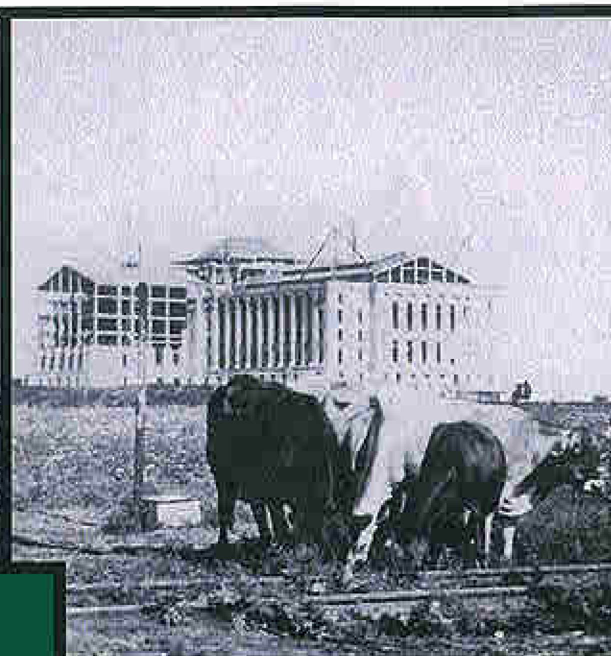

Agreed-Upon Procedures Report

Board of Examiners for Speech-Language Pathology and Audiology

July 1, 2005 Through
December 31, 2006

Office of the Oklahoma State Auditor and Inspector
Jeff A. McMahan, CFE

Board of Examiners for Speech-Language Pathology and Audiology

Agreed-upon Procedures Report

For the Period
July 1, 2005 Through December 31, 2006

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STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN
State Auditor and Inspector

June 26, 2007

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

Transmitted herewith is the agreed-upon procedures report for the Board of Examiners for Speech-Language Pathology and Audiology. 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,

Jeff A. McMahan

JEFF A. McMAHAN
State Auditor and Inspector

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Mission Statement

The Oklahoma Board of Examiners for Speech-Language Pathology and Audiology 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.

Board Members

Kurt Kalies, M.S. .... Chair
Ron Schaefer, Ph.D .... Vice-Chair
Kim Winston, M.C.D. .... Secretary
Nancy Landrum .... Lay Member
Keith Fredrick Clark, M.D.ORL .... Member
Sandra Balzar, A.A.G. .... Member

Key Staff

Jeanie Wall .... Executive Secretary
Lou Harvick .... Administrative Assistant

STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN
State Auditor and Inspector

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

We have performed the procedures enumerated below, which were agreed to by management of the Board of Examiners for Speech-Language Pathology and Audiology, solely to assist you in evaluating your internal controls over the receipt and disbursement process, the safeguarding of capital assets, and in determining whether selected receipts and disbursements are supported by underlying records for the period of July 1, 2005 through December 31, 2006. This agreed-upon procedures engagement was conducted in accordance with standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. The sufficiency of these procedures is solely the responsibility of the specified parties in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

1. We compared the Board of Examiners for Speech-Language Pathology and Audiology's internal controls over receipts, disbursements, personnel services and capital assets with the following criteria:

   - Accounting duties were segregated by functions into those who initiate or authorize transactions; those who execute transactions; and those who have responsibility for the asset, liability, expenditure, or revenue resulting from the transaction;
   - Receipts are issued for cash and/or checks received;
   - Restrictive endorsement is placed on each incoming check upon receipt;
   - Receipts not deposited daily are safeguarded;
   - Voided receipts are retained;
   - 10% of the gross fees charged, collected and received were deposited to the State's General Revenue Fund;
   - Receipts and disbursements are reconciled to Office of State Treasurer and Office of State Finance records;
   - Disbursements are supported by an original invoice;
   - Timesheets are prepared by employees and approved by supervisory personnel;
   - Inventory records are maintained for capital assets costing $500 or more;
   - Packing slips are compared to the purchase order when capital assets are received;
   - Inventory records are adjusted promptly when capital assets are acquired, retired, sold, or transferred;
   - Obsolete or unusable assets were disposed of through the Department of Central Services' Surplus Property Division;
   - Physical inventories are performed;
   - Differences between physical inventory counts and inventory records are resolved.

