

Alabama State Board of Public Accountancy

**Functional Analysis
&
Records Disposition Authority**

**Revision
Presented to the
State Records Commission
October 25, 2000**

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Functional and Organizational Analysis of the Alabama State Board of Public Accountancy

Sources of Information

Representative of the Alabama State Board of Public Accountancy:

J. Lamar Harris, CPA, Executive Director

Code of Alabama 1975, Sections 34-1-1 through 34-1-22

Code of Alabama 1975, Section 41-20-3 (Sunset Law)

Alabama Administrative Code, Chapters 30-X-1 through 30-X-8

Alabama State Board of Public Accountancy Audit Report (1997)

General Laws of the Legislature of Alabama passed at the Session of 1919

Accountancy Laws of Alabama (1997 edition)

Alabama Government Manual (1994)

“Functional Analysis of Alabama Government” (1998)

Government Records Division, State Agency Files (1985-ongoing)

Agency Organization

The board consists of seven members appointed by the governor. The governor appoints the first five members from a list of nominees submitted by the Alabama Society of Certified Public Accountants. The governor appoints the sixth member from a list of nominees submitted by the Alabama Association of Public Accountants. The governor selects the seventh member from the Alabama business community who can not be a licensee of the board. The board appoints an executive director who serves as chief executive officer for the board. An organizational chart is attached.

Historical Context

The first instances of governmental regulation in the practice of public accountancy in the state occurred in 1919. Legislative Act No. 142 of 1919 created the first Alabama State Board of Public Accountancy with somewhat different composition and powers. The state legislature established the board in its present form in 1973 and continued its existence following sunset reviews in 1982, 1984, 1988, 1992, 1996, and 2000.

Agency Function and Subfunctions

The mandated function of the Alabama State Board of Public Accountancy is to license and register qualified applicants as certified public accountants (CPA) or public accountants (PA) and

regulate the public accounting profession in Alabama. The board is one of the agencies primarily involved in carrying out the Regulatory function of Alabama government. In the performance of its mandated functions, the board may engage in the following subfunctions:

- **Promulgating Rules and Regulations.** Code of Alabama 1975, Section 34-1-3(g), specifies that the board may adopt and amend rules and regulations for the administration of accountancy laws of Alabama. Code of Alabama 1975, Section 34-1-3(m), authorizes the board to promulgate and amend rules of professional conduct appropriate to establish and maintain a high standard of integrity in the profession of public accountancy. This subfunction encompasses activities pertaining to the establishment and promulgation of rules and regulations by the board for carrying out of its duties and responsibilities.
- **Licensing and Registering Public Accounting Professionals.** Code of Alabama 1975, Section 34-1-4, authorizes the board to issue certificates of certified public accountant (CPA) to applicants who meet approved general/educational requirements and have passed the required uniform national CPA written examination. Code of Alabama 1975, Section 34-1-8, authorized the board, from 1974 to 1978, to register applicants as public accountants (PA) who met all basic educational requirements or passed the board's written examination. The board also registered, until 1974, applicants as public accountants who met all basic requirements of grandfather clause for public accountants. Holders of CPA and PA certificates engaging in the practice of public accounting must apply to the board for annual permits. The board may renew the permits if practitioners have met the continuing education requirements and paid the required fee. Holders of CPA or PA certificates who are not retired and not engaged in the practice of public accounting must also register annually with the board and pay an annual registration fee. The board may also issue temporary annual permits to certified public accountants licensed by other states for the purpose of enabling such persons to fulfill specific accounting engagements or employments in Alabama.
- **Registering Public Accounting Firms.** Code of Alabama 1975, Sections 34-1-6 and 34-1-9, mandate that all firms engaged in this state in the practice of public accounting including sole proprietorships, partnerships, professional corporations, professional associations, limited liability companies, limited liability partnerships, or any other form of business entity recognized by Alabama law, must register with the board. The board reviews the applications and issues annual permits to those firms that meet the registration requirements.
- **Conducting Investigations and Hearings.** In accordance with Code of Alabama 1975, Section 34-1-14, the board may initiate investigations against a certificate holder either on its own motion or on the complaint of any person. An investigative committee, consisting of a board member, the board's executive director, and a

consultant, investigates the complaint to determine whether there is probable cause for disciplinary proceedings. The board may enter informal settlements with the licensee or may take other disciplinary actions such as suspension or revocation of certificate and permit to practice.

