



STATE OF OKLAHOMA
OFFICE OF THE STATE AUDITOR & INSPECTOR

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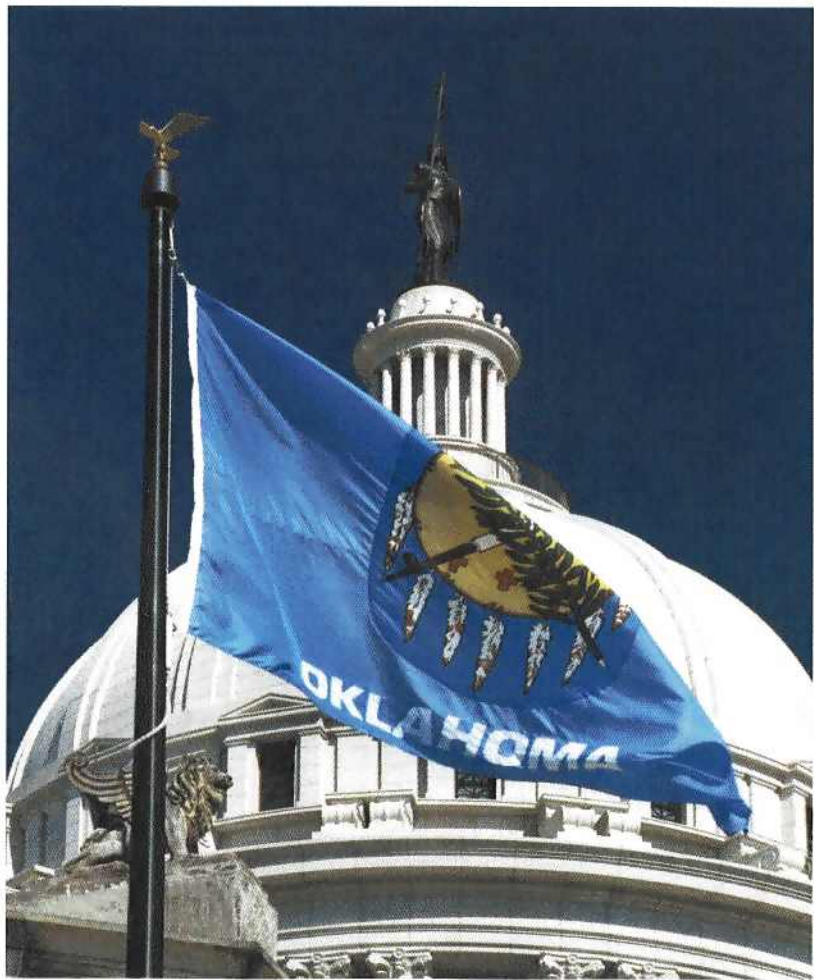
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STATE BOARD OF OSTEOPATHIC
EXAMINERS

REPORT ON AGREED-UPON PROCEDURES

JULY 1, 2004 TO DECEMBER 31, 2005



JEFF A. McMAHAN, CFE
OKLAHOMA STATE AUDITOR & INSPECTOR

State Board of Osteopathic Examiners

Agreed-upon Procedures Report

**For the Period
July 1, 2004 to December 31, 2005**



STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN
State Auditor and Inspector

August 23, 2006

TO THE STATE BOARD OF OSTEOPATHIC EXAMINERS

Transmitted herewith is the agreed-upon procedures report for the State Board of Osteopathic Examiners. The procedures we performed were conducted pursuant to 74 O.S., §212.

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,

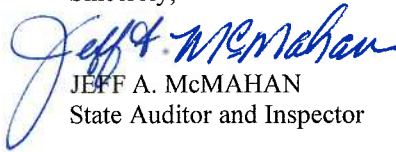

JEFF A. McMAHAN
State Auditor and Inspector

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Mission Statement

To protect the public by regulating the practice of osteopathic medicine in the State of Oklahoma through education and licensing requirements and to ensure that each licensee practices osteopathic medicine within the provisions of the Osteopathic Medicine Act.

Board Members

July 2004 to June 2005

James P. Riemer, D.O.President
David W. Simpson, D.O. Vice-President
Cheryl A. Vaught, J.D. Secretary/Treasurer
Paul F. Benien, Jr., D.O. Member
Maurice W. Payne, D.O. Member
Thomas R. Pickard, D.O. Member
Gordon P. Laird, D.O. Member
John R. Shrewder, Jr., JD Member

July 2005 to December 2005

David W. Simpson, D.O.President
Cheryl A. Vaught, J.D. Vice-President
Gordon P. Laird, D.O. Secretary/Treasurer
Paul F. Benien, Jr., D.O. Member
James P. Riemer, D.O. Member
Thomas R. Pickard, D.O. Member
Catherine C. Taylor, J.D. Member
B. Frank Shaw, Jr., D.O. Member

Key Staff

Gary R. Clark Executive Director
Barbara A. Shepherd Executive Secretary
Pamela J. Cook Complaint Analyst



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 State Board of Osteopathic Examiners, solely to assist you in evaluating your internal controls over the receipt and disbursement process, the safeguarding of capital assets, 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;

The complaint analyst is responsible for posting disbursements, reconciling with OSF records, preparing the voucher for payment, mailing warrants to vendors, ensuring there is an original invoice, and ensuring the invoice amount agrees with the voucher amount. This appears to be an inadequate level of segregation of duties. If duties are not adequately segregated, errors and improprieties may occur and go undetected. We recommend the Board consider segregating the duties.

In addition, the Osteopathic Board's Executive Secretary and Administrative Assistant have incompatible roles within the CORE PeopleSoft system.

