



A REPORT
TO THE
ARIZONA LEGISLATURE

Financial Audit Division

Procedural Review

Arizona State Board of Nursing

As of November 30, 2003



Debra K. Davenport
Auditor General

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**STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL**

DEBRA K. DAVENPORT, CPA
AUDITOR GENERAL

WILLIAM THOMSON
DEPUTY AUDITOR GENERAL

February 13, 2004

Joey Ridenour, Executive Director
Arizona State Board of Nursing
1651 East Morten, Suite 210
Phoenix, AZ 85020

Dear Mrs. Ridenour:

We have performed a procedural review of the Board's internal controls in effect as of November 30, 2003. 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, transfers, payroll, purchasing, equipment, statutory compliance, and financial reporting.

As a result of our review, we noted a deficiency 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 recommendation concerning it is described below.

**The Board should follow
procurement requirements**

To help promote open and fair competition among vendors and ensure that agencies receive the best possible value for the public money they spend, agencies must follow prescribed purchasing requirements outlined in the Uniform Procurement Code, established by the Department of Administration—State Procurement Office (SPO). However, the Board did not follow the requirements for sole source procurement. Specifically, for two professional service contracts and one software purchase totaling almost \$12,000, the Board did not obtain SPO's approval for making the purchases from a sole source.

To help ensure that all purchases follow Uniform Procurement Code requirements, the Board should obtain SPO's approval for all sole source or emergency purchases.

Joey Ridenour, Executive Director
February 13, 2004
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This letter is intended solely for the information and use of the Board 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

Janet Napolitano
Governor



Joey Ridenour
Executive Director

Arizona State Board of Nursing

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February 6, 2004

Dennis L Mattheisen, CPA
Financial Audit Director
Office of Auditor General, State of Arizona
2910 N. 44th Street, Suite 410
Phoenix, AZ 85018

Dear Mr. Mattheisen:

Thank you for your procedural review of the Arizona State Board of Nursing internal controls that were in effect as of November 30 2003. We appreciate the breadth of the review into the areas of cash receipts, cash disbursements, payroll, purchasing, equipment, financial reporting and statutory compliance. Want to also thank the fiscal services staff that assisted in the process, Diane Serra, Business Manager, and Norma Salter. The success of the audit would not have been possible without the high quality work they do all year round in protecting the assets of the Board of Nursing.

We agree with the one audit finding and will comply with the recommendations offered by the Office of the Auditor General to ensure proper accountability and compliance with established procurement requirements.

Thank you for you assistance and if you should need additional information, you may contact me at (602) 889-5200.

Sincerely,

Joey Ridenour, RN, MN
Executive Director