

**ATTESTATION REPORT
OF THE
NEBRASKA STATE BOARD OF
EXAMINERS FOR LAND SURVEYORS**

JULY 1, 2017, THROUGH JUNE 30, 2018

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Issued on October 4, 2018

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We will maintain a professionally prepared staff, utilizing up-to-date technology, and following current Government Auditing Standards.

Audit Staff Working On This Examination

Stephanie Todd, CPA, CFE – Audit Manager

Derek Hammer – Auditor II

Caleb Witt – Auditor

Kimberly Gustafson – Auditor

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NEBRASKA STATE BOARD OF EXAMINERS FOR LAND SURVEYORS

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NEBRASKA STATE BOARD OF EXAMINERS FOR LAND SURVEYORS

BACKGROUND

The State Board of Examiners for Land Surveyors (Board) was created by the Legislature in 1957. The law provided for the Director-State Engineer, State Surveyor, and Dean of the University of Nebraska's College of Engineering to serve as an ex officio board. The State Surveyor was the board's ex officio secretary.

The 1971, Legislature established the independent Board. The Board tests and interviews people applying to be registered land surveyors. The Board can also revoke registrations for failure to follow the Land Surveyors Regulation Act and the Board's rules and regulations. The Board is financed through registration fees, which are handled by the Board's secretary.

The Board has five members who are appointed by the Governor to five-year terms. Four members must be registered land surveyors who have lived in Nebraska for at least one year and have been practicing surveyors for 10 years; at least five of those years must have been spent in charge of surveying work. One Board member, who is at least 21 years old and a Nebraska resident for at least one year, represents the public. The State Surveyor serves as ex officio secretary of the Board and all committees appointed by the Board.

The Board meets six times each year. Though not paid, Board members are reimbursed for their expenses.

NEBRASKA STATE BOARD OF EXAMINERS FOR LAND SURVEYORS

KEY OFFICIALS AND AGENCY CONTACT INFORMATION

Nebraska State Board of Examiners for Land Surveyors Board Members

Name	Title	Term Ending
James Hawks	Chairperson	February 28, 2020
Jerry Hain	Vice-Chairperson	February 28, 2019
Virlyn Bolte	Member	February 28, 2023
Mary Pro	Member	February 28, 2019
Dennis Whitfield	Member	February 28, 2022
Casey Sherlock	Ex Officio Secretary	

Nebraska State Board of Examiners for Land Surveyors Executive Management

Name	Title
Casey Sherlock*	State Surveyor
Gerri Monahan*	Administrative Assistant III

*Individuals are employees of the Nebraska Board of Educational Lands and Funds but handle the day-to-day activities of the Nebraska State Board of Examiners for Land Surveyors.

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NEBRASKA STATE BOARD OF EXAMINERS FOR LAND SURVEYORS

SUMMARY OF COMMENTS

During our examination of the Nebraska State Board of Examiners for Land Surveyors (Board), we noted certain deficiencies and other operational matters that are presented here. The following comment is required to be reported in accordance with *Government Auditing Standards*: Comment #1, "Lack of Controls Over Receipts," which is considered to be a significant deficiency.

These comments and recommendations are intended to improve the internal control over financial reporting or result in operational efficiencies in the following areas:

1. ***Lack of Controls Over Receipts:*** We noted a lack of segregation of duties over the receipting process. An initial control of receipts was not established, and one individual was responsible for the receipting process from beginning to end.
2. ***Inadequate Support for Board Expenses:*** The Board made quarterly payments to the Nebraska Board of Educational Lands and Funds (BELF) for rent and administrative staff salary; however, there was no documentation to support those expenditures. The Board paid \$8,454 in rent and salary costs to BELF during the fiscal year.

More detailed information on the above items is provided hereinafter. It should be noted that this report is critical in nature, containing only our comments and recommendations on the areas noted for improvement and does not include our observations on any accounting strengths of the Board.

Draft copies of this report were furnished to the Board to provide its management with an opportunity to review and to respond to the comments and recommendations contained herein. Where no response has been included, the Board declined to respond.

