



Board of Architecture, Engineering, Land Surveying, Landscape Architecture, Geoscience and Interior Design

November 2019

Financial Audit Division

OFFICE OF THE LEGISLATIVE AUDITOR

STATE OF MINNESOTA

Financial Audit Division

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OFFICE OF THE LEGISLATIVE AUDITOR

STATE OF MINNESOTA • James Nobles, Legislative Auditor

November 13, 2019

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Board of Architecture, Engineering, Land Surveying, Landscape Architecture, Geoscience and Interior Design

Doreen Johnson, Executive Director

Board of Architecture, Engineering, Land Surveying, Landscape Architecture, Geoscience and Interior Design

This report presents the results of our internal controls and compliance audit of the Board of Architecture, Engineering, Land Surveying, Landscape Architecture, Geoscience and Interior Design for the period July 2016 through January 2019. The objectives of this audit were to determine if the board had adequate internal controls over selected financial activities and complied with significant finance-related legal requirements.

This audit was conducted by Scott Tjomsland (Audit Director), Ryan Baker (Audit Coordinator), and Tracia Polden (Senior Auditor).

We received the full cooperation of the board's staff while performing this audit.

Sincerely,

Handwritten signature of Christopher P. Buse in cursive.

Christopher P. Buse, CPA
Deputy Legislative Auditor

Handwritten signature of Scott Tjomsland in cursive.

Scott Tjomsland, CPA
Audit Director



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Report Summary

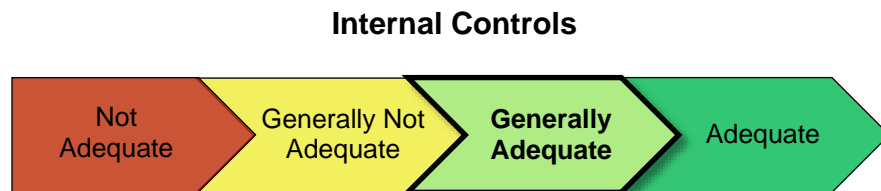
The Board of Architecture, Engineering, Land Surveying, Landscape Architecture, Geoscience and Interior Design (AELSLAGID) is the board responsible for regulating those professions. The board issues licenses to qualified architects, engineers, land surveyors, landscape architects, geologists, and soil scientists; issues certifications to qualified interior designers; and registers professional firms.

The Office of the Legislative Auditor (OLA) conducted this audit to determine whether the board had adequate internal controls and complied with significant finance-related legal requirements. The audit scope included license fees, exam fees, and fines collected by the board. The scope also included payroll expenditures, per diems and expense reimbursements paid to board members, and other administrative expenditures. The period under examination went from July 1, 2016, through January 31, 2019.

Conclusions

Internal Controls

OLA found that internal controls over the areas in our audit scope were generally adequate to ensure that the board safeguarded assets and complied with applicable legal requirements.

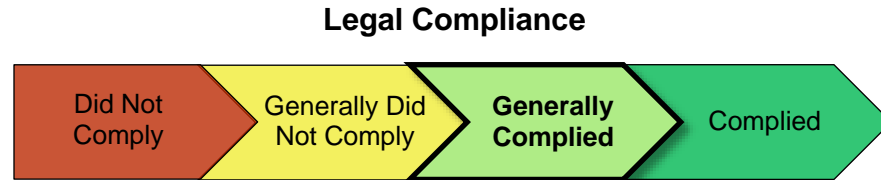


However, this audit identified some internal control weaknesses related to certain nonpayroll expenditures, discussed more thoroughly in the findings and recommendations in this report.

- Finding 2. The Board of Architecture, Engineering, Land Surveying, Landscape Architecture, Geoscience and Interior Design did not properly split parking costs with the Board of Accountancy. (p. 12)
- Finding 3. The Board of Architecture, Engineering, Land Surveying, Landscape Architecture, Geoscience and Interior Design reimbursed one board member for excessive travel costs. (p. 13)
- Finding 4. The Board of Architecture, Engineering, Land Surveying, Landscape Architecture, Geoscience and Interior Design did not comply with certain requirements for professional and technical services contracts. (p. 14)

Legal Compliance

The board generally complied with most finance-related legal requirements.



