

ALASKA LEGISLATURE COMMITTEE FILES 1997-1998 8072

9605 SENATE LABOR & COMMERCE

SENATE LABOR & COMMERCE COMMITTEE

SECTIONAL ANALYSIS FOR SENATE BILL 87: ARCHITECTS, ENGINEERS & SURVEYORS

Section 1.

Extends the sunset date to 2001. As introduced, the sunset date would have been 2003, the Labor & Commerce Committee agreed that four years is appropriate for sunset of this board.

Section 2.

L&C Committee accepted the change requested by the Alaska Professional Design Council and the Architects, Engineers and Land Surveyors Board to increase the size of the board to 10 members, adding a land surveyor seat. The request also specified that one of the engineer positions be an electrical or mechanical engineer to ensure that the board has a person with the appropriate background to review those applications. The L&C Committee agreed.

Sections 3 and 5.

The AELS Board has not used the terms "president, vice president" for many years. The appropriate terms "chair and vice-chair" were substituted here and in Section 5. Also, in Section 3, since the board has been increased to 10, five is no longer a quorum. The board then is subject to AS 08.01.030 "A majority of the membership... constitutes a quorum".

Section 4.

Previous language required exams for architects, engineers and land surveyors to be given at least two times/year. The land surveyor exam is not a national exam and the number of candidates do not justify administering it twice a year. The amended language leaves the board the flexibility to administer tests MORE than once a year, as necessary for engineers and architects, and to deal with the changing complexities of the engineering and architects exams through regulation.

Section 6.

Since statutes were changed to require boards to assess fees to cover the costs of their operation, the Division of Occupational Licensing has maintained the records stated here. The Board has not been complying with these statute references and requested them removed. The audit agreed with this recommendation.

Section 7.

Transitional provision makes it clear that the changes in SB 87 do not affect current members of the AELS Board, but as the engineer seats come open, one will be designated "electrical or mechanical engineer".

Section 8.

Effective date clause.

March 16, 1997

0-LS0590VE
Lauterbach
3/8/97

CS FOR SENATE BILL NO. 87(L&C)
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTIETH LEGISLATURE - FIRST SESSION

BY THE SENATE LABOR AND COMMERCE COMMITTEE

Offered:
Referred:

Sponsor(s): SENATE RULES COMMITTEE BY REQUEST OF THE LEGISLATIVE BUDGET AND
AUDIT COMMITTEE

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to regulation of architects, engineers, and land surveyors;
2 extending the termination date of the State Board of Registration for Architects,
3 Engineers, and Land Surveyors; and providing for an effective date."

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

5 * Section 1. AS 08.03.01C(c)(3) is amended to read:

6 (3) State Board of Registration for Architects, Engineers, and Land
7 Surveyors (AS 08.48.011) -- June 30, 2001 [1997];

8 * Sec. 2. AS 08.48.011(b) is amended to read:

9 (b) The board consists of 10 [NINE] members appointed by the governor
10 having the qualifications as set out in AS 08.48.031. The board consists of two civil
11 engineers, two [ONE] land surveyors [SURVEYOR], one mining engineer, one
12 electrical or mechanical engineer, one engineer [TWO ENGINEERS] from another
13 branch [OTHER BRANCHES] of the profession of engineering, two architects, and
14 one public member.

1 * Sec. 3. AS 08.48.051 is amended to read:

2 **Sec. 08.48.051. Organization and meetings.** The board shall hold at least
3 four regular meetings each year. Special meetings may be held as the bylaws of the
4 board provide. The board shall elect or appoint annually from its members the
5 following officers: [president, vice-president] and secretary. [A QUORUM OF THE
6 BOARD CONSISTS OF NOT LESS THAN FIVE MEMBERS.]

7 * Sec. 4. AS 08.48.091 is amended to read:

8 **Sec. 08.48.091. Written examinations.** Written examinations shall be held
9 at least once [TWICE] each year at places determined by the board [UNLESS THE
10 EXAMINATION ADMINISTERED BY THE BOARD IS A NATIONAL
11 EXAMINATION PREPARED ONLY ONCE EACH YEAR, IN WHICH CASE THE
12 EXAMINATION SHALL BE HELD AT LEAST ONCE EACH YEAR]. A candidate
13 failing an examination may apply for reexamination in accordance with regulations
14 adopted by the board.

15 * Sec. 5. AS 08.48.071(c)(1) and 08.48.071(c)(2) are repealed.

16 * Sec. 6. TRANSITION. Notwithstanding AS 08.48.011(b), as amended by sec. 2 of this
17 Act, a person who holds a seat on the State Board of Registration for Architects, Engineers,
18 and Land Surveyors on July 1, 1997, may serve the remainder of the person's term of office.
19 The governor shall implement the changes made by this Act as seats on the board become
20 vacant.

21 * Sec. 7. This Act takes effect July 1, 1997.

*April 11 Chair vice-chair
Pg 2, Line 5 no objection Chairman [unclear]*

Alaska State Legislature

Senate



Official Business

Senate Labor & Commerce Committee

State Capitol
Juneau, AK. 99801-1182

Chairman Senator Loren Leman
Vice Chairman Senator Jerry Mackie
Senator Mike Miller
Senator Tim Kelly
Senator Lyman Hoffman

MEMO

TO: Legal Services
via fax: 2029 two pages

FROM: Annette E. Kreitzer, Aide to
Senate Labor & Commerce Committee

DATE: March 7, 1997

RE: CS for SB 87: AELS Board

Please create a draft L&C Committee Substitute for Senate Bill 87 Architects, Engineers & Surveyors using the following language:

1) Page 1, Line 7:
DELETE [2003]
Insert 2001

2) Page 1, Lines 8 - 12:

DELETE all material and replace with:

Sec.2. AS 08.48.011(b) is amended to read:

(b) The board consists of 10 [NINE] members appointed by the governor having the qualifications as set out in AS 08.48.031. The board consists of two civil engineers, two [ONE] land surveyors, one mining engineer, one electrical or mechanical engineer, one [TWO] engineer[S] from another [OTHER] branch[ES] of the profession of engineering, two architects, and one public member.

- 3) Page 1, Line 14 through Page 2, Lines 1-10:

DELETE all material and replace with:

Sec. 3. AS 08.48.091 is amended to read:

Sec. 08.48.091. Written examinations. Written examinations shall be held at least once [TWICE] each year at places determined by the board. **[UNLESS THE EXAMINATION ADMINISTERED BY THE BOARD IS A NATIONAL EXAMINATION PREPARED ONLY ONCE EACH YEAR, IN WHICH CASE THE EXAMINATION SHALL BE HELD AT LEAST ONCE EACH YEAR.]** A candidate failing an examination may apply for reexamination [.] in accordance with the regulations of procedure and standards adopted by the board under the Administrative Procedure Act (AS 44.65).

NOTE TO DRAFTER: This language was suggested by the Board, I'm not sure the last sentence comports with drafting style. Does this mean AS 08.48.101 needs to be amended as well?

- 4) Page 2, Lines 11-19:

DELETE all material and renumber following sections.

- 5) Page 2, Line 20:

NOTE TO DRAFTER: the Audit for AELS suggests deleting AS 08.48.071(c)(1)-(2) and also modifying AS 08.01.050. I'm not sure what the modification should be, have calls in to Catherine Reardon and to Randy Welker, but no answers, yet.

No other changes, please try to have ready by late Monday, March 10.



Alaska Section AMERICAN CONGRESS ON SURVEYING AND MAPPING

P.O. BOX 3761 ANCHORAGE, ALASKA 99510
 P.O. BOX 81808 FAIRBANKS, ALASKA 99708

Patrick H. Kelen, PLS
1041 Chena Ridge Rd.
Fairbanks, AK 99709

3/6/97

FAX: ANNETTE KREITZER 465-3973
SHARON MACKLIN 586-4520

I DISCUSSED THE EDUCATION OF LAND SURVEYING ISSUE WITH MERLE JANTZ TODAY - IT DOES NOT CONFLICT WITH AELS BOARD'S LARGER ISSUES. CALL ME AT 479-2628 IF YOU HAVE QUESTIONS.

ALSO FAX TO APDC:


CLAIRE WADDUP 562-6635
COLIN MAYNARD 274-2520
DOUG GREEN 563-4572

CAN YOU BRING THIS UP AT APDC AT LUNCH TODAY AND OK?

Pat

AMERICAN CONGRESS ON SURVEYING AND MAPPING ALASKA SECTION

Thursday, March 06, 1997.

From: Patrick Kalen, Chairman 
To: Senator Loren Leman
Attn: Annette Kreitzer
Ref: SB 87, AELS Board sunset, Teaching of land surveying

Dear Senator Leman:

The teaching of land surveying is an item that falls within the practice of land surveying. The land surveying community has wanted to be included in statute for some time now. At the same time, there is no need for an exemption for teaching land surveying.

The surveying community and the Teamsters Union have met and mutually agreed on wording for this section taken from previous legislation (in 1996, the Teamsters objected to some portions of SB 43 of the Nineteenth Legislature). The exemption for teaching of land surveying is to be eliminated. This would conform to the policies of the Geomatics Department at the University of Alaska. The teaching of land surveying at the university level is to be included within the definition of land surveying, worded exactly as it is for the teaching of engineering and architecture in AS 8.48. These words do not appear in the land surveyor definition because at the time the definition of practice for land surveying was written in the late 60s, there was not a degree program in land surveying in Alaska, and such programs were quite rare nationwide. If incorporated into SB 87, two added sections could read as follows:

Section 7. AS 8.48.331 is amended to read:

Sec. 08.48.331 EXEMPTIONS this chapter does not apply to

(9) a person who is employed by a postsecondary educational institution to teach engineering or [,] architectural [, OR LAND SURVEYING] courses; in this paragraph, "postsecondary educational institution" has the meaning given in AS 14.48.210.

Section 8. AS 08.48.341(10) is amended to read:

(10) "practice of land surveying" means the teaching of land surveying courses at an institution of higher learning, or any service or work the adequate performance of which involves the application of special knowledge of the principles of mathematics, the related physical and applied sciences, and the relevant requirements of law for adequate evidence of the act of measuring and locating land, geodetic and cadastral surveys for the location and monumentation of property boundaries, for the platting and planning of land and subdivisions of land, including the topography, alignment, and grades for streets, and for the preparation and perpetuation of maps, record plats, field note records, and property descriptions that represent these surveys;

The AELS Board did not address this subject during in the meeting of March 4, as the agenda dealt only with issues that had been already introduced. We do not believe that there is any controversy regarding this item, know of no opposition, and hope that it can be added to SB 87. While the issue is important to us, it might not merit a separate piece of legislation, and the effort attendant on guiding a bill through the legislature.

March 6, 1997

MAR 11 1997

Honorable Loren D. Lemam
Alaska State Legislature
State Capital Building
Juneau, Alaska 99811-1182

RE: Senate Bill No. 87, House Bill No. 133, Senate Bill 110

Dear Senator Lemam,

The Alaska Board of Architects, Engineers, and Land Surveyors meet via teleconference on Tuesday, March 4, 1997 to discuss the above referenced legislation. They asked me to inform you the results of the discussions.

Senate Bill No. 87/House Bill No. 133

1. Section 1: The board endorses extension of the Board to the year 2003. The need for continued protection of the public by the Board's licensing activities is well known. It seems the public expectation of protection is generally greater today.
2. Section 2: The Board requests that the language to delete the designated mining engineer position be deleted from consideration at this time. The reasons for change remain valid, but objection from the mining community is still very strong. Individual members of the Board have engaged in conversations with some mining individuals to understand their position and to open dialog on the subject. These discussions will take time. The Board may again at some future time request consideration of this item.

The Board remains concerned that numerous applications for registration as mechanical or electrical engineer are reviewed without the benefit of a mechanical or electrical engineer on the Board. Additionally, the Land Surveyors have again requested that a second surveyor be added to the Board. They cite the numerical analysis as the justification. Therefore, the Board requests the following proposed language be substituted for Section 2.

