

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 25-26, 2013

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 25-26, 2013 in Anchorage Alaska.

Thursday, April 25, 2013

Call to Order/Roll Call

The meeting was called to order by Jeffrey Johnson, Chair, at 8:30 a.m. Those present, constituting a quorum of the Board were:

Donovan Rulien II, CPA – Anchorage
Craig Chapman, CPA – Kenai
Jeffrey Johnson, CPA – Fairbanks
Andre Horton – Anchorage
Kathleen Thompson, CPA – Fairbanks
Karen Brewer-Tarver, CPA – Juneau

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

Cori Hondolero, Executive Administrator
Don Habeger, Director (agenda item #6)
Alvin Kennedy, Investigator III (agenda item #7)
Quinten Warren, Chief Investigator (agenda item #7)

Visitors present included:

Melody Schneider, representing the Alaska Society of CPAs (ASCPA)
Bernadette Koppy, representing the Alaska Society of Independent Accountants (ASIA)
John Clonin Jr., representing himself

Agenda Item 1 – Review Agenda

The Board reviewed the agenda and did not make any changes, but it was noted that Mr. Don had contacted Chairman Johnson to advise that he would not be able to attend day one of the meeting.

Agenda Item 2 – Ethics Report

It was determined that there was nothing to report.

Agenda Item 3 – Review Meeting Minutes

The Board reviewed the minutes of the February 4-5, 2013 meeting and the February 25, 2013 teleconference.

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

RESOLVED to approve the minutes of the February 4-5, 2013 meeting and the February 25, 2013 teleconference as written.

Agenda Item 4 – Public Comment

John Clonan Jr. addressed the Board. He indicated that he was from Soldotna and had an application that would be presented to the Board during the meeting. Mr. Clonan noted that he would be available to answer any questions that the Board had and wants to obtain the license and be compliant with all rules.

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

Melody Schneider was present and addressed the Board.

Ms. Schneider stated that that Society would hold its annual meeting on May 31, 2013 in Fairbanks. The Board directed Ms. Hondolero to submit a travel request to attend this meeting.

It was noted that the CalCPA peer review contract would be expiring in December 2014 and will be reviewed early next year. Ms. Schneider noted that in some states the societies are responsible for peer review, some smaller states are monitored by larger states and some states can't monitor other states. The AK society does have the option to review proposals from other states besides CA, but it was noted that AK has been with CalCPA since the start of peer review.

Mr. Johnson noted that peer review is not required when only doing compilations. This was put in place for non-CPAs.

Ms. Schneider passed on information from the Legislative committee. Lobbyist Jerry Reinwand noted that legislation blocking the CPA exam in Alaska had made no progress during the first session of the 28th Legislature.

Agenda Item 6 – Board Business

ED Report

- NIES – Ms. Hondolero had the opportunity to speak with staff from other Boards as well as NASBA staff at the ED conference in Tucson. It was noted that many states were moving to allow acceptance of NIES credential evaluations and that some states were making changes to allow only NIES evaluations to be accepted.
- HB26 – It was noted that this bill was set for transmission to the Governor’s office with an extension date to 2021.
- CPE open cases – Ms. Hondolero advised that there are still many open cases at varying stages of completion. The Board stated that they would like to see more action on these as soon as possible.

Budget

The Board reviewed the 3rd quarter report that was included in their packets.

Agenda Item 8 – Statute/Regulation Projects

The Board reviewed and discussed the draft regulations that were included in their packets.

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

RESOLVED to amend, add or repeal the following regulations and send them out for public comment:

12 AAC 04.033 – *repeal*

12 AAC 04.036 – *repeal*

12 AAC 04.130 – “the board will hold at least four meetings each year at times and places designated by the board.”

12 AAC 04.185(e)(3)(C) – “NASBA International Evaluation Services (NIES)”

12 AAC 04.440(a) – “an individual whose license to practice has been lapsed for less than one year may apply for reinstatement of the license by submitting the applicable renewal fee and, if the license has been lapsed for more than 60 days, the delayed renewal fee required in 12 AAC 02.340

and a complete renewal application on a form provided by the department. The renewal application must include certification that the applicant...”

12 AAC 04.440(b)(2) – “the license renewal fees for the entire period during which the license has been lapsed and the delayed renewal fee required under 12 AAC 02.340; and...”

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

RESOLVED to request that the Division add and public notice the following late renewal fee:

12 AAC 02.340(12) – delayed renewal fee \$100

Agenda Item 6 – Board Business

Director Don Habeger joined the meeting.

