

OKLAHOMA BOARD OF PODIATRIC MEDICAL EXAMINERS

FOR THE PERIOD
JULY 1, 2006 THROUGH
JUNE 30, 2008

OPERATIONAL AUDIT



Oklahoma State Auditor
& Inspector

**Audit Report of the
Oklahoma Board of Podiatric
Medical Examiners**

**For the Period
July 1, 2006 through June 30, 2008**

STATE AUDITOR AND INSPECTOR

STEVE BURRAGE, CPA
State Auditor

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June 22, 2009

TO THE BOARD OF PODIATRIC MEDICAL EXAMINERS

Following is the audit report of the Board of Podiatric Medical Examiners for the period of July 1, 2006 through June 30, 2008. 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

Mission Statement

The mission of the Board of Podiatric Medical Examiners is to protect the public by regulating the practice of podiatry in the State of Oklahoma. The Board examines all applicants for licensure to ensure that only qualified podiatrists practice in the state and that the podiatry profession as a whole is conducted in the public's best interest.

Board Members

William K. Smith, Sr., D.P.M..... President
Thomas S. Murray, D.P.M..... Vice President
Steven Smith, D.P.M.Secretary/Treasurer
Raymond Smith, D.P.M. Member
Mary Johnson, D.P.M. Member
Tonya Mann..... Lay Member

Key Staff

Lyle R. Kelsey, C.A.E.Executive Director
Reji VargheseBusiness Manager
Dela KweteyAccountant

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Background

The Board of Podiatric Medical Examiners (the Agency) was established in 1935 to regulate the profession of chiropody (podiatry) which relates to the treatment of ailments, diseased conditions, deformities or injuries to the foot. The Agency currently has no staff, and its operational functions are performed by the staff at the Oklahoma Board of Medical Licensure and Supervision.

The Agency's operations are governed by 59 O.S. §§ 135.1 through 160.2 and Title 545 of the Oklahoma Administrative Code.

Oversight is provided by a six-member board (the Board) appointed by the governor and composed of five licensed podiatric physicians and one lay member. The licensed podiatric physicians are selected from a list of not less than five persons submitted annually to the governor by the Oklahoma Podiatric Medical Association. Each member serves a term of five years, with one such member being appointed to the Board each year.

Table 1 summarizes the Agency's sources and uses of funds for fiscal years 2007 and 2008.

Table 1-Sources and Uses of Funds for FY 2007 and FY 2008

Sources:	2007	2008
Podiatric Board License and Fees	<u>\$11,790</u>	<u>\$11,560</u>
Total Sources	<u>\$11,790</u>	<u>\$11,560</u>
Uses:		
Professional Services	\$1,000	\$ 0
Travel	139	106
Miscellaneous Administrative	9,835	9,116
General Operating Expenses	<u>0</u>	<u>39</u>
Total Uses	<u>\$10,974</u>	<u>\$9,261</u>

Source: Oklahoma CORE Accounting System (unaudited; for informational purposes only)

**Authority,
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 July 1, 2006 through June 30, 2008.

Our samples were selected in such a way that whenever possible, they 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 - To determine if the Agency's internal controls provide reasonable assurance that revenues and expenditures were accurately reported in the accounting records, and financial operations complied with 62 O.S. § 7.1.C.2.a, 62 O.S. § 7.1.E.1, and 62 O.S. § 211.

Conclusion

The Agency's internal controls provide reasonable assurance that revenues and expenditures were accurately reported in the accounting records.

The Agency complied with the following laws:

- 62 O.S. § 7.1.C.2.a - Deposits were adequately safeguarded prior to deposit;
- 62 O.S. § 7.1.E.1 - Monthly transfers were made from the Agency's clearing account;
- 62 O.S. § 211 - 10% of all gross fees charged, collected and received were transferred to the state's general revenue fund.

Methodology

To accomplish our objective, we performed the following:

- Documented internal controls related to the receipting and expenditure processes, which included discussions with Oklahoma Board of Medical Licensure and Supervision personnel, observation, and review of documents;
- Tested controls, which included:
 - Determining whether the Agency's duties were properly segregated by ensuring the person who:
 - prepared the deposits was independent of the receipting process;
 - prepared the reconciliations was independent of the receipting process;
 - reconciled the check and cash payments to the corresponding list of licensing transactions was independent of the receipting process;
 - approved the expenditures was independent of the claim posting process; and
 - received the warrants was independent of the claim posting process.
 - Determining whether reconciliations were completed for all months of the audit period;
 - Reviewing a random sample of three monthly reconciliations¹ to ensure they were prepared by someone independent of the receipting process, they traced and agreed to supporting documentation, and that reconciling items appeared reasonable;

¹ Two separate reconciliations are performed. The OSF Form 11 reconciles agency records to the Office of the State Treasurer, and an internal form has been created to reconcile agency records to the Office of State Finance. Both reconciliations were tested.

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- Reviewing a random sample of four² deposits to ensure they were adequately supported and were posted to PeopleSoft accounting records in a timely manner;
- Reviewing all claims from the audit period (nine) to ensure they were properly and independently approved. This included ensuring that the invoice supported the payment, was approved by a designated official, was mathematically accurate, the correct account code was used, and the expenditure appeared reasonable given the Agency's mission;
- Discussed with personnel and observed location where funds are retained prior to deposit to ensure they are adequately safeguarded as required by 62 O.S. § 7.1.C.2.a;
- Reviewed a PeopleSoft deposit report for the audit period to ensure transfers from the Agency's clearing account were being made monthly as required by 62 O.S. § 7.1.E.1; and
- 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.

² As discussed in the background, the Agency does not have any actual staff; the OBML&S performs all accounting functions for the Agency. The processes used by the OBML&S in accounting for the Agency are the same as those used in accounting for its own finances and those of the Oklahoma Board of Examiners of Perfusionists (OBEP). As a result, we selected one control testing sample for the OBML&S, the Agency, and the OBPME, and divided that sample proportionally amongst the agencies based upon the number of transactions conducted by each agency during the audit period.



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