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FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT

BOARD OF REGISTRATION FOR
PROFESSIONAL ENGINEERS AND LAND SURVEYORS

DEPARTMENT OF TRANSPORTATION

STATE OF LOUISIANA

JUNE 30, 1997

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.

OCT 07 1997

Release Date _____

BOARD OF REGISTRATION FOR PROFESSIONAL ENGINEERS
AND LAND SURVEYORS

DEPARTMENT OF TRANSPORTATION

STATE OF LOUISIANA

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Zahn, Kenney & Bresette
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Board of Registration For Professional
Engineers and Land Surveyors
Department of Transportation
State of Louisiana

We have audited the accompanying financial statements of the Board of Registration for Professional Engineers and Land Surveyors, a component unit of the Department of Transportation, State of Louisiana, as of and for the year ended June 30, 1997, as listed in the table of contents. These financial statements are the responsibility of the management of Board of Registration for Professional Engineers and Land Surveyors, Department of Transportation, State of Louisiana. 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. 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 financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Board of Registration for Professional Engineers and Land Surveyors, as of June 30, 1997, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information presented on pages 16 and 17 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

Zahn, Kenney & Bresette
Metairie, Louisiana
July 23, 1997

BOARD OF REGISTRATION FOR PROFESSIONAL ENGINEERS
AND LAND SURVEYORS

DEPARTMENT OF TRANSPORTATION
STATE OF LOUISIANA

BALANCE SHEET

JUNE 30, 1997

	GOVERNMENTAL	ACCOUNT GROUPS		TOTAL (MEMORANDUM ONLY)
	FUND TYPE	General	General	
	General	Fixed	Long-Term	
	Fund	Assets	Obligations	
<u>ASSETS</u>				
Cash (Note E)	\$ 65,102	\$	\$	\$ 65,102
Investments (Note F)	313,733			313,733
Fixed assets (Note I)		185,385		185,385
Amount to be provided for payment of accrued annual leave (Note G)			35,654	35,654
Amount to be provided for retirement of general long-term obligations (Note L)			<u>11,674</u>	<u>11,674</u>
Total assets	<u>\$ 378,835</u>	<u>\$185,385</u>	<u>\$ 47,328</u>	<u>\$611,548</u>
<u>LIABILITIES AND FUND EQUITY</u>				
<u>Liabilities</u>				
Accounts payable	\$ 14,644	\$	\$	\$ 14,644
Accrued expenses	17,045			17,045
Accrued annual leave			35,654	35,654
Capital lease obligations			<u>11,674</u>	<u>11,674</u>
Total liabilities	31,689		47,328	79,017
<u>Fund Equity</u>				
Investment in general fixed assets		185,385		185,385
Fund Balance, unreserved and undesignated	<u>347,146</u>			<u>347,146</u>
Total liabilities & fund equity	<u>\$ 378,835</u>	<u>\$185,385</u>	<u>\$ 47,328</u>	<u>\$611,548</u>

(See notes to financial statements)

BOARD OF REGISTRATION FOR PROFESSIONAL ENGINEERS
AND LAND SURVEYORS

DEPARTMENT OF TRANSPORTATION
STATE OF LOUISIANA

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 1997

GENERAL FUND

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>REVENUES</u>			
Licenses, permits and fees	\$808,000	811,840	3,840
Use of money and property - interest	17,000	25,173	8,173
Other	<u>2,000</u>	<u>2,716</u>	<u>716</u>
Total revenues	<u>\$827,000</u>	<u>\$839,729</u>	<u>\$ 12,729</u>
<u>EXPENDITURES</u>			
Personal services & related benefits	\$457,000	\$448,583	\$ 8,417
Operating expenses	348,000	316,873	31,127
Professional services	102,000	73,657	28,343
Other charges (Louisiana Journal)	36,000	21,286	14,714
Capital outlay	<u>112,000</u>	<u>70,131</u>	<u>41,869</u>
Total expenditures	<u>1,055,000</u>	<u>930,530</u>	<u>124,470</u>
Excess (deficiency) of revenues over expenditures	(228,000)	(90,801)	137,199
<u>FUND BALANCE</u>			
Fund Balance, July 1, 1996	<u>437,947</u>	<u>437,947</u>	
Fund Balance, June 30, 1997	<u>\$209,947</u>	<u>\$347,146</u>	

