

Annual Report
Fiscal Year 2011

BOARD OF PUBLIC ACCOUNTANCY

July 2011



**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 2011 ANNUAL REPORT**

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**ALASKA STATE BOARD OF PUBLIC ACCOUNTANCY
 FY 2011 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
Jeffrey L. Johnson, CPA/PA 1100 West Barnette Street, Suite 102 Fairbanks, AK 99701	March 1, 2011	March 1, 2015
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 Secretary/Treasurer Kohler Schmitt and Hutchison, PC PO Box 70607 Fairbanks, AK 99707	October 18, 2005	March 1, 2013
Andre Horton, Public 11610 Suncrest Circle Anchorage, AK 99515	March 1, 2011	March 1, 2015
John Floyd, Public 3705 Arctic #362 Anchorage, AK 99503	October 16, 2008	March 1, 2012

ALASKA STATE BOARD OF PUBLIC ACCOUNTANCY
FY 2011 ANNUAL REPORT
IDENTIFICATION OF STAFF

Vacant, Licensing Examiner

(Debora Stovern until 12/10 & Candice Windom until 5/11)

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
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Dawn Bundick, Investigator

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ALASKA STATE BOARD OF PUBLIC ACCOUNTANCY
FY 2011 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 2011 goals:

1. Monitor legislation, evaluate and review statutory/regulatory changes needed to implement mobility, firm ownership, and an executive administrator position for the Board.

During the fiscal year ending June 30, 2011, the board passed legislation of the concept of “mobility”. Mobility enhances the ability for CPAs to do business in other states, while providing State Boards of Accountancy greater ability to regulate those CPA’s.

New legislation also changed the requirements for firm ownership. CPA firms are now able to include ownership by non-CPA. CPA firm ownership must still retain majority ownership by CPAs. This will allow CPAs to provide ownership interest to professionals and key employees that are not licensed as CPAs.

The Board’s goal for fiscal year ending June 30, 2012 is to implement the regulatory guidelines for these two important statutory changes.

During the past fiscal year, legislation and regulations were executed to complete the regulatory process to allow the Board to hire an Executive Administrator. This position will provided support to the Board with regulations and legislative assistance. With the position based in Anchorage, the Executive Administrator will be available to provide support to the Board and the Alaska Society of CPAs, and coordinate Board activity and assist the investigative unit which is also located in Anchorage, and provide greater geographic access for CPAs and CPA candidates,. The Board anticipates that this position will be filled in the early part of fiscal year 2012.

2. Review and evaluate National Association of State Board of Accountancy (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 other services that NASBA provides, to determining whether they would be beneficial to the Board, CPAs and the public. During the upcoming fiscal year 2012 the Board anticipates reviewing the initial application licensure services provided by NASBA.

3. Ensure Alaska CPA candidates have positive exam opportunities.

CPA examinations in Alaska are conducted by a contractor, Prometric Incorporated. The Board monitors the CPA exam experience by reviewing the post-exam questionnaire that is mailed to each candidate. The Board reviews feedback about each Alaska exam site via questionnaires sent to exam candidates at the close of each quarter and is engaging in on-going dialogue with Prometric and NASBA about these results. In the last fiscal year, the Anchorage site was moved to a temporary location and then to a new permanent location. The Board visited the Anchorage temporary test site

during the year. 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 national and regional meetings. This opportunity to participate in these conferences and meetings has allowed us the ability 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 2011, three board members, Carla Bassler, Max Mertz and Kathleen Thompson were appointed to National committees. 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.

During fiscal year 2011 the Board's travel was severely curtailed. This inability of the Board to travel to attend the NASBA meetings was detrimental to the Board and the Board's mission to protect the public. The accounting profession is constantly changing, new laws are implemented and jurisdictions throughout the nation are experiencing a wide range of issues. By not attending these meetings and conferences, our Board is not able to keep up to the pace of changes regulating the industry. Our licensees pay dues sufficient for and intended for the Board's travel, and there should be no budgetary reason for the State of Alaska to curtail the Board's travel.

