



STATE OF OKLAHOMA
OFFICE OF THE STATE AUDITOR & INSPECTOR

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**BOARD OF CHIROPRACTIC
EXAMINERS**

REPORT ON AGREED-UPON PROCEDURES

JULY 1, 2004 THROUGH DECEMBER 31, 2005



JEFF A. McMAHAN, CFE
OKLAHOMA STATE AUDITOR & INSPECTOR

Board of Chiropractic Examiners

Agreed-upon Procedures Report

For the Period

July 1, 2004 through December 31, 2005



STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN
State Auditor and Inspector

August 16, 2006

TO THE BOARD OF CHIROPRACTIC EXAMINERS OF THE STATE OF OKLAHOMA

Transmitted herewith is the agreed-upon procedures report for the Board of Chiropractic Examiners of the State of Oklahoma. The Office of the State Auditor and Inspector is committed to serving 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

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Mission Statement

The Board of Chiropractic Examiner’s mission is to regulate the qualification for licensure and examination as Chiropractors; protect the public and Chiropractics in reference to complaints through public meeting and hearing pursuant to the Chiropractic Practice Act; approve educational programs required for annual license renewal and to foster higher professional standards relative to the practice of Chiropractic in the state of Oklahoma as is consistent with the best interest of the health, welfare, and safety of the public.

Board Members

Dr. Ron Tripp Jr.President
Dr. Kent Carder..... Vice President
Dr. James Toy Secretary-Treasurer
Dr. Jay L. Ernst Member
Dr. Shayne Javersak Member
Dr. Bill Mead Member
Dr. Hugh McClure Member
Dr. Russell Gilstrap..... Member
Dr. Jeanie Gardner Member

Key Staff

Beth Kelly Executive Director
Joseph English.....Executive Secretary



STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN
State Auditor and Inspector

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

We have performed the procedures enumerated below, which were agreed to by management of the Board of Chiropractic Examiners, solely to assist you in evaluating your internal controls over the receipt and disbursement process and in determining whether selected receipts and disbursements are supported by underlying records for the period July 1, 2004 through December 31, 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.

- I. We compared the Board of Chiropractic Examiner's internal controls over receipts and disbursements with the following criteria:
 - 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;
 - 10% of the gross fees charged, collected and received were deposited to the State's General Revenue Fund;
 - 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;

During our comparison of internal controls for receipts, we noted that checks are not endorsed immediately when received. While performing a walk through of internal controls we observed a deposit being prepared. Checks that had been previously received were removed from a fire proof safe located in the Executive Director's office and were then stamped with a restrictive endorsement before the deposit was prepared.

We recommend all checks are stamped with the restrictive endorsement immediately upon receipt before they are placed in the fire proof safe.

Also, we have reviewed the CORE user profiles/roles for the Oklahoma Board of Chiropractic Examiners. The agency is using the Financial Budget and HRMS modules of the CORE PeopleSoft system. We reviewed the OSF system access authorization role descriptions for Financials, Budgeting and HRMS and determined which roles we felt were incompatible within the PeopleSoft application. For this reason, separate performance of critical tasks is imperative.

We recommend management be aware of this condition and realize the concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view. Under

these conditions, the most effective controls lie in management's knowledge of operations and periodic review of operations.

With respect to the other procedures applied, there were no findings.

Management Response: I have instructed Joseph that upon receipt of any checks regardless of what time the mail delivers that day he is to date stamp all correspondence, and all checks are to be immediately endorsed. He agreed and admitted that this was an oversight on his behalf that day during the walk through of the deposit with the Auditor, and stated that in the past he has made it a responsibility when he receives any money he endorses the check, receipts each check.

The Board employs two FTE and segregation of duties is somewhat difficult to perform with respect to the responsibilities and access given in CORE PeopleSoft. It also would not be cost effective for this agency to hire additional staff to ensure that segregation of duties are being performed day in and day out for the small portion of daily operations performed in the CORE PeopleSoft System. However, management "the Executive Director" does realize that a policy and procedure needs to be developed to ensure that periodic reviews of operations performed in the CORE PeopleSoft System to prevent errors, irregularities, and/or improprieties with regards to all the modules utilized in the system.

With respect to the other procedures applied, there were no findings.

