

# OKLAHOMA BOARD OF DENTISTRY

JANUARY 1, 2006 THROUGH  
DECEMBER 31, 2007

# OPERATIONAL AUDIT



Oklahoma State Auditor  
& Inspector

**Audit Report of the  
Oklahoma Board of Dentistry**

**For the Period  
January 1, 2006 through December 31, 2007**



**STATE OF OKLAHOMA**  
**OFFICE OF THE AUDITOR AND INSPECTOR**

Steve Burrage, CPA  
State Auditor and Inspector

July 21, 2008

**TO THE OKLAHOMA BOARD OF DENTISTRY**

Pursuant to 62 O.S. § 212, transmitted herewith is the audit report for the Oklahoma Board of Dentistry for the period January 1, 2006 through December 31, 2007. 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,

A handwritten signature in blue ink that reads "Michelle R. Day".

Michelle R. Day, Esq.  
Deputy State Auditor and Inspector

### **Mission Statement**

The mission of the Board of Dentistry is to promote, protect and provide public health and safety to the citizens of Oklahoma by regulating the practice of dentistry, dental hygiene, dental assisting and the fabrication of dental appliances in dental laboratories by enforcing laws, rules and policies. The Board will ensure ethical, competent and moral character of all licensees or permit holders. The Board will provide all resources required to accomplish its goals and objectives.

### **Board Members**

Dr. Bruce Horn .....	President
Dr. B. Dan Storm .....	1 <sup>st</sup> Vice President
Dr. Philip Abshire.....	2nd Vice President
Ms. Louenda Nesbit, R.D. H .....	Secretary/Treasurer
Ms. Kay Bickham.....	Public Member
Dr. Jason Buschman .....	Member
Dr. Stanley Crawford.....	Member
Dr. Benjamin Edwards, Jr.....	Member
Dr. Bradford B. Hoopes.....	Member
Mr. David Newson, Jr.....	Public Member
Dr. W. Trent Yadon.....	Member

### **Key Staff**

Linda Campbell.....	Executive Director
Tammi Mahon .....	Principal Assistant
Cydney Jones.....	Secretary
James L. Seely .....	Investigator



**STATE OF OKLAHOMA**  
**OFFICE OF THE AUDITOR AND INSPECTOR**

Steve Burrage, CPA  
State Auditor and Inspector

**TO THE OKLAHOMA BOARD OF DENTISTRY**

We have audited the Oklahoma Board of Dentistry for the period January 1, 2006 through December 31, 2007. The objectives of this audit were to determine if:

- The Board's internal controls provide reasonable assurance that revenues, expenditures and inventory were accurately reported in the accounting records, and financial operations complied with applicable finance-related laws and regulations;
- The Board complied with 74 O.S. § 3601.2, 62 O.S. § 211 and the Department of Central Services' Purchase Card Procedures;
- Recommendations included in prior engagements were implemented.

As part of our audit, we obtained an understanding of internal controls significant to the audit objectives and considered whether the specific controls have been properly designed and placed in operation. We also performed tests of certain controls to obtain evidence regarding the effectiveness of the design and operation of the controls. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of the laws and regulations significant to the audit objectives and assessed the risk that illegal acts, including fraud, violation of contracts, grant agreements, or other legal provisions could occur. Based on this risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the laws and regulations. However, providing an opinion on compliance with these laws and regulations was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

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.

Michelle R. Day, Esq.  
Deputy State Auditor and Inspector

July 9, 2008

## **Background**

Legislation created the State Dental Act in 1935 and last revised it in 1985. The Board is responsible for regulation of the practice of dentistry by a system of qualifications and examination. In conjunction with the practice of dentistry, the Board also regulates the practice of dental hygiene, certifies dental assistants, issues permits to dental laboratories and is self-sustaining through licensing fees, registrations, etc. Of the total revenue received by the Board, ten percent is transferred back to the general revenue fund of the state.

The Board of Dentistry is a state agency empowered to enforce the State Dental Act and promulgate rules and regulations. The Board is composed of eight dentists, one dental hygienist, and two members who represent the public in general.

The Board of Dentistry reviews all complaints in order to protect the health and safety of the public. All complaints must be alleged violations of law and/or rule. Recovery of money for damages is beyond the scope of the Board's operations and complainants may seek relief through other civil proceedings. Fees are not the jurisdiction of the Board of Dentistry. In addition, a complaint dealing with quality of care may not constitute the incompetent practice of dentistry.

