

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

BOARD OF PUBLIC ACCOUNTANCY

MINUTES OF MEETING

February 8-9, 2017

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 February 8-9, 2017.

Wednesday, February 8, 2017

Call to Order/Roll Call

The meeting was called to order by Don Rulien, Chair, at 10:46 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 (via teleconference)
Wayne Hogue, Public member – Kotzebue
Craig Chapman, CPA – Kenai (via teleconference)
Andre Horton, Public member – Anchorage

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

Cori Hondolero, Executive Administrator
Martha Hewlett, Admin Officer (agenda item #7)
Greg Francois, Investigator III (agenda item #6)
Simon Ford, Investigator III (agenda item #6)

Visitors present included:

Josh McIntyre, CPA, representing the Alaska Society of CPAs (ASCPA)
Bernadette Kopyy, representing the Alaska Society of Independent Accountants (ASIA)

Agenda Item 1 – Review Agenda

Mr. Horton noted that he would briefly have to step out at 11 am to attend another teleconference and Mr. Johnson wanted to add budget/fees discussion under item #6.

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 last meeting and teleconference.

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 November 7-8, 2016 meeting as written.

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

RESOLVED to approve the minutes of the January 10, 2017 teleconference as written.

Agenda Item 4 – Public Comment

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

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

Josh McIntyre was present and let the Board know about the following AK Society activities:

- Heather Kephart is the Chair of the meetings committee
- There will be a group event for Fur Rondy – Frostbite costume footrace
- There are luncheons happening
- The Society is participating in outreach events
- The annual meeting will be held in Seward May 31st – June 2nd
- 2017/2018 CPE calendar has been finalized
 - Note that CPE revenue is down; trying to break even
 - Mr. Johnson asked about ethics courses planned for 2017 (renewal year). Mr. McIntyre made a note to ask about this
- The next newsletter will contain information about marijuana position statements
- The Society recently awarded 5 scholarships

- Re: statute updates; request that they be sent with a cover letter/explanation of change(s)

Agenda Item 6 – Investigative Report

Investigator Francois and Investigator Ford called in to provide the current report; for the period of October 20th through January 15th:

- 2 matters opened
- 2 files closed
- 25 matters remain open

Investigator Francois introduced Investigator Ford, who will now be assigned to the CPA program. Investigator Francois noted that he will still be supervising all non-healthcare programs.

Mr. Johnson asked about the status of the PTIN cases and noted that it may be best to just notify the IRS and let them investigate. Investigator Francois stated that Investigator Lipker had made initial contacts on the cases before being reassigned and that he had made contact with the Director of the IRS preparers office. Investigator Francois was told that those wanting a PTIN apply online; there is no paper application.

The Board members asked if the IRS just asks for credentials, but does not verify them. Investigator Francois noted that subpoenas would likely be required to obtain additional information from the IRS. NASBA sent the list as notification of possible unlicensed practice. As long as individuals are not advertising themselves as CPAs in Alaska, there is no case.

Investigator Francois had reviewed the statutory language which says a person must have a license and an inactive license is a license (has an expiration date in the future). Ms. Brewer-Tarver and Mr. Johnson noted that AS 08.04.560 does not allow an inactive licensee to hold themselves out as a CPA (active).

It was noted that each case will be reviewed with a Board member. Investigator Francois will send out emails and try to set up a time to discuss each matter. A review of at least the last two years for similar cases is always done before proposing any action; this information will be shared with the reviewing Board member.

Mr. Rulien noted that the Board will work on narrowing down the fine matrix, so that the most commonly seen types of cases are addressed, such as unlicensed practice, late renewal and falsified applications. Investigator Francois asked if the Board is interested in adding letters of advisement to the list of available action. Investigator Lipker had previously done research and found the most

common issues were failure to disclose past Board action, failure to disclose action taken in another state and unlicensed practice. The Board asked for a copy of this research. Investigator Francois stated that he would email it to Ms. Hondolero.

