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*Auditing for a Better Oregon*

August 25, 2005

Marguerite Gutierrez, RN, President  
Oregon State Board of Nursing  
800 NE Oregon St, Suite 465  
Portland, Oregon 97232-2162

Joan Bouchard, Executive Director  
Oregon State Board of Nursing  
800 NE Oregon St, Suite 465  
Portland, Oregon 97232-2162

Dear Ms. Gutierrez and Ms. Bouchard:

We recently completed a review of internal controls over the receipting, handling and disbursing of cash at the Board of Nursing (board) for the period July 1, 2003 through December 31, 2004. The objective of our review was to determine whether sufficient cash controls have been established and are working properly. Our review included interviewing employees, reviewing board policies and procedures, and analyzing documentation supporting a sample of transactions. We concluded the board has established sufficient controls over the receipting, handling and disbursing of cash.

We also completed a review of SPOTS purchases at the board for the period of January 1, 2003 through December 31, 2004. Our review included interviews with employees, review of policies and procedures, review of supporting documentation for SPOTS purchases, and observation of selected board processes. We identified the following issues related to SPOTS purchases:

- We question \$2,836 the board spent on meals, cakes and refreshments. Specifically, we found that the board spent \$2,382 over per diem rates for meals. While Oregon Accounting Manual (OAM) rules allow the board to spend amounts in excess of per diem rates for meals provided during board meetings,<sup>1</sup> we believe the per diem rates represent a reasonable benchmark for meal expenses. We also question the board's expenditures of \$67 each for two half-sheet cakes. Finally, we question the Board's expenditures of \$156 and \$164 for refreshments for 15 and 16 people, respectively, during a two-day board

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<sup>1</sup> See OAM 10.40.10.PO.105(c) and OAM 40.10.00.PO.108.

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work session. While OAM rules allow the use of state funds for refreshments, these amounts appear excessive.

- In addition, we found that the board spent \$1,449 on gifts for retiring employees. OAM policy 10.40.10.PO.115 specifically states that retirement invitations, cards, gifts, and party favors may not be purchased with state funds.

**We recommend** that the board:

- Review its spending for meals and refreshments using per diem rates as a guideline.
- Discontinue giving retirement gifts.

We conducted our audit work in accordance with generally accepted government auditing standards.

Should you have any questions concerning these issues, please contact us at (503) 986-2255.

Sincerely,  
OREGON AUDITS DIVISION

Sincerely,  
OREGON AUDITS DIVISION

Ryan K. Dempster, CPA, CFE  
Audit Manager

William K. Garber, MPA, CGFM  
Audit Manager

RKD:WKG:bk

cc: Laurie Warner, Acting Director, Department of Administrative Services