

# ARKANSAS ABSTRACTERS' BOARD

## Enabling Laws

Act 783 of 2007  
Act 109 of 1969 as amended.  
See A.C.A. § 17-11-401

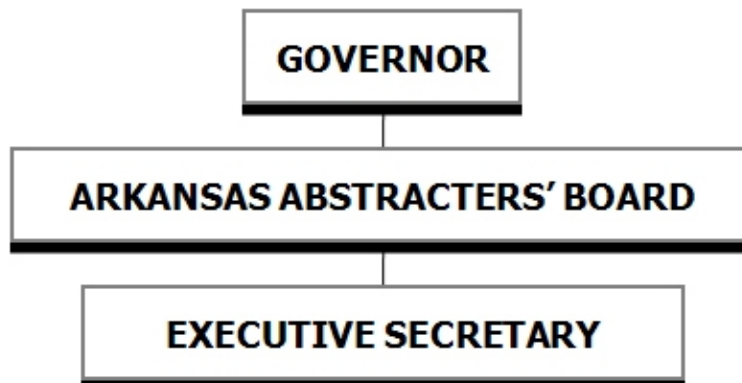
## History and Organization

The Arkansas Abstracter's Board of Examiners was created by Act 109 of 1969. This Act established a three-member board, appointed by the Governor, confirmed by the Senate, to serve six (6) year terms. The terms are staggered so that one member is replaced every two years. Act 1042 of 2007 changed the name of the Board to the Arkansas Abstracters' Board. This act increases the number of board members from three to five.

Act 1042 of 2007 provides that two of the board members shall be actively engaged in the making of abstracts to real estate titles in the State of Arkansas for a period of no less than five (5) years prior to their appointment. A third member shall be knowledgeable of the abstract business, and two members shall be at large.

The Arkansas Abstracters' Board is staffed with one (1) part-time employee, an Abstracter Secretary General. This Board is responsible for the proper supervision and renewal of some 100-125 firm licenses and more than 325 individual licenses on an annual basis. In addition, the Board schedules and administers a semi-annual examination to approximately 30 individuals, which is given in the April and October time frames each year. Also, the Board is responsible for the examination of the records of all new firms making application for license.

In addition, the Board is responsible for responding to complaints regarding possible unlicensed operations, etc. and scheduling hearings as needed to resolve the complaints. Enforcement of the provisions of A.C.A. § 17-11-201 is within the duties of this Board and periodic inspections may be made on a random basis to ensure compliance. Revocation of certificates of authority is within the jurisdiction of this Board when non-compliance is determined in a hearing before the Board, when requested by the licensee.



## Agency Commentary

The Arkansas Abstracters' Board has the responsibility to regulate and license both abstract companies and individual abstracters of real estate titles. Funding is derived from special revenues collected based on fees charged for licenses, examinations, and transfers. With the increased interest in mineral rights, we are expecting an increase in the demand for abstract licenses.

Two additional board members were appointed during the last biennium. The Board's records and business has been maintained and conducted out of their one employee's home. The Board is requesting additional appropriation to set up and maintain a more professional and accessible office. This will give the Board a location to hold regular meetings. Board member travel reimbursement expenses are requested. The additional Operating Expenses are to cover lease of office space, telephone, printing, office supplies, refunds, computer, computer programs, fax, and copier.

The Agency would like to join and attend the Arkansas Land Title Association (ARLTA). This professional association will provide valuable tools and resources. Most of our clients are members of this association. By participating in ARLTA, they will provide continuing education to our members and provide a way to meet new clients thereby providing increased revenue.

One function of the Board is to hear any legitimate complaints. A need to contract a court reporter is requested, since a court reporter is required to be present.

