

STATE OF ALASKA
LEGISLATIVE BUDGET AND AUDIT COMMITTEE
ANNUAL REPORT
2018

LEGISLATIVE BUDGET AND AUDIT COMMITTEE

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LEGISLATIVE AUDITOR
Kris Curtis, CPA, CISA

LEGISLATIVE FISCAL ANALYST
David Teal

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30th Alaska State Legislature

Legislative Budget & Audit Committee

January 14, 2019

Members of the Legislature

Fellow Members:

In accordance with AS 24.20.311, the following is the 2018 report of the Legislative Budget and Audit Committee. This report outlines the responsibility of the Legislative Budget and Audit Committee and its two professional divisions, the Division of Legislative Audit and the Division of Legislative Finance.

Copies of each audit report released during 2018 are on file in the senate and house chambers, the two finance committees, the Division of Legislative Audit, various libraries throughout the state, and at <http://legaudit.akleg.gov>. We encourage all legislators to utilize this valuable information.

The Legislative Budget and Audit Committee wishes to thank the legislature for its support in 2018.

Respectfully submitted,

Legislative Budget and Audit Committee

A handwritten signature in blue ink, appearing to read "Bert Stedman".

Senator Bert Stedman, Chair

A handwritten signature in blue ink, appearing to read "Andy Josephson".

Representative Andy Josephson, Vice Chair

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ORGANIZATION AND FUNCTION

The Legislative Budget and Audit Committee is a permanent interim committee of the Legislature. It was established in 1955 as the Legislative Audit Committee. The committee is composed of 10 members and two alternates: the chairpersons of the senate and house finance committees; one member selected from each of the senate and house finance committees and appointed by the President of the Senate and the Speaker of the House, respectively; and three members and an alternate appointed from each house by the respective presiding officer. If the chairperson of a finance committee chooses not to serve, the presiding officer appoints a replacement from the finance committee. Alternate members are also appointed from the finance committees.

The committee has the responsibility for providing the legislature with fiscal analysis, budget reviews, audits and performance reviews of state government agencies, and for approving requests from the governor to revise the Appropriations Act. As a result of the passage of Ch. 18, SLA 1980, the committee has authority to monitor lending and investment activities of the State.

To provide the necessary technical assistance to accomplish the purposes, two permanent staff agencies have been created: the Division of Legislative Finance and the Division of Legislative Audit. These divisions report directly to the Legislative Budget and Audit Committee and are independent of executive and judicial agencies. The committee also has several authorized positions to assist with committee activities.

Division of Legislative Finance

One of the primary responsibilities of a state legislative body is to research, draft, and enact revenue and appropriation measures. The Legislative Finance Division has the following statutorily assigned responsibilities to support the legislative budget process:

1. Analyze the budget and appropriation requests of each department, institution, bureau, board, commission, or other agency of state government.

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2. Analyze the revenue requirements of the State.
 3. Provide the legislative finance committees with comprehensive budget review and fiscal analysis services.
 4. Cooperate with the Office of Management and Budget in establishing a comprehensive system for state program budgeting and financial management as set out in the Executive Budget Act (AS 37.07).
 5. Complete studies and prepare reports, memoranda, or other materials as directed by the Legislative Budget and Audit Committee.
 6. With the governor's permission, designate the legislative fiscal analyst to serve ex officio on the governor's budget review committee.
 7. Identify the actual reduction in state expenditures in the first fiscal year following a review under AS 44.66.040 resulting from that review and inform the Legislative Budget and Audit Committee of the amount of the reduction.
 8. Not later than the first legislative day of each first regular session of each legislature, conduct a review in accordance with AS 24.20.235 of the report provided to the division under AS 43.05.095.

The Legislative Finance Division reviews proposed changes to the operating budget and provides the Budget and Audit Committee with an analysis of proposed "revised programs" for committee decisions.

The Legislative Finance Division is staffed by the legislative fiscal analyst (director), six fiscal analysts, information technology staff, and an administrative officer. Division staff also includes the finance committee secretaries and, for budgetary purposes, the finance aides assigned to committee members.

