

Annual Report
Fiscal Year 2012

BOARD OF PUBLIC ACCOUNTANCY

July 2012



**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 2012 ANNUAL REPORT**

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**ALASKA STATE BOARD OF PUBLIC ACCOUNTANCY
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IDENTIFICATION OF BOARD**

<u>Board Member</u>	<u>Date Appointed</u>	<u>Term Expires</u>
Jeffrey L. Johnson, CPA/PA Chairperson (May 4, 2012 – June 30, 2012)	March 1, 2011	March 1, 2015
Carla J. Bassler, CPA/PA Chairperson (July 1, 2011 – May 3, 2012)	March 14, 2005	March 1, 2013
Kathleen (Reid) Thompson, CPA/PA	October 16, 2008	March 1, 2014
Elaine R. Williamson, CPA/PA Secretary/Treasurer	October 18, 2005	March 1, 2013
Andre Horton, Public	March 1, 2011	March 1, 2015
Karen Brewer-Tarver, CPA/PA	March 1, 2012	March 1, 2016
Wayne Don, Public	March 1, 2012	March 1, 2016
John Floyd, Public	October 16, 2008	March 1, 2012
Max E. Mertz, CPA/PA	August 3, 2004	March 1, 2012

ALASKA STATE BOARD OF PUBLIC ACCOUNTANCY
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IDENTIFICATION OF STAFF

Cori Hondolero, Executive Administrator (starting 2/23/2012)

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

Al Kennedy, Investigator

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ALASKA STATE BOARD OF PUBLIC ACCOUNTANCY
FY 2012 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 2012 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, 2012, 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 was to implement the regulatory guidelines for these two important statutory changes.

The Board adopted new regulations regarding firm ownership during FY12; the new regulations will take effect in early August 2012.

The Board filled the Executive Administrator position in late February 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 2013 the Board anticipates reviewing other 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 e-mailed to each candidate. The Board reviews feedback from each exam site and is engaging in on-going dialogue with Prometric and NASBA about these results. The Board visited the Anchorage and Fairbanks test sites during the year. The Board has concluded 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 2012, four Board members, Carla Bassler, Max Mertz, Elaine Williamson and Jeff Johnson participated as members of NASBA 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.

The inability of the Board to travel to attend the NASBA meetings would be 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 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 of the executive administrator position. The Board at each meeting interacts with the investigative unit to insure that the mission of protection of the public is upheld and that enforcement is consistently applied.

**Submitted by Jeff Johnson, Chair
For Fiscal Year Ended June 30, 2012**

**ALASKA STATE BOARD OF PUBLIC ACCOUNTANCY
 FY 2012 ANNUAL REPORT
 BUDGET RECOMMENDATIONS FOR FY 2013**

Hold four Board meetings per year at approximately \$5,750 each	\$23,000
Travel and per diem for two staff members to attend the NASBA Executive Director Conference and Legal Council Conference	\$6,000
Travel and per diem for the Executive Administrator to attend NASBA University (airfare, hotel, some meals provided)	\$400
Travel and per diem for two Board members and the Executive Administrator to attend the Regional NASBA meeting (One board member is eligible for a scholarship)	\$9,000
Travel and per diem for two Board members and the Executive Administrator to attend the annual NASBA meeting	\$9,000
Travel and per diem for two Board members and the Executive Administrator to attend the NASBA international Conference	\$3,000
TOTAL COSTS	\$50,400

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 2013 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 Board. 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 Administrator to stay abreast of activities and efforts of NASBA that may affect our Board, Alaska CPA's and the public. In addition the meetings allow our EA to connect with EAs from other States to review problems and solutions affecting licensing administration. 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
FY 2012 ANNUAL REPORT
RECOMMENDATIONS FOR PROPOSED LEGISLATION FOR FY 2013**

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

**ALASKA STATE BOARD OF PUBLIC ACCOUNTANCY
FY 2012 ANNUAL REPORT
REGULATION RECOMMENDATIONS FOR FY 2013**

The Board intends to finish the last of the regulations regarding firm ownership.