- **Administering Internal Operations.** A significant portion of the board's work includes general administrative, financial, and personnel activities performed to support the programmatic areas of the board including:

Managing the Agency: Activities include internal office management activities common to most government agencies such as corresponding and communicating, scheduling, meeting, documenting policy and procedures, reporting, litigating, legislating (drafting, lobbying, tracking), publicizing and providing information, managing records, and managing information systems and technology.

Managing Finances: Activities include budgeting (preparing and reviewing a budget package, submitting the budget package to the state Finance Department; documenting amendments and performance of the budget); purchasing (requisitioning and purchasing supplies and equipment, receipting and invoicing for goods, and authorizing payment for products received); accounting for the expenditure, encumbrance, disbursement, and reconciliation of funds within the agency's budget through a uniform system of accounting and reporting; authorizing travel; contracting with companies or individuals; bidding for products and services; assisting in the audit process; investing; and issuing bonds.

Managing Human Resources: Activities include recruiting and hiring eligible individuals to fill positions within the agency; providing compensation to employees; providing benefits to employees, such as leave, health insurance, unemployment compensation, worker's compensation, injury compensation, retirement, and death benefits; supervising employees by evaluating performance, promoting, granting leave, and monitoring the accumulation of leave; training and providing continuing education for employees; and disciplining.

Managing Properties, Facilities, and Resources: Activities include: inventorying and accounting for non-consumable property and reporting property information to the appropriate authority; constructing buildings and facilities; leasing and/or renting offices or facilities; providing security for property owned by the agency; insuring property; and assigning, inspecting and maintaining agency property, including vehicles.

Revision Completed: August 2000
Attachment: Organizational Chart

Analysis of Record Keeping System and Records Appraisal of the Alabama State Board of Public Accountancy

Agency Record Keeping System

The Alabama State Board of Public Accountancy currently operates a hybrid record keeping system composed of paper and electronic records.

Paper-based Systems: Most of the board's records are created and maintained in paper form.

Computer Systems: The current information system of the Alabama Board of Public Accountancy utilizes Hewlett Packard personal computers running Windows NT Version 4.0 on the board's server and work stations. All personal computers are connected to the server through a token ring located in the RSA Plaza Building. The board is not connected with the state's mainframe. Staff members have access to the Internet through the Information Service Division.

The following databases are maintained on the board's server:

(1) Board of Accountancy Main Database--created and used to maintain licensing information on certified public accountants (CPA), public accountants (PA), registered accounting firms, temporary annual permits (TAP) holders, and CPA examination candidate history.

(2) CPA/PA Report Database--created and used to document/balance payments received from individual licensees, to maintain listings of employees employed by registered accounting firms, and to print all permit cards, rosters, labels, and renewal forms for licensees.

(3) CPA Examination Report Database--created and used to document/balance payments received for the CPA examinations, to record and update examination scores, to generate examination seat assignments, and to print all necessary labels and the CPA candidate rosters.

(4) Firm Report Database--created and used to document/balance payments received from registered accounting firms, and to maintain and print all necessary permits, labels, and rosters.

(5) Temporary Annual Permits Database--created and used to document/balance payments received from applicants for temporary annual permits to practice accounting in the state, and to maintain and print all necessary permits, labels, and rosters.

The board staff members complete backup procedures every night. The board plans to establish a web site in the future.

Records Appraisal

The following is a discussion of the two major categories of records created and/or maintained by the Alabama State Board of Public Accountancy: Temporary Records and Permanent Records.

