

ALASKA STATE LEGISLATURE

LEGISLATIVE BUDGET AND AUDIT COMMITTEE



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October 26, 2009

Members of the Legislative Budget
and Audit Committee:

In accordance with the provisions of Title 24 and Title 44 of the Alaska Statutes (sunset legislation), we have reviewed the activities of the Board of Social Work Examiners (BSWE), and the attached report is submitted for your review.

DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT BOARD OF SOCIAL WORK EXAMINERS

September 30, 2009

Audit Control Number
08-20062-09

This audit was conducted as required by AS 44.66.050 and under the authority of AS 24.20.271(1). Under AS 08.03.010(c)(6), the board will terminate on June 30, 2010. If the legislature does not extend the termination date, the board will have one year to conclude its administrative operations.

In our opinion, BSWE's termination date should be extended until June 30, 2018. The board is serving the public interest by promoting the competence and integrity of those who provide services to the public as licensed social workers.

This audit was conducted in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. Fieldwork procedures utilized in the course of developing the findings and recommendations presented in this report are discussed in the Objectives, Scope, and Methodology.

A handwritten signature in black ink, appearing to read "Pat Davidson".

Pat Davidson, CPA
Legislative Auditor

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OBJECTIVES, SCOPE, AND METHODOLOGY

In accordance with Title 24 and Title 44 of the Alaska Statutes, we have reviewed the activities and operations of the Board of Social Work Examiners (BSWE). As required by state law, the legislative committees of reference are to consider this report when determining whether to extend the termination date for BSWE. Currently under AS 08.03.010(c)(6), the board will terminate on June 30, 2010. If the legislature does not extend the termination date for the board, BSWE will have one year to conclude its administrative operations.

Objectives

The three central, interrelated objectives of our report are:

1. To determine if the termination date of BSWE should be extended.
2. To determine if BSWE is operating in the public interest.
3. To determine if the board has exercised appropriate regulatory oversight of licensed social work examiners.

The assessment of BSWE's performance was based on criteria set out in AS 44.66.050(c). Criteria set out in this statute relates to the determination of a demonstrated public need for the board.

Scope and Methodology

Our audit reviewed BSWE's operations and activities for the period spanning FY 05 through FY 09. The major areas of our review were licensing, investigations, board proceedings, and duplication of efforts. Our review included the following:

1. Applicable statutes and regulations were reviewed to identify changes. The board's participation in the change process was reviewed to help assess board activities;
2. Licensee files and related documentation were evaluated to determine whether licenses were issued in accordance with state law;
3. Board meeting minutes were evaluated to identify board activities and help assess performance;
4. BSWE annual reports were evaluated to identify board membership, goals, accomplishments, and financial activity;

5. BSWE-related public notices published in the *Anchorage Daily News* and the State's online notification system were reviewed to ensure meetings and regulations were properly noticed;
6. BSWE-related cases and complaints opened from July 1, 2004 through February 18, 2009 were reviewed to gain an understanding of the types of complaints and to evaluate the investigative process;
7. Board revenues and expenditures for the audit period were reviewed to identify BSWE's financial surplus/deficit and to assess the adequacy of license fees; and
8. Board member resumes and related information maintained by the Office of the Governor were reviewed to ensure members qualified to serve in accordance with state law.

We also interviewed the BSWE chair and various division staff including the licensing examiner, investigators, and administrative staff to gain an understanding of board activities and operations.

ORGANIZATION AND FUNCTION

The Board of Social Work Examiners (BSWE)

BSWE was established for the purpose of controlling and regulating the practice of social work in the State. A licensed social worker applies social work principles and methods, as defined by AS 08.95.990(7), to help individuals achieve more adequate, satisfying, and productive social adjustments.

BSWE is composed of five members appointed by the Governor. Statutes requires that one board member be a licensed baccalaureate social worker, one a licensed master social worker, two members be licensed clinical social workers, and one be a member of the general public. Statute prohibits the public member from having a direct financial interest in the health care industry.

The board regulates the practice of social work and sets the minimum standards to practice in Alaska by:

1. Examining and issuing licenses to qualified applicants;
2. Establishing continuing education requirements for license renewal;
3. Establishing a code of ethics for social work examiners;
4. Adopting regulations necessary to enforce BSWE statutes; and
5. Imposing disciplinary sanctions on persons who violate BSWE statutes or regulations.

Exhibit 1

Board of Social Work Examiners (As of June 30, 2009)

Sammye Pokryfki, L.M.S.W
Darrell Allman, L.C.S.W
Gail La Rose-Hendersen, L.C.S.W.
Jason Floyd, L.B.S.W.

