

**STATE OF ALASKA
DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT
DIVISION OF OCCUPATIONAL LICENSING
BOARD OF PUBLIC ACCOUNTANCY**

MINUTES OF MEETING

October 2-3, 2003

By authority of AS 08.04.025 and AS 08.01.070(2), and in compliance with the provisions of AS 44.62, Article 6, a scheduled meeting of the Alaska State Board of Public Accountancy was held on October 2-3, 2003, beginning at 9:00 a.m. The meeting was held in the Atwood Building, 550 West 7th, Suite 1270, Anchorage, Alaska.

Thursday, October 2, 2003

Item 1 Call to Order/Roll Call

The meeting was called to order by Steve Tarola, Chair, at 9:00 a.m.

There were present, constituting a quorum of the board:

Steve Tarola – CPA, Chair
Marjorie Kaiser – CPA
Linda Thomas – CPA
Sandra Wilson - CPA
Dan Kennedy, CPA
Laura Welles, Public Member

Kathleen Shreiber, Public Member, was unable to attend.

In attendance from the Department of Community and Economic Development, Division of Occupational Licensing, was:

Ginger Morton, Licensing Examiner

Members of the public in attendance were:

Leslie Schmitz, representing the Alaska Society of CPAs (ASCPA).
Virginia Curnow, representing the Alaska Society of Independent Accountants (ASIA)

Item 2 Review/Amend Agenda

The agenda was amended as follows:

- Item 8, Investigative Report, would be discussed at any time Mr. Petrie was able to attend the meeting, as he had a previous commitment.
- Item 20, a discussion of a blanket letter to licensees regarding upholding ethics to the highest standard was deleted and replaced by a teleconference with Assistant Attorney General David Brower, to discuss the denied CPA application of James R. Duffield.
- A new section E was added to Item 7, for Marjorie Kaiser to discuss a presentation she made to UAA students regarding computerization of the CPA exam.

On a motion made by Marjorie Kaiser, seconded by Dan Kennedy, and approved unanimously, it was

RESOLVED to approve the agenda as amended.

Item 3 Review/Approve Minutes

The July 17-18, 2003 minutes were amended as follows:

- On page 11, Item 15, roll call was amended to reflect that Kathleen Shreiber was not present.

There were no amendments to the August 11, 2003 minutes.

On a motion made by Linda Thomas, seconded by Dan Kennedy, and carried unanimously, it was

RESOLVED to approve the August 11, 2003 meeting minutes as drafted, and approve the July 17-18, 2003 meeting minutes as amended.

Item 4 FY 2004 Annual Report

The board took a few minutes to review the final version of the 2004 Annual Report.

Sandra Wilson commended Mr. Tarola for the narrative he had written for the report.

Item 5 Status of Goals and Objectives for FY 2004

1. Computerized Exam. The members discussed the first board goal of ensuring adequate testing capacity for Alaska candidates.

It was mentioned that the Prometric Testing Center will be expanding and relocating in Anchorage.

Sandra Wilson, Steve Tarola, Dan Kennedy and Marjorie Kaiser indicated they would like to visit the new testing center before it opens.

The licensing examiner suggested that since the testing center was expanding, this might be an opportune time to inquire about the private room needed for testing ADA candidates. Mr. Tarola offered to contact David Ginsburg of Prometric on this issue.

2. Monitor and React to Changes in Professional Environment for CPAs. Regarding adopting the Uniform Accountancy Act (UAA) the board agreed that it should follow the lead of the Alaska Society of CPAs (ASCPA) and then combine efforts when the time is appropriate for moving forward.

3. Require an Ethics/Jurisprudence Course. Sandra Wilson, a member of the National Association of State Boards of Accountancy (NASBA) Ethics Committee volunteered the information that NASBA is putting together a 4-hour ethics course with an expected completion date of one year. The board moved on, as this was to be a topic of discussion under the regulation update.