Travel

Director Habeger stated that travel had been discussed during session and that two positive things had happened.

- 1) An additional \$200k was added to the travel allowance for FY14. It was noted that ALL travel requests should be outlined in the annual report.
- 2) Re: 3rd party reimbursements – via a senate initiated ‘patch,’ 3rd party reimbursements will be credited back to Boards in FY14.

The Board advised Director Habeger that they would be submitting a travel request for Ms. Hondolero to attend the AK society annual meeting at the end of May.

The Board discussed the large CPE caseload currently with the Division paralegal and asked if Ms. Hondolero could be sent to Juneau to work with Ms. Wilke. The Board stated that they were concerned about the number of unresolved cases leading into the upcoming renewal. Director Habeger stated that he was not opposed to the idea and would review the request.

The Board asked about Investigator Kennedy not receiving approval to attend the NASBA ED/legal counsel conference in March. It was noted that this was the only training specifically geared toward staff for the whole year. Director Habeger stated that this was mostly due to a timing issue because all out of state travel must be approved by the operations manager, Director, and Deputy Commissioner. The travel was not able to be approved in time for Investigator Kennedy to attend. The Board asked how far in advance out of state travel needs to be requested. Director Habeger stated that he would get back to the Board.

Fees

A draft fee increase structure was presented to the Board for review/discussion. Director Habeger stated that the Division would like to send fee proposals out soon. The process for implementing a Division fee increase is as follows:

- Public notice
- Review comments received
- Forward to Lieutenant Governor's office; fees effective 30 days after signed

The Board stated that they would review the proposal and provide the Division with feedback. Mr. Johnson asked if would be acceptable to the Division for the Board to propose different fee amounts, as long as the desired revenue level is reached. Director Habeger stated that the Division would take the Board's recommendations into consideration.

Director Habeger also stated that cost study information had been received by the Division and would soon be distributed to Boards. Due to the size of the report, it is likely that only a summary would be distributed to Boards.

HB 187

Director Habeger stated that HB187 was introduced to help with investigative costs. It was noted that one resent case had a cost of over \$100k.

The goals of HB187 are:

- Better manage fees/collapse fees/recover expenses.
- Allow for an additional funding source – Initial request of 1.7 million general fund appropriation.
- Ability to time average; spread costs over more than one licensing cycle.

Mr. Rulien asked if the 1.7 million about was arbitrary and how it would be spread among the Boards. Director Habeger stated that everyone would benefit via help with investigative costs.

Ms. Brewer-Tarver asked if there was a way to charge all licensees a flat investigative fee, such as \$5.

Agenda Item 7 – Investigative Report

Investigator Kennedy and Chief Warren joined the meeting to present the investigative report.

It was noted that the probation report was new due to the Division hiring probation monitors to help manage cases and track compliance. Investigator Kennedy stated that probationary licensees may be given courtesy warnings when they have upcoming compliance deadlines.

Upon a motion duly made by Ms. Thompson, seconded by Mr. Chapman, 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 investigative issues.

The Board entered executive session at 11:00 a.m.
The Board went back on the record at 11:29 a.m.

Agenda Item 8 – Statute/Regulation Projects

Ms. Hondolero had provided some draft statute changes at the request of the Board. The Board noted that they would have to find a friendly legislator to carry a bill to make the requested statutory changes.

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

RESOLVED to amend, add or repeal the following statutes:

AS 08.04.080 – *repeal*

AS 08.04.680(15) – “practice of public accounting” means the offering to perform or the performance as a person holding a license, practice privilege, or permit for a client under this chapter of a service involving the use of accounting or auditing skills; in this paragraph, “accounting or auditing skills” includes preparing financial statements, issuing reports on financial statements, furnishing management services, furnishing financial advisory services, providing consulting services, preparing tax returns, advising on tax matters, or consulting on tax matters”

AS 08.04.680(21) – “client” means a person or entity other than the licensee’s employer, that engages a licensee or a licensee’s firm to perform professional services or a person or entity with respect to which professional services are performed”

The Board recessed for lunch at 11:49 a.m.
The Board resumed the meeting at 1:31 p.m.

Agenda Item 9 – NASBA Updates

ALD

Request for automatic data feed is still not complete.

Committees

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

Conferences

Western Regional Meeting – June 5-7, 2013 – The Board directed Ms. Hondolero to submit a travel request to attend this meeting.

