

**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 8-9, 2006**

By the authority of AS 08.01.070(2) and AS 08.86.030, and in compliance with the provisions of AS 44.62, Article 6, a scheduled meeting of the Board of Public Accountancy was held August 8-9, 2006. The meeting was held at the Department of Transportation, 2301 Peger Road, Fairbanks, Alaska.

Tuesday, August 8, 2006

Item 1. Call to Order/Roll Call

The meeting was called to order by Max Mertz, CPA, Chairperson, at 9:03 a.m. There were present, constituting a quorum:

Max Mertz, CPA Chairperson
Christy Morse, CPA Secretary/Treasurer
Carla Bassler, CPA
Catherine Wilson, Public Member
Dan Rozema, CPA
Elaine Williamson, CPA
John Floyd, Public Member

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

Cynthia Cintra, Licensing Examiner

In attendance from the public was:

Leslie Schmitz, representing the Alaska Society of CPAs (ASCPA)
Bernadette Koppy, representing the Alaska Society of Independent Accountants (ASIA)

Item 2. Review/Amend Agenda

The following changes were made to the agenda:

- Item 2, subsection B, Changes in Licensing Examiner, was added for discussion.
- Item 5, Investigative Report was moved to August 9, 2006 at 8:15 a.m. This change was needed as Investigator John Clark was in a hearing (see Item 5 August 8, 2006).
- Item 10, "New Diagnostic Report" information was added
- Item 14, the following correspondence items were added:
 - B. New Practice Analysis

- C. NASBA Changes
- D. Audit Practice Alert

On a motion made by Carla Bassler, seconded by Catherine Wilson, and approved unanimously, it was

RESOLVED to approve the agenda as amended

Item 3. Review/Approve Minutes

A. Board Meeting – April 20-21, 2006

The Following changes were made to the April 2006 minutes:

1. Correct the spelling of Elaine Williamson's last name throughout the minutes.
2. Page 4, paragraph 6, second sentence will be removed.
3. Page 5, paragraph 3, change the spelling of Melody Snider to read Melody Schneider.

On a motion made by Carla Bassler, seconded by John Floyd, and approved unanimously, it was

RESOLVED to approve the minutes as amended

Item 4. Ethics Reporting

There were no ethic violations to report.

Item 5. Investigative Report

The Board called John Clark at 9:25 a.m. Mr. Clark was stuck in an unrelated hearing and was unable to meet with the Board. The Board and Mr. Clark agreed to move this item to August 9, 2006 at 8:15 a.m.

Item 6. NASBA 2006 Western Regional Meeting

The Board reviewed material provided by Max Mertz.

Mr. Mertz gave the Board an overview of current issues, projects and committees formed by the American Institute of Certified Public Accountants (AICPA) and the National Association of State Boards of Accountancy (NASBA) that were presented at the Western Regional meeting.

Mr. Mertz also informed the Board that the AICPA and NASBA were working to develop guidelines to help other Jurisdictions process reports being issued by the Public Company Accounting Oversight Board (PCAOB) on inspections of public accounting firms.

Mr. Mertz also provided the most current draft of the Uniform Accountancy Act (UAA).

The Board thanked Mr. Mertz.

The Board recessed at 9:45 a.m. and reconvened at 9:50 a.m.

Item 7. Goals and Objectives

Dan Rozema provided the Board with 2007 draft Goals and Objectives along with suggestions for 2008 and a copy of the California Board's 2005-2010 Strategic Plan.

The Board discussed the Goals and Objectives and decided 1(B) was not needed as the ASCPA and the State of Alaska will take care of public notices and public comments.

The Board agreed the draft goals were fine. Mr. Rozema will email Cynthia Cintra an updated copy of the Goals for addition to the Board's web site, FY 06 Annual report information and future Board packets.

Mr. Rozema stated that he had checked many other State Board web sites and found only Alaska and California posted Goals and Objectives on their web sites.

On a related topic the Board asked Mr. Mertz what sort of timeline they were looking at for their current Regulation re-write. Mr. Mertz informed the Board that tentatively, they should have a copy of draft regulations to review at the November meeting and hopefully a draft copy will be presented to Jun Maiquis, Regulations Specialist for the Division some time in October, for a quick review.

