



OKLAHOMA STATE BOARD OF EXAMINERS OF PSYCHOLOGISTS

Operational Audit

For the Period January 1, 2016 through June 30, 2019

Cindy Byrd, CPA
State Auditor & Inspector

**Audit Report of the
Oklahoma State Board of Examiners of Psychologists
For the Period
January 1, 2016 through June 30, 2019**



Cindy Byrd, CPA | State Auditor & Inspector

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May 3, 2021

TO THE OKLAHOMA STATE BOARD OF EXAMINERS OF PSYCHOLOGISTS

We present the audit report of the Oklahoma State Board of Examiners of Psychologists for the period January 1, 2016 through June 30, 2019. The goal of the State Auditor and Inspector is to promote accountability and fiscal integrity in state and local government. Maintaining our independence as we provide this service to the taxpayers of Oklahoma is of utmost importance.

We wish to take this opportunity to express our appreciation for the assistance and cooperation extended to our office during our engagement.

This report is 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.

Sincerely,

A handwritten signature in blue ink that reads "Cindy Byrd".

CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR



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Background

The Oklahoma State Board of Examiners of Psychologists (the Agency) was established under the Psychologists Act of 1965 to be the official licensing agency for the practice of psychology and for the investigation of complaints and enforcement of the laws and rules of the profession.

The mission of the Board is to protect the public by regulating the practice of psychology in 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.

Oversight is provided by a seven-member board (the Board) appointed by the governor. Members serve terms of four years.

Board members as of March 2021 are:

- Curtis Grundy, Ph.D. Chair
- Kathleen Ward, Ph.D..... Vice-Chair
- Kurt Choate, Ph.D..... Member
- Steven Sternlof, Ph.D..... Member
- Alan Ivy, Ph.D. Member
- Kevin Peters Member
- Roxanne Pollard..... Member

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The following table summarizes the Agency's sources and uses of funds for fiscal years 2018 and 2019 (July 1, 2017 through June 30, 2019).

Sources and Uses of Funds for FY 2018 and FY 2019

	2018	2019
Sources:		
Psychologist License/Fee	208,360	214,039
Total Sources	<u>208,360</u>	<u>214,039</u>
 Uses:		
Personnel Services	90,049	95,987
Professional Services	81,015	81,425
Travel	13,063	12,376
Administrative Expenses	16,706	13,630
Property, Furniture, Equipment	5,281	70
Program Reimbursement, Litigation Costs	120	-
Transfers and Other Disbursements	56	-
Total Uses	<u>206,290</u>	<u>203,488</u>

Source: Oklahoma PeopleSoft accounting system (unaudited, for informational purposes only)

**Scope and
Methodology**

Our audit was conducted in response to 74 O.S. § 212, which requires the State Auditor and Inspector’s office to audit the books and accounts of all state agencies whose duty it is to collect, disburse, or manage funds of the state.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

In planning and conducting our audit, we focused on the major financial-related areas of operations based on assessment of materiality and risk for the period of January 1, 2016 through June 30, 2019. Our audit procedures included inquiries of appropriate personnel, research and analysis, and inspections of documents and records. Further details regarding our methodology are included in Appendix A.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, errors or fraud may occur and not be detected. Also, projections of any evaluation of internal control to future periods are subject to the risk that conditions may change or compliance with policies and procedures may deteriorate.

Internal Control Considerations

The Government Accountability Office (GAO) emphasizes the importance of internal controls at all levels of government entities. Their *Standards for Internal Control*¹ outline the five overarching components of internal control: the control environment, risk assessment, information and communication, monitoring, and detailed control activities. Each of these components, listed in Appendix B for your reference, includes a subset of principles that are expected to be operating at government entities.

The *Standards for Internal Control* underscore that an internal control system is effective only when the five components of internal control are effectively designed, implemented, and operating together in an integrated manner. As required by *Government Auditing Standards*², we have identified the aspects of internal control significant to each audit

¹ *Standards for Internal Control in the Federal Government*, or the “Green Book,” sets standards and the overall framework for an effective internal control system in federal agencies and is treated as best practices for other levels of government. Last update 2014, accessible online at <https://www.gao.gov/products/GAO-14-704G>.

² *Government Auditing Standards*, or the “Yellow Book,” also promulgated by the GAO, guides our performance and operational audits. Last version 2018, accessible online at <https://www.gao.gov/products/GAO-18-568G>.

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objective in this engagement and our assessments are detailed in Appendix B.

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OBJECTIVE

Determine whether an effective, independent comparison of licensing activity to deposits is being performed in line with *GAO Standards for Internal Control* and previous audit recommendations.

Conclusion

An effective, independent comparison of licensing activity to deposits is being performed in line with *GAO Standards for Internal Control* and previous audit recommendations.

No findings were identified as a result of the procedures performed. See details in Appendix A.

