

Internal Control and Compliance Assessment

Arkansas Legislative Audit

State Board of Barber Examiners

For the Fiscal Year Ended June 30, 2018



INTRODUCTION

This report is issued to inform the Legislative Joint Auditing Committee of compliance with state fiscal laws and regulations as well as deficiencies in internal controls for the State Board of Barber Examiners. Assessment procedures disclosed no reportable items of noncompliance.

SCOPE AND METHODOLOGY

We performed an internal control and compliance assessment of the State Board of Barber Examiners, a board of Arkansas state government, as of and for the year ended June 30, 2018, and have issued our report dated June 7, 2019. Management of the Agency is responsible for establishing and maintaining internal controls and complying with applicable laws and regulations.

The assessment included cash on deposit, cash receipts, expenditures, liabilities, and data entry to the Arkansas Administrative Statewide Information System (AASIS). The assessment consisted principally of inquiries, observations, analytical procedures, and selected tests of internal control policies and procedures, accounting records, and other relevant documents. We relied on financial data in AASIS recorded by the Agency and audit work conducted in the fiscal year 2018 State Comprehensive Annual Financial Report (CAFR). The methodology used in conducting this assessment was developed uniquely for this engagement and, therefore, was more limited in scope than an audit or attestation engagement performed in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States.

RESULTS OF ASSESSMENT

Assessment procedures did not disclose instances of noncompliance considered reportable.

ENABLING LEGISLATION AND ORGANIZATIONAL STRUCTURE

The State Board of Barber Examiners was created by Act 313 of 1937 to regulate the barbering profession. The Board also supervises barber colleges in Arkansas to ensure they teach the proper methods of sanitation and sterilization of barbers, barber schools, and establishments. The Board prepares written and practical examinations and administers them to students upon completion of required courses. Upon passage, students are licensed to work in a licensed barbershop.

The Board consists of the State Health Officer, an ex officio member of the Board, and five members appointed by the Governor for six-year terms. Three of the members are practicing barbers who have followed the occupation of barbering in Arkansas for at least five years immediately prior to their appointment. One member of the general public represents consumers, and one member represents persons age 65 and older. The Board's organizational chart is depicted in **Exhibit I on page 2**.

ARKANSAS LEGISLATIVE AUDIT

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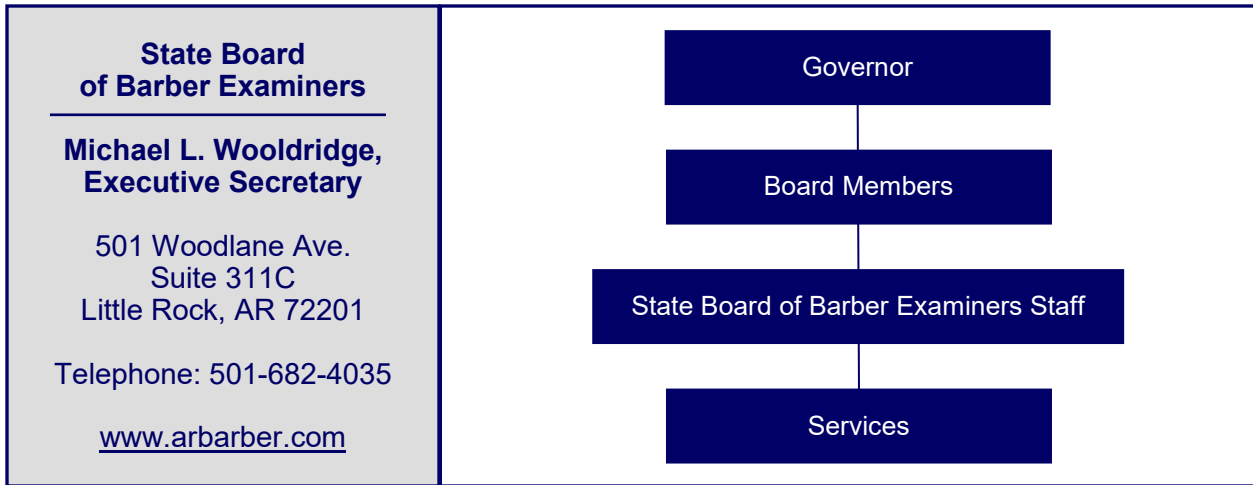
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Report ID: SR0721218

Report Date: June 7, 2019



Exhibit I
State Board of Barber Examiners
Organizational Chart



Source: Agency Budget Manual

FISCAL ANALYSIS

Revenues, Expenditures, and Transfers

Agency revenues, expenditures, and transfers for 2014 through 2018 are presented in **Exhibit II on page 3**. The Agency reported \$269,235 in total revenue for the fiscal year ended June 30, 2018. The primary sources of these funds were individual and business license fees, including renewals and examinations. The Agency receives no general revenue funding.

