

Report Highlights

Why this audit was performed

This audit was performed to determine if there is a continued need for the board and if its termination date should be extended. The board is set to sunset on June 30, 2026, and will have one year from that date to conclude its administrative operations.

What the Legislative Auditor Recommends

1. The Office of the Governor, Boards and Commissions director should work with the board to identify potential applicants to fill board vacancies and take steps to ensure qualified applicants are appointed in a timely manner.
2. The board chair and the Division of Corporations, Business and Professional Licensing's (DCBPL) director should work together to ensure renewal applicants comply with continuing education regulations or seek a regulatory change if deemed necessary.
3. Board members should review investigative cases in a timely manner.

(Continued on next page)

A Sunset Review of the Department of Commerce, Community, and Economic Development, Board of Psychologist and Psychological Associate Examiners (board)

June 5, 2025

Audit Control Number 08-20147-25

REPORT CONCLUSIONS

The audit concluded that the board served the public's interest by conducting meetings in an effective manner, actively amending regulations, and generally issuing new licenses in compliance with statutes and regulations.

The audit also found areas for improvement. Renewal licenses were not consistently issued in compliance with state law. Courtesy licensees did not routinely comply with monthly reporting requirements. Board related investigations were not conducted in a timely manner and fees did not cover the cost of regulating the profession. Additionally, board vacancies were not filled in a timely manner.

In accordance with AS 08.03.010(c)(18), the board is scheduled to terminate on June 30, 2026. We recommend that the legislature extend the board's termination date five years to June 30, 2031, which is less than the eight-year maximum allowed by statute. The reduced extension reflects the need for more routine oversight to ensure corrective action is taken to address deficiencies.

Report Highlights (Continued)

4. DCBPL's director should ensure courtesy licensees comply with monthly reporting requirements.
5. DCBPL's director should ensure the board's fees cover the cost of regulating the profession.

ALASKA STATE LEGISLATURE

LEGISLATIVE BUDGET AND AUDIT COMMITTEE

Division of Legislative Audit



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August 11, 2025

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 Board of Psychologist and Psychological Examiners, and the attached report is submitted for your review.

DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT BOARD OF PSYCHOLOGIST AND PSYCHOLOGICAL ASSOCIATE EXAMINERS SUNSET REVIEW

June 5, 2025

Audit Control Number
08-20147-25

The audit was conducted as required by AS 44.66.050(a). Per AS 08.03.010(c)(18), the Board of Psychologist and Psychological Associate Examiners is scheduled to terminate on June 30, 2026. We recommend that the Legislature extend the board's termination date five years to June 30, 2031.

We conducted this audit 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 section of the report.

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

Kris Curtis, CPA, CISA
Legislative Auditor

ABBREVIATIONS

AAC	Alaska Administrative Code
ACN	Audit Control Number
AS	Alaska Statute
board	Board of Psychologist and Psychological Associate Examiners
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
FY	Fiscal Year
OMB	Office of Management and Budget

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ORGANIZATION AND FUNCTION

Board of Psychologist and Psychological Associate Examiners (board)

The board was established to regulate the practice of psychology in Alaska. State law requires a five member board. Three members must be licensed psychologists, one must be a licensed psychological associate, and one must be a member of the public who does not have a direct financial interest in the health care industry. Board members serve staggered four-year terms and may not serve more than two consecutive terms. Exhibit 1 shows the board members as of March 31, 2025.

Exhibit 1	
Board of Psychologist and Psychological Associate Examiners Members as of March 31, 2025	
Erin Johnson, Chair	Psychologist
Bradley McConnell	Psychologist
Lorin Bradbury	Psychologist
Vacant	Psychological Associate
Vacant	Public Member

Source: Office of the Governor, Boards and Commissions

Alaska Statute 08.86.230 defines the practice of psychology as the diagnosis, prevention, treatment, or amelioration of emotional and mental disorders and psychological problems of individuals, groups, and organizations or for research on human behavior. Psychologists provide services involving the application of psychological principles, methods, and procedures of understanding, predicting, and influencing behavior.

