

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 2-3, 2018

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 2-3, 2018.

Thursday, August 2, 2018

Call to Order/Roll Call

The meeting was called to order by Leslie Schmitz, at 10:33 a.m. Those present, constituting a quorum of the Board were:

Leslie Schmitz, CPA – Anchorage
Donovan Rulien II, CPA – Anchorage (telephonic)
Jeffrey Johnson, CPA – Fairbanks
Karen Brewer-Tarver, CPA – Juneau
Wayne Hogue, Public member – Kotzebue
Marja Beltrami, CPA – Anchorage
Karen Smith, 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
Greg Francois, Chief Investigator (agenda item #7)
Amber Waley, Senior Investigator (agenda item #7)
Nina Akers, Investigator (agenda item #7)

Visitors present included:

James Cox, representing the American Institute of CPAs (AICPA)

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

Agenda Item 1 – Review Agenda

The Board noted that it might be necessary to leave a few minutes earlier to attend the Society luncheon.

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. Brewer-Tarver, and approved unanimously, it was:

RESOLVED to approve the minutes of the May 31-June 1, 2018 meeting as written.

Agenda Item 4 – Public Comment

James Cox from the American Institute of CPAs (AICPA) introduced himself to the Board; it was noted that he would speak in more detail during the allotted time later on the agenda.

Ms. Beltrami had a suggestion for the November agenda. She asked if the Board could have additional case review discussion, maybe work with investigator Akers and allow her some extra time to walk through the case/file review process with the Board. Ms. Schmitz stated that when you are reviewing you can ask to have another member review the case. Ms. Brewer-Tarver noted that there may also be other CPAs (non-Board members) that the investigator can also contact for reviews.

It was noted that this may a bigger discussion about how the Board wants to address all cases within the same scope. Is fine linked to individual license? Is there a fine, but it's suspended? Are there fines? If so, what are they? Ms. Hondolero will ask investigator Akers if she can provide an overview of the process at the November meeting.

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

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

- Fairbanks meeting was a success
 - Leadership academy – 7 people graduated
- CPE season happening now
- 2019 annual meeting will be held at Alyeska May 29-31 *business meeting on 5/31/19

Asked if sole proprietors are going to need a firm license. Noted that the Society has been against this when they have discussed.

Noted that the Society would be happy to provide an opinion on future statute changes. Ms. Schmitz asked if a joint committee would be good to help identify areas that need to be worked on. Ms. Hondolero was asked to email Kathleen, Chair of legislative committee to see if the Society has any areas they think need work (cc Ms. Brewer-Tarver).

Mr. Johnson stated his Board seat would be open next spring and that historically this seat was filled by a CPA from the interior. If anyone is interested, they should contact Boards & Commissions. It was noted that would be a good item to include in the Society newsletter.

Agenda Item 8 – Board Business

ED Report

Ms. Hondolero went over the report included in the packet including a brief summary of some of the topics covered at the NASBA regional meeting in June and it was noted that the travel request for annual meeting would be turned in as soon as the agenda was released.

The Board reiterated the importance of participation at the national meetings and stated they will continue to submit travel requests based on the annual report.

It was noted that the 2019 Western Regional meeting might be in Anchorage. Ms. Hondolero was asked to contact past member Andre Horton to see if he still had the PowerPoint that he had prepared the last time the meeting was in Alaska. The Board stated that they should be thinking forward to the regional meeting and planning for Board members to participate. It was noted that exam reimbursement from FY17 was almost \$80k.

Agenda Item 9 – NASBA/AICPA Updates

Committees

Ms. Beltrami – Legislative Support Committee – recently received an email from John Johnson regarding the committee; she will reapply.

Mr. Rulien –Uniform Accountancy Act (UAA) committee – recent teleconference included discussion about re-write of standards. Committee might meet in person in September – the following are items that might be considered: pending legislation, peer review cleanup, NOCLAR, 1 vs 2 years of experience and substantial equivalency.

Ms. Schmitz – CBT Administration Committee – no recent activity; did reapply for committee.

Ms. Brewer-Tarver – CPE Committee – no recent activity; did not reapply.

The Board discussed SLACK – open source space to share/store data/historical info. The Board asked Ms. Hondolero to search past meeting records around November 2014 or February 2015 for any information that the Board would have reviewed on legal entity vs. individuals.

*The Board attended a luncheon with the State Society

Agenda Item 6 – AICPA Presentation

James Cox, Senior Manager for State Legislation with AICPA was present to discuss the statutes and regulations and how/where Alaska differs from the Uniform Accountancy Act (UAA). Mr. Cox had two documents for Board review; one outlining statute differences and one outlining regulation differences.

