

ABTRACTER'S BOARD OF EXAMINERS

Enabling Laws

Act 416 of 2005
Act 109 of 1969 as amended.
See A.C.A. § 17-11-201

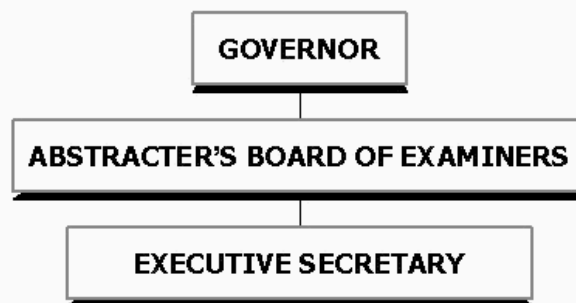
History and Organization

The Arkansas Abstracter's Board of Examiners was created by Act 109 of 1969. This Act established a three-member board, appointed by the Governor, confirmed by the Senate, to serve six (6) year terms. The terms are staggered so that one member is replaced every two years.

Act 109 provides that two of the board members shall be actively engaged in the making of abstracts to real estate titles in the State of Arkansas for a period of no less than five (5) years prior to their appointment and the third member shall be knowledgeable of the abstract business.

The Arkansas Abstracter's Board of Examiners is staffed with one (1) employee, an Administrative Secretary or Executive Secretary. This Board is responsible for the proper supervision and renewal of some 100-125 firm licenses and more than 325 individual licenses on an annual basis. In addition, the Board schedules and administers a semi-annual examination to approximately 30 individuals, which is given in the March and September time frames each year. Also, the Board is responsible for the examination of the records of all new firms making application for license.

In addition, the Board is responsible for responding to complaints regarding possible unlicensed operations, etc. and scheduling hearings as needed to resolve the complaints. Enforcement of the provisions of A.C.A. § 17-11-201 is within the duties of this Board and periodic inspections may be made on a random basis to ensure compliance. Revocation of certificates of authority is within the jurisdiction of this Board when non-compliance is determined in a hearing before the Board, when requested by the licensee.



Agency Commentary

The Abstracter's Board of Examiners has the responsibility to regulate and license both abstract companies and individual abstracters of real estate titles. Funding is derived from special revenues collected based on fees charged for licenses, examinations, and transfers.

The Board requests Base Level with no Change Level requests for the 2007-2009 Biennium.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS ABSTRACTORS BOARD OF EXAMINERS
FOR THE YEAR ENDED JUNE 30, 2005

<u>Findings</u>	<u>Recommendations</u>
<p>Ms. Judy Conn, the Executive Secretary for the board, was hired July 1, 2002. During the period under review she submitted weekly timesheets to the payroll section of the Department of Finance and Administration (DFA). Although these timesheets reflected that she worked forty (40) hours per week for the Board, she was also employed as a full-time employee for a title company. Ms. Conn has indicated that she actually worked less than forty (40) hours per week for the Board; however, no documentation exists to verify the actual amount of time she spent working for the Board. Ms. Conn received a salary for Board duties of \$17,422 and \$17,999 during the years ended June 30, 2004 and 2005, respectively.</p> <p>During our review it was noted that documentation to account for licenses issued and fees collected was inadequate and incomplete, or improper disbursement practices, were indicated by the following:</p> <ul style="list-style-type: none">• The Board did not maintain a listing of active and inactive individuals and firms licensed each year.• As indicated by the Executive Secretary for the Board, only two (2) exams were held between July 1, 2003 and June 30, 2005. Of the thirteen (13) individuals listed as taking the exam, only two (2) exam fees could be traced to deposits and one (1) exam fee was deposited that could not be traced to the testing roster.• Five (5) firm, ten (10) individual and ten (10) inactive licenses were issued without collecting the correct fee for the type of license.• Two (2) firms and six (6) individuals paid for a license and no license was issued.• Three (3) firms and sixteen (16) individuals were issued licenses that did not have licenses in the prior year. The Board did not maintain documentation to indicate that these new licensees were certified during the year.• Fees paid by thirty-three (33) firms and ninety-five (95) individuals were deposited after the 60 day renewal deadline. It could not be determined from the Board's	<p>The Chief Fiscal Officer of the State of Arkansas review the circumstances related to Ms. Conn's employment and determine if a full-time salary was appropriate. Weekly timesheets submitted by Board employees should accurately reflect the hours worked. Also, the Board should comply with established State personnel policies for full-time employees.</p>

DIVISION OF LEGISLATIVE AUDIT
 AUDIT OF :
 ARKANSAS ABSTRACTORS BOARD OF EXAMINERS
 FOR THE YEAR ENDED JUNE 30, 2005

Findings

records if receipts were deposited in a timely manner or if the licenses were delinquent and needed to be recertified.

