

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

BOARD OF PUBLIC ACCOUNTANCY

MINUTES OF MEETING

May 11-12, 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 May 11-12, 2017.

Thursday, May 11, 2017

Call to Order/Roll Call

The meeting was called to order by Don Rulien, Chair, at 11:02 a.m. Those present, constituting a quorum of the Board were:

Donovan Rulien II, CPA – Anchorage (via teleconference)
Jeffrey Johnson, CPA – Fairbanks
Karen Brewer-Tarver, CPA – Juneau
Wayne Hogue, Public member – Kotzebue
Marja Beltrami, CPA – 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 #13)
Simon Ford, Investigator III (agenda item #6)

Visitors present included:

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

Agenda Item 1 – Review Agenda

Ms. Brewer-Tarver added discussion about HB147 before attending the Society luncheon. It was noted that it may be best to provide a brief outline regarding

where the bill is and to set a timeline for the future. The Board will request formal feedback from the Society for review at the August meeting.

It was noted that Ms. Brewer-Tarver, Mr. Rulien and Mr. Johnson are all members of the Society's legislative committee. While the State Board and Society can work on items jointly, the State Board makes the final decision(s).

The Board did a quick review of each section:

Section 1 – re: adoption of rules (regulation changes) – goal is to have the Board default to the Division standards for notification. Ms. Beltrami noted that the Society brought up a valid concern that if the Division decided to change its policies there could end up being no mandatory notification to licensees. The Board decided to look more closely at this section.

Section 2 – Age requirement removal; the Board feels the concern raised regarding someone under 18 being licensed is unlikely to occur very often if at all and the update will model UAA, which does not list a minimum age.

Sections 3 – Education/experience for those applying by exam; goal is to move the requirements to the regulations where they can be updated more easily if necessary.

Section 4 – Experience requirements for those applying by reciprocity; goal is to move the requirements to the regulations where they can be updated more easily if necessary and to change the required experience from 4 years to 2 (same as the requirements for those applying by exam).

Section 5 & Section 10 – These two sections go together. Section 5 is considered new, but it really just replaces the regulation sections that are being repealed.

Section 6 – re: client work papers; this section is also covered by the code of professional conduct.

Section 7 – Adding reference to PCAOB

Section 8 – Re: definition of attest; AICPA thinks that the definition of report also needs to be amended

Section 9 – Update definition of state; there is already a definition of state, but it may differ from UAA in that it may not include territories.

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 Ms. Beltrami, and approved unanimously, it was:

RESOLVED to approve the minutes of the February 8-9, 2017 meeting and March 20, 2017 teleconference as written.

*Ms. Beltrami abstained from voting on the February minutes because she was not present at the meeting.

The Board met with the Alaska Society for a luncheon and outlined the current status of HB147.

Agenda Item 4 - Alaska Society of Certified Public Accountants (ASCPA)

Ms. Kaiser was present and let the Board know about the following AK Society activities:

- Annual membership renewal underway
- The annual meeting will be held in Seward May 31st – June 2nd
- CPE course registration starting up
- HB147 is currently the biggest piece of business for the Society

Agenda Item 5 – Public Comment

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

Agenda Item 6 – Investigative Report

The Board reviewed the updated draft fine matrix that had been included in the Board packet. The Board noted that the following edits/additions would be helpful:

- Make it clear if the fine is for a firm or individual
- List the different infractions (days vs years lapsed/unlicensed)
- Can case names/numbers be linked, so that the details of past cases can be easily reviewed in the future? The Board would like to be able to understand the fine range – maybe by adding a case description
- Does the person have a valid license in another state?
- Re-title the list “Case Summary Board Actions”
- Add case summary column

- List dates – such as 2005 – present etc.

It was decided that it might be best to just add an additional column to the updated matrix to describe the case circumstances.

