

STATE BOARD OF ACCOUNTANCY

Enabling Laws

Act 119 of 2003

Act 160 of 1975 as amended. See A.C.A. § 17-12-101

History and Organization

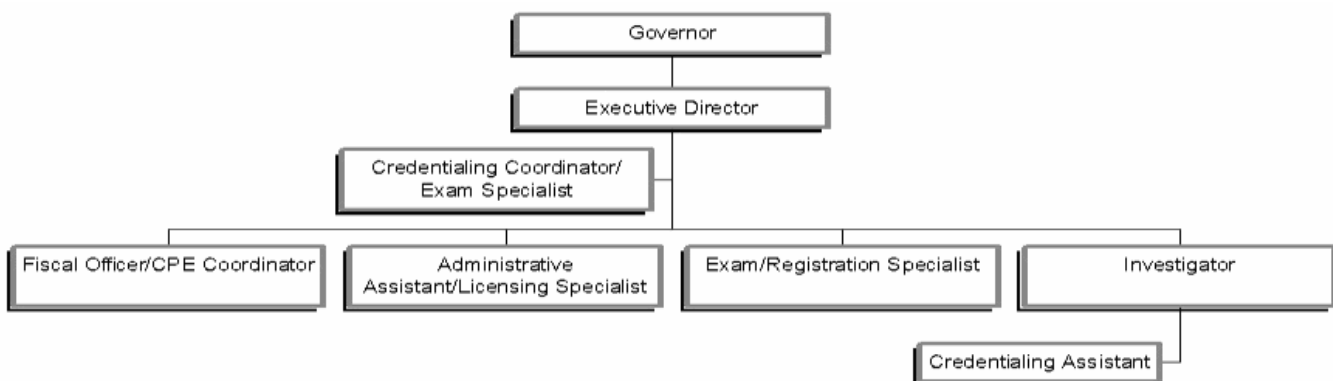
Act 229 of 1915 Established the Accountancy Board. Act 160 of 1975 repealed Act 229 and is known as the Public Accountancy Act of 1975. It authorized a seven member Board that is made up of four CPA's, one PA, a consumer representative and a senior citizen.

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:

1. Administer the Uniform CPA Examination to all qualified candidates.
2. Grant certification to those who pass the CPA examination and those that otherwise qualify.
3. Determine whether those who apply for a license to practice qualify.
4. Annually register all CPA's, PA's and firms practicing public accounting and issue them an annual license to practice.
5. Investigate violations of the Public Accountancy Act and take disciplinary action when appropriate after conducting a hearing.
6. Monitor mandatory continuing professional education on CPA's and PA's who hold licenses to practice.
7. 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 of the practice of public accounting and those persons who are performing duties as a certified 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 accountancy; and issuing rules of professional conduct pertaining to corporations practicing public accounting. Further the Board is responsible for administering an examination, certifying education and continuing educational requirements and issuing certificates and licenses to those individuals meeting the standards established for the practice of public accounting. The operations of the Board are funded from the receipt of examination and license fees charged by the Agency. The budget request for the agency reflects \$750,935 as Base Level for FY06 and \$762,123 as Base Level for FY07. Change Level requests total \$110,174 for FY06 and \$111,088 for FY07.

Operating Expenses:

The Board is requesting an increase of \$7,535 for FY06 and \$8,346 for FY07. These amounts are for Rent of Office Equipment \$1,300 FY06 and \$1500 FY07 which is anticipated due to the need to replace our current copier that is in constant need of maintenance; Board Member Stipend \$1664 FY06 and \$1864 FY07 has not been increased to reflect actual in the past budget and this will bring into line the amount being expended; Cash Fund Service Charge \$1,000 FY06 and \$1200 FY07 is expected to increase with the anticipated expenses increasing; Software/Licenses \$3039 FY06 and \$3170 FY07 is anticipated to provide the equipment necessary for adding additional staff that has already been budgeted for; Freight FY06 \$168 and FY07 \$190 is associated with inflation in the area of gas prices; and parking fees FY06 \$364 and FY07 \$422 have been increased due to certain services now being taxed.

