An Audit Report on

Performance Measures at the
Board of Professional
Geoscientists

September 2007
Report No. 08-001
Overall Conclusion

The Board of Professional Geoscientists (Board) did not report reliable results for the nine key performance measures tested for fiscal year 2006 and the first three quarters of fiscal year 2007. A performance measure result is considered reliable if it is certified or certified with qualification.

Factors prevented the certification of all nine key performance measures tested. The measures could not be certified because the Board did not:

- Clearly define the purpose and methodology for calculating certain performance measures.
- Follow the methodology defined in the Automated Budget and Evaluation System of Texas (ABEST) for calculating certain performance measures.
- Develop, document, and implement policies and procedures for collecting, calculating, entering, and reporting data used for its performance measures.
- Consistently maintain supporting documentation of the data used to calculate its performance measures.
- Maintain documented evidence that supervisors reviewed performance measure calculations and the data entered into ABEST.
- Ensure that the duties of entering, reviewing, and submitting performance measure data into ABEST were properly segregated.

As a result of these issues, the Board lacked the documentation and controls necessary to allow auditors to re-create the performance measure results the Board reported to ABEST.

Table 1 on the next page summarizes the results of the nine key performance measures tested.
### Table 1

<table>
<thead>
<tr>
<th>Objective or Strategy</th>
<th>Description of Measure</th>
<th>Fiscal Year</th>
<th>Results Reported</th>
<th>Certification Results</th>
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<tr>
<td><strong>Performance Measures Reported Annually</strong></td>
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<tr>
<td>A. Goal: Licensing</td>
<td>Percent of Licensees Who Renew Online (Outcome)</td>
<td>2006</td>
<td>71.00%</td>
<td>Factors prevented certification</td>
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<td>B. Goal: Enforcement</td>
<td>Percent of Complaints Resulting in Disciplinary Action (Outcome)</td>
<td>2006</td>
<td>0.00%</td>
<td>Factors prevented certification</td>
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<td></td>
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<td>0.00%</td>
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<td><strong>Performance Measures Reported Quarterly</strong></td>
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<td>B.1.1. Strategy: Enforcement</td>
<td>Number of Enforcement Cases and Inquiries Resolved (Output)</td>
<td>2007 (1st Quarter) (2nd Quarter) (3rd Quarter)</td>
<td>77 90 100</td>
<td>Factors prevented certification</td>
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<td></td>
<td>Number of Compliance Orders Issued (Output)</td>
<td>2007 (1st Quarter) (2nd Quarter) (3rd Quarter)</td>
<td>8 4 3</td>
<td>Factors prevented certification</td>
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<td></td>
<td>Number of Disciplinary Actions Taken (Output)</td>
<td>2007 (1st Quarter) (2nd Quarter) (3rd Quarter)</td>
<td>10 5 3</td>
<td>Factors prevented certification</td>
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<td></td>
<td>Average Time for Complaint Resolution (Days) (Efficiencies)</td>
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<td>1 1 1</td>
<td>Factors prevented certification</td>
</tr>
<tr>
<td></td>
<td>Average Cost Per Complaint Investigation (Efficiencies)</td>
<td>2007 (1st Quarter) (2nd Quarter) (3rd Quarter)</td>
<td>$91.86 $91.86 $91.86</td>
<td>Factors prevented certification</td>
</tr>
</tbody>
</table>

A measure is **Certified** if reported performance is accurate within plus or minus 5 percent of actual performance and if it appears that controls to ensure accuracy are in place for collecting and reporting performance data.

A measure is **Certified With Qualification** when reported performance appears accurate but the controls over data collection and reporting are not adequate to ensure continued accuracy. A measure is also certified with qualification when controls are strong but source documentation is unavailable for testing. A measure is also certified with qualification if agency calculation of performance deviated from the measure definition but caused less than a 5 percent difference between the number reported to ABEST and the correct performance measure result.

A measure is **Inaccurate** when the actual performance is not within 5 percent of reported performance, or when there is more than a 5 percent error in the sample of documentation tested. A measure is also inaccurate if the agency’s calculation deviated from the measure definition and caused more than a 5 percent difference between the number reported to ABEST and the correct performance measure result.