Public Member
Vacant

The Department of Commerce, Community, and Economic Development (DCCED), Division of Corporations, Business and Professional Licensing

The division provides administrative and investigative assistance to occupational boards including BSWE. Administrative assistance includes budgetary services and functions such as collection of fees, maintaining files, receiving and issuing application forms, and publishing notice of examinations, meetings, and proposed regulations.

Alaska Statute 08.01.087 empowers DCCED with the authority to conduct an investigation on its own initiative or in response to a complaint. The division may:

1. Conduct an investigation if it appears a person is engaged or is about to engage in a prohibited professional practice;
2. Bring an action in Superior Court to enjoin the act;
3. Examine the books and records of an individual; and
4. Issue subpoenas for the attendance of witnesses and records.

REPORT CONCLUSIONS

The Board of Social Work Examiners' (BSWE) termination date should be extended until June 30, 2018.

BSWE should continue to regulate clinical, master, and baccalaureate social workers. The board is serving the public interest by promoting the competence and integrity of those who provide services to the public as licensed social workers. BSWE continues to enforce and propose changes to regulations to improve BSWE's effectiveness and ensure that social workers are appropriately licensed.

Alaska Statute 08.03.010(c)(6) terminates BSWE on June 30, 2010. If not extended by the legislature, under AS 08.03.020, the board will have a one-year period to administratively conclude its affairs. We recommend the board's termination date be extended until June 30, 2018.

Staff within the Department of Commerce, Community, and Economic Development, Division of Corporations, Business and Professional Licensing should improve administrative support to BSWE.

Several deficiencies were noted in the administrative support provided to BSWE. The information contained in the annual reports prepared by division staff was often inaccurate and incomplete. The methodologies used to account for BSWE revenues and expenditures were inconsistent and, in some cases, inaccurate. Furthermore, division staff failed to consistently publish public notice of BSWE meetings. These deficiencies were caused by untrained/inexperienced staff and a lack of written procedures for support functions. The deficiencies are described in Recommendation No. 1.

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FINDINGS AND RECOMMENDATIONS

Recommendation No. 1

The Department of Commerce, Community, and Economic Development (DCCED), Division of Corporations, Business and Professional Licensing's professional licensing administrative officer should take steps to improve administrative support.

Unqualified staff and a lack of documented procedures led to several deficiencies in administrative support. Specifically:

- The FY 05, FY 07, and FY 08 annual reports did not contain the required financial data.
- The FY 06 and FY 07 annual reports contained errors in licensing statistics.
- Support for financial amounts presented in the annual reports was not consistently maintained.
- Indirect costs were inconsistently treated between fiscal periods.
- The public was not provided with notice of two BSWE meetings and four meetings were not published in the State's online notification system as required by statute.
- The public was not provided an accurate phone number by which they could attend a BSWE meeting via teleconference.

The division's professional licensing section is responsible for performing various administrative tasks to support board activities. Per AS 08.01.050, DCCED's duties include collecting and recording fees, maintaining records and files, compiling and maintaining a current register of licensees, arranging for printing and advertising, providing inspection, enforcement, and investigative services. DCCED is also responsible for annually reviewing board fees to determine whether the regulatory costs of the occupation are approximately equal to fee collections related to that occupation. BSWE is required by AS 08.01.070 to submit, before the end of the fiscal year, an annual performance report to DCCED stating the board's accomplishments, activities, and needs. Professional licensing's policy is to produce a single annual report incorporating both the board and the division's information requirements.

The deficiencies in administrative support were caused by a key administrative staff member that was unqualified and untrained for the position. This was further exasperated by insufficient accounting and reporting procedures. Public notices for BSWE meetings included the licensing examiner's phone number as the number to call in order to attend meetings via teleconference. This number was not an effective means for reaching a division staff member because the licensing examiner was often attending the meeting in-person and unavailable via phone.

Less than adequate administrative support hampers BSWE's ability to fulfill its responsibilities and may provide policymakers misleading information. We recommend professional licensing's administrative officer take steps to improve administrative support.

ANALYSIS OF PUBLIC NEED

The following analyses of board activities relate to the public need factors defined in AS 44.66.050(c). These analyses are not intended to be comprehensive, but address those areas we were able to cover within the scope of our review.

Determine the extent to which the board, commission, or program has operated in the public interest.

