

**Louisiana State Board of
Private Security Examiners**

Baton Rouge, Louisiana

Fiscal Year Ended June 30, 2020

Agreed-Upon Procedures

William D. Mercer, CPA

A PROFESSIONAL ACCOUNTING CORPORATION

William D. Mercer, APAC
CERTIFIED PUBLIC ACCOUNTANTS

WILLIAM D. MERCER, CPA (P.C.)

MEMBERS OF:
AMERICAN INSTITUTE
AND SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING
AGREED-UPON PROCEDURES

To the Board of Directors of Louisiana State Board of Private Security
Examiners and the Louisiana Legislative Auditor
Baton Rouge, Louisiana

We have performed the procedures enumerated below related to the Louisiana State Board of Private Security Examiners' internal controls and compliance with certain laws and regulations for the fiscal period July 1, 2019 through June 30, 2020. Louisiana State Board of Private Security Examiners' management is responsible for its financial records and establishing internal controls to ensure accurate financial reporting, compliance with laws and regulations, and accountability over public funds.

The Louisiana State Board of Private Security Examiners has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of assisting users in understanding the controls that the Louisiana State Board of Private Security Examiners uses to ensure accurate financial reporting, compliance with laws and regulations, and accountability over public funds. Additionally, the Louisiana Legislative Auditor has agreed to and acknowledged that the procedures performed are appropriate for their purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories, as applicable:
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
 - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law or state purchasing rules and regulations, as applicable to the entity; and (5) documentation required to be maintained for all bids and price quotes.
 - c) ***Disbursements***, including processing, reviewing, and approving.
 - d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue (e.g. periodic confirmation with outside parties, reconciliation of receipt number sequences, reasonableness of cash collections based on licenses issued).
 - e) ***Payroll/Personnel***, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g. determining the reasonableness of fuel card purchases).
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (2) documentation requirements, (3) time-frame in which requests must be submitted and (4) required approvers
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees annually attest through signature verification that they have read the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Written policies and procedures were obtained and inspected. No written policies and procedures for receipts/collections or ethics were provided. No other exceptions were noted.

Annual Fiscal Report (AFR)

2. Obtain the financial statements from the AFR submitted to the Division of Administration's (DOA) Office of Statewide Reporting and Accounting Policy for the current and prior periods. Perform analytical procedures comparing current and prior period amounts, by line item. Report any variances of 10% or greater for line items that are 10% or more of the respective total assets/deferred outflows of resources, liabilities/deferred inflows of resources, net position, revenues, or expenses, and management's explanation of the variance.

Variances meeting the stated criteria and management's explanation of these variances are as follows:

- *Cash and equivalents decreased by \$141,153*
- *Amounts held in custody for others increased by \$281,166*
- *Net position decreased by \$231,507*
- *Operating revenues decreased by \$880,470*
- *Administrative expenses decreased by \$212,008*

Board Meetings/Minutes

3. Obtain and inspect the board minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.
 - b) Observe that the minutes referenced or included monthly budget-to-actual comparisons.
 - c) Access the entity's online information included in the DOA's boards and commissions database (<https://wwwcfprd.doa.louisiana.gov/boardsandcommissions/home.cfm>) and observe that the entity submitted board meeting minutes for all meetings during the fiscal period.

Board minutes for the period under examination were obtained and inspected. Based on the meeting minutes provided, financial information presented at board meetings prior to and including its September 19, 2019, did not include any budget-to-actual comparisons.

Bank Reconciliations

4. Obtain a listing of bank accounts for the fiscal period from management and management's representation that the listing is complete. For each of the bank accounts in the listing provided by management, obtain bank statements and reconciliations for all months in the fiscal period and observe that:
 - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
 - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged);
 - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months at the statement closing date; and
 - d) The reconciled balance for the final month of the fiscal period agrees to the general ledger.

