

Approved February 23, 1987  
Date

MINUTES OF THE Senate COMMITTEE ON Governmental Organization

The meeting was called to order by Senator Vidricksen at  
Chairperson

1:35 ~~xxx~~/p.m. on February 10, 1987 in room 531N of the Capitol.

All members were present except:

Senator Strick  
Senator Francisco

Committee staff present:

Julian Efird - Research  
Jill Wolters - Revisor

Conferees appearing before the committee:

Representative Sandy Duncan  
Senator Richard Gannon  
Glenda Sherman - Board of Accountancy  
T. C. Anderson - Kansas Society of CPA's  
John McNeal - speaking on behalf of self  
Bob Lay - speaking on behalf of self

The Chairman called the meeting to order and called on Representative Sandy Duncan to address the committee on S.B. 128 which concerns the regulations and review of the practice of public accountancy. Representative Duncan is the Chairman of the Joint Committee on Administrative Rules and Regulations which sponsored this bill and he explained the changes that had been made and reasons for such.

Attention was then turned to S.B. 125 concerning the acquisition of travel services. Senator Gannon addressed the committee, giving a brief background in the travel service area. He stated that he thinks this bill makes a mockery out of servitude and cannot see the objections. Senator Winter spoke in rebuttal stating that this bill does not concern the vendor but rather has to do with the system which is unfair. He pointed out that the free market system was needed to make it work. Chairman Vidricksen stated that this bill would be rescheduled for discussion at a later date.

Returning to discussion on S.B. 128, the Chairman called on Glenda Sherman who spoke in support of the bill. She pointed out that the present fees are not covering all of the costs associated with the CPA exams and certification process and that the Board was proposing to increase the initial fee to cover increases that might become necessary. It was also suggested that the Board require annual registration and payment of fee to help keep listings current. (Exhibit A) T.C. Anderson also spoke in support of this bill relating little concern relative to the proposed changes. (Exhibit B)

John McNeal addressed the committee on S.B. 95 which concerns the retired veterans. He stated that this bill would correct the unfairness and suggested that after 20 years all veterans should be treated alike. Bob Lay also spoke in support of this bill urging its passage so that retired veterans would be put on an equal competitive basis with other veterans for Kansas civil service jobs. (Exhibit C)

The Chairman then asked for action on S.B. 128. Senator Johnston made a motion that S.B. 128 be recommended favorably for passage. This was seconded by Senator Bogina. Motion carried.

A motion was then made by Senator Gaines to approve the minutes of the February 2 and February 9 meetings. This was seconded by Senator Bogina. Motion carried.

The meeting was then adjourned by the Chairman.

GUEST LIST

COMMITTEE: Senate Governmental Organization

DATE: Feb. 10, 1987

NAME	ADDRESS	COMPANY/ORGANIZATION
Robert G. Lay	#1 Hoyt, Ks	KCR
John D McNeal	2111 Hampton Topeka, KS 66604	
T. C. Anderson	Topeka	KSCPA
Glenda Sherman	Topeka	Ks Board of Accountancy
Art Ericcs	Topeka	Dept. of Adm.
George Barber	Topeka	Ks Lodging Assn.
David Stronning	TOPEKA	KING TRAVEL SERVICE
Nick Roach	Topeka	Division of Purchases
Barb Pomper	Shawnee Ks	
Joe Myer	Topeka	Dept of Administration
Lee Ann Smith	Lawrence	Intern
Mark Stephenson	Topeka	Intern
Dail Hamilton	Lawrence	KS N.O.W.
M. Hawcox	Topeka	Cen-Source

STATE OF KANSAS  
BOARD OF ACCOUNTANCY

February 10, 1987



GLEND A SHERMAN  
SECRETARY  
503 Kansas, Suite 236  
Topeka, Kansas 66603  
(913) 296-2162

M E M O R A N D U M

TO: Governmental Organization Committee  
Senator Ben E. Vidricksen, Chairman

FROM: Glenda Sherman, Board Secretary  
Board of Accountancy

RE: S. B. #128

In behalf of the Board of Accountancy the following information is being provided in support of the above bill.

