STATE BOARD OF REGISTRATION FOR PROFESSIONAL ENGINEERS AND LAND SURVEYORS

REPORT ON AGREED-UPON PROCEDURES

JEFF A. McMAHAN, CFE
OKLAHOMA STATE AUDITOR & INSPECTOR
State Board of Registration for Professional Engineers and Land Surveyors

Agreed-upon Procedures Report

For the Period

July 1, 2004 through June 30, 2005
November 22, 2005

TO THE STATE BOARD OF REGISTRATION FOR PROFESSIONAL ENGINEERS AND LAND SURVEYORS

Transmitted herewith is the agreed-upon procedures report for the State Board of Registration for Professional Engineers and Land Surveyors. The procedures we performed were conducted pursuant to 74 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

Charged with the responsibility for safeguarding life, health, and property as affected by the practice of Professional Engineering and Land Surveying. To facilitate the prosecution of persons found in violation of established rules.

Board Members

Roy W. Entz, P.L.S., P.E..........................................................Chair
Jon D. Nelson, P.E..........................................................Vice-Chair
William A. McVey, Jr., P.E..............................................Secretary
Ted Sack, P.L.S..........................................................Member
George T. Gibson, P.E..................................................Member
Robert C. Zahl, P.E......................................................Member
Mark A. Fuller..........................................................Public Member

Key Staff

Kathy Hart..........................................................Executive Director
Diane Spicer..........................................................Executive Assistant
STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN
State Auditor and Inspector

INDEPENDENT AUDITOR’S REPORT
ON APPLYING AGREED-UPON PROCEDURES

We have performed the procedures enumerated below, which were agreed to by management of the State Board of Registration for Professional Engineers and Land Surveyors (Board), 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 June 30, 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 performed procedures over the Board’s receipts and disbursements with respect to internal controls in the following areas:
   - Accounting functions were properly segregated;
   - 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;
   - Receipts were deposited to the State’s General Revenue Fund in accordance with 62 O.S. § 211;
   - Receipts and disbursements were reconciled to Office of State Treasurer and Office of State Finance records;
   - Disbursements were supported by an original invoice;
   - Timesheets were prepared by employees and approved by supervisory personnel;

We noted the Board does not have written policies and procedures related to the operations of the expenditure/revenue process. This was noted in the fiscal year 2004 engagement as well. It appears the implementation of written polices has not been a priority which could lead to improprieties occurring and going undetected. We recommend the agency develop and implement written policies and procedures related to the day to day operations of the expenditure/revenue process.

Management’s Fiscal Year 2004 Response - The agency will write and implement policies and procedures related to the operations of the expenditure/revenue process. It is my understanding that no findings were noted with our current practices regarding operations of the expenditure/revenue process – only that we do not have them in writing.

Management’s Fiscal Year 2005 Response - We began this process for all functions of this agency immediately following our prior audit. However, we have not written policies and procedures for the financial operations because of all of the changes incurred when the CORE/PEOPLESOFT system went online. We have continued to train staff to master this system and to be able to document policies and procedures. We are beginning to write policies specific to this agency and, as always, we are using the policies and procedures set up by DCS and OSF.

We noted multiple time records that had not been approved by management. Without proper approvals, irregularities could occur and go undetected. It appears that management has not made the approval of
time records a priority. We recommend the executive director review and approve each employee’s time sheet by signing it on a monthly basis.

**Management’s Response:** As Executive Director, I have reviewed every timesheet, every month for every employee. I have reviewed the forms for compliance and approval of time. I have, however, neglected to sign the timesheets. This was an oversight on my part, which I will rectify immediately.

2. We reconciled total agency receipts to total CORE system deposits.

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

3. We judgmentally selected 24 deposits and:
   - Compared the Treasurer’s deposit date to the agency deposit slip date to determine if dates were within two working days.
   - 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.
   - Agreed receipt dates to deposit slip dates.
   - Examined receipts to determine if they were properly posted to the agency’s accounting records.

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

5. We judgmentally selected 47 vouchers and:
   - Agreed the voucher amount to the invoice amount;
   - Agreed the voucher amount and payee to the CORE system;
   - Compared the nature of the purchase to the account code description to determine consistency.

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

6. We compared current year personnel service costs (accounts 511XXX, 512XXX, 513XXX) to the prior year to determine whether salaries increased more than 3% and whether insurance increased more than 20%.

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

7. We compared current year personnel service costs (accounts 511XXX, 512XXX, 513XXX) to current year budgeted costs to determine actual costs did not exceed budget.

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

8. We compared the average personnel service costs per employee for the current year to the prior year to determine whether the cost increased more than 15%.

   There were no findings noted as a result of applying the procedures.
We also prepared 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. This schedule has been included for informational purposes only.

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, and disbursements 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.

This report is intended solely for the information and use of management of the Board 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.

Sincerely,

JEFF A. McMAHAN
State Auditor and Inspector

October 26, 2005
Other Information
State Board of Registration for Professional Engineers and Land Surveyors
Schedule of Receipts, Disbursements, and Changes in Cash
For the Fiscal Year Ending June 30, 2005

RECEIPTS:

Licenses and Fees 679,146

Total Receipts 679,146

DISBURSEMENTS:

Salary and Benefits 304,993
Professional Services 266,698
Travel 38,883
Misc. Admin. 77,248
Rent 21,668
General Operating 62,754
Furniture and Equipment 10,444
Other 4,426

Total Disbursements 787,114

RECEIPTS OVER (UNDER) DISBURSEMENTS (107,968)

CASH--Beginning of Year 1,445,038

CASH--End of Year $ 1,337,070
State Board of Registration for Professional Engineers and Land Surveyors

Other Information

Clearing Account

The Board maintains a clearing account to deposit revenues collected on a daily basis. All items deposited into the clearing account are held there until such items have been honored by the paying entity. Once these items have been honored, the revenues are transferred for deposit into the agency’s operating fund(s). The agency’s clearing account had a cash balance of $113,910.50 at June 30, 2005. As of June 30, 2005 these amounts had not yet been deposited into the agency’s operating fund(s) and were not considered to be available to fund the agency’s general operations. As a result, the clearing account’s cash balance, revenues, and disbursements are not included in the preceding Schedule of Receipts, Disbursements, and Changes in Cash Balance.

Payments to the State General Revenue Fund

In accordance with 62 O.S. § 211, the Board shall remit 10% of all license and fee revenues received to the state general revenue fund. During fiscal year 2005, the agency submitted $79,346.40 to this fund. As previously discussed, the agency maintains a clearing account in which receipts are deposited. When the required deposit of monies is made to the state’s general revenue fund, it is made directly from the agency’s clearing account. As a result, these receipts and disbursements are not included in the preceding Schedule of Receipts, Disbursements, and Changes in Cash.