

## Louisiana Board of Massage Therapy

Special Board Meeting – June 18, 2010  
State Office Building  
150 Third St.  
Baton Rouge, LA 70801

The Board meeting was called to order by Mary Donker Syvertsen, board chairman, at 10:03 AM. Public comment was established allowing the public 2 to 3 minutes to ask any questions or voice opinions as the meeting proceeds.

Roll Call – Janeth DeBenedetto, Suzanne Schwing, Julianne Menn, Mary Donker Syvertsen, Pam Little and Keith Thompson were all present. Bruce Evans was absent from the meeting.

Rhonda McManus, Executive Director was introduced to give her report regarding issues pertaining to the board.

1. Security. The locks on the doors were changed and the alarm system security codes were changed. Each staff member was given their own security code to the alarm system and a new key to enter the building.
2. Cleaning Service. A cleaning service was hired to clean the office two times each week. The cleaning service proposal was in the board members packet for review. The proposal is on file in the board office.
3. Civil Service Reporting. All civil service reports regarding board members and employees were brought up to date and the new board members and employees were added as per the reporting requirements.
4. Risk Management. Reports with the office of Risk Management regarding quarterly salaries, mileage and reimbursement have been caught up and completed.
5. Bank Account. The checkbook was balance by board CPA, Mr. Eric Vicknair. The balance as of May 31, 2010, was \$152,370.61. As of today, \$12,410.00 had been deposited. The board was responsible for debits and checks totaling \$22,307.09, making the current balance \$142,473.52.
6. Group Benefits. All employees have been enrolled in Group Benefits. Benefits will start on July 1, 2010. There is an outstanding invoice to be paid for Cassie Culbertson and pending for Kayla Perkins. Kyle Crane had never been enrolled but is now and will begin receiving benefits on July 1, 2010. Updated reporting had to be completed in order to get into the Group Benefits system and know how

much money is owed. The outstanding invoice was for \$2931.76, which was owed from Ms. Kayla Perkins insurance. Ms. Julianne Menn asked what this amount was for. Ms. Rhonda McManus said it was for Ms. Perkins' medical retirement. Ms. Menn asked what the board's responsibility would be monthly for medical retirement. Ms. McManus responded that from here on out the board would be responsible for \$732.94 per month.

7. LASERS. The Lasers retirement system had a past due balance of \$8,725.92 for January, February and March which covered Kayla Perkins and Cassie Culbertson. This balance was paid on May 25, 2010. One issue the staff encountered was that Kyle Crane had never been set up in the state retirement system at his hiring date of 11/30/09 as required by law. All state employees must participate in the LASER Retirement System. Kyle Crane's earnings were calculated from December, 2009, through April, 2010, and the total to get Mr. Crane caught up in the LASERS system is \$4681.60. The Board is responsible for paying 18.6% (\$3273.60) and the employee is responsible for 8% (\$1408.00) of the retirement benefits. Due to the neglect of the office, this has placed a hardship on Mr. Crane. Ms. McManus asked that the Board allow a payment plan to be set in place for Mr. Crane to repay his portion. Mr. Vicknair advised that Mr. Crane's social security was withheld and an amended form can be filed for reimbursement. Once received, this would be applied to Mr. Crane's balance and he would owe \$316.80.
8. Tax, Payroll and annual Audit will be addressed as the board moves through the agenda.

Ms. McManus thanked the staff for helping to hold things together as they all work to catch up the back log of work in the office and thanked the Board for their patience.

### **Budget**

Mr. Eric Vicknair reviewed the budget with the board. Ms. Menn asked about retirement expenses and asked where the bill from the IRS for \$40,000 shows up in the report. Ms. Menn pointed out that Ms. Perkins medical retirement would total about \$800.00 per month or \$10,000.00 per year. The board will research the issue to see if it is their responsibility. Questions arose regarding the staff salary budget. Ms. Jan DeBenedetto stated that the salaries include the previous staff's salary.

Ms. Menn asked Ms. McManus about the budget going over \$500,000.00 and the ensuring audit required with that budget. The new amount was not reflected on the proposed budget. Ms. McManus stated that temporary staff must also be included in the budget's salary section. Jan DeBenedetto stated that the contract was with Snelling and does not fall under the staff salary section in the budget. Snelling is responsible for temporary employee's benefits. Ms. Menn pointed out that the board had \$75,000.00 more in expenses if the board is responsible for paying the IRS and Ms. Perkins medical insurance. Mr. Vicknair stated that the budget can be amended.

It was determined that the budget could be approved today. Ms. Menn motioned that the board accept the budget. Jan DeBenedetto seconded. There was no discussion. All members present approved the budget.

