

# STATE BOARD OF ARCHITECTS

## Enabling Laws

Act 850 of 2005

Act 270 of 1941 as amended. See A.C.A. § 17-15-102

## History and Organization

Act 270 of 1941 established the Arkansas Architectural Act and the Arkansas State Board of Architects. Act 1338 of 1999 directed that ASBA be composed of eight (8) members: five (5) architects, one (1) consumer, one (1) senior citizen and the Dean of the University of Arkansas, School of Architecture. The five architect members are all appointed by the Governor. The consumer and senior citizen members are also gubernatorial appointees; while the Dean of the University of Arkansas, School of Architecture is an ex-officio member. Board members fill non-salaried positions but are paid \$64.59 a day for each meeting day they attend and are reimbursed travel expenses.

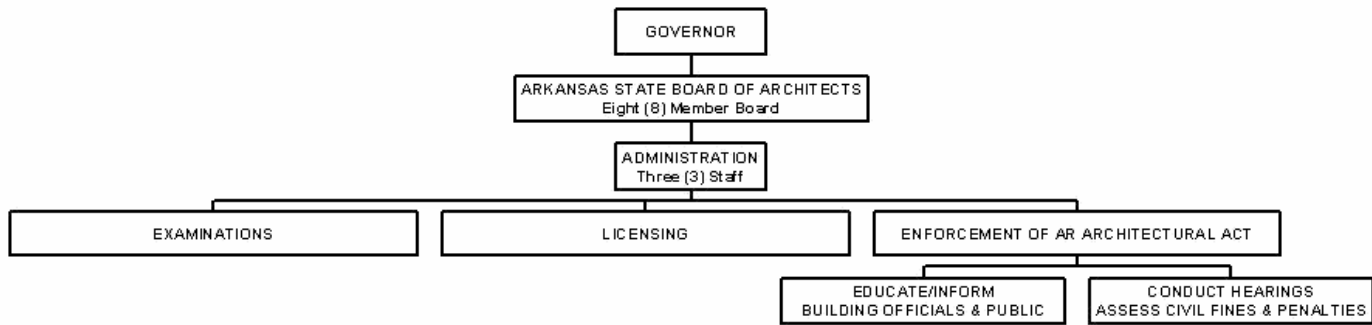
**Mission:** To protect the health, safety and welfare of the citizens of Arkansas by ensuring that buildings constructed for human occupancy with a fair market value in excess of one hundred thousand dollars (\$100,000) are designed by licensed, competent architects.

**Statutory Responsibility:** To ensure that persons attesting as architects are qualified to do so and that such title "architect" is reserved to persons who demonstrate their ability to observe and apply the standards and practice of architecture.

**Primary Activities:** The Arkansas State Board of Architects provides the staff support for carrying out the duties of the Arkansas State Board of Architects. Those duties include:

- (1) Grant certification to those who pass the Architects Examination and otherwise qualify;
- (2) Determine whether those who apply for a reciprocal license and/or a certificate of authorization (corporate practice) qualify;
- (3) Annually register all individual architects, corporations and partnerships and issue them an annual license to practice;
- (4) Investigate violations of the Arkansas Architectural Act and take disciplinary action where appropriate after conducting a hearing; and
- (5) Monitor mandatory continuing education requirements.

Oversight and/or Advisory Affiliation: None



## **Agency Commentary**

Each day, millions of Arkansans work and live in environments designed by licensed architects. The decisions of architects about scale, massing, spatial organization, image, materials, and methods of construction impact not only the health, safety and welfare of the present users, but of future generations as well. To safeguard the public health, safety, and welfare; reduce the possibility of building failure; encourage sustainable and quality design; and provide access for the disabled, those who are authorized to design complex structures must meet minimum standards of competency. It is equally necessary that those who cannot meet the minimum standards by way of education, experience, and examination be prevented from misrepresenting themselves to the citizens of the State of Arkansas.

The Arkansas State Board of Architects (ASBA) was created by the Arkansas Legislature in 1941 to safeguard the public's health, safety, and welfare. The activities of the ASBA benefit Arkansans in two important ways.