I. Temporary Records. Temporary records should be held for what is considered to be their active life and disposed of once all fiscal, legal, and administrative requirements have been met. Some of the temporary records created by the board are discussed below:

- **Certified Public Accountant / Public Accountant Licensure and Registration Files.** The board is responsible for issuing certificates of certified public accountants and annual permits to qualified applicants. These files serve as evidence of the scope of a licensee's professional accounting practice in this state from initial licensing to the final separation. These records document the history of the licensee and should be maintained long enough to cover the career span of an individual licensee as these files may be needed from time to time by the board for licensing, revocation, and reinstatement purposes. Records of deceased licensees may be destroyed once they have met audit/compliance review and reference requirements.
- **Uniform Certified Public Accountant Examination Attendance Forms.** This form, the first page of the examination booklet, is completed by the examinee and retained by the board as a record of attendance. Information on the page includes examinee's assigned number, name and address of the examinee, statement of confidentiality regarding the release of examination questions to any individual or entity, and signature of the examinee. The board maintains these pages until results of examinations are received and documented.

II. Permanent Records. The Government Records Division recommends the following records as permanent.

Promulgating Rules and Regulations:

- **Accountancy Laws of Alabama.** The board publishes and updates this volume periodically for public distribution. Included are excerpts from the Code of Alabama, the Administrative Code, and program-related forms. This publication documents all professional rules, regulations, and procedures governing the practice of public accountancy in Alabama. **(Bibliographic Title: Accountancy Laws of Alabama)**

Licensing and Registering Public Accounting Professionals:

- **Annual Registers.** Code of Alabama 1975, Section 34-1-3 (k) requires the board to print and publish an annual register that contains names of the board members and all

persons/firms licensed/registered to practice public accounting in Alabama. Information available on the annual register includes name, address, telephone number, license number, and type of license. The register provides the best source of information on the membership of the public accountancy profession in this state. **(Bibliographic Title: Annual Registers)**

Registering Public Accounting Firms:

Permanent records documenting this subfunction are found in the Annual Registers as described in the Licensing and Registering Public Accounting Professionals subfunction.

Investigating Consumer Complaints and Violations:

Permanent records documenting this subfunction are found in the Meeting Minutes of the Board as described in the Administering Office Operations subfunction.

Administering Internal Operations:

- **Meeting Minutes of the Board.** The board holds regular meetings in March, May, September, and November each year. The chair or three or more members of the board may request special meetings if needed. These records document proposed and executed proceedings of meetings. They are the core documentation of the board's policy making and other program related functions. **(Bibliographic Title: Meeting Minutes)**

Revision Completed: August 2000

Permanent Records List
Function: Regulatory
Alabama State Board of Public Accountancy

Promulgating Rules and Regulations:

1. Accountancy Laws of Alabama

Licensing and Registering Public Accounting Professionals:

1. Annual Registers

Administering Internal Operations:

1. Meeting Minutes of the Board

Alabama State Board of Public Accountancy Records Disposition Authority

This Records Disposition Authority (RDA) is issued by the State Records Commission under the authority granted by the Code of Alabama 1975, Sections 41-13-5 and 41-13-20 through 21. It was compiled by the Government Records Division, Alabama Department of Archives and History (ADAH), which serves as the commission's staff, in cooperation with representatives of the Alabama State Board of Public Accountancy. The RDA lists records created and maintained by the board in carrying out its mandated functions and activities. It establishes retention periods and disposition instructions for those records and provides the legal authority for the Alabama State Board of Public Accountancy to implement records destruction.

