ALASKA STATE LEGISLATURE

LEGISLATIVE BUDGET AND AUDIT COMMITTEE

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September 22, 2008

Members of the Legislative Budget
and Audit Committee:

In accordance with the provisions of Title 24 and Title 44 of the Alaska Statutes, sunset legislation, we have reviewed the activities of the State Board of Registration for Architects, Engineers, and Land Surveyors. The attached report is submitted for your review.

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

September 22, 2008

Audit Control Number
08-20058-08

This review examines the activities of the State Board of Registration for Architects, Engineers, and Land Surveyors to determine if there is a demonstrated need for its continued existence. Currently, under AS 08.03.010(c)(3), the State Board of Registration for Architects, Engineers, and Land Surveyors is scheduled to terminate on June 30, 2009. We recommend that the legislature extend the board's termination date to June 30, 2017.

The audit was conducted in accordance with generally accepted government audit standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. Fieldwork procedures utilized in the course of developing the findings and discussion presented in this report are discussed in the Objectives, Scope, and Methodology.

Pat Davidson

Pat Davidson, CPA
Legislative Auditor

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OBJECTIVES, SCOPE, AND METHODOLOGY

In accordance with Titles 24 and 44 of the Alaska Statutes, we have reviewed the activities of the State Board of Registration for Architects, Engineers, and Land Surveyors (BRAELS or board) to determine if there is a demonstrated public need for its continued existence and if it has been operating in an efficient and effective manner.

As required by AS 44.66.050(a), this report shall be considered by the committee of reference during the legislative oversight process in determining whether BRAELS shall be continued. Currently, AS 08.03.010(c)(3) states that the board will terminate on June 30, 2009. If the legislature does not extend the termination date for the board, BRAELS will have one year to conclude its administrative operations.

Objectives

The three central, interrelated objectives of our report 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.
3. To determine if the board has exercised appropriate regulatory oversight of architects, engineers, land surveyors, and landscape architects.

Scope

The assessment of operations and performance of the board was based on criteria set out in AS 44.66.050(c). Criteria set out in this statute relates to the determination of a demonstrated public need for the board. We reviewed the board's activities for FY 05 through FY 08.

Methodology

The major areas of our review were board proceedings, licensing, and complaint investigation. During the course of our audit we:

- Reviewed applicable statutes and regulations.
- Tested for compliance with statutes and regulations related to the State Board of Registration for Architects, Engineers, and Land Surveyors.
- Reviewed meeting minutes of the board.
- Reviewed and tested licensing files for compliance with statutory and regulatory requirements.
- Reviewed and analyzed investigation files.
- Reviewed annual reports issued by the board.
- Corresponded with the Department of Administration, Division of Personnel, the Equal Employment Opportunity Commission, the Human Rights Commission, the Office of

Victim's Rights, and the State Ombudsman's Office regarding complaints against BRAELS.

- Reviewed the reading and correspondence files maintained with the Department of Commerce, Community, and Economic Development's Division of Corporations, Business, and Professional Licensing.
- Interviewed employees of the Division of Corporations, Business, and Professional Licensing and BRAELS board members.

ORGANIZATION AND FUNCTION

The State Board of Registration for Architects, Engineers, and Land Surveyors (BRAELS or board) is a regulatory board consisting of 10 members appointed by the governor. The board consists of two civil engineers, two land surveyors, one mining engineer, one electrical or mechanical engineer, one engineer from another branch of the profession of engineering, two architects, and one public member[1].

Alaska Statute requires each board member to have been a resident of the State for three consecutive years immediately preceding an appointment to BRAELS.

Additionally, except for the public member, board members must be registered and have a minimum of five years of professional practice in their field.

Exhibit 1

STATE BOARD OF REGISTRATION FOR ARCHITECTS, ENGINEERS, AND LAND SURVEYORS
(As of June 30, 2008)

Professional Members
Boyd Brownfield, Chair, Civil Engineer
Craig Fredeen, Vice Chair, Mechanical Engineer
Mark Morris, Secretary, Electrical Engineer
Charles Leet, Civil Engineer
Clifford Baker, Land Surveyor
Richard Heieren, Land Surveyor
Daniel Walsh, Mining Engineer
Harley Hightower, Architect
Burdett Lent, Landscape Architect (non-voting)
Vacant, Architect

Public Member
Vacant

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

1. Describing the contents, conducting, and establishing a minimum score for passing examinations.
2. Establishing bylaws governing its meetings and activities.
3. Publishing a code of ethics or professional conduct for those persons regulated by the board.
4. Establishing continuing education requirements for persons regulated by the board.

