

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 18-19, 2016

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 18-19, 2016 in Fairbanks Alaska.

Thursday, August 18, 2016

Call to Order/Roll Call

The meeting was called to order by Don Rulien, Chair, at 10:00 a.m. Those present, constituting a quorum of the Board were:

Donovan Rulien II, CPA – Anchorage
Jeffrey Johnson, CPA – Fairbanks
Karen Brewer-Tarver, CPA – Juneau
Leslie Schmitz, CPA – Anchorage
Andre Horton, Public member – Anchorage
Craig Chapman, CPA - Kenai

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

Cori Hondolero, Executive Administrator
Sara Chambers, Operations Manager (agenda item #7)
Greg Francois, Investigator III (agenda item #8)
Sonia Lipker, Investigator III (agenda item #8)

Visitors present included:

Amy Cooper, CPA, representing the Alaska Society of CPAs (ASCPA)
Kelly Hunter, representing the Alaska Society of Independent Accountants (ASIA)

Agenda Item 1 – Review Agenda

There were no changes to the agenda.

Agenda Item 2 – Ethics Report

Mr. Johnson noted he had sent in a disclosure for his NASBA committee meeting.

Agenda Item 3 – Review Meeting Minutes

The Board reviewed the minutes of the May meeting.

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

RESOLVED to approve the minutes of the May 5-6, 2016 meeting as written.

Agenda Item 4 – Public Comment

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

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

Amy Cooper was present and let the Board know about the following AK Society activities:

- The annual meeting was held in June in Anchorage
- Rebecca Martin is the new president
- Society website improvements may be coming
- CPE attendance is down; this is a national trend – may need to alter the months that courses are offered

Agenda Item 6 – NASBA Updates

Conferences

Western Regional Meeting

Mr. Chapman attended and provided a written summary for inclusion in the Board packet; topics included:

- Standardization of CPE for all states
- CA working on requiring all states to have enforcement capabilities or they will limit mobility
- New 18 month exam rule
- Attest hours as requirement for licensure; some states are looking at bringing this back

Annual Meeting

The Board discussed the updated travel policy, but still believes that attendance and participation at meetings is necessary, even if the requests made by the Board are outside of standard travel policy. The Board directed Ms. Hondolero to submit travel requests for Ms. Schmitz, Mr. Johnson and herself to attend the annual meeting.

Committees

Mr. Johnson – Legislative Support Committee – most recently discussing restraint of trade.

Mr. Rulien –Uniform Accountancy Act (UAA) committee – committee forwarded recommendations on retired/inactive status; can volunteer for no compensation with a government or non-profit organization.

Ms. Schmitz – CBT Administration Committee – nothing to report.

Agenda Item 7 – Board Business

ED Report

Ms. Hondolero had provided a report in the packet that included the following:

- 2015 Renewal – updated statistics
 - As of 8/16 the following are the lapsed figures (12/31/15)
 - Individuals 148
 - Firms 8
 - Out-of- State permits 22
- Travel
 - Mr. Chapman was approved to attend the NASBA Western Regional meeting in June (summary provided to Board).
 - Board discussed new travel policies; they want to know if Board members can book their own travel & only request reimbursement at the State rate. They also wanted to know if the State would require longer travel times if it resulted in a cost savings.
- Request for legal advice on items:
 - Marijuana position statement – draft provided to Board in packet
 - Investigative Fine Matrix – draft provided to Board in packet
 - Policy without regulation change – not advised; recommended that Board complete any required regulation change to allow for public comment

The Board reviewed the draft marijuana position statement that was included in the packet.

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

RESOLVED to adopt the marijuana position statement as drafted.

Mr. Johnson stated that the Board should allow the public to comment on the draft before it is adopted and posted to the website. There was discussion about how to best allow the draft to be circulated prior to official adoption.

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

RESOLVED to reconsider the prior motion; the Board will place this item on the agenda for the November meeting.

The Board decided that they would discuss the draft policy at the luncheon that day, but would make it clear that this was in the draft/discussion phase and would be discussed again at the next Board meeting.

*The Board attended a luncheon meeting with Fairbanks Alaska Society of CPA members

Division Update

Sara Chambers, Operations Manager called in to speak with the Board.

Travel

The Board asked if members would be booked by the State travel desk on flights that had longer travel times, but were cheaper (could fly at 2 pm, but 8 pm is cheaper) and if Board members could book themselves still and only request reimbursement at the estimated State rate.

Ms. Chambers stated that the updated policy requires that all travel be booked by the travel desk and would be based on the MBI (minimum business itinerary). Ms. Schmitz asked if there was a travel desk has a certain philosophy that it follows and Mr. Rulien wanted to know how the travel desk had changed. Ms. Chambers noted that the travel desk is not new; the positions that staff it are paid via indirect costs and there should be no new/additional cost to the Board.