Travel:

The Board is requesting an increase of \$599 for FY06 and \$702 for FY07. These amounts are for anticipated increases in the registration fees and inflation costs associated with travel for conferences and seminars attended by Board members and staff. The Board members (dedicated Certified Public Accountant volunteers) attend the National Association of State Boards of Accountancy (NASBA) regional and annual meetings to stay informed of changes, such as the conversion to a computerized based CPA exam and the Uniform Accountancy Act, that affect our Agency, the licensees and protection of the public welfare.

Professional Fees:

The Board is requesting an increase of \$82,040 for FY06 and \$82,040 for FY07. These amounts are for the increased fees being charged to administer the new computerized CPA examination. Conversion from a paper and pencil based CPA examination to a computer-based examination as of April 2004, has necessitated many changes. The Board will now have to use a vendor that will provide for the CPA candidates the facilities and computers to administer the examination. The estimate for this expenditure is \$70,800. In addition, the changes that have occurred as a result of the computerization of the exam will require an administrative fee payable to the National Association of State Boards (NASBA) to maintain a national candidate database. We are estimating \$11,240 in expenses payable to NASBA for the administration of this national database.

Data Processing:

The Board is requesting an increase of \$10,000 for FY06 and \$10,000 for FY07. In 2003, ASBPA converted to a new database software, GL Suites. The requested increase for FY06 and FY07 is for the estimated annual expense for additional programming and hosting services.

Capital Outlay:

The Board is requesting an increase of \$10,000 for FY06 and \$10,000 for FY07. These amounts are for anticipated office equipment and furniture expenses to replace equipment and furniture that is beyond repair or obsolete.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS STATE BOARD OF PUBLIC ACCOUNTANCY
FOR THE YEAR ENDED JUNE 30, 2003

Findings	Recommendations
None	None

Employment Summary

	Male	Female	Total	%
White Employees	2	4	6	100 %
Black Employees	0	0	0	0 %
Other Racial Minorities	0	0	0	0 %
Total Minorities			0	0 %
Total Employees			6	100 %

Cash Fund Balance Description as of June 30, 2004

Fund Account	Balance	Type	Location
3030000	\$369,507	Checking, Savings, Investment,	Regions Bank

Statutory/Other Restrictions on use:

A.C.A. § 17-12-100 et seq

Statutory Provisions for Fees, Fines, Penalties:

A.C.A. § 17-12-100 et seq

Revenue Receipts Cycle:

Fall/Winter - receipt of Annual Registration from registrants.

Fund Balance Utilization:

Funds expended to meet expenditures in accordance with Appro. Act.

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 Licenses	A.C.A.17-12-203 (b)	N	N	7,700	Existence of Statutory Requirement

Analysis of Budget Request

Appropriation / Program: 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 those persons who are performing duties as a certified 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 accountancy; printing and publishing for public distribution a biennial register of all practitioners holding permits to 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 the standards established for the practice of public accounting. The operations of the Board are funded from the receipt of examination and license fees charged by the Agency.

Base Level for this appropriation includes graduated salary increases of 3% to 1.5% each year over FY05 salary levels, along with related Personal Services Matching costs for eight (8) Base Level positions. Included in Personal Services Matching is a \$40 increase in the monthly contribution for State employee's health insurance for a total State match of \$320 per month.

Change Level Requests total \$110,174 for FY06 and \$111,088 for FY07. The increases in the Operating Expenses line item are to replace a copier, for Board Member Stipend, Cash Fund Service Charge fee, parking fees, software and licenses, and freight. The increases in the Conference and Travel line item are for anticipated increases in the registration fees and inflation costs associated with travel for conferences and seminars attended by the Board members and staff. The increases in the Professional Fees line item are for increased fees being charged to administer the new computerized CPA examination. The increases in the Data Processing line item are for additional programming and hosting services associated with a new database software, GL Suites. The increases in the Capital Outlay line item are for anticipated replacement of office equipment and furniture.