Leslie Schmitz reported that the Alaska Society of CPAs (ASCPA) would be having a committee meeting on September 6, 2006 and simultaneous regulation meetings on September 26, 2006 in Anchorage, Fairbanks and Juneau. Ms. Cintra asked Ms. Schmitz to provide her information on the meetings for posting on the Boards web site

Item 8. Continuing Education Audit

The Board reviewed several audits that had been tabled during the April meeting.

On a motion made by Catherine Wilson, seconded by Carla Bassler, and approved unanimously, it was

RESOLVED to approve the continuing education audits for the following licensees:

**William Schmitz, CPA No. 80
Steven Meckel, CPA No. 1647
John Desmond Dolan, CPA 1995
Gregg Richmond, CPA 1785
Stephen Sikes, CPA 1766
James Worthington, CPA No. 1213
Markku Sorvoja, CPA No. 1309**

Still outstanding is the continuing education audit of Mr. Katsuya Fujioka, CPA license No. 1573.

Item 9. Annual Report

The Board reviewed the annual report for FY 05 and the draft report for FY 06.

Ms. Cintra informed the Board that only the statistical information had been submitted to the Division.

The Board noted that pages 1-3, had incorrect address for the Board members. Ms. Cintra stated that she would correct that information.

Mr. Mertz stated that he would write a narrative statement, budget recommendations and the Board recommendations for proposed regulations. Mr. Mertz said he would email the information to Ms. Cintra for addition to the report and forwarding to the Board for review prior to the November meeting.

Item 10. Prometric Testing Center (Anchorage/Fairbanks)

• **Computerized Examination Testing Feedback**

The Board reviewed the provided completed surveys.

• **Letter to David Ginsburg, Executive Director, Client Services**

The Board reviewed the letter Mr. Mertz wrote to Mr. Ginsburg regarding the Anchorage Prometric Testing Center, which the Board visited during its April 2006 meeting.

• **Response from David Ginsburg**

The Board reviewed the response to the letter from Mr. Mertz, dated May 16, 2006.

Ms. Cintra informed the Board that Mr. Ginsburg was still unable to provide Prometric's end of exam survey. Ms. Cintra also stated that previous testing window surveys were still on file if the Board ever wanted to review them at a later date.

Mr. Mertz informed the Board that he had spoken with Mr. Ginsburg at the 2006 Western Regional Meeting regarding the Board's concerns with the Anchorage testing center. Mr. Mertz went on to say Mr. Ginsburg had said testing centers usually receive an equipment upgrade on a triannual (every three years) basis and for some reason the Anchorage site had been missed during the last equipment upgrade. Mr. Mertz also stated that Mr. Ginsburg had said flat screen monitors would replace the current monitors at the Anchorage site and that most sites already have the flat screen monitors. Mr. Mertz also stated that the tone of the letter differed from his conversation at the Regional Meeting.

The Board discussed Mr. Ginsburg's letter and decided that Mr. Mertz would follow up with a telephone call to Mr. Ginsburg regarding the equipment update (addressed in both letters) and the end of exam survey. The Board also stated that they should send Mr. Ginsburg copies of their exam surveys.

- **Fairbanks Prometric Testing Center email Information**

The Board reviewed the email from Elaine Williamson regarding her visit to the Fairbanks testing center.

Ms. Williamson informed the Board that the Fairbanks staff were in fact employees of the University where as the Anchorage testing center staff were Prometric employees. Ms. Williamson stated that the Fairbanks staff was very forthcoming with their issues with the Prometric system.

Mr. Rozema asked who owned the Fairbanks testing site equipment. Ms. Williamson stated that the equipment was property of the University.

- **New Diagnostic Report**

The Board reviewed the provided information.

The Board recessed at 11:21 a.m. and reconvened at 11:31 a.m.

As the Board ahead of schedule, they moved on to Item 17.