First, regulation protects the public at large. The primary responsibility of an architect is to design buildings which are safe, durable, functional, satisfy reasonable environmental standards, and contribute aesthetically to the surrounding communities. To accomplish this, the architects design must satisfy the applicable requirements of the law and also must be a correct application of the skills and knowledge of the profession.

Second, regulation protects the consumer of services rendered by architects. The necessity of ensuring that those who hire architects are protected from incompetent, dishonest or unlicensed architects is self-evident.

ASBA is a cash funded state agency, historically receiving no general revenue funds. Agency operations are funded through the receipts of fees charged by ASBA, which includes registration and renewal fees, fines and penalties. The total authorized level of the agency for FY07 was \$348,622.

During FY06 the Legislative Joint Auditing Committee performed an Internal Control and Compliance Review of ASBA for a two year period ending June 30, 2005. As a result of the review, it was revealed that two (2) agency employees were reimbursed for unusually high amounts of private vehicle mileage. It was also revealed that the previous agency director had falsified twelve (12) travel reimbursement forms. Both agency employees are no longer with the agency as a result of the findings.

ASBA has hired a new agency director effective June 18, 2006. The existing clerk/bookkeeper has

been promoted to administrative assistant/office manager effective April 30, 2006. A new employee has been hired to fill the position of architect clerk/bookkeeper effective July 30, 2006.

The Board is content with the current salary positions of its three staff members. Therefore, ASBA is not seeking salary increases for its three full-time staff positions in the FY08-FY09 biennium budget, but is instead awaiting the outcome of the Position Classification Study being prepared by the DFA Office of Personnel Management and any Legislative decision regarding FY08-FY09 cost of living adjustments.

With the results of the recently completed Internal Control and Compliance Review, ASBA has made a diligent and considerable effort to bring in line our FY08-FY09 biennium budget request with actual planned expenses. It is now apparent that previous agency management falsified many line items to ensure personal gain.

ASBA has budgeted to purchase a state vehicle during FY08 to offset the reimbursement of private vehicle mileage by the agency director and staff. With the purchase of the state vehicle during FY08, ASBA is anticipating a \$2,598 decrease in appropriation from FY07 through reallocation of resources. ASBA is anticipating an even larger reduction in appropriation in FY09 in the amount of \$24,345 from FY07.

## Audit Findings

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
ARKANSAS STATE BOARD OF ARCHITECTS  
FOR THE YEAR ENDED JUNE 30, 2005

Findings	Recommendations
<p>The Agency had inadequate control over cash transactions because of insufficient segregation of duties due to a limited number of personnel.</p>	
<p>Our preliminary review of travel expenditures revealed an unusually high amount of private vehicle mileage reimbursements paid to two (2) Agency employees. We also noted several travel reimbursement (TR-1) forms lacked required information and were not signed by the traveler. Furthermore, the Agency did not require a travel supervisor to approve TR-1 forms submitted by the Agency Executive Director. For these reasons, we examined all travel expenditures for the period July 1, 2003 through February 28, 2006 and determined disbursements for unauthorized travel reimbursements totaled <b>\$114,634</b>. As detailed below, Executive Director John Harris and Administrative Assistant Shirley Worley were responsible for \$105,140 and \$9,494, respectively, of the unauthorized disbursements.</p>	<p>We recommend Mr. Harris reimburse the Agency the remaining \$46,189 attributable to travel reimbursements improperly received from SC/NCARB.</p>
<ul style="list-style-type: none"><li>• Mr. Harris was reimbursed \$66,180 for 192,188 miles claimed as business travel. Based on available records, we calculated Mr. Harris was overpaid <b>\$48,426</b> for mileage reimbursement (<i>excess mileage claimed of 142,429 times average reimbursement rate of 34 cents per mile</i>).</li></ul>	<p>We recommend that the Agency obtain training from the Department of Finance and Administration for travel reimbursement purposes. Specifically, future Agency travel reimbursement requests should comply with the following provisions:</p> <ul style="list-style-type: none"><li>• All travelers requesting reimbursement must complete a TR-1 form or its equivalent.</li><li>• Charges for transportation, lodging and conference registrations must be supported by original documentation or confirmation number in the case of electronic tickets.</li><li>• The original TR-1 form, bearing the traveler's signature, shall be filed with the Agency.</li><li>• All claims for reimbursement of expenses must be itemized and attested to by the claimant and approved by travel supervisor.</li></ul>

