

Legislative (Board) Audit

ISSUE

Who acts as a "watchdog" for the boards budget and procedures, what is the current financial health of the MBCE, and how are recommendations followed up on?

DISCUSSION

There are numerous mechanisms for the MBCE's financial and procedural processes to be monitored and controlled. In short, they are, review by the board, review by the boards Administrative Officer, budget approval by the Department of Finance, budget approval by the Legislature and Governor, and finally the legislative audit.

Review by the Board

At every meeting of the MBCE, the financial documents are included in the materials. These documents include 1) updated financial receipts; and updated financial expenditures (both in summary and detail form.) Since these meetings are public, the materials are also public.

Review by the Board Administrative Officer

Additionally, one of the executive committee members of the board is designated as the board member with the responsibility to monitor the budget.

Budget approval by the Department of Finance

A budget established by any agency must be approved by the Chief Financial Officer within the Department of Finance. This assures that budgets are established within appropriate guidelines, and comply with the fiscal requirements that expenditures and receipts are closely balanced.

Budget approval by the Legislature and Governor

Before the legislature appropriates any funds to the MBCE, the executive director must appear and testify each year, providing explanations as to how the funds are managed, what the agency expectations are, and how the agency has attempted to manage rising costs. If there is a need for an increase in revenue, the agency is going to have to justify it to the satisfaction of the legislature and Governor. If approved by the legislature, the Governor must then approve it as well.

Legislative Audit

By far, the most rigorous control is the audit by the Office of the Legislative Auditor. Approximately every 4 years, the legislative auditor spends several weeks (on site)

combing through the MBCE's records. The auditors are highly trained, knowledgeable personnel, who are acting as the public's fiscal guardians. They review financial records, employment records, and all other procedural documents to make determinations as to whether proper controls have been in place to assure fiscal responsibility and compliance with the laws.

Results of most Recent Audits

As of June, 1994, (auditing the years 1991-1994 there were two findings by the legislative auditor which needed correction: 1) The board did not verify the accuracy of receipts deposited, and 2) the board's record retention schedule is outdated.

As of 1998, (covering the period through 1997) the legislative auditor had no findings, in essence giving the MBCE a clean bill of health. The report from the legislative auditors office stated:

The Board of Chiropractic Examiners designed an appropriate system of control that provided reasonable assurance over recording its financial activity and adequately safeguarding assets. We found that the board designed controls that provided reasonable assurance that the approved amount of license fees were collected and deposited. We also found that the board accurately paid and recorded payroll expenditures. Payroll expenditures were in compliance with the rules and regulations for the transactions tested. In addition, we found that expenditures for rent and other administrative expenses were properly authorized, accurately recorded and consistent with the board's purpose;

and

The Board of Chiropractic Examiners designed controls to provide reasonable assurance that it collected and deposited appropriate fees for each license, license renewal or registration issued. The board complied with applicable legal and policy provisions for the fees tested.

and

Generally the Board of Chiropractic Examiners designed controls to provide reasonable assurance that it accurately paid and recorded payroll and other administrative expenditures in the accounting records. The board complied with the applicable rules, regulations and bargaining agreements, for the items tested.

Finally, with regard to the two findings addressed in the 1994 report, the Legislative Auditor stated:

The October 1994, Legislative Audit Report 94-53 covered the four fiscal years ended June 30, 1993. The audit scope included internal controls and compliance with the material finance-related legal provisions. That report included two issues related to the Board of Chiropractic Examiners. We reported that the board was not reconciling receipts with the licenses issued. The other prior audit finding related to a record retention schedule. The board resolved both issues.

For a copy of the [1998 Legislative Audit Summary](#), please click the link.