Expenditures totaled \$251,341 for the fiscal year ended June 30, 2018. Salaries and benefits remain the Agency's largest expense, comprising 84% of total expenditures for fiscal year 2018.

Assets and Liabilities

Asset and liability balances at year-end for fiscal years 2014 through 2018 are presented in **Exhibit III on page 3**. As of June 30, 2018, Agency assets totaled \$197,109, and liabilities totaled \$18,133. Cash and cash equivalents remain the Agency's primary asset, comprising 98% of total assets in fiscal year 2018.

ADDITIONAL INFORMATION

Fiscal 2014 through 2018 Barber Licenses

The State Board of Barber Examiners establishes registration fees, renewal fees, examination fees, and other fees as it deems necessary and appropriate to fulfill its duties. A summary of the types of licenses issued for fiscal years 2014 through 2018 is provided at **Exhibit IV on page 4**.

Exhibit II
State Board of Barber Examiners
Revenues, Expenditures, and Transfers
For the Years Ended June 30, 2014 through 2018

	Fiscal Year				
	2018	2017	2016	2015	2014
Revenues					
Licenses, fees, fines, and permits	\$ 264,111	\$ 263,616	\$ 261,400	\$ 217,167	\$ 208,798
Investment revenue	4,635	3,721	3,314	2,034	2,679
Other income	489	1,341	4,603	3,310	2,265
Total Revenues	\$ 269,235	\$ 268,678	\$ 269,317	\$ 222,511	\$ 213,742
Expenditures					
Salary expense	\$ 210,255	\$ 211,883	\$ 218,084	\$ 233,516	\$ 173,405
Utilities and rent	14,569	13,979	13,919	13,234	13,154
Travel and subsistence	12,790	11,924	9,943	12,283	11,654
Other expenses	13,727	11,976	20,052	15,568	14,493
Total Expenditures	\$ 251,341	\$ 249,762	\$ 261,998	\$ 274,601	\$ 212,706
Net Transfers In (Out)	\$ (125)	\$ 200	\$ 244	\$ (2,230)	\$ 305

Source: Arkansas Administrative Statewide Information System Trial Balance (unaudited by Arkansas Legislative Audit)

Exhibit III
State Board of Barber Examiners
Assets and Liabilities
For the Years Ended June 30, 2014 through 2018

	Fiscal Year				
	2018	2017	2016	2015	2014
Assets					
Cash and cash equivalents	\$ 192,097	\$ 174,716	\$ 154,039	\$ 148,003	\$ 204,797
Fixed assets	4,621	4,621	4,696	5,891	8,359
Other assets	391	310	151	270	136
Total Assets	\$ 197,109	\$ 179,647	\$ 158,886	\$ 154,164	\$ 213,292
Liabilities					
Payroll liability	\$ 8,460	\$ 6,616	\$ 6,067	\$ 4,883	\$ 4,004
Unearned revenues	9,460	12,028	10,150	13,190	16,828
Other liabilities	213	45	751	540	254
Total Liabilities	\$ 18,133	\$ 18,689	\$ 16,968	\$ 18,613	\$ 21,086

Source: Arkansas Administrative Statewide Information System Trial Balance (unaudited by Arkansas Legislative Audit)

Exhibit IV
State Board of Barber Examiners
Breakdown of Barber Licenses Issued
For the Years Ended June 30, 2014 through 2018

License Category	Fiscal Year				
	2018	2017	2016	2015	2014
Registered barbers	2,702	2,723	2,707	2,676	2,635
Barber shops	1,051	1,040	1,043	1,073	1,077
Technicians in shops	0	0	2	2	3
Schools	15	15	13	13	13
Students enrolled	373	366	578	577	477
Total	4,141	4,144	4,343	4,341	4,205

Source: <http://www.arbarber.com/newsletter.html> (unaudited by Arkansas Legislative Audit)