The Board of Social Work Examiners (BSWE) has operated in the public interest by licensing only qualified individuals. The board has established licensing requirements and minimal practice standards that professionals must adhere to in the course of practice. BSWE has established regulations governing its duties and licensure requirements, enforced the laws for issuing licenses in a uniform and consistent manner, held meetings, and administered examinations in accordance with statutory requirements. The board has effectively monitored licensees to confirm that social workers are fulfilling continuing education requirements associated with license renewal.

There have been no significant vacancies in the board's membership, and the board consistently meets a minimum of two times per year.

BSWE continues to send new members to the Association of Social Work Boards' meetings. The primary purpose of attending these conferences is to keep the board apprised of various exam and professional licensing regulation issues.

Determine the extent to which the operation of the board, commission, or agency program has been impeded or enhanced by existing statutes, procedures, and practices that it has adopted, and any other matter, including budgetary, resource, and personnel matters.

Under AS 08.01.065(c), the Department of Commerce, Community, and Economic Development (DCCED), must "*establish fee levels... so that the total amount of fees collected for an occupation approximately equals the actual regulatory costs for the occupation.*" The board reviews and provides feedback regarding any changes in fees proposed by DCCED. License fees were reduced in FY 06 from \$410 to \$310 in recognition of a growing surplus.

DCCED's Division of Corporations, Business and Professional Licensing's professional licensing section evaluates the fee level by analyzing costs and revenues on a biennial roll forward or cumulative basis. BSWE renews licenses in even-numbered fiscal years resulting in higher revenues during even-numbered years.

As reflected in Exhibit 2 (below), BSWE had a surplus at the end of FY 09. The division and the board should consider a further reduction in fees.

Exhibit 2

State of Alaska Board of Social Work Examiners FY 05 - FY 09 Schedule of Revenues and Expenditures (Unaudited)					
	FY 05	FY 06	FY 07	FY 08	FY 09
Revenue	\$ 65,500	115,900	76,300	129,000	57,000
Direct Expenditures					
Personal Services	33,300	36,800	34,300	41,000	58,000
Travel	1,400	3,100	5,000	1,400	11,300
Contractual	13,100	16,300	1,200	4,600	700
Supplies & Equipment	0	100	100	0	300
Total Direct Expenditures	47,800	56,300	40,600	47,000	70,300
Indirect Expenditures	23,500	20,600	28,800	31,200	31,000
Total Expenditures	71,300	76,900	69,400	78,200	101,300
Net Income (Loss)	(5,800)	39,000	6,900	50,800	(44,300)
Beginning Surplus (Deficit)	39,000	33,200	72,200	79,100	129,900
Ending Surplus (Deficit)	\$ 33,200	72,200	79,100	129,900	85,600

Determine the extent to which the board, commission, or agency has recommended statutory changes that are generally of benefit to the public interest.

We saw no evidence of formal testimony made on behalf of the board, for any legislation considered during the 2005 through 2009 legislative sessions. Board members did not report issues of concern that would require statutory changes.

Determine the extent to which the board, commission, or agency has encouraged interested persons to report to it concerning the effect of its regulations and decisions on the effectiveness of service, economy of service, and availability of service that it has provided.

The location, date, and time of upcoming board meetings and notices of proposed changes in regulations are published in the *Anchorage Daily News* as well as posted on the State's online notification system. Of 20 total meetings held from FY 05 through FY 09, we found two without public notices. We also noted four meetings that were advertised in the *Anchorage Daily News* but not posted in the State's online notification system. These deficiencies are included in Recommendation No.1.

BSWE's meeting agendas set aside time for public comment. However, we noted a general lack of public participation at meetings.

Determine the extent to which the board, commission, or agency has encouraged public participation in the making of its regulations and decisions.

Public notices of proposed regulations were adequately published in the *Anchorage Daily News* and posted on the State's online notification system. The division's regulations specialist also sends notifications to interested parties who have requested notice of regulation changes. The agendas for BSWE meetings set aside time for public testimony when regulation changes were considered.

Determine the efficiency with which public inquiries or complaints regarding the activities of the board, commission, or agency filed with it, with the department to which a board or commission is administratively assigned, or with the office of victims' rights or the office of the ombudsman have been processed and resolved.

From July 2004 through February 2009, the division's investigative unit opened 17 complaints and 21 cases related to BSWE. Seven of the cases were handled by the division's paralegal who manages application denials and continuing education compliance issues.

Of the 38 complaints/cases, 24 were initiated internally by the division, 10 were from the public or a professional associate, and four were from a client or patient. Twelve complaints were associated with application problems, 10 involved ethics questions, six were associated with practicing beyond the scope of the license, and 10 involved other issues such as continuing education requirements.

