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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Louisiana Board of Veterinary Medicine Examiners
Department of Health and Hospitals
State of Louisiana

We have audited the accompanying general purpose financial statements of the Louisiana Board of Veterinary Medicine Examiners, a component unit of the State of Louisiana, as of and for the year ended June 30, 1998, as listed in the table of contents. These general purpose financial statements are the responsibility of the Louisiana Board of Veterinary Medicine Examiners management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and the Louisiana Governmental Auditing Guide. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Louisiana Board of Veterinary Medicine Examiners as of June 30, 1998, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated September 16, 1998 on our consideration of Louisiana Board of Veterinary Medicine Examiners' internal control over financial reporting and our tests of its compliance with laws and regulations, contracts and grants.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The "schedule" listed in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the Louisiana Board of Veterinary Medicine Examiners. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

McRight & Associates

McRight & Associates

September 16, 1998

LOUISIANA BOARD OF VETERINARY MEDICINE EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 1998

	Governmental Fund Type General Fund	General Fixed Assets	General Long Term Debt	Total (Memo Only)
ASSETS				
Cash & Cash Equivalents	\$ 81,465			\$ 81,465
Prepaid Expenses	2,300			2,300
Furniture & Equipment		\$20,734		20,734
Amt to be Provided for Retirement of Long Term Debt			\$ 5,487	5,487
TOTAL ASSETS	<u>83,765</u>	<u>\$20,734</u>	<u>5,487</u>	<u>109,986</u>
LIABILITIES AND FUND EQUITY				
LIABILITIES				
Accounts Payable	\$ 6,514			\$ 6,514
Accrued Payroll & Benefits	519			519
Payroll Deductions & Withholding Payable	302			302
Deferred Income	15,660			15,660
Compensated Absences			5,487	5,487
TOTAL LIABILITIES	<u>\$22,995</u>	<u>\$ -0-</u>	<u>\$ 5,487</u>	<u>\$ 28,482</u>
FUND EQUITY				
Investment in General Fixed Assets		\$20,734		\$ 20,734
Fund Balance: Unreserved-Undesignated	60,770			60,770
TOTAL FUND EQUITY	<u>60,770</u>	<u>\$20,734</u>	<u>-0-</u>	<u>\$ 81,504</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 83,765</u>	<u>\$20,734</u>	<u>5,487</u>	<u>\$109,986</u>

The accompanying notes are an integral part of this statement

LOUISIANA BOARD OF VETERINARY MEDICINE EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
COMBINED STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES -
ALL GOVERNMENTAL FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 1998

	GENERAL FUND <u>1998</u>
REVENUES	
License Fees	\$135,675
Exam & Course Fees	50,345
Enforcement Actions	9,195
Sale of Goods & Services	382
interest	4,371
Other	396
	\$200,364
EXPENDITURES	
Accounting	\$ 5,790
Board Member - Travel	2,958
Board - Per Diem	4,575
Computer Expense	3,825
Dues & Subscriptions	722
Employee Benefits	13,298
Examination & Course	31,895
Insurance	3,419
Legal	68,712
Office Supplies	2,186
Other Travel	2,949
Postage	6,114
Printing	1,269
Rentals & Repairs	9,698
Salaries	63,756
Telephone	1,545
All Other	8,477
	231,188
Excess of Revenues over Expenditures	(30,824)
Fund Balance - Beginning	91,594
	60,770
Fund Balance - Ending	60,770

The accompanying notes are an integral part of this statement

LOUISIANA BOARD OF VETERINARY MEDICINE EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE
BUDGET (GAAP) AND ACTUAL - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 1998

	<u>ACTUAL</u>	<u>BUDGET</u>	VARIANCE- FAVORABLE (UNFAVORABLE)
REVENUES:			
License Fees	\$135,675	\$134,875	\$ 800
Exam & Course Fees	50,345	47,115	3,230
Enforcement Actions	9,195	9,045	150
Sale of Goods & Services	382	320	62
Interest	4,371	3,614	757
Other	396	300	96
	<hr/>	<hr/>	<hr/>
Total Revenues	\$200,364	195,269	5,095
EXPENDITURES			
Accounting	\$ 5,790	7,480	1,690
Board Member - Travel	2,958	3,117	159
Board - Per Diem	4,575	3,375	(1,200)
Computer Expense	3,825	2,845	(980)
Dues & Subscriptions	722	744	22
Employee Benefits	13,298	13,778	480
Examination & Course	31,895	32,745	850
Insurance	3,419	3,419	-0-
Legal	68,712	39,000	(29,712)
Office Supplies	2,186	2,535	349
Other Travel	2,949	2,800	(149)
Postage	6,114	6,010	(104)
Printing	1,269	1,800	531
Rentals & Repairs	9,698	10,900	1,202
Salaries	63,756	65,798	2,042
Telephone	1,545	2,400	855
All Other	8,477	10,572	2,095
	<hr/>	<hr/>	<hr/>
Total Expenses	231,188	209,318	(21,870)
Revenues over Expenditures	(30,824)	(14,049)	(16,775)
Fund Balance - Beginning	91,594	91,594	-0-
	<hr/>	<hr/>	<hr/>
Fund Balance - Ending	<u>60,770</u>	<u>77,545</u>	<u>(16,775)</u>

