

**State of Arizona  
Board of Examiners of  
Nursing Care Institution Administrators  
And Assisted Living Facility Managers  
Procedural Review Letter  
As of April 3, 2002**



DEBRA K. DAVENPORT, CPA  
AUDITOR GENERAL

STATE OF ARIZONA  
OFFICE OF THE  
AUDITOR GENERAL

WILLIAM THOMSON  
DEPUTY AUDITOR GENERAL

May 30, 2002

Christine Springer, Acting Executive Director  
Board of Examiners of  
Nursing Care Institution Administrators  
and Assisted Living Facility Managers  
1400 West Washington, Suite 230  
Phoenix, AZ 85007

**Subject: Procedural Review Letter**

Dear Ms. Springer:

We have performed a procedural review of the Board of Examiners of Nursing Care Institution Administrators and Assisted Living Facility Managers' internal controls in effect as of April 3, 2002. Our review consisted primarily of inquiries, observations, and selected tests of internal control policies and procedures, accounting records, and related documents. The review was more limited than would be necessary to give an opinion on internal controls. Accordingly, we do not express an opinion on internal controls or ensure that all deficiencies in internal controls are disclosed.

Specifically, we reviewed cash receipts, cash disbursements, interfund transactions, payroll, and purchasing.

As a result of our review, we noted certain deficiencies in internal controls that the Board's management should correct to ensure that it fulfills its responsibility to establish and maintain adequate internal controls. Our recommendations concerning them are described below.

**The Board should deposit its cash receipts in a timely manner  
and maintain documentation supporting those deposits**

Cash receipts are especially susceptible to theft or misuse, so it is important to deposit them with the State Treasurer on a timely basis. However, for two of four receipts tested, the Board deposited its cash receipts from 4 to 11 days after it received the cash. In addition, for one of four receipts tested, the Board lacked documentation showing that the amount it received was ultimately deposited.

Christine Springer, Acting Executive Director  
May 30, 2002  
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To help ensure cash receipts are adequately safeguarded and controlled, the Board should deposit them daily, if greater than \$500, or at least weekly. Further, the Board should reconcile deposit documentation to its cash receipt log and retain documentation supporting the deposit as evidence of this process.

This letter is intended solely for the information and use of the Board of Examiners of Nursing Care Institution Administrators and Assisted Living Facility Managers and is not intended to be and should not be used by anyone other than the specified party. However, this letter is a matter of public record and its distribution is not limited.

Should you have any questions concerning our procedural review, please let us know.

Sincerely,

Dennis L. Mattheisen, CPA  
Financial Audit Director



**BOARD OF EXAMINERS OF NURSING CARE INSTITUTION ADMINISTRATORS AND  
ASSISTED LIVING CARE FACILITY MANAGERS**

Jane Dee Hull  
Governor

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Joan Johnson  
President

May 16, 2002

Dennis L. Mattheisen, CPA  
Financial Audit Director  
Office of the Auditor General  
2910 N. 44<sup>th</sup> Street, Suite 410  
Phoenix, Arizona 855018

**RESPONSE**

Dear Mr. Mattheisen:

With regard to the May 13, 2002 Procedural Review Letter the following response is made. The Board concurs with the findings. However, in doing so it is my understanding that the sample test documents were from the October, 2001 through December, 2001 time frames. I believe it is only fair to state, for the record, that two key board staff members were out on sick leave due to accidents that left them physically debilitated. In addition, the State Board's Office personnel were transitional and were in training. The combination of both offices in transition may have contributed to some of the factors found in the audit.

Responding directly to the finding that the Board should maintain documentation supporting cash receipt deposits and deposit receipts timely, it is the current and past policy of the Board that documentation regarding cash receipt deposits is reviewed, initialed and dated by the executive director and forwarded to the State Board's Office personnel for filing. Apparently, one of the audit samples was not present in the State Board's Office file for this particular Board. Again, we concur with the finding but content that the proper procedure is in place to conform to state accounting procedures and standards.

The Board concurs with the finding regarding the timely deposit of receipts. Two individuals will control and safeguard the process of depositing cash receipts. One staff person will open mail and log checks and money orders to a separate handwritten logbook. The receipts will be given to the office manager who will endorse and receipt the checks and money orders, and hand carry the deposit to the State Board's Office personnel. It is our intention to deposit daily, if cash receipts are greater than \$500 or at least weekly, if less.

Sincerely,

Chris Springer  
Acting Executive Director  
Cc: Amanda Ziebel