

PERFORMANCE AUDIT

OKLAHOMA BOARD OF NURSING

For the period July 1, 2013 through June 30, 2015



Oklahoma State
Auditor & Inspector
Gary A. Jones, CPA, CFE

**Audit Report of the
Oklahoma Board of Nursing**

**For the Period
July 1, 2013 through June 30, 2015**



Oklahoma State Auditor & Inspector

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January 27, 2016

TO THE OKLAHOMA BOARD OF NURSING

This is the audit report of the Oklahoma Board of Nursing for the period July 1, 2013 through June 30, 2015. 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".

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

Background

The mission of the Oklahoma Board of Nursing (the Agency) is to safeguard the public's health, safety, and welfare through the regulation of nursing practice and nursing education. The Agency is responsible for regulating the practice of nursing and establishing minimum standards for education programs, and is self-sustaining through collection of licensing and renewal fees.

Oversight is provided by a board of eleven members (the Board): six registered nurses, three practical nurses, and two members representing the public, all appointed by the governor.

Board members as of January 2015 are:

| | |
|--------------------------------------|---------------------|
| Madonna Newcomer, MS, RN, NE-BC..... | President |
| Susan Jones, PhD, APRN-CNS..... | Vice-President |
| Sandi Cooksey, LPN, MBEC | Secretary/Treasurer |
| Lynn Korvick, PhD, RN, CNE..... | Member |
| Jana Martin, MS, RN, CNE | Member |
| Mandy Nelson, MS, APRN-CNS | Member |
| Carmen Nickel, MS, RN..... | Member |
| Marilyn Turvey, LPN, BS..... | Member |
| Rena Sexton, LPN | Member |
| Renee Collingwood, CFP | Public Member |
| Keith Oehlert | Public Member |

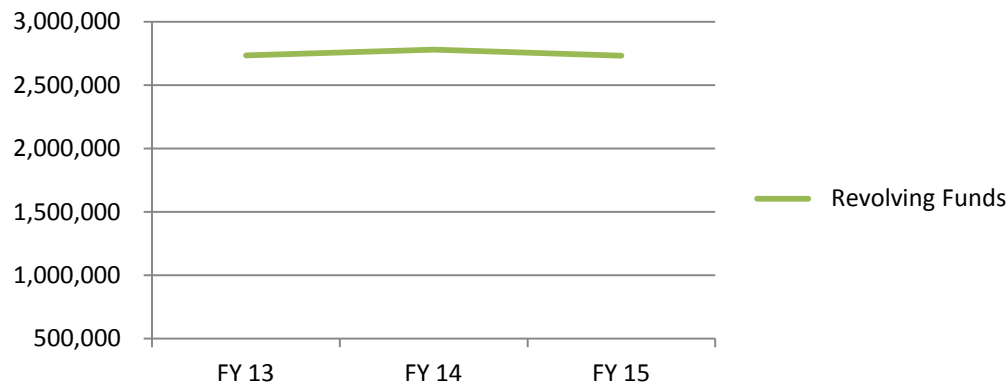
Board of Nursing Performance Audit

The following information illustrates the Agency's budgeted-to-actual revenues and expenditures and year-end cash balances.¹

| BUDGET TO ACTUAL COMPARISON | | | | | | |
|--|------------------|------------------|------------------|------------------|------------------|------------------|
| | FY 2014 | | | FY 2015 | | |
| | Budgeted | Actual | Variance | Budgeted | Actual | Variance |
| REVENUES | | | | | | |
| Licenses, Permits, and Fees | 2,885,768 | 2,932,127 | 46,359 | 2,822,993 | 3,146,569 | 323,576 |
| Fines, Forfeits and Penalties | 215,000 | 292,350 | 77,350 | 254,489 | 184,600 | (69,889) |
| Grants, Refunds and Reimbursements | 23,000 | 10,349 | (12,651) | 18,000 | 6,615 | (11,385) |
| Total Revenues | 3,123,768 | 3,234,826 | 111,058 | 3,095,482 | 3,337,784 | 242,302 |
| EXPENDITURES | | | | | | |
| Personnel Services | 2,358,337 | 2,179,311 | (179,026) | 2,642,746 | 2,383,824 | (258,922) |
| Professional Services | 664,912 | 625,719 | (39,193) | 649,453 | 551,911 | (97,542) |
| Travel Expenses | 109,325 | 64,320 | (45,005) | 107,490 | 68,831 | (38,659) |
| Administrative Expenses | 455,901 | 303,778 | (152,123) | 452,715 | 312,592 | (140,123) |
| Property, Furniture, Equipment, and Related Debt | 42,300 | 15,796 | (26,504) | 83,785 | 68,153 | (15,632) |
| Incentive Awards | 900 | 663 | (237) | 900 | 208 | (692) |
| Refunds-Overpayment Charges | - | 7,580 | 7,580 | - | 12,450 | 12,450 |
| Transfers and Other Disbursements | 450 | 40 | (410) | 450 | 10 | (440) |
| Total Expenses | 3,632,125 | 3,197,207 | (434,918) | 3,937,539 | 3,397,979 | (539,560) |
| Expenditures Over (Under) Revenues | | | (37,619) | | 60,195 | |

| Year-End Cash Balances: FY 13 - FY 15 | | | |
|---------------------------------------|------------------|------------------|------------------|
| | FY 13 | FY 14 | FY 15 |
| Revolving Funds | 2,734,141 | 2,779,855 | 2,731,375 |
| Total Available Cash | 2,734,141 | 2,779,855 | 2,731,375 |

Year-End Cash Balances Trend



¹ This information was obtained from the Oklahoma PeopleSoft accounting system. It is for informational purposes only and has not been audited. See summary of management's explanation of variances on page 3 of this report.

