

Report on the

**Board of Cosmetology and Barbering
State of Alabama
Montgomery, Alabama**

October 1, 2018 through September 30, 2020

Filed: July 16, 2021



**Department of
Examiners of Public Accounts**

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Rachel Laurie Riddle, Chief Examiner



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Honorable Rachel Laurie Riddle
Chief Examiner of Public Accounts
Montgomery, Alabama 36130

Dear Madam:

An examination was conducted on the Alabama Board of Cosmetology and Barbering, Montgomery, Alabama, for the period October 1, 2018 through September 30, 2020, by Examiners Daniel Dupree and Charnelle Martin. I, Daniel Dupree, served as Examiner-in-Charge on the engagement, and under the authority of the *Code of Alabama 1975*, Section 41-5A-19, I hereby swear to and submit this report to you on the results of the examination.

Respectfully submitted,

A handwritten signature in blue ink, which appears to read 'Daniel Dupree', is written above the printed name.

Daniel Dupree
Examiner of Public Accounts

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Department of
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SUMMARY

**Alabama Board of Cosmetology and Barbering
October 1, 2018 through September 30, 2020**

The Alabama Board of Cosmetology and Barbering (the “Board”) operates under the authority of the *Code of Alabama 1975*, Sections 34-7B-1 through 34-7B-29. By law, the Board licenses and regulates the practice of cosmetology and barbering in the State of Alabama.

This report presents the results of an examination of the Board and a review of the Board’s compliance with applicable laws and regulations of the State of Alabama. This examination was conducted in accordance with the requirements of the Department of Examiners of Public Accounts under the authority of the *Code of Alabama 1975*, Section 41-5A-12. Our examination was performed to determine whether the public officers, agents, and employees of the Board properly and lawfully accounted for all money and other public assets or resources received, disbursed, or in the custody of the Board. Our examination included determining compliance by the Board with state laws and regulations that pertain to financial transactions; personnel; safeguarding of state-owned assets, property, and resources; information dissemination, processing, and retention; and official actions, rulemaking procedures, and meetings. As a part of our examination, we also reviewed internal control policies and procedures relating to the areas listed above. Our examination did not encompass managerial and operational matters, such as whether the Board accomplished its mission or its regulatory, enforcement, investigative, or other oversight activities in an efficient, fair, timely, or legal manner.

FINDING

The following instance of noncompliance with State laws and regulations and other matters was found during the examination, as shown on the Schedule of State Legal Compliance and Other Findings and it is summarized below.

- ◆ 2020-001 Relates to the Board not depositing checks and money orders in a timely manner. This finding was reported in the prior examination as Finding 2018-001.

EXIT CONFERENCE

Board members and the Executive Director were invited to an exit conference held on June 17, 2021. Individuals in attendance were: Jeannie Price, Executive Director; Wanda Odom, Human Resources; Susan Jana, Executive Assistant; and Neva Conway, Legal Counsel, along with Robin Hutcheson, Daniel Dupree, and Charnelle Martin from the Department of Examiners of Public Accounts.



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COMMENTS

**Alabama Board of Cosmetology and Barbering
October 1, 2018 through September 30, 2020**

The Alabama Board of Cosmetology and Barbering (the “Board”) operates under the authority of the *Code of Alabama 1975*, Sections 34-7B-1 through 34-7B-29. By law, the Board exercises license and regulatory authority over the practice of cosmetology and barbering in the State of Alabama.

The Board is comprised of seven members appointed by the Governor consisting of two active cosmetologists, two actively practicing Class 2 barbers, one active esthetician, one active manicurist, and one consumer member. The licensed members must actively practice in the State for at least five years preceding appointment. The members are appointed from each congressional district and must reside in the district represented during the entire term of office. The members cannot serve no more than two four-year terms and may be removed by the Governor for just cause.

The Executive Director, who is appointed by the Governor, supervises the day-to-day operations of the Board. The Executive Director serves at the pleasure of the Governor.

The Board operates from Special Revenue Fund 0357 maintained in the State Treasury. The Board’s operating funds are derived from licensing fees and administrative penalties collected by the Board in carrying out its statutory mission. The Board is subject to the State’s normal budget procedures and cannot expend funds without a legislative appropriation. Unexpended balances in the Board’s fund at year-end remain on hand for subsequent expenditure.

