

STATE BOARD OF ACCOUNTANCY

Enabling Laws

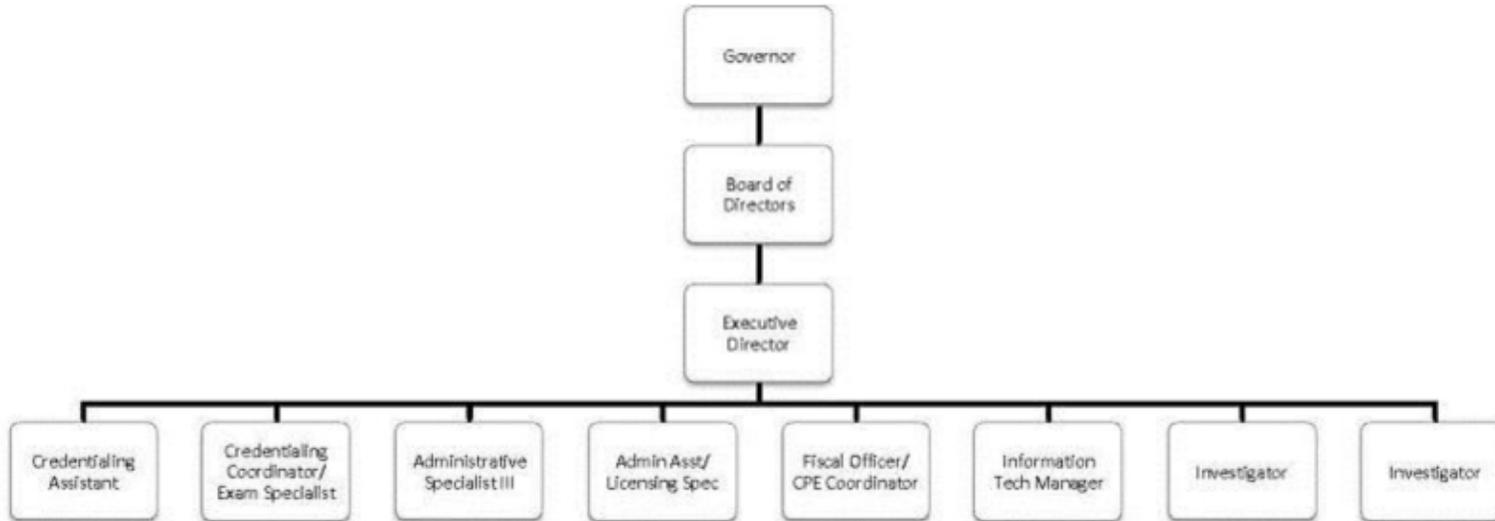
Act 159 of 2016
A.C.A. §17-12-101 et seq.

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 Act 160 of 1975 repealed Act 229 and is known as the Public Accountancy Act of 1975.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 CPAs, 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 CPAs, PAs 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 CPAs and PAs who hold licenses to practice.
- Administer a Quality Review Program on audit, compilation, review and governmental audit reports.



Agency Commentary

The Arkansas State Board of Public Accountancy is a self-funded agency. We receive no general revenue tax dollars but operate from the license fees from the licensed CPAs and CPA firms in Arkansas. Due to efficient budgeting and operations we have not raised our license fees since 2003 and do not anticipate doing so in the foreseeable future. Some of the changes / improvements that have been made since that time to allow us to operate more efficiently include:

- We moved our annual renewal licensing process from paper based to online. Before this change we had to bring in temporary workers to help open envelopes, sort and deposit checks, enter Continuing Professional Education (CPE) hours into our database, and mail out licenses. Now the CPA enters the CPE hours via our website, pays with a credit card or e-check, and receives their license via email (PDF file).
- We recently changed our licensing procedures so that licenses are issued upon review of the applicant's file by our Executive Director and Legal Counsel. Previously, all files had to be reviewed by Board members after regularly scheduled Board Meetings. Instead of having to wait in some cases months for their application to be approved / license issued, we now can issue licenses within days of receiving all of the required documentation.
- A few years ago we completed a project to move to a more paperless office. Licensee files were scanned and linked up to our database. After scanning the paper files were shredded - this saved us money in storing records and also allows multiple employees to access the same licensee record at the same time, reducing frustration and wait time for licensees.

