



STATE OF OKLAHOMA
OFFICE OF THE STATE AUDITOR & INSPECTOR

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BOARD OF COSMETOLOGY

JULY 1, 2003 THROUGH JUNE 30, 2004

JULY 1, 2004 THROUGH JUNE 30, 2005



JEFF A. McMAHAN, CFE
OKLAHOMA STATE AUDITOR & INSPECTOR

**Board of Cosmetology
Agreed-upon Procedure Report
For the Periods
July 1, 2003 to June 30, 2004
July 1, 2004 to June 30, 2005**

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STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN
State Auditor and Inspector

May 2, 2006

TO THE BOARD OF DIRECTORS OF THE BOARD OF COSMETOLOGY

Transmitted herewith is the report on agreed-upon procedures of the Board of Cosmetology.

The Office of the State Auditor and Inspector is committed to serve the public interest by providing independent oversight and by issuing reports that serve as a management tool to the State. Our goal is to ensure a government that is accountable to the people of the State of Oklahoma.

We wish to take this opportunity to express our appreciation to the agency's staff for the assistance and cooperation extended to our office during the course of our engagement.

Sincerely,

A handwritten signature in blue ink that reads "Jeff A. McMahan".

JEFF A. McMAHAN
State Auditor and Inspector

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Background

The mission of the board is to safeguard and protect the health and general welfare of the people of the State of Oklahoma by enforcing all statutes and regulations necessary relating to standards of sanitation and safety which shall be maintained in state beauty schools and shops, mediating in areas of consumer complaints and alleged violations of cosmetology laws and rules, promoting state socio-economic goals relating to the industry, and by serving as a resource base regarding products, techniques and trends affecting cosmetologists and consumers.

Board Members

A. LAFAYE AUSTIN	CHAIRMAN
KENNETH YOUNG	VICE-CHAIRMAN
JERRY KELON CARTER II	MEMBER
CAROL DEWITT	MEMBER
TUAN A. NGUYEN	MEMBER
GRETCHEN PAYNE	MEMBER
FREDA POE	MEMBER
JANET DALE WEBB	MEMBER
ABBI VINCENT	MEMBER

Key Staff

BETTY MOORE.....	EXECUTIVE DIRECTOR
JENNIFER MCREE.....	PRINCIPAL ASSISTANT
CANDIS ROSS.....	ADMINISTRATIVE ASSISTANT TO THE DIRECTOR
TRICIA LAINE.....	ACCOUNTING TECHNICIAN
BRAD MARITT	ADMINISTRATIVE TECHNICIAN



STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN
State Auditor and Inspector

**INDEPENDENT AUDITOR'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

**Betty Moore, Executive Director
Board of Cosmetology**

We have performed the procedures enumerated below, which were agreed to by management of the Board of Cosmetology, solely to assist you in evaluating the effectiveness of your internal controls over the receipt and disbursement process and in determining whether selected receipts and disbursements and personal service cost budgetary comparisons are supported by underlying records for the period July 1, 2003 through June 30, 2005. This agreed-upon procedures engagement was conducted in accordance with standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. The sufficiency of these procedures is solely the responsibility of the specified parties in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

1. We performed procedures over the board's receipts and disbursements with respect to internal controls in the following areas to determine that:
 - Accounting duties were segregated by functions into those who initiate or authorize transactions; those who execute transactions; and those who have responsibility for the asset, liability, expenditure, or revenue resulting from the transaction;
 - Receipts were issued for cash and/or checks received;
 - Incoming checks were restrictively endorsed upon receipt;
 - Receipts not deposited daily were safeguarded;
 - Voided receipts were retained;
 - Receipts and disbursements were reconciled to Office of State Treasurer and Office of State Finance records;
 - Disbursements were supported by an original invoice;
 - Timesheets were prepared by employees and approved by supervisory personnel;

With respect to the procedures described, there were no findings.

2. We judgmentally selected 50 deposits and:
 - Compared the Treasurer's deposit date to the agency deposit slip date to determine if dates were within two working days.
 - Examined receipts to determine if they were pre-numbered and issued in numerical order.
 - Compared cash/check composition of deposits to the receipts issued.
 - Compared the total receipts issued to the deposit slip.
 - Compared receipt dates to deposit slip dates.
 - Examined receipts to determine if they were properly posted to the agency's accounting records.

