

**ATTESTATION REPORT  
OF THE  
NEBRASKA BOARD OF GEOLOGISTS**

**JANUARY 1, 2011 THROUGH DECEMBER 31, 2011**

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**Issued on May 3, 2012**

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NEBRASKA BOARD OF GEOLOGISTS

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## NEBRASKA BOARD OF GEOLOGISTS

### **BACKGROUND**

The Nebraska Board of Geologists (Board) was created by the Geologists Regulation Act (Act) of 1998. Statutory provisions creating the Board became operative January 1, 1999. The Geologists Regulation Act provides for the certification and licensure of professional geologists in Nebraska whose activities may affect public health and safety. The Board determines whether geologist certification applicants have satisfied the requirements for licensing, issues licensing certificates, receives and investigates complaints, and performs other duties specified by the Act. The Board is financed by fees it collects from applications, examinations, certificates, and renewals.

The Board consists of seven governor-appointed individuals who serve five-year terms. Six members are licensed geologists with at least 10 years of experience. One member must be a geology faculty member at the University of Nebraska. The seventh member represents the public. The Board meets quarterly. Members are reimbursed for necessary expenses.

NEBRASKA BOARD OF GEOLOGISTS

**EXIT CONFERENCE**

An exit conference was held April 24, 2012, with the Board to discuss the results of our examination. Those in attendance for the Nebraska Board of Geologists were:

<b>NAME</b>	<b>TITLE</b>
Martha Link	Board Member
Jon Wilbeck	Executive Director, Board of Engineers and Architects
Sandra Weaver	Administrative Assistant II, Board of Engineers and Architects
Jean Lais	Administrative Assistant II, Board of Engineers and Architects

## NEBRASKA BOARD OF GEOLOGISTS

### COMMENT AND RECOMMENDATION

During our examination of the Nebraska Board of Geologists, we noted a certain deficiency in internal control and other operational matters that is presented here.

This comment and recommendation is intended to improve the internal control over financial reporting or result in operational efficiencies in the area as follows:

#### **Internet Roster Incorrect**

Per Neb. Rev. Stat. § 81-3502 (Reissue 2008), “in order to safeguard life, health, and property and to promote the public welfare, the profession of geology is declared to be subject to regulation in the public interest.” The Board publishes a current roster of licensed geologists on its website. A good internal control plan requires procedures be in place to ensure the roster is accurate. The roster showed 356 licensed geologists; however, there are currently only 304 licensed geologists.

It appears that some of the individuals showing up on the roster were previous licensees whose licenses have lapsed. It appears the script used to pull the roster was pulling all licensees, current and noncurrent.

Per the Board, a script was developed years ago to automatically pull current licensee information from their database to publish on their website. Over the years, various programming changes have been made to the script. After changes were made to the program, the Board did not verify the online roster was accurate. When we brought this issue to the Board’s attention, they fixed the programming language in the script and published a correct roster on their website that day.

Inaccurate information was published on the website. The public could unknowingly do business with unlicensed geologists.

We recommend the Board develop, implement, and document a procedure to verify the online roster is correct prior to it being published on the website.

*Board’s Response: An internal controls policy to monitor the list of current licensees before publication on the website was created and implemented the day the issue was discovered. Files exported for publication on the web are reviewed and reconciled with the Board’s licensee database. Any needed database script corrections are made and logged prior to website publication.*

It should be noted that this report is critical in nature as it contains only our comment and recommendation on the area noted for improvement and does not include our observations on any accounting strengths of the Nebraska Board of Geologists.

NEBRASKA BOARD OF GEOLOGISTS

**COMMENT AND RECOMMENDATION**

(Continued)

Draft copies of this report were furnished to the Board to provide them an opportunity to review the report and to respond to the comment and recommendation included in this report. The formal response received has been incorporated into this report. The response has been objectively evaluated and recognized, as appropriate, in the report. A response that indicates corrective action has been taken was not verified at this time, but will be verified in the next examination.



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### NEBRASKA BOARD OF GEOLOGISTS

### INDEPENDENT ACCOUNTANT'S REPORT

Nebraska Board of Geologists  
Lincoln, Nebraska

We have examined the accompanying schedule of revenues, expenditures, and changes in fund balance of the Nebraska Board of Geologists (Board) for the year ended December 31, 2011. The Board's management is responsible for the schedule of revenues, expenditures, and changes in fund balance. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and accordingly, included examining, on a test basis, evidence supporting the schedule of revenues, expenditures, and changes in fund balance and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the schedule referred to above presents, in all material respects, the revenues, expenditures, and changes in fund balance of the Nebraska Board of Geologists for the year ended December 31, 2011, based on the accounting system and procedures prescribed by the State of Nebraska Director of the Department of Administrative Services as described in Note 1.