2. We randomly selected 20 deposits and:

- Compared the Treasurer's deposit date to agency deposit slip date to determine if dates were within one working day.
- Examined receipts to determine if they were pre-numbered and issued in numerical order.
- Agreed cash/check composition of deposits to the receipts issued.
- Agreed the total receipts issued to the deposit slip.
- Inspected agency receipts to determine whether receipts of \$100 or more were deposited on the same banking day as received.
- Inspected agency receipts to determine whether receipts of less than \$100 were deposited on the next business day when accumulated receipts equaled \$100 or after five business days, whichever occurred first.
- Inspected agency receipts to determine whether receipts were safeguarded.
- Compared the fund type to which the deposit was posted in CORE to the CAFR fund type listing for consistency;
- Compared the nature of the deposit to the account code description to determine consistency.

During our inspection of deposits, we noted the following:

- Seven (7) of the twenty (20) deposits selected, the OST deposit date and agency deposit slip date were not within one working day,
- Four (4) of the twenty (20) deposits selected for testing, the deposit was not made within one working day in accordance with State Statute 62 O.S. 2001 § 7.1c,
- Eight (8) of the twenty (20) deposits selected for testing, the receipt/renewal application was not date stamped; therefore, we could not determine whether the deposits were timely deposited in accordance with State Statute 62 O.S. 2001 § 7.1c.

If the receipts are not logged for all checks on the day they are received and deposited on the same banking day as received, errors or improprieties may occur and go undetected. We recommend all checks are recorded and deposited on the same day as received.

Management Response: When the state's deposit system changed in 2004 we were told that all deposits would be made to Banc First, and that we could no longer deliver deposits to OST. Therefore, as many other agencies do we utilize the service of a courier who picks up the deposits and directly delivers them to the bank for us. The courier service has also in the past come prior to mail being delivered, thus not allowing us to get a deposit in that day if we receive money in the mail. However, we are going to make

arrangements with the courier service to reschedule us for later in the afternoon to insure that we can get a deposit submitted the same day we receive money so that we are in compliance with State Statute 62 O.S. 2001 § 7.1c.

However, I would like to point out that the deposit slip dates not matching OST's deposit dates are totally out the agencies control, due to the fact that all money deposited will go directly to Banc First by way of courier services and the funds are not automatically sent to our clearing account they must be transferred from Banc First to OST. If we made a deposit on a Friday it would not show up to OST possibly till Monday. Reporting the deposits into PeopleSoft should occur the same day or by 10:00 a.m. the next morning. There have been a few times that this was delayed due to technical problems with our PCs but the Administrative Assistant processes the deposit in PeopleSoft within at least one day if permissible. How long it takes them to get the deposit could and will vary day-to-day. As before my argument on this is that the agency no longer takes deposits from the office to OST as of 2004 no office staff should have to leave office when we have the use of a courier service to pick-up and deliver the deposits. The Executive Director will establish some type of agreement with the courier service to make sure that they arrive later in the day to pick up deposits to ensure that anything received in the mail that day will be receipted and deposited to avoid any errors or improprieties with regards to any and all money received in this office.

With respect to the other procedures applied, there were no findings.

3. We recalculated the required percentage/amount to be deposited to the State's General Revenue Fund and agreed to the amount transferred to the General Revenue Fund and:

During our inspection of the remittances, we noted that for one (1) of the twenty (20) deposits selected for testing, 10% of the collections were not transferred to the General Revenue Fund in a timely manner. The collections were deposited to the agency's clearing account on 10/19/04; however, 10% of those collections were not transferred to the General Revenue Fund until 03/20/06.

Monthly OST reconciliation variances were not investigated and resolved in a timely manner and the 10% transfer from the 10/29/04 deposit to the State's General Fund was not made and went undetected. We recommend the Department review monthly reconciliations and resolve variances with the Office of State Treasury to ensure the required percentage/amount is deposited to the State's General Fund in a timely manner.

Management Response: In response to your finding regarding the 1 of the (20) deposits you selected for testing of the 10% to the General Revenue fund not being transferred in a timely manner, it was simply an oversight on behalf during the Fiscal Year 2005. During 2004 we had a change in Administrative staff with the termination of one employee in January 2004 and a new hire in February 2004. During the time from February 2004 and for about 6 or 7 months thereafter I was training our new office personnel as well as performing my job duties as the Executive Director. I do accept full responsibility for this finding and have rectified it possibly later than expected after I had found it during a calculation for the House Fiscal Staff this past legislative session. I can assure the State Auditors Office that review of all transfers done each month will be properly monitored to ensure that this will not occur again.

4. We randomly selected 60 vouchers and:
 - Compared the voucher amount and payee to the invoice amount and payee;
 - Compared the voucher amount and payee to the CORE system;
 - Compared the fund type to which the disbursement was charged in CORE to the CAFR fund type listing for consistency;
 - Compared the nature of the purchase to the account code description to determine consistency.

