
Secretary of State

State of Oregon

BOARD OF RADIOLOGIC TECHNOLOGY

Special Review



Audits Division

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Special Review



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Auditing for a Better Oregon

The Honorable John Kitzhaber
Governor of Oregon
State Capitol Building
Salem, Oregon 97310

Glen R. Plam, LRT, LRTT
Chair, Board of Radiologic Technology
2624 NE 39th
Portland, Oregon 97212

Lianne G. Thompson, Executive Director
Board of Radiologic Technology
800 NE Oregon St., #21, Suite 407
Portland, Oregon 97232

This audit encompasses a review of the Board of Radiologic Technology (board) for the period July 1, 1995, to March 31, 1996. The objectives of the audit were to determine whether controls were in place to safeguard assets and whether selected transactions complied with pertinent laws, rules, and regulations. The Office of Administrative Services, Accounting Section of the Department of Human Resources, Office of the Director (DHR), maintains the accounting records for the board.

Our audit identified a needed improvement in the internal controls related to the board's processing of revenue transfers. We did not identify any instances of noncompliance with laws and regulations. Additionally, issues related to the central processing and reporting of accounting transactions for the health-related licensing boards by the DHR could impact this board's operations. These issues are presented in a separate report entitled *Department of Human Resources, Review of Accounting for Health-Related Licensing Boards*.

We conducted our audit in accordance with generally accepted government auditing standards. In this regard, we inquired of agency personnel, reviewed policies and procedures, tested relevant reports, and evaluated management controls as required to accomplish the objectives of our audit. Our audit was limited to the specific matters described above, and was based on tests and procedures we considered necessary in the circumstances.

OREGON AUDITS DIVISION

Sam Cochran
Acting State Auditor

Fieldwork Completion Date:
June 23, 1996

-iii-

TABLE OF CONTENTS

	<u>Page</u>
STATE AUDITOR'S REPORT.....	iii
SUMMARY.....	vii
INTRODUCTION	
ORGANIZATION AND FUNCTIONS.....	1
FINANCIAL ACTIVITIES.....	1
SCOPE AND METHODOLOGY.....	2
AUDIT RESULTS	
REPORT ON THE INTERNAL CONTROL STRUCTURE.....	5
REPORT ON COMPLIANCE WITH LAWS AND REGULATIONS.....	6
FINDINGS AND RECOMMENDATIONS.....	7
REVENUE TRANSFERS NOT MADE.....	7
REPORT DISTRIBUTION.....	8
COMMENDATION.....	8
AGENCY'S RESPONSE TO THE AUDIT REPORT.....	9

SUMMARY

The Board of Radiologic Technology (board) operates under *Oregon Revised Statutes* (ORS) Chapter 688. The board consists of seven members appointed by the governor for three-year terms. Five of the board members must be licensed practicing radiologic technologists; the remaining two are a radiologist and a lay person. The board determines the license requirements for persons who use ionizing radiation on human beings in the practice of medicine for diagnostic or therapeutic purposes. The board also conducts examinations of technicians and grants limited permits or licenses to qualified applicants, as well as reviews renewals of existing licenses and limited permits.

The board is financed from the fees collected for licensing radiologic technologists and radiologic technicians. Both licenses cover a two-year period: the technologists are renewable in April of odd-numbered years and technicians are renewable in even-numbered years. During the period July 1, 1995, to March 31, 1996, the board reported revenues of \$61,223 and expenditures of \$93,035. The Department of Human Resources (DHR) maintains the accounting records for the board.

The objectives of the audit were to determine whether controls were in place to safeguard assets and whether selected transactions complied with pertinent laws, rules, and regulations. During the audit we found no instances of noncompliance with laws and regulations; however, improvement can be made in the internal controls related to revenue transfers. Revenue transfers were not made by the Board of Radiologic Technology to reimburse another health-related board for its portion of the salary of a shared clerical position. The board failed to take action to ensure that such transfers were made. In their response, included in this report, the board agreed with the finding.