Statutes were discussed first. AICPA had reviewed for conformity with UAA and looked closely at peer review; AK statutes call it quality review (AS 08.04.105(b)).

AS 08.04.150 examination requirements. Alaska is different in that it has multiple options for qualifying to sit for the exam. UAA does not allow use of experience, but outlines specific education required to sit for the exam. Most jurisdictions require at least 120 semester hours to sit.

Mr. Cox noted that many states are moving away from the term “supervision” and changing to “verification” in relation to the experience requirement for licensure. Alaska still references/requires the supervising CPA to sign the experience verification form. UAA has moved away from the definition of public accounting. Some jurisdictions will allow industry/academia experience that may not be directly supervised by a CPA. The candidate would have to work with a CPA to develop a plan and the CPA would sign off once the experience was complete. The Board had questions about maintaining independence; in the past applicants have asked if an outside auditor can sign off on their experience. Mr. Cox stated that guidelines could be established in regulation and the

verification option may help with unique situations where a CPA supervisor is not available.

Mr. Johnson noted that much of the statutory language is dated and it may be better to just remove the multiple options and require at least 120 hours to sit for the exam without adding an additional definition. Ms. Brewer-Tarver noted that if public accounting was removed from this section, experience would then be defined by regulation. Mr. Cox indicated that jurisdictions allowing verification have set out guidelines; candidates are required to map out plan to gain the experience. Mr. Cox asked if it would be helpful if he provided a list of jurisdictions that allow experience to be verified, how their rules are laid out and what that looks like in practice.

Ms. Schmitz asked if a controller in industry would be able to have an outside CPA sign off on their experience. Mr. Cox stated that yes, this would be allowable with a plan in place; this is mentor vs supervisor role. Ms. Brewer-Tarver added that this may lead to the need for designations. People who obtained their license with two years of experience providing quick books reports have very different skills than someone who has been doing audits and tax with exposure to many different things; these would be very different CPAs.

Ms. Brewer-Tarver stated that the Board could change the exam requirements to mirror the licensure requirements; eliminating all other options of ways to qualify. It was noted that if the Board moves in this direction, they will need to provide advance notice to Alaska universities.

There was discussion about CPA firms and if sole proprietors should be required to obtain firm permits (if full UAA language adopted, sole proprietors need a firm permit). It was noted that UAA does not differentiate between legal entities now; CPA firm is defined and that definition includes sole proprietors. Ms. Brewer-Tarver indicated that the Board might want to go back to legal on the sole proprietor issue; the Board had received guidance by email in the past that when re-read seems like it might just say the forms need to be re-written to require sole proprietors to obtain firm permits.

Mr. Johnson noted that AS 08.04.510 says legal entities must hold a firm permit; this is the authority to license the entity. It was also noted that if the Board wants to move forward with the updated definition of CPA firm, there could be 100's of updates throughout the statutes. Ms. Brewer-Tarver asked if the Board opted to adopt the UAA firm definition, if AICPA could assist with identifying all areas that would need to be updated. Mr. Cox stated that yes, this is something AICPA could assist with. It was suggest that once the Board identified the desired areas that is wants to change, let him know and he will have an updated draft with strike-through edits prepared for Board review. Mr. Johnson asked if the cleanup can still be done excluding sole proprietors; Mr. Cox said that it

could still be done. Mr. Johnson stated there is cleanup that needs to be done, but if the sole proprietor issue is tied to the legislation, it could derail it.

Ms. Smith asked if the sole proprietors are just opposed to the firm license due to the fees involved. Ms. Schmitz stated that some sole proprietors may view the firm permit as being double regulated and not see the need. Ms. Beltrami added that she feels, if you establish yourself as a business, you are a firm. This could potentially be eliminated by being a contract employee. If you are a firm of any kind, you should have a permit. Could possibly get behind a varied pricing structure based on the number of employees; could establish ranges and caps. Ms. Schmitz asked about a sole proprietor who closes their business, but still maintains a small client list out of their home. Ms. Beltrami stated that this still falls under a regulated industry and a firm permit should still be required; if you need a business license, then you need a firm permit. Ms. Brewer-Tarver asked how many issues does the Board really run in to with sole proprietors? Is this a really a risk area that needs to be addressed?

AS 08.04.420 – substantial equivalency does not mirror UAA. Firm mobility is out there now, with additional jurisdictions taking action to allow it. AS 08.04.421 – practice privilege section needs cleanup.