For the period under examination, the entity had one operating checking account and one money market account. Bank statements and reconciliations for both accounts for all months during the fiscal year were obtained. As of June 30, 2020, three outstanding checks totaling \$487.82 were outstanding for more than six months as noted on the operating account reconciliation, and two checks totaling \$ 4,977.14 were outstanding for more than six months as noted on the money market account reconciliation. The outstanding checks noted on the money market account reconciliation were for payment of employee benefits. Per email communication from the agency, these checks have been voided as a result of this engagement (also noted in procedure 20, below).

Receipts/Collections

5. Obtain and inspect written policies and procedures relating to employees job duties (if no written policies or procedures, inquire of employees about their job duties), and observe that job duties for collections are properly segregated such that:
 - a) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts or license applications received) to the deposit.
 - b) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
 - c) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source are not responsible for collecting cash, unless another employee verifies the reconciliation.

No written policies and procedures relating to receipts/collections were provided. Inquiries of employees indicated that most of the entity's collections are via electronic payments made directly to its operating bank account. However, some payments are received via mail or in person. Two employees are responsible for receiving and processing of such payments, neither of whom are responsible for reconciling the ledger or deposits.

6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

The entity does not accept cash payments for any license applications, renewals, or other payments; only cashier checks and money orders are accepted via mailed or hand-delivered payments.

7. Randomly select 5 deposit dates for each of the bank accounts (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 5 deposits for each bank account and:
 - a) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - b) Trace the deposit slip total to the actual deposit per the bank statement.
 - c) Observe that the deposit was made within one business day of collection (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
 - d) Trace the actual deposit per the bank statement to the general ledger.

Five dates during the fiscal year were randomly selected. Four of the selected deposit dates included only electronic payments, so no collection documentation was available. Documentation to support the one non-electronic deposit was obtained and examined. The documentation was traced to the deposit slip and to the bank statement without exception. Payments made via electronic payments are recorded in total for each month, so individual deposits could not be traced from the bank statement to general ledger; however, total deposits for each month of the randomly selected dates agreed to the general ledger.

8. Obtain and inspect written policies and procedures (if no written policies and procedures, inquire to management) and observe that there is a process performed to determine completeness of all collections, including electronic transfers, for each revenue source (e.g. periodic confirmation with outside parties, reconciliation of receipt number sequences, reasonableness of cash collections based on licenses issued) by a person who is not responsible for collections.

Management and the Board regularly compare collections with expected results, consisting primarily of license application and renewals.

9. For licensing boards, obtain a list of initial and renewal licenses granted during the period from management and management's representation that the listing is complete. Randomly select 10 individual applicants from the listing and obtain the supporting documentation (e.g. application, copy of check) from management and:
 - a) Observe that the fee paid for license was the appropriate fee based on the applicable fee schedule established by the board or statute.
 - b) If a penalty was assessed (e.g. late fee), observe that the penalty was assessed and collected in accordance with the board's policies.

Ten individual license applications and renewals were randomly selected for the period under examination. All applications and renewals were traced to the entity's electronic license database. No exceptions to the above procedures were noted.

10. For levee districts, obtain independent confirmation of the tax amounts received from the appropriate parish Sheriff's offices. Observe that the confirmed amount agrees to the amount deposited by levee district.

Not applicable

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

11. Obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employees job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

Most of the entity's non-payroll disbursements as applicable to this procedure are initiated by staff members and approved by the Executive Secretary. Payments are processed by the financial director and signed by the Executive Secretary.

12. Obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements which are addressed in separate sections below) and obtain management's representation that the population is complete. Randomly select 5 disbursements, obtain supporting documentation (e.g. purchase requisition, invoices, receipts, receiving slips) for each transaction and:
 - a) Observe that the disbursement matched the related original invoice/billing statement
 - b) Observe that the disbursement documentation included evidence (e.g. initial/date, electronic logging) of segregation of duties tested under #11, as applicable.

