

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

**MINUTES OF MEETING  
January 27-28, 2005**

By authority of AS 08.01.070(2) and AS 08.04.025, and in compliance with the provisions of AS 44.62, Article 6, a scheduled meeting of the Board of Public Accountancy was held January 27-28, 2005, beginning at 10:00 a.m. The meeting was held in the State Office Building, 333 Willoughby Avenue, 9<sup>th</sup> Floor Conference Room A, Juneau, Alaska.

**Thursday, January 27, 2005**

**Item 1      Call to Order/Roll Call**

The meeting was called to order by Steve Tarola, Chairperson, at 10:20 a.m. There were present, constituting a quorum:

Steve Tarola - CPA, Chair  
Sandra Wilson – CPA, Secretary/Treasurer  
Marjorie Kaiser - CPA  
Max Mertz - CPA  
Laura Welles - Public Member, Vice-Chair  
Catherine Wilson, Public Member

In attendance from the Department of Commerce, Division of Occupational Licensing was:

Cynthia Cintra, Licensing Examiner

Also in attendance from the public:

Virginia (Ginger) Curnow, representing the Alaska Society of Independent Accountants (ASIA).  
Lisa Rogers, with the Alaska Society of CPAs (ASCPA)  
Pat Davidson, with Legislative Audit  
Anne McLean, with Legislative Audit

Dan Kennedy, CPA joined the meeting at 2:00 p.m.

**Item 2      Review/Amend Agenda**

The following amendments were made to the agenda:

- Three new items, correspondence from Mwaaz Moustafa Ismaeil (conditional credit transfer), Alfred Yin (exam scores) and the National Registry of CPE Providers, were added to Item 7, Correspondence.
- A new item, letter regarding an ethics complaint from Vernon R. Johnson, was added to Item 10, Ethics Reporting.
- A new item, letter from the California Board of Accountancy addressing the proposed fee increase for the Uniform CPA Exams, was added to item 20, Computerized Exam Status.

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

**RESOLVED to approve the agenda as amended.**

**Item 3      Welcome New Board Member Catherine Wilson**

The board went round the table and introduced themselves and gave a brief professional background.

**Item 4      Review/Approve Minutes**

A. August 5-6, 2004 Minutes

The Board reviewed the August 5 – 6, 2004 minutes that were amended at the September 30 – October 1, 2004 meeting. Steve Tarola signed the August minutes

B. September 30 – October 1, 2004 Minutes

After a review of the September/October 2004 minutes, the board agreed to amend the minutes as follows:

Page 13, Item 19: Remove application denial motion for Corrine Eagle and change to: “the application for certification was tabled because she did not appear to have a business law course.” The last sentence needs to be removed from the minutes.

**On a motion duly made by Sandy Wilson, seconded by Max Mertz, and approved unanimously, it was**

**RESOLVED to approve the September 30 – October 1, 2004 minutes as amended.**

C. December 14, 2004 Minutes

After a review of the December 14, 2004 minutes, the board made the following amendments:

Page 2, 3<sup>rd</sup> paragraph, the last sentence, will be amended to read, "Sandra Wilson apologized and told Ms. Eagle that the board had not been able to discern that her application had been complete at the September/October board meeting."

**On a motion duly made by Max Mertz, seconded by Sandy Wilson, and approved unanimously, it was**

**RESOLVED to approve the December 14, 2004 minutes as amended.**

D. January 7, 2005 Minutes

Cynthia Cintra informed the board that the January 7, 2005 minutes have not yet been drafted.

**Item 5**

**Public Comment**

Pat Davidson from Legislative Audit had questions regarding the proposed bill that is being drafted. Ms. Davidson had listened in on the last few subcommittee meetings and noticed that there were several individuals that wanted to give input and she wondered when there would be a time for public comment to be heard.

Steve Tarola informed Ms. Davidson that public comment was always welcome. He further informed Ms. Davidson that the board would be discussing the proposed bill on day 2, Item 17 of this meeting and she would be more than welcome to attend at that time.

Cynthia Cintra said she would call Ms. Davidson 10-15 minutes before the board is ready to start discussion on Item 17.

Ms. Davidson told the board if it have any questions on its sunset review she would be more than happy to answer them. Steve Tarola thanked Ms. Davidson for her input and openness to help the board.

Anne McLean, also from Legislative Audit, said she will hold her comments until the 2<sup>nd</sup> day of the meeting as she will be returning with Ms. Davidson.

**Item 6**

**Administrative and Other**

There were no other administrative issues at this time.

**Item 7**

**Correspondence**

A. Denial of board member travel costs

The board reviewed the letter from Steve Tarola regarding the denial of travel costs for Marjorie Kaiser.

B. Copy of response to Rodney D. Lind

The board reviewed Mr. Tarola's response to Rodney Lind's in which Mr. Lind's request for a waiver of the ethics continuing education requirement was denied.

C. Correspondence to Geoffrey Pokorny from Ginger Morton

The board reviewed the letter written by Ginger Morton to Geoffrey Pokorny regarding reducing experience points for certification.

D. CPE Provider Thomson RIA

The board reviewed a letter from Thomson RIA regarding one of its CE courses that had been disqualified for QAS CE. The disqualified course was "2004 Federal Tax Handbook CPE Quizzer and Federal Tax Review."

E. Quality Assurance Service, response to Thomson RIA

The board reviewed a letter from Quality Assurance Service regarding the Thomson RIA course that was disqualified for QAS CE.

F. Correspondence from Mwaaz Moustafa Ismaeil, regarding conditional credit transfer

After a brief discussion the board asked Cynthia Cintra to find out when Mr. Ismaeil last sat for the CPA exam.

The board also directed Ms. Cintra to refer to transitional rules set by the National Association of State Boards of Accountancy (NASBA) regarding Conditioned Exam Candidates. Ms. Cintra said she will do more research then draft a letter to Mr. Ismaeil, but will first email the draft to Steve Tarola for input.

G. Correspondence from Alfred Yin, regarding an extension of his Notice To Schedule (NTS) for the Uniform CPA exam(s)

After reviewing Mr. Yin's request for an extension of his NTS for the reason that he had not had time to study, the board declined to grant his request. Mr. Yin will need to submit a Reexamination application with appropriate fees.

H. Correspondence from the National Registry of CPE Providers

The board reviewed the email and listing of approved CPE providers from October 1, 2004 through December 31, 2004.

