

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

BOARD OF PUBLIC ACCOUNTANCY

**MINUTES OF MEETING
October 18-19, 2012**

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 October 18-19, 2012 in Anchorage, Alaska.

Thursday, October 18, 2012

Call to Order/Roll Call

The meeting was called to order by Jeff Johnson, Chair, at 8:35 a.m. Those present, constituting a quorum of the Board were:

Carla Bassler, CPA – Anchorage
Elaine Williamson, CPA – Fairbanks
Jeffrey Johnson, CPA – Fairbanks
Andre Horton – Anchorage
Kathleen Thompson, CPA – Fairbanks
Karen Brewer-Tarver, CPA – Juneau

It was noted that Wayne Don had notified the Board that he would be unable to attend due to another commitment.

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:

Lisa Rogers, representing the Alaska Society of CPAs (ASCPA) (agenda items #4 & #5)
Bernadette Koppy, representing the Alaska Society of Independent Accountants (ASIA)

Agenda Item 1 – Review Agenda

The Board reviewed the agenda and made the following changes:

- Item #5 – add discussion about the AK specific ethics requirement.
- Item #9 – add discussion about paperless Board packets.

Agenda Item 2 – Ethics Report

Ethics Reporting

It was determined that there was nothing to report.

Agenda Item 3 – Review Meeting Minutes

The Board reviewed the minutes of the August 9-10, 2012 meeting.

Upon a motion duly made by Mr. Horton, seconded by Ms. Brewer-Tarver, and approved unanimously, it was:

RESOLVED to approve the minutes of the August 9-10, 2012 meeting as written.

Agenda Item 4 – Public Comment

Lisa Rogers, CPA – Thinks that Alaska should eliminate the 500 attest hour requirement. People who want to do audits will learn how. The current requirement does not protect the public by forcing applicants to learn something that they are not interested in. Ms. Rogers stated that she would encourage more forums to see what people in the industry think.

Agenda Item 5 – Regulation Projects

Attest Experience/Reciprocity

Ms. Brewer-Tarver stated that she had received information about other states licensure requirements from Dan Dustin of NASBA. There was discussion about if the mandatory attest hour requirement would be prohibitive to someone who only wanted to do tax work. Mr. Johnson noted that peer review forces firms to keep current.

Ms. Rogers (ASCPA) was asked to provide some history regarding the peer review regulations. She stated that at the time the current regulations were written, AICPA members had to have peer review, but regular licensees did not. Alaska has not really addressed complication because it can be done by none CPAs. The attest requirement of 500 hours was written to not allow compilation to count; this was in line with the AICPA requirement. Reciprocity should match UAA – 4 out of the last 10 years of experience with no attest hours required and licensees should not be doing things that they don't know how to do.

Ms. Bassler stated that there had been a few applicants in that past that had been bookkeepers applying by reciprocity. They were able to obtain licensure easier than applicants for initial licensure by exam. Ms. Brewer-Tarver noted that California currently has two licensure paths or a two tier system. An applicant must have attest experience hours for a tier one license.

Ms. Bassler suggested checking with the profession before making any changes. Ms. Rogers stated that she wasn't sure if the AK Society would do a poll on this topic. It was suggested that the Board possibly initiate a survey using a tool like survey monkey by posting a link on the Boards website.

Ms. Brewer-Tarver asked if any additional research was required. Ms. Williamson stated that she felt that the 500 attest hour requirement for initial licensure should stay, but that she was unsure if the requirement should be added for reciprocity applicants. Ms. Williamson also supported the idea of the Board producing a poll, but noted the Board needs to be clear about what they are asking. Mr. Horton stated that it would be good to ask questions and that nothing is hurt by gathering data. Ms. Brewer-Tarver stated that she would see if she could collect any additional data at the NASBA annual meeting.

AK Specific Ethics Requirement

Mr. Johnson wanted to discuss if this requirement really protects the public. Does it really matter what state an ethics course is taken for and noted that failure to take the correct ethics course is very different from not taking the ethics course at all. Ms. Bassler noted that the current course outlines rules that are specific to Alaska, which may vary greatly from other states requirements.

