

**STATE OF ALASKA
DEPARTMENT OF COMMERCE, COMMUNITY AND
ECONOMIC DEVELOPMENT
DIVISION OF CORPORATIONS, BUSINESS AND PROFESSIONAL LICENSING
BOARD OF PUBLIC ACCOUNTANCY**

**MINUTES OF MEETING
January 10-11, 2008**

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 in Conference Room 'A' on the 9th Floor of the State Office Building, 333 Willoughby Avenue; Juneau, Alaska.

Thursday, January 10, 2008

Call to Order/Roll Call

Mr. Mertz, Chair, called the meeting to order at 9:30 a.m.

Those present, constituting a quorum of the Board:

- Max Mertz, CPA, Chair – Juneau
- Carla Bassler, CPA, Acting Secretary - Anchorage
- Bruce Gabrys, CPA – Anchorage
- Elaine Williamson, CPA – Fairbanks
- Catherine Wilson, Public Member – Tok
- Rebecca Jensen, Public Member – Pedro Bay

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

- Veida Forrest, Licensing Examiner – Juneau
- Jennifer Strickler, Licensing Chief – Juneau
- Mark Davis, Division Director – Anchorage

In attendance via teleconference was:

- Jo Anna Williamson, Investigator – Anchorage

In attendance from the public was:

- Melody Schneider, representing the Alaska Society of CPAs (ASCPA)
- JR Dailey, representing the Alaska Society of Independent Accountants (ASIA)
- Anne McLean, representing the Division of Legislative Audit, State of Alaska
- Kim Garner, representing the Division of Finance, State of Alaska
- Lisa Pusich, representing the Division of Finance, State of Alaska

Agenda Item 1 – Review/Amend Agenda

The Board made no changes or updates to the agenda.

Upon a motion by Mertz, seconded by Williamson and approved unanimously, it was:

RESOLVED to approve the January 10-11, 2008 meeting agenda as presented.

Agenda Item 2 - Review Meeting Minutes

The Board made no changes to the November 8-9, 2007 meeting minutes.

Upon a motion by Gabrys, seconded by Bassler and approved unanimously, it was:

RESOLVED to adopt the November 8-9, 2007 meeting minutes as written.

Agenda Item 4 – Correspondence

The Board discussed the following items of correspondence:

Lenard Boggio of PricewaterhouseCooper Canada, tabled from November 8-9, 2007 meeting

The Board reviewed additional information from Mr. Boggio's office. It was determined that the non chartered accountants working for Mr. Boggio would not need to become licensed or permitted in Alaska. It was also noted that as long as Mr. Boggio's staff does not call themselves CPA's or break any Alaska statutes or regulations there is no reason that the Board needs to be involved with Mr. Boggio's business.

Hidero Kokubo - Candidate request to extend 18 month window testing window for FAR

The Board discussed Hidero Kokubo's request to extend the expiration date of his BEC, FAR, and REG exam sections by two testing windows in order to allow additional time to pass the AUD section of the Uniform CPA Exam. After reviewing Mr. Kokubo's information the Board determined that there was not just cause for extending the exam score credits. It was determined to allow Mr. Kokubo's exam scores to expire in accordance with 12 AAC 04.205. The Board also noted that Mr. Kokubo's BEC exam section, although shown as having been passed, did not have a score of 75 and requested Ms. Forrest to look into the discrepancy.

Agenda Item 3 – Investigative Report

Ms. JoAnna Williamson joined the meeting telephonically at 10:00 am. Ms. Williamson presented the Board with the following investigative report.

OPEN COMPLAINTS:

None

OPEN INVESTIGATIONS:

- 600-06-005 Fraud/Misrepresentation, currently under expert review with the Fairbanks Police Department.
- 601-07-001 Unlicensed Practice/Activity
- 601-07-002 Unlicensed Practice/Activity
- 601-07-003 Unlicensed Practice/Activity

BOARD ACTIONS:

- 601-06-002 Signed MOA, 11/08/2007

Ms. Williamson noted that there has been very little activity in the past couple of weeks and that there is a case that she would like to discuss with the Board.

Upon a motion by Williamson, seconded by Bassler and approved unanimously, it was:

RESOLVED to enter into executive session in accordance with Alaska Statute 44.62.310(c)(2) to discuss privileged disciplinary information.

Executive Session, off record 10:02 a.m. Back on record 10:23 a.m.

Ms. JoAnna Williamson left the meeting at 10:25 a.m.

The Board discussed publishing Board/disciplinary actions against any licensee on the Board's website. Ms. Forrest informed the Board that she was unable to fulfill the Board's request from the previous meeting to create a mock-up of the information to be posted on the website due to time constraints and the intensive research that would be involved. The Board stated that they would like to see this information prior to the next meeting. Ms. Forrest noted that she would provide the investigative information in the same format as the Medical Board and that the Board could determine if there are types of cases that it does not want posted. The Board discussed the information that would be included in the online report. Ms. Elaine Williamson asked if it would be possible to indicate on the website that copies of Board actions are available upon request from the Division. The Board agreed that this would be a good way to review the information.

Agenda Item 4 – Correspondence

Course Description Overlap – CPAES determination that Cost Accounting and Managerial Accounting are the same course when listed on different transcripts

The Board reviewed the information provided the Anthony Bedard, a representative for many Japanese CPA Exam Candidates, and by CPAES. The Board stood by CPAES' determination that the Cost Accounting and Managerial Accounting courses are the same course. The Board noted that the only time CPAES should not question these courses is if they are listed on the same transcript. Ms. Williamson noted that she sees the benefit of having an outside organization review candidate transcripts.