   During our comparison of internal controls over receipts, disbursements and capital assets, we noted duties were not adequately segregated. A component objective of a sound internal control system is to provide segregation of duties. The Executive Secretary is the Board's only full-time FTE. The Board also employs an administrative assistant on a part-time basis, who works additional hours during the Board's busy licensing period. As a result of only one full-time FTE, certain receipt, deposit, disbursement, reconciliation, and inventory functions are not segregated. The limited number of office personnel within the agency prevents a proper segregation of accounting functions which is necessary to assure sound internal control. Without segregation of duties, errors and improprieties could occur and not be detected in a timely manner. While the number of personnel may prevent duties from being segregated, mitigating controls can be put in place to alleviate the risk caused by the lack of segregation. As a result, we recommend additional reviews and approvals by the Board Chairman be put in place. This may include, but not be limited to, the Board Chairman signing off on reconciliations and physical inventories. The Board may also consider segregating the receipt duties such that the Administrative Assistant (when available) delivers the deposit to the bank.

During our comparison of internal controls over personnel services, we noted the Executive Secretary had prepared and signed the approval of her own pay increase. We also noted a fax addressed to the Office of Personnel Management requesting two months of back payment for the amount of the pay increase based on the effective date of the increase. The pay raise was an amount to bring the salary of the Executive Secretary in compliance with the minimum salary required by Title 74 O.S. § 3601.2. We discussed this action with the Board chair who stated he was aware of the raise and the Board had approved it. However, we were unable to find this action in any Board meeting minutes. If payroll changes are not approved by someone other than the preparer, improprieties could occur and not be detected in a timely manner. As a result, we recommend additional reviews and approvals by the Board Chairman be put in place. This may include, but not be limited to, the Board Chairman signing off on all payroll changes.

During our comparison of internal controls over capital assets, we inspected a claim for the purchase of a computer and monitor. We noted the packing slip was not included in the support documentation. The invoice indicated the items were shipped via UPS to the Board. We noted no indication of by whom or when the asset was received or whether the order was verified by comparison to the purchase order. We also inspected the fiscal year 2006 inventory list, which was dated fiscal year 2005; there was no indication of the exact date the last physical inventory was performed or when the list was updated. The Executive Secretary could not recall the date of the last physical inventory. We noted no indication of review by the Board Chairman. The annual physical inventory should be documented and signed by the Board Chairman. If receipt of assets is not properly documented and verified, and physical inventories are not overseen by the approving authority, errors and improprieties could occur and not be detected in a timely manner. We recommend the Board implement policies and procedures to ensure the receipt of capital assets is properly documented, such as requiring the packing slip to be included in the support documentation annotated "Received", signed and dated by the receiving employee. We also recommend the Board Chairman and the Executive Secretary perform and document an annual physical inventory of capital assets.

Management Response:

Currently the Board Chair signs all claims, payroll and budget. I will encourage the Board Chairman in the future to sign off on reconciliations and physical inventories. Because our board members are volunteers our agency can make requests for forms to be signed but ultimately it is up to the chair to take the action.

I contacted OPM for instructions on signing of my payroll increase. I had signed all other forms and they told me it was ok to sign the pay increase form also. In the future all payroll changes will be signed by the board chair.

In the future the Board Chairman and the Executive Secretary will perform and document an annual physical inventory of capital assets.

<u>With respect to the other procedures applied, there were no findings.</u>

2. We randomly selected 20 deposits and:
   - Compared the Treasurer's deposit date to agency deposit slip date to determine if dates were within one working day.
   - Examined receipts to determine if they were pre-numbered and issued in numerical order.
   - Agreed cash/check composition of deposits to the receipts issued.
   - Agreed the total receipts issued to the deposit slip.