NEBRASKA STATE BOARD OF EXAMINERS FOR LAND SURVEYORS

COMMENTS AND RECOMMENDATIONS

1. Lack of Controls Over Receipts

The Nebraska State Board of Examiners for Land Surveyors (Board) did not have an adequate segregation of duties over receipt transactions, as one individual was responsible for issuing receipts and licenses/renewals and preparing the deposit. Furthermore, a listing of monies received was not created at the time the mail was opened.

A similar finding was noted in the prior report.

A good internal control plan requires procedures to ensure an adequate segregation of duties or compensating procedures, so no one individual is in a position both to perpetrate and to conceal errors or irregularities when issuing licenses or renewals and preparing deposits, including the preparation of an initial listing of monies received.

Without such procedures, there is an increased risk for not only the loss, misuse, or theft of State funds but also the issuance of licenses without the proper fee being either collected or deposited appropriately.

We recommend the Board implement procedures to ensure no one person is responsible for all aspects of the receipt process. This could include creating a listing of all cash and checks received in the mail each day to establish an initial control over receipts. This should also include involving more than one individual in the process to handle funds, issue receipts and licenses, and prepare the deposits.

2. Inadequate Support for Board Expenses

The Board is housed in a building owned by the Nebraska Board of Educational Lands and Funds (BELF). On a quarterly basis, the Board paid \$679 to BELF for space used. Additionally, the Board paid 10 percent of a BELF employee's monthly salary for time spent on Board functions. The Board did not have adequate support on file, such as a copy of a formal agreement with BELF, to document how the rent amount was determined. For the salary amount, a 1997 agreement between BELF and the Board, documenting the 10 percent due, was on file. This support was inadequate, however, as the agreement had not been updated for over 20 years, and the Board had no documentation to show how the 10 percent was determined to be reasonable. The Board paid \$8,454 in rent and salary costs to BELF during the fiscal year.

Sound accounting practices and a good internal control plan require procedures for adequately documenting all expenditures.

Without such procedures, there is an increased risk for the misuse of funds.

We recommend the Board implement procedures to ensure all expenditures are supported by adequate documentation.



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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NEBRASKA STATE BOARD OF EXAMINERS AND LAND SURVEYORS

INDEPENDENT ACCOUNTANT'S REPORT

Nebraska State Board of Examiners for Land Surveyors
Lincoln, Nebraska

We have examined the accompanying Schedule of Revenues, Expenditures, and Changes in Fund Balance of the Nebraska State Board of Examiners for Land Surveyors (Board) for the fiscal year ended June 30, 2018. The Board's management is responsible for the Schedule of Revenues, Expenditures, and Changes in Fund Balance based on the accounting system and procedures set forth in Note 1. Our responsibility is to express an opinion on the Schedule of Revenues, Expenditures, and Changes in Fund Balance 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. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Schedule of Revenues, Expenditures, and Changes in Fund Balance is based on the accounting system and procedures set forth in Note 1, in all material respects. An examination involves performing procedures to obtain evidence about the Schedule of Revenues, Expenditures, and Changes in Fund Balance. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the Schedule of Revenues, Expenditures, and Changes in Fund Balance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, the Schedule of Revenues, Expenditures, and Changes in Fund Balance for the fiscal year ended June 30, 2018, is based on the accounting system and procedures prescribed by the State of Nebraska's Director of Administrative Services, as set forth in Note 1, in all material respects.

In accordance with *Government Auditing Standards*, we are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses in internal control; fraud and noncompliance with provisions of laws or regulations that have a material effect on the Schedule of Revenues, Expenditures, and Changes in Fund Balance; and any other instances that warrant the attention of those charged with governance; noncompliance with provisions of contracts or grant agreements, and

abuse that has a material effect on the subject matter or an assertion about the subject matter of the examination engagement. We are also required to obtain and report the views of management concerning the findings, conclusions, and recommendations, as well as any planned corrective actions. 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 a certain finding that is required to be reported under *Government Auditing Standards*, and the finding, along with the views of management, is described in the Comments Section of the report.