**Recess**      ***The board recessed at 12:05 p.m. for a working lunch***

**Item 8      Review/Approve Applications (Work Session)**

**On a motion duly made by Max Mertz, seconded by Sandy Wilson, and approved unanimously, it was**

**RESOLVED to approve the following applications for certification by reciprocity:**

- 1. Robert Bruce Morgan**
- 2. Linda S. Loven**
- 3. Bernice A. Heath**
- 4. Cathy L. Sorensen**

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

**RESOLVED to reinstate the application of Shawn A. McConnell to “inactive” status and refund \$127.50 as he had overpaid the reinstatement fee.**

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

**RESOLVED to reinstate the application of Elizabeth M. Sweeney to “active” status.**

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

**RESOLVED to deny the reinstatement of Paul Nangle’s CPA license in accordance with 12 AAC 04.440, as his failure to keep his license current did not meet the criteria of 12 AAC 04.400, reasonable cause or excusable neglect.**

**On a motion duly made by Cathy Wilson, seconded by Max Mertz, and approved unanimously, it was**

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

- 1. Paula S. Matthies**
- 2. Cheryl A. McNeil**
- 3. Amy Cooper**
- 4. Natalia Martynova**
- 5. Martin W. Schmidt**
- 6. Matthew M. Taylor**

The board had a discussion regarding the application by exam/experience of Geoffrey Pokorny.

Marjorie Kaiser said she believes Mr. Pokorny needs a class in business law. Both Sandy Wilson and Cynthia Cintra informed Ms. Kaiser that Mr. Pokorny, in fact, does not need a class in business law as he is supplying with 6 points of experience in accordance with 12 AAC 04.181. He is not applying with an accounting concentration.

After reviewing the regulation, Ms. Kaiser said she believes that the board should reconsider the application.

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

**RESOLVED to approve the application of Geoffrey Pokorny for certification by exam/experience.**

**On a motion duly made by Max Mertz, seconded by Cathy Wilson, and approved unanimously, it was**

**RESOLVED to approve the Resident Firm Permit for Paul M Wichorek, LLC.**

**Item 9**      **Audit of Continuing Education Reports** (late arrivals, if any)

There were no late audits of Continuing Education.

Sandy Wilson asked Cynthia Cintra to check on the responses from the last continuing education audit and email her the findings.

**Item 10**      **Ethics Reporting**

There were no ethics violations to report.

B. Complaint from Vernon Johnson to Office of the Governor and response from Gregg Renkes, Attorney General

Steve Tarola gave a brief summary of how this complaint came about. The subcommittee for Uniform Accountancy Act (UAA) statute changes had met several times and as part of that process the subcommittee looked at what the Alaska Society of CPAs (ASCPA) had done in conjunction with the board to go out and educate the public. This was done three or four years ago. The ASCAP had kept a list of people who had been dissenters and supporters of the proposed changes to statutes. At one of the subcommittee meetings it was decided to contact the dissenting individuals and give them an update on the board's activities and provide more information.

Mr. Tarola told the board that no action on its part was necessary for this. He also gave his opinion that the charges were “totally bogus” and that he felt the matter would die away.

Dan Kennedy told the board he felt very bad about this complaint. He said he felt that, in his opinion this “poisons the well” and negates the board’s hard work on this goal. The complaint was brought to Mr. Kennedy’s attention by a State Senator who contacted him. Mr. Kennedy’s firm partner recommended that he get legal counsel. Mr. Kennedy’s firm used their attorney to help with the process.

Mr. Kennedy informed the board that he had contacted nine people via telephone from a list provided by the ASCPA who had, in the past, been in objection to the statute changes. Of the nine, he left messages for five, one of which was Mr. Johnson. Mr. Kennedy identified himself in the message and told Mr. Johnson that the board was championing a bill to the legislature and the board wanted to communicate what actions were being taken. Mr. Kennedy left his telephone number and invited Mr. Johnson to call him back. The other four people he had left messages for called him back and several of those have been active in the committee. The individuals that Mr. Kennedy had direct contact with provided information on the proposed legislation, what had been changed in the last few years, and what they would like to see changed.

Mr. Kennedy said that, in his opinion, there was nothing intimidating or threatening in what he said. In his message he also asked that people not oppose the upcoming statute changes because, in his opinion, things were moving in the right direction.

Max Mertz informed Mr. Kennedy that he had overheard one of his contact telephone calls to his partner, Bob Rehfeld. Mr. Rehfeld was appreciative of the call, however said he disagrees with some of the proposed changes. Mr. Mertz said he feels that the complaint is “over the top.”

Steve Tarola informed the board that this complaint had been given to legislators, but he is unsure where they could possibly go with it. Mr. Tarola said he feels it is absurd to penalize the entire board for this, even if what Mr. Johnson said was true, as there was no action being taken, Mr. Kennedy was just looking for support.

The board gave Mr. Kennedy its support.

Marjorie Kaiser asked if it would be appropriate to write Mr. Johnson a letter of apology.

Steve Tarola said he feels that this issue will go away and that there is no need to add fuel to the fire. Mr. Tarola then went on to tell the board that he does have a letter drafted and ready to send, just in case it is needed. Mr. Tarola also informed the board that a legislator recommended that no letter be sent.

After a lengthy discussion, the board decided to send no letter to Mr. Johnson.

**Item 11**      **Ratify Out of State Permits**

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

**RESOLVED to ratify the out-of-state general permit of Hemming Morse, Inc.**

**Item 12**      **Sign Wall Certificates**

Steve Tarola and Sandra Wilson signed wall certificates.

**Item 13**      **Goals and Objectives FY 2004-2005** (Status chart and action items)

Sandy Wilson stated she was very proud of the board's goals and objectives and the status of the completion of them. Ms. Wilson thanked Steve Tarola for his hard work on the proposed bill implementing portions of the UAA.

Sandy Wilson informed the board that she has been notified by the National Association of State Boards of Accountancy (NASBA) that a testing site would be opening July 2005 in Fairbanks.

Max Mertz relayed information to the board regarding a testing site opening in Juneau. Mr. Mertz told the board he felt that at this time it was not financially feasible to open a testing site in Juneau. Mr. Mertz went on to tell the board that he had met informally with the Director of Student Services and the Chancellor of the University of Alaska Southeast. The concern that both the Director and Chancellor had was the ongoing funding by the University. Mr. Mertz told the board that the capital cost might not have been a problem but the \$50 or \$60 thousand a year would be a problem.

Steve Tarola said he would update the Goals and Objectives to reflect Ms. Wilson's and Mr. Mertz's information.

On a related subject, Steve Tarola, said he would like to hold Item 10, Ethics Reporting, for when Dan Kennedy joins the meeting, so at this time the board will move on to other agenda items.

**Recess**      ***The board recessed at 1:30 p.m., reconvened at 1:50 p.m.***

Jennifer Strickler, Administrative Manager for the division said she would be happy to meet with the board to discuss the budget. Ms. Strickler had been unable to join the board at the January 28, 2005 meeting.

**Item 15**      **Expenditure Report** Jenny Strickler, Administrative Manager joined the meeting at 1:55 p.m.

Max Mertz had several questions on the budget report. Mr. Mertz asked Ms. Strickler how the Reimbursable Services Agreement (RSA) cost with the Department of Law was decided.

Ms. Strickler informed Mr. Mertz that the amount is negotiated between the departments and does not change very much. Mr. Mertz requested a copy of the report submitted to the Department of Law.