- Inspected agency receipts to determine whether receipts of $100 or more were deposited on the same banking day as received.
- Inspected agency receipts to determine whether receipts of less than $100 were deposited on the next business day when accumulated receipts equaled $100 or after five business days, whichever occurred first.
- Inspected agency receipts to determine whether receipts were safeguarded.
- Compared the fund type to which the deposit was posted in CORE to the CAFR fund type listing for consistency.
- Compared the nature of the deposit to the account code description to determine consistency.

There were no findings as a result of applying the procedures.

3. We recalculated the required percentage/amount to be deposited to the State's General Revenue Fund and agreed it to the amount transferred to the General Revenue Fund.

There were no findings as a result of applying the procedures.

4. We randomly selected 60 vouchers and:
   - Agreed the voucher amount and payee to the invoice amount and payee;
   - Agreed the voucher amount and payee to the CORE system;
   - Compared the fund type to which the disbursement was charged in CORE to the CAFR fund type listing for consistency;
   - Compared the nature of the purchase to the account code description to determine consistency.

We noted the following conditions:

- Six travel vouchers where the source (Mapquest) used to determine the distance for mileage reimbursement exceeded the distance set forth on the Oklahoma Department of Transportation Statewide Mileage Chart. In addition, the total mileage claimed was listed under vicinity miles instead of differentiating between map and vicinity miles, and one of the four vouchers contained an invoice that was calculated incorrectly. The Office of State Finance Procedures Manual, Section 330-4.d. states, "...based on the official mileage distance between points of travel as referenced in the latest Oklahoma Department of Transportation Statewide Mileage Chart. Excess odometer mileage over the map miles as recorded from the starting and ending points of travel can be claimed as vicinity mileage if such travel was official business travel and based on the most direct route. When claiming such shorter distance, it must be documented on the claim." According to 74 O.S. § 500.4C: "Distances for which reimbursement for use of privately owned motor vehicles is claimed shall not exceed distances set forth in the latest Transportation Commission road map. Vicinity travel on official business shall be entered on travel claims as a separate item."

Of these six vouchers, two were coded with an incorrect account code. The vouchers were coded as account code 536140 – Office Supplies (Expendable) and should have been coded as account code 521110 – In-State Mileage-Motor Vehicle.

- One voucher for the amount of $64.55 was coded as account code 53611 - Meeting Refreshments. However, the invoice indicates the purchase of nine separate meals of sandwiches, chips and cookies. Based on inspection of the Office of State Finance account code listing, this coding is for "Payment for purchase of light food and drink items (e.g., doughnuts, cake, coffee, tea, soft drink, etc.) used as refreshments and required in connection with meetings or similar type activities held/conducted for and in the interest of the general public. May also include payment for purchase of related service items (e.g., disposable plates/flatware, stirrers, sweeteners, etc.)." Therefore, this disbursement was improperly coded, as the items purchased do not meet the definition of light refreshments and it does not appear they were purchased for and required in connection with meetings or similar type activities held/conducted for and in the interest of the general public.

- Four vouchers in which the nature of the purchase is not consistent with the account code description. All four vouchers were coded as account code 536140 – Office Supplies (Expendable). However, one voucher was for the payment of the Office of State Finance CORE transaction fees which should have been coded with account code 531230 – ERP System Services. Two vouchers were for the payment of the Employee Benefits Council FICA savings which should have been coded with account code 513110 - State Share-FICA. The fourth voucher was an Authority Order-PCard purchase for a "Flash Drive, First Aid Kit, Safe for Files and a Storm Station." The purchase of these items should have been coded with account code 541120 – Data Processing Equipment and account code 535180 – Safety & Security Supplies and Services.

