



An Audit Report on

# The Board of Professional Engineers and Land Surveyors: A Self-directed, Semi-independent Agency

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State Auditor

The Board of Professional Engineers and Land Surveyors (Board) had processes and related controls to ensure that expenditures, revenue, and performance data were reported accurately and supported. The Board also had processes for setting and waiving fees and assessing administrative penalties to ensure compliance with statutory requirements. However, the Board should strengthen its user access processes.

- [Background](#) | p. 3
- [Audit Objectives](#) | p. 14

*This audit was conducted in accordance with Texas Government Code, Section 472.103.*

## LOW

### FINANCIAL DATA

The Board had processes and controls to accurately report expenditures and revenues.

[Chapter 1-A | p. 4](#)

## LOW

### PERFORMANCE DATA

The Board had processes and controls to ensure that required reports were submitted in a timely manner to all required parties and that the reports were complete and accurate.

[Chapter 1-B | p. 7](#)

## LOW

### SETTING FEES AND PENALTIES

The Board followed its policies and procedures related to setting and waiving fees, and assessing administrative penalties.

[Chapter 2 | p. 9](#)

## MEDIUM

### INFORMATION TECHNOLOGY

The Board should strengthen user access processes related to its network, accounting system, and licensing, enforcement, and revenue database.

[Chapter 3 | p. 11](#)

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## Summary of Management's Response

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Auditors made recommendations to address the issues identified during this audit, provided at the end of each chapter in this report. The Board agreed with the recommendations.

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## Ratings Definitions

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Auditors used professional judgment and rated the audit findings identified in this report. The issue ratings identified for each chapter were determined based on the degree of risk or effect of the findings in relation to the audit objective(s).

**PRIORITY:** Issues identified present risks or effects that if not addressed could *critically affect* the audited entity's ability to effectively administer the program(s)/function(s) audited. Immediate action is required to address the noted concern(s) and reduce risks to the audited entity.

**HIGH:** Issues identified present risks or effects that if not addressed could *substantially affect* the audited entity's ability to effectively administer the program(s)/function(s) audited. Prompt action is essential to address the noted concern(s) and reduce risks to the audited entity.

**MEDIUM:** Issues identified present risks or effects that if not addressed could *moderately affect* the audited entity's ability to effectively administer the program(s)/function(s) audited. Action is needed to address the noted concern(s) and reduce risks to a more desirable level.

**LOW:** The audit identified strengths that support the audited entity's ability to administer the program(s)/function(s) audited or the issues identified do not present significant risks *or* effects that would negatively affect the audited entity's ability to effectively administer the program(s)/function(s) audited.

For more on methodology for issue ratings, see [Report Ratings](#) in Appendix 1.

## Background Information

The mission of the Board of Professional Engineers and Land Surveyors (Board) is to protect the health, safety, and welfare of the people of Texas through licensure and registration of qualified individuals as professional engineers and land surveyors, compliance with applicable laws and rules, and providing education about engineering and land surveying. As of August 31, 2022, the Board had issued 72,053 engineer licenses and 2,756 land surveyor licenses.

The Board had a staff of 35 full-time equivalent positions and fiscal year 2022 budgeted operating revenue of \$4.7 million.

The Board operates under the self-directed, semi-independent (SDSI) program. Being an SDSI, the Board is self-funded through fees collected and does not receive any funding through general appropriations. Its governing board includes nine members appointed by the Governor and confirmed by the Texas Senate.



**LOW**

## Chapter 1-A Financial Data

The Board of Professional Engineers and Land Surveyors (Board) had processes and related controls to help ensure the accuracy and completeness of its financial data related to expenditures and revenues.

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### Salary expenditures were accurately recorded and supported.

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From September 1, 2021, through December 31, 2022, the Board had \$3.6 million in base salary expenditures. Base salary excludes benefits and other pay such as longevity and health insurance. The Board ensured that those base salary expenditures were accurately recorded and approved.