The Board discussed the inactive license issue. Ms. Brewer-Tarver noted that she did a case review and there does not appear to be anything in the current statutes/regulations that bars a licensee from using the title CPA when they are inactive. Mr. Rulien noted that the NASBA UAA committee had finalized their recommendations on the retired/inactive issue and forwarded those recommendations to the NASBA Board.

Investigator Ford was present to provide the current report; for the period of January 16th through April 25th:

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

Investigator Ford noted that all of the open cases are related to the PTIN issue except for one. All of these cases stemmed from a list sent to the Board from NASBA; the list was based on individuals listing themselves as CPAs with AK addresses and was compiled based on information entered into an IRS website. It appears that online profiles were created for these individuals without their knowledge. A notice complaint had been sent to everyone and they have all been in communication with investigations.

Investigator Francois had requested an opinion from the AG regarding using the title CPA if the person holds a license in another state, but resides in AK. The response was that that they can use the “CPA” designation, but they can’t solicit business in AK. They may be covered under a practice privilege if they are an individual. Because an updated list is anticipated to be released annually, those who are not licensed in AK or their license is lapsed should still be sent to investigations.

The Board would like to wrap up the PTIN cases and it was decided that if possible, one person should review all of the cases with Investigator Ford to maintain consistency. Ms. Hondolero will ask Ms. Schmitz if she would be available to do this soon, so that the final outcome of the cases could be reviewed at the August meeting.

Agenda Item 7 – NASBA Updates

Conferences

Western Regional – Mr. Hogue and Ms. Beltrami were approved to attend on scholarship. Ms. Hondolero's request to attend had not yet made it through the review process.

Annual Meeting – Submit requests for Mr. Rulien (1), Ms. Hondolero (2) and Ms. Brewer-Tarver (3) to attend.

Committees

Mr. Johnson – Legislative Support Committee – Met telephonically in February; discussed North Carolina dental case and trade restriction issues. Mr. Johnson stated that he did not apply to remain on the committee due to the State making it hard if not impossible for Board members to attend national meetings, which makes it very hard to stay current on issues affecting the profession.

Mr. Rulien –Uniform Accountancy Act (UAA) committee – Met telephonically; reviewed section 14.2 of UAA regarding unlawful acts. Management/CMA designation moved forward to the NASBA Board for review.

Ms. Schmitz – CBT Administration Committee – not present to give an update

Agenda Item 8 – CPA Exam Surveys

The Board reviewed the surveys that had been received (only 2) and one of them indicated that it is inconvenient and expensive to travel every time to sit for the exam.

Agenda Item 9 – Prometric Site Visit

The Board recessed to attempt an unannounced test site visit/review for NASBA.

The meeting was recessed at 4:01 p.m., until Friday, May 12, 2017.

Friday, May 12, 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 (via teleconference)
Jeffrey Johnson, CPA – Fairbanks
Karen Brewer-Tarver, CPA – Juneau
Wayne Hogue, Public member – Kotzebue
Marja Beltrami, CPA – Anchorage
Andre Horton, Public member – Anchorage (agenda item 15)

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:

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

Agenda Item 10 – Review Agenda

The Board moved application review earlier in the day, so that Mr. Horton would be able to participate.

Agenda Item 11 – Public Comment

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

Agenda Item 16 – Administrative Business

Confirm Upcoming Meeting Dates/Locations

- August 3-4, 2017 Fairbanks; Board to visit Prometric test site to conduct annual inspection and luncheon with State Society
- October 16-17, 2017 in Anchorage
- February 12-13, 2018 in Juneau

Agenda Item 12 – Statute/Regulation Projects

There was discussion about amending the current version of HB147 and sending the updates to the AK Society for their review and comments. The Board decided to review the bill section by section. The Board requested the summary/explanation for each section be updated and sent with the draft.

