

STATE BOARD OF ACCOUNTANCY

Enabling Laws

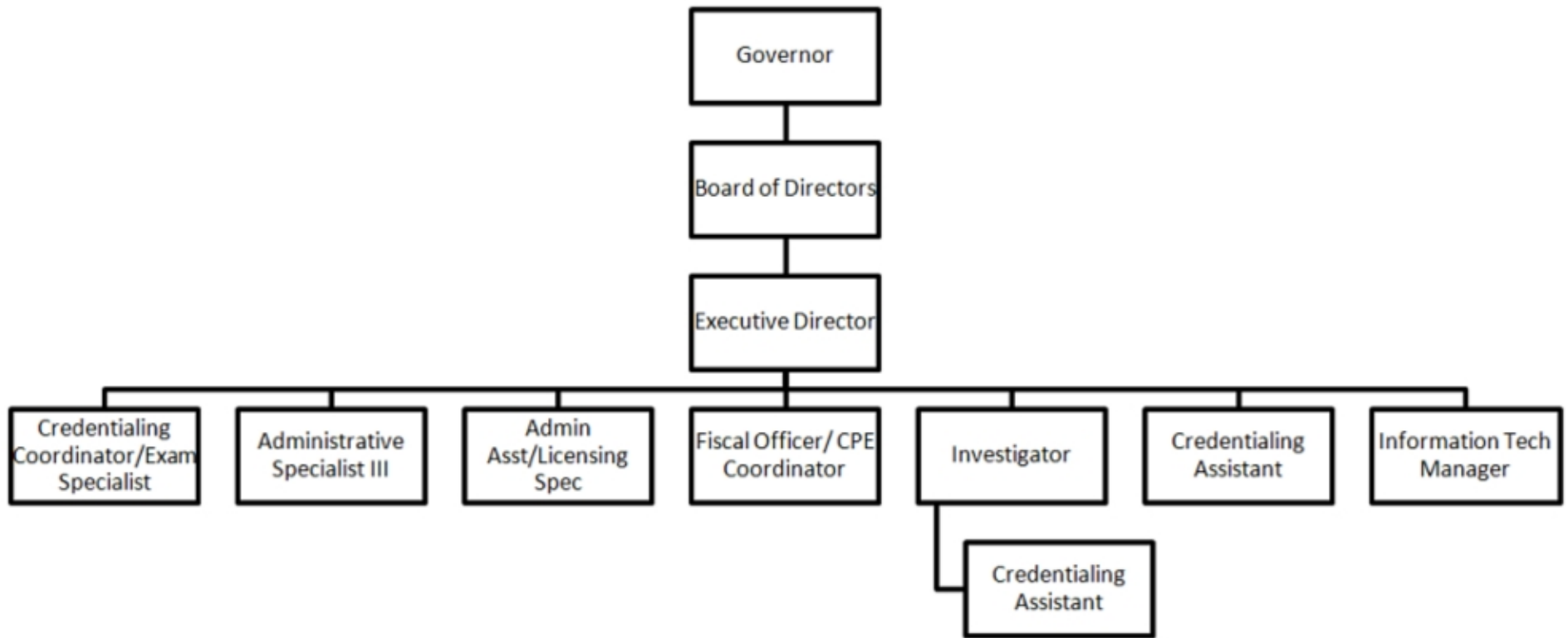
Act 248 of 2010
A.C.A. §17-12-101 et seq.

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 Act 160 of 1975 repealed Act 229 and is known as the Public Accountancy Act of 1975.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 accountancy; 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.

Capital Outlay:

The Board is requesting the restoration of Capital Outlay of \$10,000 for both years of the biennium. This is for anticipated leasehold improvements during the next biennium.