While the Board was able to provide documentation supporting the approval of base salary expenditures, the Board did not consistently retain all of the required documentation for some pay actions. Specifically, the Board's internal policies requires that all pay actions be documented in a Personnel Action Form and approved by management. The Board did not retain the Personnel Action Form for 5 (8 percent) of the 62 pay actions that occurred from September 1, 2021, through December 31, 2022.

In addition, the Board followed its process for approving employees' timesheets, and it maintained documentation to support approval of the timesheets.

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## Other expenditures were accurately recorded, supported, and approved.

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All 25 expenditures tested, which totaled \$186,449, were adequately supported, accurately recorded, documented in the correct fiscal year, and properly approved. The Board also properly classified 24 (96 percent) of 25 expenditures tested. For the remaining expenditure, the Board did not assign the correct object code, which resulted in the expenditure not being classified correctly in the Board's accounting system.

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## The Board ensured that revenue was deposited in accordance with applicable requirements.

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**License Revenue.** The Board ensured that the \$7.0 million in license revenue that it recorded from September 1, 2021, through December 31, 2022, in the Texas Informational Database for Engineers (TIDE) was deposited into its Texas Treasury Safekeeping Trust Company account. TIDE is the Board's licensing, enforcement, and revenue database. In addition, the license revenue recorded is consistent with the number of licenses issued and renewed by the Board and stated in its fiscal year 2022 annual financial report.

**Fund Transfers Required by Statute.** The Board remitted \$373,900 to the General Revenue Fund as required by Texas Government Code, Section 472.102(c). In addition, the Board ensured that administrative penalties it collected, totaling \$39,454 from September 1, 2021, through December 31, 2022, were deposited into the General Revenue Fund as required by Texas Government Code, Section 472.110(d).

**Financial Reconciliations.** The Board's policies and procedures require revenues in TIDE to be reconciled with bank statements each month. All three monthly revenue reconciliations tested were supported by adequate documentation, mathematically accurate, and reviewed by appropriate staff.

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## Recommendations

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The Board should:

- Consistently retain the required documentation for pay actions as required by its policy.
- Verify that expenditures are being correctly classified in its accounting system.

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## Management's Response

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- **Consistently retain the required documentation for pay actions as required by its policy.**

This item is complete. Past pay actions documents have been completed. The agency has implemented an electronic signature system for pay actions to include a signature log. A system for retention of pay actions has been put in place.

- **Verify that expenditures are being correctly classified in its accounting system.**

This item is complete. An accounting entry was made by the Board April 25, 2023, to correct the identified object code during the same financial reporting period and fiscal year as the original expenditure. There is a process in place to review object codes used for expenditures.

**LOW**

## Chapter 1-B Performance Data

The Board of Professional Engineers and Land Surveyors (Board) had processes and related controls to help ensure the accuracy and completeness of its performance data.

### The Board reported accurate and complete performance data.

**Performance Reports.** The Board submitted the required biennium and annual reports due in fiscal year 2023 in a timely manner to all parties, and the reports contained all the elements as required by Texas Government Code, Section 472.104 (see text box for information about those requirements).

Specifically, for fiscal year 2022 the Board reported accurate information for the following performance data tested:

- **The number of examination candidates.** The Board reported it had 3,345 engineer exam candidates and 141 land surveyor exam candidates.
- **The number of licensees.** The Board reported it had 72,053 engineer licensees and 2,756 land surveyors' licensees.
- **The number of certificate holders.** The Board reported there were 27,587 engineer certificate holders and 540 land surveyor certificate holders.
- **The number of complaints filed.** The Board reported it had received 599 engineer complaints and 45 land surveying complaints.

#### Required SDSI Reports

Texas Government Code, Section 472.104, requires the Board to:

- Submit a biennial report with specific information to the Legislature and the governor by the first day of legislative session. Examples of required information include audit and financial reports, performance data, and changes in fees, if applicable.
- Submit an annual report with specific information to the governor, the committee of each house of the Legislature that has jurisdiction over appropriations, and to the Legislative Budget Board by November 1. Examples of required information include budgets, operating plans, and trend analysis on performance data.