Section 1 – Amended

Upon a motion duly made by Ms. Brewer-Tarver seconded by Ms. Beltrami, and approved via roll call vote, it was:

RESOLVED to amend section 1 of HB147 to read:

AS 08.04.080. Adoption of rules. The board may adopt rules of professional conduct to establish and maintain a high standard of integrity and dignity in the profession of public accounting. At least 30 days before the adoption of any rule or amendment, the board shall mail a notice of the proposed rule or amendment to each holder of a license or permit issued under this chapter to the address of the license or permit holder last known to the board.

Roll Call Vote

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

Motion passed

Section 2 – no change

Section 3 – no change – add explanation that Board is seeking consistency in licensure requirements for those who apply by exam and reciprocity. Also include a copy of the regulation change that would be required (12 AAC 04.180).

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

RESOLVED to amend 12 AAC 04.180(a) to read:

(a) An applicant for initial issuance of a license under 12 AAC 04.165 and 12 AAC 04.175 must show that the applicant has had two years of experience. That experience must include providing any type of service or advice involving the use of accounting, attest, compilation, management advisory, financial advisory, tax, or consulting skills all of which were verified by a supervising certified public accountant. The experience is acceptable if it is gained through employment in government, industry, academia, or public practice.

Roll Call Vote

Mr. Hogue – Yes
Mr. Horton – Yes
Mr. Johnson – Yes
Ms. Brewer-Tarver – Yes

Ms. Beltrami – Yes
Mr. Rulien – Yes

Motion passed

Agenda Item 15 – Application Review

The Board worked on application review while Mr. Horton was available to participate.

Agenda Item 13 – Board Business

Division Update

Martha Hewlett called in to the meeting to present the most recent quarterly report. It was noted that the Board did request the personnel breakout in advance but it was not ready before the meeting; Ms. Hewlett provided the information verbally to the Board.

It was noted that contractual expenses are down so far in FY17. Ms. Brewer-Tarver asked if there were still pending legal bills. Ms. Hewlett indicated that most of the bills had been entered; staff was working on breaking out the legal bills by case. Travel expenses are also lower than past years; this is due to the new travel guidelines being in place.

Ms. Brewer-Tarver asked if the Board could get a draft of the 4th quarter report early. Ms. Hewlett said maybe; the final FY17 report is not due out to Boards until mid-October.

Ms. Hewlett indicated that fee analysis will start in June and a draft should be to the Board on or around July 1st. Ms. Brewer-Tarver stated that the Board needs to be able to review/discuss at the August meeting. Mr. Johnson noted that if fees remain the same, there will be a surplus at the end of the next two year cycle. Ms. Hewlett said that the Director would likely come to the same conclusion during her analysis.

Ms. Hondolero asked if there was any indication if there would be any changes to the travel policies in FY18. Ms. Hewlett stated that travel policies were likely to stay the same. Mr. Johnson asked about face-to-face meetings being limited and noted that it is hard for the Board to conduct business telephonically. Ms. Hewlett said that the Board can submit requests for face-to-face meetings, but must list the “business need” if the request is outside the standard policy.

Agenda Item 7 – NASBA Updates

Mr. Kenny with NASBA had reached out to see if there was anything that the Board wanted assistance with. The Board indicated that they would like more information on getting help with generating an electronic newsletter.

Ms. Hondolero was also asked to request information from NASBA regarding what other states do with their peer review information.

Agenda Item 15 – Application Review

The Board completed application review and took the following action:

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

RESOLVED to deny the request from Limin Zhao to have an outside auditor sign off on her accounting experience; in accordance with 12 AAC 04.180 the supervising CPA must verify; an outside auditor does not meet the requirement.

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

RESOLVED to deny Bhavna Tiwari's request for extension of his BEC score; has not passed any parts of the exam, except for the expired one.

Upon a motion duly made by Ms. Brewer-Tarver, seconded by Mr. Hogue, 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 applications.

The Board entered executive session at 1:28 p.m.

The Board went back on the record at 2:09 p.m.