The Board owned nonconsumable personal property consisting of automobiles, office furniture, computers, and equipment. Nonconsumable personal property in the custody of the Board was compared with property records maintained by the Property Inventory Control Division of the State Auditor’s Office. No discrepancies were noted.

*Schedule of State Legal
Compliance and Other Findings*

Schedule of State Legal Compliance and Other Findings
For the Examination Period Ended September 30, 2020

Ref. No.	Finding/Noncompliance
2020-001	<p><u>Finding:</u></p> <p>The Board did not deposit checks and money orders in a timely manner. Thirty-five bank deposits consisting of 2,426 checks and money orders were reviewed. Three hundred and thirteen of the 2,426 checks and money orders were deposited sixteen to forty days after they were received. Failure to promptly deposit checks and money orders unnecessarily increases the risk of loss or misuse of state funds.</p> <p>This finding was reported in the prior examination as Finding 2018-001.</p> <p>The <i>Code of Alabama 1975</i>, Section 34-7B-6, gives the Board the authority to collect fees and deposit the fees in a Special Revenue Fund in the State Treasury. Therefore, to fulfill this responsibility, it is management's responsibility to establish, implement, and maintain policies and procedures to ensure that checks and money orders collected are deposited in a timely manner.</p> <p><u>Recommendation:</u></p> <p>The Board should establish, implement, and maintain policies and procedures to ensure that checks and money orders collected are deposited in a timely manner.</p>

Schedule of Cash Receipts, Disbursements and Balances
For the Period October 1, 2018 through September 30, 2020

	2019-2020	2018-2019
<u>Receipts</u>		
Licensing Fees	\$ 2,392,784.94	\$ 2,777,341.00
Licensing Registration Lists	360.00	690.00
Reimbursements for Hearing Costs	1,984.25	4,853.77
Administrative Penalties	88,009.54	71,343.25
Bad Check Penalties	240.00	390.00
Insurance Recoveries		7,596.05
Copy Fees	405.00	1,140.00
Salvage Equipment or Other Property	56.00	
Total	2,483,839.73	2,863,354.07
<u>Disbursements</u>		
Personnel Costs	971,975.18	960,172.32
Employee Benefits	498,117.30	472,850.95
Travel, In-State	112,452.82	142,487.86
Travel, Out-of-State		2,125.95
Repair and Maintenance	5,812.15	1,950.25
Rentals and Leases	196,095.68	187,378.53
Utilities and Communication	58,585.88	68,815.51
Professional Services	206,185.36	293,486.43
Supplies, Materials, and Operating Expenses	134,371.66	111,110.82
Transportation Equipment Operations	3,001.88	12,514.94
Grants and Benefits		53.61
Transportation Equipment Purchases		35,468.00
Other Equipment Purchases	56,495.47	16,281.36
Total	2,243,093.38	2,304,696.53
Excess of Receipts Over Disbursements	240,746.35	558,657.54
Cash Balances at Beginning of Year	2,104,550.58	1,545,893.04
Cash Balances at End of Year	2,345,296.93	2,104,550.58
Reserve for Unpaid Obligations	(454,421.43)	(177,828.84)
Available Cash Balances at Year-End	\$ 1,890,875.50	\$ 1,926,721.74

Board Members and Officials
October 1, 2018 through September 30, 2020

Board Members		Term Expires
Hon. Floyd McDonald	Chairman	2023
Hon. Daniel Powers	Member	2024
Hon. General Jackson	Member	2021
Hon. Tracy White Smith	Member	2022
Hon. Kathy Linden	Member	2022
Hon. Michelle Callahan-Alvis	Member	2020
Hon. Bobby Luster	Member	2017 (1)
Hon. Shirlie Phan	Member	2020 (2)

Officials

Jeannie G. Price	Executive Director 100 North Union Street, Suite 324 Montgomery, AL 36130 Phone: (334) 242-1918 www.aboc.alabama.gov	
Verla J. Respass	Acting Executive Director	March 15, 2019

(1) Continued to serve until May 2019

(2) Resigned January 2019