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
ARKANSAS STATE BOARD OF ARCHITECTS  
FOR THE YEAR ENDED JUNE 30, 2005

Findings

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Recommendations

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- Mr. Harris also submitted twelve (12) TR-1 forms and received reimbursement totaling **\$10,409** for travel expenses not allowed by State travel regulations. The unallowable travel expenses consisted of falsified invoices for lodging (\$6,887), duplicate conference registration fees (\$1,210), excess meals (\$1,104), tips and alcoholic beverages (\$207), undocumented taxi and parking fees (\$408), and other nonbusiness items (\$593).
  
- We also determined Mr. Harris fraudulently placed Agency funds on deposit in a travel allotment account with the Southern Conference of the National Council of Architectural Registration Boards (SC/NCARB). SC/NCARB reimbursed travel expenses totaling **\$46,305** to Mr. Harris based on falsely submitted documentation, which indicated Mr. Harris was due reimbursement for his and Board members' conference travel expenses that the Agency had previously reimbursed.

Mr. Harris resigned as Executive Director on March 1, 2006 and reimbursed the Agency \$58,951 on April 10, 2006.

- Ms. Worley was reimbursed \$12,435 for 39,836 miles claimed as business travel. Based on available records, we calculated Ms. Worley was overpaid **\$9,494** (*excess mileage claimed of 28,771 times average reimbursement rate of 33 cents per mile*). Ms. Worley agreed with our excess mileage calculation and reimbursed the Agency \$9,494. Effective April 8, 2006, Ms. Worley retired from employment with the Agency.

We also noted an Agency employee changed hotel invoice dates to indicate that lodging expenses were incurred July 2003, rather than June 2003, because sufficient appropriation was not available for the fiscal year ended June 30, 2003.

The following expenditures appear to conflict with State purchasing laws and various sections in the State Ethics and Conflict of Interest laws. The Agency purchased a painting for \$700 from Beth Leake, who has been an Agency board member since April 1997. However, the Agency paid Jacquelyn Compton, Ms. Leake's daughter, based on an invoice indicating catering services from Palette LLC, a catering company owned by Ms. Compton. Ms. Leake repurchased this painting for \$700 on March 28, 2006. The Agency also made other payments to Palette LLC totaling \$2,985 for catering and calligraphy services during the two-year period ending June 30, 2005.

We recommend the Attorney General, Sixth Judicial District Prosecuting Attorney, and Arkansas Ethics Commission review the legal and ethical ramifications of these circumstances.

**Employment Summary**

	Male	Female	Total	%
White Employees	1	2	3	100 %
Black Employees	0	0	0	0 %
Other Racial Minorities	0	0	0	0 %
	Total Minorities		0	0 %
	Total Employees		3	100 %

**Cash Fund Balance Description as of June 30, 2006**

Fund Account	Balance	Type	Location
3040000	\$701,649	CD's	Simmons, TCB, US Bank, Bank of LR, Bank of the Ozarks, Captial Bank, Bank of America

Statutory/Other Restrictions on use:

A.C.A. § 17-15-202(e) provides that the Board may use funds collected to reimburse and carry out the functions of the Board.

Statutory Provisions for Fees, Fines, Penalties:

A.C.A. § 17-15-204(D) and § 17-15-311 authorizes the Board to collect fees, fines and penalties.

Revenue Receipts Cycle:

Fees, fines and penalties are collected throughout the year. The renewal times are July 31 and December 31 annually.

Fund Balance Utilization:

In accordance with the ASBA Act and Rules, the fees collected are used to carry out the functions of the Board to protect the Health, Safety and Welfare of the public.