Continuing Education

Mr. Johnson stated that nationally there has been a decline in firms providing in-house training, with firms moving to online training due to the cost savings. It was noted that some states are moving towards limiting the number of hours that can be earned online.

Ms. Williamson noted that some people feel that live presentations don't necessarily require participation and that people can just sit in the course, not participate and still get credit. Ms. Brewer-Tarver stated that maybe the Board should look at audit problem areas to identify the high risk areas. Mr. Johnson noted that there was a renewal report included in the Board packet under tab #5 and asked if the Board felt that there was a problem with the regulations.

AK Society Newsletter

Ms. Rogers asked about a link that was in the society's last newsletter. The newsletter made reference to current license action(s), but the link did not contain recent information. The Board noted that this was an ongoing issue and the Board was trying to assure that information was updated on a more timely

basis. Ms. Hondolero stated that once the Board adopts an agreement, it is public and anyone could contact the Division to request a copy.

Biometrics

Ms. Thompson wanted the Board to be ready for the issue of biometrics to come up again in the legislative session.

Credential Evaluators

The Board reviewed correspondence from the new NASBA credential evaluation service office requesting that the Alaska Board consider accepting their evaluations. It was noted that this would require a regulation change. The Board directed Ms. Hondolero to write back to NASBA and ask if they are members of the National Association of Credential Evaluation Services (NACES); they would then automatically qualify in accordance with 12 AAC 04.185(e)(3).

Agenda Item 6 – NASBA Updates

Committees

Ms. Bassler – Enforcement Practices Committee – Nothing to report.

Mr. Johnson – State Board Relevance & Effectiveness Committee – Nothing to report.

Ms. Williamson – CPE Committee – attended a September committee meeting in Nashville.

Conferences

Annual meeting/International forum – October 28-November 1, 2012. Both Ms. Hondolero and Ms. Brewer-Tarver will attend.

Conference for EDs and Legal Counsel – March 2013 in Tucson, AZ. The Board directed Ms. Hondolero to submit travel requests for herself and investigator Kennedy to attend.

Western Regional – June 2013 in New Orleans, LA.

Agenda Item 7 – CPA Exam

The Board reviewed the exam survey responses that had been received.

Agenda Item 8 – Correspondence

The Board reviewed the correspondence items contained in the Board packet.

The Board recessed for lunch at 11:14 a.m.

The Board resumed the meeting at 1:00 p.m.

Agenda Item 9 – New Business

The Board modified the agenda for Friday October 19th and scheduled to meet at the Anchorage office in the Atwood building at 8:30 am before starting the meeting. The purpose of the visit was to review the physical location of Board staff and files in the office, due to concerns about security.

Ms. Thompson asked if the Board could maintain a list of licensee e-mails to use to send out notifications to all licensees. Ms. Hondolero stated that the Division was currently in the process of creating a new database, but that she could research creating a list serve that licensees could subscribe to.

The Board noted that they would like to start reviewing renewal forms and the reinstatement application form at the February 2013 meeting.

Paperless Packets

Ms. Brewer-Tarver noted that legislative affairs already has policies established for the use of ipads/documents. They have a designated server for all electronic data. Mr. Horton noted that with a paperless packet there is the ability to add word recognition, so that the entire packet is searchable. The packet could be hosted by the State, so that it never has to be downloaded to personal devices. Mr. Horton stated that he would have a presentation ready to present at the next meeting.

Agenda Item 10 - Alaska Society of Certified Public Accountants (ASCPA)

Lisa Rogers spoke with the Board earlier (see agenda item #5).

Agenda Item 11 – Prometric Facility Visit

Upon a motion duly made by Ms. Bassler, seconded by Ms. Thompson, and approved unanimously, it was:

RESOLVED to recess the meeting until Friday October 19, 2012.