The board may issue registrations to architects, engineers, land surveyors, and landscape architects who meet the standards of education and training determined to be necessary by the board. In addition to issuing new or renewal registrations, the board may also suspend, refuse to renew, or revoke registrations.

By statute, the Department of Commerce, Community, and Economic Development's, Division of Corporations, Business, and Professional Licensing (division) provides administrative support to the board. Administrative support is carried out by the board's

[1] In August 2007, the board voted to introduce legislation to make the landscape architect representative a full voting member and increase the board to 11 members. This legislation was introduced in the 2007-2008 legislative session. The result was unsuccessful and legislation will again be introduced in the 2008 – 2009 legislative session. Currently, the Landscape Architect seat is non-voting.

Executive Administrator and Licensing Examiner and the division's Office of Consumer Affairs and Investigations.

Administrative support includes budgetary services and functions such as collecting fees, maintaining files, receiving application forms, and publishing notices of examinations and meetings.

AS 08.01.087 empowers the division with the authority to act on its own initiative or in response to a complaint. The division may:

1. Conduct an investigation if it appears a person is engaged or about to engage in a prohibited professional practice.
2. Bring an action in Superior Court to enjoin the act.
3. Examine the books and records of a registrant or an individual engaged in practices regulated by the board.
4. Issue subpoenas for the attendance of witnesses and records.

REPORT CONCLUSIONS

Under AS 08.03.010(c)(3), the Board of Registration for Architects, Engineers, and Land Surveyors (BRAELS or board) will terminate on June 30, 2009. If the legislature does not take action to extend the board's termination date, AS 08.03.020 provides that the board will have one year in which to conclude its administrative operations.

In our opinion, the termination date for the board should be extended. BRAELS serves a public purpose and has demonstrated an ability to conduct its business in a satisfactory manner. The registration of qualified architects, engineers, land surveyors, and landscape architects benefits the public's health, safety, and welfare. We recommend that the legislature extend the termination date of the board until June 30, 2017.

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FINDINGS AND RECOMMENDATIONS

Recommendation No. 1

The Department of Commerce, Community, and Economic Development Division of Corporations, Business, and Professional Licensing, in conjunction with the State Board of Registration for Architects, Engineers, and Land Surveyors (BRAELS), should review registration fees as provided by statute and consider decreasing fees.

BRAELS has a significant cumulative surplus of revenues. The FY 08 surplus income is almost twice the four year average of expenditures. Additionally, the division has not reviewed BRAELS registration rates since 2005.

Based on the division's 2005 review, BRAELS registration fees were increased for the 2006-2007 biennium registration period. However, the division's review was flawed due to understated revenue information. The division neglected to include over half a million dollars in registration fees paid through the internet in its analysis[2].

AS 08.01.065(c) states that:

> *...the department shall establish fee levels under (a) of this section so that the total amount of fees collected for an occupation approximately equals the actual regulatory costs for the occupation. The department shall annually review each fee level to determine whether the regulatory costs of each occupation are approximately equal to fee collections related to that occupation.*

The division was unable to provide an explanation of BRAELS's need for the cumulative surplus of excess revenue from registration fees. Without the required annual review of registration fee levels, it is likely that the board will continue to accumulate revenue in excess of its regulatory costs.

We recommend the division, in conjunction with the board, review registration fees and regulatory expenditures as required by statute and determine whether a fee decrease is necessary to reduce BRAELS's current surplus. Further, we recommend that the division perform the annual review of fee levels as defined in state statute.

[2] Specifically, revenues collected electronically over the internet were missing from the rate review. These missing revenues total: FY 02 (renewal year) $230,283, FY 03 $780, and FY 04 (renewal year) $435,318.

Recommendation No. 2

The director of Corporations, Business, and Professional Licensing should ensure that BRAELS registrants that are Corporations, Limited Liability Companies (LLC's), and Limited Liability Partnerships (LLP's) are licensed in accordance with state regulations.

In addition to registering individuals, the board also registers architects, engineer, land surveyor, and landscape architect corporations, LLC's and LLP's. State regulation[3] requires that:

1. Corporations, LLPs or LLCs designate an individual currently registered in Alaska as the responsible person for each field of practice, and;
2. The entity must provide full authority to the designated individual to make all final practice decisions on behalf of the corporation, LLC, or LLP.