Specifically, the board collected the appropriate fees for all licenses issued and exams provided, collected accurate fee amounts, and properly deposited and recorded receipts. The board also accurately compensated employees. Finally, except as discussed in Findings 2 through 4, the board obtained goods and services in compliance with applicable legal provisions and internal policies, accurately paid for goods and services actually received, accurately compensated board members, and accurately reimbursed employees and board members for legitimate business expenses.

OLA found the following issues of noncompliance, discussed more thoroughly in the findings and recommendations in this report.

- Finding 1. (Prior Audit Finding) The Board of Architecture, Engineering, Land Surveying, Landscape Architecture, Geoscience and Interior Design collected fees that significantly over-recovered the costs of its operations. (p. 8)
- Finding 2. The Board of Architecture, Engineering, Land Surveying, Landscape Architecture, Geoscience and Interior Design did not properly split parking costs with the Board of Accountancy. (p. 12)
- Finding 3. The Board of Architecture, Engineering, Land Surveying, Landscape Architecture, Geoscience and Interior Design reimbursed one board member for excessive travel costs. (p. 13)
- Finding 4. The Board of Architecture, Engineering, Land Surveying, Landscape Architecture, Geoscience and Interior Design did not comply with certain requirements for professional and technical services contracts. (p. 14)

Audit Overview

This report presents the results of an internal controls and compliance audit of selected activities in the Board of Architecture, Engineering, Land Surveying, Landscape Architecture, Geoscience and Interior Design. Management is responsible for establishing internal controls to safeguard assets and ensure compliance with applicable laws, regulations, and state policies.

A strong system of internal controls begins with management's philosophy, operating style, and commitment to ethical values. It also includes processes to continuously assess risks and implement control activities to mitigate risks. A successful internal controls system includes iterative processes to monitor and communicate the effectiveness of control activities.



Board Overview and History

The Board of Architecture, Engineering, Land Surveying, Landscape Architecture, Geoscience and Interior Design is responsible for regulating those industries. Established by the Legislature in 1921, the composition of the 21-member board includes three licensed architects, five licensed engineers, two licensed land surveyors, two licensed landscape architects, two licensed geoscientists, two certified interior designers, and five members of the general public. The Governor appoints board members for four-year terms, with membership limited to two terms.

The board's mission is to regulate the professions under its authority and enforce the statutes and rules in order to protect the health, safety, and welfare of the public. Its stated values to fulfill that mission include integrity, objectivity, accountability, and progressiveness. The board developed strategic initiatives that include leveraging education, outreach, and technology to encourage licensure; increasing understanding and utilization of the enforcement program; and increasing board proactivity and preparedness through education, technology, and diversity efforts.

The board meets seven to eight times annually. The board established three subcommittees, including the complaint committee, the credentialing committee, and the rules committee. The complaint committee reviews complaints filed with the board and makes disciplinary decisions. The credentialing committee discusses matters related to professional licenses and certifications. The rules committee discusses issues involving *Minnesota Statutes* and *Minnesota Rules*.

The board employs seven individuals for its daily operations, and is led by an executive director. The Department of Commerce assists the board by performing accounting, payroll, and human resources functions.

The board collects various fees that it deposits into the state's General Fund as nondedicated receipts. The board also receives annual appropriations from the state's General Fund to pay the costs of its operations. The appropriation amounts for fiscal years 2017, 2018, and 2019 were \$794,000, \$799,000, and \$804,000, respectively.

Exhibit 1 shows the board's receipts and expenditures for fiscal years 2017 and 2018.

Exhibit 1: Receipts and Expenditures, Fiscal Years 2017-2018

	Fiscal Year	
	2017	2018
<u>Nondedicated General Fund Receipts</u>		
License Fees	\$519,440	\$1,974,930
Examination Fees	178,805	175,820
Fines, Filing Fees, and Credit Card Fees	<u>99,238</u>	<u>43,112</u>
Total Receipts	\$797,483	\$2,193,862
<u>Expenditures</u>		
Payroll	\$468,378	\$430,065
Goods and Services	215,279	191,934
Rent	52,602	51,679
Board Member Compensation and Expense Reimbursements	<u>47,742</u>	<u>46,320</u>
Total Expenditures	\$784,001	\$719,998

NOTES: The audit scope included a portion of fiscal year 2019 from July 1, 2018, through January 31, 2019, which is not shown in this table. License fees in fiscal year 2018 are significantly higher because the board collects renewal license fees in addition to initial license fees every other year.