Mr. Mertz also asked Ms. Strickler about the indirect allocation of \$1.4 million dollars and if this was the total cost for the entire Division. Ms. Strickler responded yes.

Mr. Mertz then asked Ms. Strickler what code 28024 represented. Ms. Strickler informed Mr. Mertz that this was the Receipt Support code. Ms. Strickler then went on to educate Mr. Mertz on ins and outs of the Expenditure Report.

The board thanked Ms. Strickler for her participation.

On an unrelated subject, Dan Kennedy asked for an update on the Legislative Bill (Item 17).

Steve Tarola informed the board that at this time there was no bill ready for introduction. He said the process of getting the bill amended takes a lot of time as it must go through the entire process again, and would not be ready for presentation to the board at this meeting.

**Item 16**      **National Association of State Boards of Accountancy (NASBA)/Alaska Society of CPAs (ASCPA) Meetings/Items**

A. NASBA annual meeting in Chicago – October 17-20, 2004

The board reviewed the information provided regarding NASBA's Annual Meeting last October.

Steve Tarola informed the board that this meeting was well attended by the Alaska Board. In attendance was Steve Tarola, Marjorie Kaiser, Sandy Wilson and Max Mertz.

The attendees gave the board a summary of the meeting, including speakers and topics.

Cynthia Cintra informed the board that she would not be attending the Executive Director's Meeting in New Orleans, as the agenda did not warrant a licensing examiner's attendance. The board was disappointed because it felt this was a meeting that Ms. Cintra should attend. The board offered to write a letter of support, if needed, and would mention it to Rick Urion, Director, when he joins the meeting on Friday.

B. ASCPA board meeting – November 16, 2004

Steve Tarola gave the board a brief review of the ASCPA's November 16, 2004 meeting, and the board reviewed the power point presentation that Mr. Tarola gave at the meeting.

C. ASCPA luncheon – November 17, 2004

Steve Tarola gave the board a review of the ASCPA's luncheon. Mr. Tarola informed the board that Representative Mike Hawker was in attendance and he is in full support of the proposed bill the board is drafting.

Steve Tarola mentioned that Rep. Hawker was, at one point, a licensed CPA in Alaska.

Dan Kennedy said he feels the board should encourage Rep. Hawker, to renew his CPA license. Mr. Kennedy said he feels that having a licensed CPA in the legislature would be beneficial. Mr. Kennedy will ask Rep. Hawker to renew his license.

D. NASBA regional meeting in Anchorage – June 22-24, 2005 – Planning ahead

Steve Tarola asked Sandy Wilson to give the board an update on the upcoming NASBA Western Regional Meeting in Anchorage.

Sandy Wilson informed the board that this meeting will be held at the Captain Cook hotel and that Lieutenant Governor Lehman was very interested in giving the welcoming address.

Max Mertz asked about reserving rooms at the hotel. Steve Tarola told Mr. Mertz that meetings usually have a special rate for attendees and that the information should be posted to NASBA's web site.

Laura Welles suggested the board approach Rick Urion, Director, when he joins the meeting tomorrow and ask if the state will cover registration and hotel costs. The board felt this would be a good idea.

Steve Tarola and Sandy Wilson felt that since this regional meeting is being held in Alaska, the board should have a presence; perhaps by manning a welcome table and that the ASCPA should host something as well.

Lisa Rogers representing the ASCPA, asked the board for suggestions and ideas that she would in turn present to the ASCPA. Steve Tarola suggested that at least one board member coordinate with the ASCPA in the planning details.

Sandy Wilson volunteered her services. Ms. Wilson told the board that as an incentive to attendees, Tom Kinney from NASBA has put together a raffle drawing. She said that all attendee's names will be put in a hat for drawings; however, a person must be present to win. She said the board is in a unique position to be holding this meeting in Alaska and it should offer Mr. Kinney unique Alaskan prizes for the raffle, such as Alaskan smoked salmon, chocolates, etc.

Dan Kennedy extended an invitation to the board, following the NASBA regional meeting, that if anyone wanted to stay over for the weekend, they were welcome at his home located in Wasilla.

E. Nominations for NASBA Vice-Chair for 2005-2006

The board reviewed the information provided by NASBA asking for nominations and a listing of nominees for the 2005-2006 year.

Steve Tarola shared an email he received from the Idaho board nominating Sam Cotterell for Vice-Chair. Sandy Wilson informed the board that the East Coast has had no representation for the past five years. Sandy Wilson went on to state that Andrew DuBoff of New Jersey is an excellent candidate. Ms. Wilson also stated that Wes Johnson of Maryland would be another excellent choice. She said that Mr. Johnson had been a Regional Director for three years and Director at Large for four years, so he has a lot of valuable experience.

Laura Welles asked if there was a deadline for nominations or would the board be able to take care of this at its next meeting. Sandy Wilson and Steve Tarola informed Ms. Welles that nominations were being requested by March 12, 2005.

Steve Tarola asked Sandy Wilson to take the lead on nominations as she is in frequent contact with NASBA and the board will follow her lead. Sandy Wilson suggested the board support Samuel Cotterell. She said she will email a list of suggested nominees to Cynthia Cintra. Ms. Cintra will in turn email the information to the board for their consideration. Once the selection is made, the board will conduct a mail vote.

**Adjourn      The meeting recessed at 3:15 p.m. until Friday at 8:30 a.m.**

**Friday, January 28, 2005**

**Item 14      Reconvene Meeting/Roll Call**

The meeting was called to order by Steve Tarola, Chairperson, at 8:45 a.m. There were present, constituting a quorum:

Steve Tarola - CPA, Chair  
Sandra Wilson – CPA, Secretary/Treasurer  
Marjorie Kaiser - CPA  
Max Mertz - CPA  
Laura Welles - Public Member, Vice-Chair  
Catherine Wilson, Public Member  
Dan Kennedy, CPA

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

Cynthia Cintra, Licensing Examiner

Also in attendance from the public:

Virginia (Ginger) Curnow, representing the Alaska Society of Independent Accountants (ASIA).  
Lisa Rogers, with the Alaska Society of CPAs (ASCPA)

**Item 17      Statute Changes/Proposed Bill**

A. Meeting with Rick Urion, Director of Occupational Licensing. Rick Urion joined the board at 9:00 a.m.

- Status of legislative effort and administration support

Steve Tarola welcomed Mr. Urion to the meeting and asked if he supported the board's effort in proposing legislation implementing portions of the Uniform Accountancy Act (UAA).

Mr. Urion said he feels the board is headed in the right direction, although there has been no bill presented yet. He said that until he is able to review a bill he cannot give a solid vote of support.

Steve Tarola asked if sometime during the process it would be feasible to gain the support of the administration and the Governor for this proposed bill.

Mr. Urion informed the board that proposing legislation is a very difficult process and until a bill is introduced it is hard to commit to it, as it has not yet been seen. Steve

Tarola asked for clarification. Mr. Urion said even though there is no bill written as of this date, he still supports the general intent of the bill.