In FY 08, over 35% of corporations, LLC's, and LLP's registered by division staff were registered without the required documentation showing the acceptance by the individual designated by the entity as the responsible person for each field of practice.

12 AAC 36.135(7) states that:

> *...a certified statement on a form provided by the board, stating that each licensee designated in responsible charge for each branch of practice acknowledges and agrees to that designation by the corporation, limited liability company, or limited liability partnership; the statement must include each responsible charge licensee's (A) state registration number; (B) registration expiration date; (C) professional seal; and (D) signature.*

We recommend that the director of Corporations, Business, and Professional Licensing obtain any missing certified statement of acceptance, from the responsible person, for all corporations, LLCs and LLPs currently licensed. The director should also have registration procedures corrected to ensure all required documentation is obtained prior to registering any corporations, LLCs or LLPs.

Recommendation No. 3

The Office of the Governor should fill vacant seats on the State Board of Registration for Architects, Engineers, and Land Surveyors in a timely manner.

For the past nine months, the board has not been in a position to serve in the best interest of the public due to board vacancies. The public member seat has been vacant since December 5, 2007 and an architect seat vacant since March 1, 2008.

[3] 12 AAC 36.135(3).

Alaska Statute 08.48.011(b) states that the board consists of ten members appointed by the governor having the qualifications as set out in AS 08.48.031. The board consists of two civil engineers, two land surveyors, one mining engineer, one electrical or mechanical engineer, one engineer from another branch of the profession of engineering, two architects, and one public member.

Staff turnover in the Office of Boards and Commissions has negatively impacted the Governor's ability to make timely appointments to the State Board of Registration for Architects, Engineers, and Land Surveyors.

The public has not been represented by a seat on the board for the past three meetings; architects have not been fully represented for the past two meetings.

We recommend that the Office of the Governor fill vacant seats on the State Board of Registration for Architects, Engineers, and Land Surveyors in a timely manner.

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ANALYSIS OF PUBLIC NEED

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

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

The State Board of Registration for Architects, Engineers, and Land Surveyors (BRAELS or board), through its registration of architects, engineers, land surveyors and landscape architects, has presented competent professionals to the public. There is a continued public need for this board because of the professional expertise required to practice the varied professions within its scope. The registering of applicants who meet the required qualifications is necessary to protect the public's safety, health, and welfare.

The board is responsible for adopting regulations to ensure only persons with the proper qualifications are admitted into the profession. The board disciplines, suspends, or revokes registrations of practitioners who have committed acts in violation of state law. Registrants are required to stamp final drawings, specifications, surveys, plats, plates, reports, and 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 the registrant has met the minimum standard set to protect public safety, health, and welfare.

Determine 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.

The board receives its primary revenue from registration and renewal fees. Renewals are conducted on a biennial basis creating a two-year cycle in board revenues. The board has had an ending cumulative surplus since FY 06, see Exhibit 2 on the following page.

BRAELS registration fees have not been reviewed since October 2005 when fees were increased $100. This increase in registration fees was based on understated revenue information. We recommended that the division, using corrected revenue information, review registration rates and consider changes to fee levels to reduce this cumulative surplus in income, see Recommendation No. 1.

Exhibit 2

State Board of Registration for Architects, Engineers, and Land Surveyors
Schedule of License Revenue and Expenditures
As of June 30, 2008
(Unaudited)

	FY 05	FY 06	FY 07	FY 08
Regular Revenue	$170,065	$870,474	$185,778	$ 903,769
Online Revenue	1	890,983	4,425	864,941
Total Revenues	**170,066**	**1,761,457**	**190,203**	**1,768,710**
Direct Expenditures				
Personal Services	268,313	286,842	242,015	199,898
Travel	36,362	59,818	41,040	33,863
Services	146,170	176,596	100,339	147,836
Commodities	1,472	1,845	1,271	1,456
Total Direct Expenditures	452,317	525,101	384,665	383,053
Administrative Indirect Costs	303,021	273,258	353,890	310,652
Total Expenditures	**755,338**	**798,359**	**738,555**	**693,705**
Annual Revenues over (under) Expenditures	(585,272)	963,098	(548,352)	1,075,005
Beginning Cumulative Surplus (Deficit)	469,600	(115,672)	847,426	299,074
Ending Cumulative Surplus (Deficit)	$ (115,672)	$ 847,426	$ 299,074	$ 1,374,079

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

In FY 08 the board supported SB 263 which was passed into law (Ch. 66, SLA 2005) on June 6, 2008. This law provided a BRAELS registration exemption for persons already authorized by the Department of Public Safety who are engaged in the design of fire detection and suppression systems. Additionally, this law allowed that if a mining engineer who qualifies for appointment to the board and is interested in serving on the board is not available, the governor may appoint a petroleum or chemical engineer to the seat designated for a mining engineer.