Phone conversation with a UAF Accounting Professor

Ms. Forrest informed the Board she had received a phone call from a UAF Accounting professor who was inquiring if any of the time he had spent teaching could be used in lieu of experience in order to obtain a license. The Board stated that this type of experience could not be used toward licensure.

Ms. Forrest asked the Board if the professor could hypothetically use a course that he taught toward the educational requirement for licensure if that course was not listed on the applicant's transcript. The Board stated that this would have to be determined if and when the case comes up, but that it is unlikely that this would be allowable.

The Board agreed that teaching a course at the college level would be allowable for continuing education in accordance with 12 AAC 04.380.

Complaint to Board about Licensing Examiner

Ms. Forrest informed the Board that there had been a complaint against her performance as a licensing examiner due to an extended response time to an email. The email requested licensing

requirements in Alaska for a person who did not have an accounting concentration. The Board took no action.

Email from Ms. Forrest, Licensing Examiner to Board Regarding 2008 Accounting Concentration Requirement

Ms. Forrest wrote an email to the Board regarding the implementation of the statutory requirement for license applicants to have an accounting concentration. She stated that she knew of at least 11 potential applicants who had intended to apply for licensure in Alaska and became ineligible on December 31, 2007 due to the statutory change requiring an accounting concentration. She noted that the cases of the potential applicants vary, but that all of them had completed the CPA exam prior to December 31, 2007. She stated that in some of the cases the person had completed all of the requirements but had not submitted the application prior to December 31, 2007, in other cases the person had completed the educational and exam requirements but were working on the experience requirements, and in other cases people had completed the educational and experience requirements but had not completed the AICPA Ethics and Professional Conduct exam. Ms. Forrest also noted that the statutory changes seemed to have inadvertently made a barrier to entry to those who are already on the path to licensure in Alaska.

The Board stated that it had tried to include a transition with the regulations, but the Department of Law informed the Board that it did not have the statutory authority to include a transition for potential applicants. The proposed transition provision was removed from the proposed regulations in August 2007, giving the Board only four months to notify candidates of the December 31, 2007 deadline. The Board discussed who should be included if legislation is introduced.

The Board discussed whether or not to request the Alaska Society of CPA's to spearhead a legislation change to create a transition for potential candidates who have passed the Uniform CPA Exam but were unable to apply for licensure due to missing experience or other application requirements. Ms. Schneider noted that the first questions the ASCPA would ask are the status of the project and what steps needed to be taken.

Mr. Mertz stated that he would send Ms. Forrest's email on to Lisa Rogers of the ASCPA and Representative Hawkers office to make them aware of the Board's request to the ASCPA.

Ms. Jensen asked how the timing of this proposal would affect potential applicants adversely affected by the statutory change. Mr. Mertz replied that applicants could possibly fulfill the educational requirements, transfer their skills to another state, or that there could possibly be irrevocable damage done to the applicant by the time legislation is passed. The Board agreed that it would be better to attempt to get a change made to the current statutes than to allow a barrier of entry into the profession that is not necessarily in the public's best interest.

Break 10:55 a.m. Back on record at 11:00 a.m.

Agenda Item 5 – Mobility Discussion

The Board discussed mobility as a follow up to Ken Bishop of NASBA visit with the Alaska Board in November 2007. Mr. Mertz noted that the sections of the Public Accountancy Act and Board of Public Accountancy Regulations that would be affected with the implementation of mobility would be AS 08.04.420 and 12 AAC 04.280. Mr. Mertz gave a brief overview of Mr. Bishop's presentation in November. He explained the buzz phrase, "No Notification, No Fees, No Escape," where out-of-state CPA's and CPA firms can come into Alaska to do incidental work without registering or paying fees to

the Board, but that the CPA or CPA firm is subject to Alaska laws. Mr. Mertz noted that NASBA would do a preliminary evaluation of the Board's statutes and regulations and provide a statement back to the Board. The statement would include the necessary changes needed to be made in order for the Board to become compliant with the Universal Accountancy Act (UAA).

Mr. Mertz asked the Board what it thought about mobility and Mr. Bishop's presentation. Ms. Bassler stated that she liked the idea of mobility. Ms. Jensen asked how mobility would be protecting the public. Ms. Bassler replied that the implementation of mobility would allow the Board to pursue action against CPA's coming into Alaska and breaking Alaska statutes and regulations. Ms. Jensen asked if the Board would see an influx of out-of-state CPA's practicing in Alaska. Mr. Mertz and Ms. Bassler speculated that there would not be a substantial increase in CPA's practicing in Alaska, however, there would be more CPA's being regulated by the Board as mobility would reign in those practicing under the radar.

Mr. Mertz asked the Board if and how it would like to proceed with mobility. Ms. Bassler noted that an evaluation would not harm the Board and that the Board would learn more about how mobility would affect Alaska specifically. Ms. Williamson asked if there were any downsides of having an evaluation done. There were no downsides provided by other Board members. Ms. Bassler asked if there was any obligation if NASBA evaluated the Board's statutes and regulations. Mr. Mertz noted that there was no mention of an obligation mentioned by Mr. Bishop.

Upon a motion by Bassler, seconded by Wilson, and opened for discussion, it was:

RESOLVED to ask NASBA to evaluate the Board of Public Accountancy's statutes and regulations to determine what changes would be needed to come into compliance with the mobility provisions of UAA.

Mr. Gabrys noted that the motion as worded sounds as if the Board is trying to move into compliance with UAA instead of reviewing mobility to see if mobility is appropriate for Alaska.

Mr. Gabrys proposed a friendly amendment to add "discuss mobility as a Board and as the first part of that process," in front of, "to ask NASBA."

Ms. Bassler accepted the friendly amendment.