Division of Legislative Audit

In accordance with the Constitution of the State of Alaska and Title 24 of the Alaska Statutes, the legislative auditor and staff conduct the post-audit function in the budget cycle. The Division of Legislative Audit was created in 1955.

All audits performed by the division are external audits; that is, they are performed by an auditor who is independent of the executive head of the government unit or agency being audited. The three major types of audits performed by the division are financial-compliance, performance, and special reports.

1. Financial-Compliance Audit

A financial-compliance audit determines (a) whether financial operations are properly conducted; (b) whether the financial reports of an agency are presented fairly; and (c) whether the entity has complied with applicable laws, regulations, administrative policies, and legislative intent.

2. Performance Audit

A performance audit is conducted to provide the legislature with an evaluation on the manner in which administrators of an agency have faithfully, efficiently, and effectively administered a program. Faithfulness refers to whether or not programs have been administered in accordance with promises made to the legislature and the expression of legislative intent. Effectiveness refers to whether or not planned program objectives have been achieved. Efficiency refers to whether or not program accomplishment has been achieved by using the least-cost combination of resources with a minimum of waste.

The 1977 legislature passed a “sunset law” which requires the division to conduct performance audits of boards, commissions, and agency programs subject to termination under AS 44.66. The audit report, along with other reports and testimony, is considered when determining if there is a public need for a board, commission, or program.

3. Special Audit Report

All special audits are conducted at the request of the committee. Any member of the legislature may request a special audit through the committee. A special audit can cover many things. It can be an audit that is restricted to one part of an agency's operations or it can be an audit reviewing financial transactions for a period of time shorter or longer than a fiscal year.

The Division of Legislative Audit also facilitates performance reviews as required by HB 30, enacted by the Alaska State Legislature in 2013. Performance reviews are systematic assessments of the appropriateness, effectiveness, and efficiency of a department; and are meant to provide information for policy makers, executive branch management, and the public. Performance reviews were defunded beginning in 2017.

ALASKA STATE LEGISLATURE

LEGISLATIVE BUDGET AND AUDIT COMMITTEE

Division of Legislative Audit



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SUMMARY OF: State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2015

PURPOSE AND SCOPE OF THE REPORT

This report summarizes our review of the State of Alaska's basic financial statements and the State's compliance with federal laws and regulations in the administration of approximately \$3.1 billion of federal financial assistance programs. The audit was conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. It also complies with the federal *Single Audit Act Amendments of 1996* and the related *United States Office of Management and Budget Circular A-133*.

The report contains an opinion on the basic financial statements of the State of Alaska for FY 15, recommendations on financial and compliance matters, auditor's reports on internal controls and compliance, the Schedule of Expenditures of Federal Awards, and the Summary of Prior Audit Findings.

REPORT CONCLUSIONS

The basic financial statements for the State of Alaska are fairly presented in accordance with accounting principles generally accepted in the United States of America without qualification.

The State of Alaska did not comply with the Activities Allowed or Unallowed, and the Procurement, Suspension and Debarment requirements applicable to the Distribution of Receipts to State and Local Governments program (DRSLG; CFDA 15.227) administered by the Department of Commerce, Community, and Economic Development. Failure to comply with these requirements resulted in material noncompliance for the DRSLG program. The State has substantially complied with the applicable laws and regulations in the administration of its other major federal financial assistance programs. The report does contain recommendations regarding material weaknesses and significant deficiencies in the State's internal control over financial reporting and internal control over compliance.

FINDINGS AND RECOMMENDATIONS

This report contains 44 recommendations, of which 12 are unresolved issues from last year. Of the 44 recommendations included in this report, one is made to Alaska Housing Finance Corporation and one to the University of Alaska whose audits were performed by other auditors. Also included in this year's recommendations are eight recommendations made to the Department of Health and Social Services whose major federal programs were audited by other auditors. Some of the recommendations made in this report require significant changes in procedures or a shifting of priorities and, therefore, may take more than one year to implement. The Summary Schedule of Prior Audit Findings in Section III identifies the current status of federal program related prior audit recommendations not resolved as of June 30, 2015.