SOURCE: State of Minnesota's accounting system.

Audit Scope, Objectives, Methodology, and Criteria

Receipts

This part of the audit focused on the collection of fees for licenses, examinations, and fines. OLA designed its work to address the following questions:

- Were the board's internal controls adequate to ensure that it collected the appropriate fees for all licenses issued or exams provided, collected the correct amounts, and safeguarded and properly deposited all receipts?
- Did the board charge and collect the appropriate license and fee amounts during the period covered by our audit?

To answer these questions, OLA interviewed staff from the board and the Department of Commerce to gain an understanding of the internal controls over receipts. We tested random samples of 25 daily deposits of check receipts and 25 daily deposits of electronic receipts. We also tested a random sample of seven monthly reconciliations between receipts recorded in the state's accounting system and the board's internal licensing system. Finally, we tested random samples of 75 license fees, 25 exam fees, 5 fines, and 31 refunds to determine if the board collected accurate fee amounts.

Payroll Expenditures

This part of the audit focused on the accuracy of the compensation paid to employees. OLA designed its work to address the following questions:

- Were the board's internal controls adequate to ensure that it accurately compensated employees in compliance with applicable legal provisions?
- Did the board accurately compensate employees during the period covered by our audit?

To answer these questions, OLA interviewed staff from the board and the Department of Commerce to gain an understanding of the internal controls over payroll expenditures. We tested a random sample of seven biweekly pay periods to determine the accuracy of recorded payroll activity. We also tested the initial pay rates for all new hires and all pay rate increases. Finally, we tested retroactive pay rate adjustments to determine if they were accurate.

Nonpayroll Expenditures

This part of the audit focused on purchases of goods and services, compensation paid to board members, and expense reimbursements paid to employees and board members. OLA designed its work to address the following questions:

- Were the board's internal controls adequate to ensure that it:
 - Obtained goods and services in compliance with applicable legal provisions?
 - Accurately paid for goods and services?
 - Compensated board members appropriately?
 - Reimbursed employees and board members for business expenses in accordance with applicable finance-related legal provisions?
- For nonpayroll expenditures, did the board comply with applicable finance-related legal provisions and internal policies during the period covered by our audit?

To answer these questions, OLA interviewed staff from the board and the Department of Commerce to gain an understanding of internal controls over nonpayroll expenditures. We tested a random sample of 25 purchases of goods and services made with purchase orders. We also tested four months of purchases that were made using the board's purchasing card, with two selected randomly and two selected as key items. OLA tested all professional and technical services contracts and all rent expenditures. In addition, we tested a sample of 49 payments to board members for per diems and expense reimbursements, with 40 selected randomly and 9 selected as key items. Finally, we tested six expense reimbursements to employees, including three selected randomly and three selected as key items.

We conducted this performance audit in accordance with generally accepted government auditing standards.¹ Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We assessed internal controls against the most recent edition of the internal control standards, published by the U.S. Government Accountability Office.² To identify legal compliance criteria for the activity we reviewed, we typically examine state and federal laws, state administrative rules, state contracts, and policies and procedures established by the departments of Management and Budget and Administration.

¹ Comptroller General of the United States, Government Accountability Office, *Government Auditing Standards* (Washington, DC, December 2011).

² Comptroller General of the United States, Government Accountability Office, *Standards for Internal Control in the Federal Government* (Washington, DC, September 2014). In September 2014, the State of Minnesota adopted these standards as its internal control framework for the executive branch.

Receipts

The board issues licenses to qualified architects, engineers, land surveyors, landscape architects, geologists, and soil scientists and certifies qualified interior designers. Licenses and certifications are effective for two years and expire on June 30 of each even-numbered year. To obtain a license, individuals must submit applications to the board and must pass exams related to the profession. The board also collects annual registration fees for professional firms in those professions. Those registrations expire on December 31 of each year. Finally, the board may assess and collect fines for unauthorized practice or other violations. Exhibit 2 shows the fee structure for the board.

