

# STATE BOARD OF ACCOUNTANCY

## Enabling Laws

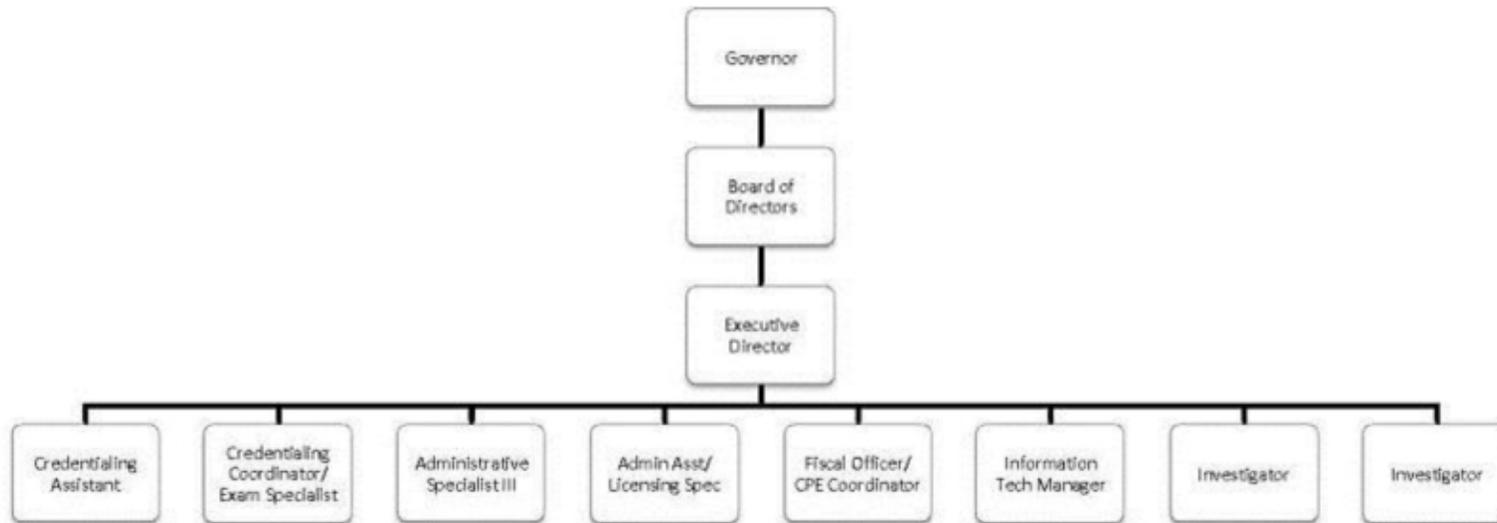
Act 34 of 2012  
A.C.A. §17-12-101 et seq.

## History and Organization

Act 229 of 1915 established the Accountancy Board. Act 160 of 1975 repealed Act 229 and is known as the Public Accountancy Act of 1975. It authorized a seven member Board that is made up of five CPA's, a consumer representative and a senior citizen. The mission of the Board is to protect the public welfare by establishing and maintaining a high standard of integrity and dignity in the practice of public accountancy. The statutory responsibility of the Board is to see that persons attesting as experts in accountancy as to the reliability or fairness of presentation of financial information be qualified to do so and that such be reserved to persons who demonstrate their ability and fitness to observe and apply the standards of the accounting profession.

The primary activities of the Board are to:

- Process applications, evaluate and certify education of exam candidates for eligibility to take the Uniform CPA Examination.
- Grant certifications to those who pass the CPA examination and those that otherwise qualify.
- Determine whether those who apply for a license to practice qualify.
- Annually register and issue licenses to all CPA's, PA's and Firms practicing public accounting.
- Investigate violations of the Public Accountancy Act and take disciplinary action when appropriate after conducting a hearing.
- Monitor mandatory continuing professional education on CPA's and PA's who hold licenses to practice.
- Administer a Quality Review Program on audit, compilation, review and governmental audit reports.



## **Agency Commentary**

The State Board of Public Accountancy was authorized by Arkansas Code Annotated § 17-12-201, and is responsible for oversight and regulation of the practice of public accounting and those persons who are performing duties as a certified public accountant and public accountant. The Board is responsible for promulgating and amending rules of professional conduct appropriate to establishing and maintaining a high standard of integrity and dignity in the profession of public accounting; and issuing rules of professional conduct pertaining to corporations practicing public accounting. Further, the Board is responsible for determining the qualifications of applicants for the CPA examination, processing applications, certifying education and continuing educational requirements and authorizing the issuance of new and renewal licenses to those individuals meeting the standards established for the practice of public accounting. The Board investigates all alleged and factual violations of the accountancy’s licensing law as well as holds hearings and assesses penalties to ensure compliance. The Agency receives no funding from the State because the operations of the Board are cash funded from the receipt of fees charged for licensing, issuance, renewal of licenses, examination, and penalties and fines associated with violations of regulations. The budget request for the agency reflects Base Level of \$1,174,481 for FY14 and FY15. Change level requests total \$24,500 for FY14 and \$34,500 for FY15.