The purpose of this report is to express an opinion on the Schedule of Revenues, Expenditures, and Changes in Fund Balance, as described in paragraph one above. Accordingly, this report is not suitable for any other purpose. This report is a matter of public record, and its distribution is not limited.

A handwritten signature in black ink, appearing to read "C. Janssen", with a long horizontal flourish extending to the right.

September 26, 2018

Charlie Janssen
Auditor of Public Accounts
Lincoln, Nebraska

NEBRASKA STATE BOARD OF EXAMINERS FOR LAND SURVEYORS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 For the Fiscal Year Ended June 30, 2018

	Land Surveyors Examiners Cash Fund 26210
REVENUES:	
Sales & Charges	\$ 2,365
Miscellaneous	1,289
TOTAL REVENUES	3,654
EXPENDITURES:	
Operating	13,260
Travel	2,037
TOTAL EXPENDITURES	15,297
Excess (Deficiency) of Revenues Over (Under) Expenditures	(11,643)
Net Change in Fund Balances	(11,643)
FUND BALANCES, JULY 1, 2017	66,004
FUND BALANCES, JUNE 30, 2018	\$ 54,361
FUND BALANCES CONSIST OF:	
General Cash	\$ 54,300
Deposits with Vendors	61
TOTAL FUND BALANCES	\$ 54,361

The accompanying notes are an integral part of the schedule.

NEBRASKA STATE BOARD OF EXAMINERS FOR LAND SURVEYORS

NOTES TO THE SCHEDULE

For the Fiscal Year Ended June 30, 2018

1. Criteria

The accounting policies of the Nebraska State Board of Examiners for Land Surveyors (Board) are on the basis of accounting, as prescribed by the State of Nebraska's Director of the Department of Administrative Services (DAS).

Per Neb. Rev. Stat. § 81-1107(2) (Reissue 2014), the duties of the State of Nebraska's Director of DAS include the following:

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 2014), 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, an accounting resource software, 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. EnterpriseOne is not an accrual accounting system; instead, accounts are maintained on a modified cash basis. As revenue transactions occur, the agencies record the accounts receivable and related revenues in the general ledger. As such, certain revenues are recorded when earned, regardless of the timing of related cash flows. State Accounting does not require the Board to record all accounts receivable and related revenues in EnterpriseOne; as such, the Board's schedule does not include all accounts receivable and related revenues. In a like manner, expenditures and related accounts payable are recorded in the general ledger as transactions occur. As such, the schedule includes those expenditures and related accounts payable posted in the general ledger as of June 30, 2018, and not yet paid as of that date. The amount recorded as expenditures on the schedule, as of June 30, 2018, **does not** include amounts for goods and services received before June 30, 2018, which had not been posted to the general ledger as of June 30, 2018.

The Board had no accounts receivable at June 30, 2018. Liabilities for accrued payroll and compensated absences are not recorded in the general ledger.

The following fund type is established by the State and used by the Board:

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

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

NEBRASKA STATE BOARD OF EXAMINERS FOR LAND SURVEYORS

NOTES TO THE SCHEDULE
(Concluded)

1. **Criteria** (Concluded)

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

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

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 the following:

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

2. **Reporting Entity**

The 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 Board 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, which 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.