Mr. Vicknair stated that professional services were running higher than budgeted. He suggested that the board take precautions with the \$40,000.00 discrepancy regarding professional services. Mr. Vicknair also stated that the board members per diem increased as well. Ms. Menn asked if the amendment would cover professional services and the board's per diem expenses. Mr. Vicknair confirmed that the amendment should be made to cover the board for the budget year and be safe. An amendment to increase the budget by \$60,000.00 would cover the projected budget increase ending in June 2010.

Jan DeBenedetto motioned to amend the budget by \$60,000.00 to cover the increase and Keith Thompson seconded. All board members present approved.

### **Board's Tax and Penalty Obligations**

Ms. McManus stated that in the last couple of weeks the IRS had sent several notices of back taxes owed and passed due by the board to the board office. Ms. McManus contacted the IRS for an explanation of what was outstanding. Copies of the notices were enclosed in the board members packets.

The IRS stated that there were missing 941 tax returns for the years 2005, and 2006. Taxes sent in for March 2008, June 2008 and March 2009 were all in the amount of \$2,600.00 which was not enough to cover what was actually filed. A late payment was made on 3/31/2010, and the board was charged a late penalty. Ms. Jan DeBenedetto stated that the coupon book used to file returns was missing and she knew there would be a penalty. Ms. McManus read the following statement regarding the board's responsibility to the IRS:

List of notices received from the IRS totaling \$40,564.08:

Civil Penalty - 12/31/2005 - \$13,567.71

Civil Penalty - 12/31/2006 - \$12,801.17

941 - 3/31/2008 - \$7,247.94

941 - 6/30/2008 - \$1,134.09

941 - 3/31/2009 - \$3,986.43

941 - 9/30/2009 - \$257.14

941 - 3/31/2010 - \$1,569.60

Ms. Menn asked if the IRS had been sending notices for the last 6 years. Ms. McManus stated the IRS said that they have been sending notices to the board regarding the delinquency of these payments. Ms. McManus asked the IRS agent if she could get back with him to make payment arrangements by June 25, 2010. He stated that that would be fine but that if she did not, the IRS could levy the board's checking account.

Ms. Schwing asked what the board's process for making tax and payroll payments in the past. Mr. Vicknair stated that he prepares the payroll and the executive director is responsible for making the 941 tax payments. Ms. Menn asked Mr. Vicknair if he ever knew about owing any of these back taxes. He said he did not. He stated that he would have taken care of these taxes had he known about them. Mr. Thompson asked him to qualify as to whether he was kept in the loop regarding the notice of the back taxes. He stated he was not notified by the previous executive director that 941 taxes were overdue.

Ms. Menn stated that she talked to Mr. Vicknair a few days before the board meeting and asked him if he had copies of the quarterly payroll and W2 forms that were to be filed. She stated that Mr. Vicknair informed her that he would bring those copies to the board meeting scheduled for June 18, 2010. Mr. Vicknair stated the copies were "in the warehouse" and that he "will get them". Ms. Menn qualified that they had discussed these forms being at the warehouse and it was her understanding that he would produce these documents for the meeting held June 18, 2010. Mr. Vicknair replied that he didn't bring them. Ms. Menn asked how long it would take to furnish the documents. Mr. Vicknair stated that if the documents were where he thinks they are that it wouldn't take long to produce them.

Ms. Menn stated the Mr. Vicknair had been employed by the board for several years and asked when he signed a contract to do quarterly payroll returns. Mr. Vicknair started working with the board in 2007. Ms. Menn asked Mr. Vicknair to deliver the payroll and tax documents to Ms. McManus on Tuesday, June 22, 2010. Mr. Vicknair stated that he would be able to acquiesce to her request.

Ms. Donker-Syvertsen asked whether there were some checks and balances in place so this could not happen again. Knowing that there is legislative review and audit conducted yearly she questioned how this could go on for years. Mr. Vicknair stated that it comes from the IRS due to the civil penalties and interest that nobody knows about. Ms. Menn asked if documentation of proof must be given in the audit. Mr. Vicknair stated that at the end of the audit that litigation and obligations are not necessary unless they could have an affect on the balance. However, unpaid balances are reviewed. Ms. Menn brought up a recent lawsuit against the board by HOLI Services. She asked if that amount owed should be brought to the auditor's attention. Ms. Menn stated that there were a lot of unpaid bills since 2007 and that this should have been caught in an audit. Mr. Vicknair stated that during an audit, these are questions directed to the management and reviewed in the board minutes by the auditor.