Alabama law requires public officials to create and maintain records that document the business of their offices. These records must be protected from "mutilation, loss, or destruction," so that they may be transferred to an official's successor in office and made available to members of the public. Under the Code of Alabama 1975, Section 36-12-40, "every citizen has a right to inspect and take a copy of any public writing in this state, except as otherwise expressly provided by statute." Records must be kept in accordance with auditing standards approved by the Examiners of Public Accounts (Code of Alabama 1975, Sections 36-12-2, 36-12-4, and 41-5-23). For assistance in implementing this RDA, or for advice on records disposition or other records management concerns, contact the ADAH Government Records Division at (334) 242-4452.

Explanation of Records Requirements

- This RDA supersedes any previous records disposition schedules governing the retention of the Alabama State Board of Public Accountancy's records. Copies of superseded schedules are no longer valid and should be discarded.
- The RDA establishes retention and disposition instructions for records regardless of the medium on which those records may be kept.
- Electronic mail is a communications tool that may record permanent or temporary information. As for records in any other format, the retention periods for e-mail records are governed by the requirements of the subfunctions to which the records belong.
- Some temporary records listed under the Administering Internal Operations subfunction of this RDA represent duplicate copies of records listed for long-term or permanent retention in the RDAs of other agencies.
- Certain other record-related materials need not be retained as records under the disposition requirements in this RDA. They may be disposed of in whatever way the agency determines best. Such materials include: (1) duplicate record copies that do not require

official action, so long as the creating office maintains the original record for the period required; (2) catalogs, trade journals, and other publications received that require no action and do not document government activities; (3) stocks of blank stationary, blank forms, or other surplus materials that are not subject to audit and have become obsolete; (4) transitory records which are temporary records created for short-term internal purposes that may include, *but are not limited to*: telephone call-back messages; drafts of ordinary documents not needed for their evidential value; copies of material sent for information purposes but not needed by the receiving office for future business; and internal communications about department social activities, such as a note to a group going to lunch.

Records Disposition Requirements

This section of the RDA is arranged by subfunctions of the Alabama State Board of Public Accountancy and lists the groups of records created and/or maintained by the board as a result of activities and transactions performed in carrying out these subfunctions. The board may submit requests to revise specific records disposition requirements to the State Records Commission for consideration at its regular quarterly meetings.

■ Promulgating Rules and Regulations

ACCOUNTANCY LAWS OF ALABAMA

Disposition: PERMANENT RECORD.

Register of Administrative Rules

Disposition: Retain in Office (Code of Alabama 1975, Section 41-22-6).

Administrative Rule Files

Disposition: Temporary Record. Retain for useful life.

■ Licensing and Registering Public Accounting Professionals

ANNUAL REGISTERS

Disposition: PERMANENT RECORD.

Certified Public Accountant (CPA) Licensure and Registration Files

Disposition: Temporary Record. Retain 5 years after the death of a licensee is verified.

Public Accountant (PA) Licensure and Registration Files

Disposition: Temporary Record. Retain 5 years after the death of a licensee is verified.

Approved Continuing Education Course Files

Disposition: Temporary Record. Retain 5 years.

Potential Applicant College Course Evaluation Files

Disposition: Temporary Record. Retain 5 years.

Uniform Certified Public Accountant Examination Attendance Forms

Disposition: Temporary Record. Retain until results of examinations are received and documented.

Registration Logs

Disposition: Temporary Record. Retain for useful life.

Temporary Annual Permit Application Files

Disposition: Temporary Record. Retain 5 years.

Blank annual permits

Disposition: Temporary Record. Retain 3 years after the end of the fiscal year in which the records were created.

Board of Accountancy Main Database

Disposition: Temporary Record. Retain for useful life.

CPA/PA Report Database

Disposition: Temporary Record. Retain for useful life.

CPA Examination Report Database

Disposition: Temporary Record. Retain for useful life.

Temporary Annual Permits Database

Disposition: Temporary Record. Retain for useful life.

■ **Registering Public Accounting Firms**

Certified Public Accountant (CPA) Firm Registration Files

Disposition: Temporary Record. Retain 5 years after closure of the firm.