(See notes to financial statements)

BOARD OF REGISTRATION FOR PROFESSIONAL ENGINEERS
AND LAND SURVEYORS

DEPARTMENT OF TRANSPORTATION
STATE OF LOUISIANA

NOTES TO FINANCIAL STATEMENTS

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Board of Registration for Professional Engineers and Land Surveyors is a component unit of the State of Louisiana created within the Louisiana Department of Transportation, as provided by Louisiana Revised Statutes 37:681 through 37:703, 36:509C and 36:803. The Board is composed of eleven members, appointed by the Governor, who serve for terms of six years, not to be reappointed. The Board is charged with the responsibility of administering the registration law for professional engineers and land surveyors. The Board shall have the power to make, adopt, alter, amend, and promulgate all bylaws and rules not inconsistent with the constitution and laws of the state, which may be reasonably necessary for the proper performance of its duties and the regulation of the proceedings before it. Operations of the Board are funded with money received directly from applicants and registrants of the Board. The Board is not to receive state funds through appropriations or otherwise; and shall not expend any such state funds.

The Board of Registration for Professional Engineers and Land Surveyors 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 Board of Registration for Professional Engineers and Land Surveyors, a component unit of the State of Louisiana.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Annually the State of Louisiana issues 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.

B. FUND ACCOUNTING

The accounts of the Board of Registration for Professional Engineers and Land Surveyors are organized into a General Fund and two account groups, each of which is considered a separate accounting entity. The operations of the fund are accounted for with a set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures.

The fund and account groups presented in the financial statements are described as follows:

General Fund

The general fund is used to account for the general operations of the Board. The various revenues and expenditures are accounted for in this fund.

Account Groups

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. Under the modified accrual basis of accounting all revenue is recognized when measurable and available rather than when earned, and all expenditures are recognized when the obligation is incurred.

D. BUDGET PRACTICES

The Board of Registration for Professional Engineers and Land Surveyors utilizes the following budgetary practices:

On November 4, 1996 the Board approved the 1997-98 budget which was subsequently submitted to the Department of Transportation. The Board has no outstanding encumbrances. The budget is prepared using historical data and projections. The Chairman of the Board is empowered to authorize disbursement of funds, in the beneficial interest of the Board and without its prior approval, up to an aggregate amount of two-thousand dollars (\$2,000). Disbursements made under this authorization are reported to and ratified by the Board at its next regular meeting.

E. CASH AND CASH EQUIVALENTS

For reporting purposes, cash and cash equivalents include cash, demand deposits, time deposits and certificates of deposit. Under state law the Board of Registration for Professional Engineers and Land Surveyors may deposit funds within a fiscal agent bank selected and designated by the 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 Statement A, the Board had cash and cash equivalents totaling \$65,102 at June 30, 1997. 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. As of June 30, 1997, the amount on deposit was not in excess of \$100,000. The deposits at June 30, 1997 were secured as follows:

E. CASH AND CASH EQUIVALENTS (CONTINUED)

	<u>Cash</u>
Carrying Amount on Balance Sheet	\$ <u>65,102</u>
Bank Balance:	
1. Insured (FDIC)	\$ 65,102
2. Uncollateralized, including any securities held for the entity but not in the entity's name	<u>-</u>
Total Bank Balances	\$ <u>65,102</u>

