

# 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 terminate June 30, 2019, 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 (DCBPL) director should improve management oversight procedures to ensure required documentation is obtained, reviewed, and retained to support licensure.
2. DCBPL's chief investigator should increase oversight to improve the timeliness of investigations.
3. The Office of the Governor, Boards and Commissions director should work with the board to identify potential applicants in a timely manner.

# A Sunset Review of the Department of Commerce, Community, and Economic Development, Big Game Commercial Services Board (board)

September 14, 2018

**Audit Control Number 08-20114-19**

## REPORT CONCLUSIONS

The audit concluded that the board served the public's interest by conducting meetings in accordance with applicable laws, amending regulations to improve occupations under the board's purview, and supporting changes by the Department of Law to improve the timeliness of the disciplinary process. Additionally, the board worked to eliminate the over \$1 million deficit reported in the prior 2015 sunset audit.

The audit also concluded that board licenses were not consistently supported by adequate documentation, a high number of investigations had unjustified periods of inactivity, and three board positions were vacant for an extended period.

In accordance with AS 08.03.010(c)(9), the board is scheduled to terminate on June 30, 2019. We recommend that the legislature extend the board's termination to June 30, 2025, which is two years less than the eight year maximum allowed for in statute. The reduced extension is mainly due to DCBPL staff failing to consistently issue licenses in accordance with laws and failing to conduct investigations in a timely manner.

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# ALASKA STATE LEGISLATURE

## LEGISLATIVE BUDGET AND AUDIT COMMITTEE

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October 25, 2018

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 Big Game Commercial Services Board (board) and the attached report is submitted for your review.

DEPARTMENT OF COMMERCE, COMMUNITY,  
AND ECONOMIC DEVELOPMENT  
BIG GAME COMMERCIAL SERVICES BOARD  
SUNSET REVIEW

September 14, 2018

Audit Control Number  
08-20114-19

The audit was conducted as required by AS 44.66.050(a). Per AS 08.03.010(c)(9), the board is scheduled to terminate on June 30, 2019. We recommend that the legislature extend the board's termination date to June 30, 2025.

The audit was conducted in accordance with generally accepted government auditing 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 recommendations presented in this report are discussed in the Objectives, Scope, and Methodology.

A handwritten signature in blue ink, appearing to read "Kris Curtis".

Kris Curtis, CPA, CISA  
Legislative Auditor

## ABBREVIATIONS

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AAC	Alaska Administrative Code
ACN	Audit Control Number
AS	Alaska Statute
board	Big Game Commercial Services Board
CISA	Certified Information Systems Auditor
CPA	Certified Public Accountant
DCBPL	Division of Corporations, Business, and Professional Licensing
DCCED	Department of Commerce, Community, and Economic Development
DFG	Department of Fish and Game
DLA	Division of Legislative Audit
FY	Fiscal Year
GMU	Game Management Unit

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# ORGANIZATION AND FUNCTION

## Big Game Commercial Services Board (board)

The board was established for the purpose of licensing and regulating the activities of providers of commercial services to big game hunters in the interest of the State's wildlife resources. Providers of commercial services include guide-outfitters and transporters. Guiding and outfitting involves providing services, equipment, or facilities to a big game hunter in the field. Transporting, which can be provided by a guide-outfitter or a separately licensed transporter, is the delivery of big game hunters, their equipment, or harvested animals to, from, or in the field.

The board is comprised of nine members: two licensed, registered guide-outfitters; two licensed transporters; two public members; two private landholders<sup>1</sup> affected by guided hunting activities or transportation services; and one member of the Board of Game.<sup>2</sup> Exhibit 1 lists board members as of May 31, 2018.

Per AS 08.54.600, the duties of the board include:

1. preparing and grading a qualification examination that requires registered guide-outfitter licensee candidates to demonstrate that the applicants are qualified to provide guided and outfitted hunts, as well as possess specific

<sup>1</sup>Private landholder members may not hold a license issued by the board.

<sup>2</sup>The Board of Game member must be chosen by the Board of Game and may not hold a guide-outfitter or transporter license.

## Exhibit 1

### Big Game Commercial Services Board Members as of May 31, 2018

Henry Tiffany IV, Chair  
*Registered Guide-Outfitter*

Jason Bunch  
*Registered Guide-Outfitter*

Michelle Heun  
*Transporter*

Cash Joyce  
*Transporter*

Nicholas Jackson  
*Private Landholder*

Vacant  
*Private Landholder*

Thomas Sullivan  
*Public*

Adam Trombley  
*Public*

Lawrence Van Daele  
*Board of Game Member*

Source: Office of the Governor, Boards and Commissions website.

