

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

**BOARD OF PUBLIC ACCOUNTANCY**

**MINUTES OF MEETING  
July 30-31, 2015**

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 July 30-31, 2015 in Fairbanks Alaska.

**Thursday, July 30, 2015**

**Call to Order/Roll Call**

The meeting was called to order by Karen Brewer-Tarver, Chair, at 8:44 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  
Andre Horton, Public member – Anchorage  
Leslie Schmitz, CPA – Anchorage  
Wayne Don, Public member – Eagle River

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

Janey Hovenden, Director (agenda item #6)  
Sara Chambers, Operations Manager (agenda item #6)  
Alvin Kennedy, Investigator III (agenda item #7)

Visitors present included:

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

It was noted that Ms. Hondolero had a family emergency and was unable to attend the meeting. Ms. Chambers had contacted the Board and indicated that Division staff would be available to assist the Board.

**Agenda Item 1 – Review Agenda**

Ms. Brewer-Tarver indicated that the Boards Prometric passes had expired; the Board would discuss having Mr. Johnson conduct a visit at a later date when the passes were renewed.

**Upon a motion duly made by Ms. Schmitz, seconded by Mr. Johnson, 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 most recent meeting.

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

**RESOLVED to approve the minutes of the May 7-8, 2015 meeting as written.**

**Agenda Item 4 – Public Comment**

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

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

Amy Cooper was present and let the Board know about the following AK Society activities:

- May 2015 Annual Meeting
  - Ethics CPE offered
  - Roundtable discussions brought up some topics for discussion
    - 150 hour requirement/120 hours to test
    - 2 vs 1 year of experience
    - CPE updates/nano or micro learning
    - Attest hours
- Fee proposal comments; Society Board noted that AK firms increased 70%, while out of State permits increase by about 50% and those increases should be equal. \*Ms. Brewer-Tarver noted that all comments must be sent to the Division in writing to be considered. Mr. Johnson stated that

the rationale for the out of state permits is the cost of one CPA license plus the cost of a firm license.

- Next Society Board meeting will be September 30, 2015

### **Agenda Item 6 – Board Business**

#### **ED Report**

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

- 2013 CPE case update
  - 2 cases currently in the hearing process
- NASBA Western Regional Meeting
  - Brewer-Tarver/Schmitz/Hondolero attended; topics discussed:
    - Dept. of Labor audit report (DOL)
    - Peer Review
    - Board attended Regional breakout session
    - CPE standards
    - Accepting international professionals
- New database is active
- Fee update – Division fee proposal mailed out to licensees and interested parties; comments must be sent to Division through the regulations specialist.

#### **Fees**

Mr. Johnson outlined the letter that had been sent out by the Division and noted that it did acknowledge that the Board recommended a 20% fee increase; the Division actually increased the fees by 34% for individual/active licensees. It was noted that the rationale for the Out-of-State permit fees was not explained in the letter (firm license + cost of individual CPA license = Out-of-state permit). The Board reviewed updated projections based on the proposed fees sent out by the Division.

The Board noted that the current proposed fee structure would recoup the deficit over 4 years. The Board would like to inquire about fees going back down once the deficit is taken care of. The goal is for the Board to stay at a breakeven point.

#### **Revenues/Expenditures**

It was noted that final FY15 information is not yet available. The information included in the packet was the same information reviewed/discussed at the May meeting.

#### **FY16 Goals/Objectives**

The Board reviewed the goals/objectives and set the following for FY16:

**Goal 1. Monitor legislation, evaluate and review statutory/regulatory changes related to:**

- a. General housekeeping to update references/publication dates in the regulations.
- b. Review of UAA through a coordinated effort with the ASCPA for recent changes and identify additional areas where Alaska statutes and regulations differ and evaluate impact of differences.
- c. Review and implement (if needed) sections of the UAA as modified for "attest" functions.
- d. Review the definition of 'practice of public accounting'.
- e. Conduct CPE random audits.
- f. Complete a review of firm/licensee renewal forms and processes.
- g. Review requirements for CPA firm permits.
- h. Monitor NASBA discussion re: the requirement for 500 attest hours for licensure and required years of experience.
- i. Review education evaluation services currently accepted by Board for foreign applicants with industry evaluation standards.

**Goal 2. Review and evaluate National Association of State Board of Accountancy (NASBA) services.**

- a. Continue to monitor NASBA CPA Exam Services (CPAES).
- b. Evaluate and analyze other services offered by NASBA.

