



Nicole R. Galloway, CPA
Missouri State Auditor

INSURANCE, FINANCIAL
INSTITUTIONS, AND
PROFESSIONAL
REGISTRATION

Division of Professional
Registration

State Board of Registration
for the Healing Arts



December 2015
Report No. 2015-124

<http://auditor.mo.gov>



Nicole R. Galloway, CPA
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of the State Board of Registration for the Healing Arts

Certification Requirements	The State Board of Registration for the Healing Arts does not have procedures in place to ensure certification requirements are maintained for some license types. For licenses that require various continuing education, exam, or other training requirements as a condition of certification, the board relies on the applicant to confirm whether certification is active before renewing the license. The board does not require supporting documentation during the renewal process, or perform periodic reviews of compliance with certification requirements.
Board Meeting Minutes	The board does not approve meeting minutes timely. The board makes meeting minutes available to the public upon approval of the minutes, but the minutes are not approved in a regular or timely manner. During the two-year period reviewed in this audit, minutes for four meetings were not approved until at least a year after the meeting was held.
User Account Management	The board has not established adequate procedures to ensure access rights to the internal licensing system are appropriate. The licensing system is a division-wide system used by the various professional boards, which maintains confidential information on licensees, such as social security numbers and licensee complaints. Board personnel do not periodically review system access rights to ensure only proper personnel have access, which creates an increased risk that unauthorized changes could go undetected, and confidential data could be accessible to inappropriate users.

In the areas audited, the overall performance of this entity was **Good**.*

*The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

- Excellent:** The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.
- Good:** The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.
- Fair:** The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.
- Poor:** The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

All reports are available on our Web site: auditor.mo.gov

Division of Professional Registration

State Board of Registration for the Healing Arts

Table of Contents

State Auditor's Report	2
------------------------	---

Management Advisory Report - State Auditor's Findings	1. Certification Requirements.....4 2. Board Meeting Minutes.....4 3. User Account Management.....5
---	---

Organization and Statistical Information	7
---	---

Appendixes

A	Comparative Statement of Receipts, Disbursements, and Changes in Cash and Investments, Board of Registration for the Healing Arts Fund, 2 Years Ended June 30, 2015.....	8
B	Comparative Statement of Appropriations and Expenditures, 2 Years Ended June 30, 2015.....	9
C	Comparative Statement of Expenditure (from Appropriations), 5 Years Ended June 30, 2015.....	10



NICOLE R. GALLOWAY, CPA

Missouri State Auditor

Honorable Jeremiah W. (Jay) Nixon, Governor
and
John M. Huff, Director
Department of Insurance, Financial Institutions, and Professional Registration
and
Kathleen Steele Danner, Director
Division of Professional Registration
and
State Board of Registration for the Healing Arts
Jefferson City, Missouri

We have audited certain operations of the Department of Insurance, Financial Institutions, and Professional Registration, Division of Professional Registration, State Board of Registration for the Healing Arts, in fulfillment of our duties under Chapter 29, RSMo. The scope of our audit included, but was not necessarily limited to, the years ended June 30, 2015 and 2014. The objectives of our audit were to:

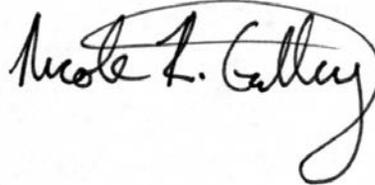
1. Evaluate the board's internal controls over significant management and financial functions.
2. Evaluate the board's compliance with certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and operations, including certain financial transactions.

Our methodology included reviewing minutes of meetings, written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the board, as well as certain external parties; and testing selected transactions. We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We tested certain of those controls to obtain evidence regarding the effectiveness of their design and operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our 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 such a basis.

The accompanying Organization and Statistical Information is presented for informational purposes. This information was obtained from the board's management and was not subjected to the procedures applied in our audit of the board.

