

Annual Report
Fiscal Year 2010

BOARD OF PUBLIC ACCOUNTANCY

July 2010



**DIVISION OF CORPORATIONS, BUSINESS
AND PROFESSIONAL LICENSING**

This Annual Performance Report is presented in accordance with Alaska Statute 08.01.070(1) and Alaska Statute 37.07.080(b). Its purpose is to report the accomplishments, activities, and the past and present needs of the licensing program.

**ALASKA STATE BOARD OF PUBLIC ACCOUNTANCY
FY 2010 ANNUAL REPORT**

TABLE OF CONTENTS

	<u>Page #</u>
IDENTIFICATION OF BOARD.....	1
IDENTIFICATION OF STAFF.....	2
NARRATIVE STATEMENT.....	3-4
BUDGET RECOMMENDATIONS.....	5
PROPOSED LEGISLATIVE RECOMMENDATIONS.....	6
REGULATION RECOMMENDATIONS.....	7
GOALS AND OBJECTIVES.....	8-9
SUNSET AUDIT RECOMMENDATIONS.....	10
STATISTICAL OVERVIEW.....	11-12

ALASKA STATE BOARD OF PUBLIC ACCOUNTANCY
FY 2010 ANNUAL REPORT
IDENTIFICATION OF BOARD

<u>Board Member</u>	<u>Date Appointed</u>	<u>Term Expires</u>
Carla J. Bassler, CPA/PA Chairperson 801 West Fireweed Lane, Suite 202 Anchorage, AK 99503-3678	March 14, 2005	March 1, 2013
Max E. Mertz, CPA/PA Elgee, Rehfeld & Mertz, CPA's LLC 9309 Glacier Hwy., Suite B-200 Juneau, AK 99801	August 3, 2004	March 1, 2012
Bruce Gabrys, CPA/PA Mikunda, Cottrell & Co., Inc. 3601 C St., Suite 600 Anchorage, AK 99503	March 1, 2007	March 1, 2011
Kathleen (Reid) Thompson, CPA/PA Cook & Haugeberg LLC 119 N. Cushman Street, Suite 300 Fairbanks, Alaska 99701	October 16, 2008	March 1, 2013
Elaine R. Williamson, CPA/PA Kohler Schmitt and Hutchison, PC PO Box 70607 Fairbanks, AK 99707	October 18, 2005	March 1, 2013
Rebecca Jensen, Public P.O. Box 47037 Pedro Bay, AK 99647	March 1, 2007	March 1, 2011
John Floyd, Public 3705 Arctic #362 Anchorage, AK 99503	October 16, 2008	March 1, 2012

ALASKA STATE BOARD OF PUBLIC ACCOUNTANCY
FY 2010 ANNUAL REPORT
IDENTIFICATION OF STAFF

Debora Stovern, Licensing Examiner

Department of Commerce Community and Economic Development
Division of Corporations, Business and Professional Licensing
P.O. Box 110806
Juneau, AK 99811-0806
Work: (907) 465-3811
Fax: (907) 465-2974

Cori Hondolero, Records and Licensing Supervisor

Department of Commerce Community and Economic Development
Division of Corporations, Business and Professional Licensing
P.O. Box 110806
Juneau, AK 99811-0806
Work: (907) 465-2588
Fax: (907) 465-2974

Dawn Bundick, Investigator

Department of Commerce Community and Economic Development
Division of Corporations, Business and Professional Licensing
550 West 7th Avenue, Suite 1500
Anchorage, AK 99501-3567
Work: (907) 269-7189
Fax: (907) 269-8195

ALASKA STATE BOARD OF PUBLIC ACCOUNTANCY
FY 2010 ANNUAL REPORT
NARRATIVE STATEMENT

The board continued with its normal business activities of reviewing and approving applications and supporting documents to license Certified Public Accountants, reviewing and approving applications for reinstatements and general permits to practice, approving candidates to sit for the Uniform CPA Examination, and auditing CPE. Disciplinary matters were dealt with in accordance to Alaska State statutes and all regulatory matters were accomplished following established procedures.

