

# Internal Control and Compliance Assessment

## Arkansas Legislative Audit

### Arkansas State Board of Registration for Foresters

For the Two Fiscal Years Ended June 30, 2018



## INTRODUCTION

This report is issued to inform the Legislative Joint Auditing Committee of compliance with state fiscal laws and regulations as well as deficiencies in internal controls for the Arkansas State Board of Registration for Foresters. Assessment procedures disclosed no reportable items of noncompliance.

## SCOPE AND METHODOLOGY

We performed an internal control and compliance assessment of the Arkansas State Board of Registration for Foresters, a board of Arkansas state government, as of and for the two-year period ended June 30, 2018, and have issued our report dated June 12, 2019. Management of the Agency is responsible for establishing and maintaining internal controls and complying with applicable laws and regulations.

The assessment included cash on deposit, cash receipts, expenditures, liabilities, capital assets, and data entry to the Arkansas Administrative Statewide Information System (AASIS). The assessment consisted principally of inquiries, observations, analytical procedures, and selected tests of internal control policies and procedures, accounting records, and other relevant documents. We relied on financial data in AASIS recorded by the Agency and audit work conducted in the fiscal years 2017 and 2018 State Comprehensive Annual Financial Report (CAFR) and Single Audit Report. The methodology used in conducting this assessment was developed uniquely for this engagement and, therefore, was more limited in scope than an audit or attestation engagement performed in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States.

## RESULTS OF ASSESSMENT

Assessment procedures did not disclose instances of noncompliance considered reportable.

## ENABLING LEGISLATION AND ORGANIZATIONAL STRUCTURE

The State Board of Registration for Foresters was created by Act 535 of 1969. Its mission is to protect private forest landowners by licensing and registering qualified, experienced foresters who maintain their continuing education. The Board is responsible for conducting written examinations, issuing certificates of registration, providing continuing education symposiums, and investigating complaints against registered foresters.

The Board consists of six appointed members, including a representative from the forest products industry, the State Forestry Commission, an agency of the U.S. Government, and the staff of the School of Forestry at the University of Arkansas - Monticello, as well as a private forestry consultant and a consumer. The Board's organizational chart is presented in **Exhibit I on page 2**.

### ARKANSAS LEGISLATIVE AUDIT

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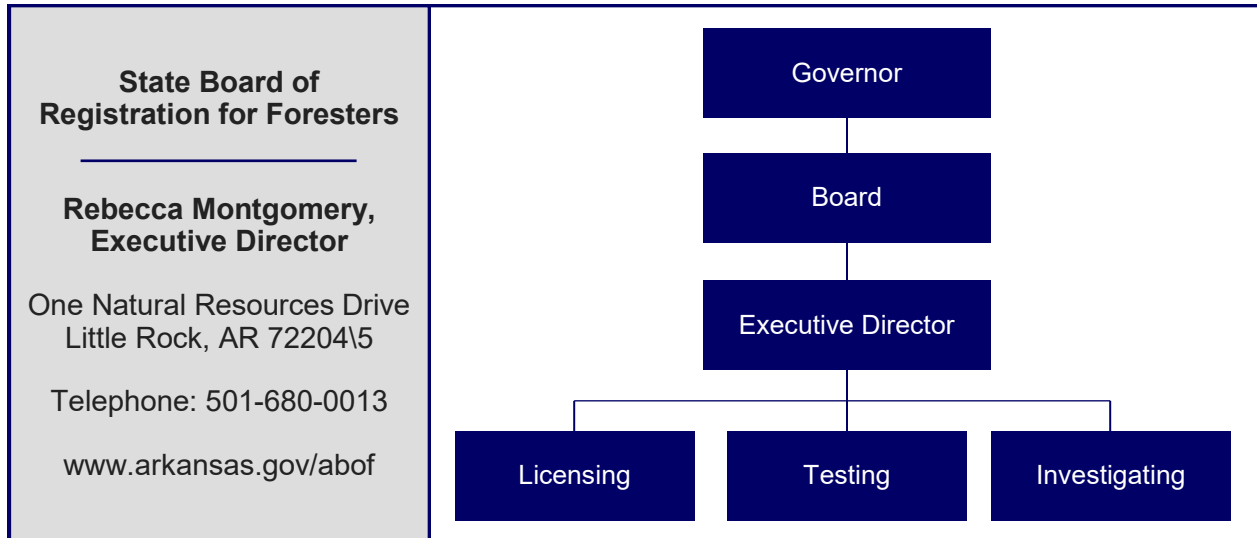
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Exhibit I