The accompanying notes are an integral part of this statement

LOUISIANA BOARD OF VETERINARY MEDICINE EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1998

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting entity:

The Louisiana Board of Veterinary Medicine Examiners (the Board) is a component unit of the State of Louisiana created within the Louisiana Department of Health and Hospitals, as provided by Louisiana Revised Statute 37:1515. The Board is composed of five members, appointed by the Governor. The members serve terms of five years. The Board is charged with the responsibility of establishing fee charges for examinations, registrations for licenses, and to establish rules and regulations governing activities of the veterinary professional within the confines of the state. Operations of the Board are funded entirely through self-generated revenues.

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities 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 Board of Veterinary Medicine 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 Board of Veterinary Medicine Examiners, a component unit of the State of Louisiana.

LOUISIANA BOARD OF VETERINARY MEDICINE EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1998

Annually the State of Louisiana issued general purpose financial statements which include 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.

A. FUND ACCOUNTING

The accounts of the Board 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:

GOVERNMENTAL FUNDS:

General Fund:

The General Fund is the principal 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. General operating expenditures are paid from this fund. The Board has no other Funds.

B. GENERAL FIXED ASSETS AND GENERAL LONG-TERM OBLIGATIONS

Fixed assets used in the governmental fund type operations (general fixed assets) 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 costs.

LOUISIANA BOARD OF VETERINARY MEDICINE EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1998

Long-term obligation expected to be financed from governmental funds are accounted for in the General Long-Term Obligation Account Group, not in the governmental funds.

The two account groups are not "funds". They are concerned only with the measurement of financial position, not with measurement of results of operations.

C. 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 modified accrual basis of accounting using the following practices:

Revenues:

For all fiscal years ending through June 30, 1993, applications for renewal of licenses were issued on April 1 and become delinquent on July 1 of the year prior to the year for which the license would be effective. Any revenue collected for original licenses or renewal of licenses, prior to the start of the next fiscal year, is recorded as deferred income in the year collected. Original licenses and renewal licenses are effective for the fiscal year starting July 1 and ending June 30. Act 720 of the Regular Session of 1993 has changed the dates licenses are effective for. All licenses will now expire on September 30 of each year. Applications for renewal will be from July 1 and become delinquent as of November 1 of the year the license is issued for.

Other revenue is recorded in the year in which the revenue is available and measurable. In that usage, the term available means collectible in the current period or soon enough thereafter to be used to pay liabilities that are owed at the balance sheet date.

LOUISIANA BOARD OF VETERINARY MEDICINE EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1998

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liabilities are incurred and the goods or services have been received.

D. BUDGET PRACTICES

Budgets are prepared and adopted by the Board annually. The budget for the fiscal year ending June 30, 1998 was adopted by the Board prior to the start of the fiscal year.

All funds budgeted are immediately available, as the Board's operations are financed with self-generated revenue. Therefore, the budget is known as a nonappropriated budget.

The Board normally does not use encumbrance accounting, so the budget was not integrated in the accounting records. In addition, the budget was employed by the Board as a management control device, by comparing budgeted expenditures with actual expenditures.

The budget is prepared on the GAAP basis, using the modified accrual basis of accounting.

The Board monitors the budget and makes changes when deemed appropriate. By Board action, the fiscal year June 30, 1998 budget had items approved in addition to the original budget.

The Board has complied with the budgetary requirements of LSA-RS 39:43.

E. ENCUMBRANCES

The Louisiana Board of Veterinary Medicine Examiners does not follow the encumbrances method of accounting.

LOUISIANA BOARD OF VETERINARY MEDICINE EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1998

F. CASH AND CASH EQUIVALENTS

For reporting purposes, cash and cash equivalent include cash, demand deposits, time deposits and certificates of deposit.

