



# OKLAHOMA BOARD OF PODIATRIC MEDICAL EXAMINERS

## 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 Podiatric Medical Examiners**

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



August 15, 2022

**TO THE OKLAHOMA BOARD OF PODIATRIC MEDICAL EXAMINERS**

We present the audit report of the Oklahoma Board of Podiatric Medical Examiners 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 Podiatric Medical Examiners  
Operational Audit**

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**Background**

The Board of Podiatric Medical Examiners (the Podiatric Board) was established in 1935 to regulate the profession of podiatry, which relates to the treatment of ailments, diseased conditions, deformities, or injuries to the foot. The Podiatric Board conducts examinations to qualify applicants for licenses to practice, issues renewals annually, and is authorized to revoke licenses for causes defined by law. It is self-sustaining through collection of fees. The Podiatric Board currently has no staff, and its operational functions are performed by the staff of the Oklahoma Board of Medical Licensure and Supervision (the Medical Board).

The Podiatric Board comprises five licensed podiatric physicians and one lay member, appointed by the Governor. 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.

Board members as of June 2022 are:

Jeremy Mason, DPM..... President  
Bradley Nelson, DPM..... Vice-President  
Kenneth Golda, DPM ..... Secretary/Treasurer  
LaFaye Austin..... Public Member  
Nicole Cupp, DPM..... Member  
Angela Schuff, DPM. .... 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).

	2020	2021
<b>Sources:</b>		
Licenses, Permits, Fees	\$ 21,250	\$ 11,510
<b>Total Sources</b>	<b>\$ 21,250</b>	<b>\$ 11,510</b>
<b>Uses:</b>		
Professional Services	\$ 8,211	\$ 13,748
Administrative Expenses	1,445	1,672
<b>Total Uses</b>	<b>\$ 9,656</b>	<b>\$ 15,420</b>

*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 Podiatric 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*<sup>1</sup> outline the five overarching components of internal control: the control environment, risk assessment, information and communication, monitoring, and detailed control activities. Any

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<sup>1</sup> *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**

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 Podiatric Board to review during meetings.

*Repeat Finding*

The Podiatric 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 Podiatric 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 the 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 Podiatric 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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