Steve Tarola gave Mr. Urion a brief summary of the subcommittee meetings. He said the meetings had been going well, with members of the public attending. He said that at the last subcommittee meeting held on January 18, 2005, there were thirteen individuals in attendance. He said there were many comments and questions brought to the table, which were incorporated as revisions into the draft bill. He said that hopefully, in another five to six days, there would be a bill ready for introduction.

Mr. Urion told Mr. Tarola that Representative Hawker had indicated to him that he was going to talk to other legislators for input before introducing the bill. Steve said he had not heard this news and Mr. Urion clarified that Rep. Hawker had mentioned this to him recently in Fairbanks.

Dan Kennedy stated that Rep. Hawker was making sure that the ASCPA would be in support of the proposed bill. Mr. Kennedy went on to state that the ASCPA is supporting the bill, as it passed a resolution by its board in support.

Dan Kennedy also mentioned that Rep. Hawker had two good recommendations: 1) have a NASBA representative attend hearings and give testimony regarding the proposed bill via teleconference, and 2) attempt to gain support from CPA firms in the private sector.

On another issue, Mr. Urion discussed the complaint/letter from Vernon Johnson (see Item 10). Steve Tarola informed Mr. Urion that the board had discussed the complaint/letter and dealt with the issue yesterday under Item 10.

Mr. Urion distributed copies of a letter addressed to Mr. Johnson from Barbara Ritchie, Chief Assistant Attorney General. The board reviewed the letter with Mr. Urion. The letter stated that the incident does not qualify as an ethical complaint, however, Mr. Johnson is free to pursue the matter any way he feels fit. Mr. Urion went stated that he had been the bad guy by saying the board should not hold the last subcommittee meeting, however, he had the letter from the Attorney General's Office in front of him and felt he should try to save the board from itself. Mr. Urion went on to say that, in his opinion, the involvement the board is taking with legislation is good. He also went on to caution the board on any actions they take while seeking support for the proposed legislation.

Steve Tarola gave a brief summary of why the subcommittee wanted to contact members of the public in order to keep them informed of the activities of the board and to gain support.

Rick Urion suggested that Dan Kennedy send a letter of explanation and apology to Mr. Johnson. Steve Tarola gave Mr. Urion a brief summary of the board's general consensus, which was they wanted Mr. Johnson to be informed and active with the board in the proposed legislation. Sandy Wilson stated that she would not be opposed

to sending Mr. Johnson a letter clearly explaining the intent of the call and inviting him to take part in the legislative process.

Steve Tarola informed the board that he had prepared a draft letter to Mr. Johnson and he would try to get a faxed copy to share with the board.

Steve Tarola then discussed the Regional Meeting being held in Anchorage in June 2005, and wanted to make sure that board members would be able to attend, with the state paying for registration fees, travel expenses, etc. Mr. Tarola went on to state that Alaska was the host of this meeting and a strong attendance by board members would be beneficial. Mr. Urion said he feels that this is a reasonable request and he will review travel requests when presented to him for approval.

Steve Tarola also brought up the Executive Director's Meeting being held in New Orleans this spring. The board said it feels that this meeting would be a good learning and networking experience for the licensing examiner. Mr. Urion said he would consider it when the travel request was presented to him for approval.

Due to time constraints, the board decided to return to Item 17, Statute changes, later in the day.

Ginger Morton, Licensing Supervisor, joined the meeting at 9:20 a.m.

Pat Davidson and Anne McLean, from Legislative Audit joined the meeting at 9:23 a.m. The board welcomed them.

**B. Draft Legislative Bill for 2005:**

- Substantial equivalency
- Interstate reciprocity
- Attest experience
- Streamlining mailing cost
- Consistency of terms for permit, license and certificate
- Effective date

Steve Tarola gave a brief update on the progress of the proposed bill. He said he feels that as soon as a final draft is submitted the board should meet in order to review and discuss any questions and concerns. Max Mertz suggested that due to time constraints the board should take a half-hour to review the draft material provided and have a discussion later in the day.

Max Mertz asked the subcommittee if they were comfortable with the changes made with regard to the definitions of certificate and license. Steve Tarola responded positively.

**C. Committee Report – UAA Substantial Equivalency**

- Agenda and Minutes of meetings (11/23/04, 12/29/04, 1/5/05)

- Action Plan

The board reviewed the agenda and minutes of the UAA subcommittee meetings.

Steve Tarola gave the board a brief update of the subcommittee's progress. He said that at the January 5, 2005 meeting a list of several items were discussed and changes to the draft bill were made and sent to Theresa Bannister, Legislative Counsel, to incorporate into the draft bill.

Lisa Rogers gave the board an update on the draft bill since revisions were submitted to Ms. Bannister. Two main issues were sent to Ms. Bannister to incorporate into the draft bill. Ms. Rogers stated that she had received an updated draft bill on Monday, and on Wednesday received the remaining 13 issues. She told the board that Ms. Bannister needed clarification on a few minor points. She continued by telling the board that as of the present date she had not spoken with Ms. Bannister, but that if she has not heard from her by January 31, 2005, she would contact her.

Ms. Rogers also went on to say that she would be the "squeaky wheel", pushing for the draft bill to be completed. Ms. Bannister also reiterated Mr. Tarola's statement that the drafting process was more in-depth and time consuming than originally thought.

Steve Tarola gave a brief update on the progress of the proposed bill.

Ms. Pat Davidson was then invited to speak.

Ms. Davidson informed the board that she was not in support of the proposed bill. Ms. Davidson told the board her largest concern was the dropping of required attest functions. She said that in her view a licensed CPA should be able to competently conduct an audit. She stated that, in her opinion, dropping the audit requirement, diminishes the licensing standards.

Sandy Wilson responded to Ms. Davidson stating that there are individuals who want the CPA title, however, they have no interest in conducting audits and that many want to be business/financial advisors or to do work in taxes. She said the audit requirement is not fair to applicants and that "should we tell 80% of licensees that they are no longer licensed CPAs if they do not conduct audits?"

Pat Davidson responded understandingly and suggested that maybe the board is at a crossroad and would need to formalize a tier system. She said by looking at the issue from the public's point of view, (we at this meeting understand the differences of audits, etc.) when the state issues a license to an individual, they can hold out to the public that they are competent, meeting minimum qualifications to do everything a CPA is licensed to do, which includes audits. Ms. Davidson said the board would like to recognize that by issuing separate licenses for audit and taxes as a specialty license, that would be fine, but as it is now, with a single license, the board must make sure all CPAs are competent or meet minimum qualifications. Ms. Davidson said, however, she felt concerned that if the board did indeed move to a tier system there would be no public comment.

Sandy Wilson brought up a new standard which requires peer reviews. She said the peer review reports will be transparent, meaning if you have a peer review, you must submit to a regulatory body your report, letter of comments, letter of response and all materials that pertain to the peer review and all that material would be public information. She said there is nothing that guarantees that the two years of supervised experience in auditing means you are qualified to perform audits; i.e., this in no way proves that a CPA will be able to conduct a competent audit.