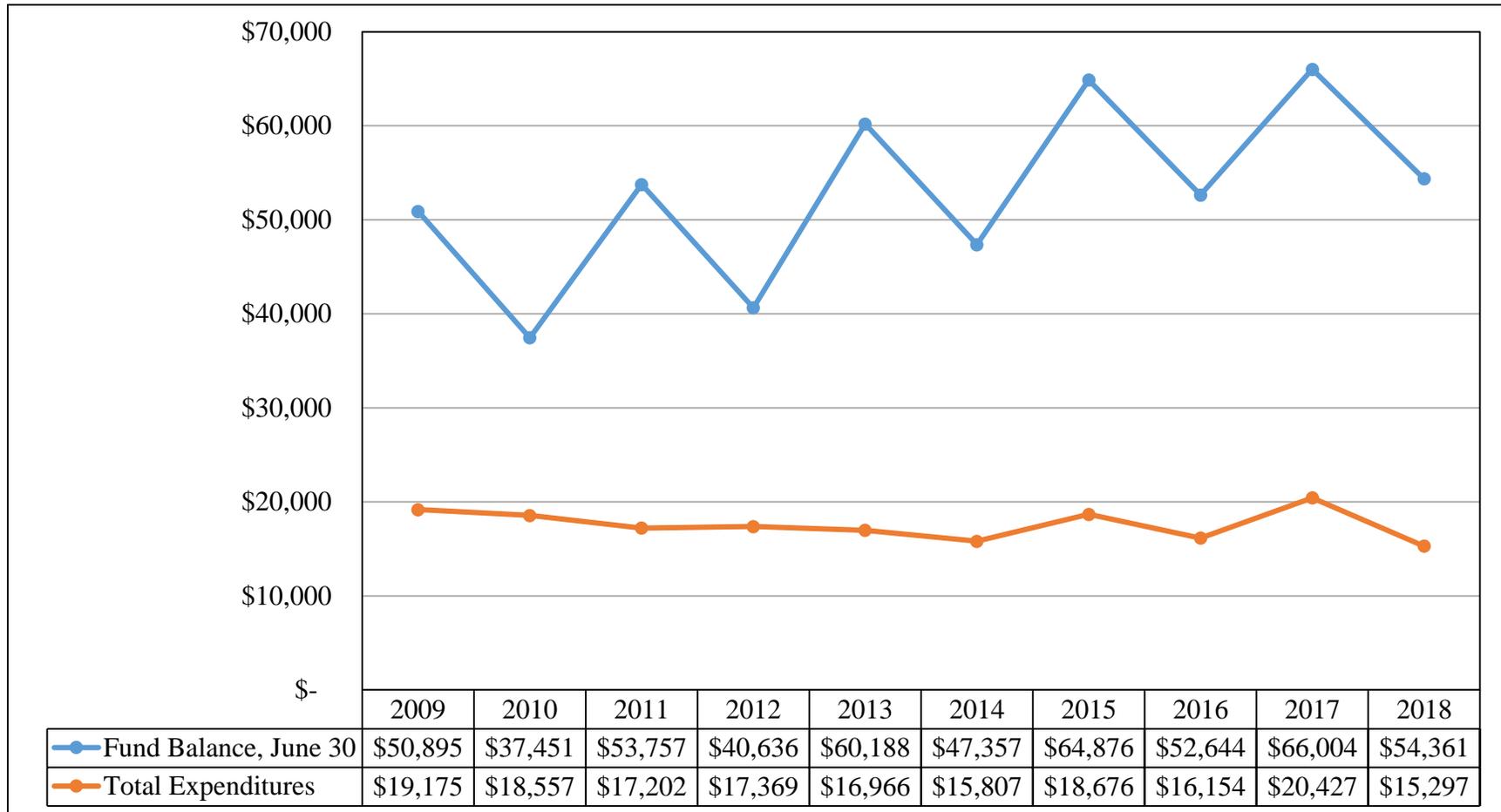
NEBRASKA STATE BOARD OF EXAMINERS FOR LAND SURVEYORS

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 STATE BOARD OF EXAMINERS FOR LAND SURVEYORS
EXPENDITURES AND FUND BALANCES
 Fiscal Years Ended June 30, 2009, through June 30, 2018