(b) The board consists of ten [NINE] members appointed by the governor having the qualifications as set out in AS 08.48.031. The board consists of two civil engineers, two[ONE] land surveyors, one mining engineer, one electrical or mechanical engineer, one[TWO] engineer[S] from another[OTHER] branch[S] of the profession of engineering, two architects, and one public member.

3. Section 3: The Board supports a limit on the time and the number of attempts a candidate may have to pass an examination. Statistically, the odds of a candidate passing an examination is less than 10% after the third attempt.

The architect exam is now computerized. It consists of nine parts. A candidate may schedule as many or as few sections as they choose six days per week. This scheduling freedom combined with the number of sections adds considerable complexity to the issue. The engineering examinations are also evolving and may see some changes in the next few years. It seems more appropriate to deal with this complexity in regulation rather than statute. Therefore the Board requests the following language be substituted for section 3.

Sec. 08.48.091. Written examinations. Written examinations shall be held at least once [TWICE] each year at places determined by the board, [UNLESS THE EXAMINATION ADMINISTERED BY THE BOARD IS A NATIONAL EXAMINATION PREPARED ONLY ONCE EACH YEAR, IN WHICH CASE THE EXAMINATION SHALL BE HELD AT LEAST ONCE EACH YEAR.] A candidate failing the examination may apply for reexamination[.] in accordance with the regulations of procedure and standards adopted by the board under the Administrative Procedure Act (AS 44.65).

The Alaska Land Surveyor exam is the only examination administered by the board which is not a national examination. The number of candidates do not justify the cost to prepare it twice yearly. The board has invested substantial resources over the last four years to improve the reliability and credibility on the AKLS exam. The change from twice yearly to once yearly would help to control board costs and not significantly reduce candidate access to the examination. Typically surveyors are busy during the summer and fall, they do not have time to prepare for the October examination. Most use the slack wintertime to prepare and attempt the examination in April.

4. Section 4: This item has recently become very controversial. Time is needed to resolve and develop a solution. The Board requests this section be dropped from the bill.

Senator Leman - Page 3
March 6, 1997

5. Section 5: The Board supports repeal of the listed provisions. The Board is not in a position to comply. The Division has the records required to provide the information.

Senate Bill No. 110


The Board discussed SB 110 at length. They voted to request that Section 3 be revised to authorize a more general sharing of fees between the professions. The practice is currently in use, works fine, and has little opposition. The board also requests that Section 5, paragraph (b) be deleted. In light of the Board's position on the mining engineer, is not appropriate to support a member for another small profession.

There was not consensus to support the bill overall. The board voted to generally support landscape architecture, but has a concern that SB 110 needs more work.

Thank you for the help with this effort. We are available to answer any question you may have.

Sincerely,

BOARD OF ARCHITECT, ENGINEERS, AND LAND SURVEYORS



Merle Jantz, Chair
Architect

XC: Catherine Reardon, Director
APDC
Board members
Sharon Macklin

JANTZ ASSOCIATES

03/11/97 LEGISLATIVE TELECONFERENCE NETWORK SYSTEM LTN1150
 13:03:23 PARTICIPANT LIST (ALL PARTICIPANTS) BY:FBX
 TCN:70434 SCHEDULED FOR:03/11/97 13:00 TO 15:00 FOR:FBX
 PUBLIC HEARING SENATE LABOR & COMMERCE
 LOCATION:FAIRBANKS
 SB 87 MR. MERLE JANTZ AELS BRD TESTIFY
 SB 87-111 MR. PATRICK KALEN (BRD APPOINTEE) ACSM TESTIFY

03/11/97 LEGISLATIVE TELECONFERENCE NETWORK SYSTEM LTN1150
 13:47:10 PARTICIPANT LIST (ALL PARTICIPANTS) BY:ANC
 TCN:70434 SCHEDULED FOR:03/11/97 13:00 TO 15:00 FOR:ANC
 PUBLIC HEARING SENATE LABOR & COMMERCE
 LOCATION:ANCHORAGE
 SB 87 DWAYNE ADAMS TESTIFY
 TION FOR ARCHI ROBERT MILLER ARCH ENG & TESTIFY

Audit Report

DEPARTMENT OF COMMERCE AND
ECONOMIC DEVELOPMENT
STATE BOARD OF REGISTRATION FOR
ARCHITECTS, ENGINEERS, AND
LAND SURVEYORS

September 17, 1996



Audit Control Number:

08-1441-96

Division of Legislative Audit
P.O. Box 113300, Juneau, Alaska 99811-3300

LEGISLATIVE BUDGET AND AUDIT COMMITTEE

DIVISION OF LEGISLATIVE AUDIT

The Legislative Budget and Audit Committee is a permanent interim committee of the Alaska Legislature. The committee is made up of five senators and five representatives, with one alternate from each legislative chamber. The chairmanship of the committee alternates between the two chambers every legislature.

The committee is responsible for providing the legislature with audits of state government agencies. The programs and activities of state government now cost more than \$5 billion a year. As legislators and administrators try increasingly to allocate state revenues effectively and make government work more efficiently, they need information to evaluate the work of governmental agencies. The audit work performed by the Division of Legislative Audit helps provide that information.

As a guide to all their work, the Division of Legislative Audit complies with generally accepted auditing standards established by the American Institute of Certified Public Accountants and with government auditing standards established by the U.S. General Accounting Office.

Audits are performed at the direction of the Legislative Budget and Audit Committee. Individual legislators or committees can submit requests for audits of specific programs or agencies to the committee for consideration. Copies of all completed audits are available from the Division of Legislative Audit's offices in either Anchorage or Juneau.

BUDGET AND AUDIT COMMITTEE

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Representative Con Bunde
Representative John Davies
Representative Gary Davis
Representative Vic Kohring
Representative Mark Hanley (alternate)

Senator Randy Phillips, Vice Chair
Senator Al Adams
Senator Steve Frank
Senator Rick Halford
Senator Steve Rieger
Senator Fred Zharoff (alternate)

DIVISION OF LEGISLATIVE AUDIT

Randy S. Welker, CPA
Legislative Auditor
Merle R. Jenson, CPA
Deputy Legislative Auditor

P.O. Box 113300
Juneau, Alaska 99811-3300

(907) 465-3830, Juneau
(907) 561-1445, Anchorage
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ALASKA STATE LEGISLATURE

LEGISLATIVE BUDGET AND AUDIT COMMITTEE

Division of Legislative Audit



P. O. Box 113300
Juneau, AK 99811-3300
(907) 465-3830
FAX (907) 465-2347

September 17, 1996

Members of the Legislative Budget
and Audit Committee:

In accordance with the provisions of Title 24 of the Alaska Statutes, the attached report is submitted for your review.

DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT
STATE BOARD OF REGISTRATION FOR
ARCHITECTS, ENGINEERS AND LAND SURVEYORS

September 17, 1996

Audit Control Number

08-1441-96

The objective of the audit was to determine whether the State Board of Registration for Architects, Engineers and Land Surveyors should continue in existence. Alaska Statute 08.03.010(c)(3) terminates the board on June 30, 1997. As of July 1, 1997, the board will begin its one-year "wrap up" period and, if no action is taken by the legislature, the board will be dissolved at June 30, 1998. We recommend that the legislature extend the board until June 30, 2003.

The audit was conducted in accordance with generally accepted government auditing standards. Fieldwork procedures utilized in the course of developing the findings and discussion presented in this report are discussed in the Objectives, Scope, and Methodology section of this report.

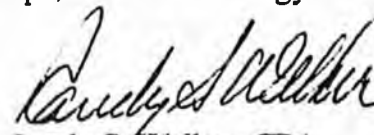

Randy S. Welker, CPA
Legislative Auditor

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OBJECTIVES, SCOPE, AND METHODOLOGY

In accordance with the intent of Titles 24 and 44 of the Alaska Statutes (sunset legislation), we have reviewed the activities of the State Board of Registration for Architects, Engineers, and Land Surveyors to determine if it should continue in existence.

As required by statute, the legislative committee of reference is to consider this report as part of the oversight process in determining whether this board should be reestablished. The law currently specifies that the board will terminate on June 30, 1997 and will have one year from that date to conclude its affairs.

During the course of our examination, we reviewed and evaluated the following:

- Applicable statutes and regulations.
- Interviews with Department of Commerce and Economic Development, Division of Occupational Licensing personnel.
- Licensing files.
- Investigation files.
- Annual reports of the board's activities.
- Minutes of the board's meetings.
- Office of the Ombudsman on-line closed case files.
- Division of Occupational Licensing Policy and Procedures Manual.
- Contents of the board's correspondence files.
- Other relevant documents.

ORGANIZATION AND FUNCTION

The State Board of Registration for Architects, Engineers and Land Surveyors is a regulatory board with nine members consisting of two civil engineers, one land surveyor, one mining engineer, two engineers from other branches of the engineering profession, two architects, and one public member (see inset at right for current board members).

Alaska Statute requires each board member to have been a resident in the State for three consecutive years immediately preceding appointment. Additionally, except for the public member, board members must be registered and have a minimum of five years of professional practice in their field.

Alaska Statutes 08.48.101 and 08.48.111 establish the powers of the board. They include:

1. Adopting regulations.
2. Describing the contents, conducting and establishing a minimum score for passing examinations.
3. Suspending, revoking, or refusing to issue or renew a license.
4. Issuing licenses to practice to architects, engineers, and land surveyors who meet standards of education and training determined to be necessary by the board.

The board is organized under the Department of Commerce and Economic Development, Division of Occupational Licensing (OL). OL provides the board with licensing and investigative support. The department is statutorily responsible for performing administrative duties such as receiving applications and fees, issuing licenses as authorized by the board, and providing enforcement and investigative services to the board.

State Board of Registration for Architects, Engineers and Land Surveyors Board Members

Merle D. Jantz, Architect Board Chair
Richard Armstrong, Electrical/Mechanical Engineer
William W. Mendenhall, Civil Engineer/Land Surveyor
D. Lance Mearig, Civil Engineer
Michael J. Tauriainen, Civil Engineer
Ernie Siemoneit, Mining Engineer
Byron Haynes, Jr., Petroleum Engineer
Michael H. Schwartz, Architect
Mary Ann W. Pease, Public Member

REPORT CONCLUSIONS

Alaska Statute 08.03.010(c)(3) terminates the State Board of Registration for Architects, Engineers, and Land Surveyors (the board) on June 30, 1997. Alaska Statute 08.03.020 provides the board one year in which to conclude its affairs if the legislature does not enact legislation for its continuance. We recommend that the legislature extend the board's termination date until June 30, 2003.

The regulation and licensing of qualified professionals is necessary to protect the public's health, safety, and welfare. The board provides this service by establishing minimum educational and examination requirements that provide reasonable assurance that persons licensed are qualified. Active investigation of complaints and revocation or suspension of licenses also provides assurance that registrants act in a competent manner.

The Findings and Recommendations section of this report describes areas where weaknesses or conflicts exist. We have made recommendations which, if implemented, will improve the efficiency and effectiveness of the board.

CORRECTION

THE FOLLOWING DOCUMENT(S)
HAVE BEEN REFILMED TO
ASSURE LEGIBILITY OR PAGINATION



Rev. 6/98

Central Microfilm Services
Department of Education
State of Alaska

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State Board of Registration for
Architects, Engineers and Land Surveyors
Board Members

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Ernie Siemoneit, Mining Engineer
Byron Haynes, Jr., Petroleum Engineer
Michael H. Schwartz, Architect
Mary Ann W. Pease, Public Member

(Intentionally left blank)

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The regulation and licensing of qualified professionals is necessary to protect the public's health, safety, and welfare. The board provides this service by establishing minimum educational and examination requirements that provide reasonable assurance that persons licensed are qualified. Active investigation of complaints and revocation or suspension of licenses also provides assurance that registrants act in a competent manner.

The Findings and Recommendations section of this report describes areas where weaknesses or conflicts exist. We have made recommendations which, if implemented, will improve the efficiency and effectiveness of the board.

(Intentionally left blank)

FINDINGS AND RECOMMENDATIONS

Recommendation No. 1

The legislature should consider various changes to the statutes relating to the State Board of Registration for Architects, Engineers, and Land Surveyors.