Ms. Davidson was in agreement with Ms. Wilson with regard to the quality of peer reviews, however, the review requirement is once every three years. She said if the board issues a license it needs to know the person will be competent at the time of licensure, not three years down the road. Ms. Davidson went on to state that peer reviews are excellent, however, there needs to be a minimum threshold requirement for applicants to meet at the time of initial licensure, not three years later.

Max Mertz asked Ms. Davidson for clarification, asking if she was opposed to the removal of the 500-attest hours and/or changing required supervision from two to one years. Ms. Davidson replied that her primary concern is the removal of the 500-attest hours.

Max Mertz replied that his firm has been having debates over the removal of the 500-hour requirement. He said he feels that the removal of the 500-hour requirement will not harm the public as the board has made steps to require the peer reviews.

Mr. Mertz went on to discuss the peer review process, as he is a Quality Controller for his firm. He said that from a public safety standpoint the peer review is much more important and that the three-year requirement is reasonable. He continued by saying that individuals going through the review process must provide post-issuance reviews of engagements ongoing and annual activities, i.e. independence and educational requirements. He said when an outside reviewer conducts a peer review they are looking to see if requirements have been met over the past two years.

Mr. Mertz also said he feels that a positive change to the review process would be to require the Letter of Comments to be attached to the review. He said the Letter of Comments would give the public the opportunity to see that the review not only meets the minimum standards but the public would also be able to see a firm's weaknesses.

Mr. Mertz said he feels concerned because 40 or more states have removed the 500-hour requirement in order to meet Substantial Equivalency requirements and if Alaska keeps that requirement it might have an affect on licensed Alaskans trying to become licensed in another state.

Pat Davidson informed the board she has no problem with the three-year requirement for the peer review; her concerns are for when the initial license is issued. She said she thinks an individual being licensed must be able to meet the minimum requirements, at the time of licensure, not three years later.

Steve Tarola gave a brief summary of the changes the board hopes to make with the draft bill that address Ms. Davidson's concerns through statute and regulation (SQSC 40-5). He said that under the standards, you cannot conduct an audit until you gain experience and an individual just licensed will not be conducting or signing audits. He said this will offer much more protection than the currently required 500-hours, and that qualitative makes the standard not quantitative.

Ms. Davidson asked if every office of a national firm is required to submit to a review and Sandy Wilson responded that no, they are not required to submit a review. Steve Tarola informed Ms. Davidson that firms must have in place and meet SQS in every office, and that the peer review will cover all the offices of a national firm.

Max Mertz also provided information on internal and external reviews, which are a part of the Quality Control for the peer review. Mr. Mertz praised the PCAOB review requirements.

Laura Wells made the comment that the board is taking into account that the industry is changing and the draft legislation is trying to meet those changes for the benefit of the profession and public, and asked that if anyone had recommendations, to please share them.

Pat Davidson shared her observation that there is a dynamic tension with regard to where a profession wants to go and the board is trying to facilitate and recognize those needs. She said that the most important job of the state licensing boards is the willingness to accept that responsibility, however, the bottom line of the board's decisions should be if the citizens of Alaska benefit from the changes and are they are better served.

Lisa Rogers introduced herself and gave a brief summary of peer review standards.

Ms. Davidson thanked the board for its time and allowing her to speak.

Anne McLean was then invited to speak.

Ms. McLean introduced herself to the board. She told the board that she is the hiring manager for Legislative Audit. She stated that in the hiring process, one of the requirements is that an individual meet the minimum qualifications for sitting for the CPA exam.

Ms McLean stated her objection to the draft bill was the removal of the option for an individual with a bachelor's degree and 15 additional semester credits of accounting courses to qualify to sit for the CPA exam. She said the removal of part 2 under section 8 in the draft bill is not good and wondered where the profession is going in order to say you must have an accounting concentration. Ms. McLean stated she feels an accounting concentration does not hurt and that it is good to have the experience.

Ms. McLean stated another concern is the removal of the 500-attest hours. She said that regulation now requires diversity in the accumulation of the attest hours and that 500 hours is not too much to ask for experience. Ms. McLean said she feels that a CPA should be well rounded in all aspects of the profession.

Ms. McLean asked if the audit hour requirement is removed from regulation would the board remove the audit portion of the CPA exam as well. Laura Welles responded, addressing the practicality of the issue, which is, is the CPA exam the paramount standard, or is it just the beginning of the CPA career. She said that for individuals who have now chosen public accountancy as a profession, but did not choose this as their primary profession in college, it is difficult to matriculate into the system as it now stands. She stated that it is not that the board does not want people to have the 500 audit hours, but in a practical viewpoint, who would hire them. She asked Ms. McLean if, as a hiring manager for a state agency, would she hire someone that only needed to accumulate the required audit hours. Ms. Welles stated, in her opinion, that an honest interviewee at point of entry would state they just needed to earn the required audit hours and would then be moving on to another job. She continued by saying, however, that most would probably not be so honest during the hiring process, and would accept the job to gain the audit hours working under a CPA and then move on.

Ms. Welles said she feels, theoretically, that there is a case for keeping the attest hour requirement, however, the practicality is debatable. She said that nationwide there are other certification processes that are coming forward responding to the need of the industry.

Anne McLean said that individuals can do taxes without the CPA license, however, in terms of putting your name on an audit report, you must be licensed as a CPA. Steve Tarola stated that to sign an audit you must meet SQS 50, not the 500-attest hours, which is a much higher standard.

Sandy Wilson said she believes Alaska is the last state to require attest hours for licensing. She said she feels this is an archaic rule, which is now approached by different angles, i.e., peer review, continuing education, etc., and one that Alaska needs to shed and bring requirements up to date.

Anne McLean responded, stating that her main concern with the peer review is that the Letter of Comments is not required. Max Mertz informed Ms. McLean that requiring the Letter of Comments is in the works, making the peer review transparent.

Steve Tarola explained that the intent of the proposed legislation is to give authority to the board to review the reports that have exceptions or a second modified letter of comment, and that this is something the board will have active control over.

Pat Davidson asked the board in terms of transparency, if the board receives peer reviews would someone from the public be able to get copies of that information.

Max Mertz responded that the Public Company Accounting Oversight Board (PCAOB) has a process for public firms in their review. He said the reviews are broken into two parts, a public and non-public portion and that the public portion would be available to the public, however, the non-public portion, which has proprietary information, would not be available

Pat Davidson stated that she also has misgivings over the removal of the option for applicants with a bachelor's or even a Masters degree (no accounting concentration) with an additional 15 semester credits in accounting subjects or gaining the minimum of one year of experience under the direct supervision of a licensed CPA. Ms. Davidson said she feels the removal of that option would be detrimental to the profession, and for many that make a second career choice to enter the accounting field, eliminating the option is not a fair trade-off.

