

Report No. 2008-07

April 9, 2008



Charles A. Hibner, Director, Audits Division

Bill Bradbury, Secretary of State

Secretary of State Audit Report

State of Oregon

Landscape Architect Board

A Semi-Independent Agency

For the Biennium Ended June 30, 2007

Contract Auditor: Merina & Company, LLP

Office of the Secretary of State

Bill Bradbury
Secretary of State

Jean Straight
Deputy Secretary of State



Audits Division

Charles A. Hibner, CPA
Director

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The Honorable Ted Kulongoski
Governor of Oregon
254 State Capitol
Salem, Oregon 97310-4047

Board of Directors
Oregon Landscape Architect Board
1193 Royvonne Avenue SE, No. 19
Salem, Oregon 97302

This report presents audited financial statements of the Oregon Landscape Architect Board, a semi-independent agency of the State of Oregon, as of and for the biennium ended June 30, 2007, and a report on its internal control over financial reporting and on compliance with applicable laws, regulations and contracts. The audit was performed by Merina & Company, LLP for the Secretary of State Audits Division.

Sincerely,
OREGON AUDITS DIVISION

A handwritten signature in black ink, appearing to read "C.A. Hibner", is written over a light blue rectangular background.

Charles A. Hibner, CPA
Director

**OREGON LANDSCAPE ARCHITECT
BOARD**

FINANCIAL STATEMENTS
AND SUPPLEMENTARY DATA
For the Biennium Ended
June 30, 2007
with
Independent Auditors' Report

**MERINA
& COMPANY, LLP**

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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OREGON LANDSCAPE ARCHITECT BOARD

For the Biennium Ended June 30, 2007

TABLE OF CONTENTS

	<u>Page</u>
FINANCIAL SECTION	
Independent Auditors' Report.....	1
<u>Basic Financial Statements</u>	
Statement of Net Assets.....	2
Statement of Activities.....	3
Balance Sheet – Governmental Fund.....	4
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Fund	5
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual	6
<u>Notes to the Basic Financial Statements</u>	7
OTHER REPORTS	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	12

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Oregon Landscape Architect Board
1193 Royvonne Avenue SE, #19
Salem, OR 97302

Charles Hibner, Director
Oregon Audits Division
255 Capitol Street NE, Suite 500
Salem, OR 97310

We have audited the accompanying financial statements of the governmental activities and the special revenue fund of the Oregon Landscape Architect Board, a semi-independent agency of the State of Oregon, as of and for the two years ended June 30, 2007, as listed in the table of contents. These financial statements are the responsibility of the Oregon Landscape Architect Board's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the special revenue fund of the Oregon Landscape Architect Board, as of June 30, 2007, and the budgetary comparison statement for the special revenue fund for the two years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2008, on our consideration of the Oregon Landscape Architect Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit. That report is separately presented in the Other Reports section as listed in the table of contents.


Merina & Company, LLP
West Linn, Oregon
January 31, 2008

OREGON LANDSCAPE ARCHITECT BOARD
(A Semi-Independent Agency of the State of Oregon)
STATEMENT OF NET ASSETS
June 30, 2007

	<u>Governmental Activities</u>
ASSETS:	
Cash and cash equivalents	\$ 154,167
Investments	<u>60,893</u>
Total assets	<u><u>\$ 215,060</u></u>
 LIABILITIES:	
Accounts payable	<u>\$ 1,871</u>
Total liabilities	<u>1,871</u>
 NET ASSETS:	
Unrestricted	<u>213,189</u>
Total net assets	<u>213,189</u>
Total liabilities and net assets	<u><u>\$ 215,060</u></u>

The accompanying notes are an integral part of these financial statements

OREGON LANDSCAPE ARCHITECT BOARD
(A Semi-Independent Agency of the State of Oregon)
STATEMENT OF ACTIVITIES
For the Biennium Ended June 30, 2007

	<u>Expenses</u>	<u>Net Revenue (Expenses) and Changes in Net Assets</u>
EXPENSES:		
Governmental activities:		
Licensing	\$ 254,251	\$ (254,251)
Total program expenses		<u>(254,251)</u>
GENERAL REVENUES:		
General revenues:		
Licenses and fees		280,089
Fines and forfeitures		10,118
Interest income		2,743
Other income		133,065
Miscellaneous income		<u>39,296</u>
Total general revenues		<u>465,311</u>
Change in net assets		211,060
NET ASSETS, BEGINNING		<u>2,129</u>
NET ASSETS, ENDING		<u><u>\$ 213,189</u></u>

