

ARKANSAS HOME INSPECTOR REGISTRATION BOARD

Enabling Laws

Act 204 of 2016
A.C.A. §17-52-301 et seq.

History and Organization

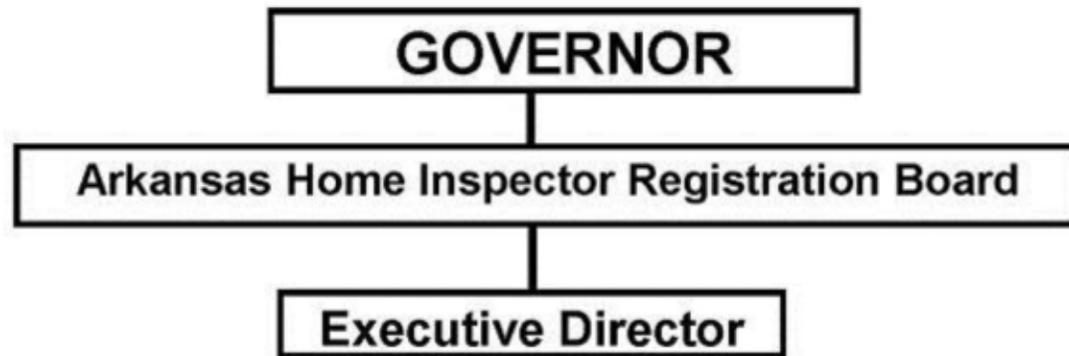
The Arkansas Home Inspector Registration Board was created by Act 1328 of 2003.

The purpose of the Board is to protect the public from those persons who are untrained and unqualified to perform home inspections, to license those individuals who meet the qualifications of licensure under the Act, and to hear and resolve such disciplinary matters as may come before it.

The Board evaluates qualifications of applicants, and investigates complaints or allegations of violations of the Act.

The Board is composed of seven (7) members appointed by the Governor as follows: four (4) registered home inspectors, one (1) licensed real estate professional, one (1) licensed real estate appraiser, and one (1) at large member to serve as a consumer advocate.

Act 92 of 2013 authorized the position of Executive Director. The duties of the previous administrative support contractor evolved to require more managerial responsibility than is traditionally provided by a contractor. The employment of professional staff allowed the Board to utilize standard State regulations and guidelines to monitor staff performance and regulate compensation.



Agency Commentary

The mission of the Board is to protect the public from individuals who are untrained and unqualified to perform home inspections, to license those individuals who meet the qualifications of licensure under the Act, and to hear and resolve such disciplinary matters as may come before it. The Board evaluates qualifications of applicants, and investigates complaints or allegations of violations of the Act. Funding for appropriations for the Board are from license fees, fines, and fees charged to review and certify educational programs of commercial providers.

OPERATIONS: The Agency requests Base Level appropriation of \$95,250 each year of the 2017-2019 Biennium. This Base Level appropriation is funded within annual actual income collected.

PUBLIC AWARENESS: The Board also requests continuance of Base Level appropriation of \$25,000 per year to develop and conduct a public awareness campaign to acquaint the public with the benefits of using a licensed home inspector, and the pitfalls of not having a home inspection prior to purchase. This Base Level appropriation, when eventually utilized, is to be funded from fund balances.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS HOME INSPECTOR REGISTRATION BOARD
FOR THE YEAR ENDED JUNE 30, 2015

Findings

According to Ark. Code Ann. § 17-52-305(f), the minutes of all meetings shall be recorded by an administrative secretary and made a permanent part of the records of the Board. Additionally, in accordance with Ark. Code Ann. § 25-18-604, the Department of Finance and Administration (DFA) has established guidelines for records retention. Arkansas Legislative Audit (ALA) staff noted that four Board meetings did not have written minutes; therefore Board actions could not be verified.

Ark. Code Ann. § 17-52-306(6) state that the Board shall authorize disbursement of the funds collected into the Arkansas Home Inspectors Registration fund. Based on a review of Board minutes and expenditure invoices, 22 of 34 expenditures tested were not authorized by the Board. Available Board minutes did not indicate approval of expenditures, and excessive or unallowable expenditures could occur without proper authorization.

Recommendations

We recommend the Agency establish procedures to record and maintain Board meeting minutes and have them available for review.

Agency Response:

The duties of recording and maintaining Board meeting minutes have been delegated by the Board Secretary/Treasurer to the Executive Director. The Executive Director will record all meetings and transcribe those to be provided to Board members at each Board meeting. Those minutes will be reviewed and approved by the full Board and maintained in the Board office for proper retention.

We recommend the Agency develop disbursement authorization policies in accordance with Arkansas Code.

Agency Response:

At the Board meeting on December 17, 2015, the Board voted unanimously to begin reviewing all expenditures at each Board meeting and including approval of those expenditures in the Board meeting minutes. DFA has also recommended instituting requirements for preapproval of purchases that would involve the Executive Director; Chairman of the Board; Vice Chairman of the Board; Secretary/Treasurer of the Board; and, for certain dollar value purchases, the whole Board.

State Contracts Over \$50,000 Awarded To Minority Owned Businesses Fiscal Year 2016

None

Employment Summary

	Male	Female	Total	%
White Employees	0	0	0	0 %
Black Employees	0	1	1	100 %
Other Racial Minorities	0	0	0	0 %
Total Minorities			1	100 %
Total Employees			1	100 %

Publications

A.C.A. 25-1-201 et seq.