## Audit Findings

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
ARKANSAS ABSTRACTORS BOARD OF EXAMINERS

FOR THE YEAR ENDED JUNE 30, 2005

Findings

Ms. Judy Conn, the Executive Secretary for the board, was hired July 1, 2002. During the period under review she submitted weekly timesheets to the payroll section of the Department of Finance and Administration (DFA). Although these timesheets reflected that she worked forty (40) hours per week for the Board, she was also employed as a full-time employee for a title company. Ms. Conn has indicated that she actually worked less than forty (40) hours per week for the Board; however, no documentation exists to verify the actual amount of time she spent working for the Board. Ms. Conn received a salary for Board duties of \$17,422 and \$17,999 during the years ended June 30, 2004 and 2005, respectively.

During our review it was noted that documentation to account for licenses issued and fees collected was inadequate and incomplete, or improper disbursement practices, were indicated by the following:

- The Board did not maintain a listing of active and inactive individuals and firms licensed each year.

Recommendations

The Chief Fiscal Officer of the State of Arkansas review the circumstances related to Ms. Conn's employment and determine if a full-time salary was appropriate. Weekly timesheets submitted by Board employees should accurately reflect the hours worked. Also, the Board should comply with established State personnel policies for full-time employees.

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
ARKANSAS ABSTRACTORS BOARD OF EXAMINERS

FOR THE YEAR ENDED JUNE 30, 2005

Findings

Recommendations

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- As indicated by the Executive Secretary for the Board, only two (2) exams were held between July 1, 2003 and June 30, 2005. Of the thirteen (13) individuals listed as taking the exam, only two (2) exam fees could be traced to deposits and one (1) exam fee was deposited that could not be traced to the testing roster.
  - Five (5) firm, ten (10) individual and ten (10) inactive licenses were issued without collecting the correct fee for the type of license.
  - Two (2) firms and six (6) individuals paid for a license and no license was issued.
  - Three (3) firms and sixteen (16) individuals were issued licenses that did not have licenses in the prior year. The Board did not maintain documentation to indicate that these new licensees were certified during the year.
  - Fees paid by thirty-three (33) firms and ninety-five (95) individuals were deposited after the 60 day renewal deadline. It could not be determined from the Board's records if receipts were deposited in a timely manner or if the licenses were delinquent and needed to be recertified.
  - Three (3) undeposited checks for license fees were found in the Board's files during our review on December 15, 2005. Two (2) of these checks were dated in July 2004 and one (1) was dated in September 2004.
  - Seven (7) disbursements totaling \$1,329.88 were made from the Board's local checking account. Board procedures provide that all receipts are to be deposited into a local checking account and then transferred to the State Treasury. Ark. Code Ann. 17-11-204 requires that all Board expenditures be paid from the Board's State Treasury Fund (SXA).
  - The Board did not maintain documentation to support that they made monthly bank reconciliations.

The Board currently has ownership of six (6) pieces of equipment with a book value of \$1,124. The Board's prior Executive Secretary still has possession of this equipment.

Ark. Code Ann. 25-17-208 requires the Board to meet in regular session at least once in each semiannual period. Subsequent to the Board's regularly scheduled meeting in May 2002, the next meeting was not held until August 2004. Special meetings were held in October 2005 and November 2005 to discuss personnel issues.

The Board take possession of its furniture and equipment or transfer it to Marketing and Redistribution.

The Board comply with Arkansas legal requirements for at least one regular session each semiannual period.

## Employment Summary

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

## Publications

### A.C.A. 25-1-204

| Name | Statutory Authorization | Required for |                  | # of Copies | Reason(s) for Continued Publication and Distribution |
|------|-------------------------|--------------|------------------|-------------|--|
|      |                         | Governor     | General Assembly |             |  |
| None | N/A                     | N            | N                | 0           | N/A  |