The Board feels that it is extremely important for its members to attend the regional, national/annual, and special NASBA meetings. These meetings are very informative and educational to Board members. They are the only practical way for the Board to stay informed on issues regarding how Boards administer their duties, and changes that other Boards are facing. Much of what a Board does is determining the licensure of out-of-state candidates. The conferences provide technical education for new Board members which assist the Board with their duty of protection of the public. These conferences provide the information needed to stay abreast in regard to the ever-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 actively 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 Division investigator to ensure that the mission of protection of the public is upheld and that enforcement is consistently applied.

**Submitted by Carla Bassler, Chair
For Fiscal Year Ended June 30, 2011**

**ALASKA STATE BOARD OF PUBLIC ACCOUNTANCY
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 BUDGET RECOMMENDATIONS FOR FY 2012**

Hold four Board meetings per year at approximately \$5,700 each	\$22,800.00
Travel and per diem for two staff members to attend the NASBA Executive Director Conference and Legal Council Conference	\$3,700.00
Travel and per diem for three Board members to attend the Regional NASBA meeting (One board member is eligible for a scholarship)	\$4,000.00
Travel and per diem for two Board members to attend the annual NASBA meeting	\$4,000.00
Travel and per diem for one Board member to attend the NASBA International conference	\$2,000.00
TOTAL COSTS	\$36,500.00

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 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 2012 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.

Out of State 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 biannual alternating schedule. In addition, NASBA now maintains over 30 active committees. These committees cover areas directly affecting Alaska CPA regulations in areas such as the CPA exam, compliance assurance, ethics, continuing education, regulatory structures and strategic initiatives.

NASBA has six 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), the Legal Staff meeting (held in late winter or early spring), and the international meeting (usually held in summer or fall). 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 and the accounting regulatory areas. 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. Our budgeted travel is necessary to our mission, is fully funded by our occupation license fees, and is supported by our license holders.

**ALASKA STATE BOARD OF PUBLIC ACCOUNTANCY
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RECOMMENDATIONS FOR PROPOSED LEGISLATION FOR FY 2012**

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

ALASKA STATE BOARD OF PUBLIC ACCOUNTANCY
FY 2011 ANNUAL REPORT
REGULATION RECOMMENDATIONS FOR FY 2012

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.

The Board will also consider a possible regulation change for inactive/retired license designations.

ALASKA STATE BOARD OF PUBLIC ACCOUNTANCY

FY 2011 ANNUAL REPORT

GOALS AND OBJECTIVES FOR FY 2012

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

- a. Develop regulation to implement new legislation passed by 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. Develop a job description and hire a full-time Executive Administrator position specific to the State Board of Accountancy
- 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. After the Executive Administrator has been hired, consider using initial application licensure services from NASBA services

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

- a. Monitor testing experiences by visiting sites and using the post-testing survey for all candidates testing at the Anchorage and Fairbanks sites. An increased emphasis will be given to the timely delivery of the surveys to the candidates, perhaps by making them available on-site after.
- b. Follow-up on concerns indicated in the surveys.
- c. 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 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. Work with the Division regarding

- a. Board fee structure;
- b. Board and staff travel and participation on NASBA meetings, to include
 - Executive Administrator attendance at NASBA annual and regional meetings and NASBA Executive Director conference;
 - At least three Board member's attendance at both NASBA annual and regional meetings;
 - One Board member or Executive Secretary attendance at special NASBA meetings, as they arise; and
- c. ongoing maintenance of the Board web site.

Goal 6. Pursue public awareness of enforcement activities.

- a. Timely update of open and closed 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
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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 FY 20__	TOTAL AS OF 6/30/____	EXAMINATION/ CREDENTIAL
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A. Current Active Licenses, Endorsements, Permits, Exam Fees, Course Approval Fees

(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.			
11.			
12.			
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>)