

BOARD OF ACCOUNTANCY

FY 2023 – FY 2025 BUDGET ANALYSIS

FIGURE 1
BUDGET OVERVIEW, FY 2023 – FY 2025

	Actual FY 2023	Agency FY 2024	Governor FY 2024	Agency FY 2025	Governor FY 2025
Operating Expenditures:					
State General Fund	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Funds	-	-	-	-	-
All Other Funds	434,841	507,385	507,385	468,475	468,475
<i>Subtotal</i>	<u>\$ 434,841</u>	<u>\$ 507,385</u>	<u>\$ 507,385</u>	<u>\$ 468,475</u>	<u>\$ 468,475</u>
Capital Improvements:					
State General Fund	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Funds	-	-	-	-	-
All Other Funds	-	-	-	-	-
<i>Subtotal</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
TOTAL	<u>\$ 434,841</u>	<u>\$ 507,385</u>	<u>\$ 507,385</u>	<u>\$ 468,475</u>	<u>\$ 468,475</u>
Percentage Change:					
State General Fund	-- %	-- %	-- %	-- %	-- %
All Funds	18.6 %	16.7 %	16.7 %	(7.7) %	(7.7) %
FTE Positions	3.0	3.0	3.0	3.0	3.0

The Board of Accountancy provides for the certification and regulation of Certified Public Accountants (CPAs) within the State of Kansas. The Board itself is composed of seven individuals, all of whom must be residents of Kansas. Five of the individuals must be CPAs licensed to practice in Kansas; the other two individuals must represent the general public, though they must have an understanding of generally accepted accountancy principles. Board members are appointed to three-year terms.

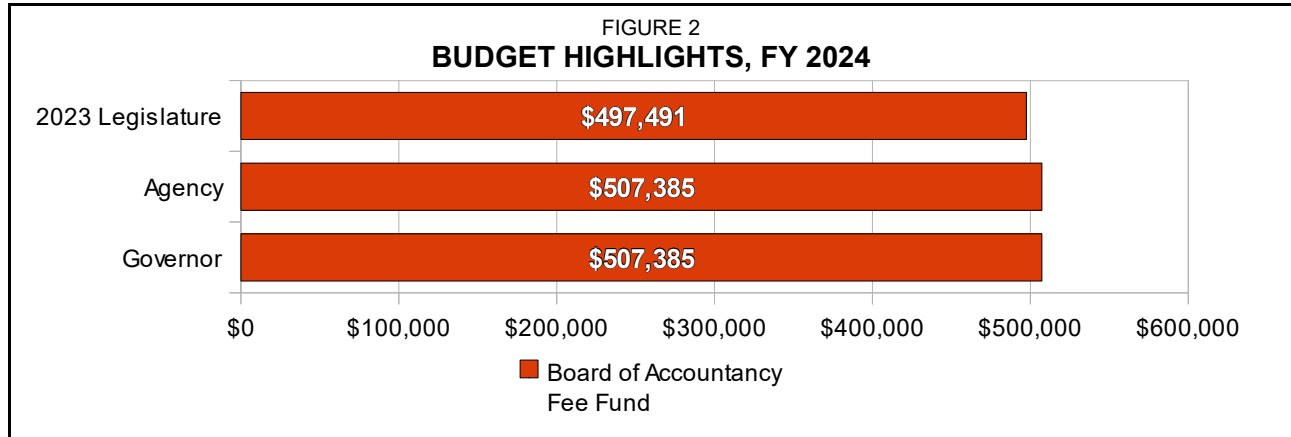
The Board may adopt and amend rules and regulations that govern the practice of accountancy, such as the educational qualifications of licensees and the professional ethics by which accountants must abide. To ensure that CPAs in Kansas act with “independence, integrity, and objectivity” in their responsibilities, the Board has the power to investigate whether a firm or an individual violated ethical standards or rules and regulations imposed by either the Board of Accountancy or the American Institute of Certified Public Accountants. If probable cause of a violation is found, the Board may refer the matter for prosecution or disciplinary action. In an effort to preempt violations, the Board may require accounting firms to submit peer reviews that attest to a firm’s compliance with generally accepted accounting principles and auditing standards.