Per AS 08.86.070, the duties of the board include:

1. Issuing licenses to qualified applicants;
2. Establishing examination requirements for applicants and facilitating the exams;
3. Establishing continuing education requirements for license renewal;
4. Establishing standards for the practice of psychology;
5. Imposing disciplinary sanctions; and

-
6. Compiling information on the practice of psychology in the state.

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

DCBPL staff provide 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 examinations, 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 to determine whether a person has violated a law.
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.
4. Issue subpoenas for the attendance of witnesses and the production of records.

Alaska Statute 08.01.065 requires the department to adopt regulations that establish the amount and manner of payment of application, examination, license, investigation, registration, and other fees as appropriate.

REPORT CONCLUSIONS

In developing our conclusion regarding whether the Board of Psychologist and Psychological Associate Examiners (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 in 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 an effective manner, actively amending regulations, and generally issuing new licenses in compliance with statutes and regulations.

The audit also found areas for improvement. Renewal licenses were not consistently issued in compliance with state law. Courtesy licensees did not routinely comply with monthly reporting requirements. Board related investigations were not conducted in a timely manner and fees did not cover the cost of regulating the profession. Additionally, board vacancies were not filled in a timely manner.

In accordance with AS 08.03.010(c)(18), the board is scheduled to terminate on June 30, 2026. We recommend that the legislature extend the board’s termination date five years to June 30, 2031, which is less than the eight-year maximum allowed by statute. The reduced extension reflects the need for more routine oversight to ensure corrective action is taken to address deficiencies.

Detailed report conclusions are as follows.

The board conducted its meetings effectively and did not duplicate the efforts of other entities.

The board met 19 times from July 2021 through January 2025. A review of 10 board meetings found that meetings were appropriately public noticed and allowed time for public comment. The audit noted multiple board seats were vacant during the audit period. More specifically, a psychologist board seat was vacant for approximately 33 months (November 6, 2020, to

August 17, 2023) and as of March 31, 2025, the psychological associate and public member board seats had been vacant for 13 months. (See Recommendation 1) Although the board experienced multiple vacancies, quorum was maintained for all meetings reviewed by auditors.

To determine whether the board's activities duplicate those of another agency, auditors reviewed three psychology organizations. The audit concluded that the services offered by the three organizations did not duplicate the board's licensure and other regulatory functions. The activities of the organizations reviewed were as follows:

- American Psychological Association, a national professional organization that offers resources and research tools, and publishes ethical guidelines;
- Association of State and Provincial Psychology Boards, an international organization that develops the psychologists' licensing exam, facilitates license portability, and provides resources and other support to member boards; and
- Alaska Psychological Association, a state level professional organization that advocates on behalf of members and offers resources and networking opportunities.

The board actively amended regulations.

The board amended regulations to implement statutory changes and improve the licensing process. Significant regulation changes included:

- amending the letter of reference requirement to allow a letter of recommendation from a licensed psychologist, in lieu of a letter of reference from a member of a candidate's doctoral committee. This change facilitated the licensing process.
- establishing a temporary military courtesy license to allow qualified active-duty military members and spouses to practice as a psychologist or psychological associate. This change expedited the licensing process for military members and spouses.

-
- establishing scope, guidelines, and standards for teletherapy practices. This change expanded access to psychological services in rural areas in Alaska, while helping ensure safe and effective treatment for clients.

No board related legislation was introduced during the audit period.

The board generally issued new licenses in compliance with statutes and regulations.

As shown in Exhibit 2 on page 6, there was a total of 371 active licenses as of January 2025, representing a 30 percent increase when compared to the prior 2017 sunset audit¹. According to the board chair, the increase was due, in part, to an increase in out-of-state providers obtaining a license to provide services remotely.