The accompanying notes are an integral part of these financial statements

OREGON LANDSCAPE ARCHITECT BOARD
(A Semi-Independent Agency of the State of Oregon)
BALANCE SHEET - GOVERNMENTAL FUND
June 30, 2007

	Total Governmental Fund
ASSETS:	
Cash and cash equivalents	\$ 154,167
Investments	<u>60,893</u>
Total assets	<u><u>\$ 215,060</u></u>
 LIABILITIES AND FUND BALANCE:	
Accounts payable	<u>\$ 1,871</u>
Total liabilities	<u>1,871</u>
 FUND BALANCE:	
Unreserved	213,189
Total fund balance	<u>213,189</u>
Total liabilities and fund balance	<u><u>\$ 215,060</u></u>

The accompanying notes are an integral part of these financial statements

OREGON LANDSCAPE ARCHITECT BOARD
(A Semi-Independent Agency of the State of Oregon)
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - GOVERNMENTAL FUND
For the Biennium Ended June 30, 2007

	Total Governmental Fund
REVENUES:	
License and fees	\$ 280,089
Fines and forfeitures	10,118
Interest income	2,743
Other income	133,065
Miscellaneous income	<u>39,296</u>
Total revenues	<u>465,311</u>
 EXPENDITURES:	
Service and supplies	<u>254,251</u>
Total expenditures	<u>254,251</u>
Revenues over (under) expenditures	211,060
 FUND BALANCE, BEGINNING	 <u>2,129</u>
 FUND BALANCE, ENDING	 <u><u>\$ 213,189</u></u>

The accompanying notes are an integral part of these financial statements

OREGON LANDSCAPE ARCHITECT BOARD
(A Semi-Independent Agency of the State of Oregon)
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Biennium Ended June 30, 2007

	Biennial Budget		Actual			Variance
	Original	Original & Final	FY 2006	FY 2007	Biennial	Positive (Negative)
REVENUES:						
License and fees	\$ 279,500	\$ 279,500	\$ 126,924	\$ 153,165	\$ 280,089	\$ 589
Fines and forfeitures	1,000	1,000	5,638	4,480	10,118	9,118
Interest income	-	-	-	2,743	2,743	2,743
Other income	1,000	1,000	133,003	62	133,065	132,065
Miscellaneous income	-	-	39,296	-	39,296	39,296
Total revenues	281,500	281,500	304,861	160,450	465,311	183,811
EXPENDITURES:						
Personal services	10,000	10,000	-	-	-	10,000
Service and supplies	205,500	228,500	130,019	124,232	254,251	(25,751)
Total expenditures	215,500	238,500	130,019	124,232	254,251	(15,751)
Revenues over (under) expenditures	66,000	43,000	174,842	36,218	211,060	168,060
FUND BALANCES, BEGINNING	17,951	17,951	2,129	176,971	2,129	(15,822)
FUND BALANCES, ENDING	\$ 83,951	\$ 60,951	\$ 176,971	\$ 213,189	\$ 213,189	\$ 152,238

The accompanying notes are an integral part of these financial statements

OREGON LANDSCAPE ARCHITECT BOARD
(A Semi-Independent Agency of the State of Oregon)
NOTES TO FINANCIAL STATEMENTS
FOR THE TWO YEARS ENDED JUNE 30, 2007

NATURE OF THE ORGANIZATION

The Oregon Landscape Architect Board's (the Board) objective is to safeguard the public health, safety, welfare and property in this state by providing qualifying criteria for the practice of landscape architecture. These safeguards are in the practice of landscape architecture as it relates to engineering, architecture, ground water, land use planning, and landscape hazards.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Oregon Landscape Architect Board is a semi-independent agency of the State of Oregon. The Board operates under Oregon Revised Statutes (ORS) Chapter 671.310 to 671.459, 671.992 and 671.995 and implements these statutes through the Oregon Administrative Rules (OAR) Chapter 804. The Board was granted initial semi-independent status by the Legislature in 1997, and pursuant to Oregon Senate Bill 1127 of the 1999 Legislative Session, additional revisions to the statute occurred. Certain ORS chapters do not apply to the Board, except as otherwise provided by law. The Board is subject to all other statutes governing a state agency that do not conflict with ORS 182.456 to 182.472.

The Board consists of seven members appointed by the governor for four-year terms. Four members are registered landscape architects and three members are public citizens.

The Board regulates the practice of landscape architecture by conducting examinations to qualified applicants; issuing certificates to those who qualify for registration; and disciplining those who violate the law. The board is concerned with providing safeguards in the practice of landscape architecture as it relates to engineering, architecture, ground water, land use planning, landscape hazards, and the further development of the practice of landscape architecture (ORS 671.312).

