

**State of Alaska
Department of Commerce, Community and
Economic Development
Division of Corporations, Business and Professional Licensing**

BOARD OF PUBLIC ACCOUNTANCY

**MINUTES OF MEETING
February 9-10, 2015**

By authority of AS 08.01.070(2), and in compliance with the provisions of AS 44.62, Article 6, a scheduled meeting of the Board of Public Accountancy was held February 9-10, 2015 in Juneau Alaska.

Monday, February 9, 2015

Call to Order/Roll Call

The meeting was called to order by Karen Brewer-Tarver, Chair, at 8:34 a.m. Those present, constituting a quorum of the Board were:

Donovan Rulien II, CPA – Anchorage
Jeffrey Johnson, CPA – Fairbanks
Karen Brewer-Tarver, CPA – Juneau
Wayne Don, Public member – Eagle River
Andre Horton, Public member – Anchorage

Present from the Department of Commerce, Community and Economic Development, Division of Corporations, Business and Professional Licensing, were:

Cori Hondolero, Executive Administrator
Sara Chambers, Director (agenda item #6)
Martha Hewlett, Administrative Officer II (agenda item #6)
Alvin Kennedy, Investigator III (agenda item #7)
Jun Maiquis, Regulations Specialist (agenda item #10)

Visitors present included:

Rebecca Martin, CPA, representing the Alaska Society of CPAs (ASCPA)
Bernadette Kopy, representing the Alaska Society of Independent Accountants (ASIA)

Agenda Item 1 – Review Agenda

Agenda item #6 – the Board noted that it would be best to discuss the fee project before meeting with Ms. Chambers.

Agenda Item 2 – Ethics Report

It was determined that there was nothing to report.

Ms. Hondolero will forward Mr. Rulien a copy of a past ethics disclosure for NASBA committee participation.

Agenda Item 3 – Review Meeting Minutes

The Board reviewed the minutes of the most recent meeting and teleconference.

Upon a motion duly made by Mr. Rulien, seconded by Mr. Johnson, and approved unanimously, it was:

RESOLVED to approve the minutes of the November 13-14, 2014 meeting and December 23, 2014 teleconference as written.

Agenda Item 4 – Public Comment

There was no one present in the room that made a request to address the Board.

Agenda Item 5 - Alaska Society of Certified Public Accountants (ASCPA)

Rebecca Martin was present and let the Board know about the following AK Society activities:

- Linda Plimpton will be retiring April 30, 2015
- New Executive Director
- Annual meeting May 28-29, 2015 in Anchorage
 - New leadership conference (1-2 days of training with follow up during the summer). Firms are welcome and encouraged to send their staff. The Society is also open to feedback on the conference
 - Karen has been invited to speak during the meeting
 - Panel participant on UAA vs. AK statutes/Regulations
 - General Board activity update

Agenda Item 6 – Board Business

ED Report

Ms. Hondolero reported the following:

- 2013 CPE case update
 - 3 cases currently in the hearing process

- Consent agreements for Board review (day 2)
- 1 case ready for default revocation
- 1 case ready for an accusation to be filed
- 1 case closed; licensee deceased
- Special requests for Board review (day 2)
- New investigative unit structure – Investigator Kennedy will now be a lead investigator. For the time being, he will continue to be the assigned Board investigator.
- Approval granted to attend the ED conference – March 2015

The Board requested that PDF versions of any packet updates be e-mailed to Board members before the meeting.

Agenda Item 6 – Board Business

Mr. Johnson had prepared a fee analysis based off the Board approved analysis from the 2013 renewal. All available figures (final and projected) had been added to the worksheet for Board review and discussion. The Board discussed the estimated travel budget and made a few adjustments.

Sara Chambers, Director and Martha Hewlett, Admin Officer were present to discuss the following issues:

New Database

Ms. Chambers indicated that the new database for professional licensing was estimated to be launched mid-March. Ms. Brewer-Tarver asked if the Division would be moving to accept more electronic data; thereby eliminating the need to physically mail everything in. Ms. Chambers stated that there are legal concerns and the Division would need to adopt regulations to allow electronic communication under certain conditions.