Auditors tested 15 new licenses and five renewal licenses issued during the audit period. Auditors found new licenses were issued in compliance with statutes and regulations, however, minor irregularities were identified related to supporting documentation. Testing of the five renewed licenses found that all applicants failed to submit the continuing education information required by regulations. (See Recommendation 2)

The audit reviewed compliance with monthly courtesy license reporting. A courtesy license allows a psychologist licensed in another jurisdiction to provide limited services in Alaska for no more than 30 days in a 12-month period. Regulations require that a courtesy licensee report monthly the number of days worked. The audit found two of four licensees reviewed were not in compliance with the reporting requirement. The same issue was identified in the two previous sunset audits². (See Recommendation 4)

Auditors also reviewed the Division of Corporations, Business and Professional Licensing's (DCBPL) audit of board-related continuing

¹ Based on the prior sunset audit license counts as of March 31, 2017, per sunset audit ACN 08-20107-17.

² See prior sunset audits ACN 08-20107-17 and ACN 08-20066-10.

Exhibit 2

Board of Psychologist and Psychological Associate Examiners Licensing Activity FY 22 through January 31, 2025				
	Newly Issued			Total Active as of January 31, 2025
	FY 22	FY 23	FY 24	
Psychologist*	30	28	30	336
Psychological Associate*	0	0	0	24
Psychologist Courtesy License	10	9	8	11
Total	40	37	38	371

Source: Compiled from the DCBPL licensing database

* Includes temporary licenses

education that was initiated in October 2023 and determined the audit was conducted timely.

Board related investigations were not conducted in a timely manner.

A total of 58 board related cases were open or opened from July 2021 through January 2025. The audit identified that 26 of these cases were open for over 180 days during the audit period and six of the 26 cases were open more than 1,000 days. Auditors reviewed two of the six cases that were open for over 1,000 days and found one of the two had a 656-day delay associated with board member review. (See Recommendation 3)

License fees were not sufficient to cover board operations, and fee increases were not processed in a timely manner.

The board's schedule of revenues and expenditures for FY 22 through January 2025 is shown in Exhibit 3 on page 8. The board mainly receives its revenue from licensure and renewal fees. Renewals are conducted on a biennial basis, creating a two-year cycle in board revenues. As shown in Exhibit 3, the board had a cumulative deficit of \$91,306 as of January 2025.

A December 2023 memo from the governor's chief of staff declared that new or increased taxes, fees, revenues, or any other mechanism to collect new or additional revenue must be approved by the governor's chief of staff, with input from the Office of Management and Budget (OMB), prior to the request being made. The memo is included as Appendix B in this report. In accordance with the new policy, OMB established a procedure whereby all fee increase requests were to be submitted to a department's Division of Administrative Services, whose staff, in turn, would submit the requests to OMB for review. OMB staff were to determine whether a request would be forwarded to the governor's chief of staff for final review and approval.

The audit found that DCBPL performed a fee analysis in September 2024, which supported an increase in the board's license and renewal fees. Although the analysis showed the board would enter into a deficit, the anticipated deficit was not communicated to the board until February 2025. Additionally, DCBPL staff did not send a fee increase request to its Division of Administrative Services for review and submission to OMB. According to DCBPL management, the request to increase the board's fees was not sent to the Division of Administrative Services because management wanted to prioritize other fee increases, such as fee increases resulting from statutorily created new license types. Consequently, the board's deficit will continue to grow. (See Recommendation 5) The board's schedule of fees from FY 22 through January 2025 is shown in Exhibit 4 on page 9.

Exhibit 3

**Board of Psychologist and Psychological Associate Examiners
Schedule of Revenues and Expenditures
FY 22 through January 31, 2025
(Unaudited)**

	FY 22	FY 23	FY 24	July 1, 2024 - January 31, 2025
Revenues				
Licensing Fees	\$ 33,536	\$ 159,021	\$ 33,220	\$ 16,335
General Funds Received ³	42,146	1,894	553	-
Other Sources	-	-	-	-
Total Revenues	<u>75,682</u>	<u>160,915</u>	<u>33,773</u>	<u>16,335</u>
Direct Expenditures				
Personal Services	72,456	114,472	158,590	96,573
Travel	4,726	9,346	3,049	-
Services	8,293	2,237	11,459	13,511
Commodities	-	-	-	-
Total Direct Expenditures	<u>85,475</u>	<u>126,055</u>	<u>173,098</u>	<u>110,084</u>
Indirect Expenditures	<u>36,158</u>	<u>46,449</u>	<u>59,195</u>	<u>29,598*</u>
Total Expenditures	<u>121,633</u>	<u>172,504</u>	<u>232,293</u>	<u>139,682</u>
Annual Surplus (Deficit)	(45,951)	(11,589)	(198,520)	(123,347)
Beginning Cumulative Surplus	<u>288,101</u>	<u>242,150</u>	<u>230,561</u>	<u>32,041</u>
Ending Cumulative Surplus (Deficit)	<u>\$ 242,150</u>	<u>\$ 230,561</u>	<u>\$ 32,041</u>	<u>\$ (91,306)</u>