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- knowledge of fishing, hunting, and guiding laws and regulations;
2. preparing and grading a certification examination for each game management unit (GMU) in which the registered guide-outfitter intends to provide big game hunting services. The exam requires guide-outfitters to demonstrate that they possess knowledge of the terrain, transportation problems, game, and other characteristics of the GMUs;
  3. providing for the administration of registered guide-outfitter examinations at least twice each year. If requested at the time of application for a license, the board shall provide for administration of an oral examination for a registered guide-outfitter or GMU certification;
  4. authorizing the issuance of registered guide-outfitter, master guide-outfitter, class-A assistant guide, assistant guide, and transporter licenses. Prior to receiving a new or renewed license, applicants must certify that the applicants' right to obtain or exercise the privileges granted by a hunting, guiding, outfitting, or transportation services license is not revoked or suspended in Alaska, another state, or Canada;
  5. imposing appropriate disciplinary sanctions on a licensee;
  6. regularly disseminating information regarding examinations and other qualifications for all classes of guide licenses to residents of the State's rural areas;
  7. adopting procedural and substantive regulations. Additionally, the board may adopt regulations that establish a code of ethics for professionals regulated by the board, establish requirements for the contents of written contracts for board-regulated services, and authorize the department to request a copy of a big game hunting services or transportation services contract entered into by a person licensed by the board; and,
  8. meeting at least twice annually.



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**The Department of Commerce, Community, and Economic Development's (DCCED) Division of Corporations, Business, and Professional Licensing (DCBPL)**

DCBPL provides administrative and investigative assistance to the board. Administrative assistance includes budgetary services and functions such as collecting fees, maintaining files, receiving application forms, publishing notices for meetings and exams, data entry of hunt record and transportation activities, and assisting with board regulations.

Alaska Statute 08.01.087 gives DCBPL authority to act on its own initiative or in response to a complaint. DCBPL 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 or have examined the books and records of a person whose business activities require a business license or licensure by a board listed in AS 08.01.010, or whose occupation is listed in AS 08.01.010; and,
4. issue subpoenas for records and the attendance of witnesses.

Alaska Statute 08.01.065 requires DCCED adopt regulations that establish the amount and manner of payment of application, examination, reporting, and license fees.

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# REPORT CONCLUSIONS

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In developing our conclusion regarding whether the Big Game Commercial Services Board's (board) termination date should be extended, its operations were evaluated using the 11 factors set out in AS 44.66.050(c), which are included as Appendix A of this report. Under the State's "sunset" law, these factors are to be considered in assessing whether an entity has demonstrated a public policy need for continuing operations.

The audit concluded that the board served the public's interest by conducting meetings in accordance with applicable laws, amending regulations to improve occupations under the board's purview, and supporting changes by the Department of Law to improve the timeliness of the disciplinary process. Additionally, the board worked to eliminate the over \$1 million deficit reported in the prior 2015 sunset audit.

The audit also concluded that board licenses were not consistently supported by adequate documentation, a high number of investigations had unjustified periods of inactivity, and three board positions were vacant for an extended period. (Recommendations 1 through 3)

In accordance with AS 08.03.010(c)(9), the board is scheduled to terminate on June 30, 2019. We recommend that the legislature extend the board's termination to June 30, 2025, which is two years less than the eight year maximum allowed for in statute. The reduced extension is mainly due to Department of Commerce, Community, and Economic Development's (DCCED) Division of Corporations, Business, and Professional Licensing (DCBPL) staff failing to consistently issue licenses in accordance with laws and failing to conduct investigations in a timely manner.

Detailed report conclusions are as follows.

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**The board operated in the public's interest and does not duplicate the efforts of other entities.**

Auditors reviewed 10 of the 20 board meetings held between July 2015 and May 2018 and found that meetings were public noticed timely and accurately, and generally allowed time for public comment. The audit found exams were also public noticed timely.

The board experienced extended vacancies in membership during the audit period. One board position held by a Board of Game member was vacant for eight months, one board position occupied by a transporter was vacant for six months, and one position held by a private landholder was vacant for six months. (Recommendation 3) Additionally, the board was unable to conduct business at a July 2015 meeting because of a lack of quorum due to insufficient board member attendance.

During the audit period, the board issued and amended regulations to improve occupations under its purview. Specifically, the board added experience requirements for assistant guide-outfitters and additional ethical standards for all guides. These changes clarified requirements and expectations of licensees. Other regulatory changes included updating guide-outfitter use area maps and updating hunt record usage to include transfer of unused records between registered guide-outfitters. The changes clarified regulations and improved efficiencies.

In 2018 the legislature passed House Bill 267 requiring the release of hunt record information relating to big game hunters, guided hunts, and guided sport fishing activities to municipalities for verification of taxes payable. The statute allows DCCED to charge a fee for the requested reports, reaffirms the confidentiality of the reported information, and requires municipalities to maintain confidentiality. According to the new law, DCCED will make available aggregated data compiled from hunt records and transportation activity reports to municipalities that levy sales taxes on activities occurring within municipal boundaries.

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**DCBPL staff did not consistently license applicants according to statutes and regulations.**

The audit concluded that the board does not duplicate the activities of other big game hunting and transportation organizations or other State agencies, such as the Department of Fish and Game (DFG). DFG does issue hunting licenses for the purpose of managing the State's wildlife resources; however DFG does not regulate the guide-outfitter or transporter occupations.

The audit found DCBPL staff, on behalf of the board,<sup>3</sup> issued licenses to applicants that did not meet statutory and regulatory requirements. A random sample of 25 new license files and 15 renewed license files issued during the audit period were tested. Auditors found licensing files for 14 of the 25 new licensees (56 percent) were missing documentation or contained incomplete documentation. Deficiencies included seven files with missing or outdated public safety and wildlife background checks.<sup>4</sup> Other errors included files that were missing investigative reviews, a current first aid card, and/or a verification of out-of-state license in good standing. (Recommendation 1) No errors were identified when testing the 15 renewal licenses.

