

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

BOARD OF PUBLIC ACCOUNTANCY

**MINUTES OF MEETING
April 23-24, 2009**

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 at the Atwood Building, 550 West 7th Avenue, Suite 1270, Anchorage, Alaska on April 23-24, 2009.

Thursday, April 12, 2009

Agenda Item 1 – Call to Order/Roll Call

The meeting was called to order by Carla Bassler, Chair, at 9:04 a.m. Those present, constituting a quorum of the Board were:

Carla Bassler, Chair, CPA – Anchorage
Bruce Gabrys, CPA – Eagle River
Kathleen Reid, CPA – Fairbanks
Elaine Williamson, CPA – Fairbanks
Rebecca Jensen, Public – Pedro Bay
John Floyd, Public – Anchorage

Board member Max Mertz (CPA – Juneau) joined the meeting at 9:40 a.m.

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

Debra Stovern, Licensing Examiner – Juneau

There were no visitors present.

Agenda Item 2 – Introduce New Board Member(s)

The Chair introduced John Floyd, the new public member appointed to the Board.

Agenda Item 3 – Review Agenda

The Board reviewed the agenda and determined to review Goals and Objectives on Friday, following the Correspondence agenda item.

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

RESOLVED to approve the agenda, as amended.

Agenda Item 4 - Review Meeting Minutes

The Board reviewed the minutes of the February 12-13, 2009 meeting and noted minor edits/corrections.

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

RESOLVED to approve the minutes of the February 12-13, 2009 meeting, as amended.

Agenda Item 5 – Board Business

Ethics Reporting

There were no ethics conflicts to report.

Review Goals and Objectives

The Board scheduled the review for Friday afternoon.

Agenda Item 6 – Investigative Report

Investigator Dawn Bundick joined the meeting.

Ms. Bundick reported on her attendance at the National Association of State Boards of Accountancy (NASBA) investigative conference in March.

Ms. Bundick reviewed the Investigator's Report she had provided to the Board. She noted there are five open investigations and three closed investigations – all three were resolved under a single Consent Agreement adopted by the Board at their last meeting.

Upon a motion duly made by Ms. Williamson, seconded by Mr. Gabrys, 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 investigative matters.

The Board entered executive session at 10:25 a.m.

The Board went back on the record at 10:40 a.m.

Agenda Item 7 – Consent Agreement

Ms. Wilke joined the meeting by teleconference to present the Board with a Consent Agreement resulting from a continuing education audit, case #0600-09-001. She also wished to present the Board with a Default Revocation resulting from noncompliance with a continuing education audit, case #0602-08-001.

Upon a motion duly made by Ms. Reid, seconded by Ms. Jensen, 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 disciplinary matters.

The Board entered executive session at 10:50 a.m.
The Board went back on the record at 11:20 a.m..

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

RESOLVED to adopt the consent agreement for George R. Elliott, case #0600-09-001, as presented.

The consent agreement was signed by the Chair.

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

RESOLVED to adopt the license revocation for Stephen J. Heavy, case #0602-08-001, as presented, with the license number corrected to read 517.

The revocation order was signed by the Chair.

Agenda Item 8 – Review Continuing Education Disciplinary Guidelines

At the last Board meeting, the Division Paralegal Ms. Wilke discussed the audit process and her role as Paralegal for the Division. She stated that she uses Board guidelines when negotiating agreements with licensees who have not complied with the continuing education (CE) audit requirements. The Board reviewed a copy of those guidelines and determined to make the following revisions:

- Requirement for completing deficient CE – add a reference to Professional Regulation 12 AAC 04.300(2)(b), which includes a provision for requiring an addition 8 hours of CE when the courses have not been completed within the appropriate timeline.

- Civil fines – increase the maximum amount from \$3,500 to \$5,000; change the \$2,500 for falsification to read \$3,000 for material misrepresentation; and change the \$200 per credit hour lacking from a \$1,000 minimum to a \$2,000 minimum.
- Note the new revision date of April 23, 2009.

In addition, the Board directed Ms. Wilke to work in consultation with a designated Board liaison when negotiating these agreements. This is similar to the way the Investigative Unit works with a designated Board liaison in order to have Board participation in these cases with only one Board member potentially required to recuse from voting when the case is eventually brought before the Board. Mr. Mertz volunteered as the Board liaison for CE disciplinary cases. Ms. Wilke will update the general disciplinary guidelines and distribute to Board members.