Mr. Chapman asked about the impacts of the travel desk having discretion over a traveler's itinerary. Ms. Brewer-Tarver asked if Board members could choose to pay their own way to attend a teleconference meeting. Ms. Chambers stated that any travel for state business should be approved and that the travel desk would try to find the balance between cost savings and what is reasonable. If a Board member was in Anchorage on other business, then it could be made clear that there was no cost to the State for the travel.

Mr. Rulien stated that the Board had discussed the travel policy updates, but still feels that it wants to request 2 Board members and 1 staff attend the NASBA annual meeting. Ms. Chambers indicated that the request would need to be written up clearly with the required travel justification worksheet. Ms. Brewer-Tarver noted that it appears the Board will one year show a surplus and the next year show a deficit.

Revenues/Expenditures

Final FY16 data was not available; Board will review and discuss this information at the November meeting.

Mr. Rulien noted again that fines are not credited back to Boards, but costs associated with investigation/enforcement are charged directly to Boards. Ms. Chambers stated that the Division is still keeping this discussion alive and would discuss with the legislative liaison and get back to Ms. Hondolero. Mr. Johnson stated that it would be nice if the fines could at least be reflected on the revenue/expenditure report as a fines allocated line. Ms. Chambers indicated that AS 08.01.065 does not allow counting of fine revenue. Mr. Chapman stated that he could speak with Representative Chenault about an amendment that would allow Board to receipt their fines back to the program and requested a copy of any draft language that could be presented. Ms. Chambers indicated that she would speak with the legislative liaison for the department to see if there was anything that could be shared.

Mr. Johnson asked when year-end statistical information would be available. Ms. Chambers stated that the Division was currently working on this information; the license counts are used for assigning Boards their portion of the indirect costs and fee analysis is also based on some of these numbers.

Mr. Chapman asked about the tools that are in place for electronic review of information (as required by the updated policy). Ms. Chambers stated that the Board can do mail ballots via the secure Board portal on the CPA website or use ZendTo. The Department is also currently researching cloud based software and the ability to have tablets/laptops available for Board use during meetings in Anchorage and Juneau.

Agenda Item 8 – Investigative Report

Investigator Francois and Investigator Lipker called in to present the report. For the period of April 22nd through July 31st:

- 6 new files opened
- 8 files closed
- 8 matters remain open

- 1 open complaints
- 1 licensee on probation (& in compliance)

Investigator Francois noted that he had four matters for Board review.

Upon a motion duly made by Ms. Brewer-Tarver, seconded by Ms. Schmitz, 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 matters.

The Board entered executive session at 3:01 p.m.
The Board went back on the record at 3:32 p.m.

Upon a motion duly made by Mr. Horton, seconded by Mr. Chapman, and approved by a quorum of the Board (Ms. Brewer-Tarver abstained from voting), it was:

RESOLVED to accept the imposition of civil fine for case #2016-000065.

Upon a motion duly made by Mr. Horton, seconded by Ms. Brewer-Tarver, and approved by a quorum of the Board (Ms. Schmitz abstained from voting), it was:

RESOLVED to accept the imposition of civil fine for case #2016-000263.

Upon a motion duly made by Mr. Horton, seconded by Mr. Johnson, and approved by a quorum of the Board (Mr. Rulien abstained from voting), it was:

RESOLVED to accept the imposition of civil fine for case #2016-000129.

Upon a motion duly made by Mr. Horton, seconded by Ms. Brewer-Tarver, and approved by a quorum of the Board (Ms. Schmitz abstained from voting), it was:

RESOLVED to accept the imposition of civil fine for case #2016-000262.

Investigator Lipker introduced herself to the Board and provided a short summary of her experience. Investigator Francois noted that he would still be around to answer questions and assist as necessary.

The Board discussed the draft matrix and asked if the investigators had any comments. Investigator Francois stated that it is good to remember that each case is unique and some may require tweaks even after the matrix is adopted. It was noted that Investigator Kennedy and Investigator Lipker would be taking the lead on the project and would research past cases and report back to the Board at the November meeting.

Mr. Johnson asked how AS 08.04.640 affects the ability to fine; is there truly a \$500.00 cap? Investigator Francois indicated that if the case becomes criminal then department of law would be involved. The Board asked that the investigators review that statute to see if it needs to be repealed.

Agenda Item 9 – CPA Exam Surveys

The Board reviewed the surveys that had been received. Ms. Hondolero noted that she had already forwarded a copy of the survey with notes about the Anchorage test site to NASBA.