Eastern Regional Meeting – June 26-28, 2013 – Ms. Hondolero stated that she had already submitted a travel request for Mr. Rulien & Mr. Chapman to attend this meeting, but had not yet received approval.

Annual Meeting – October 27-30, 2013 – Mr. Johnson stated that he would like to attend; Board will discuss again at the August Board meeting.

Agenda Item 10 – CPA Exam

The Board reviewed the exam survey responses that had been received. Mr. Johnson asked if copies of these questionnaires are always sent to Prometric. Ms. Hondolero stated that they were not; the questionnaire was started as a way for AK candidates to let the Board know about their testing experience and known issues are addressed with NASBA/Prometric/AICPA.

Agenda Item 11 – Correspondence

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

It was noted that a letter had been received from Janice Gray, CPA requesting that the Board send a letter of support regarding her candidacy for Director at large to the NASBA nominating committee. It was decided that Ms. Hondolero should inquire with Mr. Mertz and Ms. Bassler to see if either of these past members had personal knowledge of Ms. Gray prior to the Board sending a letter of support.

Agenda Item 12 – New Business

AK ethics course review

Ms. Hondolero stated that there seemed to be an increased amount of CPE provider requests for course review and requests to have a link to the provider's course placed on the Boards website.

It was decided that the links to all courses would be removed and that the Board would not be reviewing individual courses. Ms. Thompson will work with Ms. Hondolero to draft some language to post where the courses are currently listed.

Agenda Item 6 – Board Business

Fees

The Board reviewed and discussed the Division's proposed fee adjustments. There was discussion about suggesting implementation of a straight percentage increase across the Board for all license/permits or if each type of license/permit should be evaluated on an individual basis.

There was discussion about individual CPA mobility and out-of-state firm permits. It was noted that currently a CPA licensed in another state can enter the state and work under an out-of-state permit for less than it costs an Alaskan CPA who also has a firm permit. It was decided that it makes sense to increase the cost of the out-of-state permit to at least be equal to what it costs for an AK resident to do business (AK firm permit \$310 + AK CPA license \$290 = \$600).

The Board agreed to send the following recommended fee increases to Director Habeger:

Initial license, permit or practice privilege application fee = \$100
CPA license fee initial/renewal = \$290
CPA inactive fee = \$185
Firm fee = \$310
Out-of-State permit = \$600
Reactivation fee = \$150
Initial exam application fee \$210 **this fee was removed from the final submission to the Division

Mr. Horton stated that he would send the excel sheet containing the analysis of the fees to Ms. Hondolero and Mr. Johnson. The Board would like to make sure that the recommendation that is forwarded to the Division clearly state that a fee increase had not been required for many years; exact amount of time to be confirmed by Ms. Hondolero.

Agenda Item 13 – Prometric Exam Facility Visit

Ms. Hondolero, Mr. Johnson, Mr. Rulien and Mr. Chapman agreed to travel to the Prometric exam facility to conduct an unannounced visit. A questionnaire is completed during each visit and sent back to NASBA.

The meeting recessed at 3:39 p.m., until Friday, April 26, 2013.

Friday, April 26, 2013

Call to Order/Roll Call

The meeting was called to order by Jeffrey Johnson, Chair, at 8:30 a.m. Those present, constituting a quorum of the Board were:

Donovan Rulien II, CPA – Anchorage
Craig Chapman, CPA – Kenai
Jeffrey Johnson, CPA – Fairbanks
Andre Horton – Anchorage
Kathleen Thompson, CPA – Fairbanks
Karen Brewer-Tarver, CPA – Juneau
Wayne Don – Eagle River

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:

Melody Schneider, representing the Alaska Society of CPAs (ASCPA)
Bernadette Kopyy, representing the Alaska Society of Independent Accountants (ASIA)
John Clonan Jr., representing himself

Agenda Item 14 – Review Agenda

The Board stated that they would like to see ‘public comment’ added to each day of the agenda.

Public Comment

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

Agenda Item 15 – CPE Audits

Audits

The Board had four consent agreements to review/discuss.

Upon a motion duly made by Ms. Thompson, seconded by Mr. Horton, 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 8:34 a.m.
The Board went back on the record at 8:52 a.m.

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

RESOLVED to adopt the consent agreement for case #2012-001139.

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

RESOLVED to adopt the consent agreement for case #2012-001558.

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

RESOLVED to adopt the consent agreement for case #2012-001551.

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

RESOLVED to adopt the consent agreement for case #2013-000575.