Agenda Item 7 – Board Business

ED Report

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

- Scanning – working on file prepping in between other tasks and also linking PDF copies of actions/agreements to records
- Travel
 - Ms. Hondolero was approved to attend the NASBA executive directors conference in March
 - Regional meetings upcoming; Board can request scholarships for new members and they can attend new member orientation.
- Out of State Permits
 - The Board reviewed two past inquiries regarding the need to obtain an out of state permit. Both would be doing contract work for State agencies and would not need to get the permit.
 - There was a 3rd example; an individual residing in Alaska and being hired to do accounting/bookkeeping for clients who do not reside in Alaska. The Board noted that if the individual is an independent contractor and holds herself out as a CPA, she should obtain her Alaska license and if the firm is soliciting Alaska clients, then they need an out of state permit.
- Education/Courses for licensure
 - Exam preparation courses – can they be used for licensure? Some states have specific language to state that it cannot be used; something for the Board to think about.
 - Internships – if listed on the transcript, they count towards the 150 hour requirement, but can that time also be used as experience towards the licensure requirement or is this double dipping?

Fee Analysis

Mr. Johnson handed out a draft fee analysis that he had prepared using final FY16 data and any data available from FY17.

Division Update

Martha Hewlett, Admin Officer was present to speak with the Board.

Revenues/Expenditures

Final FY16 data is was finally available and was included in the Board packet, as well as 1st quarter data for FY17.

Mr. Johnson had inquired about a couple line items codes. Ms. Hewlett noted that 'advertising' included expenses for public noticing and 'interagency mail' included postage and central mail expenses.

The Board asked about the requested personnel breakouts. Ms. Hewlett noted that the Division has been temporarily understaffed with Ms. Chambers currently helping with another Division and session ongoing. She indicated that she would get the requested information to Ms. Hondolero. It was also noted that FY17 2nd quarter financials were complete and would be delivered to the Board for their review.

The Board stated that they had started fee analysis and so far do not believe that an increase will be required during the upcoming (December) renewal. Ms. Hewlett stated that Director Hovenden would start the fee analysis in June and should have something to the Board for review at their fall meeting.

Travel

The Board asked about their ability to travel as outlined/budgeted in the annual report. Ms. Hewlett stated that professional licensing has limited spending authority. The Division continues to try to demonstrate that it should not fall under the same travel guidelines, due to the licensing programs being self-sustaining and not having the same impacts on the general fund. Each travel request is reviewed individually and must be adequately justified. If a program is in a deficit position, travel approval is unlikely.

Agenda Item 8 – NASBA Updates

Conferences

Western Regional – Mr. Hogue and Ms. Beltrami qualify for scholarship for first time attendance and Ms. Hondolero should also submit a request to attend.

Annual Meeting – Submit requests for Mr. Rulien, Ms. Brewer-Tarver and Ms. Hondolero to attend.

State Society Annual Meeting – Ms. Schmitz indicated that she will attend as a member, but is willing to provide a summary of State Board activity during the annual business meeting session.

Committees

Mr. Johnson – Legislative Support Committee – No activity since the last meeting, but would be participating in a teleconference next week.

Mr. Rulien –Uniform Accountancy Act (UAA) committee – no recent activity.

Ms. Schmitz – CBT Administration Committee – no recent activity. There is a white paper out on the next version of the CPA exam structure.

Pacific Region Teleconference

Mr. Rulien noted that he and Ms. Hondolero had participated in a recent regional call. Topics included: CPE model rules recently being presented to the Board, AICPA/NASBA trying to figure out why people don't finish sitting for all parts of the CPA exam, and non-CPA CGMA title use.

Agenda Item 9 – CPA Exam Surveys

The Board reviewed the surveys that had been received and noted that there were comments about having to travel to test (only 2 sites in Alaska – Anchorage and Fairbanks). Ms. Brewer-Tarver indicated that staff in her office mentioned that the Anchorage test site has been more crowded; this may be due to more people trying to sit before the launch of the new exam.

Agenda Item 12 – Statute/Regulation Projects

The Board reviewed the draft statute updates and made the following edits:

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

RESOLVED to amend AS 08.04.120(b)(2) to read:

completed a baccalaureate degree, or its equivalent, before January 1, 2008, from a college or university acceptable to the board, and additional semester hours of postbaccalaureate study so that the total educational program includes at least 150 hours, and the applicant has ~~three years~~ of accounting experience satisfactory to the board.

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

RESOLVED to amend AS 08.04.662(a)(6) and (b) to read:

(a)(6) information disclosed under applicable laws, government regulations or Public Company Accounting Oversight Board requirements.

