

OKLAHOMA BOARD OF NURSING

FOR THE PERIOD
JANUARY 1, 2007 THROUGH
JUNE 30, 2009

PERFORMANCE AUDIT



Oklahoma State Auditor
& Inspector

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

**For the Period
January 1, 2007 through June 30, 2009**

STATE AUDITOR AND INSPECTOR

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January 19, 2010

TO THE OKLAHOMA BOARD OF NURSING

This is the audit report of the Oklahoma Board of Nursing for the period January 1, 2007 through June 30, 2009. 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,

A handwritten signature in blue ink that reads 'Steve Burrage'.

STEVE BURRAGE, CPA
STATE AUDITOR & INSPECTOR

**Oklahoma Board of Nursing
Performance Audit**

Agency Background

The Oklahoma Board of Nursing (Agency) was established to safeguard the public health and welfare of the residents of Oklahoma by ensuring that any person who practices or offers to practice registered nursing, practical nursing, or advanced practice nursing in this state is competent to do so. This is accomplished through the regulation of nursing licensure, unlicensed assistance certification, nursing practice and nursing education.

Oversight is provided by 11 board members (Board) appointed by the governor serving five-year terms (the two public members serve the same term as the governor).

Board members are:

Francene Weatherby, RN, PhD, CNE..... President
 Elizabeth Schultz, RN, CRNA..... Vice-President
 Linda Coyer, LPN..... Secretary- Treasurer
 Lauri Jones, RN Member
 Nettie Seale, RN, M.Ed. Member
 Liz Michael, RN, MS, NEA-BC..... Member
 Joni Jeter, RN, MS Member
 Linda Martin, LPN..... Member
 Jean Winter, LPN..... Member
 June Cash, M.Ed., Public Member
 MaryJac Rauh, MPH Public Member

Table 1 summarizes the Agency’s sources and uses of funds for fiscal years 2008 and 2009 (July 1, 2007 through June 30, 2009).

Table 1 - Sources and Uses of Funds for FY 2008 and FY 2009

	2008	2009
Sources:		
Nurse License Fee	\$ 2,536,198	\$ 2,705,861
Other Fines, Forfeits, and Penalties	194,427	202,294
Total Sources	<u>\$ 2,730,625</u>	<u>\$ 2,908,155</u>
Uses:		
Personnel Services	\$ 1,744,355	\$ 1,702,714
Professional Services	229,954	312,474
Travel	56,058	58,534
Miscellaneous Administrative Expenses	172,829	200,425
Rent Expense	64,340	67,278
Maintenance Repair and Expense	53,691	37,200
General Operating Expenses	25,556	27,199
Office Furniture and Equipment	86,957	196,298
Other	4,907	5,393
Total Uses	<u>\$ 2,438,647</u>	<u>\$ 2,607,515</u>

Source: Oklahoma PeopleSoft accounting system (unaudited, for informational purposes only)

This 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 state officers whose duty it is to collect, disburse or manage funds of the state and 74 O.S. § 213.2 B. regarding a request from an executive director to conduct a performance audit.

The audit period covered for objective 1 was January 1, 2007 through June 30, 2009 while objectives 2, 3, and 4 addressed July 1, 2008 through June 30, 2009¹.

We selected our samples in such a way that whenever possible, the samples are representative of the populations and provide sufficient evidential matter. Sample methodologies can vary and are selected based on the audit objective and whether the total population of data was available. Random sampling is the preferred method; however, we may also use haphazard sampling (a methodology that produces a representative selection for non-statistical sampling), or judgmental selection when data limitation prevents the use of the other two methods. We identified specific attributes for testing each of the samples. When appropriate, we projected our results to that population.

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. 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.

Objective 1 - Determine if the Agency's internal controls provide reasonable assurance that revenues and expenditures were accurately reported in the accounting records and if financial operations complied with 62 O.S. § 211 and 74 O.S. § 3601.2.