As shown in Exhibit 2 (on page 8), from FY 16 through FY 17, the board issued 237 new licenses. As of May 31, 2018, there was a total of 1,219 active licensees, representing a 20 percent decrease from the 1,532 reported in the 2015 sunset audit.<sup>5</sup> According to the board chair, the decrease is due, in part, to guides retiring and a reduced interest in the profession. Additionally, the chair reported there were less transporters because many changed to operating as air taxis to avoid the licensed transporter reporting requirements and fees.

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<sup>3</sup>In 2005 the board delegated to DCBPL the authority to review and issue licenses.

<sup>4</sup>A wildlife background check searches for fish and wildlife violations in Alaska as well as the state of residence for a non-resident application.

<sup>5</sup>*Big Game Commercial Services Board* sunset audit ACN 08-20093-15.

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**Exhibit 2**

<b>Big Game Commercial Services Board Licensing Activity FY 16 through May 31, 2018</b>			
	<b>New Issued (Exclusive of Renewals)</b>		<b>Total Active as of May 31, 2018</b>
	<b>FY 16</b>	<b>FY 17</b>	
Master Guide-Outfitter	6	1	129
Registered Guide-Outfitter	10	6	322
Retired Guide-Outfitter	3	-	12
Class-A Assistant Guide	20	2	83
Assistant Guide	98	63	583
Transporter	14	14	90
<b>Totals</b>	<b>151</b>	<b>86</b>	<b>1,219</b>

Source: Compiled from the DCBPL licensing database.

As of April 2015, there were 151 licensed transporters compared to 90 as of May 2018, representing a 40 percent reduction in the number of transporters. Auditors also noted a large drop in assistant guides and registered guide-outfitters. The prior audit reported 742 and 399 licensees respectively as of April 2015. The numbers dropped to 583 and 322 as of May 2018.

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**Actions were taken to improve efficiency of the disciplinary process; however improvements over the timeliness of investigations are still needed.**

In 2016, DCBPL, with the assistance of the Department of Law, changed how licensing actions against licensees were processed when cases involve criminal violations. Under the new process, once a criminal investigation is completed, the assistant attorney general works with the DCBPL investigator to develop a licensing consent agreement. Prior to presenting the consent agreement to the full board for approval, a board member is consulted to determine the appropriate level of discipline. Once approved by the board, the consent agreement is presented as part of the plea agreement to the respondent. If a respondent agrees, the prosecutor presents the agreement to the court. Previously, a licensing action would wait until the criminal case was concluded. Per the board chair, consolidating the licensing and criminal case resolutions saves time and costs, and benefits the public through timely disciplinary actions that protect public safety and the State's wildlife resources.

The audit concluded DCBPL needs to improve its ability to investigate cases timely. A review of board investigative activity found 233 cases were open or opened between July 2015 and May 2018, and 80 remained open as of May 2018. During this time, there were 145 cases open for over 180 days. Of the 145 cases, auditors reviewed a random sample of 22 cases and found 20 cases had unjustified periods of inactivity ranging from two to 18 months. (Recommendation 2)

Two board-related complaints were received by the Office of the Ombudsman between July 2015 and March 2018. The audit found the complaints were resolved in an efficient manner.

**DCBPL management, in consultation with the board, increased fees and successfully eliminated the board deficit.**

The board receives its revenue from licensure, renewal, exam, and report fees. Renewals are conducted on a biennial basis, creating a two-year cycle in board revenues. DCBPL, in consultation with the board, increased fees in FY 16 and FY 17 to reduce the over \$1 million deficit reported by the board in FY 15. Fees were increased for most license types. Exhibit 3 (on page 10) lists

the change in the board's cumulative deficit and shows the fee increases were sufficient to create a surplus by the end of FY 18. According to DCBPL management and the board chair, fees will be reassessed in FY 19. Exhibit 4 presents a schedule of fees from FY 15 through FY 18.

**Exhibit 3**

**Big Game Commercial Services Board  
Schedule of Revenues and Expenditures  
FY 15 through FY 18  
(Unaudited)**

	FY 15	FY 16	FY 17	FY 18
<b>Revenues:</b>				
Licensing Revenue	\$197,231	\$1,057,847	\$485,669	\$1,123,760
Other Sources	378	-	225	-
<b>Total Revenues</b>	<u>197,609</u>	<u>1,057,847</u>	<u>485,894</u>	<u>1,123,760</u>
<b>Direct Expenditures:</b>				
Personal Services	254,209	243,035	205,959	220,375
Travel	17,474	17,545	14,814	10,047
Contractual	94,833	156,923	53,459	128,614
Supplies	846	1,518	212	3,092
<b>Total Direct Expenditures</b>	<u>367,362</u>	<u>419,021</u>	<u>274,444</u>	<u>362,128</u>
<b>Indirect Expenditures</b>	<u>110,818</u>	<u>118,275</u>	<u>120,679</u>	<u>120,679*</u>
<b>Total Expenditures</b>	<u>478,180</u>	<u>537,296</u>	<u>395,123</u>	<u>482,807</u>
<b>Annual Surplus (Deficit)</b>	(280,571)	520,551	90,771	640,953
<b>Beginning Cumulative Surplus (Deficit)</b>	<u>(839,480)</u>	<u>(1,120,051)</u>	<u>(599,500)</u>	<u>(508,729)</u>
<b>Ending Cumulative Surplus (Deficit)</b>	<u><u>\$(1,120,051)</u></u>	<u><u>\$(599,500)</u></u>	<u><u>\$(508,729)</u></u>	<u><u>\$132,224</u></u>

Source: DCCED management.