**(b) Client information obtained by the board under (a)(3)
- (6) of this section is confidential and is not a public
record for purposes of AS 40.25.110 - 40.25.140.**

Ms. Hondolero was asked to update the draft and cover letter and have it ready for final review in the morning.

The meeting was recessed at 4:47 p.m., until Thursday, February 9, 2017.

Thursday, February 9, 2017

Call to Order/Roll Call

The meeting was called to order by Don Rulien, Chair, at 8:32 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 (via teleconference)
Wayne Hogue, Public member – Kotzebue
Craig Chapman, CPA – Kenai (via teleconference)
Andre Horton, Public member – Anchorage

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

Cori Hondolero, Executive Administrator

Visitors present included:

Josh McIntyre, CPA, representing the Alaska Society of CPAs (ASCPA)
Bernadette Koppy, representing the Alaska Society of Independent Accountants (ASIA)

Agenda Item 10 – Review Agenda

No changes required.

Agenda Item 11 – Public Comment

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

Agenda Item 12 – Regulation/Statute Projects

Ms. Hondolero had the updated draft and cover letter ready for Board review.

Agenda Item 13 – Meet with Legislators

Mr. Horton noted that he had already sent draft changes to Representative Thompson and Senator von Imhof and had been in contact with staff members.

The Board had a brief discussion about attest and compilation. Mr. Chapman stated that he did not think compilations should be part of attest and have peer review required. Ms. Schmitz noted that you can do a compilation without disclosure; a balance sheet with profit/loss – this would not leave much to peer review. Mr. Johnson indicated that disclosure is what requires peer review.

Mr. Rulien stated that full disclosure = more than engagement. Ms. Schmitz wants the Board to be very clear with the definition. Ms. Brewer-Tarver said follow UAA; if attest, then peer review is required. Ms. Schmitz indicated that peer review cost can be a deterrent and small firms who only do compilation may stop if peer review is required.

Mr. Johnson notes that most jurisdictions have or will be adopting the full UAA definition of attest (including compilation) and when jurisdictions are faced with firm mobility, Alaska will be listed as not monitoring compilation.

Ms. Brewer-Tarver suggested asking the Society to poll its members to see who would be impacted. Do they do peer review? Mr. Rulien indicated that this should maybe be directed to the legislative committee. Mr. Chapman stated that this likely would not provide a full picture because many licensees are not Society members. Ms. Brewer-Tarver also mentioned sending out post cards and requesting that they be sent back in.

Ms. Hondolero was asked to identify regulation changes that would be required if the full definition of attest was adopted including sections regarding peer review. Ms. Brewer-Tarver stated that she would help with this task.

Ms. Brewer-Tarver asked if NASBA should be contacted to see if they have information on peer review and how jurisdictions use it – is it an enforcement tool? Mr. Rulien noted that this may have been something previously asked of AICPA; requested the Ms. Hondolero check sent emails to verify if this was already asked and to follow up on a response if necessary. Mr. Chapman noted that with the push for firm mobility, State Boards may be non-existent in the future.

Ms. Brewer-Tarver indicated that the AICPA tries to do outreach to attract people to the profession. There should be some outreach to educate banks on the difference between an audit report and a compilation.

Mr. Horton mentioned doing outreach at the University; he indicated he could set something like a question/answer session up with the head of the business department. The Board was interested in this idea and would consider it for a future Anchorage meeting.

Board members indicated that they would go in groups of 2 or less to try to meeting with Legislators and would meet back after lunch.

Mr. Johnson and Mr. Rulien indicated that they met face to face with Representative Thompson who committed to sponsoring the bill and Representative Birch, who they asked to co-sponsor the bill. Mr. Chapman indicated that once the bill has been assigned a number to send it to him and he would also follow up with his local representative.

Ms. Brewer-Tarver had completed a review of the regulation section(s) that would require update with the proposed statute changes. Only 12 AAC 04.180 would need to be changed; reciprocity changing from 4 to 2 years to qualify for licensure.

The Board asked Ms. Hondolero to prepare a 1 page summary sheet for each statute change (used in annual report) and then send them out for Board review.

Agenda Item 14 – Correspondence

The Board reviewed the correspondence items contained in the Board packet; nothing required response.