F. INVESTMENTS

Under Louisiana Revised Statute 37:690, the Board shall receive, disburse, and account for all money paid out or received. The Board invests in United States Treasury Bills. These securities are held in the name of the Board by Whitney National Bank of New Orleans. These investments are stated on the balance sheet at actual cost. The investments at June 30, 1997 are as follows:

<u>U.S. Government Securities</u>	<u>Category 1 Risk</u>	<u>Carrying Amount</u>	<u>Maturity Value</u>
U.S. Treasury Bill 9127945F7	\$ 99,658	\$ 99,658	\$100,000
U.S. Treasury Bill 9127945H3	99,262	99,262	100,000
U.S. Treasury Bill 9127942W3	57,839	57,839	60,000
U.S. Treasury Bill 9127944Q4	28,554	28,554	30,000
U.S. Treasury Bill 9127944R2	<u>28,420</u>	<u>28,420</u>	<u>30,000</u>
Total Investments	<u>\$313,733</u>	<u>\$313,733</u>	<u>\$320,000</u>

G. VACATION AND SICK LEAVE

The Board of Registration for Professional Engineers and Land Surveyors has the following policy related to vacation and sick leave:

Every full-time employee, earns annual and sick leave for each hour of regular duty, including time the employee is on paid leave or observing a paid holiday. Leave earned is calculated by multiplying hours worked during the pay period by a rate multiplier from a table based on years of state service. Annual and sick leave can be carried forward without limit; however, upon separation no sick leave will be paid and only 300 hours of annual leave will be paid.

G. VACATION AND SICK LEAVE (CONTINUED)

At June 30, 1997, employees of the board had accumulated and vested \$187,980 of employee leave benefits, which was computed in accordance with GASB Codification Section C60. The first 300 hours of annual leave, \$35,654, has been recorded as a general long-term obligation.

H. TOTAL COLUMNS ON STATEMENTS

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

I. 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 for on these fixed assets. All fixed assets are valued at historical cost or estimated historical cost.

The changes in general fixed assets (all furniture and equipment) follows:

Balance at June 30, 1996	\$182,623
Additions	70,281
Deletions	<u>(67,519)</u>
Balance at June 30, 1997	<u>\$185,385</u>

J. PENSION PLAN

All full-time employees, both classified and unclassified, participate in the State of Louisiana's Retirement Plan, LASER. In addition to the employee contribution withheld at 7.5% of gross salary, the Board contributes an additional 12.4% of gross salary. Contributions to the system are funded through employee and employer contributions of \$23,700 and \$39,200 respectively. The total current year payroll of the agency was \$363,700 and its current year

J. PENSION PLAN (CONTINUED)

payroll covered by the retirement system was \$316,000. Under present statutes, the Board does not guarantee any of the benefits granted by the retirement system.

K. POSTRETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

At June 30, 1997 there is one retired person that participates in the Board's group benefit program. The premiums paid for the year ended June 30, 1997 are \$192, which consists solely of life insurance. The participant is liable for one half of the life insurance premium with the Board matching the participants' portion.

L. LEASES

The Board of Registration for Professional Engineers and Land Surveyors records items under capital leases as an asset and an obligation in the accompanying financial statements. Total rental and lease expenditures for equipment for fiscal year ended June 30, 1997 amounted to \$5,770.

The following is a summary of future minimum payments under capital leases and the present value of the net minimum lease payments as of June 30, 1997:

Fiscal Year ending June 30:

1998	\$ 5,326
1999	5,326
2000	<u>\$ 2,665</u>
Total minimum lease payments	13,317
Less: Amounts representing executory costs	<u>-0-</u>
Net minimum lease payments	13,317
Less: Amount representing interest	<u>1,643</u>
Present value of net minimum lease payments	<u>\$11,674</u>

L. LEASES (CONTINUED)

The minimum annual commitments under noncancelable operating leases are as follows:

Fiscal Year ending June 30:	Buildings and Office Facility
1998	63,523
1999	63,523
2000	<u>26,468</u>
Total	<u>\$153,514</u>

M. GENERAL LONG-TERM OBLIGATIONS

Long-term obligations expected to be financed from governmental funds are accounted for in the general long-term obligation account group, not in the governmental funds.

