
REHABILITATION COUNSELORS BOARD OF EXAMINERS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 5 - Budget Practices (continued)

3. The budget must be revised and approved by the Board of Examiners for any increase in budgetary expenditures
4. All budgetary appropriations lapse at the end of each fiscal year.

Note 6 - Leases

The Board does not have any capital leases. It rents office space in Baton Rouge, Louisiana on a monthly basis. The rental agreement provides for office space and utilities at a cost of \$260 per month. The agreement can be canceled with a thirty (30) day notice.

Note 7 - Cash and Cash Equivalents

For reporting purposes, cash and cash equivalents included cash, demand deposits, time deposits, and certificates of deposit. Under state law, the Louisiana Licensed Professional Vocational Rehabilitation Counselors Board of Examiners may deposit funds within a fiscal agent bank selected and designated by the Interim Emergency Board. Further, the Board may invest in time certificates of deposit of state banks organized under the laws of Louisiana, national banks having their principal office in the state of Louisiana, in savings accounts or shares of savings and loan associations and savings banks and in share accounts and share certificate accounts of federally or state chartered credit unions.

As reflected on Pages 3 and 4, the Louisiana Licensed Professional Vocational Rehabilitation counselors Board of Examiners had cash and cash equivalents totaling \$27,272 at June 30, 1997 and \$23,466 at June 30, 1996. Cash and cash equivalents are stated at cost, which approximate market. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These pledged securities are in the name of the pledging fiscal agent bank in the holding or custodial bank in the form of safekeeping receipts held by the state treasurer. The deposits at June 30, 1997 and 1996 of \$27,272 and \$23,433 respectively, consisted entirely of noninterest-bearing demand accounts insured by the Federal Insurance Deposit Corporation (FDIC).

Note 8 - Total Columns on Statements

The total columns on the statements are captioned Memorandum Only to indicate they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Nor is such data comparable to a consolidation

Note 9 - Schedule of Per Diem Paid to Board Members

Board members service without compensation as provided by Louisiana Revised Statute 37:3444 (D).

LOUISIANA LICENSED PROFESSIONAL VOCATIONAL
REHABILITATION COUNSELORS BOARD OF EXAMINERS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

General Fund

The General Fund is the only fund and is used to account for the general operations of the Board. The various fees and charges due the Board are accounted for in this fund. Generally operations expenditures are paid from this fund.

Account Group

The Account Group is not a fund. It is concerned only with the measurements of financial position, not with measurement of results of operations.

Note 3 - Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The Board's records are maintained on the accrual basis of accounting.

Note 4 - General Fixed Assets

Fixed assets used in the governmental fund type operations are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. Depreciation has not been provided on general fixed assets. All fixed assets are valued at historical cost or estimated historical cost.

The changes in general fixed assets are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
July 1, 1995 - June 30, 1996	5,672	2,719	-0-	8,391
July 1, 1996 - June 30, 1997	8,391	-0-	-0-	8,391

Note 5 - Budget Practices

The Louisiana Licensed Professional Vocational Rehabilitation Counselors Board of Examiners utilized the following budgetary practices:

1. The Board is required by Louisiana Revised Statute 39:1334 and 1335 to adopt and submit a budget by January 1 of each year to the Louisiana Department of Health and Hospitals for the following expenditures and the means of financing them.
2. Each budget is presented on the accrual basis of accounting.

LOUISIANA LICENSED PROFESSIONAL VOCATIONAL
REHABILITATION COUNSELORS BOARD OF EXAMINERS

NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies

The Louisiana Licensed Professional Vocational Rehabilitation Counselors Board of Examiners is a component unit of the State of Louisiana operated within the Louisiana Department of Health and Hospitals, as provided by Louisiana Revised Statutes 37:3441 - 37:3452. The Board is composed of five members, appointed by the Governor, who serve terms of four years. Board members are not compensated for Board meetings they attend but are reimbursed actual travel expenses as authorized by Louisiana Revised Statute 37:3444(D). The Board is charged with the responsibility of regulating the rehabilitation counseling profession in the state. The Board administers examinations; issues, suspends, and/or revokes licenses of technicians and apprentices; and determines technical knowledge necessary to protect the public welfare. The Board began operations in April 1989, and is funded with self generated license fees. There are no appropriated funds.

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and transactions of state and local governmental entities. In June of 1987, the GASB issued a revised codification of governmental accounting and financial reporting standards. The codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local government.

The Louisiana Licensed Professional Vocational Rehabilitation Counselors Board of Examiners prepares its financial statements in accordance with the standards established by the GASB. GASB Codification Section 2100 establishes criteria for determining the governmental reporting entity and has defined the governmental reporting entity to be the State of Louisiana. The accompanying statements present only transactions of the Louisiana Licensed Professional Vocational Rehabilitation Counselors Board of Examiners, a component unit of the State of Louisiana.

