



# OKLAHOMA BOARD OF CHIROPRACTIC EXAMINERS

## Operational Audit

For the Period July 1, 2015 through June 30, 2020

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

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

**For the Period  
July 1, 2015 through June 30, 2020**

January 26, 2021

**TO THE OKLAHOMA BOARD OF CHIROPRACTIC EXAMINERS**

We present the audit report of the Oklahoma Board of Chiropractic Examiners for the period July 1, 2015 through June 30, 2020. 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,



CINDY BYRD, CPA  
OKLAHOMA STATE AUDITOR & INSPECTOR



**Oklahoma Board of Chiropractic Examiners  
Operational Audit**

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**Background**

The Board of Chiropractic Examiners (the Agency) was created by the legislature in 1921 to regulate the chiropractic profession. The board counts itself as responsible for enhancing public health and safety by regulating the practice of chiropractic in the state, ensuring that only properly qualified chiropractors practice in this state, and ensuring the profession as a whole is conducted in the public's best interest.

The mission of the Oklahoma Board of Chiropractic Examiners is to regulate the qualifications 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 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.

Nine board members (the Board), appointed by the Governor, oversee the Agency: eight actively practicing chiropractors who represent seven districts in Oklahoma, one at large member from any district, and one public member.

Board members as of January 2021 are:

Dr. Amanda Housh .....	President
Dr. Matthew Aguilar .....	Vice-President
Dr. Heath Travis.....	Secretary/Treasurer
Dr. Vernon Millspaugh .....	Member
Dr. Jason Drake .....	Member
Dr. Troy Sturgill .....	Member
Dr. Joseph Holman .....	Member
Dr. Lance Hoose.....	Member
Ms. Susan Jordan.....	Public Member

**Oklahoma Board of Chiropractic Examiners  
Operational Audit**

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The following table summarizes the Agency's sources and uses of funds for fiscal years 2019 and 2020 (July 1, 2018 through June 30, 2020).

**Sources and Uses of Funds for FY 2019 and FY 2020**

	<b>2019</b>	<b>2020</b>
<b>Sources:</b>		
Licenses, Permits, Fees	\$ 259,485	\$ 286,290
<b>Total Sources</b>	<b>\$ 259,485</b>	<b>\$ 286,290</b>
<b>Uses:</b>		
Personnel Services	\$ 219,079	\$ 226,186
Professional Services	26,103	29,119
Administrative Expenses	19,869	19,159
Travel	12,825	7,016
Property, Furniture, Equipment	-	244
<b>Total Uses</b>	<b>\$ 277,876</b>	<b>\$ 281,724</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 assessment of materiality and risk for the period July 1, 2015 through June 30, 2020. Our audit procedures included inquiries of appropriate personnel, data analysis, and inspection of documents and records. Further details regarding our methodology are included in Appendix A.

We utilized sampling of transactions to achieve our objectives. To ensure the samples were representative of the population and provided sufficient, appropriate evidence, the random sample methodology was used. We identified specific attributes for testing each of the samples.

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. Each of these components, listed in Appendix B for your reference, includes a subset of principles that are expected to be operating at government entities.

The *Standards for Internal Control* underscore that an internal control system is effective only when the five components of internal control are effectively designed, implemented, and operating together in an

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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>.

Oklahoma Board of Chiropractic Examiners  
Operational Audit

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integrated manner. As required by *Government Auditing Standards*<sup>2</sup>, we have identified the aspects of internal control significant to each audit objective in this engagement; and our assessments are detailed in Appendix B.

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<sup>2</sup> *Government Auditing Standards*, or the “Yellow Book,” also promulgated by the GAO, guides our performance and operational audits. Last version 2018, accessible online at <https://www.gao.gov/products/GAO-18-568G>.

**OBJECTIVE I**

Determine whether effective internal control activities are in place to ensure all funds received by the Agency are deposited, in line with Government Accountability Office (GAO) *Standards for Internal Control* and Oklahoma's Statewide Accounting Manual.

**Conclusion**

We determined control activities are in place to ensure funds received are deposited, in line with GAO *Standards for Internal Control* and Oklahoma's Statewide Accounting Manual.

**Scope and Methodology**

To accomplish our objective, we performed the following:

- Documented our understanding of the receipting and licensing processes. Evaluated those processes and identified significant internal controls related to deposits.
- Compared the Agency's process to governmental internal control standards outlined in the GAO *Standards for Internal Control* and Oklahoma's Statewide Accounting Manual.
- Reviewed a random sample of 50 daily deposit documents from a population of 477 days (10%) to ensure the depository slip is signed by the proper parties and the database depository slip matched the corresponding bank deposit receipt.

No findings were identified as a result of these procedures.



