

# Internal Control and Compliance Assessment

## Arkansas Legislative Audit

### Arkansas State Board of Dental Examiners

For the Fiscal Year Ended June 30, 2018



## INTRODUCTION

This report is issued to inform the Legislative Joint Auditing Committee of compliance with state fiscal laws and regulations as well as deficiencies in internal controls for the Arkansas State Board of Dental Examiners. Assessment procedures disclosed no reportable items of noncompliance.

## SCOPE AND METHODOLOGY

We performed an internal control and compliance assessment of the Arkansas State Board of Dental Examiners, a board of Arkansas state government, as of and for the year ended June 30, 2018, and have issued our report dated July 31, 2019. Management of the Agency is responsible for establishing and maintaining internal controls and complying with applicable laws and regulations.

The assessment included cash on deposit, cash receipts, accounts receivable, expenditures, liabilities, capital assets, and data entry to the Arkansas Administrative Statewide Information System (AASIS). The assessment consisted principally of inquiries, observations, analytical procedures, and selected tests of internal control policies and procedures, accounting records, and other relevant documents. We relied on financial data in AASIS recorded by the Agency and audit work conducted in the fiscal year 2018 State Comprehensive Annual Financial Report (CAFR) and Single Audit Report. The methodology used in conducting this assessment was developed uniquely for this engagement and, therefore, was more limited in scope than an audit or attestation engagement performed in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States.

## RESULTS OF ASSESSMENT

Assessment procedures did not disclose instances of noncompliance considered reportable.

## ENABLING LEGISLATION AND ORGANIZATIONAL STRUCTURE

The Arkansas State Board of Dental Examiners was created by Act 144 of 1887. The Board regulates the practice of dentistry, dental hygiene, and dental assisting by examining applicants for competency and issuing licenses to candidates meeting the requirements of the State and the Board. The Board may revoke or suspend any license or permit issued by it and may place a licensee or permittee on probation, impose a fine, or impose a combination of these sanctions. The Board may also conduct disciplinary hearings under the Administrative Procedures Act.

The Board is composed of six practicing dentists, one practicing dental hygienist, and two consumer representatives, one of whom represents the senior citizens of the State. Members are appointed by the Governor for five-year terms. The Board's organizational chart is presented in **Exhibit I on page 2**.

### ARKANSAS LEGISLATIVE AUDIT

500 Woodlane Street, Suite 172, Little Rock, AR 72201

Phone: 501-683-8600 Fax: 501-683-8605

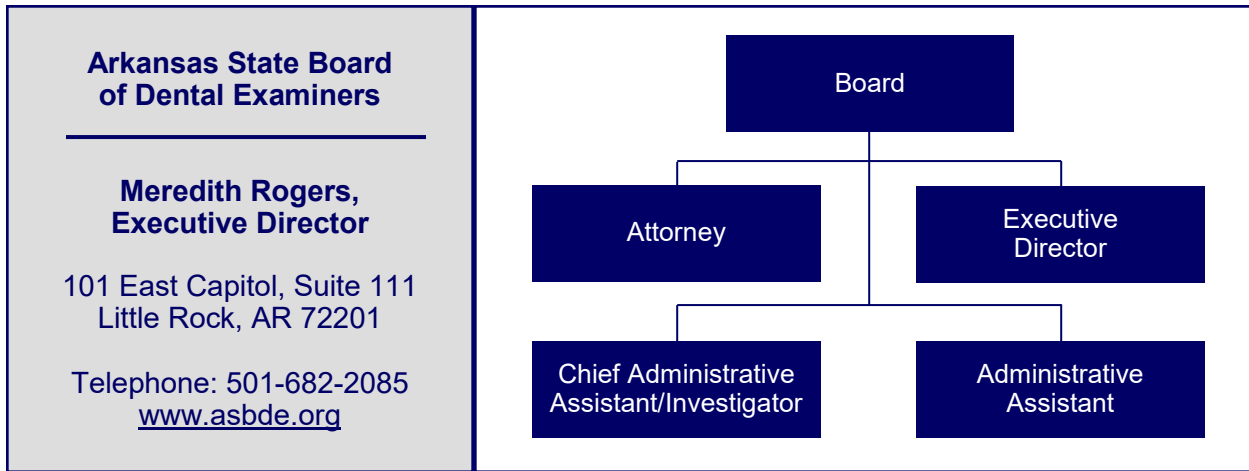
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Exhibit I  
Arkansas State Board of Dental Examiners  
Organizational Chart



*Source: State Budget Request Manuals as presented by the Arkansas Department of Finance and Administration (www.dfa.arkansas.gov)*

## FISCAL ANALYSIS

### Revenues, Expenditures, and Transfers

Agency revenues, expenditures, and transfers for fiscal years 2014 through 2018 are presented in **Exhibit II on page 3**. Revenues totaled \$652,979 in fiscal year 2018. The Agency collects renewal fees from dentists, dental hygienists, and dental assistants.