Agenda Item 15 – Application Review

*Ms. Schmitz and Mr. Chapman were offline during application review

The Board completed application review and took the following action:

Upon a motion duly made by Mr. Johnson seconded by Mr. Horton, and approved unanimously by the members present, it was:

RESOLVED to approve Stacy Braun, Andrew Janssen and Mitchell Wagner to sit for the CPA exam.

Upon a motion duly made by Mr. Johnson seconded by Mr. Horton, and approved unanimously by the members present, it was:

RESOLVED to approve the reinstatement application of Faris Okasha.

Upon a motion duly made by Mr. Johnson seconded by Mr. Horton, and approved unanimously by the members present, it was:

RESOLVED to approve Aksel Arnesen, Nathan Erdmann, Partha Gosh, Milena Goncalves Neves, Shelly Kells, Alex McCoskey, Pooja Mirajkar, Kari Mitchell, Anna Morris, Tram Anh Nguyen, Luz Preciado-Mendez, Katherine Sprott, Vitalii Verchenko, David Weber and Emma Zeisel for licensure by exam.

Upon a motion duly made by Mr. Johnson seconded by Mr. Horton, and approved unanimously by the members present, it was:

RESOLVED to approve the firm permits of Daniel, Hewko & Tharp, CPA's LLC and Elizabeth C. Hartley, CPA, Inc.

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

RESOLVED to deny Mr Gulisano's request for extension of his BEC score; no extenuating circumstances noted in the request.

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

RESOLVED to approve Mathieu Lacoste for licensure by exam.

There was Board discussion about acceptance of supervision verified by a non-US CPA. It was noted that NASBA has executed Mutual Recognition Agreements (MRAs) with some countries outside the US.

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

RESOLVED to approve Alan Harte for licensure by exam.

***Although 12 AAC 04.180 references supervision by a certified public accountant, AS 08.04.120 allows experience acceptable to the Board; there is an existing MRA with Ireland.**

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

RESOLVED to table the licensure application of Ronnie Varghese. The Board requests additional information on the 48 “professional credits” listed on the credential evaluation. The Board needs more information on how these professional credits equate to the required semester hours for licensure.

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

RESOLVED to table the firm application of JMJ Tax Relief LLC. At this time AS 08.04.360 requires that a CPA with an Alaska license directly supervise the office/firm and AS 08.04.240(d) also states that each member who engages in public accounting in this State must have an Alaska license.

The Board requested that Ms. Hondolero notify Mr. Duffield that the Board is working on possible statute changes. If these changes were to go through, he may be able to meet the qualifications for licensure in Alaska by reciprocity. If approved for individual licensure, the Board would then be able to approve the firm permit.

Agenda Item 16 – Administrative Business

Confirm Upcoming Meeting Dates/Locations

- May 11-12, 2017 Anchorage; Board to visit Prometric test site to conduct annual inspection and luncheon with State Society
- August 3-4, 2017 Fairbanks; Board to visit Prometric test site to conduct annual inspection and luncheon with State Society

Sign Wall Certificates

- Wenxia Zou #111713
- Tai-Hui Chiu #113509
- Sheikh Atif Farooq #113789

- Alexander Jackson #114027
- Altaf Kasmani #114180
- Christon Petersen #114284
- Vladimir Fesenko #115027
- Teresa Fair #115307
- Mahesh Muthyala #115453
- Nicole Neeson #115581
- Laura Patin #116027
- Amber-Rae McCampbell #116174
- Justin Bledsoe #116516
- Ksenia Polikakhina #116762

Task List

Cori Hondolero

- Prepare summary sheets for each proposed statute change
- Get FY17 2nd quarter personnel data and send out to Board
- Work with Karen to determine what sections of the regulations will be affected if the full definition of attest is adopted
- Inquire with NASBA to see if they have information on how different jurisdictions use peer review
- Work with Society to set up May luncheon
- Get list of most common actions from Investigator Francois and distribute to Board

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

RESOLVED to adjourn the meeting.

There being no further business, the meeting adjourned at 3:15 p.m.

Respectfully Submitted:



Cori Hondolero
Executive Administrator

Approved:

 for

Don Rulien, Chair
Alaska Board of Public Accountancy

Date: 5/12/17