During our review we noted several areas where we believe that the legislature should consider statutory changes. These areas are continuing education, board composition, licensure by comity for architects, and the number of times an applicant may fail an examination without being required to reapply.

No continuing education requirements exist for architects, engineers and land surveyors

No statutory or regulatory provisions currently exist to require continuing education as a condition for registration renewal for architects, engineers and land surveyors. The purpose of requiring continuing education for licensed professionals is to demonstrate a continuing level of competency. Although continuing education is not an absolute guarantee that registrants will avoid professional obsolescence and maintain an awareness of changes taking place in the profession, it does provide a reasonable approach to formally promoting continuing competency.

While the current board supported the idea of continuing education for registrants, it does not support making continuing education mandatory. The primary reason for the board's reluctance to mandate continuing education appears to be that it is a condition for membership in a variety of state and national professional organizations. The board has expressed concerns that any provision for continuing education that it promulgates may not be consistent with the requirements of professional organizations and societies, placing an undue burden on the board's registrants. There is no legal or ethical requirement, however, for registrants to join any national or state professional society. Therefore, there is no control in place to ensure that registrants in the State are required to maintain a minimum level of competency in their field.

Review of other states' licensing requirements indicated that a majority of other states do not have continuing education requirements. Only three states require continuing education as a condition of license renewal for architects, four for engineers, and eleven for land surveyors (see Table 1). However, the national trend is toward implementing continuing education requirements to ensure continued competency. Additionally, most professional licensing boards require continuing education to assure that license renewal is based upon evidence of continued professional competency.

Table 1: Continuing Education Requirements by State

State	Architects	Engineers	Land Surveyors
Alabama	12 hours/year	15 hours/year	15 hours/year ¹
Florida	20 hours/biennium		24 hours per biennium
Iowa	20 hours/year	30 hours/biennium	30 hours per biennium
New Mexico		30 hours/biennium	30 hours per biennium
North Carolina		15 hours per year	15 hours per year
Kansas			30 hours per biennium
Maine			12 hours per biennium
Missouri			20 hours per biennium
Nebraska			30 hours per biennium
Texas			8 hours per year
Utah			24 hours per biennium

Our review also indicated that the National Council of Examiners for Engineers and Surveyors (NCEES), while not requiring members to obtain continuing education, has established guidelines for states developing continuing education requirements to follow. NCEES has done this to promote consistency in the requirements from state to state. Thus, practitioners registered in multiple states will not need to meet differing requirements for each state in which they are registered.

NCEES guidelines require 15 contact hours of instruction or presentation per year for both engineers and land surveyors. NCEES guidelines also allow, if a registrant exceeds the annual requirement in any renewal period, a maximum of 15 hours to be carried forward into the subsequent renewal period. Similarly, the American Institute of Architects (AIA) has also established minimum continuing education requirements to maintain competency as a condition of membership renewal. The AIA has begun to implement a program to require 12 to 36 hours of continuing education a calendar year, depending on the education quality level.

We recommend that an addition be made to statutes governing the board to require the implementation of continuing education for registrants in architecture, engineering, and land surveying in accordance with the guidelines and requirements for continued competency recommended by NCEES and the AIA.

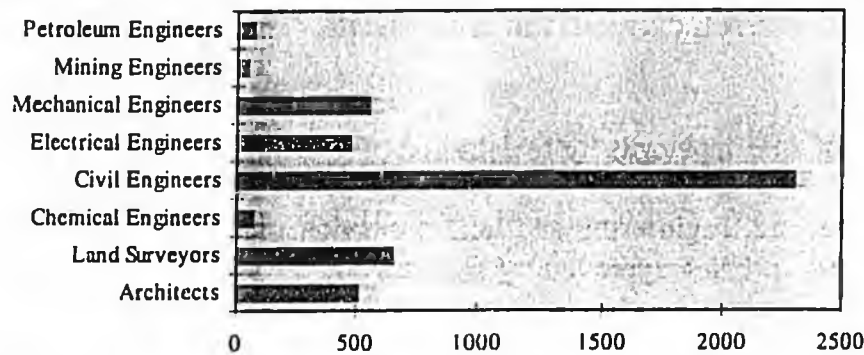
Mining engineers are disproportionately represented on the board

AS 08.48.011(b) requires that the board membership consist of two civil engineers, one land surveyor, one mining engineer, two engineers from other branches of the engineering profession, two architects, and one public member. For several years the board has supported legislation to change the board composition to no longer require a mining engineer. However, the board has not been successful in getting this legislation passed. The board has indicated that, due to the relatively few mining engineers licensed in the State, it is extremely difficult to find a mining engineer who is willing to take on the responsibilities of board membership.

¹ Correspondence course on Minimum Technical Standards for Land Surveyors at least every five years also required for Alabama registered land surveyors.

Mining engineers make up less than one percent (.86%) of the board's total registrants, excluding corporations authorized to provide architectural, engineering and land surveying services (see Fig 1). The current requirements for board membership result in mining engineers having a disproportionate level of representation on the board. We recommend that the legislature consider revising AS 08.48.011 to eliminate the specific requirement for a mining engineer to be appointed. The statute could be amended to increase the number of members

Fig. 1: Registrants by Type



serving on the board from branches of engineering other than civil from two to three. As a result, the board would remain the same size, but not have seats limited to narrow specialities — although nothing would preclude a mining engineer from serving on the board.

Statutory requirements for licensure by comity for architects are unclear

The current statutory requirements for licensure by comity for architects is unclear and subject to challenge. This statute, AS 08.48.191(a), states

A person holding a certificate of registration authorizing the person to practice architecture in a state, territory, or possession of the United States, the District of Columbia, or a foreign country, or holding a certificate of qualification issued by the National Council of Architectural Registration Board, that, in the opinion of the board, meets the requirements of this chapter, based on verified evidence, may, upon application, be registered in accordance with the regulations of the board.

The way the statute is written makes it unclear whether the phrase, "in the opinion of the board, meets the requirements of this chapter" relates to the registration in another jurisdiction, the National Council of Architectural Registration Board (NCARB) certification, or both. The board has interpreted the statute, through adoption of regulation 12 AAC 36.103, that the phrase relates to both registration in another jurisdiction and NCARB certification. Further, the board requires NCARB "blue book" certification as evidence that registration in another jurisdiction meets the requirements of AS 08.48.

As a result, it is not currently possible for an architect registered out of state to be licensed in Alaska without this NCARB certification. We do not find the board's interpretation of the statute to be unreasonable, however, we do understand how others, reading the existing statute, may interpret it differently. In fact, the interpretation of this statute, and whether or not the board's regulations are in conflict with the statute was recently the subject of litigation between the board and an individual who was denied licensure. The board's decision was affirmed by the court.

We suggest the section be reworded to clarify the board's authority to require NCARB certification for licensure, and the extent to which the board shall be required to provide licensure to individuals without NCARB blue book certification. NCARB certification is a nationally recognized standard for indicating that an applicant meets minimum qualifications for licensure. We suggest that the legislature consider deleting the phrase "*holding a certificate of registration authorizing the person to practice architecture in a state, territory, or possession of the United States, the District of Columbia, or a foreign country, or...*" from AS 08.48.191(a), endorsing the board's current interpretation of the statute, and to avoid further confusion in this area.

No limitation exists for the number of time applicants for registration may fail required exams

Applicants for registration in architecture, engineering and land surveying must meet certain education and training standards prior to being approved by the board to sit for examination. No limitation exists, however, regarding the number of times applicants can take, and fail, board administered examinations before being required to reapply or provide proof of additional training and education. Once approved, these applicants are not subject to subsequent changes in requirements to sit for these exams. As a result, there currently exist many pending files for applicants who have continued to fail exams for ten years or more, regardless of changes in requirements.

The board is currently considering a change in regulation that will set a limit on the number of times an individual may sit for an exam without being required to reapply. The board's attorney, however, has indicated that the board does not have the statutory authority to require applicants to provide proof of additional training or education acquired prior to reapplying to take exams.

We suggest the legislature consider revising AS 08.48.091 to require candidates failing the exam for five consecutive years (10 examinations) to reapply for examination and provide proof of additional training or education as deemed necessary by the board. This statutory revision will require applicants to reapply, making them subject to any changes in requirements to sit for the exam. It will also eliminate the need for additional paperwork and storage space necessary to maintain active files for individuals who are unlikely to pass examinations for registration without the benefit of additional education or training.

Recommendation No. 2

The Office of the Governor should exercise care in board member appointments to the State Board of Registration for Architects, Engineers, and Land Surveyors.

Board members are appointed by the governor, and the creation and composition of boards are defined within Alaska statutes. According to our review of FY 94 through FY 96 board appointments, an individual was recently appointed who did not meet the statutory requirements necessary to serve on the board. AS 08.48.031 states that "*[e]ach member of the board must have been a resident in the state for three consecutive years immediately preceding*

appointment." This individual's resume appears to indicate that he was a resident in the state for only 1.3 years immediately preceding appointment.

We recommend the Office of the Governor carefully consider the specific statutory requirements of this board, prior to making board appointments, in order to avoid this situation in the future.

Recommendation No. 3

The Department of Commerce and Economic Development (DCED) should include financial information in the licensing boards' annual reports, and the legislature should consider repealing AS 08.48.071(c)(1)-(2), and modifying AS 08.01.050 to require a complete statement of the receipts and expenditures of all licensing boards to be submitted annually to the legislature.

AS 08.48.071(c)(1) and (2) require that the board submit annually, at the end of the fiscal year, "*a report of its transactions of the preceding year*" and "*a complete statement of the receipts and expenditures of the board, attested by affidavits of its president and its secretary.*" For FY 94 and FY 95, however, no information, other than budgetary, was included in the board's annual report regarding receipts and expenditures of the board. As of the end of our fieldwork, the FY 96 report was not yet available.

According to DCED personnel, financial information is not included in the annual reports for the other licensing boards, and it has never included it for this board either. Although the other boards do not have specific statutory guidelines requiring financial information to be included in their annual reports, DCED does track revenues and expenditures for each board on an annual basis. The spreadsheet that DCED uses identifies which boards are under and overcollecting revenues from licensees based on total Occupational Licensing (OL) expenditures. Since this information is readily available from the department, we recommend that OL include this information in the annual reports for all of the occupational licensing boards. Furthermore, we also recommend that the legislature consider repealing AS 08.48.071(c)(1)-(2), and modifying AS 08.01.050 to require that this information be submitted annually to the legislature.

Recommendation No. 4

OL should continue its efforts to adequately provide public notice of board meetings.

OL has not consistently provided adequate public notice of board meetings and examinations. AS 08.01.050 requires the department to publish notice of examinations and meetings. AS 44.62.310 requires reasonable notice for all meetings required to be open. The notice must include the date, time, and place of the meeting and, if the meeting is by teleconference, the location of any teleconferencing facilities that will be used.

OL's internal policy defines reasonable notice as at least two weeks before a regularly scheduled meeting and at least one week prior to any unplanned teleconference. We tested public notice for board meetings held during FY 94, FY 95, and FY 96. We found that three of the four teleconferences held by the board were adequately public noticed according to OL's written policies and procedures in place at the time. Additionally, no notice was given for one of the board's architectural examinations.

OL has since modified its policy for public notices. The department no longer provides public notice for teleconferences where the meeting is called for the sole purpose of making a decision on an adjudicatory proceeding. The new departmental policy would exclude most of the teleconferences noted above from public notice requirements, however, the requirements for examinations have not been changed. We believe that OL should continue its efforts to adequately public notice board meetings, examinations, and teleconferences.

ANALYSIS OF PUBLIC NEED

Limited Analysis

The following analyses of board activities relate to the public need factors defined in the "sunset" law, Alaska Statute 44.66.050. These analyses are not intended to be comprehensive, but address those areas we were able to cover within the scope of our review.

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

The board, through its administration of the licensure of architects, engineers, and land surveyors, has endeavored to present competent professionals to the public. There is a public need for this board because of the professional expertise required to regulate the profession. Additionally, the licensing of applicants who meet necessary qualifications is necessary to protect the public's health and welfare.

