

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

BOARD OF PUBLIC ACCOUNTANCY

MINUTES OF TELECONFERENCE

August 13-14, 2020

By authority of AS 08.01.070(2), and in compliance with the provisions of AS 44.62, Article 6, a scheduled teleconference of the Board of Public Accountancy was held August 13-14, 2020.

Thursday, August 13, 2020

Call to Order/Roll Call

The meeting was called to order by Leslie Schmitz, at 9:11 a.m. Those present, constituting a quorum of the Board were:

Leslie Schmitz, CPA
Don Vieira, CPA
Wesley Tegeler, CPA
Don Rulien, CPA (present for action items)
Marja Beltrami, CPA

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

Cori Hondolero, Executive Administrator
Dawn Bundick, Investigator III (agenda item #6)
Amber Whaley, Senior Investigator (agenda item #6)

Visitors present included:

John Rodgers, representing the Alaska Society of CPAs
James Cox, representing the American Institute of CPAs (AICPA) (agenda item #11)

Agenda Item 1 – Review Agenda

Ms. Hondolero noted that an additional file had been added for review (#30).

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 teleconference meetings.

Upon a motion duly made by Mr. Tegeler, seconded by Ms. Beltrami, and approved unanimously by the members present, it was:

RESOLVED to approve the minutes of the May 7-8, 2020, and June 4, 2020 teleconference meetings as written.

Agenda Item 6 – Investigative Report

The Board had two matters that had been loaded to OnBoard for their review; late renewal matters resulting in imposition of civil fine agreements.

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

RESOLVED to accept the imposition of civil fine for cases #2020-000186 and #2020-000221.

*Ms. Schmitz abstained from voting on this matter

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

Mr. Rodgers provided a summary of current AK Society activities:

- Covid19 response:
 - No longer meeting in person; everything happening via Zoom
 - No travel for Society; same as AICPA
 - CPE – no live events; all webcast through December
 - Virtual Board meetings
 - Leadership academy postponed indefinitely
 - Advocacy at local/State/National levels
 - PPP & Cares Act resources on AKCPA website
 - Letters sent to Senators
- Annual meeting has been tentatively scheduled for June 2-4, 2021 in Fairbanks
- Membership renewals were due by May 31st

Ms. Beltrami asked if the tax roundtable was still going. Mr. Rodgers stated that it was still going, but is virtual.

Mr. Rulien asked if membership was staying level or if it was dropping off. Mr. Rodgers indicated that he had not heard anything about membership numbers dropping.

Mr. Rodgers provided an IRS update. He stated that Fresno had opened on June 30th and had containers of unprocessed mail from March 23rd to June 30th. There are likely millions of documents that have not been processed. It is 15 business days to get a power of attorney and there is a rumor that it may be possible to file amended returns for 2019 electronically.

Agenda Item 5 – Public Comment

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

Agenda Item 6 – Investigative Report

Investigators Bundick and Whaley joined the meeting.

The Board noted that they had already acted on the imposition of civil fine matters.

Investigator Bundick provided a brief summary of the investigative report in the packet:

- There are 17 open cases
- 4 closed cases

Ms. Schmitz asked if the transition has been smooth for taking over cases. Investigator Bundick stated that it has been fine. Ms. Schmitz asked that investigations let the Board know if there are any sections of the statutes/regulations that are unclear or could use revision.

The Board asked Ms. Hondolero to verify when the last time the investigative PowerPoint was presented to the Board. If it was not within the last year or so, it could be presented again at a future meeting (maybe October or February).

The Board thanked investigators Bundick and Whaley for their report.

Agenda Item 7 – CPA Exam

The Board discussed the ongoing Covid-19 situation and the impacts on exam candidates. It was noted that while there are many test centers that have reopened, there are still sites that remain closed, there may not be enough test times available and there are travel restrictions still in place in many countries. Ms. Beltrami suggested that scores and notice to schedule (NTS) be extended through March 31, 2021. Mr. Vieira noted that the 18 months is arbitrary and would suggest that the Board take action to extend scores through June 30, 2021.

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

RESOLVED to extend all NTS and exam scores expiring April 4, 2020 through December 30, 2020 TO June 30, 2021.

****This motion was rescinded at the August 28, 2020 teleconference****

Agenda Item 15 – Administrative Business

The Board discussed the next upcoming meeting; tentatively set for October 29-30, 2020. Ms. Schmitz noted that she would be travelling on the 30th. The Board decided that they would just do a one-day meeting on October 29th.

