

**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 3-4, 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 August 3-4, 2017.

Thursday, August 3, 2017

Call to Order/Roll Call

The meeting was called to order by Don Rulien, Chair, at 9:30 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 (via teleconference)
Wayne Hogue, Public member – Kotzebue
Marja Beltrami, CPA – Anchorage
Leslie Schmitz, CPA – Anchorage

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

Cori Hondolero, Executive Administrator
Janey Hovenden, Director (agenda item #7)
Angela Birt, Chief Investigator (agenda item #8)

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 1 – Review Agenda

The Board added discussion on use of title and sending a written Board response.

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

RESOLVED to approve the agenda.

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.

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

RESOLVED to approve the minutes of the May 11-12, 2017 meeting as written.

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

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)

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

- Letter from the Society to the Board regarding HB147 (dated 7/31/17)
 - Section 3 – leave 2 years of accounting experience in the statute
 - Section 6 – Remove the proposed change from the bill; full description of when you don't have to return work papers not outlined.
- The Society held a workshop on HB147 (which also covered the 4 hour ethics requirement). The workshop generated a lot of lively and thoughtful discussion.
 - Class was setup to allow 40 people to sign up and was completely full with a mix of younger and older CPAs.
 - Code of conduct referenced in the regulations is already outdated; will need to be updated to current version.

Ms. Schmitz noted that she had attended the State Society annual meeting in Seward and had provided a State Board update.

Agenda Item 6 – NASBA Updates

Conferences

Western Regional – Mr. Hogue and Ms. Beltrami were approved to attend on scholarship. Part of the meeting included an orientation day for new Board members. Ms. Beltrami stated that there was lots of information to take in during the meeting. There was a session with the communications department and they are willing to help with newsletters, annual reports, social media, etc. It was also noted that there was discussion during the meeting that Board members should not participate as members of society legislative committees.

Ms. Hondolero had included a draft template of a possible format for a State Board newsletter. It was noted that this was just for approval of the look that the newsletter would have; the Board can control/request whatever content that it wants. NASBA is happy to offer suggestions and to customize as requested by the Board. The Board approved the format and decided that one Board member would help with proofing content (Mr. Rulien will work on the first newsletter). Suggested topics are: Business continuation plans, peer review, CPE and the upcoming renewal.

Annual Meeting – Submit requests for Mr. Rulien (1), Ms. Hondolero (2) and Ms. Brewer-Tarver (3) to attend. Ms. Hondolero indicated that she would submit the requests as soon as the draft agenda for the meeting is released. Ms. Beltrami noted that the Board can't stay up on issues impacting the profession if they are unable to participate.

Committees

Mr. Johnson – Legislative Support Committee – Mr. Johnson stated that he had resigned from the committee. His inability to attend national conferences and keep abreast of current issues hindered his ability to be an effective member of the committee. He indicated he would likely participate in one additional meeting, if it was held telephonically.

Mr. Rulien – Uniform Accountancy Act (UAA) committee – Met telephonically; reviewed CPE - trying to be more specific about what is required.

Ms. Schmitz – CBT Administration Committee – had a scheduling conflict and was not able to attend the last meeting of the committee. Did note that she had been approached at the Society annual meeting regarding the new version of the exam. Comments were that the exam felt rushed, candidates pressed for time to complete the exam, the breaks were not clear, rumors about the exam being graded on a curve (not true) and complaints about the delayed score release.

Agenda Item 7 – Board Business

ED Report

Travel update – NASBA meeting summaries already summarized under agenda item #6

State Society workshop/ethics – State society will issue CPE certificates to those who attended the workshop

HB147 – State society sent in their official response letter for Board review

Renewal fees – Division fee proposal emailed and handed out at the meeting

Meeting scheduling – P&P 35 in packet for Board review; discussion about trying to schedule meetings well in advance to adhere to Division policy.

Fees

The Board review the fee analysis from Director Hovenden. Mr. Johnson asked if Mr. Rulien should send an email to request preliminary FY17 final data. It was noted that it is hard to set fees without this data; possible to end fiscal year in a deficit position. There was also discussion about lowering fees if the Board can't travel at the level outlined/budgeted for.

Ms. Schmitz indicated that she was fine with leaving the fees the same, so that the program doesn't end up dropping the fees this year and then having them go back up before the next renewal. Ms. Brewer-Tarver stated that the Board had projected a good budget (including travel), but then the State hasn't allowed travel at the requested level.

Ms. Beltrami noted that having a little surplus isn't bad. Ms. Schmitz stated that in-State travel can even be hard and any travel would be unlikely if the Board was in a deficit position.

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

RESOLVED to recommend that no fee changes be made.