Basis of Presentation

The accompanying financial statements are presented in conformity with accounting principles generally accepted in the United States of America (GAAP) applicable to government entities. The accounts of the Board are organized on the basis of a special revenue fund. Revenues are from license fees, civil penalties and interest income.

Government-wide Statements

The statement of net assets and the statement of activities display information about the Board as a whole. These statements include all the financial activities of the Board.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when

OREGON LANDSCAPE ARCHITECT BOARD
(A Semi-Independent Agency of the State of Oregon)
NOTES TO FINANCIAL STATEMENTS
FOR THE TWO YEARS ENDED JUNE 30, 2007

earned, except license fees, which are recognized when received, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available, except for license fees which are recognized when received. Revenues are recognized as soon as they are measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. All funds of the board are accounted for on the flow of current financial resources measurements focus. With this measurement focus, only current assets and current liabilities are included on the balance sheet. Operating statements of these funds present increases (ie., revenues) and decreases (ie., expenditures) in net current assets.

Budget

The Board is required to adopt budgets on a biennial basis through the Public Hearing process. The Board may adopt or modify a budget only after holding a public hearing and must give notice of budget hearings to all licensees.

Unlike most budgets in state government where the agency budgets are enacted into law by the legislature, the Board's budget is not subject to review and approval by the Legislature or to future modification by the Legislature or the Emergency Board. For this reason, the budgets adopted by the Board are considered to be non-appropriated budgets. The budgetary statement included herein compares the total of annualized non-appropriated budgets for fiscal years 2006 and 2007 to actual expenditures for the two years ended June 30, 2007.

Cash and Investments

The Board's cash and cash equivalents are considered to be cash on hand, demand deposits, and short term investments with an original maturity of three months or less from the date of acquisition. Investments are carried at fair value.

Supplies

Supplies are charged as expenditures when purchased.

License Fees

License fees are billed monthly for an annual period based upon anniversary date. Fees are recognized when collected.

OREGON LANDSCAPE ARCHITECT BOARD
(A Semi-Independent Agency of the State of Oregon)
NOTES TO FINANCIAL STATEMENTS
FOR THE TWO YEARS ENDED JUNE 30, 2007

Compensated Absences

The Board currently has no employees on payroll. Administrative functions of the Board are handled through an inter-agency agreement with the Oregon State Board of Geologist Examiners.

Equipment

Equipment with a cost of more than \$5,000 is depreciated over its useful life. Currently, the Board does not have any equipment with a cost basis greater than \$5,000.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, requires that management make estimates and assumptions which affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

CASH AND INVESTMENTS

As of June 30, 2007, the Board's bank balance was \$219,990. Of this deposit, \$100,000 was covered by Federal Depository Insurance. Of the remaining balance \$100,000 was covered by a collateral certificate held in the pledging financial institution's trust department or agent, in the Board's name. The remaining balance of \$19,990 was uninsured.

Credit risk

State statutes authorize the Oregon of Landscape Architect Board to invest in general obligations of the U.S. Government and its agencies, certain debt obligations of Oregon, California, Washington and Idaho, bank repurchase agreements, bankers' acceptances, and certain corporate debt obligations, among others.

Concentration of credit risk

All investments of the Board shall be made in accordance with Oregon Revised Statutes: ORS 294.035 (Investment of surplus finds of political subdivisions; approved investments), ORS 294.040 (Restriction on investments under ORS 294.035), ORS 294.135 (Investment maturity dates), and ORS 294.145 (Prohibited conduct for custodial officer). Any revisions or extensions of these sections of the ORS shall be assumed to be part of this investment policy immediately upon being enacted.

Custodial credit risk – deposits

In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned. Oregon Revised Statutes require the depository institution to maintain on deposit with a collateral pool manager security having a value of not less than 25% of the outstanding certificates of participation issued by the pool manager. However, in accordance with State statutes, the State Treasurer allows certain depository banks to be the

OREGON LANDSCAPE ARCHITECT BOARD
(A Semi-Independent Agency of the State of Oregon)
NOTES TO FINANCIAL STATEMENTS
FOR THE TWO YEARS ENDED JUNE 30, 2007

custodian with respect to their own pledged collateral securities. For these institutions, the State Treasurer is the collateral pool manager.

Custodial credit risk – investments

In the case of investments, this is the risk that Board will not be able to recover the value of its investment or collateral security that is not held in the Board's name but is in the possession of an outside party.

