



OKLAHOMA BOARD OF EXAMINERS FOR SPEECH-LANGUAGE PATHOLOGY AND AUDIOLOGY

Operational Audit

For the Period July 1, 2013 through June 30, 2019

Cindy Byrd, CPA
State Auditor & Inspector

**Audit Report of the
Oklahoma Board of Examiners for Speech-Language Pathology
and Audiology**

**For the Period
July 1, 2013 through June 30, 2019**



Cindy Byrd, CPA | State Auditor & Inspector

2300 N. Lincoln Blvd., Room 123, Oklahoma City, OK 73105 | 405.521.3495 | www.sai.ok.gov

December 22, 2020

**TO THE OKLAHOMA BOARD OF EXAMINERS FOR SPEECH-LANGUAGE
PATHOLOGY AND AUDIOLOGY.**

We present the audit report of the Oklahoma Board of Examiners for Speech-Language Pathology and Audiology for the period July 1, 2013 through June 30, 2019. 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". The signature is fluid and cursive, written in a professional style.

CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR



**Oklahoma Board of Examiners for Speech-Language Pathology and Audiology
Operational Audit**

Background

The Oklahoma Board of Examiners for Speech-Language Pathology and Audiology (OBESPA or the Agency) was recreated by the Oklahoma Legislature in 1982 to conduct examinations for the licensing of speech pathologists and audiologists.

The board is the only agency in the state regulating health care services in the area of communicative disorders of the speech, language and hearing mechanisms. The mission of the Oklahoma Board of Examiners for Speech-Language Pathology and Audiology is to regulate the practices of speech-language pathology and audiology in order to protect the health, safety and welfare of the public and to support practitioners in their professional endeavors.

Oversight is provided by five board members (the Board). The board members are residents of the state, appointed by the Governor with the advice and consent of the Senate.

Board members as of October 2020 are:

Tracy Grammer Board Chair
 April Waller Vice-Chair
 Monica Benear Secretary
 Steve Garret Member
 Wayne Berryhill Member

The following table summarizes the Agency’s sources and uses of funds for fiscal years 2018 and 2019 (July 1, 2017 through June 30, 2019).

Sources and Uses of Funds for FY 2018 and FY 2019

	2018	2019
Sources:		
Licenses, Permits, Fees	\$ 226,418	\$ 230,358
Other Revenues	89	86
Total Sources	\$ 226,507	\$ 230,444
Uses:		
Personnel Services	\$ 121,465	\$ 104,168
Professional Services	28,080	31,023
Administrative Expenses	20,866	18,154
Travel	2,747	1,880
Other Expenses	1,651	105
Total Uses	\$ 174,809	\$ 155,330

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

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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, 2020.

Our audit procedures included inquiries of appropriate personnel, research and analysis, and inspections of documents and records. Further details regarding our methodology are included in Appendix A.

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. Each of these components, listed in Appendix B for your reference, includes a subset of principles that are expected to be operating at government entities.

The *Standards for Internal Control* underscore that an internal control system is effective only when the five components of internal control are effectively designed, implemented, and operating together in an integrated manner. As required by *Government Auditing Standards*², we have identified the aspects of internal control significant to each audit objective in this engagement and our assessments are detailed in Appendix B.

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>.

² *Government Auditing Standards*, or the “Yellow Book,” also promulgated by the GAO, guides our performance and operational audits. Last version 2018, accessible online at <https://www.gao.gov/products/GAO-18-568G>.

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

Conclusion The Agency's non-payroll expenditures are not independently reviewed and approved in line with *GAO Standards for Internal Control* and our previous audit recommendations. See further discussion and our current recommendation below.

Scope and Methodology To accomplish our objective, we performed the following:

- Documented our understanding of the expenditure process. Evaluated that process and identified significant internal controls related to non-payroll expenditures.
- Compared the agency's process to applicable governmental internal control standards and our previous recommendation.

FINDINGS AND RECOMMENDATIONS

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

Due to the Agency's small size, they have contracted with the Office of Management and Enterprise Services, Agency Business Services (ABS) for certain financial services. The director approves the Agency's invoices and forwards them to ABS for payment. While the director reviews the resulting expenditures in detail, the expenditures are not reviewed in detail by another responsible party. The director does provide the Board with a cash flow and budget summary; however, it lacks a line-item detailed listing of expenditures.

Although no evidence of inappropriate expenditures came to our attention, without an independent, documented review of expenditures the director could make unauthorized payments without detection. The Agency's small size makes the Board's involvement in financial monitoring crucial, and review of a detailed expenditure report (either monthly or on a random basis) is a straightforward and efficient approach that we have previously recommended.