\*FY 18 indirect expenditures are estimated based on prior year actuals.



**Exhibit 4**

**Big Game Commercial Services Board  
License and Other Fee Types  
FY 15 through FY 18**

	FY 15	FY 16	FY 17	FY 18
Application Fee – All license types	\$200	\$200	\$200	\$200
Guide Exam	125	125	125	125
Game Management Unit Exam	390	400	400	400
Registered Guide Exam Packet	100	100	100	100
Guide Use Area Registration	100	100	100	100
Additional Game Management Unit	390	400	400	400
Initial license fee for all or part of biennial license period and biennial license renewal fee:				
Master Guide-Outfitter License:				
Resident	650	850	850	850
Non-Resident	1,300	1,700	1,700	1,700
Registered Guide-Outfitter License:				
Resident	650	850	850	850
Non-Resident	1,300	1,700	1,700	1,700
Class-A Assistant Guide License:				
Resident	360	410	410	410
Non-Resident	720	820	820	820
Assistant Guide License:				
Resident	360	410	410	410
Non-Resident	720	820	820	820
Transporter License:				
Resident	650	850	850	850
Non-Resident	1,300	1,700	1,700	1,700
Retired License:				
Master Guide-Outfitter	300	300	300	300
Registered Guide-Outfitter	300	300	300	300
Class-A Assistant Guide	175	175	175	175
Assistant Guide	175	175	175	175
Report Filing Each Event:				
Hunt Record	50	50	-	-
Transporter Activity Report	50	50	-	-
Report Filing (annual):				
Hunt Record	-	-	300	300
Transporter Activity Report			300	300

Source: DCBPL regulations.

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# FINDINGS AND RECOMMENDATIONS

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The prior 2015 sunset audit made four recommendations:

- The Division of Corporations, Business, and Professional Licensing’s (DCBPL) director should ensure staff adhere to procedures designed to provide efficient and effective support to the Big Game Commercial Services Board (board).
- DCBPL’s director should take steps to improve timeliness of investigations.
- DCBPL’s director, in coordination with the board, should increase licensing fees to address the board’s operating deficit.
- DCBPL’s director should ensure the transporter license renewal application form complies with statute.

The prior recommendation to provide efficient and effective support to the board addressed problems with preparing meeting minutes, and public noticing meetings and board exams. The prior deficiencies were generally resolved by shifting work priorities and centralizing the public notice process. Auditors found meetings and exams held during the current audit period were publicly noticed adequately. However, improvements were still needed to ensure board-required documentation was received, reviewed, and retained by DCBPL staff to support licensure. The licensing deficiencies are addressed in Recommendation 1.

The prior recommendation to improve timeliness of investigations was not resolved and is reiterated as Recommendation 2.

The prior audit recommendation to increase licensing fees to reduce the board’s deficit was resolved. As of June 30, 2018, the board had an estimated surplus of \$132,000.

The prior recommendation to update the transporter renewal application to comply with statutes was resolved. All application forms tested were found to be in compliance with laws.

The audit makes one new recommendation.

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**Recommendation No. 1:** DCBPL’s director should improve management oversight procedures to ensure required documentation is obtained, reviewed, and retained to support licensure.

The audit found that DCBPL staff did not consistently license individuals according to statutes and regulations. Fourteen of 25 new licenses (56 percent) tested<sup>6</sup> as part of the audit did not have sufficient documentation to support licensure and four applicants had more than one deficiency identified. Deficient documentation included:

- seven license files were missing or had outdated background checks required by law<sup>7</sup> (public safety or wildlife enforcement);
- two lacked adequate investigatory or supervisory review and one lacked additional board approval of applicants potentially not meeting professional fitness requirements required by AS 08.01.075(c) and DCBPL policy;<sup>8</sup>
- one license lacked a board majority vote to support licensure when an investigation of a professional fitness question was completed. Per DCBPL policy,<sup>8</sup> the application should have been approved by the board;
- one lacked a valid first aid certification required by 12 AAC 75.130(a)(3); and,
- one lacked verification of an out-of-state license in good standing required by 12 AAC 75.130(a)(8).

In 2005 the board delegated to DCBPL the authority to review applications and issue licenses. Per AS 08.01.050(a)(3), (9), and (14), DCBPL is responsible for overseeing the licensing activity for the board. The deficiencies were caused, in part, by DCBPL management’s lack of adequate oversight procedures to ensure all board-

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<sup>6</sup>A total of 40 licenses (25 new and 15 renewals) from July 1, 2016 through May 31, 2018 were randomly selected for testing.

<sup>7</sup>12 AAC 75.100(a)(2)(A), and 12 AAC 75.130(a)(7).