ALASKA STATE LEGISLATURE

LEGISLATIVE BUDGET AND AUDIT COMMITTEE

Division of Legislative Audit

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SUMMARY OF: State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2017

PURPOSE AND SCOPE OF THE REPORT

This report summarizes our review of the State of Alaska's basic financial statements and the State's compliance with federal laws and regulations in the administration of approximately \$4.4 billion of federal financial assistance programs. The audit was conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. It also complies with the federal *Single Audit Act Amendments of 1996* and the related *United States Office of Management and Budget Uniform Guidance*.

The report contains an opinion on the basic financial statements of the State of Alaska for FY 17, recommendations on financial and compliance matters, auditor's reports on internal controls and compliance, the Schedule of Expenditures of Federal Awards, and the Summary of Prior Audit Findings.

REPORT CONCLUSIONS

The basic financial statements for the State of Alaska are fairly presented in accordance with accounting principles generally accepted in the United States of America without qualification.

With the exception of the Medicaid Cluster and the United States Forest Service Fire Suppression Program, the State has substantially complied with the applicable laws and regulations in the administration of its major federal financial assistance programs. The report does contain recommendations regarding material weaknesses and significant deficiencies in the State's internal control over financial reporting and internal control over federal compliance.

FINDINGS AND RECOMMENDATIONS

This report contains 78 recommendations, of which 29 are unresolved issues from last year. Some of the recommendations made in this report require significant changes in procedures or a shifting of priorities and, therefore, may take more than one year to implement. Of the 78 recommendations included in this report, 11 recommendations are made to the Department of Health and Social Services, whose major federal programs were audited by other auditors. The Summary Schedule of Prior Audit Findings in Section III identifies the current status of financial and federal program related prior audit recommendations not resolved as of June 30, 2017.

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Report Highlights

Why DLA Performed This Audit

The audit was requested in response to allegations that the Alaska Mental Health Trust Authority (Authority) was not managing its assets and conducting its business in compliance with applicable laws.

What DLA Recommends

1. The Authority board of trustees should stop investing in commercial real estate through the TLO, consult with the APFC on the treatment of commercial real estate investments acquired to date via TLO, and transfer the Trust Authority Development Account's cash principal balance to the APFC.
2. The Authority's board of trustees should fund future program-related investment (PRI) activities from the Trust income account and reconstitute the APFC with cash principal used on PRIs to date.
3. The Authority's board of trustees should work with the Authority and TLO management to revise the Asset Management Policy Statement and Resource Management Strategy to incorporate industry best practices and facilitate compliance with State investment laws.

Continued on Next Page

A Performance Review of the Department of Revenue, Alaska Mental Health Trust Authority Asset Management and Other Select Issues

February 8, 2018

Audit Control Number 04-30090-18

REPORT CONCLUSIONS

The audit concluded that the Authority's board of trustees violated State statutes and terms of the *State v. Weiss* settlement by diverting \$44.4 million in cash principal from the Alaska Permanent Fund Corporation (APFC). Alaska statutes clearly and unambiguously command that cash principal be managed and invested by the APFC. Despite the requirement, the Authority's board of trustees suspended transfers of cash principal to the APFC for almost 10 years. The board of trustees' actions appeared to be well intentioned, driven by a desire to maximize revenue for use by beneficiaries. However, the actions did not comply with law and were contrary to the roles and responsibilities outlined in the settlement.

Instead of transferring cash principal to the APFC for investment, \$39.5 of \$44.4 million was directly invested in seven commercial real estate properties (five located out-of-state) using the Trust Land Office (TLO) to facilitate the commercial real estate investment transactions and to manage the properties. Six of the seven properties were mortgaged and the proceeds were used, in part, for additional commercial real estate investments. The audit concluded that the TLO does not have the legal authority to manage commercial real estate investments. In accordance with the settlement and State law, investment is a function of the APFC. Furthermore, in approving these investments, the Authority's board inflated investment costs and reduced the asset diversification of the Trust portfolio as a whole. It is more appropriate and efficient to carry out commercial real estate investments via the APFC.

