

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

BOARD OF PUBLIC ACCOUNTANCY

MINUTES OF MEETING

May 31-June 1, 2018

By authority of AS 08.01.070(2), and in compliance with the provisions of AS 44.62, Article 6, a scheduled meeting of the Board of Public Accountancy was held May 31-June 1, 2018.

Thursday, May 31, 2018

Call to Order/Roll Call

The meeting was called to order by Leslie Schmitz, at 11:56 a.m. Those present, constituting a quorum of the Board were:

Leslie Schmitz, CPA – Anchorage
Donovan Rulien II, CPA – Anchorage (telephonic)
Jeffrey Johnson, CPA – Fairbanks
Karen Brewer-Tarver, CPA – Juneau
Wayne Hogue, Public member – Kotzebue
Marja Beltrami, CPA – Anchorage
Karen Smith, Public member – Anchorage

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

Cori Hondolero, Executive Administrator
Greg Francois, Chief Investigator (agenda item #7 - telephonic)
Nina Akers, Investigator (agenda item #7 - telephonic)
Sara Chambers, Operations Manager (agenda item #8 - telephonic)
Marylene Wales, Accountant III (agenda item #8 - telephonic)

Visitors present included:

Bernadette Kopyy, representing the Alaska Society of Independent Accountants (ASIA)

Agenda Item 1 – Review Agenda

The Board noted that to meet up with scheduled State Society evening events, the meeting should adjourn at 4:15 vs 4:30.

Agenda Item 2 – Ethics Report

It was determined that there was nothing to report.

Agenda Item 3 – Review Meeting Minutes

The Board reviewed the minutes of the last meeting.

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

RESOLVED to approve the minutes of the February 12-13, 2018 meeting as written.

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

RESOLVED to approve the minutes of the March 21, 2018 teleconference as written.

Agenda Item 4 – Public Comment

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

Agenda Item 5 - Alaska Society of Certified Public Accountants (ASCPA)

Ms. Burson, Executive Director sent an email to let the Board know about the following AK Society activities:

- Membership/Dues Renewals - Fiscal year began May 1st
- CPE Schedule and Catalog on website - planning to offer webcasting of some live classes beginning in September
- AICPA Legislative Affairs - James Cox is available/willing to visit in August to coincide with SBOPA meeting to update on issues
- Leadership Academy - hosting the 3rd AKLA Sunday, June 3-5 in Anchorage
- AKCPA Board Meeting - First meeting of this fiscal year is scheduled for June 27th at noon

The Board stated that they would like to have AICPA at the August meeting.

Agenda Item 6 – NASBA/AICPA Updates

The Board wants information from the Division regarding if a firm pays travel costs, does that count as 3rd party reimbursement for approval purposes.

Ms. Beltrami asked if the Board was open to discussing the 18 month pass period for the exam. Would there be any interest in extending this to two years?

12 AAC 04.200(i) – discussion about extending or adding to this definition.

Ms. Schmitz indicated that NASBA likely maintains statistics regarding the 18 month exam pass period since the start of the computerized exam. It was noted that when the exam was offered in written format, you sat for all parts and it was only offered twice per year.

There was a question about a candidate's ability to test again within the same period if they were to fail a section. Ms. Brewer-Tarver looked it up and NASBA's website says that you cannot retest within the same window. Ms. Schmitz stated that she would send out some exam information that she had received.

There was also discussion about licensing out of country individuals and if the Board should consider restrictions, such as requiring AICPA membership. Could investigations inquire about local CPA Society membership or could the Board ask for legal guidance on the ability to regulate all licensees regardless of where they reside.

It was determined that the Board should inquire with NASBA and AICPA to see what other jurisdictions do for practice issues outside their boundaries and if other jurisdictions have international regulation issues.

It was noted that the NASBA website may have information about jurisdictions that allow non-resident licensure.

Committees

Ms. Beltrami – Legislative Support Committee – Ms. Beltrami indicated that there was nothing new going on that she was aware of. She did not reapply yet, but might contact NASBA to see if she still could.

Mr. Rulien –Uniform Accountancy Act (UAA) committee – noted that there had been no meetings lately and that he did reapply.