Ms. Schwing qualified that she understood that the purpose of an audit was to prevent the issues of owning large amounts of money that board is facing now. Mr. Vicknair stated that it is not the purpose. Mr. Vicknair stated that the audit was to make sure that the financial statements do not have any problems. The audit is not conducted for tax purposes. Ms. Schwing asked Mr. Vicknair if the board's situation is unique. Mr.

Vicknair stated that he has experienced this with individual clients who may go five years without receiving notices from the IRS.

Ms. Menn then asked what the point of an audit or review would be if it is not designed to uncover unpaid taxes and other bills. Mr. Vicknair stated that auditors do not go through every document of paper and rely on management. Ms. Schwing questioned how an auditor could conduct an audit without documentation. Mr. Vicknair stated that W2's and payroll are provided to the auditor. Mr. Vicknair stated that the payroll and W2 forms are observed in an audit and should have been kept at the office. He stated that regarding the penalties for late filing with the IRS, an auditor wouldn't know if they never saw the documents. He stated that the auditor would simply rely on 941 forms kept in the office. Forms are not double checked with pay stubs and the IRS is not consulted during an audit. Ms. Menn commented that it "would be really easy to slide through an audit". Ms. Menn asked Mr. Vicknair if he ever audited the board. He stated that he had for about 7 years.

Ms. McManus stated that the IRS notices have come in quick succession. She has looked in the office for any other late notices but was unable to locate any. She did find late payment notices for other things but determined that those bills had been paid sent their receipt. The board asked Ms. McManus if she thought the board would be notified if they were delinquent in tax payments. She stated that she believed they would. Ms. Jan DeBenedetto asked Ms. McManus if the board would have received a letter. Ms. McManus stated that the board would indeed receive a letter from the IRS regarding late payments and penalties. Ms. Menn noted that it may have gone to the trash can like several other documents. Ms. McManus did try to locate IRS notices. Ms. Menn asked if late notices from other companies have been located. Ms. McManus stated that she has been unable to locate any other documents from other companies regarding late payments due by the board.

Ms. Schwing asked if provisions were being made to avoid late payments to the IRS in the future. Ms. McManus stated that she wishes to implement the payroll through a payroll service company who would be responsible for paying the 941 taxes to the IRS and would be held liable if said payment is not made quarterly.

Ms. Schwing asked if a plan or payment to the IRS needed to be made. Ms. DeBenedetto stated that the board needed research further before making any payments. Ms. Donker-Syvertsen asked Ms. McManus to see if she could obtain past notices of delinquency from the IRS. Ms. McManus stated she would ask the IRS for the notices. Ms. Donker-Syvertsen echoed Ms. DeBenedetto's statement in regards to researching before making payments. Ms. McManus stated that the IRS wanted an answer in regards to a time frame for payments by June 25, 2010. (Can the board pay? What amounts would the board be able to pay?) Ms. McManus stated that it may be a good idea to negotiate some of the fees down. Mr. Billy Belsom, board attorney stated that opening a dialogue would help with the IRS and he stated he would help open that dialogue and explain that there is a new board and executive

director. He felt that these changes would work in the board's favor. Ms. McManus has the authority to speak with the IRS and make payments.

Ms. Menn motioned that Ms. McManus be able to pay the taxes due so the board can be current. (Not to include fines and penalties) Ms. Schwing and Ms. Pam Little seconded. All board members present approved.

### **Payroll System**

Ms. McManus stated that since she began her employment with the board that there is a manual payroll system that appears to have been used since the board's inception. Employees receive a paper check without a stub to document what taxes and benefits are taken out of their pay or documentation of annual and sick leave. There is no option for direct deposit. Ms. McManus researched a third party for payroll options. Employees would have electronic access to W2 forms and pay stubs. Ms. McManus researched 5 companies and narrowed it to the top three. Proposals were put in the board member's packets. The services prepare everything related to payroll and are held accountable if any of the work is incorrect. The proposals ranged from \$2025.20 - \$1792.74 per year with a one time set-up fee. Ms. McManus stated that this cost is beneficial to avoid having to pay late taxes and penalties. Ms. McManus stated that payroll would be adjusted back to January, 2010, so they would be able to pay the correct taxes at the end of the year. Ms. McManus reviewed the three companies with the board and what services would be received for each company. There was discussion by the board and questions from Ms. Menn to Ms. McManus regarding her preference and familiarity with the programs and contracts. None of the companies required signed contracts as long as a thirty day notice was given to sever the ties.

After review and discussion of the three companies, Ms. Schwing motioned to contract with PayChex to conduct the payroll for the Board. Ms. DeBenedetto seconded. All board members present approved.

