

# Internal Control and Compliance Assessment

## Arkansas Legislative Audit

### Arkansas State Board of Embalmers and Funeral Directors

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 State Board of Embalmers and Funeral Directors. Assessment procedures disclosed no reportable items of noncompliance.

## SCOPE AND METHODOLOGY

We performed an internal control and compliance assessment of the Arkansas State Board of Embalmers and Funeral Directors, a board of Arkansas state government, as of and for the year ended June 30, 2018, and have issued our report dated January 20, 2021. 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, accounts receivable, expenditures, 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). 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 Embalmers Board was established in 1909 to regulate and license embalmers. In 1983, Act 325 established the Arkansas State Board of Embalmers and Funeral Directors to include the licensing of funeral directors as well as funeral establishments. The mission of the Board is to protect the health, safety, and welfare of the public by ensuring that those individuals and establishments charged with the care and custody of human remains are properly trained and licensed. The Board consists of seven members appointed by the Governor to three-year terms. Board members are entitled to expense reimbursement at the rate established for state employees by state travel regulations. The Board's organizational chart is displayed in **Exhibit I on page 2**.

Effective July 1, 2018, the Board was abolished and transferred to the State Insurance Department as a result of Act 788 of 2017.

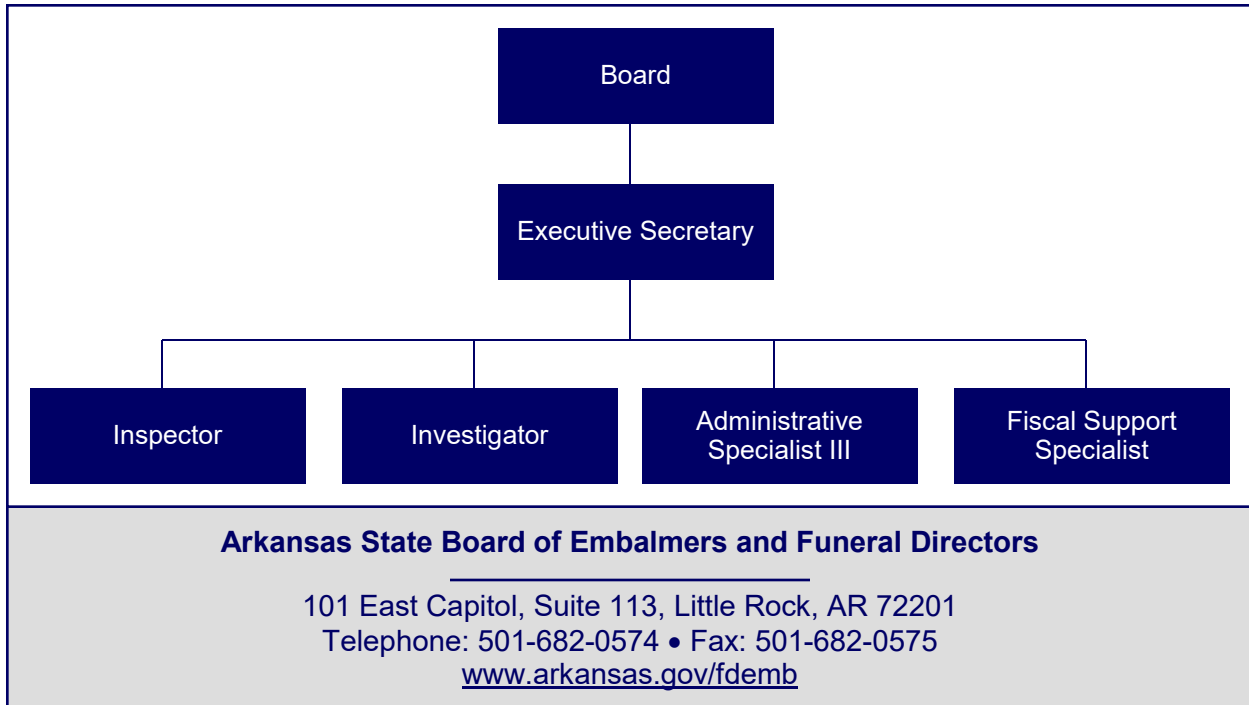
ARKANSAS LEGISLATIVE AUDIT  
500 Woodlane Street, Suite 172, Little Rock, AR 72201  
Phone: 501-683-8600 Fax: 501-683-8605  
[www.arklegaudit.gov](http://www.arklegaudit.gov)