Upon a motion by Bassler, seconded by Wilson, and approved unanimously, it was:

RESOLVED discuss mobility as a Board and as the first part of that process to ask NASBA to evaluate the Board of Public Accountancy's statutes and regulations to determine what changes would be needed to come into compliance with the mobility provisions of UAA.

Lunch 11:25 a.m. off record. Back on record 12:55 p.m.

Agenda Item – New Regulations

The Board discussed the proposed regulations that Mr. Maiquis provided to the Board. Ms. Forrest explained the proposed regulations provided to the Board. The first proposed change was to correct 12 AAC 04.165(d)(2) to accurately reflect the Board's intent of making non-public accountancy work

done by an applicant for licensure by reciprocity to be equivalent to the same type of work done by an applicant for licensure by exam (12 AAC 04.181(1)). Mr. Mertz explained that the Board had inadvertently converted the 1.33 experience points from 12 AAC 04.181(1) to 1.33 years in 04.165(d)(2) when changing the regulations at the November 2007 meeting. Mr. Mertz had contacted Ms. Horetski regarding this mathematical error asking if it could be changed prior to the implementation of the regulations, to which Ms. Horetski replied that the change is a substantial change and not a technical change and must therefore go through the regulatory process. She informed Mr. Mertz that this change would have to be done through a regulation project.

The second proposed change was to create a new 'How To Apply for Licensure by Examination' section as suggested by the Department of Law, this section was added to 12 AAC 04.175. Ms. Forrest informed the Board that Mr. Maiquis had created this proposed regulation by taking the statutory and regulatory requirements and outlining these requirements in a regulation. She asked the Board to look at these requirements to verify they are correct. Ms. Williamson asked why the application by licensure by examination section was after application by licensure by reciprocity. Ms. Forrest stated that there was not a specific reason, but that there is more room after 12 AAC 04.165 Licensure by Reciprocity, than there is in front of that section for future regulatory changes.

The third proposed change is to take out 12 AAC 04.193 Review of Application, for the Uniform CPA Exam. Ms. Forrest informed the Board that this regulation is a check-sheet regulation and the Board has delegated the review of CPA Exam applications to NASBA's CPA Exam Services so the regulation is no longer needed.

Upon a motion by Bassler, seconded Wilson, and approved unanimously, it was:

RESOLVED to send the proposed regulations, dated January 9, 2008 to go out for public comment.

Ms. Forrest informed the Board that she had followed up on the ASCPA's question to the Board if there would be any type of penalty to people not supplying the correct Alaska specific ethics course. Ms. Forrest told the Board that it only has the authority to ask the Division to work on a fee regulation project to impose a late fee on those applying for renewal after sixty days past the December 31st deadline. Mr. Gabrys asked if the fees had to be a specific amount. Ms. Forrest stated that the Board could suggest an amount to the Division and that the Division would take that amount into consideration when determining a fee. She asked the Board if it would like to pursue this option. The Board did not take action on this item.

Ms. Forrest reported to the Board that there has been confusion among licensees who are going to inactive status whether or not they need to have continuing education in the biennial licensing period prior to going inactive. She noted that she understands the Board's intent that those applying for inactive status. She suggested that the Board add to 12 AAC 04.300(d) "who holds or is applying for inactive status under 12 AAC 04.430" or wording to that effect. She stated that for a person who is going to inactive status for the first time, and who is unfamiliar with the Board's regulations, the current regulation is unclear.

Mr. Gabrys and Mr. Mertz stated that they did not see the need to have this change made. Ms. Forrest also noted that for clarity reasons, adding wording similar to those she suggested would make it very clear that a person applying for inactive status for the first time would be exempted from the continuing education audit. She noted that the audit, as required by centralized licensing statutes and

regulations includes all licensees and that it is the Board's job to create exemptions and that those exemptions need to be clear in regulation.

Ms. Schneider from the ASCPA stated that the ASCPA had received calls from CPA's who had not done enough continuing education and wanted to know if they had to allow their license to lapse or if they could go inactive. The ASCPA informed the CPA's that they could go inactive. There was then the question if continuing education had to be reported in order to go inactive for the first time. She noted that the current regulation 12 AAC 04.300(d) implies that the person applying for an inactive license already holds an inactive license, and does not seem to pertain to those who are applying for inactive license for the first time. She stated that the way the ASCPA has been reading that section is that people who are applying for inactive licensed are exempted from continuing education whether it is the first time or tenth time to apply for inactive status. Ms. Forrest thanked Ms. Schneider for her additional clarification of the situation.

Mr. Mertz asked Ms. Forrest if this would be a separate regulation project from the one currently in the works. Ms. Forrest stated yes, she would bring the Board's suggestion to Mr. Maiquis and bring a draft to the next meeting. Ms. Williamson asked if the Board could simply make a policy to implement this position. Ms. Forrest stated that a policy is not legally binding; Mr. Mertz included that for consistent implementation it would be best to have this in regulation.

The Board asked Ms. Forrest to request the Division to prepare a draft of her proposed change for the Board to review at the next meeting.

Agenda Item 10 – NASBA Update

Mr. Gabrys gave a presentation to the Board on the NASBA 100th Annual Meeting which he attended in October 2007. Mr. Gabrys presentation had been tabled from the November 2007 meeting due to time constraints. The Board reviewed the handout provided by Mr. Gabrys with a synopsis of the items discussed at the meeting.

Mr. Gabrys mentioned that mobility was a major discussion item at the Annual Meeting. Mr. Gabrys also informed the Board that NASBA is concerned with the education of future accountants and providing industry smart instructors.