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

Long-term obligations payable at July 1, 1996	\$ 42,407
Additions	9,221
Deductions	<u>(4,300)</u>
Long-term obligations payable at June 30, 1997	<u>\$ 47,328</u>

Zahn, Kenney & Bresette
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
BASED ON AN AUDIT OF GENERAL PURPOSE OR BASIC
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

Board of Registration For Professional
Engineers and Land Surveyors
Department of Transportation
State of Louisiana

We have audited the financial statements of the Board of Registration for Professional Engineers and Land Surveyors, a component unit of the Department of Transportation, State of Louisiana, as of and for the year ended June 30, 1997, and have issued our report thereon dated July 23, 1997.

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 financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the Board of Registration for Professional Engineers and Land Surveyors is the responsibility of the Board's management. As part of obtaining reasonable assurance about whether the 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, the objective of our audit of the financial statements 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 herein, under government auditing standards.

This report is intended for the information of the Board, management, and the Legislative Audit Advisory Committee. This restriction is not intended to limit the distribution of this report which, upon acceptance by the Board, is a matter of public record.

Zahn, Kenney & Bresette
Metairie, Louisiana
July 23, 1997

Zahn, Kenney & Bresette
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
STRUCTURE BASED ON AN AUDIT OF GENERAL PURPOSE
OR BASIC FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Registration For Professional
Engineers and Land Surveyors
Department of Transportation
State of Louisiana

We have audited the financial statements of the Board of Registration for Professional Engineers and Land Surveyors, a component unit of the Department of Transportation, State of Louisiana, as of and for the year ended June 30, 1997, and have issued our report thereon dated July 23, 1997.

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 financial statements are free of material misstatement.

In planning and performing our audit of the financial statements of the Board of Registration for Professional Engineers and Land Surveyors, for the year ended June 30, 1997, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

The management of the Board of Registration for Professional Engineers and Land Surveyors is responsible for establishing and maintaining 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 objectives of the 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, projection 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 financial statements of the Board of Registration for Professional Engineers and Land Surveyors, for the year ended June 30, 1997, 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 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 structure that, in our judgement, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. We consider the following to be reportable conditions:

- 1.) The registration coordinators have access to the revenue received for registration and are responsible for the issuance of registration documents. Further, there is no system to reconcile bank deposits to registration documents issued. This lack of segregation of duties and failure to reconcile cash received to registrations issued could lead to the possible loss of revenue through misappropriation which would be undetected in the normal course of operations.
- 2.) Fixed assets acquired during the fiscal year were not included on the fixed asset inventory as of June 30, 1997. These assets are added to the inventory after the fiscal year is completed. Thus, the fixed asset inventory is not complete at June 30, 1997. This could result in fixed assets being excluded from the inventory due to being "over-looked" when the inventory is being updated.

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 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. However, we believe that both of the reportable conditions described above are material weaknesses.

We also noted other matters involving the internal control structure and its operation that we have reported to the management of the Board in a separate letter dated July 23, 1997.

This report is intended for the information of Board management and the Legislative Audit Advisory Committee. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Zaben, Harvey & Smith

Metairie, Louisiana
July 23, 1997

BOARD OF REGISTRATION FOR PROFESSIONAL ENGINEERS
AND LAND SURVEYORS

DEPARTMENT OF TRANSPORTATION

STATE OF LOUISIANA

SUPPLEMENTAL INFORMATION SCHEDULES

FOR THE YEAR ENDED JUNE 30, 1997

The schedule of per diem paid to board members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Board members were paid \$80 per day for each board meeting they attend, as authorized by Louisiana Revised Statute 37:685.

The schedule of professional service payments made to contractors is presented in compliance with the Legislative Auditor's required disclosures.