**OBJECTIVE II** Determine whether the Agency’s non-payroll expenditures were independently reviewed and approved in line with GAO *Standards for Internal Control* and our previous audit recommendations.

**Conclusion** We determined the Agency’s non-payroll expenditures were independently reviewed and approved in line with GAO *Standards for Internal Control* and our previous audit recommendations.

**Scope and Methodology** To accomplish our objective, we performed the following:

- Documented our understanding of the non-payroll expenditure process and identified significant internal controls related to review and approval of those expenditures
- Compared the Agency’s process to governmental internal control standards outlined in the GAO *Standards for Internal Control* and previous audit recommendations.
- Reviewed expenditure reports for 15 randomly selected months (25% of audit period months) to ensure the line-item expenditure reports are being independently reviewed and approved.

No findings were identified as a result of these procedures.

## APPENDIX A: Detailed Methodology

In gaining an understanding of the Agency and developing our detailed objectives, in addition to routine discussions, analysis, research, and prior audit follow-up, we performed the following:

- Reviewed revenue, expenditure, and asset-related data from the State-Wide Accounting System and gathered information from agency personnel to assess the related financial processes and trends for any notable risks.
- Reviewed the Agency's transfers made to the state's general revenue fund as required by 62 O.S. § 211 and confirmed they materially reflected 10% of Agency deposits.
- Reviewed the Agency's HR All Actions Report from the State-Wide Accounting System to assess the changes that had a financial impact during the audit period.
- Reviewed 74 O.S. § 3601.2.A, which sets the compensation recommendation for the director of the Agency. We found the director received the midpoint pay rate recommended for the Agency.

We documented our understanding of the agency-wide components and underlying principles of internal controls significant to our objectives, as outlined further in Appendix B. In doing so, we obtained an internal control self-assessment completed by management and assessed the results, along with further discussions and review of documentation to verify and confirm as necessary.

### APPENDIX B: Internal Control Components and Principles

The table below outlines the components and principles of internal control, identifies those considered significant to our specific objectives in this engagement, and notes whether those principles were found to be operating effectively. For those *not* operating effectively, further discussion and related recommendations are included in the report.

As recommended by *Government Auditing Standards* section 9.32, the full outline of the fundamental components of internal control and their underlying principles is included for your reference.

Internal Control Component/Principle	Significant to Audit Objective I	Operating Effectively?	Significant to Audit Objective II	Operating Effectively?
<b>Control Environment Component</b> – Foundation that provides processes and structure to help an entity set expectations and achieve its objectives.				
1. The oversight body and management should demonstrate a commitment to integrity and ethical values.				
2. The oversight body should oversee the entity’s internal control system.				
3. Management should establish an organizational structure, assign responsibility, and delegate authority to achieve the entity’s objectives.				
4. Management should demonstrate a commitment to recruit, develop, and retain competent individuals.				
5. Management should evaluate performance and hold individuals accountable for their internal control responsibilities.				
<b>Risk Assessment Component</b> – Dynamic process of identifying, analyzing, and managing risks facing the entity.				
6. Management should define objectives clearly to enable the identification of risks and define risk tolerances.				
7. Management should identify, analyze, and respond to risks related to achieving the defined objectives.				
8. Management should consider the potential for fraud when identifying, analyzing, and responding to risks.				
9. Management should identify, analyze, and respond to significant changes that could impact the internal control system.				

**Oklahoma Board of Chiropractic Examiners  
Operational Audit**

<b>Control Activities Component</b> – Actions management establishes through policies and procedures to protect against risks.				
10. Management should design control activities to achieve objectives and respond to risks.	✓	Yes	✓	Yes
11. Management should design the entity’s information system and related control activities to achieve objectives & respond to risks.				
12. Management should implement control activities through policies.	✓	Yes	✓	Yes
<b>Information and Communication Component</b> – Quality information communicated and used to support the internal control system.				
13. Management should use quality information to achieve the entity’s objectives.				
14. Management should internally communicate the necessary quality information to achieve the entity’s objectives.				
15. Management should externally communicate the necessary quality information to achieve the entity’s objectives.				
<b>Monitoring Component</b> – Activities to assess the quality of performance and promptly correct any deficiencies.				
16. Management should establish and operate monitoring activities to monitor the internal control system and evaluate the results.	✓	Yes	✓	Yes
17. Management should remediate identified internal control deficiencies on a timely basis.				

The GAO emphasizes that each of the five components of internal control must be effectively designed, implemented, and operating; for an internal control system to be effective, the components must operate together in an integrated manner. They further stress that documentation is a necessary part of an effective internal control system. The level and nature of documentation vary based on the size of the entity and the complexity of the operational processes the entity performs. Documentation is required to demonstrate the design, implementation, and operating effectiveness of an entity’s internal control system.

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S·A·I  
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