Mr. Gabrys thanked the Board for sending him to this meeting. He also urged the Board continue to send members to NASBA as the wealth of knowledge to be obtained at these meetings is invaluable. The Board expressed frustration with the Alaska Board of Public Accountancy's lack of participation with NASBA when there are major national policy changes occurring. The Board thanked Mr. Gabrys for his thorough summary of the NASBA Annual Meeting.

Agenda Item 7 – Public Comment

Ms. Schneider, of the Alaska Society of CPA's, reported to the Board the happenings of the ASCPA. She noted that the ASCPA has discussed reporting disciplinary and investigative actions taken by the Board and is simply waiting for the Board to determine how this information will be published on its website.

She also noted the enthusiasm of the ASCPA to move to mobility. She expressed that the ASCPA is ready to move toward mobility. She noted that the ASCPA is concerned about adopting UAA in its

entirety without a study of how the changes will affect Alaska in the long run. She mentioned the statutory 150 semester credit hour change and how it has not had the effect that was intended by the Board when it was adopted by the legislature.

She thanked the Board for initiating contact with Mr. Ken Bishop of NASBA and asking him to present mobility to the Board and to the ASCPA. She noted that after Mr. Bishop gave his presentation, many members of the ASCPA felt that they understood the difference between mobility and reciprocity better.

She stated that the ASCPA's next meeting will be in May.

Jennifer Strickler, Licensing Chief and Mark Davis, Division Director joined the meeting. Ms. Strickler introduced Mr. Davis to the Board. Mr. Davis provided his credentials to the Board and told them his goals for the Division. He stated that there will be some restructuring of the Division and he stated that Ms. Strickler would mostly be in charge of the licensing section of the Division and that he will be running the regulatory and investigative side. Mr. Davis stated that the Division will be attempting to change the centralized licensing statutes to include background checks.

Mr. Mertz commended the work of Ms. Forrest and her dedication to the Board in the year that she has been with it as the Board's Licensing Examiner. Mr. Davis stated that currently the Division is working on a position upgrade for all Licensing Examiners in the Division as this position is currently paid under the national average.

Mr. Mertz asked who will be responsibly for approving Board travel. Mr. Davis replied that Ms. Strickler will be responsible for approving travel.

Ms. Strickler and Mr. Davis left the meeting at 2:10 pm. Anne McLean, Audit Manager, from the Division of Legislative Audit, State of Alaska, and Kim Garner, Director of Finance, and Lisa Pusich, State Accountant, from the Division of Finance, State of Alaska, joined the meeting for public comment.

Ms. McLean addressed the Board. She stated that Legislative Audit annually provides continuing education courses for CPA licensees employed by Legislative Audit. She noted that in the last biennial period, two ethics courses were offered that focused on the public accountancy profession and legislative ethics. Ms. McLean provided information on these courses to the Board as well as a white paper regarding the Division of Legislative Audit's interpretation and understanding of 12 AAC 04.300(c). Ms. McLean pointed out that within the statutes and regulations there are several references to the AICPA and independents. One of the courses was given by an instructor who provides training for the AICPA and focused on ethics for a CPA, while the other course was offered by the Legislative Ethics Administrator and focused on ethics and issues specific to the legislative ethics statutes and regulations.

Ms. McLean stated that her purpose for coming to the Board is to ask it to consider the regulation 12 AAC04.300(c) more broadly in order to accommodate for courses offered by independent groups such as Legislative Audit. She said that it was the intent of Legislative Audit to fulfill the requirement of 12 AAC 04.300(c), but as there was no specific guideline to go by for this renewal period. Ms. McLean stated that in Legislative Audit's interpretation of the regulation the specificity of the Board's intent was not clear and that in the future Legislative Audit can provide courses that meet the Board's intent.

Mr. Mertz stated that it is his belief that it is the intent of Legislative Audit to comply with the continuing education requirements, to which the Board agreed. Mr. Mertz asked if any of the Legislative Auditors took an Alaska specific ethics course prior to the white paper coming out. Ms. McLean stated that she is unaware if any of the Auditors took the initiative to do this on their own. Ms. Forrest stated that there were a few Auditors who had sent in Alaska specific courses, particularly those who are practicing public accountancy outside of their employment with Legislative Audit.

Mr. Mertz clarified that the intent of Legislative Audit was to complete the ethics requirement by submitting two courses where the total number of hours is greater than four continuing education hours. Ms. Bassler asked when the courses were taken. Ms. McLean stated that the courses were offered in August.

Ms. McLean stated that she felt there was a disparity between the idea of compliance with the regulations, and meeting the intent of the Board. Ms. McLean noted that she did not know the intent of the Board until after she had read the minutes and that she interpreted the regulation differently than someone who had worked on the creation of the statutes and regulations.

Mr. Mertz thanked Ms. McLean for her comments and noted that she will be updated when the Board reaches a decision on the courses.

Ms. Garnero and Ms. Pusich addressed the Board. Ms. Garnero stated that the purpose for her coming to the Board is to request the Board to review the ethics course that was taken by Division of Finance CPA's to fulfill the continuing education requirement of 12 AAC 04.300(c). The courses taken by the Division of Finance were titled, 'Ethical Challenges in Today's Government Environment' and, 'Alaska's Executive Branch Ethics Act'. Ms. Garnero stated that she and other CPA's in the Division of Finance were fulfilling the requirement of 12 AAC 04.300(c) with these two courses as the courses covered Alaska specific ethics. She stated that it was fully the intent of the CPA's in the Division of Finance to fulfill the requirement of 12 AAC 04.300(c).