The board is responsible for adopting regulations to ensure only persons with the proper qualifications are admitted into the profession. The public also needs the board to discipline, suspend, or revoke licenses of practitioners who have committed acts listed under AS 08.48.291 and AS 08.48.295. Furthermore, licensees are required to stamp final drawings, specifications, surveys, plats, plates, reports, or similar documents with a seal bearing the registrant's name, registration number and the profession for which they are registered. By affixing this seal and signing the documents, the registrant certifies that these documents were prepared by or under the registrant's direct supervision, and that the registrant has met the minimum standards set to protect public health and welfare.

The board 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 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.

During FY 94, FY 95, and FY 96, the board achieved its statutory requirement of meeting at least four times during the year. Teleconferences were also held to address board concerns between regularly scheduled quarterly meetings.

Board members are appointed by the governor, and the creation and composition of boards are defined within Alaska statutes. As indicated in Recommendation Nos. 1 and 2, we have some concerns with the current statutory requirements regarding board composition, as well as the qualifications of one board member. Also indicated in Recommendation No. 1, we believe that licensing requirements would be enhanced by implementation of continuing education requirements for registrants, changes in the statute regarding licensure by comity for architects, and limiting the number of times applicants may fail licensing examinations without being required to reapply and provide proof of additional training and education.

Table 2: Status of Regulation Changes for Architects, Engineers and Land Surveyors

Effective March 16, 1995

12 AAC 36.063(b)	Applicants with foreign degrees must provide translated, notarized transcripts, and evaluation of education from a board approved agency.
12 AAC 36.063(c) & (g)	At the board's discretion, credit will be given for responsible charge experience for engineers based on comparability of experience with branch in which registration is sought.
12 AAC 36.063(h)	A maximum of two years of subprofessional work experience will be accepted for up to 1/2 of the experience required.
12 AAC 36.065(a)	Professional Land Surveyor's Table of Equivalent Experience was modified to allow additional education and experience credit for graduate or doctorate degree in surveying.
12 AAC 36.065(b), (d) & (e)	Same as items 1, 2, & 3, above, applied to Land Surveyors.
12 AAC 36.070	No-shows for exams not qualifying for postponement, are not eligible for a refund of exam fee, and must reapply to take exam at a later date.
12 AAC 36.105(b)	Applicants for registration by comity must submit both verification of licensure in another jurisdiction and a council record issued by NCEES. (Prior regulations required only one).
12 AAC 36.105(d)	Applicants for engineering registration licensed in jurisdictions without comparable examination requirements, shall prove that they 1) have taken a registration exam; and 2) have at least 10 years of postregistration work experience acceptable to the board.
12 AAC 36.165(c)	Expired corporate certifications may not be reinstated.
12 AAC 36.165(d) & (e)	Reinstatement of an expired engineer registration requires the applicant has taken an acceptable exam; and has successfully completed a board approved course in arctic engineering.
12 AAC 36.990(27) - (29)	Definitions were added for A.S., B.S., and M.S. degrees.

Effective 5/12/96

12 AAC 36.010	Regulations were added providing for conditional approval of an application for examination or comity pending receipt of missing supporting documentation. Conditions for denial of applications were also defined.
12 AAC 36.050	The board established a three tiered approach to application deadlines: 1) 90 days prior to examination date for completed application form; 2) 10 days prior to the board meeting immediately preceding the examination date for all supporting documents; and 3) 45 days prior to the date of the examination for supporting documentation for applications receiving conditional approval from the board.

Pending Review from Attorney General's Office

12 AAC 36.125 & 12 AAC 36.135	New sections were added regarding requirements of corporate certificate of authorization.
12 AAC 36.195	Section was added to define the allowable titles for licensees and interns.

Pending Public Comment

12 AAC 36.040	Clarification of reapplication deadline for exam candidates failing or postponing an exam.
12 AAC 36.103(a)	Deletion of the requirement that an applicant for architect registration by comity submit verification of a valid registration in another jurisdiction.

The current board has been extremely active in the process of converting existing board policies into regulation. Changes in regulations were implemented effective March 1995 and May 1996. Further changes are currently under review by the Attorney General's Office, and additional changes were proposed and reviewed during the board's May 1996 meeting and are now awaiting public comment. See Table 2, on the previous page, for a description of the board's more significant regulation changes and their current status. Other regulation changes, not indicated in Table 2, were primarily housekeeping in nature.

Annual reports for FY 94 and FY 95 were submitted by the board. The deadline for submission of the FY 96 report had not yet passed as of the end of our fieldwork.

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

A variety of changes have been made to the board's statutes in the past three years, not all of which originated with the board. The most significant changes have been: (1) the readoption of a broad exemption for employees of utilities and other organizations who practice engineering, but do not offer engineering services to the public; and (2) the adoption of a provision for retirement status for board registrants. At the time the first change was implemented, the board was in the process of drafting regulations to exempt employees of public utilities from registration, it does not appear, however, that the board supported an exemption as broad as the actual statutory change adopted. The board did support the change to provide for a retirement status for registrants.

In recent years, the board has also recommended changes to the board's composition to more closely reflect the composition of its registrants. The original bill introduced to allow for retirement status of registrants also included a modification to the board's composition to require three engineers from branches of engineering other than civil, instead of two engineers from other branches and one mining engineer (see Recommendation No. 1). This section, however, was removed before the bill was passed.

The most significant statutory change recommended by the board, however, is to remove the board from its current existence under DCED in order for it to operate autonomously. As indicated in the board's FY 95 annual report, the board desires autonomy in order to:

- a. *Gain budgetary control and reduce overall costs for administration of the AELS board.*
- b. *Hire an executive secretary as the board administrator and retain the same person for many years, thus creating continuity in action and reducing turnover.*
- c. *Attend regional and national meetings of the registration organizations, such as NCEES and NCARB, without having to battle the state for permission to receive the funding for travel.*
- d. *Hire independent investigators who would be solely committed to researching complaints about professional practice regulated by this board and investigate those cases that the board fees are most important.*

- e. *Eliminate financial participation of the Department of Commerce and Economic Development activities that the board does not need or support.*
- f. *Eliminate support of managerial and supervisory positions that currently oversee the licensing examiner's position.*

In the same report, the board also outlined the drawbacks and liabilities that needed to be addressed to achieve autonomy as follows:

- a. *The board would need to be an entity separate from the state in order to directly collect registration fees, however, it might still need to rely upon the state for legal prosecution of cases against registrants.*
- b. *Any fines levied by the board (if it were so empowered) would best flow to the state rather than the board, to avoid the perception (or potential inclination) of the board-generated income by fining individuals unfairly.*
- c. *Board members might be exposed to legal action by disgruntled examinees or registrants.*
- d. *Demands on board member time would likely be greater as the board would be responsible for overseeing the performance of its administrator or executive secretary.*
- e. *It would need to be determined whether the board administrator/executive secretary position was one of the state employment, including state insurance and benefits, or a totally independent position.*
- f. *Professional registration fees are paid once every two years with about 80% of the dues coming in the first year. Budget control would have to be closely monitored to insure that the board can operate for two years on the money received biennially.*

From review of how other states' boards are set up and the structure of various boards within the State, it appears that the board has, basically, three options in terms of where it might fit in state government. It may stay where it is, under DCED; it may be semi-autonomous, still a sub-entity under DCED, but a separate legal entity such as Alaska Public Utilities Commission (APUC); or it may be a more autonomous entity like the Alaska Bar Association.

In October 1995, the board developed a partial outline for autonomy legislation. This outline, however, remains unfinished and does not answer many of the questions regarding autonomy that are outlined above. Such as how it would be legally possible for the board to be an entity separate from the State, have the authority to tax individuals in terms of registration fees, and still rely upon the State for legal prosecution of cases against registrants, and what level of funding would be necessary to support this new, autonomous board. Additionally, this outline indicates that it is designed to establish semi-autonomy, however, it would establish a board with fees and expenditures not subject to review or approval by the legislature or any other state agency or department. This requires that the State and the legislature surrender their authority to tax individuals, in terms of licensing fees, to a body that need not answer to the State as to the reasonableness of the taxes imposed or the expenditures incurred by that body.

During the 1996 legislative session, SB 202 was introduced to provide "semi-autonomy" for the board, similar to that of APUC. This bill primarily changed AS 08.48 to replace "department" with "board", and allowed the board to contract for its own staff, including attorneys, as well as allowing the board to set per diem rates for board members. Two fiscal notes accompanied this legislation. The first removed the expenditures of the board from DCED's Division of Occupational Licensing, and the second represented the division's best estimate of the costs that will be incurred by the new, semi-autonomous board. The net increase of expenditures was expected to be \$142,957.

In a January 26, 1996 memorandum to the board, the director of the Division of Occupational Licensing discussed the assumptions made in developing the fiscal notes. The memorandum also requested input from the board and the bill sponsor to clarify the AELS activities and staff to be funded. The board chair responded that he could not support the fiscal note since it was "*clearly overstated, presumably to discourage legislation for a semi-autonomous board.*" The board chair indicated dissatisfaction with the note, indicating that the board did not require the services of a full time attorney, extensive licensing staff, a full time accounting clerk, or a full time investigator. In his view, part-time positions would be able to meet the board's needs, however, he did not provide adequate quantitative information to modify the fiscal note to what he might consider a more reasonable level of funding.

In this memorandum, the chair also requests "*that a semi-autonomous board not be attached to DCED, but rather be truly semi-autonomous as we envisioned.*" A complete plan, however, of what the board's vision of autonomy is has not, to date, been made available. Until the board has specifically addressed all of the outstanding issues regarding its plan for autonomy, we believe legislation designed to achieve this plan is premature, and we cannot support it at this time.

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 board meetings and examinations are published in newspapers around the State so that those interested can attend. However, during FY 94 through FY 96, adequate public notice of meetings and examinations was not always provided (see Recommendation No. 4).

A public comment period is listed on all meeting agendas and provided for during all board meetings.

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

As discussed above, a public comment period is made available at all board meetings. The board has also published public notices of all proposed changes in regulations.

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 the Ombudsman have been processed and resolved.

The Office of the Ombudsman listed no cases that were closed during FY 94 through FY 96, and no audits performed by the Office of the Governor were noted. Between FY 94 and current FY 96, the Division of Occupational Licensing investigated 90 complaints related to architects, engineers and land surveyors. The most common complaint was unlicensed practice (38%) with violation of professional ethics a close second (37%).

We reviewed a sample of 12 investigations. From our review we determined that the Division of Occupational Licensing and the board were investigating and resolving complaints in a timely manner, given the nature of the complaints and the budgetary constraints involved.

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

Based on the numbers reported in the board's FY 95 annual report, and the Licensing Examiner's records for FY 96, the number of active licenses/permits by category is as listed in Table 3.

The board is statutorily responsible for the issuance of all licenses. A person may apply for licensure by examination or by using past performance records. Licensure using past performance records is more commonly referred to as licensure by comity. During our testing, we found one instance where the board had licensed an individual without requiring him to pass the Alaska Land Surveyor Exam. This appeared to be an isolated error, however,

Table 3: Total Registrants by Type

Category	Total	Issued in FY 96
Engineers	3,492	163
Architects	508	15
Land Surveyors	654	7
Corporate Authorizations	239	45
Total	4,893	230

which the division had already identified and was in the process of correcting. Additionally, we also noted during our testing that the board was not ensuring that five references were being provided by applicants for licensure as is required by statute. The board relies heavily on NCARB and NCEES Council Records, however, these councils appear to only require three

references from members. The division has assured us that, from now on, all applications will contain the required five references prior to approval of the applicant for licensure.

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 did not find any evidence that the board was not complying with state personnel practices, or the Civil Rights or the Americans with Disabilities Acts in qualifying applicants. OL has reviewed the applications for engineers, architects, and land surveyors to determine if the questions asked are reasonable and in accordance with the above acts.

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.

Please refer to the Findings and Recommendations section of this report.