Table 1 summarizes the Board's sources and uses of funds for fiscal years 2006 and 2007.

**Table 1-Sources and Uses of Funds for FY 2006 and FY 2007**

Sources:	2006	2007
Dental Registration, Exam & Other Fees	<u>\$442,689</u>	<u>\$448,317</u>
Uses:		
Personnel Services	\$247,604	\$266,942
Professional Services	66,145	46,108
Travel	26,386	19,408
Miscellaneous Administrative	34,875	48,765
Rent	31,135	29,713
General Operating	4,463	4,432
Office Furniture and Equipment	4,853	0
Other	<u>536</u>	<u>652</u>
Total Uses	<u>\$415,997</u>	<u>\$416,020</u>

*Source: Oklahoma CORE Accounting System.*

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**Objective 1** – Determine if the Board’s internal controls provide reasonable assurance that revenues, expenditures, and inventory were accurately reported in the accounting records, and financial operations complied with applicable finance-related laws and regulations.

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### **Conclusion**

The Board’s internal controls related to revenues, expenditures, and inventory are generally effective; however, a few areas, as noted below, need to be strengthened.

### **Methodology**

To accomplish our objective, we performed the following:

- Reviewed 62 O.S. § 7.1 - Agency Clearing Accounts – Deposits - Transfers - Exemptions.
- Documented internal controls related to the receipting, expenditure, and inventory process;
- Tested controls which included:
  - Determining if checks were endorsed upon receipt;
  - Reviewing 40 deposits from the period to ensure the deposit slip was initialed by the reviewer and was supported with the appropriate receipt log;
  - Determining if receipts were stored in a secure location prior to deposit;
  - Reviewing 40 deposits from the period to ensure the bank courier date was within one day of the application/log date;
  - Reviewing 40 deposits to ensure the deposit was posted into CORE for the correct amount, account, and period;
  - Reviewing a CORE deposit report for the period to ensure funds were transferred from the Board’s clearing account to the revolving fund at least once per month;
  - Reviewing three OSF-Form 11 reconciliations to ensure the preparer and reviewer were independent of each other and the reconciling items were adequately supported;
  - Reviewing 30 expenditure claims to ensure they were properly authorized. This included ensuring the invoice supported the payment, the invoice was mathematically accurate, and the correct account code was used;
  - Determining if an inventory listing was maintained and contained the items’ inventory tag number, description, cost, serial number (if applicable), and date sent to surplus (if applicable);
  - Reviewing 15 assets from the inventory listing to verify their existence on the floor, ensuring they were identified as property of the State, and ensuring the inventory tag number and serial number agreed to the listing;
  - Reviewing 15 assets from the floor to verify they were identified on the inventory listing, ensuring they were identified as property of the State, and ensuring the inventory tag number and serial number agreed to the listing;
  - Reviewing 15 assets from the CORE System to ensure the requisition and packing slip were approved, the invoice and voucher were approved, the amount and quantity per the packing slip agreed to the order form, the amount per the invoice agreed to the voucher amount, the invoice agreed to the requisition and packing slip for quantity, product ordered and price, the voucher was properly recorded in the CORE for the account, amount and period, the asset traced to the inventory list;
  - Determining all items surplused during the period had an approved DCS Form 001 supporting their removal from inventory.



## **Observations**

### **Inadequate Receipting**

An effective internal control system would provide for adequate logging of receipts.

While performing our testwork of 40 deposits, we were unable to determine if all funds were deposited in a timely manner due to the Board's receipting process for applications. The Board does not log the applications that are used as receipts, nor do they date stamp the applications. As a result, we are unable to determine when the applications were received.

**Effect:** Without proper logging or date stamping of receipts, errors or misappropriation of assets could occur and not be detected in a timely manner.

**Recommendation:** We recommend the Board develop procedures to ensure that all applications are logged or date stamped to ensure timely depositing.

**View of Responsible Officials:** Agree to your finding. Board staff does not wish to stamp date all applications due to a separate internal control. The volume and types of applications are overwhelming and does not warrant a stamp date each day.

### **Incomplete Data on the Inventory Listing**

Oklahoma Administrative Code (OAC) 580:70-3-1...(c) states in part:

**Inventory report contents.** The inventory report shall be signed by the agency inventory control officer and shall include for each tangible asset:

- (1) the agency number;
- (2) the asset tag number;
- (3) the model and serial number, if any;
- (4) the manufacturer;
- (5) the description;
- (6) product name;
- (7) physical location;
- (8) acquisition date and cost...