Mr. Mertz asked if Ms. Garnero could provide the Board with a syllabus or outline of the courses taken by CPA's in the Division of Finance. Ms. Garnero agreed to provide this information to the Board. Mr. Mertz thanked Ms. Garnero and Ms. Pusich for their comments and for their attendance at the Board meeting

Mr. Mertz gave some background to the visitors on how the intent of the Board turned into the Rigos course. Mr. Mertz noted that the past president of the Board, the ASCPA, and Jim Rigos worked together to create a course to offer to Alaska CPA's. He also noted that the course was not intended to be the only course available for CPA's to take, only to create a course where the Board could point licensees to where compliance was assured. Mr. Mertz clarified that the intent of the Board is for ethics courses to cover AS 08.04 and 12 AAC 04, not just general ethics.

Mr. Mertz asked if there was any further public comment; there were no further comments.

Agenda Item 8 – Ethics / Renewal Issues

Mr. Mertz asked if the Division has copies of the Western States CPE, Passonline, or Professional Education Services LLP. Ms. Forrest replied that she only has the information available online for

Passonline, but the Professional Education Services LLP had provided the Division with copies of the course 'Ethics and Regulatory Issues for Alaska CPA's'.

Mr. Mertz asked Ms. Forrest how many renewal applicants did not fill in any information in the 'Ethics' box on the license renewal form. Ms. Forrest stated this number was approximately 15-20 licensees and that those licensees receive a letter requesting the licensee provide that information prior to license renewal. Ms. Forrest also stated that there are also approximately 40 licensees who appeared to complete a non-Alaska specific course. Mr. Mertz asked Ms. Schneider if she knew how many people had taken the Rigos course as of January 1, 2008. Ms. Schneider stated that the estimated number was around 600.

Ms. Forrest brought to the attention of the Board that there are a few people who have taken courses that appear to be Alaska specific due to the way the courses are posted on the providers' website. She noted that in these cases, the provider has a listing of courses that meet Alaska's requirements and an ethics course is listed. She stated that she thinks this is either poor advertising or lack of understanding of Alaska's statutes and regulations on the part of the provider.

Mr. Mertz noted that both the Legislative Auditors and Division of Finance CPA's had intended to comply with the regulations. Ms. Williamson stated that she thought that all licensees should be treated the same. Mr. Mertz disagreed, as situations vary. Mr. Gabrys stated that he thinks in order to let a course pass approval by the Board, Alaska Statutes and Regulations must be a part of the course outline. Ms. Bassler, Ms. Jensen, and Ms. Williamson agreed that for licensees who did not take a course that is acceptable to the Board that the licensee be given the opportunity to take an Alaska specific course within a specific amount of time without penalty.

Ms. Williamson asked what the status of the licenses for people who took the courses brought to the Board earlier on January 10, 2008. Ms. Forrest stated that the licenses are pending the outcome of the meeting. She also stated that if the Board decided to prescribe a 'cure' for these licensees she would renew the licenses and then send a letter to the licensee explaining how to comply with the continuing education requirement. Ms. Wilson asked if the 'cure' would apply universally for licensees in the same situation, or if the 'cure' would only apply to specific people. Mr. Mertz replied that the 'cure' period would apply to people who intended to comply with the regulation, but not to those who blatantly disregarded the requirement.

The Board discussed the comments from Ms. McLean, Ms. Garner, and Ms. Pusich, and reviewed the courses provided by Legislative Audit and the Division of Finance. Ms. Bassler noted that the course 'Ethical Challenges in Today's Government Environment' did not have any CPA specific ethics or mention AS 08.04 or 12 AAC 04. Mr. Mertz stated that he feels that the course offered to Legislative Audit by Frank Crawford of the AICPA, is very similar to part of the Rigos course. The course included ethics for CPA's and not simply general ethics. Ms. Williamson agreed that the Crawford course could meet part of the requirement of 12 AAC 04.300(c). Mr. Mertz and Ms. Williamson agreed that this course did not address AS 08.04 or 12 AAC 04.

Upon a motion by Williamson, seconded by Bassler, and approved unanimously, it was:

RESOLVED the courses 'Ethical Challenges in Today's Government Environment', 'Alaska's Executive Branch Ethics Act', and 'Ethics and Working with Elected Officials' do not meet the requirements of 12 AAC 04.300(c). All licensees who have used these courses to fulfill the requirement of 12 AAC 04.300(c) will be renewed as of the postmark date of the renewal application; however, these licensees must complete four

hours of continuing education that complies with 12 AAC 04.300(c); licensees must comply with the Board's request within 90 days of receiving the decision of the Board or April 30, 2008, which ever is later.

Upon a motion by Williamson, seconded by Bassler, and approved unanimously, it was:

RESOLVED to approve 'Ethics with a Government Twist' for three continuing education hours, but the course 'Legislative Ethics' does not meet the requirement of 12 AAC 04.300(c); licensees who have used these courses to fulfill the requirement of 12 AAC 04.300(c) will be renewed as of the postmark date of the renewal application; however, these licensees must complete one additional hour of continuing education that specifically covers AS 08.04 and 12 AAC 04; licensees must comply with the Board's request within 90 days of receiving the decision of the Board or April 30, 2008, which ever is later.

Break, off record 3:02 p.m., back on record 3:10 p.m.

The Board discussed licensees who took courses that appeared to qualify as Alaska Ethics as indicated by the provider. In these cases the courses did not contain Alaska specific information and did not cover AS 08.04 or 12 AAC 04.

Upon a motion by Jensen, seconded by Bassler, and approved unanimously, it was;

RESOLVED to provided an extension to licensees whose intent to comply with the continuing education requirement of 12 AAC 04.300(c) is clearly indicated on the renewal form, but the Board or its delegate determines that the course does not comply with 12 AAC 04.300(c). Licensees falling into this category will be renewed as of the postmark date of the renewal application; however, these licensees must complete four hours of continuing education that complies with 12 AAC 04.300(c); licensees must comply with the Board's request within 90 days of receiving the decision of the Board or April 30, 2008, which ever is later.