4. Continue Active Involvement with NASBA. Discussed was the procedure for committee appointments within the NASBA organization.

5. Encourage Bringing NASBA Regional Meeting to Anchorage. The board discussed proactively engaging in bringing a regional meeting to Alaska.

Leslie Schmitz of the ASCPA indicated the Society would be willing to assist in this effort.

It was suggested that the Anchorage Convention & Visitors Bureau be contacted to find how it might assist in promoting Anchorage as a potential site for the regional meeting.

Item 6 **Public Comment**

Leslie Schmitz (ASCPA) and Virginia Curnow (ASIA) were the only public members in attendance.

The board discussed having a member attend ASCPA's meetings and all members agreed this is something the board should do.

Also discussed was the idea of inviting UAA, UAF and UAS accounting club members to attend board meetings. Linda Thomas offered to make contact with the accounting club at UAS. Steve Tarola volunteered to write a formal letter to the university accounting clubs inviting them to send a liaison to the state board meetings.

The board requested this topic be placed on future agendas.

The topic of the board's web site was then discussed. The members agreed they would like to have a web site link to a "what's new" page. The board decided to discuss this further under Item 27, New Business.

Dean Nelson and Bruce Ogle, representing the ASCPA, joined the meeting at 10:25 a.m. Mr. Nelson welcomed the new board members and congratulated Sandra Wilson on her NASBA appointment.

Public comment closed at 10:30 a.m.

Item 7 **Monitoring Changes in the Professional Environment for CPAs**

A. B. C. The board briefly reviewed the board packet items under NASBA, AICPA and PCAOB.

D. Focus Questions. The first question asked if our board would accept the Public Company Accounting Oversight Board's (PCAOB's) firm review as sufficient to meet our state's requirements. The board responded that the PCAOB's firm review does not meet Alaska's requirements.

The second focus question asked what the board has found to be its best practices for working effectively with our state legislators. The board responded that it has direct contact with legislators, holds one meeting per year in the capital during the legislative session and

relies on state societies' paid lobbyists to keep them apprised of issues impacting CPAs.

The next question asked what steps Alaska is taking to address the measures included in the Sarbanes-Oxley Act. The board's response was that it is monitoring proposed new rules by the AICPA, PCAOB and GOA, monitoring steps being taken by other jurisdictions, and attending NASBA meetings and staying involved with NASBA activities.

The final focus question asked what is happening in Alaska that is important for other state boards and NASBA to know. The board responded with three issues; approving regulations requiring continuing education in ethics as a requirement for license renewal, working with Prometric to ensure adequate testing facilities for Alaska exam candidates and the curtailment of travel in light of Alaska's new administration.

The licensing examiner indicated she would put the board's responses in final form and send them to the regional director.

E. Kaiser Presentation to UAA Students. Marjorie Kaiser briefly discussed a presentation she had given to UAA students about the computerization of the CPA exam.

Item 9 **NASBA Ethics Committee Report**

Sandra Wilson, as a member of the NASBA Ethics Committee, had attended an ethics meeting in Nashville, Tennessee in September.

Ms. Wilson told the board that the Ethics Committee had appointed two task forces. The issue before the main task force was should NASBA and the AICPA put a model code of behavior in the Uniform Accountancy Act. The conclusions drawn by this task force will be addressed at the annual meeting in Maui in October.

Ms. Wilson stated that the task force she was assigned to discussed requiring ethics as a part of continuing professional education. She reported to the board that NASBA is working on developing a four-hour ethics course, which is expected to be available within the year.

Item 12 **Computerized Exam Update**

A. The board reviewed the most recent AICPA publication on the progress of the computerized CPA examination and noted that the

AICPA appears to be on schedule with the exam delivery scheduled for April 2004.

B. Steve Tarola reported that despite the board's efforts, it appears unlikely that there will be additional CPA exam testing centers in Fairbanks or Juneau.

