



# STATE BOARD OF BEHAVIORAL HEALTH LICENSURE

## Operational Audit

For the Period of July 1, 2019 through June 30, 2021

**Cindy Byrd, CPA**  
State Auditor & Inspector

**Audit Report of the  
State Board of Behavioral Health Licensure**

**For the Period  
July 1, 2019 through June 30, 2021**



Cindy Byrd, CPA | State Auditor & Inspector

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August 24, 2021

**TO THE STATE BOARD OF BEHAVIORAL HEALTH LICENSURE**

We present the audit report of the State Board of Behavioral Health Licensure for the period July 1, 2019 through June 30, 2021. 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



**State Board of Behavioral Health Licensure  
Operational Audit**

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**Background**

The mission of the Oklahoma State Board of Behavioral Health Licensure (the Agency) is to protect the public by promoting and enforcing laws and regulations which govern the practice of Licensed Professional Counselors, Licensed Marital and Family Therapists, and Licensed Behavioral Practitioners.

Oversight is provided by a board (the Board) appointed by the Governor with the advice and consent of the Senate. Members of the Board serve for a period of three years.

Board members as of August 2021 are:

Dr. Kelly Collins.....	Chair
Dr. Johnie Fredman .....	Vice-Chair
Dr. Matthew Brosi.....	Secretary
Dr. Amy Barnett.....	Member
Kimberly Cox.....	Member
Brenda Ototivo .....	Member
Lee May .....	Member
Dr. Canaan Crane.....	Member
Hamel "HBR" Reinmiller .....	Member
Dr. Laressa Beliele.....	Member
Taylor Rains.....	Member

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The following table summarizes the Agency's sources and uses of funds for fiscal years 2020 and 2021 (July 1, 2019 through June 30, 2021).

**Sources and Uses of Funds for FY 2020 and FY 2021**

	2020	2021
<b>Sources:</b>		
Licenses, Permits, Fines	<u>\$466,534</u>	<u>\$483,607</u>
<b>Total Sources</b>	<b><u>\$466,534</u></b>	<b><u>\$483,607</u></b>
<b>Uses:</b>		
Personnel Services	\$262,157	\$247,228
Professional Services	95,723	99,316
Administrative Expenses	19,635	30,352
Travel	<u>2,044</u>	<u>0</u>
<b>Total Uses</b>	<b><u>\$379,559</u></b>	<b><u>\$376,896</u></b>

*Source: Oklahoma statewide 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 an assessment of materiality and risk for the period July 1, 2019 through June 30, 2021. To assess risk and develop our audit objective, we held discussions with management, reviewed documentation, and performed data analysis. These procedures included:

- Reviewing revenue and expenditure data from the State-Wide Accounting System and reviewing the trends for any notable risks.
- Reviewing the Agency’s transfers to the state’s general revenue fund as required by 62 O.S. § 211 and confirming they materially reflected 10% of Agency deposits. We also verified the timing of each transfer during our audit period to ensure the transfers were made monthly as required by statute.
- Reviewing the Agency’s HR All Actions Report from the State-Wide Accounting System to assess personnel changes that had a financial impact during the audit period.
- Reviewing payroll documentation for three such changes.
- Analyzing top vendors and expenditures by dollar amount and reviewing a selection of expenditure documentation in detail.
- Reviewing board meeting minutes to gain an understanding of the Board’s and management’s processes for oversight and operations.
- Reviewing inventory reports for changes and high appeal items.

One objective was developed as a result of these procedures performed, as discussed in the next section. No other significant risks or findings were identified.

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*<sup>1</sup> outline the five overarching components of internal control: the control environment, risk assessment, information and communication, monitoring, and detailed control activities. Any component considered significant to our audit objectives is assessed during our procedures and included as appropriate in this report. The *Standards for Internal Control* underscore that an internal control system is effective only when the five components of internal control are operating together in an integrated manner. They also stress that documentation is a necessary part of an effective internal control system and is required to demonstrate its design, implementation, and operating effectiveness.

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<sup>1</sup> *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>.

<b>OBJECTIVE</b>	Determine whether expenditures are being approved by the board as required by statute 59 O.S. § 1918.
<b>Conclusion</b>	Expenditures are not approved by the board as required by statute 59 O.S. § 1918.
<b>Objective Methodology</b>	To accomplish our objective, we performed the following: <ul style="list-style-type: none"><li>• Documented our understanding of the expenditure processes through discussion with management and review of documentation.</li><li>• Evaluated those processes and identified and assessed significant internal controls related to our objective.</li></ul>

<b>FINDINGS AND RECOMMENDATIONS</b>
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**Independent Detailed Expenditure Review by the Board Would Provide Efficient Assurance**

Statute 59 O.S. §1918 requires in part that “expenditures shall be approved by the Board and shall be made upon warrants issued by the State Treasurer.” In addition, the GAO Standards for Internal Control emphasize that it is key “Management identify, analyze, and respond to risks related to achieving the defined objectives.”

Currently, the Board reviews the Agency’s annual budget but does not review actual expenditures as required by statute. The Agency has not identified this as a risk and put processes in place that require the Board to approve expenditures. As a result, the Agency is not in compliance with 59 O.S. §1918 and inappropriate expenditures could occur without the Board’s knowledge.

Payroll expenditures account for around seventy percent of the agency’s expenses (see table on page 2). Although statute 59 O.S. §1918 does not specifically mention payroll, we would recommend the Board include payroll expenditures in any future review.

**Recommendation**

We recommend the Agency implement a Board review to comply with 59 O.S. §1918. Two possible examples follow.

1. The Board could approve unaltered expenditure reports from the state-wide accounting system (such as the six-digit detail of expenditure report and payroll claim document) during meetings.
2. An individual Board representative such as the chair could review and approve such reports directly.

It is key that the chosen review be documented, and the documentation retained.

**Views of Responsible Officials**

Agency concurs with the finding of the State Auditor and Inspector's Office. The Agency will pursue two options toward the implementation of an independent review of expenditures.

Option 1. The Board will create a finance committee to review the six-digit detail expenditure report and payroll claim documents and make recommendations to the full Board. The Board will vote on recommendations at open meetings.

Option 2. The Board will appoint an individual Board representative (such as the Chair) to review the six-digit detail expenditure report and payroll claim documents and approve such reports directly.

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