STATUTORY BASIS: • Licensing: KSA 1-201; 1-202; 1-204; 1-205; 1-302; 1-302a; 1-307; 1-308; 1-310; 1-315; 1-316; 1-501
• Enforcement: KSA 1-205; 1-206; 1-311; 1-312; 1-316; 1-318; 1-319; 1-401

AGENCY GOALS: • Approve applications for certificates by exam and certificates by reciprocity for those who meet the minimum qualifying requirements.
• Approve applications for permits to practice to those who meet an experience requirement, and to reinstate permits to practice to those who meet certain continuing education requirements.
• Register in-state and out-of-state CPA firms practicing in the state of Kansas.
• Regulate CPAs and the services provided relating to the practice of certified public accountancy.

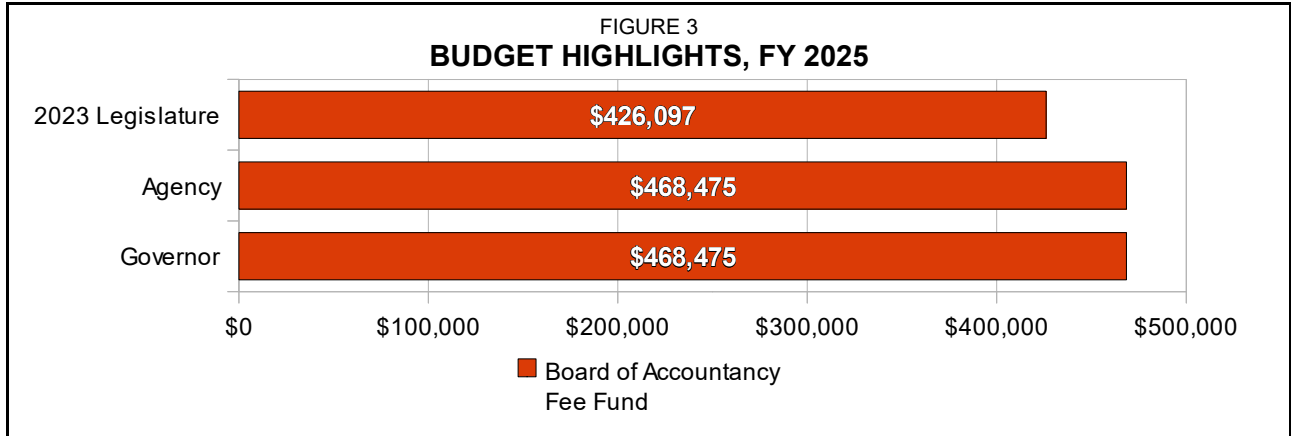
EXECUTIVE SUMMARY

The 2023 Legislature approved a budget of \$497,491, all from the Board of Accountancy Fee Fund, for the Board of Accountancy for FY 2024. No adjustments have been made subsequently to that amount.



The **agency** requests a revised estimate of \$507,385, all from the Board of Accountancy Fee Fund, in expenditures and 3.0 FTE positions in FY 2024. The revised estimate is \$9,894, or 2.0 percent, above the amount approved by the 2023 Legislature. The agency submits two supplemental requests, one for a database conversion (\$8,000) and one for increased legal fees charged by contracting attorneys (\$8,000). The agency's revised estimate includes a decrease of \$6,106 in other adjustments, including base salary rate adjustments and fringe benefits. The agency requests 3.0 FTE positions, which is the same as the approved number.

The **Governor** concurs with the agency's FY 2024 revised estimate.



The **agency** requests \$468,475, all from the Board of Accountancy Fee Fund, in expenditures and 3.0 FTE positions for FY 2025. This is an increase of \$42,378, or 9.9 percent, above the amount approved by the 2023 Legislature. This increase is primarily attributable to the agency's four enhancement requests related to database conversion (\$8,000), legal fees (8,000), the salary pay plan (\$15,119), and hospitality (\$400). The agency requests 3.0 FTE positions, which is the same as the approved number.