Public Accountant (PA) Firm Registration Files

Disposition: Temporary Record. Retain 5 years after closure of the firm.

Firm Report Database

Disposition: Temporary Record. Retain for useful life.

■ **Conducting Investigations and Hearings**

Consumer Complaint and Violation Investigation Files

Disposition: Temporary Record. Retain 5 years after the death of a licensee is verified

■ **Administering Internal Operations**

Managing the Agency:

MEETING MINUTES OF THE BOARD

Disposition: PERMANENT RECORD.

General Correspondence/Memoranda

Disposition: Temporary Record. Retain 3 years.

Reference Files

Disposition: Temporary Record. Retain for useful life.

Telephone Records

Disposition: Temporary Record. Retain 3 years after the end of the fiscal year in which the records were created.

Mail or Parcel Service Pickup/Delivery Receipts

Disposition: Temporary Record. Retain 1 year.

Press Service Files

Disposition: Temporary Record. Retain for useful life.

Printing Service Request Files

Disposition: Temporary Record. Retain 3 years after the end of the fiscal year in which the records were created.

Printing Negatives and Plates

Disposition: Temporary Record. Retain until obsolete.

Records documenting the implementation of the agency's RDA (copies of transmittals forms to Archives or State Records Center, evidence of obsolete records destroyed, and annual reports to the State Records Commission)

Disposition: Temporary Record. Retain 3 years after end of the fiscal year in which the records were created.

Copy of RDA

Disposition: Temporary Record. Retain 3 years after end of the fiscal year in which the RDA is superseded.

Computer systems documentation (Y2K Records, hardware/software manuals and diskettes, warranties, records of access/authorities, file naming conventions)

Disposition: Temporary Record. Retain documentation of former system 3 years after the end of the fiscal year in which the former hardware and software no longer exists anywhere in the agency and all permanent records have been migrated into a new system.

Managing Finances:

Records documenting the preparation of a budget request package and reporting of the status of funds, requesting amendments of allotments, and reporting program performance

Disposition: Temporary Record. Retain 3 years after end of the fiscal year in which the records were created.

Records documenting the requisitioning and purchasing of supplies and equipment, receipting and invoicing for goods, and authorizing payment for products received

Disposition: Temporary Record. Retain 3 years after end of the fiscal year in which the records were created.

Records of original entry such as journals, registers, and ledgers; and records of funds deposited outside the state treasury

Disposition: Temporary Record. Retain 3 years after end of the fiscal year in which the records were created.

Records documenting requests for authorization from supervisors to travel on official business and other related materials, such as travel reimbursement forms and itineraries

Disposition: Temporary Record. Retain 3 years after end of the fiscal year in which the records were created.

Agency Audit Reports

Disposition: Temporary Record. Retain 6 years after end of the fiscal year in which the records were created.

Contractual records established for the purpose of services or personal property

Disposition: Temporary Record. Retain 6 years after expiration of the contract.

Records documenting the bid process, including requests for proposals and unsuccessful responses

Disposition: Retain in office (Code of Alabama 1975, Sections 41-16-24).

Managing Human Resources:

Job Recruitment Materials

Disposition: Temporary Record. Retain 3 years after end of the fiscal year in which the records were created.

Application Materials

Disposition: Temporary Record. Retain 1 year.

Position Classification Records

Disposition: Temporary Record. Retain 4 years after reclassification of the position.

Records documenting payroll (e.g. pre-payroll reports, payroll check registers)

Disposition: Temporary Record. Retain 3 years after end of the fiscal year in which the records were created.

Records documenting payroll deductions for tax purposes(including Form 941)

Disposition: Temporary Record. Retain 3 years after end of the fiscal year in which the records were created.

Records documenting employee hours worked, leave earned, and leave taken

Disposition: Temporary Record. Retain 3 years after end of the fiscal year in which the records were created.

Records documenting employees' daily and weekly work schedules

Disposition: Temporary Record. Retain 3 years after the end of the fiscal year in which the records were created.