### **Annual Required Audit/Review**

Ms. McManus provided a 2008 and 2009 annual review in the board members packet. A legislative audit is required annually. A budget of over \$500, 000.00 requires a more in-depth review. This requires a higher payment for the CPA. Some board members had asked Ms. McManus in previous conversations if the board could choose a different auditor. The board waited too long to change their auditor. There is not enough time to put out bids from the approved CPA list. Ms. McManus discovered that the contract with the CPA can be signed for one year as opposed to a three year contract. The contract can go out for bid next year. The board is obligated to use Ms. Mary Sue Stages this year for the audit at a cost of \$2625.00.

The scope of the audit was discussed with Nancy Clement in the Legislative Auditor's Office. Ms. Menn asked what the time coverage of this audit would be. Ms. McManus stated that the audit would cover this fiscal year. (2010). Ms. Menn

questioned the documentation of past audits because there is no documentation of leave or sick hours for past employees. She noted that in 2009, pay checks were considered audited and found to be ok, but there is no documentation to support the claim. Ms. Menn stated that it bothered her that the last audit was ok with this information when board members and staff haven't been able to locate any supporting documentation of employee leave. Ms. Menn stated that she would like to talk to Ms. Stages about this before she conducts the audit. Ms. McManus indicated that Ms. Stages would be happy to talk to the board and answer any questions. Ms. Menn asked when the audit was due. Mr. Vicknair stated that the audit must be completed and submitted by September 1, 2010.

Ms. Clement stated that if this audit does not satisfy the boards needs that the board could obtain a more in-depth audit. The board could choose another CPA firm but would have to provide a specific list of items they want audited. (Leave and leave pay, whether bills or taxes were paid, or any others areas of concern) The Legislative Auditor's Office would then have to approve the detailed in-depth audit before the board could have the CPA start. Ms. McManus stated that Ms. Stages could also do a detailed in-depth audit if the board was comfortable with her.

Ms. Menn motioned that the board contract with Ms Mary Sue Stages and have a detailed in-depth audit that must be approved by the Legislative Auditors Office. Ms. McManus clarified the detailed in-depth audit. Ms. Menn withdrew the motion.

Ms. Menn motioned that the board hire Ms. Mary Sue Stages for the regular audit for the year of 2010 for the required yearly audit at her proposed price. Mr. Keith Thompson seconded. All board members present approved.

Ms. Menn stated that the board should allow Ms. McManus to start the process to solicit bids from CPA's. It what decided that Ms. McManus would research CPA firms to conduct a detailed in-depth board audit and report back to the board in August.

### **Clarification of the Past Executive Director's Termination and Benefits Status**

Ms. Menn and Ms. McManus have been trying to get clarification on the termination of Ms. Kayla Perkins. The minutes state that Ms. Perkins was terminated. Ms. Menn talked to LASERS and discovered that Ms. Perkins is on a disability based retirement. This makes the board responsible for paying about \$800.00/ month or \$10,000.00/year for Ms. Perkin's health benefits. Ms. Menn stated that she would like for LASERS to turn over documentation that the paperwork was completed by March 18, 2010. Mr. Belsom stated that Ms. Perkins was paid for vacation without verification of her annual leave. Ms. Menn stated that upon inspection of the ledger, Ms. Perkins and Ms. Culbertson were both paid for their annual leave about one week after their termination and resignation. There is no clear documentation that they were paid for their annual leave. There is no documentation in the office supporting the hours they were paid. The checks total almost \$20,000.00.

Ms. Menn also noted that in order to pay Ms. Perkins retirement that the board needs documentation of her salary. These documentations have not been found in the board office. This is being researched. Ms. DeBenedetto asked if there was a time frame to supply this information to LASERS. Ms. McManus stated that the Office of Group Benefits asked for a status update on the number of employees in the office. Emails were sent to Ms. McManus to complete several forms for present and previous employees since previous employees had not been updated. Employee forms have been difficult to find in the board office. Ms. McManus turned in forms for Ms Culbertson's benefits and stated on the form that she had resigned. Ms. Perkins was turned in as terminated but Ms. McManus was informed by Group Benefits that Ms. Perkins was on medical retirement. Ms. Perkins spoke with Ms. Renee Hart and put herself on medical retirement. The board turned in the status for Ms. Perkins as "terminated". The benefits have been shut down due to the fact the past bills had not been paid. Group Benefits insurance will be unfrozen after past payments due are made which will open up healthcare benefits for staff members. Ms. McManus has been unable to complete forms due to the nonpayment of these bills for insurance.