Mr. Gabrys asked what will happen to licensees who do not comply with the Board's request. Ms. Forrest stated that licensees who fail to comply with the continuing education requirements for renewal will be sent to the paralegal.

Agenda Item 9 – Application Review

The Board reviewed applications until 5:00 p.m.

The meeting adjourned for the day at 5:00 p.m.

Friday January 11, 2008

Call to Order/Roll Call

Mr. Mertz, Chair, called the meeting to order at 9:00 a.m.

Those present, constituting a quorum of the Board:

Max Mertz, CPA, Chair – Juneau
Carla Bassler, CPA – Anchorage
Bruce Gabrys, CPA – Anchorage
Elaine Williamson, CPA – Fairbanks
Catherine Wilson, Public Member – Tok
Rebecca Jensen, Public Member – Pedro Bay

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

Veida Forrest, Licensing Examiner – Juneau
Jennifer Strickler, Licensing Chief – Juneau

In attendance via teleconference was:

JoAnna Williamson, Investigator – Anchorage

In attendance from the public was:

Melody Schneider, representing the Alaska Society of CPAs (ASCPA)
JR Daily, representing the Alaska Society of Independent Accountants (ASIA)

Agenda Item 11- Prometric Center Survey

Mr. Mertz asked the Board members if any of them had received complaints from candidates not being able to schedule to sit for the exam in the fourth quarter as Prometric did not increase the number of days a week available to examinees taking the Uniform CPA Exam. None of the members noted any complaints from candidates of this nature. Mr. Mertz stated that he would follow up from Bill Burnham from Prometric to see if candidates have submitted complaints to Prometric.

The Board discussed the results of the Prometric Center Survey. Mr. Gabrys noted that the most common complaint seemed to be heat and construction sounds. Ms. Bassler noted that the building the Prometric Exam Center is located in will be under construction for the next couple of months. Over all the results of the survey were similar to past surveys and did not show significant problems.

Agenda Item 12 – CPAES Update

Ms. Forrest informed the Board there neither she nor NASBA had any outstanding issues. The only issue had been the course discrepancy provided to the Board during correspondence, but that this issue had been resolved when the exam candidate supplied updated transcripts to CPAES.

Mr. Mertz stated that the candidates who have spoken to him about CPAES seem to be pleased with the speed that CPAES is able to process candidates.

Agenda Item 13 – Update Applications and Worksheets

The Board had a working session to review and update the current applications and worksheets. Ms. Forrest provided the Board with copies of the worksheets and applications with her suggestions and updates.

The Board reviewed the revised worksheet for licensure by exam proposed by Ms. Forrest. Ms. Bassler requested that Ms. Forrest add additional lines to the explanation section next to the Board action. Mr. Mertz requested that Ms. Forrest include the statute and regulation cites to the worksheet. Ms. Bassler requested that Ms. Forrest include a section where the licensing examiner can add comments. The Board approved the other changes made by Ms. Forrest.

The Board reviewed the licensure by reciprocity worksheet. The Board requested that the worksheet cite the applicable statutes and regulations. The Board requested that Ms. Forrest include a verification of work experience section similar to the worksheet for licensure by exam. The Board approved the changes made by Ms. Forrest.

The Board discussed the application for licensure, form 08-4092. It was decided to take out the request for a picture as it is not a statutory or regulatory requirement. It was also agreed to take out the request for sex and replace it with a salutation request. The Board also noted that AS 08.04.450(11) is a statutory reason to prevent licensure in Alaska and should be added as a question to the personal data section of the application.

On form 08-4092a, the Board requested that Ms. Forrest update the acronyms of the names of the Uniform CPA Exam as the names of the sections have changed.

The Board made substantial changes to form 08-4092b in order to make the form reflect the new statutory and regulatory experience requirements.

The Board requested Ms. Forrest to change 08-4092b and c, in the Period of Employment Box to ask for the hours per week instead of total hours under full time employment.

The Board reviewed the reinstatement worksheet and application. The Board request Ms. Forrest to include the statutory and regulatory references on the worksheet. On the application, the Board struck the request for educational history and requirement to list past accounting experience. In the personal data information, AS 08.04.450(11) was added as a question. The Board also requested to change the warning to be the same as all the other applications. The Board also noted that the check list on the last page of the application needs to be updated to reflect the new statutes and regulations.

Agenda Item 14 – Board Structure

Jennifer Strickler, Chief, joined the meeting at 11:03 a.m.

Mr. Mertz informed the Board that he had requested Ms. Strickler to attend the meeting in order to discuss the Board's current structure and staffing. Mr. Mertz noted that in the years he has been on the Board he has noticed extreme under-representation of the Alaska Board on the national level, particularly at NASBA regional, annual and executive directors meetings. He stated that the structure of the Board has had a large impact on its national activeness, particularly because Board members are volunteers and staff is only part-time. Mr. Mertz also noted that travel to national meetings has been restricted.

Mr. Mertz noted that the Board had previously discussed evaluating Board statutes as well as the way other Boards are run to see if there is a better way for the Alaska Board of Public Accountancy to implement policy changes.

Ms. Strickler acknowledged that she had previously spoken with Mr. Mertz with regards to creating a full-time staffing position in the form of an Executive Secretary or Administrator. She stated that if the Board wants to pursue this type of staffing change it would be best to establish the position in statute. She noted that if the position is not written in statute that it is at the whim of the State and could be eliminated in the future. Ms. Strickler provided the Board with examples of statutes of other Boards that have Executive Secretary positions. Ms. Strickler stated that the Board must have a strong argument to have an Executive Secretary, particularly because the Board would need to convince the Legislature to enact the statute change.

