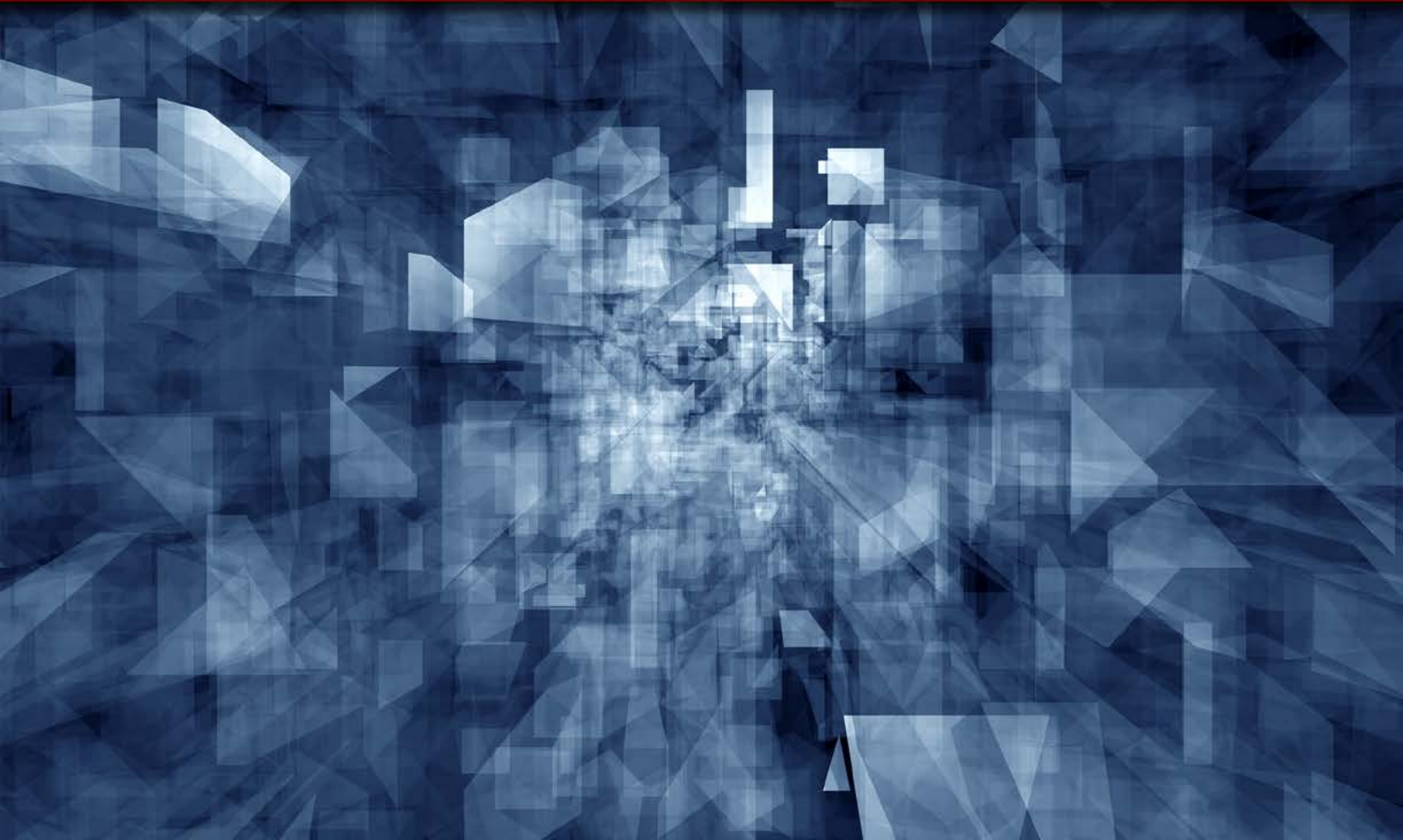




ARKANSAS STATE BOARD OF PUBLIC ACCOUNTANCY

ANNUAL REPORT

FISCAL YEAR 2014



ANNUAL MISSION STATEMENT

To administer the public accountancy statutes and rules to protect the public welfare by establishing and maintaining a high standard of integrity, dignity, competence and efficiency in the practice of public accountancy commensurate with the professional standards of certified public accountants and public accountants.

Purpose of the Public Accountancy Act

The Public Accountancy Act of 1975 promotes the dependability of information used in financial transactions and the accounting for the status and performance of commercial and non commercial enterprises. The public interest requires that:

- Persons attesting as experts in accountancy to the reliability or fairness of presentation of information are qualified;*
- The attestation of financial information be reserved to persons who demonstrate the ability to observe and apply the standards of the accounting profession; and*
- A competent public authority prescribes and assesses the qualifications of public accountants.*



MEMBERS OF THE ARKANSAS STATE BOARD OF PUBLIC ACCOUNTANCY

The Governor appoints Board members for terms of five (5) years. The Board has a total of seven (7) members that consists of five certified public accountants, one member who represents consumers, and one member who is sixty (60) years or older who represents senior citizens.