Ms. Menn stated that LASERS told her that Ms. Perkins had not submitted all forms required for retirement and that LASERS was still waiting on these forms. Ms McManus stated that OGB asked for more forms that had to come from LASERS. These forms must be completed by the board and submitted to LASERS. Form 7-1 was put in the mail by LASERS to be sent to the board for completion. LASERS cannot move forward until they receive paperwork required from Ms. Perkins.

Ms. Schwing stated that Ms. Perkins was given till March 18, 2010 to inquire about the process to file for medical based early retirement. Ms Schwing then stated that "we are way past that point". Ms. Perkins has not fulfilled her side of this agreement. Ms. Menn clarified this in the affirmative since LASERS has yet to receive all of the necessary paperwork from Ms. Perkins. Ms. Schwing asked for clarification as to whether the board is responsible for paying \$10,000.00/year for her health benefits. At this point, the board is not responsible since Ms. Perkins has not completed the necessary forms. Ms. McManus stated that Ms. Perkins will not receive benefits until the past due amount for the insurance is paid. Ms. McManus received the total yesterday and will get this matter cleared up soon. The late past due payment to LASERS in the amount of \$8,000.00 has been paid. LASERS benefits are currently caught up. Ms. Menn asked if the board must continue to make LASER payments for Ms. Perkins. LASER payments are only for current, active employees. Ms. Menn asked where the board is with this issue since Ms. Perkins did not complete this process in the two weeks she was given at the March 4, 2010 meeting. Mr. Belsom stated that the issue of retirement needs to be looked at. He and Mr. Miller will look into this.

Ms. Schwing asked if the board should have timeline for MS. Perkins' status. Mr. Belsom stated that the board needed to find out what their responsibilities will be. Ms. DeBenedetto asked if the board would be responsible for her insurance if she is under



medical retirement. Ms. McManus is going to hold off on forms until the status is clarified. Mr. Belsom again stated that it was necessary to find out what the board's obligations are to Ms. Perkins. The board terminated Ms. Perkins and did not give her medical retirement. Therefore, it is necessary to determine what happened after that meeting. Ms. Menn asked Mr. Vicknair about retirement for someone who had worked for 15 years. She asked Ms. Perkins applied for medical retirement in lieu of regular retirement since she does not meet the yearly qualifications to receive full retirement benefits and should the board be obligated to pay those benefits. Mr. Vicknair stated that individuals receive some portion of retirement when they leave. Ms. Menn qualified that medical retirement would give the status of "retired".

### **Retention of CPA**

Ms. Donker Syvertsen asked for a motion to discuss retention of CPA. Unsure of how to handle, Mr. Belsom was asked how to proceed. Mr. Belsom explained the rules of executive session and stated that Mr. Vicknair had the right to have an executive session. Ms. Menn asked to go into executive session. Mr. Vicknair stated he preferred to go into executive session. Ms. Menn motioned that board go into executive session. Ms. Schwing seconded. All board members present approved. The board went into executive session at 11:48 AM with a 5 minute break. (Executive Session at 11: 53 AM)

The board returned in open session at 12:35 PM. Ms. Menn motioned that the board should establish a contract with a different CPA beginning today. Mr. Keith Thompson seconded. Ms. DeBenedetto asked that the board wait till June 30, 2010, (the end of the fiscal year) to retain a new CPA. A vote was called by Ms. Donker Syverstsen. All board members present approved to terminate Mr. Vicknair as the board's CPA effective immediately.

### **Ad Hoc CIO**

Mr. Thompson explained that he must recuse himself with some of the board's investigations due to the fact that he is personally involved in one of the complaints that may be heard by the board. Mr. Miller explained to the board that he must recuse himself in cases where he may be involved or knows persons involved. Mr. Thompson will remain the CIO but will not personally hear a case where he may be involved. Ms. Menn asked if any board members were personally being investigated. Mr. Miller stated that none of the current board members were under investigation. Ms. Menn made a motion for Ms. Pam Little to be the ad hoc CIO for this particular situation. Ms. Schwing seconded. Ms. Little accepted. All board members present approved.

Mr. Belsom stated that the agenda needed to be amended in order for the board to address the payment of Mr. Kyle Crane's benefits and payment. Ms. Schwing motioned to add the discussion of Mr. Crane's payment to the agenda. Ms. DeBenedetto seconded. All members present approved.

Ms. Menn motioned that a payment plan be put in place by the executive director for Mr. Kyle Crane's LASERS retirement plan. Ms. Little seconded. All members present approved. Mr. Crane thanked the board.

Ms. Donker Syvertsen opened the floor for public comment or questions. There were none.

Ms. Little motioned that the meeting be adjourned. Mr. Thompson seconded. The meeting was adjourned at 12:42 PM.