

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

BOARD OF PUBLIC ACCOUNTANCY

MINUTES OF MEETING

August 1-2, 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 August 1-2, 2013 in Fairbanks Alaska.

Thursday, August 1, 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 – via conference call)
Alvin Kennedy, Investigator III (agenda item #7 – via conference call)
Quinten Warren, Chief Investigator (agenda item #7 – via conference call)

Visitors present included:

Rebecca Martin, representing the Alaska Society of CPAs (ASCPA)
Bernadette Kopyy, representing the Alaska Society of Independent Accountants (ASIA)
John Clonin Jr., representing himself
Elaine Williamson, representing herself

Agenda Item 1 – Review Agenda

Mr. Johnson advised the Board that Mr. Don would not be able to attend the meeting due to required training.

Agenda item #8 – add UAA exposure draft discussion.

Agenda item #7 – add consent agreement for review.

Agenda Item 2 – Ethics Report

It was determined that there was nothing to report.

There was some discussion about reporting participation with NASBA committees; it was noted that this work is unrelated to Board membership. Board members stated that they would continue participation with their committees and report any reimbursements on an ethics disclosure form.

Agenda Item 3 – Review Meeting Minutes

The Board reviewed the minutes of the April 25-26, 2013 meeting.

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

RESOLVED to approve the minutes of the April 25-26, 2013 meeting as written.

Agenda Item 4 – Public Comment

John Clonan Jr. addressed the Board. He indicated that he did not have anything specific to address the Board on, but would be available in case there were any questions about his application.

Elaine Williamson addressed the Board to provide some information from the NASBA CPE committee. The committee created a document showing the CPE requirements for different professions and it was noted that CPAs have more required CPE each year than most professions. The committee's goal is to draft a new UAA standard that Boards could adopt if they want to.

The committee had also discussed disciplinary guidelines used in various states. In North Carolina when a licensee is found to be out of compliance with the CPE requirements, they lose their license for a year. Many states for have an ethics requirement, but there appeared to be a very limited number that have a State specific requirement. Due to cross border practice, states are trying to become more standardized.

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

Rebecca Martin was present and addressed the Board.

Ms. Martin stated that the ASCPA has not taken a position of FRF, but the Board may take up the issue later. There initially appeared to be an AICPA/NASBA disconnect that may now be resolved. Ms. Martin noted that the AICPA would be happy to send someone to speak with the Board on this issue.

The ASCPA has offered two AK ethics courses (Anchorage/Fairbanks) and is hoping to offer a webinar in November. Ms. Martin requested that the Board place the list of approved AK ethics courses back on the website because the removal of the list was generating increased calls to the society office. If the list is not placed back on, could the Board at least provide some additional guidance on the website?

12 AAC 04.300 – Ms. Martin asked if the Board was interested in defining what amount of the 4 required hours is supposed to cover the statutes/regulations or if the Board had considered adding the words “Alaska specific.”

Agenda Item 6 – Board Business

ED Report:

CPE cases – The paralegal position became vacant on 7/15/13. The Division is in the process of posting the position and recruiting, but this will cause additional delays for the cases that are still pending.

The Board stated that they would like the ED to handle all CPE cases instead of passing them back to the paralegal once the position is filled.

The Board assigned Mr. Rulien to review the past audit process and specifically to evaluate the AK ethics requirement.

The Board discussed the possibility of extending the time allowed to submit the renewal application.

Mr. Chapman will become the new CPE liaison for the Board when Ms. Thompson’s term with the Board ends. Ms. Hondolero will start cc’ing Mr. Chapman with any CPE e-mails to Ms. Thompson.

AK Society – ED attended portion of the annual meeting with Jeff & Kathleen.

Travel – Division denied approval for Ms. Hondolero to attend the NASBA Western regional meeting.

Fees – The Division should be sending the proposed fees out for public comment soon.

Budget

The Board reviewed the 3rd quarter report that was included in their packets. It was noted that the Division had not yet released 4th quarter/end of FY13 financial information yet; this information should be available by the November meeting.

The Board would like to request a labor distribution report for future meetings.

Director Don Habeger joined the meeting via conference call.

Fees

Director Habeger informed the Board that the Division hoped to have the draft fee regulations out for public comment soon. It was noted that they would go out based on the fee proposal that was drafted by the Board at the April meeting.

The Board inquired about the exam fee increase that was previously requested and Director Habeger stated that there may be a pathway forward. The Board also inquired about the late renewal penalty fee and Director Habeger said that he would follow up on this and that he was ok with this being included in the package that would be mailed out.

Mr. Johnson wanted to confirm that he had the timeline correct:

- Target date for mailing 8/15; out for 30 days
- Regulations to Department of Law for review
- Then to Lt. Governor's office; signed in 1-2 weeks and effective 30 days after signature.

