

Internal Control and Compliance Assessment

Arkansas Legislative Audit

Arkansas Dietetics 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 Dietetics Licensing Board. As discussed in the Results of Assessment section below, our procedures disclosed that the Agency had insufficient segregation of duties over cash transactions due to a limited number of personnel.

SCOPE AND METHODOLOGY

We performed an internal control and compliance assessment of the Arkansas Dietetics Licensing Board, a board of Arkansas state government, as of and for the year ended June 30, 2018, and have issued our report dated July 11, 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 disclosed the following internal control or compliance matter that was discussed with Agency officials during the assessment and at the exit conference:

Finding: The Agency had inadequate control over cash transactions because of insufficient segregation of duties due to a limited number of personnel. The Agency only has one employee.

We recommend the Agency segregate cash transaction duties to the extent possible, which may entail involving the Board in the daily activities of the Agency.

ENABLING LEGISLATION AND ORGANIZATIONAL STRUCTURE

The Arkansas Dietetics Licensing Board was established by Ark. Code Ann. §§ 17-83-101 – 17-83-308 and subsequently amended by Act 786 of 1991 and Act 250 of 1997. The Board is funded by application and license renewal fees, and Board duties include the licensure and regulation of individuals qualified to engage in the practice of dietetics and other nutrition care services.

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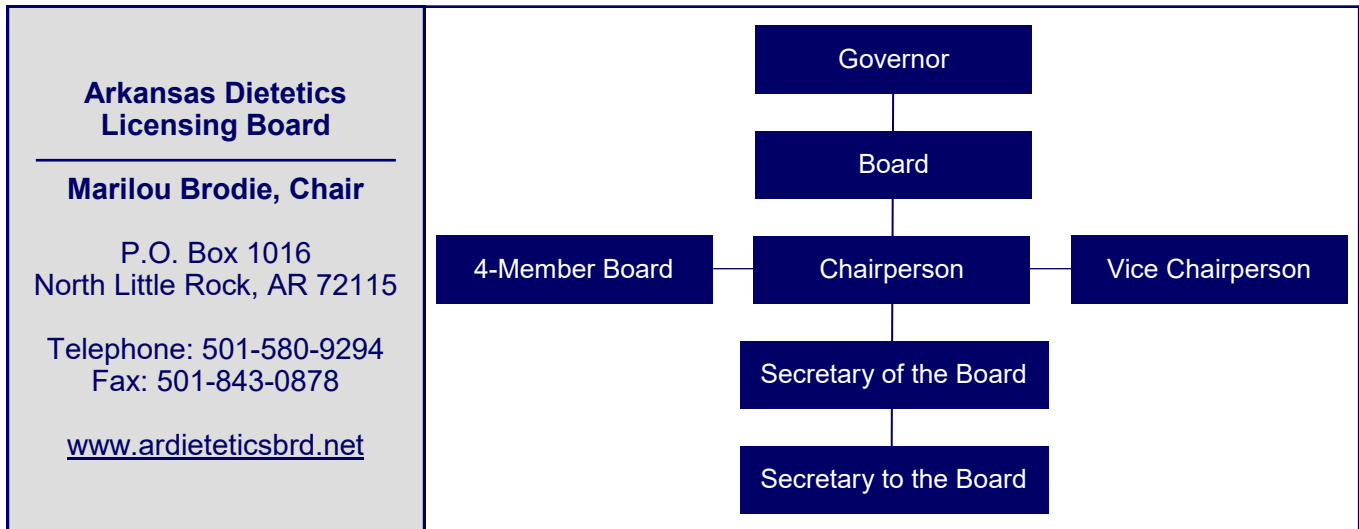
Report ID: SR0827018

Report Date: July 11, 2019



The Board is comprised of seven members: four licensed dietitians and three representatives of the public at-large. Board members are appointed by the Governor, with the consent of the Senate, and serve staggered terms of five years each beginning January 15 of odd numbered years. The Board’s organizational chart is depicted in **Exhibit I**.

Exhibit I
Arkansas Dietetics Licensing Board
Organizational Chart



Source: Arkansas Dietetics Licensing Board

FISCAL ANALYSIS

Revenues, Expenditures, and Transfers

The Agency reported \$49,196 in total revenue for the fiscal year ended June 30, 2018. Revenue consisted primarily of application and license fees. At the close of the fiscal year, the Agency had 772 licensees.

Expenditures totaled \$19,637 for the fiscal year ended June 30, 2018. During fiscal year 2018, salary expense accounted for 77% of total expenditures.

Revenues, expenditures, and transfers for fiscal years 2014 through 2018 are presented in **Exhibit II on page 3**.

Assets and Liabilities

Agency assets totaled \$221,340 at June 30, 2018. Cash in State Treasury represented the only asset and was reconciled to the State Treasury without exception.

Agency liabilities at June 30, 2018, totaled \$20,860. Unearned revenues represented the majority portion of total liabilities at 93%. The Agency recognizes unearned revenues related to the collection of license fees.

Asset and liability balances for fiscal years 2014 through 2018 are presented in **Exhibit III on page 3**.

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

	Fiscal Year				
	2018	2017	2016	2015	2014
Revenues					
Fees	\$ 35,600	\$ 34,250	\$ 31,650	\$ 32,025	\$ 30,850
Licenses and permits	9,204	8,932	7,483	5,948	6,761
Investment revenue	4,332	3,609	3,026	1,709	1,809
Other income	60	50	775	1,250	825
Total Revenues	<u>\$ 49,196</u>	<u>\$ 46,841</u>	<u>\$ 42,934</u>	<u>\$ 40,932</u>	<u>\$ 40,245</u>
Expenditures					
Salaries	\$ 15,154	\$ 15,363	\$ 15,067	\$ 28,159	\$ 27,942
Communication and transportation of commodities	1,691	1,888	1,831	2,249	2,176
Utilities and rent	2,461	2,283	2,201	1,950	2,174
Other expenses	331	339	483	248	3,085
Total Expenditures	<u>\$ 19,637</u>	<u>\$ 19,873</u>	<u>\$ 19,582</u>	<u>\$ 32,606</u>	<u>\$ 35,377</u>
Net Transfers In (Out)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (15,047)</u>

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

Exhibit III
Arkansas Dietetics 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	\$ 221,340	\$ 203,847	\$ 189,382	\$ 178,007	\$ 169,318
Total Assets	<u>\$ 221,340</u>	<u>\$ 203,847</u>	<u>\$ 189,382</u>	<u>\$ 178,007</u>	<u>\$ 169,318</u>
Liabilities					
Payroll liability	\$ 1,369	\$ 1,354	\$ 1,216	\$ 998	\$ 903
Unearned revenues	19,473	17,997	17,455	16,047	15,886
Other liabilities	18	20	10	110	4
Total Liabilities	<u>\$ 20,860</u>	<u>\$ 19,371</u>	<u>\$ 18,681</u>	<u>\$ 17,155</u>	<u>\$ 16,793</u>

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