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November 26, 1996

RECEIVED
DEC 02 1996

Mr. Randy S. Welker, Senior Auditor
Alaska State Legislature
Legislative Budget
Division of Legislative Audit
P.O. Box 113300
Juneau, Alaska 99811-3300

LEGISLATIVE AUDIT

RE: Preliminary Audit Report
Department of Commerce and Economic Development
State Board of Registration for Architects, Engineers, and Land Surveyors
Audit Control Number: 08-1441-96

Dear Mr. Welker,

This references your letter dated November 12, 1996 addressed to Mr. Richard Armstrong concerning the above subject. Your letter was forwarded to me as the current Chairperson.

Thank you for the opportunity to comment on your findings and recommendations prior to the final report. The following comments are based on Board discussions while reviewing Michelle Daugherty's letter.

Recommendation No. 1 - Continuing Education

Disagree with recommendation

The Board has supported voluntary continuing education (CE), but opposed mandatory CE. The primary concern is the lack of a clear problem that can be cured with such a program. A majority of the Board favors less regulation rather than more. To implement mandatory CE without a clear "broken" condition would be more regulation and cost for limited benefit to public health, safety, and welfare. The Board is concerned with added paperwork, cost, and hassle to the registrants and the state.

Our discussions with other states (both architect and engineer boards) who currently have a mandatory program indicate major confusion and difficulty. We prefer to wait for additional experience before Alaska attempts to implement mandatory CE. The number of "basket weaving" type CE courses which have proliferated lately is also of concern.

The last paragraph in this item suggests the possibility of the NCEES and the AIA systems as a model. It is more appropriate to recommend the NCARB system rather than AIA. Both NCEES and NCARB are national organizations made up of the various state regulatory boards called member boards. Both have developed model registration laws and regulations for use by member boards. Both have developed guidelines for use by member boards should they choose to implement mandatory CE. The use of the NCEES and NCARB models would enhance the likelihood of similarity between states. While the Board works very closely with the professional societies such as AIA, it is important to keep an arms-length relationship. To adopt the AIA CE system might well create a situation where architects wanting to be registered in Alaska would be required to become an AIA member, at \$405 per year, in order to meet the CE requirement. Please revise the recommendation to delete reference to AIA and insert NCARB.

Recommendation No. 1 - Mining Engineers representation on the Board

Agree with recommendation

The report makes an excellent case for more proportionate representation. More important to the Board is the availability of expertise to review applications. All applications for registration are reviewed during executive session. The Board members are asked to examine information presented by the applicant to determine compliance with minimum standards for education, experience, and testing. We see very few applications for mining engineer. Additionally, mining applications can be reviewed by a civil engineer as they are closely related. The board is asked to review a much greater number of applications in other engineering disciplines such as mechanical and electrical for example. Having another engineer, other than mining, would enhance the process. The obvious choice based on the disciplines and licensed registrants would be mechanical and electrical.

Recommendation No. 1 - Statutory requirements for comity licensure for architects

Agree - excellent suggestion.

JANTZ ASSOCIATES

Recommendation No. 1 - No limitation for the number of times an applicant may attempt an examination.

Agree with recommendation

The Board supports such a limit and recently generated a request for staff to draft new regulations to implement a limit of 5 attempts or 5 years from the date of initial application. Many other states have such limits. Several states limit the applicant to 3 attempts, and bar the applicant forever after failing 3 attempts. Another requires a personal appearance before the board after 3 attempts to pass an examination before being allowed to re-apply.

We request the recommendation be 5 attempts in five years. It is important to have both number of attempts and time period as the Architect Registration Exam will soon be administered by computer. Applicants will be able to schedule testing sessions more often than twice yearly.

Recommendation No. 3 - Financial information in the annual report

Agree with recommendation

The Board whole heartily agrees. The Board has for some time attempted, without success, to secure meaningful financial information from the Division. The Board does not have the information or the ability to secure the data needed to include financial information in the annual report. A modification to statute to compel the Department to provide such information is an excellent idea.

Recommendation No. 4 - Public notice of Board meetings

The Board is not aware of any problems resulting from improper notice and does not have information that would allow comment.

Analysis of Public Need - The extent to which the operation of the board, commission, or agency 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.

In the discussion under this category it is stated ". . . we believe that licensing requirements would be enhanced by implementation of continuing education requirements for registrants, . . .". There is little evidence provided to support that belief. Board member discussions with other State Boards with mandatory CE indicates experience to date neither supports nor disproves that statement.

JANTZ ASSOCIATES

Analysis of Public Need - The extent to which the board, commission, or agency has recommended statutory changes that are generally of benefit to the public interest.

The Board reaffirms its belief that some form of autonomous operation is the best method to enhance service to the registrants at reduced cost while extending protection of the public.

The unanswered questions which remain are best resolved in open discussion with the legislature and the professional societies. The Board's preference is clearly a situation in which the Board can collect fees, deposit the money in their own bank account, pay their own bills, hire and release employees, pursue investigations with investigators of their own choosing, and hire professional & legal assistance as required from the private sector. Some say that is not possible, others say "why not".

SB 202 was filed a bit quicker than expected, but did offer a great opportunity to begin discussions. We suggest these discussions continue.

With respect to cost of operations, there is little question that an autonomous Board could operate at a lower cost than current experience. The division's fiscal note was intended to discourage any form of autonomy by grossly inflating the staff assigned. Clearly, the Board views autonomy differently than the Division and can envision an approach which will reduce cost.

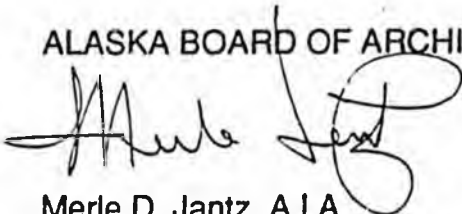
We remain ready to discuss options with anyone interested in reduced government and reduced cost.

This concludes our comments. Thank you again for the opportunity to comment and will be interested in reviewing the final report.

Should you have questions or require additional information, do not hesitate to contact me.

Sincerely,

ALASKA BOARD OF ARCHITECTS, ENGINEERS, AND LAND SURVEYORS



Merle D. Jantz, A.I.A.
Chairperson

JANTZ ASSOCIATES

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8 8

Audit Report

DEPARTMENT OF COMMERCE AND
ECONOMIC DEVELOPMENT
DIVISION OF OCCUPATIONAL LICENSING
BOARD OF PUBLIC ACCOUNTANCY

September 15, 1996



Audit Control Number:

08-1440-96

Division of Legislative Audit
P.O. Box 113300, Juneau, Alaska 99811-3300

LEGISLATIVE BUDGET AND AUDIT COMMITTEE

DIVISION OF LEGISLATIVE AUDIT

The Legislative Budget and Audit Committee is a permanent interim committee of the Alaska Legislature. The committee is made up of five senators and five representatives, with one alternate from each legislative chamber. The chairmanship of the committee alternates between the two chambers every legislature.

The committee is responsible for providing the legislature with audits of state government agencies. The programs and activities of state government now cost more than \$5 billion a year. As legislators and administrators try increasingly to allocate state revenues effectively and make government work more efficiently, they need information to evaluate the work of governmental agencies. The audit work performed by the Division of Legislative Audit helps provide that information.

As a guide to all their work, the Division of Legislative Audit complies with generally accepted auditing standards established by the American Institute of Certified Public Accountants and with government auditing standards established by the U.S. General Accounting Office.

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ALASKA STATE LEGISLATURE

LEGISLATIVE BUDGET AND AUDIT COMMITTEE

Division of Legislative Audit



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September 15, 1996

Members of the Legislative Budget
and Audit Committee:

In accordance with the provisions of Title 24 of the Alaska Statutes, the attached report is submitted for your review.

DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT
DIVISION OF OCCUPATIONAL LICENSING
BOARD OF PUBLIC ACCOUNTANCY

September 15, 1996

Audit Control Number
08-1440-97

This audit was conducted as required by AS 44.66.050 and under the authority of AS 24.20.271(1). Alaska Statute 44.66.050(c) lists criteria to be used to assess the demonstrated public need for a given board, commission, agency, or program subject to the sunset review process. Currently under AS 08.03.010(c)(1), the Board of Public Accountancy is scheduled to terminate on June 30, 1997. The board would be allowed one year in which to conclude its administrative affairs.

According to Article IX, Section 14 of the Alaska Constitution, the position of Legislative Auditor is required to be a licensed certified public accountant (CPA). Likewise, the professional staff at the Division of Legislative Audit are either licensed or are pursuing licensure as CPAs. Accordingly, our agency may be perceived as not being independent. As required by generally accepted government auditing standards, we are disclosing this perceived lack of independence.

In our opinion, the Board of Public Accountancy should be reestablished. The regulation and licensure of public accountants is necessary to the protection of the public's welfare. We recommend the legislature extend the Board of Public Accountancy until June 30, 2003.

The audit was conducted in accordance with generally accepted government auditing standards. Fieldwork procedures utilized in the course of developing the findings and discussion presented in this report are set out on page one of this report.



Randy S. Welker, CPA
Legislative Auditor

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OBJECTIVES, SCOPE, AND METHODOLOGY

In accordance with the intent of Titles 24 and 44 of the Alaska Statutes (sunset legislation), we have reviewed the activities of the Board of Public Accountancy. As required by AS 44.66.050(a), the committee of reference shall consider this report during the legislative oversight process to determine whether the board should be reestablished. Currently, AS 08.03.010(c)(1) states that the board will terminate on June 30, 1997, and will have one year from that date to conclude its affairs.

Objectives

There are two central, interrelated, objectives of our report. They are:

1. To determine if the termination date of the board should be extended.
2. To determine if the board is operating in the public's interest.¹ The assessment of the operations and performance of the board, was based on criteria set out in AS 44.66.050(c). Criteria set out in this statute relate to the determination of a demonstrated public need for the board.

Scope and Methodology

Our audit reviewed the operations and activities of the Board of Public Accountancy for the period of FY 94 through FY 96.

During the course of our examination, we reviewed and evaluated the following:

1. Compliance with statutes and regulations related to the certification of public accountants. Our evaluation addressed considerations of applications, testing of candidates, and continuing education necessary for an individual to maintain his/her license in good standing.
2. Minutes of meetings of the Board of Public Accountancy.
3. Annual reports issued by the board.

¹ AS 08.04.005, which relates specifically to the Board of Public Accountancy, states that the public interest requires that:

(1) persons professing special competence in accountancy or who offer assurance as to the reliability or fairness of presentation of financial information should demonstrate their qualifications to do so, and that persons who have not demonstrated and maintained adequate qualifications should not be permitted to hold themselves out as having special competence or to offer assurance about their actions;

(2) the professional conduct of persons licensed as having special competence in accountancy should be regulated in all aspects of the practice of public accountancy;

(3) a public authority competent to prescribe and assess the qualifications and to regulate the professional conduct of practitioners of public accountancy should be established; and

(4) the use of titles relating to the practice of public accountancy that are likely to mislead the public as to the status or competence of the persons using these titles should be prohibited.

4. Complaints filed with the Division of Occupational Licensing and the Department of Law.
5. Office of the Ombudsman closed case file.
6. Other documents deemed pertinent.

We also conducted interviews with employees of the Division of Occupational Licensing within the Department of Commerce and Economic Development, the Board of Public Accountancy, and members of related national and state professional organizations.

ORGANIZATION AND FUNCTION

The Board of Public Accountancy is established under the authority of AS 08.13.010. The seven member board is appointed by the governor to four-year staggered terms. Five of the members must be certified public accountants or public accountants currently licensed in the State of Alaska. Two members represent the general public.

The board is responsible for safeguarding the public interest by ensuring the competence and integrity of those who hold themselves out to the public as certified public accountants. The board evaluates the qualifications of candidates, administers examinations, issues certificates and licenses to practice, promulgates rules of professional conduct, and takes disciplinary action.

The board is charged by statute with granting a certificate of "Certified Public Accountant" (CPA) to individuals at least 19 years of age and of good moral character that:

- 1) have satisfied the applicable education requirements;
- 2) have passed written examination requirements; and
- 3) have provided evidence of satisfactory work experience.