- **The average length of time to resolve a complaint.** The Board reported the average time to resolve an engineer complaint was 140 days and to resolve a land surveyor complaint was 542 days.
- **The number of resolved and dismissed complaints.** The Board reported it resolved and dismissed 638 engineer complaints and 49 land surveyor complaints.

**Fees.** The Board correctly reported the changes in fees in its biennial report, as required by Texas Government Code, Section 472.104(a)(3). However, the Board incorrectly listed some of the fiscal year 2022 fees in its annual report. Specifically, the Board reported incorrect amounts for 5 (20 percent) of the 25 license fees reported because it did not update the amounts to reflect the changes in fees approved by the Board.

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## Recommendation

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The Board should accurately report all of the fees listed in its annual report.

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## Management's Response

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This item is complete. Annual Report - SDSI Section 472.104 (b) (5 J) Five Year Trend for Fees was updated April 20, 2023. During the annual report review and edit process this item will be verified.



**LOW**

## Chapter 2 Setting Fees and Penalties

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### The Board had an adequate process for setting and waiving fees.

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**Setting fees.** The Board followed its written policies and procedures to review its fees and establish a budget to help ensure that revenue covered operating costs. The fee-setting process depended on the Board's budgetary needs, and as part of its annual budget process, the Board considered historical information, forecasted revenues, and forecasted expenditures. Based on that information, the Board then considered whether it needed to adjust its fees to collect the desired amount of revenue.

From fiscal year 2018 through fiscal year 2022, the Board maintained an average annual fund balance of \$1.7 million. The Board's governing board reviewed and approved the fiscal year 2023 budget, including the projected fund balance, as required by Texas Government Code, Section 472.102(a).

**Waiving fees.** From September 1, 2021, through December 31, 2022, the Board recorded \$29,616 in waived and corrected fees. The Board established and followed a documented process for waiving and correcting those fees, including obtaining and documenting approvals. However, the Board's documented procedures did not always match the Board's actual process. Specifically, the Board's practice is to waive late fees for inactive licensees who are 65 years or older; however, that practice is not documented in the Board's policies and procedures.

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### The Board had an adequate process for assessing administrative penalties.

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The Board established policies, procedures, and a penalty assessment tool to help ensure that it assessed administrative penalties in a manner consistent with the requirements in Texas Occupations Code, Section 1001.502. The Board

consistently followed its process for determining the penalty amounts for all 8 administrative penalties tested, which totaled \$26,454.<sup>1</sup>

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## Recommendation

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The Board should document its practice of waiving fees for inactive licensees who are 65 years or older in its policies and procedures.

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## Management's Response

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This item is complete. The Board has a procedure for waiving only the late fees for inactive license renewals for those 65 or older. The policies and procedures were updated April 27, 2023, to reflect this practice.

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<sup>1</sup> The Board issued a total of 14 administrative penalties totaling \$47,204 from September 1, 2021, through December 31, 2022.

**MEDIUM**

## Chapter 3 Information Technology

### The Board did not clearly define roles and responsibilities related to individual's access to TIDE.

The Board did not have current defined permissions for user access in the Texas Informational Database for Engineers (TIDE) (see text box for information about the systems the Board uses to manage and report its financial and performance data). Defining the permissions, which determine whether a user has the ability to view and/or modify data, is an important control for protecting the integrity of Board's data.

The Board conducted a periodic review of user access in TIDE as required by its policies and procedures; however, not having current defined permissions assigned to the roles in TIDE increases the risk that the Board will not identify users who have inappropriate access to modify license and complaint data.

### The Board had adequate access controls in ECHO, USAS, and CAPPS.

The Board's access controls in the Engineer's Cash Handling Online (ECHO) system, the Uniform Statewide Accounting System (USAS), and the Centralized Accounting and Payroll/Personnel System (CAPPS) were operating effectively. All users were current employees and had reasonable access based on their job responsibilities in ECHO and USAS; however, one user had excessive access to CAPPS.

