



A REPORT  
TO THE  
ARIZONA LEGISLATURE

Financial Audit Division

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Procedural Review

## Board of Barbers

As of May 14, 2002

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**Debra K. Davenport**  
Auditor General

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DEBRA K. DAVENPORT, CPA  
AUDITOR GENERAL

STATE OF ARIZONA  
OFFICE OF THE  
AUDITOR GENERAL

WILLIAM THOMSON  
DEPUTY AUDITOR GENERAL

August 6, 2002

Mario J. Herrera, Executive Director  
State of Arizona  
Board of Barbers  
1400 West Washington Street, Suite 220  
Phoenix, AZ 85007

**Subject: Procedural Review Letter**

Dear Mr. Herrera:

We have performed a procedural review of the Board's internal controls in effect as of May 14, 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, transfers, payroll, and financial reporting.

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  
cash receipts at least weekly**

Because cash receipts are susceptible to potential loss or theft, the Board should establish effective controls to properly safeguard these monies. However, the Board did not establish the necessary procedures to ensure that cash receipts were deposited in a timely manner. Specifically, auditors noted that during the period, July 1, 2001, to February 28, 2002, monies were deposited in the State's servicing bank only five times and those deposits averaged \$19,500. Promptly depositing receipts would have decreased the risk of loss or theft of monies and increased interest earnings for the State.

Mario J. Herrera, Executive Director  
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To properly account for and safeguard cash, the Board should establish procedures to deposit receipts intact at least weekly, or when receipts total \$500). (*State of Arizona Accounting Manual*, section II-Q, page 2)

**The Board should ensure that cash receipts are promptly recorded in the accounting records**

The State's General Accounting Office (GAO) relies on documentation submitted by the Board to record cash receipts on the Arizona Financial Information System (AFIS). Therefore, the Board should establish procedures to ensure that cash receipts were recorded on the AFIS in a timely manner. During the period from July 1, 2001, to February 28, 2002, deposit slips and accompanying documentation were not submitted in a timely manner to the GAO. The last deposit slip submitted to the GAO was on November 15, 2001.

To help ensure that cash receipts are promptly recorded on the AFIS, the Board should provide proper documentation of deposits to the GAO at the time of deposit.

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