Leslie Schmitz told the board that the ASCPA is looking into hosting exam candidates from outside Anchorage that have to travel to Anchorage to sit for the computerized exam.

It was mentioned again that Prometric will be relocating and expanding its testing center to accommodate more exam candidates. The board members indicated an interest in viewing the new exam site before implementation of the computerized exam.

The board also wondered if they would be able to view the computerized exam or participate in a pretest before implementation, and Steve Tarola offered to contact the appropriate persons to inquire on the board's behalf.

C. The board briefly reviewed the Computerized CPA Exam Summary prepared by Steve Tarola, which is intended to keep the board members current on events regarding the computerized exam.

Recess ***The board recessed for lunch at 11:50 a.m., reconvened at 1:30 p.m.***

Item 10 **Regulations – Current**

B. Ethics Course Requirement (ASCPA) The Board of Public Accountancy had been waiting on adopting a regulation to require an ethics course as a requirement for continuing education until there was a course available in Alaska. The ASCPA had indicated it would work toward making an ethics course available to Alaska licensees. Dean Nelson and Bruce Ogle addressed the board on the Society's progress in producing an ethics course.

Leslie Schmitz stated that at the ASCPA's August meeting the Society adopted a resolution for an ethics requirement.

Dean Nelson told the board that Jim Rigos, of Professional Education Programs, Ltd., had agreed to contract with the ASCPA and write an 8-hour ethics course specific to Alaska, with a proposed availability date of April 2004.

Mr. Nelson told the board that presently one-third of the licensing jurisdictions have an ethics requirement for continuing education, which requires 2-4 hours of ethics CPE per licensing period.

A four-hour ethics course requirement every four years was decided to be a reasonable requirement for Alaska CPAs.

On a motion made by Linda Thomas, seconded by Sandra Wilson and carried unanimously, it was

RESOLVED to ask the division's regulations specialist to draft a regulation to amend 12 AAC 04.300 to require that on or after January 1, 2006, as a condition of renewal, a licensee must complete a minimum of 4 hours of continuing education in ethics every other licensing period, the ethics to cover statutes and regulations under AS 08.04 and 12 AAC 04.

Recess ***The board recessed at 2:35 p.m., reconvened at 2:40 p.m.***

Item 10 **Regulations**

A. Computerized Exam. The licensing examiner explained that regulations 12 AAC 04.190 - .235 had been public noticed and the public comment period had ended.

One public member commented with a revision to the transition language in 12 AAC 04.205 to make it more easily understandable. The board agreed with the suggested revision.

On a motion made by Sandra Wilson, seconded by Dan Kennedy and carried unanimously, it was

RESOLVED to adopt the revisions to 12 AAC 04.190-.235 with 12 AAC 04.205(c) revised to read as follows: "An applicant who received credit for sections passed under (b) of this section will be allowed a transition period to complete any remaining sections. The transition period consists of the number of writing opportunities the candidate would have had remaining under the written examination, or a period of months calculated as the number of writing opportunities the candidate would have had remaining under the written examination, multiplied by six months, whichever is first exhausted. . . "

B. Ethics Course Requirement. Kurt West, Regulations Specialist, joined the meeting by teleconference at 3:00 p.m.

The board asked Mr. West to draft a new section (c) in 12 AAC 04.300 requiring a 4-hour ethics course every other licensing period as a continuing education requirement for license renewal. Mr. West indicated he would prepare a draft and email it to the Anchorage office for the board to review the next day.

C. Intent of 12 AAC 04.185 – Accounting Concentration. At the board's request, the licensing examiner had conducted a search of past board minutes at State Archives to attempt to determine the original intent of the accounting concentration. A document was provided that clearly showed the intent to be that even though an applicant had earned a bachelor's degree in accounting from an accredited institution, the applicant must have taken all the courses listed in 12 AAC 04.185.

Linda Thomas and Marjorie Kaiser agreed to form a committee to further research the necessity of an accounting concentration, and it will be added to the January 2004 meeting agenda.