AS 08.04.426 – quality (peer) review section had been marked up to conform to UAA and be clearer. There was also discussion about compilations and the Board wondered how many people might be impacted if compilations were pulled in. It was noted that peer review is what protects the public. The Board noted that they were curious how other jurisdictions use peer review. The draft that had been prepared allows for access to peer reviews via facilitated state board access (FSBA). Mr. Cox noted that there were lots of differences between UAA and the current Alaska statutes/regulations. Each jurisdiction can pick and choose what language from UAA works for them. If the Board has additional questions a call can be set up to discuss with AICPA staff.

AS 08.04.620 – the draft provided shows updated language to conform with UAA. There was also discussion about the definitions section; board has some decisions to make regarding compilation and CPA firm. Mr. Cox asked about the designated function definition. Ms. Brewer-Tarver indicated that it was likely related to the out of state permits, but if that section is updated, this definition might be able to be repealed.

AS 08.04.660 – re: ownership of working papers – the Board noted that they had already tried to update this section with a prior bill, but there was pushback and the updates were ultimately dropped from the bill before being passed.

The regulations draft was reviewed and it was noted that there were not as many recommended changes. 12 AAC 04.038; with updated definition of attest,

this section could potentially be repealed. 12 AAC 04.285 – another area that could potentially be repealed or amended if the statute is referenced. 12 AAC 04.195 – section could be repealed if the Board opts to remove the experience option for qualifying to sit for the exam. 12 AAC 04.600-.690 re: peer/quality review – largest section requiring update.

The Board noted that when the last regulations project was done there were comments from AICPA that the Board had not anticipated. Mr. Cox asked if he could get a copy of the letter; Ms. Hondolero will send Mr. Cox a copy.

The Board thanked Mr. Cox/AICPA for preparing the documents outlining AK differences from UAA. Mr. Cox said that he was happy to answer any additional questions. The Board stated that they would continue to work on the updates and would ask for assistance if needed.

Agenda Item 7 – Investigative Report

Investigator Akers was present to provide the investigative report. Chief investigator Francois stopped by to introduce senior investigator Waley to the Board.

The report included in the packet was dated July 16, 2018 and covered the period of May 17, 2018 through July 16, 2018. During this period twenty-one matters were opened and twelve matters were closed. Twenty-four matters remain ongoing/open.

The Board recapped the conversation from earlier in the day and had a brief discussion about when a Board member is reviewing a case and if they can ask for another member to review it. It was noted that there may be an option to make that request on an investigative form, but that may have been on an older form. The Board asked for time to go over this topic at the November meeting. The Board asked if they can reach out to (non-Board member) CPAs to see if they are willing to volunteer to do case reviews. It was noted that past member Carla Bassler may remember a non-Board member case review contact list.

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

RESOLVED to enter into executive session for the purpose of discussing investigative matters.

The Board entered executive session at 4:30 p.m.
The Board went back on the record at 5:16 p.m.

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

RESOLVED to accept the imposition of civil fine for case #2018-000385.

*Mr. Johnson abstained from voting on this file

Upon a motion duly made by Ms. Brewer-Tarver, seconded by Ms. Beltrami, and approved by a majority of the Board, it was:

RESOLVED to accept the imposition of civil fine for case #2018-000271.

*Ms. Schmitz abstained from voting on this file

The Board thanked investigator Akers for the report.

Agenda Item 10 – CPA Exam Surveys

The Board had not received requested exam data from NASBA on those who tested in the April-June 2018 window yet.

The meeting was recessed at 5:22 p.m., until Friday, August 3, 2018.

Friday, August 3, 2018

Call to Order/Roll Call

The meeting was called to order by Leslie Schmitz, Chair, at 8:40 a.m. Those present, constituting a quorum of the Board were:

Leslie Schmitz, CPA – Anchorage
Donovan Rulien II, CPA – Anchorage (telephonic)
Jeffrey Johnson, CPA – Fairbanks
Karen Brewer-Tarver, CPA – Juneau
Wayne Hogue, Public member – Kotzebue
Marja Beltrami, CPA – Anchorage
Karen Smith, 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:

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

Agenda Item 11 – Review Agenda

The Board wanted to make sure to finish application review earlier in the day due to Board member flight schedules.

Agenda Item 12 – Public Comment

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

Agenda Item 13 – Application Review

Mr. Rulien did not participate in application review due to telephonic participation; the Board noted they would notify him once the application review was complete.

The Board members present completed application review and took the following action:

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

RESOLVED to approve Yoshio Korenaga's request for extension of BEC score until 8/6/18.

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

RESOLVED to approve Ali El Rida Mohammad Khraizat's request for extension of FAR score until 9/6/18.

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

RESOLVED to approve the reinstatement application of Xia Hua and Junrong Huang.

