

**ATTESTATION REPORT  
OF THE  
NEBRASKA BOARD OF PUBLIC ACCOUNTANCY  
JANUARY 1, 2011 THROUGH DECEMBER 31, 2011**

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**Issued on May 15, 2012**

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*We will provide this information, as required by statute, to all policymakers and taxpayers through written reports and our Internet based Budget and Audit databases.*

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

### Audit Staff Working On This Examination

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NEBRASKA BOARD OF PUBLIC ACCOUNTANCY

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# NEBRASKA BOARD OF PUBLIC ACCOUNTANCY

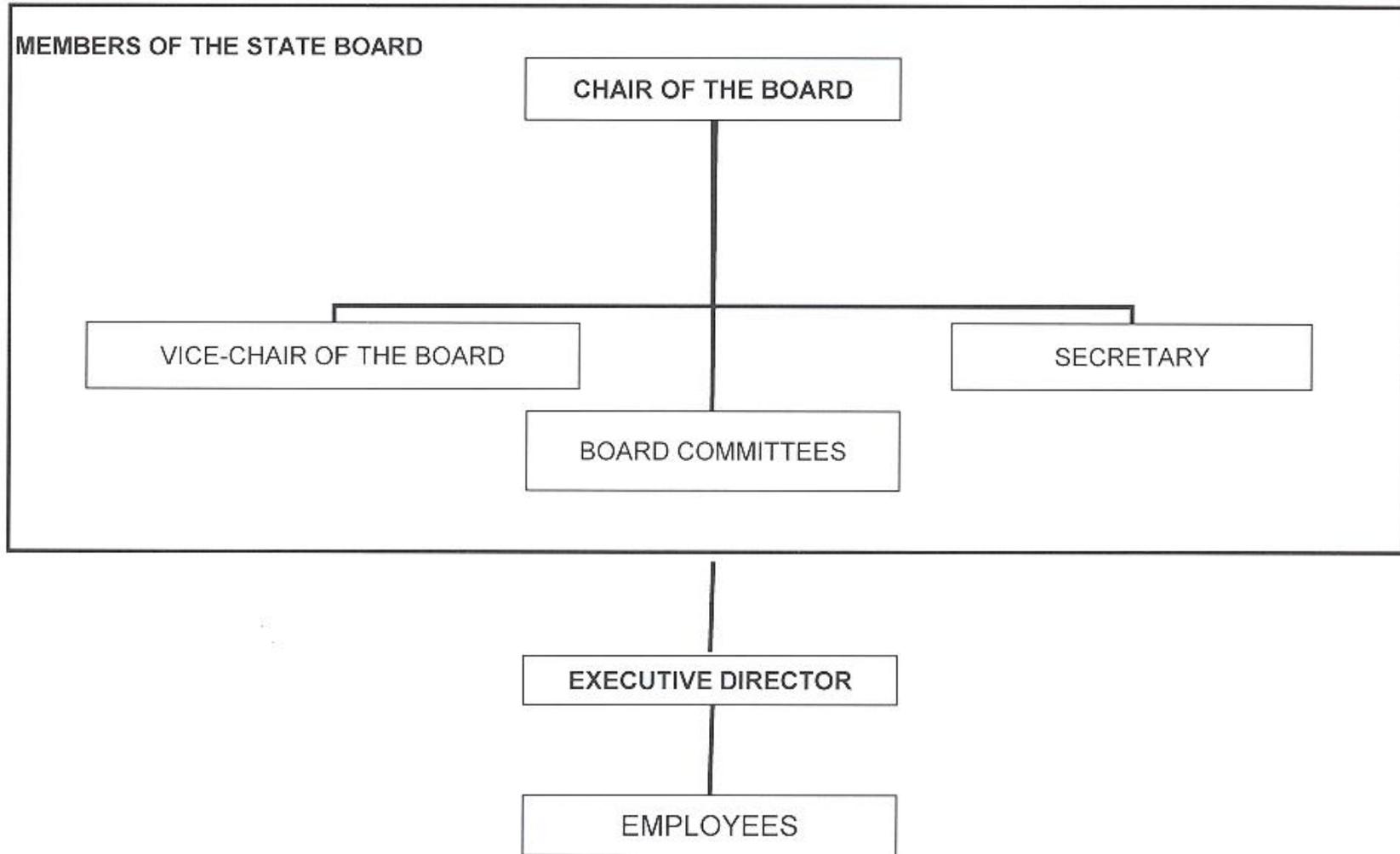
## **BACKGROUND**

In 1957, the Legislature created the Nebraska Board of Public Accountancy (Board) comprised of eight members appointed by the Governor. Members serve four year terms. Six of the eight members must be certified public accountants and two members must be lay persons. In addition, two certified public accountant members must reside in each congressional district.

The Board issues permits to practice public accountancy to certified public accountants, public accountants, partnerships, limited liability companies, and professional corporations; oversees the Certified Public Accountants (CPA) Computerized Based Test (CBT) examination; requires continuing professional education programs for licensed accountants; monitors compliance by licensed accountants with professional standards and investigates complaints registered with the Board. The Board's operations are financed solely by registration, permit, and examination fees collected.

NEBRASKA BOARD OF PUBLIC ACCOUNTANCY

ORGANIZATIONAL CHART



NEBRASKA BOARD OF PUBLIC ACCOUNTANCY

**EXIT CONFERENCE**

An exit conference was held April 23, 2012, with the Board to discuss the results of our examination. Those in attendance for the Nebraska Board of Public Accountancy were:

<b>NAME</b>	<b>TITLE</b>
Dan Sweetwood	Executive Director