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." The *Standards* also state that "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."

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On an agency-wide level, the GAO *Standards for Internal Control* outline that in order for the overall internal control system to operate effectively, management should use quality information to achieve the entity's objectives, establish and operate monitoring activities to monitor the internal control system and evaluate the results, and implement control activities through policies.³ The agency does have written purchasing procedures, but they do not contain any type of expenditure review.

Recommendation

We reiterate our previous audit recommendation: a party independent of paying expenditures, likely one or more board members, should perform a line-item detailed review of all expenditures. Documentation of this review should be retained for audit purposes. We will provide the Board with additional guidance outside this report to ensure they understand how to obtain the data from the State-Wide Accounting System that is needed for this review. The updated review process should be reflected in the Agency's purchasing procedures.

Views of Responsible Officials

Management stated that they can and will implement our recommendation.

³ See discussion of overall internal control principles and related assessments in Appendix B.

APPENDIX A: Detailed Methodology

In gaining an understanding of the Agency and developing our objectives, in addition to routine discussions, surveys, analysis, and research, we performed the following:

- Reviewed revenue, expenditure, and asset-related data from the State-Wide Accounting System and gathered information from Agency personnel to assess the related financial processes and trends for any notable risks.
- Reviewed the Agency's personnel actions in the State-Wide Accounting System to assess the changes that had a financial impact during the audit period.
- Reviewed the Agency's 10% transfers made to the state's general revenue fund from the State-Wide Accounting System that is required by statute 62 O.S. § 211.

We documented our understanding of the agency-wide components and underlying principles of internal controls significant to our objectives, as outlined further in Appendix B. In doing so, we obtained an internal control self-assessment completed by management and assessed the results, along with further discussions and review of documentation to verify and confirm as necessary. We analyzed the design and operating effectiveness of the significant principles and determined there is room for improvement relating to control activities, as addressed in our finding in the previous section.

APPENDIX B: Internal Control Components and Principles

The table below outlines the components and principles of internal control, identifies those considered significant to our specific objectives in this engagement, and notes whether those principles were found to be operating effectively. For those *not* operating effectively, further discussion and related recommendations are included in the report.

As recommended by *Government Auditing Standards* section 9.32, the full outline of the fundamental components of internal control and their underlying principles is included for your reference.

Internal Control Component/Principle	Significant to Audit Objective I	Operating Effectively?
Control Environment Component – Foundation that provides processes and structure to help an entity set expectations and achieve its objectives.		
1. The oversight body and management should demonstrate a commitment to integrity and ethical values.		
2. The oversight body should oversee the entity’s internal control system.		
3. Management should establish an organizational structure, assign responsibility, and delegate authority to achieve the entity’s objectives.		
4. Management should demonstrate a commitment to recruit, develop, and retain competent individuals.		
5. Management should evaluate performance and hold individuals accountable for their internal control responsibilities.		
Risk Assessment Component – Dynamic process of identifying, analyzing, and managing risks facing the entity.		
6. Management should define objectives clearly to enable the identification of risks and define risk tolerances.		
7. Management should identify, analyze, and respond to risks related to achieving the defined objectives.		
8. Management should consider the potential for fraud when identifying, analyzing, and responding to risks.		
9. Management should identify, analyze, and respond to significant changes that could impact the internal control system.		
Control Activities Component – Actions management establishes through policies and procedures to protect against risks.		
10. Management should design control activities to achieve objectives and respond to risks.	✓	No

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11. Management should design the entity's information system and related control activities to achieve objectives & respond to risks.		
12. Management should implement control activities through policies.	✓	No
Information and Communication Component – Quality information communicated and used to support the internal control system.		
13. Management should use quality information to achieve the entity's objectives.	✓	No
14. Management should internally communicate the necessary quality information to achieve the entity's objectives.		
15. Management should externally communicate the necessary quality information to achieve the entity's objectives.		
Monitoring Component – Activities to assess the quality of performance and promptly correct any deficiencies.		
16. Management should establish and operate monitoring activities to monitor the internal control system and evaluate the results.	✓	No
17. Management should remediate identified internal control deficiencies on a timely basis.		

The GAO emphasizes that each of the five components of internal control must be effectively designed, implemented, and operating. For an internal control system to be effective, the components must operate together in an integrated manner. They further stress that documentation is a necessary part of an effective internal control system. The level and nature of documentation vary based on the size of the entity and the complexity of the operational processes the entity performs. Documentation is required to demonstrate the design, implementation, and operating effectiveness of an entity's internal control system.

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