Exhibit 2: Fees Charged by the Board

Fee Type	Fee Amount
License Application Fee (Architect, Landscape Architect)	\$75
License Application Fee for Individuals Licensed in Another State (all licensed professions)	\$100
Exam Application Fee (Fundamentals of Engineering, Fundamentals of Surveying, Fundamentals of Geology, Fundamentals of Soil Science)	\$25
Exam Application Fee (Principles and Practice of Engineering, Principles and Practice of Surveying, Minnesota Land Surveying, Principles of Geology, Principles of Soil Science)	\$75
Minnesota Land Surveying Exam Fee	\$400
Fundamentals of Geology Exam Fee	\$200
Principles of Geology Exam Fee	\$250
Soil Science Exam Fees (Fundamentals of Soil Science, Principles of Soil Science)	\$195
Application Fee for Licensed Architects to be Certified as an Interior Designer	\$50
License/Certification Fee (all professions)	\$120
Initial Registration Fee for Professional Firms	\$100
Renewal Registration Fee for Professional Firms	\$25
Electronic Payment Processing Fee ^a	\$2.50
Late Renewal Fee, July 1 through September 30	\$30
Late Renewal Fee, October 1 or later	\$60
Fines (per occurrence)	Up to \$10,000

^a The fee was \$2.00 for renewals for the two-year period ending June 30, 2018.

SOURCE: Board of Architecture, Engineering, Land Surveying, Landscape Architecture, Geoscience and Interior Design fee schedule.

The board only accepts credit card payments for license and certification renewals. All other fees must be paid by check or money order. The board uses an internal licensing system to manage applications, exams, licenses, certifications, registrations, and fines. Board employees record fees collected in the licensing system. Department of Commerce employees assist the board by making the daily bank deposits and by recording deposits in the state's accounting system.

The board does not retain any of the fees or fines it collects. Instead, that money goes into the state's General Fund as nondedicated receipts.

FINDING 1: PRIOR AUDIT FINDING

The Board of Architecture, Engineering, Land Surveying, Landscape Architecture, Geoscience and Interior Design collected fees that significantly over-recovered the costs of its operations.

For the 2016-2017 biennium, the fees collected by the board exceeded its total cost of operations by about 83 percent, or \$1.36 million. State law requires the board to set its fees at a break-even level. *Minnesota Statutes* 2019, 214.06, subd. 1, requires examining and licensing boards to set fees at:

“...an amount sufficient so that the total fees collected by each board will be based on anticipated expenditures...”

Minnesota Statutes 2019, 16A.1285, subd. 2, further specifies that:

“...specific charges...must be set at a level that neither significantly over recovers nor under recovers costs, including overhead costs, involved in providing the services.”

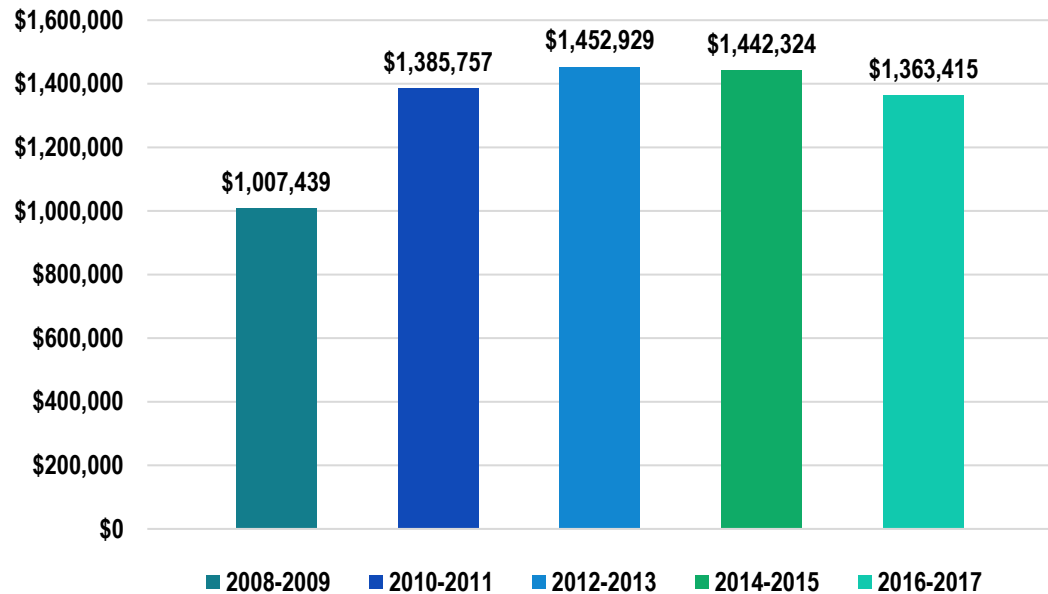
State policy also requires agencies to review fees biennially to provide for a structured review and to allow for input in the fee setting process.³ The board's executive director told us that the board's executive committee was aware of the issue and had discussed it in meetings, but could not provide any evidence that a structured fee review was performed.