We reviewed nine of the investigations, and five of the paralegal cases. Overall, complaints and cases handled by investigators and the paralegal were resolved appropriately, and were carried out in a timely manner. We conclude that the complaint investigation process for BSWE was conducted in an effective and efficient manner.

There were no BSWE complaints filed with the Office of Victim's Rights, the Human Rights Commission or the Office of the Ombudsman.

Determine the extent to which a board or commission that regulates entry into an occupation or profession has presented qualified applicants to serve the public.

The board licenses applicants that have applied for licensure by credentials or by examination. Each applicant is required to meet stringent licensing requirements including the necessary educational background and adequate work experience. Continuing education is required and monitored by BSWE to promote a high level of performance and to help ensure the profession's integrity. License activity for the last five fiscal years is presented below:

Type of License	Newly Issued (Excluding Renewals) ¹					Total Licensees June 30, 2009
	FY 05	FY 06	FY 07	FY 08	FY 09	
Clinical Social Workers	34	39	39	37	23	408
Master Social Workers	19	17	16	12	11	68
Baccalaureate Social Workers	9	16	8	7	5	59

Determine the extent to which state personnel practices, including affirmative action requirements, have been complied with by the board, commission, or agency to its own activities and the area of activity or interest.

We found no evidence that BSWE did not comply with the State's personnel practices, including affirmative action.

Determine the extent to which statutory, regulatory, budgeting, or other changes are necessary to enable the agency, board, or commission to better serve the interests of the public and to comply with the factors enumerated in this subsection.

As discussed in Recommendation No. 1, the administrative support provided by the division's professional licensing section was not accurate, comprehensive, or consistent. The administrative staff should provide the necessary information so that the board can perform its functions and serve the public interest effectively and efficiently.

¹Does not include temporary licenses. Temporary license may be issued to Master and Baccalaureate Social Workers so that those who are qualified per AS 08.95.125 may practice while they are waiting to sit for the exam or during the application process for licensure by credentials. The temporary license may be issued only once and is valid for one year.

Determine the extent to which the board, commission, or agency has effectively attained its objectives and purposes and the efficiency with which the board, commission, or agency has operated.

BSWE has effectively met its objectives and has operated effectively and efficiently

Determine the extent to which the board, commission, or agency duplicates the activities of another governmental agency or the private sector.

BSWE uses the information produced by a national association when licensing and regulating locally while considering Alaska's unique needs. There is no substantial duplication of efforts between BSWE and the national social work organization.

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STATE OF ALASKA
DEPARTMENT OF
COMMERCE
COMMUNITY AND
ECONOMIC DEVELOPMENT

Office of the Commissioner

Sean Parnell, Governor
Emil Notti, Commissioner

December 2, 2009

Ms. Pat Davidson, Legislative Auditor
Legislative Audit Division
P.O. Box 113300
Juneau, AK 99811-3300

RECEIVED
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LEGISLATIVE AUDIT

Dear Ms. Davidson:

Thank you for the opportunity to comment on the preliminary audit report on the Board of Social Work Examiners.

Recommendation No. 1: The division's professional licensing administrative officer should take steps to improve administrative support.

The department agrees with this recommendation. The division has undergone a number of changes in key management positions and is optimistic about improvements being made to its internal cost-accounting system and documentation of procedures.

In summary, we fully support your findings and recommendations; and that the legislature extends the board to June 30, 2018. Your audit report supports our belief that the board is operating in the best interest of the public by promoting the competence and integrity of those who provide services to the public as licensed social workers.

Thank you again for the opportunity to comment on the preliminary audit report.

Sincerely,

Emil Notti
Emil Notti
Commissioner

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Board of Social Work Examiners
Darrell Allman, LCSW, DCSW, CDCS
Licensed Clinical Social Worker

November 24, 2009

RECEIVED

NOV 25 2009

LEGISLATIVE AUDIT

Ms Pat Davidson
Legislative Auditor
Division of Legislative Audit
P.O.Box 113300
Juneau, AK 99811-3300

Dear Ms Davidson:

I have reviewed the preliminary audit report on the Board of Social Work Examiners and I concur with all recommendations. I am pleased with the recommendation that the Board's termination date be extended to June 30, 2018. While there is no specific recommendation for BSWE, I do support the recommendation that steps be taken to improve the administrative support of the board in meeting its public services duties.

Sincerely,



Darrell Allman
Chairperson,
Board of Social Work Examiners