

STATE BOARD OF ARCHITECTS

Enabling Laws

Act 502 of 2007
Act 270 of 1941 as amended
A.C.A. § 17-15-102

History and Organization

Act 270 of 1941 established the Arkansas Architectural Act and the Arkansas State Board of Architects. Act 1338 of 1999 directed that ASBA be composed of eight (8) members: five (5) architects, one (1) consumer, one (1) senior citizen and the Dean of the University of Arkansas, School of Architecture. The five architect members are all appointed by the Governor. The consumer and senior citizen members are also gubernatorial appointees; while the Dean of the University of Arkansas, School of Architecture is an ex-officio member. Board members fill non-salaried positions but are paid \$60 a day for each meeting day they attend and are reimbursed travel expenses.

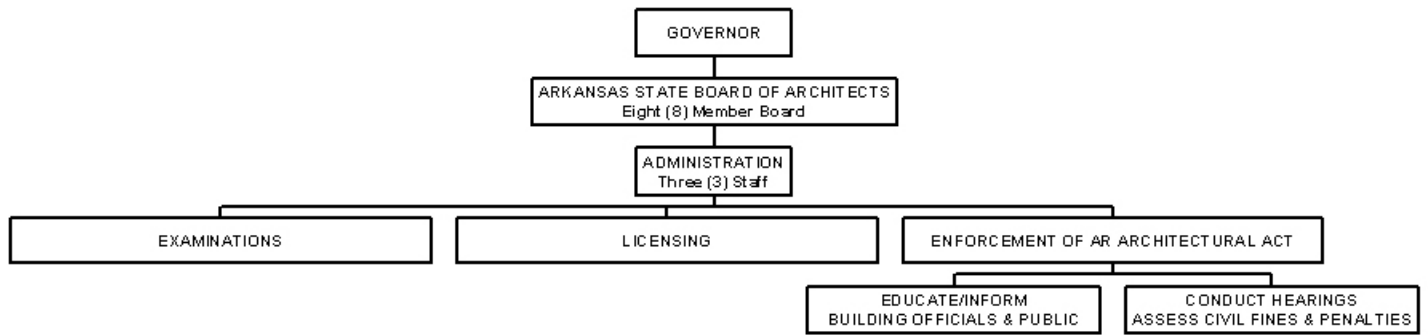
Mission: To protect the health, safety and welfare of the citizens of Arkansas by ensuring that buildings constructed for human occupancy with a fair market value in excess of one hundred thousand dollars (\$100,000) are designed by licensed, competent architects.

Statutory Responsibility: To ensure that persons attesting as architects are qualified to do so and that such title "architect" is reserved to persons who demonstrate their ability to observe and apply the standards and practice of architecture.

Primary Activities: The Arkansas State Board of Architects provides the staff support for carrying out the duties of the Arkansas State Board of Architects. Those duties include:

- Grant certification to those who pass the Architects Examination and otherwise qualify;
- Determine whether those who apply for a reciprocal license and/or a certificate of authorization (corporate practice) qualify;
- Annually register all individual architects, corporations and partnerships and issue them an annual license to practice;
- Investigate violations of the Arkansas Architectural Act and take disciplinary action where appropriate after conducting a hearing; and
- Monitor mandatory continuing education requirements.

Oversight and/or Advisory Affiliation: None



Agency Commentary

Each day, millions of Arkansans work and live in environments designed by licensed architects. The decisions of architects about scale, massing, spatial organization, image, materials, and methods of construction impact not only the health, safety and welfare of the present users, but of future generations as well.

To safeguard the public health, safety, and welfare; reduce the possibility of building failure; encourage sustainable and quality design; and provide access for the disabled, those who are authorized to design complex structures must meet minimum standards of competency. It is equally necessary that those who cannot meet the minimum standards by way of education, experience, and examination be prevented from misrepresenting themselves to the citizens of the State of Arkansas.

The Arkansas State Board of Architects (ASBA) was created by the Arkansas Legislature in 1941 to safeguard the public's health, safety, and welfare. The activities of the ASBA benefit Arkansans in two important ways.

First, regulation protects the public at large. The primary responsibility of an architect is to design buildings which are safe, durable, functional, satisfy reasonable environmental standards, and contribute aesthetically to the surrounding communities. To accomplish this, the architects design must satisfy the applicable requirements of the law and also must be a correct application of the skills and knowledge of the profession.

Second, regulation protects the consumer of services rendered by architects. The necessity of ensuring that those who hire architects are protected from incompetent, dishonest or unlicensed architects is self-evident.

ASBA is a cash funded state agency, historically receiving no general revenue funds. Agency operations are funded through the receipts of fees charged by ASBA, which includes registration and renewal fees, fines and penalties. The total authorized level of the agency for FY09 was \$351,487.

