

**The Board of Nurse Examiners for the State of Texas  
Texas Peer Assistance Program for Nurses**

**Applying Agreed-Upon Procedures**

**For the Twelve Month Period Ending August 31, 2005**

**TABLE OF CONTENTS**

Independent Accountant's Report on Applying Agreed-Upon Procedures.....1

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**INDEPENDENT ACCOUNTANT'S REPORT**  
**ON APPLYING AGREED-UPON PROCEDURES**

To the Board of Nurse Examiners  
for the State of Texas,  
Austin, Texas

We have performed the procedures enumerated below, which were agreed to by the Board of Nurse Examiners for the State of Texas (Board), solely to assist the Board (the specified users) in evaluating the Texas Peer Assistance Program for Nurses' (TPAPN) compliance for the fiscal year 2005 (9/1/04 – 8/31/05) with the Contract for Services to Provide Peer Assistance Services to Nurses (Contract) between the Board and the Texas Nurses Foundation (TFN), operator of TPAPN, dated September 15, 2004. The management of the TFN is responsible for complying with the terms of the contract and for maintaining accounting records related to the TPAPN. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the specified users. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. The Board has agreed that for purposes of this engagement, materiality will be limited to items which would impact their liability under the Contract. Accordingly, this limit on materiality was used in the application of the agreed-upon procedures and the reporting of such.

Our procedures and findings are as follows:

The population of contract expenditures related to TPAPN for the period 9/1/2004 through 8/31/2005 comprises payroll, office space rental, administrative support and other costs. The following agreed-upon procedures covered a minimum of 70% of expenditures under the contract for the period. Selected expenditure items included:

- Payroll Expenses – 4 expenditure items per employee
- Office Space Rental and Lease Arrangements – 4 expenditure items
- Administrative Support billed by the Association – 4 expenditure items
- Other Expense Categories – 20 expenditure items.

*Procedure #1:*

Compare expenditure to program objective to determine if it relates to the program.

Findings: No exceptions were found as a result of applying the procedure.

*Procedure #2:*

Determine the adequacy of supporting documentation for each expenditure (canceled checks, invoices, timesheets, agreements, etc.).

Findings: No exceptions were found as a result of applying the procedure.

*Procedure #3:*

Determine reasonableness of allocation of expenditure (if allocated between different sources or entities), in relation to terms of contract.

Findings: No exceptions were found as a result of applying the procedure.

*Procedure #4:*

For payroll related expenses, in addition to Procedure #2 above, establish that the employee exists and verify the employee responsibilities with the Program Director.

Findings: No exceptions were found as a result of applying the procedure.

*Procedure #5:*

Compute annual amounts for payroll, office space expense and administrative support from items selected, and compare these amounts to actual annual contract expenses.

Findings: No exceptions were found as a result of applying the procedure.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on TPAPN's compliance with the Contract. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report intended solely for the information and use of the Board of Nurse Examiners for the State of Texas and is not intended to be and should not be used by anyone other than these specified parties.

*Lein, Murphy & Co., LLP*

August 29, 2006  
Austin, Texas