

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

**BOARD OF PUBLIC ACCOUNTANCY**

**MINUTES OF MEETING**

**April 28-29, 2011**

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 April 28-29, 2011 in Anchorage, Alaska.

**Thursday, April 28, 2011**

**Call to Order/Roll Call**

The meeting was called to order by Carla Bassler, Chair, at 10:11 a.m. Those present, constituting a quorum of the Board were:

Carla Bassler, Chair, CPA – Anchorage  
Max Mertz, CPA – Juneau  
Elaine Williamson, CPA – Fairbanks  
Jeffrey Johnson, CPA – Fairbanks  
Andre Horton – Anchorage  
John Floyd – Anchorage

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

Cori Hondolero, Records & Licensing Supervisor  
Don Habeger, Director

Visitors present included:

Melody Schneider, representing the Alaska Society of CPAs (ASCPA)  
Lisa Rogers, representing the Alaska Society of CPAs (ASCPA)  
Bernadette Kopyy, representing the Alaska Society of Independent Accountants (ASIA)

**Agenda Item 1 – Review Agenda**

It was noted that Board members should use the updated agenda distributed at the meeting.

**Upon a motion duly made by Mr. Mertz, seconded by Mr. Floyd, and approved unanimously, it was:**

**RESOLVED to adopt the agenda.**

**Agenda Item 3 – Review Meeting Minutes**

The Board reviewed the minutes of the January 24-25, 2011 meeting and noted the following edits/corrections:

- Pg. 5 under Budget Report – The Board wanted to note that they disliked the report because it lacked detail.
- Pg. 6 – it was noted that the first motion did not have the second filled in.
- Pg. 10 highlighted section – replace with language indicating that the Board reviewed focal questions for response.

**Upon a motion duly made by Mr. Mertz, seconded by Ms. Williamson, and approved unanimously, it was:**

**RESOLVED to approve the minutes of the January 24-25, 2011 meeting after the requested edits are made.**

**Agenda Item 2 – Ethics Report**

**Ethics Reporting**

It was determined that there was nothing to report.

**Ethics Video**

Ms. Hondolero noted that new Board members can view the ethics video online via the Dept. of Law website at their leisure instead of viewing the video during a Board meeting.

**Agenda Item 4 – Legislative Update**

Lisa Rogers, Chair of the Legislative Committee for the Alaska Society of CPAs (ASCPA) presented the status of the following bills:

**HB 147/SB 90 – Executive Secretary**

Passed and awaiting transmittal for the Governor's signature. The committee was not aware of any opposition, but it could take months before the bill is signed.

**HB 233/SB 98 – Fingerprint Scans**

The bill is currently stalled, but they believe this will come up again when the legislature convenes in January 2012. Mr. Mertz asked about changes that had been made to the bill and Ms. Rogers indicated that changes were made, but the

Board is still covered. It was noted that Representative Mike Hawker has been a friend to the Board and hand carried this bill to the floor.

It was noted that information on the topic can be found by doing a Google search for "NASBA BIMS"

#### Board Regulation Projects

Ms. Rogers inquired about the status of the mobility and firm ownership regulations. Mr. Mertz stated that he would work with the legislative committee using the draft previously prepared/distributed by Ms. Stovern. Ms. Rogers stated that the Dentists had some firm ownership statutes and/or regulations that recently went through.

Board members discussed licensees with inactive and retired licenses need to make it clear that they do not have an active license.

There was discussion about the lists of enforcement actions posted on the Boards website. It was noted that these listed still need to be listed as "old" and "new."

#### Agenda Item 5 – Alaska Society of Certified Public Accountants (ASCPA) Report

Melody Schneider, the ASCPA Board liaison, was in attendance to report for ASCPA.

Ms. Schneider stated that there would be a new ethics class at the annual meeting in May. There was discussion about statistics that had previously been provided by Ms. Stovern regarding the number of license actions and fee amounts due to non-compliance with the mandatory Alaska ethics course requirement. Ms. Schneider indicated that she would contact Ms. Hondolero to see about obtaining this information.

It was noted the society is receiving complaints about the inability to receive responses to calls/e-mails sent to the Division.

Ms. Schneider asked if any Board members were going to be able to attend the annual meeting being held May 12-13 at Alyeska and more specifically if a Board member would be available to speak in the afternoon on the 13<sup>th</sup>.

#### Agenda Item 6 – Board Business

##### FY11 Goals & Objectives

Ms. Bassler noted that the goals/objectives are typically adopted at the first fall meeting, once the new fiscal year has started. The Board will review FY12 goals/objectives at the August 2011 meeting.