#### Board Information Systems

The Board used the following information systems to manage and report financial and performance data:

- The Texas Informational Database for Engineers (TIDE), which is the Board's licensing, enforcement, and revenue database. The Board also generates data for performance measure reports from this system.
- The Engineer's Cash Handling Online (ECHO) system, which is a Web-based application that allows individuals to manage and renew their licenses online.
- The Uniform Statewide Accounting System (USAS), which the Board uses to process its expenditures and prepare its annual financial report.
- The Centralized Accounting and Payroll/Personnel System (CAPPS), which is the Board's accounting system.

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## The Board did not always remove access for former employees in a timely manner.

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**Access.** The Board did not always remove access to its network for separating employees in a timely manner. Specifically, an employee's account was used to access the network the day after that person's employment with the agency ended. Board staff asserted that this occurred because a current Board employee used that account to access the network to help facilitate the transfer of job responsibilities.

**Change Management.** The Board ensured that changes made to the TIDE application were authorized, tested, and approved prior to implementation, as required by its policies and procedures.

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## Recommendations

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The Board should:

- Ensure that user access to CAPPs is appropriately limited to employees based on job responsibilities.
  - Clearly define and document the permissions that are assigned to the roles in TIDE.
  - Ensure that user accounts are immediately disabled when employees separate from the agency and prevent those user account from being accessed by other employees.
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## Management's Response

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- Ensure that user access to CAPPs is appropriately limited to employees based on job responsibilities.

This item is complete. A role assigned to a CAPPs user during system implementation by the Comptroller team and unknown to that user was removed June 15, 2023. The Board assigns CAPPs access based on job responsibilities.

- **Clearly define and document the permissions that are assigned to the roles in TIDE.**

This item is complete. A transition in permissions was taking place during the audit and is now fully implemented. Permissions are fully documented (names and associated data updated) in the agency documentation system.

- **Ensure that user accounts are immediately disabled when employees separate from the agency and prevent those user account from being accessed by other employees.**

The item related to disabling accounts is complete. Employee accounts are currently being disabled by the exit date as part of separation protocol. To ensure this can be properly audited, we updated the employee exit checklist to include generating a screenshot log of the date an employee's account was disabled.

The item related to accessing accounts is complete. To provide visibility in the case that a former employee's account is re-activated, network monitoring software is now configured to send an alert to network staff when such an event occurs.



## Appendix I

# Objective, Scope, and Methodology

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## Objectives

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The objectives of this audit were to:

- Determine whether the Board of Professional Engineers and Land Surveyors (Board) has processes and related controls to help ensure the accuracy and completeness of financial and performance data.
- Evaluate the Board's processes for setting fees and penalties.

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## Scope

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The scope of this performance audit included a review of financial and performance data, applicable processes, and other supporting documentation for the period from September 1, 2021, through December 31, 2022.

The scope also included a review of significant internal control components related to the Board's financial data related to expenditures and revenue, performance data, processes for budget and fee setting, and processes for assessing administrative penalties, as well as the accuracy and completeness of related data.

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**The following members of the State Auditor's staff performed the audit:**



• Lilia C. Srubar, CPA  
(Project Manager)

- Benjamin Nathaniel Keyfitz, CPA, CFE  
(Assistant Project Manager)
- Michael Bennett
- John Felchak, CISA
- Bria Freeland
- Cheri Jones, MBA
- Susana Preciado
- Theodore Ulmer III
- Sarah Puerto, CIA, CFE  
(Quality Control Reviewer)
- Hillary Eckford, CIA, CFE  
(Audit Manager)

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## Methodology

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We conducted this performance audit from November 2022 through July 2023 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. In addition, during the audit, matters not required to be reported in accordance with *Government Auditing Standards* were communicated to Board management for consideration.