Legislative Budget and Audit Committee Meetings Update

Ms. Chambers noted that she had two presentations that she would be making before the Legislature later that day. It was noted that the Committee was likely to start crafting solutions and there might be some new legislation. Ms. Chambers noted that she would send out information to all Board members if legislation was introduced.

Revenues/Expenditures

It was noted that Board was currently in a deficit position (approximately \$150k). Mr. Johnson noted that the Board had continually been advised (via past revenue/expenditure reports) that it was carrying a large roll forward amount for many years prior to the Division presenting undated figures after completing a 10-year reconciliation, of which the detail was never presented to Boards for review. Mr. Johnson asked if the Board was expected to collect the deficit during the upcoming renewal.

Ms. Chambers noted that the concerns were not unique to the Accountancy Board; other Boards are becoming leery of spending money on investigations (many regarding unlicensed practice) when any fines collected are deposited in the general fund. The Division is working on creating fine receipting authority. Ms. Chambers also stated that it would be unlikely for the Legislature to help offset Boards in deficit positions, but they also may not require that full deficit amounts be collected during one renewal cycle.

Ms. Hewlett reviewed the FY15 2nd quarter report with the Board and noted that the Board has not yet used any 3rd party reimbursed travel in FY15. Updated travel procedures now allow for outside entities to direct pay for items such as airline tickets and hotel expenses.

The Board stated that they would like personnel breakdown costs with every quarterly report. Ms. Hewlett indicated this would not be a problem, but requested a reminder a couple weeks before each meeting.

Ms. Hewlett noted that the indirect amount listed on each quarterly report during the fiscal year is just an estimate based on the prior fiscal year; a placeholder until the Division trues up the figures with actuals. In FY14 a new methodology was put in place to reduce indirects; such as front desk staff billing time based on transaction count vs licensee count. There are different allocation basis methods; sometimes by PCN count and sometimes by licensee count. There are about four different ways to allocate.

Regulation Project

The Board stated that they have a regulation project almost ready for public notice and inquired about the estimated timeline. Ms. Chambers indicated that most projects take a minimum of six months. HB140 requires that when questions come in about a project, that the questions and answers be placed on the Boards website. It was noted that the Board could possibly include a list of frequently asked questions or a cover letter when the regulations are sent out.

The Board asked about the possibility of accepting public comment during the Alaska Society's annual meeting. Ms. Chambers indicated that this would be possible if the meeting was public noticed.

The Board indicated that they would like to aim to adopt the regulation project at the May 7-8, 2015 meeting. Ms. Chambers indicated that she would try to help keep the project moving through all required reviews, but could not guarantee the requested timeline would be met.

2015 Renewal Fees

Mr. Johnson walked Ms. Chambers through the summary of the recommended fee changes and noted that the Board would be looking at a 20-30% fee increase. The Board indicated that they would be forwarding a formal letter to Ms.

Chambers with backup information and requested that the project not sit for too long because the Board would like to try to open online renewal mid-November. Ms. Chambers indicated that the new Director would be starting at the beginning of March and she would express the need for timeliness with fee review and implementation.

Agenda Item 7 – Investigative Report

Investigator Kennedy called in to the meeting to present his report. He noted the following items:

- Working on a possible accusation, but did not want to discuss the matter, as it was likely to come before the Board.
- Last two large file reviews ongoing; hope to have them closed out by the next reporting period.
- Advised that the Division was in the processing of hiring a couple new investigators. Likely there will be a new investigator assigned to the Board within the next 6-8 months, but he would be training and supervising them.

The Board asked Investigator Kennedy if he would be interested in attending the NASBA ED/Legal conference in March. It was noted that a scholarship may be available because it would be first time attendance. Investigator Kennedy noted that he would like to attend. Ms. Brewer-Tarver indicated that she would work with Ms. Hondolero to get the scholarship request sent to NASBA.

The Board recessed for lunch at 11:45 a.m.
The Board resumed the meeting at 1:06 p.m.

Agenda Item 8 – NASBA Updates

Conferences

Western Regional, June 2015 - Ms. Hondolero, Ms. Brewer-Tarver, Mr. Rulien and Mr. Don to attend.

Annual, October 2015 – Mr. Johnson, Ms. Hondolero and Mr. Horton to attend. Ms. Hondolero will inquire with Ms. Schmitz and Mr. Chapman to see if they are interested in attending.