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Fund Account	Balance	Type	Location
3040000	\$132,162	Checking/Savings	Regions Bank and Pulaski Bank

Statutory/Other Restrictions on use:

A.C.A. § 17-15-202(e) provides that the Board may use funds collected to reimburse and carry out the functions of the Board.

Statutory Provisions for Fees, Fines, Penalties:

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Revenue Receipts Cycle:

Fees, fines and penalties are collected throughout the year. The renewal times are July 31 and December 31 annually.

Fund Balance Utilization:

In accordance with ASBA Act and Rules, the fees collected are used to carry out the functions of the Board to protect the Health, Safety and Welfare of the public.

**Publications**

**A.C.A 25-1-204**

Name	Statutory Authorization	Required for		# Of Copies	Reason (s) for Continued Publication and Distribution
		Governor	General Assembly		
Arkansas Architectural Act	A.C.A. 17-15-305 (e)	N	N	300	The Act was amended in 1999 and the new language passed by the Legislature requires that each registrant be sent a copy of the Act.
Arkansas State Board of Architect Rules and Regulations	A.C.A. 17-15-305 (e)	N	N	300	January 13, 2000 and reviewed by the Legislature on February 3, 2000. The Act requires that each registrant be sent a copy of the Rule and Regulations.

**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			Total	Total	Total	Total			Total				
3	3	0	3	0	0.00%	3	1	2	3	0	66.67%	3	3	0	3	0	0.00%

## **Analysis of Budget Request**

**Appropriation:** A07 - Cash Operations

**Funding Sources:** 304 - Board of Architects - Cash

The State Board of Architects is responsible for regulating the practice of architecture by providing examinations of qualifications for the issuance of certificates of registration and licenses. The agency also provides for the education of building officials and the public regarding the provisions of the Arkansas Architectural Act and the rules and regulations of the Board. The operations of the Board are funded from Cash Funds generated from the receipt of fees charged by the Agency.

A cost of living increase is not incorporated in Base Level pending the outcome of the Classification and Compensation Study. The Base Level request of \$161,091 each year for Regular Salaries does include Board Member Stipend payments. 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.

The Board, in its desire to demonstrate a commitment to strict fiscal discipline, is requesting Base Level Reductions of (\$2,598) in FY08 and (\$24,345) in FY09 for Operating Expenses and Professional Fees which were inflated and subject to misuse by former Board staff.

In lieu of budget increase requests, the Board has requested reallocation of \$27,150 in FY08 and \$2,850 in FY09. The Board's reallocation request reflects the following changes:

Reduction of Exams, Operating Expense, and Professional Fees. The Exams line item is no longer necessary as the National Association of Architect's Registration Boards now provides the funding and materials to administer exams. Operating Expense items which were inflated or no longer necessary include Mileage, Educational Materials, Enforcement Investigation Expense, Software and Membership Dues.

Increase of Capital Outlay for the purchase of a state motor vehicle to lower the Board director's in-state travel reimbursement expenses.

The Executive Recommendation provides for the Agency Request.