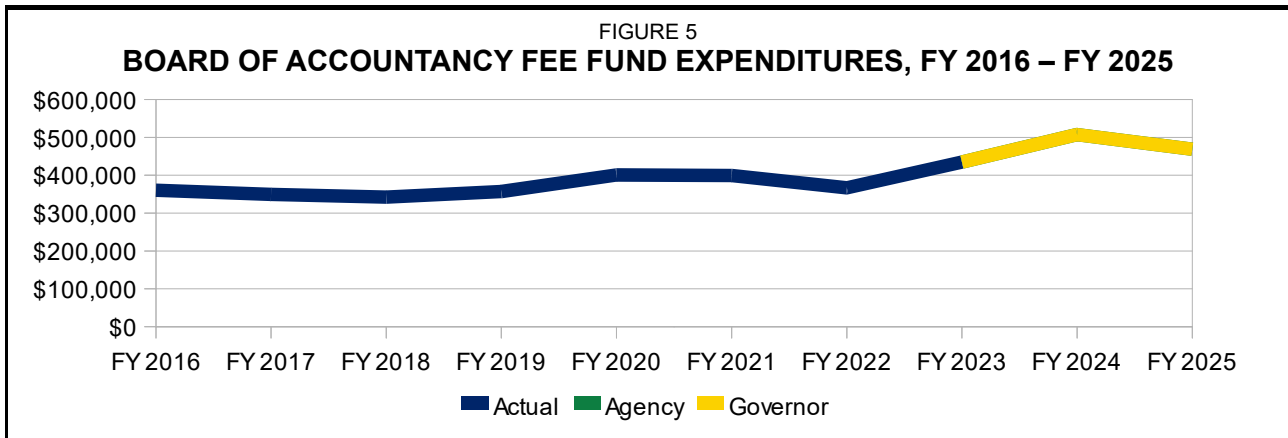
The **Governor** concurs with the agency's FY 2025 revised estimate.

EXPENDITURES AND FINANCING

FIGURE 4
BUDGET SUMMARY BY CATEGORY OF EXPENDITURE, FY 2023 – FY 2025

Category of Expenditure:	Actual FY 2023	Agency FY 2024	Governor FY 2024	Agency FY 2025	Governor FY 2025
Salaries and Wages	\$ 251,365	\$ 300,073	\$ 300,073	\$ 266,974	\$ 266,974
Contractual Services	178,638	202,287	202,287	196,476	196,476
Commodities	4,790	5,025	5,025	5,025	5,025
Capital Outlay	48	-	-	-	-
Debt Service Interest	-	-	-	-	-
<i>Subtotal</i>	<u>\$ 434,841</u>	<u>\$ 507,385</u>	<u>\$ 507,385</u>	<u>\$ 468,475</u>	<u>\$ 468,475</u>
Aid to Local Units	-	-	-	-	-
Other Assistance	-	-	-	-	-
<i>Subtotal—Operating</i>	<u>\$ 434,841</u>	<u>\$ 507,385</u>	<u>\$ 507,385</u>	<u>\$ 468,475</u>	<u>\$ 468,475</u>
Capital Improvements	-	-	-	-	-
Debt Service Principal	-	-	-	-	-
TOTAL	<u>\$ 434,841</u>	<u>\$ 507,385</u>	<u>\$ 507,385</u>	<u>\$ 468,475</u>	<u>\$ 468,475</u>
Financing:					
State General Fund	\$ -	\$ -	\$ -	\$ -	\$ -
Special Revenue Fund	434,841	507,385	507,385	468,475	468,475
Federal Funds	-	-	-	-	-
All Other Funds	-	-	-	-	-
TOTAL	<u>\$ 434,841</u>	<u>\$ 507,385</u>	<u>\$ 507,385</u>	<u>\$ 468,475</u>	<u>\$ 468,475</u>
FTE Positions	3.0	3.0	3.0	3.0	3.0