APPENDIX A: Detailed Methodology

In gaining an understanding of the agency and developing our detailed objectives, in addition to routine discussions, surveys, analysis, research, and prior audit follow-up, we performed the following:

- Identified significant agency-wide controls by sending the director key agency internal control questions significant to our objective, and by interviewing key employees to gather an understanding of the Agency.
- Reviewed expenditure data from the statewide accounting system and gathered information from Agency personnel to assess the related financial processes and trends for any notable risks.
 - Miscellaneous Warrants Report for the audit period and noted the Agency paid 9% (39,006.61/434,369.23) of their expenditures by check and 17% (73,140.80/434,369.23*100) of the purchases were made using the P-Card. We determined the overall miscellaneous expenditures used by the Agency during the audit period accounts for 53%, based on the average expenditures from fiscal year 2016-2019; refer to the CTB Summary. The Board also performs a detailed review of the expenditures during their Board Meetings, which is available on the Agency website at Psychology Board Minutes. The 6-digit Detailed Expenditure report is signed by the Board Chair upon review. No significant risks or concerns were identified.
 - Payroll expenditures were reviewed in the prior audit; there were no findings noted. During the current audit period, July 1, 2015 through June 30, 2019, payroll expenditures accounted for an average of 47% of overall expenditures. Refer to the CTB Summary Chart. We reviewed the HR All Actions report. The report indicated 2 pay rate changes and 1 data change (without a financial impact) during the audit period. One of the pay rate changes was for the Executive Officer on July 1, 2018 (back dated in the HR ALL Actions Report) as a result of an executive session during the July 13, 2018 Board meeting. Payroll was included in the prior audit and there were no findings. No significant concerns or risks were identified.
- Reviewed the Agency's inventory listing for FY18 and FY19 (and noted the Agency had a reasonable amount of inventory and no significant concerns or risks were identified).
- In addition, we reviewed the previous SAI engagement workpapers and report completed in State Fiscal Year 2016. Only one exception was noted concerning revenues.

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OBJECTIVE: Determine whether an effective, independent comparison of licensing activity to deposits is being performed in line with GAO *Standards for Internal Control* and previous audit recommendations.

- Documented significant internal controls and process factors related to the reconciliation revenue and tested those controls, which included:
 - Reviewing three annual Board member reconciliations (100% of the population tested) to determine if the revenues were properly reviewed and reconciled by a Board member as evidenced with a signed memo of the Board member attesting to the number of randomly selected payment records reconciled to the License Review Registry as well as the accuracy of deposits to licenses paid for.

APPENDIX B: Internal Control Components and Principles

The table below outlines the components and principles of internal control, identifies those considered significant to our specific objectives in this engagement, and notes whether those principles were found to be operating effectively. For those *not* operating effectively, further discussion and related recommendations are included in the report.

As recommended by *Government Auditing Standards* section 9.32, the full outline of the fundamental components of internal control and their underlying principles is included for your reference.

Internal Control Component/Principle	Significant to Audit Objective I	Operating Effectively?
Control Environment Component – Foundation that provides processes and structure to help an entity set expectations and achieve its objectives.		
1. The oversight body and management should demonstrate a commitment to integrity and ethical values.		
2. The oversight body should oversee the entity’s internal control system.		
3. Management should establish an organizational structure, assign responsibility, and delegate authority to achieve the entity’s objectives.		
4. Management should demonstrate a commitment to recruit, develop, and retain competent individuals.		
5. Management should evaluate performance and hold individuals accountable for their internal control responsibilities.		
Risk Assessment Component – Dynamic process of identifying, analyzing, and managing risks facing the entity.		
6. Management should define objectives clearly to enable the identification of risks and define risk tolerances.		
7. Management should identify, analyze, and respond to risks related to achieving the defined objectives.		
8. Management should consider the potential for fraud when identifying, analyzing, and responding to risks.		
9. Management should identify, analyze, and respond to significant changes that could impact the internal control system.		
Control Activities Component – Actions management establishes through policies and procedures to protect against risks.		
10. Management should design control activities to achieve objectives and respond to risks.	✓	Yes

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11. Management should design the entity’s information system and related control activities to achieve objectives & respond to risks.		
12. Management should implement control activities through policies.	✓	Yes
Information and Communication Component – Quality information communicated and used to support the internal control system.		
13. Management should use quality information to achieve the entity’s objectives.		
14. Management should internally communicate the necessary quality information to achieve the entity’s objectives.		
15. Management should externally communicate the necessary quality information to achieve the entity’s objectives.		
Monitoring Component – Activities to assess the quality of performance and promptly correct any deficiencies.		
16. Management should establish and operate monitoring activities to monitor the internal control system and evaluate the results.	✓	Yes
17. Management should remediate identified internal control deficiencies on a timely basis.	✓	Yes

The GAO emphasizes that each of the five components of internal control must be effectively designed, implemented, and operating. For an internal control system to be effective, the components must operate together in an integrated manner. They further stress that documentation is a necessary part of an effective internal control system. The level and nature of documentation vary based on the size of the entity and the complexity of the operational processes the entity performs. Documentation is required to demonstrate the design, implementation, and operating effectiveness of an entity’s internal control system.

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