



# OKLAHOMA BOARD OF NURSING

## Operational Audit

For the Period July 1, 2018 through December 31, 2020

**Cindy Byrd, CPA**  
State Auditor & Inspector

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

**For the Period  
July 1, 2018 through December 31, 2020**



Cindy Byrd, CPA | State Auditor & Inspector

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June 8, 2021

**TO THE OKLAHOMA BOARD OF NURSING**

We present the audit report of the Oklahoma Board of Nursing for the period July 1, 2018 through December 31, 2020. 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



**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 May 2021 are:

- Jan Palovik, MSA, RN ..... President
- Shelly Hovis, MS, RN ..... Vice-President
- Lindsay Potts, LPN ..... Secretary
- Liz Massey, DNP, RN ..... Member
- Mandy Nelson, DNP, APRN-CNS ..... Member
- Katherine O'Dell, DNP, RN ..... Member
- Kyle Leemaster, RN, MBA ..... Member
- Marilyn Turvey, BS, LPN ..... Member
- Kathryn N. Taylor ..... Public Member
- Georgina Calhoun ..... Public Member

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The following table summarizes the Agency’s sources and uses of funds for fiscal years 2019 and 2020 (July 1, 2018 through June 30, 2020).

**Sources and Uses of Funds for FY 2019 and FY 2020**

	<b>2019</b>	<b>2020</b>
<b>Sources:</b>		
Licenses, Permits, Fees	\$ 3,404,029	\$ 3,287,214
Fines, Forfeits, Penalties	149,500	116,200
Other Sources	7,021	9,226
<b>Total Sources</b>	<b>\$ 3,560,550</b>	<b>\$ 3,412,640</b>
<b>Uses:</b>		
Personnel Services	\$ 2,465,892	\$ 2,640,470
Professional Services	714,887	691,279
Administrative Expenses	309,841	297,122
Travel	47,665	25,695
Property, Furniture, Equipment	23,121	30,522
Payments and Other Disbursements	1,490	1,033
<b>Total Uses</b>	<b>\$ 3,562,896</b>	<b>\$ 3,686,121</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 of July 1, 2018 through December 31, 2020. Our audit procedures included inquiries of appropriate personnel, inspections of documents and records, and observations of the Oklahoma Board of Nursing’s operations.

To assess risk and develop our audit objective, we held discussions with management, distributed surveys to the Agency’s personnel, and performed data analysis. These procedures included:

- Reviewing revenue, expenditure, and asset-related data from the state-wide accounting system and information gathered from Agency’s personnel to assess the related financial processes and trends for any notable risks.
- Reviewing the Agency’s transfers to the state’s general revenue fund as required by 62 O.S. § 211 and confirming they materially reflected 10% of Agency deposits. We also verified the timing of each transfer during our audit period to ensure the transfers were made monthly as required by statute.
- Reviewing the Agency’s HR All Actions Report from the state-wide accounting system to assess personnel changes that had a financial impact during the audit period.
- Reviewing statutes and administrative code pertaining to the Agency.

One objective related to receipts was developed, as discussed in the next section. No other significant risks or findings were identified as a result of these procedures.

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.

### **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 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.

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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>.

**OBJECTIVE I** Determine whether effective internal control activities are in place to ensure all funds received by the Agency are deposited, in line with GAO *Standards for Internal Control* and Oklahoma’s Statewide Accounting Manual.

**Conclusion**

We determined that effective internal control activities are in place to ensure all funds received by the Agency are deposited, in line with GAO *Standards for Internal Control* and Oklahoma’s Statewide Accounting Manual.

To accomplish our objectives, we performed the following:

- Documented our understanding of the receipting and licensing processes through discussion with management and staff and review of pertinent documentation. Evaluated those processes and identified significant internal controls related to deposits.
- Compared the Agency’s process and significant controls to governmental internal control standards outlined in the GAO *Standards for Internal Control* and Oklahoma’s Statewide Accounting Manual.
- Reviewed a random sample of 50 daily deposit documents from a population of 609 deposit dates (8%) to ensure the receipt report from the licensing database and the income worksheet were signed by the proper parties and matched the corresponding bank deposit receipt, reflecting proper segregation of duties and the performance of significant reviews.
- Reviewed a random sample of nine monthly Treasury Activity Statements from a population of 30 months (30%) to ensure that the report contained the director’s approval indicating her significant review.

No findings were identified as a result of these procedures.



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