For the areas audited, we identified (1) a deficiency in internal controls, (2) noncompliance with legal provisions, and (3) the need for improvement in management practices and procedures. The accompanying Management Advisory Report presents our findings arising from our audit of the Department of Insurance, Financial Institutions, and Professional Registration, Division of Professional Registration, State Board of Registration for the Healing Arts.

A handwritten signature in black ink, reading "Nicole R. Galloway". The signature is written in a cursive style with a large, looping flourish at the end of the name.

Nicole R. Galloway, CPA
State Auditor

The following auditors participated in the preparation of this report:

Deputy State Auditor:	John Luetkemeyer, CPA
Director of Audits:	Douglas J. Porting, CPA, CFE
Audit Manager:	Keriann Wright, MBA, CPA
In-Charge Auditor:	Alex R. Prenger, M.S.Acct., CPA
Audit Staff:	Albert Borde-Koufie

Division of Professional Registration

State Board of Registration for the Healing Arts

Management Advisory Report - State Auditor's Findings

1. Certification Requirements

The State Board of Registration for the Healing Arts (Board) does not have procedures in place to ensure certification requirements are maintained when renewing some license types.

For athletic trainer, physician assistant, clinical perfusionist, and anesthesiologist assistant license types, licensees are required to maintain an active certification with a third party as a condition to renew their license. Maintaining an active certification generally includes meeting various continuing education, exam, or other training requirements. As of June 30, 2015, these license types made up approximately 2,200 (5 percent) of licenses issued by the Board. The Board relies on the attestation of applicants on their renewal application that their certification is active. The Board does not require supporting documentation during the renewal process or perform periodic reviews to test compliance with certification requirements. Other license types are monitored either through continuing education audits completed by Board personnel, or are temporary and do not require long-term certification or continued education.

State regulation 20 CSR 2150-1.010(1), states the Board's mission is to protect the public through the licensing of physicians or other health professionals. Without periodic reviews of certification requirements for individuals with athletic trainer, physician assistant, clinical perfusionist, and anesthesiologist assistant licenses, the Board has no assurance they are properly certified in their field as required for licensure.

Recommendation

The State Board of Registration for the Healing Arts establish procedures to periodically review compliance with certification requirements for applicable license types.

Auditee's Response

The Board will explore options and establish procedures to determine certification compliance for athletic trainers, physician assistants, clinical perfusionists, and anesthesiologist assistants.

2. Board Meeting Minutes

The Board did not approve meeting minutes timely. It is the Board's policy that meeting minutes be formally approved by the Board before becoming available for public inspection. As a result, documentation of business conducted was not available for inspection and review by the general public within a reasonable amount of time. The Board held 26 open board meetings and various committee meetings during the 2 years ended June 30, 2015.

Our review noted Board meeting minutes were approved up to 15 months after the meeting was held for 6 board meetings, including 4 that were not approved for over 12 months. Similar concerns were noted with the minutes of various committee meetings held.



Division of Professional Registration
State Board of Registration for the Healing Arts
Management Advisory Report - State Auditor's Findings

Section 610.020.7, RSMo, states minutes of open meetings shall be taken and retained by the Board and Section 610.023.2, RSMo, requires the Board make records available to the public for inspection and copying. Without timely Board approval of meeting minutes, the public records of open Board meetings are not made available to the public for inspection within a reasonable amount of time.

Recommendations

The State Board of Registration for the Healing Arts should timely approve Board meeting minutes and make such records available to the public more quickly.

Auditee's Response

The Board has implemented new procedures so that minutes will be approved in a timely manner.

3. User Account Management

The Board has not established adequate procedures to review user access to ensure access rights to the internal licensing system remain appropriate and are commensurate with job responsibilities.

The licensing system is a division-wide system used by the various professional boards. The licensing system maintains confidential information on licensees, such as social security numbers, personal information, and licensee complaints. User access to the licensing system is broadly divided into read-only access and data entry access dependent upon job duties and responsibilities. Data entry access allows changes to be made to the licensing system for a particular board and access can be further limited to a specific board or board function within the system.