<sup>8</sup>Per DCBPL policy, applications with “yes” responses to professional fitness and criminal conviction questions are required to be submitted to DCBPL investigations for further review, unless a DCBPL supervisor has reviewed the application and determined that action is not necessary. Applications with professional fitness and criminal conviction questions reviewed by DCBPL investigations unit require board approval prior to licensure.

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required documentation was obtained, reviewed, and retained to support licensure. Additionally, seven of the 25 new licensing files lacked complete application checklists. Application checklists are DCBPL's internal control to ensure files are complete and that all requirements are met prior to licensure. According to DCBPL management, there was turnover in the staff position providing support for this board that contributed to the deficiencies. Not licensing in accordance with laws increases the risk to public safety and the State's wildlife resources.

We recommend DCBPL's director improve management oversight procedures to ensure required documentation is obtained, reviewed, and retained to support licensure.

**Recommendation No. 2:**

**DCBPL's chief investigator should increase oversight to improve the timeliness of investigations.**

The audit reviewed 22 of 145 cases open for over 180 days between July 2015 and May 2018. Twenty of the 22 cases were found to have unjustified periods of inactivity ranging from two months to 18 months. According to the chief investigator, periods of inactivity were due, in part, to a lack of adequate resources to investigate the large case load and supervisors not adequately monitoring cases.

Per AS 08.01.050(a)(19), DCBPL is responsible for investigating and monitoring occupational licensing activity. Investigations and complaints that sit idle for extended periods increase the risk to public safety and the State's wildlife resources.

We recommend DCBPL's chief investigator increase oversight to improve the timeliness of investigations.

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**Recommendation No. 3:**

**The Office of the Governor, Boards and Commissions director should work with the board to identify potential applicants in a timely manner.**

From July 2015 through May 2018, a licensed transporter board position and a private landholder board position were vacant for six months due to an inability to identify interested applicants. Furthermore, one board position occupied by a member of the Board of Game was vacant for eight months because Office of the Governor, Boards and Commissions staff were not notified of the vacancy. As of September 2018, all board positions were filled except one landholder position.

Per AS 08.54.591, the board is statutorily required to consist of nine members covering specific areas of expertise and experience including two licensed transporters and two members who represent private landholders affected by guided hunting activities or transportation services. The private landholder positions must not hold a guide or transporter license. According to the Boards and Commissions staff, the two licensed transporters and two private landholder positions have been difficult to fill due to a limited pool of qualified candidates. Private land affected by guided hunting or transportation activities is often owned by large private landholders which limits the pool of potential applicants. Additionally, the number of licensed transporters decreased 40 percent from FY 15 to FY 18 further limiting the pool of potential applicants.

Board vacancies reduce input from the specific groups represented by the vacant positions. Vacancies may also result in a lack of quorum and an inability to efficiently conduct board business.

We recommend the Boards and Commissions director work with the board to identify potential applicants in a timely manner.

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# OBJECTIVES, SCOPE, AND METHODOLOGY

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In accordance with Title 24 and 44 of the Alaska Statutes, we have reviewed the activities of the Big Game Commercial Services Board (board) to determine if there is a demonstrated public need for its continued existence.

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 the board should be reestablished. Currently, under AS 08.30.010(c)(9), the board will terminate on June 30, 2019, and will have one year from that date to conclude its administrative operations.

## Objectives

The three central, interrelated objectives of our audit 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 the status of recommendations made in the prior sunset audit.

## Scope

The assessment of board operations and performance 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 from July 1, 2015, through May 31, 2018. Financial information is presented, unaudited, from FY 15 through FY 18.

## Methodology

During the course of our audit, we reviewed and evaluated the following:

- The prior sunset audit report (ACN 08-20093-15) to identify issues affecting the board and to identify prior sunset audit recommendations.

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- Applicable statutes and regulations to identify board functions and responsibilities, determine whether statutory or regulatory changes enhanced or impeded board activities, and help ascertain if the board operated in the public's interest.
  - Board meeting minutes and annual reports to gain an understanding of board proceedings and activities, the nature and extent of public input, whether a quorum was maintained, and whether board vacancies impeded operations.
  - The State's Online Public Notices system to verify meetings and exams were adequately public noticed.
  - Expenditures, revenues, and fee levels for the board to determine whether fee levels covered the costs of operations.
  - Investigation data of the board for cases open or opened from July 2015 through May 2018. A random sample of 22 of 145 cases open over 180 days was reviewed for unjustified periods of inactivity. The results were projected to the population.
  - Various State and news related websites to identify complaints against the board or other board related concerns. Two complaints received by the Office of the Ombudsman were reviewed to identify the nature of the complaints and to examine the efficiency with which the complaints were processed and resolved.
  - Licensing application forms for compliance with statutes and regulations.
  - Hunt record database to gain an understanding of the information and search capabilities.
  - Internal controls over the licensing database and investigative case management system to determine if controls were properly designed and implemented.

A random sample of 40 licenses (25 new and 15 renewal applications) was selected from licenses<sup>9</sup> issued from July 2015

<sup>9</sup>Three hundred thirty-four new licenses and 962 renewals.



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through May 2018. Applications were assessed for statutory and regulatory compliance. The sample size was based on low-moderate control and inherent risk and moderate audit risk. Test results were projected to the population.