OLA cited this same issue in our last audit of the board in 2006.⁴ Since that time, the board's fee amounts have not changed, and there was no evidence that the board proposed, or considered proposing, any fee reductions.

OLA compared the total fees collected to the total cost of operations for each biennium since our last audit, and found that the board over-recovered its costs by about \$6.65 million over that ten-year period, as illustrated in Exhibit 3. The portion attributable to the biennium completed during the scope of the audit was about \$1.36 million.

³ Department of Management and Budget, Statewide Operating Policy 0305-01, *Fees/Departmental Earnings Review*, issued July 1, 2001.

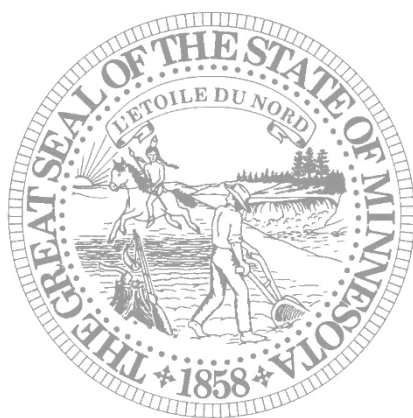
⁴ Minnesota Office of the Legislative Auditor, Financial Audit Division Report 06-30, *Minnesota Board of Architecture, Engineering, Land Surveying, Landscape Architecture, Geoscience and Interior Design*, issued November 2, 2006.

Exhibit 3: Over-Recovery of Costs by Biennium (2008-2009 through 2016-2017)

SOURCE: Office of the Legislative Auditor.

RECOMMENDATIONS

- The Board of Architecture, Engineering, Land Surveying, Landscape Architecture, Geoscience and Interior Design should review its fees each biennium in accordance with state policy.
 - The Board of Architecture, Engineering, Land Surveying, Landscape Architecture, Geoscience and Interior Design should work with the Legislature to reduce fees to a level that does not result in collections that over-recover costs.
-



Expenditures

The board had expenditures totaling about \$1.89 million during the period covered by our audit scope. Exhibit 4 breaks down these expenditures by type.

Exhibit 4: Expenditures by Expenditure Type (July 1, 2016, through January 31, 2019)

Expenditure Type	Amount	Percentage
Payroll	\$1,152,589	61.0
Rent	132,280	7.0
Board Member Compensation and Expense Reimbursements	108,316	5.7
Goods and Services	496,394	26.3
Total Expenditures	\$1,889,579	

SOURCE: State of Minnesota's accounting system.

The Department of Commerce performs payroll processing and human resources activities for the board, which includes recording pay rate changes in the state's payroll system. The Department of Commerce also processes expenditures in the state's accounting system on behalf of the board.

Payroll

The board employs an executive director, a position that is shared with the Board of Accountancy. The board also shares office space with the Board of Accountancy. Each board employs its own staff, but through interagency agreements, employees of one board can work on activities for the other board, as needed. The board relies on the Department of Commerce to process its payroll and enter personnel transactions.

We found that the board had adequate internal controls over payroll expenditures and accurately compensated its employees except for a slight underpayment to one employee. We discussed that underpayment with the board, which promptly corrected the error.

Rent

Most of the rent expenditures are for the board's office in St. Paul. The board shares space with the Board of Accountancy, and the two boards split the cost of the lease. From July 2016 through December 2017, the board paid 60 percent of the lease amount, based on the space utilized by each board. Beginning in January 2018, each board paid 50 percent of the lease as space utilized by each board became comparable.