The licensing system is administered by the Office of Administration, Information Technology Services Division (OA-ITSD). The Executive Director completes a form and sends it to the OA-ITSD to update system access when access needs to be granted or changed, or an employee terminates employment. Board personnel do not periodically review system access rights to ensure only proper personnel have access, access is limited to the employee's job responsibilities, and access changes occurred when requested. Our review of access rights to the Board's licensing system found the following:

- An employee terminated in January 2006 still had data entry access.
- Fifteen temporary accounts used by either the Board or the Division of Professional Registration (division) were still active and included data entry access. According to personnel, these accounts had not been used for at least 2 years.
- Access rights for 2 division employees exceeded the level their job responsibilities required. These employees had data entry access when



Division of Professional Registration
State Board of Registration for the Healing Arts
Management Advisory Report - State Auditor's Findings

read-only access would have been appropriate for their research responsibilities.

Board personnel took action to resolve each of these issues after we inquired about them. The terminated employee and 15 temporary accounts have been removed and the 2 employees with excess access had their access reduced to read-only.

A periodic review of system access rights ensures appropriate personnel have the correct level of access. Without a periodic review of user access rights, there is an increased risk that unauthorized changes to these rights would go undetected, access rights would not be aligned with current job duties, and confidential data would be accessible to inappropriate users.

Recommendation

The State Board of Registration for the Healing Arts work with the division and OA-ITSD to develop procedures to periodically review licensing system user access and ensure rights are limited to only necessary current personnel and appropriate usage levels.

Auditee's Response

The Board will review processes regarding access rights to electronic systems to maintain security.

Division of Professional Registration

State Board of Registration for the Healing Arts

Organization and Statistical Information

The State Board of Registration for the Healing Arts (Board) was established in 1939 by an act of the 60th Missouri General Assembly. The Omnibus State Reorganization Act of 1974 transferred the Board to the Division of Professional Registration. By Executive Order 06-04, the division moved from the Department of Economic Development to the reorganized Department of Insurance, Financial Institutions, and Professional Registration on August 28, 2006.

The Board is responsible for the licensing and regulation of 30 different health professions, including physicians, physician assistants, physical therapists, speech-language pathologists, athletic trainers, clinical perfusionists, and anesthesiologists. At June 30, 2015, there were 43,555 active licenses. Application and renewal fees vary by profession.

The Board consists of nine voting members, including eight licensed and registered physicians and one voting public member. Board members are appointed by the Governor with the advice and consent of the Senate and serve a term of 4 years. The Board members at June 30, 2015, were:

Member	Term Expires
Benjamin A. Lampert, M.D., President	September 3, 2012
Jeffrey D. Carter, M.D., Secretary	September 3, 2010
James A. DiRenna, D.O., Member	September 3, 2012
Bradley D. Freeman, M.D., Member	September 3, 2011
Jade D. James, M.D., Member	September 3, 2016
John C. Lyskowski, M.D., Member	September 3, 2015
David A. Poggemeier, M.D., Member	September 3, 2010
David E. Tannehill, D.O., Member	September 3, 2014
Vacant	

Board members receive compensation of \$50 per day while performing their duties and reimbursement for expenses. The Board appoints an executive director to perform the administrative duties of the Board. Connie Clarkston serves as Executive Director. Forty-three other employees perform licensing, investigative, and administrative duties and responsibilities.

The Board is supported by six advisory commissions that make recommendations to the Board regarding the practice, licensure, examination and discipline of various licenses. The Board retains final authority. Members of the advisory commissions for Anesthesiologist Assistants, Clinical Perfusionists, Physician Assistants, and Physical Therapists are appointed by the Governor with the advice and consent of the Senate. Members of the Missouri Athletic Trainer Advisory Committee and the Advisory Commission for Speech-Language Pathologists and Audiologists are appointed by the Board.

