

DEPARTMENT OF HEALTH
BOARD OF DENTISTRY

The following was issued under a separate audit of the Board of Dentistry by Ronald G. Tedrow, CPA.

CURRENT AUDIT FINDING AND RECOMMENDATION

Financial Statement Audit Finding:

Finding No. 09202200901:

There is a lack of segregation of duties for the revenue and financial reporting functions.

Analysis:

Internal controls should be in place to provide reasonable assurance that revenue is processed and recorded. Controls also need to be in place to ensure accurate and reliable financial reporting.

An adequate system of accounting duties has not been achieved to ensure adequate internal control over safeguarding assets and the reliability of financial records and reporting. Segregation of duties also encompasses a review function of all phases of the entity's financial operations.

The effectiveness of the internal control system relies on enforcement by management. The effect of deficiencies in segregation of duties and internal controls can result in misappropriation of the entity's assets.

RECOMMENDATION:

1. Under these circumstances, generally the most effective controls lie in (1) management and the Board's knowledge of the entity's financial operations and (2) attempting to provide compensating controls wherever possible and practical. The basic premise is that no one person should have access to both the physical assets and related accounting records or have control over a transaction from its inception through its completion. More specifically, I recommend the administrative assistant independently compare revenues recorded in the monthly financial statements with a schedule summarizing revenues from licenses, fees and permits and resolve any variances.

Auditee's Corrective Action Plan:

The Board agrees with this finding and has determined that it is not cost beneficial to employ additional personnel to adequately segregate duties.