The Louisiana Board of Veterinary Medicine Examiners had cash and cash equivalents totaling \$ 81,465 at June 30, 1998. Cash and cash equivalents are stated at cost, which approximates 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 held in the name of the pledging fiscal agent bank in a holding or custodial bank in the form of safekeeping receipts held by the state treasurer.

The deposits at June 30, 1998 were accrued as follows:

	June 30, 1998
Demand Deposits	\$ 81,465
Certificates of Deposit	
Total Bank Balances	\$ 81,465
(Secured by FDIC Insurance)	=====

G. INVESTMENTS

The Louisiana Board of Veterinary Medicine Examiners does not maintain investment accounts.

H. INVENTORIES

Inventories are considered immaterial and are recorded at cost and recognized as an expenditure when purchased.

LOUISIANA BOARD OF VETERINARY MEDICINE EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1998

I. ANNUAL AND SICK LEAVE

The Louisiana Board of Veterinary Medicine Examiners has the following policy related to annual and sick leave for the Board's unclassified clerical employees. The earning of annual and sick leave is based on the equivalent of full-time service. It is credited at the end of each month of regular duty.

Accrued unused annual and sick leave shall be carried forward to the succeeding calendar year without limitation. Annual leave must be applied for by the employee and may be used only when approved by the Board. Upon retirement or resignation, unused annual leave of up to 300 hours are paid to employees at the employee's current rate of pay.

Annual leave in excess of 300 hours and sick leave are used in the retirement benefit computation as earned service.

At June 30, 1998, the employees of the Board had accumulated and vested \$5,487 of employee leave benefits, which were computed in accordance with GASB Codification Section C60, as modified by GASB Statement Number 16. All of this amount is recorded as an obligation of the Long Term Debt Group of Accounts.

J. TOTAL COLUMN ON STATEMENTS

The total column on the statements is captioned Memorandum Only to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

LOUISIANA BOARD OF VETERINARY MEDICINE EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1998

K. CHANGES IN GENERAL FIXED ASSETS

The changes in general fixed assets are as follows:

Fiscal Year Ending June 30,	Ending Balance 1997	Additions	Deletions	Ending Balance 1998
Furniture & Equipment	\$19,739 =====	995 =====	=====	20,734 =====

L. PENSION PLAN

Substantially all employees of the board are members of the Louisiana State Employees Retirement System (System), a cost-sharing, multiple-employer public employee retirement system (PERS). The System is a statewide public retirement system, which is organized for the purpose of providing retirement and other benefits for employees of the state and its various departments and agencies and their beneficiaries, and is administered and controlled by a separate board of trustees. Contributions of participating state agencies are pooled within the System to fund accrued benefits, with contribution rates approved by the Louisiana Legislature.

All full-time board employees are eligible to participate in the System. Benefits vest with 10 years of service. At retirement age, employees are entitled to annual benefits equal to \$300 plus 2.5 percent of their highest consecutive 36-month average salary multiplied by their years of credited service. Vested employees may retire at (a) any age with 30 years of service, (b) age 55 with 25 years of service, or (c) age 60 with 10 years of service. The system also provides death and disability benefits. Benefits are established by state statute. The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That

LOUISIANA BOARD OF VETERINARY MEDICINE EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1998

report may be obtained by writing to the Louisiana State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804, or by calling (504) 922-0600.

Covered employees are required by state statute to contribute 7.5 percent of gross salary and the board is required to contribute at an actuarially determined rate. The current rate is 12.4 percent of annual covered payroll. The contribution requirements of plan members and the board are established and may be amended by state statute. As provided by R.S. 11:102, the employer contributions are determined by an actuarial valuation and are subject to change each year based on the results of the valuation from the prior fiscal year. The Louisiana Board of Veterinary Medicine Examiners contributions to the System for years ending June 30, 1998, 1997, 1996, were \$7,272, \$7,377, and \$6,482, respectively, equal to the required contributions for each year.

M. POSTRETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

The Board has no retired employees, and at present does not provide life insurance benefits.

N. OPERATING LEASES

The Board rents its office space under an operation lease. The lease expense included in other services and charges for the fiscal year ended June 30, 1998, was \$7,100. Annual lease expense under the lease term is as follows:

<u>Fiscal Years Ending</u>	<u>Amount</u>
June 30, 1999, 2000, 2001	\$7,200/yr.
THEREAFTER	600

LOUISIANA BOARD OF VETERINARY MEDICINE EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1998

O. CHANGES IN GENERAL LONG-TERM OBLIGATIONS

The following is a summary of the long-term obligation transactions during the year:

	<u>Legal Fees Disputed</u>	<u>Compensated Absences</u>	<u>Capital Leases</u>	<u>Total</u>
Long-term obligations payable 6/30/97	\$ -0-	\$4,611	-0-	\$ 4,611
Additions		876		876
Deductions				
Long-term Obligations Payable 6/30/98	<u>\$ -0-</u>	<u>5,487</u>	<u>-0-</u>	<u>\$ 5,487</u>

M. POSTRETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

The Board has no retired employees, and at present does not provide life insurance benefits.