Source: DCBPL management

*Estimated based on the indirect allocation for July 1, 2024, through December 31, 2024

³ During the audit period, the board was allocated \$44,593 of general funds to replace revenue lost due to the governor's pandemic related license fee freeze.

Exhibit 4

Board of Psychologist and Psychological Associate Examiners License Fees FY 22 through January 31, 2025	
	Fee Amount
Application fee for initial license	\$200
Application fee for any courtesy psychologist license	50
Credential review fee	100
Psychologist license fee for all or part of the initial biennial licensing period	500
Psychologist biennial license renewal fee	500
Temporary license fee	150
Psychological associate license fee for all or part of the initial biennial period	500
Psychological associate biennial license renewal fee	500
Courtesy psychologist license fee	200
State examination fee	50
Examination for Professional Practice in Psychology retest fee	25

	Fee Amount
Application fee for initial license	\$200
Application fee for any courtesy psychologist license	50
Credential review fee	100
Psychologist license fee for all or part of the initial biennial licensing period	500
Psychologist biennial license renewal fee	500
Temporary license fee	150
Psychological associate license fee for all or part of the initial biennial period	500
Psychological associate biennial license renewal fee	500
Courtesy psychologist license fee	200
State examination fee	50
Examination for Professional Practice in Psychology retest fee	25

Source: 12 AAC 02.330

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FINDINGS AND RECOMMENDATIONS

The prior 2017 sunset audit made two recommendations:

- Division of Corporations, Business and Professional Licensing’s (DCBPL) director, in consultation with the Board of Psychologist and Psychological Associate Examiners (board), should reduce fees.
- DCBPL’s director should develop and implement procedures to ensure courtesy licensees comply with monthly reporting requirements.

The prior audit recommendation to reduce fees was resolved. The psychologist and psychological associate license and renewal fees were reduced from \$775 to \$500 in FY 19 to reduce the board’s surplus.

The prior audit recommendation to address courtesy license reporting requirements was not resolved. DCBPL management developed and implemented procedures to improve tracking of monthly reporting. However, the audit found the procedures were not sufficient to ensure licensees complied with monthly reporting requirements. This finding is reiterated as Recommendation 4.

This sunset audit makes four new recommendations.

Recommendation 1:

The Office of the Governor, Boards and Commissions director should work with the board to identify potential applicants to fill board vacancies and take steps to ensure qualified applicants are appointed in a timely manner.

As of March 2025, the psychological associate and public board seats had been vacant for approximately 13 months. Additionally, a psychologist board seat was vacant before and during the audit period for approximately 33 months.

The Office of the Governor, Boards and Commissions director stated that there were few applicants for the board’s vacant seats. Three board applications were received in 2024 for the psychological associate board seat. According to the Boards and Commissions director, two applicants were not eligible and one applicant was eligible but was not selected. No reason was provided as to why the applicant was not approved. No application for the public member

board seat was received. According to the board chair, the vacancies were caused by a limited number of qualified applicants for the psychological associate seat, a general lack of awareness about the opportunity to serve on the public seat, and an overall concern about the significant workload that comes with serving on the board.

Per AS 08.86.010, the board is composed of five members appointed by the governor and approved by the legislature. State law requires three members be licensed psychologists, one member be a licensed psychological associate, and one be a member of the public. The Office of the Governor, Boards and Commissions director is responsible for actively recruiting, interviewing, and vetting board applicants. Vacant positions can impair the board's ability to conduct business, increase the workload of other board members, delay investigations, and could potentially lead to inefficiencies, such as canceled meetings due to lack of quorum. Furthermore, vacant public member seats can hinder the board's ability to conduct business with the appropriate consumer and public safety input and perspectives.