Agenda Item 8 – NASBA Updates

Committees

Ms. Schmitz – CBT Administration Committee – recent teleconference(s) – focus on remote testing; NASBA unsure, but AICPA pushing for it. Concern about equality of testing; what kind of equipment etc. The testing experience should be similar for all candidates.

Mr. Rulien – Uniform Accountancy Act (UAA) Committee – Virtual meeting in May; NOCLAR will be pushed hard – requirement to disclose issues, auditor experience pushed aside because of CPA evolution and cyber security breach disclosures are going to be required now.

Ms. Beltrami – Legislative Support Committee – No recent meetings.

Mr. Tegeler stated that he had expressed interest in the admin/finance committee, but had not heard back.

Meetings

Annual Meeting – November 2-4, 2020 – will now be virtual.

Ms. Schmitz asked members to let Ms. Hondolero know if they would be attending.

ED Conference – Clearwater, FL – April 12-14, 2021.

Western Regional meeting – Colorado Springs, CO – June 8-10, 2021

Scholarships for first time attendance should be available.

Agenda Item 9 – Board Business

ED Report

The Board reviewed the report provided in the meeting packet. It was noted that lapsed license information for those with AK addresses was included in the packet for Board review and that tasks from prior meetings were also listed.

Revenue/Expenditure Report

The Board reviewed the 3rd quarter revenue/expenditure report (same report as prior meeting; FY20 final report should be available in October).

Agenda Item 10 – Correspondence

The Board reviewed the correspondence contained in the packet; there was one item that required Board response. Donald Hester had sent a letter to the Board for their consideration. Paralegal Marilyn Zimmerman joined the meeting to discuss this matter with the Board.

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

RESOLVED to enter into executive session for the purpose of discussing a CPE matter.

The Board entered executive session at 1:11 p.m.
The Board went back on the record at 1:51 p.m.

Upon a motion duly made by Mr. Rulien seconded by Mr. Vieira, and approved by a majority vote, it was:

RESOLVED to deny the request for reconsideration (letter dated 7/20/2020).

	YES	NO
Don Rulien	X	
Wes Tegeler		X
Don Vieira	X	
Marja Beltrami	X	
Leslie Schmitz	X	

Agenda Item 11 – Statute/Regulation Projects

James Cox (AICPA) joined the meeting. He stated that he was looking at the most recent February bill language and is willing to work with Leslie/Karen on the letter to legislative legal.

The Board talked about the sections of the regulations that they want to work on:

- Continuing education
- Education – accounting concentration. What should this be; less flexibility. The Board has been seeing more education from finance majors

The Board wonders how evolution of CPA will impact education. Ms. Schmitz indicated that she feels there should be about eight basic accounting courses a CPA should have. Mr. Cox noted that there was an issue in Oregon with a university course having “intro” in the title even though it was an upper level course and the applicant could not get credit initially. May be best to provide guidelines without being too specific.

Mr. Cox noted that he was willing to assist the Board with modernizing the regulations once the legislative update is complete.

Ms. Schmitz asked that reviewing the CPE regulations be added to her list. There was Board discussion about repealing publications from the continuing education section.

The Board stated that they would likely do a regulation project to update publication dates throughout the regulations soon and follow up with a separate regulation project once new legislation was passed for additional cleanup and modernization.

The Board thanked Mr. Cox for joining the meeting.

The meeting was recessed at 3:06 p.m., until Friday, August 14, 2020.
Some Board members started file review.

Friday, August 14, 2020

Call to Order/Roll Call

The meeting was called to order by Leslie Schmitz, at 9:01 a.m. Those present, constituting a quorum of the Board were:

Leslie Schmitz, CPA
Donovan Rulien II, CPA (present for action items)
Don Vieira, CPA
Marja Beltrami, CPA
Wesley Tegeler, CPA

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:

John Rodgers, representing the Alaska Society of CPAs
Jim Brackens, James Cox, representing the American Institute of CPAs (AICPA) (agenda item #13)
Laurel Gron, representing the American Institute of CPAs (AICPA) (agenda item #13)
James Cox, representing the American Institute of CPAs (AICPA) (agenda item #13)

Agenda Item 12 – Review Agenda

No changes were made.