Board members and staff went to conduct an unannounced visit at the Anchorage Prometric test site. NASBA staff had contacted the Board to request that the visit be conducted and that that a checklist and comments be sent back for review.

The meeting recessed at 1:45 p.m., until Friday, October 19, 2012

Friday, October 19, 2012

Call to Order/Roll Call

The Board met before the meeting at the Atwood building to look at the office and work space currently being used by Board staff. The Board had concerns about the current location in regards to the public's ability to access the space and general security of files/documents.

The meeting was called to order by Jeffrey Johnson, Chair, at 8:58 a.m. Those present, constituting a quorum of the Board were:

Carla Bassler, Chair, CPA – Anchorage
Elaine Williamson, CPA – Fairbanks
Jeffrey Johnson, CPA – Fairbanks
Andre Horton – Anchorage
Kathleen Thompson, CPA – Fairbanks
Karen Brewer-Tarver, CPA – Juneau

It was noted that Wayne Don had notified the Board that he would be unable to attend due to another commitment.

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

Cori Hondolero, Executive Administrator
Sara Chambers, Operations Manager (via conference call – agenda item #13)
Alvin Kennedy, Investigator (agenda item #14)
Karen Wilke, Paralegal (agenda item #15)

Visitors present included:

Bernadette Kopyy, representing the Alaska Society of Independent Accountants (ASIA)

Agenda Item 12 – Review Agenda

The Board added discussion about the e-mail from Director Habeger regarding the 10 year reconciliation to agenda.

Agenda Item 13 – Board Business

Budget

The Board reviewed the final FY12 revenue/expenditure report that had been provided by the Division. The Board questioned the large increase in indirect

expenses. It was noted that there would need to be a fee increase to adjust for this. Ms. Thompson stated that the Board can request a fee increase, but the Division is the final decision maker because they are Division fees. Ms. Brewer-Tarver noted that by regulation, the Board can give input. Ms. Thompson asked about the status of the Boards late renewal fee.

The Board directed Ms. Hondolero to inquire about the timing for the fee project and to find out how the Board can participate in the process. Mr. Johnson noted that the Board should address this issue in the spring and not in the fall because then the renewal season has already started. In addition to the inquiry regarding fees, the Board directed Ms. Hondolero to draft a letter to Director Habeger requesting more budget information, including indirect/direct detail and the process for how the FY14 budget will be developed. Ms. Bassler noted that licensees should be notified as soon as the Board is sure that there will be a fee increase.

The Board discussed the e-mail that had been received from Director Habeger explaining the 10 year reconciliation of figures. It was noted that it appears that no additional detail will be provided; the figures stand and the Board should focus on moving forward based on the final figures provided.

The Board briefly discussed the recently distributed travel approval estimate distributed by the Division and noted that it would not cover necessary participation at out of state meetings. Ms. Bassler stated that the Board had requested a fee increase in the past to help fund necessary travel. The Board should have the authority to approve necessary travel and when they are not allowed to do so, the Boards ability to do their job is hindered and they are not protecting the public. It was decided that Mr. Johnson should contact Representative Mike Hawker and Representative Steve Thompson on behalf of the Board.

Travel

The Board called Sara Chambers, Operations Manager to discuss travel.

Mr. Johnson stated that the Board wanted to expand their travel authority and asked if there was potential for revised allowances. Ms. Chambers replied that travel frustrations were not a new issue and that the amount of funding available for Board travel was much lower than requested. The Division is still continuing to communicate, but travel budget is a legislative decision and a Board surplus does not increase spending authority.

