



STATE OF OKLAHOMA
OFFICE OF THE STATE AUDITOR & INSPECTOR

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**BOARD OF VETERINARY
MEDICAL EXAMINERS**

REPORT ON AGREED-UPON PROCEDURES

JULY 1, 2004 THROUGH DECEMBER 31, 2005



JEFF A. McMAHAN, CFE
OKLAHOMA STATE AUDITOR & INSPECTOR

Oklahoma Board of Veterinary Medical Examiners

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

June 21, 2006

TO THE OKLAHOMA BOARD OF VETERINARY MEDICAL EXAMINERS

Transmitted herewith is the agreed-upon procedures report for the Oklahoma Board of Veterinary Medical Examiners. The procedures we performed were conducted pursuant to 62 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,

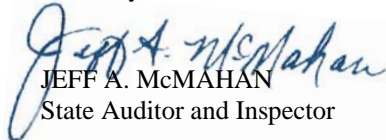

JEFF A. McMAHAN
State Auditor and Inspector

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Mission Statement

To regulate the practice of veterinary medicine by the licensure of veterinarians and veterinary technicians as well as the investigation of complaints to ensure that licensed veterinarians are practicing within the provisions of the law.

Board Members

Dwight Olson, DVM President
Jeff Tidwell, DVM Vice-President
Daniel G. Danner, DVM.....Secretary/Treasurer
Ross Dewbre, ESQ Member
Brian E. Renegar, DVM Member
Jim P. Lee, DVM..... Member

Key Staff

Cathy KirkpatrickExecutive Director



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 Veterinary Medical Examiners, 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 Oklahoma Board of Veterinary Medical Examiner'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;
 - Timecards were prepared by employees and approved by supervisory personnel;

Finding

The Executive Director is responsible for preparing the payroll, signing the payroll funding sheet, preparing and approving the monthly reconciliations of receipts and disbursements, and calculating and remitting the amount required to be sent to the State's General Revenue Fund. When there is a lack of segregation of duties, errors and irregularities could occur and not be detected in a timely manner. We recommend the Board establish and implement segregation of duties so the same person is not responsible for preparing the payroll, signing the payroll funding sheet, preparing and approving monthly reconciliations of receipts and disbursements, and calculating and remitting the amount required to be sent to the State's General Revenue Fund.

Management Response

The Board employs three staff members: the Executive Director, Investigator and the Administrative Assistant. Previously we had one other staff member, an Investigative Assistant which was eliminated approximately two years ago. We have found it to be cost effective to not fill that position and in turn it has caused the other positions to complete the tasks originally assigned to the Investigative Assistant position. With smaller agencies it is very difficult to have a segregation of duties while being cost effective at the same time. Might I suggest that perhaps if this is perceived as a problem an individual with State Finance could review the areas to ensure the Executive Director is calculating and remitting the correct payroll to OPM and correctly reconciling receipts and disbursements each month, as they are very familiar with how the agency operates.

SA&I Response

We do not feel it is necessary for the agency to employ additional staff. We feel it would be sufficient for the Executive Director to review the procedures performed by the Administrative Assistant and for the Administrative Assistant to review the procedures performed by the Executive Director (i.e. the monthly reconciliations).

Finding

The executive director and administrative assistant have excessive access and incompatible roles within the CORE PeopleSoft system. When there is a lack of segregation of duties, errors, irregularities, and fraud could occur and not be detected in a timely manner. 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

The Director should have access to all modules in the event something happens to the Assistant, who would be available to complete the tasks? Once again I have the same argument; it would not be cost effective for our agency to employ another individual just to ensure a segregation of duties is met for a small portion of the daily operations.

SA&I Response

We do not feel it is necessary for the agency to employ additional staff. We feel it would be sufficient for the Executive Director to review the procedures performed by the Administrative Assistant and for the Administrative Assistant to review the procedures performed by 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.
- 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.

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

3. 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.

4. 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

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% (at least 1) 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.