- Three (3) undeposited checks for license fees were found in the Board's files during our review on December 15, 2005. Two (2) of these checks were dated in July 2004 and one (1) was dated in September 2004.
- Seven (7) disbursements totaling \$1,329.88 were made from the Board's local checking account. Board procedures provide that all receipts are to be deposited into a local checking account and then transferred to the State Treasury. Ark. Code Ann. 17-11-204 requires that all Board expenditures be paid from the Board's State Treasury Fund (SXA).
- The Board did not maintain documentation to support that they made monthly bank reconciliations.

Recommendations

The Board currently has ownership of six (6) pieces of equipment with a book value of \$1,124. The Board's prior Executive Secretary still has possession of this equipment.

The Board take possession of its furniture and equipment or transfer it to Marketing and Redistribution.

Ark. Code Ann. 25-17-208 requires the Board to meet in regular session at least once in each semiannual period. Subsequent to the Board's regularly scheduled meeting in May 2002, the next meeting was not held until August 2004. Special meetings were held in October 2005 and November 2005 to discuss personnel issues.

The Board comply with Arkansas legal requirements for at least one regular session each semiannual period.

Employment Summary

	Male	Female	Total	%
White Employees	0	1	1	100 %
Black Employees	0	0	0	0 %
Other Racial Minorities	0	0	0	0 %
Total Minorities			0	0 %
Total Employees			1	100 %

Publications

A.C.A 25-1-204

Name	Statutory Authorization	Required for		# Of Copies	Reason (s) for Continued Publication and Distribution
		Governor	General Assembly		
None	N/A	N	N	0	N/A

Agency Position Usage Report

FY2004-2005						FY2005-2006						FY2006-2007					
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	
1	1	0	1	0	0.00%	1	1	0	1	0	0.00%	1	1	0	1	0	0.00%

Analysis of Budget Request

Appropriation: 069 - Abstracter's Board-Operations

Funding Sources: SXA-Abstracter's Examining Board Fund

Act 109 of 1969 established a three member Abstracter's Board of Examiners. The Board has the responsibility to regulate and license both abstract companies and individual abstracters of real estate titles. The Board schedules and administers a semi-annual examination to individuals seeking certification as a registered abstracter. Over 300 individuals and 125 firm licenses are issued and renewed each year. Funding is derived from special revenues collected based on fees charged for licenses, examinations, and transfers.

A cost of living increase is not incorporated in Base Level pending the outcome of the Classification and Compensation Study. FY07 salary levels have been held flat each year for all incumbents. Personal Services Matching may reflect increases in the Base Level due to the Social Security Tax maximum income limit and certain increases in Worker's Compensation and Unemployment Tax rates. Personal Services Matching also includes a \$30 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$350 per month.

No additions above Base Level are requested for the 2007-2009 Biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation

Appropriation: 069 Abstracter's Board-Operations
Funding Sources: SXA-Abstracter's Examining Board Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2005-2006	2006-2007	2006-2007	2007-2008			2008-2009		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	15,016	19,417	19,217	19,417	19,417	19,417	19,417	19,417	19,417
#Positions		1	1	1	1	1	1	1	1	1
Personal Services Matching	5010003	6,879	7,735	7,453	8,107	8,107	8,107	8,107	8,107	8,107
Operating Expenses	5020002	1,349	2,567	2,567	2,567	2,567	2,567	2,567	2,567	2,567
Conference & Travel Expenses	5050009	0	0	0	0	0	0	0	0	0
Professional Fees	5060010	0	0	0	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		23,244	29,719	29,237	30,091	30,091	30,091	30,091	30,091	30,091
Funding Sources										
Fund Balance	4000005	1,913	4,313		1,594	1,594	1,594	0	0	0
Special Revenue	4000030	25,644	27,000		28,497	28,497	28,497	30,091	30,091	30,091
Total Funding		27,557	31,313		30,091	30,091	30,091	30,091	30,091	30,091
Excess Appropriation/(Funding)		(4,313)	(1,594)		0	0	0	0	0	0
Grand Total		23,244	29,719		30,091	30,091	30,091	30,091	30,091	30,091

The FY07 Budgeted amount in Regular Salaries and Personal Services Matching exceeds the authorized amount due to salary and matching rate adjustments during the 2005-2007 biennium.