Mr. Johnson asked about Board member participation at NASBA committee meetings and noted that placement on a NASBA committee is not linked to Board membership. It was noted that NASBA reimburses all costs associated with committee participation. Ms. Chambers stated that if Board members received reimbursement directly from NASBA without doing an ethics disclosure

for any amount in excess of \$150, it would be in violation of existing state policy. When traveling on behalf of the Board, travel must go through the state and Board members shouldn't have 3rd parties pre-pay for items or accept reimbursement directly. Board members responded again that committee participation is not linked to Board membership and may continue after they are no longer on the Board. Ms. Chambers stated that there is a nexus between the professional association and the Board and that any reimbursement for participation should be disclosed as a gift if the value is in over \$150. Mr. Johnson asked if there was a start date for this policy. Ms. Chambers stated that the policy was not new, but that it may be sufficient to start with FY13 and Board members would be contacted if any additional information was required.

Mr. Johnson asked Ms. Chambers about how the Board can receive additional detail about its budget. Ms. Chambers stated that questions about regular budget reports should be directed to Misty Frawley and questions about the 10 year reconciliation should be directed to Director Habeger.

Mr. Johnson also stated that the Board would like to move forward with a fee increase. Ms. Chambers stated that the Division had contacted with a company to analyze all of the different fees currently being charged. The information was expected soon and should give the Division a better idea about the true costs. The goal is to work with Boards and discuss proposals. The Division will seek the Boards input.

Agenda Item 14 – Investigative Report

Investigator Alvin Kennedy was in attendance to present the investigative report. Mr. Kennedy stated that a cease and desist had been issued to LBD bookkeeping for doing audits without a license. He also noted that there are some other ongoing investigations that had been referred to other agencies, but he could not discuss those. Mr. Kennedy did note that there is not a big hammer when dealing with unlicensed practice and that some cases may need to be pursued through other legal avenues.

The investigative report distributed to Board members did list the status of probationary cases. The Board stated that they appreciated receiving this information, but wanted to be sure that all licensees currently under a probationary status are being tracked.

Ms. Thompson asked how members of the public can get a copy of a cease & desist. Mr. Kennedy stated that members of the public can contact the investigator directly to obtain a copy. For the recent cease & desist, Mr. Kennedy will forward a copy to Ms. Hondolero for distribution to all Board members.

Mr. Kennedy wanted to get back to the Board regarding their prior question about fine amounts above \$5000. He stated that the fines are per offense and that it is good to have more to hang over people's heads. Each individual consent agreement has a \$5000 cap.

Agenda Item 15 – CPE Audits

Renewal Report

The Board reviewed the report included in the packet.

Audits

Karen Wilke, paralegal joined the meeting to update the Board on the status of the audits that had been forwarded to her and to present consent agreements to the Board.

Ms. Wilke stated that notification had already gone out to about 20 licensees and she anticipates having another batch of agreements for Board review at the February meeting. Mr. Johnson asked if there was any way to speed up the process. Ms. Wilke stated that the backlog was due to her workload and being the only paralegal working on audit issues for the Division. Ms. Bassler asked if there was anything that Ms. Hondolero could assist with to speed up the process. Ms. Wilke stated that might be a possibility and would work with Ms. Hondolero to at least get out a letter of advisement to those who were still pending.

Ms. Wilke provided the Board members with a copy of the current fine matrix. The Board wanted to discuss the consent agreements that were ready for Board review.

Upon a motion duly made by Ms. Williamson, seconded by Ms. Bassler, 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 consent agreements.

The Board entered executive session at 10:37 a.m.
The Board went back on the record at 11:07 a.m.

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

RESOLVED to adopt the consent agreements and accept the CE hours submitted for John Jay Rush – case #2012-001012, Darlene Dotzler – case #2012-001017, Kevin Kerr – case #2012-000981, Sheila King – case #2012-001022.

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

RESOLVED to adopt the license surrender of Michael Facer – case #2012-000969.

Agenda Item 16 – Application Review

Upon a motion duly made by Ms. Bassler seconded by Ms. Thompson, and approved unanimously, it was:

RESOLVED to approve Sonia Auld for licensure by exam pending receipt of detailed time records for 212 of her attest hours, including a list of dates and hours claimed. A Board member will help review the additional information to make sure that it meets the licensure requirements.