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

RESOLVED to approve Janelle Anderson, Chandi Bakshi, Macy Ghalami, Lamma Hammad, Jason Hughes, Amy Isaacson, Sung Il-Kim, Laura Knowles, Emily Kroeker, Tucker Langel, Robert Lawson, Chaz Lyons, Bryce Manasan, Daniel Morse, Erik Pearson, Tatiana Prokofyeva and Yiqi Yang for licensure by exam.

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

RESOLVED to approve Travis Kunz for licensure by reciprocity pending receipt of original documents.

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

RESOLVED to approve the Out-of-State firm permit of Stephanie Shafer Willis.

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

RESOLVED to approve Steven Meckel's CPE audit.

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

RESOLVED to accept the CPE audit of Itsuko Hori. A letter is to be sent advising that the RPA courses submitted would not meet the CPE requirements, as they do not list the number of hours earned; licensee is advised that it is best to take courses from approved CPE providers.

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

RESOLVED to deny Thuy Vo's request for extension of BEC and AUD scores due to the length of time between the pass date and the request for extension.

***Ms. Beltrami abstained from voting on this request**

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

RESOLVED to approve the late renewal application of Michelle DellaCroce pending receipt of negotiated consent agreement for the late ethics hours.

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

RESOLVED to approve Hussain Muhammad's request for extension of AUD and FAR scores until 12/31/18.

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

RESOLVED to accept the consent agreement for case #2018-000607.

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

RESOLVED to deny Ali Ismail's request for extension of BEC score due to insufficient progress made towards passing the exam.

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

RESOLVED to deny Elsee Fnu's request for extension of AUD score; 12 AAC 04.200(3)(i) credit not lost due to circumstances beyond applicants control.

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

RESOLVED to deny Devanshi Sharma's request (3rd) for extension of AUD score; 12 AAC 04.200(3)(i) credit not lost due to circumstances beyond applicants control.

The Board asked Ms. Hondolero to contact the Washington Board to ask what they have determined rises to the level of needing a firm permit.

Agenda Item 14 – Statute/Regulation Projects

The Board had a question about the reference dates that are required to be referenced in the regulations. The Board wondered if the original adoption date could be listed vs constantly having to update to the date of the most recent hard

copy book. It was noted that AICPA mostly uses an online library and documents are potentially updated multiple times each calendar year. The Board asked Ms. Hondolero to inquire about online access with AICPA to access current documents.

The Board decided that it would be best to ask the regulations specialist about the required dates before proceeding with the project and is open to having a teleconference if necessary before the next meeting.

Ms. Brewer-Tarver volunteered to number the potential statute/regulation updates provided by AICPA; she will add comments and create a spreadsheet. It was decided that the Board would hold off on sending anything to the Legislative committee of the Society for now. Ms. Brewer-Tarver will send her draft to Ms. Hondolero to distribute to the Board. Any comments from the Board could be addressed and once a final version was decided on, it would be sent to Ms. Thompson (Society Legislative Committee). If any initial comments were received from the Society, the Board would review them at the November meeting.

Agenda Item 15 – Correspondence

There were no correspondence items in the packet that required Board response.

Agenda Item 16 – Administrative Business

Confirm Upcoming Meeting Dates/Locations

- November 15-16, 2018 Anchorage
- February 5-6, 2019 Anchorage (unless there is active legislation)

Sign Wall Certificates

- Stacy Ross #CPAI2574
- Sarah Villalon #CPAI2782
- Heidi Hooker #126107
- Kristen Krimmel #127301
- Bobir Akbarov #128203
- Michael Sims #129503
- Viktor Strachuk #129598
- Hannah Grilliot #129849
- Yoon Woo #129874
- Christopher Sis #130106
- Heather Gray #130552
- Kristen Herschleb #130642
- Brittney Flowers #131036
- Robert Kelley Jr. #131076
- Emile Choucair #131092

- Douglas Kanney #131192
- Prasad Parkash #131535
- Travis Werba #131816
- Manuel Barcia #131818
- Kyle Miller #132199
- Ryan Masneri #132277
- Jane Sherbrooke #132364
- Alexandra Blake #132373
- Bradley Asher #132398
- Shane Madden #132495
- Dominique Kurth #132709
- Gboyega Bamgboye #132945
- Carrie Peterson #133306
- Munther Alarayedh #133577
- Adam Lincoln #133818

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

RESOLVED to adjourn the meeting

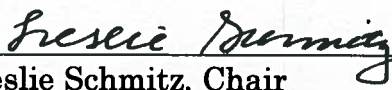
There being no further business, the meeting adjourned at 12:23 p.m.

Respectfully Submitted:



Cori Hondolero
Executive Administrator

Approved:



Leslie Schmitz, Chair
Alaska Board of Public Accountancy

Date: 11/15/2018