Director Habeger noted that forms could be updated once the regulation package has been sent to the Lt. Governor.

HB 187

Director Habeger stated that HB187 was passed out of House Labor and Commerce and was currently in House Finance.

HB187 is designed to be a tool that will allow the Division and Boards to manage sharp increases in fees. Currently the Division tracks over 400 fees and is looking for a way to consolidate them. The bill would allow the Division to evaluate multiple cycles when looking at fees and could spread larger expenses over time. The bill asked for legislative funds for personnel services for investigators. Personnel costs were selected because they are set labor costs; this was selected over legal fees, which tend to fluctuate more.

Director Habeger stated that he was asking the Board to send a letter/resolution in support of this bill. He noted that a formal letter to all Boards making this

request for support was likely to be sent out in the fall. Individual licensees can write to the committee or the bill sponsor.

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

RESOLVED to write a letter of support regarding HB187 and will cc sponsor Kurt Olson and the House Finance Committee.

Division Paralegal

The Board wanted to express their frustration at the caseload that remains pending from the 2011 renewal. The Board expressed that they were looking for a pathway forward in asking Ms. Hondolero to take back the case files. Director Habeger did indicate that the Division is aware of the issue and will continue to look at all options.

FY13 Annual Report

It was noted that the FY14 Goals & Objectives would need to be adopted for inclusion in the report.

There was discussion about Board member attendance at meetings. It was noted that Board member attendance is important and lack of attendance had been a frustration for the Board in the past. It was noted that the Board would continue to monitor the issue as necessary.

FY14 Goals & Objectives

The Board made edits to update the FY14 Goals & Objectives as follows:

Goal 1. Monitor legislation, evaluate and review statutory/regulatory changes needed to:

- a. Complete implementation of statute/regulation projects:
 - AS 08.04.080
 - AS 08.04.680(15)
 - AS 08.04.680(21)
 - 12 AAC 04.033
 - 12 AAC 04.036
 - 12 AAC 04.130
 - 12 AAC 04.185(e)(3)(C)
 - 12 AAC 04.440(a)
 - 12 AAC 04.440(b)(2)
 - 12 AAC 04.340 – various Division fees
- b. Continue to review and implement sections of the UAA through a coordinated effort with the ASCPA including developing an approach to the use of the CPA title by inactive or retired licenses.

- c. Review and implement (if needed) sections of the UAA as modified for “attest” functions.
- d. Review license period and renewal cycle.

Goal 2. Review and evaluate National Association of State Board of Accountancy (NASBA) services.

- a. Continue to monitor NASBA CPA Exam Services (CPAES).
- b. Evaluate and analyze other services offered by NASBA.

Goal 3. Ensure Alaska CPA candidates have positive examination opportunities.

- a. Monitor testing experiences by visiting sites and using the post-testing survey for all candidates testing at the Anchorage and Fairbanks sites. Monitor that the surveys are delivered timely.
- b. Follow-up on concerns indicated in the surveys.
- c. Keep the ASCPA and the public abreast of new developments.

Goal 4. Evaluate and address changes in the professional environment to continue to fulfill our mission to protect public interests.

- a. Review new rules proposed by NASBA and the AICPA, for impact on Alaska CPAs and make changes to Alaska statutes and regulations as needed.
- b. Represent Alaska CPA concerns at regional, annual, and special meetings and support NASBA committee participation.
 1. Promote attendance by staff and new Board members at regional, special and annual meetings to provide understanding of current regulatory issues being dealt with at a national level and a state-by-state level.
 2. Promote attendance of continuing Board members at regional and annual meetings to provide input and to obtain information at both national and state levels regarding matters impacting Alaska CPAs.
- c. Mentor executive administrator in developing procedures and goals for timely response to public, CPAs and CPA candidate requests.

Goal 5. Work with the Division regarding

- a. Future licensee fee structure;
- b. Board and staff travel and participation on NASBA meetings including:
 1. Executive Administrator attendance at NASBA annual and regional meetings and the NASBA Executive Director conference.
 2. No less than three (3) Board members will attend the NASBA regional conference and three (3) Board members will attend the annual NASBA meeting.

3. One Board member or the Executive Administrator will attend any special NASBA meeting as they arise.
4. Investigator will attend NASBA ED/Legal counsel conference.
- c. Ongoing maintenance of the Board website.
- d. Timely review and resolution of CPE audits.

Goal 6. Pursue public awareness of enforcement activities.

- a. Timely update of investigative information and statistics on the Board website.
- b. Interact with the investigative unit regarding consistency and monitoring of cases.
- c. Continue participation with the NASBA Accountancy Licensee Database (ALD).
- d. Executive Administrator to provide enforcement decisions to the general public.

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

RESOLVED to adopt the FY14 Goals & Objectives as amended.