Committees

Mr. Johnson – Legislative Support Committee – the committee met for a teleconference in early January; discussed legislation tracking and how the system set up by NASBA can also track issues that may impact other jurisdictions. It was also noted that NASBA is trying to build up its database of contact people when legislative issues arise. Individuals can add contact information through NASBA's website.

Mr. Rulien –Uniform Accountancy Act (UAA) committee – the committee would be meeting for a teleconference the following day to discuss SSARS 21 issues surrounding review and compilations and how different states do things. The committee will also be meeting in person at the end of February to discuss the retired designation and the possibility of making it more open.

There was Board discussion regarding inactive status and the Board indicated that those with an inactive status should not be signing “CPA” There should be additional guidance on this topic from UAA in the future.

Agenda Item 9 – CPA Exam Surveys

The Board reviewed the surveys that had been received. There were multiple responses indicating issues at the Anchorage testing site. Many of the issues appeared to be at the end of the last testing window including a couple of instances where the exam locked up resulting in an incomplete exam and required retake.

Ms. Hondolero indicated that she and Ms. Schmitz had visited the Anchorage site after the last meeting and the new manager did indicate that they added extra exam times on a Sunday. Apparently Sunday is not a ‘regular’ day, the temperature/air conditioning systems are pre-programmed and not turned on during Sundays. This resulted in equipment overheating and technical issues.

Agenda Item 10 – Statute/Regulation Projects

The Board reviewed and discussed potential regulation changes and took the following action:

Upon a motion duly made by Mr. Horton, seconded by Mr. Rulien, and approved unanimously, it was:

RESOLVED to send the following regulation change out for public comment:

12 AAC 04.350(2) – repeal

Mr. Maiquis joined the meeting to review the 1/29/15 regulation project draft that had been prepared for the Board. Ms. Hondolero noted that there were a few updates that needed to be made and one additional regulation change to add to the project.

Upon a motion duly made by Mr. Horton, seconded by Mr. Rulien, and approved unanimously, it was:

RESOLVED to accept the 1/29/15 draft and to send it out for public comment with the following changes/additions:

- **12 AAC 04.200 – amend the AICPA phone number listed in the editor’s note to 1-888-777-7077**
- **12 AAC 04.300(c) – amend to remove “As of the licensing period that begins January 1, 2006”**
- **12 AAC 04.350(2) - repeal**

It is noted that at this time there are no known costs to private persons, other State agencies or municipalities.

The Board informed Mr. Maiquis that they would like to write a cover letter that is to be mailed out with this project. The Board also noted that they would like to adopt this project at the May 2015 meeting if possible. Mr. Maiquis indicated that once he had all of the required documents from staff, he would get the project started through the review/approval process.

The Board noted a list of items to add to the statute/regulation tracking list:

- SSARS21 – Rulien
- Inactive/Retired – Rulien
- 2 vs 1 year – Johnson
- Attest Definition – Johnson
- Out of State exemptions – Brewer-Tarver

The Board is also interested in continuing to track how UAA differs from AK statutes/regulations. Mr. Rulien will create a matrix.

Ms. Martin (ASCPA), noted that if the Board was still going to look at making changes to the definitions of ‘client’ and ‘practice of public accounting’ that the Board may want to solicit comments from the Society’s legislative committee.

The Board requested an update to the FAQs on the website. Ms. Hondolero will e-mail them to all Board members for review.

The Board also requested that a ‘dba’ line for sole proprietors be added to the individual CPA application and that this information also be captured via the online renewal.

The Board discussed renewal vs reinstatement timing. The Board requested that the 2015 renewal form require every licensee to list their 2014 hours, 2015 hours and the total hours.

Agenda Item 6 – Board Business

The Board returned to the discussion about fees and finalized the following recommendations:

Initial license, permit or practice privilege application fee = \$150
CPA license fee initial/renewal = \$350
CPA inactive fee = \$225
Firm fee = \$500
Out-of-State permit = \$850

*fees not specifically contained on the worksheet reviewed by the Board, should also see an increase (20%-30%) and this would also be a good time to remove the exam fees that are currently collected by NASBA. The Board noted that late renewals are discouraged and the late fee should be reflective of that.