A **Factors Prevented Certification** designation is used if documentation is unavailable and controls are not adequate to ensure accuracy. This designation also will be used when there is a deviation from the measure definition and the auditor cannot determine the correct performance measure result.
Summary of Management’s Response

The Board agreed with the findings and recommendations in this report.

Summary of Information Technology Review

The information technology review component of this audit was limited to a review of access and security controls of LicenseEase, the system the Board uses to process licenses, and the Uniform Statewide Payroll System (USPS). Users’ access to USPS was appropriate in relation to their job functions. However, auditors were unable to assess the reasonableness of user access to LicenseEase. The Board lacked documentation that described users’ access rights to create, edit, and delete data in LicenseEase. Auditors also identified additional opportunities for the Board to strengthen the security of its information technology environment (see Chapter 3 of this report for additional details).

Summary of Objectives, Scope, and Methodology

The objectives of the audit were to determine:

- The accuracy of the Board’s performance measures data.
- The adequacy of related control systems over the collection and reporting of selected performance measures.

The audit scope included (1) three key annual performance measures reported by the Board for fiscal year 2006, (2) six key quarterly performance measures reported by the Board for the first three quarters of fiscal year 2007, and (3) controls over the submission of data used in reporting performance measures.

The audit methodology included selection of nine key performance measures, identification of preliminary control information through a questionnaire, and auditing of calculations for accuracy and consistency with the agreed-upon methodology. Auditors also analyzed the flow of data to evaluate proper controls and tested a sample of source documents to verify the accuracy of reported performance measures. In addition, auditors conducted a high-level review of information systems that support the performance measure data.
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Detailed Results

Chapter 1
The Board Should Implement Several Controls to Strengthen Its Reporting of Performance Measure Data

For the nine key performance measures tested, the Board of Professional Geoscientists (Board) did not have sufficient controls to ensure its reported performance measures were accurate.

Specifically, the Board did not:

- Clearly define the purpose and methodology for calculating certain performance measures.
- Follow the methodology defined in the Automated Budget and Evaluation System of Texas (ABEST) for calculating certain performance measures.
- Develop, document, and implement policies and procedures for collecting, calculating, entering, and reporting data used for its performance measures.
- Consistently maintain supporting documentation of the data used to calculate its performance measures.
- Maintain documented evidence that supervisors reviewed performance measure calculations and data entered into ABEST.
- Ensure that the duties of entering, reviewing, and submitting performance measure data into ABEST were properly segregated.

Recommendations

The Board should:

- Ensure it clearly defines the purpose and methodologies used to calculate all of its measures.
- Develop, document, and implement policies and procedures for collecting, calculating, entering, and reporting data for each of its measures.
- Develop and implement policies and procedures for the following to ensure the accuracy of the data the Board submits to ABEST:
  - Documenting the data entry, calculation, and reporting of performance measures.
- Maintaining supporting documentation of the data used to calculate its performance measures.
- Documenting the supervisory review of performance measure calculations.
- Ensure that duties for reporting data in ABEST are properly segregated.

Management’s Response

The Board agrees with the findings and will comply with the recommendations. The Board’s Acting Executive Director is responsible for implementing corrective action for all of the above. The timeline for implementation is February, 2008.

The Board will revise its performance reporting process to clearly define the purpose and methodologies used to calculate all of its measures. The Board will revise procedures that develop, document, and implement policies and procedures for collecting, calculating, entering, and reporting data for each of its measures.

To ensure the accuracy of the data submitted to ABEST, the Board will develop and implement policies and procedures for data entry, calculation and reporting of performance measures, and will maintain supporting documentation of the data used to calculate its performance measures and document the supervisory review of its performance measures.

The Board will implement policies to ensure that the duties for reporting data in ABEST are properly segregated for better internal control to ensure that data are reviewed for duplicate record entries and for accuracy and completeness. These reviews will be documented, signed and dated.
Chapter 2

The Board Did Not Report Reliable Results for the Nine Key Performance Measures Tested

The information below discusses the factors that prevented the certification of the nine key performance measures that auditors tested. For each of the measures tested, the Board did not develop and document policies and procedures for collecting, calculating, and reporting data in ABEST (see Chapter 1 for additional details).