The Board presently is charging statutory maximum fees for the national CPA exam and certification. A cost analysis study this fall verified that the present fees do not cover all of the direct and indirect costs associated therewith. The AICPA (the national organization all state boards of accountancy contract with for the national CPA exams and their advisory grading service) has advised that they will be increasing charges to state boards of accountancy for these services by 20% effective with the November, 1987 exams. Since the present fees are not covering all of the costs associated with the CPA exams and certification process, it is inconceivable to think the Board could absorb a 20% increase in expenses for the exams without raising the fees charged to the CPA candidates, or it would drain its meager reappropriated fee fund balance. The Board is only proposing to increase the initial fee to \$125, which would leave room for further increases as such might become necessary, without having another statutory change in maximum fees. Such an increase would provide the Board with an approximate \$17,000 net revenue to offset increased examination costs and overhead, which would also provide the state general fund with approximately \$4,000.

While the Board presently registers partnerships and professional associations, it does not charge any fee for doing so. There is actually nothing in the Board's statute requiring registration of professional associations, although the requirement of the Secretary of State's office for a Certificate of good standing and approval of the name under which a CPA is proposing to incorporate, does that in effect. Additionally, while registration is required in the statute for firms to practice as CPA firms in the state, it does not require them to keep such listings current. Requiring annual registration and payment of a fee for such registration, would provide more incentive to keep the Board aware of changes in firm members and names and addresses. The Board would probably not start the annual registration of partnerships and professional associations at the limit set in the bill (\$50), leaving room for future increases without having to have statutory changes. If the Board charged \$30 to register a firm, and \$10 for each branch office, an additional \$5,600 net revenue would be generated, and \$1,400 to the state general fee fund. This would be new funds to assist in the Board's overall operations.

EXHIBIT A  
2/10/87

Governmental Organization Committee

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The Board has filed administrative regulations to enact a Positive Enforcement (report review) Program. This bill would just give us specific authority to enact the program. The purpose of the Positive Enforcement Program is to review audit reports, financial statements, etc. that CPAs have done, in hopes of educating them to any non-compliance with accounting standards and auditing principals before any harm comes to the public who might rely on such reports. The Board intends to have a volunteer coordinator initially review reports submitted and sent to contracted reviewers for extensive reviews. Should such warrant it, the working papers would be requested. It is the Board's intent to make exempt from review any CPAs who provide verification that they have already had the same type of a review from the American Institute of CPAs or some state society of CPAs, so long as the Board knows those programs are similar to our program. CPAs would be required to submit copies of the various types of reports they prepare every three years. The bill also permits the Board to charge a fee per report submitted, from the CPA, to offset the cost the Board will pay to another CPA to be a reviewer. About \$3,800 net would be generated to the Board's fee fund, and slightly under \$1,000 to the state general revenue fund, if the Board charged \$80, which is under the \$100 limit listed in the bill, all of which would be offset by payment to reviewers.

The remainder of the bill is just housekeeping, conforming other sections of the statute.

If you have any further questions, we'll be happy to try to answer them.

c: Don Yerkes, CPA, Chairman of the Board  
Other Board Members  
Diane Duffy, Fiscal Analyst, Legislative Research  
T. C. Anderson, Director, Kansas Society of CPAs



# Kansas Society of Certified Public Accountants

FOUNDED OCTOBER 17, 1932

400 CROIX / P.O. BOX 5654 / TOPEKA, KANSAS 66605-0654 / 913-267-6460

## KANSAS SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

### SB 128

#### Senate Governmental Organizations Committee

February 10, 1987

Mr. Chairman, members of the Committee: My name is T. C. Anderson, Executive Director of the Kansas Society of Certified Public Accountants.

We circulated via our newsletter the contents of SB 128 to our 2,000 members and as of this date have not received a single concern relative to the proposed

increase in the various ceilings the State Board may charge for the CPA examination;

the establishment of an annual registration fee for each office of partnerships and professional corporations;

the cleanup language which would allow the re-registration of professional corporations whose registration has been revoked and add professional corporations to those who may legally sign reports; nor

the authorization for the Board of Accountancy to initiate a Positive Enforcement Program with a fee not to exceed \$100 per report required to be submitted for review.



AICPA100

EXHIBIT B  
2/10/87

Kansas Society of CPAs  
Senate Governmental Organizations Committee  
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Thus, Mr. Chairman and members of the Committee the Kansas Society supports  
the enactment of SB 128.