Segregation of duties is a basic control that prevents or detects errors, irregularities, and fraud. For this reason, separate performance of critical tasks is imperative. We recommend that management review the access rights/PeopleSoft roles to ensure that personnel are performing only those duties stipulated for their respective jobs/positions and incompatible roles have not been assigned. Management should ensure that system access is given to staff on a need-to-know basis.

Management Response:

In such a small agency, each person wears many hats. During a portion of the audit timeframe, one person was responsible for all financial and CORE services, with oversight by the Executive Director. Currently, this agency has two people with that same responsibility; each must have the same CORE access. We are aware of your finding regarding CORE, etc. and are in the process of re-evaluating duty assignments and CORE roles. However, system access for financial duties must still be available to both employees. (This is mandatory within our small agency, due to an extended absence of one employee for a serious medical condition.) All duties and final approvals for financial matters are under the direction of the Executive Director.

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.
- 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 20 deposits, twelve (12) deposits totaling \$100 or more were not deposited on the same banking day as they were received. We recommend the agency design and implement procedures to ensure receipts of \$100 or more are deposited on the same day they are received.

Management Response:

As we discussed with you, the decision by DCS to eliminate interagency courier service to the State Treasurer's Office severely impacted small agencies such as ours; we also suggested updating your \$100 deposit limit rule to more accurately reflect today's standard of business activity. When funds are collected, they are secured in a locked cabinet; the board office is locked at day's end; and the building has a working security system. Deposits are made as soon as funds warrant and staff is available to deliver the deposit.

Auditor Response:

The "\$100 deposit limit rule" is not a rule promulgated by the State Auditor and Inspector's office. This is a State Statute and it would be at the discretion of the State Legislature to make any changes.

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.

During our procedures we noted that the agency did not transfer \$5.95 to the General Revenue Fund due to a calculation error. We recommend someone other than the preparer review the calculated transfer amount to ensure that 10% of all gross receipts are transferred to the General Revenue Fund monthly.

Management Response:

In transferring 10% of the agency funds into the state's general fund, an additional five dollars and ninety-five cents had not been transferred. \$5.95 has since been transferred into the general fund.

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 60 vouchers, we noted that two (2) voucher purchases were not consistent with the account code description maintained by OSF. We recommend the agency ensure the nature of the purchase is consistent with the account code description maintained by OSF.

Management Response:

Two account code descriptions reflected an inconsistency with OSF codes. Those codes were researched and correct codes noted for future invoices.

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% of the employees who appeared on the December 2005 payroll but not on the June 2004 payroll and observed the initial "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 10% of the employees who appeared on the June 2004 payroll but not on the December 2005 payroll and:
- Observed the final "Request for Personnel Action" (OPM-14) or equivalent form to determine it was signed by the appointing authority.
 - Observed the main payroll funding sheet for the month subsequent to termination to determine employee no longer appeared.

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

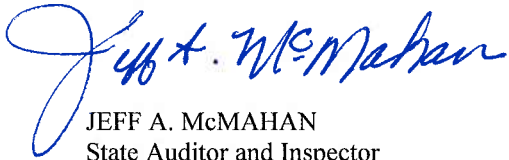
8. We randomly selected 10% (but no more than 20) of the employees from the June 2005 payroll and agreed the amount paid to the "Request for Personnel Action" (OPM-14) or equivalent form that was in effect for June 2005.

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, disbursements, and capital assets 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 State Board of Osteopathic 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

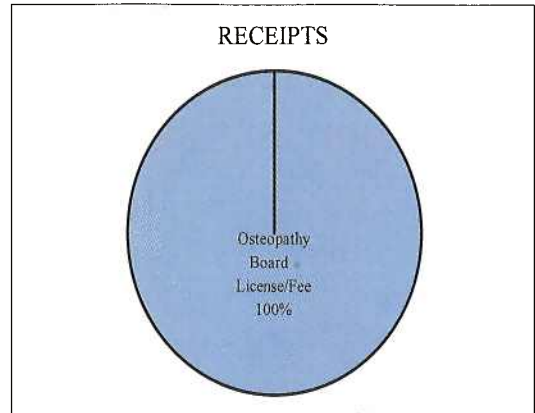
May 18, 2006

Other Information

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

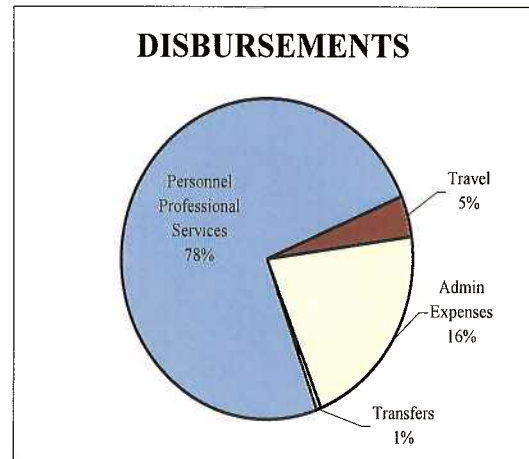
RECEIPTS:

Osteopathic Board - License/Fee	\$	361,528
		361,528



DISBURSEMENTS:

Personnel/Professional Services		301,054
Travel		19,890
Administrative Expenses		64,345
Transfers		3,092
		388,381



**RECEIPTS OVER (UNDER)
DISBURSEMENTS**

(26,853)

CASH - Beginning of year

278,355

CASH - End of year

\$ 251,501

SEE ACCOUNTANT'S REPORT

This schedule is presented solely for the information and use by the management of the Oklahoma State Board of Osteopathic Examiners and not intended to be and should not be used by any other party.



Office of the State Auditor & Inspector

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