



STATE OF OKLAHOMA
OFFICE OF THE STATE AUDITOR & INSPECTOR

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**OKLAHOMA STATE BOARD OF
EXAMINERS OF PSYCHOLOGISTS**

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



JEFF A. McMAHAN, CFE
OKLAHOMA STATE AUDITOR & INSPECTOR

Oklahoma State Board of Examiners of Psychologists

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

November 1, 2006

TO THE OKLAHOMA STATE BOARD OF EXAMINERS OF PSYCHOLOGISTS

Transmitted herewith is the agreed-upon procedures report for the Oklahoma State Board of Examiners of Psychologists. 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,

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

JEFF A. McMAHAN

State Auditor and Inspector

Mission Statement

The mission of the Oklahoma State Board of Examiners of Psychologists is to protect the public by regulating the practice of psychology in the State of Oklahoma to ensure that only properly qualified psychologists practice psychology in the state and that the psychology profession as a whole is conducted in the public's best interest.

Board Members

Cheryl Kilpatrick, Ph.D.....	Chair
Paul Tobin, Ph.D.....	Vice-Chair
Scott Miller, Ph.D.....	Member
Gale Hobson, Ph.D.....	Member
Tom Brian, Ed.D.....	Member
Fred Rubin, DDS.....	Public Member
Maxey Reilly, Esq.....	Public Member

Key Staff

Sue Fleming, Executive Officer
Thomas Vaughn, Ph.D, Director of Professional Affairs
Teanne Rose, Administrative 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 State Board of Examiners of Psychologists (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;

A component objective of an effective internal control system is to provide adequate segregation of duties. During our inspection of internal controls over receipts and disbursements, we noted the executive director was responsible for the following:

- Receiving and endorsing checks;
- Preparing deposits without the review of another employee;
- Posting disbursements;
- Approving vouchers for payment ;
- Mailing warrants to vendors.

If duties are not adequately segregated, errors and improprieties may occur and not be detected in a timely manner. 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 - The Oklahoma State Board of Examiners of Psychologists has 3 employees:

1 full time Executive Officer
1 part time Administrative Assistant
1 part time Psychological Consultant

We are aware of the importance of segregating duties; however, at times it is difficult to have full segregation with as few employees as we have.

- Receiving and endorsing checks – *Administrative Assistant work part time, but does this on the days she is in the office.*
- Preparing deposits without review from another employee – *Executive Officer prepares the deposit if Administrative Assistant is not present; however, the Administrative Assistant will review the deposits and breaks down the deposits in the Journals. The Administrative Assistant prints off the Journal monthly for review by the Executive Officer with her ledger.*
- Posting disbursements
- Approving vouchers for payment
- Mailing warrants to vendors – *These duties are all done by the Executive Officer, except when the Administrative Assistant is present, she will compare invoice with warrant for the correct amount before mailing*

We try to segregate our duties as much as possible. From past audits we have taken their advice on office procedures. We welcome any suggestions that you may have for us to better our procedures as a small agency.

Segregation of duties is a basic control that prevents or detects errors, improprieties, and fraud. Based on inspection of CORE financial and HR system security access settings, we found incompatible roles of employees with access 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- Due to time constraints and limited staff, the CORE Peoplesoft training has been limited to the Executive Officer. The Board will examine ways to train both members of the administrative staff in the CORE 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.

62 O.S., § 7.1 states in part:

- C. All such monies collected pursuant to this section shall be deposited as follows in the agency clearing account or agency special account established therefor:
1. Receipts of One Hundred Dollars (\$100.00) or more shall be deposited on the same banking day as received.
 2. Receipts of less than One Hundred Dollars (\$100.00) may be held until accumulated receipts equal One Hundred Dollars (\$100.00) or for five (5) business days, whichever occurs first, and shall then be deposited no later than the next business day.

During our inspection of 20 deposits, we noted one deposit included a receipt in which the amount was in excess of \$100 and it was not deposited on the same banking day it was received. We recommend receipts of \$100 or more be deposited on the same banking day as received.

Views of Responsible Officials – This was an oversight. We are diligent to make sure money received in the amount of \$100 or more is deposited the same day as received.

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 it to the amount transferred to the General Revenue Fund.

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

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.

Correspondence issued by the Office of State Finance to agency finance personnel at www.ok.gov/coreoklahoma/obsolete_object_codes states in part:

<u>Old Value</u>	<u>Description</u>	<u>New Value</u>
539240	Interagency Payment- Risk Management	531310

During our inspection of 60 expenditures, we noted one item was coded with an obsolete account code. The Board did not use a valid account code assigned by the Office of State Finance. We recommend the Board use valid account codes to ensure items are processed correctly.

Views of Responsible Officials – This was an oversight due to changes in object codes for the CORE system. Remediation will begin immediately.

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.

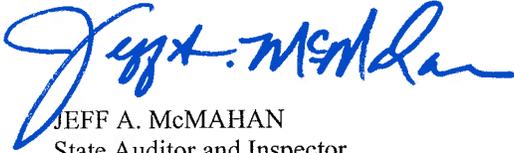
There were no findings as a result of applying the procedures.

6. We randomly selected 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

October 24, 2006



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