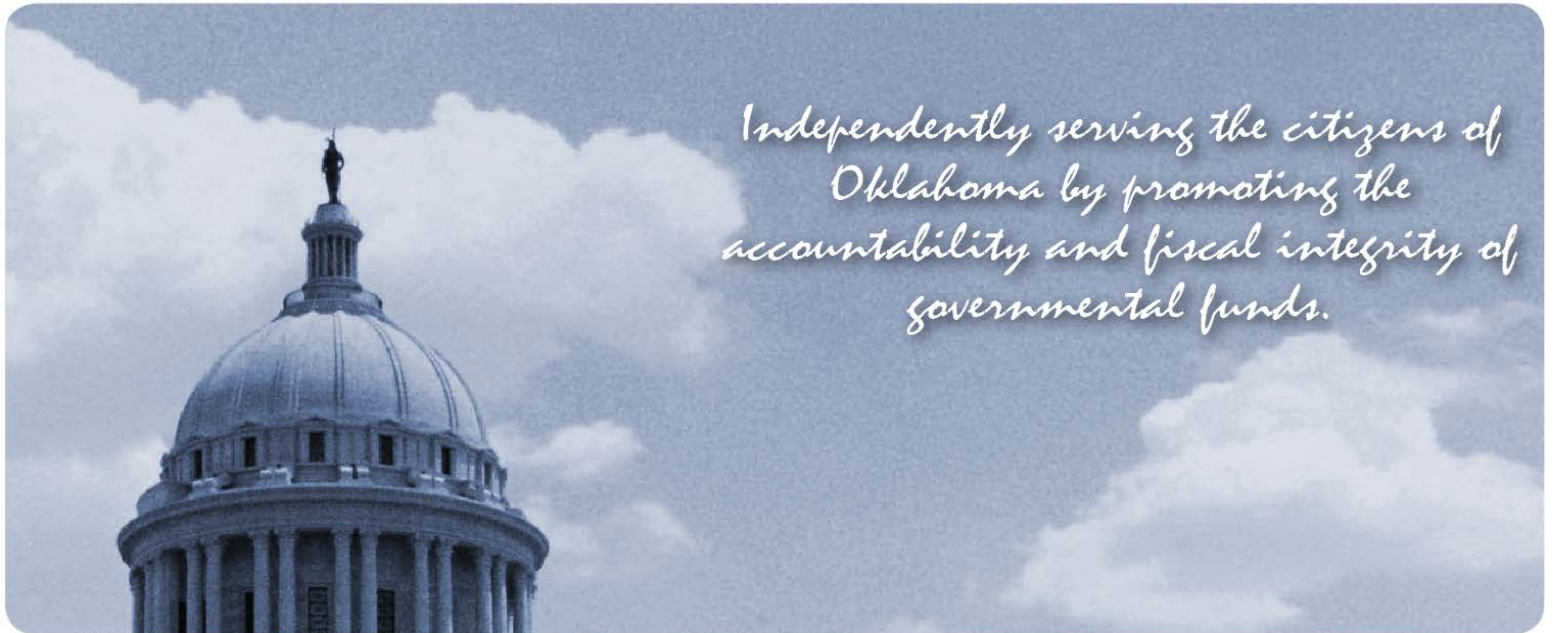


OPERATIONAL AUDIT

# OKLAHOMA BOARD OF LICENSURE FOR PROFESSIONAL ENGINEERS & LAND SURVEYORS

For the period July 1, 2013 through June 30, 2018



*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 Board of Licensure for  
Professional Engineers & Land Surveyors**

**For the Period  
July 1, 2013 through June 30, 2018**



# Oklahoma State Auditor & Inspector

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August 24, 2018

## TO THE OKLAHOMA BOARD OF LICENSURE FOR PROFESSIONAL ENGINEERS AND LAND SURVEYORS

We present the audit report of the Oklahoma Board of Licensure for Professional Engineers and Land Surveyors for the period July 1, 2013 through June 30, 2018. 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 fluid and cursive.

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

**State Board of Licensure for Professional Engineers and Land Surveyors**  
**Operational Audit**

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**Background**

The Oklahoma State Board of Licensure for Professional Engineers and Land Surveyors (the Agency) is responsible for the administration and regulation of the professions of engineering and land surveying in Oklahoma. The Agency reviews applications, controls examinations, licenses qualified applicants, and regulates the professional practice of the licensees throughout the state. The Agency also investigates alleged violations of provisions of the licensure law.

Oversight is provided by a seven-member board that consists of four professional engineers, two professional land surveyors, and a lay member, all of whom are appointed by the Governor, with the advice and consent of the Senate. The six professional members serve staggered six-year terms, and the lay member serves until the governor’s term expires. Board member as of August 2018 are:

Glen Smith .....	Chairman
Bill McVey .....	Vice-Chairman
Aaron Morris .....	Secretary
Chuck Darr.....	Member
Chris Ramseyer .....	Member
David Page.....	Member

**State Board of Licensure for Professional Engineers and Land Surveyors**  
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Table 1 summarizes the agency's sources and uses of funds for state fiscal years 2017 and 2018 (July 1, 2016 through June 30, 2018)