The terms of the office space lease made two parking spaces available, and the board's executive director executed a contract for one of those spaces. The board also leased additional parking spaces in an adjacent ramp for its employees. The board required

employees to reimburse a portion of the cost of the parking lease, but fully paid for the executive director's parking space. After discussions with OLA during our audit, the executive director began reimbursing the board for a portion of her parking costs, similar to other board employees.

FINDING 2

The Board of Architecture, Engineering, Land Surveying, Landscape Architecture, Geoscience and Interior Design did not properly split parking costs with the Board of Accountancy.

During the audit period, the board did not pay any of the cost of the executive director's parking space, which totaled \$4,420. Instead, the Board of Accountancy paid the entire amount. Because the executive director position for each board is a half-time position filled by the same person, the boards should split the cost of the parking space evenly. Neither the executive director nor the Department of Commerce could explain why the cost was not split equitably between the two boards.

RECOMMENDATION

- **The Board of Architecture, Engineering, Land Surveying, Landscape Architecture, Geoscience and Interior Design should pay half the cost of the executive director's parking space.**
-

Board Member Compensation and Expense Reimbursements

Board members and board staff meet approximately seven to eight times a year to discuss board business. Board members serve on committees to review complaints, applicant files, and proposed changes to rules and statutes. Board members receive a \$55 per diem as compensation for work on board activities.⁵

Board members and staff occasionally travel to conferences or seminars throughout the United States, as authorized by the board. During the audit period, board members and staff usually booked their own airfare and hotels and received reimbursements from the board. The board also reimburses members and staff for other expenses, such as meals and mileage, at the same rates applicable to all state employees.

Exhibit 5 shows the total per diems and expense reimbursements paid during the audit period.

⁵ *Minnesota Statutes* 2019, 214.09, subd. 3(a).

Exhibit 5: Per Diems and Expense Reimbursements (July 2016 through January 2019)

	Amount
Per Diems	\$ 26,450
Expense Reimbursements – Board Members	73,651
Expense Reimbursements – Employees	<u>8,215</u>
Total	<u>\$108,316</u>

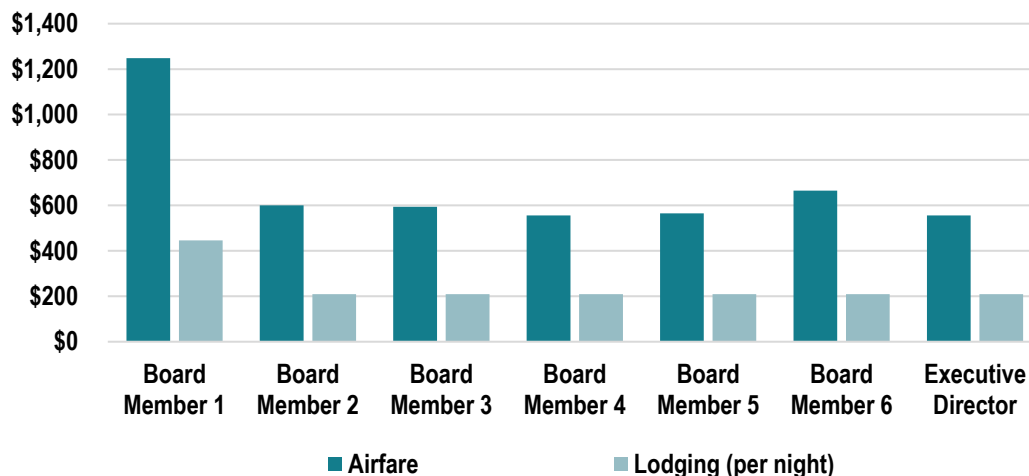
SOURCE: State of Minnesota’s Accounting System.

FINDING 3

The Board of Architecture, Engineering, Land Surveying, Landscape Architecture, Geoscience and Interior Design reimbursed one board member for excessive travel costs.

The board reimbursed one board member for airfare and lodging costs to attend a conference that far exceeded the costs incurred by five other board members and the executive director for the same event.⁶ As illustrated in Exhibit 6, the airfare was over \$600 higher than the average airfare for the other attendees, and the lodging was \$236 higher per night.

Exhibit 6: Comparison of Travel Costs Incurred to Attend the 2016 Annual Meeting of the National Council of Examiners for Engineering and Surveying in Indianapolis



SOURCE: Board of Architecture, Engineering, Land Surveying, Landscape Architecture, Geoscience and Interior Design expense reimbursement forms.

