

**ARKANSAS LEGISLATIVE AUDIT  
REPORT ON:  
ARKANSAS BOARD OF EXAMINERS IN COUNSELING  
(DEPARTMENT OF HEALTH)  
FOR THE YEAR ENDED JUNE 30, 2018**

**Finding:**

Financial Management Guide Regulation R4-19-4-501 states, in part, "Good internal controls dictate daily deposits to Treasury and/or a commercial bank account. Weekly deposits are allowable if an agency receives only minimal amounts of cash and/or checks. However, in the last week of the month all deposits keyed into the State's accounting system must be delivered to the Treasurer of State or the commercial bank for deposit prior to noon on the last business day of the month." During the last four months of the fiscal year, the Agency did not deposit checks as required on the last day of the month. Additionally, as of June 30, the Agency held in excess of 175 checks totaling over \$46,000 that were not deposited timely. A lack of employee training and management oversight could allow for the misappropriation of assets.

**Recommendation:**

We recommend the Agency seek training from the Department of Finance and Administration and adhere to all state regulations.

**Agency Response:**

The Agency will implement the following action in order to correct the cash on hand problem of deposits not deposited in the Treasury by the last day of the FYE 6-30-18. The number of licenses that renew each year by June 30 has placed a burden on the office to process the payments for renewal, as many of the licensees have not sent in the required paperwork in a timely manner. As a result, the Board will begin to implement online renewals and online payments beginning March 1, 2019. This new option of online payment and renewal will enable timely renewals that will meet the regulatory requirements found in R4-19-4-501. The Board will require all renewals of licenses and payments to be due on May 31 of each year. This will give the office time to process all renewal fees by the end of the fiscal year for those licensees who choose to provide paper renewals and payments instead of using the new online process and payment. This will significantly reduce the number of paper renewals and payments and resolve the issue of untimely deposits.

**ARKANSAS LEGISLATIVE AUDIT  
REPORT ON:  
ARKANSAS STATE BOARD OF NURSING  
(DEPARTMENT OF HEALTH)  
FOR THE YEAR ENDED JUNE 30, 2018**

**Finding:**

Ark. Code Ann. § 21-4-501 allows for payment of accumulated, unused sick leave, not to exceed \$7,500. Review of all employee lump sum payouts revealed that one employee received a sick leave payout of \$7,500 but was entitled to \$3,945. The Agency appears to have submitted proper leave payout documentation; however, a clerical error at the Department of Finance and Administration Office of Personnel Management (OPM) caused an overpayment of \$3,555 for accrued sick leave hours.

**Recommendation:**

We recommend the Agency develop a process for the review of leave payouts.

**Agency Response:**

ASBN and OPM are coordinating with the retiree mentioned above to establish a payment plan to correct the overpayment made in error.

As a Service Bureau agency, past experience has been that ASBN relies on OPM as the authority on payroll related issues. Although ASBN will continue to rely on OPM for guidance and payroll support, ASBN will question variances between expected and actual leave payouts. On July 10, 2019, ASBN approved a policy to verify that REM statements received from OPM match the leave payout documents submitted to OPM as recommended by Legislative Audit. This should allow ASBN to discover and correct errors that may occur in the future in a timely manner.

**ARKANSAS LEGISLATIVE AUDIT  
REPORT ON:  
ARKANSAS BOARD OF PODIATRIC MEDICINE  
(DEPARTMENT OF HEALTH)  
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017**

**Finding:**

**This is a repeat finding.** R4-19-4-501 of the Department of Finance and Administration (DFA) Financial Management Guide requires that collecting, recording, depositing, and reconciling of cash receipts be segregated among different individuals. However, the Board's Secretary/Treasurer had sole responsibility for performing these duties. We noted the following issues related to the Board's inadequate control over cash transactions, primarily due to a lack of support staff:

- The Board did not keep a complete list of receipts for license renewals and application fees collected and did not reconcile revenues recorded on its books to AASIS. Insufficient recordkeeping may result in funds not being deposited.
- The Board did not make a timely deposit. A bank account was closed, and funds totaling \$210,921 were withdrawn on August 31, 2018; however, those funds were not deposited to the State Treasury until October 1, 2018. Untimely deposits can result in improper reporting of funds and/or increase potential for theft or loss of funds.