The Board will look at amending 12 AAC 04.130 regarding meeting notices and may remove the 30 day notice requirement.

In addition, the Board will also consider a possible regulation change for inactive/retired license designations.

ALASKA STATE BOARD OF PUBLIC ACCOUNTANCY

FY 2012 ANNUAL REPORT

GOALS AND OBJECTIVES FOR FY 2013

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

- a. Mentor executive administrator and assist administrator in developing procedures and goals for timely response to CPA and CPA candidate requests.
- b. Evaluate semi or autonomous board and develop legislation if deemed desirable.
- c. 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 including developing an approach to the use of the CPA title by inactive or retired licenses.
- 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.

Goal 5. Work with the Division regarding

- a. Future licensee fee structure;
- b. Board and staff travel and participation on NASBA meetings including:
 1. Executive Administrator will attend NASBA annual and regional meetings and the NASBA Executive Director conference.
 2. No less than three (3) Board members will attend the NASBA regional conference and three (3) Board members will attend the annual NASBA meeting.
 3. One Board member or the Executive Administrator will attend any special NASBA meetings as they arise.
- 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.
- d. Executive Administrator to provide enforcement decisions to the general public.

Goal 7. Prepare for and participate in the Western Regional meeting June 2012, Anchorage.

**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.

The Board is currently being evaluated and anticipates a favorable review.

FISCAL YEAR 20____ STATISTICAL OVERVIEW

Program: _____

AS 08. _____

12 AAC _____

Name of Individual Completing Report: _____

Date: _____

FY12 LICENSEES	NEW-ISSUED FY 20____	TOTAL AS OF 6/30/____

A. Current Active Licenses, Endorsements, Permits

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

LICENSE TYPE & PROGRAM CODE	Lic. Type Code	Status Code	NEW-ISSUED FY 20____	TOTAL AS OF 6/30/____	LICENSURE BASIS
Example: Civil Engineer - AEL	C	AA	10	250	Exam: 6 Credentials: 4
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					
11.					
12.					
13.					
TOTAL					

B. Temporary Licenses

LICENSE TYPE & PROGRAM CODE	Lic. Type Code	Status Code	NEW-ISSUED FY 20____	TOTAL AS OF 6/30/____	NOTES
Example: Physical Therapist - PHY	R	AA	4	24	
1.					
2.					
3.					
4.					
TOTAL					

C. Current Licenses Issued as Inactive (not lapsed licenses)
 (Only Medical, Chiropractic, CPA, and Real Estate)

LICENSE TYPE & PROGRAM CODE	Lic. Type Code	Status Code	TOTAL AS OF 6/30/____
Example: Salesperson - REC	S	II	64
1.			
2.			
3.			
4.			
TOTAL			

D. Retired Licenses

CATEGORY & PROGRAM CODE	Lic. Type Code	Status Code	RETIRED DURING FY 20____	TOTAL AS OF 6/30/____	NOTES
Example: Osteopath - MED	O	RR	1	8	
1.					
2.					
3.					
TOTAL					

E. Examination Detail

(List each examination administration separately. Write "See Attached" and attach a separate sheet if necessary.)

EXAM TYPE	LOCATION	DATE	CANDIDATES	NO. PASSED	NO. FAILED
Number of Postponed Exams					
Number of Exam Reviews					

F. Miscellaneous Program Activity

List all instances of fee-related work performed under Centralized Regulations per 12 AAC 02.105 (tracked by each program's fee ticker)

DESCRIPTION	TOTAL
Example: License Verification	62

G. Miscellaneous Program Activity

List all instances of fee-related work performed under the licensing program's regulations that is not included above

DESCRIPTION	TOTAL
Example: Course Approval	16

H. Board Meetings and Teleconferences

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