



John Keel, CPA
State Auditor

An Audit Report on Expenditures at the Board of Nurse Examiners

March 24, 2006

Members of the Legislative Audit Committee:

The Board of Nurse Examiners (Board) has internal controls that provide reasonable assurance that its expenditures are properly authorized, reasonable, and processed correctly and in a timely manner. Auditors examined the Board's expenditure control activities—which include approvals, authorizations, verifications, reconciliations, and segregation of duties—and a sample of its expenditures. All expenditures tested were processed in compliance with the internal controls established by the Board.

Expenditure Control Activities

The Board's expenditure control activities generally rely on segregation of duties to ensure that errors or irregularities are prevented or detected. Because segregation of duties is not always practical, Board management also conducts a daily review of all expenditures prior to processing payments to ensure that expenditures are made only for items that are reasonable. This review is a critical component of the Board's control activities.

Any system of internal controls has inherent limitations and can provide only reasonable assurance of achieving the control objective, regardless of how well the system is designed and operated. Internal controls cannot provide absolute assurance that errors or irregularities would be prevented or detected.

Expenditures Test Results

Auditors tested 120 expenditures totaling \$399,332 that the Board made from September 2004 through November 2005 and did not identify any errors. Expenditure categories tested included salaries and wages, supplies and materials, and travel. The audited categories represented approximately 60 percent of the Board's total expenditures during the audit period (see text box). Although the sample tested came from selected expenditure categories, the internal controls in place are the same for all types of expenditures.

Board of Nurse Examiners' Expenditures

The table below contains the amounts the Board expended, by category, for the audit period of fiscal year 2005 and fiscal year 2006 through November 30, 2005.

Board of Nurse Examiners' Expenditures September 1, 2004, through November 30, 2005		
Category	Amount Expended	Percentage of Total Expenditures
Salaries and Wages	\$ 3,563,705	50.83%
Supplies and Material	593,264	8.46%
Travel	83,610	1.19%
All Others	2,770,634	39.52%
Totals	\$7,011,213	100%

Source: Uniform Statewide Accounting System (USAS)



SAO Report No. 06-027

We appreciate the Board's cooperation during this audit. If you have any questions, please contact Susan Riley, Assistant State Auditor, or me at (512) 936-9500.

Sincerely,

John Keel, CPA
State Auditor

cc: Members of the Board of Nurse Examiners
Ms. Katherine Thomas, MN, RN, Executive
Director, Board of Nurse Examiners

Summary of Objective, Scope, and Methodology

The audit objective was to determine whether expenditures for goods and services at the Board of Nurse Examiners are properly authorized, processed correctly and in a timely manner, and reasonable for the performance of agency functions.

The audit scope included expenditures made during fiscal year 2005 and from September through November of fiscal year 2006.

Auditors reviewed original documentation, interviewed personnel, and performed analyses of the accounts.

This audit was conducted in accordance with generally accepted government auditing standards.

The following members of the State Auditor's staff performed the audit work:

- Robert G. Kiker, CGAP (Project Manager)
- Margaret Nicklas, CGAP, CIA (Assistant Project Manager)
- Lauren L. Godfrey
- Jennifer Lehman, MBA
- Veda Bragg Mendoza, CIA
- Adama Thiam, MBA
- Kelly Marie Vogler
- Leslie Ashton, CPA (Quality Control Reviewer)
- Susan Riley, CPA (Assistant State Auditor)



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