Five non-payroll disbursements as defined above were randomly selected. Supporting documentation was traced to disbursement documentation and all disbursements were approved by the Executive Secretary, without exception.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

13. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete. Randomly select 2 monthly statements or combined statements for each card (for a debit card, randomly select 2 monthly bank statements), obtain supporting documentation, and:
 - a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g. original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder.
 - b) Observe that finance charges and late fees were not assessed on the selected statements.

For the period under examination, the entity utilized one credit card, which is maintained by the Executive Secretary. Two monthly statements were randomly selected. For each of the monthly statements examined, review and approval of the charges thereon by the Executive Secretary was noted on the face of the billing statement. No finance charges or late fees were assessed on the selected statements.

14. Obtain supporting documentation for all transactions included on the monthly statements or combined statements selected in #13 above. For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

For both of the monthly statements selected, original receipts were attached and business purpose was identified or readily apparent. No exceptions were noted.

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

15. Obtain from management a listing of all travel and travel-related expense reimbursements paid to employees and board members during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana in PPM49 (<https://www.doa.la.gov/pages/osp/travel/TravelPolicy.aspx>) or the U.S. General Services Administration (www.gsa.gov).
 - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
 - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Five disbursements as defined above were randomly selected. One reimbursement totaling \$ 73.75 could not be located. One reimbursement totaling \$685.25 did not agree with the itemized receipts and other documentation included with the reimbursement. The supporting documentation for one reimbursement totaling \$ 1,691.74 seems to indicate reimbursement of travel related expenses for a Board member and their spouse, as well as certain personal expenses, such as in -room movie services and liquor. However, such documentation did not indicate the names of individuals participating, so an accurate determination of the questionable amounts was not feasible.

Also see "Other matters" section of this report, below.

Contracts

16. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
- a) Observe that the contract was bid in accordance with the Louisiana Procurement Code or the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - b) Observe that the contract was approved by the governing body/board, if required by policy.
 - c) If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment.
 - d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

A list of agreements/contracts as described above was requested, but not provided by the agency. For the period under examination, five contracts as defined above were randomly selected from examination of the agency's general ledger. Exceptions for these various contract vendors were as follows:

- *Vendor #1, a contract dated October 4, 2021 was provided by the agency. This contract provides for a 3% price increase in year three of the contract, but no earlier contract was provided. The invoice paid indicates 6% increase over the fee amount detailed in the contract.*
- *Vendor #2, no contract provided, payment made with no payment documentation provided*
- *Vendor #3, no contract provided, multiple payments provided without quotes or detailed invoices*
- *Vendor #4, contract provided, but not signed by either party; (see below for more information)*

Documentation for the fifth vendor included a signed contract and supporting invoice documentation that agreed with the terms of the contract.

For vendor #4 identified above, the terms of the contract included payment of \$50.00 per hour for a maximum of 100 hours of service. This contract was dated March 11, 2020, and per the written terms, was to be signed on March 18, 2020 and terminated on March 20, 2020. As noted above, the contract was not signed by either party. On March 19, 2020, payment in the amount of \$2,500.00, or 50% of the total contract price, was paid to the vendor. Also see "Other matters" section of this report, below.

Payroll and Personnel

17. Obtain a listing of employees employed during the fiscal period, and management's representation that the listing is complete. Randomly select 5 employees (or select all employees if less than 5), obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

During the fiscal year, the agency had eleven employees. Five employees were randomly selected using an online random number generator. Compensation for each selected employee was traced to authorized salaries or pay rates as noted in their personnel files. No exceptions were noted.

18. Randomly select 2 pay periods during the fiscal period. For the employees selected under #17 above, obtain attendance records and leave documentation for the pay period, and:
- a) Observe that all selected employees documented their daily attendance and leave (e.g., vacation, sick, compensatory).
 - b) Observe that supervisors approved the attendance and leave of the selected employees.
 - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

For each of the two pay periods selected, time sheets were provided for each employee. None of the timesheets provided indicated approval by employees' supervisors. Management provided cumulative leave records, including amounts accrued and taken, for all employees for the period of examination, and no exceptions were noted.