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

RESOLVED to deny the CPE audit of Kathryn Daughhete and refer it to the Division paralegal because the hours submitted do not meet the requirements of 12 AAC 04.300-.360.

Upon a motion duly made by Ms. Bassler seconded by Ms. Thompson, it was:

RESOLVED to deny the application of Mr. Middleton because the requirements of AS 08.04.195 and 12 AAC 04.165 have not been met. The additional information received does not verify the required four years of experience.

	<u>YES</u>	<u>NO</u>
Carla Bassler	X	
Jeffrey Johnson		X
Kathleen Thompson	X	
Elaine Williamson		X
Andre Horton		X
Karen Brewer-Tarver	X	

The motion did not pass.

Ms. Williamson asked if the Board could request some legal advice. There was discussion about the practice of public accounting based on the statutes and regulations and Board members agreed that there was an interpretation issue

that would require some legal advice. It was decided that Mr. Johnson would work with Ms. Hondolero to draft a letter to the Division Director requesting legal analysis of the statute and regulation in question.

Application remains pending and will be discussed again at the February 2013 meeting.

Upon a motion duly made by Ms. Brewer-Tarver seconded by Ms. Bassler, and approved unanimously by those present, it was:

RESOLVED to approve the reinstatement applications of Alexander Nazarkulov and Kevin Buckland.

Upon a motion duly made by Ms. Brewer-Tarver seconded by Ms. Bassler, and approved unanimously by those present, it was:

RESOLVED to approve Patricia Butler for licensure by reciprocity.

Upon a motion duly made by Ms. Brewer-Tarver seconded by Ms. Bassler, and approved unanimously by those present, it was:

RESOLVED to approve Dilbar Askarova, Elena Begojevic, Jose Cardoso, Josel Carrillo, Lisa Davis, Torrey Jacobson, William Kolski, Anna Krylova, Samuel Muse, Joshua Petersen, Takatoshi Sakuma, Jeffrey Shirley, Michael Stevens, Anna Tchernykh, Sonia Thakare, Grant Todd, Jian Xu and Kam Fai Yung for licensure by exam.

Upon a motion duly made by Ms. Brewer-Tarver seconded by Ms. Bassler, and approved unanimously by those present, it was:

RESOLVED to approve the Out-of-State Permit applications of Bader Martin, P.S., J.H. Cohn LLP, Kuenzi & Company, LLC, Gary L. Larson, Anthony Parke, John Ringler and Gillespie & McMahan, PLLC.

Upon a motion duly made by Ms. Brewer-Tarver seconded by Ms. Bassler, and approved unanimously by those present, it was:

RESOLVED to approve Brian Nichols application to sit for the CPA exam.

Agenda Item 17 – Administrative Business

Confirm Upcoming Meeting Dates/Locations

- February 4-5, 2013 in Juneau
- April 25-26, 2013 in Anchorage

Task Lists

Cori Hondolero:

- Write back to NASBA re: credential evaluation program
- Contact California peer review program to make sure that they received e-mail regarding license action
- See about establishing a listserve
- Bring renewal forms & reinstatement form to next meeting
- Get legislative affairs contact info. from Ms. Brewer-Tarver
- Work with Andre on paperless web link

Mr. Johnson:

- Contact Representative Mike Hawker
- Work on survey question – re: AK specific ethics requirement

Ms. Brewer-Tarver:

- Provide contact for legislative affairs – re: policies for ipads/documents
- Work on attest research – compare new compilation rules against AK regs.
- Work on survey question – re: 500 attest hours

Mr. Horton:

- Prepare paperless packet sample for February meeting & present to Board.

Upon a motion duly made by Ms. Bassler, seconded by Ms. Thompson, and approved unanimously, it was:

RESOLVED to adjourn the meeting.

There being no further business, the meeting adjourned at 12:52 p.m.

Respectfully Submitted:



Cori Hondolero
Executive Administrator

Approved:



Jeffrey L. Johnson, Chair
Alaska Board of Public Accountancy

Date: 2/5/13