



STATE OF OKLAHOMA
OFFICE OF THE STATE AUDITOR & INSPECTOR

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**OKLAHOMA BOARD OF
DENTISTRY**

*REPORT ON AGREED-UPON PROCEDURES
JULY 1, 2004 THROUGH DECEMBER 31, 2005*



JEFF A. McMAHAN, CFE
OKLAHOMA STATE AUDITOR & INSPECTOR

Oklahoma Board of Dentistry
Agreed-upon Procedures Report
For the Period
July 1, 2004 through December 31, 2005

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STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN
State Auditor and Inspector

September 13, 2006

TO THE OKLAHOMA BOARD OF DENTISTRY

Transmitted herewith is the agreed-upon procedures report for the Oklahoma Board of Dentistry. 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

Mission Statement

The mission of the Board of Dentistry is to promote, protect and provide public health and safety to the citizens of Oklahoma by regulating the practice of dentistry, dental hygiene, dental assisting and the fabrication of dental appliances in dental laboratories by enforcing laws, rules and policies. The Board will ensure ethical, competent and moral character of all licensees or permit holders. The Board will provide all resources required to accomplish its goals and objectives.

Board

Dr. Bruce Horn	President
Dr. Douglas Brammer	1 st Vice President
Dr. B. Dan Storm	2 nd Vice President
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Mr. Gary D. Madison	Member
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Dr. Joseph P. Seay	Member

Key Staff

Linda Campbell	Executive Director
Tammi Maxberry	Principal Assistant



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 Oklahoma Board of Dentistry (Board), 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.

1. We compared the Board'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;

An entity should have a process (internal controls) in place that are effected by the board, management, and other personnel that are designed to provide reasonable assurance regarding the achievement of financial reporting, efficiency of operations, and compliance with laws and regulations.

During our assessment of internal controls, we noted the Board has not developed or implemented official policies and procedures for the daily operations of the office which, at a minimum, should include:

- handling insufficient checks;
- supervisory review of employee leave applications.

Without written policies and procedures, the Board's directives may be unclear. We recommend the Board develop and implement policies and procedures regarding their daily operations which include, at a minimum, handling insufficient checks and supervisory review of leave applications.

Views of Responsible Officials – The following policies and procedures contained herein are established to ensure total compliance with generally accepted accounting procedures for the fiscal fund. The Oklahoma Board of Dentistry does concur with the recent findings of the Office of the Auditor and Inspector for FY 2005. In the future, the Oklahoma Board of Dentistry will comply with the following

policies and procedures. Any and all questions should be addressed to the chief administrative officer of the Oklahoma Board of Dentistry, a state agency of Oklahoma.

Ethical Behavior - All employees of the Oklahoma Board of Dentistry will act ethically during any phase of administration. Employees who process claims or handle any check or cash shall be monitored by the Executive Director to ensure compliance with all policies and procedures. Fraud or other illegal behavior will not be tolerated. Policies and Procedures adopted by generally accepted accounting principles shall be followed. The State of Oklahoma "Oath of Office" and the "Loyalty Oath" shall be signed and maintained in the office for all employees and members of Board. Upon employment or assuming position, all employees will be trained in the policies and procedures dictated by the CORE project and/or mandated by the Office of State Finance.

Handling Insufficient Checks - It is the policy of the Oklahoma Board of Dentistry to ensure the following on receipt of any check for a fee for insufficient funds:

1. Notify the provider of insufficient funds and request certified check or money order within thirty (30) days.
2. Maintain records [copy of check and letter] in the reconciliation account book based on the date received.
3. After receipt of certified check or money order copies are made and immediately transmitted to the records in the reconciliation account book.
4. Failure to comply results in cancellation of license, registration, permit, etc.

All records are to be reviewed by Executive Director after completion by Principal Assistant.

Supervisory Review of Employee Leave Applications - Executive Director or Chief Administrative Officers will sign all leave forms. Leave forms will be readily accessible to all employees. All annual leave shall be approved prior to the date leave is requested. Sick leave forms shall be processed forty-eight hours after the leave is completed. Any sick leave approved more than five (5) days shall be provided with a physician's statement.

