



OKLAHOMA BOARD OF EXAMINERS OF PERFUSIONISTS

Operational Audit

For the period July 1, 2016 through June 30, 2021

Cindy Byrd, CPA
State Auditor & Inspector

**Audit Report of the
Oklahoma Board of Examiners of Perfusionists**

**For the Period
July 1, 2016 through June 30, 2021**



August 15, 2022

TO THE OKLAHOMA BOARD OF EXAMINERS OF PERFUSIONISTS

We present the audit report of the Oklahoma Board of Examiners of Perfusionists for the period July 1, 2016 through June 30, 2021. 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 "Cindy Byrd".

CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

**Oklahoma Board of Examiners of Perfusionists
Operational Audit**

Background

The Oklahoma Legislature created the Oklahoma State Board of Examiners of Perfusionists (the Perfusionists Board) to regulate the practice of perfusion, issue licensure where appropriate, and in general, assure the public that the practice of perfusion will be conducted with reasonable skill and safety. The Agency currently has no staff, and its operational functions are performed by the staff at the Oklahoma State Board of Medical Licensure and Supervision (the Medical Board).

The Perfusionists Board comprises nine members appointed by the Medical Board. Members include four licensed perfusionists appointed from a list submitted by a statewide organization representing licensed perfusionists, two physicians licensed pursuant to the Oklahoma Allopathic Medical and Surgical Licensure and Supervision Act and also board certified in cardiovascular surgery, and three members from the general public. Each member serves a term of five years.

Board members as of May 25, 2022 are:

Michael Giese, LP..... Chair
 Leah Davidson, LP..... Vice-Chair
 Justin Stone, LPExecutive Secretary
 Bill Fiddler, Jr..... Member
 Claudia Kamas Member
 Tyler McKeon, LP Member
 Steven Miller, MD..... Member
 Clay Moore, D.Ph..... Member
 Kyle Toal, MD..... Member

The following table summarizes the Agency’s sources and uses of funds for fiscal years 2020 and 2021 (July 1, 2019 through June 30, 2021).

Sources and Uses of Funds for FY 2020 and FY 2021

	2020	2021
Sources:		
Licenses, Permits, Fees	\$ 19,250	\$ 16,250
Total Sources	\$ 19,250	\$ 16,250
Uses:		
Professional Services	\$ 7,419	\$ 6,587
Administrative Expenses	384	491
Total Uses	\$ 7,803	\$ 7,078

Source: Oklahoma Statewide Accounting System (unaudited, for informational purposes only)

**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, 2016 through June 30, 2021. To assess risk and develop our audit objective, we held discussions with management, distributed surveys to Medical Board personnel, and performed data analysis and prior audit follow-up. These procedures included:

- Reviewing revenue and expenditure data from the statewide accounting system and assessing the related financial processes and trends for any notable risks.
- Reviewing transfers made to the state’s general revenue fund as required by 62 O.S. § 211 and confirming they materially reflected 10% of Perfusionists Board deposits.

One objective related to non-payroll expenditures was developed, as discussed in the next section. No other significant risks or findings were identified as a result of these procedures.

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.

Internal Control Considerations

The Government Accountability Office (GAO) emphasizes the importance of internal controls at all levels of government entities. Their *Standards for Internal Control*¹ outline the five overarching components of internal control: the control environment, risk assessment, information and communication, monitoring, and detailed control activities. Any

¹ *Standards for Internal Control in the Federal Government*, or the “Green Book,” sets standards and the overall framework for an effective internal control system in federal agencies and is treated as best practices for other levels of government. Last update 2014, accessible online at <https://www.gao.gov/products/GAO-14-704G>.

component considered significant to our audit objectives is assessed during our procedures and included as appropriate in this report.

The *Standards for Internal Control* underscore that an internal control system is effective only when the five components of internal control are operating together in an integrated manner. They also stress that documentation is a necessary part of an effective internal control system and is required to demonstrate its design, implementation, and operating effectiveness.

OBJECTIVE Determine whether non-payroll expenditures were independently reviewed and approved in line with the previous audit recommendation and GAO *Standards for Internal Control*.

Conclusion A detailed review of expenditures was not in place during the audit period, as previously recommended and in line with GAO *Standards for Internal Control*.

See further discussion and our recommendation below.

Methodology To accomplish our objective, we performed the following:

- Documented our understanding of the non-payroll expenditure processes through discussion with management and review of documentation.
- Evaluated those processes and identified and assessed significant internal controls related to our objective.

FINDINGS AND RECOMMENDATIONS

**Independent,
Detailed
Expenditure
Review Would
Provide
Efficient
Assurance**

Repeat Finding

Financial operations are performed by the Medical Board. The Business Manager is primarily responsible for approving invoices for payment. The Administrative Technician makes payments in the statewide accounting system. The Executive Director approves the completed expenditure claims, but the Business Manager also technically has the authority to approve claims. Finally, the Business Manager prepares a financial summary for the Perfusionists Board to review during meetings. The Perfusionists Board does not receive a line-item detailed expenditure report from the statewide accounting system. As there is no independent, detailed review of expenditures being performed after payment, this arrangement of duties creates an opportunity for the Business Manager to make unauthorized payments without detection.

According to GAO *Standards for Internal Control*:

- Management may design a variety of transaction control activities for operational processes, which may include verifications, reconciliations, authorizations and approvals, physical control activities, and supervisory control activities.
- If segregation of duties is not practical within an operational process because of limited personnel or other factors, management designs alternative control activities to address the risk of fraud, waste, or abuse in the operational process.
- Management should remediate identified internal control deficiencies on a timely basis.

Recommendation

We recommend a detailed, unaltered expenditure report from the statewide accounting system be provided to the Perfusionists Board or to one or more Board members for review. This review could be performed on a regular or random basis, as part of a formal meeting or otherwise, and documentation of the review should be retained.

Views of Responsible Officials Provided by Medical Board Management

To mitigate the lack of segregation of functions performed by the Business Manager during the last 7 months of the audit period between July 1, 2016, through June 30, 2021, in absence of the Deputy Director, the Executive Director monitored closely all expenditure processes and activities, albeit informally.

The board has on-boarded an Accountant to effectively segregate expenditure-related functions currently performed by the Business Manager and previously performed by the Deputy Director to further mitigate the audit findings.

In addition to the remediation efforts, the Executive Director will institute a detailed expenditure review to provide efficient assurance to the Business Manager, Accountant, and new Deputy Director.

Auditor's Response

We appreciate management's response and believe this approach will help improve expenditure review. We suggest Perfusionists Board members request detailed expenditure information as detailed in our recommendation when they have questions or concerns, or on a random basis as a form of oversight.

O·K·L·A·H·O·M·A
S·A·I
STATE AUDITOR & INSPECTOR



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