



John Keel, CPA
State Auditor

An Audit Report on
**Selected Fiscal Year 2004 Operations of
the Board of Professional Engineers:
A Self-Directed Semi-Independent Agency**

January 3, 2005

Members of the Legislative Audit Committee:

We verified that key balances on the Board of Professional Engineers' (Board) fiscal year 2004 financial statements are accurate and can be relied upon for decision making. Our testing focused primarily on (1) the Board's Combined Balance Sheet/Statement of Net Assets as of August 31, 2004, and (2) related statement of Combined Statement of Revenues, Expenditures, and Changes in Fund Balances/Statement of Activities—Governmental Funds for the year then ended. In addition, results of our tests of the effectiveness of key financial controls that produced the information for these balances indicated that these controls were adequate.

Status of Corrective Action to Address Issues Regarding the Accuracy of the Board's Reported Performance Measures

We also determined that the Board has taken corrective action to address issues regarding the accuracy of its performance measures that we identified in 2003 (see *An Audit Report on the Board of Professional Engineers: A Semi-Independent, Self-Directed Agency*, SAO Report No. 04-015, December 2003).

Compliance with Selected Requirements of the Self-Directed Semi-Independent Agency Project Act

The Board is in compliance with selected requirements of the Self-Directed Semi-Independent Agency Project Act.

Summary of Objectives, Scope, and Methodology

The objectives of this audit were to verify:

- The accuracy of certain key financial statement balances on the Board's fiscal year 2004 annual financial report and the effectiveness of key financial controls that produce that data.
- Whether the Board has taken corrective action to adequately address the issues regarding the accuracy of its performance measures identified in the prior State Auditor's Office audit.
- The Board's compliance with selected sections of the Self-Directed Semi-Independent Agency Project Act.

Our scope included examining data that the Board will submit to the 79th Legislature to fulfill the requirements of Vernon's Texas Civil Statutes, Article 8930 (8), Self-Directed, Semi-Independent Agency Project Act.

Our methodology consisted of gaining an understanding of the Board's overall control structure (control environment, control procedures, and accounting systems) to determine the extent of our audit plan.

We tested internal controls and significant accounts as deemed necessary to determine the accuracy of key balances in the Board's fiscal year 2004 financial statements, which are part of the data the Board will submit to the 79th Legislature. In addition, we examined data on complaints resolved by the Board and the internal controls used to generate that data. We also tested the Board's compliance with selected sections of the Self-Directed Semi-Independent Agency Project Act.

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

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The Board generally agrees with our observations. We appreciate the Board's assistance during this audit and commend the Board for addressing issues identified in our 2003 audit. If you have any questions, please contact Greg Adams, Project Manager, or me at (512) 936-9500.

Sincerely,

John Keel, CPA
State Auditor

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cc: Chair and members of the Board of Professional Engineers
Ms. Dale Beebe Farrow, Executive Director, Texas Board of Professional Engineers



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