Department of Commerce and Economic Development, Division of Occupational Licensing

The department of Commerce and Economic Development, Division of Occupational Licensing provides administrative and investigative assistance to the Board of Public Accountancy. Administrative assistance includes budgetary services and functions such as collecting fees, maintaining files, receiving and issuing application forms, and publishing notices of examinations and meetings.

Alaska Statute 08.01.065 mandates the department, with the concurrence of the board, adopt regulations to establish the amount and manner of payment of fees for applications, examinations, licenses, registration, permits, investigations, and all other fees as appropriate for the occupations covered by the statute.

Alaska Statute 08.01.087 empowers the Division of Occupational Licensing with the authority to act on its own initiative or in response to a complaint. The Division may conduct an investigation if it appears a person engaged or is about to engage in a practice, bring an action in Superior Court to enjoin the act, examine the books and records of an individual, and issue subpoenas for the attendance of witnesses and records.

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REPORT CONCLUSIONS

In our opinion, the Board of Public Accountancy is operating in an efficient and effective manner and should continue to regulate certified public accountants. We believe the board is safeguarding the public interest by ensuring the competence and integrity of those who hold themselves out to the public as CPAs.

The Board of Public Accountancy has been found to serve a public purpose and has demonstrated an ability to conduct its business in a satisfactory manner. The board continues to propose changes to regulations to improve the effectiveness of the board and ensure that certified public accountants licensed in the State of Alaska are competent and capable of maintaining the integrity of the profession.

Alaska Statute 08.03.010(c)(1) requires termination of the Board of Public Accountancy on June 30, 1997. Under AS 08.03.020, the board has a one-year period to administratively conclude its affairs. We recommend legislation be enacted to extend the board's termination date to June 30, 2003.

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FINDINGS AND RECOMMENDATIONS

Recommendation No. 1

The legislature should consider amending statutes related to the Board of Public Accountancy to clarify aspects of the licensing process.

Administration of current Board of Public Accountancy operations has resulted in practices that are seemingly inconsistent with the language contained in the board's governing statutes. Although in our view these practices by the Division of Occupational Licensing are appropriate and within the spirit and content of the statute, we recommend the legislature amend relevant law to make current practice clearly consistent with the requirements of statute.

One inconsistency has been most cogently pointed out by the Department of Law in the course of reviewing proposed regulations. The Department of Law objected to the lack of distinction made by the Board between a certificate of public accountancy and a permit to practice. In the view of the Department of Law the legislature provided for such a distinction by adopting language at AS 08.04.200 stating that to be a certified public accountant a person must have "... received a certificate from the board as a certified public accountant and... holds a current permit issued under [Board of Public Accountancy statutes]." [Emphasis added.] In the Department of Law analysis this distinction requires the Division of Occupational Licensing and the Board of Public Accountancy to separate and distinguish between certificates of public accountancy and permits to practice public accounting.

Currently, the Division of Occupational Licensing/Board of Public Accountancy makes no such distinction. Essentially, individuals either obtaining or renewing the public accountancy licenses are being both certified and permitted to practice public accountancy. The Department of Law suggests that the statute requires a distinction and suggests as possible remedy an amendment of AS 08.04 to reflect the division's and the board's current operational practice.

Incorporated in 51388
See 3+4

In addition, there are other minor changes that could benefit from amendment and clarification in statute. The items are as follows:

1. Repealing AS 08.04.260 Temporary Certificate as a certified public accountant. Under AS 08.04.260 the board may issue a temporary certificate to an applicant who "meets all the requirements for certificate except the requirement that the applicant have a place of business in the state or be an employee regularly employed in this state." The intent of this statute was to permit qualified professionals to obtain a certificate in order to provide service in Alaska on a temporary basis. In practice, this temporary certification provision has been unnecessary since the board essentially certifies all applicants in the same manner that meet the State's requirements.

See 7

~~No temporary certificates have ever been issued.~~ An individual is not required to either have a place of business in the state or be an employee regularly employed in the state to receive a "regular" certificate.

Since the approval by the Board must be obtained prior to the issuing of a temporary certificate, we do not see a need to issue a temporary one because all of the requirements for regular certification must be met.

2. The language of AS 08.04 should be amended to reflect current practice. AS 08.04 has several references to annual fees and annual registration. Currently, fees are assessed and licenses issued on a biennial basis.

While individually these items are seemingly minor and have little impact on the operations of the Board of Public Accountancy or Division of Occupational Licensing, we suggest that such clarifications or repeal of pertinent statutes will be of benefit to the operations of both the board and the division.

Recommendation No. 2

The legislature should review and eliminate conflicting statutory provisions regarding board member terms and eligibility for reappointment.

On April 25, 1996, two board members' terms expired. Both members were appointed originally in 1991 to complete established terms. Both were reappointed in 1992 to new terms. Under the statutes, related specifically to the board (AS 08.04), these individuals were eligible for reappointment. AS 08.04.030 states "*a person who has served two successive complete terms may not be re-appointed until one year from the expiration of the term to which appointed.*" [Emphasis added.] Since the board members had not yet served two successive complete terms they were reappointed by the governor.

Under the professional licensing statutes (AS 08.01) that related to licensing board administration in general, the reappointment of the two members would seem to be precluded. Alaska Statute 08.01.035 states "*a member who has served all or part of two successive terms on a board may not be re-appointed to that board unless four years have elapsed since the person has last served on the board.*" [Emphasis added.] This statute would suggest the members are not eligible for reappointment to the board.

It is unclear whether AS 08.01.035 would preclude these members from re-appointment or if AS 08.04.030 would enable each to serve another term. It is our understanding that generally, when there is a conflict in statutory directive or requirement, the "more specific" statute is given more weight and authority over the "more general" statute. Notwithstanding this general rule of legal interpretation, we suggest that the legislature either eliminate the specific statutory reference for the Board of Public Accountancy at AS 08.04.030 or specifically provide in statute that that section supersedes the general requirements of AS 08.01.035.

Recommendation No. 3

The Board of Public Accountancy should continue to pursue the implementation of a quality review program.

In 1991 legislation was adopted which allowed the Board of Public Accountancy to implement a quality review program as an important means of maintaining the general quality of professional practice. The American Institute of Certified Public Accountants and the National Association of State Boards of Accountancy agree that periodic quality reviews are an important means of maintaining the general quality of professional practice.

The board initially drafted regulations to implement a quality review program but were unable to resolve some of the logistics of implementation. Additionally, it was determined that most firms are currently participating in some form of quality review.

We recommend the board continue to pursue the implementation of a quality review program in conjunction with existing programs to help promote consistency, efficiency and help assure the professional standards maintained in the State are consistent with the rest of the nation.

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ANALYSIS OF PUBLIC NEED

Limited Analysis

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

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

The Board of Public Accountancy has operated in the public interest. The board adopted or revised regulations regarding residency, professional education requirements, and further defining "University Acceptable to the board"² as set out in statute.

In response to concerns expressed by both the state professional organization and graduating students in the field of accounting, the board supported 1996 legislation amending the statute related to the education requirements for certification as a public accountant.³ The 1996 amendment postponed the effective date of the statute's education requirement to 2001. This section, which had been scheduled to be effective in 1997, increases the amount of formal education credits necessary to be completed before an individual can be certified. Testimony before the board indicated that implementation of this measure would be unfair and a hardship on currently enrolled and graduating accounting students.

The board has served the public by examining and licensing qualified applicants. Several changes to regulations were adopted to protect the public welfare and ensure the competence of the State's practicing Certified Public Accountants (CPA). Other modifications to regulations clarified criteria used by the board in evaluating applications.

²State regulation 12 AAC 04.185(e) interprets the statutory phrase at AS 08.04.120, "a college or university acceptable to the board" to mean the following:

(1) the University of Alaska;

(2) a college or university accredited by a regional accrediting association that is recognized by the University of Alaska; or

(3) a foreign college or university whose degree program has been evaluated by an approved credentials evaluation service and determined to be equivalent to the degree program of an institution acceptable under (1) or (2) of this subsection; an approved credentials evaluation service must be

(A) a member of the National Association of Credentials Evaluation Services, Inc.; or

(B) recognized by the University of Alaska.

³ The statutes related to CPA licensure were revised in 1991 to require more formal education as a condition for licensure. At that time, the effective date was set for 1997 to provide enough lead time to accommodate this change. As the 1997 effective date approached, the necessary implementation action apparently was still not in place, requiring another legislative extension.

The board initiated a policy that no incomplete applications for the CPA examination or for a license to practice public accountancy will be reviewed by the board. In prior years, the board would approve an application pending certain information such as official transcripts or verification of successful completion of the ethics examination. Although this policy may delay the approval of some applicants, objectivity in reviewing the applications will be maintained with consistent application of the policy.

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

In 1991, legislation was adopted allowing the board to adopt quality review regulations. The board however, tabled an initial draft of these regulations because of logistics. The small number of practicing "units" in the State created concern whether the program would be cost effective. Additionally, the results of a survey of active licensees indicated a high degree of voluntary compliance. The board continues to explore its options in implementing a quality review program (See Recommendation No. 3).

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 services, economy of service, and availability of services 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, the Fairbanks Daily News-Miner and the Juneau Empire. In many instances proposed regulations are circulated to those affected.

Professional accounting organizations regularly attend these meetings and complete informational research projects at the request of the board.

Time for public comment is provided at all meetings of the board.

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

No statutory changes have been introduced by the board during the period of our review. The Alaska Society of Certified Public Accountants (ASCPA) has sought legislation that proposed changes to statutes that the board endorsed prior to submission by the ASCPA. The proposed changes include providing for reciprocal recognition of licensees of other states and allowing a limited liability company to practice public accounting in the State of Alaska.

The board continues to address issues dealing with continuing professional education, and a quality review program. Relevant statutory and regulatory changes will be proposed as necessary.

The extent to which the board has encouraged public participation in making of its regulations and decisions.

Public notice of proposed regulations are published in major newspapers. Meetings are adequately advertised, and time was set aside for public testimony.

Major proposed regulation changes were circulated through the professional community by either mailing directly to the affected license holders, or providing the proposed changes to the State's accounting organizations. Feedback resulted in changes to the proposed regulations addressing the profession's concerns. The Alaska Society of Certified Public Accountants has requested board support for legislation sought by the Society.

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 the Ombudsman have been processed and resolved.

Between FY 94 and FY 96, the Division of Occupational Licensing investigated 27 complaints related to the practice of public accounting. Two-thirds of the complaints were related to licensing issues. These complaints related to whether an individual either: (1) met standards established for receiving a license; or, (2) practiced "public accounting" without the appropriate license. For the most part, these complaints involved allegations which could be evaluated using objective, well-established standards. Accordingly, at the time of our fieldwork, all these complaints had been resolved.

Of the remaining nine investigations, of which were six were still open at the time of our fieldwork, the allegations typically were more subjective issues and, as a result generally took more time to investigate and resolve. These complaints involved allegations such as incompetence, negligence, violations in another jurisdiction, and unethical practice.

We reviewed a sample of nine investigations. From our review we determined that the Division of Occupational Licensing was investigating and resolving complaints in a timely manner, given the budgetary constraints and the degree of subjectivity involved in each of the various allegations.

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

Listed below is a summary of new licenses and permits issued by the board for the period under review.

New Permits Issued (Excluding Renewals)	FY 94	FY 95	FY 96 Current	Total
Certified Public Accountants	65	48	54	167
Resident Partnerships and Corporations	12	11	13	36
General Permits	9	18	1	28

Overall, the application process for licensing appears reasonable and appropriate. The licensing process is neither unduly restrictive nor too lax. Continuing education is required and adequately monitored by the board to promote a high level of quality performance and to help ensure the integrity of the profession.

Each applicant is required to satisfy the requirements for licensing. Board meeting minutes reflect that the board considers each application and verifies the licensing requirements are satisfied prior to issuing a license.

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.

No complaints regarding the Division of Occupational Licensing were received by the Ombudsman. We did not find any evidence that the board was not complying with the state personnel practices, including affirmative action in qualifying applicants. In no instances has the board denied an applicant a license based on personal attributes.

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 [of Alaska Statutes].

