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
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,

JEFF A. McMAHAN
State Auditor and Inspector
## Table of Contents

Background, Board Members and Key Staff................................................................. ii

Report of the State Auditor and Inspector ..................................................................... 1

Other Information
   Statement of Receipts, Disbursements and Changes in Cash FY 2004......................... 2
   Statement of Receipts, Disbursements and Changes in Cash FY 2005 ......................... 3
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
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
Board of Cosmetology

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

RECEIPTS:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Licenses/Fees</td>
<td>$686,454</td>
</tr>
</tbody>
</table>

Total Receipts $686,454

DISBURSEMENTS:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel Services</td>
<td>512,525</td>
</tr>
<tr>
<td>Professional Services</td>
<td>96,778</td>
</tr>
<tr>
<td>Travel Expense</td>
<td>75,490</td>
</tr>
<tr>
<td>Misc. Administrative Expenses</td>
<td>61,840</td>
</tr>
<tr>
<td>General Operating</td>
<td>48,723</td>
</tr>
<tr>
<td>Rent</td>
<td>35,330</td>
</tr>
<tr>
<td>Maintenance &amp; Repair</td>
<td>15,192</td>
</tr>
<tr>
<td>Other</td>
<td>2,148</td>
</tr>
</tbody>
</table>

Total Disbursements $848,026

RECEIPTS OVER (UNDER) DISBURSEMENTS $(161,572)

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:

<table>
<thead>
<tr>
<th>Licenses/Fees</th>
<th>$709,759</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Receipts</td>
<td>$709,759</td>
</tr>
</tbody>
</table>

DISBURSEMENTS:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel Services</td>
<td>$523,348</td>
</tr>
<tr>
<td>Professional Services</td>
<td>$17,249</td>
</tr>
<tr>
<td>Travel Expense</td>
<td>$80,198</td>
</tr>
<tr>
<td>Misc. Administrative Expenses</td>
<td>$57,293</td>
</tr>
<tr>
<td>General Operating</td>
<td>$49,725</td>
</tr>
<tr>
<td>Rent</td>
<td>$17,532</td>
</tr>
<tr>
<td>Maintenance &amp; Repair</td>
<td>$12,464</td>
</tr>
<tr>
<td>Other</td>
<td>$3,791</td>
</tr>
<tr>
<td>Total Disbursements</td>
<td>$761,600</td>
</tr>
</tbody>
</table>

RECEIPTS OVER (UNDER) DISBURSEMENTS

(51,841)

CASH - Beginning of year

$241,736

CASH - End of year

$189,895

See Accountant’s Report