19. Obtain a listing of those employees that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select 2 employees, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employees' cumulative leave records, and agree the pay rates to the employees' authorized pay rates in the employees' personnel files.

For the period of examination, no regular employees resigned or were terminated.

20. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Obtained management's representation that all applicable payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums were paid and all applicable tax returns have been filed by the agency's outside payroll provider as required. As noted in procedure 4, above, certain outstanding checks for payment of employee benefits were written off as a result of this engagement, and management has not provided additional information related to those voided payments.

Ethics

21. Using the 5 randomly selected employees from procedure #17 under "Payroll and Personnel" above: obtain ethics documentation from management, and:
 - a) Observe that the documentation demonstrates each employee completed one hour of ethics training during the fiscal period.
 - b) Observe that the documentation demonstrates each employee attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

Ethics documentation for the selected employees was obtained and examined. No exceptions were noted.

22. Obtain a listing of board members from management. Randomly select 5 board members and observe documentation to demonstrate that required annual ethics training was completed.

During the fiscal year, the board had nine members. Documentation of required annual ethics training for seven of the Board members was provided by the agency, and the Louisiana Ethics Administration Program website confirmed that one other Board member had completed the required training. The remaining Board member resigned in September 2020.

Budget

23. Obtain a copy of the legally adopted budget, including all amendments, and the board minutes. Observe the minutes contain approval of the budget and amendments.

The adopted budget was obtained. No amendments to the budget were made. Adoption and approval of the budget was noted in applicable Board minutes. No exceptions were noted.

24. Compare the total revenues and total expenditures of the final budget to actual total revenues and total expenditures on the financial statements or AFR. Report variances of 10% or greater.

Total revenues and total expenditures of the final budget were compared to total revenues and total expenses on the financial statements. Total revenues per the budget were \$ 1,201,875 and total actual revenues were \$ 1,944,624, a difference of \$ 742,389 or 61.77% of the budgeted amount. Total expenditures per the budget were \$ 1,201,875 and total actual expenditures per the financial statements were \$ 1,506,347, a difference of \$ 304,472 or 25.3% of the budgeted amount.

25. Inquire of management whether the entity has updated its budget information in the DOA's boards and commissions database referred to in #3 above for the current fiscal period (i.e. period covered in these procedures). Access the online database and obtain the budget information for the current fiscal period. Observe that the budget information contained in the database agrees to the budget adopted by the entity's board.

Information contained in the entity's adopted budget was traced to the DOA boards and commissions database for the period under examination. For the year ended June 30, 2020, revenues as reported on the adopted budget and as reported in the DOA database agreed. Expenditures on the adopted budget totaled \$ 1,201,875 and expenditures as reported in the DOA database totaled \$1,248,380, a difference of \$ 46,505.

Debt Service

26. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.

No bonds or notes were issued during the period under examination.

27. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

No bonds or notes were outstanding for the period under examination.

Sexual Harassment

28. Obtain and inspect the entity's written sexual harassment policies and procedures and observe that they address all requirements of R.S. 42:342-344, including agency responsibilities and prohibitions; annual employee training; and annual reporting requirements.

No written sexual harassment policies and procedures was provided.

29. Obtain a listing of employees/board members employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/board members, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/board member completed at least one hour of sexual harassment training during the calendar year.

The agency provided available documentation on employees and Board members related to the required sexual harassment training. Of the eleven employees, eight had documentation demonstrating compliance with the requirement. None of the Board members serving during the fiscal year had documentation demonstrating compliance with the requirement.

30. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

The sexual harassment policy and complaint procedure was not observed on the agency's website at the time of original fieldwork. The sexual harassment policy has been added to the website as a result of this engagement.

31. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that it includes the applicable requirements of R.S. 42:344.

The required annual sexual harassment report was not provided.

