

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

BOARD OF PUBLIC ACCOUNTANCY

MINUTES OF MEETING

March 20, 2017

By authority of AS 08.01.070(2), and in compliance with the provisions of AS 44.62, Article 6, a teleconference meeting of the Board of Public Accountancy was held March 20, 2017. The purpose of the teleconference was to discuss HB147.

Call to Order/Roll Call

The meeting was called to order by Don Rulien, Chair, at 1:35 p.m. Those present, constituting a quorum of the Board were:

Karen Brewer-Tarver, CPA – Juneau (joined later)
Marja Beltrami, CPA – Anchorage
Andre Horton, Public Member – Anchorage
Don Rulien, CPA – Anchorage
Jeffrey Johnson, CPA - Fairbanks
Leslie Schmitz, CPA - Anchorage
Wayne Hogue, Public Member – Kotzebue

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, CPA, representing the Alaska Society of CPAs (ASCPA)
Kristine Kennedy, CPA, representing the Alaska Society of CPAs (ASCPA)
Crista Burson, representing the Alaska Society of CPAs (ASCPA)

Potential Statute Changes

The Board wanted to discuss feedback on the bill received from the legislative committee of the Alaska Society of CPAs.

The Board decided that it would be easiest to move through bill review section by section.

Section 1 – the Board asked Ms. Hondolero to provide a summary of the regulation process currently in place. Ms. Hondolero noted that all licensing programs fall under AS 44.62 – Administrative Procedures Act (APA) and the regulations specialist follows a set procedure.

- Board identifies proposed amendments, makes motions on the record
- Regulation specialist provides Board with draft
- Board makes motion to send out for public comment
- Public comment period open; oral testimony if the Board requests it
- Board reviews any written comments & makes motion to adopt some or all of the project. Substantive changes may require that the section/project be sent out for public comment again
- Project sent to dept. of law for review
- Project sent to Lt. Governor's office; effective 30 days after it is signed

The Board also reviewed samples of statutes from other licensing programs; it was noted that none of them mandate how notice of changes are to be done. Mr. Johnson stated that there is a set process in place and the he felt that Board should leave this section alone.

Motion duly made by Mr. Hogue, seconded by Mr. Horton:

Remove section 1 (AS 08.04.080) from HB147

Roll Call Vote

Mr. Hogue – Yes
Mr. Johnson – No
Ms. Schmitz – No
Mr. Horton – Yes
Ms. Beltrami – Abstain
Mr. Rulien – No

Motion did not pass

Section 2 – Ms. Schmitz stated that the age for applying should not matter; if the person passes the exam and obtains the license, they have to follow the statutes/regulations. Ms. Hondolero also noted that this change follows the Uniform Accountancy Act (UAA), which does not list a minimum age.

Motion duly made by Mr. Johnson, seconded by Ms. Schmitz:

Remove section 2 (AS 08.04.110) from HB147

Roll Call Vote

Mr. Hogue – Yes
Mr. Johnson – No

Ms. Schmitz – No
Ms. Beltrami – No
Mr. Rulien – No

Motion did not pass

Section 3 – Ms. Beltrami asked for clarification about this section. Would the requested edit to the statute allow the Board to define specific experience requirements via regulation? The Board indicated that yes, the goal was to have the specific requirements listed in the regulation, which would still have the standard public notice requirements for any changes in the future.

Motion duly made by Mr. Johnson, seconded by Ms. Schmitz:

Remove section 3 (AS 08.04.120) from HB147

Roll Call Vote

Mr. Hogue – No
Mr. Johnson – No
Ms. Schmitz – No
Ms. Beltrami – No
Mr. Rulien – No

Motion did not pass

Section 4 – Mr. Johnson noted that the current statutes have more stringent experience requirements for reciprocity applicants. The end goal is to have exam and reciprocity applicants meet the same experience requirements.

Mr. Rulien noted that the Board would try to accept comments on the sections that appear to be the most contentious. Ms. Kennedy (AK Society) stated that taking the detailed requirements out of the statute makes the legislative committee uncomfortable.

Motion duly made by Mr. Johnson, seconded by Ms. Schmitz:

Remove section 4 (AS 08.04.195) from HB147

Roll Call Vote

Mr. Hogue – No
Mr. Johnson – No
Ms. Schmitz – No
Ms. Brewer-Tarver – No
Ms. Beltrami – No
Mr. Rulien – No

Motion did not pass

Section 5/Section 10 – Mr. Johnson noted that sections 5 and 10 go together; repealed sections are being replaced by the new section.

Motion duly made by Ms. Schmitz, seconded by Mr. Hogue:

Remove section 5 (AS 08.04.565) and section 10 (AS 08.04.580, AS 08.04.590, AS 08.04.595 and AS 08.04.598) from HB147

Roll Call Vote

Mr. Hogue – No
Mr. Johnson – No
Ms. Schmitz – No
Ms. Brewer-Tarver – No
Ms. Beltrami – No
Mr. Rulien – No

Motion did not pass

Section 6 – Mr. Johnson stated that it might be best to remove this section from the bill based on feedback received. Ms. Kennedy (AK Society) mentioned adding a cross reference to the code of conduct and Ms. Martin (AK Society) indicated that she thought this section was too broad; if you are hired for an attest engagement and have a work paper file, then you disengage the client, do they still get the full file?