Item 17. New Business/Old Business

- Adopt Updated Policy and Procedure regarding Canadian Chartered Accountant Supervision

The Board had a lengthy discussion regarding the drafted new Policy and Procedure (P&P) which would state the Board would accept supervision by a licensed Canadian Chartered Accountant as being the equivalent of supervision done with a licensed U.S. CPA. The Board decided to not adopt the new P&P as the new regulations that were currently being drafted may or may not address this topic.

The Board instructed Ms. Cintra to no longer accept Chartered Accountant (CA) supervision until further notice and any such request to use CA supervisors would be handled on a case by case basis.

The Board recessed for lunch at 11:50 a.m. and reconvened at 1:29 p.m.

Item 12 Regulation Update

Leslie Schmitz, ASCPA informed the Board the regulation committees had met three times, the most recent meeting was held on July 31, 2006. Ms. Schmitz informed the Board that at this most recent meeting, a draft of experience requirement regulations had been done.

Ms. Schmitz also told the Board that the 500-hour experience requirement would remain in place and is being defined as the attest function which may include hours other than audit (i.e. review, etc). Ms. Schmitz also stated that experience point requirement for licensure might change, as that the option to gain experience for licensure without the direct supervision of a licensed CPA will be removed (12 AAC 04.181(3)).

Ms. Schmitz relayed to the Board that she and Mike Kelleger had been assigned to draft the definition for the “attest” function, Mr. Mertz and Carla Bassler had been assigned the “continuing education” regulations, another group had been assigned reciprocity, substantial equivalency and Paul Brandon, Co-Chairman had agreed to help with all other draft projects and he would be reviewing all drafted regulations. Ms Schmitz relayed to the Board that the ASCPA has put together four committee groups to work on this project. Ms. Schmitz also relayed that there may be a committee assigned to record retention as suggested by Dan Rozema. Ms. Schmitz stressed to the Board that now was the time to either re-write or amend existing regulations and any input would be appreciated.

Ms. Schmitz stated that at the beginning of this project 500 – 1000 questionnaires had been sent to ASCPA members and interested parties asking for input. Ms. Schmitz stated that out of all the questionnaires sent only 46 responses had been received. Ms. Schmitz also relayed that planning groups would be meeting September 6, 2006 with drafts of proposed regulations and would all be working together to finalize a complete draft of regulations by September 16, 2006. Ms. Schmitz stated that the ASCPA would be holding “regulation” meetings for the purpose of obtaining input on September 26, 2006, the meetings would be held simultaneously in Anchorage, Fairbanks and Juneau.

Mr. Mertz asked the Board to review 12 AAC 04.360, approved non-academic continuing education (CE) programs and provide input. Chris Morse said she felt that it is very important to keep CE information updated and current with the profession. Carla Bassler stated that she felt the regulation should be more specific in stating what CE would be acceptable. Ms. Williamson said it is hard to keep track of all CE required not only for licensure, but also for State and National organizations that require CE for membership.

Mr. Mertz asked the Board if they felt the current regulation was too broad and if maybe a percentage calculation should be written in. Ms. Williamson agreed with Mr. Mertz and stated that a percentage of allowable non-academic CE would be very helpful along with a listing of approved providers. Ms. Schmitz informed the Board that each provider is different, whether they are approved via the AICPA, NASBA or another national organization. Ms. Schmitz elaborated that the ASCPA tried to provide a variety of CE providers, which includes individual and organizational. Ms. Schmitz went on to state that that she felt that to list only approved providers would limit a licensee's options.

Mr. Mertz informed the Board that he felt CE that had nothing to do with accounting should be eliminated. John Floyd stated that it might get more difficult for licensees if they were limited to CE that would be profession specific. Mr. Mertz agreed with Mr. Floyd as each licensee may do different aspects of the profession and non-academic CE courses may address those aspects. Mr. Mertz suggested that maybe modeling the new regulations after another Jurisdiction might be a good idea.

The Board thanked Ms. Schmitz for her time and assistance.