The remaining \$4.9 million in diverted cash principal was used for land development activities, including constructing and developing properties primarily used by beneficiary programs.

Report Highlights (Continued)

4. The Authority's board of trustees and chief executive officer should design and implement written procedures to ensure trustees comply with the Alaska Executive Branch Ethics Act, the Open Meetings Act, and Authority's bylaws.

REPORT CONCLUSIONS (Continued)

Because statutes require cash principal be managed and invested by the APFC, the only potential funding mechanism available in statutes for land development activities is Trust income. Development activities funded by cash principal included the mining exploration of Icy Cape. As of FY 17, the TLO had spent a total of \$1.6 million in cash principal for Icy Cape mine exploration, and the board of trustees approved another \$3 million for additional exploration activities.

In 2017, the Authority's management proposed draft legislation to its board of trustees to allow for the use of cash principal to purchase and develop real estate through the TLO and to ratify similar actions previously taken by the board. Public record provides no evidence that the Authority's management or board of trustees considered the proposed statutory changes in context of the settlement. The audit concluded that proposed changes to the Authority's statutes constitute a material change to statutes that present a substantial risk of provoking successful litigation to void the settlement agreement if the proposed changes become law.

As part of this audit, an investment firm was hired to evaluate the Authority's asset management policies for compliance with State investment law and industry best practices. The contractor concluded that the policies fall short in several areas including: lack of an entity-wide perspective that addresses all Trust assets; lack of guidance for the TLO's commercial real estate investment program; and failure to provide a rationale for using the TLO as a real estate investment manager at the time the investment decisions were made.

The audit concluded that the Authority's board of trustees did not comply with the Alaska Executive Branch Ethics Act, Open Meetings Act, and the Authority's bylaws when conducting its business. Evidence showed that multiple trustees were, at times, intentionally trying to avoid discussing board business in a public manner. Other times, evidence showed the board failed to recognize the importance of or need for adhering to State laws when conducting and noticing its meetings.

The review of Authority activities and relationships did not identify less than arm's length transactions. However, the audit found several employee and trustee professional and personal relationships that created an appearance of related parties or increased the risk of fraud or abuse. The audit found no indication that Authority financial statements materially misstated TLO-managed assets.

Report Highlights

Why DLA Performed This Audit

The audit's purpose was to determine if there is a need for the council's continued existence and whether its termination date should be extended. The council is set to sunset June 30, 2019, and will have one year from that date to conclude its administrative operations.

What DLA Recommends

1. The council's executive director should develop and implement procedures to ensure public notices for meetings are published timely and accurately.
2. The council chair should develop and implement written procedures to ensure performance evaluations are completed annually for the council's executive director.

A Sunset Review of the Department of Health and Social Services, Statewide Suicide Prevention Council (council)

August 3, 2018

Audit Control Number 06-20115-18

REPORT CONCLUSIONS

The audit found the council operated in the public's interest by actively broadening the public's awareness of suicide prevention, and coordinating the efforts of other suicide prevention entities including State agencies, regional groups, coalitions, and local communities. Additionally, the council fulfilled its statutory duty by issuing the 2018-2022 Suicide Prevention Plan and working closely with stakeholders to add and refine the plan's strategies, resources, and indicators. The audit also concluded that administrative improvements were needed to ensure council meetings are adequately public noticed and the executive director is consistently evaluated on an annual basis.

In accordance with AS 44.66.010(a)(7), the council is scheduled to terminate on June 30, 2019. We recommend that the legislature extend the council's termination date to June 30, 2027.

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Report Highlights

Why DLA Performed This Audit

The purpose of the audit was to determine if there is a need for the board's continued existence and whether its termination date should be extended. The board is set to sunset June 30, 2018, and will have one year from that date to conclude its administrative operations.