Annually, the State of Louisiana issues general purpose financial statements, which includes the activity contained in the accompanying financial statements. The general purpose financial statements are issued by the Louisiana Division of Administration-Office of Statewide Reporting and Accounting Policy and audited by the Louisiana Legislative Auditor.

Note 2 - Fund Accounting

The accounts of the Louisiana Licensed Professional Vocational Rehabilitation Counselors Board of Examiners are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. Revenues are accounted for in these individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The funds presented in the financial statements are described as follows:

LOUISIANA LICENSED PROFESSIONAL VOCATIONAL
REHABILITATION COUNSELORS BOARD OF EXAMINERS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (GAAP/BASIS) AND ACTUAL-GOVERNMENTAL FUND TYPE - GENERAL FUND FOR THE
YEAR ENDED JUNE 30, 1996

	<u>BUDGET</u>	<u>ACTUAL</u>	VARIANCE FAVORABLE (UNFAVORABLE)
<u>REVENUES</u>			
Renewal Fees	22,100	17,900	(4,200)
Examination Fees	1,150	5,700	4,550
Other Income	<u>1,400</u>	<u>25</u>	<u>(1,375)</u>
Total Revenue	<u>24,650</u>	<u>23,625</u>	<u>(1,025)</u>
 <u>EXPENDITURES</u>			
Operating Services	8,005	5,716	2,289
Materials and Supplies	1,200	1,749	(549)
Professional Services	14,600	3,118	11,482
Rent	11,940	7,530	4,410
Payroll Expenses	-0-	6,401	(6,401)
Capital Outlays	<u>2,410</u>	<u>2,719</u>	<u>(309)</u>
Total Expenditures	<u>38,155</u>	<u>27,233</u>	<u>10,922</u>
 EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	 (13,505)	 (3,608)	 9,897
 FUND BALANCE AT BEGINNING OF YEAR	 <u>26,345</u>	 <u>26,345</u>	 <u>-0-</u>
 FUND BALANCE AT END OF YEAR	 <u>12,840</u>	 <u>22,737</u>	 <u>9,897</u>

The Accompanying Notes are an Integral Part of This Statement.

LOUISIANA LICENSED PROFESSIONAL VOCATIONAL
REHABILITATION COUNSELORS BOARD OF EXAMINERS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (GAAP/BASIS) AND ACTUAL-GOVERNMENTAL FUND TYPE - GENERAL FUND FOR THE
YEAR ENDED JUNE 30, 1997

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<u>REVENUES</u>			
Renewal Fees	23,750	23,760	10
Application and Examination Fees	350	3,900	3,550
Other Income	<u>-0-</u>	<u>59</u>	<u>59</u>
Total Revenue	<u>24,100</u>	<u>27,719</u>	<u>3,619</u>
<u>EXPENDITURES</u>			
Operating Services	6,000	6,291	(291)
Materials and Supplies	1,000	793	207
Professional Services	6,100	1,325	4,775
Payroll Expenses	13,662	12,190	1,472
Rent	3,300	3,120	180
Capital Outlays	<u>1,300</u>	<u>-0-</u>	<u>1,300</u>
Total Expenditures	<u>31,362</u>	<u>23,719</u>	<u>7,643</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(7,262)	4,000	11,262
FUND BALANCE AT BEGINNING OF YEAR	<u>22,737</u>	<u>22,737</u>	<u>-0-</u>
FUND BALANCE AT END OF YEAR	<u>15,475</u>	<u>26,737</u>	<u>11,262</u>

The Accompanying Notes are an Integral Part of This Statement.

LOUISIANA LICENSED PROFESSIONAL VOCATIONAL
REHABILITATION COUNSELORS BOARD OF EXAMINERS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND TYPE - GENERAL FUND
FOR THE YEAR ENDING JUNE 30,

	<u>1997</u>	<u>1996</u>
<u>REVENUES</u>		
Renewal Fees	23,760	17,900
Application and Examination Fees	3,900	5,700
Other Income	<u>59</u>	<u>25</u>
Total Revenue	<u>27,719</u>	<u>23,625</u>
 <u>EXPENDITURES</u>		
Operating Services	6,291	5,716
Materials and Supplies	793	1,749
Professional Services	1,325	3,118
Rent	3,120	7,530
Payroll Expenses	12,190	6,401
Capital Outlay	<u>-0-</u>	<u>2,719</u>
Total Expenditures	<u>23,719</u>	<u>27,233</u>
 EXCESS OF REVENUES OVER EXPENDITURES	 4,000	 (3,608)
 FUND BALANCE - BEGINNING OF YEAR	 <u>22,737</u>	 <u>26,345</u>
 FUND BALANCE - END OF YEAR	 <u>26,737</u>	 <u>22,737</u>

The Accompanying Notes are an Integral Part of This Statement.