An effective internal control system provides for adequate safeguarding of assets as well as accurate and reliable records.

One out of fifteen items tested on the inventory list contained the wrong serial number and one item on the inventory list (police radio) costing \$551.70 could not be located.

**Effect:** Without adequate safeguarding of assets, misappropriation of assets could occur and not be detected in a timely manner.

**Recommendation:** We recommend that management adequately safeguard the Board's assets and ensure that the serial number on the item agrees with the inventory list.

**View of Responsible Officials:** Agree the employee who prepared the inventory list did not have the proper serial numbers on older assets. In addition, when Board office moved, one broken police radio cannot be found. The staff will adequately safeguard the Board's assets and ensure the serial number agrees with the inventory list.



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**Objective 2** – Determine if the Board complied with 74 O.S. § 3601.2 – Salaries of Chief Executive Officers, and 62 O.S. § 211. - Fees – Payment into General Fund of the State.

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**Conclusion**

It appears the Board is in compliance with 74 O.S. § 3601.2 and 62 O. S. §211.

**Methodology**

To accomplish our objective, we performed the following:

- Reviewed 74 O.S. § 3601.2 and performed procedures to determine if the executive director’s salary was in compliance with the law;
- Reviewed 62 O. S. § 211 and performed procedures to determine if the Board transferred to the General Revenue Fund ten percent (10%) of the gross fees charged, collected and received by the board.

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**Objective 3** – Determine if recommendations from prior engagements were implemented.

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**SA&I Follow-Up**

**Conclusion**

The report of the State Auditor and Inspector’s Office issued September 13, 2006 included two findings which were considered significant to this engagement. Corrective action on all of the findings has been implemented.

**Methodology**

To accomplish our objectives, we performed the following:

- Examined the policies and procedures for handling insufficient checks and supervisor review of employee leave applications;
- 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.

**Follow-up on Department of Central Services Procurement Audit**

**Conclusion**

The Department of Central Service’s report issued October 21, 2006, included five findings which were considered significant to this engagement. Based on our follow-up, corrective action on all but one of the findings has been implemented.

**Methodology**

To accomplish our objectives, we performed the following:

- Examined the memo statements to ensure the P/Card Administrator was not acting as the Executive Director;
- Examined the Purchase Card Employee Agreement Form signed by agency’s purchase card administrator, approving officials and cardholders and ensured a copy was provided to the employee;

- Examined memo statements to ensure the Approving Official signed and dated the memo statements;
- Observed the housing of the memo statements and other purchase card information to ensure it was kept in a secure manner and that the P/Card account number was not posted or left in a conspicuous place;
- Examined the appointment letter submitted to the State Purchase Card Administrator appointing the Agency P-Card Administrator.

## **Observations**

### **Purchase Card Security**

The State of Oklahoma Purchase Card Procedures § 6.10, states in part, “The cardholder shall assure that the card is kept in a secure manner and that the p/card account number on the card is not posted or left in a conspicuous place.”

The purchase card documentation was maintained in a binder on top of a file cabinet in the Purchase Card administrator’s office.

**Effect:** Unauthorized individuals may obtain the purchase card information and use it inappropriately.

**Recommendation:** We recommend that the Board maintain the purchase card information in a secure location at all times. The information should not be left unattended or in an unsecure location that allows access by unauthorized individuals.

**View of Responsible Officials:** Disagree with card security finding. The Oklahoma Board of Dentistry has 4 FTE. The only person who has access to the P-card is Tammi Mahon. This employee has complete security of the card and of the documentation. The documentation is maintained in a binder located in Ms. Mahon’s private office. This binder or book is not marked or labeled. The only unauthorized person would be those who provide office cleaning. These people are bonded and have access to keys and security codes. This type of cleaning person in office after hours would not know the contents or the identification of the binder. The cleaning person does not have access to the card or the card number. The card is maintained under lock and key in the possession of Ms. Mahon. Not even the supervisor of Ms. Mahon has access. The “card” is totally different from a “binder” containing some process information.

**Auditor Response:** The Board’s corrective action plan to the DCS audit finding was for the purchase card information to be locked up in a filing cabinet to ensure sensitive information is not used for unauthorized purposes. Currently, that corrective action has not been implemented and as a result we feel the purchase card information is still accessible to unauthorized individuals.



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