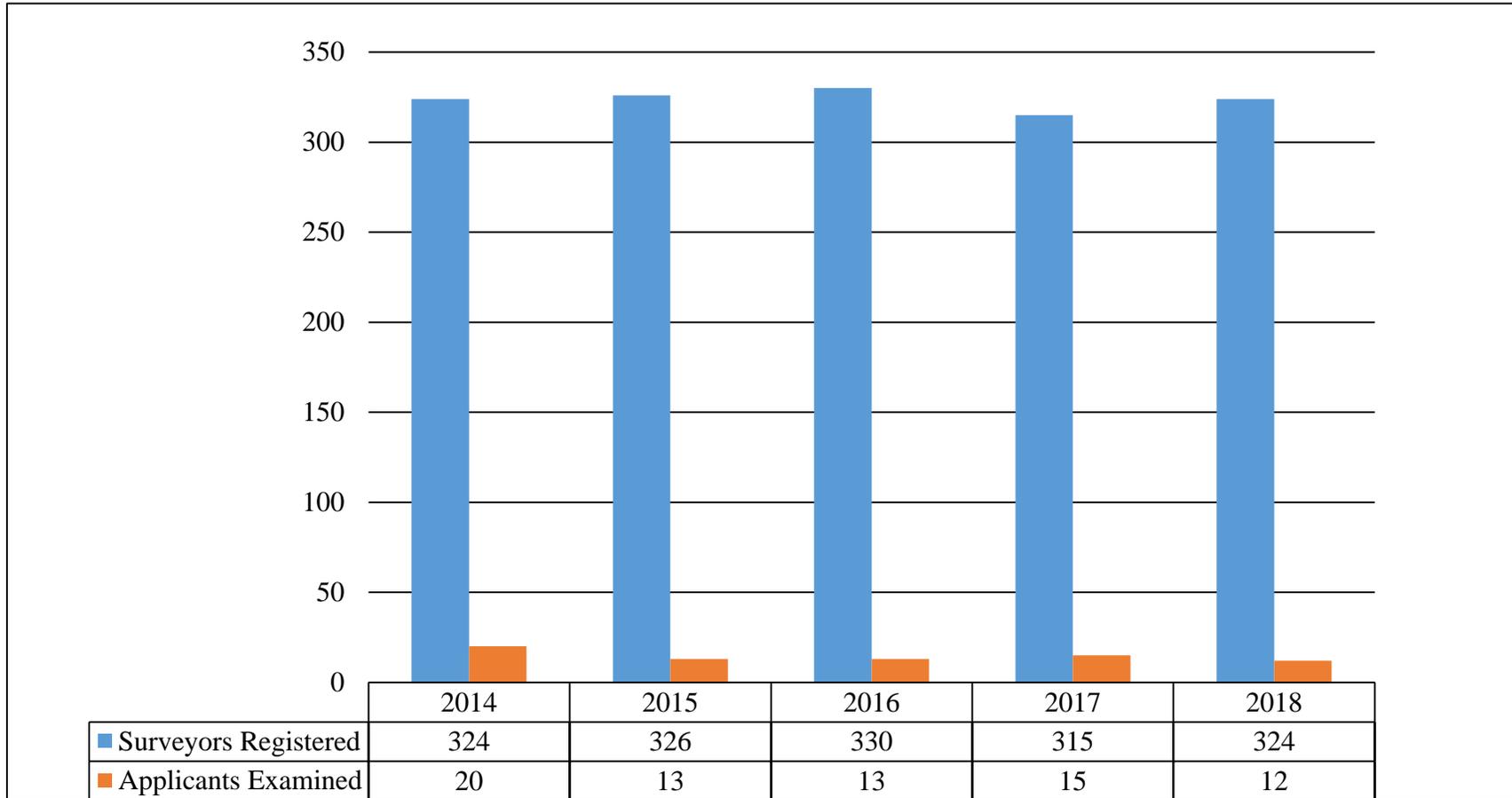
Exhibit A



Note: After the issuance of a certificate of registration, a biennial fee is collected each odd-numbered year. Therefore, the fund balance is higher in odd-numbered years.

NEBRASKA STATE BOARD OF EXAMINERS FOR LAND SURVEYORS
REGISTERED SURVEYORS AND EXAMS ADMINISTERED
 Fiscal Years Ended June 30, 2014, through June 30, 2018

Exhibit B



Note: The “Applicants Examined” category includes the Principles and Practice of Surveying Exam, Nebraska State Specific Exam, Fundamentals of Surveying Exam, and Nebraska Reciprocity Exam.