In accordance with *Government Auditing Standards*, we are required to report findings of deficiencies in internal control, violations of provisions of contracts or grant agreements, and abuse that are material to the schedule of revenues, expenditures, and changes in fund balance and any fraud and illegal acts that are more than inconsequential that come to our attention during our examination. We are also required to obtain the views of management on those matters. We performed our examination to express an opinion on whether the schedule of revenues, expenditures, and changes in fund balance is presented in accordance with the criteria described above and not for the purpose of expressing an opinion on the internal control over the schedule of revenues, expenditures, and changes in fund balance or on compliance and other matters; accordingly we express no such opinions. Our examination disclosed no findings that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board and the appropriate regulatory agencies. However, this report is a matter of public record and its distribution is not limited.

Signed Original on File

April 24, 2012

Mike Foley  
Auditor of Public Accounts

NEBRASKA BOARD OF GEOLOGISTS  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
For the Calendar Year Ended December 31, 2011

	Geologists Regulation Fund 25910
REVENUES:	
Sales & Charges	\$ 31,082
Miscellaneous	1,631
TOTAL REVENUES	32,713
EXPENDITURES:	
Operating	26,953
Travel	2,028
TOTAL EXPENDITURES	28,981
Excess of Revenues Over Expenditures	3,732
OTHER FINANCING SOURCES (USES):	
Operating Transfers Out	(825)
TOTAL OTHER FINANCING SOURCES (USES)	(825)
Net Change in Fund Balance	2,907
FUND BALANCE, JANUARY 1, 2011	63,707
FUND BALANCE, DECEMBER 31, 2011	\$ 66,614
FUND BALANCE CONSISTS OF:	
General Cash	\$ 66,614
TOTAL FUND BALANCE	\$ 66,614

The accompanying notes are an integral part of the schedule.

# NEBRASKA BOARD OF GEOLOGISTS

## NOTES TO THE SCHEDULE

For the Year Ended December 31, 2011

### 1. Criteria

The accounting policies of the Nebraska Board of Geologists (Board) are on the basis of accounting as prescribed by the State of Nebraska Department of Administrative Services (DAS).

Per Neb. Rev. Stat. § 81-1107(2) (Reissue 2008), the State of Nebraska Director of the Department of Administrative Services duties include “The keeping of general accounts and the adoption and promulgation of appropriate rules, regulations, and administrative orders designed to assure a uniform and effective system of accounts and accounting, the approval of all vouchers, and the preparation and issuance of warrants for all purposes.”

In accordance with Neb. Rev. Stat. § 81-1111(1) (Reissue 2008), The State Accounting Administrator has prescribed the system of accounts and accounting to be maintained by the State and its departments and agencies and has developed necessary accounting policies and procedures. The prescribed accounting system currently utilizes EnterpriseOne to maintain the general ledger and all detailed accounting records. Policies and procedures are detailed in the Nebraska State Accounting Manual published by DAS State Accounting Division (State Accounting) and are available to the public. The financial information used to prepare the schedule of revenues, expenditures, and changes in fund balance was obtained directly from the general ledger and fund balance information maintained on EnterpriseOne. As transactions occur, the agencies record the accounts receivables and accounts payable in the general ledger. As such, certain revenues are recorded when earned and expenditures are recorded when a liability is incurred, regardless of the timing of related cash flows. The expenditures and related accounts payables recorded in the general ledger as of December 31, 2011, include only those payables posted in the general ledger before December 31, 2011, and not yet paid as of that date. The amount recorded as expenditures as of December 31, 2011, **does not** include amounts for goods and services received before December 31, 2011, which had not been posted to the general ledger as of December 31, 2011.

The Board had no accounts receivable at December 31, 2011. Liabilities for accrued payroll and compensated absences are not recorded in the general ledger.

The fund type established by the State that is used by the Board is:

**20000 – Cash Funds** – account for revenues generated by specific activities from sources outside of State government and the expenditures directly related to the generation of the revenues. Cash funds are established by State statutes and must be used in accordance with those statutes.

The major revenue account classifications established by State Accounting used by the Board are:

**Sales & Charges** – Income derived from sales of merchandise and commodities, compensation for services rendered, and charges for various licenses, permits, and fees.

NEBRASKA BOARD OF GEOLOGISTS

**NOTES TO THE SCHEDULE**

(Continued)

**1. Criteria** (Concluded)

**Miscellaneous** – Revenue from sources not covered by other major categories, such as investment income.

The major expenditure account classifications established by State Accounting used by the Board are:

**Operating** – Expenditures directly related to a program’s primary service activities.

**Travel** – All travel expenses for any State officer, employee, or member of any commission, council, committee, or board of the State.