⁶ 2016 Annual Meeting of the National Council of Examiners for Engineering and Surveying, held in Indianapolis from August 24-27, 2016.

The authorization for the executive director and six board members to attend the conference, signed by the board chair, allowed for airfare up to \$662 and lodging at \$210 per night. The reimbursed amount for this board member exceeded the authorized amount by \$1,058. The board could not provide any documentation to justify why this board member's costs were so high. The executive director told us she approved the reimbursement because the board member incurred the expenses for state business, and the total amount reimbursed to all attendees was less than the total amount authorized by the board chair.

Eleven of the original expense reimbursement samples we tested included airfare or lodging, or both. We expanded our testing to review other reimbursements to the board member with excessive travel costs and high dollar reimbursements to other board members that we did not originally test as part of our sample. We did not identify any additional instances of excessive travel costs.

RECOMMENDATION

- **The Board of Architecture, Engineering, Land Surveying, Landscape Architecture, Geoscience and Interior Design should limit expense reimbursements to amounts approved in advance, unless unforeseen circumstances justify a departure by the board chair.**
-

Goods and Services

The board obtained goods and services from other state agencies and from outside vendors. For most purchases from outside vendors, the board issued purchase orders and subsequently paid vendor invoices after it received the goods or services. The board also has one purchasing card that it occasionally used for travel costs or supplies, which totaled \$2,784 during the audit period. Finally, the board contracted with two vendors for professional and technical services during the audit period, with total expenditures of \$38,829.

FINDING 4

The Board of Architecture, Engineering, Land Surveying, Landscape Architecture, Geoscience and Interior Design did not comply with certain requirements for professional and technical services contracts.

The board did not comply with the following requirements for professional and technical services contracts completed during the audit scope:

- For a \$49,920 contract, the board did not retain at least 10 percent of the contract amount until the final payment and did not submit a vendor evaluation report to the Department of Administration.
- The board did not retain at least 10 percent of the contract amount until the final payment for one of the two completed \$5,000 contracts.

State contracting law states, "...the terms of a contract must provide that no more than 90 percent of the amount due under the contract may be paid until the final product has been reviewed by the head of the agency entering into the contract, and the head of the agency has certified that the contractor has satisfactorily fulfilled the terms of the contract..."⁷ Each contract included the required retainage clause, but the board did not enforce the contractual requirement.

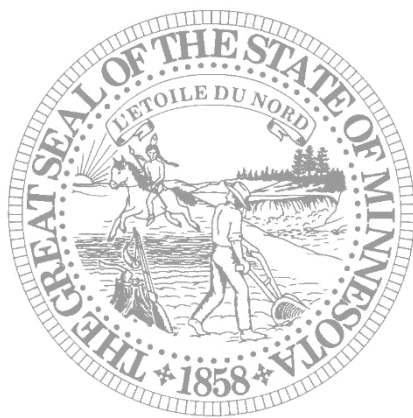
State contracting law also states, "Within 30 days of final completion of a contract over \$25,000...the head of the agency entering into the contract must submit a report to the commissioner [of Administration].... The report must...include a written performance evaluation of the work done under the contract."⁸ The purpose of the vendor evaluation report is to provide feedback for other agencies to use in evaluating the contractor for future projects. Board staff were not aware of this requirement.

RECOMMENDATIONS

- **The Board of Architecture, Engineering, Land Surveying, Landscape Architecture, Geoscience and Interior Design should follow retainage requirements, as required by state law.**
 - **The Board of Architecture, Engineering, Land Surveying, Landscape Architecture, Geoscience and Interior Design should submit vendor evaluation reports to the Department of Administration for professional and technical services contracts exceeding \$25,000.**
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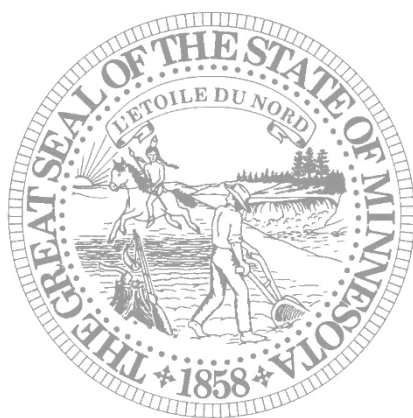
⁷ *Minnesota Statutes* 2019, 16C.08, subd. 2(10).