Max Mertz asked Pat Davidson, as a Legislative Audit employee, how Legislative Audit is viewing the elimination of the 500 audit hours and will this impede the hiring process?

Pat Davidson responded to Mr. Mertz's question by stating that she does not see the change affecting the hiring process one way or the other. She said she believes individuals seeking employment for the purpose of obtaining the current audit hour requirement will drop, however, most people seeking employment with Legislative Audit understand that conducting audits is the mainstay of the Department.

Steve Tarola asked Ms. Davidson if she feels that SQCS 40 provides protection for the public from individuals conducting audits that are not qualified.

Pat Davidson informed Mr. Tarola that she has read SQCS 40, however, it does not belay her concerns. She said she feels it does provide protection, however, it is not sufficient. Ms. Davidson said that judgement is the bottom line and that an individual can follow the standards to the letter, and gain the 500 audit hours, however, it comes down to their judgement.

Lisa Rogers pointed out that an individual who applies for licensure in the State of Alaska through reciprocity is not required to have any audit hours. Ms. Rogers said she feels this is extremely unfair to applicants applying for initial licensure in the State.

Steve Tarola informed all present that there has been no proposed bill completed but the board would continue to encourage public comment through the entire process.

The board thanked Anne McLean and Pat Davidson for their input.

**Rick Urion, Director, left the meeting at 10:30 a.m.**

**Recess**      ***The board recessed at 10:30 a.m., reconvened at 10:45 a.m.***

Steve Tarola informed the board he wanted to review the decision to send a letter of apology to Vern Johnson. Mr. Tarola gave a brief summary of the letter he had drafted to Mr. Johnson.

Marjorie Kaiser and Max Mertz both felt that the board's decision from Thursday not to send a letter was the right decision.

Sandy Wilson stated that some would like to send a letter and others would not. Ms. Wilson pointed out that for some, once an initial venting, i.e. Mr. Johnson's letter to the Governor was done, all would be well. Ms. Wilson said, however, she feels that a nice letter inviting Mr. Johnson to participate in the board's activities should be sent.

Laura Welles stated the board should take into consideration the Division's recommendations.

Catherine Wilson stated she was in agreement with Ms. Wilson, that a letter of invitation would be a nice thing for the board to do.

Dan Kennedy stated that Mr. Urion had good advice and he would volunteer to work with Mr. Tarola to draft a brief apology to Mr. Johnson. Steve Tarola pointed out that everything in the letter must be very carefully worded so as not to be misconstrued by Mr. Johnson. Mr. Mertz also suggested the letter, if written, be a personal letter from Dan Kennedy. Dan Kennedy informed the board that he had already drafted a letter and it had been reviewed by his legal counsel, however, the suggestion from his counsel was to hold off on sending a letter.

The board had a lengthy discussion of the pros and cons of writing a letter to Mr. Johnson and decided to not write a letter at this time.  
The board asked Cynthia Cintra to inform Mr. Urion of their decision.

## Item 18

### **Monitoring Changes in the Professional Environment for CPAs**

#### A. NASBA

##### 1. Focus questions due 12/20/04

The board reviewed the provided focus question information. Steve Tarola asked if there were any new focus questions.

Sandy Wilson told Mr. Tarola that there were no new questions, however, new questions would be out for review in February and the responses would be due in April.

Steve Tarola asked how the board should handle getting responses for the new questions. Cynthia Cintra told Mr. Tarola that emailing her the questions and her forwarding them on to the other board members seemed to work for the last set of questions. Steve Tarola agreed, they would continue to email the questions to her for forwarding.

2. Alaska UAA statute compliance summary

The board reviewed the data provided by Steve Tarola.

Steve Tarola informed the board that the figures would be updated for the next meeting.

Max Mertz asked Steve Tarola when the board would be in full compliance with UAA. Steve Tarola informed the board that the bill being introduced would bring Alaska into full compliance. Mr. Mertz then asked Mr. Tarola, how was Substantial Equivalency chosen as an issue to work on. Mr. Tarola told Mr. Mertz that the board conducted a poll on issues the board would like to address and substantial equivalency was chosen and added to the Goals and Objectives for the board.

3. NASBA comments on PCAOB Rules docket 12 and 13

The board reviewed information from NASBA provided by Steve Tarola.

4. Memorandum Recognition Agreement with Ireland

The board reviewed the provided information.

B. AICPA

1. Latest regulatory news update related to PCAOB (20 items)

The board reviewed the information from AICPA's web site, provided by Steve Tarola.

C. PCAOB

1. Acknowledgement and Agreement (Action Item) Horetski response

The board reviewed Assistant Attorney General Gayle Horetski's memo to the board and agreed that they should develop procedures to clearly label, segregate and securely store nonpublic portions of PCAOB inspection reports.

Steve Tarola signed the PCAOB Acknowledgment and Agreement form.

Cynthia Cintra explained to the board the difference of information given to a member of the public and a state investigator.

Steve Tarola asked Ms. Cintra who would be the designee for the board. Ms. Cintra informed the board that Phil Petrie, Division Investigator, would be the designee. Mr. Petrie would receive any information and forward the appropriate materials on to her.

Latest news

- Temporary transition rules relating to audit standard
- Proposed ethics and independence rules concerning independence, tax services and contingent fees
- Board approves revised budget

The board reviewed provided information.

1. List of PCAOB Standards Advisory Group Member
2. Latest rule making and rule making docket

**Item 19**     **Investigative Update (Phil Petrie)** The board was joined by Phil Petrie, Investigator.

Mr. Petrie introduced himself to Catherine Wilson and gave the background of the investigative process and what it entails.

The board thanked Mr. Petrie for all his work on reviewing the draft legislation.

A. Case Status

**On a motion duly made by Dan Kennedy, 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 11:22 a.m., and returned from executive session at 11:45 a.m.

**Recess**     ***The board recessed at 11:45 a.m. for lunch. The board reconvened at 1:05 p.m.***

**Item 20**     **Computerized Exam Status**

A. Testing feedback – Latest board survey results

Cynthia Cintra told the board she has not been sending exam surveys to individuals taking the CPA exam in Anchorage.

The board informed Ms. Cintra this was very important and must be done. Ms. Cintra said she will begin sending the surveys and will bring her findings to the next board meeting.

B. Committee Report – Re-establish testing sites in Fairbanks and Juneau

The board reviewed provided information and congratulated the subcommittee for it's hard work in establishing additional CPA test sites.

C. Correspondence with David Ginsburg re Fairbanks status

The board reviewed the correspondence between Steve Tarola and David Ginsburg of Prometric, in which Mr. Ginsburg indicated the Fairbanks' test site should be up and running for the third testing window this year.

D. Copies of NASBA's "on site" testing surveys for Alaska

The board reviewed information provided from the subcommittee.

E. Increase in Exam Fees beginning April 2005

The board reviewed letters and emails from different jurisdictions.

