



Nicole R. Galloway, CPA
Missouri State Auditor

INSURANCE, FINANCIAL
INSTITUTIONS, AND
PROFESSIONAL
REGISTRATION

Division of Professional
Registration

Board of Therapeutic
Massage



December 2015
Report No. 2015-118

<http://auditor.mo.gov>



Nicole R. Galloway, CPA
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of the Board of Therapeutic Massage

Business Licenses	The Board of Therapeutic Massage does not have adequate follow-up procedures in place to ensure massage therapy businesses are licensed timely. As a result, the audit found a business operated for almost one year without a license. The internal licensing system tracks when applications are received and licenses are issued; however, board personnel do not periodically generate a report to determine which business licenses are in pending status to ensure timely action.
Continuing Education Requirements	The board does not have procedures in place to ensure continuing education requirements are met. As part of the license renewal process, the renewal application asks whether continuing education hours have been obtained, but the board relies on the applicant to confirm whether requirements were met. Board rules require licensees to keep documentation of completed continuing education courses. The board may request this documentation, but does not routinely do so, and periodic reviews are not in place to test compliance with continuing education requirements.
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

Board of Therapeutic Massage

Table of Contents

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

Management Advisory Report - State Auditor's Findings	
1. Business Licenses.....	4
2. Continuing Education Requirements.....	5
3. User Account Management.....	5

Organization and Statistical Information	7
<u>Appendix</u>	
Comparative Statement of Receipts, Disbursements, and Changes in Cash and Investments, Massage Therapy Fund, 2 Years Ended June 30, 2015.....	8



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
Board of Therapeutic Massage
Jefferson City, Missouri

We have audited certain operations of the Department of Insurance, Financial Institutions, and Professional Registration, Division of Professional Registration, Board of Therapeutic Massage, 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:

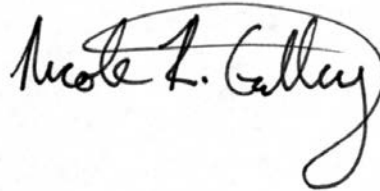
1. Evaluate the board's internal controls over significant management and financial functions.
2. Evaluate the board's compliance with certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and operations, including certain financial transactions.

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) a deficiency 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, Board of Therapeutic Massage.

A handwritten signature in black ink that reads "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: Cody Gardner

Division of Professional Registration

Board of Therapeutic Massage

Management Advisory Report - State Auditor's Findings

1. Business Licenses

The Board of Therapeutic Massage (Board) does not have adequate follow-up procedures in place to ensure massage therapy businesses are licensed timely. As a result, for 1 of 8 business licenses reviewed, the business operated for nearly one year without a license. The Board received the application for licensure in March 2014; and all requirements were met except for a background check on the owner. The Board informally provided a 90 day grace period to complete the background check and allowed the business to operate on a provisional basis. The applicant submitted the background check in July 2014; however, clarification was requested due to inconsistencies with the original application. The Board continued to allow the business to operate without a required license until March 2015, when the Board received clarification on the background check results and the license was issued. There is no evidence Board personnel periodically monitored the outstanding license requirement or followed up with the business during this time.

The internal licensing system tracks when applications are received and licenses are issued; however, Board personnel do not periodically generate a report to determine which business licenses are in pending status to ensure timely action.

State regulation 20 CSR 2197-5.020(2) states a massage therapist may not practice massage therapy at a site, location, or place which is not duly licensed as a massage therapy business. As part of licensing, the business must complete the required application, pay a fee, provide proof of liability insurance, pass a site inspection, and obtain a background check if the owner is not a licensed massage therapist or has an outdated background check. During the 2 years ended June 30, 2015, the Board issued approximately 380 new massage therapy business licenses. Timely licensing procedures and follow up are necessary to ensure businesses are properly licensed and to protect the public.

Recommendation

The Board of Therapeutic Massage monitor outstanding license requirements and follow up with businesses to ensure licensing requirements are met timely or prohibit unlicensed massage therapy businesses from practicing on the public until all requirements are met.

Auditee's Response

The Board concurs with the recommendation that the tracking process for business applications should be improved. As the division migrates to a new licensure system, the system will include a tracking alert function that will allow licensing personnel to schedule a follow up with an applicant or inspector and to run reports regarding pending applications for business licensure.



2. Continuing Education Requirements

The Board does not have procedures in place to ensure continuing education requirements are met.