Meeting Dates

There was discussion about the October 2017 dates that had been set at the May meeting. Ms. Schmitz stated that this was the worst date for a CPA due to the 16th being the final tax deadline. She noted that she may be unable to attend the meeting if the Board kept the October dates.

The Board decided to set the meetings for the next year:

- October 16-17, 2017 in Anchorage
- February 12-13, 2018 in Juneau
- April 19-20, 2018 in Anchorage

- August 2-3, 2018 in Fairbanks

Board Positions

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

RESOLVED to elect Mr. Johnson to the position of Secretary/Treasurer and Ms. Schmitz to the position of Chair.

The Board met with the Alaska Society for a luncheon.

Agenda Item 9 – CPA Exam Surveys

The Board reviewed the surveys that had been received (only 2) and one of them indicated that they prefer the Fairbanks test site over the Anchorage test site.

Agenda Item 8 – Investigative Report

The Board reviewed the updated investigative report that was prepared after the Board packets had been sent out; it reflected additional closed cases. Ms. Schmitz had gone in to do case reviews with investigator Francois and was able to close multiple cases; a couple cases were left open due to having issues unrelated to the PTIN issue. It was noted that investigator Ford had done case summary sheets for all of the open cases that were reviewed, which was really helpful.

There was discussion about how to handle future PTIN cases that may come up. Ms. Schmitz asked if those on the PTIN list who do not have an AK license or have an inactive AK license should automatically be forwarded to investigations (same as last year) or should a Board member go through and do a first look before forwarding to investigations. Ms. Hondolero clarified that she what she had done with the list from last year was search each name to see if they were licensed in AK (active). Those on the list who did not have an AK license in active status were forwarded to investigations for additional review. NASBA no longer has to do a FOIA request to obtain PTIN data; the IRS now has this information available to the public. Ms. Hondolero will continue to review the list and can use information from last year's excel sheet; she will continue to forward potential practice issues to investigations.

Agenda Item 7 – Board Business

Division Update - Fees

Director Hovenden called in to speak with the Board. The Board asked if they could get final FY17 data, even it was preliminary or draft. The Board stated that it is hard to discuss fee projections without having access to this data.

Director Hovenden went through the fee projection that had been sent to the Board. If the fees do not change, the program is projected to end the next biennium with a surplus of approximately \$200k; maybe adjust fees down at that point. It was noted that typically it is best to have one years' worth of expenditures on the books.

Mr. Rulien asked if having a surplus would affect travel approvals. Director Hovenden indicated that it may have an impact; there are still State mandated travel restrictions in place. The Division must still stay under their travel authority, but restrictions may be a little looser in FY18. It was noted that programs do not have budgets; Division has limited spending authority as a whole. The best chance of having travel approved is to adequately justify the travel; who is going to attend which sessions and identify the benefit gained if the travel is approved. To be approved as an exception to the State travel rules, the reasons for working outside the set policy must be documented. It was also noted that with the upcoming renewal, the CPA program will just be coming out of a deficit position.

Mr. Johnson asked if the Board could at least get the direct costs for the 4th quarter of FY17; they can be marked draft. Director Hovenden indicated that admin services generates this report; she stated that she would inquire about getting draft information for the Board. Mr. Johnson also noted that it would be helpful to have information about staff costs (especially investigators), so that the Board can make projections. Ms. Schmitz stated that if the Board used indirect costs from FY16 to estimate, then the program may end FY17 with a surplus.

Mr. Johnson asked if indirect costs would be going up again. Director Hovenden stated that some parts of the Department are partially funded by UGF (general funds); if UGF goes down, the costs will need to be passed on. Unclear yet what the impact will be for individual Boards.

Mr. Rulien asked if a programs surplus should equal one year of costs. Director Hovenden stated, yes that is a general rule of thumb. Mr. Rulien noted that it is hard to plan for unknowns and Director Hovenden indicated that it is better for programs to have a little cushion. The Board noted that their annual report contains projected expenditures that include Board/staff travel to participate at

national meetings, but if the Board is unable to travel at the requested level, there may not need to be as much kept in surplus.

The Board let Director Hovenden know that they had reviewed the fee projection and voted not to change fees at this time.

Mr. Johnson asked about the possibility of increasing business licensing and corporate fees to help cover Division/Department costs. Director Hovenden noted this would require a legislative change to increase UGF that can be used by the Division/Department.

Agenda Item 8 – Investigative Report

Chief Investigator Birt called in to present the current report; for the period of April 26th through July 12th:

- 1 matter opened
- 18 matters closed
- 10 matters remain open
- 0 licensees on probation

Chief Birt noted that recent case closures were related to the PTIN issue and that an additional three cases were closed after the 7/27/17 report was issued. Chief Birt stated that there are only a few open cases; these cases fall into another category and will require more work. It was noted that letters had already been sent out and the matters were being worked on.