Other significant accounting classifications and procedures established by State Accounting and used by the Board include:

**Assets** – Resources owned or held by a government that have monetary value. Assets include cash accounts. Cash accounts are also included in the fund balance and are reported as recorded in the general ledger.

**Liabilities** – Legal obligations arising out of transactions in the past that must be liquidated, renewed, or refunded at some future date. Accounts payable transactions are recorded as expenditures resulting in a decrease to the fund balance.

**Other Financing Sources** – Operating transfers, proceeds of fixed asset dispositions, and long-term debt proceeds.

**2. Reporting Entity**

The Nebraska Board of Geologists (Board) is a State agency established under and governed by the laws of the State of Nebraska. As such, the Board is exempt from State and Federal income taxes. The schedule includes all funds of the Board included in the general ledger.

The Nebraska Board of Geologists is part of the primary government for the State of Nebraska.

**3. General Cash**

General cash accounts are under the control of the State Treasurer or other administrative bodies as determined by law. All cash deposited with the State Treasurer is initially maintained in a pooled cash account. On a daily basis, the State Treasurer invests cash not needed for current operations with the State’s Investment Council that maintains an operating investment pool for such investments. Interest earned on those investments is allocated to funds based on their percentage of the investment pool.

NEBRASKA BOARD OF GEOLOGISTS

**NOTES TO THE SCHEDULE**

(Continued)