### Addressing the Audit Objectives

During the audit, we performed the following:

- Interviewed Board management and staff to gain an understanding of its financial and performance data; processes for setting and waiving fees and assessing penalties; and its required reports.
- Identified the relevant criteria:
  - Board policies and procedures.
  - Texas Government Code, Chapter 472.
  - Texas Occupations Code, Chapter 1001.
- Compared and traced the information in the Board's annual financial report and to the Board's underlying books and records.
- Tested a nonstatistical, random sample of 25 of 571 employee timesheets to verify that the timesheets were accurately recorded, supported, and properly approved. This sample design was chosen so the sample could be evaluated in the context of the population. The sample results may be projected to the population, but the accuracy of the projection cannot be measured.
- Verified that employees' base salaries were approved and accurate and in accordance with the Board's policies.
- Tested a stratified risk-based sample of 25 of the 1,933 non-payroll expenditures, to verify whether the expenditures were accurately

recorded and supported. The sample design was chosen to ensure sufficient coverage of non-payroll expenditure categories. The sample items are not representative of the population; therefore, it would not be appropriate to project the test results to the population.

- Verified that revenue recorded in the Texas Informational Database for Engineers (TIDE) was deposited into the Board's Texas Treasury Safekeeping Trust Company account and that required transfers were made.
- Tested a risk-based sample of 3 of the 16 monthly revenue reconciliations, to verify compliance with the Board's policy. The sample items were selected to ensure adequate coverage of the time period tested and were not representative of the population; therefore, it would not be appropriate to project the test results to the population.
- Tested whether the Board submitted the required information in the biennial and annual reports for SDSI agencies to the Office of the Governor and the Legislature, and whether those reports were submitted within the required timeframes.
- Verified that selected performance data (number of examination candidates, licenses, certificate holders, complaints filed, and resolved and dismissed complaints and the average length of time to resolve a complaint) was supported by the Board's records.
- Tested a nonstatistical, random sample of 25 of the 689 closed complaints to verify that the open and close dates were supported. This sample design was chosen so the sample could be evaluated in the context of the population. The sample results may be projected to the population, but the accuracy of the projection cannot be measured.
- Traced the Board's budget and fee schedule for fiscal year 2023 to the supporting documentation.
- Tested a nonstatistical, random sample of 25 of the 412 waived and corrected fees assessed, for compliance with the Board's policy. This sample design was chosen so the sample could be evaluated in the context of the population. The sample results may be projected to the population, but the accuracy of the projection cannot be measured.
- Tested a nonstatistical, random sample of 8 of the 14 administrative penalties assessed, for compliance with the Board's policy. This design was chosen so the sample could be evaluated in the context of the



population. The sample results may be projected to the population, but the accuracy of the projection cannot be measured.

- Reviewed certain general controls of the Board over the Uniform Statewide Accounting System (USAS), the Centralized Accounting and Payroll/Personnel System (CAPPS), the Engineer’s Cash Handling Online (ECHO) system, and TIDE.
- Reviewed certain application controls of TIDE.

### Data Reliability and Completeness

Auditors determined that the following data sets were sufficiently reliable for the purposes of the audit by (1) observing Board staff extract requested data populations, (2) reviewing data queries and report parameters, (3) analyzing the populations, and (4) testing selected general and application controls over the information systems:

- **USAS.** Expenditures.
- **CAPPS.** Payroll expenditures.
- **TIDE.** Revenue, complaints, and performance data.

### Report Ratings

In determining the ratings of audit findings, auditors considered factors such as financial impact; potential failure to meet program/function objectives; noncompliance with state statute(s), rules, regulations, and other requirements or criteria; and the inadequacy of the design and/or operating effectiveness of internal controls. In addition, evidence of potential fraud, waste, or abuse; significant control environment issues; and little to no corrective action for issues previously identified could increase the ratings for audit findings. Auditors also identified and considered other factors when appropriate.



Copies of this report have been distributed to the following:

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The Honorable Dade Phelan, Speaker of the House, Joint Chair

The Honorable Joan Huffman, Senate Finance Committee

The Honorable Robert Nichols, Member, Texas Senate

The Honorable Greg Bonnen, House Appropriations Committee

The Honorable Morgan Meyer, House Ways and Means Committee

## **Office of the Governor**

The Honorable Greg Abbott, Governor

## **Board of Professional Engineers and Land Surveyors**

Members of Board of Professional Engineers and Land Surveyors

Dr. Lance Kinney, Executive Director



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