Report ID: SR07233158

Report Date: January 20, 2021



Exhibit I  
Arkansas State Board of Embalmers and Funeral Directors  
Organizational Chart



Source: Arkansas State Board of Embalmers and Funeral Directors

## FISCAL ANALYSIS

### Revenues, Expenditures, and Transfers

Agency revenues, expenditures, and transfers for fiscal years 2014 through 2018 are presented in **Exhibit II on page 3**. Fees for the licensing of funeral directors and embalmers, funeral establishments, crematories, and transport services are the Agency's primary source of revenue, comprising 76% of total revenue in fiscal year 2018. The Agency reported total revenues of \$170,623 in fiscal year 2018.

Expenditures totaled \$174,897 in fiscal year 2018. Salary expense remains the Agency's largest expenditure category, comprising 71% of total expenditures in fiscal year 2018.

Net transfers out were \$34,466 in fiscal year 2018. This includes a transfer of \$34,631 for half of the salary and employee benefits of positions that are shared with the Arkansas Burial Association Board. The Agency does not receive any general revenue funding.

### Assets and Liabilities

Asset and liability balances for fiscal years 2014 through 2018 are presented in **Exhibit III on page 3**. As of June 30, 2018, assets and liabilities totaled \$135,493 and \$66,031, respectively. Cash balances were reconciled to deposits in the State Treasury without exception.

## Exhibit II

**Arkansas State Board of Embalmers and Funeral Directors  
Revenues, Expenditures, and Transfers  
For the Years Ended June 30, 2014 through 2018**

	Fiscal Year				
	2018	2017	2016	2015	2014
<b>Revenues</b>					
Fees	\$ 130,417	\$ 129,271	\$ 131,930	\$ 137,260	\$ 134,044
Fines and penalties	16,550	9,900	12,950	21,040	8,115
Investment revenue	2,569	3,301	3,285	1,851	2,461
Other income	21,087	15,854	11,145	9,657	10,690
<b>Total Revenues</b>	<u>\$ 170,623</u>	<u>\$ 158,326</u>	<u>\$ 159,310</u>	<u>\$ 169,808</u>	<u>\$ 155,310</u>
<b>Expenditures</b>					
Salaries	\$ 124,599	\$ 129,652	\$ 61,562	\$ 78,180	\$ 84,037
Travel and subsistence	24,294	25,557	17,527	21,024	18,255
Commodities, materials, and supplies	823	2,667	3,932	4,387	5,467
Other expenses	25,181	23,714	24,873	28,807	22,994
<b>Total Expenditures</b>	<u>\$ 174,897</u>	<u>\$ 181,590</u>	<u>\$ 107,894</u>	<u>\$ 132,398</u>	<u>\$ 130,753</u>
<b>Net Transfers In (Out)</b>	<u>\$ (34,466)</u>	<u>\$ (34,230)</u>	<u>\$ (50,977)</u>	<u>\$ (49,967)</u>	<u>\$ (111,792)</u>

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

## Exhibit III

**Arkansas State Board of Embalmers and Funeral Directors  
Assets and Liabilities  
For the Years Ended June 30, 2014 through 2018**

	Fiscal Year				
	2018	2017	2016	2015	2014
<b>Assets</b>					
Cash and cash equivalents	\$ 117,207	\$ 157,808	\$ 213,026	\$ 215,842	\$ 226,390
Customer receivables	5,600	0	0	0	0
Fixed assets	12,230	12,230	12,230	10,086	9,301
Other assets	456	3,736	3,546	0	2,620
<b>Total Assets</b>	<u>\$ 135,493</u>	<u>\$ 173,774</u>	<u>\$ 228,802</u>	<u>\$ 225,928</u>	<u>\$ 238,311</u>
<b>Liabilities</b>					
Accounts payable	\$ 279	\$ 234	\$ 237	\$ 145	\$ 505
Interfund due to	347	241	317	466	373
Payroll liability	3,990	4,108	1,818	1,476	2,607
Other liabilities	61,415	60,988	60,733	60,727	59,940
<b>Total Liabilities</b>	<u>\$ 66,031</u>	<u>\$ 65,571</u>	<u>\$ 63,105</u>	<u>\$ 62,814</u>	<u>\$ 63,425</u>

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