The Board's request for Regular Salaries in the FY10-FY11 biennium is based on the Classification and Compensation Study prepared by the DFA Office of Personnel Management and the Arkansas Legislative Council.

The Board's request for Operating Expenses totaling \$6427 is made to accommodate increased costs that

will be incurred. The Conference Fees and Travel request of \$1500 is to provide for increased costs in transportation and lodging. A \$900 request in Professional Fees is for a professional services contract to

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS STATE BOARD OF ARCHITECTS

FOR THE YEAR ENDED JUNE 30, 2007

Findings

Disclosed in our previous report dated March 2, 2007, the Agency's former Executive Director, John Harris, and former Administrative Assistant, Shirley Worley, received improper reimbursements totaling \$230,347 of which \$114,750 has been reimbursed, leaving a balance due the Agency of \$115,597. Mr. Harris resigned on March 1, 2006 and Ms. Worley retired April 8, 2006. In December 2007, a federal grand jury returned an indictment charging Mr. Harris with six counts of mail fraud. Each count carries a statutory maximum term of 20 years imprisonment and a \$250,000 fine.

Subsequent to the previous report, the Agency discovered licensees had been overcharged for license renewal fees during July 1 999 through December 2007. Arkansas Code Annotated § 17-15-311 specifies the maximum fees the Agency is allowed to collect from individuals and firms for license registrations and renewals. According to the Agency, fees overcharged for out-of-state individual architects and architectural firms were \$20-\$50 and \$100-\$150 per year, respectively.

The Agency estimated approximately 3,000 individuals/firms made over 7,500 payments resulting in fee overcharges totaling \$489,725. This estimate is based on analysis of the Agency's license database, from which a determination of who paid a license fee or the exact overpayment amount was not always certain. To determine if other Agency records were available to document fee overcharges, an audit test of license renewals was compared to Agency receipts and bank deposits, which also concluded that verification of overcharged fee amounts was not always possible.

Based on advice from the Attorney General's Office and lack of appropriate records to verify overcharges, on January 15, 2008, the Agency's Board passed a motion to allow handling of refund claims by the Arkansas Claims Commission on a case-by-case basis.

Licensee renewal and payment information was maintained in an electronic database, which did not have sufficient and appropriate financial information to adequately account for licensees nor designed to provide a report documenting changes. To properly safeguard Agency assets and ensure reliability of license information, the Agency should obtain an operating database that documents changes and supports the reconciliation of receipts, deposits, and licenses. This reconciliation should be performed by an employee not responsible for recording entries to the

Recommendations

Develop procedures to prevent overcharges for future license renewals. The Agency should also consult with the State Chief Fiscal Officer and clearly document all decisions made, and any procedures implemented, relating to past license fee overcharges.

Develop procedures to ensure all information contained in their database is secure and complete.

database.

The Agency's capital equipment balance as of June 30, 2007 was \$44,178. Capital acquisitions and dispositions with a net total of \$19,095 were not properly recorded. The Agency did not capitalize \$34,146 of expenditures for equipment or record the disposition of seven (7) items totaling \$15,051. The Agency also had not properly safeguarded capital assets with asset inventory tags.

Record all capital acquisitions and disposals in a timely manner and properly safeguard capital assets with asset inventory tags.

Employment Summary

	Male	Female	Total	%	
White Employees	1	0	1	33 %	
Black Employees	0	2	2	67 %	
Other Racial Minorities	0	0	0	0 %	
			Total Minorities	2	67 %
			Total Employees	3	100 %

Cash Fund Balance Description as of June 30, 2008

Fund Account	Balance	Type	Location
3040000	\$893,620	Checking/Savings	Regions Bank, Pulaski Bank

Statutory/Other Restrictions on use:

A.C.A § 17-15-202(e) provided that the Board may use funds to reimburse and carry out the functions of the Board.

Statutory Provisions for Fees, Fines, Penalties:

A.C.A § 17-15-204(D) and § 17-15-311 authorizes the Board to collect fees, fines and penalties.

Revenue Receipts Cycle:

Fees, fines and penalties are collected throughout the year. The renewal times are July 1 – July 31 and December 1 – December 31 annually.

Fund Balance Utilization:

In accordance with the ASBA Act and Rules, the fees collected are used to carry out the functions of the Board to protect the Health, Safety and Welfare of the public.

Fund Account	Balance	Type	Location
3040000	\$500,000	CD's	Simmons Bank, Twin City Bank, Bank of the Ozarks, Capitol Bank, Bank of America

Statutory/Other Restrictions on use:

A.C.A § 17-15-202(e) provided that the Board may use funds to reimburse and carry out the functions of the Board.

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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		
Arkansas Architectural Act	A.C.A. 17-15-305 (e)	N	N	300	The Act was amended in 1999 and the new language passed by the Legislature requires that each registrant be sent a copy of the Act.
Arkansas State Board of Architect Rules and Regulations	A.C.A. 17-15-305 (e)	N	N	300	January 13, 2000 and reviewed by the Legislature on February 3, 2000. The Act requires that each registrant be sent a copy of the Rule and Regulations.