PENSION PLAN

Employee Retirement Plan

Board employees hired after August 28, 2003, participate in the Oregon Public Service Retirement (OPSRP) which is a part of the Public Employees Retirement System (PERS). Employees hired on, or before this date are PERS members. Board employees would be eligible to participate in the system after completing six months of service. Both plans require an actuarially determined contribution from the employer and an employee contribution of 6 percent of salary. The Board pays employee's contribution as allowed by law. Both plans are administered by the Public Employees Retirement Board under the guidelines of Oregon Revised Statutes, Chapter 238 and 238A. Both plans provide retirement benefits and cost-of-living adjustments, as well as disability, post-employment healthcare, and death benefits to plan members and beneficiaries. A copy of the Oregon Public Employees Retirement System annual financial report may be obtained from PERS, P.O. Box 23700, Tigard, Oregon 97281-3700.

There were no contributions for the biennium ending June 30, 2007 because the Board currently contracts for administration of their office.

Defined Benefit Plans

Oregon Public Service Retirement Plan (OPSRP) The Pension Program of OPSRP is a cost-sharing multiple-employer defined benefit pension plan. The Board is required by statute to contribute actuarially computed amounts as determined by the PERS Board. Rates are subject to change as a result of actuarial valuations.

Public Employees Retirement System (PERS) PERS plan members also participate in a cost-sharing multiple-employer defined benefit pension plan. The Board is required by statute to contribute actuarially computed amounts as determined by the PERS Board. The rates are subject to change as a result of subsequent actuarial valuations. During fiscal year 2007, the Board did not make any contributions.

**OREGON LANDSCAPE ARCHITECT BOARD
(A Semi-Independent Agency of the State of Oregon)
NOTES TO FINANCIAL STATEMENTS
FOR THE TWO YEARS ENDED JUNE 30, 2007**

Defined Contribution

The Individual Account Program (IAP) is the defined contribution portion of OPSRP. The IAP is administered by the PERS Board. It is applicable to non-PERS members as of August 29, 2003, and applicable to active PERS members as of January 1, 2004. Contributions made prior to establishment of the IAP remain in the members' PERS accounts.

There were no Board retirement contributions for the biennium ending June 30, 2007.

Other Charges

The Board is also required to pay a share of the debt service requirements for a \$2 billion bond issued to reduce the unfunded liability of PERS. PERS began collection of the amounts in May 2004. There were no Board contributions for the biennium ending June 30, 2007.

INSURANCE

Insurance programs are administered for the Board by the Risk Management Division of the Oregon Department of Administrative Services, which provides insurance coverage to all state agencies with a blanket honesty and faithful performance bond, general liability and vehicle liability self-insurance, and self-insurance property damage program.

The cost of servicing insurance claims and payments is covered by charging an assessment to each State entity based upon its share of services provided in a prior period.

LEASE COMMITMENT

The Board leases space under a two year lease expiring December 31, 2007. Total lease payments for the two years ended June 30, 2007 were \$7,381. Future minimum lease payments for the fiscal year ended June 30, 2008 is \$3,704.

Future minimum lease payments are based on a base rent of \$309 per month. However, the base rent can fluctuate from year to year based on the percentage change in the Consumer Price Index published by the United State Bureau of Labor Statistics, which is undeterminable at this time.

INTERAGENCY AGREEMENT

From July 1, 2005 through June 30, 2006, the Board entered an interagency agreement to provide administrative support services for the Oregon Board of Geologist Examiners (OBGE) at a rate of \$4,000 per month. From July 1, 2006 to June 30, 2007 the rate increased to \$5,000.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING
STANDARDS***

Board of Directors
Oregon Landscape Architect Board
1193 Royvonne Avenue SE, #19
Salem, Oregon 97302

Charles A. Hibner, Director
State Audits Division
255 Capitol Street NE, Suite 500
Salem, Oregon 97310

We have audited the financial statements of the governmental activities and the special revenue fund of the Oregon Landscape Architect Board, as of and for the two years ended June 30, 2007, which collectively comprise the Oregon Landscape Architect Board's basic financial statements and have issued our report thereon dated January 31, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Oregon Landscape Architect Board's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Oregon Landscape Architect Board's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Oregon Landscape Architect Board's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Oregon Landscape Architect Board's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Oregon Landscape Architect Board's financial statements that is more than inconsequential will not be prevented or detected by the Oregon Landscape Architect Board's internal control. We consider the deficiencies described in the accompanying Schedule of Findings and Responses to be significant deficiencies in internal control over financial reporting. These deficiencies are listed as items 2007-1 and 2007-2.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Oregon Landscape Architect Board's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above are a material weakness.