Doug Skiles	Board Chair
Michael Wassinger	Board Vice-Chair
Kelly Ebert	Administrative Assistant

Draft copies of this report were furnished to the Board to provide them an opportunity to review the report.



## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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State Auditor

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### NEBRASKA BOARD OF PUBLIC ACCOUNTANCY

#### INDEPENDENT ACCOUNTANT'S REPORT

Nebraska Board of Public Accountancy  
Lincoln, Nebraska

We have examined the accompanying schedule of revenues, expenditures, and changes in fund balance of the Nebraska Board of Public Accountancy (Board) for the calendar 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 Public Accountancy for the calendar 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 management, the Board of Accountancy, others within the Board, and the appropriate Federal and regulatory agencies. However, this report is a matter of public record and its distribution is not limited.

SIGNED ORIGINAL ON FILE

April 30, 2012

Mike Foley  
Auditor of Public Accounts

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

	<u>Certified Public Accountants Cash Fund 26310</u>
<b>REVENUES:</b>	
Sales & Charges	\$ 407,425
Miscellaneous	(1,690)
<b>TOTAL REVENUES</b>	<u>405,735</u>
 <b>EXPENDITURES:</b>	
Personal Services	235,452
Operating	128,512
Travel	14,010
Capital Outlay	1,383
<b>TOTAL EXPENDITURES</b>	<u>379,357</u>
Excess of Revenues Over Expenditures	<u>26,378</u>
 <b>OTHER FINANCING SOURCES (USES):</b>	
Sales of Assets	100
Operating Transfers Out	(10,845)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(10,745)</u>
Net Change in Fund Balance	15,633
<b>FUND BALANCE, January 1, 2011</b>	<u>302,133</u>
<b>FUND BALANCE, December 31, 2011</b>	<u>\$ 317,766</u>
 <b>FUND BALANCE CONSISTS OF:</b>	
General Cash	\$ 315,529
Deposits with Vendors	2,037
Accounts Receivable Invoiced	200
<b>TOTAL FUND BALANCE</b>	<u>\$ 317,766</u>

The accompanying notes are an integral part of the schedule.