With respect to the procedures described, there were no findings.

3. We judgmentally selected 120 vouchers and:
- Compared the voucher amount to the invoice amount;
 - Compared the voucher amount and payee to the CORE system;
 - Compared the nature of the purchase to the account code description to determine consistency.

There were no findings as a result of applying the comparisons.

4. We compared current year personnel service costs (accounts 511XXX, 512XXX, 513XXX) to current year budgeted costs to determine actual costs did not exceed budget.

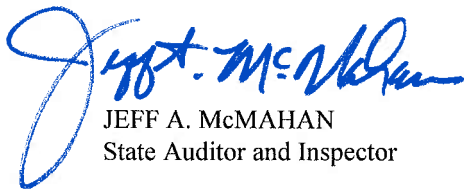
There were no findings as a result of applying the comparisons.

We also prepared a Schedule of Receipts, Disbursements and Changes in Cash from information obtained from the statewide CORE accounting system, which is presented in the "Other Information" section. The schedules, prepared for fiscal years 2004 and 2005, are included for informational purposes only.

We were not engaged to, and did not, conduct an examination or a review, the objective of which would be the expression of an opinion or limited assurance on the cash, receipts, and disbursements for the agency. Accordingly, we do not express such an opinion or limited assurance. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of management of the Board and should not be used for any other purpose. This report is also a public document pursuant to the Oklahoma Open Records Act (51 O.S. § 24A.1 et seq.), and shall be open to any person for inspection and copying.

Sincerely,



JEFF A. McMAHAN
State Auditor and Inspector

April 19, 2006

Other Information

Board of Cosmetology

SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH FOR THE YEAR ENDED JUNE 30, 2004

RECEIPTS:

Licenses/Fees	\$	686,454
Total Receipts		686,454

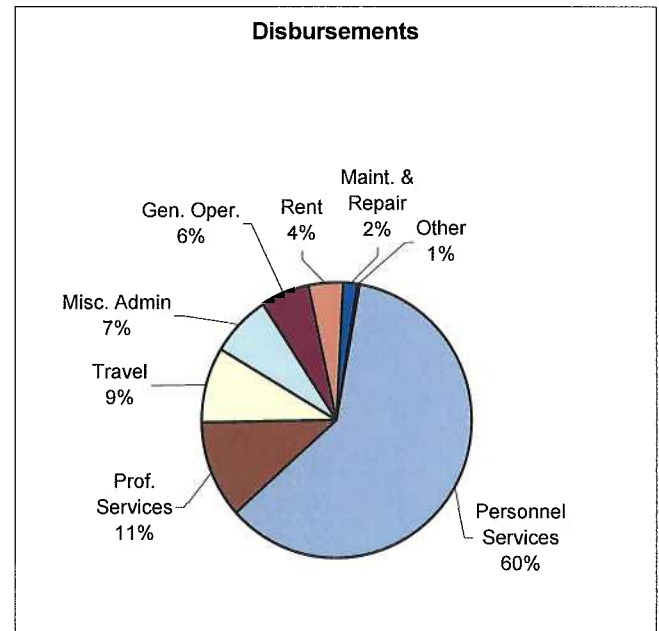
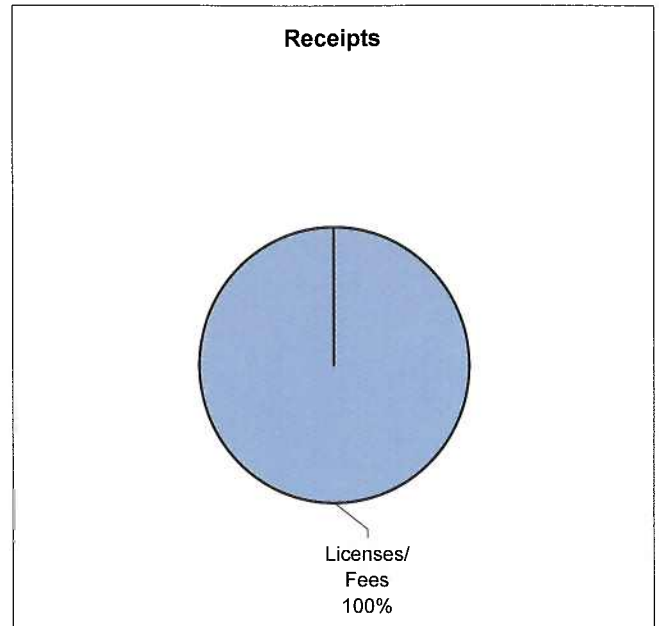
DISBURSEMENTS:

