

# Division of Legislative Audit

## Report Digest #08-20056-09

---

SUMMARY A Sunset Review of the Department of Commerce, Community, and  
OF: Economic Development, Board of Public Accountancy.

### PURPOSE OF THE REPORT

In accordance with Title 24 and Title 44 of the Alaska Statutes, we have reviewed the activities of the Board of Public Accountancy (board). As required by AS 44.66.050(a), the legislative committees of reference are to consider this report during the legislative oversight process involved in determining if the board should be reestablished. Currently, AS 08.03.010(c)(1) states that the board will terminate on June 30, 2009. If the legislature does not extend the termination date before then, the board will have one year to conclude its administrative operations.

### REPORT CONCLUSIONS

In our opinion, the termination date for the board should be extended. The board is serving the public interest by effectively licensing and regulating certified public accountants. Moreover, the board is serving the public interest by policing the profession and ensuring that only properly qualified individuals practice in Alaska as certified public accountants.

The board has promoted and effectively assisted in updating the statutes governing the practice of public accounting. As statutes were updated, the board produced regulations to further define the new requirements affecting each professional under its purview. When the board discovered omissions in statute that acted to block an avenue to licensure that should have been grandfathered into the new rules, the board immediately requested a legislative “fix” and assisted with testimony during the legislative session in order to mitigate this omission. As a result, fifteen candidates who had been pursuing licensure under the old statute gained a legitimate avenue to become licensed.

The board was able to re-establish a Fairbanks site for the certified public accountant exam. However, a site in Southeast Alaska is still out of reach due to cost.

The board has also improved the application process to take the Certified Public Accountants exam by contracting for on-line services from the National Association of State Boards of Accountancy. The decision to contract these services has had the added benefit of redirecting staff time to important problem-solving and licensure activities.

The board has been proactive in shaping the future of the accounting profession by working with committees of national professional societies that set professional standards.

Alaska Statute 08.03.010(c)(1) requires the Board of Public Accountancy be terminated on June 30, 2009. Under AS 08.03.020, if the termination date is not extended by the legislature, the board will have a one-year period to administratively conclude its affairs.

Although AS 08.03.020(c) allows the legislature to extend the termination date of the board for up to eight years, we recommend the legislature extend the board's termination date for four years, to June 30, 2013. This recommendation is offered based on the board's discussions concerning future services that may be out-sourced, possible changes in board structure and new statutes and regulations that may be pursued in the near future.

## FINDINGS AND RECOMMENDATIONS

### Recommendation No. 1

Vacant board positions should be filled in accordance with AS 08.04.040.

### Recommendation No. 2

The board, in concert with the Professional Licensing section, should review current and projected funding needs with the intent of reducing fees.

### Recommendation No. 3

The Investigation Section should implement an effective case tracking system.