



MELANIE M. CHESNEY
DEPUTY AUDITOR GENERAL

ARIZONA AUDITOR GENERAL
LINDSEY A. PERRY

JOSEPH D. MOORE
DEPUTY AUDITOR GENERAL

May 11, 2020

The Honorable Anthony Kern, Chair
Joint Legislative Audit Committee

The Honorable Rick Gray, Vice Chair
Joint Legislative Audit Committee

Dear Representative Kern and Senator Gray:

We have recently completed a 12-month followup of the Arizona Commission on the Arts regarding the implementation status of the 5 audit recommendations presented in the internal control and compliance review in effect as of June 30, 2018, released in February 2019 (Auditor General Report 19-301). As the attached grid indicates:

- 4 have been implemented.
- 1 is in the process of being implemented.

Unless otherwise directed by the Joint Legislative Audit Committee, this concludes our follow-up work on the Commission's efforts to implement the recommendations from the February 2019 review.

Sincerely,
Donna Miller, CPA
Director, Financial Audit Division

cc: Jaime Dempsey, Executive Director
Arizona Commission on the Arts

Arizona Commission on the Arts

Auditor General Report 19-301

12-Month Follow-Up Report

Recommendation

Status/Additional Explanation

Finding 1: Commission should strengthen controls over receipts

To help ensure that all receipts are properly collected, recorded, and deposited in a timely manner, the Commission should develop and implement policies and procedures in accordance with the *State of Arizona Accounting Manual* requirements. Specifically, the Commission should ensure:

1.1 The employee responsible for receiving the receipt through the mail records the receipt details and signs the completed log.

Implementation in process

The Commission has developed a policy to ensure that two employees are present when opening the mail and receiving checks, the employees log the checks when mail is opened, and the individual endorsing the check signs the log. The Commission reported that it has not fully trained all applicable staff to follow these procedures to ensure all checks are logged when the mail is opened and reported that it plans to provide training to its staff on the new policy by June 30, 2020.

1.2 The employee who records receipts in the accounting records should not be the same employee who does the bank deposits.

Implemented at 12 months

1.3 All receipts are deposited in a timely manner and stored in a secured and locked stationary area.

Implemented at 12 months

Finding 2: Commission should perform monthly bank reconciliations

The Commission should implement a monthly bank reconciliation process that includes supervisory review and approval and retain the reconciliations in accordance with records retention policies. Further, the Commission should ensure receipt handling, recording, and reconciling responsibilities are adequately separated.

Implemented at 12 months

Finding 3: Commission should improve access controls over information technology

The Commission should develop its IT logical and physical access policies and procedures and implement them. Further, the Commission should train staff on its policies and procedures.

Implemented at 12 months