Agenda Item 9 – Regulations Projects

Review of Adopted Regulations

The Board reviewed the filed version of regulation changes to 12 AAC 04.181, dealing with work experience points, which they adopted at the February 12, 2009 meeting. The regulation had been reviewed by the Department of law resulting in some minor technical changes. The final regulations will be effective May 9, 2009.

New Regulations Projects

There are currently no new regulations projects. However, the Board noted that there will be some regulations projects required once the pending legislative projects are completed.

Agenda Item 10 – Legislative Projects

Status on Sunset Legislation

The Board reviewed a legislative memo noting the passage of the bill extending the Board of Public Accountancy through 2013. It has been transmitted to the Governor for her signature.

Status on Current Legislative Projects

Current legislative projects are being handled by the Alaska Society of CPAs (ASCPA), and will have an update on the status during their report (agenda item 18).

Agenda Item 11 – Public Comment

Bernadette Kopyy, representing the Alaska Society of Independent Accountants (ASIA), was in attendance but had no comment.

Melody Schneider, representing the ASCPA, commented on the following society issues:

- their work with the American Institute of Certified Public Accountants (AICPA) on peer review transparency, noting that Alaska Statute (AS) 08.04.426(d)(4) prohibits board access to peer review reports;

- their work with AICPA on the program for tracking member's continuing education;
- the legislative project for mobility is still in draft form, but is ready to be introduced; and
- they are willing to work with the board on a legislative project for an executive administrator.

Recess for lunch

The Board recessed for lunch at 12:05 p.m.

The Board resumed the meeting at 1:08 p.m. All members were present.

Agenda Item 12 – Division Updates

Budget Report

The Board reviewed the report on Board expenditures prepared by Catherine Mason, the Division Administrative Manager. There were no questions for Ms. Mason. The Board noted that they would like to participate when the Division reviews fees to be sure that upcoming changes (such as a potential executive administrator) are considered.

Maximus Study

It was noted at the last meeting that the preliminary results of the Maximus study were disappointing and did not meet the contract requirements and there is no report available for review.

NASBA Executive Directors Conference

Ms. Stovern reported on her attendance at the National Association of State Boards of Accountancy (NASBA) Executive Directors Conference in March.

Website Updates

The Board directed Ms. Stovern to have the website appropriately updated following Board meetings or on a quarterly basis. They also asked that the Division Publication Specialist change the layout by moving the "Investigations" link from the side of the page to the top of the page.

Agenda Item 13 – Review Board Policies ("Blue Book")

The Board reviewed their Policies and Procedures (commonly referred to as the "Blue Book") and made the several changes/updates.

- P & P No. 1 – Out-of-State Proctoring of CPA Exam. The Board determined this to be obsolete, since the exam is serviced by NASBA.
- P & P No. 3 – Credentials Evaluations. The Board directed Ms. Stovern to contact NASBA to update the list of acceptable credentials evaluation providers.
- P & P No. 5 – Examination Emergency Policy. This may be superseded by the policy in place under the NASBA contract with Prometric for the administration of the exam. Ms. Stovern will confirm.

- P & P No. 7 – Canadian Chartered Accountant Qualification Exam. The Board noted that this policy, effective October 2, 1992, allows for the passage of the Canadian exam to be considered equivalent to the passage of the United States CPA exam. They will continue discussions regarding allowing a similar equivalency to be applied to the experience requirement for Canadian public accountancy experience earned under the supervision of a Canadian Chartered Accountant (CA).
- P & P No. 8 – Late/Incomplete Applications. The Board directed Ms. Stovern to update the section covering exam applications to reflect changes to the education requirements.
- New P & P – General Disciplinary Guidelines for Continuing Education Audits. The Board determined to add this procedure pursuant to their discussion during agenda item 8.

Agenda Item 14 – Canadian Chartered Accountants

The Board had previously discussed a Mutual Recognition Agreement (MRA) regarding the equivalency of Canadian Chartered Accountant (CA) and U.S. Certified Public Accountants. Ms. Williamson had volunteered to research the MRA and how to apply experience supervised by a Canadian Chartered Accountant toward licensure in Alaska. She provided information obtained from NASBA along with sample language for reciprocity with foreign jurisdictions. The Board determined that there are two separate issues: 1) accepting experience gained under the supervision of a Canadian CA; and 2) reciprocity with foreign jurisdictions.

Regarding Board acceptance of experience gained under the supervision of a Canadian CA, it was noted that the experience must still meet the attest function requirements of Professional Regulation 12 AAC 04.038. The Board directed Ms. Stovern to contact the Washington Board regarding their policy on this issue, particularly noting the Alaska Board policy allowing for Canadian exam equivalency.