The Executive Recommendation provides for the Agency Request.

Appropriation / Program Summary

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

Commitment Item	Historical Data			Agency Request and Executive Recommendation					
	2003-2004 Actual	2004-2005 Budget	2004-2005 Authorized	2005-2006			2006-2007		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	235,286	313,122	313,672	322,084	322,084	322,084	331,272	331,272	331,272
#Positions	6	8	8	8	8	8	8	8	8
Extra Help 5010001	0	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
#Extra Help	0	1	1	1	1	1	1	1	1
Personal Services Matching 5010003	73,787	95,528	96,775	101,372	101,372	101,372	103,372	103,372	103,372
Operating Expenses 5020002	172,398	173,797	173,797	173,797	181,332	181,332	173,797	182,143	182,143
Travel-Conference Fees 5050009	10,066	14,004	14,004	14,004	14,603	14,603	14,004	14,706	14,706
Professional Fees and Services 5060010	55,187	99,041	17,001	17,001	99,041	99,041	17,001	99,041	99,041
Data Processing 5090012	3,904	22,657	12,657	12,657	22,657	22,657	12,657	22,657	22,657
Refund/Reimbursements 5110014	5,445	10,020	10,020	10,020	10,020	10,020	10,020	10,020	10,020
Capital Outlay 5120011	0	20,000	0	0	10,000	10,000	0	10,000	10,000
Grading Fees 5900046	35,930	95,000	95,000	95,000	95,000	95,000	95,000	95,000	95,000
Total	592,003	848,169	737,926	750,935	861,109	861,109	762,123	873,211	873,211
Funding Sources									
Fund Balance 4000005	141,320	369,507		251,508	251,508	251,508	230,927	230,927	230,927
Cash Fund 4000045	820,190	730,170		730,354	840,528	840,528	739,889	850,977	850,977
Total Funding	961,510	1,099,677		981,862	1,092,036	1,092,036	970,816	1,081,904	1,081,904
Excess Appropriation/(Funding)	(369,507)	(251,508)		(230,927)	(230,927)	(230,927)	(208,693)	(208,693)	(208,693)
Grand Total	592,003	848,169		750,935	861,109	861,109	762,123	873,211	873,211

Budget exceeds Authorized Appropriation in the Professional Fees, Data Processing, and Capital Outlay line items due to transfers from the Cash Fund Holding Account.

Change Level by Appropriation

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

Agency Request

Change Level		2005-2006	Pos	Cumulative	% of BL	2006-2007	Pos	Cumulative	% of BL
BL	Base Level	750,935	8	750,935	100.0	762,123	8	762,123	100.0
C01	Existing Program	100,174	0	851,109	113.3	101,088	0	863,211	113.2
C08	Technology	10,000	0	861,109	114.6	10,000	0	873,211	114.5

Executive Recommendation

Change Level		2005-2006	Pos	Cumulative	% of BL	2006-2007	Pos	Cumulative	% of BL
BL	Base Level	750,935	8	750,935	100.0	762,123	8	762,123	100.0
C01	Existing Program	100,174	0	851,109	113.3	101,088	0	863,211	113.2
C08	Technology	10,000	0	861,109	114.6	10,000	0	873,211	114.5

Justification

C01	The increases are for replacement of a copier, Board Member Stipend, Service Charge fee, seminars, and fees for computerized CPA exam. The majority of the request is for Professional Fees in the amount of \$82,040 to cover the increased fees being charged to administer the new computerized CPA examination. The Board will now have to use a vendor that will provide the CPA candidates the facilities and computers to administer the exam. The estimated cost is \$70,800. In addition, the changes have resulted in the exam requiring an administrative fee payable to the National Association of State Boards (NASBA) to maintain a national candidate database. The estimated cost is \$11,240.
C08	The increase is for the programming and hosting services for a new database software, GL Suites.