What DLA Recommends

1. The authority to renew licenses should be limited to the board.
2. The board should issue recreational site licenses in accordance with statutory requirements.
3. The board should issue beverage dispensary licenses in accordance with statutory requirements.
4. The board, AMCO director, and enforcement supervisor should work together to formally establish an enforcement plan to direct AMCO's limited enforcement resources.
5. The board and AMCO director should implement a process to monitor and track complaints to ensure they are assessed for follow up action and investigated in a timely manner.

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A Sunset Review of the Department of Commerce, Community, and Economic Development, Alcoholic Beverage Control Board (board)

November 17, 2017

Audit Control Number 08-20099-17

REPORT CONCLUSIONS

In all areas except licensing, the audit found the board was operating in the public's interest. Meetings were conducted effectively, investigations were processed timely, and the board developed and adopted regulations necessary to implement statutes.

The audit concluded the board should improve its procedures for issuing renewals, recreational site licenses, and beverage dispensary licenses that encourage tourism. Testing found these licenses were not consistently issued in accordance with statutes. Additionally, operational improvements are needed in enforcing laws, monitoring board-related local law enforcement activity, and processing refunds to municipalities.

In accordance with AS 44.66.010(a)(1), the board is scheduled to terminate on June 30, 2018. We recommend the legislature extend the board's termination date to June 30, 2022.

Report Highlights (Continued)

6. The board and AMCO director should develop written procedures for updating the statewide database with restricted purchasers.
7. The board and AMCO director should improve procedures to ensure municipalities report violations of alcoholic beverage laws.
8. The AMCO director should develop and implement procedures to ensure refunds to municipalities are appropriately reviewed.

Report Highlights

Why DLA Performed This Audit

The purpose of the audit was to determine if there is a need for the board's continued existence and whether its termination date should be extended. The board is set to sunset June 30, 2018, and will have one year from that date to conclude its administrative operations.

What DLA Recommends

There were no recommendations as part of the sunset audit.

A Sunset Review of the Department of Commerce, Community, and Economic Development (DCCED), Alaska Tourism Marketing Board (board)

November 15, 2017

Audit Control Number 08-20101-17

REPORT CONCLUSIONS

The audit concludes the board operated in the public's interest by cooperating with DCCED to plan and execute a destination tourism marketing campaign and making recommendations regarding tourism marketing and development. Additionally, as directed by the legislature, the board worked with the Alaska Travel Industry Association to develop a plan to phase out reliance on unrestricted general funds.

Although the board served the public's interest during the audit period, the board's advice to DCCED regarding tourism marketing and development is no longer needed as responsibility for those activities has shifted to industry. In accordance with AS 44.66.010(a)(11), the board is scheduled to terminate on June 30, 2018. We do not recommend extending the board's termination date.

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Report Highlights

Why DLA Performed This Audit

The purpose of the audit was to determine if there is a need for the board's continued existence and whether its termination date should be extended. The board is set to sunset June 30, 2018, and will have one year from that date to conclude its administrative operations.

What DLA Recommends

1. Division of Corporations, Business, and Professional Licensing's (DCBPL) chief investigator should work with the director to improve the timeliness of investigations.
2. DCBPL's director should improve procedures to ensure required licensure documentation is appropriately obtained and retained.

A Sunset Review of the Department of Commerce, Community, and Economic Development, Board of Pharmacy (board)

August 7, 2017

Audit Control Number 08-20104-17

REPORT CONCLUSIONS

The audit concluded the board operated in the public interest by effectively licensing pharmacists, pharmacy interns, pharmacy technicians, in-state pharmacies, drug rooms, and wholesale distributors. Board meetings were conducted in accordance with applicable laws and the board was active in amending regulations to improve the industry.

In accordance with AS 08.03.010(c)(16), the board is scheduled to terminate on June 30, 2018. In recognition of recent statutory changes that expands the board's responsibilities in relation to the controlled substance prescription database, we recommend that the legislature extend the board's termination only four years to June 30, 2022.