- 12 AAC 02.340(1)(B) – repeal
- 12 AAC 02.340(6) – change to \$225
- 12 AAC 02.340(10)(A) – repeal
- 12 AAC 02.340(10)(B) – repeal
- 12 AAC 02.340(10)(C) – repeal
- 12 AAC 02.340(10)(D) – repeal
- 12 AAC 02.340(11) – change to \$175
- 12 AAC 02.340(12) – change to \$200

Upon a motion duly made by Mr. Rulien, seconded by Mr. Don, and approved unanimously, it was:

RESOLVED to submit a letter to Ms. Chambers from the Board with the recommended fee changes.

Mr. Horton will e-mail the final Board approved excel sheet to Ms. Hondolero. Ms. Hondolero and Ms. Brewer-Tarver will finalize the letter regarding fee recommendations and submit it to Ms. Chambers.

Agenda Item 11 – Correspondence

The Board reviewed the correspondence items contained in the Board packet. There were not any items that required Board response.

It was noted that the Board would like information regarding Alaska pass rates, so that they can see how Alaska schools are doing.

The meeting was recessed at 3:38 p.m., until Tuesday, February 10, 2015.

Tuesday, February 10, 2015

Call to Order/Roll Call

The meeting was called to order by Karen Brewer-Tarver, Chair, at 8:36 a.m. Those present, constituting a quorum of the Board were:

Donovan Rulien II, CPA – Anchorage
Jeffrey Johnson, CPA – Fairbanks
Karen Brewer-Tarver, CPA – Juneau
Wayne Don, Public member – Eagle River
Andre Horton, Public member – Anchorage

Present from the Department of Commerce, Community and Economic Development, Division of Corporations, Business and Professional Licensing, was:

Cori Hondolero, Executive Administrator

Visitors present included:

Rebecca Martin, CPA, representing the Alaska Society of CPAs (ASCPA)
Bernadette Kopyy, representing the Alaska Society of Independent Accountants (ASIA)

Agenda Item 12 – Review Agenda

The Board wanted to discuss amending the FY15 travel budget to include attendance at the Alaska Society of CPAs (ASCPA) annual meeting (May 2015). It was noted that this should be included on future annual reports. At least one Board member and the Executive Administrator will attend when possible.

Upon a motion duly made by Mr. Johnson, seconded by Mr. Don, and approved unanimously, it was:

RESOLVED to update the FY15 travel request to include the ASCPA annual meeting. Ms. Brewer-Tarver and Ms. Hondolero to attend.

Agenda Item 13 – Public Comment

Ms. Martin with the Alaska Society of CPAs indicated that the Society's annual meeting would be at the Sheraton in Anchorage; with the business meeting on Friday.

Agenda Item 14 – CPE Audits

The Board completed CPE file review and took the following action:

Upon a motion duly made by Mr. Horton, seconded by Mr. Don, and approved unanimously, it was:

RESOLVED to enter into executive session in accordance with AS 44.62.310(c)(2) and (3), and Alaska Constitutional Rights to Privacy Provisions for the purpose of discussing a CPE files.

The Board entered executive session at 8:51 a.m.
The Board went back on the record at 9:41 a.m.

Upon a motion duly made by Mr. Don seconded by Mr. Horton, and approved unanimously, it was:

RESOLVED to adopt the consent agreements for the following cases

- #2014-002215
- #2014-002214
- #2014-002212
- #2014-002218
- #2014-001764

Upon a motion duly made by Mr. Don seconded by Mr. Rulien, and approved unanimously, it was:

RESOLVED to deny the request for modification of the consent agreement for case #2014-002216.

Upon a motion duly made by Mr. Don, seconded by Mr. Horton, it was:

RESOLVED to deny the request for reconsideration for consent agreement for case #2014-001231.

	<u>YES</u>	<u>NO</u>
Donovan Rulien	X	
Jeffrey Johnson		X
Andre Horton		X
Wayne Don	X	
Karen Brewer-Tarver		X

Upon a motion duly made by Mr. Johnson seconded by Mr. Horton and approved, it was:

RESOLVED to accept the request for reconsideration of the consent agreement for case #2014-001231; this action will remove the sanctions and void the consent agreement.