Ms. Schmitz – CBT Administration Committee – committee met recently in Denver, but she was not able to attend. Noted that gateway 2.0 had been launched and was reported to be working well. There was also discussion about new security measures for the exam, such as forward looking infrared cameras.

Ms. Brewer-Tarver – CPE Committee – no recent activity; going to take a year off committee and then might reapply.

The Board wanted to briefly go over talking points to cover at the Alaska Society annual meeting:

- Introduce Board members
- HB147 – passed; no effective date set yet
- AK statutes/regulations vs. UAA – copy of document part of last renewal
- Statute/Regulation future projects
 - Firm definition cleanup
 - Attest; adopt full definition – affects compilations/SSARS
 - AKCPA – please forward any update ideas
 - AICPA will attend fall meeting

Agenda Item 7 – Investigative Report

Chief investigator Francois and Investigator Akers called in to provide the investigative report.

The report included in the packet was dated May 16, 2018 and covered the period of January 22, 2018 through May 16, 2018. During this period twenty matters were opened and twenty matters were closed. Fifteen matters remain ongoing/open. Investigator Akers stated that one additional case had been closed since the report was issued.

Ms. Schmitz wanted to discuss investigator turnover/reassignment and noted that the Board has had many new investigators assigned within the last year or so. Chief Francois apologized for all the reassignments, but indicated that the long term plan is to keep investigator Akers assigned to the Board. Mr. Johnson noted that there is a cost to the Board when there is constant turnover due to training the newly assigned person and loss of historical information. Chief Francois let the Board know that Investigator Akers is not new to the Division and has been with investigations for three years.

Mr. Johnson asked if it's possible to let past assigned investigators just close out the cases they already started vs having the new investigator try to restart with the cases. Chief Francois indicated that the reviewing Board member would stay the same. Investigator Akers indicated that there were not many open cases that were open from the last investigator. Ms. Schmitz asked if Investigator Roark could just finish any of the more complex cases that she had already started.

It was noted that there were seven matters ready for Board consideration. The case closed after the recent report was prepared is 2018-000991 and 2018-000269 should also be closed soon. Mr. Johnson indicated that he had sent an

email, but had not yet received a response; Investigator Akers stated that she would reply soon.

Upon a motion duly made by Ms. Brewer-Tarver, seconded by Ms. Beltrami, and approved unanimously, it was:

RESOLVED to enter into executive session for the purpose of discussing investigative matters.

The Board entered executive session at 3:00 p.m.

The Board went back on the record at 3:13 p.m.

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

RESOLVED to accept the imposition of civil fine for case #2018-000086.

*Ms. Brewer-Tarver abstained from voting on this file

Upon a motion duly made by Mr. Johnson, seconded by Ms. Brewer-Tarver, and approved by a majority of the Board, it was:

RESOLVED to accept the imposition of civil fine for case #2018-000118.

*Ms. Beltrami abstained from voting on this file

Upon a motion duly made by Ms. Brewer-Tarver, seconded by Mr. Hogue, and approved by a majority of the Board, it was:

RESOLVED to accept the imposition of civil fine for case #2018-000132.

*Ms. Schmitz abstained from voting on this file

Upon a motion duly made by Ms. Brewer-Tarver, seconded by Mr. Hogue, and approved by a majority of the Board, it was:

RESOLVED to accept the imposition of civil fine for case #2018-000136.

*Ms. Schmitz abstained from voting on this file

Upon a motion duly made by Ms. Brewer-Tarver, seconded by Mr. Johnson, and approved by a majority of the Board, it was:

RESOLVED to accept the imposition of civil fine for case #2018-000176.

*Ms. Beltrami abstained from voting on this file

Upon a motion duly made by Ms. Brewer-Tarver, seconded by Mr. Hogue, and approved by a majority of the Board, it was:

RESOLVED to accept the imposition of civil fine for case #2018-000177.

*Mr. Rulien abstained from voting on this file

Upon a motion duly made by Ms. Brewer-Tarver, seconded by Mr. Hogue, and approved by a majority of the Board, it was:

RESOLVED to accept the imposition of civil fine for case #2018-000209.

*Mr. Johnson abstained from voting on this file

Ms. Brewer-Tarver asked for an explanation of what “review complete” means on the report. Investigator Akers indicated that this just means that investigations review is complete and the file is ready for Board review.

