

OPERATIONAL AUDIT

OKLAHOMA STATE BOARD OF EXAMINERS OF PSYCHOLOGISTS

For the period April 1, 2011 through December 31, 2015



*Independently serving the citizens of
Oklahoma by promoting the
accountability and fiscal integrity of
governmental funds.*



Oklahoma State
Auditor & Inspector
Gary A. Jones, CPA, CFE

**Audit Report of the
Oklahoma State Board of Examiners of Psychologists**

**For the Period
April 1, 2011 through December 31, 2015**



Oklahoma State Auditor & Inspector

2300 N. Lincoln Blvd. • State Capitol, Room 100 • Oklahoma City, OK 73105 • Phone: 405.521.3495 • Fax: 405.521.3426

June 30, 2016

TO THE OKLAHOMA STATE BOARD OF EXAMINERS OF PSYCHOLOGISTS

This is the audit report of the Oklahoma State Board of Examiners of Psychologists for the period April 1, 2011 through December 31, 2015. 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,

A handwritten signature in blue ink that reads "Gary A. Jones". The signature is written in a cursive style with a long, sweeping underline.

GARY A. JONES, CPA, CFE
OKLAHOMA STATE AUDITOR & INSPECTOR

Oklahoma State Board of Examiners of Psychologists Operational Audit

Background

The Oklahoma State Board of Examiners of Psychologists was established under the Psychologists Act of 1965 to be the official licensing agency for the practice of psychology and for the investigation of complaints and enforcement of the laws and rules of the profession.

The mission of the Board is to protect the public by regulating the practice of psychology in Oklahoma to ensure that only properly qualified psychologists practice psychology in the state and that the psychology profession as a whole is conducted in the public's best interest.

Oversight is provided by a seven member board appointed by the governor. Each member serves a term of four years.

Board members as of December 2015 are:

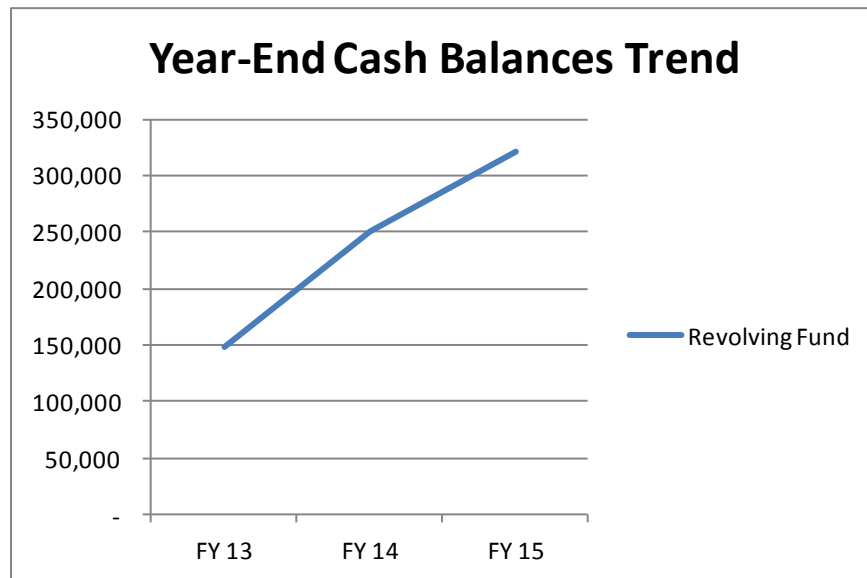
Ray Hand, Ph.D.....	Chair
Pamela Fischer, Ph.D.....	Vice-Chair
Shawn Roberson, Ph.D.....	Board Member
Kathie Ward, Ph.D.....	Board Member
Susan Howard, Ph.D.	Board Member
Timothy O'Connor.....	Lay Member
Benjamin Harris.	Lay Member

Oklahoma State Board of Examiners of Psychologists Operational Audit

The following information illustrates the Agency's budgeted-to-actual revenues and expenditures and year-end cash balances.¹

BUDGET TO ACTUAL COMPARISON						
	FY 2014			FY 2015		
	Budgeted	Actual	Variance	Budgeted	Actual	Variance
REVENUES						
Licenses, Permits, and Fees	280,000	269,267	(10,733)	295,000	265,685	(29,315)
Total Revenues	280,000	269,267	(10,733)	295,000	265,685	(29,315)
EXPENDITURES						
Personnel Services	118,880	98,239	(20,641)	104,498	91,791	(12,707)
Professional Services	75,900	41,279	(34,621)	96,237	67,664	(28,573)
Travel Expenses	19,600	10,029	(9,571)	19,600	10,020	(9,580)
Administrative Expenses	19,458	13,888	(5,570)	20,858	13,508	(7,350)
Property, Furniture, Equipment, and Related Debt	3,000	2,305	(695)	30,000	10,134	(19,866)
Gen Assistance, Awards, Grants, Program-Directed Pmts	-	583	583	-	2,993	2,993
Transfers and Other Disbursements	-	-	-	-	109	109
Total Expenses	236,838	166,323	(70,515)	271,193	196,219	(74,974)
Expenditures Over (Under) Revenues			(102,944)			(69,466)

Year-End Cash Balances: FY 13 - FY 15			
	FY 13	FY 14	FY 15
Revolving Fund	147,624	251,059	320,933
Total Available Cash	147,624	251,059	320,933



¹ This information was obtained from the Oklahoma PeopleSoft accounting system. It is for informational purposes only and has not been audited. See summary of management's explanation of variances on page 3 of this report.