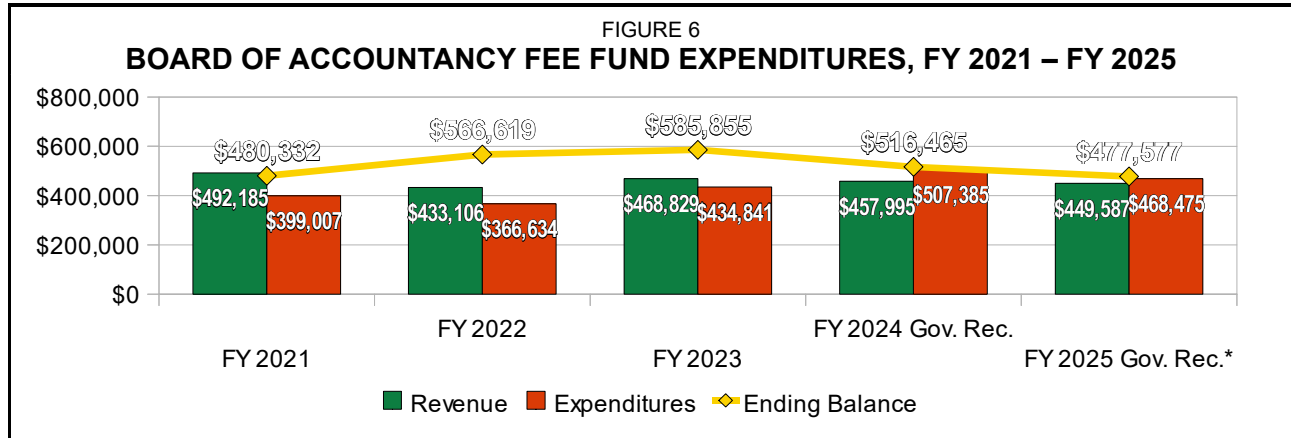
BOARD OF ACCOUNTANCY FEE FUND



The Board of Accountancy Fee Fund is a statutory fee fund that is the only source of funds for the Board of Accountancy. The revenue deposited into the fee fund provides financing for agency operations. The agency generates revenue from four sources of fees: CPA certificates, permits to practice, firm registrations, and fines.

Certificates are issued to those who pass the CPA licensing examination and wish to be initially licensed in Kansas, or wish to be licensed in Kansas after being initially licensed in a different state. Permits to practice are issued to licensed CPAs who plan to practice in Kansas; those who plan to continue their practice must renew their permit on a biennial basis. Likewise, CPA firms located in the state, as well as out-of-state firms that employ CPAs licensed to practice in Kansas, must register with the Board on an annual basis. Finally, the Board may impose and collect fines on those who violate ethical standards or rules and regulations imposed by either the Board of Accountancy or the American Institute of Certified Public Accountants.

BOARD OF ACCOUNTANCY FEE FUND



* For FY 2025, the lowest month ending balance for the Board of Accountancy Fee Fund will occur in May, with a balance of \$373,727.

The Board of Accountancy Fee Fund will likely maintain a significant ending balance in FY 2023 through FY 2025. From FY 2021 through FY 2023, the amount of revenue deposited into the fund has been greater than the amount expended. However, this is expected to shift in FY 2024. This trend will adjust to historical expectations for FY 2025.

FIGURE 7
LICENSURE FEES, FY 2024

License	Current Fee	Statutory Limit	Authority
Initial CPA Certification	\$ 50.00	\$ 50.00	KSA 1-301(b)(1)
CPA Certification (duplicate)	50.00	50.00	KSA 1-301(b)(1)
CPA Certification by Reciprocity	250.00	350.00	KSA 1-301(b)(2)
Initial Permit to Practice (more than one year)	165.00	350.00	KSA 1-301(b)(3)
Initial Permit to Practice (one year or less)	82.50	350.00	KSA 1-301(b)(3)
Renewal of Permit to Practice	165.00	350.00	KSA1-301(b)(3)
Renewal of Permit to Practice (late)	247.50	350.00	KSA 1-301(b)(4)
Permit to Practice (duplicate)	25.00	50.00	KSA 1-301(b)(5)
Reinstated Permit to Practice (more than one year)	247.50	350.00	KSA 1-301(b)(6)
Reinstated Permit to Practice (one year or less)	\$ 123.75	175.00	KSA 1-301(b)(6)
Initial Firm Registration	100.00	300.00	KSA 1-301(b)(8)
Firm Registration Renewal	100.00	300.00	KSA 1-301(b)(8)
Firm Registration Renewal (late)	150.00	300.00	KSA 1-301(b)(9)

FY 2024 ANALYSIS

FIGURE 8

SUMMARY OF BUDGET REQUEST, FY 2024

	SGF	All Funds	FTE
Legislative Approved:			
Amount Approved by 2023 Legislature	\$ -	\$ 497,491	3.0
1. No Changes	-	-	--
<i>Subtotal—Legislative Approved</i>	\$ -	\$ 497,491	3.0
Agency Revised Estimate:			
Supplemental Requests:			
2. Database Conversion	\$ -	\$ 8,000	--
3. Legal Fees	-	8,000	--
<i>Subtotal—Supplemental Requests Only</i>	\$ -	\$ 16,000	--
4. All Other Adjustments	\$ -	\$ (6,106)	--
<i>Subtotal—Agency Revised Estimate</i>	\$ -	\$ 507,385	3.0
Governor's Recommendation:			
5. No Changes	\$ -	\$ -	--
TOTAL	\$ -	\$ 507,385	3.0

LEGISLATIVE APPROVED

The 2023 Legislature approved \$497,491 for the Board of Accountancy for FY 2024.