BOARD OF REGISTRATION FOR PROFESSIONAL ENGINEERS
AND LAND SURVEYORS

DEPARTMENT OF TRANSPORTATION

STATE OF LOUISIANA

SCHEDULE OF PER DIEM PAID BOARD MEMBERS

FOR THE YEAR ENDED JUNE 30, 1997

<u>Name</u>	<u>Amount</u>
Vernon F. Meyer	\$ 220
Richard M. Primeaux	3,040
Charles L. McDonald	2,260
Frank L. Messinger, III	880
Morris Hebert	1,070
Allison J.P. Launey	560
Jorge M. Ferrer	3,465
Lawrence Mann, Jr.	930
Sam L. Sullivan, Jr.	5,641
Merlin A. Pistorius	2,055
Jerry G. Lazenby	240
Richard E. Ruckstuhl	<u>2,910</u>
Total	<u>\$23,271</u>

(Schedule 1)

BOARD OF REGISTRATION FOR PROFESSIONAL ENGINEERS
AND LAND SURVEYORS

DEPARTMENT OF TRANSPORTATION

STATE OF LOUISIANA

SCHEDULE OF PROFESSIONAL SERVICE PAYMENTS
MADE TO CONTRACTORS

FOR THE YEAR ENDED JUNE 30, 1997

<u>Name</u>	<u>Amount</u>
John H. Stinson	\$39,552
Chaffe, McCall, Phillips, Toler & Sarpy, L.L.P.	15,220
Zahn, Kenney & Bresette, CPAs	9,825
Pierre Guidroz	7,210
L.A. Champagne & Company, L.L.P.	<u>1,850</u>
Total	<u>\$73,657</u>

(Schedule 2)

Zahn, Kenney & Bresette
Certified Public Accountants

To the Board of Registration for Professional
Engineers and Land Surveyors
Department of Transportation
State of Louisiana

In planning and performing our audit of the financial statements of the Board of Registration for Professional Engineers and Land Surveyors (Board) for the year ended June, 30 1997, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

We previously reported on the Board's internal control structure in our report dated July 23, 1997. This letter does not affect our report dated July 23, 1997 on the financial statements of the Board. However, during our audit, we noted the following items that are opportunities for strengthening internal controls and operating efficiency.

- 1.) The registration coordinators have access to the revenue received for registration and are responsible for the issuance of registration documents. Further, there is no system to reconcile bank deposits to registration documents issued. This lack of segregation of duties and failure to reconcile cash received to registrations issued could lead to the possible loss of revenue through misappropriation which would be undetected in the normal course of operations. This condition exists due to the Board's lack of understanding of adequate controls in the area of cash receipts. We recommend the following:
 - a.) Segregation of access to checks received from the issuance of registration documents and both of those duties from the recordation of revenue.
 - b.) Procedures should be established to allow for the reconciliation of checks received to checks deposited to registration documents issued.

- 2.) Fixed assets acquired during the fiscal year were not included on the fixed asset inventory as of June 30, 1997. These assets are added to the inventory after the fiscal year is completed. Thus, the fixed asset inventory is not complete at June 30, 1997. This could result in fixed assets being excluded from the inventory due to being "over-looked" when the inventory is being updated. This condition exists due to lack of policies regarding the updating of the Board's fixed assets inventory. We recommend that the Board establish policies to require that fixed assets be added to the inventory records when the invoice is approved for payment for the acquisition of the asset.