**Recommendation:**

We recommend the Agency maintain strict controls during the processing of cash receipts to the extent possible and adhere to DFA Financial Management Guide regulations regarding recordkeeping and timely deposit of revenue.

**Agency Response:**

Reports will be sent to the President of the Board who will evaluate, monitor, and sign off on reports. Deposits will be made on a more timely basis.

**ARKANSAS LEGISLATIVE AUDIT  
REPORT ON:  
ARKANSAS STATE BOARD OF ARCHITECTS, LANDSCAPE ARCHITECTS, AND INTERIOR DESIGNERS  
(DEPARTMENT OF LABOR AND LICENSING)  
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017**

**Finding:**

The Office Manager is a cardholder and liaison for both the Agency's purchasing card (P-Card) and travel card (T-Card). Purchasing card program guidelines state that an Agency liaison should not be a cardholder due to security role issues in AASIS, and card revocation could result.

**Recommendation:**

We recommend the Agency comply with purchasing card policies and procedures established by the Department of Finance and Administration - Office of State Procurement (DFA-OSP).

**Agency Response:**

As of October 4, 2019, management had elected not to respond to the findings.

**Finding:**

We noted the following areas of noncompliance with Ark. Code Ann. § 19-4-1103, which states that the executive head of an agency is responsible for establishing procedures and controls to ensure accurate payment of obligations, management approval of expenditures, and retention of supporting invoices:

- Thirteen credit card statements totaling over \$31,000 did not include evidence of management approval before payment was made.
- Expenditures totaling \$9,466 had inadequate receipts or were improperly paid from quotes.

The absence of these controls could result in inappropriate disbursements.

**Recommendation:**

We recommend the Agency establish and implement internal controls to ensure compliance with applicable state law concerning approval and documentation of expenditures.

**Agency Response:**

As of October 4, 2019, management had elected not to respond to the findings.

**Finding:**

Financial Management Guide regulation R3-19-4-1601 states that agencies may not "employ contract labor for a period longer than six consecutive weeks per calendar quarter." The Agency exceeded the number of consecutive weeks for four quarters between July 2016 and March 2018, resulting in total contract labor payments of \$9,002.

**Recommendation:**

We recommend the Agency comply with state policies and procedures regarding contract labor.

**Agency Response:**

As of October 4, 2019, management had elected not to respond to the findings.

**Finding:**

Ark. Code Ann. § 19-4-1502 requires the executive head of an agency to maintain a record of all agency property. Five equipment items valued at \$15,671 were not added to the Agency's asset listing, resulting in understatement of the financial records.

**Recommendation:**

We recommend the Agency comply with Arkansas Code regarding agency property.

**Agency Response:**

As of October 4, 2019, management had elected not to respond to the findings.



**Finding:**

The Agency failed to adhere to state travel regulations as follows:

- A traveler exceeded the maximum per diem rate for lodging by a total of \$280 for four nights without a letter of authorization issued by the travel administrator.
- Written authorization was not maintained for vehicle rental costing \$218.
- A traveler did not use coach class air fare and incurred an Economy Plus charge of \$39.

**Recommendation:**

We recommend the Agency provide employee training to ensure that all travel expenses comply with state laws and regulations.

**Agency Response:**

As of October 4, 2019, management had elected not to respond to the findings.

**Finding:**

Waste is the act of using or expending resources carelessly, extravagantly, or to no purpose and does not necessarily involve a violation of law. The Agency made the following purchases totaling \$5,493 that could be considered wasteful since they have no apparent business purpose or provide no benefit to the State:

- \$2,396 for award trophies for newly-licensed architects.
- \$1,324 for food and supplies for the 2017 Holiday Open House.
- \$650 for two sets of headphones.
- \$475 in shipping, handling, and a "rush" charge for 50 lapel pins.
- \$423 for a universal remote control, an advanced keyboard, and weather apps.
- \$164 for fees and penalties due to late payments.
- \$61 for Halloween candy.

**Recommendation:**

We recommend the Agency seek advice from DFA-OSP regarding purchases that may lack a business purpose or be extravagant.

**Agency Response:**

As of October 4, 2019, management had elected not to respond to the findings.

**Finding:**

In November 2018, the database ceased functioning, and a full system restore could not be performed, forcing the Agency to manually reenter data. This situation could have been avoided by performing database restore testing and having a disaster recovery plan in place.

**Recommendation:**

We recommend Agency management ensure periodic computer backup restore testing is performed by the Department of Information Systems and documented.