We recommend that the Boards and Commissions director work with the board to identify potential applicants to fill board vacancies and take steps to ensure qualified applicants are appointed in a timely manner.

Recommendation 2:

The board chair and DCBPL's director should work together to ensure renewal applicants comply with continuing education regulations or seek a regulatory change if deemed necessary.

Auditors reviewed five renewal applications and found all five did not fully comply with regulatory requirements.

Per 12 AAC 60.350, an applicant for a license renewal is required to submit a sworn statement of the continuing education completed during the concluding licensing period, which must include the following information, as applicable:

1. sponsoring organization;
2. location of the course or correspondent;
3. title or description of the course;
4. principal instructor;
5. dates of attendance or period of correspondence;
6. titles, issues, and dates of publications or presentations; and
7. number of continuing education hours claimed.

All five of the licensees renewed using the online renewal application. The online application directed licensees to certify successful completion of the required continuing education hours, but did not require the details be disclosed. According to DCBPL staff, the online renewal form was created in a standardized format to be used for many boards when the division transitioned to an online application portal. When the online form was created, DCBPL management decided that detailed continuing education information would not be obtained at the time of application. Instead, DCBPL management planned to monitor continuing education through its audit process. The board did not revise 12 AAC 60.350 when that decision was made. Issuing licenses without ensuring applicants comply with state laws increases the risk to public safety.

We recommend the board chair and DCBPL director work together to ensure renewal applicants comply with continuing education regulations or seek a regulatory change if deemed necessary.

Recommendation 3:

Board members should review investigative cases in a timely manner.

Auditors reviewed two of the six board cases that had been open for over 1,000 days and identified that one of the two cases had a period of unjustified inactivity of 656 days. According to DCBPL management, the delay was related to a board member not completing the review timely and a lack of alternate qualified board members to review the case.

Per AS 08.86.070(5), the board is responsible for imposing disciplinary sanctions. Per AS 08.86.220(a), the board may appropriately discipline, take action against a license, or require additional education or training for a practitioner upon finding demonstrated problems related to the malpractice of psychology. Investigations and complaints that sit idle for extended periods could negatively impact public safety.

We recommend board members review assigned investigation cases in a timely manner.

Recommendation 4:

DCBPL's director should ensure courtesy licensees comply with monthly reporting requirements.

Auditors reviewed four courtesy licensees for compliance with monthly reporting requirements and found two licensees were noncompliant for one month each and one licensee was noncompliant for three months. Although DCBPL management established a procedure to review courtesy licenses for compliance with the reporting requirement, the procedures did not result in adequate monitoring due to human error.

Per 12 AAC 60.035(a), a courtesy license authorizes the licensee to practice psychology for no more than 30 days in a 12-month period. Courtesy licensees must submit a report to the board each month during the period of courtesy licensure indicating the number of days practiced under the courtesy license during the month.

Absent sufficient monitoring, courtesy licensees may be practicing unlawfully, which may pose a risk to public health.

We recommend DCBPL's director ensure courtesy licensees comply with monthly reporting requirements.

Recommendation 5:

DCBPL's director should ensure the board's fees cover the cost of regulating the profession.

Board related fees were not increased to cover the cost of regulating the profession. DCBPL prepared a fee analysis in September 2024, which supported an increase in license and renewal fees. However, DCBPL management did not present the fee analysis to the board in a timely manner and no actions were taken to increase fees.

During December 2023, the governor's chief of staff issued a memorandum to all agency heads declaring that any new or increased taxes, fees, revenues, or any other mechanism to collect new or additional revenue must be approved by the governor's chief of staff, with input from the Office of Management and Budget (OMB), prior to the request being made. The memo is included as Appendix B in this report. OMB management established a procedure directing requests for fee changes be submitted to a department's Division of Administrative Services, whose staff, in turn, would submit the request to OMB for review. Upon approval by OMB, the request would be forwarded to the chief of staff for consideration as determined necessary.