Agenda Item 16 – Application Review

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

RESOLVED to approve Daria Bassova and Melissa Janssen’s applications to sit for the CPA exam.

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

RESOLVED to approve the reinstatement applications of Carol Smith, Fusami Hotta and Satzhan Temirgaliyev.

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

RESOLVED to approve the application of Elizabeth Widmayer for licensure by reciprocity.

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

RESOLVED to approve Barbara Baumgartner, Anna Bullock, Douglas Griffith, Margaret Hull, Scott Jenkins, Brandon Lemmon, Margaret Melear, Tariyel Rustamov, Harry Sinz, Lisa Storey and Samuel Thompson for licensure by exam.

Upon a motion duly made by Ms. Thompson seconded by Mr. Rulien, and approved unanimously by those present, it was:

RESOLVED to approve the Out-of-State Permit application of Ryan Sturgis.

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

RESOLVED to approve the firm permit of Foster and Company, LLC

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

RESOLVED to approve the CPE hours submitted by Ms. Clymer; noting that the AK ethics course was taken outside of the required time period. File to be forwarded back to the Division paralegal and a consent agreement to be drafted.

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

RESOLVED to table the application for licensure by exam of Stanislav Mishin. The applicant must provide verification of all required experience in accordance with 12 AAC 04.181; experience must be earned under a supervising CPA.

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

RESOLVED to approve the application of Regina Little for licensure by reciprocity pending receipt of an original license verification of her supervisors Florida license.

The Board reviewed Mr. Clonan's application for licensure by reciprocity and noted that the experience verifications that were submitted did not meet the requirements of AS 08.04.195 and 12 AAC 04.165.

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

RESOLVED to table the application for licensure by reciprocity of John Clonan Jr. The Board will review Mr. Clonan's application by examination once Mr. Clonan submits verification of qualifying experience.

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

RESOLVED to refer Mr. Clonan's application to investigations and request that a consent agreement be drafted, to be in place if/when the application is approved by the Board.

Agenda Item 17 – Administrative Business

Confirm Upcoming Meeting Dates/Locations

- August 1-2, 2013 in Fairbanks
- November 7-8, 2013 in Anchorage
- February 3-4, 2014 in Juneau

Sign Wall Certificates

- Paul J. Welp #2641
- Aletha Lawson #2642
- Audrey M. Lance #2643
- Keri A. Melvin #2644
- Shaun M. Tacke #2645
- Craig C. Gaube #2646
- Lolanda M. Cavanaugh #2647
- Turgunboy Tokhirov #2648
- Pirmammad Mustafayev #2649
- Jean M. Hodges #2650
- Xia Hua #2651
- Rada E. Rozhitskaya #2653
- Adam N. Rossow #2655
- Mohan Samuel #2656

- Allan D. Acheson #2657
- Thomas L. Sutton #2658
- Michael L. Middleton #2659

Renewal

- Set online renewal to close on 12/31/13 @ midnight. Anyone renewing 1/1/14 or after will then be required to submit the paper renewal.
- Paper renewal application – add a question for those completing the application after 12/31/13. Require licensee to indicate if they have been practicing since their license lapsed and if ‘yes’ the licensee will be required to submit a written explanation indicating why they are renewing late.
- If late renewal fee is in place; the information about the fee will need to be added to the renewal form.

Task Lists

Cori Hondolero:

- Submit travel request to go to Juneau to work with paralegal on CPE cases ASAP
- Submit travel request to attend the AK Society meeting 5/31/13
- E-mail Ms. Bassler and Mr. Mertz to see if they have any personal knowledge of Ms. Gray (re: NASBA letter of support)
- Work on renewal forms with Ms. Thompson
- Update AK ethics course info. on Board website

Ms. Thompson:

- Work on renewal forms with Ms. Hondolero
- Help with AK ethics course info. website update

Ms. Brewer-Tarver:

- Work on attest research – compare new compilation rules against AK regs.

Jeff Johnson:

- Follow up with Director on timeline for submittal of travel requests for Board members and staff
- Follow up with Director on timeline for regulation changes
- 2014 license fees

Donovan Rulien:

- Attend NASBA regional meeting – June 2013

Craig Chapman:

- Attend NASBA regional meeting – June 2013

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

RESOLVED to adjourn the meeting.

There being no further business, the meeting adjourned at 11:18 a.m.

Respectfully Submitted:



Cori Hondolero
Executive Administrator

Approved:



Jeffrey L. Johnson, Chair
Alaska Board of Public Accountancy

Date: 8/1/13