There was an AG opinion that indicated that the “CPA” title might not be protected, as the Board has previously thought. The Board asked for a copy of this opinion; Chief Birt indicated that she would forward the opinion to Ms. Hondolero for distribution to Board members.

Ms. Schmitz asked about the 2015 case that is still listed on the report and noted that was a fairly old case to still be open. Chief Birt indicated that investigations is still working this case. It is from when Investigator Kennedy was with the Board and is being reviewed by an expert; there is still the ability to take action on this case because it has stayed active.

Case 2016-1199 is going to litigation.

Ms. Schmitz asked about the status of a permanently assigned investigator for the CPA program. Chief Birt indicated that past investigator Ford had expressed interested in the possibility of returning, but the position would still have to go through the official recruitment process. Hopefully there will be a permanent investigator assigned before the next Board meeting. The Board thanked Chief Birt for calling in and speaking with them.

Ms. Brewer-Tarver stated that the Board may want to spend some additional time discussing not having jurisdiction over those who practice outside of Alaska (but only have AK licensure). The Board may want to speak with investigations to understand this topic better.

There was discussion about if AG opinions are public. Can the Board put them in a file or publish them online? Topics covered include sole proprietors and marijuana.

The Board briefly discussed the use of title issue; it was noted that a letter should be sent from the Board Chair to NASBA by the deadline (9/30/17). Mr. Hogue noted that this was discussed at the regional meeting and that all jurisdictions were encouraged to send their thoughts/position.

Agenda Item 10 – Prometric Site Visit

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

The meeting was recessed at 3:22 p.m., until Friday, August 4, 2017.

Friday, August 4, 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 (via teleconference)
Wayne Hogue, Public member – Kotzebue
Marja Beltrami, CPA – Anchorage
Leslie Schmitz, CPA – 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:

Marjorie Kaiser, CPA, representing the Alaska Society of CPAs (ASCPA)

Bernadette Kopy, representing the Alaska Society of Independent Accountants (ASIA)

Agenda Item 11 – Review Agenda

The Board added discussion on the use of title (CGMA).

Agenda Item 12 – Public Comment

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

Agenda Item 13 – Statute/Regulation Projects

The Board reviewed and discussed the comments from the State Society.

Section 1 – Amended; suggestion to change “mail” to “send”

Upon a motion duly made by Mr. Johnson seconded by Mr. Hogue, and approved unanimously, 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 send 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.

Section 2 – no change

Section 3 – comments received from Society; concern about removing experience requirements from the statute.

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

RESOLVED to rescind request for edits to AS 08.04.120(a)

Section 4 – no change

Section 5 – no change

Section 6 – comments received from Society; this section duplicates language already found in the uniform accountancy act, without listed exceptions from the AICPA code of conduct.

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

RESOLVED to rescind request for edits to add new sections AS 08.04.660(b) and AS 08.04.660(c).

Section 7 – no change

Section 8 – no change

Section 9 – no change

Section 10 – no change

The Board requested that the edits to HB147 and the additions requested from the May meeting be combined into an updated draft. That draft is to be forwarded to the Board members for final review and then sent to Representative Thompson's office and to the State Society.

It was also requested that the proposed update to 12 AAC 04.180(a) be sent to the State Society; it was noted that this change can't happen until HB147 is passed. The Board noted that they would like any regulation changes to be ready to send out for public comment as soon as the bill passes.

The Board discussed the tracking sheet and options for adding additional information. Either the sheet should show the full requested edits or maintain an additional document that shows the pending draft change(s) and reason(s) for the change. This would be similar to the sheets that were sent to the Society. The Board would like this information for both statutes and regulations changes. Mr. Hogue indicated that he could set up a template using the existing excel sheet.

Agenda Item 14 – Correspondence

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

There was additional discussion about the use of titles and the request from NABSA to send a Board position on updating the uniform accountancy act (UAA) to allow the use of the CGMA designation.

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

RESOLVED to have the Chair sign a letter to NASBA indicating that the State Board does not see a need to regulate CGMAs (current AK statutes/regulations don't allow use of this title).

Ms. Hondolero will draft the letter and send it to Ms. Schmitz and Mr. Rulien for review before forwarding to NASBA.

There was discussion about sole proprietors and DBAs; can/should the Board be tracking this information? Mr. Johnson noted an individual licensee (with no firm permit) can be holding themselves out as "Alaska's Best" and there is no way to know who is linked with that business. Ms. Hondolero indicated that she would double check if the database can now link business licensing to professional licensing records (system could not do this in the past).