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

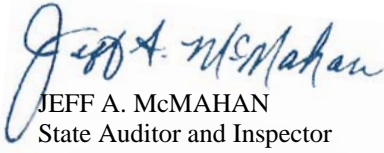
There were no findings as a result of applying the procedures.

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 Oklahoma Board of Veterinary Medical 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

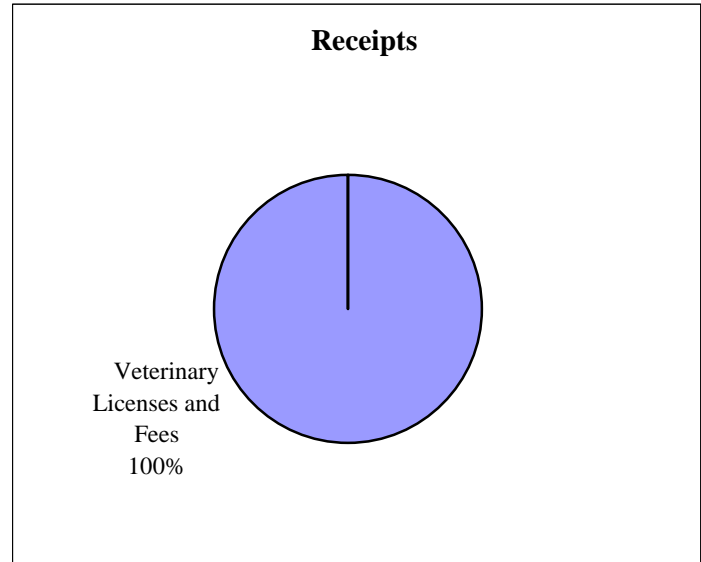
June 12, 2006

Other Information

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

RECEIPTS:

Veterinary Licenses and Fees	\$301,717
Total Receipts	<u><u>301,717</u></u>



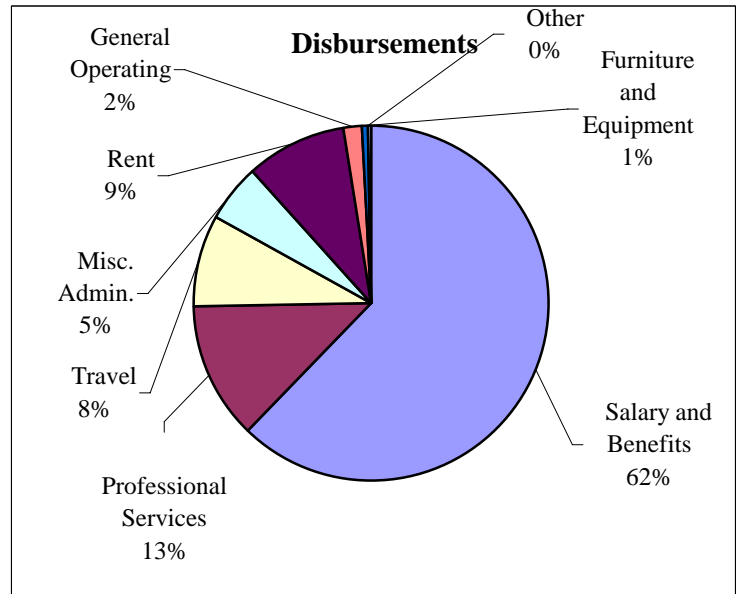
DISBURSEMENTS:

Salary and Benefits	163,832
Professional Services	33,344
Travel	21,560
Misc. Admin.	14,199
Rent	23,823
General Operating	4,712
Furniture and Equipment	1,540
Other	631
Total Disbursements	<u><u>263,641</u></u>

RECEIPTS OVER (UNDER) DISBURSEMENTS	38,076
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CASH--Beginning of Year	<u>72,097</u>
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CASH--End of Year	<u><u>\$ 110,173</u></u>
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This schedule is solely for the information and use by the management of Board of Veterinary Medical Examiners and not intended to be and should not be used by any other party. See Accountant's Report.



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