Board members serving during fiscal year 2014:

Dr. Mike Moore, CPA - President
Karen Garrett, CPA - Secretary
Wade Turner, CPA - Treasurer
Jeremy Watson, CPA
Robert Redfern, CPA
Lloyd Franklin, CFE
James Gately, EdM

Past members – term expired in fiscal year 2013: Gene Cogbill and William Millager



Dr. Mike Moore, CPA
President



Karen Garrett, CPA
Secretary



Wade Turner, CPA
Treasurer



Jeremy Watson, CPA



Robert Redfern, CPA



Lloyd Franklin, CFE



James Gately, EdM

PRIMARY DUTIES OF THE BOARD

Evaluate the qualifications of applicants to take the Uniform CPA examination; issue notices to schedule to all those who qualify; and audit and approve the scores issued to candidates.

Grant certification to those who pass the CPA examination and otherwise qualify.

Determine whether those who apply for a license to practice qualify.

Annually register all CPAs, and PAs, with an inactive license, or active license to practice status and issue the appropriate license. Also register all CPA/PA firms and issue a license to practice.

Investigate violations of the Public Accountancy Act or Board rules and take disciplinary action where appropriate including, when necessary, conducting a hearing.

Monitor mandatory continuing professional education of CPAs and PAs who hold a license to practice.

Administer a Quality Review program on reports issued by licensees.



ANNUAL STATEMENT OF ACTIVITY FOR FISCAL YEAR 2014

The Board's primary activities were as follows:

Board Meetings

The Board met seven (7) times in regular session and held one teleconference meeting. The Board also held a strategic planning meeting.

CPA Examination

The CPA exam is available during 8 months of the year (2 months of each quarterly testing window) and candidates apply for the exam on a daily basis. Once the candidate is authorized to test, a notice to schedule (NTS) that expires in six months is issued. Eight hundred eighty four (884) CPA exam applications were received from candidates. Eligible candidates received a notice to schedule to take the examination during fiscal 2014.

Licensing

After determining qualifications were met, the Board licensed 141 individual CPA licenses and 43 new firm licenses.

The Board also completed the annual registration for approximately 6,500 individual licensees and entities. Online renewal applications were available for the 2014 renewal period with approximately 99% of all licensees renewing online.

Investigations

The Board had a beginning inventory of 102 open cases, opened 148 new complaints during fiscal 2014, and resolved 142 cases leaving an ending inventory of 108. Sixty-two (62) hearing notices were issued during this fiscal year. Hearings were held to resolve 17 cases, 39 were settled prior a hearing, and 6 cases are in progress.

Quality Review Program

The Board has established a Quality Review program (the "program") to improve the quality of financial reporting and to assure that the public can rely on the fairness of presentation of financial information

on which licensees issue reports. During the year the program was conducted to determine whether the reports issued by a selected sample of licensees met generally accepted auditing standards, government auditing standards and other professional standards, as applicable. The Board sent out 2,214 Quality Review survey forms to licensees and firms. A total of 15 reviewers volunteered to assist the Board in this three day program along with the outside Quality Review consultant hired by the Board.

The Board will allow an acceptable Peer Review report presented by a licensee or firm in lieu of submitting reports for review through the Quality Review program.

Continuing Professional Education

Each licensee who holds an active license to practice must obtain and report continuing professional education (CPE) annually pursuant to Board Rule 13. In order to help protect the public and ensure compliance with this rule, a CPE audit was conducted mostly on a randomly selected sample of 278 active licensees to verify that they had obtained the required amount of CPE and that the CPE met the requirements set forth in Board Rule 13. Fines were assessed for those licensees not in compliance. Licensees who did not respond to the CPE audit or failed to comply with the fines assessed were referred to the investigator.

Directory of all Licensees

As required by state law, the Board's directory listing all CPAs, PAs, and firms was updated as of June 30, 2014. The Directory is on the board's web site for easy distribution to licensees and the public (www.arkansas.gov/asbpa).

Roster Search

The Board maintains a roster search for all licensees on its website. The roster information is a live snapshot of licensee information.

ANNUAL STATEMENT OF ACTIVITY FOR FISCAL YEAR 2014

NASBA Accountancy Licensing Database

The Board submitted licensure information on all licensees to the National Association of State Boards of Accountancy (NASBA) to enhance the content of the U.S. Accountancy Licensing Database (ALD), a national database of CPA licensees. A public version of this database is now available online (www.cpaverify.com).

Swearing in Ceremony

The Board held a swearing in ceremony on June 28, 2014 for new CPA licensees. Approximately 200 people attended the event, including friends and family members of the new CPAs. In order to obtain a license to practice and be issued a CPA certificate, a candidate needs to complete the three "E's" – education, examination, and experience.

National Association of State Boards of Accountancy

The Arkansas State Board of Public Accountancy is a member of the National Association of State Boards of Accountancy. Representatives from the Board attended both the Regional and National meetings of NASBA to stay updated of the changes affecting the practice of accounting such as changes in professional standards.

Facilities

The Board leases its offices from the Arkansas Building Authority. No change or expansion of office space occurred in fiscal 2014.

Newsletters

The Board issued newsletters in August and December 2013, as well as in April 2014.

Rules and Laws

Rule Changes were reviewed by Legislative Council in June 2014. The most impactful change was our new ethics continuing professional education (CPE) requirement. Arkansas active CPAs already must have four hours of ethics CPE every three years. Beginning in 2015, one of the four hours must be about our Board's laws and rules. CPAs will be able to meet this requirement via a free self-study course available on our website or via pre-approved courses taught by instructors.

