

HFMA December CPE Seminar

Arkansas State Board Ethics: 2023 Board Update

December 14, 2023

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Accountancy Law Changes

Effective April 12, 2023

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- ***A.C.A. 17-12-201 – Board Creation***
 - Removed old PA requirement
 - Removed age requirement from non-CPA member
 - Removed 5-year reappointment waiting period.
Members can now serve 2 consecutive 5-year terms if reappointed
- ***Emergency Clause***
 - An emergency was declared to exist and immediately necessary so that the Act would become effective on the date it was signed by the governor
 - 2 appointments unfilled from August 2022
 - 1 Board member passed away suddenly in December 2022
 - 1 Board member resigned in March 2023

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Proposed Board Rule Changes

***Proposed Effective Date
January 1, 2024***

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- **Rule 3.7 – Granting of Credit Requirements**
 - Change the test section credit window from 18 months to 30 months
 - Change the date that the test section credit window begins from the date the applicant sat for the exam to the date that the exam score was released
 - Update the rule for the new CPA exam structure
- **Rule 13.3(i) Programs Which Qualify – Non-Resident Licensee**
 - Allow non-resident licensees to meet the Arkansas CPE requirements if they meet the CPE requirements for renewal of a certificate/license in the state in which the licensee's principal place of business is located

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Polling Question #1

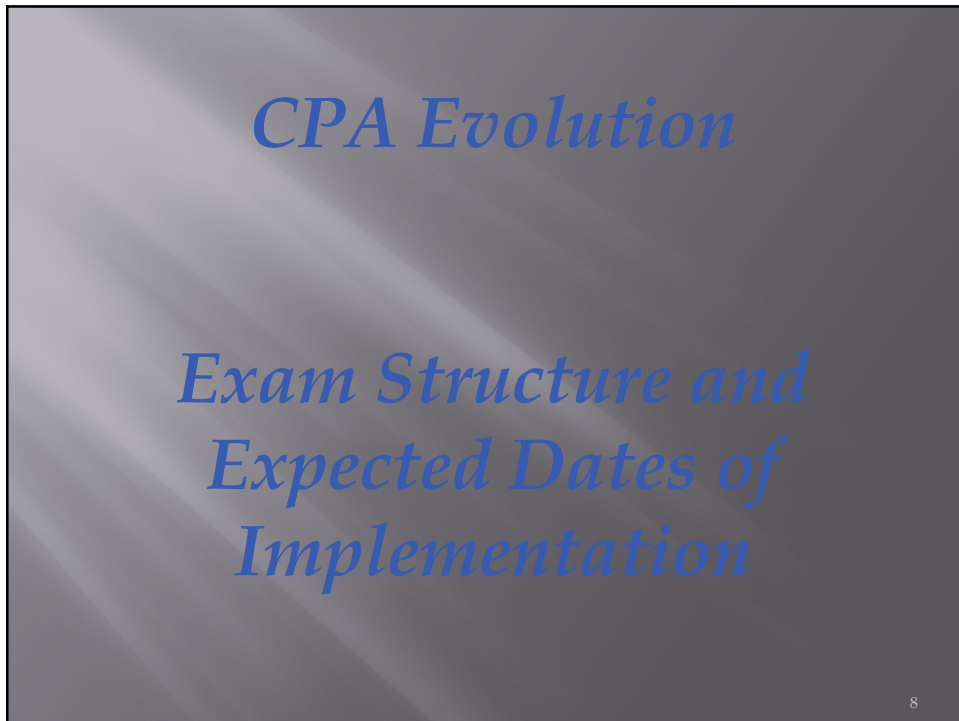
Which best describes the make-up of the Arkansas State Board of Public Accountancy?

- a) 8: 6 CPA members and 2 non-CPA members
- b) 7: 5 CPA members, 1 non-CPA member and 1 non-CPA senior member
- c) 8: 5 CPA members and 3 non-CPA members
- d) 7: 5 CPA members and 2 non-CPA members