The board has also worked to make needed revisions to BRAELS regulations. Significant changes to regulations include:

- 12 AAC 36.061(a)(2) – Updating the National Council of Architectural Registration Boards' education standards.
- 12 AAC 36.067 – Changing the computation of qualifying experience days for admission to the examination.
- 12 AAC 36.068 – Updating landscape architect mentoring regulations.
- 12 AAC 36.100 – Mandating an applicant seeking registration by examination pass a jurisprudence questionnaire, with the exception of land surveyors.
- 12 AAC 36.910 – Enacting stricter policies to board member absences.
- 12 AAC 36.510 – Changing the continuing education requirements for architects, engineers, and landscape architects.

Determine 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.

Board meeting dates, times and locations are published both on the State's Online Public Notice system and in the Anchorage Daily News. In addition, board members extend meeting invitations to peers and to the public, and promote use of the BRAELS ListServ[4] function. Meetings are rotated between the State's three largest cities and time was provided at every meeting for public comment.

Online public notice was not given for the board's November 17, 2006 and May 17, 2007 meetings. Additionally, public notice was only given ten days in advance of the August 9, 2007 meeting, instead of the required 15 days notice. These omissions were caused by staff turnover in the Department of Commerce, Community, and Economic Development's, Division of Corporations, Business, and Professional Licensing publications technician position.

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

Meetings were sufficiently advertised; time was allotted in the agenda of each meeting for public discussion; and often, public members with knowledge in a specific field were sought to share their insights. Public notices of proposed regulations are published on the Alaska State website, and circulated to architects, engineers, land surveyors and landscape architects in professional trade journals, public notice advertisements, and direct mail correspondence with the division. The board reviews and considers all public correspondence at their meetings.

[4] ListServ is the board's electronic mailing list. Members receive agendas, minutes and other board-related materials.

Determine 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 victims' rights or the office of the ombudsman have been processed and resolved.

Complaints

No complaints against the board were reported to the State Department of Administration's Division of Personnel, the Equal Employment Opportunity Commission, the Human Rights Commission, or the Office of Victim's Rights.

The State Ombudsman received four complaints against the board from FY 05 to FY 08. Three were declined based on a lack of jurisdiction and the fourth involved providing oral advice to the complainant. Each of these cases was closed the same day they were received.

We received a complaint regarding possibly inappropriate communications between the board and the administrative law judge (ALJ) while the board was meeting in executive session. In the cases of professional occupation boards, the dispute before an ALJ would be between the complainant and the attorney general's office. Since it is the board that decides to accept or reject the ALJ's decision, the board itself is not a party to the dispute.

Typically when transmitting their decision, the ALJ will offer the board an opportunity to meet and answer questions that the board might have. If the board meets with the ALJ as part of its deliberation regarding a possible licensing action, this would be done in executive session. This process appears reasonable given the relative duties and responsibilities of both the board and the ALJ.

Registrant Investigations

The board sets goals and then develops objectives in order to meet these goals. Two objectives related to investigations were developed and accomplished. These objectives included working to reduce the backlog of enforcement cases and having active participation in investigations. A special board committee was created to work with investigators on technical issues and expedite cases. The length of time between when cases opened and closed and the amount of cases open have significantly declined during the last four years.

From the period of July 1, 2005 through June 19, 2008, 245 investigation cases were open or opened with the Division of Corporations, Business and Professional Licensing's Office of Consumer Affairs and Investigations (OCAI)[5]. Types of cases are summarized on the next page.

[5] The investigations unit in the Department of Commerce, Community and Economic Development's Division of Corporations, Business, and Professional Licensing was reorganized effective July 1, 2008 as the Office of Consumer Affairs and Investigations.