P. LITIGATION AND CLAIMS

There were no unasserted claims or assessments as of June 30, 1998.

LOUISIANA BOARD OF VETERINARY MEDICINE EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
SCHEDULE OF PER DIEM PAID BOARD MEMBERS
FOR THE FISCAL YEAR ENDED JUNE 30, 1998

NAME	AMT PAID	AMT ACCRUED	TOTAL
Dick Walther	\$ 825	-0-	\$ 825
Adrienne Aycocock	900	-0-	\$ 900
George Gowen	750	-0-	750
James H. Burk	1,125	-0-	1,125
Anne B. Guedry	975	-0-	975
<hr/>			
TOTAL	<u>\$4,575</u>	<u>-0-</u>	<u>\$4,575</u>

The schedule of per diem paid board members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Board members are paid \$75 for each day they attend a board meeting, as authorized by Louisiana Revised Statute.

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REPORT ON THE INTERNAL CONTROL STRUCTURE IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

We have audited the general purpose financial statements of Louisiana Board of Veterinary Medicine Examiners, Baton Rouge Louisiana, as of and for the year ended June 30, 1998, and have issued our report thereon dated September 16, 1998.

We conducted our 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 we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

In planning and performing our audit of the general purpose financial statements of Louisiana Board of Veterinary Medicine Examiners, Baton Rouge, Louisiana, for the year ended June 30, 1998, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control structure.

The management of Louisiana Board of Veterinary Medicine Examiners, Baton Rouge, Louisiana, is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objective 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 general purpose 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 our audit of the general purpose financial statements of the Louisiana Board of Veterinary Medicine, for the year ended June 30, 1998, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structures that, in our judgment, 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.

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.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above.

This report is intended for the information of the board of commissioners, management, and Legislative Auditor's Office. However, this report is a matter of public record, and its distribution is not limited.

McKnight & Associates
September 16, 1998

LOUISIANA BOARD OF VETERINARY MEDICINE EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
SCHEDULE OF INTERNAL CONTROL STRUCTURE REPORTABLE CONDITIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 1998

Inadequate segregation of duties

Condition: The Board is not large enough to permit an adequate segregation of employee duties for effective internal control over the purchasing (invoice approval, processing and general ledger) and reporting (journal entry preparation, approval and recordation) cycles.

Criteria: The processing of purchases and journal entries under the control of one person represents a failure to segregate the incompatible accounting activities.

Effect: The effect is such that errors, either intentional or unintentional, in the processing of purchases and journal entries could occur and not be detected in a timely manner and in the ordinary course of operations.

Cause: The size of the Board and the limited number of employees does not permit an adequate segregation of incompatible duties.

Recommendation: Due to the size of the Board's operations, it does not have sufficient staff to establish adequate segregation of duties. Therefore, the cost associated with reducing this deficiency in the design or operation of the internal control structure may not be considered justified.

Auditee response: Management has noted this condition and has determined that the cost necessary to establish adequate segregation of duties is not justifiable at the current time.

McRight & Associates

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L. Dalton McRight, CPA
Jeanette R. McRight, CPA

COMPLIANCE REPORT BASED ON AN AUDIT OF GENERAL PURPOSE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

We have audited the general purpose financial statements of Louisiana Board of Veterinary Medicine Examiners, Baton Rouge Louisiana, as of and for the year ended June 30, 1998, and have issued our report thereon dated September 16, 1998.

We conducted our 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 we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to Louisiana Board of Veterinary Medicine Examiners, Baton Rouge, Louisiana, is the responsibility of the Board's management. As part of obtaining reasonable assurance about whether the general purpose financial statements are free of material misstatement, we performed tests of the Board's compliance with certain provisions of laws, regulations, contracts, and grants. However, our objective was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

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

This report is intended for the information of board of commissioners, management, and Legislative Auditor's Office. However, this report is a matter of public record, and its distribution is not limited.



Baton Rouge, Louisiana
September 16, 1998

LOUISIANA BOARD OF VETERINARY MEDICINE EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 1998

There were no prior year audit findings that required corrective actions.