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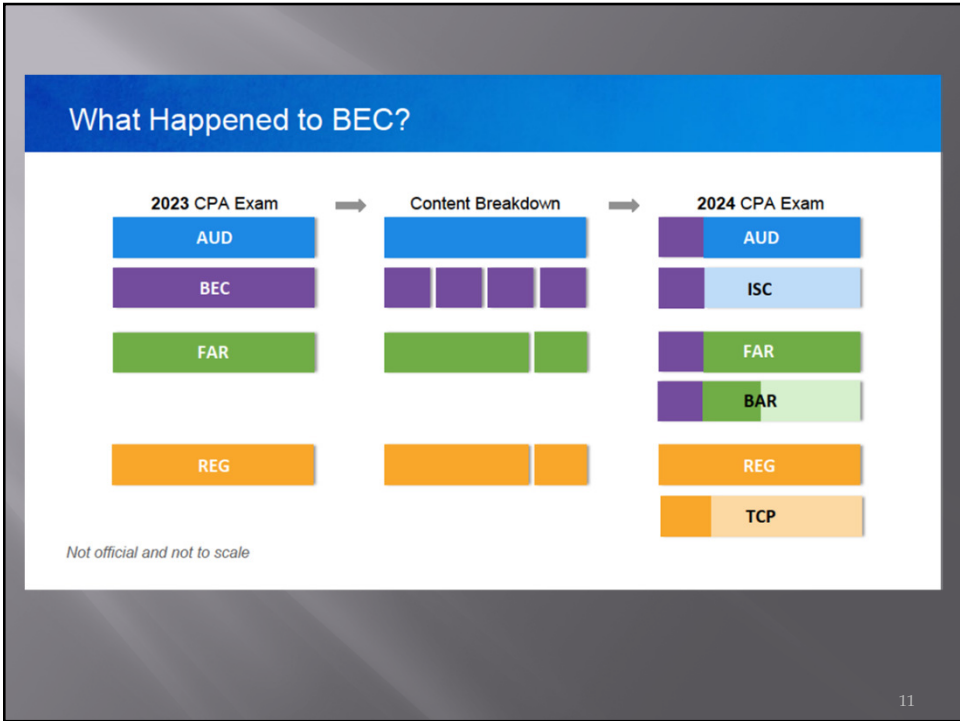
CPA Evolution

Exam Structure and Expected Dates of Implementation

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- *Strong Core with accounting, auditing, and taxation/regulation along with a recognition of the impact of technology*
- *No new education or experience requirements to sit for the Exam*
- *Exam sections can be taken in any order*
- *Candidates don't have the option to pass additional Disciplines*
- *Discipline passed will not differentiate the license granted*



2024 Test Administration Schedule / Score Release Timeline*

Quarter	Core Test Dates	Core Score Reports	Discipline Test Dates	Discipline Score Reports
24Q1	Jan 10 – Mar 26	Jun 3	Jan 10 – Feb 6	Apr 23
24Q2	Apr 1– Jun 25	Jul 30	Apr 20 – May 19	Jun 27
24Q3	Jul 1 – Sep 25	Approx Nov 1	Jul 1 - 31	Sep 10
24Q4	Oct 1 – Dec 26	Early Feb 2025**	Oct 1 - 31	Dec 10

*All dates are subject to change.
 ** Could be throughout the 24Q4 window

The Uniform CPA Examination

- ***Last day to apply for BEC:***
 - ***10/01/2023 (1st time applicants)***
 - ***11/12/2023 (Re-exam applicants)***
- ***First day to apply for new discipline:***
 - ***11/27/2023***
- ***Last day of testing:***
 - ***12/15/2023***
- ***1st day of testing for new model:***
 - ***01/10/2024***
- ***New exam fees effective 08/05/2023:***
 - ***\$254.80 plus section fees***

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Polling Question #2

What are the three new discipline exams from which CPA candidates can choose?

- a) ISC, TCP, and BEC
- b) TAX, BAR, and ITA
- c) BEC, ITA, and TAX
- d) BAR, TCP, and ISC

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1. Failure to Renew	21%
2. Holding Out as a CPA/Acct	13%
3. Practice Review (PR/QR)	10.5%
4. Unregistered Firms	8%
5. Reinstatement of a license	7.7%
6. Failure to Respond	7.5%
7. Sanctions	6%
8. Allegations	6%
9. Inactive Status Violations	5%
10. CPE Violations	5%

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6. Failure to Respond (7.5%)

Quality/Practice Review	66%
CPE Audit	34%

Compliance Statement 38%

Closed with Probable Cause NFA 27%

Other 17%

Surrendered-in-lieu	41%
Closed – NPC	41%
In process, Surr, Ret'd	18%

Hearing 12%

Consent Order 6%

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7. Sanctions (6%)

Other State Consent Order	32%
CAFA	16%
SEC	15%
DWI/DUI	9%
AICPA/PCAOB/DOL/DOJ	9%
Partner Misconduct	4%
Felony/Misdemeanor	4%
Lawsuit	3%
Other	8%

Closed - WPC	56%
Closed - NPC	36%
Consent Order/CS/Hearing	6%
In Process	2%

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Examples

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8. Allegations (6%)

Conduct Discreditable	27%
Negligence	14%
Fraud	10%
Taxes	9%
Billing	4%
Standards	4%
Other	17%
Undefined	15%

Closed - NPC 67%

Closed - WPC 21%

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Examples

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9. Inactive Status Violations (5%)