Item 14. Correspondence

◆ = No action needed. Information provided should have been reviewed prior to meeting

A. Board of Accountancy Survey, University of Southern Indiana

The Board reviewed the survey and requested that Ms. Cintra contact Joseph Wingo to find out if there was still time to complete the survey. If Mr. Wingo states that there is still time, the Board has stated the survey should be forwarded to the heads of the Accounting programs at the University of Alaska, Anchorage and Fairbanks as they do not have the requested educational information. The Board also suggested that Mr. Wingo contact NASBA and the AICPA for his information. Ms. Cintra also informed the Board that the only available statistical information regarding the Uniform CPA Examination is for 2004, which was published in 2005.

B. American Institute of Certified Public Accountants Correspondence (AICPA)

- Special Committee on Mobility News Release

The Board reviewed the news release regarding the creation of a new volunteer committee to identify unnecessary burdens and requirements that do not contribute to protecting the public interest and block CPAs from easily practicing across state lines, and decided no action was necessary.

- Peer Review Report Expiration

Mr. Mertz gave the Board background information relating to his emails with Single Audit Coordinator Colleen Campbell. Mr. Mertz informed the Board that Single Audit is giving peer/quality review acceptance reports an expiration date of three months and six days. Mr. Mertz stated that the reviews must be done on a triannual basis and firms or individuals have six months after that cycle ends in which to complete the review. Mr. Mertz expressed his concern that the Board (through statutes and regulations), Single Audit and the California Peer Review Society all have different interpretations of the same requirements.

Mr. Mertz asked the Board if they thought any action should be taken and/or if the Board felt that contacting the Department of Law for input and direction would be a good idea. After a brief discussion the Board decided that requesting input and direction from the Dept. of Law would be a good idea so that the Board would have an answer one way or the other. Ms. Williamson volunteered to be the contact with Law. Ms. Williamson informed the Board that she would draft several questions that would be sent to Mr. Mertz for editing before she contacted Law.

- Dept. of Treasury Internal Revenue Service letter regarding Alaska Public Accountants to Represent taxpayers before the IRS

The Board reviewed the information provided. The Board decided that no action was needed as this information is addressing Public Accountants (PA), Alaska has only two licensed PA's at this time and this type of license is no longer issued.

- Board of Examiners (BOE) Committee Update

The Board reviewed the information provided regarding committee activities and decided no action was necessary.

- BOE Conference Call Invitation & June 06 Meeting Highlights ♦

The Board reviewed the information provided.

- New Practice Analysis

The Board reviewed information regarding the new practice analysis for the Uniform CPA Exam provided from the AICPA and NASBA. The Board decided no action was necessary.

C. National Association of State Boards of Accountancy & American Institute of Certified Public Accountants Correspondence (NASBA)

- Securities & Exchange Commission Approves PCAOB Rules on Auditor Ethics, Independence & Tax Services ♦

The Board reviewed the information provided.

- NASBA Quarterly Communications ♦

The Board reviewed the information provided.

- Associated Press Release regarding Securities & Exchange Commission – NASBA responses ♦

The Board reviewed the information provided.

- Disaster Recovery/Emergency Management Questionnaire (all NASBA meeting attendees need copy) ♦

The Board reviewed the information provided.

- NASBA Urges Boards to Adopt Mutual Recognition Agreements (MRA)

The Board reviewed the information provided and decided no action was necessary, as they will not be adopting a mutual recognition agreement.

- Revision – Rules 5-1 & 5-2 Exposure Draft

The Board reviewed the most current information on the Exposure draft and decided no action was necessary.

- CPA Society Removal from NASBA's National Registry of CPE Sponsors

The Board reviewed the information provided and decided no action was necessary.

- FASB Comment Letter

The Board reviewed the information provided and decided that a response was not necessary.

- NASBA Changes[♦]

The Board reviewed the changes NASBA has been making to their approved providers of continuing education.

D. Public Company Accounting Oversight Board (PCAOB)

- PCOAB Votes to Propose Rules for Annual & Special Reporting by Registered Firms

The Board reviewed the information provided from the PCAOB and decided no action was necessary.