D. AS 10.45 Explanation – "Sole Purpose Exclusion". The licensing examiner had drafted a memorandum to the board explaining why a corporation organized under AS 10.45, The Professional Corporations Act, did not have to meet the accountancy board's requirement that its Articles of Incorporation list the corporation's sole purpose as providing accounting services; the reason being that the corporation had to meet this requirement in order to be incorporated under AS 10.45.

Sandra Wilson further questioned the matter because the board had previously reviewed a corporation's application for a CPA permit that had been incorporated under AS 10.45, and its Articles of Incorporation listed many purposes.

The licensing examiner was asked to contact the Division of Corporations for an answer to provide to the board at the January 2004 meeting.

Because firm applications are routinely sent out for a mail vote if the next meeting is distant, and because of the confusion surrounding AS 10.45, the examiner was asked to confer with the board chair before conducting any future mail votes.

Item 14 Expenditure Report

The examiner related to the board that the director's recommendation is that license renewal fees remain the same for licensing period January 1, 2004 through December 31, 2005.

The board then reviewed the Expenditure and Revenue Report prepared by the division, and the Expenditure Report – Detailed Analysis prepared by Steve Tarola.

Division Director Rick Urion joined the meeting by teleconference at 3:50 p.m.

Mr. Urion told the board that the division had reviewed the income and expenses and determined that the licensing fees should remain the same.

Mr. Tarola asked if the division had looked at the board's budgeted figures when they determined the licensing fees should remain the same.

Mr. Urion responded that yes, he assumed they did. He explained that they look at the historical average and the number of present licensees and the projected number of licensees and make their assumptions.

Linda Thomas asked if the board could speak with the person who does the accounting and Mr. Urion said yes. A meeting with Jennifer Strickler regarding the expenditure report will be put on the January 2004 meeting agenda.

The board and Mr. Urion then discussed the board's travel requests.

There being no further questions for Mr. Urion, Mr. Tarola thanked him for his time in talking with the board.

Mr. Urion thanked the board for their service.

Item 15 Memos to Director Rick Urion

Ms. Wilson commended Steve Tarola on the two memorandums he had written to Mr. Urion regarding board travel and an overview of the CPA professional environment and its impact on Alaska.

Item 13 **CPA Exam Proctoring**

Sandra Wilson indicated she could administer the CPA exam in Fairbanks. Steve Tarola indicated he would be available to proctor in Anchorage, and Dan Kennedy offered to assist part time. Marjorie Kaiser offered to inventory the exam materials in Anchorage.

Recess ***The board recessed for the day at 5:00 p.m.***

Friday, October 3, 2003

Item 17 **Reconvene Meeting/Roll Call**

The meeting was called to order by Steve Tarola, Chair, at 8:40 a.m.

There were present, constituting a quorum of the board:

Steve Tarola – CPA, Chair
Sandra Wilson – CPA
Linda Thomas - CPA
Marjorie Kaiser – CPA
Dan Kennedy - CPA
Laura Welles – Public Member

Kathleen Shreiber, Public Member, was unable to attend.

In attendance from the Department of Community and Economic Development, Division of Occupational Licensing, was:

Ginger Morton, Licensing Examiner

Members of the public in attendance were:

Leslie Schmitz, representing the ASCPA.
Virginia Curnow, representing the ASIA

Item 11 **Regulations-Future**

A. Duty to Report – Positive Response. The board reviewed the language of other boards, which require a licensee to report an incidence of unethical conduct.

Several board members indicated their reluctance to impose a duty to report, when a failure to report could result in disciplinary action, and most felt that CPAs would report unethical conduct by a fellow licensee, whether or not mandated to do so.

Dan Kennedy suggested this topic be deferred to the next meeting, and it will be placed on the January 2004 meeting agenda.