Key Measures

Percent of Licensees Who Renew Online

Factors prevented the certification of this measure. The Board did not define this measure in ABEST. In addition, the Board did not calculate the percentage it reported in ABEST; instead, the percentage the Board reported in ABEST was based on an estimate made by the Department of Information Resources (Department). The Board did not obtain or review supporting documentation for the estimate that the Department provided.

In addition, the Board reported an inaccurate explanation of the variance between the target for this measure and its reported measure. The Board reported 71 percent, and the target range for this measure is 80.75 to 89.25 percent. The Board’s explanation of the variance between its target measure and reported measure incorrectly stated “Percentage falls within target range.”

Recommendations

The Board should:

- Define and document in ABEST the Percent of Licensees Who Renew Online performance measure.
- Develop, document, and implement the methodology used to calculate this measure.
- In instances in which it uses data or calculations from a third party, ensure the accuracy and completeness of the data by obtaining and reviewing supporting documentation for the third party’s calculation. In addition, the Board should ensure that it maintains the supporting documentation of its calculations and documentation of its supervisory reviews.
- Ensure that its explanations of the variance between reported measure results and target performance (1) describe the circumstances that caused the actual performance to deviate from the target and (2) include...
information regarding how the Board will address the variance from targeted performance.

Management’s Response

The Board agrees with the findings and will comply with the recommendations. The Board has defined the measure and documented it in ABEST. The Board’s Director of Licensing is responsible for implementing corrective action. The timeline for implementation of this action is October, 2007.

The Board will develop policies and procedures to properly report this measure, which will include clear and concise instructions on how the measure is calculated. The policies and procedures will also include any formulas, documented data sources, and location of all data sources.

Data and calculations from a third party will not be used in the future. If there is a change in management’s plan and a third party’s data and calculations are used, supporting documentation of the calculations will be maintained along with documentation of supervisory review.

The Board will develop procedures that ensure the explanation of variances between reported measure results and targets. When a deviation exists from the target, the circumstances that caused the deviation will be described in full detail.

Average Licensing Cost Per Individual License Issued

Factors prevented the certification of this measure. The Board used a methodology to calculate this measure that differed from the methodology defined in ABEST. The measure definition in ABEST states that the measure should be calculated by dividing total expenditures (cash expenditures, accruals, and encumbrances) for processing initial and renewed licenses by the total number of initial and renewed licenses during the reporting period. However, the Board calculated this measure by dividing the total salaries paid to staff that performed licensing activities by the number of hours worked by the staff during the reporting period. Auditors were unable to recalculate this measure because the Board did not clearly define what costs should be considered in determining total expenditures.

The Board also did not maintain sufficient documentation of the data it used to calculate this measure. The documentation that the Board provided auditors did not reconcile to the data the Board used in calculating the measure it reported in ABEST.
In addition, the Board did not recalculate this measure for each reporting period. The Board calculated this measure for the first quarter of fiscal year 2007, and it reported the same results for subsequent quarters.

**Recommendations**

The Board should:

- Calculate the Average Licensing Cost per Individual License Issued performance measure according to the measure definition in ABEST.

- Identify the specific expenditures associated with its direct licensing activities that should be used in calculating this measure.

- Retain documentation to support all data used to calculate this measure.

- Calculate its direct licensing expenditures and the results for this measure each reporting period based on current data.

**Management’s Response**

*The Board agrees with the findings and will comply with the recommendations. The Board’s Accountant is responsible for implementing corrective action. The timeline for implementation is October, 2007.*

*In order to determine licensing costs, the Board will review costs of expenditures related to the issuing of licenses. Interviews of licensing staff will be considered to determine percent of time spent on licensing activities in order to determine licensing costs. Expenditures to be considered include, but are not limited to, licensing salaries, supplies, travel, postage and delivery charges, printing and reproduction and temporary services.*

*In accordance with the Board’s revised procedures for collecting and reporting performance data, all documentation of calculations used to determine the Average Cost Per Individual License are maintained in the performance reporting file for each quarter of the fiscal year. An electronic form has been created to assist in the collection of data.*

*The Board has revised its performance reporting form to reflect the correct performance measure definition and methodology for Average Cost per Individual License issued. Data shall be calculated each reporting period.*
LicenseEase is a software application that can be used to process the issuance and renewal of professional licenses. LicenseEase also includes applications for managing enforcement activities performed by regulatory state agencies.