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

RESOLVED to table the reinstatement application of Pavlo Kovalchuk. The Board requested additional information to determine if Mr. Kovalchuk was practicing while his license was lapsed.

The Board directed that the definition of 'practice of public accounting' be sent to Mr. Kovalchuk and that he be asked to explain if he has been in practice.

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

RESOLVED to approve Mahmoud Fayz's request for extension of his FAR score until 8/31/17.

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

RESOLVED to approve Jad Azar's request for extension of his FAR score until 10/16/17.

Upon a motion duly made by Mr. Hogue seconded by Ms. Beltrami, and approved by a quorum of the Board, it was:

RESOLVED to approve Amber LeBlanc's request for extension of her AUD score until 11/1/17.

*Ms. Brewer-Tarver abstained from voting on this request.

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

RESOLVED to approve Aparna Gopalkrishnan's request for extension of her BEC and REG scores for an additional 6 months.

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

RESOLVED to approve Hayley Johnston and James Martin to sit for the CPA exam.

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

RESOLVED to approve the reinstatement applications of Bonita Howard and John Larsen.

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

RESOLVED to approve Muhammad Ahmad, Sri Subbramanian Balachandran, Parag Bhagat, Melinda Bush, Alexas Dreyer, Mary Galvan, Gloria Gerngross, Thomas Guglielmi, Holly Hermann, Kaycee Holt, Ulkar Huseynzade, Randall Loveridge, Carla Mattsson, Satya Moehlin, David Molero Santos, Avinash Reddy Palvai, Edmund Pascual, Adnan Rajkotwala, Jessica Robinson, Ancy Rodrigues, Elena Selenkova, Daniel Spindler, Pranata Susilo, Tatiana Trusova, Xuedong Wang, Jia Jia Wei and Irina Zakharova for licensure by exam.

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

Approve Taylor Allen for licensure by exam.

Roll Call Vote

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

Motion passed

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

RESOLVED to approve the application of Steven Jordan for licensure by reciprocity.

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

RESOLVED to approve the Out-of-State firm permits of Blodgett, Mickelsen & Adamson, P.S., Dingus, Zarecor & Associates PLLC, Homes, Lowry, Horn & Johnson, Ltd., and Petrow Leemus Vincent & Kane PC.

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

RESOLVED to approve the firm permits of Liz Hartshorn, CPA, LLC and Solstice CPAs, LLC.

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

RESOLVED to approve the mandatory CPE audit of Robert Doughty.

Agenda Item 13 – Board Business

ED Report

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

- Travel
 - Regional meetings upcoming; Hogue and Beltrami approved to attend on scholarship. Ms. Hondolero's request is still pending.
 - Continue to list travel at desired Board level in the annual report.
- Legislative CPE/Ethics request. Board said that this mandatory training could be counted as regular or ethics CPE.
- Exam extension requests. The Board decided that they would continue to review these on a case by case basis.

Agenda Item 12 – Regulation/Statute Projects

Section 4 – No change – add explanation that Board is seeking consistency in licensure requirements for those who apply by exam and reciprocity. Also include a copy of the regulation change that would be required (12 AAC 04.180). Ms. Brewer-Tarver indicated that she would assist with drafting the explanations.

Section 5/Section 10 – Multiple sections being deleted and replaced by one new section. No changes to either of these sections. One cover sheet that explains both of these sections together; show the full text that is being deleted.

Section 6 – Client records; covered in the code of professional conduct. The Board discussed reviewing the code of conduct sections to make sure what they say/what is covered. The Board decided to leave this section as is and to wait for the Society legislative committee response. Ms. Beltrami will also evaluate to see how this section compares to the code of conduct. Ms. Brewer-Tarver also noted that she might have some information on this section.

Section 7 – Adding PCAOB – No change.

Section 8 – Attest definition – AICPA noted that the definition of report should also be updated.