### Capital Outlay:

The Board requests \$10,000 for FY14 and FY15. These amounts are for anticipated office equipment and furniture expenses to replace equipment and furniture that is beyond repair or obsolete and for leasehold improvements.

Exam Fees:

The Board requests an increase of \$10,000 for FY14 and \$20,000 for FY15. The increases are in anticipated increases in third-party costs of administration of the CPA examination and an anticipated increase in the number of candidates applying and taking the exam.

Refunds:

The Board requests an increase of \$4,500 for FY14 and FY15. The increases are due to the online application process being implemented. The application fees for the exam are collected prior to the Board's review of the CPA exam candidate's applications. If the applicant does not meet the requirements, the application fees must be refunded.

**Audit Findings**

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
ARKANSAS STATE BOARD OF PUBLIC ACCOUNTANCY  
FOR THE YEAR ENDED JUNE 30, 2011

Findings

Recommendations

None

None

**State Contracts Over \$25,000 Awarded To Minority Owned Businesses Fiscal Year 2012**

None

## **Employment Summary**

	Male	Female	Total	%	
White Employees	4	4	8	89%	
Black Employees	0	1	1	11%	
Other Racial Minorities	0	0	0	0 %	
			Total Minorities	1	11 %
			Total Employees	9	100 %

## **Cash Fund Balance Description as of June 30, 2012**

Fund Account	Balance	Type	Location
3030000	\$1,275,257	Investment	Regions Investment/Morgan Keegan

### Statutory/Other Restrictions on use:

Public Accountancy Act of 1975 as amended. A.C.A. §17-12-100 et seq. All fees and other moneys received by the Arkansas State Board of Public Accountancy pursuant to the provisions of this chapter shall be kept in a separate fund and expended solely for the purposes of this chapter.

### Statutory Provisions for Fees, Fines, Penalties:

Public Accountancy Act of 1975 as amended A.C.A §17-12-306 – The Arkansas State Board of Public Accountancy shall charge a fee to each applicant applying to sit for the examination.

### Revenue Receipts Cycle:

Fall/Winter receipt of Annual Registration from registrants. Year round registration for Uniform CPA Examination.

### Fund Balance Utilization:

Funds expended to meet expenditures in accordance with appropriations act for the Board of Public Accountancy.

---

Fund Account	Balance	Type	Location
3030000	\$217,819	Checking/Savings	Regions Bank

Statutory/Other Restrictions on use:

Public Accountancy Act of 1975 as amended. A.C.A. §17-12-100 et seq. All fees and other moneys received by the Arkansas State Board of Public Accountancy pursuant to the provisions of this chapter shall be kept in a separate fund and expended solely for the purposes of this chapter.

Statutory Provisions for Fees, Fines, Penalties:

Public Accountancy Act of 1975 as amended A.C.A §17-12-306 – The Arkansas State Board of Public Accountancy shall charge a fee to each applicant applying to sit for the examination.

Revenue Receipts Cycle:

Fall/Winter receipt of Annual Registration from registrants. Year round registration for Uniform CPA Examination.

Fund Balance Utilization:

Funds expended to meet expenditures in accordance with appropriations act for the Board of Public Accountancy.

**Publications**

**A.C.A. 25-1-204**

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
Directory of Licensees	A.C.A.17-12-203 (b)	N	N	10	Existence of Statutory Requirement

**Agency Position Usage Report**

FY2010 - 2011						FY2011 - 2012						FY2012 - 2013					
Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused
	Filled	Unfilled	Total				Filled	Unfilled	Total				Filled	Unfilled	Total		
9	9	0	9	0	0.00 %	9	8	1	9	0	11.11 %	9	9	0	9	0	0.00 %

## **Analysis of Budget Request**

**Appropriation:** A25 - Accounting Board-Cash Operations

**Funding Sources:** 303 - Accountancy Board - Cash

The State Board of Public Accountancy was authorized by Arkansas Code Annotated §17-12-201, and is responsible for oversight of the practice of public accounting and individuals performing duties as a certified public accountant. The Board is responsible for promulgating and amending the rules of professional conduct to establish and maintain high standards of integrity and dignity within the profession; printing and distributing to the public a register of all practitioners holding permits for the practice public accountancy; and issuing rules of professional conduct pertaining to corporations practicing public accounting. Further, the Board is responsible for administering an examination, certifying educational and continuing educational requirements, and issuing certificates and licenses to those individuals meeting established standards for the practice of public accounting. The operations of the Board are funded from examination and license fees charged by the agency.

Base Level Regular Salaries and Personal Services Matching includes Career Service payments for eligible employees. Personal Services Matching also includes a \$20 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$410 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay increases. The Base Level request for Regular Salaries includes board member stipend payments.