Dana Walukiewicz, an applicant for licensure by reciprocity joined the meeting at 9:00 a.m. in the event the board had any questions about his application. He also provided an additional work verification for the board's review. After asking Mr. Walukiewicz a few questions, he left the meeting, and the board indicated they would review his complete application later in the meeting.

B. Records Retention. At the last meeting the board had asked the examiner to conduct a Quick Poll to ask other state boards if they have regulations governing the retention of financial statements and related work.

Sandra Wilson indicated she would prepare a spreadsheet from the answers received and the board agreed to discuss this again at the January 2004 meeting.

Also regarding records retention, the board asked the examiner to find out if expired licensee files could be archived for longer than the 20 years they are presently archived for.

Item 20 **James Duffield Denial**

Assistant Attorney General David Brower joined the meeting by teleconference at 9:00 a.m. to discuss the license denial of James Duffield.

Mr. Brower offered his opinion that the board would likely lose on the issue of whether or not Mr. Duffield could physically live in Alaska and continue to accrue work experience on his West Virginia license.

Mr. Brower suggested that the board allow Mr. Duffield to reapply for licensure by reciprocity, as he would by now have the requisite five years of experience practicing in a jurisdiction outside Alaska.

On a motion made by Linda Thomas, seconded by Marjorie Kaiser, and carried unanimously, it was

RESOLVED to allow James Duffield to reapply for licensure by reciprocity provided he explain the prior discrepancies in dates of employment, provide a

complete chronology of his work experience, and submit new work experience verifications.

The licensing examiner indicated she would draft a letter to Mr. Duffield, and forward it to Steve Tarola for comment before mailing.

Mr. Brower indicated he would contact Mr. Duffield to advise him that the board would allow him to reapply, and if chose to reapply, Mr. Brower would have the case remanded to the board and have the hearing presently set taken off the hearing officer's calendar.

Item 11 Regulations-Future Con't

C. Inactive Licenses. The board asked the licensing examiner to conduct a NASBA quick poll regarding inactive license status and how other states dealt with it in adopting the UAA. Steve Tarola offered to email the exact language for the question to the licensing examiner. This will be discussed again at the January 2004 meeting.

Item 18 Mail Votes Conducted Since Last Meeting

There had been one mail vote conducted since the last meeting. The firm of Stevens & Associates, Accountants & Consultants, P.C. had been granted a resident permit to practice.

Item 19 Ethics Reporting

The board had no ethics violations to report.

Item 21 Board Correspondence

There was no board correspondence for review.

Item 8 Investigative Report

Senior Investigator Quinten Warren joined the meeting at 10:00 a.m., as he was not sure if Phil Petrie would be able to attend.

On a motion duly made by Dan Kennedy, seconded by Linda Thomas, 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 10:00 a.m., and returned from executive session at 10:25 a.m.

Item 22 Application Review

While reviewing applications the board discussed its policy on approving applications pending receipt of additional documents.

Linda Thomas made a motion that the board make it policy to approve applications pending receipt of additional information, but after discussion, withdrew her motion.

Dan Kennedy left the meeting at 10:45 a.m.

On a motion duly made by Sandra Wilson seconded by Linda Thomas, and approved unanimously, it was

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

- 1. JoLynn Blancher**
- 2. Lance Bodeen**
- 3. Janice Coker**
- 4. Christine French**
- 5. Koki Ito**
- 6. Scott Matheson**
- 7. Alexander Rasskazov**

On a motion duly made by Sanda Wilson, seconded by Linda Thomas, and approved unanimously, it was

RESOLVED to approve the applications for certification by exam/experience of William Tisher and Nancy Nelson pending receipt of an Ethics Exam Certificate.

On a motion duly made by Sandra Wilson, seconded by Linda Thomas, and approved unanimously, it was

RESOLVED to approve the application for certification by exam/experience of William Greenwald pending an official transcript from Xavier University.