Summary of agency responses to budgeted-to-actual variances

This information is a summary of responses obtained from the Agency. It is for informational purposes only and has not been audited. See budgeted-to-actual analysis on page 2 of this report.

Revenues

- **Administrative Penalties (decrease from FY 14 to FY 15)** – The Board assesses administrative penalties when the Board makes a determination that an individual has violated the Oklahoma Nursing Practice Act. The administrative penalty amount cannot exceed \$500.00 per violation. [59 O.S. § 567.8 (J)] The administrative penalty amount will vary per individual based upon the number of violations incurred by the individual. The Board’s disciplinary order may also provide for a deferral of the payment until the individual reinstates their license – which can be a variable time period and/or may never come to fruition if the individual does not reinstate their license. During FY 2014, administrative penalty amounts were collected from 329 individuals. During FY 2015, administrative penalty amounts were collected from 278 individuals.

Expenditures

- **Property, Furniture, Equipment, and Related Debt (increase from FY 14 to FY 15)** – During FY 2015, the agency replaced all desktop computers and one copier.

**Scope and
General
Methodology**

This audit was conducted at management’s request in accordance with 74 O.S. § 213.2.B. Objective I also fulfills our responsibility as outlined in 74 O.S. § 212, which requires the State Auditor and Inspector’s office to audit the books and accounts of all state agencies whose duties 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.

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 I

Determine whether the Agency’s internal controls provide reasonable assurance that revenues and payroll expenditures were accurately reported in the accounting records.

Conclusion

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

Methodology

In planning and conducting our procedures, 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, 2015.

To accomplish our objective, we performed the following:

- Obtained an understanding of internal controls related to receipting and payroll expenditures through discussions with Agency personnel, observation, and review of documents.
- Tested those controls to ensure they were properly designed and implemented and operating effectively.
- Recalculated the amount transferred to the state’s general revenue fund for a sample of months to ensure those transfers were conducted as required by 62 O.S. § 211.
- Reviewed salary data to ensure the director’s annual pay did not exceed the maximum limit set forth in 74 O.S. § 3601.2.

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.

No exceptions were noted as a result of our procedures.

OBJECTIVE II

Determine whether the observations related to Information Technology services in our previous audit report have been addressed.

Our previous audit of the Board of Nursing over the period ending June 30, 2013² included the following objective: “Determine whether the Agency’s Information Technology consolidation process complied with certain components of its Service Level Agreement, and identify potential opportunities for vendor service improvements.” This objective was developed at management’s request to review the outcome of the Agency’s voluntary consolidation into statewide IT services. Our report at that time included a number of observations of difficulties resulting from the consolidation.

Management requested that during this engagement we follow up to determine whether significant issues identified in our previous report were addressed during the period July 1, 2013 through June 30, 2015.

Conclusion

The significant observations related to Information Technology services in our previous audit report have been addressed.

Methodology

In order to reach this conclusion, we first identified significant observations from our examination of the Agency’s IT consolidation process as discussed in our previous audit report. These topics can be found in the numbered items below. We discussed certain aspects of IT services with Agency management and with OMES-ISD’s Chief Information Security Officer, the Board of Nursing’s main contact for IT services. We also performed detailed review and analysis of audit period help desk data (provided by OMES-ISD), FY 2014 and FY 2015 IT services written agreements between the two parties, and the Improvement Plan developed by OMES-ISD in 2013 and implemented throughout the audit period.

As a result of our procedures, we identified the following improvements:

² Available online: <https://www.sai.ok.gov/Search%20Reports/database/OK%20Ba%20of%20Nursing%20Web%20Final.pdf>.

1. Access reliability experienced by Board of Nursing staff (for example, network uptime and internet connectivity) has improved.

Steps taken as a result of the OMES-ISD Improvement Plan included access enhancements such as real-time monitoring of the Agency's licensing system and FTP server. Using help desk data, we calculated the number of serious access outages during the audit period and determined that it had decreased significantly. Based on our calculations, access problems occurred on average on 21.5% of working days during the previous audit period, and decreased to 7.5% of working days in the current audit period.

2. Timeliness of help desk responses and resolutions has improved.

Using timestamps recorded in the help desk data, we calculated the time it took the help desk to respond to each case (the time between opening the case and responding) and to resolve each case (the time between response and resolution). We then compared these times to the goal times outlined in the written agreements and help desk data, and compared the results to help desk responses and resolution data from our previous audit.

Overall, from the previous audit period to the current period, the rate of late responses to help desk cases decreased 69% and the rate of late resolutions of help desk cases decreased 42.8%. This is a marked improvement in both areas.

3. Security provisions have been implemented to ensure employees are not granted inappropriate access to sensitive documents, and instances of such unapproved access have not recurred. A provision requiring management approval of new folder access has been added to the annual written agreements, and as documented in the help desk data and Improvement Plan, this approval requirement was tested and unapproved access successfully denied.
4. The Agency's disaster recovery plan and IT-related policies and procedures have been updated. These updates occurred early in the audit period as documented in the Improvement Plan.
5. Agency management's discussions and expectations are adequately documented in written agreements. Additions to the appendices of the FY 2014 and FY 2015 agreements reflected specific requirements of the Board of Nursing, and management expressed satisfaction with this level of documentation.

Board of Nursing Performance Audit

We further discussed with Board of Nursing staff and reviewed help desk data and additional supporting documents to determine whether key items had been addressed from the recommendation lists in our previous report labeled “Continued Vendor Relationship Improvements” and “Vendor-Specific Improvements.” Our results suggested that overall communication between the two parties has strongly improved and OMES-ISD has made a clear effort to address the suggested areas for improvement and the Agency’s needs.



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