- Unlicensed Practice/Activity (94)
- Violation of Licensing Regulations (65)
- Negligence (27)
- Practice Beyond Scope (17)
- Violating Professional Ethics (11)
- License Application Practice (8)
- Incompetence (5)
- Fraud/Misrepresentation (5)
- Other (4)
- Violation of Agreement (3)
- Contested License Denial (2)
- Action in Another State (2)
- Supervision (1)
- Malpractice (1)

Of these 245 cases open or opened, 230 were closed in an average of 2.5 months time. Exhibit 3 identifies the actions taken in these closed cases:

Exhibit 3

Case Closure Summary July 1, 2005 - June 19, 2008

Disposition of Closed Cases	Number of Cases
Advisement Letter	113
Compliance	57
No Action - No Violation, Unfounded or Insufficient Evidence	47
Other	6
License Action	4
Incomplete Complaint	2
Director Caseload Reduction	1

Of the remaining 15 cases open, 14 cases were assigned to OCAI and one case to the Office of Administrative Hearings. The average time these 14 cases have been opened with OCAI is 4.6 months and all have a case priority level of 3[6].

OCAI is effectively investigating cases, and the board has operated efficiently by taking necessary enforcement actions. These board actions were both fair and objective.

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

The board registers architects, engineers, land surveyors, or landscape architects either by

[6] Case Priority levels are defined as:

Level 1 - Incident represents an immediate danger to public,

Level 2 - Incidents which by the severity of their nature dictate a high priority,

Level 3 - Incidents that are less serious in nature and do not appear to constitute immediate or severe pubic danger or serious damages,

Level 4 - Incidents involving failure to comply with statutes or regulations which are discovered through the course of proactive enforcement on the part of the Investigative Unit, but do not meet the criteria of priority 1 - 3. This type of enforcement can only occur when manpower and caseload allow.

examination or by using past performance records. Registration using past performance records is more commonly referred to as registration by comity. Each applicant is required to satisfy the requirements listed in State regulations for registration. In addition, architect, engineer, and landscape architect applicants are required to complete a board-approved university level course in arctic engineering. The registration application process appears to be reasonable and appropriate. We found no instances of unqualified applicants being registered.

In 35% of licenses issued to corporations, limited liability companies, and limited liability partnerships, the certified statement acknowledging and agreeing with the responsible party designation had not been obtained by the division. Obtaining this statement is required by regulation,[7] see Recommendation No. 2.

The board implemented continuing education (CE) requirements for Land Surveyors during the 2007 renewal period. Architects, engineers, and landscape architects will be required to fulfill CE requirements for the 2009 renewal period. Registrants fulfill CE requirements on the honor system and a sample is audited by division staff for compliance. Due to a procedural error, division staff only audited 7% sample of registrants for compliance instead of the 10% defined in regulations.

Concerns surfaced in FY 08 regarding the board's comity policy with Canada, specifically, that the Board waived the fundamentals of engineering examination (FE) if a Canadian engineer applicant had at least 5 years of experience.

The board's position is that Canada's education program for engineers differs from that of the United States (US) and therefore comity regulations[8] for Canadian engineers differ. As explained by a board member, in the US, engineering candidates receive a bachelor's degree and then sit for the FE exam. The FE exam tests engineering basics. After at least four years of work experience an US applicant sits for the Practice of Engineering (PE) exam prior to being registered.

In Canada, engineering candidates go to school longer and are subject to a rigorous mentoring program. These Canadian schools and mentoring programs' curriculums exceed what is tested on the US FE exam, and therefore the exam is waived. Canadian engineers applying for practice in the US are still required to pass the US PE exam. These regulations appear reasonable and a review of the 245 investigations shows no licensing actions taken against Alaskan registered engineers residing in Canada.

The exhibit on the following page summarizes new registrations issued by the board from FY 05 to FY 08.

[7] 12 AAC 36.135
[8] 12 AAC 36.105

Exhibit 4

New Licenses or Permits Issued (Exclusive of Renewals)	FY 05	FY 06	FY 07	FY 08	Current License Holders as of June 30, 2008
Architects	25	22	34	21	539
Landscape Architects	8	5	2	4	45
Land Surveyors	7	11	18	11	478
Chemical Engineers	3	7	6	6	103
Civil Engineers	124	128	117	135	2755
Electrical Engineers	21	33	33	27	581
Mechanical Engineers	39	38	38	30	679
Mining Engineers	2	0	0	1	30
Petroleum Engineers	5	2	2	4	114
Certificate of Authority - Corporations	29	32	43	39	375
Certificate of Authority - LLC	12	15	27	14	90
Certificate of Authority - LLP	0	1	1	0	3

Determine 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.

