



GROVE, MUELLER & SWANK, P.C.
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

November 4, 2003

Board of Directors
State Board of Massage Therapists
728 Hawthorne Avenue NE
Salem, Oregon 97301

During the course of our audit field work for the three years ended June 30, 2003, certain opportunities for improving internal controls and record keeping were noted. This letter contains recommendations for strengthening those areas. They are not necessarily as complete or comprehensive as that which might result from a special systems and procedure review.

Internal accounting control refers to accounting and related procedures designed to assist officials to better control and safeguard the assets that have been entrusted to them and to provide the greatest practical assurance that accounting records are properly and accurately maintained. Also, internal accounting controls are important to auditors in that poor or weak controls require added procedures and extension in the scope of the audit work done.

Review for areas of possible improvement is a normal part of the audit and we wish to emphasize that the recommendations contained herein are presented solely to assist the Board officials in achieving more sound internal controls and record keeping. The following recommendations are in no way intended to be a reflection on the capability or integrity of any official or employee.

We also wish to express our appreciation for the cooperation and courtesy extended to us by the Board during our audit.

This report is intended for the information of the Board of Directors and management of State Board of Massage Therapists, and the State of Oregon Division of Audits and is not intended to be and should not be used by anyone other than those specified parties. However, this report is a matter of public record and its distribution is not limited.


CERTIFIED PUBLIC ACCOUNTANTS

Management Letter No. 968-2003-11-01

www.gmscpa.com

Mailing Address • P.O. Box 2122 • Salem, Oregon 97308-2122

Salem • 475 Cottage Street NE, Suite 200 • Salem, Oregon 97301-3814 • (503) 581-7788 • FAX (503) 581-0152
Albany • P.O. Box 663 • 519 S. Lyon Street • Albany, Oregon 97321-0570 • (541) 967-2315 • FAX (541) 926-5926

MEMBERS OF THE McGLADREY NETWORK • WORLDWIDE SERVICES THROUGH RSM INTERNATIONAL

PRIOR COMMENTS

UNCATEGORIZED REVENUE AND EXPENSE ACCOUNTS

Situation:

Some transactions in Quickbooks have not been classified into the standard chart of accounts. When the financial statements are printed, these transactions are not correctly identified for the reader, i.e., office supplies, etc.

Recommendation:

We recommended when keying transactions into Quickbooks and during the month end review that any uncategorized transactions be correctly classified into the proper accounts.

Current Status:

Recommendation complied with as of June 30, 2003.

COLLATERAL REQUIREMENTS

Situation.

Monies in excess of the Federal Deposit Insurance Corporation Limits of \$100,000 were not secured at year end by a certificate of participation in the State of Oregon collateral pool as required by Oregon Revised Statute 295.

Recommendation:

Management obtained a certification of participation collateral pool for an adequate amount to insure amounts held in the banking institution as of October 9, 2000.

Current Status:

See current comments.

CURRENT COMMENTS:

UNCOLLATERALIZED BANK DEPOSITS

Situation:

The Board deposits were at times in excess of the federal depository insurance, which generally limits insurance to \$100,000, plus the certification of participation for the three years ended June 30.

Recommendation:

We recommend review certification of participation requirements from the State of Oregon in order to comply with the required Oregon Revised Statutes.

CREDIT CARD PURCHASES

Situation:

During our testing of cash disbursements it was noted that the Executive Director had charged personal expenses to the Board's credit card.

Recommendation:

We recommend that the Board adopt a policy that discourages or restricts employees from using the Board's credit card to pay for personal expenses.

TIMELY BANK RECONCILIATIONS

Situation:

During our audit of cash we noted that several bank reconciliations had been prepared months after the bank statement had been received.

Recommendation:

We recommend that the monthly reconciliation be prepared in the month following in order to ensure accuracy and allow the Office Manager to reconcile any discrepancies between the bank statement and the general ledger.

SECURITY OF VOID CHECKS

Situation:

During our testing of cash disbursements it was noted that voided checks are maintained in an unlocked file cabinet and checks are voided only by stamping or writing in black ink VOID across the check.

Recommendation:

All voided checks should have the signature line removed, have *void* printed across entire check and secured in a locked cabinet.