LOUISIANA LICENSED PROFESSIONAL VOCATIONAL
REHABILITATION COUNSELORS BOARD OF EXAMINERS

COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 1996

	GOVERNMENTAL FUND TYPE GENERAL	ACCOUNT GROUP GENERAL FIXED ASSETS	TOTALS MEMORANDUM ONLY
<u>ASSETS</u>			
Cash	<u>23,466</u>		23,466
Fixed Assets		<u>8,391</u>	<u>8,391</u>
TOTAL ASSETS	<u>23,466</u>	<u>8,391</u>	<u>31,857</u>
 <u>LIABILITIES, EQUITY AND OTHER CREDITS</u>			
Liabilities			
Accounts Payable	253		253
Payroll Taxes Payable	291		291
Pension Payable	<u>185</u>		<u>185</u>
TOTAL LIABILITIES	<u>729</u>		<u>729</u>
 Equity and Other Credits			
Investment in Fixed Assets		<u>8,391</u>	8,391
Fund Balance - Unreserved	<u>22,737</u>		<u>22,737</u>
TOTAL LIABILITIES, EQUITY AND OTHER CREDITS	<u>23,466</u>	<u>8,391</u>	<u>31,857</u>

The Accompanying Notes are an Integral Part of This Statement.

LOUISIANA LICENSED PROFESSIONAL VOCATIONAL
REHABILITATION COUNSELORS BOARD OF EXAMINERS

COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 1997

	GOVERNMENTAL FUND TYPE GENERAL	ACCOUNT GROUP GENERAL FIXED ASSETS	TOTALS MEMORANDUM ONLY
<u>ASSETS</u>			
Cash	<u>27,272</u>		27,272
Fixed Assets		<u>8,391</u>	<u>8,391</u>
TOTAL ASSETS	<u>27,272</u>	<u>8,391</u>	<u>35,663</u>
<u>LIABILITIES, EQUITY AND OTHER CREDITS</u>			
Liabilities			
Accounts Payable	187		187
Payroll Taxes Payable	159		159
Pension Payable	<u>189</u>		<u>189</u>
TOTAL LIABILITIES	<u>535</u>		<u>535</u>
Equity and Other Credits			
Investment in Fixed Assets		<u>8,391</u>	8,391
Fund Balance - Unreserved	<u>26,737</u>		<u>26,737</u>
TOTAL LIABILITIES, EQUITY AND OTHER CREDITS	<u>27,272</u>	<u>8,391</u>	<u>35,663</u>

The Accompanying Notes are an Integral Part of This Statement.

INDEPENDENT AUDITOR'S REPORT

To the Board of Examiners
Louisiana Licensed Professional Vocational
Rehabilitation Counselors Board of Examiners
Baton Rouge, Louisiana

I have audited the accompanying general purpose financial statements of the Louisiana Licensed Professional Vocational Rehabilitation Counselors Board of Examiners, a component unit of the State of Louisiana created within the Louisiana Department of Health and Hospitals, as of and for the years ended June 30, 1997 and 1996, as listed in the table of contents. These general purpose financial statements are the responsibility of the Louisiana Licensed Professional Vocational Rehabilitation Counselors Board of Examiners. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the component unit financial statements referred to above present fairly, in all material respects, the financial position of the Louisiana Licensed Professional Vocational Rehabilitation Counselors Board of Examiners as of June 30, 1997 and 1996, and the results of its operations for the years then ended, in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, I have also issued a report dated September 12, 1997 on my consideration of the Louisiana Licensed Professional Vocational Rehabilitation Counselors Board of Examiners' internal control structure and a report dated September 12, 1997 on its compliance with laws and regulations.



September 12, 1997

CONTENTS

INDEPENDENT AUDITOR'S REPORT	2
FINANCIAL STATEMENTS	
Combined Balance Sheets	3
Statements of Revenues, Expenditures and Changes in Fund Balance - Governmental Fund Type	5
Statements of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP/BASIS) and Actual - Governmental Fund Type	6
Notes to Financial Statements	8
ADDITIONAL INFORMATION	
Report on Internal Control Structure	13
Report on Compliance	15

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**Louisiana Licensed Professional Vocational
Rehabilitation Counselors Board of Examiners**

Financial Statements

June 30, 1997 and 1996

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court

Release Date OCT 08 1997

Alton Dale Thornton, Jr.
Certified Public Accountant
Baton Rouge, Louisiana

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