Agency Position Usage Report

FY2006 - 2007						FY2007 - 2008						FY2008 - 2009					
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			Total	Total	Filled	Unfilled			Total	Total	Filled	Unfilled	
3	3	0	3	0	0.00 %	3	3	0	3	0	0.00 %	3	3	0	3	0	0.00 %

Analysis of Budget Request

Appropriation: A07 - Cash Operations

Funding Sources: 304 - Board of Architects-Cash

The State Board of Architects is responsible for regulating the practice of architecture by providing examinations of qualifications for the issuance of certificates of registration and licenses. The Agency also provides for the education of building officials and the public regarding the provisions of the Arkansas Architectural Act and the rules and regulations of the Board. The operations of the Board are funded from Cash Funds generated from the receipt of fees charged by the Agency.

Base Level positions were 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 Agency's Change Level requests total \$9,149 each year and reflect the following:

Regular Salaries and Personal Services Matching increase of \$322 each year for Board Member Stipends.

Operating Expenses increase of \$6,427 each year due to increases in administrative costs.

Conference and Travel Fees in the amount of \$1,500 each year due to increases in conference and seminar fees, airfare and lodging fees, national and regional association dues, lodging fees, airfare fees, and ground transportation fees.

Professional Fees totaling \$900 each year for a professional services contract to update internal database due to result of latest legislative audit.

The Executive Recommendation provides for Base Level of \$357,240 for FY2010 and \$362,420 for FY2011. Expenditure of appropriation is contingent upon available funding.

Appropriation Summary

Appropriation: A07 - Cash Operations
 Funding Sources: 304 - Board of Architects-Cash

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	161,014	167,345	167,345	169,836	170,135	169,836	174,199	174,498	174,199
#Positions		3	3	3	3	3	3	3	3	3
Personal Services Matching	5010003	44,883	43,144	45,705	46,406	46,429	46,406	47,223	47,246	47,223
Operating Expenses	5020002	85,520	128,298	128,298	128,298	134,725	128,298	128,298	134,725	128,298
Conference & Travel Expenses	5050009	5,216	8,600	8,600	8,600	10,100	8,600	8,600	10,100	8,600
Professional Fees	5060010	826	4,100	4,100	4,100	5,000	4,100	4,100	5,000	4,100
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	10,980	0	0	0	0	0	0	0	0
Total		308,439	351,487	354,048	357,240	366,389	357,240	362,420	371,569	362,420
Funding Sources										
Fund Balance	4000005	1,209,850	1,393,620		1,583,339	1,583,339	1,583,339	1,597,799	1,588,650	1,597,799
Cash Fund	4000045	492,209	541,206		371,700	371,700	371,700	371,700	371,700	371,700
Total Funding		1,702,059	1,934,826		1,955,039	1,955,039	1,955,039	1,969,499	1,960,350	1,969,499
Excess Appropriation/(Funding)		(1,393,620)	(1,583,339)		(1,597,799)	(1,588,650)	(1,597,799)	(1,607,079)	(1,588,781)	(1,607,079)
Grand Total		308,439	351,487		357,240	366,389	357,240	362,420	371,569	362,420

Budget exceeds Authorized Appropriation in Capital Outlay by authority of Budget Classification Transfer.

Change Level by Appropriation

Appropriation: A07 - Cash Operations
Funding Sources: 304 - Board of Architects-Cash

Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	357,240	3	357,240	100.0	362,420	3	362,420	100.0
C01	Existing Program	8,249	0	365,489	102.3	8,249	0	370,669	102.3
C08	Technology	900	0	366,389	102.6	900	0	371,569	102.5

Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	357,240	3	357,240	100.0	362,420	3	362,420	100.0
C01	Existing Program	0	0	357,240	100.0	0	0	362,420	100.0
C08	Technology	0	0	357,240	100.0	0	0	362,420	100.0

Justification

C01	In Operating Expenses the Agency requests the following: \$500 in Postage to accommodate inflated US Postal service rates, \$300 in Freight to offset inflated freight/shipping rates, \$1,000 in the Rent of Office Equipment to provide a more enhanced agency copier, \$1,000 due to elevated conference and seminar fees for Board Members, \$1,500 in response to elevated airfare and lodging fees for Board Member Travel, \$1,000 to accommodate elevated fees associated with the cash fund service charge, and \$1,000 due to inflated national and regional association dues. In Conference Fees and Travel the Agency requests: \$400 to accommodate elevated lodging fees, \$500 to provide for elevated airfare fees, and \$100 to offset inflated ground transportation fees.
C08	\$900 is requested in Professional Fees for a professional services contract to update internal database due to result of latest legislative audit. This is located in the Agency IT plan under Operations, IT Support Costs - Software.