**Agency Response:**

As of October 4, 2019, management had elected not to respond to the findings.

**Finding:**

Ark. Code Ann. § 10-4-416 permits the Legislative Auditor and authorized employees of Arkansas Legislative Audit (ALA) to have access at all times to records of any entity of the State. The Agency did not provide requested minutes of Board meetings held after April 26, 2018, which limited the scope of our assessment because we were not properly informed of recent Board actions.

**Recommendation:**

We recommend the Agency comply with Arkansas Code regarding documents requested by ALA staff.

**Agency Response:**

As of October 4, 2019, management had elected not to respond to the findings.

**ARKANSAS LEGISLATIVE AUDIT  
REPORT ON:  
ARKANSAS BEEF COUNCIL  
FOR THE YEAR ENDED JUNE 30, 2019**

**Finding:**

As mentioned in previous audits, the Agency receives summary and detailed information from the Department of Finance and Administration (DFA) related to the collection of beef tax assessments. From these reports, the Agency can determine how much of the assessments should be retained by the State of Arkansas and how much should be passed on to the national board and other states. Our testing again revealed that the Agency did not adequately compare or reconcile the detailed tax assessment remittance reports with summary data from DFA, including the Gross Tax Collection Report and State Treasury deposits. As a result, the Agency may have overpaid the national board \$1,094 and underpaid other states by \$1,315. In response to the prior-year finding, Agency personnel indicated they would perform monthly reconciliations, including communicating with DFA; however, there is no evidence that these actions are occurring.

**Recommendation:**

We again recommend the Agency and DFA establish internal controls and documentation procedures to assure that the detail remittance and gross collection information provided by DFA are reconciled with each other so that subsequent distributions to affected parties are accurate.

**Agency Response:**

We admit that the Agency was deficient in reconciling the monthly collections report provided by DFA with DFA's monthly Statement of Gross Tax Collections. The amounts reflected in the Gross Tax Collections Report were consistently higher than the amounts reported to the Agency. Rather than DFA reconciling the amounts in their reports, the Agency is tasked with this procedure. Contact has been made with DFA (Miscellaneous Tax) personnel to explain differences when they occur. It should be noted that the accounting process within DFA has apparently been corrected since, for the first three months of this fiscal year, the amounts have coincided between the Collections report and the Gross Tax Collections report. Going forward, this process will be monitored more closely in order to adapt the proper controls.

**ARKANSAS LEGISLATIVE AUDIT  
REPORT ON:  
ARKANSAS SOYBEAN PROMOTION BOARD  
FOR THE YEAR ENDED JUNE 30, 2019**

**Finding:**

As required by Ark. Code Ann. §§ 19-4-2201 – 19-4-2202, non-exempt discretionary grants over \$10,000 are to be reviewed by the Arkansas Legislature, specifically the Legislative Council or the Joint Budget Committee, prior to being awarded. The Agency awarded four grants totaling \$236,030 during fiscal year 2019 that were not reviewed by the Arkansas Legislature.

**Recommendation:**

We recommend the Agency comply with Arkansas law concerning discretionary grants and submit all non-exempt, discretionary grants over \$10,000 to the Arkansas Legislature for review.

**Agency Response:**

The total grants that were identified as non-discretionary were for regular promotional expenditures for the board. The paperwork was not filed by the board administrator to go before the legislative review committee but has since corrected the measure working with other state agencies on who to send paperwork to be placed on the agenda. The promotional items for the board are approved by the board and some need to be paid in a timely manner for dues or other projects; hence these expenditures are identified to be submitted for prior approval of the review committee.

**Finding:**

To ensure compliance with Arkansas Executive Order 98-04 and various other laws, Department of Finance and Administration rules require that a "contract and grant disclosure and certification form" be completed for any contract or grant that is greater than \$25,000. The Agency failed to acquire the requisite disclosure forms from two contractors/grantees with agreements totaling \$197,530.

**Recommendation:**

We recommend the Agency acquire the requisite disclosure forms from potential grantees and contractors prior to awarding grants or contracts.

**Agency Response:**

The Agency will submit contract/grant disclosure forms for each project over the \$25,000 threshold, much like they do for contracts in accordance with OSP guidelines. This finding was simply overlooked as these were grants but, furthermore, grants will be treated the same as contracts as paperwork will be completed, submitted, and reviewed.