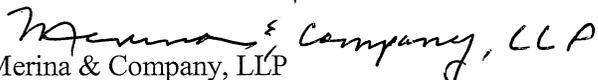
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Oregon Landscape Architect Board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Oregon Landscape Architect Board, in a separate letter dated February 6, 2008.

Oregon Landscape Architect Board's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Responses. We did not audit Oregon Landscape Architect Board's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the audit committee, Board of Directors, the Governor of the State of Oregon and the Oregon Legislative Assembly, and is not intended to be and should not be used by anyone other than these specified parties.


Merina & Company, LLP
West Linn, Oregon
January 31, 2008

OREGON LANDSCAPE ARCHITECT BOARD
(A Semi-Independent Agency of the State of Oregon)
SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2007

Financial Statement Findings

2007-1

Condition

Journal entries are made during the year were not supported by adequate documentation or approved by management.

Criteria

To minimize the risk of improper entries, all journal entries should include supporting documentation and be approved by someone other than the individual making the entry.

Effect

Lack of journal entry approval potentially increases the risk of misstatements in the financial reports.

Cause

A journal entry approval process has not been implemented.

Recommendation

We recommend that journal entries include support documentation and be approved by the Administrator.

Response

Journal Entries are currently made monthly at bank reconciliation time, primarily for the monthly bank interest posted on the bank statement. Both the bank statement and the bank reconciliation printout are reviewed and signed off by the Treasurer of the Board. That interest figure is posted on the bank statement and required for balancing the bank statement. The Administrator will now print out and initial the monthly journal entries posted by other staff and file the paperwork in a separate location for future audit review.

2007-2

Condition

The Quickbooks file at the end of the biennial year was not properly closed to ensure audited ending balances were appropriately booked and the financial records were restricted from additional changes.

Criteria

To minimize the risk of misstatements in the financial reports, controls should be implemented to ensure audited financial records are properly closed.

Effect

Lack of controls over the closed financial records increases the risk of misstatements in the financial reports.

OREGON LANDSCAPE ARCHITECT BOARD
(A Semi-Independent Agency of the State of Oregon)
SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2007

Cause

Proper closing procedures were not implemented to ensure audited balances were properly booked after the Administrator Investigation audit was complete and new administration of the Board began.

Recommendation

Controls and procedures should be implemented to ensure the accuracy of account balances when the Quickbooks file is closed at year end.

Response

The 2003-05 audit was conducted by the Secretary of State's Audit Division. Because no bank reconciliations had been completed during that audit period, the Board contracted with an outside party to complete the reconciliations for the two-year period so that the auditors could complete their financial audit. The draft audit was received August 15, 2006. At the completion of the audit, journal entries were provided by the Secretary of State. As the entries were being posted by Board staff, the process halted because the contracted party indicated that the journal entries had already been posted. The few journal entries that were being posted were subsequently reversed so as not to be duplicated. Staff understood that the journal adjustments had been correctly completed.

Because of the inaccuracy and incompleteness of the financial records before 7/1/2005, staff began clean books on 7/1/2005. However, the prior balances needed to be inputted when they were known as well as journal adjustments from the 2003-05 audit. The Board's contracted person returned late summer of 2006 and was to have made the journal adjustments that the Secretary of State had provided at the close of the 2003-05 audit period as well as adjustments from the reconciliation of the books from 2003-05. But during the audit event for 2005-07, the audit team discovered that the journal adjustments were not present. Staff is uncertain as to why the revised entries were not present and the contracted party returned to correct the books.

Between July 1, 2005 and June 30, 2006, staff paid two outstanding debts posted under accounts payable. When preparing the checks, the payments were not properly debited to the accounts payable. This caused a disconnect in the audit for 2005-07.

At the close of the 2005-07 audit, the journal adjustments provided by the auditors will be posted to the registry. If the balances do not agree with the auditors figures, staff will work with the auditors and others as needed so that all fund balances are correct.

ABOUT THE SECRETARY OF STATE AUDITS DIVISION

The Oregon Constitution provides that the Secretary of State shall be, by virtue of his office, Auditor of Public Accounts. The Audits Division exists to carry out this duty. The division reports to the elected Secretary of State and is independent of the Executive, Legislative, and Judicial branches of Oregon government. The division audits all state officers, agencies, boards, and commissions and oversees audits and financial reporting for local governments.

Directory of Key Officials

Director	Charles A. Hibner, CPA
Deputy Director	William K. Garber, MPA, CGFM
Deputy Director	Mary E. Wenger, CPA

This report, a public record, is intended to promote the best possible management of public resources. Copies may be obtained from:

internet: <http://www.sos.state.or.us/audits/index.html>

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