To identify and evaluate board activities, we conducted interviews with Division of Corporations, Business, and Professional Licensing staff and board members. Specific issues of inquiry included board operations, regulations, duplication of effort, fee levels, complaints against the board, decrease in licensees, consent agreement process, and the hunt record database. We also inquired with the Office of the Governor, Boards and Commissions staff regarding board vacancies. Additionally, staff from the Division of Alaska Wildlife Troopers, Department of Fish and Game, and Department of Natural Resources were interviewed regarding use of the hunt record database.

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## APPENDIX SUMMARY

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Appendix A provides the sunset criteria used in developing our conclusion regarding whether the Big Game Commercial Services Board's termination date should be extended.

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## APPENDIX A

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### **Analysis of Public Need Criteria AS 44.66.050(c)**

A determination as to whether a board or commission has demonstrated a public need for its continued existence must take into consideration the following factors:

1. the extent to which the board or commission has operated in the public interest;
2. the extent to which the operation of the board or commission 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;
3. the extent to which the board or commission has recommended statutory changes that are generally of benefit to the public interest;
4. the extent to which the board or commission 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;
5. the extent to which the board or commission has encouraged public participation in the making of its regulations and decisions;
6. the efficiency with which public inquiries or complaints regarding the activities of the board or commission 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;
7. the extent to which a board or commission that regulates entry into an occupation or profession has presented qualified applicants to serve the public;

- 
- 
8. the extent to which state personnel practices, including affirmative action requirements, have been complied with by the board or commission to its own activities and the area of activity or interest;
  9. the extent to which statutory, regulatory, budgetary, or other changes are necessary to enable the board or commission to better serve the interests of the public and to comply with the factors enumerated in this subsection;
  10. the extent to which the board or commission has effectively attained its objectives and purposes and the efficiency with which the board or commission has operated; and
  11. the extent to which the board or commission duplicates the activities of another governmental agency or the private sector.

# Agency Response from the Department of Commerce, Community, and Economic Development



THE STATE  
of ALASKA  
GOVERNOR MICHAEL J. DUNLEAVY

Department of Commerce, Community,  
and Economic Development

OFFICE OF THE COMMISSIONER

550 West Seventh Avenue, Suite 1535  
Anchorage, Alaska 99501  
Main: 907.269-8100  
Toll free fax: 907.269.8125

January 2, 2019

Kris Curtis  
Legislative Auditor  
Division of Legislative Audit  
P.O. Box 113300  
Juneau, AK 99811-3300

RECEIVED

JAN 02 2019

LEGISLATIVE AUDIT

RE: Confidential preliminary audit report, Department of Commerce, Community, and Economic Development, Big Game Commercial Services Board, September 14, 2018

Dear Ms. Curtis:

Thank you for the opportunity to comment on the confidential preliminary audit report on the Big Game Commercial Services Board. The department has the following responses to the information and recommendations presented in the letter:

**Recommendation No. 1 – DCBPL’s director should improve management oversight procedures to ensure required documentation is appropriately obtained, retained, and reviewed to support licensure.**

The department agrees that additional checks are needed to ensure the administrative record is complete. With over 22,000 new professional licenses issued by the agency in the last two fiscal years, additional supervisory resources have been needed to ensure that all necessary training occurs and that license files are regularly reviewed to meet this standard. The division requested and filled an additional Records and Licensing Supervisor position to reduce turnover and increase oversight of licensing processes, and a manual to formalize internal audit procedures is currently in development. The responsibilities of licensing examiner and licensing document have been consolidated under a single position now to maximize accountability. We propose to review licensing and documentation procedures and requirements to reflect accurate and complete documentation as the highest priority and responsibility. Furthermore, the Division Director and Deputy Commissioner are reviewing all regulations pertaining to this activity to ensure the Legislative intent can be reasonably fulfilled.

The department agrees with this recommendation and has taken steps to resolve it.

Ms. Kris Curtis  
Legislative Budget & Audit  
2

**Recommendation No. 2 – DCBPL’s chief investigator should increase oversight to improve the timeliness of investigations.**

The division adopted an investigative Standard Operating Procedure on May 1, 2018, requiring each case file reflect documented progress at least every 30 days. This standard is being reinforced by in-service training with all investigators on a biannual basis, as well as improved management oversight by the senior investigator over this program. The senior investigator will conduct quarterly case reviews with the investigator along with reviewing any open matters greater than six months and determine if adequate progression is being made. The chief investigator will review any matters greater than one year to determine if adequate progression is being made and there are no untimely delays.

Timeliness of investigations is important to protecting public safety, to addressing consumer concerns, and to decreasing stress on those licensees who may find themselves the subject of a specious or unfounded allegation. The division constantly seeks to improve processes to resolve allegations completely and quickly.

The department agrees with this recommendation and has taken steps to resolve it.

**Recommendation No. 3 –The Office of the Governor, Boards and Commissions director, should work with the board to identify potential applicants in a timely manner.**

The department will continue to assist the Office of the Governor in publicizing openings on the board and providing them with lists of licenses guides and transporters.