Internal Policy for Deposits - The Executive Director of the Oklahoma Board of Dentistry hereby directs all reconciliation reports to be completed within 48 hours from receipt of Monthly Agency statements. All employees are directed that the internal policy concerning deposits are to be strictly adhered to as follows: The secretary will open mail and provide to the principal assistant. All checks or cash shall be clearly marked or stamped (deposit only) and placed in locked safe. All deposits shall be picked up by the BancFirst courier on a daily basis. All monies received will not be available to the public and will be accounted for as prescribed by state law/rules. There will be no exception to the identification of cash on a receipt. All deposits shall clearly mark cash separate from checks or money orders.

Payroll Procedures –

- The payroll will be processed by the Executive Director and will be submitted to Oklahoma Personnel Management.
- The payroll will be submitted to OPM on or before the 10th day of each month to allow for adequate time to be processed.
- Each employee will receive payroll documents on the last working day of the month.
- OPM will designate the contact payroll person. The Board of Dentistry will pay for services to ensure segregation of duties.

Segregation of duties is a basic control that prevents or detects errors, irregularities, and fraud. Based on inspection of CORE financial and HR system security access settings, we found excessive and incompatible roles within the CORE PeopleSoft system. 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 the Board's knowledge of management's operations and periodic review of operations.

Views of Responsible Officials – Segregation of duties is a basic control that prevents or detects errors, irregularities and fraud. Due to the new CORE financial and HR system security access settings we will endeavor to separate and cross check all roles and systems. Management is aware the segregation of certain duties is impossible given the number of employees. Under the conditions acknowledged, staff will routinely review and double-check all systems to ensure effective controls. A periodic review of all operations will be offered to all members of the Board.

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

2. We randomly selected 20 deposits and:
 - a. Compared the Treasurer's deposit date to agency deposit slip date to determine if dates were within one working day.
 - b. Examined receipts to determine if they were pre-numbered and issued in numerical order.
 - c. Agreed cash/check composition of deposits to the receipts issued.
 - d. Agreed the total receipts issued to the deposit slip.
 - e. Inspected agency receipts to determine whether receipts of \$100 or more were deposited on the same banking day as received.
 - f. 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.
 - g. Inspected agency receipts to determine whether receipts were safeguarded.
 - h. Compared the fund type to which the deposit was posted in CORE to the CAFR fund type listing for consistency;
 - i. Compared the nature of the deposit to the account code description to determine consistency.

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

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

62 O.S., § 211 states in part "...all self-sustaining boards created by statute to regulate and prescribe standards, practices and procedures in any profession, occupation or vocation...shall pay into the General Revenue Fund of the state ten percent (10%) of the gross fees...charged, collected and received by such board" We noted the following during our procedures:

- o The Board's internal records indicate \$789,789 in receipts was received while Office of State Finance (OSF) records indicate \$789,760 in receipts was received. This is a variance of \$29.00
- o The amount transferred to the state's general revenue fund was 10% of the Board's receipts (\$78,979) as identified on their internal records. However, the amount that should have been transferred was \$78,976.

The Board transferred \$2.91 more than the required amount to the state's general revenue fund. We recommend the Board reconcile receipts recorded on internal records to amounts recorded at OSF thereby ensuring the correct amount is remitted to the state's general revenue fund.

Views of Responsible Officials – The Executive Director or chief administrative officer will balance each month with the State Treasurer. The ten (10%) general revenue payments and the transfer will be available for review by two employees at all times. Computations shall be done periodically to ensure accuracy. Any refund or other monies deposited directly to account will be clearly documented to ensure accuracy of payments to general revenue and transfers.

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.

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

5. We compared salaries set by statute 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 one employee whose gross salary at June 2005 had increased since June 2004 (excluding legislative pay raises) and observed the "Request for Personnel Action" (OPM-14) or equivalent form to determine it was signed by the appointing authority.

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

7. We randomly selected one employee 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 Board. 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.



JEFF A. McMAHAN
State Auditor and Inspector

September 12, 2006



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