The Board's Change Level Request of \$24,500 and \$34,500 for FY14 and FY15 provides for the following:

- For FY14 and FY15, the Board requests an increase of \$4,500 for Refunds/Reimbursements due to the implementation of an online exam application process. This online process deposits the exam application fees into the Board's account. If the candidate does not meet the exam requirements, the payment received is refunded. Prior to this online process, fees were not deposited until application review. If the applicant did not meet the requirements, the application and fees were mailed back to the candidate.
- Capital Outlay of \$10,000 is for leasehold improvements and replacement of office furniture and office equipment which is obsolete or irreparable.
- Exam Fees increase of \$10,000 in FY14 and an increase of \$20,000 in FY15 for estimated increases in third party costs associated with the Certified Public Accountant's exam and estimated increase in the number of exam candidates.

The Executive Recommendation provides for the Agency Request. Expenditure of appropriation is contingent upon available funding.

## Appropriation Summary

**Appropriation:** A25 - Accounting Board-Cash Operations

**Funding Sources:** 303 - Accountancy Board - Cash

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			2013-2014			2014-2015		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	394,191	432,366	410,861	432,966	432,966	432,966	432,966	432,966	432,966
<b>#Positions</b>		<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>
Extra Help	5010001	0	0	5,000	0	0	0	0	0	0
<b>#Extra Help</b>		<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Personal Services Matching	5010003	127,579	143,778	124,295	146,209	146,209	146,209	146,209	146,209	146,209
Operating Expenses	5020002	185,134	270,662	270,662	270,662	270,662	270,662	270,662	270,662	270,662
Conference & Travel Expenses	5050009	7,870	15,583	15,583	15,583	15,583	15,583	15,583	15,583	15,583
Professional Fees	5060010	17,903	39,041	39,041	39,041	39,041	39,041	39,041	39,041	39,041
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Refunds/Reimbursements	5110014	4,740	10,020	10,020	10,020	14,520	14,520	10,020	14,520	14,520
Capital Outlay	5120011	0	10,000	10,000	0	10,000	10,000	0	10,000	10,000
Exam Fees	5900046	231,633	260,000	260,000	260,000	270,000	270,000	260,000	280,000	280,000
<b>Total</b>		<b>969,050</b>	<b>1,181,450</b>	<b>1,145,462</b>	<b>1,174,481</b>	<b>1,198,981</b>	<b>1,198,981</b>	<b>1,174,481</b>	<b>1,208,981</b>	<b>1,208,981</b>
<b>Funding Sources</b>										
Fund Balance	4000005	1,448,287	1,493,076		1,302,770	1,302,770	1,302,770	1,108,289	1,083,789	1,083,789
Cash Fund	4000045	1,013,839	991,144		980,000	980,000	980,000	990,000	990,000	990,000
<b>Total Funding</b>		<b>2,462,126</b>	<b>2,484,220</b>		<b>2,282,770</b>	<b>2,282,770</b>	<b>2,282,770</b>	<b>2,098,289</b>	<b>2,073,789</b>	<b>2,073,789</b>
Excess Appropriation/(Funding)		(1,493,076)	(1,302,770)		(1,108,289)	(1,083,789)	(1,083,789)	(923,808)	(864,808)	(864,808)
<b>Grand Total</b>		<b>969,050</b>	<b>1,181,450</b>		<b>1,174,481</b>	<b>1,198,981</b>	<b>1,198,981</b>	<b>1,174,481</b>	<b>1,208,981</b>	<b>1,208,981</b>

The FY13 Budget amount in Regular Salaries and Personal Services Matching exceeds the authorized amount due salary and matching rate adjustments during the 2011-2013 Biennium.

## Change Level by Appropriation

**Appropriation:** A25 - Accounting Board-Cash Operations  
**Funding Sources:** 303 - Accountancy Board - Cash

### Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>1,174,481</b>	<b>9</b>	<b>1,174,481</b>	<b>100.0</b>	<b>1,174,481</b>	<b>9</b>	<b>1,174,481</b>	<b>100.0</b>
C01	Existing Program	24,500	0	1,198,981	102.1	34,500	0	1,208,981	102.9

### Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>1,174,481</b>	<b>9</b>	<b>1,174,481</b>	<b>100.0</b>	<b>1,174,481</b>	<b>9</b>	<b>1,174,481</b>	<b>100.0</b>
C01	Existing Program	24,500	0	1,198,981	102.1	34,500	0	1,208,981	102.9

### Justification

C01	The Board requests a change level of \$24,500 and \$34,500 for FY14 and FY15; respectively. For FY14 and FY15, the Board requests an increase of \$10,000 for Capital Outlay and \$4,500 for Refunds/Reimbursements. The Capital Outlay request is for leasehold improvements and replacement of office furniture and office equipment which is obsolete or irreparable. The increase for Refunds/Reimbursements is due to the implementation of an online exam application process. This online process deposits the exam application fees into the board's account. If the candidate does not meet the exam requirements, the payment received is refunded. Prior to this online process, fees were not deposited until application review. If the applicant did not meet the requirements, the application and fees were mailed back to the candidate. The Board requests an increase of \$10,000 in FY14 and an increase of \$20,000 in FY15 for the Exam Fees line item. This increase is needed due to estimated increases in third party costs associated with the Certified Public Accountant's exam and estimated increase in the number of exam candidates.
-----	---