Regarding reciprocity with foreign jurisdictions, the Board noted that they may not have statutory authority to consider such licensing. (Note: Alaska Statute 08.04.075 and 08.04.195.) Mr. Mertz volunteered to contact the Department of Law for a legal opinion and report back at the next meeting.

Agenda Item 15 – Meetings on UAA/UAF Campuses

The Board had previously determined that they would like to schedule some future meetings on University of Alaska campuses in Anchorage and Fairbanks to provide better access to the Alaska academic community. Ms. Williamson and Ms. Stovern had attempted to arrange for the April 2009 meeting at the UAA campus. However, scheduling was not finalized in time to meet public notice requirements. Ms. Williamson will check with Fairbanks officials regarding a meeting on that campus.

Agenda Item 16 – Prometric Testing Center (Anchorage/Fairbanks)

Security at Test Locations

Mr. Gabrys had previously volunteered to monitor security at the test locations in Anchorage and Fairbanks. He reported some concerns with the potential for security breaches under the current procedure for restroom breaks; however, he believes the risk is nominal.

Feedback to NASBA Exam Committee

In order to provide for the best professional licensing exam possible, NASBA had requested feedback from each state Board. The Board directed Ms. Stovern to provide a positive response. A NASBA summary of state-by-state exam statistics was provided for Board review.

Candidate Surveys

Ms. Stovern reported that surveys were not sent out for the fourth quarter of 2008 due to the vacant licensing examiner position. Exam information for the first quarter of 2009 has been received and will be used to distribute the survey.

Agenda Item 17 – Council on Licensure, Enforcement and Regulation (CLEAR)

The Board and staff have previously participated in the CLEAR conference. Their recent newsletter included a commendation regarding the work of the Alaska Board of Public Accountancy, as noted in the sunset audit report by the Division of Legislative Audit.

The upcoming CLEAR Conference is scheduled for September 10-13 in Denver, CO. The Board is supportive of staff attendance at this conference.

Agenda Item 18 – Alaska Society of Certified Public Accountants (ASCPA) Report

Lisa Rogers, representing the ASCPA, joined the meeting to report on issues of interest:

- Their Legislative Committee has been working on proposed legislation regarding mobility and firm registration. Although the bill has not been introduced, the draft has been finalized and they hope to have it pre-filed before the Legislature convenes in January 2010.
- They will also work on a strategy to have legislation introduced that will provide for an executive administrator for the Board. It was noted that there is Division support for this project.
- They have been working with NASBA to implement the CPE tracking program for Alaska members.

Agenda Item 19 – Ethics Video

Ms. Stovern will provide the internet location to new and interested Board members that wish to view the State's ethics video.

The meeting was adjourned from 4:02 p.m. until Friday, April 24, 2009.

Friday, April 24, 2009

Agenda Item 20 – Call to Order/Roll Call

The meeting was called to order by Carla Bassler, Chair, at 9:03 a.m. Those present, constituting a quorum of the Board were:

Carla Bassler, Chair, CPA – Anchorage
Bruce Gabrys, CPA – Anchorage
Max Mertz, CPA – Juneau
Kathleen Reid, CPA – Fairbanks
Elaine Williamson, CPA – Fairbanks
Rebecca Jensen, Public – Pedro Bay
John Floyd, Public – Anchorage

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

Debora Stovern, Licensing Examiner – Juneau

Visitors present included:

Melody Schneider, representing the Alaska Society of CPAs (ASCPA)
Bernadette Kopyy, representing the Alaska Society of Independent Accountants (ASIA)

Agenda Item 21 – Review Agenda

The Board previously reviewed and approved the agenda and determined to review Goals and Objectives on Friday, following the Correspondence agenda item.

Agenda Item 22 – Application Review

Exam application

At their February 12-13, 2009 meeting, the Board reviewed an exam approval request by Jack Alcorn and determined to support the NASBA evaluation that earned credits not appearing on an official transcript cannot be accepted to meet educational requirements. Mr. Alcorn provided a transcript from The College Board to verify credits earned by examination. The Board determined that the information provided does not change their previous resolution and that the credits must appear on either his undergraduate or graduate college transcript in order to be acceptable.

Out-of-State Permits

The Board reviewed the following applications for an Alaska Out-of-State Permit: Dingus Zarecor & Associates PLLC, Heather E. Hatfield, and Peterson Sullivan LLP.

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

RESOLVED to approve the applications for Out-of-State Permits for Dingus Zarecor & Associates PLLC, Heather E. Hatfield, and Peterson Sullivan LLP.