Agenda Item 10 – Test Site Visit

Due to time constraints, it was decided that Ms. Brewer-Tarver and Ms. Hondolero would conduct the test site visit the following day after the meeting concluded.

Agenda Item 7 – Board Business

The Board discussed positions (Chair & Secretary/Treasurer) and took the following action:

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

RESOLVED to have Don Rulien remain as Chair of the Board.

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

RESOLVED to have Jeff Johnson remain as Secretary/Treasurer of the Board.

The meeting was recessed at 4:30 p.m., until Friday, August 19, 2016.

Friday, August 19, 2016

Call to Order/Roll Call

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

Donovan Rulien II, CPA – Anchorage
Jeffrey Johnson, CPA – Fairbanks
Karen Brewer-Tarver, CPA – Juneau
Leslie Schmitz, CPA – Anchorage
Andre Horton, Public member – Anchorage
Craig Chapman, CPA – Kenai

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

Cori Hondolero, Executive Administrator
Al Kennedy, Senior Investigator (telephonic)

Visitors present included:

Amy Cooper, CPA, representing the Alaska Society of CPAs (ASCPA)
Kelly Hunter, representing the Alaska Society of Independent Accountants (ASIA)
Nicole Herbert, representing herself
Candace Crews, representing herself

Agenda Item 11 – Review Agenda

There were no changes noted.

Agenda Item 12 – Public Comment

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

Agenda Item 13 – Regulation/Statute Projects

The Board reviewed the regulations project that had been sent out for public comment and the written comments that had been received. The written comments suggested a change to 12 AAC 04.004 to make sure that all licensees are included; not just those who are AICPA members. The Board reviewed the

existing definition of 'accountant' under 12 AAC 04.990(1) and feels that this clearly makes all licensees be required to abide by the adopted code of conduct.

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

RESOLVED to adopt the following regulation changes, as public noticed:

**12 AAC 04.004.
REPEAL – 12 AAC 04.010
REPEAL – 12 ACC 04.015
REPEAL - 12 AAC 04.020
REPEAL - 12 AAC 04.030
12 AAC 04.038(a)(1)
12 AAC 04.038(a)(2)
12 AAC 04.038(a)(3)
12 AAC 04.038(c)
REPEAL – 12 AAC 04.040
REPEAL – 12 AAC 04.050
REPEAL – 12 AAC 04.060
REPEAL – 12 AAC 04.070
REPEAL - 12 AAC 04.080
REPEAL – 12 AAC 04.100
REPEAL – 12 AAC 04.110
12 AAC 04.185(b)
12 AAC 04.610(a)(1)
12 AAC 04.610(a)(2)
12 AAC 04.620(c)**

Mr. Chapman had drafted a document outlining the differences between UAA and Alaska's statutes/regulations. It was decided that everyone would review this before the November meeting and be ready to discuss any edits or additions; the document would then be approved and put on the website.

Mr. Rulien noted that he and Ms. Hondolero would be having a teleconference with AICPA to discuss potential statute changes for FY17.

- AS 08.04.080 – remove requirement to send full copy of proposed regulations
- AS 08.04.110 – remove age requirement
- AS 08.04.195 – remove 4 year requirements; by exam is 2 years – the requirements for reciprocity should more closely match the experience requirement for licensure by exam candidates
- AS 08.04.680 – definition of attest - update

In the past NASBA had provided a document detailing the different licensure requirements in each state; the Board asked Ms. Hondolero to get another copy of this document.

The Board discussed designated function (audit or review) and stated that any out of state firm doing this must obtain an out of state permit. It was noted AS 08.04.421 and the phrase "in this state" may need to be amended because there will be times when an out of state firm is doing work for a business located in Alaska and they may not physically enter the state to conduct their work.

The Board discussed peer review. Ms. Brewer-Tarver stated that she would talk to the AK Society to try to better understand the process/information exchange and also try to research what other states do. Mr. Johnson stated that he would research how many states don't regulate compilation. Mr. Chapman offered to review the new CPE standards and note any areas where AK regulations may need to be updated.

The Board called investigator Kennedy, to discuss an investigative matter and the matrix.

Upon a motion duly made by Mr. Horton, seconded by Ms. Brewer-Tarver, 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 matters.

The Board entered executive session at 10:05 a.m.
The Board went back on the record at 10:49 a.m.

Agenda Item 14 – Correspondence

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

Agenda Item 15 – CPE Audits

The Board reviewed consent agreements and mandatory audits and took the following action:

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

RESOLVED to accept the consent agreement for cases 2016-000705, 2016-000702 and 2016-000716.