1. **NO CHANGES.** Subsequent to the 2023 Session, no adjustments were made to the \$497,491 appropriated to the Board of Accountancy for FY 2024.

AGENCY ESTIMATE

The **agency** requests a revised estimate of \$507,385, all from the Board of Accountancy Fee Fund, in FY 2024. This is \$9,894, or 2.0 percent, above the amount approved by the 2023 Legislature.

The revised estimate includes \$16,000 for the following supplemental requests:

2. **DATABASE CONVERSION.** The agency's revised estimate includes \$8,000 in FY 2024 to begin a database conversion and maintain the current database during the conversion.
3. **LEGAL FEES.** The agency's revised estimate includes \$8,000 for increased legal fees charged by contracting attorneys in FY 2024.

Absent the supplemental requests, the revised estimate includes a decrease of \$6,106 in base budget expenditures. Significant adjustments are as follows:

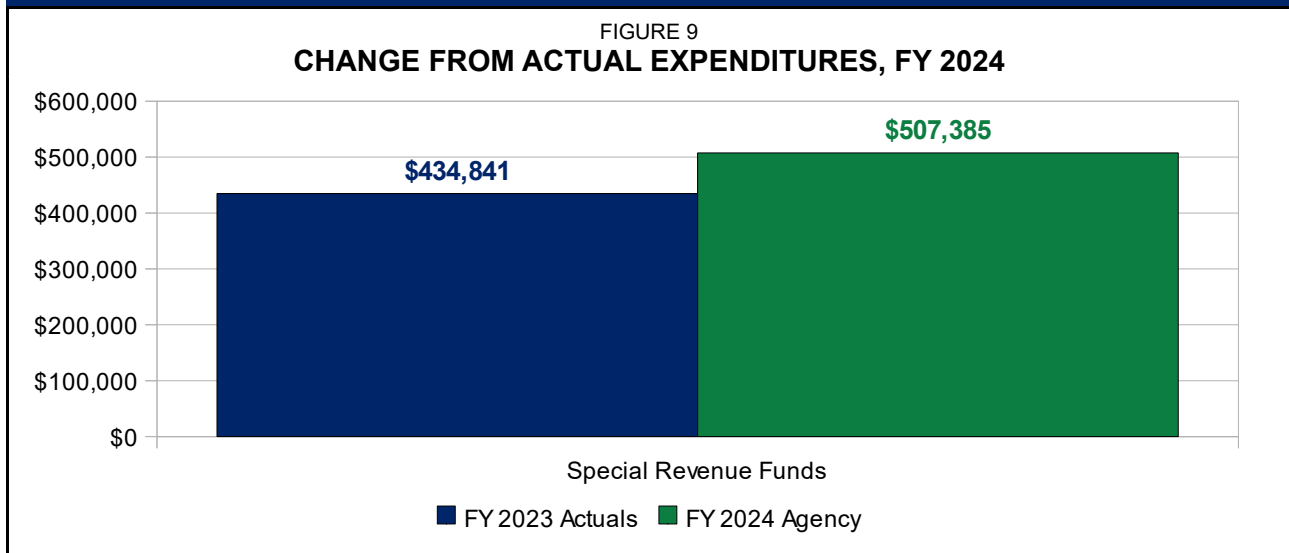
4. **ALL OTHER ADJUSTMENTS.** The agency's revised estimate includes a decrease of \$6,106 in other adjustments, including base salary rate adjustments and fringe benefits.

GOVERNOR'S RECOMMENDATION

The **Governor** concurs with the agency's FY 2024 revised estimate.

5. **NO CHANGES.** The Governor does not recommend any changes to the agency's revised estimate in FY 2024.

FY 2024 CHANGE FROM ACTUAL EXPENDITURES



The **agency** estimates revised expenditures of \$434,841, all from the Board of Accountancy Fee Fund, in FY 2024. This is an increase of \$72,544, or 16.7 percent, above FY 2023 actual expenditures. This increase is primarily attributable to the salary increases approved by the 2023 Legislature, the two supplemental requests for database conversion and legal fees, and an increase in the number of disciplinary cases investigated by the Board.