Per DCBPL management, fee changes required due to statutorily created new license types were prioritized over other fee requests. DCBPL management decided not to request the board's fee increases so that, in the event of limited resources, other fees could be established timely.

Per AS 08.01.065, Department of Commerce, Community, and Economic Development establishes, adjusts, and adopts regulations to implement fee levels so that the total amount of fees collected for an occupation approximately equals the actual regulatory costs for the occupation. The board has a deficit of approximately \$91,300 as

of January 2025. Not updating fees in a timely manner will increase the board's deficit. Furthermore, delaying fee increases will result in larger increases in the future; thereby shifting costs to future licensees.

We recommend DCBPL's director ensure the board's fees cover the cost of regulating the profession.

OBJECTIVES, SCOPE, AND METHODOLOGY

In accordance with Title 24 and Title 44 of the Alaska Statutes, we have reviewed the activities of the Board of Psychologist and Psychological Associate Examiners (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 08.03.010(c)(18), the board will terminate on June 30, 2026, and will have one year from that date to conclude its administrative operations.

Objectives

The three central, interrelated objectives of our report are to determine:

1. If the termination date of the board should be extended and for how long.
2. If the board is operating in the public's interest.
3. The status of recommendations made in the prior sunset audit.

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 from July 1, 2021, through January 31, 2025. Financial data is presented, unaudited, for the same period.

Methodology

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

- The prior sunset audit report (ACN 08-20107-17) 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 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 were adequately public noticed in accordance with state law.
 - Board expenditures, revenues, and fee levels to determine whether fee levels covered the cost of operations.
 - Board investigation data for investigations that were open or opened between July 1, 2021, and January 31, 2025, to assess the efficiency of the investigative process.
 - Various news related websites to identify complaints against the board or other board related concerns.
 - Various websites containing information for potential duplication of board activities.

Internal controls over the licensing and investigative processes were assessed to determine if controls were properly designed and implemented. Additionally, to identify and evaluate board activities, we conducted interviews with State agency staff and the board chair. Specific areas of inquiry included: board operations, regulation changes, duplication of efforts, fee levels, board and staff vacancies, and complaints against the board. Additionally, interviews were conducted with staff from the Office of the Governor, Boards and Commissions to understand recruitment activities and determine the cause of board member vacancies.

The audit utilized the following samples:

- A random sample of 20 license applications was tested. Fifteen new applications were selected from 146 new licenses and five were selected from 301 renewal licenses issued from July 1, 2021, through January 31, 2025. License applications were assessed for statutory and regulatory compliance. The new licenses were also tested for operating effectiveness of internal controls. The sample size was based on a low inherent risk and moderate audit risk. Test results were not projected to the population.
- A sample of four of 34 courtesy licenses issued from July 1, 2021, through January 31, 2025, were reviewed for compliance with monthly reporting requirements. Test results were not projected to the population.
- A sample of three of 26 board related cases open 180 days or longer from July 1, 2021, through January 31, 2025, were reviewed for unjustified periods of inactivity. Two cases were selected from the six cases open more than 1,000 days and 1 case was selected from the remainder. Test results were not projected to the population.
- A judgmental sample of 10 of 19 board meetings held from July 1, 2021, through January 31, 2025, was reviewed to gain an understanding of board proceedings and activities, the nature and extent of public input, whether a quorum was maintained, whether the meetings were public noticed, and whether board vacancies impeded operations. Test results were not projected to the population.

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APPENDICES

SUMMARY

Appendix A provides the sunset criteria used in developing the conclusions regarding whether the Board of Psychologist and Psychological Associate Examiners termination date should be extended.

Appendix B shows a memo from Governor Dunleavy's chief of staff prohibiting tax, fee, or revenue increases without review by the Office of Management and Budget and approval by the chief of staff.

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APPENDIX A

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;

APPENDIX A

(Continued)

8. the extent to which state personnel practices, including affirmative action requirements, have been complied with by the board or commission in its own activities and in 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.

