

OKLAHOMA BOARD OF DENTISTRY

FOR THE PERIOD
JANUARY 1, 2008 THROUGH
JUNE 30, 2010

OPERATIONAL AUDIT



Oklahoma State Auditor
& Inspector

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

**For the Period
January 1, 2008 through June 30, 2010**

STATE AUDITOR AND INSPECTOR

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State Auditor

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October 20, 2010

TO THE OKLAHOMA BOARD OF DENTISTRY

This is the audit report of the Oklahoma Board of Dentistry for the period January 1, 2008 through June 30, 2010. 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 "Steve Burrage".

STEVE BURRAGE, CPA
STATE AUDITOR & INSPECTOR

**Oklahoma Board of Dentistry
Operational Audit**

Background

The Oklahoma Board of Dentistry (Agency) is responsible for regulation of the practice of dentistry by a system of qualifications and examination. In conjunction with the practice of dentistry, the Agency also regulates the practice of dental hygiene, certifies dental assistants and issues permits to dental laboratories.

Operations are governed by 59 O.S. §§ 328.1 through 328.51a. and Oklahoma Administrative Code Title 195.

Oversight is provided by eleven board members (Board) serving three year terms. The Board is composed of eight dentists and one dental hygienist elected from all licensees entitled to vote. The two remaining public members are appointed by the governor.

Board members are:

Dr. Bruce Horn President
 Dr. B. Dan Storm 1st Vice-President
 Dr. Bradford Hoopes 2nd Vice-President
 David Newsome, Jr. Esq. Secretary/Treasurer
 Angela Craig, R.D.H. Member
 Jeff Dorris Member
 Dr. Jason Buschman. Member
 Dr. Stanley Crawford Member
 Dr. Jeffrey Ray Nelson Member
 Dr. James A. Sparks Member
 Dr. W. Trent Yadon Member

Table 1 summarizes the Agency’s sources and uses of funds for fiscal years 2009 and 2010 (July 1, 2008 through June 30, 2010).

Table 1 - Sources and Uses of Funds for FY 2010 and FY 2009

	2010	2009
Sources:		
Dental Registration, Exams and Other Fees	\$ 466,434	\$ 453,622
Total Sources	<u>\$ 466,434</u>	<u>\$ 453,622</u>
Uses:		
Personnel Services	\$ 309,791	\$ 304,838
Professional Services	82,344	54,852
Travel	21,357	22,330
Miscellaneous Administrative	38,264	53,895
Rent	30,538	35,197
General Operating	7,698	6,767
Other	3,000	693
Total Uses	<u>\$ 492,992</u>	<u>\$ 478,572</u>

Source: Oklahoma PeopleSoft Accounting System (unaudited, for informational purposes only)

**Purpose, Scope, and
Sample Methodology**

This audit was conducted in response to 62 O.S. § 212, which requires the State Auditor’s Office to audit the books, records, and accounts of all self-sustaining boards created by statute to regulate and prescribe standards, practices, and procedures in any profession, occupation or vocation.

The audit period covered was January 1, 2008 through June 30, 2010.

We selected our samples in such a way that whenever possible, the samples are representative of the populations and provide sufficient evidential matter. Sample methodologies can vary and are selected based on the audit objective and whether the total population of data was available. Random sampling is the preferred method; however, we may also use haphazard sampling (a methodology that produces a representative selection for non-statistical sampling), or judgmental selection when data limitation prevents the use of the other two methods. We identified specific attributes for testing each of the samples. When appropriate, we projected our results to that population.

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. 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.

Objective 1 – Determine whether the Agency’s internal controls provide reasonable assurance that revenues and expenditures (including payroll) were accurately reported in the accounting records.

Conclusion

The Agency’s internal controls provide reasonable assurance that revenues and expenditures (including payroll) were accurately reported in the accounting records.

Methodology

To accomplish our objective, we performed the following:

- Documented internal controls related to the receipting and expenditure (including payroll) processes which included discussions with Agency personnel, observation, and review of documents;
- Tested controls which included:
 - Discussing with personnel and observing the location where funds are retained prior to deposit to ensure they are adequately safeguarded;
 - Ensuring 25 haphazardly selected licensees’ (eight dentists, seven hygienists, and 10 dental assistants¹) renewals (fees of \$1,655) agreed to a processed deposit slip (\$201,857²) and to the Agency’s electronic licensee database;
 - Ensuring four Board ordered fines³ (\$16,500) were deposited by agreeing them to a processed deposit slip;

¹ The number of licensees selected from each license type was proportionate to the license types’ percentage to total.
² This amount represents the total of the 25 deposits reviewed. Each of the renewals reviewed (\$1,655) represents only a portion of an individual deposit amount.
³ We determined there were four Board ordered fines during the audit period by reviewing all Board minutes.

- Reviewing three randomly selected months' PeopleSoft "six-digit detail expenditure report" for vendor names which appeared unusual⁴;
- Reviewing three randomly selected months' payroll claims to ensure they were approved by the executive director; and
- Ensuring two payroll changes⁵ were identified on an approved OPM-14 form as well as approved by the Board and noted in their meeting minutes.

There were no exceptions noted as a result of these procedures.

Objective 2 – Determine whether financial operations complied with 62 O.S. § 211 and 74 O.S. § 3601.2 A. 3.

Conclusion Financial operations complied with 62 O.S. § 211 (10% of fees received are transferred to the state's general revenue fund) and 74 O.S. § 3601.2 A.3. (statutory limitation on the executive director's salary).

Methodology To accomplish our objective, we performed the following:

- Recalculated the amount transferred to the state's general revenue fund during the audit period to ensure 10% of all the fees charged, collected and received by the Agency were transferred as required by 62 O.S. § 211;
- Reviewed payroll information in the PeopleSoft accounting system to ensure the executive director's annual salary did not exceed the maximum limit set forth in 74 O.S. § 3601.2 A. 3. during the audit period.

There were no exceptions noted as a result of these procedures.

⁴ Unusual was defined as a vendor name that was unfamiliar to the auditor or not reasonable given the mission of the Agency.

⁵ Based on review of PeopleSoft's "HR Actions" report, there were only two payroll changes during the audit period.



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