STATE OF OKLAHOMA
OFFICE OF THE STATE AUDITOR & INSPECTOR

PHYSICIAN MANPOWER TRAINING COMMISSION
JULY 1, 2003 THROUGH JUNE 30, 2004

JEFF A. McMahan, CFE
OKLAHOMA STATE AUDITOR & INSPECTOR
July 6, 2006

TO THE MEMBERS OF PHYSICIAN MANPOWER TRAINING COMMISSION

Transmitted herewith is the Statutory Examination Report for Physician Manpower Training Commission. The procedures we performed were conducted pursuant to 74 O.S. §212.

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
Statement of Receipts, Disbursements and Changes in Cash.........................................................2
Findings/Recommendations........................................................................................................... 3

i
Background

The mission of the Physician Manpower Training Commission is to enhance medical care in rural and underserved areas of Oklahoma by administering residency, internship, incentive programs that encourage medical and nursing personnel to establish a practice in rural and underserved areas. Further, PMTC is to upgrade the availability of health care services by increasing the number of practicing physicians and nurses in rural and underserved areas of Oklahoma and to increase the total number of primary care physicians and nurses in the state.

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TO THE BOARD OF DIRECTORS OF PHYSICIAN MANPOWER COMMISSION

For the purpose of complying with 74 O.S. § 212, we have performed the following procedures for the fiscal year 2004:

1. We reviewed internal controls over cash, receipts, and disbursements.

2. We tested a sample of deposits to determine they were properly posted to the financial records and had adequate supporting documentation.

3. We tested a sample of disbursements to determine they were properly posted to the financial records and had adequate supporting documentation.

4. We performed analytical procedures to test the reasonableness of payroll disbursements.

We also prepared a Schedule of Receipts, Disbursements and Changes in Cash from information obtained from the statewide CORE accounting system. This schedule has been included for informational purposes only.

Our procedures were limited to those defined above and were less in scope than would be necessary to express an opinion on any of the items referred to above or to express an opinion on the effectiveness of Physician Manpower Training Commission internal control or any part thereof. Accordingly, we do not express such opinions. Alternatively, we have identified the procedures we performed and the findings resulting from those procedures.

Sincerely,

JEFF A. McMAHAN
State Auditor and Inspector

June 23, 2006
Physician Manpower Training Commission

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

<table>
<thead>
<tr>
<th>RECEIPTS:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>State Appropriations</td>
<td>4,876,574</td>
</tr>
<tr>
<td>Cooperative Projects</td>
<td>353,781</td>
</tr>
<tr>
<td>Repayment of Loans</td>
<td>278,486</td>
</tr>
<tr>
<td><strong>Total Receipts</strong></td>
<td>5,508,841</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>DISBURSEMENTS:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Professional Services</td>
<td>3,749,586</td>
</tr>
<tr>
<td>Scholar., Tuition, Incentive Pmt</td>
<td>1,194,494</td>
</tr>
<tr>
<td>Personnel Services</td>
<td>332,465</td>
</tr>
<tr>
<td>Misc Administrative Expenses</td>
<td>51,079</td>
</tr>
<tr>
<td>Travel</td>
<td>21,744</td>
</tr>
<tr>
<td>Rent</td>
<td>19,273</td>
</tr>
<tr>
<td>General Operating Expenses</td>
<td>9,795</td>
</tr>
<tr>
<td><strong>Total Disbursements</strong></td>
<td>5,378,436</td>
</tr>
</tbody>
</table>

| RECEIPTS OVER (UNDER) DISBURSEMENTS | 130,405 |
| CASH - Beginning of year | 725,193 |
| CASH - End of year | 855,598 |

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**Receipts**
- State Appropriation: 89%
- Co-operative Projects: 6%

**Disbursements**
- Professional Services: 70%
- Scholarship Tuition and Incentive Pmt: 22%
- Misc Admin & Gen Operating Exp: 2%
- Personnel Services: 6%
Findings/Recommendations

Finding #1

During our test of twenty deposits, we noted that 13 included receipts from several days, most of which were above $100. The agency does safeguard funds in a locked file cabinet between the time of receipt and the time of deposit. However, according to 62 O.S. § 7.1C1, receipts of One Hundred Dollars ($100) or more shall be deposited on the same banking day as received. Therefore, we recommend the agency implement procedures to ensure compliance with 62 O.S. § 7.1C1.

Management’s Response:

The agency will strive to meet compliance with 62 O.S. § 7.1C1.