



STATE OF OKLAHOMA
OFFICE OF THE STATE AUDITOR & INSPECTOR

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OKLAHOMA BOARD OF NURSING

REPORT ON AGREED-UPON PROCEDURES
JULY 1, 2003 THROUGH JUNE 30, 2005



JEFF A. McMAHAN, CFE
OKLAHOMA STATE AUDITOR & INSPECTOR

Oklahoma Board of Nursing
Agreed-upon Procedures Report
For the Period
July 1, 2003 through June 30, 2005



STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN
State Auditor and Inspector

June 1, 2006

TO THE DIRECTOR OF THE OKLAHOMA BOARD OF NURSING

Transmitted herewith is the agreed-upon procedures report for the Oklahoma Board of Nursing. 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 safeguard the safety of citizens in the State of Oklahoma by regulating the practice of registered nurses, nurse practitioners, nurse-midwives, clinical nurse specialists, certified RN anesthetists and licensed practical nurses and advanced unlicensed assistive personnel.

Board Members

Jackye L. Ward, RN, MS, CNAA-BCPresident
Louise Talley, RN, Ph.D..... Vice-President
Janice O'Fields, LPN.....Secretary-Treasurer
Cynthia Foust, RN, Ph.D.....Member
Deborah Booten-Hiser, RN, Ph.D., ARNP.....Member
Teresa Frazier, RN, MS.....Member
Melinda Laird, RN, MS.....Member
Heather Sharp, LPN.....Member
Linda Coyer, LPN.....Member
Roy Watson, Ph.D.....Public Member
Lee Kirk.....Public Member

Key Staff

Kim Glazier, RN, M.Ed.....Executive Director
Darlene McCulloch.....Business Office Manager



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 Nursing (Board) solely to assist you in evaluating the effectiveness of your internal controls over the receipt and disbursement process and in determining whether selected receipts, disbursements and changes in payroll are supported by underlying records for the period July 1, 2003 through June 30, 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 the receipt and disbursement process 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;
 - Receipts were deposited to the State's General Revenue Fund in accordance with 62 O.S., § 211;
 - 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 basic objective of internal controls is the adequate reconciliation of records. During procedures performed, we noted a \$967.50 variance during the month of February 2004 between the Board's deposit records and the Office of State Finance's (OSF) deposit records. To further explore the variance, we inspected the Board's clearing account reconciliation for this month and noted the ending cash balance identified had a variance of \$967.50 when compared to OSF records. It appears two receipts equaling this amount were posted to the Board's records in November and December 2003; however, they were not posted to OSF until October 2004. Consequently, the ending cash balances on the February 2004 through October 2004 reconciliations have a variance of \$967.50 when compared to OSF records. The Board did not appear to resolve the identified variance on their February 2004 reconciliation in a timely manner. In preparing their monthly reconciliation with the State Treasurer's Office, we recommend the Board resolve any identified variances in a timely manner.

Views of Responsible Officials- The agency's clearing account reconciliation procedure will be revised to require resolution of an identified variance prior to submission of the following month's reconciliation report. Identified variances not resolved will require review by the Executive Director with written documentation of the agency's efforts to resolve the variance filed with the report(s).

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

2. We randomly selected 40 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 the deposit was made in accordance with 62 O.S., § 7.1c.
 - 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.

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

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:

- Based on conversation with management and inspection of Board records, a \$4.50 convenience fee is charged with each on-line license transaction processed which totaled \$52,864 for the period. The fee is their mechanism for paying the Office of State Finance (OSF) for the costs related to the on-line service. Board records indicate they excluded convenience fees from their 10% payment to the general revenue fund of the state with the exception of three months. As a result, it appears an additional \$4,533 should have been paid to the state. While the methodology for excluding the fee from the calculation appears reasonable, there does not appear to be an exemption in the law for this. However, management states in July 2005, the Board no longer receives the convenience fee as OSF began receiving the fees directly;
- Based on conversation with management, it appears the board is including administrative penalties they have assessed into the 10% payment to the state. Records indicate \$245,800 in penalties was received during the period. The penalties would appear to be exempt from the law as they are not fees charged by the Board; therefore, it appears \$24,580 was inadvertently paid to the state.
- The amount transferred to the general revenue fund in November 2004 appears to have been transposed based on the transfer amount calculated by the Board.

It appears the Board may not be in compliance with 62 O.S., § 211. However, since the Board made payments to the general revenue fund based on the administrative penalties they assessed, the amount paid will offset the amount due from the convenience fees. We recommend the Board no longer include administrative penalties into their 10% payment to the general revenue fund of the state as well as exercise diligence when transferring funds to the state.