Ms. Schmitz asked if section (a) helps define this. Ms. Brewer-Tarver noted that the code of conduct is specifically referenced in the regulations. The Board asked about how amendments would work at this point. Ms. Hondolero stated that the Board would have to make any amendment requests to Representative Thompson. Ms. Brewer-Tarver indicated that Representative Thompson's staff had advised that the bill was not being scheduled for hearings until final comments/requests were received from the Board.

Mr. Johnson stated that it is not the whole set of work papers; the change would follow UAA section 19 (a) and (b). Ms. Brewer-Tarver indicated that there had been lots of discussion about this at the recent Society legislative committee meeting and it might be best to pull this section until there is more consensus. Ms. Beltrami asked if a client gives you lots of data, then you sort and prepare work papers/tables, whose papers are they if the relationship terminates. Mr. Rulien indicated he would retain the work that he had completed, but give the client their raw data back. Ms. Martin (AK Society) stated that she thinks (b)(1) is still too open. Mr. Rulien noted that the requested change is straight from UAA.

Motion duly made by Ms. Brewer-Tarver, seconded by Ms. Schmitz:

Remove section 6 (AS 08.04.660) from HB147

Roll Call Vote

Mr. Hogue – No
Mr. Johnson – No
Ms. Schmitz – Yes
Ms. Brewer-Tarver – Yes
Ms. Beltrami – Yes
Mr. Rulien – Yes

Motion passed

Section 7 – this section has to do with confidential communications; there were no comments on this section.

Motion duly made by Mr. Johnson, seconded by Mr. Hogue:

Remove section 7 (AS 08.04.662) from HB147

Roll Call Vote

Mr. Hogue – No
Mr. Johnson – No
Ms. Schmitz – No
Ms. Brewer-Tarver – No
Ms. Beltrami – No
Mr. Rulien – No

Motion did not pass

Section 8 – Mr. Johnson stated that the goal of this update is to expand at the definition of attest. It was noted that during the recent Society legislative committee meeting a representative from AICPA was participating and mentioned that the definition of report should also be updated. Mr. Johnson stated that compilation is not regulated currently. Ms. Kennedy (AK Society) indicated that the committee was interested in understanding the need to update the definition of report and wanted time to research.

Ms. Brewer-Tarver added that James Cox with AICPA felt that with the proposed statute update, in relation to SOC 1 & SOC 2 reports language is still there; no impact on exclusion of compilation. Mr. Johnson noted that this update is a little hurdle with the definition of report and “financial statements” – adding/deleting compilation will take more work.

Ms. Brewer-Tarver asked if this bill section was left as is, would the definition of report be updated in the future. Mr. Johnson indicated that he is fine leaving this section as is, even if the definition of report is loose. During the next statute change project it could be updated. Ms. Brewer-Tarver noted that if report is not updated now, it leaves this section open to push back.

Motion duly made by Mr. Johnson, seconded by Ms. Brewer-Tarver:

Remove section 8 (AS 08.04.680(1)) from HB147

Roll Call Vote

Mr. Hogue – Yes
Mr. Johnson – Yes
Ms. Schmitz – Yes
Ms. Brewer-Tarver – Yes
Ms. Beltrami – Yes
Mr. Rulien – Yes

Motion passed

Section 9 – Ms. Brewer-Tarver indicated that when the bill was first being drafted comments were received that centralized statute already has a definition of state. Mr. Hogue noted that anytime there is another change to the list, this section will need to be updated. Mr. Johnson stated that this may be unique to the CPA program with territories being included in the definition.

Motion duly made by Ms. Schmitz, seconded by Mr. Hogue:

Remove section 9 (AS 08.04.680(20)) from HB147

Roll Call Vote

Mr. Hogue – Yes
Mr. Johnson – No
Ms. Schmitz – No
Ms. Brewer-Tarver – No
Ms. Beltrami – No
Mr. Rulien – No

Motion did not pass

Ms. Schmitz noted that the Board had not accepted comments from the public on sections one and two and asked if the Board would allow comments now.

Section 1 – Ms. Kennedy (AK Society) indicated that the legislative committee expressed discomfort with the notification requirement being removed from the statute. Ms. Martin (AK Society) also expressed concern with notification not

being specifically listed in the statute; what if a future Board only wants to provide notification via newspaper notice etc.

Section 2 – no comments.

It was decided that the Board would write a letter to Representative Thompson regarding the two sections approved to be removed from HB147.

The meeting adjourned at 3:16 p.m.

Respectfully Submitted:



Cori Hondolero
Executive Administrator

Approved:



Don Rulien, Chair
Board of Public Accountancy

Date: 5/12/17