**On a motion duly made by Sandra Wilson,
seconded by Linda Thomas, and approved unanimously,
it was**

**RESOLVED to approve the application for certification by
reciprocity of the following:**

- 1. James Young**
- 2. Dana Walukiewicz**
- 3. David McAlpin**

**On a motion duly made by Sandra Wilson,
seconded by Linda Thomas, and approved unanimously,
it was**

**RESOLVED to deny the request for acceptance of a late
application for the CPA Examination of Dmitri Guzeyev,
pursuant to 12 AAC 04.190, failure to show good cause
for the late filing, and because the application is still
incomplete.**

**On a motion duly made by Sandra Wilson,
seconded by Linda Thomas, and approved unanimously,
it was**

**RESOLVED to approve the resident firm application of
Grant, Thornton, LLP.**

On another matter, the board asked the licensing examiner to find out if professional fitness questions can be added to the applications for licensure of corporations, partnerships, and limited liability companies.

Item 23 Ratify Exam Scores

Sandra Wilson and Linda Thomas conducted a comparison of the CPA exam scores from the American Institute of CPAs, and NASBA.

**On a motion duly made by Sandra Wilson,
seconded by Linda Thomas, and approved unanimously,
it was**

RESOLVED to ratify the May 2003 CPA exam scores.

Item 24 Ratify Out of State General Permits

**On a motion duly made by Marjorie Kaiser,
seconded by Sandra Wilson, and approved unanimously,
it was**

**RESOLVED to ratify the out of state general permits
issued to Reynolds, Henrie & Associates, P.C. and
Anderson, Zurmuehlen & Co., P.C.**

Item 25 Sign Wall Certificates. The board signed wall certificates.

Item 26 Schedule Next Meeting.

The next meeting was scheduled for January 29-30, 2004 in Juneau.

The board briefly discussed starting the Anchorage meetings at noon on the first day to allow the licensing examiner to travel the morning of the meeting in an attempt to cut travel costs.

The board decided they were not willing to take the risk that the examiner may not be able to get into Anchorage from Juneau on the morning of a meeting, so decided to begin future Anchorage meetings at 8:30 or 9:00 a.m. as usual.

Item 10 Regulations - Current

B. Ethics Course Requirement. The board reviewed a draft regulation sent by Kurt West, adding a new section (c) to 12 AAC 04.300, requiring 4 hours of continuing education in ethics every other renewal period as a condition of license renewal.

**On a motion duly made by Linda Thomas,
seconded by Sandra Wilson, and approved unanimously,
it was**

RESOLVED to accept regulation 12 AAC 04.300 as amended, and beginning with the January 1, 2006 renewal period, require 4 hours of the 80 hours required for license renewal to be in ethics. The 4 hours of ethics must be completed every other licensing period as a condition of renewal; and have the regulations specialist to move forward with public noticing the amended regulation.

Marjorie Kaiser suggested that the words "the board's" be deleted from the amended regulations, as the regulations cited are the boards.

Linda Thomas accepted the friendly amendment.

The board requested that a teleconference be scheduled for approximately six weeks out, which would allow 30 days for public comment, in order to adopt the regulation.

Item 8 Investigative Report

Phil Petrie joined the meeting at 12:10 p.m. to give the investigative report.

On a motion duly made by Linda Thomas, seconded by Marjorie Kaiser, 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 12:12 p.m., and returned from executive session at 12:30 p.m.

The board asked that a review of civil fines be placed on the January 2004 meeting agenda.

The members of the board indicated they would be sending the licensing examiner emails with their ideas for "what's new" topics for the accountancy board's web site.

The board discussed the tightening of state travel policies. The licensing examiner reiterated to the board the importance of knowing their travel dates when traveling on state business, prior to the travel authorization being approved. She explained that a variance from the approved travel could result in a denial of the travel reimbursement.

Adjourn ***The board adjourned at 12:45 p.m.***

Respectfully submitted:

Ginger Morton, Licensing Examiner

Approved:

Steven R. Tarola, Chair
Board of Public Accountancy

Date: _____