Division of Legislative Audit

Report Digest #08-20077-12

SUMMARY OF: A Sunset Review on the Department of Commerce, Community, and Economic Development, Board of Public Accountancy (BPA or board), June 1, 2012

PURPOSE OF THE REPORT

In accordance with Title 24 and Title 44 of the Alaska Statutes (sunset legislation), we have reviewed BPA activities. The purpose of this audit was to determine if there is a demonstrated public need for the board's continued existence and if it has been operating effectively. Alaska Statute 08.03.010(c)(1) states the board will terminate on June 30, 2013. As required by AS 44.66.050(a), this report shall be considered by the committee of reference during the legislative oversight process in determining whether BPA should be reestablished. Our audit objectives were as follows.

1. Determine if the board's termination date should be extended.
2. Determine if the board is operating in the public's interest.
3. Determine if the board has exercised appropriate, regulatory oversight of certified public accountants (CPA) and licensed public accounting firms.
4. Provide a current status of recommendations made in prior board-related audits.

REPORT CONCLUSIONS

In our opinion, the board's termination date should be extended. BPA is serving the public's interest by effectively licensing and regulating CPAs. The board is also serving the public's interest by monitoring the profession and ensuring only qualified individuals practice as CPAs.

BPA is proactive in shaping the future of the accounting profession through member participation on national committees which set professional standards. Furthermore, the board successfully developed and adopted regulatory changes to improve the public accountancy profession in Alaska.

The board is scheduled to terminate June 30, 2013. If no action is taken by the legislature, BPA will have one year from that date to conclude its administrative operations. We recommend the board's termination date be extended eight years to June 30, 2021.

FINDINGS AND RECOMMENDATIONS

Recommendation No. 1

The Division of Corporations, Business and Professional Licensing (division) director should continue to address deficiencies in the investigative case management system.

The division has taken steps to address previously noted findings; however, deficiencies in the case management system remain. A review of BPA cases found key information, such as priority codes, case open dates, and resolution codes, was missing from the case management system. Additionally, two cases were listed as open on the system for over a year beyond their actual closure dates. The noted deficiencies hamper the division's ability to provide adequate investigative support to the board.