

**OKLAHOMA STATE BOARD OF REGISTRATION FOR
PROFESSIONAL ENGINEERS AND LAND SURVEYORS**

**REPORT ON APPLYING
AGREED-UPON PROCEDURES TO
EXPENDITURES, REVENUE, AND PAYROLL**

**FOR THE PERIOD JULY 1, 2003
THROUGH JUNE 30, 2004**

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STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN
State Auditor and Inspector

December 6, 2004

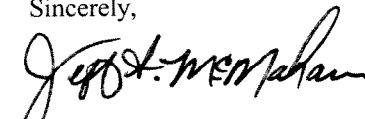
**TO THE OKLAHOMA STATE BOARD OF REGISTRATION FOR
PROFESSIONAL ENGINEERS AND LAND SURVEYORS**

Transmitted herewith is the agreed-upon procedures report for the Oklahoma State Board of Registration for Professional Engineers and Land Surveyors on expenditures, revenue, and payroll for the period July 1, 2003, through June 30, 2004. The procedures we performed were at the request of the Executive Director and the Board of Directors of the agency.

We wish to take this opportunity to express our appreciation for the assistance and cooperation extended to our office during the course of the engagement.

The Office of the State Auditor and Inspector is committed to serving the public interest by providing independent oversight and issuing reports that serve as a management tool to the state to ensure a government which is accountable to the people of the State of Oklahoma.

Sincerely,


JEFF A. McMAHAN
State Auditor and Inspector



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 Oklahoma State Board of Registration for Professional Engineers and Land Surveyors (the Board), solely to assist you in evaluating the expenditures, revenue, and payroll of the Board for the period July 1, 2003, through June 30, 2004. The Board's management is responsible for the agency's expenditure, revenue, and payroll records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by generally accepted *Government Auditing Standards*. 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.

Determine if controls over the expenditure, revenue, and payroll process exist and are operating

We asked management a series of internal control questions related to expenditures, revenue, and payroll and performed tests to ensure the control was operating.

Based on these procedures, we noted the Board does not have written policies and procedures related to the operations of the expenditure/revenue process. Written policies and procedures would be considered an effective internal control to help ensure the Board is complying with its commitment to prudent business practices. It appears the implementation of written policies 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 Corrective Action Plan: The agency will write and implement policies and procedures related to the operations of the expenditure/revenue process. It is my understanding that the audit did not find fault with our current practices regarding operations of the expenditure/revenue process – only that we do not have them in writing.

Select a representative sample of expenditures and perform the following:

- **Determine expenditures were properly posted to agency and Office of State Finance (OSF) records**
- **Determine expenditures appear reasonable**
- **Determine expenditures were properly supported**
- **Determine expenditures were properly authorized**

We judgmentally selected 48 claims paid from fund 200 to ensure claim information agreed with agency and OSF records, the expenditure appeared reasonable, the claims had adequate supporting documentation, and the claims were properly authorized.

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

Select a representative sample of deposits and perform the following:

- **Determine deposits were properly posted to OSF, the State Treasurer (OST), and/or the agency's accounting records**
- **Determine agency deposit slip dates match agency receipt dates**
- **Determine OST date is reasonable compared to agency deposit slip date**
- **Obtain the related receipts and determine:**
 - **Receipts are pre-numbered and were issued in numerical order**
 - **The cash/check composition of deposits and determine it agrees to the actual receipts issued**
 - **The receipts were properly posted to the agency's accounting records**

We judgmentally selected 24 deposits made to fund 799 with an account code of 425815 (engineers registration and license fees) and ensured the deposit information agreed with OSF, Office of the State Treasurer (OST) and agency accounting records, the agency deposit slip date agreed with agency receipt date, the OST date was reasonable compared to agency deposit slip date, the receipts were pre-numbered and were issued in numerical order, the cash/check composition of deposit agreed to receipt issued, and the receipts were properly posted to agency's accounting records.

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

Select a sample of reconciliations between the agency and OSF to determine:

- **The reconciling items appear reasonable**
- **The reconciliation was adequately approved**

We judgmentally selected three months of reconciliations between the agency and OSF to ensure the reconciling items appeared reasonable and the reconciliation was approved.

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

Perform the following procedures related to payroll:

- **Compare payroll expenditures from the current to prior fiscal year**
- **Determine the average salary per employee for current and prior fiscal year and determine if variance appears reasonable**
- **Identify new hires and trace a sample to payroll authorization forms in the personnel records**
- **Identify terminations and trace a sample to determine if they were removed from payroll records in a timely manner**
- **Select a sample of employees and trace their gross salary amount to their signed payroll authorization and trace their total hours worked to an approved time sheet**
- **Select a sample of funding sheets and determine they agree with OSF records and were approved by an authorized individual**

We obtained the OSF Combining Trial Balance and compared the payroll expenditures from the current to the prior fiscal year, we compared the average salary per employee for the current and prior fiscal year and

determined if the variance appeared reasonable, we identified new hires and traced them to their payroll authorization form, we identified terminations and ensured they were removed from payroll records in a timely manner, we judgmentally selected four employees and traced their gross salary to an approved payroll authorization form and their total hours worked to an approved time sheet, and we judgmentally selected three funding sheets to ensure they were approved and agreed with OSF records.

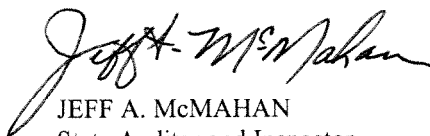
There were no findings noted as a result of applying the procedures.

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 expenditure, revenue, and payroll records. 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 is not intended to be and should not be used by anyone other than these specified parties.

However, the Oklahoma Open Records Act states that all records of public bodies and public officials shall be open to any person, except as specifically exempted. The purpose of this Act is to ensure and facilitate the public's right of access to and review of government records so they may efficiently and intelligently exercise their inherent political power. Therefore, this report is a matter of public record and its distribution is in no way limited or restricted.

Sincerely,

A handwritten signature in black ink that reads "Jeff A. McMahon". The signature is written in a cursive, flowing style.

JEFF A. McMAHAN
State Auditor and Inspector

November 16, 2004