**Goal 3. Ensure Alaska CPA candidates have positive examination opportunities.**

- a. Monitor testing experiences by visiting sites and using the post-testing survey for all candidates testing at the Anchorage and Fairbanks sites. Monitor that the surveys are delivered timely.
- b. Follow-up on concerns indicated in the surveys.
- c. Keep the ASCPA and the public abreast of new developments.

**Goal 4. Evaluate and address changes in the professional environment to continue to fulfill our mission to protect public interests.**

- a. Review new rules proposed by NASBA and the AICPA, for impact on Alaska CPAs and make changes to Alaska statutes and regulations as needed.
- b. Represent Alaska CPA concerns at regional, annual, and special meetings and support NASBA committee participation.
  1. Promote attendance by staff and new Board members at regional, special and annual meetings to provide understanding of current regulatory issues being dealt with at a national level and a state-by-state level.
  2. Promote attendance of continuing Board members at regional and annual meetings to provide input and to obtain information

at both national and state levels regarding matters impacting Alaska CPAs.

- c. Mentor executive administrator in developing procedures and goals for timely response to public, CPAs and CPA candidate requests.

**Goal 5. Work with the Division regarding**

- a. Future licensee fee structure; fees must cover monitoring expenses and operating costs while not being cost prohibitive to licensees.
- b. Board and staff travel and participation at NASBA/AICPA meetings including:
  1. Executive Administrator attendance at NASBA annual and regional meetings and the NASBA Executive Director conference.
  2. No less than three (3) Board members will attend the NASBA regional conference and three (3) Board members will attend the annual NASBA meeting.
  3. One Board member and/or the Executive Administrator will attend any special NASBA or AICPA meetings as they arise.
  4. Investigator will attend NASBA ED/Legal counsel conference.
  5. One or two Board members and the Executive Administrator will attend the Alaska Society of CPAs annual meeting.
- c. Ongoing improvements and maintenance of the Board website.
- d. Collections of licensee emails for future correspondence and newsletters.
- e. Timely review and resolution of CPE audits.
- f. Obtaining more information with fiscal reports, including personnel and legal costs.

**Goal 6. Pursue public awareness of enforcement activities.**

- a. Timely update of investigative information and statistics on the Board website.
- b. Interact with the investigative unit regarding consistency and monitoring of cases.
- c. Continue participation with the NASBA Accountancy Licensee Database (ALD).
- d. Executive Administrator to provide enforcement decisions to the general public.

Division Update

The Board called Sara Chambers, Operations Manager and Janey Hovenden, Director.

3<sup>rd</sup> quarter financials reviewed at last meeting; final FY15 figures are not yet available – this information should be available for the November meeting. The Board asked if being in a deficit position will cause travel to be denied. Ms.

Chambers indicated that there were not anticipated cuts for Board members, but there may be cuts to out of state staff travel.

Fees – Board asked for timeline. Ms. Chambers indicated that the public comment closes August 31st. Ms. Hovenden will review the comments before making a final determination and then they will be forwarded to dept. of law. The estimation is that they will be effective the 1<sup>st</sup> of October at the earliest. The Board asked about what will happen if in four years the deficit is wiped out; would the Division reduce the fees to achieve a breakeven level? Ms. Chambers indicated that yes, fees would be reduced so that a large surplus does not accumulate. Ms. Schmitz asked if there was a set surplus target amount. Ms. Chambers stated that there was not a set amount, but each programs fees should match expenditures. Mr. Rulien asked if the Division will allow the Board to help with projections because the Board has made changes that it believes will reduce costs in the future. Ms. Chambers indicated that Board input is helpful. Mr. Johnson noted that since the Board has no control over indirect costs, the Division should also share what it thinks the Boards costs will be. Mr. Johnson also asked about fine revenue. Ms. Chambers indicated that the State budget that was passed did include language that will now allow fine revenue to offset investigative costs incurred by each program.

Database – went live in June. The next phase will include the update to the online renewal database. Should be testing internally soon; should be more user friendly and Ms. Hondolero will be involved in the testing. The Board asked about automation in the new system. Ms. Chambers indicated that many new utilities have been created.