Conclusion

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

Compliance procedures were performed with regards to two laws:

- With respect to the months tested, the Agency appears to be in compliance with 74 O.S. § 3601.2 – limitation of the executive director's salary;
- The Agency appears to be in compliance with 62 O.S. § 211 – 10% transfer of all fees charged, collected, and received to the state general revenue fund.

Methodology

To accomplish our objective, we performed the following:

- Documented internal controls related to the receipting and expenditure processes which included discussions with Agency personnel, observation, and review of documents;
- Tested controls which included:
 - Discussing with personnel and observing the location where funds are retained prior to deposit to ensure they are adequately safeguarded as required by 62 O.S. § 7.1.C.2.a;

¹Since procedures in the peer assistance program have been modified over time, it was determined that fiscal year 2009 would be the most appropriate time period to review for objectives 2, 3, and 4.

Oklahoma Board of Nursing
Performance Audit

- Determining if the person preparing the deposit is independent of the receipting process. This included randomly selecting 25 deposits to ensure the income report and daily deposit report totals from the Agency's internal system agreed with the deposit slip amount, the business manager's initials were present on the deposit slip, and the amount on the deposit slip agreed with the amount deposited on the State Treasurer's (OST) agency monthly statement;
 - Determining the Agency's clearing account was reconciled on a monthly basis to the OST by someone independent of the cash receipting process;
 - Reviewing a random sample of three Office of State Finance (OSF) form 011 reconciliations to ensure the reconciliations were reviewed by someone independent of the preparer, were mathematically accurate, agreed to supporting documentation, and the reconciling items appeared reasonable;
 - Reviewing a random sample of three reconciliations between the Agency's deposit records and OSF PeopleSoft deposit records to ensure the Agency's records were correctly posted;
 - Reviewing a random sample of 25 expenditure claims from the period to determine if the purchase requisition (as applicable), the purchase order (as applicable), the packing slip (as applicable) and the invoice were properly approved. Additionally, we ensured the invoice supported the payment, the invoice was mathematically accurate, the correct account code was used, and the expenditure appeared reasonable given the Agency's mission;
 - Determining if the person receiving the warrants was independent of the posting and approval process; and
 - Reviewing three randomly selected months' Peoplesoft "six-digit expenditure reports" for vendor names which appeared unusual².
- Reviewed a PeopleSoft accounting system deposit report for the audit period to ensure funds are transferred from the Agency's clearing account at least once per month as required by 62 O.S. § 7.1. E;
 - Reviewed a random selection of six months' payroll information in the PeopleSoft accounting system to ensure the executive director's annual salary did not exceed the maximum limit set forth in 74 O.S. § 3601.2; and
 - Recalculated the amount transferred to the state's general revenue fund during the audit period to ensure 10% of all fees charged, collected, and received by the Agency were transferred as required by 62 O.S. § 211.

² Unusual was defined as a vendor name that was unfamiliar to the auditor or strange given the mission of the Agency.

Objective 2 - Determine whether the Agency's documentation related to a nurse's participation in the peer assistance program demonstrates the nurse complied with their program contract and the Agency's policies and procedures.

Objective Background Under the guidance of 59 O.S. § 567.17³, the Agency administers the peer assistance program (program). Nurses can voluntarily enter the program or can be required entry through board action. Once accepted, the participant signs a contract detailing specific requirements that must be met. The requirements include but are not limited to:

- Attending a specified number of support group meetings (alcoholics anonymous, narcotics anonymous, etc., and nurse support groups which include discussions with other nurses in a similar situation). Specific documentation of attendance at these meetings is required monthly as well as documentation from the participant's 12-step sponsor and nurse support group facilitator quarterly;
- Being randomly tested for drugs and alcohol. In order to complete the program, the participant must have 24 consecutive months of negative drug tests;
- Attending counseling sessions. The counselor is required to submit a monthly report to the Agency regarding the participant's progress;
- Completing self assessment reports addressing how the participant is progressing in the program from their perspective; and
- Working in the practice of nursing, as appropriate. Supervised practice reports are completed by the participant's supervisor once they have been allowed to resume working as a nurse.