Arkansas State Board of Registration for Foresters  
Organizational Chart



Source: Arkansas State Board of Registration for Foresters

## FISCAL ANALYSIS

### Revenues, Expenditures, and Transfers

Revenues totaled \$16,389 and \$16,244 in fiscal years 2018 and 2017, respectively. License renewal fees represent the largest revenue source.

Expenditures totaled \$12,008 and \$19,329 in fiscal years 2018 and 2017, respectively. Salary expense accounts for the largest portion of expenditures for the Agency.

Agency revenues, expenditures, and transfers for fiscal years 2014 through 2018 are illustrated in **Exhibit II on page 3**.

### Assets and Liabilities

Agency assets, primarily comprised of cash in Treasury, totaled \$99,769 as of June 30, 2018, and \$97,966 as of June 30, 2017.

Liabilities totaled \$6,862 and \$7,646 at June 30, 2018 and 2017, respectively. Unearned revenues, which is the portion of fees collected for licenses expiring after fiscal year-end, accounts for the largest portion of liabilities. The license year is the calendar year, and the unexpired portion from July to December is considered unearned revenue.

Assets and liabilities for fiscal years 2014 through 2018 are presented in **Exhibit III on page 3**.

## Exhibit II

**Arkansas State Board of Registration for Foresters  
Revenues, Expenditures, and Transfers  
For the Years Ended June 30, 2014 through 2018**

	Fiscal Year				
	2018	2017	2016	2015	2014
<b>Revenues</b>					
Fees	\$ 14,134	\$ 14,714	\$ 14,653	\$ 14,770	\$ 15,047
Other income	2,255	1,530	1,422	865	1,188
<b>Total Revenues</b>	<u>\$ 16,389</u>	<u>\$ 16,244</u>	<u>\$ 16,075</u>	<u>\$ 15,635</u>	<u>\$ 16,235</u>
<b>Expenditures</b>					
Salaries	\$ 8,890	\$ 7,945	\$ 9,143	\$ 7,336	\$ 7,210
Travel	641	2,898	1,416	251	1,892
Commodities, materials, and supplies	557	7,516	1,395	354	607
Other expenses	1,920	970	1,485	1,672	2,511
<b>Total Expenditures</b>	<u>\$ 12,008</u>	<u>\$ 19,329</u>	<u>\$ 13,439</u>	<u>\$ 9,613</u>	<u>\$ 12,220</u>
<b>Net Transfers In (Out)</b>	<u>\$ 8</u>	<u>\$ 19</u>	<u>\$ 10</u>	<u>\$ 0</u>	<u>\$ 0</u>

Source: Arkansas Administrative Statewide Information System Trial Balance (unaudited by Arkansas Legislative Audit)

## Exhibit III

**Arkansas State Board of Registration for Foresters  
Assets and Liabilities  
For the Years Ended June 30, 2014 through 2018**

	Fiscal Year				
	2018	2017	2016	2015	2014
<b>Assets</b>					
Cash and cash equivalents	\$ 95,703	\$ 92,121	\$ 91,872	\$ 89,027	\$ 82,966
Fixed assets	3,959	5,761	2,768	2,768	2,768
Other assets	107	84			
<b>Total Assets</b>	<u>\$ 99,769</u>	<u>\$ 97,966</u>	<u>\$ 94,640</u>	<u>\$ 91,795</u>	<u>\$ 85,734</u>
<b>Liabilities</b>					
Unearned revenues	\$ 6,647	\$ 7,047	\$ 6,897	\$ 6,835	\$ 6,829
Other liabilities	215	599	342	236	202
<b>Total Liabilities</b>	<u>\$ 6,862</u>	<u>\$ 7,646</u>	<u>\$ 7,239</u>	<u>\$ 7,071</u>	<u>\$ 7,031</u>

Source: Arkansas Administrative Statewide Information System Trial Balance (unaudited by Arkansas Legislative Audit)