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Report Highlights

Why DLA Performed This Audit

The purpose of this audit was to determine if there is a need for the board's continued existence and whether its termination date should be extended. The board is set to sunset June 30, 2018, and will have one year from that date to conclude its administrative operations.

What DLA Recommends

1. The Division of Corporations, Business, and Professional Licensing's director should improve procedures to ensure board required documentation is obtained prior to licensure.
2. The Office of the Governor, Boards and Commissions director should work with the board to identify potential applicants for the board's vacant clinical social worker position.

A Sunset Review of the Department of Commerce, Community, and Economic Development, Board of Social Work Examiners (board)

October 24, 2017

Audit Control Number 08-20108-17

REPORT CONCLUSIONS

The audit concluded that the board operated in the public's interest by effectively licensing and regulating social workers. Board meetings were conducted in compliance with law, investigations were generally processed timely, and the board issued or changed regulations to improve the profession.

In accordance with AS 08.03.010(c)(21), the board is scheduled to terminate on June 30, 2018. We recommend that the legislature extend the board's termination to June 30, 2026.

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Report Highlights

Why DLA Performed This Audit

The purpose of this audit was to determine if there is a need for the board's continued existence and whether its termination date should be extended. The board is set to sunset June 30, 2019, and will have one year from that date to conclude its administrative operations.

What DLA Recommends

The current sunset audit makes no new recommendations.

A Sunset Review of the Department of Commerce, Community, and Economic Development, Board of Barbers and Hairdressers (board)

April 18, 2018

Audit Control Number 08-20110-18

REPORT CONCLUSIONS

The audit concluded that the board operated in the public's interest by effectively licensing the various occupations under the board's purview. The board monitored licensees and worked to ensure only qualified individuals practice in Alaska.

In accordance with AS 08.03.010(c)(4), the board is scheduled to terminate on June 30, 2019. We recommend that the legislature extend the board's termination to June 30, 2027.

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Report Highlights

Why DLA Performed This Audit

The purpose of this audit was to determine if there is a need for the board's continued existence and whether its termination date should be extended. The board is set to sunset June 30, 2019, and will have one year from that date to conclude its administrative operations.

What DLA Recommends

1. The board president should take steps to correct a regulation error.
2. DCCED's Division of Corporations, Business, and Professional Licensing's chief investigator, in consultation with the board, should implement controls to ensure the appropriate entities are notified when a licensee's prescription authority is suspended or revoked.

A Sunset Review of the Department of Commerce, Community, and Economic Development (DCCED), Board of Dental Examiners (board)

April 26, 2018

Audit Control Number 08-20111-18

REPORT CONCLUSIONS

The audit concludes that the board operated in the public's interest by effectively licensing and regulating dentists, dental hygienists, and dental assistants. The board monitored licensees and worked to ensure only qualified individuals practiced in Alaska. Furthermore, the board was active in amending regulations to improve the industry.

In accordance with AS 08.03.010(c)(7), the board is scheduled to terminate on June 30, 2019. We recommend that the legislature extend the board's termination date eight years to June 30, 2027.

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Report Highlights

Why DLA Performed This Audit

The audit's purpose was to determine if there is a need for the board's continued existence and whether its termination date should be extended. The board is set to sunset June 30, 2019, and will have one year from that date to conclude its administrative operations.

What DLA Recommends

1. The board should ensure applicable documents are aboard foreign pleasure crafts in accordance with regulatory requirements.
2. The board should ensure the Southeast Alaska Pilots' Association improves its procedures for tracking drug test notifications.

A Sunset Review of the Department of Commerce, Community, and Economic Development, Board of Marine Pilots (board)

April 20, 2018

Audit Control Number 08-20112-18

REPORT CONCLUSIONS

The audit concludes the board is serving the public's interest by effectively licensing marine pilots and deputy marine pilots and approving trainees and apprentices. Board meetings were conducted in compliance with laws, investigations were processed timely, and the board actively changed regulations to improve the industry and better protect the public.

