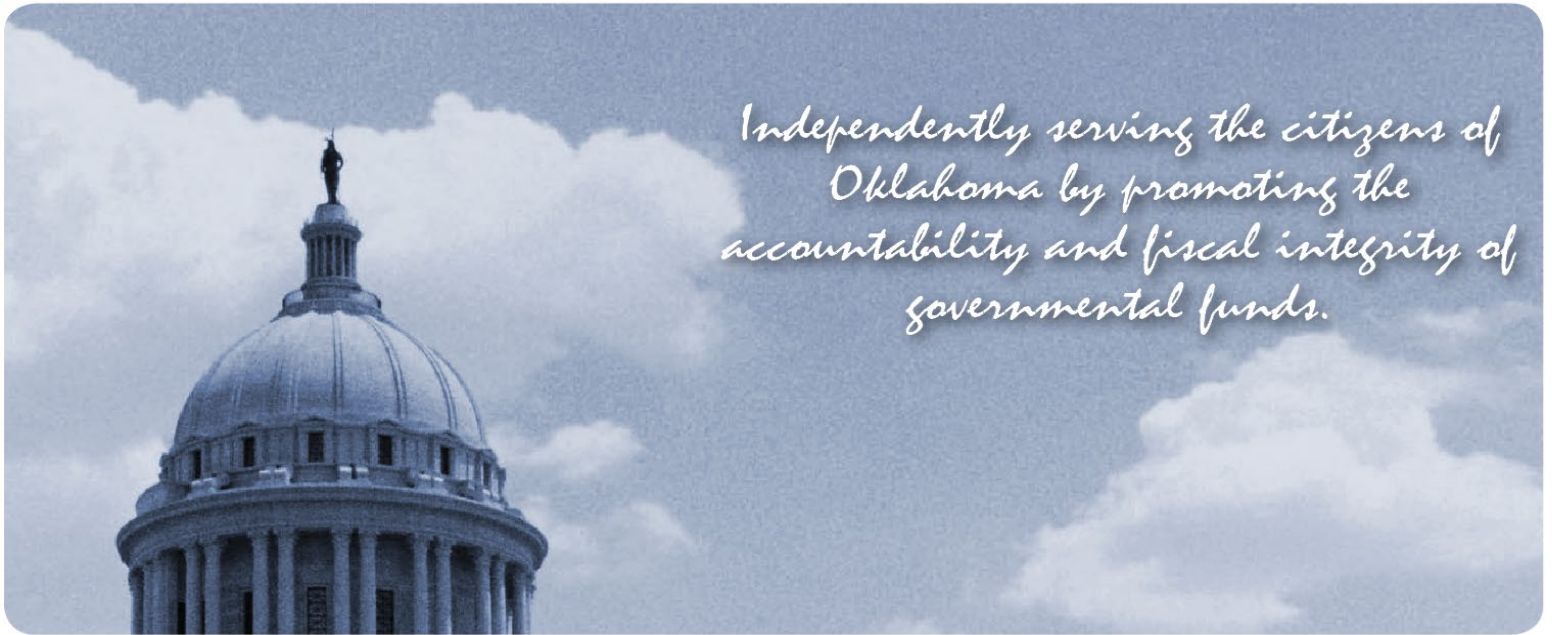


OPERATIONAL AUDIT

OKLAHOMA BOARD OF NURSING

For the period July 1, 2015 through June 30, 2018



*Independently serving the citizens of
Oklahoma by promoting the
accountability and fiscal integrity of
governmental funds.*



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

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

**For the Period
July 1, 2015 through June 30, 2018**



Oklahoma State Auditor & Inspector

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November 16, 2018

TO THE OKLAHOMA BOARD OF NURSING

We present the audit report of the Oklahoma Board of Nursing for the period July 1, 2015 through June 30, 2018. 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

Oklahoma Board of Nursing Operational Audit

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 November 1, 2018 are:

Carmen Nickel, MS, RN.....	President
Liz Massey, MS, RN, NEA-BC	Vice-President
Keith Oehlert	Public Member, Secretary/Treasurer
Susan Jones, PhD, APRN-CNS.....	Member
Mandy Nelson, DNP, APRN-CRNA.....	Member
Jan Palovik, MSA, APRN-CRNA.....	Member
Shelly Hovis, MS, RN.....	Member
Marilyn Turvey, LPN, BS.....	Member
Cathy Abram, M.Ed., LPN.	Member
Lindsay Potts, LPN.....	Member
Marla Ellis, CPA.....	Public Member

The following table summarizes the Agency's sources and uses of funds for fiscal years 2017 and 2018 (July 1, 2016 through June 30, 2018).