Board proposed regulations – Ms. Chambers was asked for an update. She indicated that she would follow to see where they are in the process. Mr. Johnson noted that this project will impact the upcoming renewal and the Board hopes to have them finalized as soon as possible. \*Ms. Chambers sent the Board a follow up message to let them know that the project had been forwarded to dept. of law and it would likely be there for a few weeks before being sent to the Lieutenant Governor's office.

Board Training – Division has been thinking about ways to update the training manual and ways to offer additional training to Board members. Ms. Chambers noted that there is a possibility of training at Board meetings or webinars/video training.

#### Board Positions

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

**RESOLVED to appoint Don Rulien as Chair of the Board starting on the second day of the November 2015 meeting.**

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

**RESOLVED to have Jeff Johnson remain in the position of secretary/treasurer of the Board.**

### **Agenda Item 7 – Investigative Report**

The Board called Investigator Kennedy to present his report. He noted the following items:

- 3 ongoing investigations; it's been fairly quiet. Possibility of needing to have a teleconference before the November Board meeting.
- The Division is hiring; eventually (3-4 months) from now, the Board will likely have a new investigator assigned. They will undergo training for six months to a year.
- All licensees on probation are in compliance.

\*The Board attended a luncheon with the Alaska Society of CPAs members.

### **Agenda Item 8 – NASBA Updates**

#### **Conferences**

Western Regional, June 2015 - Ms. Hondolero, Ms. Brewer-Tarver and Ms. Schmitz attended. Outline of this meeting was included in the ED report.

Annual meeting, October 2015 – Mr. Johnson, Mr. Rulien and Ms. Hondolero to attend.

#### **Committees**

Mr. Johnson – Legislative Support Committee – no recent meetings

Mr. Rulien –Uniform Accountancy Act (UAA) committee – there has been one recent meeting, but no action was taken. The committee is gathering additional information.

#### **Questionnaire**

The Board reviewed a questionnaire to make sure that there was agreement regarding the Boards responses to the questions. It will be finalized and sent back to NASBA.



**Agenda Item 9 – CPA Exam Surveys**

The Board reviewed the surveys that had been received. Only three were sent in and none of them contained written comments.

**Agenda Item 10 – Regulation Projects**

The Board reviewed and discussed potential statute and regulation changes. The Board noted that it would have to draft proposed legislation language and find a friendly legislator to sponsor a bill.

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

**RESOLVED to amend AS 08.04.080 as follows:**

**“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.”**

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

**RESOLVED to amend AS 08.04.110 as follows:**

**“An applicant for a certified public accountant license shall be of good moral character.”**

**Upon a motion duly made by Mr. Rulien, seconded by Mr. Horton, and approved unanimously, it was:**

**RESOLVED to repeal AS 08.04.180**

The Board reviewed and discussed AS 08.04.120 regarding the required education. It was noted that it may be best to review this again in a couple years. Ms. Brewer-Tarver wanted to inquire about the possibility of amending the statute to have an effective date for repeal that is a couple years in the future. Ms. Schmitz noted that maybe statistics could be tracked, so that the Board could keep track of new people applying once the regulation changes are finalized and in place.

There was discussion on AS 08.04.195; the Board discussed changing the year(s) of experience required.

**Upon a motion duly made by Mr. Rulien, seconded by Mr. Don, and approved unanimously, it was:**



**RESOLVED to amend AS 08.04.195(a)(2) as follows:**

**“has two years of experience outside the state in the practice of public accounting or meets equivalent requirements established by the board by regulation;”**

\*the rest of AS 08.04.195(a)(2) not listed above has been deleted.

**Upon a motion duly made by Mr. Rulien, seconded by Mr. Horton, and approved unanimously, it was:**

**RESOLVED to amend 12 AAC 04.180(a) as follows:**

**“An applicant for initial issuance of a license under 12 AAC 04.165 or 12 AAC 04.175 shall show that the applicant has had two years of experience. This experience shall 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 was verified by a supervising certified public accountant. This experience would be acceptable if it was gained through employment in government, industry, academia, or public practice.”**

The Board wanted to review the list of additional sections that should remain on the list.

- AS 08.04.426
- AS 08.04.240
- AS 08.04.680(1)

#### **Agenda Item 11 – Correspondence**

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

#### **Agenda Item 12 – Prometric Exam Facility Visit**

It was decided that Mr. Johnson would conduct a site visit at the Fairbanks location on a later date.

The meeting was recessed at 4:35 p.m., until Friday, July 31, 2015.