Ms. Schmitz stated the Board will think about holding the June 2021 meeting in Fairbanks; will discuss at the October meeting.

Agenda Item 13 – Peer Review Overview (AICPA)

Jim Brackens, Laurel Gron and James Cox from AICPA joined the meeting.

The Board had requested a peer review overview to provide historical and general information.

Mr. Brackens stated that peer review began in the 70's, became mandatory for AICPA members in 1988 and is currently required by 53 out of 55 licensing jurisdictions (not required in Puerto Rico or the Northern Mariana Islands).

System Review – quality control

Engagement Review – only look at engagements (firms that don't do audits)

Peer review is usually administered by State Societies. Peer reviews will list ratings of: pass, pass with deficiencies or fail.

Pass (system) = system suitably designed, conformity with professional standards.

Pass (engagement) = all engagements reviewed were performed and reported to professional standards.

Pass with deficiencies = deficiencies are described in the report.

Fail = not suitably designed.

Reports may also note a matter for further consideration (MFC) or a finding for further consideration (FFC).

A brief outline of the peer review process was provided:

- Enroll in peer review with administering entity (AE)
- Firm selects peer reviewer
- Peer reviewer selection approved by AE
- Peer review performed
- Draft report & work papers submitted to AE
- Technical review by the report acceptance body (RAB)
 - Reviews/accepts report
 - Possible corrective action(s)

Performance of system review:

- Review policies/procedures for quality control
- Interview partners/staff
- Review CPE files (checking to see if CE was appropriate for their roll; are they staying current)
- Review engagements representative of the firms practice (there are must select engagements)

Performance of engagement review:

- Firm provides list of engagements
- Reviewer selects engagement
- Firm completes/submits checklist
- Reviewer performs review; calls with questions and to discuss any issues noted

Peer reviewer qualifications:

- Be an AICPA member/active at supervisory level
- Be associated with a firm that has passed peer review
- Have 5 years of experience

Team Captain (all of the above) plus:

- Partner or equivalent
- Complete initial team captain training
- Complete annual training
- Annual peer review conference (on demand/self-study)

Facilitated State Board Access (FSBA)

- Launched in 2009 to give regulators transparency into the peer review process
- Firms give permission to provide results to State Board
- 45 states have access; 33 actively use it
- As of January 2020, 15 State Boards require some form of FSBA for renewal; those states do not allow firms to opt out

It was noted that Alaska currently does not have FSBA, but it was noted that this is in the draft legislation currently being worked on. Once Alaska has FSBA in place, AICPA can provide assistance with how to use the system.

The peer review process includes oversight by the AE and AICPA. Individual jurisdictions can also form their own peer review oversight committee (PROC).

Firm non-cooperation – firms are responsible for cooperating with the peer reviewer, AE and AICPA peer review board. If a firm fails to cooperate they can be dropped or terminated (depending on if the peer review has commenced).

Dropped firms – occurs when peer review has not commenced. There are many reasons for drops including: timely filing of information with AE, timely sending items to reviewer, review being performed by due date, accurately representing A&A engagements, payment of reviewer fees, payment of admin fees. These items can potentially be fixed.

Terminated firms – occurs when peer review has commenced. Reasons may include: multiple non-pass peer review reports, failure to correct deficiencies/significant deficiencies, not responding to MFC or FFC timely, limiting access, failure to cooperate, failure to complete corrective actions or implement plans. Being terminated is harder to get; AICPA will usually work with the Board. Firms undergo fair procedures before a drop occurs. Drops are communicated directly to State Boards and communicated quarterly via PRB open session.

Covid-19 impacts on peer review:

- Offsite system reviews
- Extension requests
- Reviewer online options
- Adjustments to AE reporting deadlines
- Working with NASBA to develop communication tools

Mr. Rodgers asked if there are fewer peer reviewers. Mr. Brackens stated that the pool of reviewers was at the same level. Some have dropped out and lots of reviewers have self selected not to do certain reviews. Reviewers also complete annual surveys.

The Board thanked Mr. Brackens, Ms. Gron and Mr. Cox for the presentation.

Agenda Item 14 – Application Review

Board members reviewed applications and took the following action:

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

RESOLVED to deny Ritika Agarwal's request for reinstatement of FAR & BEC scores; 12 AAC 04.200(i), credit not lost due to circumstances beyond applicant's control.