**Table 1-Sources and Uses of Funds for FY 2017 and FY 2018**

	2017	2018
<b>Sources:</b>		
Engineer License/Permit/Fee	\$ 1,417,963	\$ 1,409,823
Other Licenses, Permits & Fees	18,568	19,609
Other Fines, Forfeits, Penalties	13,250	52,104
Other Income From Money & Prop.	17,183	13,800
Inter Agency-Rent From Build	11,275	13,530
Other Receipts	3,890	6,866
<b>Total Sources</b>	<b>\$ 1,482,129</b>	<b>\$ 1,515,732</b>
<b>Uses:</b>		
Personnel Services	\$ 827,644	\$ 817,383
Professional Services	184,851	189,962
Misc. Administrative Exp	83,014	74,779
Travel Expenses	28,876	24,540
Maintenance & Repair Exp	23,623	48,523
Program Reimbursement/Litigation	19,700	-
Office Furniture & Equipment	16,946	15,309
Other Operating Expenses	19,232	22,572
<b>Total Uses</b>	<b>\$ 1,203,886</b>	<b>\$ 1,193,068</b>

Source: Oklahoma PeopleSoft accounting system (unaudited, for informational purposes only)

**State Board of Licensure for Professional Engineers and Land Surveyors**  
**Operational Audit**

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**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 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.

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 July 1, 2013 through June 30, 2018. Detailed audit procedures focused on the period of July 1, 2016 through June 30, 2018, 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 State Board of Licensure for Professional Engineers and Land Surveyors operations. Further details regarding our methodology are included under each conclusion.

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 revenues and miscellaneous expenditures were accurately reported in the accounting records, and that the executive director's salary complied with 74 O.S. § 3601.2.

**Conclusion**

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

Financial operations complied with the following statutes:

- 74 O.S. § 3601.2 – The director's salary complied with statutory limits.
- 59 O.S. § 475.9 – 10% of licensure revenue was transferred to the state's general revenue fund.

Financial operations did not comply with 62 O.S. § 34.57, which requires receipts of \$100 or more to be deposited on the same banking day as received.

**Objective  
Methodology**

To accomplish our objective, we performed the following:

- Documented significant internal controls related to receipting and tested those controls, which included:
  - Reviewing a random sample of 40 deposits (7% of deposits in the population tested) to ensure the deposit documentation and bank receipt were independently reconciled to reliable licensing activity from the database.
  - Reviewing a random sample of 6 monthly reconciliations (25% of months in the population tested) to ensure the reconciliations agreed to supporting documentation and were independently reviewed and approved.
- Documented significant internal controls related to miscellaneous expenditures and tested those controls, which included:
  - Reviewing a random sample of 40 invoices from the period (5% of invoices in the population tested) to determine whether the invoice was independently reviewed and approved.
  - Reviewing expenditure reports and related documentation for six randomly selected months (25% of audit period months) to ensure line item expenditures were independently reviewed after payment.

- Reviewed HR Records from the State-wide Accounting System for all months during the audit period to ensure the director's salary complied with guidance set forth in 74 O.S. § 3601.2.
- Recalculated and reviewed the amounts transferred to the state's general revenue fund for all months during the audit period to ensure 10% of licensure and certification fees charged, collected, and received by the Agency were transferred as required by 59 O.S. § 475.9.
- Reviewed audit period Agency receipting documentation and State-wide Accounting System records, including detailed examination of four haphazardly selected months and general review of remaining months, to determine the timeliness of agency bank deposits and compliance with 62 O.S. § 34.57.

<b>FINDINGS AND RECOMMENDATIONS</b>
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**Receipts of \$100 or More Not Consistently Deposited on Same Banking Day Received**

62 O.S. § 34.57.C requires that receipts greater than \$100 be deposited on the same banking day as received.

The Agency is not in compliance with statute 62 O.S. § 34.57.C. While staff explained they make a strong effort to deposit in a timely manner, they also noted that some situations, such as late mail delivery, require funds to be held overnight. We compared the Agency's mail log to deposits reflected in the State-wide Accounting System for four randomly selected audit period months, and found that in those months, receipts over \$100 were deposited on the same day received about 40% of the time. The Agency's mail log indicates that receipts of at least \$100 were received on every business day in those months; deposits appear to have been made on average eight business days each month. A general review of these same records for the full audit period suggested that approximately the same timing existed throughout the audit period.

Retaining funds in the office exposes the Agency to additional risk and affects the timely reporting of revenues in the State-wide Accounting System.

**Recommendation**

To comply with 62 O.S. § 34.57.C, every effort should be made to ensure that receipts of \$100 or more are taken to the bank on the same day as received. While it is understandable that there are unavoidable circumstances that could prevent deposits from being taken to the bank daily, this is a repeat finding, and some reconsideration of the agency's



deposit process may be necessary if management wishes to come into compliance.

### **Views of Responsible Officials**

While the efforts to comply with 62 O.S. 34.57.C have improved since the last audit, there are still circumstances that prevent us from being in full compliance. The percentage of funds that are subject to this type of manual deposit are less than 25% of our annual revenue. Approximately 75% of funds received are online and are deposited immediately. The remaining 25% are deposited manually 2-3 times per week and are safely secured if left overnight in our office. Until we can collect 100% of our renewal fees online and have an online application processing system, this will be a continuing issue. We are continuing to work towards that goal, awaiting the development of the licensing system that is currently being created by Office of Management and Enterprise Services. In the meantime, we have currently modified our internal deposit processes and will make an improved effort to make deposits 3-4 times per week, as required.



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