Individual licensees are required to complete 12 hours of continuing education every 2 years. As part of the license renewal process, the renewal application asks whether the applicant has obtained the required hours of continuing education. According to Board personnel, the Board relies on the applicant's attestation these requirements were met. While the Board's rules require licensees to maintain support of course completion to be submitted to the Board upon request, the Board does not routinely request supporting documentation and periodic reviews are not in place to test compliance with continuing education requirements.

According to state regulations 20 CSR 2197-2.050(1) and (2), massage therapy licensees are required to complete 12 hours of continuing education every 2 years, as a condition of renewal. State law further requires licensees to maintain support of course completion for at least 6 years, and such evidence must be submitted upon request from the Board. Without periodic reviews of continuing education requirements, the Board has no assurance the requirements are being met.

Recommendation

The Board of Therapeutic Massage establish procedures to periodically review licenses for compliance with continuing education requirements, including requesting supporting documentation to verify course completion.

Auditee's Response

Section 324.265.3(2), RSMo, provides in relevant part that "[t]he board shall renew any license upon:...(2) Proof, as provided by rule, that the therapist has completed twelve hours of continuing education...." The board's renewal application, submitted by the licensee under oath, requires that the licensee attest to the completion of the required continuing education. The board will consider amending the rule and renewal process.

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.



Division of Professional Registration
Board of Therapeutic Massage
Management Advisory Report - State Auditor's Findings

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:

- Accounts for 2 Division of Professional Registration (division) employees who terminated in November 2010 and February 2012 still had system access, including one with data entry access.
- Eleven temporary accounts used by the 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 5 division employees exceeded the level their job responsibilities required. These employees had data entry access when 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 2 terminated employees and 11 temporary accounts have been removed and the 5 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 or that access rights would not be aligned with current job duties, and confidential data would be accessible to inappropriate users.

Recommendation

The Board of Therapeutic Massage 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 Missouri Board of Therapeutic Massage will review processes regarding access rights to electronic systems to maintain security.

Division of Professional Registration

Board of Therapeutic Massage

Organization and Statistical Information

The Board of Therapeutic Massage (Board) was established in 1998 under House Bill 1601 by an act of the 89th Missouri General Assembly. 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 massage therapists and massage therapy businesses, investigating complaints, and disciplining licensees. At June 30, 2015, there were 6,360 active licenses. New issuance license fees were \$125 for a massage therapist and \$50 for a massage therapy business. Biennial renewal license fees were \$100 for a massage therapist and \$75 for a massage therapy business.

The Board consists of eight members, including six voting members who are licensed massage therapists, one voting public member, and one nonvoting member who is a member of the massage education community. Board members are appointed by the Governor with the advice and consent of the Senate and serve a term of 4 years. A member who has served for a total of 8 years is not eligible for reappointment. The Board members at June 30, 2015, were:

Member	Term Expires
Renate Brodecker, Chairperson	June 17, 2011
Brandy Mouser, Vice Chairperson	June 17, 2013
Jennifer Morgan, Secretary	June 17, 2014
Carl Nelson, Voting Member	June 17, 2010
Vacant	
Vacant	
Vacant	
Vacant	

From October 22, 2013, to March 26, 2014, the Board did not have enough members for a quorum and could not meet.

Board members receive compensation of \$70 per day while performing their duties and reimbursement for expenses. The Board appoints an executive director to perform the administrative duties of the Board. Loree Kessler serves as Executive Director. Three other employees perform administrative duties and responsibilities.

Appendix

Division of Professional Registration

Board of Therapeutic Massage

Massage Therapy Fund

Comparative Statement of Receipts, Disbursements, and Changes in Cash and Investments

	Year Ended June 30,	
	2015	2014
RECEIPTS		
Professional license or permit fees	\$ 591,575	122,575
Other fees	3,015	2,475
Penalties	3,250	1,700
Overpayments	1,334	550
Total Receipts	<u>599,174</u>	<u>127,300</u>
DISBURSEMENTS		
Licensure replacement system expense and equipment	4,214	15,400
State Central Services cost allocation	4,612	1,072
Total Disbursements	<u>8,826</u>	<u>16,472</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>590,348</u>	<u>110,828</u>
TRANSFERS		
To Professional Registration Fees Fund (1)	312,056	257,461
To General Revenue Fund (2)	0	966
Total Transfers	<u>312,056</u>	<u>258,427</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS AND TRANSFERS	278,292	(147,599)
CASH AND INVESTMENTS, JULY 1	<u>747,983</u>	<u>895,582</u>
CASH AND INVESTMENTS, JUNE 30	<u>\$ 1,026,275</u>	<u>747,983</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.