Additionally, issues related to the central processing and reporting of accounting transactions for the health-related licensing boards by DHR could impact this board's operations. These issues are presented in a separate report entitled *Department of Human Resources, Review of Accounting for Health-Related Licensing Boards*.

INTRODUCTION

ORGANIZATION AND FUNCTIONS

The Board of Radiologic Technology (board) operates under *Oregon Revised Statutes* (ORS) Chapter 688. The board consists of seven members appointed by the governor for three-year terms. Five of the board members must be licensed practicing radiologic technologists. The remaining two members are a radiologist and a lay person. The board's primary purpose is to determine the license requirements for persons who use ionizing radiation on human beings in the practice of medicine for diagnostic or therapeutic purposes. The board also conducts examinations of technicians and grants limited permits or licenses to qualified applicants, as well as reviews renewals of existing licenses and limited permits.

The executive director is aided by a full-time clerical position to carry out the duties of the board. Additionally, the board shares another clerical position with two other health-related boards. One of the other boards incurs the cost of the position, and this and the third board reimburse the funding board with revenue transfers.

FINANCIAL ACTIVITIES

For the 1995-97 biennium, the legislature authorized \$267,681 of Other Funds expenditure limitation for this board. The board is financed from the fees collected for licensing radiologic technologists and radiologic technicians. Both licenses cover a two-year period: the technologists are renewable in April of odd-numbered years and technicians are renewable in even-numbered years.

For the period July 1, 1996, to March 31, 1996, revenues totaled \$61,223 and corresponding expenditures were \$93,035. As of March 31, 1996, the board had a cash balance of \$108,711. Revenues reported had not been reduced by any revenue transfers because no such transfers were made during the period.

The board's accounting records are maintained by the Office of Administrative Services Accounting Section of the Department of Human Resources, Office of the Director (DHR).^{*} This office is responsible for processing and recording all cash receipts and disbursements as directed by the board, as well as maintaining the records and supporting documentation for the accounting system.

SCOPE AND METHODOLOGY

The objectives of the audit were to determine whether controls were in place to safeguard assets and whether selected transactions complied with pertinent laws, rules, and regulations. We reviewed internal controls and tested transactions for the period July 1, 1995, to March 31, 1996. We tested revenues, personal services expenditures, services and supplies expenditures, and travel expenditures.

Specifically, we performed analytical procedures on the revenues and expenditures recorded for the board. These procedures included actual to budget comparison of revenues and expenditures to verify that the recorded transactions were consistent with budget projections and auditor expectations. We also compared recorded revenues to the amount generated by multiplying the number of licenses issued by the license fee.

We tested 15 receipts and three revenue refunds that were recorded on DHR's cashiering system for the board. These transactions were traced to the supporting information received from the licensee to verify that internal controls were operating effectively and receipts were accurately recorded in the accounting records. We verified that the amount paid was supported by an application or other documentation, and that the fee charged was appropriate. We also traced ten additional applications to the corresponding receipts on the system to verify that all receipts were being recorded, and that all licenses issued had been paid.

^{*} The accounting activity for the health-related licensing boards was formerly performed by the Oregon Health Division. The administrative functions of the Health Division were merged with the Department of Human Resources effective January 1, 1996.

For the audit period, we developed an estimate of payroll expenditures for comparison to actual expenditures to determine if actual payroll expenditures appeared reasonable. We selected employee time sheets for the month of November 1995 for detail testing. We reviewed these documents and personnel records to verify that employees were paid appropriate amounts. We also reviewed payroll exception reports to verify that exceptions were reasonably explained and properly authorized.

For testing of services and supplies expenditures, we selected 17 expenditures from the audit period. We reviewed supporting documentation to verify that expenditures were adequately supported, properly authorized, and correctly recorded in the accounting records; and to ensure that internal controls were operating as designed. Additionally, we tested seven travel reimbursements for compliance with state policies.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Our review was limited to the areas specified in this section of the report.

