

Internal Control and Compliance Assessment

Arkansas Legislative Audit

Arkansas Social Work Licensing Board

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 Arkansas Social Work Licensing Board. Assessment procedures disclosed no reportable items of noncompliance.

SCOPE AND METHODOLOGY

We performed an internal control and compliance assessment of the Arkansas Social Work Licensing Board, a board of Arkansas state government, as of and for the year ended June 30, 2018, and have issued our report dated August 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, capital assets, 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) and Single Audit Report. 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 Arkansas Social Work Licensing Board was created by Act 791 of 1981 to regulate the practice of social work in Arkansas. The Board's responsibility is to protect the public by setting standards for qualifications, training, and experience for those who represent themselves to the public as social workers and by promoting high standards of professional performance in the practice of social work.

A nine-member Board serves as the Board's regulating body. Board members are appointed by the Governor, with the consent of the Senate, for three-year terms. The Board's organizational chart is presented in **Exhibit I on page 2**.

ARKANSAS LEGISLATIVE AUDIT

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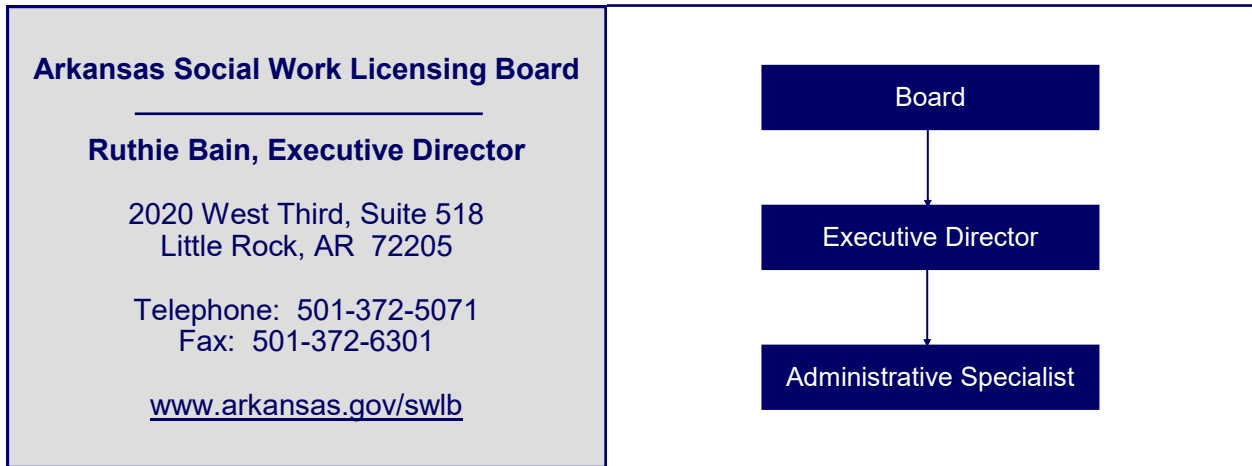
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Report ID: SR0725418

Report Date: August 7, 2019



Exhibit I
Arkansas Social Work Licensing Board
Organizational Chart



Source: Arkansas Social Work Licensing Board

FISCAL ANALYSIS

Revenues, Expenditures, and Transfers

Agency revenues, expenditures, and transfers for fiscal years 2014 through 2018 are provided in **Exhibit II on page 3**. The Agency reported \$164,361 in total revenue for the fiscal year ended June 30, 2018. The primary source of these funds was licensing and application fees. The total number of licensed social workers grew from 3,351 in 2017 to 3,522 in 2018.

Expenditures totaled \$154,047 for the fiscal year ended June 30, 2018. During fiscal year 2018, salaries and benefits, utilities and rent, travel, and other expenses comprised 73%, 8%, 7%, and 11% of total expenditures, respectively.

Assets and Liabilities

Agency assets and liabilities at June 30, 2018, totaled \$700,275 and \$103,525 respectively. Cash in Treasury balances were reconciled to the State Treasury without exception.

Licenses are issued for a two-year period; therefore, revenue from license fee collections is recognized as it is earned over the two-year license period. Collections not recognized as revenue in the current period are classified as unearned income at year-end. Asset and liability balances for the past five years are presented in **Exhibit III on page 3**.

Exhibit II
Arkansas Social Work Licensing Board
Revenues, Expenditures, and Transfers
For the Years Ended June 30, 2014 through 2018

	Fiscal Year				
	2018	2017	2016	2015	2014
Revenues					
Licenses and applications, net	\$ 164,361	\$ 157,481	\$ 156,229	\$ 149,875	\$ 152,137
Other income	0	0	0	620	0
Total Revenues	\$ 164,361	\$ 157,481	\$ 156,229	\$ 150,495	\$ 152,137
Expenditures					
Salary and benefits	\$ 113,061	\$ 85,670	\$ 80,490	\$ 75,750	\$ 69,142
Utilities and rent	12,913	12,913	12,894	8,698	9,234
Travel	11,519	14,687	10,294	15,067	9,216
Other expenses	16,554	18,416	17,536	18,545	27,472
Total Expenditures	\$ 154,047	\$ 131,686	\$ 121,214	\$ 118,060	\$ 115,064
Net Transfers In (Out)	\$ (191)	\$ 112	\$ 107	\$ 299	\$ 943

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

Exhibit III
Arkansas Social Work Licensing Board
Assets and Liabilities
For the Years Ended June 30, 2014 through 2018

	Fiscal Year				
	2018	2017	2016	2015	2014
Assets					
Cash and cash equivalents	\$ 675,844	\$ 670,716	\$ 636,308	\$ 604,324	\$ 562,310
Fixed assets	9,109	14,514	13,990	13,990	13,990
Interfund receivables	14,528	10,851	12,365	10,695	9,191
Other assets	794	531	0	758	849
Total Assets	\$ 700,275	\$ 696,612	\$ 662,663	\$ 629,767	\$ 586,340
Liabilities					
Unearned income	\$ 98,954	\$ 102,731	\$ 94,720	\$ 97,463	\$ 87,064
Other liabilities	4,571	2,230	2,722	2,208	1,914
Total Liabilities	\$ 103,525	\$ 104,961	\$ 97,442	\$ 99,671	\$ 88,978

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