The Board reported purchasing the license to use LicenseEase at a total cost of $46,000, with a reported annual maintenance support cost of approximately $3,700.

In addition, LicenseEase, the system the Board uses to process licenses, includes an application for managing and monitoring enforcement activities. However, the Board has limited its use of LicenseEase only to processing licenses.

Percent of Complaints Resulting in Disciplinary Action
Percent of Documented Complaints Resolved within Six Months
Number of Enforcement Cases and Inquiries Resolved
Number of Compliance Orders Issued
Number of Disciplinary Actions Taken

Factors prevented the certification of these measures. These measures are related to the Board’s enforcement activities, which, according to the Board’s management, began in 2006. When these measures were added, the Board included the following in the ABEST measure definitions:

The agency just started its enforcement activities. Appropriate procedures for the collection and storage of data within systems operated by [the Board] will be developed before the activities to be measured commence. This element of the measure will be revised to specify the procedures, systems, and responsible parties at that time.

The Board has not revised the measure definitions. As a result, it cannot be determined (1) what data should be included in the measure calculations or (2) whether the data the Board used in its calculations was complete and accurate.

Although the Board developed procedures for managing the complaints it receives, the Board did not:

- Develop or document policies and procedures for managing its other enforcement activities for ensuring that practicing geoscientists are licensed and have required licensing identification.
- Develop a consistent and organized process for tracking and monitoring the status of complaints, enforcement cases, and inquiries.
- Maintain sufficient supporting documentation of the data it used to calculate these measures.
Recommendations

The Board should:

- Ensure measure definitions in ABEST clearly describe the sources for data used to calculate the following performance measures: Percent of Complaints Resulting in Disciplinary Action, Percent of Documented Complaints Resolved within Six Months, Number of Enforcement Cases and Inquiries Resolved, Number of Compliance Orders Issued, and Number of Disciplinary Actions Taken.

- Develop, document, and implement a consistent and organized process for tracking and monitoring the status of both (1) the complaints the Board receives and (2) other enforcement activities at the Board.

- Retain documentation that supports all data used to calculate these measures.

- Evaluate and consider using LicenseEase for managing and monitoring its enforcement activities.

Management’s Response

The Board agrees with the findings and will comply with the recommendations. The Board’s Investigator is responsible for implementing corrective action. The timeline for implementation is February, 2008.

The Board will update and revise its policies and procedures for the above measures as recommended. A Board committee will work with staff to review definitions of the following terms: enforcement case, inquiry, compliance order, disciplinary action, and resolved complaint. The Board will work with the LBB and the Governor’s office to implement changes needed regarding measure definitions in ABEST.

The Board will update and revise its policies and procedures for the above measures as recommended. LicenseEase (the Board’s operating system and database) and Excel spreadsheets will be utilized to monitor complaints the Board receives as well as other enforcement activities of the Board.

In accordance with the Board’s revised procedures for collecting and reporting performance data, all documentation of calculations used to determine this measure are maintained in the performance reporting file for each quarter of the fiscal year. An electronic form has been created to assist in the collection of data.

The Board will meet with the provider of LicenseEase to coordinate the evaluation of LicenseEase for use in enforcement activities.
Average Time for Complaint Resolution (Days)

Factors prevented certification of this measure. The Board did not follow the methodology defined in ABEST for calculating this measure. The methodology in ABEST states that the Board should calculate this measure by determining the number of calendar days between the receipt of each complaint resolved during the reporting period and the resolution of these complaints and then dividing that number by the total number of complaints resolved during the period. The targeted number of days for resolving a complaint was 110 days. The Board did not determine the average time for resolving complaints. Instead, the Board reported the number of complaints it resolved within 110 days.

As a result of unreliable data, auditors also could not determine (1) what data should be included in the measure calculations or (2) whether the data the Board used in its calculations was complete and accurate. At the time the measure was created, the Board did not clearly specify the data sources it used in calculating this measure, and it has not updated the measure definition to include this information. The measure definition in ABEST states:

>The agency is fully operational. Appropriate procedures for the collection and storage of data within systems operated by [the Board] are developed and activities to be measured are based on initial agency activities. This element of measure will be revised to specify the procedures and systems in use if future activities identify system inconsistencies.