The following is a summary of the progress that Accountancy Board of the State of Alaska made towards its Fiscal Year 2010 goals:

1. Review and evaluate statutory and regulatory changes to implement mobility, firm ownership, and an executive administrator position for the board.

This goal was achieved and signed by the governor June 2010.

During the fiscal year ending June 30, 2010, the board prepared legislation of the concept of "mobility". Mobility enhances the ability for CPA's to do business in other states while providing Board's of Accountancies greater ability to regulate those CPA's.

Firm ownership was also enhanced by this legislation. It allows CPA firms to incorporate ownership of non-CPAs with CPAs. CPA firm ownership must still retain majority ownership of CPAs. This will allow CPAs to provide ownership interest to professionals and key employees that are not licensed as CPAs.

In addition this legislation includes a full time position for an executive administrator. This position will provide support to the board with regulations and legislative assistance, and with the position in Anchorage they are available to provide support to the board, Alaska Society of CPA's, greater geographic access for CPAs and CPA candidates, and coordinate board activity and assist the investigative unit which is also located in Anchorage.

The board would like to thank the state support staff, legislators and their staff, the Alaska Society of CPA's, NASBA, and those individuals that dedicated their personal time, support, input and effort in assisting with this legislation.

2. Review and evaluate NASBA services.

In 2007, the Board outsourced the processing of its CPA exam application activities to NASBA's CPA Exam Services. The Board has continued to monitor these services, and finds that this service is fulfilling the Board's goals.

The Board continues to review with NASBA to determine if other services that NASBA provides would be beneficial to the Board, CPA's and the public.

3. Ensure Alaska CPA candidates have positive exam opportunities.

The Board monitors its post-exam questionnaire that is mailed to each candidate in order to monitor the test experience at the Alaska sites. The board reviews the feedback from each exam site and is engaging in on-going dialogue with Prometric and NASBA about these results. In general, the Board has found that NASBA and Prometric continue to provide an acceptable, and continually improving, exam experience to Alaska's CPA candidates.

4. Evaluate and address changes in the professional environment to continue to fulfill our mission to protect the public interests.

Our Board has been actively participating in Annual and regional meetings. The board members travel to the regional and national meetings have provided the board the opportunity to have input in the national regulatory aspect of our profession and provide board member and staff exceptional educational opportunities. The Board has continued to endeavor to participate in and actively monitor NASBA activities. In doing so, board members volunteer for NASBA committees and attend NASBA regional, annual and special meetings. During fiscal year 2010, two board members, Carla Bassler and Max Mertz were appointed to National committees. In addition, the Licensing Examiner and Investigative staff attended NASBA conferences and two to three board members were able to attend annual and regional meeting. We encourage staff and board members to participate in NASBA and to attend both regional and annual meetings in order to stay abreast of the quickly changing accounting environment.

The board feels that it is extremely important for board members to attend the regional and annual NASBA meetings. These meetings are very informative and educational to board members. The conferences provide technical education for new board members which assist the board with their duty of protection of the public. These conferences provide information forums needed to stay abreast of the changing accounting environment; members are able to interact with NASBA staff and request a wide range of assistance from NASBA for legislative drafting to services that they provide.

5. Updating goals and objectives, working with the division and investigative unit.

The board continues to review and update their goals and objectives on an annual basis. The board has been activity participating with the division on web site information, fee structure and the recruitment for the executive administrator position. The Board at each meeting interacts with the investigative division to insure that the mission of protection of the public is upheld and that enforcement is consistently applied.

NASBA = National Association of State Boards of Accountancy

Executive Administrator

Effective January 2, 2011 the board will have a new support staff position, an executive administrator. This position will be located in Anchorage and will provide additional services to CPA's, CPA candidates, the board and board member, and the public. This position will be funded by licensees and applicants for the CPA exam.