## Agency Position Usage Report

| FY2006 - 2007           |          |          |       |            |                              | FY2007 - 2008           |          |          |       |            |                              | FY2008 - 2009           |          |          |       |            |                              |
|-------------------------|----------|----------|-------|------------|------------------------------|-------------------------|----------|----------|-------|------------|------------------------------|-------------------------|----------|----------|-------|------------|------------------------------|
| Authorized<br>in<br>Act | Budgeted |          |       | Unbudgeted | % of<br>Authorized<br>Unused | Authorized<br>in<br>Act | Budgeted |          |       | Unbudgeted | % of<br>Authorized<br>Unused | Authorized<br>in<br>Act | Budgeted |          |       | Unbudgeted | % of<br>Authorized<br>Unused |
|                         | Filled   | Unfilled | Total | Total      |                              |                         | Filled   | Unfilled | Total | Total      |                              |                         | Filled   | Unfilled | Total | Total      |                              |
| 1                       | 1        | 0        | 1     | 0          | 0.00 %                       | 1                       | 1        | 0        | 1     | 0          | 0.00 %                       | 1                       | 1        | 0        | 1     | 0          | 0.00 %                       |

## **Analysis of Budget Request**

**Appropriation:** 069 - Abstracter's Board-Operations

**Funding Sources:** SXA - Arkansas Abstracters' Board Fund

Act 109 of 1969 established a three member Abstracter's Board of Examiners. During the last biennium, Act 1042 of 2007 increased the Board to five members. The Board has the responsibility to regulate and license both abstract companies and individual abstracters of real estate titles. The Board schedules and administers a semi-annual examination to individuals seeking certification as a registered abstracter. Over 300 individuals and 125 firm licenses are issued and renewed each year. Funding is derived from special revenues collected based on fees charged for licenses, examinations, and transfers in accordance to Arkansas Code 17-11-302 and 17-11-322 (b).

Base Level position was changed from unclassified to classified to reflect the recommendations of the Pay Plan Study and salaries were adjusted accordingly. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include board member Stipend payments and Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

The Base Level Request is \$32,618 in FY10 and \$33,191 in FY11.

The Change Level Requests submitted are \$ 26,128 in FY10 and \$ 23,128 in FY11 and are summarized as follows:

1. Operating Expenses of \$23,070 in both FY10 and FY11 for increases in setting up and maintaining an office, an increase in Board member travel expenses, and the ability to utilize a court reporter's services for complaint hearings.
2. Information Technology needs in Operating Expenses of \$3,058 in FY10 and \$58 in FY11. This includes replacement of an outdated computer with the latest Microsoft Office and anti-virus software and a fax/copier.

The Executive Recommendation provides for Base Level and \$10,000 in appropriation each year of the Biennium.

## Appropriation Summary

**Appropriation:** 069 - Abstracter's Board-Operations

**Funding Sources:** SXA - Arkanas Abstracters' Board Fund

### Historical Data

### Agency Request and Executive Recommendation

| Commitment Item                      | 2007-2008<br>Actual | 2008-2009<br>Budget | 2008-2009<br>Authorized | 2009-2010     |               |               | 2010-2011     |               |               |
|--------------------------------------|---------------------|---------------------|-------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
|                                      |                     |                     |                         | Base Level    | Agency        | Executive     | Base Level    | Agency        | Executive     |
| Regular Salaries 5010000             | 10,770              | 19,993              | 20,193                  | 21,017        | 21,017        | 21,017        | 21,500        | 21,500        | 21,500        |
| <b>#Positions</b>                    | <b>1</b>            | <b>1</b>            | <b>1</b>                | <b>1</b>      | <b>1</b>      | <b>1</b>      | <b>1</b>      | <b>1</b>      | <b>1</b>      |
| Personal Services Matching 5010003   | 5,028               | 7,930               | 8,264                   | 9,034         | 9,034         | 9,034         | 9,124         | 9,124         | 9,124         |
| Operating Expenses 5020002           | 2,567               | 2,567               | 2,567                   | 2,567         | 28,695        | 12,567        | 2,567         | 25,695        | 12,567        |
| Conference & Travel Expenses 5050009 | 0                   | 0                   | 0                       | 0             | 0             | 0             | 0             | 0             | 0             |
| Professional Fees 5060010            | 0                   | 0                   | 0                       | 0             | 0             | 0             | 0             | 0             | 0             |
| Data Processing 5090012              | 0                   | 0                   | 0                       | 0             | 0             | 0             | 0             | 0             | 0             |
| Capital Outlay 5120011               | 0                   | 0                   | 0                       | 0             | 0             | 0             | 0             | 0             | 0             |
| <b>Total</b>                         | <b>18,365</b>       | <b>30,490</b>       | <b>31,024</b>           | <b>32,618</b> | <b>58,746</b> | <b>42,618</b> | <b>33,191</b> | <b>56,319</b> | <b>43,191</b> |
| <b>Funding Sources</b>               |                     |                     |                         |               |               |               |               |               |               |
| Fund Balance 4000005                 | 19,991              | 34,483              |                         | 38,308        | 38,308        | 38,308        | 43,819        | 17,691        | 33,819        |
| Special Revenue 4000030              | 32,857              | 34,315              |                         | 38,129        | 38,129        | 38,129        | 38,628        | 38,628        | 38,628        |
| Total Funding                        | 52,848              | 68,798              |                         | 76,437        | 76,437        | 76,437        | 82,447        | 56,319        | 72,447        |
| Excess Appropriation/(Funding)       | (34,483)            | (38,308)            |                         | (43,819)      | (17,691)      | (33,819)      | (49,256)      | 0             | (29,256)      |
| <b>Grand Total</b>                   | <b>18,365</b>       | <b>30,490</b>       |                         | <b>32,618</b> | <b>58,746</b> | <b>42,618</b> | <b>33,191</b> | <b>56,319</b> | <b>43,191</b> |