Item 15. Ratify Out of State Permits

On a motion duly made by John Floyd, seconded by Dan Rozema, and approved unanimously, it was

RESOLVED to ratify the following out-of-state general permits:

- 1. Warinner, Gesinger & Associates, LLC**
- 2. Anthony J. Saccento**
- 3. Terry D. Goddard, CPA**
- 4. WIPFLI, LLP**
- 5. Paul Ficca**
- 6. Wilson, Price, Barranco, Blankenship & Billingsley P.C.**
- 7. Dingus, Zarecor & Associates PLLC**
- 8. Capin Crouse LLP**

The Board recessed at 3:59 p.m. and reconvened at 4:10 p.m.

Item 16. Application Review

On a motion duly made by Catherine Wilson, seconded by John Floyd, and approved unanimously, it was

RESOLVED to approve the following applications for licensure by exam/experience:

- 1. Aaron Allensworth**
- 2. Jed. W. Ballard**
- 3. Curt Dodd**
- 4. Olga Gordeeva**
- 5. Anastasia Misharina**
- 6. Natalia Nasimova**
- 7. Erica S. Rowe**
- 8. Natalia Stanfield**

On a motion duly made by Catherine Wilson, seconded by John Floyd, and approved unanimously, it was

RESOLVED to approve the following applications for licensure by exam/experience pending receipt of official transcripts from the University of Michigan for Timothy Bisson.

On a motion duly made by Catherine Wilson, seconded by John Floyd, and approved unanimously, it was

RESOLVED to approve the following applications for licensure by exam/experience pending receipt of official transcripts from the University of Alaska, Anchorage for Jessica Gates.

On a motion duly made by Catherine Wilson, seconded by John Floyd, and approved by Max Mertz, Catherine Wilson, Carla Bassler, Chris Morse, Dan Rozema and John Floyd, it was

RESOLVED to table the application for licensure by exam/experience of Cynthia J. Grubb. The Board noted the application was incomplete and does not meet the work experience requirements of 12 AAC 04.181. Ms. Grubb must provide .16 more experience points.

Ms. Williamson abstained from voting, as Ms. Grubb was a past employee.

On a motion duly made by Elaine Williamson, seconded by Catherine Wilson, and approved unanimously, it was

RESOLVED to approve the renewal of licensure to “active” status of Mohammed Desin, CPA No. 1434.

On a motion duly made by John Floyd, seconded by Carla Bassler, and approved unanimously, it was

RESOLVED to approve the application for licensure by reciprocity for the following:

- 1. Curtis L. Nelson**
- 2. Trent R. Martin**
- 3. Julie Desimone**

On a motion duly made by Carla Bassler, seconded by John Floyd, and approved unanimously, it was

RESOLVED to table the application for first time or transfer applicants for the Uniform CPA Examination of Konstantin Yevgenyevich Yeliseyev. Mr. Yeliseyev had applied for the exam under Verification – that applicant has provided as evidence of education (if unable to provide transcripts as required by 12 AAC 04.187(b) and (d)) using option 2., educational verification from a governmental agency, employer, or association, which previously required documentary evidence of education. However the Board noted the applicant had in fact provided transcripts which included proof that the transcripts had been submitted to a Board approved Credentialing Agency (World Education Services). The Board will consider the application upon receipt of a credential evaluation that reflects that Mr. Yeliseyev has met the educational requirements of 12 AAC 04.181.

On a motion duly made by Carla Bassler, seconded by John Floyd, and approved unanimously, it was

RESOLVED to table the application for first time or transfer applicants for the Uniform CPA Examination of Olga Shabalkina. Ms. Shabalkina had applied for the exam under Verification – that applicant has provided as evidence of education (if unable to provide transcripts as required by 12 AAC 04.187(b) and (d)) using option 2., educational verification from a governmental agency, employer, or association, which previously required documentary evidence of education. However the Board noted the applicant had in fact provided transcripts. The Board will consider the application upon receipt of a credential evaluation that reflects that Ms. Shabalkina has met the educational requirements of 12 AAC 04.181

The Board adjourned the meeting at 4:20 p.m. until 8:00 a.m. August 9, 2006

Wednesday, August 9, 2006

Item 1. Call to Order/Roll Call

The meeting was called to order by Max Mertz, CPA, Chairperson, at 8:02 a.m.
There were present, constituting a quorum:

Max Mertz, CPA Chairperson
Christy Morse, CPA Secretary/Treasure
Carla Bassler, CPA
Catherine Wilson, Public Member
Dan Rozema, CPA
Elaine Williamson, CPA
John Floyd, Public Member

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

Cynthia Cintra, Licensing Examiner
John Clark, Investigator – via teleconference

In attendance from the public was:

Leslie Schmitz, representing the Alaska Society of CPAs (ASCPA)
Bernadette Koppy, representing the Alaska Society of Independent CPAs (ASIA)

Item 5. Investigative Report

The Board called Mr. Clark at 8:02 a.m. Mr. Clark greeted the Board and introduced himself.

**On a motion duly made by John Floyd, seconded by Dan Rozema, and approved
unanimously, it was**

**RESOLVED to adjourn into Executive Session under the authority of AS 44.62.310 to
discuss the Investigative Report.**

The Board adjourned into executive session at 8:05 a.m. and was back on record at 8:32 p.m.

**On a motion duly made by Dan Rozema, seconded by John Floyd, and approved
unanimously, it was**

RESOLVED to accept the Memorandum of Agreement for case no. 0601-05-001.

The Board thanked Mr. Clark for his time.

Item 13. Public Comment

Leslie Schmitz, ASCPA

Ms. Schmitz informed the Board that the ASCPA and RIGOS Professional Education Programs had signed an agreement which stated that RIGOS would offer at least one four hour live seminar covering their approved ethics course. The seminar would be offered in Anchorage, Fairbanks and Juneau.

Ms. Schmitz also stated that the AICPA Council would be meeting in October and one of the main topics would be the transparency issues for peer/quality review. Ms. Schmitz stated that the Council would be voting on the topic of whether or not to bring it to the Members for a vote at the Spring Member meeting. Ms. Schmitz also informed the Board that some states do require transparency and other do not.

The Board thanked MS. Schmitz for her time and the ASCPA's assistance with the regulation projects.

Bernadette Kopy, ASIA

Ms. Kopy introduced herself to the Board and stated that ASIA would be more than willing to provide assistance to the Board and the ASCPA with the regulation projects.

Ms. Kopy also stated that ASIA hoped to avoid any future conflicts with licensing issues.

Mr. Mertz asked Ms. Kopy how ASIA feels about regulations and licensing issues. Ms. Kopy informed the Board that ASIA's main purpose was education. Ms. Kopy also stated that most ASIA member do not conduct audits and therefore feel that the requirements for licensure are not something they want to do. Ms. Kopy went on to say that ASIA works with their National organization and some States require licensure for the type of work done by members and others do not.

The Board thanked Ms. Kopy for her time and offer of assistance.

Item 17. New Business/Old Business, cont.

- Status of Reexamination Application Fee Regulation Change

Ms. Cintra informed the Board that unfortunately due to a lack of communication the regulation project submitted on May 2, 2006 had not been followed through by the Division.

On a motion duly made by Carla Bassler, seconded by Catherine Wilson, and approved unanimously, it was

RESOLVED to request that the Division of Corporations, Business and Professional complete the regulation project originally submitted May 2, 2006 which will raise fees for the Uniform CPA Reexamination application as soon as possible.

Item 18. Administrative and Other

- Administrative Hearing final procedural regulations adopted

The Board reviewed the information provided.

- Sign Wall Certificates

Mr. Mertz and Ms. Morse signed wall certificates

- Sign Minutes

Mr. Mertz signed the minutes from April 20-21, 2006

- Schedule Next Board Meeting

The Board agreed to tentatively set the next meeting date for November 13-14, 2006 in Anchorage.

The Board also tentatively agreed to meet February 1-2, 2007 in Juneau.

- Expenditure Report

Ms. Cintra informed the Board that due to a lack of staff, she had not received the expenditure report. Ms. Cintra went on to say that once the report had been received, she would mail it to all Board members.

The Board adjourned the meeting at 9:07 a.m.

Respectfully submitted:

/s/
Cynthia Cintra, Licensing Examiner

Approved:

/s/
Max Mertz, CPA, Chairperson
Board of Public Accountancy

Date: _____ 11/27/06