Agency expenditures totaled \$340,284 for fiscal year 2018. Salaries accounted for 68% of total expenditures.

Net transfers totaled \$198 for the year ended June 30, 2018.

### Assets and Liabilities

Asset and liability balances for fiscal years 2014 through 2018 are presented in **Exhibit III on page 3**. Assets totaled \$2.2 million for the year ended June 30, 2018. Cash and cash equivalents increased, and investments decreased due to the transfer of certificates of deposit from commercial banks to the State Treasury.

Liabilities totaled \$517,553 for the year ended June 30, 2018. The fluctuation in unearned license fees is the result of the Agency's collection method for renewal fees. Fees are collected from dental assistants in odd years and from dentists and dental hygienists in even years.

## Exhibit II

**Arkansas State Board of Dental Examiners  
Revenues, Expenditures, and Transfers  
For the Years Ended June 30, 2014 through 2018**

	Fiscal Year				
	2018	2017	2016	2015	2014
<b>Revenues</b>					
License and permit fees	\$ 603,094	\$ 552,200	\$ 474,198	\$ 497,209	\$ 452,286
Fines and penalties	800	275	250	4,154	4,578
Interest income	32,150	7,829	3,949	3,970	4,772
Other income	16,935	12,025	13,830	14,399	16,436
<b>Total Revenues</b>	<b>\$ 652,979</b>	<b>\$ 572,329</b>	<b>\$ 492,227</b>	<b>\$ 519,732</b>	<b>\$ 478,072</b>
<b>Expenditures</b>					
Salaries	\$ 231,570	\$ 231,449	\$ 237,209	\$ 224,792	\$ 224,734
Communication and transportation of commodities	10,877	7,231	16,603	148,706	141,903
Professional service fees	25,877	36,540	35,118	30,450	45,693
Other expenses	71,960	91,376	81,487	85,546	81,327
<b>Total Expenditures</b>	<b>\$ 340,284</b>	<b>\$ 366,596</b>	<b>\$ 370,417</b>	<b>\$ 489,494</b>	<b>\$ 493,657</b>
<b>Net Transfers In (Out)</b>	<b>\$ 198</b>	<b>\$ (1,474)</b>	<b>\$ (6,107)</b>	<b>\$ (6,039)</b>	<b>\$ (204,870)</b>

Source: Arkansas Administrative Statewide Information System Trial Balance (unaudited by Arkansas Legislative Audit)

## Exhibit III

**Arkansas State Board of Dental Examiners  
Assets and Liabilities  
For the Years Ended June 30, 2014 through 2018**

	Fiscal Year				
	2018	2017	2016	2015	2014
<b>Assets</b>					
Cash and cash equivalents	\$ 2,148,306	\$ 918,757	\$ 597,584	\$ 226,557	\$ 394,432
Investments	53,795	755,868	1,152,114	1,148,955	1,145,315
Fixed assets	18,792	17,751	17,751	17,751	17,751
Other assets	1,065	1,416	866	710	860
<b>Total Assets</b>	<b>\$ 2,221,958</b>	<b>\$ 1,693,792</b>	<b>\$ 1,768,315</b>	<b>\$ 1,393,973</b>	<b>\$ 1,558,358</b>
<b>Liabilities</b>					
Payroll liability	\$ 9,995	\$ 8,618	\$ 7,740	\$ 5,159	\$ 5,422
Unearned license fees	506,025	289,150	566,462	273,113	475,070
Interfund due to	1,003	325	7,175	41,275	27,214
Other liabilities	530	5,229	743	3,935	4,359
<b>Total Liabilities</b>	<b>\$ 517,553</b>	<b>\$ 303,322</b>	<b>\$ 582,120</b>	<b>\$ 323,482</b>	<b>\$ 512,065</b>

Source: Arkansas Administrative Statewide Information System Trial Balance (unaudited by Arkansas Legislative Audit)