Agenda Item 7 – Investigative Report

The Board called investigator Kennedy and Chief Warren to discuss the investigative report. Investigator Kennedy noted that there is one probationary item to follow up on.

Investigator Kennedy brought a potential issue with AS 08.04.420(c) to the Board's attention. Mr. Kennedy had two handouts to share with the Board and thought noted that defining *sole practitioner* in addition to some other edits may be something that would help clarify the existing language. It appeared that based on existing language an out of state firm may be able to issue a report on an AK based company without obtaining the Out-of-State firm permit.

It was decided that Mr. Rulien would work with Ms. Hondolero, Investigator Kennedy and past member Carla Bassler on this issue.

Upon a motion duly made by Mr. Rulien, 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 investigative issues.

The Board entered executive session at 11:20 a.m.
The Board went back on the record at 11:50 a.m.

The Board had been invited to attend and speak at a luncheon held by the ASCPA.

The Board recessed for lunch at 11:50 a.m.
The Board resumed the meeting at 1:30 p.m.

The Board called investigator Kennedy to resume the investigative discussion.

Upon a motion duly made by Mr. Rulien, 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 1:34 p.m.
The Board went back on the record at 2:25 p.m.

Upon a motion duly made by Mr. Rulien, seconded by Mr. Chapman, it was:

RESOLVED to adopt the consent agreement for case OAH No. 13-0506-CPA (Agency No. 2013-000208).

	<u>YES</u>	<u>NO</u>
Donovan Rulien		X
Jeffrey Johnson		X
Kathleen Thompson		X
Craig Chapman		X
Andre Horton	X	
Karen Brewer-Tarver		X

The motion did not pass.

Agenda Item 8 – Statute/Regulation Projects

A copy of the regulation project that had been forwarded to the Regulations Specialist was included in the Board packet.

Agenda Item 9 – NASBA Updates

ALD

Request for automatic data feed is still not complete.

Committees

Mr. Johnson – State Board Relevance & Effectiveness Committee – noted that he would be attending a meeting within the next couple weeks.

Conferences

Regional Meeting (June 2013) – attended by Mr. Chapman and Mr. Rulien. Mr. Chapman provided some highlights and stated that it was a good meeting. It was noted that some Boards experience vacancies that last multiple years, NASBA fully encourages Board member participation on the various committees and there are issues with mobility due to the fact that the home state must be contacted in order to take action against an out of State licensee.

Annual Meeting – October 27-30, 2013. The Board discussed attendance at the annual meeting and stated that Ms. Hondolero and three Board members would attend. The Board set the following priority list for Board members if necessary, but did budget for the full request in the annual report:

- Jeff Johnson
- Donovan Rulien
- Karen Brewer-Tarver
- Andre Horton – alternate

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

RESOLVED to send the Executive Administrator and three Board members to the NASBA annual meeting (October 2013).

Agenda Item 10 – CPA Exam

The Board did not receive any responses to the questionnaire that was sent to all candidates who tested at Alaska test centers between April-June 2013.

Agenda Item 11 – Correspondence

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

Agenda Item 12 – AICPA – Financial Reporting Framework (FRF)

Ms. Brewer-Tarver summarized the topic for the Board upon reading the executive summary. It appears to be a power struggle between the Private Company Council (PCC) and American Institute of CPAs (AICPA). It was noted that there were other documents in the correspondence section dealing with the PCC.

It was decided that correspondence would be numbered instead of bulleted in the future and that this topic would be carried forward to the November meeting.

Agenda Item 13 – Prometric Exam Facility Visit

Ms. Hondolero, 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 3:10 p.m., until Friday, August 2, 2013.

Friday, August 2, 2013

Call to Order/Roll Call

The meeting was called to order by Jeffrey Johnson, Chair, at 8:03 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, was:

Cori Hondolero, Executive Administrator

Visitors present included:

Rebecca Martin, 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 added discussion of peer review under item #18.

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

RESOLVED to approve the agenda as amended.

Agenda Item 15 – Public Comment

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

Agenda Item 18 – Administrative Business

Peer Review

Ms. Martin (ASCPA) joined the Boards discussion of this topic. It was noted the CalCPA contract was going to run out. The Alaska Society would be reviewing the contract and would get back to the Board. Mr. Johnson noted that he had received correspondence from an Alaska firm expressing frustration with CalCPA.

Agenda Item 16 – CPE Audits

Audits

The Board had multiple consent agreements, a license surrender and special requests to review/discuss.

Upon a motion duly made by Ms. Brewer-Tarver, seconded by Mr. Rulien, 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 8:13 a.m.
The Board went back on the record at 9:01 a.m.

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

RESOLVED to adopt the consent agreements for cases #2012-001545, #2012-001105, #2012-00982, #2012-0001557, #2012-0001543, #2012-001539, #2012-000981, #2012-001596, and #2012-000983.