Other

32. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Misappropriations of public funds or assets known to management were provided by the agency's in-house counsel. Supporting documentation for these incidents were examined and the misappropriations were reported to the Legislative Auditor and the district attorney as required.

33. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds. This notice is available for download or print at www.la.gov/hotline.

The required notice was observed on the entity's premises, but it was not included on its website at the time of the original fieldwork. The notice has been added to the website as a result of this engagement.

Corrective Action

34. Obtain management's response and corrective action plan for any exceptions noted in the above agreed-upon procedures.

Management's responses to exceptions noted in the above agreed-upon procedures are included as a component of this report.

Other Matters

During the performance of our engagement, we obtained information related to other matters not specifically identified in the above agreed-upon procedures, as follows:

In March 2020, the Executive Secretary authorized all agency employees to "cash out" up to 80 hours of annual or compensatory leave as a result of the coronavirus pandemic. All employees, other than the Executive Secretary, elected to opt out of this scenario. The Executive Secretary was paid \$ 4,482.13 (after deduction of related payroll taxes) for 80 hours of accrued leave on March 18, 2020. The 80 hours of leave does not appear to have been deducted from his leave balance, and his position does not allow for payment of compensatory time.

During the fiscal year ended June 30, 2019, the agency's Executive Secretary was invited to serve as a speaker at the Private Security Industry Regulatory Authority Conference in Johannesburg, South Africa in July 2019. This trip was to be paid for by the International Association of Security and Investigator Regulators (IASIR). In May 2019, the Executive Secretary directed the agency's financial director to pay airfare expenses totaling \$5,127.86 related to this trip, with the understanding that IASIR or local authorities in South Africa who had invited him to the conference would reimburse those funds. However, those paying the reimbursement were not willing to cover the additional airfare for the Executive Secretary's spouse, who accompanied him on the trip, and the agency was reimbursed \$2,563.50 for his airfare cost. In August 2019, the Executive Secretary wrote a personal check payable to the agency for \$2,563.50 for reimbursement of the cost of his wife's travel. This check was never deposited into the agency's bank account, and it was later found by the finance director in the Executive Secretary's personnel file in September 2020 and brought to the Executive Secretary's attention at that time. He did not authorize the deposit of the personal check and it has not been deposited as of the current date. The account on which the check was written is no longer active.

As noted under "Contracts" above, procedure 16, the agency entered into a contract, albeit not signed by either party, for services totaling \$5,000. Payments under this contract totaled \$2,500 for what appears to be one day's worth of work, since the contract was intended to be signed and terminated on March 18, 2020. Information was provided to us that indicated the vendor, an individual, appears to have personal relationships with family members of the Executive Secretary, and is now engaged to the Executive Secretary's brother in law (his wife's brother). Additional information was provided to us indicating the vendor performed no work for the agency until September 2020.

The Executive Secretary was removed from his position by the agency's board in September 2021.

We were engaged by the Louisiana State Board of Private Security Examiners to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. An agreed-upon procedures engagements involves the practitioner performing specific procedures that the engaging party has agreed to and acknowledged to be appropriate for the intended purpose of the engagement and reporting findings based on the procedures performed. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the Louisiana State Board of Private Security Examiners' internal controls and compliance with laws and regulations. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Louisiana State Board of Private Security Examiners and to meet our ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of the Louisiana State Board of Private Security Examiners and the Louisiana Legislative Auditor, and is not intended to be, and should not be, used by anyone other than these specified parties. Under R.S. 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

William D Mercer CPA (APAC)

Baton Rouge, Louisiana
March 28, 2022

LOUISIANA STATE BOARD OF PRIVATE SECURITY EXAMINERS
Baton Rouge, Louisiana

SUMMARY OF PRIOR YEAR AGREED-UPON PROCEDURES EXCEPTIONS

The following exceptions were noted in the agreed-upon procedures engagement for the year ended June 30, 2019, in the accountant's report dated September 25, 2019.

Written policies and procedures

The agency's written policies and procedures did not address budgeting or debt service.