	<u>YES</u>	<u>NO</u>
Donovan Rulien	X	
Jeffrey Johnson	X	
Andre Horton	X	
Wayne Don		X
Karen Brewer-Tarver	X	

Upon a motion duly made by Mr. Don seconded by Mr. Horton, and approved unanimously, it was:

RESOLVED to adopt the modification order for the consent agreement for case #2012-001010.

Upon a motion duly made by Mr. Don seconded by Mr. Rulien, and approved unanimously, it was:

RESOLVED to adopt the modification order for the consent agreement for case #2012-001838.

Agenda Item 15 – Application Review

The Board completed application review and took the following action:

Upon a motion duly made by Mr. Rulien seconded by Mr. Don, and approved unanimously, it was:

RESOLVED to deny Khawaja Ali Usman’s request for exam score extension.

Upon a motion duly made by Mr. Horton seconded by Mr. Rulien, and approved unanimously, it was:

RESOLVED to approve the following applicants to sit for the CPA exam.

- Amy Peiffer
- Steven Johnston
- Jeffrey Burtnett
- Steven Willard

- **Sarah Wolver**

Upon a motion duly made by Mr. Johnson seconded by Mr. Rulien, and approved unanimously, it was:

RESOLVED to deny the reinstatement application of Clyde Thomas Beard; licensee does not meet the requirements of AS 08.04.110 (good moral character) and under AS 08.04.450(a)(2), AS 08.04.450(a)(5) and AS 08.04.450(a)(6) the Board can refuse to reinstate the license due to a criminal conviction.

Upon a motion duly made by Mr. Don seconded by Mr. Rulien, and approved unanimously, it was:

RESOLVED to approve the reinstatement application of Natalia Nasimova.

Upon a motion duly made by Mr. Rulien seconded by Mr. Johnson, and approved unanimously, it was:

RESOLVED to approve Parviz Babazade, Katherine Browne, Chelsea Crawley, Jennifer Dorff, Jonathan Palmer, Nicole Stevens and Deborah Wilmoth for licensure by exam.

Upon a motion duly made by Mr. Don seconded by Mr. Rulien, and approved unanimously, it was:

RESOLVED to approve the Out-of-State Permit applications of Kendall, Prebola and Jones, LLC and TJS Deemer Dana LLP.

Agenda Item 16 – Administrative Business

Confirm Upcoming Meeting Dates/Locations

- May 7-8, 2015 in Anchorage
- July 30-31, 2015 in Fairbanks
- November 5-6 in Anchorage

Sign Wall Certificates

- Sarah Hofkens #2740
- Abigail Riggs #2741
- Bartlomie Roszczyk #2742
- Jeremiah Moog #2743
- Amber Miller #2745
- Andrew Wilson #2746

- Jeff Sun #2747
- Deborah Griesmer #2748
- Matthew Coates #2749
- Coaly Huckins #2750
- Loren Louwagie #2751
- Petr Kaygorodov #2752
- Amanda Dayton #2753
- Dina Stretiner #2754
- Jonathan Kuhn #2755
- Siting Feng #2756
- Bradley Golden #2757
- Dilin Wang #2758
- Yohei Shimasaki #2759

Task Lists

Cori Hondolero:

- Forward updated regulation updates to Regulations Specialist.
- Update regulation tracking sheet.
- Request personnel breakdown for every meeting.
- Add 'dba line' to individual CPA application AND on the renewal application to add this information to the database
- Update FAQs on Board website – send out to all Board members for their comments.
- Work on 2 vs 1 year statute/regulation language with Mr. Johnson

Karen Brewer-Tarver:

- Research with past Board members how testing sites are approved
- Review out of State Exemptions for permits

Jeff Johnson:

- Attest definition
- Work on definition of client and practice of public accounting
- Work on 2 vs 1 year statute/regulation language with Ms. Hondolero

Leslie Schmitz:

- Research renewal vs reinstatement timing – AICPA suggestion

Don Rulien:

- Draft matrix - how UAA differs from AK statutes/regulations
- Retired/Inactive
- SSARS 21

There being no further business, the meeting adjourned at 11:04 a.m.

Respectfully Submitted:



Cori Hondolero
Executive Administrator

Approved:



Karen Brewer-Tarver, Chair
Alaska Board of Public Accountancy

Date: 5/7/15