The participant's progress is monitored by a case manager, the program manager, and a peer assistance committee⁴. Noncompliance with the contract can result in additional requirements being placed on the participant as well as termination from the program.

Conclusion With respect to files tested, it appears the Agency has a monitoring system designed and operating to ensure the nurse complied with their program contract and the Agency's policies and procedures.

Methodology To accomplish our objective, we performed the following:

- Documented internal controls related to the objective which included discussions with Agency personnel, observation, and review of documents;
- Reviewed a random sample of 25 participants' files for:
 - A program application;
 - The initial interview form;
 - A signed contract;
 - The applicable number of support group attendance records;

³ "A. There is hereby established a peer assistance program to rehabilitate nurses whose competency may be compromised because of the abuse of drugs or alcohol, so that such nurses can be treated and can return to or continue the practice of nursing in a manner which will benefit the public..."

⁴ Each volunteer committee must have at least three members, at least one member who is currently certified through the Addictions Nursing Certification Board, the National Association of Alcohol and Drug Abuse Counselor Certification Board or the Oklahoma Drug and Alcohol Professional Counselor Certification Board, at least one recovering person, and the majority must be currently licensed nurses.

- The applicable number of drug test results;
- Counselor's reports;
- The applicable number of self-assessment reports;
- The applicable number of supervised practice reports; and
- Evidence the case manager monitored the participants' progress while in the program.

Objective 3 – Determine whether the Agency's policies and procedures (PAP-08 and Investigative Department Procedures #Ip-08) ensure compliance with 59 O.S. § 567.17 I. when a participant defaults from the program.

Conclusion With respect to files tested, it appears the Agency's policies and procedures ensure compliance with 59 O.S. 567.17 I⁵.

Methodology To accomplish our objective, we performed the following:

- Documented internal controls related to the objective which included discussions with Agency personnel, observation, and review of documents;
- Reviewed a random sample of 15 participants' files who terminated during the period July 1, 2008 through June 30, 2009 for the following:
 - A notification letter was sent to the participant stating they are terminated from the program;
 - If terminated by the peer assistance committee, we determined the contract was modified and the letter provided to the participant was sent to the investigations division of the Agency, the executive director (volunteer entry only), employer (if applicable), nurse support group facilitator (if applicable), and counselor (if applicable);
 - A letter from the executive director to the participant stating the license was suspended (volunteer entry) or a letter from the investigations division stating the license was revoked (Board action) as a result of defaulting from the program; and
 - The license was revoked/suspended on the Agency's website.
- Determined the number of workdays between the participant termination date and the license suspension/revoked date on the Agency's website. This was determined to be an average of three days.

Objective 4 – Determine whether the Board of Nursing is satisfied with the quality and quantity of program related information provided to them by the Agency.

Conclusion Based on review of survey responses from Board members, observations made at the September 23, 2009 Board meeting, and review of Board meeting minutes from fiscal year 2009, it appears the Board is satisfied with the quality and quantity of program related information provided to them by the Agency.

⁵ 59 O.S. 567.17 I states, "The Executive Director of the Board shall suspend the license immediately upon notification that the licensee has defaulted from the peer assistance program, and shall assign a hearing date for the matter to be presented to the Board". On average, three workdays passed between when the participant was terminated from the program and when their license was suspended/revoked on the Agency's website. Based on professional judgment and discussions with management, this time period appears reasonable given the intent of this law.

Methodology

To accomplish our objective, we performed the following:

- Interviewed the program manager and executive director;
- Reviewed the Board's meeting minutes for fiscal year 2009 to determine what, if any, information related to the program is discussed by the Board and acted upon, if applicable;
- Sent a survey to Board members asking them questions related to the quantity and quality of program related information provided to them by the Agency; and
- Attended the September 23, 2009 Board meeting.



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