Collections

In three instances, bank deposits were made 12 days after receipt of the check, and in four instances, bank deposits were made 8 days after receipt of the check.



State of Louisiana
Department of Public Safety and Corrections
Board of Private Security Examiners

April 1, 2022

Our responses (in red) to the 2019-2020 AUP Report are as follows:

Procedure 1 – No written policies and procedures for receipts/collections and ethics were provided.

We acknowledge and agree with this finding. The ethics policies/procedures have been resolved with by the new executive secretary and the policy is posted in the breakroom at the office and on the agency website. Procedures for receipts/collections are being worked on with a new CPA firm the agency recently hired and this issue will be corrected.

Procedure 2 – Variances meeting specified criteria between the AFR submitted for 2018-2019 and 2019-2020 are noted. Management's responses to some, but not all, of these variances have been previously provided, but they have been removed from the body of the report to better comply with our professional standards.

We acknowledge and agree with this finding. Item removed.

Procedure 3 – Board minutes prior to and including September 19, 2019, did not indicate budget-to-actual comparisons

We acknowledge and agree with this finding. And we have corrected this item by providing the Board a copy of finance info that includes budget-to-actual comparisons at all board meetings.

Procedure 15 – Travel expense disbursements included one that could not be located or provided, one that did not agree with the attached receipts, and one that indicated reimbursement of travel expense for a non-Board member as well as certain personal expenses

We acknowledge and agree with this finding. All travel documentation that was on file in this agency was provided as requested. There are, however, some records missing from the previous executive secretary's tenure.



Procedure 16 – Contracts were not provided for certain vendors and payments were made with documentation to support services provided. The contract for Image Trend (vendor #1) is dated October 4, 2021, which is after the period under examination. The documentation for General Informatics (vendor #2) appears to be quotes and proposals, not completed and signed contracts. No contract was provided for BJW Construction Management (vendor #3). The contract for Victoria Paige Gott (vendor #4) was not signed by either party.

We acknowledge and agree with this finding. All contracts, in the state they were found (unsigned, partially signed, incorrectly dated, etc.) were provided as requested. There are, however, some records missing from the previous executive secretary's tenure.

Procedure 18 – No timesheets provided indicated approval by appropriate supervisors.

We acknowledge and partially agree with this finding. The request was not to show approval but to indicate leave for all employees. All employee's leave is approved by their supervisor through the payroll system we use, which is Paychex.

Procedure 20 – As noted in procedure 4, certain outstanding checks for payment of employee benefits were written off, which raises the question of whether such benefits were actually paid. No documentation regarding this matter has been provided.

We acknowledge and agree with this finding. All finance documentation that was on file in this agency was provided as requested. There are, however, some records missing from the previous executive secretary's tenure.

Procedure 24 – Budgeted and actual revenues and expenses had variances of more than 10% as noted.

We acknowledge and agree with this finding. The agency has hired a new CPA firm to ensure that our budget and actual revenues/expenses are in the same going forward.

Procedure 25 – Expenses on the adopted budget did not agree with the reported expenses on the DOA database for the year ended 6/30/20.

We acknowledge and agree with this finding. The agency has hired a new CPA firm to ensure that our budget and actual revenues/expenses are in the same going forward.

Procedures 28, 29, and 31 – No written sexual harassment policies and procedures was provided. Additionally, no Board members had documentation of required sexual harassment training. Finally, the required annual sexual harassment report was not provided. Management has previously provided responses to these exceptions, which have been removed from the body of the report to better comply with our professional standards.



We acknowledge and agree with this finding. The agency was not aware of the required report but will be submitting it going forward. The agency has, also, since created a sexual harassment policy, given it to all board members and employees, and posted it on our website. All board members and employees have or are in the process of taking the annual sexual harassment training and their completed certificate kept on file.

Signature (Executive Secretary)

04/01/2022

Date

Signature (Chairperson)

04/01/2022

Date