Again, thank you for the opportunity to provide input on this matter. Should you have any questions about the content of the letter, please do not hesitate to contact me at

Sincerely,



Julie Anderson  
Commissioner

cc: Jon Faulkner, Deputy Commissioner  
Sara Chambers, Acting Division Director



# Agency Response from the Office of the Governor, Boards and Commissions



OFFICE OF THE GOVERNOR  
Governor Michael J. Dunleavy  
STATE OF ALASKA

RECEIVED

JAN 04 2019

LEGISLATIVE AUDIT

January 4, 2019

Ms. Kris Curtis, CPA, CISA  
Legislative Auditor  
Legislative Budget and Audit Committee  
P.O. Box 11300  
Juneau, AK 99811-3300

Dear Ms. Curtis:

Thank you for the opportunity to comment on the audit and findings regarding the Big Game Commercial Services Board. We have no comment relative to the findings associated with the previous administration. We can assure you that we will work diligently to fill all vacancies in as timely a manner as possible.

Sincerely,

A handwritten signature in blue ink that reads "G. Ritacco". The signature is stylized and extends to the right with a long horizontal stroke.

Gina Ritacco  
Director of Boards and Commissions

550 West 7<sup>th</sup> Avenue, Suite 1700, Anchorage, AK 99501

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# Agency Response from the Big Game Commercial Services Board

January 2, 2019

Ms. Kris Curtis, CPA  
Legislative Auditor  
Alaska State Legislature  
Legislative Budget and Audit Committee  
Division of Legislative Audit  
P.O. Box 113300  
Juneau, Alaska 99811-3300

RECEIVED  
JAN 02 2019  
LEGISLATIVE AUDIT

RE: Big Game Commercial Services Board Chair Response to Legislative Budget and Audit Sunset Audit Confidential Preliminary Report

Dear Ms. Curtis,

Please accept this letter, as chairman of the State of Alaska Big Game Commercial Services Board, as my response to your recent Confidential Preliminary Report for the Department of Commerce, Community and Economic Development (DCCED), Board of Big Game Commercial Services (BGCSB) Sunset Audit and my agreement or disagreement and/or comments with the report conclusions and recommendations.

It is my understanding and interpretation that in your opinion, based upon your conclusions in your preliminary report, that the BGCSB itself is generally doing well in fulfilling its mandate and we are particularly pleased that we are on track to eliminate the over \$1 million deficit we inherited, which was mentioned in the previous 2015 sunset audit, thanks to much work and cooperation between the public, the licensees, the Board and the Division. It would generally appear as though your primary constructive criticism in this audit is focused on the DCBPL and some of their past or current practices.

As I explained previously, there are a few points I feel should be clarified as they pertain to your report. The Board itself neither reviews nor issues actual license applications; that responsibility, per your report, was delegated to the DCBPL in 2005. The only license applications that we, the Board, generally ever see are ones in which an applicant has marked "yes" to a question and then after said application has been reviewed by Investigations it can come before the Board for review, discussion and a vote. If there are no "yes" answers or "red flags" in an application, then it is entirely handled by the DCBPL and is not reviewed by the Board.

The Board has no control over how long an investigation may take and generally the Board, or a member of the Board, is not even aware of an investigation until said investigation has been completed and a reviewing Board member offers a recommendation for a Consent Agreement at which time, if accepted by the Respondent, the case is then brought before the Board for review, discussion and a vote.

As you know, the Board is comprised entirely of volunteers and, unlike some other State of Alaska Boards, BGCSB board members receive no compensation for their time and effort,

Page 1 of 5

aside from the most appropriate and warranted travel expenses and per diem. As volunteers and professionals in their respective fields who own and operate businesses, many board members are in the field and unavailable for many weeks at a time and generally not available for approximately four months of each year; due to this it can sometimes take many weeks for a reviewing Board member to have the opportunity to review a case brought to their attention by investigations and provide a proper sanction recommendation. I share this to shed some light on the fact that potentially tasking the Board with additional duties that are currently handled by the DCBPL would be problematic and not in the best interest of delivering timely, effective licensure or investigations to the public.

Below, I will address each of your conclusions and recommendations:

**Response to Conclusions:**

“The Board operated in the public’s interest and does not duplicate the efforts of other entities.”

I agree. I believe the BGCSB offers a unique and vital service to the State of Alaska, the resources, the public and the professional industries it regulates. Alaska has the strictest and highest requirements to become licensed as a Professional Hunting Guide of anywhere in the world and in many cases we are the ones “breaking the trail” in this regulatory process and other states and agencies look to us and the methods we use for guidance.

Alaska’s hunting guide and transporter industries are important economic driver, especially in rural Alaska. *McDowell Group’s* economic survey of the economic impacts of the professional big game guiding industry on the State of Alaska quantified approximately \$80 million in annual economic activity. Fully half of the direct economic benefits were felt in rural Alaska while 86-88% of guide businesses are Alaska owned.

I agree that the board did suffer extended board seat vacancies during the audit period. While the Board of Game member vacancy was, I believe, attributable to the Board of Game not appointing one of their board members to the BGCSB in a timely fashion the other vacancies fall on the shoulders of the Board itself and the Office of the Governor, Boards and Commissions. It became evident that the Board was under the misunderstanding that the Boards and Commissions Office was entirely tasked with filling vacant board seats and while I do believe that is their mandate, after I spoke with that office we agreed that moving forward it should be a more collaborative effort.

At this time, all board seats are currently filled with qualified board members.

“DCBPL staff did not consistently license applicants according to statutes and regulations.”