The audit also concludes the board should improve the process for issuing foreign pleasure craft exemptions. Testing found exemptions were not consistently issued in accordance with regulations. Additionally, the audit found one pilot association was not appropriately tracking drug test notifications.

In accordance with AS 08.03.010(c)(10), the board is scheduled to terminate on June 30, 2019. We recommend that the legislature extend the boards' termination date to June 30, 2027.

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Report Highlights

Why DLA Performed This Audit

The audit's purpose was to determine if there is a need for the board's continued existence and whether its termination date should be extended. The board is set to sunset June 30, 2019, and will have one year from that date to conclude its administrative operations.

What DLA Recommends

1. The board should adopt regulations to address the distance delivery of nursing services through technology.
2. The board should take steps to ensure the appropriate entities are notified when a licensee's prescriptive authority is suspended, revoked, or surrendered.
3. The DCBPL chief investigator should ensure nurse investigations are adequately documented and performed timely.
4. The board chair should take steps to ensure the required certified nursing aid (CNA) on-site training program reviews and self-evaluations are conducted prior to reapproving the programs.

A Sunset Review of the Department of Commerce, Community, and Economic Development: Board of Nursing (board)

April 27, 2018

Audit Control Number 08-20113-18

REPORT CONCLUSIONS

Overall, the audit concluded the board served the public's interest by conducting meetings in accordance with State laws, amending certain regulations to improve the nurse and CNA occupations, and effectively licensing nurses and CNAs. The audit also concluded that the board failed to serve the public's interest by not adequately regulating the distance delivery of nursing services through technology, not adequately monitoring CNA training programs, and not notifying the appropriate entities when a licensee's prescriptive authority was suspended, revoked, or surrendered. In addition, the audit found improvements were needed in the Division of Corporations, Business and Professional Licensing's (DCBPL) investigative process.

In accordance with AS 08.03.010(c)(14) the board is scheduled to terminate June 30, 2019. We recommend the legislature extend the board's termination date six years to June 30, 2025, which is two years less than the eight year maximum allowed per statute. The reduced extension is mainly due to the failure of the board to regulate the distance delivery of nursing services through technology and the board's re-approval of CNA training programs without adequate review. Additionally, the board failed to address three of the four prior sunset audit recommendations.

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Report Highlights

Why DLA Performed This Audit

In accordance with AS 24.20.271(11), the audit evaluates the accuracy of RCA's FY 17 annual report concerning statutory timelines, timeline extensions, and performance measures. This audit does not evaluate the effectiveness of RCA's decisions.

What DLA Recommends

The audit makes no recommendations.

A Performance Audit of the Department of Commerce, Community, and Economic Development, Regulatory Commission of Alaska (RCA) FY 17 Annual Report

March 8, 2018

Audit Control Number 08-30091-18

REPORT CONCLUSIONS

RCA's FY 17 annual report data for dockets, tariff filings, and statutory extensions was materially accurate. An analysis of case management system data and hard copy files concluded that the commission accurately reported its compliance with timeline requirements for utility, pipeline, and regulatory dockets; tariff filings; and statutory extensions. The audit confirmed the performance measures relating to docket and tariff filing timelines, informal complaints, and consumer outreach were materially accurate.

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Report Highlights

Why DLA Performed This Audit

The purpose of the audit was to determine if applicable statutes, regulations, and best business practices were followed when disposing of the former MatMaid bottling property. The audit also determined whether sale proceeds were appropriately accounted for and reported.

What DLA Recommends

There are no recommendations.

A Performance Audit of the Department of Natural Resources, Matanuska Maid (MatMaid) Select Property Disposal

December 27, 2017

Audit Control Number 10-30092-18

REPORT CONCLUSIONS

The audit concludes that the Board of Agriculture and Conservation (board) and Division of Agriculture (division) staff adhered to the applicable laws when disposing of the MatMaid bottling property. Specifically, the board followed a public process and properly established terms and conditions for sale. Division staff maintained adequate property disposal files and department staff appropriately accounted for and reported the sale proceeds in the FY 17 Comprehensive Annual Financial Report.