APPENDIX B

Governor's Chief of Staff December 5, 2023, Memo



THE STATE
of **ALASKA**
GOVERNOR MIKE DUNLEAVY

MEMORANDUM

TO: Governor's Cabinet and State Corporation CEO's
FROM: Tyson Gallagher, Chief of Staff
DATE: December 5, 2023
SUBJECT: No Tax/Fee/Revenue Increases without COS approval

This memorandum serves as a directive to all executive branch operations - any new or increased taxes, fees, revenues, or any other mechanism to collect new or additional revenue to your operations must be approved by the Chief of Staff in writing and prior to the action.

In addition to ensuring we have the statutory authority, and receipt authority in the budget, to take any money from anyone, it is also incumbent upon you as managers to run your agencies in furtherance of the Governor's values and priorities. Governor Dunleavy does not believe in any money being taken from Alaskans without the utmost purpose and need. As the Chief Executive of the State of Alaska, these decisions should not be made in the isolation of departments and need to be discussed with the Governor's Office to understand the broader context and implications of the proposed actions.

I expect you and your staff to work with your Special Assistant in the Governor's Office, and your Administrative Services Director work with OMB, to best to manage your operations and budget. If you get to a point that a fee increase of any sort is necessary, it will need to be submitted to the Chief of Staff in writing and as part of my due diligence I will ask the relevant Special Assistant and OMB for input on the overall issue and your engagement with them on it prior to the request being made.

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Agency Response from the Office of the Governor



OFFICE OF THE GOVERNOR
Governor Mike Dunleavy
STATE OF ALASKA

October 16, 2025

RECEIVED

OCT 16 2025

LEGISLATIVE AUDIT

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

Re: Confidential preliminary audit, Department of Commerce, Community, and Economic Development, Board of Psychologist and Psychological Associate Examiners

Dear Ms. Curtis,

Recommendation 1: The Boards and Commissions director should work with the board to identify potential applicants to fill board vacancies and take steps to ensure qualified applicants are appointed in a timely manner.

The Office of the Governor concurs with this recommendation. Vacancies are filled promptly once an applicant satisfies both the board's statutory qualifications and the Governor's independent standard for public service. No application reviewed during the audit period cleared that combined threshold for the vacant Psychological Associate seat. Opportunities to serve remain publicly posted; the appointment will be made when a fully qualified candidate applies.

Thank you for the opportunity to respond.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jordan Shilling".

Jordan Shilling, Director
Boards and Commissions

cc: Cheri Lowenstein, Administrative Director, Office of the Governor

550 West 7th Avenue, Suite 1700, Anchorage, AK 99501

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



THE STATE
of **ALASKA**
GOVERNOR MIKE DUNLEAVY

Department of Commerce, Community, and Economic Development

OFFICE OF THE COMMISSIONER
Julie Sande, Commissioner

P.O. Box 110800
Juneau, Alaska 99811-0800
Main: 907.465.2500
Fax: 907.465.5442

October 2, 2025

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

RECEIVED

OCT 03 2025

LEGISLATIVE AUDIT

Dear Ms. Curtis:

Thank you for the September 12, 2025, Confidential Preliminary Report, Department of Commerce, Community, and Economic Development (DCCED), Board of Psychologist and Psychological Associate Examiners (board) Sunset Review. I concur with all five conclusions and all five recommendations. Please see the following comments regarding the recommendations:

Recommendation #1: The Office of the Governor, Boards and Commissions director should work with the board to identify potential applicants to fill board vacancies and take steps to ensure qualified applicants are appointed in a timely manner.

The department will continue to support the governor's office in filling vacant board seats, as appropriate.

Recommendation #2: The board chair and DCBPL's director should work together to ensure renewal applicants comply with continuing education regulations or seek a regulatory change if deemed necessary.

The division concurs with this finding and will work with the board to discuss whether it wishes to amend 12 AAC 60.350 so that it better aligns with the division's normal process to ensure compliance with continuing education requirements. The division edited the renewal form prior to the renewal that occurred this summer (licenses expired June 30, 2025) to include the information required by 12 AAC 60.350. We appreciate the audit highlighting this deficiency in our process for us.