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

RESOLVED to approve Hamzeh Alkelani's request for extension of FAR score to 6/30/21.

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

RESOLVED to approve Mohammad Al-Naddaf's request for extension of FAR score to 6/30/21.

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

RESOLVED to approve Tariq Al Shalabi's request for extension of REG score to 6/30/21.

Upon a motion duly made by Mr. Rulien seconded by Mr. Tegeler, and approved by a majority of the Board, it was:

RESOLVED to deny Salwa Kassab's request (2nd) for reinstatement of AUD score; 12 AAC 04.200(i), credit not lost due to circumstances beyond applicant's control.

	YES	NO
Don Rulien	X	
Wes Tegeler	X	
Don Vieira		X
Marja Beltrami		X
Leslie Schmitz	X	

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

RESOLVED to table the application of Robert Anderson for licensure by exam; applicant short 1.5 semester credit hours of accounting (12 AAC 04.185(b)(1)). The Board did not accept course 503 - Management Control.

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

RESOLVED to approve Nicholas Stoudt for licensure by exam.

It was noted that this applicant had a yes answer on his application, but had provided sufficient documentation and this matter does not require any additional investigative review

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

RESOLVED to approve Daniel Arnold, Roman Boikov, Bao Dinh, Damon Dionysopoulos, Valeria Dorofeeva, Khadyja Johnson, Kelsey Kasper, Katherine Kepner, Esther Knox, Hannah Newberry, Vritti Patel, Christopher Preston, Rosemarie Rivard and David Tise for licensure by exam.

*Mr. Vieira abstained from voting on the Newberry application

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

RESOLVED to approve Charlotte Stender for licensure by reciprocity.

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

RESOLVED to approve the Out-of-State firm permits of E.G. Conley, P.C. and Ketel Thorstenson, LLP.

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

RESOLVED to approve the firm permits of Dando Financial, LLC and Karen Stenehjem, CPA, P.C.

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

RESOLVED to approve the random CPE audits of:

- Julee Farley
- Taras Kulyk

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

RESOLVED to deny the CPE audit of Daksha Mulay; short 2 hours of the required ethics (2 hours were accepted for professional responsibility & independence matters).

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

RESOLVED to deny the random audit of Christopher Sopp; licensee is 12.5 hours short of the 80 hour requirement.

It was noted that this licensee had lots of industry specific training. The Board accepted the following courses that were not assigned credit during the first review (May 2020):

- 2018 ICS-100 (4 hours)
- 2018 ICS-200 (4 hours)
- 2019 FEMA Grants workshop (24 hours)
- ICS Finance section training (3 hours total – 2 prep/1 presentation)

Agenda Item 15 – Administrative Business

Confirm Upcoming Meeting Dates/Locations

- October 29, 2020 in Anchorage (Zoom meeting)
- February 8-9, 2021 in Juneau (if active legislation)
- June 3-4, 2021 in Fairbanks (tentative)

Task Lists

Leslie Schmitz

- Respond to 2/24/20 letter from legal services. Work with Ms. Brewer-Tarver and Mr. Cox to answer questions and compare drafts
- Set up Zoom meeting with Chief Francois and Investigator Whaley
- 12 AAC 04.185 - Look at regulations regarding accounting concentration for possible changes for credit earned by testing (CLEP/DANTES, etc.)
- Review CPE regulations for possible changes

Karen Smith & Don Rulien

- Review regulation regarding professional references and application form to suggest possible changes for the Board to consider (12 AAC 04.160, .165 and .175)

Marja Beltrami

- Review licensure by reciprocity requirements for possible update

Don Vieira

- Work with Ms. Schmitz on review of 12 AAC 04.185

Cori Hondolero

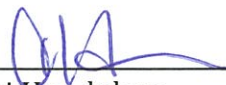
- Update statement for website regarding Board action to extend exam scores (NTS extension requests will be screened by NASBA)
- Check for the date the last investigative PowerPoint presentation was provided to the Board

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

RESOLVED to adjourn the meeting.

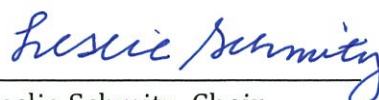
There being no further business, the meeting adjourned at 12:42 p.m.

Respectfully Submitted:



Cori Hondolero
Executive Administrator

Approved:



Leslie Schmitz, Chair
Alaska Board of Public Accountancy

Date: 10/29/20