After discussing the fee increase, it was decided that the board Chair, Steve Tarola, would write a letter stating that the Alaska board is very against the increase in exam fees.

F. Uniform CPA Examination Alert

The board reviewed the provided information.

**Item 21**

**Regulation Changes.** Jun Maiquis, Regulations Specialist, joined the meeting at 1:40 p.m.

A. Commissions and contingent fees – public comment

There was no one present for public comment.

The board had a lengthy discussion on the regulations and amendments that need to be made. The board decided to reference the AICPA guidelines verbatim for commissions and contingent fees.

The board asked Mr. Maiquis if changes were made to the draft regulations, would the process need to begin again. Mr. Maiquis informed the board that even if they had made no changes the draft would need to go back to the Department of Law, however it would not need to be re-public noticed.

Steve Tarola informed Mr. Maiquis that the board would like to have a chance to review the edits. Mr. Maiquis said once he receives an updated draft from the Department of Law the board could hold a teleconference to review and adopt the amended regulations.

The board gave Mr. Maiquis the new language for Contingent Fees and Commissions as follows:

“12 AAC 04.030. Contingent fees. (a) An accountant may accept Contingent fees only as allowed by the AICPA Code of Professional Conduct, section 302 as adopted May 20, 1991.

12 AAC 04.100 Commissions. (a) An accountant may accept commissions fees only as allowed by the AICPA Code of Professional Conduct section 503 as adopted May 23, 1990.”

Cynthia Cintra said she would forward the correct language to Mr. Maiquis.

**On a motion duly made by Dan Kennedy, seconded by Sandy Wilson, and approved unanimously, it was**

**RESOLVED to adopt as amended: 12 AAC 04.030. Contingent fees. (a) An accountant may accept Contingent fees only as allowed by the AICPA Code of Professional Conduct, section 302 as adopted May 20, 1991.**

**12 AAC 04.100 Commissions. (a) An accountant may accept commissions fees only as allowed by the AICPA Code of Professional Conduct section 503 as adopted May 23, 1990.**

If there any changes to the above language by the Department of Law, the board said it will hold a special meeting.

B. Code of conduct – reference AICPA code in our regulations

Steve Tarola asked for a member to volunteer time to draft information to submit with the proposed draft legislation.

Phil Petrie, Investigator, had been suggesting that the board adopt references to the AICPA Code of Conduct.

Lisa Rogers informed the board that per Theresa Bannister it would be an unconstitutional delegation of authority by the legislature to the AICPA, so she feels that it would not be allowed to be referenced.

Max Mertz asked about updates and what would happen when the AICPA updates its Code of Conduct. He wondered if the board would have to update its regulations or if it could reference the code without a date. The board decided to wait and see what information Phil Petrie would be providing.

C. Authority to test (ATT) length of time under computerized exam

Steve Tarola asked Cynthia Cintra if there had been any action on this item. Mr. Tarola informed Ms. Cintra that Ginger Morton had asked the board to consider changing the ATT time frame from six months to 12 months for the convenience of foreign applicants.

Cynthia Cintra informed the board that she had no information regarding this. She also went on to inform the board that as the computerized system of testing is still so new and problems are still being worked out, it would be hard to change the testing window from six months to a year until NASBA can prove the reliability and consistency of the system.

Steve Tarola informed the board that this item would be deleted from future agendas.

D. Foreign transcripts

After a brief discussion the board decided to continue to require transcripts from foreign candidates.

E. Applicants who apply, but do not sit for the exam in Alaska

The board asked Cynthia Cintra for the results of the survey.

Ms. Cintra informed the board that she had not sent out a survey to compile this information since she started as the licensing examiner.

The board directed Ms. Cintra to send the surveys to Alaska candidates immediately, as the survey is an excellent way to keep track of problems that may arise at a testing center.

F. Adding sole purpose to partnerships

Steve Tarola informed the board that this issue is being dealt with in the proposed legislation; and asked for a volunteer to draft regulations dealing with this issue. Sandy Wilson volunteered her time and said she would bring information to the next board meeting.

**Item 22**

**Sunset Review**

A. Letter from Jim Griffin, Audit Manager with a response from Steve Tarola

The board reviewed Management Letter No. 1 that was sent to Steve Tarola from Mr. Griffin and Mr. Tarola's response to Mr. Griffin.

B. Letter from Pat Davidson, Legislative Audits with a response from Steve Tarola

The board reviewed the confidential preliminary report on the board's Sunset Review that was sent to Steve Tarola from Ms. Davidson and Mr. Tarola's response to Ms. Davidson.

C. Copy of final report

The board reviewed the final Legislative Audit Sunset Review report, which recommended extending the board's termination date to June 30, 2009.

**Recess**      *The board recessed at 3:05 p.m. and returned at 3:10 p.m.*

**Item 17**      Statute Changes, con't

The board returned to discuss Item 17, Statute Changes.

Lisa Rogers gave a brief overview of information the board would like to amend. She said one item is AS 08.04.423 (page 12, lines 10-14), which is not in sync with QC 40. Ms. Rogers suggested that the language be revised to be similar to that of AS 08.04.120(a)(1) (page 3).

Ms. Rogers then addressed the second item, AS 08.04.420, out-of-state permits and practice privileges (page 10). Ms. Rogers informed the board that as a committee there was discussion regarding the circumstances in which individuals and firms come into Alaska. She said that as the current statute reads it talks about substantial equivalency between jurisdictions. She said there needs to be a section that relates to states that are not substantially equivalent.

Steve Tarola discussed his dislike of the proposed AS 08.04.110(a)(1) (page 3, lines 25-27), which requires an applicant to have one year of accounting experience satisfactory to the board, except that if an applicant intends to perform attest functions, the experience required shall be supervised by a licensee who meets the competency requirements established by the board in regulation. Mr. Tarola said he feels this is not a part of the initial licensure process, and Mr. Mertz agreed.

Steve Tarola said he feels that this has nothing to do with initial licensure if an applicant meets the standards of SQCS, then that is enough. He said Attest functions should not be mentioned, and feels that this is leading toward a tier system.

Lisa Rogers told Mr. Tarola that Theresa Bannister would be taking out that language, however, Ms. Bannister felt that notice should be given, hence the language is underlined for removal. Ms. Rogers went on to state that during the board's telephonic conversation with Ms. Bannister, they should stress that they do want the language removed.

Max Mertz wanted to discuss AS 08.08.380(1) (page 9, line 25). Mr. Mertz asked why it states a population of 2,000 or less. Mr. Mertz said he feels this is an archaic statement and asked for clarification.

The board had a brief discussion of smaller communities and how difficult it is to keep a full time supervisor available for staff. The board feels that this specifically recognizes the needs of rural Alaska.

The board called Theresa Bannister, Legislative Counsel, at 3:30 p.m. to discuss questions.