Personnel Services		512,525
Professional Services		96,778
Travel Expense		75,490
Misc. Administrative Expenses		61,840
General Operating		48,723
Rent		35,330
Maintenance & Repair		15,192
Other		2,148
Total Disbursements		848,026

RECEIPTS OVER (UNDER) DISBURSEMENTS		(161,572)
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CASH - Beginning of year		403,308

CASH - End of year	\$	241,736



See Accountant's Report

Board of Cosmetology

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH
FOR THE YEAR ENDED JUNE 30, 2005**

RECEIPTS

Licenses/Fees	\$ 709,759
Total Receipts	709,759

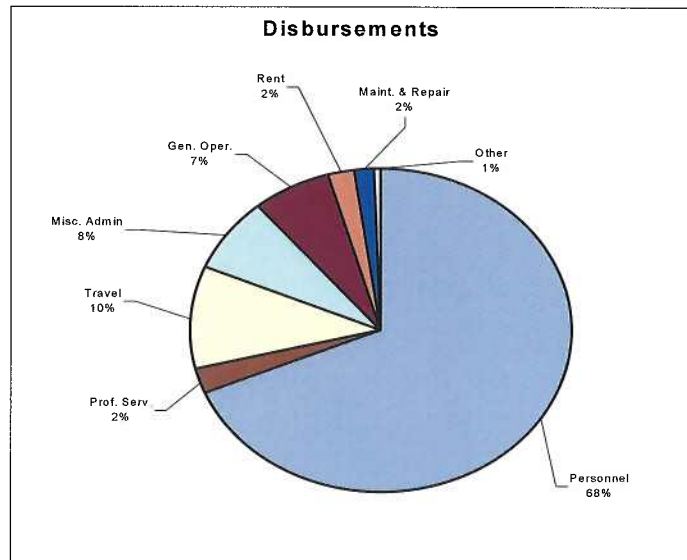
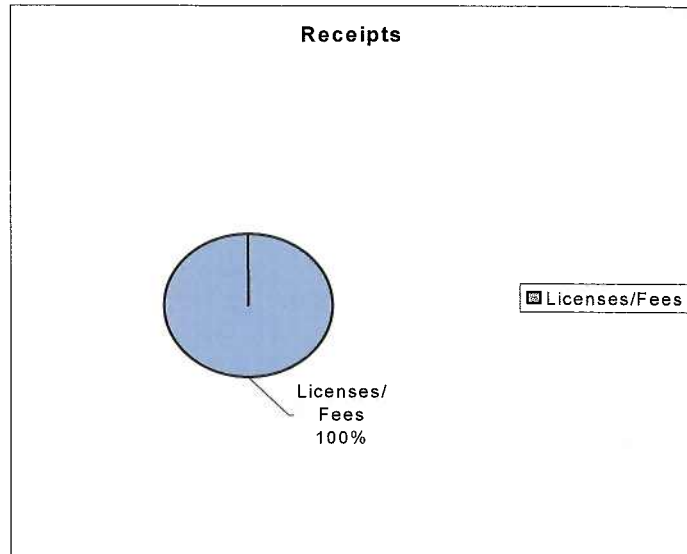
DISBURSEMENTS

Personnel Services	523,348
Professional Services	17,249
Travel Expense	80,198
Misc. Administrative Expenses	57,293
General Operating	49,725
Rent	17,532
Maintenacne & Repair	12,464
Other	3,791
Total Disbursements	761,600

RECEIPTS OVER (UNDER)
DISBURSEMENTS (51,841)

CASH - Beginning of year 241,736

CASH - End of year \$ 189,895



See Accountant's Report



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