Licensure by Examination

The Board reviewed the following applications for Alaska licensure by examination: David A. Chavez-Cavales, Niki Renee Countryman, Tatiana S. Gavriyuk, Donald L. Hanni, Maria Medvedeva, Cindy Mishler, Angela R. Murphy, Shahin Nasr, Christopher G. Nickell, Sarah B. Skimin, Fang Sun, Clement Wing Cheung Yip, Alexander Zykov, and Zouhair Tahri. They noted that the application by Cindy Mishler did not include verification of the AICPA ethics examination and that the ethics course she completed in the State of California appeared to be a continuing education course that is not equivalent to the AICPA ethics examination.

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

RESOLVED to approve the applications for licensure by examination for David A. Chavez-Cavales, Niki Renee Countryman, Tatiana S. Gavriyuk, Donald L. Hanni, Maria Medvedeva, Angela R. Murphy, Shahin Nasr, Christopher G. Nickell, Sarah B. Skimin, Fang Sun, Clement Wing Cheung Yip, Alexander Zykov, and Zouhair Tahri.

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

RESOLVED to table the application for licensure by examination for Cindy Mishler.

Licensure by Reciprocity

The Board reviewed the application for Alaska licensure by reciprocity for Ahmed Abdel Hamid.

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

RESOLVED to approve the applications for licensure by reciprocity for Ahmed Abdel Hamid pending verification that he has met the educational requirements.

Reinstatement

The Board reviewed the application for reinstatement for the following licensees: Mayes E. Fuller, Robert M. Gutshe, Benjamin Rolfs, and Pavel Kodytek. They noted that the reinstatement application for Mayes E. Fuller included continuing education that was completed outside of the required time frame, necessitating completion of an additional four credits to qualify for reinstatement.

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

RESOLVED to approve the applications for reinstatement to active status for Robert M. Gutshe, Benjamin Rolfs, and Pavel Kodytek.

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

RESOLVED to table the applications for reinstatement for Mayes E. Fuller.

Agenda Item 23 – New Business

NASBA Services

The Board had previously considered services offered by NASBA to state licensing boards. They directed Ms. Stovern to contact NASBA for more information specifically regarding application and auditing services.

ASCPA Update

Melody Schneider, representing the ASCPA, provided updated information on the proposed legislation regarding mobility and firm registration. They have received assurance from the staff of Senator Paskvan that he is planning to pursue the bill.

Ms. Schneider also noted that the ASCPA was considering a questionnaire to their membership for input on the peer review/transparency issue.

Agenda Item 24 – Correspondence

The Board reviewed the following items of correspondence:

1. Institute of Chartered Accountants of Ontario – Information regarding reciprocity. The Board provided the answers to their questions and directed Ms. Stovern to respond.
2. Mikunda, Cottrell & Co. – Information regarding advisory services. The Board determined not to interpret AICAP rules and directed Ms. Stovern to refer them to AICPA for their consideration.

3. Bernadette C. Kopyy – Copy of complaint letter to State Dept. of Revenue. No response necessary.
4. AICPA – Regulatory update (newsletter). No response necessary.
5. NASBA – Notice of new Task Force regarding Government Agency Referrals. No response necessary.
6. NASBA – State Board Report (newsletter). No response necessary.
7. Ronald Hop – GAGAS/Yellowbook audits. At their February 12-13, 2009 meeting, the Board considered an inquiry from Mr. Hop regarding DCAA experience and licensing requirements. The response letter was provided for Board review. Ms. Reid noted that she had examined the DCAA website when drafting the response letter.
8. Benjamin Dirksz – Requirements for supervision of qualifying experience. The Board determined that 12 AAC 04.181 requires “direct” supervision. Ms. Stovern will respond.
9. Natalia Korobova – Exam expiration. The Board confirmed that when all parts of the exam have been passed within the required time frame, they do not expire. Ms. Stovern will respond.

Agenda Item – Review Goals and Objectives

The Board reviewed their goals and objectives for Fiscal Year 2009:

Goal 1. The Board will continue to review and evaluate statutory/regulatory changes needed to implement the mobility provisions of the Uniform Accountancy Act (UAA). They amended this goal to also include firm ownership and noted that the draft bill regarding these two issues would be progressing through the legislature next year.

Goal 2. The Board will continue to review and evaluate NASBA services, as outlined in Objectives a – c.

Goal 3. The Board will continue to ensure that Alaska CPA candidates have positive examination opportunities, as outlined in Objectives a – e.

