

# UCA CPE Seminar

## *Arkansas State Board Ethics: Board Update*

December 8, 2023

1

## *Accountancy Law Changes*

*Effective April 12, 2023*

2

- ***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

3

## ***Proposed Board Rule Changes***

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

4

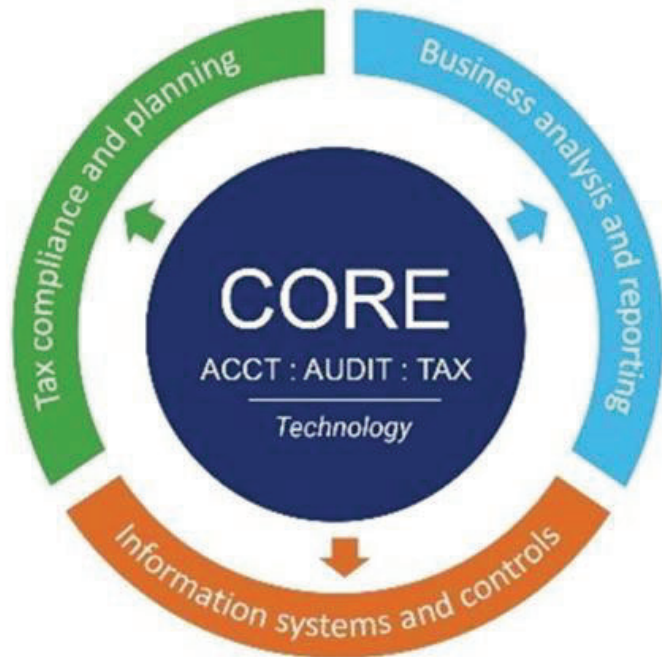
- ***Rule 3.7 – Granting of Credit Requirements***
  - Change the test section credit window from 18 months to 30 months
  - Change the date that the test section credit window begins from the date the applicant sat for the exam to the date that the exam score was released
  - Update the rule for the 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

5

## ***CPA Evolution***

### ***Exam Structure and Expected Dates of Implementation***

6



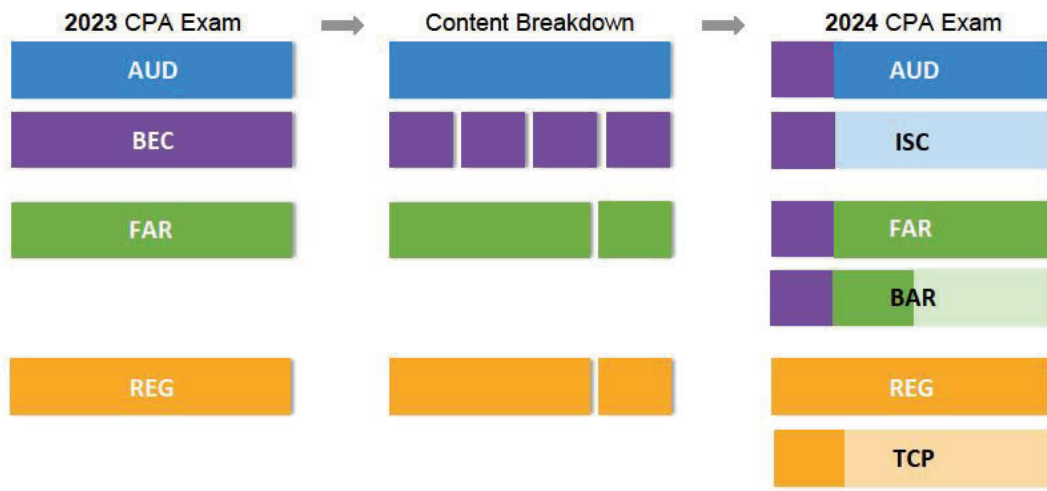
= CPA

7

- *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*

8

## What Happened to BEC?



*Not official and not to scale*

9

## 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

- *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*
- *1<sup>st</sup> day of testing for new model:*
  - *01/10/2024*
- *New exam fees effective 08/05/2023:*
  - *\$254.80 plus section fees*

11

## *Complaint Statistics from 2000 through 2021*

12



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%

13

## 1. Failure to Renew (21%)

### Hearing 33%

Revoked	98%
Reinstated	1%
Suspended	1%

### Reinstated 30%

Compliance Statement	22%
Consent Order	8%
Fees: Inactive	\$245 - \$745
Active	\$360 - \$860

### Surrendered 18%

### Other 19%

Includes retired, retired-in-lieu and surrendered-in-lieu

14

## 2. Holding Out (13%)

### Type of Violation

Holding out as a CPA	81%
Holding out as an Accountant	19%

### Type of Violator

Non-licensee	38%
Lapsed/Expired	25%
Out-of-state licensee	21%
Licensee	8%
(e.g., holding out employees, firm names)	
Revoked/Void/Surrendered	7%

15

## Holding Out (continued)

Closed w/Probable Cause, NFA 56%

Compliance Statement 19%

Consent Order 11%

Closed – No Probable Cause 8%

Revoked/Surrendered 5%

16



# Example

17

## 3. Practice Review (10.5%)

### Consent Order 58%

QR Failures	38%	(Add'l CPE, Pre-issuance, Limitation or penalty)
QR Violations	30%	(Penalty, Pre-issuance or Limitation)
PR Violations	16%	(\$1,000 - \$10,000 penalty)
PR Withdrawals	13%	(Limitation)
PR Failures	3%	(AICPA remediation)

### Compliance Acheived 14%

### Closed With Probable Cause NFA 9%

Complied with PR/QR requirements, Withdrew from Peer Review, Deceased, Retired and cleaning old files

### Other 19%

- Closed NPC (sold business, no violation)
- Compliance Statement (penalty, pre-issuance)
- Hearing (revocation, penalty)
- Surrendered, Retired, In Lieu, In process (5%)

18

# Example

19

## 4. Unregistered Firms (8%)

Closed with Probable Cause, NFA 42%

Licensed firm timely, changed entity name or dissolved entity

Compliance Statement (\$110 - \$1,500 penalty) 33%

Consent Order (\$1,000 - \$5,500 penalty) 15%

Other 10%

Closed – No Probable Cause (corrected business name & not holding out; no violation)

Hearing (penalty)

Surrendered, Surrendered-in-lieu

20

## 5. Reinstatements (7¾%)

### License Status

Void	41%
Revoked	30%
Surrendered	15%
Lapsed	12%

### Result

Consent Order (fees with or w/o penalty)	78%
Compliance Statement (reinstated same year)	5%
With Probable Cause (reinstatement denied)	5%
No Probable Cause (did not complete process)	4.5%
In Process	4.5%
Hearing (reinstatement denied)	3%

21

# Example

22

## 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%

23

## 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%

24

## 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%

# Example

## 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%

27

# Example

28



## 10. CPE (4.75%)

### CPE Violation 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 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 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)

29

## 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%

30

# Violation: Yes or No

31

# Investigation Difficulties

32

# 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](http://www.arkansas.gov/asbpa)

[tim.montgomery@arkansas.gov](mailto:tim.montgomery@arkansas.gov)

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