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

RESOLVED to adopt the consent agreements for cases #2012-001559 and #2012-001540 once the signed originals are received.

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

RESOLVED to adopt the voluntary surrender for case #2012-001541.

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

RESOLVED to accept the documentation received for case #2012-001546, with no agreement required.

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

RESOLVED to not approve the request to suspend or relax the requirements based on the request received for case #2012-001134. Standard consent agreement required.

Agenda Item 17 – Application Review

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

RESOLVED to accept the CPE provided by Mr. Moyes (#1807) and to draft a consent agreement using the standard terms, noting that the four hours of AK ethics were missing.

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

RESOLVED to draft a consent agreement using the standard guidelines, based on a review of the CPE submitted by Mr. Lawlor (#2059). 88 hours were due and of the 94.75 hours that were submitted to the Board, 41.5 were accepted under 12 AAC 04.300.

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

RESOLVED to approve the CPE documents for the 2012/2013 mandatory audit submitted by Mr. Zolotarev (#2397).

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

RESOLVED to approve Sara Phillips to sit for the CPA exam.

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

RESOLVED to approve a six month extension of time to complete the CPA exam for Arobiddin Tura.

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

RESOLVED to approve the reinstatement applications of Valerie Mertz and Olga Goncharova.

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

RESOLVED to approve the application of Cynthia Brandt for licensure by reciprocity.

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

RESOLVED to approve Nihad Azizli, Hongmei Li, Hakan Ozacar, Osamu Suda, Petr Vasek, Akiyo Takashima, Jessica Nutley, Fehmi Yucer and Stanislav Mishin for licensure by exam.

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

RESOLVED to table the application for licensure by exam of Shusuke Takeuchi. The applicant must provide verification of all required education in accordance with 12 AAC 04.185(b)(4).

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

RESOLVED to approve the application for licensure by examination of John Clonan Jr. and to accept the consent agreement for case #2012-001535.

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

RESOLVED to approve the Out-of-State Permit application of Jones & Associates, Inc.

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

RESOLVED to approve the firm permit of DY Business Valuation & Forensic LLC.

Agenda Item 18 – Administrative Business

Confirm Upcoming Meeting Dates/Locations

- November 7-8, 2013 in Anchorage
- February 3-4, 2014 in Juneau
- May 1-2, 2014 in Anchorage?

Sign Wall Certificates

- Kam Fai Yung #2635
- Samuel J. Thompson #2660
- Scott A. Jenkins #2662
- Tariyel Rustamov #2663
- Anna J. Bullock #2664
- Harry C. Sinz #2665
- Lisa J. Storey #2666
- Margaret E. Hull #2667
- Margaret C. Melear #2668
- Douglas Troy Griffith #2669
- Barbara A. Baumgartner #2670
- Elizabeth D. Widmayer #2671
- Regina L. Little #2672
- Ying Wang #2673

Task Lists

Cori Hondolero:

- Request Prometric exam site pass for Rebecca Martin
- Draft letter for Mr. Johnson's signature re: HB187
- Work with Ms. Brewer-Tarver on excel sheet for statute/regulation tracking

- Review practice privilege issue with Investigator Kennedy, Ms. Bassler and Mr. Rulien
- Work on renewal forms with Ms. Thompson
- Update AK ethics course info. on Board website

Ms. Thompson:

- Assist with training Mr. Chapman to take over CPE liaison position
- Look at renewal issue & possible change to the cycle/renewal dates
- Work on renewal forms with Ms. Hondolero
- Help with AK ethics course info. website update

Ms. Brewer-Tarver:

- Work with Ms. Hondolero to create excel sheet for tracking statute/regulation projects

Jeff Johnson:

- Follow up with Director/Operations Manger on pending regulation changes

Donovan Rulien:

- Review AK ethics requirement and issues from past renewals
- Review practice privilege issue with Investigator Kennedy, Ms. Bassler and Ms. Hondolero

Craig Chapman:

- Work with Ms. Thompson and Ms. Hondolero to get trained to take over CPE liaison position.
- Look at renewal issue & possible change to the cycle/renewal dates

Andre Horton:

- Work with Ms. Hondolero on PDF version of the correspondence section of the Board packet

Items to be carried forward to November meeting agenda:

- Discuss renewal timeline – Extra time to complete renewal application? 6/30?
- Review/discuss Out-of-State permit statutes
- Discuss Financial Reporting Framework (FRF)

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

RESOLVED to adjourn the meeting.

There being no further business, the meeting adjourned at 10:48 a.m.

Respectfully Submitted:



Cori Hondolero
Executive Administrator

Approved:



Jeffrey L. Johnson, Chair
Alaska Board of Public Accountancy

Date: 11-7-13