Appendix A

Division of Professional Registration
 State Board of Registration for the Healing Arts
 Board of Registration for the Healing Arts Fund
 Comparative Statement of Receipts, Disbursements, and Changes in Cash and Investments

	Year Ended June 30,	
	2015	2014
RECEIPTS		
Professional license or permit fees	\$ 4,097,792	4,049,033
Occupational board exam	407,835	413,200
Penalties	13,249	7,620
Overpayments	6,553	5,732
Other fees	4,959	7,115
Total Receipts	<u>4,530,388</u>	<u>4,482,700</u>
DISBURSEMENTS		
Personal service	1,695,901	1,702,347
Employee fringe benefits	788,960	781,365
Expense and equipment	595,407	734,117
Licensure replacement system expense and equipment	25,229	92,200
State Central Services cost allocation	33,944	36,472
Unemployment benefits	1,723	571
Miscellaneous expenditure	50	0
Total Disbursements	<u>3,141,214</u>	<u>3,347,072</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>1,389,174</u>	<u>1,135,628</u>
TRANSFERS		
Transfers from:		
Proceeds of Surplus Property Sales Fund	0	82
Transfers to:		
Professional Registration Fees Fund (1)	(364,097)	(316,016)
General Revenue Fund (2)	(26,321)	(11,459)
Total Transfers	<u>(390,418)</u>	<u>(327,393)</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS AND TRANSFERS	998,756	808,235
CASH AND INVESTMENTS, JULY 1	<u>8,315,912</u>	<u>7,507,677</u>
CASH AND INVESTMENTS, JUNE 30	<u>\$ 9,314,668</u>	<u>8,315,912</u>

(1) For reimbursement of personal services, employee benefits, and operating expenses paid from the Professional Registration Fees Fund.

(2) For reimbursement of services provided by the Administrative Hearing Commission and the Attorney General's Office paid from the General Revenue Fund.

Appendix B

Division of Professional Registration
 State Board of Registration for the Healing Arts
 Comparative Statement of Appropriations and Expenditures

	Year Ended June 30,					
	2015			2014		
	Appropriation Authority	Expenditures	Lapsed Balances	Appropriation Authority	Expenditures	Lapsed Balances
BOARD OF REGISTRATION FOR THE HEALING ARTS FUND						
Personal Service	\$ 1,855,912	1,695,901	160,011	1,836,195	1,702,347	133,848
Expense and Equipment	753,115	595,407	157,708	753,115	734,117	18,998
Unemployment Benefits	2,839	1,723	1,116	572	571	1
For a Professional Registration licensure system replacement from Professional Registration board funds	92,200	25,229	66,971	92,200	92,200	0
Total Board of Registration for the Healing Arts Fund	\$ 2,704,066	2,318,260	385,806	2,682,082	2,529,235	152,847

Appendix C

Division of Professional Registration
 State Board of Registration for the Healing Arts
 Comparative Statement of Expenditures (from Appropriations)

	Year Ended June 30,				
	2015	2014	2013	2012	2011
Salaries and wages	\$ 1,695,901	1,702,347	1,686,507	1,584,690	1,576,274
Travel, in-state	22,525	21,808	12,789	16,577	16,527
Travel, out-of-state	9,224	11,499	6,676	1,144	1,329
Supplies	74,373	92,082	70,173	76,305	67,743
Professional development	13,651	9,755	10,687	11,568	7,729
Communication services and supplies	43,558	37,524	30,061	31,409	28,378
Services:					
Professional	399,179	615,791	509,544	618,865	575,008
Maintenance and repair	10,538	7,639	7,390	11,298	15,818
Equipment:					
Motorized	17,059	0	39,902	47,691	25,800
Office	3,454	13,295	3,871	465	8,127
Other	104	0	0	0	0
Building lease payments	10,037	4,138	3,761	2,343	2,420
Equipment rental and leases	2,570	1,489	1,750	1,065	1,300
Miscellaneous expenses	14,364	11,297	6,359	5,915	5,238
Unemployment benefits	1,723	571	0	3,740	0
Total Expenditures	\$ <u>2,318,260</u>	<u>2,529,235</u>	<u>2,389,470</u>	<u>2,413,075</u>	<u>2,331,691</u>