Mr. Gabrys stated that he does not feel that the Board is fulfilling its responsibility to the public as it is not actively participating in changes occurring on the national level.

Mr. Mertz asked the Board members thought about potentially becoming semi-autonomous, where Board members and the executive director are appointed by the governor, but the Board runs itself separately from any other government agency. Mr. Mertz asked Ms. Schneider if the ASCPA would be willing to start a task force with the Board to evaluate this type of change by looking at how CPA Boards are run in other states. Ms. Strickler stated that most Boards in Alaska are under an umbrella agency and cautioned the Board against changing to a semi-autonomous board as the Real Estate Board became semi-autonomous in the 1980's and went bankrupt. She noted that semi-autonomous Boards in Alaska provide their own funding for all aspects of its business and still must meet its statutory requirements.

Mr. Gabrys issued a complaint on the amount of time it takes to get travel approval from the Department. He noted that when he was requesting approval to travel to the October 2007 NASBA Annual Meeting, he did not receive travel approval until the day registration fees were due and was unable to stay at the meeting hotel location due to the delay in approval. Ms. Strickler thanked him for his complaint and stated that the Division has the same problems with its own staff and it is largely due to the new travel system and the people approving out of state travel.

Ms. Williamson asked Ms. Strickler if the Board could look into other services provided by NASBA. Mr. Mertz clarified that the Board is potentially looking at NASBA to review applications for licensure. Ms. Strickler agreed that this is an avenue the Division could explore. Mr. Mertz stated that there has been a problem with consistency in applying licensing decisions as there have been varying interpretations of statutes and regulations in the past several years, primarily due to the turnover of Board members.

Ms. Williamson left the meeting at 11:20 a.m. and joined via teleconference.

The Board thanked Ms. Strickler for her presentation and time. Ms. Strickler left the meeting at 11:40 a.m.

Agenda Item 15 – P&P Ratification

The Board discussed P&P #9 Quarter Hour Conversion.

Upon a motion by Gabrys, seconded by Bassler, and approved unanimously, it was:

RESOLVED to ratify Board of Public Accountancy P&P#9 Quarter Hour Conversion

The Board discussed P&P #10 Publications Policy.

Upon a motion by Jensen, seconded by Bassler, and approved unanimously, it was:

RESOLVED to approve Board procedure #10 to read:

The Board may award continuing education credit to authors of articles or books published for the first time within the two year licensing period and to the extent it improves the person's competencies. The maximum continuing education credit on published articles or books will not exceed 20 credit hours per two year licensing period. All authors must submit copies of the publication(s) and publishing information.

The Board will award three credit hours for an article over 500 words published in a magazine, journal, newspaper, or other periodical. For larger publications such as books or substantially larger research articles the Board may award additional continuing education hours. The author must submit the hours of research and writing time and a request for the number of credit hours to be awarded.

Lunch break, off record 11:55 a.m., back on record 1:15 p.m.

Agenda Item 16 – Goals and Objectives

The Board reviewed the Goals and Objectives for Fiscal Year 2008. The Board agreed that it is on track with its Goals and Objective for Fiscal Year 2008. The Board will reevaluate the Goals and Objectives for fiscal year 2009 at the April 2008 meeting.

Agenda Item 17 – Administrative and Other

Complaint

The Board reviewed a complaint about the current Board website, claiming that the ethics requirement for initial licensure was unclear. Mr. Gabrys noted that there had been a previous complaint that the Board did not clearly show the ethics requirement for license renewal. Ms. Forrest confirmed that there had been a change made to the Board's website in October to clarify which ethics course needs to be taken for license applicants and license renewal. The Board reviewed the website and determined no changes are necessary.

Expenditure Report

Chris Wyatt, Administrative Officer, joined the meeting at 1:20 p.m. The Board reviewed the expenditure report. The Board asked about the roll forward for the current year. Ms. Forrest and Ms. Wyatt confirmed that the Division allowed the roll forward as the Board was finishing up a large regulation project. Ms. Wyatt noted that licensing fees could have gone down approximately \$50 but the Division opted to keep the fees the same until the Board's expenditures have stabilized after the regulation process is completed.

Schedule next meeting

The Board set the next meeting for April 24-25, 2008 in Anchorage.

Sign Minutes

Minutes were signed for August 8-9, 2007 and November 8-9, 2007.

Ethics Disclosures

There were no ethics issues reported.

Sign Wall Certificates

Wall certificates were signed for multiple licensees, however, there was a typo on all of the certificates and must be resigned at the April 24-25, 2008 meeting.

Task List(s)

Veida Forrest

- Schedule April meeting
- Respond to Lenard Boggio via email.
- Provide Board with a draft of disciplinary information to be posted on website and create a P&P.
- Contact NASBA on firm licensure practices.
- Contact NASBA about other services available.
- Contact renewal licensees with ethics course concerns.

Max Mertz

- Contact Bill Burnham of Prometric to discuss CPA Exam availability in Alaska and a potential Juneau site.
- Email Ken Bishop to discuss an evaluation of Board statutes and regulations.

