
Secretary of State

State of Oregon

**BOARD OF LICENSED PROFESSIONAL
COUNSELORS AND THERAPISTS**

Special Review



Audits Division

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COUNSELORS AND THERAPISTS**

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Auditing for a Better Oregon

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This audit encompasses a review of the Board of Licensed Professional Counselors and Therapists (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 (DHR), Office of the Director, maintains the accounting records for the board.

The results of our review found no material weaknesses in the board's internal control structure and we did not identify any instances of noncompliance with laws and regulations. However, 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*.

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:
July 31, 1996

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SUMMARY

The State Board of Licensed Professional Counselors and Therapists (board) operates under *Oregon Revised Statutes* (ORS) Chapter 675. The board consists of seven members appointed by the governor. The statute requires board membership to be comprised of three licensed professional counselors, two licensed marriage and family therapists, one member from the faculty of a school that has programs to train persons in this field and one member from the interested public.

The board determines professional qualifications; examines and licenses counselors and marriage and family therapists; sets and enforces continuing education requirements; publishes an annual directory; and investigates alleged violations and complaints against licensees.

The board is financed from the fees it collects for examining and licensing counselors and therapists. The licenses are for a one-year period, with renewal due before April 1 of each year. During the period July 1, 1995, to March 31, 1996, the board reported revenues of \$70,822 and related expenditures of \$69,758. 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. We found no material weaknesses in the board's internal control structure and we did not identify any instances of noncompliance with laws and regulations. However, 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 State Board of Licensed Professional Counselors and Therapists (board) operates under *Oregon Revised Statutes* (ORS) Chapter 675. The board consists of seven members appointed by the governor. The statute requires board membership to be comprised of three licensed professional counselors, two licensed marriage and family therapists, one member from the faculty of a school that has programs to train persons in this field and one member from the interested public.

The board determines professional qualifications; examines and licenses counselors and marriage and family therapists; sets and enforces continuing education requirements; publishes an annual directory; and investigates alleged violations and complaints against licensees.

The board's activities are carried out by an Executive Director and one additional part-time staff.

FINANCIAL ACTIVITIES

For the 1995-97 biennium, the legislature authorized \$233,688 of Other Funds expenditure limitation for this board. Revenues supporting these expenditures are generated from license applications, initial licenses, renewals of existing licenses, and exam applications. The licenses are for a one-year period, with renewal due on or before April 1 of each year.

For the period July 1, 1995, to March 31, 1996, revenues totaled \$70,822 and corresponding expenditures were \$69,758. As of March 31, 1996, the board had a cash balance of \$194,393. 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

^{*} 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.

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 budget to actual comparisons 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 12 receipts and two revenue refunds that were recorded on DHR's daily cash system for the board. We traced these transactions 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 12 additional applications to the corresponding receipts on the system to verify that all receipts were recorded.

For the audit period, we developed an estimate of payroll expenditures for comparison to actual expenditures to determine if actual personal services expenditures appeared reasonable. We selected employee time sheets for the month of March 1996 for detail testing. We reviewed the timesheets, payroll registers, and personnel records to verify that employees were paid appropriately.

For testing of services and supplies expenditures, we selected 10 expenditures from the audit period, including four travel reimbursements. 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.

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 Licensed Professional Counselors and Therapists (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.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the 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. We noted no matters involving the internal control structure and its operations that we considered to be material weaknesses as defined above. However, we 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**

We have no 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 Licensed Professional Counselors and Therapists, 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 Licensed Professional Counselors and Therapists and the Department of Human Resources during the course of our audit were very commendable and sincerely appreciated.

AUDIT TEAM

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