

State of Arizona
Board of Behavioral Health Examiners
Procedural Review Letter
As of April 5, 2001

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DEBRA K. DAVENPORT, CPA
AUDITOR GENERAL

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

WILLIAM THOMSON
DEPUTY AUDITOR GENERAL

May 29, 2001

Debra Rinaudo, Executive Director
State of Arizona, Board of Behavioral Health Examiners
1400 West Washington, Suite 350
Phoenix, AZ 85007

Subject: Procedural Review Letter

Dear Ms. Rinaudo:

We have performed a procedural review of the Board of Behavioral Health Examiners' internal controls in effect as of April 5, 2001. 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, payroll, purchasing, transfers, and equipment.

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. That deficiency and our recommendation concerning it are described below.

**Cash receipts were not
deposited on a timely basis**

Monies received were not deposited on a timely basis. For two of five receipts tested with total daily receipts in excess of \$500, monies were deposited three to ten days after the receipt dates.

To help ensure that all monies received are adequately safeguarded, the Board should deposit receipts intact at least weekly. If the amount is over \$500, receipts should be deposited daily. (*State of Arizona Accounting Manual*, section II-Q, page 2)

This letter is intended solely for the information and use of the Board of Behavioral Health Examiners 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.

Debra Rinaudo, Executive Director
May 29, 2001
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Should you have any questions concerning our procedural review, please let us know.

Sincerely,

Dennis L. Mattheisen, CPA
Financial Audit Director



STATE OF ARIZONA
BOARD OF BEHAVIORAL HEALTH EXAMINERS
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Behavioral_Health@pop.state.az.us

JANE DEE HULL
Governor

DEBRA RINAUDO
Executive Director

May 15, 2001

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

Dear Mr. Mattheisen:

We received your Procedural Review Letter dated May 2001. You found that cash receipts were not deposited on a timely basis.¹ The agency has reviewed your recommendation that the Board should deposit receipts at least weekly and daily for receipts over \$500. Because of the agency's average daily receipts, that recommendation will require daily deposits.

Daily deposits have been difficult for the agency in the past. The agency only has ten employees and our deposit procedures require that staff members manually log all checks into the check log and database, complete the deposit slip and physically carry all deposits to GAO, a time-consuming process. In addition, the agency receives checks at 10:00 a.m. and 3:00 p.m. daily. Because of the lengthy procedures required to process each check, checks received during the afternoon delivery cannot be deposited on the day of receipt.

For these reasons, the agency has been forced to forego daily deposits at times in order to fulfill its many other responsibilities and services. It should be noted that the agency does not handle cash. The agency accepts personal checks for amounts under \$25. For amounts over \$25, the agency requires certified checks or money orders payable to the Board. These items are secured at all times pending deposit.

Even so, the agency will make every effort to comply with your recommendation. The agency currently has only one staff member available to make deposits. Placing the entire burden of making deposits on one staff member has contributed to the agency's inability to make timely deposits. The agency has begun cross-training additional employees in the procedures required to make deposits so that deposits can be made even when the staff member primarily responsible for deposits is absent or unavailable. This change should significantly improve the agency's ability to make more timely deposits.

I would like to thank you and the audit team for your assistance in this matter. I can be reached at 602-542-1884 if you have any questions.

Sincerely,

A handwritten signature in cursive script, reading "Debra Rinaudo".

Debra Rinaudo
Executive Director

¹ You indicated that one of the receipts tested was deposited ten days after the receipt date. Excluding the day of receipt, which was a Friday, and weekends, the deposit was made five days after receipt.