Recommendations

The Board should:

- Calculate the Average Time for Complaint Resolution (Days) performance measure according to the measure definition in ABEST.

- Ensure the measure definitions in ABEST clearly describe the sources for the data used to calculate these measures.

Management’s Response

*The Board agrees with the findings and will comply with the recommendations. The Board’s Investigator is responsible for implementing corrective action. The timeline for implementation is February, 2008. The Board will update and revise its policies and procedures for the above measures as recommended. The Board will work with the LBB and the*
Governor’s Office to implement the changes needed regarding measure definitions in ABEST.

The Board has begun implementation of the proposed revisions to measure definitions and policies and procedures. Revisions that clarify the definition, data source, and methodology of these measures will be submitted to the LBB and Governor’s Office for approval.

Average Cost Per Complaint Investigation

Factors prevented the certification of this measure. The Board used a methodology to calculate this measure that differed from the methodology defined in ABEST. The methodology defined in ABEST states that the measure should be calculated by dividing total expenditures (cash expenditures, accruals including encumbrances) for resolving complaints during the reporting period by the total number of resolved complaints during the reporting period. The Board did not follow the methodology when calculating this measure. Instead, it calculated the measure by (1) dividing the total salaries paid to staff that performed complaint resolution activities by the number of hours worked by the staff during the reporting period and (2) multiplying the result of the first calculation by an estimated number of hours for resolving complaints that is judgmentally determined by Board staff. Auditors were unable to recalculate this measure because the Board did not clearly define what costs should be considered in determining total expenditures.

Other issues with this measure included the following:

- The Board did not maintain sufficient supporting documentation for the data it used to calculate this measure. The supporting documentation that the Board provided auditors did not reconcile to the data the Board used to calculate this measure.

- The Board did not recalculate this measure for each reporting period. The Board calculated this measure for the first quarter of fiscal year 2007 and it reported the same results for subsequent quarters.

Recommendations

The Board should:

- Calculate the Average Cost Per Complaint Investigation performance measure according to the measure definition in ABEST.
- Identify the specific expenditures associated with complaint investigation activities that should be used in calculating this measure.

- Retain documentation to support all data it uses to calculate this measure, including documentation showing how estimated figures are determined.

- Calculate its complaint investigation expenditures and this measure each reporting period based on current data.

**Management’s Response**

*The Board agrees with the findings and will comply with the recommendations. The Board’s Accountant is responsible for implementing corrective action. The timeline for implementation is October, 2007.*

*The Board will review costs of expenditures related to enforcement, and interviews of enforcement staff will be considered to determine percent of time spent on enforcement activities in order to determine enforcement costs. Expenditures to be considered may include, but are not limited to, enforcement salaries, supplies, travel, postage and delivery charges, printing and reproduction and temporary services.*

*In accordance with the Board’s revised procedures for collecting and reporting performance data, all documentation of calculations used to determine the Average Cost Per Complaint Investigation are maintained in the performance reporting file for each quarter of the fiscal year. An electronic form has been created to assist in the collection of data.*

*The Board has revised its performance reporting form to reflect the correct performance measure definition and methodology for Average Cost per Complaint Investigation. Data shall be calculated each reporting period.*
Chapter 3

The Board Should Strengthen Specific Information Technology Controls

The Board should correct weaknesses in its information system environment to improve the security over its automated systems, applications, and data. The weaknesses auditors identified increase the risk of inadvertent or deliberate alteration or deletion of data, which could affect the Board’s ability to ensure the integrity of its data. Auditors identified opportunities for improvement in the following areas:

User access to LicenseEase. The Board was unable to demonstrate that users’ access to LicenseEase, its application for processing licenses, was reasonable given their job functions. Although the Board could identify which staff members had access to LicenseEase, the Board lacked documentation that described whether users had access rights to create, edit, or delete data in the system.

Information security officer. The Board did not designate an information security officer over its information systems environment. The Board has outsourced its administrative responsibilities for managing its information system network and LicenseEase. However, state agencies are required to have a staff person who is responsible for ensuring the security, integrity, and protection of an agency’s information resources.

Disaster Recovery Plan. Although the Board has a disaster recovery plan, it did not review or test its disaster recovery plan at least annually. Not reviewing or testing the disaster recovery plan at least annually prevents the Board from identifying critical information updates to the plan or potential weaknesses in the plan that need to be addressed.