Exam Fees:

The Board is requesting an increase of \$10,000 for FY12 and \$25,000 for FY13. These increases are due to the anticipated increase of third-party costs of administering the CPA Exam and an anticipated increase in the number of candidates applying for and taking the exam.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
 AUDIT OF :
 ARKANSAS STATE BOARD OF PUBLIC ACCOUNTANCY
 FOR THE YEAR ENDED JUNE 30, 2009

Findings	Recommendations
None	None

Employment Summary

	Male	Female	Total	%
White Employees	2	6	8	100 %
Black Employees	0	0	0	0 %
Other Racial Minorities	0	0	0	0 %
Total Minorities			0	0 %
Total Employees			8	100 %

Cash Fund Balance Description as of June 30, 2010

Fund Account	Balance	Type	Location
3030000	\$1,373,974	Investment	Regions Invest/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:

A.C.A. §17-12-306 authorizes the Arkansas State Board of Accountancy to 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	\$43,800	Checking/Savings	Regions Bank

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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

FY2008 - 2009						FY2009 - 2010						FY2010 - 2011					
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 salaries and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments. The Base Level request for Regular Salaries includes board member stipend payments.

Change Level Requests total \$20,000 for FY12 and \$35,000 for FY13. The Board request of \$10,000 for the Capital Outlay line item for FY12 and FY13 is for leasehold improvements. The Board requests an increase in the Exam Fees line item of \$10,000 for FY12 and \$25,000 for FY13. This is needed to cover the estimated increased costs of third-party fees of administering the CPA Exam and an increased number of applicants.

Executive Recommendation provides for Agency Request except the Exam Fees line item increase for FY13 is reduced to \$10,000. 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			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	374,265	406,688	426,171	389,468	389,468	389,468	389,468	389,468	389,468
#Positions		9	9	9	9	9	9	9	9	9
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	113,351	123,592	133,831	120,363	120,363	120,363	120,363	120,363	120,363
Operating Expenses	5020002	199,534	270,662	270,662	270,662	270,662	270,662	270,662	270,662	270,662
Conference & Travel Expenses	5050009	4,530	15,583	15,583	15,583	15,583	15,583	15,583	15,583	15,583
Professional Fees	5060010	34,407	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	3,044	10,020	10,020	10,020	10,020	10,020	10,020	10,020	10,020
Capital Outlay	5120011	13,964	17,500	17,500	0	10,000	10,000	0	10,000	10,000
Exam Fees	5900046	228,034	250,000	250,000	250,000	260,000	260,000	250,000	275,000	260,000
Total		971,129	1,138,086	1,167,808	1,100,137	1,120,137	1,120,137	1,100,137	1,135,137	1,120,137
Funding Sources										
Fund Balance	4000005	1,377,923	1,417,774		1,247,197	1,247,197	1,247,197	1,094,424	1,094,424	1,094,424
Cash Fund	4000045	1,010,980	967,509		947,364	967,364	967,364	936,479	971,479	971,479
Total Funding		2,388,903	2,385,283		2,194,561	2,214,561	2,214,561	2,030,903	2,065,903	2,065,903
Excess Appropriation/(Funding)		(1,417,774)	(1,247,197)		(1,094,424)	(1,094,424)	(1,094,424)	(930,766)	(930,766)	(945,766)
Grand Total		971,129	1,138,086		1,100,137	1,120,137	1,120,137	1,100,137	1,135,137	1,120,137

Change Level by Appropriation

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

Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
BL	Base Level	1,100,137	9	1,100,137	100.0	1,100,137	9	1,100,137	100.0
C01	Existing Program	20,000	0	1,120,137	101.8	35,000	0	1,135,137	103.2

Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
BL	Base Level	1,100,137	9	1,100,137	100.0	1,100,137	9	1,100,137	100.0
C01	Existing Program	20,000	0	1,120,137	101.8	20,000	0	1,120,137	101.8

Justification

C01	The board requests restoration of Capital Outlay of \$10,000 in FY12 and FY13 for leasehold improvements. The board requests an increase in Exam Fees of \$10,000 in FY12 and \$25,000 in FY13 to cover estimated increases in third party costs of administering the CPA exam and an increase in the number of applicants.
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