Oklahoma State Board of Examiners of Psychologists Operational Audit

Summary of agency responses to budgeted-to-actual variances

This information is a summary of responses obtained from the Oklahoma State Board of Examiners of Psychologists. It is for informational purposes only and has not been audited. See budgeted-to-actual analysis on page 2 of this report.

Revenues

- Revenue is calculated on the prior fiscal year revenue, which does not always remain the same.

Expenditures

- The budget variances in personnel would be reflective of the Psychological Consultant position which was vacated in 2013.
- The variances for professional services will vary depending on what professional services are contracted out and how often.
- The variance in furniture was due to the possibility of purchasing a new database and/or computers.

Oklahoma State Board of Examiners of Psychologists Operational Audit

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 operational 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 April 1, 2011 through December 31, 2015. Detailed audit procedures focused on the period of July 1, 2013 through December 31, 2015, addressing the most current financial processes and providing the most relevant and timely recommendations for management.

Our audit procedures included inquiries of appropriate personnel, inspections of documents and records, and observations of the Oklahoma State Board of Examiners of Psychologists operations. 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 and when appropriate, we projected our results to the population.

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.

OBJECTIVE

Determine whether the Agency’s internal controls provide reasonable assurance that revenue, expenditures (both miscellaneous and payroll), and inventory were accurately reported in the accounting records.

Conclusion

The Agency’s internal controls provide reasonable assurance that payroll expenditures, miscellaneous expenditures, and inventory were accurately reported in the accounting records. The Agency’s internal controls do not provide reasonable assurance that revenues were accurately reported in the accounting records.

**Oklahoma State Board of Examiners of Psychologists
Operational Audit**

FINDINGS AND RECOMMENDATIONS

**Inadequate
Segregation of
Revenue
Duties
*Repeat Finding***

The United States Government Accountability Office's *Standards for Internal Control in the Federal Government (2014 Revision)* states, "Key duties and responsibilities need to be divided or segregated among different people to reduce the risk of error or fraud. This should include separating the responsibilities for authorizing transactions, processing and recording them, reviewing the transactions, and handling any related assets. No one individual should control all key aspects of a transaction or event."

The executive officer has the conflicting abilities to receive and receipt funds, prepare the deposit, and release licenses. This creates the risk that someone in this position could misappropriate funds received and conceal the misappropriation by improperly recording or modifying deposit records.

The executive officer also performs a review of active licenses to deposit records to ensure payments have been deposited. While this ensures that the administrative assistant is unable to misappropriate a payment, due to the executive officer's conflicting responsibilities, the independence of the reconciliation she performs is undermined.

This deficiency also increases the risk that transfers to the state's general revenue fund required by 62 O.S. § 211 could be incomplete, as a result of the mandated portion of potentially misappropriated fees not being included in the transfer. This would place the agency out of compliance with state statute.

It appears the executive officer has these conflicting abilities due to the need to occasionally fill in for the administrative assistant, as the agency only consists of one full time and one part-time employee. Management took positive steps to improve the agency's revenue controls by implementing the license reconciliation as a result of our previous recommendation; however, it appears the reconciliation is not being performed by a truly independent party.

Recommendation

We recommend an independent party, such as a board member with no receipting responsibilities, perform the duty of randomly reconciling active licenses to supporting bank deposit paperwork. The reviewer should ensure the population of active licenses being used for the reconciliation is complete and reliable.

Oklahoma State Board of Examiners of Psychologists Operational Audit

Views of Responsible Officials

OSBEP administration will consult with an independent party, such as a board member with no receipting responsibilities, to perform the duty of randomly reconciling active licensees to supporting bank deposit paperwork as suggested by the auditor's office.

Other Items Noted

Detailed Inventory Listing Recommended for Risk Management Purposes

Although not considered significant to the audit objective, we determined the following issue should be communicated to management.

The Agency maintains an inventory listing of items over the state Office of Management and Enterprise Services (OMES) reporting thresholds (\$500 for information technology items and \$2,500 for other items). A listing of inventory under the threshold is not maintained. However, lower value items such as furniture are necessary in the agency's operations and a record of such items would be key to replacing them in the case of a loss.

The Risk Management department of OMES encourages agencies to keep a detailed inventory of all items owned beyond the asset reporting threshold, for insurance reasons. They suggest a detailed spreadsheet inventory and pictures of the office equipment.

Recommendation

We recommend management maintain and annually verify a full, detailed listing of permanent inventory items for risk management purposes.



OFFICE OF THE STATE AUDITOR & INSPECTOR
2300 N. LINCOLN BOULEVARD, ROOM 100
OKLAHOMA CITY, OK 73105-4896

WWW.SAI.OK.GOV