- 3.) Four of one hundred three cash disbursements tested were posted in a month later than the month in which the check was dated. This caused expenses to be included in the incorrect accounting period. Since the Board keeps its records on the cash basis, the interim financial information which the Board uses in the decision making process could be misstated. It appears this condition has been caused by checks being excluded from the monthly work mailed to the accounting firm for monthly processing and then being included in the subsequent month's work. We recommend that management stress to the accountant the importance of including all checks written during each month with that month's work when it is sent to the accounting firm for processing. Further, a supervisory review of the work prior to mailing could ensure that all checks all included.
- 4.) Three of one hundred three cash disbursements tested were coded to the incorrect account. This would cause interim financial information to be misstated and the comparison of actual expenditures to the budget to be inaccurate. It appears that this condition was the result of human error and the lack of supervisory review of the classification of cash disbursements. We recommend that the Board establish supervisory review of the account classification of all cash disbursements prior to forwarding to accounting firm for processing.
- 5.) There is no subsidiary account for each participant in the Board's medical reimbursement plan. Thus, the Board is not able to produce a ledger to detail the balance in the general ledger for the medical reimbursement plan by participant. The Board is not able to determine its liability to each participant at any given time. This condition appears to be an oversight in the establishment of the accounting to record the medical reimbursement accounts. We recommend that the board establish a subsidiary ledger to account for the activity in the medical reimbursement plan.
- 6.) Checks received are being deposited into the bank one to five days after the date of receipt. The revenue is then being recorded on the date of deposit rather than the date of receipt. These checks are being held in the office until deposit. Checks could be lost due to theft, fire, misplacement, etc. Further, cash flow could be affected by this delay. Also, the interim financial information used in decision making process is inaccurate due to the posting of these checks to an accounting period subsequent to the period of receipt. This condition apparently occurs because of the backlog in processing registration documents during the periods of increased registration activity. In addition, the accountant is responsible for making deposits and in her absence the process awaits her return. We recommend that the checks be separated from the registration processing and be deposited daily upon receipt.

Further, the checks should be deposited by someone other than the accountant and a back-up person should be responsible to make the daily deposit in the primary person's absence.

- 7.) The state document used for the disposal of fixed assets does not require documentation of supervisory approval prior to disposal. The only signature required is that of the custodian of fixed assets who is also the Board's accountant. The result of this condition is that there is no documentation of authorization of the disposal of fixed assets. Thus, the potential exists for fixed assets to be disposed of without proper authorization. This condition exists due to the lack of a policy requiring the documentation of authorization for disposal. We recommend that the Board institute a policy to require documentation of supervisory approval prior to the disposal of fixed assets.
- 8.) The documentation related to the purchase of computer equipment under state purchasing contract was not properly filed and could not be located initially. This documentation was later located in the desk of an employee. The result of this condition is that this documentation could have been lost resulting in the inability of the Board to prove compliance with state purchasing requirements. This condition exists due to the lack of policies regarding proper maintenance of files related to purchase transactions. We recommend that the Board institute a policy regarding the proper maintenance of documents related to all purchases made through state contracts.

We will review the status of these comments during our next audit engagement. We have already discussed these matters with Board management. We will be pleased to perform any additional study of these matters or to assist in implementation of procedures to rectify them.

Y. A. Henry, Jr.

Metairie, Louisiana
July 23, 1997

Richard M. Primeaux, P.E., P.L.S.
Chairman

Richard E. Ruckstuhl, P.E., P.L.S.
Vice Chairman

Allison J.P. Launey, P.E.
Secretary

Vernon F. Meyer, P.E., P.L.S.
Secretary-Elect

H. Glen Kent, Jr., P.L.S.
Executive Secretary



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LEGISLATIVE AUDIT

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BOARD OF REGISTRATION FOR
PROFESSIONAL ENGINEERS AND LAND SURVEYORS

Jorge M. Ferrer, P.E.

Jerry G. Lazenby, P.E., P.L.S.

Lawrence Mann, Jr., P.E.

Charles L. McDonald, P.L.S.

Frank L. Messinger, III, P.L.S.

Merlin A. Pistorius, P.E., P.L.S.

Sam L. Sullivan, Jr., P.E.

September 18, 1997

Legislative Auditor
P.O. Box 94397
Baton Rouge, LA 7084-9397

Dear Sir:

The recent audit of the Board, attached hereto, revealed eight (8) discrepancies. Corrective action for each discrepancy is addressed as follows:

Item 1.)