Theresa Bannister asked the board if they would like to remove wording on Page 3, lines 25-27, 08.04.423. One memo Ms. Bannister received suggested that the language in AS 08.04.423, read like the wording in AS 08.04.120(a)(1). Ms. Bannister asked the board for clarification in this matter.

Steve Tarola informed Ms. Bannister that the underlined wording in AS 08.04.110(1) should be removed (page 3, lines 25-27), and Ms. Bannister indicated she would remove that language.

Ms. Bannister asked the board if AS 08.04.423 read as they intended, Steve Tarola and Lisa Rogers agreed the statute was fine as edited.

Ms. Bannister then asked for clarification on AS 08.04.420. She stated had received two memos; one memo suggested deleting (b) and the other memo wanting a section added addressing non-substantial equivalency jurisdictions. Steve Tarola informed Ms. Bannister that she was correct. Ms. Bannister stated she would keep (a) and remove lines 9-11.

Ms. Bannister then asked about the Uniform Accountancy Act (UAA), Substantial Equivalency; this information is being pulled directly from the UAA. She asked if the board like to take the approach the UAA is taking that an individual has to obtain from appropriate organization verification that the individual qualifications are equivalent to UAA standards.

Sandy Wilson agreed that an individual would need to prove their state is equivalent or their own individual qualifications are equivalent to Alaska's. Ms. Wilson gave an example of an individual applying for licensure in Alaska who is licensed in Colorado. The individual may have the qualification to be substantially equivalent, however, the State of Colorado is not, whereas an individual coming from Oklahoma can say they are equivalent, as Oklahoma meets the substantial equivalency requirements.

Ms. Bannister clarified that this information is what the board would want to see in AS 08.04.423(b). The board agreed with Ms. Bannister.

Ms. Bannister asked the board if they would want out of state language for people who don't meet either of the requirements of AS 08.04.423?

The board had a lengthy discussion and decided on the following draft language for AS 08.04.423(c): “for individuals who do not meet the requirements of (a) and (b), the board, in the interest of public protection, would issue a permit as determined by regulations.”

Ms. Bannister asked for clarification of Permit and Practice Privilege.

After a lengthy discussion on the differences between Permit and Practice Privilege, the board decided that Permit would relate to firms, etc., and Practice Privilege would relate to individuals.

Ms. Bannister asked the board about legislative delegation. Ms. Bannister asked if the board wanted to wait for lawmakers to complain about a delegation or should the board take a more proactive stance and write out more details. Ms. Bannister informed the board that this would be up to the board and it should probably check with its legislator. Ms. Bannister stated that this is unconstitutional, but there are risks when you do not identify significant issues in licensing provisions. As far as strategy, that would be up to the board and Rep. Hawker.

Mr. Tarola said he would like to see as much information as possible be included in regulation. If through the process, the board needs to define more then additional information could be included in statute.

Ms. Bannister asked Mr. Tarola why the board would want this information to be in regulation and Mr. Tarola answered that regulations are easier to change and update as time goes by or problems are found.

Ms. Bannister asked Cynthia Cintra if AS 08.04.180 (page 4, line 14) should be kept in statute or deleted.

Cynthia Cintra informed Ms. Bannister that she felt this statute should remain, as there are several licensees who fall under this statute and they are still actively practicing. The board agreed with Ms. Cintra.

Ms. Bannister asked the board per the memo from Lisa Rogers, if they would be defining “Practice of Public Accounting”.

Lisa Rogers read her response to Ms. Bannister’s memo, as not everyone present had that information “AS 08.04.420. Do not wish to limit ‘Working for’ we think that AS 08.04.420(a) and (b) can be combined. A person coming in is a person coming in, it does not matter if they work for someone else or themselves if they are from a substantially equivalent state. We do want to define ‘Practice of Public Accounting’, the use of the CPA designation for those operating under AS 08.04.420 may use the CPA designation for signing reports.”

Ms. Bannister responded that the language had been removed relating to “Working for”. Ms. Bannister also asked the board if they wanted to define the “practice of public accounting”.

Sandy Wilson pointed out that there is a current definition in 12 AAC 04.990(7). Ms. Bannister asked if the board would want this definition to be moved to statutes.

The board agreed to move the definition of public accounting to statute. Ms. Bannister said she would review the definition with minor edits, however, she would present it to the board for its consideration before insertion into statute.

Ms. Bannister asked the board for her own information if organizations use the CPA designee after their titles.

Max Mertz informed Ms. Bannister that many firms use the CPA designation after their business names and some also use the plural form (CPA's).

Ms. Bannister then asked the board if it wanted to define "attest function" in statute and would the current definition in regulation be appropriate to use.

The board had a lengthy discussion of the "attest function" definition and decided to use the definition found in regulations without the addition of "compilation".

Ms. Bannister asked the board for an answer to her question No. 4 of the memo: "AS 08.04.150(1)(c), Do you still want this requirement in light of your change to AS 08.04.120(a)(1); and are they consistent?"

The board replied that "yes", the requirement should remain and "no" they are not consistent, which is fine. AS 08.04.150(1)(c) relates to individuals who are taking the CPA exams and AS 08.04.120(a)(1) relates to licensing requirements.

Steve Tarola asked Ms. Bannister if AS 08.04.423 (page 12, lines 10-14) should be changed. Ms. Bannister told the board that this statute was being changed to reflect the board's input and would also be re-titled.

The board thanked Ms. Bannister for her help in this drafting procedure.

## **Item 23**

### **Web Site "What's New"**

After a discussion of what to include in "What's New" on the board's web site, the board decided to carry forward many of the items that are already on the web site because it has been only a month since the last update. The board decided to add new items for new board member information, and information about the upcoming NASBA Annual Meeting in Chicago. The board also would like to post information on the pending legislation and sunset review on the site as well. The board agreed to have Steve Tarola forward the updated "What's New" to Cynthia Cintra.

**Item 24      Schedule Next Board Meeting**

After a brief discussion, the board made the following motion.

**On a motion duly made by Sandy Wilson, seconded by Catherine Wilson, and approved unanimously, it was**

**RESOLVED to schedule the next board meeting for April 21 - 22, 2005.  
The meeting will be held in Anchorage, Alaska.**

**Item 25      New Business/Old Business**

There were no items to discuss.

**Item 26      Comments from Retiring Board Members**

Sandra Wilson and Steve Tarola's terms as board members will expire in March 2005.

Sandy Wilson stated that she has enjoyed and learned very much from her experience as a board member and that it has been an experience she will never forget. She said she feels this was a service to be proud of; doing service for the public and the profession. She thanked the board.

Steve Tarola said it had been a joy of eight years of experience with a board that has so many bright and passionate individuals to work with.

***Adjourn*      The board adjourned at 4:35 p.m.**

Respectfully submitted:

\_\_\_\_\_  
Cynthia Cintra, Licensing Examiner

Approved:

\_\_\_\_\_  
Laura Welles, Vice-Chairperson  
Board of Public Accountancy

Date: \_\_\_\_\_