Compliance Statement	38%
Closed With Probable Cause	17%
Closed No Probable Cause	16%
Surrendered / Surrender-in-lieu	9%
Compliance Achieved	9%
Consent Order	6%
In Process	5%

Working in Public Accounting	35%
Holding Out	24%
Performing Services	22%
Holds PTIN	19%

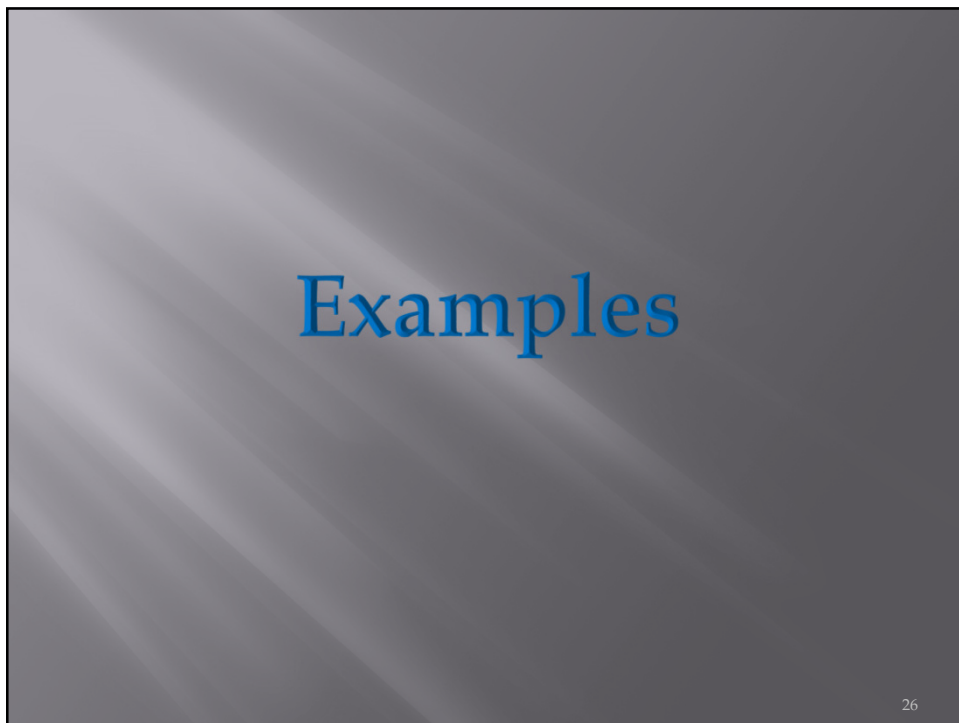
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Polling Question #3

Which of the following would constitute a violation of the Inactive Status statute?

- a) Selling and consulting on tax software
- b) Obtaining a PTIN (preparer tax identification number) from the IRS
- c) Working at H & R Block or Jackson-Hewitt
- d) All of the above

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10. CPE (4.75%)

CPE Violation (renewal stmt)		47%
Compliance Stmt	39%	(\$320; inaccurate reptg)
Consent Order	20%	(\$1,264; false reporting)
Close NPC	20%	(waivers granted)
Hearing	7%	(\$3K; false reporting plus)
CPE Audit Failure (start w/ FTR)		33%
Revoked	31%	(\$100 - \$1,100 penalty)
Hearing	19%	(Revoked, Suspended, Limitation)
Consent Order	13%	(\$1,000 - \$1,500 penalty)
Surrendered-in-lieu	13%	
CPE Audit Violation (misreporting/fraud)		20%
Hearing	37%	(Revoked or 2K – 20K penalty)
Surrendered-in-lieu	21%	
Compliance Statement	21%	(\$510 avg penalty)
Consent Order	11%	(\$1,500 - \$3,000 penalty)

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11. Rule/Law Violations (4.5%)

Other (6%)

Violated Board Order	1.9%
Holding records	1.8%
Miscellaneous	0.7%
Conduct Rule violation	0.5%
Assoc w unregistered firm	0.5%
Misleading Name/ Adv.	0.3%
Branch Office violation	0.2%

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Violation: Yes or No

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Polling Question #4

Which of the following might trigger a CPE Audit for an Arkansas licensee?

- a) Renewing online after January 1st
- b) Reporting all of my CPE on one line
- c) Recording Regulatory Ethics as Arkansas Ethics
- d) All of the above

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Investigation Difficulties

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Questions???

Board staff members are always available to answer any questions about this course or any accountancy statutes or Board rules.

www.arkansas.gov/asbpa

tim.montgomery@arkansas.gov

*The Board is here to help every
Arkansas CPA licensee*

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