This office has implemented a new method of tracking and reconciling revenue, bank deposits, and licensure processing.

- a.) The mail is now being opened by the receptionist, clerk or administrative secretary. The checks and accompanying documentation are separated from the correspondence at that time. Remaining mail is distributed to the appropriate section. Each check and accompanying documentation (application, rescheduling letter, renewal card, etc.) is stamped with a distinctive ID number utilizing a machine.
- b.) All checks are entered into the receivables data base by the employee opening the mail and a summary tally sheet is produced. The checks are then given to the accounting specialist for deposit and the accompanying documentation is given to the appropriate section. All sections then post their relative information in the RBMS database and complete tally sheets to correspond thereto. The summary tally sheet, a copy of the deposit slip, and all other tally sheets are given to the administrative manager for reconciliation. After reconciling, the deposit is made immediately.

Item 2.)

The duties of property control for the office will be transferred from the accounting specialist, to the Word Processor II. Internet accessibility to State Property Control (DOA) is now available on our office computer. Fixed assets will be immediately added to the Board's property inventory and immediately reported to State Property Control through Internet.

Item 3.)

To alleviate this concern, it will be mandatory for the accounting specialist to insure that all checks written during each month be posted to that month.

Item 4.)

The Administrative Manager will now exercise supervisory review of the account classification of all cash disbursements prior to forwarding such information to our accounting firm for processing.

Item 5.)

The Board is presently using QuickBooks 5.0 which provides for subsidiary accounts. The accounting specialist has currently established a subsidiary ledger to account for the activity in the medical reimbursement plan. Any other accounts requiring subsidiary ledgers will be likewise handled.

Item 6.)

See Item 1 above. In addition the Board will purchase a small safe to secure checks and other valuables in the unlikely event the checks cannot be deposited on the day received.

Item 7.)

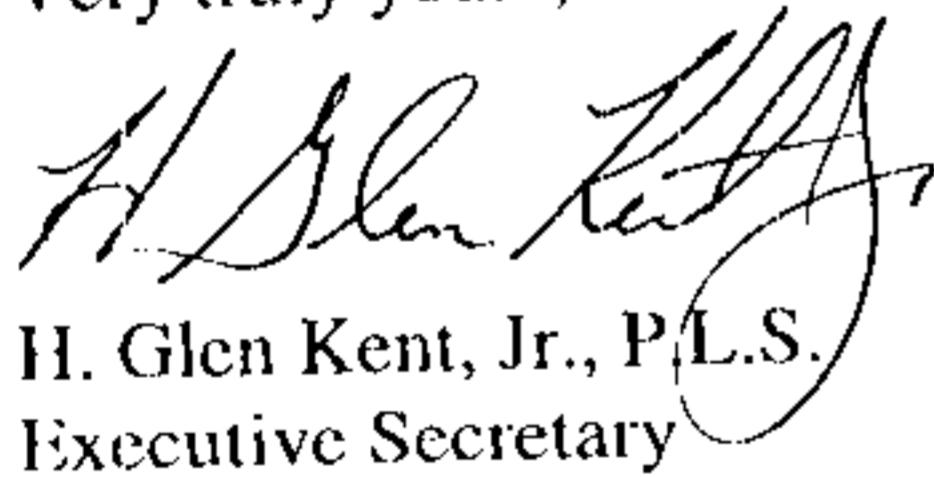
See Item 2 above. Beginning immediately the custodian of fixed assets (word processor II) will not dispose of any fixed assets unless written authorization is provided by the administrative manager.

Item 8.)

All purchase documentation must now be reviewed and approved by the administrative manager who has already initiated and is authenticating the proper maintenance of these files.

With kindest regards, I am,

Very truly yours,


H. Glen Kent, Jr., P.L.S.
Executive Secretary

HGK/AM:jbp

Enclosure