**Appropriation**

**Appropriation:** A07 Cash Operations  
**Funding Sources:** 304 - Board of Architects - Cash

**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	145,267	161,091	154,890	161,091	161,091	161,091	161,091	161,091	161,091
<b>#Positions</b>		<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
Personal Services Matching	5010003	37,780	43,335	40,639	44,438	44,438	44,438	44,438	44,438	44,438
Operating Expenses	5020002	115,061	125,451	125,451	125,451	113,495	113,495	125,451	116,048	116,048
Conference & Travel Expenses	5050009	7,216	5,750	5,750	5,750	8,400	8,400	5,750	8,600	8,600
Professional Fees	5060010	50	8,000	8,000	8,000	4,100	4,100	8,000	4,100	4,100
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	24,500	24,500	0	0	0
Exams	5900046	13,888	13,892	13,892	13,892	0	0	13,892	0	0
<b>Total</b>		<b>319,262</b>	<b>357,519</b>	<b>348,622</b>	<b>358,622</b>	<b>356,024</b>	<b>356,024</b>	<b>358,622</b>	<b>334,277</b>	<b>334,277</b>
<b>Funding Sources</b>										
Fund Balance	4000005	614,746	1,027,621		1,019,805	1,019,805	1,019,805	1,013,484	1,016,082	1,016,082
Cash Fund	4000045	732,137	349,703		352,301	352,301	352,301	374,048	374,048	374,048
<b>Total Funding</b>		<b>1,346,883</b>	<b>1,377,324</b>		<b>1,372,106</b>	<b>1,372,106</b>	<b>1,372,106</b>	<b>1,387,532</b>	<b>1,390,130</b>	<b>1,390,130</b>
Excess Appropriation/(Funding)		(1,027,621)	(1,019,805)		(1,013,484)	(1,016,082)	(1,016,082)	(1,028,910)	(1,055,853)	(1,055,853)
<b>Grand Total</b>		<b>319,262</b>	<b>357,519</b>		<b>358,622</b>	<b>356,024</b>	<b>356,024</b>	<b>358,622</b>	<b>334,277</b>	<b>334,277</b>

FY07 Budgeted amount in Regular Salaries and Personal Services Matching exceeds the Authorized Amount due to transfer of Board Member Stipends from Operating Expense to Regular Salaries during the 2005-2007 biennium.

Actual exceeds Authorized Appropriation in Conference & Travel Fees by authority of Budget Classification Transfer.

## Change Level by Appropriation

**Appropriation:** A07-Cash Operations

**Funding Sources:** 304 - Board of Architects - Cash

### Agency Request

Change Level		2007-2008	Pos	Cumulative	% of BL	2008-2009	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>358,622</b>	<b>3</b>	<b>358,622</b>	<b>100.0</b>	<b>358,622</b>	<b>3</b>	<b>358,622</b>	<b>100.0</b>
C03	Discontinue Program	(2,598)	0	356,024	99.2	(24,345)	0	334,277	93.2
C04	Reallocation	0	0	356,024	99.2	0	0	334,277	93.2

### Executive Recommendation

Change Level		2007-2008	Pos	Cumulative	% of BL	2008-2009	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>358,622</b>	<b>3</b>	<b>358,622</b>	<b>100.0</b>	<b>358,622</b>	<b>3</b>	<b>358,622</b>	<b>100.0</b>
C03	Discontinue Program	(2,598)	0	356,024	99.2	(24,345)	0	334,277	93.2
C04	Reallocation	0	0	356,024	99.2	0	0	334,277	93.2

### Justification

C03	The Board is recommending a decrease of \$2,598 in FY08 and \$24,345 in FY09 for Exams, Association & Membership Dues, Professional & Legal Fees, and Composition Setup & Artwork for budget items that have been over budgeted in previous biennium in order to demonstrate the Board's commitment to enforcing responsible fiscal discipline.
C04	The Arkansas State Board of Architects has used this biennium's biennial budget request to realign the Board's budget with the history of actual expenditures as provided by AASIS, along with forecasted need for the current biennium. This reallocation accounts for a Base Level budget reassignment of \$27,150 in FY08 and \$2,850 in FY09 between Operating Expense, Professional Fees, Capital Outlay, and Exams. As part of this reallocation, the Board has discontinued the Exams line item. This item was previously used to administer architect exams, but is no longer necessary as the National Association of Architect's Registration Boards now provides the funding and materials to administer these exams. In the previous biennium, expenditures from this line item were subject to misuse by former Board employees. The Board has also chosen to reallocate many items that had been over inflated, such as Mileage, Professional Fees, Educational Materials, Enforcement Investigation Expense, Software Licenses and Association & Membership Dues. In lieu of these reductions, the Board has requested to reallocate for the purchase of a state vehicle to lower the agency director's in-state travel reimbursement expenses. In addition, the Board has requested to increase Board Member Travel Expenses to accurately reflect existing agency expenditures. Lastly, the Board intends to utilize this reallocation to cover an expected rent increase.