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution	Unbound Black & White Copies Produced During the Last Two Years	Cost of Unbound Copies Produced During the Last Two Years
		Governor	General Assembly				
None	N/A	N	N	0	N/A	0	0.00

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2015-2016		2016-2017		2016-2017		2017-2018						2018-2019							
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos		
2JV Operations	37,262	1	95,041	1	96,720	1	95,250	1	95,250	1	95,250	1	95,250	1	95,250	1	95,250	1	95,250	1
86N Public Awareness Campaign	4,167	0	25,000	0	25,000	0	25,000	0	25,000	0	25,000	0	25,000	0	25,000	0	25,000	0	25,000	0
Total	41,429	1	120,041	1	121,720	1	120,250	1												

Funding Sources		%		%		%		%		%		%		%		%		%
Fund Balance 4000005	351,128	82.0	387,037	85.8			330,996	83.8	330,996	83.8	330,996	83.8	274,746	81.1	274,746	81.1	274,746	81.1
Cash Fund 4000045	77,338	18.0	64,000	14.2			64,000	16.2	64,000	16.2	64,000	16.2	64,000	18.9	64,000	18.9	64,000	18.9
Total Funds	428,466	100.0	451,037	100.0			394,996	100.0	394,996	100.0	394,996	100.0	338,746	100.0	338,746	100.0	338,746	100.0
Excess Appropriation/(Funding)	(387,037)		(330,996)				(274,746)		(274,746)		(274,746)		(218,496)		(218,496)		(218,496)	
Grand Total	41,429		120,041				120,250		120,250		120,250		120,250		120,250		120,250	

Agency Position Usage Report

FY2014 - 2015						FY2015 - 2016						FY2016 - 2017					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
1	0	1	1	0	100.00 %	1	0	1	1	0	100.00 %	1	0	1	1	0	100.00 %

Analysis of Budget Request

Appropriation: 2JV - Operations

Funding Sources: MHR - Home Inspector Registration Board - Cash

The Arkansas Home Inspector Registration Board was created by Act 1328 of 2003. Act 1328 repealed Subchapters 1 and 2 of Arkansas Code Title 17, Chapter 52 and added an additional subchapter. Subchapter 3 cited as "The Arkansas Home Inspectors Registration Act" created the Arkansas Home Inspector Registration Board. The Board became a state agency effective July 1, 2004, having met fund balance requirements.

The purpose of the Board is to protect the public from those persons who are untrained and unqualified to conduct home inspections, to license those individuals who meet the qualifications of licensure under the Act, and to hear and resolve such disciplinary matters as may come before the Board. The Board is funded by license fees.

Act 92 of 2013 authorized the position of Executive Director. The duties of the previous administrative support contractor evolved to require more managerial responsibility than is traditionally provided by a contractor. The employment of professional staff allowed the Board to utilize standard State regulations and guidelines to monitor staff performance and regulate compensation.

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2017 Salaries and Career Service Payments for eligible employees. Personal Services Matching includes the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

The Board requests Base Level appropriation for the 2017-2019 Biennium.

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

Appropriation Summary

Appropriation: 2JV - Operations

Funding Sources: MHR - Home Inspector Registration Board - Cash

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	17,374	37,332	38,605	37,332	37,332	37,332	37,332	37,332	37,332
#Positions	1	1	1	1	1	1	1	1	1
Personal Services Matching 5010003	8,671	13,309	13,715	13,518	13,518	13,518	13,518	13,518	13,518
Various Maintenance and Op 5900046	11,217	44,400	44,400	44,400	44,400	44,400	44,400	44,400	44,400
Total	37,262	95,041	96,720	95,250	95,250	95,250	95,250	95,250	95,250
Funding Sources									
Fund Balance 4000005	271,961	312,037		280,996	280,996	280,996	249,746	249,746	249,746
Cash Fund 4000045	77,338	64,000		64,000	64,000	64,000	64,000	64,000	64,000
Total Funding	349,299	376,037		344,996	344,996	344,996	313,746	313,746	313,746
Excess Appropriation/(Funding)	(312,037)	(280,996)		(249,746)	(249,746)	(249,746)	(218,496)	(218,496)	(218,496)
Grand Total	37,262	95,041		95,250	95,250	95,250	95,250	95,250	95,250

Analysis of Budget Request

Appropriation: 86N - Public Awareness Campaign

Funding Sources: MHR - Home Inspector Registration Board - Cash

This appropriation was approved during the Regular Session of the 88th General Assembly. The appropriation will be used for the research, procurement, and implementation of a public awareness program to promote the benefits of the services of a licensed home inspector, especially prior to purchase. Although this will fund a variety of efforts, it will primarily consist of the development and broadcast of TV and radio spots.

The Board requests Base Level appropriation for the 2017-2019 Biennium.

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

Appropriation Summary

Appropriation: 86N - Public Awareness Campaign

Funding Sources: MHR - Home Inspector Registration Board - Cash

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			2017-2018			2018-2019		
	2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Public Awareness Campaign 5900046	4,167	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Total	4,167	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Funding Sources									
Fund Balance 4000005	79,167	75,000		50,000	50,000	50,000	25,000	25,000	25,000
Total Funding	79,167	75,000		50,000	50,000	50,000	25,000	25,000	25,000
Excess Appropriation/(Funding)	(75,000)	(50,000)		(25,000)	(25,000)	(25,000)	0	0	0
Grand Total	4,167	25,000		25,000	25,000	25,000	25,000	25,000	25,000