

OKLAHOMA BOARD OF CHIROPRACTIC EXAMINERS

JANUARY 1, 2006 THROUGH
DECEMBER 31, 2007

OPERATIONAL AUDIT



Jeff A. McMahan

Oklahoma State Auditor
& Inspector

**Audit Report of the
Oklahoma Board of Chiropractic Examiners**

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



STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

Jeff A. McMahan
State Auditor and Inspector

April 15, 2008

**TO THE EXECUTIVE DIRECTOR OF THE BOARD
OF CHIROPRACTIC EXAMINERS**

Pursuant to 62 O.S. § 212, transmitted herewith is the audit report for the Oklahoma Board of Chiropractic Examiners 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 Oklahoma Board of Chiropractic Examiners is to regulate the qualification for licensure and examination as Chiropractors; protect the public and Chiropractic in reference to complaints through public meeting and hearing pursuant to the Chiropractic Practice Act; approve educational programs required for annual license renewal and to foster higher professional standards relative to the practice of Chiropractic in the state of Oklahoma as is consistent with the best interest of the health, welfare, and safety of the public.

Board Members

Dr. Ronald Tripp	President
Dr. Shayne Javersak	Vice President
Dr. James Toy	Secretary – Treasurer
Dr. Jay Ernst	Member
Dr. Bill Mead	Member
Dr. Hugh McClure	Member
Dr. Russell Gilstrap	Member
Dr. Viki Resler	Member
Jeanie Gardner	Public Member

Key Staff

P. Kay Floyd	Board Legal Counsel
Beth Carter	Executive Director
Joseph English	Executive Assistant
Lindsay Redburn	Administrative Assistant



STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

Jeff A. McMahan
State Auditor and Inspector

TO THE BOARD OF CHIROPRACTIC EXAMINERS

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

- Determine whether 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.
- Determine compliance with certain laws and regulations.
- Determine the status of management's corrective actions for reportable conditions noted in prior year's report.

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.

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

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

March 31, 2008

Background

The Oklahoma Board of Chiropractic Examiners serves as the administrative agency for the conduct and licensing of chiropractic physicians; has the authority to enforce statutory laws relating to the profession and is self-sustaining through collections of licensing fees. The Board regulates the practice of chiropractic in this state in accordance with the provisions of the Oklahoma Chiropractic Practice Act, 59 O.S. §161.1 through §161.20. The Board also follows state statutes 62 O.S. §7.1, 62 O.S. §211, and 74 O.S. §3601.2. The Board, appointed by the Governor, is composed of eight chiropractic physicians and one lay member representing the public.

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

Table 1-Sources and Uses of Funds for SFY 2006 and SFY 2007

Sources:	2006	2007
Chiropractic Examiner Licenses & Fees	<u>\$188,655</u>	<u>\$232,919</u>
Uses:		
Salary Expense	\$73,359	\$80,068
Insurance Premium-Health-Life, etc.	14,152	19,237
FICA-Retirement Contribution	14,562	16,484
Professional Services	45,440	59,772
Travel- Reimbursements	11,940	13,149
Travel- Agency Direct Payments	5,505	7,871
Miscellaneous Administrative	11,125	17,899
Rent Expense	12,249	14,321
Maintenance and Repair Expense	0	2,237
Specialized Supply and Maintenance Expense	1,408	472
Production, Safety, Security Expense	180	1,896
General Operating	2,341	1,984
Refunds, Indemnities, Restitution	659	0
Merchandise for Resale	<u>0</u>	<u>278</u>
Total Uses	<u>\$192,920</u>	<u>\$235,668</u>

Source: Oklahoma CORE Accounting System

Objective 1 – Determine 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.

Conclusion

The Board's internal controls related to revenues, expenditures, and inventory appear to provide reasonable assurance that these items were accurately reported in the accounting records, and financial operations complied with applicable finance-related laws and regulations.

Methodology

To accomplish our objective, we:

- Reviewed 62 O.S. § 7.1; 62 O.S. § 211; 74 O.S. § 3601.2;
- Documented internal controls related to the revenue and expenditure process;
- Tested controls which included:
 - Determining if checks are endorsed upon receipt;
 - Reviewing 25 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 are stored in a secure location prior to deposit;
- Reviewing 25 deposits from the period to ensure the bank deposit date was within one day of the deposit slip date;
- Reviewing 25 deposits to ensure the deposit was posted into CORE within one day of being deposited at the bank;
- Reviewing a CORE deposit report for the period to ensure funds were transferred from the Board's clearing account to the revolving fund;
- 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 25 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 the employee responsible for receiving warrants from OSF was independent of the expenditure posting and approval process;
- Determining policy and procedures were followed for inventory and a sign-out sheet was maintained;
- 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 ensure the Board transferred 10% of the fees charged, collected, and received to the State's general fund.

Objective 2 – Determine the Board complied with certain laws and regulations.

Conclusion

The Board is in compliance with certain laws and regulations.

Methodology

To accomplish our objective, we:

- Reviewed DCS' Purchase Card Procedures;
- Tested compliance by determining:
 - A credit limit (dollar amount per cycle) has been established;
 - The dollar amount of the transaction did not exceed the single purchase limit of \$2,500;
 - The transactions were not for split purchases;
 - The transactions were not for prohibited purchases;
 - The transactions appeared to be supported by receipts and/or other supporting documentation and reconciled to the supporting monthly memos;
 - The transactions were limited to purchases made by only the employee whose name is embossed on the card;
 - The transaction logs were reviewed and approved (signed and dated) by the cardholder;
 - The memo statements were approved (signed and dated) by the cardholder, and by the approving official;
 - The receipts and /or other supporting documentation were annotated "Received", signed, and dated by the receiving employee;
 - The transactions did not include state sales tax;
 - The Department used merchant preference (Statewide contracts) before making a transaction;
 - Documents were retained in accordance with the Department's procedures.
- Tested transactions to determine they were consistent with the nature of the Department's mission.

Objective 3 – Determine the status of management’s corrective actions for reportable conditions noted in prior year’s report.

Conclusion

The prior engagement report issued by the State Auditor’s Office on August 16, 2006 contained four findings. The findings were related to segregation of duties, timely endorsement of receipts, timely deposits to general revenue fund, and account coding for expenditures. Management’s corrective actions for these findings were implemented.

Methodology

See methodology for objective 1.



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