Records documenting leave donations

Disposition: Temporary Record. Retain 3 years after the end of the fiscal year in which the records were created.

Records of final leave status

Disposition: Temporary Record. Retain record of individual employees' cumulative leave 6 years after separation of employee from the agency.

Records documenting an employee's work history - generally maintained as a case file

Disposition: Temporary Record. Retain 6 years after separation of an employee from the agency.

Employee Flexible Benefits Plan Files

Disposition: Temporary Record. General information – Retain until superseded.

Other (applications and correspondence) – Retain 6 years after termination of participation in program.

Records documenting the State Employee Injury Compensation Trust Fund (SEICTF) Claims

Disposition: Temporary Record. Retain 6 years after separation of the employee from the agency

Records documenting agency provision of training and professional development

Disposition: Temporary Record. Retain 3 years.

Managing Properties, Facilities, and Resources:

Semiannual Inventory Lists

Disposition: Retain in office. (Code of Alabama 1975, Section 36-16-8 [1])

Transfer of State Property Forms (SD-1 Agency Copy)

Disposition: Temporary Record. Retain 3 years after end of the fiscal year in which the records were created.

Property Inventory Cards

Disposition: Temporary Record. Retain 3 years after end of the fiscal year in which the items were removed from inventory.

Receipts of Responsibility for Property

Disposition: Temporary Record. Retain until return of item to property manager.

Real Property Leasing/Renting Records

Disposition: Retain 6 years after expiration of the lease.

Motor Pool Vehicle Use Records

Disposition: Temporary Record. Retain 3 years after the end of the fiscal year in which the records were created.

Insurance Policies/Risk Management Records

Disposition: Temporary Record. Retain 6 years after termination of policy or membership.

Building Maintenance Work Orders

Disposition: Temporary Record. Retain 1 year.

Approval of Records Disposition Authority

By signing this agreement the Alabama State Board of Public Accountancy acknowledges its responsibilities in the proper management of its records and agrees to abide by the implementation guidelines listed below:

- The Alabama State Board of Public Accountancy will designate a managerial position as the agency records officer. This position is responsible for: ensuring the development of quality record keeping systems that meet the business and legal needs of the board, coordinating the transfer and destruction of records, ensuring that permanent records held on alternative storage media (such as microforms and digital imaging systems) are maintained in compliance with national and state standards, submitting an annual report on records management activities to the State Records Commission in October of each year, and ensuring the regular implementation of the board's approved RDA.

- Permanent records in the Alabama State Board of Public Accountancy's custody will be maintained under proper intellectual control and in an environment that will ensure their physical order and preservation.
- Destruction of temporary records, as authorized in this RDA, should occur agency-wide on a regular basis--for example, after the successful completion of an audit, at the end of an administration, or at the end of a fiscal year. Despite the RDA's provisions, no record should be destroyed that is necessary to comply with requirements of the state Sunset Act, audit requirements, or any legal notice or subpoena.
- The board should maintain full documentation of any computerized record-keeping system it employs. It should develop procedures for: (1) backing up all permanent records held in electronic format; (2) storing a back-up copy off-site; and (3) migrating all permanent records when the system is upgraded or replaced. If the board chooses to maintain permanent records solely in electronic format, it is committed to funding any system upgrades and migration strategies necessary to ensure the records' permanent preservation and accessibility.
- The Alabama State Board of Public Accountancy agrees to allow the staff of the State Records Commission or the Examiners of Public Accounts to examine the condition of the permanent records maintained in the custody of the board and to inspect records destruction documentation. Government Records Division archivists are available to train the board staff in RDA implementation and otherwise assist the board in implementing its records management program.

This records disposition authority is hereby adopted.

By: _____ Date: _____
J. Lamar Harris, CPA, Executive Director
Alabama State Board of Public Accountancy

By: _____ Date: _____
Edwin C. Bridges, Chairman
State Records Commission