# NEBRASKA BOARD OF PUBLIC ACCOUNTANCY

## NOTES TO THE SCHEDULE

For the Calendar Year Ended December 31, 2011

### 1. Criteria

The accounting policies of the Nebraska Board of Public Accountancy (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 types established by the State that are used by the Board are:

**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.

NEBRASKA BOARD OF PUBLIC ACCOUNTANCY

**NOTES TO THE SCHEDULE**

(Continued)

**1. Criteria** (Concluded)

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.

**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:

**Personal Services** – Salaries, wages, and related employee benefits provided for all persons employed 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.

**Capital Outlay** – Expenditures which result in the acquisition of or an addition to capital assets. Capital assets are resources of a long-term character, owned or held by the government.

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, deposits with vendors, and receivable accounts. Accounts receivable are recorded as an increase to revenues resulting in an increase to the fund balance on the schedule. Cash accounts and deposits with vendors are also included in 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 and proceeds of fixed asset dispositions.

NEBRASKA BOARD OF PUBLIC ACCOUNTANCY

**NOTES TO THE SCHEDULE**

(Continued)

**2. Reporting Entity**

The Nebraska Board of Public Accountancy 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 Public Accountancy 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.

**4. Capital Assets**

Capital assets include land, buildings, equipment, improvements to buildings, construction in progress, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items). Under State Accounting policies, expenditures for such capital assets are not capitalized as an asset in the funds used to acquire or construct them. Rather, costs of obtaining the capital assets are reflected as expenditures in the general ledger and are reported as such on the Schedule.

However, State Accounting does adjust such expenditures and reports the capital assets as assets for the State of Nebraska in the Comprehensive Annual Financial Report (CAFR). In addition, the Board takes an annual inventory and accounts for all computer equipment and all equipment that has a cost of \$1,500 or more at the date of acquisition in the State Accounting System.

For the CAFR, the State requires the Board to value all capital assets at cost where historical records are available and at estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received. Generally, equipment that has a cost of \$5,000 or more at the date of acquisition and has an expected useful life of two or more years is capitalized. Depreciation expenses are reported in the CAFR in the funds used to acquire or construct them for the State of Nebraska. The cost of normal maintenance and repairs that does not add to the value of the asset or extend the asset's life is not capitalized.

Equipment is depreciated in the CAFR using the straight-line method with estimated useful lives of three to ten years.

NEBRASKA BOARD OF PUBLIC ACCOUNTANCY

**NOTES TO THE SCHEDULE**

(Continued)

**4. Capital Assets (Concluded)**

Capital asset activity of the Board recorded in the State Accounting System for the calendar year ended December 31, 2011, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets				
Equipment	\$ 29,876	\$ 1,154	\$ -	\$ 31,030
Less accumulated depreciation* for:				
Equipment				<u>28,844</u>
Total capital assets, net of depreciation				<u>\$ 2,186</u>

*\*Note: The accounting system generated depreciation noted in the table above was only through September 30, 2011. Depreciation for October through December was not run in the accounting system until the beginning of calendar year 2012.*

NEBRASKA BOARD OF PUBLIC ACCOUNTANCY

**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 PUBLIC ACCOUNTANCY  
**CPA EXAMINATION STATISTICS**  
For Calendar Years 2007 Through 2011

<b>Candidates Taking Exam</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
New Candidates	247	240	216	250	223
Repeat Candidates	367	383	329	376	383
Total Candidates Taking Exam	614	623	545	626	606
Candidates Passing 4th Section	95	130	104	104	88
<b>Passed by Part</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
Auditing & Attestation	126	118	112	109	104
Business Environment & Concepts	110	137	113	133	111
Financial Accounting & Reporting	122	130	97	123	105
Regulation	119	134	108	124	93
Total Passed by Part	477	519	430	489	413
<b>Attendance by Part</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
Auditing & Attestation	217	192	202	230	233
Business Environment & Concepts	213	227	191	259	197
Financial Accounting & Reporting	215	207	173	240	220
Regulation	200	201	177	213	209
Total Attendance by Part	845	827	743	942	859

\* New candidates are those who are sitting for their first exam. Accordingly, repeat candidates are those who have previously sat for any section of the exam.