Goal 4. The Board will continue to evaluate and address changes in the professional environment to continue to fulfill the mission to protect public interests, as outlined in Objectives a – c. They amended Objective c(2) to include promoting staff attendance at regional and annual meetings. They added Objective d to evaluate(in communication with ASCPA) how other states use peer review for enforcement purposes.

Goal 5. The Board will continue to participate in the Alaska Society of Certified Public Accountants (ASCPA) board structure taskforce, as outlined in Objectives a – b. They noted that they support a statute change to implement an Executive Administrator for the Board. Such a change is also supported by Division.

The Board determined to add the following goals:

Goal 6. Annually review and update the Board's Goals and Objectives and the Board's Policies and Procedures ("blue book").

Goal 7. Work with the Division to evaluate the Board's fee structure.

Goal 8. Pursue public awareness of enforcement activities:

Objective a: Make quarterly updates to the Investigative information and statistics on the Board's web site;

Objective b: Interact with the Investigative Unit regarding consistency and monitoring of cases; and

Objective c: Continue participation with the NASBA Enforcement Practices Committee.

The Board directed Ms. Stovern to update the Goals and Objectives for Fiscal Year 2010, and for inclusion in the next Annual Report.

Agenda Item 25 – NASBA Updates

Services to Boards

The Board had previously considered services offered by NASBA to state licensing boards. They directed Ms. Stovern to Contact NASBA for more information regarding application and auditing services.

Committee Interest Forms

Ms. Bassler provided information about NASBA and AICPA committees and encouraged Board members to involve themselves with NASBA issues and to volunteer for committee appointments. Committee interest forms were included in the board packet for member use.

Upcoming Conferences/Meetings

The next regional meetings are scheduled for June 3-5 in Oklahoma City and June 17-19 in Indianapolis. The next annual meeting is scheduled for November 1-4 in Phoenix, AZ. The Board has previously sent two members to the regional meeting and two members to the annual meeting. And they have made it a priority to send new board members so that they may gain understanding of current issues at the national and state level. However, due to turnover on the Board, veteran members have not been attending conferences. Therefore, the Board determined to send three members to the regional meeting and three members to the annual meeting. Ms. Bassler will write a letter in support of this determination and Ms. Stovern will prepare the travel request.

Although these meetings also include a concurrent agenda for Executive Directors, the Board determined that they would rather support staff attendance at the CLEAR conference so that Board members may attend NASBA meetings.

Agenda Item 26 - Administrative Business

Confirm 2009 Meeting Schedule

The board confirmed the 2009 meetings schedule: August 13-14 in Anchorage, and October 22-23 in Fairbanks.

Wall Certificates

Ms. Bassler and Ms. Williamson signed wall certificates for the following licensees: Peter J. O'Reilly, Stanislav Zolotarev, Olga Sukhareva, Tatiana Snitsarenko, Roberto Vilela Resende, Lisa A. Petrescu, Duan Yang Chen, and Kimball R. Andresen.

Sign Minutes

The Chair will sign the amended minutes from the February 12-13, 2009 meeting at the next meeting.

Sign Travel Authorizations

Board members signed Travel Authorization forms and will submit receipts.

Review Assigned Tasks

All Board members:

- Follow up on NASBA committee interest.

Carla Bassler:

- Contact the Division regarding Board travel to NASBA meetings
- Notify the Investigatory of Board determination regarding staff travel

Max Mertz:

- Contact Department of Law regarding Board authority to enter into MRA and/or allow reciprocity with foreign jurisdictions
- Provide copy of draft legislative project to Mr. Floyd and Ms. Stovern

Kathleen Reid:

- Research Peer Review/Transparency policies of other states

Karen Wilkes, Division Paralegal:

- Update CE audit disciplinary guidelines

Debora Stovern, Licensing Examiner:

- Work with the Investigative Unit to update the Board website after meetings
- Contact Washington State Board regarding their policy on experience (and attest experience) earned under supervision of Canadian Chartered Accountant

- Notify the Division Chief that the Board would like to be involved in evaluating the fee structure
- Update the “blue book” (and research the disaster recover issue)
- Update the Goals and Objectives
- Provide exam feedback to NASBA
- Distribute exam survey to 2009 First Quarter exam candidates
- Research NASBA services
- Provide Board Members with web link for ethics video

There being no further business, the meeting adjourned at 11:50am.

Respectfully Submitted:

Debora Stovern
Licensing Examiner

Approved:

Carla Bassler, Chair
Board of Public Accountancy

Date: _____