	2017	2018
Sources:		
Nurse Registration License/Fee	\$3,360,471	\$3,214,230
Other Fines, Forfeits, Penalties	\$ 176,550	\$ 175,950
Cost Recovery	\$ 5,112	\$ 3,772
Total Sources	<u>\$3,542,133</u>	<u>\$3,393,952</u>
Uses:		
Personnel Services	\$2,518,206	\$2,436,734
Professional Services	\$ 579,176	\$ 565,151
Travel	\$ 54,147	\$ 38,309
Administrative Expenses	\$ 306,052	\$ 335,877
Property, Furniture, Equipment	\$ 11,177	\$ 16,840
Scholarships, Tuition, Incentive Payments	\$ 665	\$ -
Loans, Taxes, Other Disbursements	\$ -	\$ 135
Total Uses	<u>\$3,469,423</u>	<u>\$3,393,046</u>

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

Oklahoma Board of Nursing Operational Audit

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, 2015 through June 30, 2018.

Our audit procedures included inquiries of appropriate personnel, inspections of documents and records, and observations of the Oklahoma Board of Nursing operations. Further details regarding our methodology are included under each conclusion.

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.

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

Determine whether the Agency's internal controls provide reasonable assurance that revenues, expenditures (miscellaneous and payroll), and inventory were accurately reported in the accounting records.

Conclusion

The Agency's internal controls provide reasonable assurance that revenues, expenditures (miscellaneous and payroll), and inventory were accurately reported in the accounting records.

Financial operations complied with the following statutes and administrative code:

- 62 O.S. §211 (10% transfer to state General Fund)
- 74 O.S. § 110.1A (inventory)
- 74 O.S. § 110.2 (inventory records)
- 74 O.S. §3601.2.A (salary of the chief executive officer)
- OAC 260:110-3-1 (inventory reporting)

**Objective
Methodology**

To accomplish our objective, we performed the following:

- Documented significant internal controls related to revenues and tested those controls, which included:
 - Reviewing a random sample of 20 deposits from each fiscal year (60 total or 8% of a population of 748 audit period deposits, 8.5% or \$116,782.32 of the \$1,376,956.44 population amount) to ensure adequate segregation of duties regarding the deposit process, deposits are posted to PeopleSoft in a timely manner, and online receipts are reconciled to the State Treasurer's records to ensure all payments were deposited to the agency's account;
 - Reviewing a random sample of 9 OMES Form 11 reconciliations (25% of the 36 months in the population tested) to ensure the reconciliations were reviewed by someone independent of the preparer as evidenced by a signature, were mathematically accurate, agreed to supporting documentation, and the reconciling items appeared reasonable;
 - For the Form 11 reconciliations selected above, recalculating the Agency's 10% transfer to the State General Fund to ensure it was correctly calculated and complied with 62 O.S. 211;
 - Reviewing a random sample of 75 or 10.4% of 722 administrative fines in the population paid during the audit period (11% or \$57,500 of the \$503,950 population amount) to ensure the fine paid, collected, and deposited agreed to the Agency's database or tracking spreadsheet.

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- Documented significant internal controls related to miscellaneous expenditures and tested those controls, which included:
 - Reviewing a random sample of 60 expenditure claims, (3.2% of the 1,872 claim population from the period) or 2%, (\$64,777 of the population of \$2,908,252 tested) to determine whether the invoice was independently approved as evidenced by a signature, the invoice was mathematically accurate, and the claim amount matched the invoice;
 - Reviewing nine randomly selected months' line-item detailed expenditure reports (25% of the 36 months in the population tested) to ensure they were independently reviewed, as reflected by a signature, date, and or notations made by the executive director.
- Documented significant internal controls and process factors related to payroll expenditures and tested those controls, which included:
 - Reviewing nine randomly selected months' payroll claims and supporting documentation (25% of the 36 months in the population tested) to ensure they were reviewed and approved by the executive director;
 - Reviewing nine payroll change transactions with a financial impact (31% of the 29 payroll change transactions in the population tested) to determine that payroll changes with a financial impact that occurred during the audit period were properly documented and completed as appropriate and approved by the executive director or the appropriate designee of the board.
- Documented significant internal controls and process factors related to inventory and tested those controls, which included the following:
 - Reviewing a random selection of six inventory additions (5% of the 110 inventory additions in the population tested) and six inventory subtractions (8% of the 74 inventory subtractions in the population tested) from the inventory records during the audit period and their underlying documentation to ensure there was proper separation of duties;
 - Reviewing 100% of all inventory count documentation for each fiscal year of the audit period to ensure a physical inventory count was performed annually by a party not maintaining the physical inventory and this count was reconciled by a party independent of the inventory record keeping, asset tagging, and count processes. As part of this review, we also determined the agency was in compliance with 74 O.S. §110.1, 74 O.S. §110.2, and OAC 260:110-3-1;

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- Reviewing a random selection of 12 assets from the inventory list (2 IT and 2 Non-IT) for each fiscal year (0.8% of the 695 IT assets in the population tested and 0.1% of the 1,450 Non-IT assets in the population tested) to ensure items appearing on the inventory list were on the Agency premises and were properly tagged;
- Reviewing 12 judgmentally selected assets on the Agency premises (6 IT and 6 Non-IT) to ensure items observed were properly documented and included on inventory reports.
- Determined Compliance with 74 O.S. §3601.2A - Salaries of Chief Executive Officers, which included:
 - Reviewing all data on the HR All Actions report and comparing it to approved salary ranges established by the Office of Management and Enterprise Services.

No exceptions were noted as a result of our procedures.



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