- We moved from a vendor licensed software database package to an Access Database that does not require an annual licensing fee. This change saves us around \$30,000 annually.
- This year we rolled out a CPE reporting tool on our website that allows licensees to look up the last 3 years of CPE that they reported to us. Before this was developed the CPA would have to call or email a staff member and ask for the information.
- We developed online application process for the CPA exam and for license applications. Previously, students who wanted to take the CPA exam had to complete a handwritten form and pay the associated fees via a money order or cashier's check. They can now apply via our website and pay via credit card or e-check. Students receive the necessary information to schedule their exams much faster now.
- All checks received in the office are now deposited via check scanning / remote deposit vs. physically taking the checks to a local bank.
- Postage fees expense have steadily declined from almost \$20K in FY2010 to around \$5K the last two fiscal years. This is mainly due to moving our Quality Review surveys from snail mail to 85-90% online.

The agency is requesting a reallocation of \$10,000 from Operating Expenses to Conference and Travel Expenses each year of the 2017-2019 Biennium.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
 AUDIT OF :
 ARKANSAS STATE BOARD OF PUBLIC ACCOUNTANCY
 FOR THE YEAR ENDED JUNE 30, 2015

Findings	Recommendations
None	None

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

None

Employment Summary

	Male	Female	Total	%
White Employees	4	5	9	100 %
Black Employees	0	0	0	0 %
Other Racial Minorities	0	0	0	0 %
Total Minorities			0	0 %
Total Employees			9	100 %

Cash Fund Balance Description as of June 30, 2016

Fund Account	Balance	Type	Location
3030000	\$1,148,540	Investment	Regions Investment/Raymond James

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:

Public Accountancy Act of 1975 as amended A.C.A §17-12-306 – The Arkansas State Board of Public Accountancy shall 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	\$423,036	Checking/Savings	Regions Bank

Statutory/Other Restrictions on use:

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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				
Directory of Licensees	A.C.A.17-12-203 (b)	N	N	10	Existence of Statutory Requirement	0	0.00

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	
9	9	0	9	0	0.00 %	9	9	0	9	0	0.00 %	9	8	1	9	0	11.11 %

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 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 Base Level request for Regular Salaries includes board member stipend payments.

The Board is requesting a reallocation of \$10,000 from Operating Expenses to Conference and Travel Expenses for each year of the 2017-2019 Biennium.

The Executive Recommendation provides for the Agency request. 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		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	439,162	432,049	451,388	432,149	432,149	432,149	432,149	432,149	432,149
#Positions		9	9	9	9	9	9	9	9	9
Extra Help	5010001	20,386	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000
#Extra Help		1	1	1	1	1	1	1	1	1
Personal Services Matching	5010003	146,786	142,202	145,218	144,606	144,606	144,606	144,606	144,606	144,606
Operating Expenses	5020002	204,312	230,662	230,662	230,662	220,662	220,662	230,662	220,662	220,662
Conference & Travel Expenses	5050009	4,600	20,583	20,583	20,583	30,583	30,583	20,583	30,583	30,583
Professional Fees	5060010	17,546	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	6,906	14,520	14,520	14,520	14,520	14,520	14,520	14,520	14,520
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Exam Fees	5900046	225,477	280,000	280,000	280,000	280,000	280,000	280,000	280,000	280,000
Total		1,065,175	1,194,057	1,216,412	1,196,561	1,196,561	1,196,561	1,196,561	1,196,561	1,196,561
Funding Sources										
Fund Balance	4000005	1,534,884	1,571,576		1,377,519	1,377,519	1,377,519	1,180,958	1,180,958	1,180,958
Cash Fund	4000045	1,101,867	1,000,000		1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Total Funding		2,636,751	2,571,576		2,377,519	2,377,519	2,377,519	2,180,958	2,180,958	2,180,958
Excess Appropriation/(Funding)		(1,571,576)	(1,377,519)		(1,180,958)	(1,180,958)	(1,180,958)	(984,397)	(984,397)	(984,397)
Grand Total		1,065,175	1,194,057		1,196,561	1,196,561	1,196,561	1,196,561	1,196,561	1,196,561

Change Level by Appropriation

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

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	1,196,561	9	1,196,561	100.0	1,196,561	9	1,196,561	100.0
C04	Reallocation	0	0	1,196,561	100.0	0	0	1,196,561	100.0

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	1,196,561	9	1,196,561	100.0	1,196,561	9	1,196,561	100.0
C04	Reallocation	0	0	1,196,561	100.0	0	0	1,196,561	100.0

Justification

C04	A reallocation of \$10,000 from Operating Expenses to Conference and Travel Expenses for each year of the 2017-2019 Biennium.								
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