AUDIT RESULTS

REPORT ON THE INTERNAL CONTROL STRUCTURE

The management of the Board of Radiologic Technology (board) is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projections of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

We noted a matter involving the internal control structure and its operation that we consider to be a reportable condition under the standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data.

A material weakness is a reportable condition in which the design or operation of one or more specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe the reportable condition described is not a material weakness. The reportable conditions reported in the FINDINGS AND RECOMMENDATIONS section of this report. We also noted other matters involving the internal control structure and its operation that have been communicated separately to management.

**REPORT ON COMPLIANCE
WITH LAWS AND
REGULATIONS**

Compliance with laws and regulations applicable to the board is the responsibility of management. As part of our audit, we performed tests of the board's compliance with certain provisions of laws and regulations relating to selected transactions. However, the objective of our audit was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported herein under *Government Auditing Standards*.

**FINDINGS AND
RECOMMENDATIONS****REVENUE TRANSFERS
NOT MADE**

Revenue transfers were not made by the Board of Radiologic Technology during the period July 1, 1995, through March 31, 1996, to reimburse the Board of Examiners for Speech Pathology and Audiology for this board's portion of the salary of a shared clerical assistant position. These transfers were to be made on a quarterly basis, initiated by the Department of Human Resources (DHR). Without these transfers the board will draw erroneous conclusions about its financial position based on incomplete data.

Though DHR maintains the accounting records for all the health-related boards, it does so at the direction of the individual boards. The board's staff are responsible for reviewing accounting and management reports for reasonableness, and assuring that all transactions have been processed. Additionally, follow-up should be performed with DHR when this does not occur.

We recommend board management work out a formal agreement with DHR for making quarterly transfers to the Board of Examiners for Speech Pathology and Audiology. In addition, board management should follow up to ensure these overdue transfers and future transfers are being made promptly.

We have no other reportable findings specific to the procedures of this board. However, issues related to the central processing and reporting of accounting transactions by DHR, which are common to all the health-related licensing boards, could impact this board's operations. These issues are presented in a separate report entitled *Department of Human Resources, Review of Accounting for Health-Related Licensing Boards*.

REPORT DISTRIBUTION

This report is a public record and is intended for the information of the Board of Radiologic Technology, the Department of Human Resources' management, the governor of the state of Oregon, the Oregon Legislative Assembly, and all other interested parties.

COMMENDATION

The courtesies and cooperation extended by the officials and employees of the Board of Radiologic Technology and the Department of Human Resources during the course of our audit were very commendable and sincerely appreciated.

AUDIT TEAM

Stephanie Schutzler, CPA, Audit Administrator

Mark Winter, CPA

Danielle King

AGENCY'S RESPONSE TO THE AUDIT REPORT

March 26, 1997

Secretary of State
Audits Division
255 Capitol Street NE, Suite 500
Salem, OR 97310

BOARD OF
RADIOLOGIC
TECHNOLOGY

Dear Ms. Goggins,

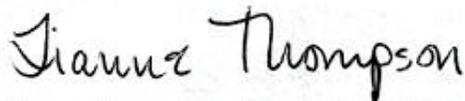
Thank you for the opportunity to respond to your draft audit report. Although many factors remain the same since the time of your audit, there has been a complete staff turnover since that time, so your findings offer welcome guidance.

I agree with you that we could improve our internal controls related to revenue transfers. As of the end of this biennium, the shared position will be budgeted differently, obviating the need to control these particular revenue transfers.

In the meantime, the Boards of Veterinary Medicine, Speech and Audio Pathology and Radiologic Technology are all working together closely and using the assistance of staff from the Office of Administrative Services, Accounting Section, of the Department of Human Resources to monitor and ensure correct revenue transfers to pay for the shared position.

Thank you for your efforts to help us do our job better.

Very truly yours,



Lianne Thompson, Executive Officer

cc: Glen Plam, LRT, LRTT, Board Chair



Suite 407
800 NE Oregon Street # 21
Portland, OR 97232
(503) 731-4088
FAX (503) 731-4207
TDD (503) 731-4031