FY 2025 ANALYSIS

FIGURE 10

SUMMARY OF BUDGET REQUEST, FY 2025

	SGF	All Funds	FTE
Agency Revised Estimate:			
Request without Major Changes	\$ -	\$ 426,097	3.0
Enhancement Requests:			
1. Database Conversion	\$ -	\$ 18,859	--
2. Hospitality	-	400	--
3. Legal Fees	-	8,000	--
4. Pay Plan	-	15,119	--
<i>Subtotal—Enhancement Requests Only</i>	\$ -	\$ 42,378	--
<i>Subtotal—Agency Revised Estimate</i>	\$ -	\$ 468,475	3.0
Governor’s Recommendation:			
5. No Changes	\$ -	\$ -	--
TOTAL	\$ -	\$ 468,475	3.0

**Staff Note:* The 2023 Legislature approved a budget of \$426,097, all from special revenue funds, and 3.0 FTE positions for FY 2025.

AGENCY REQUEST

The **agency** requests \$468,475, all from the Board of Accountancy Fee Fund, in expenditures and 3.0 FTE positions for FY 2025. This is an increase of \$42,378, or 9.9 percent, above the amount approved by the 2023 Legislature. This increase is primarily attributable to the agency's four enhancement requests. The agency requests 3.0 FTE positions, which is the same as the approved number.

The request includes \$42,378 for the following enhancement requests:

1. **DATABASE CONVERSION.** The agency's revised estimate includes \$18,859 for conversion of the database and maintenance of the current database during the transition.
2. **HOSPITALITY.** The agency's revised estimate includes \$400 in anticipation of holding a retirement reception for the Executive Director.
3. **LEGAL FEES.** The agency's revised estimate includes \$8,000 for increased contract legal fees to conduct investigations of complaints received by the agency.
4. **PAY PLAN.** The request includes \$15,119 from the Board of Accountancy Fee Fund for FY 2025 to account for an increase in expenditure limitations that was inadvertently left out of the Legislative Pay Plan in 2023 SB 25. This adjustment would achieve the intended effect of the pay plan and does not represent a substantive change from the salary adjustments approved by the 2023 Legislature.

GOVERNOR’S RECOMMENDATION

The **Governor** concurs with the agency's FY 2025 revised estimate.

5. **NO CHANGES.** The Governor does not recommend any changes to the agency's revised estimate for FY 2025.

SUPPLEMENTAL AND ENHANCEMENT REQUESTS

FIGURE 11
SUPPLEMENTAL AND ENHANCEMENT REQUESTS, FY 2024 – FY 2025

Request	Agency			Governor		
	SGF	All Funds	FTE	SGF	All Funds	FTE
FY 2024 Supplementals:						
1. Database Conversion	\$ -	\$ 8,000	-	\$ -	\$ 8,000	-
2. Legal Fees	-	8,000	-	-	8,000	-
TOTAL	\$ -	\$ 16,000	-	\$ -	\$ 16,000	-
FY 2025 Enhancements:						
3. Database Conversion	\$ -	\$ 18,859	-	\$ -	\$ 18,859	-
4. Hospitality	-	400	-	-	400	-
5. Legal Fees	-	8,000	-	-	8,000	-
6. Pay Plan	-	15,119	-	-	15,119	-
TOTAL	\$ -	\$ 42,378	-	\$ -	\$ 42,378	-

- DATABASE CONVERSION.** The agency's revised estimate includes \$18,859 for conversion of the database and maintenance of the current database during the transition.

The Governor recommends adoption of this request.

- LEGAL FEES.** The agency's revised estimate includes \$8,000 for increased legal fees charged by contracting attorneys in FY 2024.

The Governor recommends adoption of this request.

- DATABASE CONVERSION.** The agency's revised estimate includes \$18,859 for conversion of the database and maintenance of the current database during the transition.

The Governor recommends adoption of this request.

- HOSPITALITY.** The agency's revised estimate includes \$400 in anticipation of holding a retirement reception for the Executive Director.

The Governor recommends adoption of this request.

- LEGAL FEES.** The agency's revised estimate includes \$8,000 for increased contract legal fees to conduct investigations of complaints received by the agency.

The Governor recommends adoption of this request.

- PAY PLAN.** The request includes \$15,119 from the Board of Accountancy Fee Fund for FY 2025 to account for an increase in expenditure limitations that was inadvertently left out of the Legislative Pay Plan in 2023 SB 25. This adjustment would achieve the intended effect of the pay plan and does not represent a substantive change from the salary adjustments approved by the 2023 Legislature.

The Governor recommends adoption of this request.