The improper use of sources to determine reimbursement amounts; improper documentation of map and vicinity mileage; miscalculation of reimbursement amounts and improper account coding can result in incorrect financial reporting. We recommend the Board use the Oklahoma Department of Transportation Statewide Mileage Chart to determine the number of miles traveled for reimbursement amounts; differentiate between map mileage and vicinity mileage on OSF Form 19 and implement procedures to ensure all invoices are calculated correctly and the proper account codes are used on all vouchers.

Management Response:

The finance officer for the Board of Examiners for Speech-Language Pathology and Audiology sends all travel claims through the Office of State Finance for payment. OSF sends the claim back to our agency if we have made an error. These claims were not returned to our office for not using DOT's mileage chart or for incorrect account numbers. This issue will be addressed in the office and the agency will use DOT's mileage chart for city to city miles. I am responsible for many duties that are handled by separate divisions in larger agencies. I admit that errors are made in coding the account numbers and I will diligently work to make the corrections.

My understanding is that the law allows board members to be fed during a working board meeting. I understood the correct account code to use was the meeting refreshment code. I will check with purchasing on the correct code and make sure the correct code is used.

Errors are inevitable when a single person is doing the jobs of 3 people. Our agency composes several claims a year and errors will happen. My apologies for the errors and I will work hard to rectify the issue.

With respect to the other procedures applied, there were no findings.

5. We compared salaries set by statute, if any, to the actual salary paid to determine the statutory limit was not exceeded.

   There were no findings as a result of applying the procedures.

6. We identified one employee who appeared on the December 2006 payroll but not in the July 2005 payroll data and observed the initial "Request for Personnel Action" (OPM-14) or equivalent form to determine it was signed by the appointing authority.

   There were no findings as a result of applying the procedures.

7. We identified two employees from the payroll data that were not on the December 2006 payroll. We randomly selected one of the employees for our terminated employee testwork and:

   - Observed the final "Request for Personnel Action" (OPM-14) or equivalent form to determine it was signed by the appointing authority.
   - Observed the main payroll funding sheet for the month following termination to determine the employee has been removed from the payroll records.

We inspected the employees' personnel file and located the final "Request for Personnel Action" form (OPM-14). We noted the form had not been signed by the Executive Secretary or the Board Chairman. However, the employee had been removed from the payroll records the following month after termination. We recommend the Board implement procedures to ensure that the required personnel action forms are signed for approval by both the Executive Secretary and the Board Chairman.

Management Response:

The employee in question gave the board office a letter of resignation. I sent a copy of the letter to OPM for their records. I did not know it was necessary to have another form for this action. The Board will implement procedures to ensure that the required personnel action forms are signed for approval by both the Executive Secretary and the Board Chairman.

<u>With respect to the other procedures applied, there were no findings.</u>

8. We randomly selected one employee from the December 2006 payroll and agreed the amount paid to the "Request for Personnel Action" (OPM-14) or equivalent form that was in effect for December 2006.

   <u>There were no findings as a result of applying the procedures.</u>

9. We obtained the capital assets listing as of December 2006 and selected the five assets listed with an acquisition cost over $500 for our capital assets testwork.

   - We visually inspected the asset to ensure its existence and that the asset is identified as property of the State of Oklahoma;
   - We compared the identification number on the listing to that shown on the asset.

   Based on our inspection of the five assets, we noted one asset's identification number on the listing did not compare to that shown on the asset. We recommend the Board Chairman and the Executive Secretary perform and document an annual physical inventory of capital assets to ensure all assets are properly identified and documented.

   Management Response:

   The Board Chairman and the Executive Secretary will perform and document an annual physical inventory of capital assets to ensure all assets are properly identified and documented.

   <u>With respect to the other procedures applied, there were no findings.</u>

We were not engaged to, and did not, conduct an examination or a review, the objective of which would be the expression of an opinion or limited assurance on the cash, receipts, disbursements, and capital assets for the agency. Accordingly, we do not express such an opinion or limited assurance. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of management of the Board of Examiners for Speech-Language Pathology and Audiology and should not be used for any other purpose. This report is also 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.

Jeff A. McMahan

JEFF A. McMAHAN
State Auditor and Inspector

June 26, 2007