Carla Bassler

- Contact JoAnna Williamson, Investigator regarding current investigations

Agenda Item 9 – Application Review

Reinstatement of Licensure

- Beverly Reem – Reinstatement to Inactive Status
- Victoria Sullivan – Reinstatement to Active Status

Ms. Forrest informed the Board that she spoken with Kevin Messing a regulation attorney in the AG's office regarding the reinstatement and inactive status regulations. Mr. Messing had informed Ms. Forrest that 12 AAC 04.440 and 12 AAC 04.430 do not allow a person to reinstate a license to inactive status. Mr. Mertz asked why the reinstatement application allowed a person to believe that the licensee can reinstate to inactive. Ms. Forrest could not provide a reason but stated that the reinstatement application form is incorrect.

Upon a motion by Bassler, seconded by Wilson and approved unanimously, it was:

RESOLVED to table the reinstatement application for Beverly Reem to obtain clarification of the status she wishes to reinstate to.

Upon a motion by Bassler, seconded by Wilson and approved unanimously, it was:

RESOVED to reinstate Victoria Sullivan to active status upon successful completion of a course that meets the requirements of 12 AAC 04.300(c).

Licensure Reactivation

- Samuel Furness
- Alison Chan
- Jenny Rogers
- Thomas Scullion

Upon a motion by Bassler, seconded by Jensen and approved unanimously, it was:

RESOLVED to approve the reactivation of Alison Chan, Samuel Furness, Jenny Rogers, Thomas Scullion.

License Renewal – Quality Review Exemption

- Peter Kline

Upon a motion by Bassler, seconded by Wilson, and approved unanimously, it was:

RESOLVED to approve the request of Peter Kline to renew his active licensure and provide an exemption for a quality review per AS 08.04.426(d).

Licensure by Examination

- | | |
|----------------------|-----------------------|
| • Yousif El Houssein | • Lloyd Allen |
| • Diana Sandetskaya | • Joshua McIntyre |
| • Ivan Butko | • Tin Yun James Cheng |
| • Miyuki Nakamura | • Daisuke Masuda |
| • Evgeny Slutskiy | • Olga Bychina |
| • Amar Abd Elgadir | • Thomas Dix |
| • Robert Pangia | • Olga Goncharova |
| • Jia Li | • Suzanne Drennen |
| • Latosha Dickinson | • Michael Richards |
| • Preston Crane | • Tatiana Barilo |
| • Dmitry Drobyshv | • Mandy Tai |
| • Askar Sluev | • Eileen Zaiser |

The Board discussed the application by examination for Eileen Zaiser. The Board discussed Ms. Zaiser's license history.

The Board called Ms. JoAnna Williamson, Investigator, who joined the meeting telephonically. The Board stated it would like to ask Ms. Williamson questions about Ms. Zaiser.

Upon a motion by Jensen, seconded by Bassler and approved unanimously, it was:

RESOLVED to enter into executive session in accordance with Alaska Statute 44.62.310(c)(2) to discuss privileged disciplinary information.

Off record at 3:20 p.m.; back on record at 3:25 p.m.

Upon a motion by Gabrys, seconded by Bassler and approved unanimously, it was:

RESOLVED to deny the application by examination for Eileen Zaiser as the applicant has not shown good moral character as required by AS 08.04.110 and defined by 12 AAC 04.990(12). The applicant had been advertising her services as a CPA in excess of five years from the time her license lapsed.

Upon a motion by Bassler, seconded by Wilson and approved unanimously, it was:

RESOLVED to approve the applications for licensure by examination for Yousif El Houssein, Lloyd Allen, Diana Sandetskaya, Joshua McIntyre, Ivan Butko, Tin Yun James Cheng, Miyuki Nakamura, Daisuke Masuda, Evgeny Slutskiy, Olga Bychina, Amar Abd Elgadir, Thomas Dix, Olga Goncharova, Jia Li, Suzanne Drennen, Latosha Dickinson, Michael Richards, Preston Crane, Tatiana Barilo, Dmitry Drobyshev, Mandy Tai, Askar Sluev.

Upon a motion by Bassler, seconded by Wilson and approved unanimously, it was:

RESOLVED to table the application for licensure by exam for Robert Pangia to request additional work experience information per 12 AAC 04.180(e) to show how his experience meets the attest experience defined by 12 AAC 04.183.

Previously Tabled Applications by Examination

- Gary Kinman
- Joseph Koford

Upon a motion by Bassler, seconded by Gabrys and approved unanimously, it was:

RESOLVED to deny the applications for licensure by exam for Gary Kinman and Joseph Koford as the applicants do not meet the experience requirements required for licensure per AS 08.04.120, 12 AAC 04.180, 12 AAC 04.183, and 12 AAC 04.990(11)

General Permits

- Ball & McGraw P.C.
- David Roque dba Ernst & Young
- Peggy Arrivas dba PricewaterhouseCoopers

Upon a motion by Gabrys seconded by Wilson and approved unanimously, it was:

RESOLVED to grant the following out of State permits:

- Ball & McGraw P.C.
- David Roque dba Ernst & Young
- Peggy Arrivas dba PricewaterhouseCoopers

Regulations

The Board discussed the discrepancy in 12 AAC 04.440

Ms. Bassler proposed an amendment to the motion she made on 1/10/08 during the regulations discussion to include the following addition:

12AAC 04.440(b)(3) and to include a reference to the four hour ethics course requirement of 12 AAC 04.300(c).

Mr. Mertz seconded the motion, and approved unanimously, it was:

RESOLVED to send the proposed regulations, dated January 9, 2008, with the addition of 12AAC 04.440(b)(3) to include a reference to the four hour ethics course requirement of 12 AAC 04.300(c), to go out for public comment.

The Board stated that it would like to see the change prior to the proposed regulations going out for public comment.

There being no further business, the meeting adjourned at 3:40 p.m.

Respectfully Submitted:



Veida Forrest
Licensing Examiner

Approved:



Max Mertz, Chairman
Board of Public Accountancy

Date: 1/15/08