Information system policies and procedures. The Board has not developed formal policies and procedures for managing access to or the security of its automated systems, including policies and procedures for areas such as:

- Acceptable computer, e-mail, and network use.
- Password and user authentication, including rules for creating, using, distributing, safeguarding, and terminating passwords.
- Backup and recovery procedures, including procedures for creating the different types of backups, rotation, storage of the backup tapes both on and off site and the protection of the backup tapes.
Recommendations

The Board should:

- Determine the user access rights for staff with access to LicenseEase and ensure their access is appropriate to their job responsibilities.
- Designate an information security officer to oversee its information systems environment.
- Review and test its disaster recovery plan annually.
- Develop and document policies and procedures concerning computer usage, password and user authentication, and backup and recovery procedures.

Management’s Response

The Board agrees with the findings and will comply with the recommendations. The Board’s Acting Executive Director is responsible for implementing corrective action. The timeline for implementation is February, 2008.

The Board will work with LicenseEase developers to determine the user access rights for staff with access to LicenseEase, to ensure their access is appropriate to their job responsibilities, and to develop a mechanism for reporting such usage.

In the past, the Board has utilized its Acting Executive Director/CFO as the main contact person to oversee its information systems. The Board will amend its policies and procedures to properly document and define this designation to demonstrate that the Acting Executive Director/CFO will continue to act as the primary liaison between the Board and its IT support provider.

The Board has entered into an agreement with its IT support provider to update its Disaster Recovery Plan and test it on an annual basis. This change will be implemented by February, 2008.

The Board has begun the process of developing formal policies and procedures for managing access to the security of its automated systems. These policies will supersede the current policies on acceptable computer, e-mail, and network use. The new policies and procedures will document the process of assigning passwords for its databases (LicenseEase, etc), password usage and authentication and the addition and deletion of users. The Board will amend policies on storage and backup of critical data and offsite storage of documents.
Appendix

Objectives, Scope, and Methodology

Objectives

The objectives of this audit were to determine:

- The accuracy of the Board of Professional Geoscientists’ (Board) performance measures data.
- The adequacy of related control systems over the collection and reporting of selected performance measures.

Scope

The audit scope included (1) three key annual performance measures the Board reported for fiscal year 2006 and (2) six key quarterly performance measures the Board reported for the first three quarters of fiscal year 2007. Auditors also reviewed controls over the submission of data used in reporting performance measures and traced performance measure information to the original source when possible.

Methodology

Auditors selected nine key performance measures reported in the Automated Budget and Evaluation System of Texas (ABEST). The Board completed questionnaires related to its performance measurement processes to help identify preliminary control information.

Specific tests and procedures included:

- Auditing calculations for accuracy and to ensure that they were consistent with the methodology on which the Board and the Legislative Budget Board agreed.
- Analyzing the flow of data to evaluate whether proper controls were in place.
- Testing a sample of source documents to verify the accuracy of reported performance.
- Performing a high-level review of all information systems that supported the performance measure data.
Project Information

Audit fieldwork was conducted in July and August 2007. This audit was performed in accordance with generally accepted government auditing standards.

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

- Willie J. Hicks, MBA (Project Manager)
- Rebecca Beachy, CIA, CGAP
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- Olivia Gutierrez
- Anca Pincas, CPA, Macy
- Anthony W. Rose, MPA, CPA, CGFM
- Kristyn Scoggins
- Karen Smith, CGAP
- Leslie P. Ashton, CPA (Quality Control Reviewer)
- Sandra Vice, CIA, CGAP, CISA (Assistant State Auditor)
Copies of this report have been distributed to the following:

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The Honorable Tom Craddick, Speaker of the House, Joint Chair
The Honorable Steve Ogden, Senate Finance Committee
The Honorable Thomas “Tommy” Williams, Member, Texas Senate
The Honorable Warren Chisum, House Appropriations Committee
The Honorable Jim Keffer, House Ways and Means Committee

**Office of the Governor**
The Honorable Rick Perry, Governor

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Mr. Glenn R. Lowenstein, Secretary/Treasurer
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Mr. Gordon Ware

**Board of Professional Geoscientists**
Mr. Vincent R. Houston, Acting Executive Director
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