I'll be happy to stand for questions. Thank you.

Statement In Support Of  
Senate Bill No. 95

Senator Vidricksen and honorable members of this committee. I have requested to be allowed to speak to you for a few minutes today in support of Senate Bill 95, because I feel that I am a typical example of those that can be negatively affected by the present law which excludes retired veterans from preference points on civil service examinations.

In 1975, I retired from the United States Marine Corps as a First Sergeant after twenty-one years service. I then enrolled in college at Pittsburg State University, where I remained until I completed my Masters Degree in 1979. In July of that year I accepted a position as an Investigator with the Kansas Commission on Civil Rights, where I am still employed as the Assistant Director.

When I applied for a position with the State of Kansas in 1979, I first became aware of the current provisions of the law which essentially says that I am not a veteran, and that those much younger than I, with less service, less professional knowledge and experience will be preferred above me in state civil service jobs. I was shocked and angered by this exclusion. My later research indicates that only one other state, the state of Maine, specifically excludes retired veterans from receiving preference points. Kansas gave preference points to retired veterans until the 1978 legislature excluded these veterans. In 1982 I wrote to the then Director of Personnel Services, Norman Hanson to inquire about this exclusion and to try and find out the legislative intent for excluding retired veterans. Mr. Hanson responded by saying, in essence, that retired veterans did not need the preference points to be rehabilitated from military service or to resume a career. Whatever the legislative intent, it is clearly contrary to common logic, and contrary to the logic for granting preference points on federal civil service exams, and contrary to the logic of another Kansas statute, 73-201, which specifically gives preference to veterans in all public employment. In 73-201 the logic for veterans preference is clearly stated. The statute reads, "In grateful recognition of the services, sacrifices, and sufferings of those who served..." In a case brought before the U. S. Supreme Court Washington v. Davis the Supreme Court said that veterans hiring preference has traditionally been justified as a measure designed to reward veterans for the sacrifices that they made to the nation, to ease the transition from military to civilian life, to encourage patriotic service, and to attract loyal and disciplined people to civil service occupations.

While 73-201 specifically requires a public employer to give preference to veterans, current law provides that if a person serves longer, sacrifices more, and suffers more, that person is

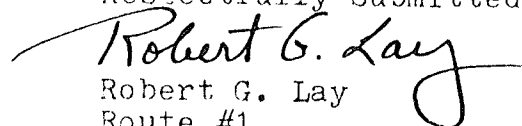
not a veteran and deserves no "grateful recognition" essentially placing them in the same category as those discharged dishonorably.

There is another unfair impact of the present law that perhaps the 1978 legislature did not realize or anticipate when they allowed the provision in question to become law. To qualify for veterans preference points, a person must serve during certain time periods and be separated from the armed services under honorable conditions. Military regulations allow individuals to be administratively discharged under honorable conditions for a wide variety of reasons, including drug abuse, alcohol abuse, homosexuality, inability to adapt, incompetence, unfit, etc. A large number of individuals, especially during the period of the Viet Nam conflict, were separated from the services for these reasons, with administrative discharges, under honorable conditions. A large number of these people were high school drop-outs, drug addicts, and people who were unwilling or unable to find or hold a job----so, they enlisted or were drafted into the military service. The qualifications for enlistment were very low at that time. There were so many of these individuals that the military services found it more practical to simply give these individuals an administrative discharge, under honorable conditions, rather than go to the time and expense of a court martial to separate them dishonorably. My point is, all these people who received administrative discharges, under honorable conditions, and served more than 180 days, would qualify for veterans preference points, and I and others who spent over twenty years of honorable service, and have a great deal of professional experience to offer, would not.

It is a commonly accepted practice and principle for an employer to hire the most qualified individual to do a particular job. However, current law with regard to preference points actually perpetuates the hiring of younger, less experienced, and more than likely, less qualified individuals. The current law seems to ignore the probability that a person who spends over twenty years in the military service is likely to possess more skills, and have more experience than an individual who completes a single enlistment.

Ladies and gentlemen of this committee, I urge you to vote in support of Senate Bill No. 95, which will at least put your retired veterans on an equal competitive basis with other veterans for Kansas civil service jobs.

Respectfully Submitted,



Robert G. Lay  
Route #1  
Hoyt, Kansas 66440