As I mentioned above, since 2005 the DCBPL reviews and issues licenses on behalf of the Board and as such the Board has trusted that this process is done in accordance with all statutes and regulations. If that has not been the case, then the Board certainly promotes and



supports that this process be handled in full compliance with all statutes and regulations. For a period of time there was a high degree of turn-over within the Division in the Licensing Examiner position and that created a great deal of confusion for all parties concerned. I believe with the newest staffing within the Division things have now begun to settle down and I believe that the new Licensing Examiner is much more thorough and proficient than some may have been in the past. As I understand it though, the current Licensing Examiner has received a deserved promotion so we may be getting a new Licensing Examiner and there is certainly a “learning curve” involved with this position but I am hopeful that whoever is selected will be as beneficial as our current Licensing Examiner.

“Actions were taken to improve efficiency of the disciplinary process; however improvements over the timeliness of investigations are still needed.”

I agree that through actions taken by the DCBPL, Department of Law and the Board we have improved the efficiency of the disciplinary process and believe this is a time and costs savings and also is of benefit to the public safety and wildlife resources of the State.

As mentioned, the Board is generally not aware of any investigation until said investigation has been concluded and the case is presented to a reviewing board member and then the whole board in the form of a Consent Agreement. As such, I cannot speak to the timeliness of investigations. I will say that I believe our Investigator and the Investigative Staff is doing a very good job and they have seemed to have significantly reduced the back-log of cases.

“DCBPL management, in consultation with the board, increased fees and successfully eliminated the board deficit.”

I agree with this and this accomplishment should not be understated. As is known by some, this debt was inherited by the board and was not directly attributable to the actions of the board but to the previous DCBPL administration. To quote previous BGCSB Chairman Mr. Kelly Vrem in his November 11<sup>th</sup>, 2015 response to LB&A findings at the time:

“The budget issue has 2 components and its debt can be directly attributed to DCBPL. The board was under the assumption it was solvent until 2011. Then it was presented with the findings of an audit that showed a significant debt. The board and public were surprised and confused at the new findings. Two subsequent audits were performed and each audit differed from the previous one. Each time the board and public were assured the results were accurate.

The first component is how the board was handed an “invoice” for its operations cost for staff, and other direct and indirect costs. DCBPL is the one who estimates these costs. Our licensing fees cover these costs and the board has raised fees to cover these costs despite changing cost estimates. The board has minimal to no say in its operational costs, it can only react to the “invoice”.

The second component is the requirement that the board also cover its investigative and legal costs. The DCBPL failed to anticipate these costs for several years and handed the board a large debt at [the board's] reinstatement. The board prior to the new chief investigator had little to no say in which cases to pursue. Our legal costs can vary widely year to year and the board cannot budget for the legal costs. It is this chairmans [Mr. Vrem] belief that license fees cannot be expected to cover our investigative and legal costs. A separate fee dedicated to legal and investigative costs appears to be a workable solution. After 2 years of suggestions to that effect the new director quickly saw the merit of that idea. The new fees for records submissions will retire the debt in a timely manner."

I believe the Board and DCBPL, working with the public and the licensees, is now on track to have eliminated this inherited debt by FY 2019 and that is something that the Board, DCBPL, the licensees and the public should be proud of; the problem was not of our making but we took the higher road and are solving the problem.

**Response to Recommendations:**

Recommendation No. 1 – “DCBPL’s director should improve management oversight procedures to ensure required documentation is obtained, reviewed, and retained to support licensure.”

On behalf of the Board I note that this is a recommendation directed at the DCBPL Director and have no comment.

Recommendation No. 2 – “DCBPL’s chief investigator should increase oversight to improve the timeliness of investigations.”

On behalf of the Board I note that this is a recommendation directed at the DCBPL Chief Investigator and have no comment except to point out, as I did above, that as volunteers and professionals in their respective fields who own and operate businesses, many board members are in the field and unavailable for many weeks at a time and generally not available for approximately four months of each year; due to this it can sometimes take many weeks for a reviewing Board member to have the opportunity to review a case brought to their attention by investigations and provide a proper sanction recommendation. This is no fault of the Investigators and should not be attributed to them; it is the simple reality of a board made up of volunteers that must run their businesses and lives when the opportunity to do so is often short due to regulations and seasons.

Recommendation No. 3 – “The Office of the Governor, Boards and Commissions director should work with the board to identify potential applicants in a timely manner.”

On behalf of the Board, I do agree that the board did suffer extended board seat vacancies during the audit period. It became evident that the Board was under the misunderstanding that the Boards and Commissions Office was entirely tasked with filling vacant board seats and while I do believe that is their mandate, after I spoke with that office we agreed that moving forward it should be a more collaborative effort. It can be challenging to fill seats on a board that can, at times, be demanding when it is all done on a volunteer basis but I do believe when a board seat becomes vacant in the future there will be more communication between the Office of the Governor, Boards and Commissions and the BGCSB to strive to fill a vacancy as quickly as possible with a qualified individual. Currently, all board seats are filled with qualified board members.

I thank you, on behalf of the Board, for your continued time and consideration and appreciate being given the opportunity to comment on your preliminary report. Should you have any questions, or if I may be of any assistance at all, please feel free to contact me at your convenience.

Respectfully,

Henry D. Tiffany IV  
Chairman, Big Game Commercial Services Board