## Change Level by Appropriation

**Appropriation:** 069 - Abstracter's Board-Operations  
**Funding Sources:** SXA - Arkansas Abstracters' Board Fund

### Agency Request

| Change Level |                   | 2009-2010     | Pos      | Cumulative    | % of BL      | 2010-2011     | Pos      | Cumulative    | % of BL      |
|--------------|-------------------|---------------|----------|---------------|--------------|---------------|----------|---------------|--------------|
| <b>BL</b>    | <b>Base Level</b> | <b>32,618</b> | <b>1</b> | <b>32,618</b> | <b>100.0</b> | <b>33,191</b> | <b>1</b> | <b>33,191</b> | <b>100.0</b> |
| C01          | Existing Program  | 23,070        | 0        | 55,688        | 170.7        | 23,070        | 0        | 56,261        | 169.5        |
| C08          | Technology        | 3,058         | 0        | 58,746        | 180.1        | 58            | 0        | 56,319        | 169.7        |

### Executive Recommendation

| Change Level |                   | 2009-2010     | Pos      | Cumulative    | % of BL      | 2010-2011     | Pos      | Cumulative    | % of BL      |
|--------------|-------------------|---------------|----------|---------------|--------------|---------------|----------|---------------|--------------|
| <b>BL</b>    | <b>Base Level</b> | <b>32,618</b> | <b>1</b> | <b>32,618</b> | <b>100.0</b> | <b>33,191</b> | <b>1</b> | <b>33,191</b> | <b>100.0</b> |
| C01          | Existing Program  | 6,942         | 0        | 39,560        | 121.3        | 9,942         | 0        | 43,133        | 130.0        |
| C08          | Technology        | 3,058         | 0        | 42,618        | 130.7        | 58            | 0        | 43,191        | 130.1        |

### Justification

|     |   |
|-----|---|
| C01 | The Board would like to set up and maintain an official office instead of operating from an employee's home. This would give the general public a physical location to contact the Agency as well as give the Board a location to meet and conduct hearings. During the last biennium, two additional board members were added. The Board is in the process of updating the Abstractor's rules and policies. Additional meetings and travel expenses will be incurred by each Board member. The Agency would like to join and attend the Arkansas Land Title Association (ARLTA). A court reporter is needed to transcribe complaint hearings. Additional Operating Expenses are needed for the new office space, which includes rent, telephone, printing, office supplies, and refunds. |
| C08 | Request to purchase a computer, a fax machine, computer software, and upgrade internet connections. These items will be one time purchases. These IT related items can be found in the Agency's IT Plan in the IT Support Cost section under Additional Hardware for the computer and Additional Software and State Network for email/internet connections.   |