Agreed-Upon Procedures Report

Oklahoma State Board of Licensed Social Workers

July 1, 2004 through June 30, 2006

Office of the Oklahoma State Auditor and Inspector
Jeff A. McMahan, CFE
Oklahoma State Board of
Licensed Social Workers

Agreed-upon Procedures Report

For the Period
July 1, 2004 through June 30, 2006
STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMahan
State Auditor and Inspector

April 16, 2007

TO THE OKLAHOMA STATE BOARD OF
LICENSED SOCIAL WORKERS

Transmitted herewith is the agreed-upon procedures report for the Oklahoma State Board of Licensed Social Workers. 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,

[Signature]

JEFF A. McMahan
State Auditor and Inspector
Mission Statement

To safeguard the welfare of the people of Oklahoma by administering the Social Worker’s Licensing Act that provides that all the persons who engage in the practice of social work for compensation, perform the services of a social worker, are licensed social workers, or licensed social worker associates. Re-created until July 1, 2012. (Sunset Law).

Board Members

Antoinette (Toni) Lempicki .................................................................................................................................................... Chair
Joy L. Leuthard, MS, LSWA ........................................................................................................................................... Vice-Chair
Gwendolyn Gibson ............................................................................................................................................................ Secretary
Elaine V. Edens ................................................................................................................................................................... Member
Eunice C. McDowell ............................................................................................................................................................ Member
Timothy O’Connor .............................................................................................................................................................. Member

Key Staff

Kandi Hoehner ................................................................................................................................................................... Executive Director
Reji Varghese ..................................................................................................................................................................... Business Manager
INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

We have performed the procedures enumerated below, which were agreed to by management of the Oklahoma State Board of Licensed Social Workers (Board), solely to assist you in evaluating your internal controls over the receipt and disbursement process, the safeguarding of capital assets, and in determining whether selected receipts and disbursements are supported by underlying records for the period July 1, 2004 through June 30, 2006. 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 compared the Board's internal controls over receipts and disbursements with the following criteria:
   - Accounting duties were segregated by functions into those who initiate or authorize transactions; those who execute transactions; and those who have responsibility for the asset, liability, expenditure, or revenue resulting from the transaction;
   - 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;
   - 10% of the gross fees charged, collected and received were deposited to the State's General Revenue Fund;
   - Receipts and disbursements were reconciled to Office of State Treasurer and Office of State Finance (OSF) records;
   - Disbursements were supported by an original invoice;
   - Timesheets were prepared by employees and approved by supervisory personnel;

Segregation of duties is a basic control that prevents or detects errors, improprieties, and fraud. Based on inspection of CORE financial and HR system security access settings, we found employees with incompatible roles within the CORE PeopleSoft system. We recommend the Board be aware of this condition and realize the concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view. Under these conditions, the most effective controls lie in the Board's knowledge and periodic review of operations.

Views of Responsible Officials - The Board is aware of this condition. Monthly review of financial reports by the Board and the Executive Director ensure oversight of financial transactions entered by the staff.

With respect to the other procedures applied, there were no findings.

2. We compared the Board's internal controls over the safeguarding of capital assets with the following criteria:
   - Inventory records were maintained for capital assets costing $500 or more;
   - Packing slips were compared to the purchase order when capital assets are received;
• Inventory records were adjusted promptly when capital assets are acquired, retired, sold, or transferred;
• Obsolete or unusable assets were disposed of through the Department of Central Services’ Surplus Property Division;
• Physical inventories were performed;
• Differences between physical inventory counts and inventory records were resolved;

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

3. We randomly selected 20 deposits. Nine of the deposits were manually processed and we:
   • Compared the Treasurer’s deposit date to agency deposit slip date to determine if dates were within one working day;
   • 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.
   • Inspected agency receipts to determine whether receipts of $100 or more were deposited on the same banking day as received.
   • Inspected agency receipts to determine whether receipts of less than $100 were deposited on the next business day when accumulated receipts equaled $100 or after five business days, whichever occurred first.
   • Inspected agency receipts to determine whether receipts were safeguarded.
   • Compared the fund type to which the deposit was posted in CORE to the CAFR fund type listing for consistency;
   • Compared the nature of the deposit to the account code description to determine consistency.

Eleven of the license renewals were made through the Board’s website and we:
   • Agreed the credit card and/or EFT report generated by OSF to the Board’s generated online renewal report.

There were no findings 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.

62 O.S., § 211 states in part “…all self-sustaining boards created by statute to regulate and prescribe standards, practices and procedures in any profession, occupation or vocation…shall pay into the General Revenue Fund of the state ten percent (10%) of the gross fees…charged, collected and received by such board”. We noted during our procedures the Board appears to have transferred $154,43 more than required to the state’s general revenue fund. As a partial cause of this, it appears the Board’s deposit records indicate an additional $901.38 was deposited when compared to OSF’s CORE records. We recommend Board management transfer 10% of gross fees charged, collected, and received to the state’s general revenue fund as well as reconcile to OSF on a monthly basis.

Views of Responsible Officials - Board reconciled to State Treasurer (STO) statements every month. Requirement to reconcile to OSF CORE records, in addition to STO’s deposit record was not communicated to the board until now. At present we have reconciled all FY 2006 and FY 2007 up to February 2007 deposit records to OSF CORE. We will continue to perform monthly three-way reconciliation. In addition to this we have taken measures to have the accountant to re-check 10% payable calculation before processing the payment.

5. We randomly selected 60 vouchers and:
   • Compared the voucher amount and payee to the invoice amount and payee;
   • Compared the voucher amount and payee to the CORE system;
   • Compared the fund type to which the disbursement was charged in CORE to the CAFR fund type listing for consistency;
• Compared the nature of the purchase to the account code description to determine consistency.

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

6. We selected 10 assets from the capital asset listing and:
   • Visually inspected each asset to ensure its existence and that it was identified as property of the State of Oklahoma;
   • Compared the identification number on the listing to that shown on the asset.

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

7. We selected 10 assets from the floor and:
   • Traced them to the capital asset listing;
   • Compared the identification number on the asset to that shown on the listing;
   • Inspected the asset to determine it was properly identified as property of the State of Oklahoma.

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

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, disbursements, and capital assets for the Board. 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.

JEFF A. McMAHAN
State Auditor and Inspector

April 10, 2007