### Miscellaneous

- Filing fee for late renewal – put on list for new executive secretary.
- 12 AAC 02.340(11) – check with Jun Maiquis for history.
- Make sure that reinstatement fees are listed/being calculated correctly.
- Board website still needs to be updated.
- CE for self study – Ms. Williamson had received an e-mail asking about obtaining credit for a CFE prep course. The Board discussed and decided that if the licensee could provide proof of taking the exam via a certificate, then the CE hours (35 in this case) would be approved under 12 AAC 04.360 or 04.370. Ms. Williamson indicated that she would reply to the e-mail with this information.
- Audit Questions previously sent to Division paralegal – Ms. Hondolero stated that she did follow up with Ms. Wilke and was told that at this time the Division was not taking any items to Dept. of Law.
- The Board requested a copy of the Divisions total allocated budget.
- Renewals – add line requiring licensees to list ethics course provider name and date course was taken.

### Agenda Item 7 – Public Comment

No one present in the audience had anything to present to the Board during public comment.

The Board recessed for lunch at 12:03 p.m.  
The Board resumed the meeting at 12:56 p.m.

### Agenda Item 8 – NASBA Updates

#### Accountancy Licensee Database (ALD)

The Board indicated that they do want Alaska to participate in the public access (ALD) program through NASBA.

#### Committees

Figure out which committee Ms. Thompson is on.

Ms. Bassler already sent in her committee participation request form.  
Mr. Mertz and Ms. Thompson will send in their committee participation request forms.

#### Conferences

There was Board discussion about conference attendance. It was noted that new Board members can apply for scholarships with a letter to NASBA from the Board Chair. It was also noted that Board member travel to the NASBA June regional conference was recently denied; this included scholarship members.

It was requested that travel approval for the annual meeting in October for the following members be submitted for approval:

- 1) Kathleen Thompson
- 2) Elaine Williamson
- 3) Carla Bassler

### **Agenda Item 9 – New Business**

No new business at the designated time. The Board noted that if necessary they could add new business later in the day or Friday morning.

### **Agenda Item 10 – Regulations Projects**

- Grace period issue discussion - undue hardship provision? Discussion about if there should be a hardship provision for up to a year where licensees could petition the Board. It was decided to change the draft from 90 days to 180 days.
- Inactive licenses – Ms. Williamson had already created a draft, which was included in the packet. Staff will forward with other draft regulations once they are complete. The Board asked the State society legislative committee to weigh in on the issue.
- Accounting Principles – the fix is to delete this section. Board will put this in with the other draft regulations once they are complete.
- Location of Board members – Mr. Mertz will send a letter out this summer to Boards & Commissions. The letter will give the history and request that Board member placement be spread out between regions. Ms. Bassler noted that it would be helpful to have another Anchorage based member to be the investigative contact.
- Attest/reciprocity – Mr. Mertz said that the Board is not ready to take on this issue. Leave on the list for when the new EA is hired.
- Retired/inactive – already in progress.
- Semi-autonomous Board – save for possible discussion later.

### **Agenda Item 18 – Administrative Business**

#### **Confirm Upcoming Meeting Dates/Locations**

- August 4-5, 2011 in Fairbanks
- November 3-4 in Anchorage

### **Agenda Item 12 – CPA Exam**

The Board reviewed the exam survey responses that had been received and noted that the comments are the same as the last test window.

The Board requested that authorization for the Board to visit the testing facilities in Fairbanks be obtained.

### **Agenda Item 11 – Budget Report**

Director Habeger joined the meeting.

#### **EA Position**

Mr. Habeger stated that SB 90 had passed and the new executive position would be at a range 23. A copy of the job description was distributed to Board members. It was noted that the Division cannot fill the position until the bill becomes law. Mr. Habeger stated that the Division would involve the Board in the advertizing/hiring process. The position will be located in the Division's Anchorage office on the 15<sup>th</sup> floor of the Atwood building.

Mr. Mertz asked if the pieces can be in place to be able to move as soon as possible and if the Board should do anything to try to push for a quick signing. Mr. Habeger responded that the Division had already done a "blue sheet" to recommend that the bill move quickly. Mr. Mertz indicated that he would follow up with Senator Egan's office to check on the status.

#### **Budget**

Board members questioned how costs are allocated to the Board and how the figures in HB 108 (operating budget) are allocated. Mr. Mertz asked if there had been a change in the accounting treatment of funds because AS 08.01.065 outlines how fees can be collected and all profession fees are supposed to cover the profession costs. Mr. Mertz also stated that looking at past audits and history the Division has indicated that Boards can "roll forward" funds, but this may not actually be a pure or accurate reflection of what actually happens.

Mr. Habeger stated that he can't find evidence that what is currently happening is really a change. Mr. Mertz asked if the Board will still get the benefit of the roll forward. Mr. Habeger stated that he agreed that the Board should retain its roll forward and this may result in a license fee reduction, but could not be used for additional travel.