**4. Memorandum of Agreement with the Board of Engineers and Architects**

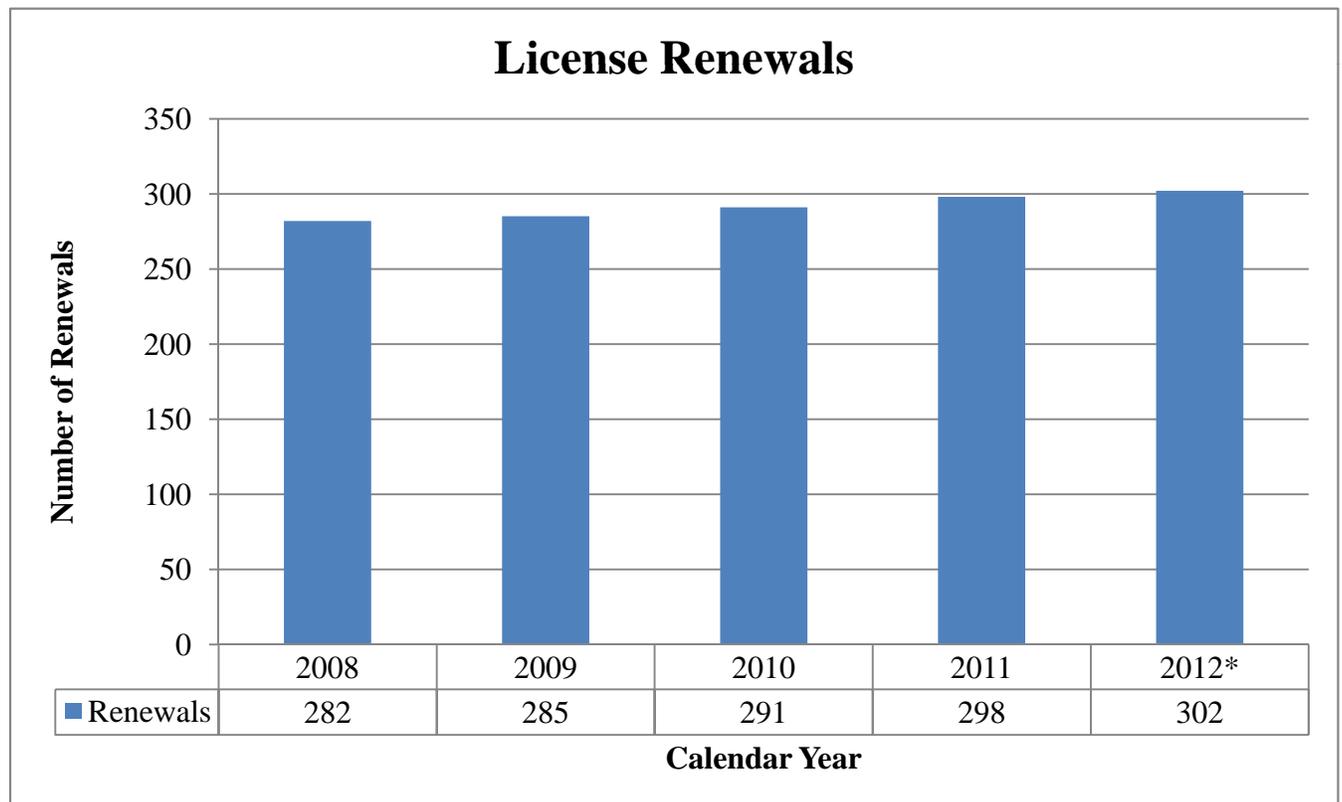
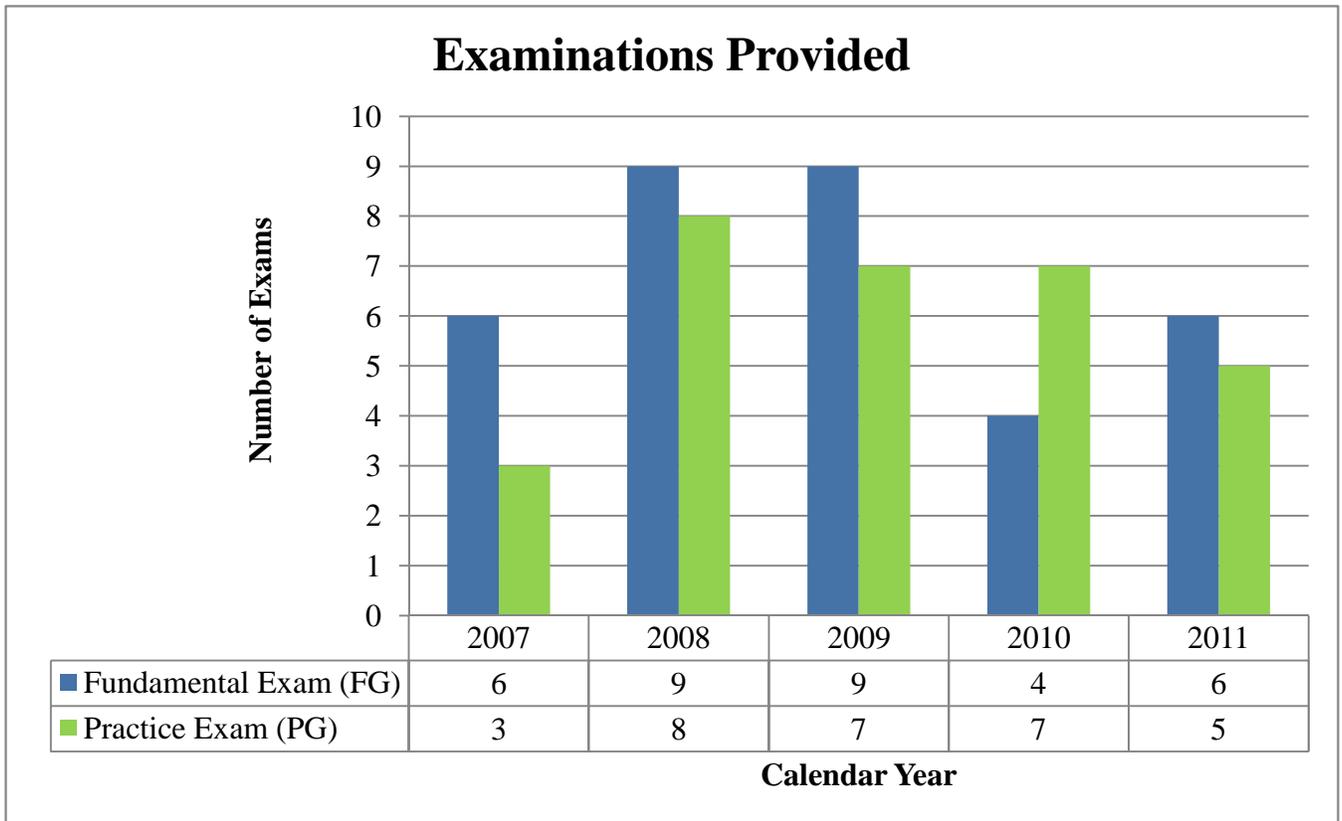
The Board has signed a memorandum of agreement with the Nebraska Board of Engineers and Architects for administrative support and office space. Therefore, the Board does not have payroll expenses or capital assets.

NEBRASKA BOARD OF GEOLOGISTS

**SUPPLEMENTARY INFORMATION**

Our examination was conducted for the purpose of forming an opinion on the schedule of revenues, expenditures, and changes in fund balance. Supplementary information is presented for purposes of additional analysis. Such information has not been subjected to the procedures applied in the examination of the schedule of revenues, expenditures, and changes in fund balance, and, accordingly, we express no opinion on it.

NEBRASKA BOARD OF GEOLOGISTS



\*Note: The Board is still in the 2012 renewal period. License renewals for 2012 are presented as of March 19, 2012. Any renewals made after that date are not presented on this chart.