Before Ms. Brewer-Tarver disconnected from the meeting (telephonic), she noted that the teleconference option had not been efficient due to the technical issues with the phone (inability to hear for a period of time after speaking, having to hang up and call back in, etc.).

Agenda Item 15 – Application Review

The Board completed application review and took the following action:

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

RESOLVED to deny the request from Nada El-Dieb for extension of the FAR & AUD sections; extension request not due to delayed score release.

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

RESOLVED to approve Kenichiro Ezaki's request for extension of his FAR & REG scores until 11/30/17.

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

RESOLVED to approve Mahmoud Fayz's request for extension of his FAR score until 10/15/17.

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

RESOLVED to approve Aparna Gopalkrishnan's request for extension of her BEC score until 11/30/17.

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

RESOLVED to approve Nitin Kapoor's request for extension of his FAR score until 12/10/17.

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

RESOLVED to approve Garrett Lappin's request for extension of his BEC/FAR/REG scores until 12/31/17.

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

RESOLVED to approve Shane Madden's request for extension of his AUD score until 10/15/17.

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

RESOLVED to approve Chihiro Nakamura's request for extension of the BEC score until 12/10/17.

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

RESOLVED to approve Yuki Shitaka's request for extension of the AUD score until 11/30/17.

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

RESOLVED to approve Nehma Sleiman's request for extension of the FAR score until 12/31/17.

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

RESOLVED to approve Timothy Wibowo's request for extension of his AUD score until 11/10/17.

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

RESOLVED to approve Keita Tomoe's request for extension of the FAR score until 12/10/17.

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

RESOLVED to approve the reinstatement applications of Donald Ashby and Rachel Nichols.

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

RESOLVED to approve Muhammad Imran Afzal, Antoine Benard, Alicia Dold, Richard El Ayle, Jad Hawwa, Elena Ivanova, Srikanth Iyengar, Emma Jones, Pingchuan Ma, Daksha Mulay, Inam Ur Rahman, Gregory Stachowiak, Dawood Vajhi, Ronnie Varghese, Tatyana Vlasova and Yi Zhang for licensure by exam.

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

RESOLVED to approve the Out-of-State firm permits of ACT Resources, PLLC and Pension Assurance LLP.

Upon a motion duly made by Mr. Johnson, 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 an application.

The Board entered executive session at 12:26 p.m.
The Board went back on the record at 12:48 p.m.

The Board discussed a reinstatement request for a past licensee working out of country, but requesting inactive status. The Board had previously requested information from the applicant to determine the work that he has been doing

since the time his AK license lapsed. The applicant provided the requested information to the Board and has been working in industry since the time the AK license has been lapsed (outside of the US).

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

RESOLVED to deny the inactive reinstatement request of Pavlo Kovalchuk; AS 08.04.410 - inactive status is for those licensees who are *not* engaged in the practice of public accounting.

Agenda Item 16 – Administrative Business

Sign Wall Certificates

- JiaJia Wei #115028
- Avinash Reddy Palvai #116055
- Steven Jordan #117959
- Kaycee Holt #119040
- Melinda Bush #119178
- Jessica Robinson #119609
- Elena Selenkova #119788
- Adnan Rajkotwala #119932
- Parag Bhagat #119933
- Edmund Pascual #119934
- Ancy Rodrigues #119935
- Xuedong Wang #120595
- Muhammad Bilal Ahmad #120646
- Carla Mattsson #120797
- Pranata Adi Susilo #121080
- Mary Galvan #121081
- Daniel Spindler #121219
- Thomas Guglielmi #121446
- Alexas Dreyer #121450
- Holly Hermann #121487
- David Molero Santos #121489
- Irina Vadimovna Zakharova #121796
- Satya Moehlin #122360
- Ulkar Abishova #122375
- Taylor Allen #122418

Task List

Cori Hondolero

- Send Ms. Schmitz FY16 exam revenue info.

- Update HB147 requests
 - Send for Board approval
 - Send to Rep. Thompson
 - Send to State Society
- Send Mr. Hogue statute/regulation excel sheet
 - Add additional information to sheet once it is updated
- Draft letter re: use of titles; send to Ms. Schmitz & Mr. Rulien
 - Once final, send to NASBA

Mr. Hogue

- Will work on statute/regulation tracking list to add additional page/link with additional information for each change.

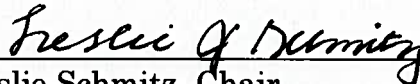
There being no further business, the meeting adjourned at 12:55 p.m.

Respectfully Submitted:



Cori Hondolero
Executive Administrator

Approved:



Leslie Schmitz, Chair
Alaska Board of Public Accountancy

Date: 10/16/2017