⁸ *Minnesota Statutes* 2019, 16C.08, subd. 4(c).



List of Recommendations

- The Board of Architecture, Engineering, Land Surveying, Landscape Architecture, Geoscience and Interior Design should review its fees each biennium in accordance with state policy. (p. 9)
- The Board of Architecture, Engineering, Land Surveying, Landscape Architecture, Geoscience and Interior Design should work with the Legislature to reduce fees to a level that does not result in collections that over-recover costs. (p. 9)
- The Board of Architecture, Engineering, Land Surveying, Landscape Architecture, Geoscience and Interior Design should pay half the cost of the executive director's parking space. (p. 12)
- The Board of Architecture, Engineering, Land Surveying, Landscape Architecture, Geoscience and Interior Design should limit expense reimbursements to amounts approved in advance, unless unforeseen circumstances justify a departure by the board chair. (p. 14)
- The Board of Architecture, Engineering, Land Surveying, Landscape Architecture, Geoscience and Interior Design should follow retainage requirements, as required by state law. (p. 15)
- The Board of Architecture, Engineering, Land Surveying, Landscape Architecture, Geoscience and Interior Design should submit vendor evaluation reports to the Department of Administration for professional and technical services contracts exceeding \$25,000. (p. 15)





MINNESOTA BOARD OF
ARCHITECTURE ■ ENGINEERING ■ LAND SURVEYING
LANDSCAPE ARCHITECTURE ■ GEOSCIENCE ■ INTERIOR DESIGN

November 4, 2019

James Nobles
Office of the Legislative Auditor
140 Centennial Building
658 Cedar Street
St. Paul, MN 55155

Dear Mr. Nobles:

Thank you for the opportunity to discuss the internal controls and compliance audit of the Board of Architecture, Engineering, Land Surveying, Landscape Architecture, Geoscience and Interior Design. It was a pleasure to work with the audit team. They asked for multitudinous documents, questioned processes and were courteous.

The Board takes its responsibility to ensure adequate internal controls over the receipt and licensing processes, as well as compliance with finance and legal requirements seriously. We share the belief that effective controls ensures financial accountability and compliance with state regulation and policy. We are committed to reviewing processes for improvement.

Finding #1 Recommendations:

The Board of AELSLAGID should review its fees each biennium in accordance with state policy. The Board should work with the Legislature to reduce fees to a level that does not result in collections that over recover costs.

The Board agrees with the finding that it over recovers costs. The Executive Committee will work with the Legislature to set fees to a level that does not significantly over recover costs. The Committee has been working on additional statutory language to our practice act and will discuss the fees as part of that package.

Responsible person; Target Completion Date: Doreen Johnson, Executive Director, and the Executive Committee members will complete for presentation in the 2021 legislative session.

Finding #2 Recommendation:

The Board should pay half the cost of the executive director's parking space.

The Board agrees with the finding and has authorized paying half of the parking space, given that the Executive Director Position is split between two boards.

Responsible person; Target Completion Date: Doreen Johnson, Executive Director; completed.

Finding #3 Recommendation:

The Board of AELSLAGID should limit expense reimbursements to amounts approved in advance, unless unforeseen circumstances justify a departure by the board chair.

While the Board agrees with the recommendation for an additional approval process for unforeseen circumstances, it wishes to note that the cumulative expenditure by all board members attending the conference did not exceed the funds approved in advance on the Special Expense Request.

Responsible person; Target Completion Date: Doreen Johnson, Executive Director; December 2019.

Finding #4 Recommendations:

**The Board of AELSLAGID should follow retainage requirements, as required by state law.
The Board of AELSLAGID should submit vendor evaluation reports to the Department of Administration for professional and technical services contracts exceeding \$25,000.**

The Board agrees with this finding. We have retained the appropriate funds as required and created an internal vendor evaluation tracking process.

Responsible person; Target Completion Date: Doreen Johnson, Executive Director; completed.

In summary, we appreciate the work done by the Office of the Legislative Auditor and the opportunity it provides for improvement.

Sincerely,



Doreen Johnson
Executive Director

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