



Auditing for a Better Oregon

July 13, 2005

Howard "Rocky" King, Administrator
Insurance Pool Governing Board
250 Church St. SE, Suite 200
Salem, Oregon 97301-3921

Dear Mr. King:

We have completed a cash controls audit of the Insurance Pool Governing Board (agency) for the period of July 1, 2004 through March 31, 2005. We conducted the audit in accordance with generally accepted government auditing standards.

The objective of the audit was to review internal controls over cash receipts and cash disbursements and conclude on whether the controls were adequately designed and functioning as intended. In performing this audit, we interviewed agency staff and examined supporting documentation for select accounts. Based on our audit, we identified one area needing management's attention, which is summarized below along with our recommendation. We also noted other issues of lesser significance that were verbally communicated to management during the course of our audit.

Improve Controls over Miscellaneous Deposits

The Insurance Pool Governing Board management should improve controls to ensure funds are deposited within one business day of receipt as required by *Oregon Revised Statute 293.265*. The agency receives miscellaneous deposits for insurance carrier refunds and collection fees related to checks received for insufficient funds. We noted the agency was out of compliance with the statute in 60 percent of the sample items tested for miscellaneous deposits. For example, checks in the amount of \$580 and \$3,703 were not deposited until nine and five business days after receipt, respectively. **We recommend** that management ensure that all cash receipts are deposited within the next business day.

Based on our review, except for the issues noted above, the Insurance Pool Governing Board has established sufficient internal controls over the receipt and disbursement of cash. We appreciate the courtesies and cooperation extended by your staff. Should you have any questions concerning these issues, please contact me at: (503) 986-2349.

Sincerely,
OREGON AUDITS DIVISION

Kelly L. Olson, CPA
Audit Manager

cc: Becky Frederick, Business Services Manager
Laurie Warner, Acting Director, Department of Administrative Services

Management Letter No. 442-2005-07-01