Views of Responsible Officials- The Board will follow the recommendation to no longer include the administrative penalties into the 10% payment to the general revenue fund of the state.

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.

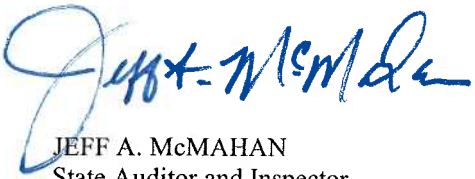
There were no findings as a result of applying the procedures.

5. We identified changes in payroll related to new hires, terminations, and salary changes and traced to supporting documentation.

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 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.

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

May 17, 2006

Other Information

**Oklahoma Board of Nursing
 Schedule of Receipts, Disbursements, and Changes in Cash
 For the Fiscal Year Ending June 30, 2005
 UNAUDITED**

RECEIPTS:

Nurse Registration Licenses and Fees	2,078,995
 Total Receipts	 <u>2,078,995</u>

DISBURSEMENTS:

Salary and Benefits	1,259,695
Professional Services	192,551
Travel	51,187
Misc. Admin.	201,709
Rent	58,398
General Operating	55,930
Furniture and Equipment	67,414
Other	1,120
Transfers	(1,222)
 Total Disbursements	 <u>1,886,782</u>

RECEIPTS OVER (UNDER)
 DISBURSEMENTS

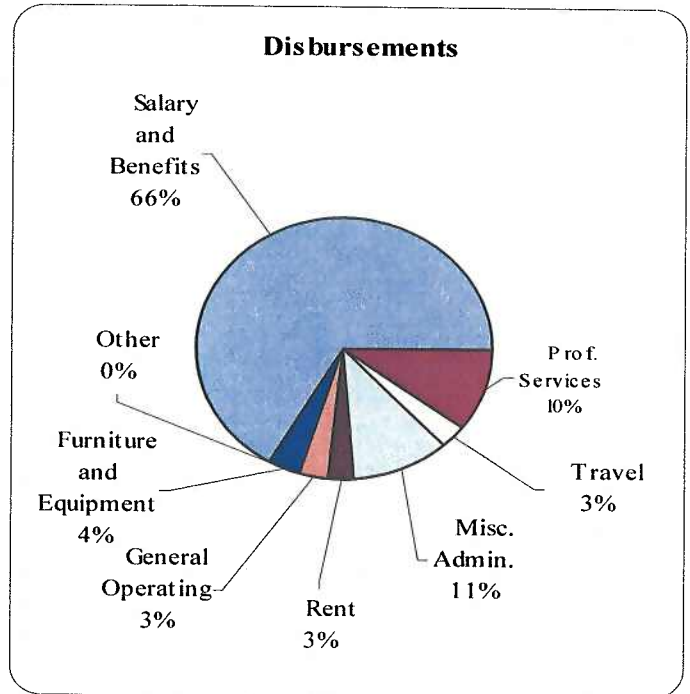
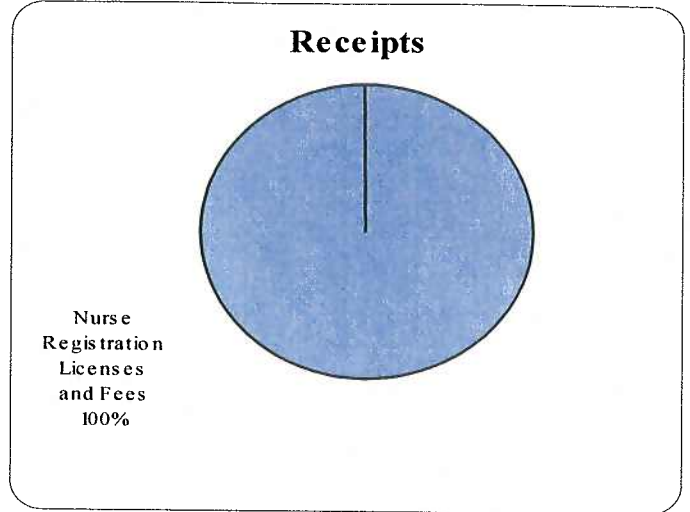
192,213

CASH--Beginning of Year

1,162,607

CASH--End of Year

\$ 1,354,820



Solely for the information and use by the management of the Oklahoma Board of Nursing and not intended to be and should not be used by any other party.

See Accountant's Report



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