The board, with the assistance of national and state organizations, continues to explore implementing a cost effective quality review program for the State. Additional changes the board is considering include a revision in the experience requirements for licensing. Regulations implementing this change in experience requirements have been forwarded to the Department of Law for review.

The board recognized the need to evaluate the Americans With Disabilities Act and the North American Free Trade Agreement and determine their impact on the profession. The board will consider whether any statutory or regulatory changes are needed to ensure compliance.

New legislation will allow a certified public accountant with sufficient experience to obtain a license based on experience gained in another jurisdiction.

Nationally, the public accounting profession continually considers issues that may have an impact on industry standards. The State board continues to be active in addressing these issues ensuring that certified public accountants licensed in the State of Alaska are represented.

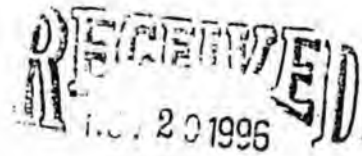
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CHARLES R. GRIFFIN

CERTIFIED PUBLIC ACCOUNTANT

P O BOX 670 • PALMER, ALASKA 99645
TELEPHONE (907) 745-3239

November 23, 1996



LEGISLATIVE AUDIT

Members of the Legislative Budget
and Audit Committee
Alaska State Legislature
Juneau, Alaska

Re: Sunset Review - Audit Control Number 08-1440-97
Alaska State Board of Public Accountancy

Ladies and Gentlemen:

The State Board of Public Accountancy reviewed, discussed and responded to Management Letter No. 1, dated July 1, 1996, as part of the audit process in the development of the preliminary audit report cited above.

Our response, in summary, was one of general agreement with the findings and recommendations with a suggestion for additional clarification in several areas.

In this regard I now offer the following responses on behalf of the Board to this September 15, 1996, preliminary audit report.

We concur with Recommendations No. 1 and 2. We recognize the need for statutory clarification between certificate and permit; the statutory requirements for annual fees and registration which conflict with our (the Division's) biennial practice; and the two conflicting statutory provisions with regard to Board terms and eligibility for reappointment.

We have noted several other statutory conflicts or provisions which do not reflect current Board or professional practice. We conclude that a comprehensive review and rewrite of the entire Accountancy Act (AS 08.04) is desired. Desired - yes; priority - no; likely - not at this time. Our Board simply does not have the additional time and/or staff/Division resources to undertake such a time consuming project.

We also concur with Recommendation No. 3 to continue to pursue the implementation of a quality review program. I note that, in this regard, we adopted for public notice revised/draft regulations to implement such a program at our July 1996 meeting. The revised/draft regulations have been forwarded to the Division's Regulations Specialist and will hopefully be noticed for public hearing in connection with our January 1997 meeting. It is the Board's intent that implementation will commence on January 1, 1998, on a prospective basis.

In addition to these responses to the specific recommendations in the preliminary audit report, I offer the following comments for clarification of the Board's agreement with certain conclusions in the report's analysis of public need.

On page 12, under the heading related to recommended statutory provisions, I note that the initial impetus for CSSB 305 (enacted and signed by the Governor in 1996) was from university (UAA and UAF)

CHARLES R. GRIFFIN
CERTIFIED PUBLIC ACCOUNTANT

Page 2

November 23, 1996
Members of the Legislative Budget
and Audit Committee
Alaska State Legislature

student communities who initially sought regulatory deferral of increased educational requirements. Our Board responded that statutory relief would be required, identified two other areas of desired legislative change (limited liability company permits and permissive reciprocity for licensees of other states who seek to obtain Alaska certificates) and enlisted the support of the Alaska Society of Certified Public Accountants to assist the Board in achieving the desired legislative changes.

On page 13, under the heading related to inquiries or complaints, we take little solace in the report conclusion that investigating and resolving complaints are being done in a timely manner given the budgetary constraints and degree of subjectivity involved. I suggest a more appropriate conclusion would state that technical and/or minor licensing complaints are resolved in a timely manner but performance and/or quality related complaints are not. This is due, in part, to budgetary constraints on the Division's Investigations Unit. I believe it is also due because of the too frequent changes in the Board's assigned investigator which makes substantive or subjective issues difficult to resolve. I also believe the Division's policy of sanitizing complaints prevents the Board from properly exercising its oversight responsibilities over our enforcement processes.

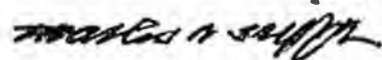
I conclude with regard to inquiries and complaints that, in my own opinion, the Board has been consistently under-represented by its assigned AAGs in its enforcement efforts and that we clearly do not share the preliminary audit report conclusion.

Finally, we note that this preliminary audit report makes no reference to the omission of any discussion of the Board's fee setting analyses, budgets or finances or the stewardship of the Division/Department in administering the Board's operations. We believe such an analysis is required by AS 44.62.050(c)(2) and, if presented, would reflect that the Board of Public Accountancy provides excess program receipts on a biennial basis. The Board continues to feel victimized in that our appropriations are not determined by either our needs or program receipts; rather, they are subject to Division, Department and Legislative limitations.

We appreciate the preliminary opinion that our Board should be extended. We only regret that this re-establishment will not enable us to be more efficient or autonomous.

Please do not hesitate in contacting me should have any questions or should you seek any additional information regarding the audit report or my response and comments.

Very truly yours,



Charles R. Griffin, C.P.A., Chairman
Alaska State Board of Public Accountancy

cc: Board of Public Accountancy - 18 -

STATE OF ALASKA

TONY KNOWLES, GOVERNOR

DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT

OFFICE OF THE COMMISSIONER

P.O. BOX 110800
JUNEAU, ALASKA 99811-0800
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December 17, 1996

Mr. Randy S. Welker
Legislative Auditor
Division of Legislative Audit
Legislative Budget and Audit Committee
P.O. Box 113300
Juneau, AK 99811-3300

RECEIVED
DEC 19 1996
LEGISLATIVE BUDG

Dear Mr. Welker:

Thank you for the opportunity to respond to the preliminary audit report on the Board of Public Accountancy.

The Department of Commerce and Economic Development agrees that the Board of Public Accountancy is operating in the public interest and should be extended until at least June 30, 2003. The following is the Department's response to the analysis and recommendations contained in the preliminary audit.

Recommendation No. 1: The legislature should consider amending statutes related to the Board of Public Accountancy to clarify aspects of the licensing process

The Department concurs with this recommendation. The Board discussed these issues during its July, 1996, meeting and agrees with the proposed statute changes.

Recommendation No. 2: The legislature should review and eliminate conflicting statutory provisions regarding board member terms and eligibility for reappointment

The Department supports the repeal of AS 08.04.030. This would eliminate a possible contradiction with AS 08.01.035 and create consistency in appointment rules among all the licensing boards.

Recommendation No. 3: The Board of Public Accountancy should continue to pursue the implementation of a quality review program

The Board has been working with the Alaska Society of Certified Public Accountants and is interested in developing a quality review program that is equitable and effective. The Department supports the Board's efforts.

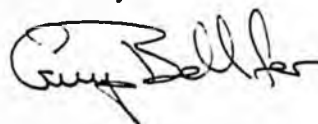
Randy Welker

-2-

December 17, 1996

In conclusion, the Department appreciates the effort required to produce a thorough and balanced audit, and thanks the Legislative Budget and Audit Committee for the opportunity to comment.

Sincerely,

A handwritten signature in cursive script, appearing to read "Guy Bell for".

William L. Hensley
Commissioner

WLH/CR/kg

SENATE COMMITTEE REPORT

First Committee of Referral

DATE: 2/14/97

FURTHER: State Affairs

Date of 5-Day Notice: 2-27-97
(in accordance with Uniform Rule 23)

DATE TURNED
IN TO OFFICE: 3-6-97

Labor and Commerce Committee considered

SENATE BILL NO. 88

"An Act relating to the Board of Public Accountancy; extending the termination date of the Board of Public Accountancy; and providing for an effective date."

and recommends:

- be replaced with CS SB 88 (LTC)
- adopt previous CS _____
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to the _____ Committee

- Senate Bill:**
- same title
 - new title
- House Bill:**
- same title
 - technical title
 - new: SCR# _____

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
<i>[Signature]</i>	✓				
<i>[Signature]</i>					
<i>Tim Kelly</i>	✓				
CHAIR: <i>Steven D. Loman</i>	✓	CHAIR:			

NEW FISCAL NOTE(S):

Department	Date	Zero	Fiscal
<i>C+ED</i>	<i>3/4/97</i>		<i>1395</i>

PREVIOUS FISCAL NOTE(S):*

Department	Date	Zero	Fiscal

APPROPRIATION -- no fiscal note

*include fiscal notes accompanying Governor's bill

*CS
rel*

SENATE BILL NO. 88

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTIETH LEGISLATURE - FIRST SESSION

BY THE SENATE RULES COMMITTEE BY REQUEST OF THE LEGISLATIVE BUDGET AND
AUDIT COMMITTEE

Introduced: 2/14/97
Referred: L&C, State Affairs

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the Board of Public Accountancy; extending the termination
2 date of the Board of Public Accountancy; and providing for an effective date."

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

4 * Section 1. AS 08.03.010(c)(1) is amended to read:

5 (1) Board of Public Accountancy (AS 08.04.010) -- June 30, ^{Amtd}2001
6 [1997];

7 * Sec. 2. AS 08.04.030 is amended to read:

8 Sec. 08.04.030. Removal ~~[AND REAPPOINTMENT]~~ of members. The
9 governor shall remove any member of the board whose certificate or [,] license [, OR
10 PERMIT] has been revoked or suspended. The governor may, after hearing, remove
11 any member for neglect of duty or other just cause. [A PERSON WHO HAS
12 SERVED TWO SUCCESSIVE COMPLETE TERMS MAY NOT BE REAPPOINTED
13 UNTIL ONE YEAR FROM THE EXPIRATION OF THE TERM TO WHICH
14 APPOINTED.]

1 * Sec. 3. AS 08.04.410 is amended to read:

2 **Sec. 08.04.410. Certificate or license [PERMIT] for person not engaged in**
 3 **practice.** A person holding a certificate or license who is not engaged in the practice
 4 of public accounting may maintain the certificate or license in good standing by
 5 registering with the board and paying the required [AN ANNUAL] registration fee.

6 * Sec. 4. AS 08.04.440 is amended to read:

7 **Sec. 08.04.440. Effect of failure to obtain permit.** Failure of an individual,
 8 partnership, limited liability company, or corporation to apply for the required
 9 [ANNUAL] permit to practice or to pay the required [ANNUAL] fee within (1) three
 10 years from the expiration date of the permit to practice or [ANNUAL] registration last
 11 obtained or renewed, or (2) three years from the date upon which the certificate holder
 12 or licensee was granted a certificate as a certified public accountant or license as a
 13 public accountant valid under AS 08.04.661 deprives the individual, partnership,
 14 limited liability company, or corporation of the right to a permit or [ANNUAL]
 15 registration or renewal of a permit [,] unless the board determines that the failure is
 16 excusable. In case of excusable failure, the fee for a permit, registration, or renewal
 17 of a permit under this section may not exceed three times one year's portion of the
 18 [ANNUAL] fee that would have otherwise been required for the permit,
 19 registration, or renewal.

20 * Sec. 5. AS 08.04.450 is amended to read:

21 **Sec. 08.04.450. Revocation or suspension of certificate, license, registration,**
 22 **or permit.** In addition to its powers under AS 08.01.075, the board may revoke or
 23 suspend a certificate or license, or may revoke, suspend, or refuse to renew any permit,
 24 or may censure any certificate holder, licensee, registrant, or permit holder for

25 (1) fraud or deceit in obtaining any certificate, license, registration, or
 26 permit required by this chapter;

27 (2) dishonesty or gross negligence in the practice of public accounting,
 28 or other acts discreditable to the accounting profession;

29 (3) violation of any provision of AS 08.04.500 - 08.04.610;

30 (4) violation of a rule of professional conduct or other regulation
 31 adopted by the board;

1 (5) conviction of a felony under the laws of any state or of the United
2 States;

3 (6) conviction of any crime, an essential element of which is dishonesty
4 or fraud, under the laws of any state or of the United States;

5 (7) cancellation, revocation, suspension, or refusal to renew authority
6 to practice as a certified public accountant or public accountant in any other state for
7 any cause other than failure to pay a required [AN ANNUAL REGISTRATION] fee;

8 (8) suspension or revocation of the right to practice before any state or
9 federal agency;

10 (9) failure of a certified public accountant to satisfy the continuing
11 education requirements prescribed by the board under AS 08.04.425, except as
12 conditioned, relaxed, or suspended by the board under AS 08.04.425(c) and (d); or

13 (10) failure of a certified public accountant to satisfactorily complete
14 a quality review under AS 08.04.426 except as conditioned, relaxed, or suspended by
15 the board under AS 08.04.426(b) - (d).