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

RESOLVED to approve the following audits:

- #1956 Jennifer Segelhorst
- #2480 Evgenia Krasovskikh

Agenda Item 16 – Application Review

The Board completed application review and took the following action:

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

RESOLVED to approve Nicole Herbert for licensure by exam.

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

RESOLVED to accept the consent agreement for case #2016-000549.

Upon a motion duly made by Mr. Johnson seconded by Mr. Horton, and approved by a quorum of the Board, it was:

RESOLVED to approve Candace Crews for licensure by exam.

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

RESOLVED to deny Richard White's request for extension of REG score due to the fact this is the only section of the exam that is currently listed as passed.

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

RESOLVED to approve Shravan Arora's request for extension of AUD score; AUD score will be extended to September 30, 2016.

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

RESOLVED to approve Vaibhavi Katta's request for extension of FAR score; FAR score will be extended to July 31, 2016.

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

RESOLVED to table the application of Altaf Kasmani. The evaluation provided lists professional credits (not all semester hours); applicant must provide additional information.

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

RESOLVED to approve the reinstatement application of Chyenne Schmidt.

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

RESOLVED to table the renewal applications of Glen Weaver and Rehak; licensees did not complete all CPE hours as required during 2014/2015.

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

RESOLVED to table the application of I Teng Tang. The evaluation provided lists some professional education (not semester hours) from RIGOS; applicant must provide additional information from WES verifying the hours are equivalent to US semester hours.

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

RESOLVED to approve Anvarkhon Azamov, Tiara Renee Bergeron, Rachel Bogard, Gregory Bonitatibus, Amin Chaar, Jesse Carpenter, Premugh Dicruz, Travis Dosser, Peter Gaunt, Ivan Gulevaty, Kimberly Henkel, Tiffany Hoogerhyde, Melissa Jay, Lifei Jiang, Richard Karn III,

Syed Kazmi, Taras Kulyk, Lingjian Lu, Taylor Mahan, Meri Mainwaring, Kristine Morlock, Anders Nostdahl, Julie Odegard, Colin Olnier, Matthew Parris, Stacey Paul, Dmitry Petrishak, Sarradha Ravindran, Victor Schinzel, Denise Singery, Tony Sleiman, Samuel Strobe, Cesare Suardi, Lida Tapias Hernandez and Jennifer Youngberg for licensure by exam.

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

RESOLVED to approve Zachary Gutches, Dominique Kurth and Annexmari Mejia to sit for the CPA exam.

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

RESOLVED to approve Todd Albaugh for licensure by reciprocity.

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

RESOLVED to approve the Out-of-State permit of Davidson, Doyle & Hilton, LLP.

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

RESOLVED to approve the firm permits of Carmen Jackson CPA, LLP, Centinel Pacific Accounting, LLC, Clay Tablet Accounting LLC, Fire & Ice Accounting, LLC and RSM US LLP.

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

RESOLVED to amend the prior motion on the renewal applications of Glen Weaver and Kerri Rehak to denied; licensees did not complete CPE hours during the concluding licensing period as required for renewal.

Agenda Item 17 – Administrative Business

Confirm Upcoming Meeting Dates/Locations

- November 7-8, 2016 in Anchorage; will technically be a teleconference meeting. Members who may be in Anchorage on other business will try to attend in person. Meeting to end at noon on Tuesday 11/8/16.

Sign Wall Certificates

- Helen Bush #110118
- Charlotte Freestone #110230
- Esther Goodstein #110368
- Evelynna Kuhr #110369
- Crystal Stanley #110403
- Nayyir Rawhani #110405
- Teodora Preda #110965
- Brittany Abbott #111021
- Al Amira Hoda Chehab #111062
- Courtney Johnson #111424
- Errol Russell #111705
- Zachary Campbell #111707
- Sami Siddiqui #111711
- Wenxia Zou #111713
- Mark Siedband #111715

Task Lists

Everyone

- Review AICPA document prepared by Mr. Chapman containing outline of how AK differs from UAA; bring any edits or additions to the Nov. meeting

Jeff Johnson

- Research compilation; how other states do/don't regulate

Karen Brewer-Tarver

- Research peer review – talk with AK Society and also find out more about what other states do
- Clean up statute/regulation tracking list and send to Ms. Hondolero

Craig Chapman

- Look at new CPE standards and note any required updates to AK regulations

Cori Hondolero

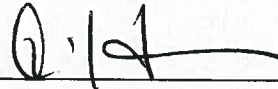
- Request a copy of all state licensure requirements from NASBA

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

RESOLVED to adjourn the meeting.

There being no further business, the meeting adjourned at 12:53 p.m.

Respectfully Submitted:



Cori Hondolero
Executive Administrator

Approved:



Don Rulien, Chair
Alaska Board of Public Accountancy

Date: _____

11/7/16