The board is in compliance with State personnel practices, including affirmative action in qualifying applicants. From FY 05 to FY 08, the board did not deny an applicant registration based on personal attributes.

Determine 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.

Statutory

In August 2007, the board voted to support introduction of legislation to make the landscape architect representative a full voting member. The legislation introduced to revise the statute during the 2007/2008 legislative session was unsuccessful. Currently, board members are working with the Alaska Professional Design Council to craft new legislation to be introduced during the 2008/2009 legislative session. The board anticipates that the landscape architect representative will be a full voting member by spring 2009.

Regulatory

In May 2007, the board voted to begin registering structural, environmental, and fire protection engineers. The special committee assigned to studying additional engineering specialties for registering is now addressing issues such as regulation changes, definitions,

and grandfathering of civil engineers. The board anticipates having these disciplines registered by the end of FY 09.

Other Changes

For the past nine months, the board has been hampered in its work due to board vacancies. The public member seat has been vacant since December 05, 2007 and an architect seat vacant since March 1, 2008; see Recommendation No. 3.

Determine the extent to which the board, commission, or agency has effectively attained its objectives and purposes and the efficiency with which the board, commission, or agency has operated.

BRAELS's mission is to protect the public health, safety, and welfare through the regulation of the practice of architecture, engineering, land surveying, and landscape architecture by:

- Ensuring that those entering these practices meet minimum standards of competency, and maintain such standards during their practice;
- Requiring registration to practice in the State of Alaska; and
- Enforcing both the registration and competency requirements in a fair and uniform manner.

We reviewed the board's goals and objectives established to achieve this mission from FY 05 to FY 08. These goals and related objectives were aligned with the board's mission and they have either been met by the board or the board is in the process of attaining them.

Major goals and objectives the board has successfully met include:

- Implemented continuing education requirements for architects, engineers, land surveyors and landscape architects.
- Reviewed the Arctic Engineering course to ensure all materials used to establish competency in professions are appropriate.
- Evaluated administrative process and staffing functions to ensure effective use of human resources.
- Continually updated the board's website with new and changing information.
- Attended architect, engineer, land surveyor, and landscape architect zone and national meetings.
- Encouraged board members to assume leadership positions in national organizations.

Determine the extent to which the board, commission, or agency duplicates the activities of another governmental agency or the private sector.

BRAELS is the only such board that registers, investigates, and enforces continuing education requirements for architects, engineers, land surveyors and landscape architects in Alaska. BRAELS registrants have the option to affiliate with state and national organizations. We reviewed numerous state and national organizations and have found none that duplicate the efforts of the board.

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STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

October 23, 2008

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OCT 23 2008
LEGISLATIVE AUDIT

Ms. Pat Davidson
Legislative Auditor
Legislative Audit Division
P.O. Box 113300
Juneau, AK 99811-3300

Dear Ms. Davidson:

This letter is in response to your September 22, 2008 confidential preliminary audit report on the State Board of Registration for Architects, Engineers and Land Surveyors.

Recommendation No. 4

The Office of the Governor should fill vacant seats on the State Board of Registration for Architects, Engineers and Land Surveyors in a timely manner.

The Office of the Governor concurs with this recommendation. I appreciate your observation that turnover in the Boards and Commissions office may have played a role in the delay. I am pleased to report that the Governor recently selected the public member for the board, however, we are still working on identifying an architect to fill the remaining vacancy. We find it challenging to find volunteers from the various professions who are willing and able to devote the time necessary to serve on the licensing boards. We will continue to make every effort to fill vacant positions in a timely manner.

If you need additional information, please contact me at 269-7450.

Sincerely,

Frank Bailey, Director
Boards and Commissions

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STATE OF ALASKA
DEPARTMENT OF
COMMERCE
COMMUNITY AND
ECONOMIC DEVELOPMENT
Office of the Commissioner

Sarah Palin, Governor
Emil Notti, Commissioner

October 16, 2008

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OCT 20 2008
LEGISLATIVE AUDIT

Ms. Pat Davidson, CPA
Legislative Auditor
Legislative Budget and Audit Committee
Division of Legislative Audit
P.O. Box 113300
Juneau, AK 99811

Dear Ms. Davidson,

Re: Audit Report, CAN 08-20058-08
Board of Registration for Architects, Engineers and Land Surveyors

Thank you for allowing us to comment on the Audit Report of the State Board of Registration for Architect, Engineers and Land Surveyors.