ALASKA STATE BOARD OF PUBLIC ACCOUNTANCY
FY 2010 ANNUAL REPORT
BUDGET RECOMMENDATIONS FOR FY 2011

Hold four Board meetings per year at approximately \$5,700 each	\$22,800
Travel and per diem for two Board members to attend the annual National Association of State Boards of Accountancy (NASBA) meeting	\$3,700
Travel and per diem for two Board members to attend the Regional NASBA meeting	\$3,200
Travel and per diem for two staff members to attend the NASBA Executive Director Conference and Legal Council Conference.	\$3,700
Travel and per diem for one Board member and one staff person to attend the annual CLEAR conference	\$3,200
TOTAL COSTS	\$36,600

Board Meeting Travel AS 08.04.025 requires that the board shall hold a minimum of four board meetings per year. The board holds one meeting in Juneau, one meeting in Fairbanks and the other two meetings in Anchorage. The meetings in Juneau and Fairbanks are important in order to reach as many licensees as possible statewide. Board meetings are one and a half to two days with a full agenda. A portion of the meeting is devoted to dealing with administrative issues such as approving licenses, reinstatements, general permits to practice, auditing continuing professional education, and dealing with correspondence and disciplinary problems. The balance of the meeting is devoted to dealing with the changes in the profession as outlined in the Annual Report. During FY 2011 it is expected that board meetings may become more frequent and longer in duration as a result of changes that must be made to Alaska statutes and regulations.

Discretionary Travel -- National Association of State Boards of Accountancy (NASBA) Meetings NASBA, along with the AICPA, establishes national standards for the statutory and regulatory environment for CPA's. Over the past 5 to 10 years NASBA has become much more active as it has responded to the recent accounting scandals. As a result of this activity the statutory and regulatory environment for CPA's has, and continues, to undergo rapid change.

Biannually, the Uniform Accountancy Act is revised. The companion Model Regulations are also revised on a bi-annual alternating schedule. In addition, NASBA now maintains over 30 active committees covering. These committees cover areas directly affecting Alaska CPA regulation in areas such as the CPA exam, compliance assurance, ethics, continuing education, regulatory structures and strategic initiatives.

NASBA has five primary meetings per year. These are the annual meeting (usually held in the fall), two regional meetings (one in the West and one in the East both of which are held in June), the Executive Directors meeting (held in late winter or early spring), and the Legal Staff meeting (held in late winter or early spring). NASBA meetings are well attended by all 54 state and territorial boards of accountancy, with many states sending their full boards. Attendance at the annual meeting or one of the regional meetings should be considered mandatory for every Alaska Board member each year. This is the only effective way for board members to adequately stay informed of the activities of NASBA. It is also very important the new executive administrator attend the Executive Director's meetings this meeting is the only effective way for our Executive Director to stay abreast of activities and efforts of NASBA that may affect our Board and all Alaska CPA's and the public.

**ALASKA STATE BOARD OF PUBLIC ACCOUNTANCY
FY 2010 ANNUAL REPORT
RECOMMENDATIONS FOR PROPOSED LEGISLATION FOR FY 2011**

The Alaska Board of Public Accountancy has no recommendations for proposed legislation at this time.

ALASKA STATE BOARD OF PUBLIC ACCOUNTANCY
FY 2010 ANNUAL REPORT
REGULATION RECOMMENDATIONS FOR FY 2011

The Board is pursuing regulations to update various publications cited as references in a number of their regulations. They are working on regulations to replace a number of Board policies, as recommended by the Department of Law.

In addition, the Board will be pursuing regulations to implement mobility, firm ownership, and an executive administrator position, as established by the legislature during the past session.

ALASKA STATE BOARD OF PUBLIC ACCOUNTANCY

FY 2010 ANNUAL REPORT

GOALS AND OBJECTIVES FOR FY 2011

****Note:** a number of these items have already been accomplished by the passage of legislation during the previous session. The Goals and Objectives will be updated for FY 2011 at the August Board meeting. Please refer to the Narrative Report for specific comments.

Goal 1. Monitor legislation, evaluate and review statutory/regulatory changes needed to:

- a. Monitor and support new legislation presented to the 2010 legislative session regarding
 1. implementing the mobility provisions of the Uniform Accountancy Act (UAA);
 2. firm ownership from 100% CPA ownership to majority CPA ownership; and
 3. a full-time executive administrator position specific to the State Board of Accountancy – this position is supported by the Alaska Society of CPAs (ASCPA) and the State Division of Professional Licensing.
- b. Monitor other statutory/regulatory changes that may need to be reviewed.