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

RESOLVED to request that AS 08.04.680(19) be amended to read:

(19) “report” when used with reference to any attest or compilation service means an opinion, report, or other form of language that states or implies assurance as to the reliability of the attested information or compiled financial statements and that also includes or is accompanied by a statement or implication that the person issuing it has special knowledge or competency in accounting or auditing; a statement or implication of special knowledge or competence may arise from use by the issuer of the report of names or titles indicating that the issuer is a certified public accountant or auditor, or from the language of the report itself; except as provided in this paragraph, “report” includes any form of language that disclaims an opinion when the form of the language is conventionally understood to imply a positive assurance as to the reliability of the attested information or compiled financial statements referred to or special competence on the part of the person issuing the language; and “report” includes any other form of language that is conventionally understood to imply such assurance or such special knowledge or competence; “report” does not include

(A) a compilation of financial statement language that does not express or imply assurance or special knowledge or competence; or

(B) the following disclaimer language when used by a person without a license, a practice privilege, or an out-of-state exemption in connection with financial statements:

(i) “I (we) have prepared the accompanying (financial statements) of (name of entity) as of (time period) for the (period) then ended. This presentation is limited to preparing, in the form of financial statements, information that is the representation of management (owners).”; or

(ii) “I (we) have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.”;

Ms. Beltrami requested a copy of the AICPA prepared change to the definition of report.

Ms. Kopyy (ASIA) noted that sections (A) and (B) of the definition of report were put in for ASIA.

AS 08.04.505 outlines the requirements for issuance of reports.

12 AAC 04.038 will also need to be updated; Ms. Brewer-Tarver will help with the draft language.

Section 9 – No changes to the existing section 9 were made, but the Board made motions to request the following additional items be added to the bill.

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

RESOLVED to delete/repeal AS 08.04.180

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

RESOLVED to delete/repeal AS 08.04.120(b)

It was noted that when AS 08.04.120(b) is repealed, the regulations will also need to be updated.

Ms. Kaiser with the AK Society mentioned that the Society was discussing organizing a work session in late July to review the updated draft of HB147 once it is forwarded to the Society. The Board indicated that they would try to have the updated draft to the Society around the middle of June.

There was brief discussion about what information could be sent out with the upcoming renewal. Maybe a list of highlights/changes and/or how they differ from UAA. Board will review past copy prepared by Mr. Chapman and Mr. Rulien.

Agenda Item 14 – Correspondence

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

Agenda Item 16 – Administrative Business

Sign Wall Certificates

- Alex McCoskey #112870
- Aksel Arnesen #113698
- Zhi Dou #114148

- Hongli Xiong #114486
- David Weber #114512
- Katherine Sprott #118974
- Anna Morris #116855
- Alan Harte #117218
- Emma Zeisel #117220
- Tram Ahn Nguyen #117225
- Vitalii Verchenko #118046
- Partha Ghosh #118977
- Luz Preciado-Mendez #119174
- Nathan Erdmann #119367
- Kari Mitchell #119402

Task List

Cori Hondolero

- Help prepare updated summary sheets for each proposed statute change
- Inquire with NASBA to see if they have information on how different jurisdictions use peer review
- Work with Society to set up August luncheon
- Update recent draft of the fine matrix
- E-mail Ms. Beltrami copy of the AICPA recommended language change to definition of "report"

Marja Beltrami

- Compare code of professional conduct to section 6 of HB147

Karen Brewer-Tarver

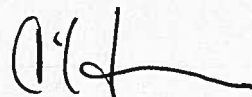
- Help prepare updated summary sheets for each proposed statute change

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

RESOLVED to adjourn the meeting.

There being no further business, the meeting adjourned at 4:34 p.m.

Respectfully Submitted:



Cori Hondolero
Executive Administrator

Approved:

A handwritten signature in blue ink, appearing to read 'Don Rulien', written over a horizontal line.

Don Rulien, Chair
Alaska Board of Public Accountancy

Date: 8/3/17