Recommendation #3: Board members should review investigative cases in a timely manner.

While the Division of Corporations, Business and Professional Licensing works with the board and provides advice and guidance, the board is not under the purview of the department. The department appreciates board members' willingness to volunteer their time and attend to all the responsibilities that accompany board membership.

Recommendation #4: DCBPL's director should ensure courtesy licensees comply with monthly reporting requirements.

It is the intent and policy of this agency to ensure licensees comply with reporting requirements in statute and regulation. As noted, this is a repeat audit finding. Since those practicing with a courtesy license may only do so for 30 days in a year, most licensees have nothing to report for the majority of months. The department has resolved this finding by creating a tracking and reminder process to prompt courtesy license holders of the required report if they fail to submit it timely and then refer them to investigations if they still do not submit the report after the reminder is sent.

Recommendation #5: DCBPL's director should ensure the board's fees cover the cost of regulating the profession.

The department has received approval to increase the board's fees to cover the cost of regulating the profession. While the regulations process does take some time, we are working to resolve this issue.

Again, thank you for the opportunity for the department to provide input on this matter. If you have any questions, please feel free to contact me.

Sincerely,

DocuSigned by:

58AEBFAA5D47472...
Julie Sande
Commissioner

Agency Response from the Board of Psychologist and Psychological Associate Examiners

October 3, 2025

State of Alaska
Legislative Budget and Audit Committee
Division of Legislative Audit
P.O. Box 113300
Juneau, AK 99811-3300

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OCT 06 2025
LEGISLATIVE AUDIT

Dear Legislative Budget and Audit Committee,

On behalf of the board, I would like to thank you for your careful and in-depth review of the Board of Psychologist and Psychological Associate Examiners. I concur with the conclusions, findings and recommendations detailed in the preliminary sunset audit report.

The planned actions to support addressing the three recommendations that are not directed to the board are as follows:

- *Recommendation: "The Office of the Governor, Board and Commission director should work with the board to identify potential applicants to fill board vacancies and take steps to ensure qualified applicants are appointed in a timely manner."*
 - The board will support the Office of the Governor, Board and Commission director by sharing information about open board seats with the Alaska Psychological Association (the Alaskan members' guild) to share with its members.
- *Recommendation: "DCBPL's director should ensure courtesy licensees comply with monthly reporting requirements."*
 - Based on initial feedback from the Legislative Budget and Audit Committee, a new tracking and compliance process has been implemented.
 - The board will support the DCBPL director by reviewing current reporting requirements to ensure there is no undue burden to the licensees and amend as needed.
- *Recommendation: "DCBPL's director should ensure the board's fees cover the cost of regulating the profession."*
 - The board will support recommended changes based on the most recent fee analysis.

The planned actions to address the two recommendations for the board and the timeline for implementation are as follows:

- *Recommendation: "The board chair and DCBPL's director should work together to ensure renewal applicants comply with continuing education regulations or seek a regulatory change if deemed necessary."*
 - Based on initial feedback from the Legislative Budget and Audit Committee, the renewal applications have been updated to ensure applicants are providing the required information. The amended application was implemented prior to the most recent renewal cycle.
 - The board will review regulations to determine if there is any undue burden on applicants and address as needed.
 - Timeline: Review will be completed at upcoming board meetings and any regulation changes will take place after board review.

- *Recommendation: "Board members should review investigative cases in a timely manner."*
 - As the shortage of board members added to the delay in completing case reviews, the board will continue to support DCBPL in board member recruitment.
 - The board will increase communication with Investigations regarding timeline expectations and work-load availability to ensure reviews are completed in a timely manner.
 - Timeline: Ongoing.

The board is committed to upholding our mission of ensuring "protection of the public; ensuring the public of continued competency of licensed psychology professionals; ensuring psychological care is offered by professionally qualified persons; and ensuring qualified psychology practitioners are available". Thank you again for your review and for allowing the opportunity to respond.

Sincerely,



Erin Johnson, PhD
Board Chair
Board of Psychologist and Psychological Associate Examiners