Goal 2. Review and evaluate National Association of State Board of Accountancy (NASBA) services.

- a. Continue to monitor NASBA CPA Exam Services (CPAES).
- b. Evaluate additional NASBA services or other providers of services available to the Board.
- c. Determine whether there are other potential service providers.

Goal 3. Ensure Alaska CPA candidates have positive examination opportunities.

- a. Monitor testing experiences through the use of the post-testing survey for all candidates testing at the Anchorage and Fairbanks sites.
- b. Follow-up on concerns indicated in the surveys.
- c. Pursue establishment of Juneau test site with NASBA assistance.
- d. Monitor the development of the renegotiation of the tri-party agreement between the American Institute of Certified Public Accountants (AICPA), NASBA, and Prometric.
- e. Keep the ASCPA and the public abreast of new developments.

Goal 4. Evaluate and address changes in the professional environment to continue to fulfill our mission to protect public interests.

- a. Review new rules proposed by the Public Company Accounting Oversight Board (PCAOB), NASBA, and the AICPA, for impact on Alaska CPAs and make changes to Alaska statutes and regulations as needed.
- b. Continue to review and implement sections of the UAA through a coordinated effort with the ASCPA.
- c. Represent Alaska CPA concerns at regional, annual, and special meetings and support NASBA committee participation.
 1. Promote attendance by staff and new Board members at regional, special and annual meetings to provide understanding of current regulatory issues being dealt with at a national level and a state-by-state level.
 2. Promote attendance of continuing Board members at regional and annual meetings to provide input and to obtain information at both national and state levels regarding matters impacting Alaska CPAs.
- d. Evaluate and review with AICPA and other state boards, use of peer review for enforcement purposes and transparency.

Goal 5. Annually review and update the Board's Goals and Objectives and working Policies and Procedures ("blue book").

Goal 6. Work with the Division regarding

- a. Board fee structure;
- b. budget and analysis for executive administrator position;
- c. Board and staff travel and participation on NASBA meetings; and
- d. ongoing maintenance of the Board web site.

Goal 7. Pursue public awareness of enforcement activities.

- a. Timely update of investigative information and statistics on the Board web site.
- b. Interact with the investigative unit regarding consistency and monitoring of cases.
- c. Continue participation with the NASBA Enforcement Practices Committee.

**ALASKA STATE BOARD OF PUBLIC ACCOUNTANCY
FY 2010 ANNUAL REPORT
SUNSET AUDIT RECOMMENDATIONS**

The Division of Legislative Audit authorized a sunset performance review of the Board of Public Accountancy during Fiscal Years 2008-2009. During the 2009 legislative session, the termination date of the Board was extended through June 30, 2013.

FISCAL YEAR 20____ STATISTICAL OVERVIEW

Program: _____

AS 08. _____

12 AAC _____

Name of Individual Completing Report: _____

Date: _____

CATEGORY	NEW – ISSUED DURING FY 20____	TOTAL AS OF 6/30/____	EXAMINATION/ CREDENTIAL
----------	----------------------------------	--------------------------	----------------------------

A. Current Active Licenses, Endorsements, Permits

(student, locum tenens, limited, courtesy licenses)

List type and if issued by examination or credential, as applicable

(Do not list “temporary permits” or “temporary licenses”)

Example: License Type	10	250	Exam: 6 Credentials: 4
1.			
2.			
3.			
4.			
5.			
6.			
7.			
8.			
9.			
10.			
TOTAL			

B. Current Inactive Licenses (not lapsed licenses)

(Only Medical, Chiropractic, CPA, and Real Estate)

CATEGORY	TOTAL AS OF 6/30/____
1.	
2.	
3.	
4.	
TOTAL	

C. Retired Licenses

CATEGORY	RETIRED DURING FY 20 ____	TOTAL AS OF 6/30/ ____	NOTES
1.			
2.			
TOTAL			

D. Examination Dates

(List each examination administration separately.)

EXAM TYPE	LOCATION	DATE	CANDIDATES	NO. PASSED	NO. FAILED

E. Board Meetings and Teleconferences

DATE	LOCATION <i>(indicate if teleconference)</i>