

**FY 2010 BUDGET REDUCTIONS - SUMMARY OF ISSUES
ARIZONA STATE BOARD OF ACCOUNTANCY**

ALL NON-GENERAL FUNDS

FY 2010 All Non-General Funds Budget (less Federal Funds) 1,902,400

AGENCY REDUCTION TARGET - ALL NON-GENERAL FUNDS (w/o Federal Funds) \$285,360

Fund	Reductions Amount	Percent Reductions
Arizona State Board of Accountancy	\$285,360	100.0%
Issue Total	\$285,360	
All Non-General Funds Total as a Percentage of Agency Non-GF Reduction Target		100%

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**FY 2010 BUDGET REDUCTIONS - SUMMARY OF ISSUES
ARIZONA STATE BOARD OF ACCOUNTANCY**

ACCOUNTANCY FUND

FY 2010 All Non-General Funds Budget (less Federal Funds) 1,902,400

AGENCY REDUCTION TARGET - ALL NON-GENERAL FUNDS (w/o Federal Funds) \$285,360

Priority	Issue Title¹	Reductions Amount
1	Information Technology Services/Modernization	<u>\$285,360</u>
	Issue Total	<u><u>\$285,360</u></u>

Fund Total as a Percentage of Non-General Fund Reduction Target 100%

¹ Please complete the attached Description and Impact Statement for each issue.

STATE OF ARIZONA
FY 2010 BUDGET REDUCTIONS - ISSUE DESCRIPTIONS

Arizona Board of Accountancy

Issue Title: Modernization

Issue Priority: 1

Reduction Amounts:

Accountancy Fund: \$285,360

Total: \$285,360

Issue Description and Statement of Effects

The functions of the program being eliminated or reduced

The Board of Accountancy has outlined the following as strategic issues in the Master List of State Governments submittal. The reduction would reduce the amount of funds that can be used to contract with outside vendors to accomplish the Board's goals of modernization of the agency.

Modernization

There are many opportunities to modernize office operations and improve customer service and staff efficiency. Processes that can be modernized include, but are not limited to, on-line re-exam applications, on-line renewal registration, on-line complaint filing, on-line CPE tracking and on-line customer satisfaction surveys. The broad vision was also to have an on-line profile for every exam candidate, certification candidate, licensee, firm, etc. where they can update their profiles (e.g., address, email, etc.) on-line as well as find out the status of their application, renewal, etc. and have access to Board orders regarding discipline along with status updates regarding their compliance with Board orders.

Database Management

There are various opportunities to enhance internal database applications to collect information that will aid in management and policy decisions and in the aggregation of important statistics. The accounting information database can be enhanced to include a variety of fields and reports to improve management information. Currently, the database is divided between licensing and compliance and must be queried separately. The database should be retooled to tie licensing and compliance to certificate holder. New reports should also be written to improve efficiency of daily revenue deposits.

October 9, 2009

Further, the compliance portion lacks data fields such as "type of standard violation" and "board action" (e.g. letter of concern, decree of censure, consent order, etc.) which would aid in performance measurement data collection. Also, fields such as "probation," "administrative fees," and "CPE" should be added to track contents of consent orders. Adding fields to show when a registrant comes into compliance would increase tracking efficiency as well. Data dictionaries and desk procedures also need to be developed to ensure users are inputting data as intended.

The effects of not performing those functions

The customers and regulated community will not get the quality and timely customer service for which they pay and the Board and other decision makers will not have the data necessary for informed decision or policy making. Further, due to the lack of efficiency in our current business processes given their manual nature, any growth in licensees will require additional FTEs. While modernization requires an investment in the short term, it is expected to save money in the long term.

In FY 2008 the Board was swept \$1,016,700 and in FY 2009 they were swept an additional \$2,056,000 for a total of \$3,072,700. This amount represented 77% of the Board's FY 2008 beginning fund balance. Additionally, the Board's appropriation was reduced 24% in FY 2010 and an additional 15% cut would be 39%. As a 90/10 agency, the Board already contributes 10% of its revenue to the General Fund. The Board feels that the fees collected are for the benefit of regulating the industry and not for solving the state's budget deficit.

Possible alternative ways to fund the program

Given the fund sweeps of \$3,072,700, the Board should not have to raise fees in the future to accomplish the goals of modernization. Further, there is no incentive to do so for fear of further fund sweeps and no guarantee that any funding can be used to fulfill the Board's statutory purpose or stated goals. In lieu of contracting, an additional FTE could be hired to help accomplish these goals in a more expedited and cost effective manner but the Board would need additional FTE authority and a more modest reduction than the 15%. At a \$68,000 salary and 40% ERE, one FTE would cost \$95,200 annually. A cut of \$190,160 or 10% would allow the hiring of an additional FTE so that modernization efforts are not compromised.

Where in the agency is this function located

Agency-wide

Provide a legal citation for this function

A.R.S. §32-701 through A.R.S. § 32-751