Costs are listed as direct and indirect:

- Direct – can pinpoint that the cost is CPA related such as staff time which is trackable.
- Indirect – anything that is a general overhead cost. 9<sup>th</sup>/15<sup>th</sup> floor space in the State offices, teleconference abilities, phones lines, copiers, etc. All of these costs are allocated equally among the professions/licensees with the CPAs getting charged an established percentage.

Mr. Mertz stated that there appears to be a co-mingling of general and Board funds. It does not appear that there is adequate separation and this results in the Board being unable to carry out its mission. Mr. Habeger indicated that he understood the comments about the general fund and there may be better

methods of cost accounting. Mr. Habeger stated there is a request for proposal (RFP) to take apart the books and build them back up again. It was also noted that an audit was currently ongoing regarding the current method of cost accounting.

Ms. Bassler asked how the Board can get travel approvals and permission to contact Department of Law when necessary. Mr. Habeger stated that he understood the questions and concerns raised by Board members. The Division is working to balance Board concerns and the need to cover costs and come in at zero at the end of the fiscal year. The Division will work at not co-mingling funds and understands one Boards roll forward should not cover another Boards deficit. Mr. Habeger also noted that the FY12 travel will actually be decreasing and hopes that within the next couple of years everything will be back on track.

Mr. Mertz stated that there is an issue with out of State licensees not complying with the Alaska specific ethics course requirement and with the upcoming renewal/audit the Board needs to know if can contact the legal department for guidance. Mr. Habeger stated that the Board can contact legal in FY12.

Ms. Bassler asked if the Board can submit all travel requests for the year at the beginning of FY12. Mr. Habeger stated that the Board could submit all of its requests for review. Mr. Mertz stated that the Board needs 3 members to attend the annual meeting and 3 (including the new executive) to attend each regional meeting - would these 8 or 9 trips be approved? Mr. Habeger stated that it was unlikely that all of the requested travel would be approved. Ms. Bassler asked what would be approved and Mr. Habeger stated that he did not have that answer today. Mr. Habeger indicated that travel is not based on a percentage of the travel budget allocated to each Board because this may not be the fair way. In State Board meetings would be approved first and then out of State travel would be evaluated.

Mr. Johnson asked where the 316k travel budget figure comes from. Mr. Habeger stated that the Division is trying to find an equitable way to spread the travel funds. The annual reports ask Boards to outline anticipated travel costs. Last year Boards outlined their requests at 500k, but the actual amount allowed was only the 316k.

The ongoing legislative audit was initiated to determine if Board fees are in fact paying for some non Board costs or other Boards costs. Mr. Mertz indicated that he had an e-mail in to Pat Davidson with legislative audit to ask if the Board can participate in the audit, but that he had not yet received a response.

#### **Agenda Item 10 – Regulations Projects Continued**

Semi-autonomous Board – Board members were asked to review the white paper exposure draft. Board members are appointed by the Governor, but Boards are

tasked with managing fees, expenses and investigations. It was noted that the Real Estate Commission had a semi-autonomous Board at one time and within a year it was bankrupt and folded. Board members did note that NASBA had indicated that they would come in and help if the Board wanted to move in that direction.

The meeting was adjourned at 3:30 p.m., until Friday, April 29, 2011.

**Friday, April 29, 2011**

**Call to Order/Roll Call**

The meeting was called to order by Carla Bassler, Chair, at 8:38 a.m. Those present, constituting a quorum of the Board were:

Carla Bassler, Chair, CPA – Anchorage  
Max Mertz, CPA – Juneau  
Elaine Williamson, CPA – Fairbanks  
Jeffrey Johnson, CPA – Fairbanks  
John Floyd - Anchorage

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

Cori Hondolero, Records & Licensing Supervisor  
Dawn Bundick, Investigator  
Don Habeger, Director

Visitors present included:

Melody Schneider, representing the Alaska Society of CPAs (ASCPA)  
Bernadette Koppy, representing the Alaska Society of Independent Accountants (ASIA)

**Agenda Item 13 – Review Agenda**

The Board reviewed the agenda and decided that it would be best to finish all Board business and to end the meeting prior to visiting the Prometric test site.

**Agenda Item 15 – Investigative Unit Information**

Investigator Dawn Bundick joined the meeting to review the Investigative Report provided to the Board. She noted four open investigations or complaints, and one closed investigation or complaints on the report.



Ms. Bundick indicated that one application for reinstatement had been forwarded to her for review because it had a 'yes' answer. She indicated that the Board could request that a Memorandum of Agreement (MOA) be drafted to be in effect through the individuals probationary period and if there were any violations the license would be revoked.

**Upon a motion duly made by Mr. Mertz, seconded by Mr. Floyd, 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 an application.**

The Board entered executive session at 10:14 a.m.  
The Board went back on the record at 10:23 a.m.