During our inspection of vouchers, we noted that on one (1) of the sixty (60) vouchers selected for testing the nature of the purchase was not consistent with the account code recorded. The disbursement was for telephone services and was coded as "Utility Charges-Other Utilities" (531350) but, should have been coded as "Telecommunications Services" (531130).

We recommend that account codes are reviewed to ensure the nature of the disbursement is consistent with the account code prior to approving vouchers for payment.

Management Response: After reviewing the file on the voucher stated above I have concurred that one out of all vouchers paid off of the Purchase Order for SBC, did in fact have the wrong account code on the voucher that was processed for telecommunication services. However, all vouchers there after had (531130) so this could simply have been a typo on my part. Office of State Finance also monitors all account codes for all agencies processing vouchers and this could have also been overlooked by them as well. In the past if I had a wrong account code on for instance a travel voucher they have sent it back for corrections.

With respect to the other procedures applied, there were no findings.

5. We compared salaries set by statute, if any, to the actual salary paid to determine the statutory limit was not exceeded.

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

6. We randomly selected 10% (but no more than 20) of the employees from the June 2005 payroll and agreed the amount paid to the "Request for Personnel Action" (OPM-14) or equivalent form that was in effect for June 2005.

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

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.

We have also compiled 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 schedule, compiled for fiscal year 2005 in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants, has been included for informational purposes only. A compilation is limited to presenting financial information that is the representation of management. We have not audited or reviewed the accompanying Schedule of Receipts, Disbursements and Changes in Cash, and accordingly, do not express an opinion or any other form of assurance on it.

This report is intended solely for the information and use of management of the Board of Chiropractic Examiners 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.



JEFF A. McMAHAN
State Auditor and Inspector

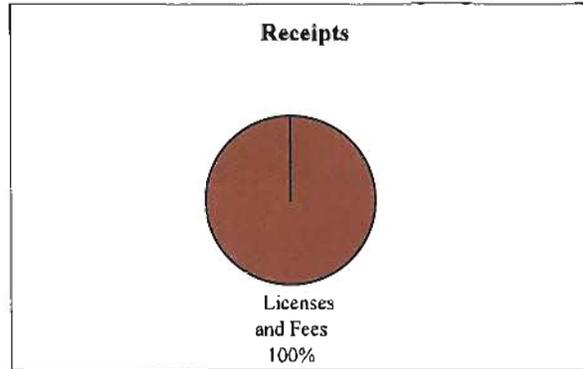
June 15, 2006

Other Information

**Board of Chiropractic Examiners
 Schedule of Receipts, Disbursements, and Changes in Cash
 For the Fiscal Year Ending June 30, 2005
 (UNAUDITED)**

RECEIPTS:

Licenses and Fees	\$ 157,899
Total Receipts	<u>157,899</u>



DISBURSEMENTS:

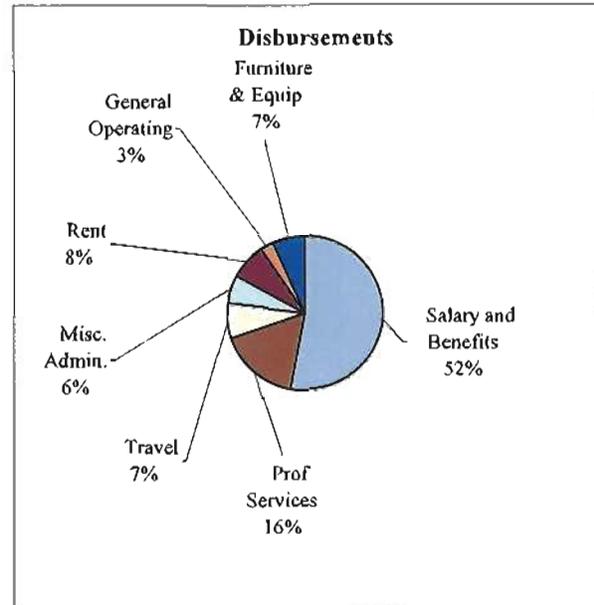
Salary and Benefits	86,567
Professional Services	27,205
Travel	11,954
Misc. Admin.	9,998
Rent	12,349
General Operating	4,497
Furniture and Equipment	10,766

Total Disbursements	<u>163,336</u>
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RECEIPTS OVER (UNDER) DISBURSEMENTS	(5,437)
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CASH--Beginning of Year	<u>25,927</u>
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CASH--End of Year	<u>\$ 20,490</u>
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This schedule is solely for the information and use by the management of the Oklahoma Board of Chiropractic Examiners and not intended to be and should not be used by any other party. See Accountant's Report.



Office of the State Auditor and Inspector

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