



A REPORT
TO THE
ARIZONA LEGISLATURE

Financial Audit Division

Procedural Review

Board of Athletic Training

As of May 18, 2004



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

August 12, 2004

Cedes Bruno Morgan, Executive Director
State of Arizona
Board of Athletic Training
5060 North 19th Avenue, Suite 209
Phoenix, AZ 85015

Dear Ms. Morgan:

We have performed a procedural review of the Board's internal controls in effect as of May 18, 2004. 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, journal entries, transfers, and payroll.

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 as described below:

**The Board should maintain effective controls
over cash receipts**

The Board collects cash receipts for initial and renewal license applications for athletic trainer certifications. Since cash receipts can be easily lost, stolen, or misused, the Board needs to properly control and safeguard them. However, the Board did not have adequate written procedures or enforce existing procedures to properly control and safeguard cash receipts. For example, the system changed the original sequence of receipt numbers assigned to transactions in the electronic mail log; however, the original receipt numbers were recorded on the related supporting documents. As a result, auditors were unable to determine that monies were received for all licenses issued, and that all monies collected were recorded and deposited. Also, auditors noted delays up to 13 days in depositing receipts and delays up to 4 months in notifying the General Accounting Office and the State Treasurer of the deposit amounts and account codes.

The Board should establish detailed written procedures to effectively control and safeguard cash receipts and should monitor employees to ensure that they are following these procedures. These procedures should include the following:

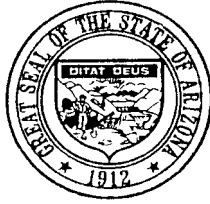
- The Board should record cash receipts in its electronic mail log using a prenumbered sequence that is sequentially controlled with dates that are automatically generated to ensure that all cash receipts collected are recorded. The Board should program receipt numbers and dates in its electronic mailing so that employees cannot change them and must account for all voided receipt numbers. Receipt numbers should be recorded in the applicant's file so that all applications can be traced to the appropriate cash receipt in the mail log.
- The Board should reconcile the mail log to monies deposited into the state depository bank account to ensure that all cash receipts are deposited. Also, the depository bank account deposit slips should be reconciled to the State Treasurer deposit notifications. All differences noted in these reconciliations should be investigated and corrected immediately.
- The Board should enforce its policy requiring employees to deposit cash receipts into the state depository bank account at least weekly or more often if they are holding at least \$500 in cash receipts. In addition, the Board should prepare a weekly State Treasurer deposit notification to account for the depository bank account monies and ensure that these revenues are recorded in the Board's account on the Arizona Financial Information System.

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



**ARIZONA BOARD OF OCCUPATIONAL THERAPY EXAMINERS
& ARIZONA BOARD OF ATHLETIC TRAINERS**

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July 29, 2004

Ms. Debbie Davenport
Auditor General
State of Arizona
Office of the Auditor General
2910 N. 44th Street, Suite 410
Phoenix, AZ 85018

Dear Ms. Davenport:

The following is the Board of Athletic Trainers' response to the procedural review letter findings as of May 18, 2004.

The Board should maintain effective controls over cash receipts.

We concur. The Board currently uses Excel to generate electronic receipts that are to be pre-numbered in sequence; however this field was not locked. It is this Director's opinion that a computer virus was the cause of the changes to a number of fields in this program. To help prevent this from happening in the future a new anti-virus program has been installed. The Receipt Log file will also be programmed to automatically enter the date with locked fields on both the date and receipt number. We have reviewed our procedures and implemented changes to the duties of each staff member to assure the timeliness of deposits being reconciled with the State Treasurer's Office. Since the audit we now deposit all revenues weekly and notify General Accounting Office immediately after the deposit so that it may be recorded on AFIS and then verify by the State Treasurer's Office.

We appreciated the opportunity to have our procedures reviewed and more efficient procedures pointed out to us. I feel we have made several changes to our procedures in light of the audit to help this agency fulfill its responsibilities in recording and reporting revenues to the General Accounting Office and establishing adequate internal controls.

Should you have any questions or concerns, please feel free to contact me at (602) 589-8353.

Sincerely,

Cedes Bruno Morgan
Executive Director