**Friday, July 31, 2015**

**Call to Order/Roll Call**

The meeting was called to order by Karen Brewer-Tarver, Chair, at 8:44 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  
Andre Horton, Public member – Anchorage  
Leslie Schmitz, CPA – Anchorage  
Wayne Don, Public member – Eagle River

Visitors present included:

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

**Agenda Item 13 – Review Agenda**

There were no changes noted.

**Agenda Item 14 – Public Comment**

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

**Agenda Item 15 – CPE Audits**

There were no agreements or issues requiring Board review.

**Agenda Item 16 – Application Review**

The Board completed application review and took the following action:

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

**RESOLVED to approve Cesare Suardi to sit for the CPA exam.**

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

**RESOLVED to approve Mary Perreault's inactive reinstatement application.**

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

**RESOLVED to approve Marcus Chappel, Ilona Grodzicka, Margaret Hernandez, Raphael Marcel, Johnna Minemyer, Raju Shankar, Jakhongir Shirinov, Vasily Shportko, Suzanna Winn and Hang Zhou for licensure by exam.**

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

**RESOLVED to approve Sean Clapper and Heather Kephart for licensure by reciprocity.**

**Upon a motion duly made by Mr. Rulien seconded by Mr. Horton, and approved unanimously, it was:**

**RESOLVED to approve the Out-of-State permits of EricksonDemel & Co., PLLC and O'Connor Davies, LLP.**

**Upon a motion duly made by Mr. Rulien seconded by Mr. Horton, and approved unanimously, it was:**

**RESOLVED to approve the firm permit of Bontrager Consulting, LLC.**

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

**RESOLVED to approve Jai Joshi for licensure by exam pending receipt of the original NIES evaluation.**

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

**RESOLVED to deny the e-mail request for a waiver of the licensing requirements as requested by Al Ismail. Applicant must meet the requirements of AS 08.04.105 and AS 08.04.110-.190.**

**\*It was noted that a complete/notarized application has not been received and Mr. Ismail has not passed the CPA exam.**

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

**RESOLVED to approve William Adjorlolo to sit for the CPA exam.**

**Agenda Item 17 – Administrative Business**

**Confirm Upcoming Meeting Dates/Locations**

- November 12-13, 2015 in Anchorage.
- February 8-9, 2016 in Juneau; the meeting will start a little later to accommodate Board members traveling in on 2/8.

**Sign Wall Certificates**

- Steve Wadleigh #2768
- Adam Sycks #2769
- Ying Xia #2770
- Yu Zhang #2771
- Vadym Byelik #2772
- Xiaocheng Ruan #2774
- Kristin Sutton #2775
- Sean Hogan #2776
- Kenneth Olmstead #2777
- Ashvin Patel #2778
- Olga Suslova #2779
- Cindy Castoe #2780
- Askar Kantarbayev #2781
- Sarah Villalon #2782

**Task Lists**

- Review AS 08.04.420
- Review AS 08.04.421
- Review/update 12 AAC 04.200(g)(3), (h) and remove reference to AS 08.04.160

**Karen Brewer-Tarver**

- Review AS 08.04.680(1)

**Jeff Johnson**

- Review AS 08.04.580
- Review AS 08.04.590
- Review AS 08.04.595
- Review AS 08.04.598
- Review AS 08.04.210 w/Cori Hondolero – can this be repealed?

**Leslie Schmitz**

- Review AS 08.04.660

- Review AS 08.04.662
- Review 12 AAC 04/Article 1

Cori Hondolero

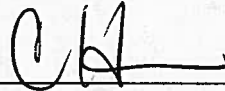
- Review 12 AAC 04.205 – can this be removed/updated?
- Review AS 08.04.210 w/Jeff Johnson

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

**RESOLVED to adjourn the meeting.**

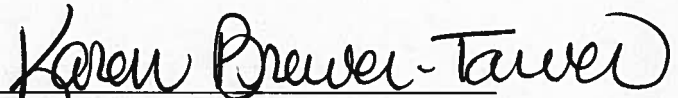
There being no further business, the meeting adjourned at 11:08 a.m.

Respectfully Submitted:



\_\_\_\_\_  
Cori Hondolero  
Executive Administrator

Approved:



\_\_\_\_\_  
Karen Brewer-Tarver, Chair  
Alaska Board of Public Accountancy

Date: 11/12/15