We concur with your audit findings and recommendations that –

Recommendation No. 1: The Department of Commerce, Community, and Economic Development, Division of Corporations, Business, and Professional Licensing, in conjunction with the State Board of Registration for Architects, Engineers, and Land Surveyors (BRAELS), should review registration fees as provided by statute and consider decreasing fees.

We fully concur with this recommendation and will take immediate action to reassess expenditure and revenue data, and calculate new fee proposals to utilize the surplus of excess revenue. Staff turnover in the Division and miscommunications with the department's Fiscal staff have unfortunately caused this negative impact on incorrect fee assessments. The new fee assessments will be ready for implementation at the next license renewal cycle in December 2009.

Recommendation No. 2: The director of Corporations, Business, and Professional Licensing should ensure that BRAELS registrants that are Corporations, Limited Liability Companies (LLC's), and Limited Liability Partnerships (LLP's) are licensed in accordance with state regulations.

P.O. Box 110800, - 23 - Alaska 99811-0800
Telephone: (907) 465-2500 Fax: (907) 465-5442 Text Telephone: (907) 465-5437
Email: questions@commerce.state.ak.us Website: http://www.commerce.state.ak.us/

We concur with your recommendation. Staff has already initiated the process of reviewing files to obtain a "responsible charge" statement for each business. Since January 2008, there were 50 corporate authorizations issued. Of the 50, seventeen failed to contain the responsible charge statement or a copy of the seal of the responsible charge individual. Attempts to obtain the missing information are currently in progress.

Another item worth mentioning is while many of the files failed to contain a "responsible charge form" as required by regulation, the files do contain correspondence identifying or verifying the designation of the responsible charge individual. The department will ensure procedures are followed to satisfy regulation 12 AAC 36.135(7).

Recommendation No. 3: The Office of the Governor should fill vacant seats on the State Board of Registration for Architects, Engineers, and Land Surveyors in a timely manner.

We concur with this recommendation.

Thank you again for the opportunity to comment on your audit findings.

Sincerely,

Emil Notti /by CH

Emil Notti
Commissioner

STATE OF ALASKA
DEPARTMENT OF
COMMERCE
COMMUNITY AND
ECONOMIC DEVELOPMENT

Sarah Palin, Governor
Emil Notti, Commissioner
Mark R. Davis, Director

Division of Corporations, Business and Professional Licensing

October 21, 2008

Mr. Pat Davidson
Legislative Auditor
Legislative Audit and Budget Committee
PO Box 113300
Juneau, Alaska 99811-3300

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OCT 22 2008
LEGISLATIVE AUDIT

Dear Pat:

I have reviewed the "CONFIDENTIAL" preliminary audit report on:

Department of Commerce, Community, and Economic Development, State Board of Registration for Architects, Engineers and Land Surveyors, September 22, 2008

The Board agrees with the contents and substance of your Preliminary Audit Report dated September, 2008, most notably the three "FINDINGS AND RECOMMENDATIONS" contained therein.

It is further noted that the Preliminary Audit Report removed Recommendation number three of four recommendations contained in an earlier "Management Letter No. 1", State Board of Registration for Architects, Engineers, and Land Surveyors" dated September 9, 2008.

The board will work closely with our divisional staff to bring the recommendations to closure as follows:

- RECOMMENDATION #1. The board will avail itself to and cooperate with our division's budgeting and accounting activities to review registration fees and make appropriate recommendations as provided by statute.

- RECOMMENDATION #2. The board will work closely with our investigative support, as appropriate, to bring closure to those corporations, LLC's and LLP's who are operating without proper documentation and to correct procedures that will ensure the process is complete upon original application.

- RECOMMENDATION #3. The board will continue to emphasize the importance of fielding a complete representation of professionals as defined by statute/regulation. It is noted that, after an extended time without a Public Member, the board has recently received a replacement. Our board needs only to fill an Architect seat.

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In behalf of the board, I appreciate the opportunity to view and provide comment on the contents of these documents

Sincerely,

Richard V Jones

For Boyd J. Brownfield, PE
Chair