16 * Sec. 6. AS 08.04.480 is amended to read:

17 **Sec. 08.04.480. Grounds for revocation or suspension of partnership,**
18 **limited liability company, or corporate permit.** The board may revoke or suspend
19 the registration and permit to practice of a partnership, limited liability company, or
20 corporation, may revoke, suspend, or refuse to renew its permit to practice, or may
21 censure the partnership, limited liability company, or corporation for any of the causes
22 enumerated in AS 08.04.450 and 08.04.460, or for any of the following additional
23 causes:

24 (1) the revocation or suspension of the certificate, license, or
25 registration of any partner, member, or shareholder;

26 (2) the revocation, suspension, or refusal to renew the permit to practice
27 of any partner, member, or shareholder;

28 (3) the cancellation, revocation, suspension, or refusal to renew the
29 authority of the partnership or any partner, the limited liability company or a member,
30 or the corporation or a shareholder to practice public accounting in any other state for
31 any cause other than failure to pay a required [AN ANNUAL REGISTRATION] fee

1 ~~shall~~ in that state.

2 * Sec. 7. AS 08.04.260 is repealed.

3 ~~and~~ * Sec. 8. This Act takes effect July 1, 1997.

[Faint, illegible text]

[Faint, illegible text]

[Faint, illegible text]

[Faint, illegible text]

[Faint, illegible text]

FISCAL NOTE

STATE OF ALASKA
1997 LEGISLATIVE SESSION

BILL NO. SB 88

Revision Date: March 11, 1997 Department: Commerce and Economic Development
 Title: An Act relating to the Board of Public Accountancy; BRU: Occupational Licensing
extending the termination date.... Component: Operations
 Sponsor: Senate Rules
 Requestor: Senate Labor & Commerce COMPONENT SERIAL NO. 1844

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
----------------------	--	--	--	--	--	--

CHANGE IN REVENUES						
--------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 General Fund						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other 1091 Designated PR						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY 97) cost: \$ _____

POSITIONS

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

SB 88 extends the Board of Public Accountancy to June 30, 2003 and makes other amendments to AS 08.04. Funding for continuation of the board in the amount of \$139.5 is included in the department's FY 98 operating budget request; therefore, new funds are not required to implement this bill. The program is required to cover its costs with licensing fees under AS 08.01.065, and revenue generated by board fees are anticipated to cover its full operating costs.

Prepared by: Jennifer Strickler, Administrative Manager Phone: 465-2144
 Division: Occupational Licensing Date: 3/11/97
 Approved by Commissioner: William L. Hensley Date: 3-12-97
 Agency: Commerce and Economic Development

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SENATE COMMITTEE REPORT

First Committee of Referral

DATE: 2/14/97

FURTHER: State Affairs

Date of 5-Day Notice: 3-13-97
(in accordance with Uniform Rule 23)

DATE TURNED
IN TO OFFICE: 3-25-97

Labor and Commerce Committee considered SENATE BILL NO. 89

"An Act relating to regulation of barbers and hairdressers; extending the termination date of the Board of Barbers and Hairdressers; and providing for an effective date."

and recommends:

- be replaced with _____ CS SB 89 (LTC)
- adopt previous _____ CS _____ (_____)
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to the _____ Committee

- Senate Bill:
- same title
 - new title
- House Bill:
- same title
 - technical title
 - new: SCR# _____

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
<i>Mark Kuttler</i>	✓				
<i>Lyne Hoff</i>					
<i>Tom Kelly</i>	✓				
<i>Chair: Brian D. Seaman</i>	✓	CHAIR:			

NEW FISCAL NOTE(S):

Department	Date	Zero	Fiscal
<i>OC+ED</i>	<i>3/14/97</i>	✓	

PREVIOUS FISCAL NOTE(S):*

Department	Date	Zero	Fiscal

APPROPRIATION -- no fiscal note

*include fiscal notes accompanying Governor's bill

Alaska State Legislature

Senate



Official Business

State Capitol
Juneau, AK. 99801-1182

Senate Labor & Commerce Committee

MEMO

TO: Legal Services
via fax: 2029 this page only

FROM: Annette Kreitzer, Aide to
Senate Labor & Commerce Committee
x3844 PH

DATE: March 24, 1997

RE: CS for SB 89 for Tuesday, March 25

Please prepare a work draft CS for SB 89 incorporating the following changes:

- 1) Page 1, Line 6:
[2003] insert 2001
- 2) Page 1, Line 10:
[ONE PERSON] insert two persons
- 3) Page 1, Line 12:
[TWO PERSONS] insert one person
- 4) Page 1, Line 13:
following "one person licensed as a" insert
hairdresser/
(so that the sentence reads: one person licensed as a
hairdresser/cosmetologist under this chapter; and) NOTE TO DRAFTER: cosmetologists
cannot review the qualifications of barbers/hairdressers, but hairdressers can, so apparently
this change is to allow cosmetology representation on the board, but only by a hairdresser
who is also licensed as a cosmetologist.

Make conforming amendments to Sec. 3 Transitional Provision.

Call me if you have questions.

FISCAL NOTE

STATE OF ALASKA
1997 LEGISLATIVE SESSION

BILL NO. SB 89

Revision Date: _____
 Title: An Act relating to regulation of barbers and
hairdressers; extending the termination date of the Board...
 Sponsor: Senate Rules
 Requestor: Senate Labor & Commerce

Department: Commerce and Economic Development
 BRU: Occupational Licensing
 Component: Operations
 COMPONENT SERIAL NO. 1844

Expenditures/Revenues	(Thousands of Dollars)					
OPERATING EXPENDITURES	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL EXPENDITURES						
CHANGE IN REVENUES	0.0	0.0	0.0	0.0	0.0	0.0

FUND SOURCE	(Thousands of Dollars)					
1002 Federal Receipts						
1003 GF Match						
1004 General Fund						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other 1091 Designated PR						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY 97) cost: \$ 223.1

POSITIONS						
FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

SB 89 extends the Board of Barbers and Hairdressers to June 30, 2003 and makes other amendments to AS 08.13. Funding for continuation of the board in the amount of \$223.1 is included in the department's FY 98 operating budget request; therefore, new funds are not needed. The program is required to cover its costs with licensing fees under AS 08.01.065, and revenue generated by board fees are anticipated to cover its full operating costs.

Prepared by: Jennifer Strickler, Administrative Manager
 Division: Occupational Licensing
 Approved by Commissioner: William L. Hensley
 Agency: Commerce and Economic Development

Phone: 465-2144
 Date: 3/14/97
 Date: 3-14-97

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To: Senator Loren Lomans' office

Att: Annette

Fax: # 907 465.3810

From: MARIANN STOFFEL
Chad Board of Barbers + Hairdressers

376.1694

1 page following

**BOARD OF BARBERS AND HAIRDRESSERS
MINUTES OF TELECONFERENCE MEETING
JANUARY 27-28, 1997
PAGE 18**

Barbers and Hairdresser to include a cosmetologist as a member. Ms. Reardon spoke with an individual of the audit committee and they suggested that the structure of the board could be two hairdressers, one barber, one cosmetologist, and one public member.

The board felt that a member could hold both cosmetology and hairdresser license. Therefore the board would have two hairdressers and two barbers and a cosmetologist without losing a barber or hairdresser member.

Barbara Watkins stated that an individual that is only a cosmetologist would not be able to do the hairdresser or barber examination.

Catherine Reardon asked is it the board's recommendation that they would like to have a member that has a hairdresser's license but also holds a cosmetology license.

The board agreed they would not want to lose the current structure of the board.

For the board's information, it is the Budget and Audit Committee that will be sponsoring the board extension. Senator Randy Phillips is the chair of that committee.

Catherine Reardon stated that she has passed on the concern of the board to change the hairdresser's license to a cosmetologist license and the cosmetology license would be an esthetician license.

Catherine Reardon asked the board if they felt that the public or the profession would have a problem with changing the names of the licenses.

Audit Report

DEPARTMENT OF COMMERCE AND
ECONOMIC DEVELOPMENT
DIVISION OF OCCUPATIONAL LICENSING
BOARD OF BARBERS AND HAIRDRESSERS

October 24, 1996



Audit Control Number:

08-1442-96

Division of Legislative Audit
P.O. Box 113300, Juneau, Alaska 99811-3300

LEGISLATIVE BUDGET AND AUDIT COMMITTEE

DIVISION OF LEGISLATIVE AUDIT

The Legislative Budget and Audit Committee is a permanent interim committee of the Alaska Legislature. The committee is made up of five senators and five representatives, with one alternate from each legislative chamber. The chairmanship of the committee alternates between the two chambers every legislature.

The committee is responsible for providing the legislature with audits of state government agencies. The programs and activities of state government now cost more than \$5 billion a year. As legislators and administrators try increasingly to allocate state revenues effectively and make government work more efficiently, they need information to evaluate the work of governmental agencies. The audit work performed by the Division of Legislative Audit helps provide that information.

As a guide to all their work, the Division of Legislative Audit complies with generally accepted auditing standards established by the American Institute of Certified Public Accountants and with government auditing standards established by the U.S. General Accounting Office.

Audits are performed at the direction of the Legislative Budget and Audit Committee. Individual legislators or committees can submit requests for audits of specific programs or agencies to the committee for consideration. Copies of all completed audits are available from the Division of Legislative Audit's offices in either Anchorage or Juneau.

BUDGET AND AUDIT COMMITTEE

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Representative Con Bunde
Representative John Davies
Representative Gary Davis
Representative Vic Kohring
Representative Mark Hanley (alternate)

Senator Randy Phillips, Vice Chair
Senator Al Adams
Senator Steve Frank
Senator Rick Halford
Senator Steve Rieger
Senator Fred Zharoff (alternate)

DIVISION OF LEGISLATIVE AUDIT

Randy S. Welker, CPA
Legislative Auditor
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Deputy Legislative Auditor

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ALASKA STATE LEGISLATURE

LEGISLATIVE BUDGET AND AUDIT COMMITTEE

Division of Legislative Audit



P. O. Box 113300
Juneau, AK 99811-3300
(907) 465-3830
FAX (907) 465-2347

October 24, 1996

Members of the Legislative Budget
and Audit Committee:

In accordance with the provisions of Title 24 of the Alaska Statutes, the attached report is submitted for your review.

DEPARTMENT OF COMMERCE
AND ECONOMIC DEVELOPMENT
DIVISION OF OCCUPATIONAL LICENSING
BOARD OF BARBERS AND HAIRDRESSERS

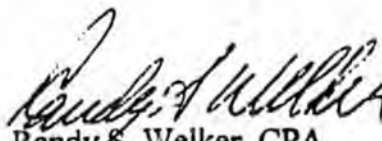
October 24, 1996

Audit Control Number

08-1442-96

The objective of the audit was to determine whether the Board of Barbers and Hairdressers should continue in existence. Alaska Statute 08.03.010(c)(4) terminates the board on June 30, 1997. As of July 1, 1997 the board will begin its one-year "wrap up" period and, if no action is taken by the legislature, the board will be dissolved on June 30, 1998. We recommend that the legislature extend the board until June 30, 2003.

The audit was conducted in accordance with generally accepted government auditing standards. Fieldwork procedures utilized in the course of developing the findings and discussion presented in this report are discussed in the Objectives, Scope, and Methodology section of this report.


Randy S. Welker, CPA
Legislative Auditor