**Upon a motion duly made by Mr. Mertz, seconded by Mr. Floyd, and approved unanimously, it was:**

**RESOLVED to table the application of Mark Wohlgemuth and to direct the application file back to the investigative unit for additional review.**

There was Board discussion about mobility. Ms. Bundick stated that the statutes rule and questioned the need to refund individuals if they did not need to submit an application or fees. It was noted that the Out-of-State Permit application should be amended to include both AS 08.04.420 & 08.04.421.

Ms. Bundick provided the Board with her written summary of attending the 29<sup>th</sup> annual executive director and State Board staff NASBA conference. Ms. Bundick stated that it was an informative conference and that she enjoyed attending.

There was Board discussion about fines and disciplinary sanctions. Ms. Bundick distributed a handout that contained settlement guidelines for disciplinary action and indicated that the Division paralegal Karen Wilke maintains a list of fines that has been updated as recently as 2010. Based on AS 08.01.075(a)(8) a fee cannot exceed \$5,000. The Board is unable to do anything about increasing fees unless the statute is changed.

#### **Agenda Item 14 – Application Review**

The Board reviewed exam, reinstatement, audit, licensure and Out-of-State permit applications and took the following action:

**Upon a motion duly made by Mr. Mertz seconded by Mr. Floyd and approved unanimously, it was:**

**RESOLVED to approve Christine Williams' application to sit for the CPA exam.**

**Upon a motion duly made by Mr. Mertz seconded by Mr. Floyd, and approved unanimously, it was:**

**RESOLVED to approve the reinstatements of Jessica Gates, Tori Weissenberger, Jed Ballard and Tammy Stromberg.**

**Upon a motion duly made by Mr. Mertz seconded by Mr. Floyd, and approved unanimously, it was:**

**RESOLVED to approve the continuing education audits of Walter Dallis and Bradwick Johnston.**

**Upon a motion duly made by Mr. Mertz seconded by Mr. Floyd, and approved unanimously, it was:**

**RESOLVED to approve Paul Hitchcock, Tonia Baklanova, Benjamin Allison, Scot Greulich, Josiah Keller, Hiroyuki Koida, Kathy Mattila, Kristine Kennedy, Pavlo Kovalchuk, Marina Kovalevskaya, Ryan Muspratt, Tatiana Okolotina, Elena Paduraru, Katie Palaniuk, Yanjie Shao, Vincent Veit, Chimita Zhambalova and Kimberly Zobel for licensure by exam.**

**Upon a motion duly made by Mr. Mertz seconded by Mr. Floyd, and approved unanimously, it was:**

**RESOLVED to approve Patricia Dunn for licensure by reciprocity.**

**Upon a motion duly made by Mr. Mertz seconded by Mr. Floyd, and approved unanimously, it was:**

**RESOLVED to approve Hansen Hunter & Co. P.C., Joseph P. Ruli, Talbot, Korvola & Warwick, LLP, Woolery Accountancy, Chelsea Hendrickson, and Gregory Schwartz for Out-of-State Permits.**

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

**RESOLVED to approve Zachary Hill's application for CPA licensure by exam pending confirmation that course BSBA 1150 contains business law in accordance with AS 08.04.120(b)(2).**

The Board reviewed the application of Hai-Ran Xu, which was tabled at the last meeting. The Board stated that this application will remain tabled due to insufficient information regarding the experience claimed. The Board requested that the relationship between Freddie Mac vs. AES corporation be explained.

#### **Agenda Item 17 - Correspondence**

The Board reviewed the various correspondence items contained in their Board packets.

#### **Agenda Item 16 – Prometric Exam Facility Visit**

The Board members agreed to meet at the Prometric test site as soon as the meeting adjourned.

#### **Task Lists**

Mr Mertz:

- Work with State society legislative committee on regulation projects.

Mr. Johnson:

- Watch State ethics video.

Mr. Horton:

- Watch State ethics video.

Board Staff:

- Provide new members with State ethics video information.
- Change renewal application to provide lines to include ethics course title, sponsor, & date of attendance.
- Email lapsed license list to Board members
- Update web page to current Investigative Reports, indicating which is "old database" and which is "new database"
- Get permission for Board to visit Fairbanks test site at August meeting.
- Research reinstatement fees; make sure that form is calculating fees correctly.

Ms Wilke:

Pursue verdict from Law regarding audit questions:

- Can the Board can increase the number of audits?
- Can the Board can increase audits for out-of-state applications?

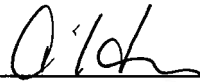
- Can the Board can increase audits on the Alaska ethics course?

All Board members:

- Review lapsed license list to see if any known are practicing

There being no further business, the meeting adjourned at 11:46 a.m.

Respectfully Submitted:



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Cori Hondolero  
Records and Licensing Supervisor

Approved:



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Carla Bassler, Chair  
Board of Public Accountancy

Date: 9/13/11