The Board thanked investigators Francois and Akers for their report.

Agenda Item 8 – Board Business

Division Update

Sara Chambers, Deputy Director and Marylene Wales, Accountant III called in to provide the Division report.

Mr. Johnson wanted to talk about the turnover/reassignment in investigations. There is a cost to training/retraining new staff to each program. The Board recently had \$17k in charges for investigator Roark, which is now lost knowledge.

There was also a question about interagency legal expenses. Ms. Brewer-Tarver asked how the legal charges come in. Ms. Chambers responded that both the Chief Investigator and Deputy Director review the legal bill line by line to assure that it is accurate. Board can request a breakdown by case number, but the cost for the time it takes to produce that breakout would be assigned to the Board. Ms. Schmitz asked if regulation projects are also included. Ms. Chambers stated that yes, any department of law costs are included in this category.

Discussion about indirect costs. It was noted that general funds are no longer there; no subsidy and being the largest Division in the Department, we pay more (around one million). Ms. Chambers asked Ms. Hondolero to resend the information that the Division produced explaining indirect costs.

Ms. Brewer-Tarver asked about the cost pool and how it compares to last year. Ms. Chambers stated that indirect costs are at the Department level and the Division would not see them until the fiscal year is closed. Mr. Johnson asked if there is a budget for overhead. Ms. Chambers indicated that she did not expect significant changes for final FY18 figures and that the FY19 budget was recently passed.

Mr. Rulien asked if there was a surplus at the end of the year, would fees be reduced. Ms. Chambers responded that fee analysis would not take place until the regularly scheduled time (in renewal year), but if the Board wanted a review before that time, they would need to make that request to the Director. The Board noted that they want to start fee review in late spring 2019.

Ms. Brewer-Tarver asked if there were any anticipated changes to travel in FY19. Ms. Chambers stated that restrictions are still in place by the Governor's office (have been for two years) and that programs in a surplus would have travel requests considered, with trips at no cost to the State likely to be approved (within State travel policy). A demonstrated business need would also need to be there if the Board is requesting to meet in a location that is not the most cost effective.

Mr. Rulien noted that there are additional travel costs to the Board because members are required to use the travel desk. Ms. Chambers stated that Board members are considered to part of the State while they serve and must also adhere to set travel policies. The Governor recognizes that professions are self-sustaining and requests have been made to lighten up the restrictions, but the Division has still been asked to be fiscally responsible and in response to that request drafted P&P 35 to provide guidance.

Ms. Beltrami noted that the industry changes quickly and the Board doesn't stay in the loop when they are unable to participate at the national level. Ms. Chambers asked for an example. Ms. Hondolero outlined the recent travel request for attendance at the NASBA Regional meeting. Request was originally for 2 Board members and Ms. Hondolero. Request for 'new' Board member approved because there was a scholarship available; Board then asked to choose one additional person's name to forward and that was only because the new Board member would not have a historical knowledge on topics being discussed at meeting. It was decided that Ms. Hondolero would also attend, but Ms. Beltrami was not able to attend. Mr. Johnson noted that the Board travels long days (same days as meeting) in an attempt to save costs, but those efforts don't

seem to mean much when the Board requests travel to attend National meetings.

Ms. Brewer-Tarver asked if firms pay, would members be approved to travel (more than one Board member). Ms. Chambers stated that Board members can specifically request to not be reimbursed for travel expenses, but the travel still needs to be approved. Ms. Brewer-Tarver asked if there was flexibility in the requirements; could the Board pay for the hotel and the member pay for the airfare? Ms. Brewer-Tarver also noted that the Board makes their travel requests known in the annual report.

It was noted that the Board may write a letter outlining the concerns because licensees expect a certain level of participation from the Board at the national level. The Board also noted that they do not want to set a precedent that firms pay cost for their partners/employees who are volunteers on the State Board. Ms. Chambers recommended that the Board also list demonstrated areas where the Board seeks cost savings.

The Board thanked Ms. Chambers and Ms. Wales for their time.

Agenda Item 9 – CPA Exam Surveys

Four surveys from the most recent testing window and one from a past window had been received; one reported that the test room in Fairbanks was freezing despite the use of space heaters.

The meeting was recessed at 4:37 p.m., until Friday, June 1, 2018.

Friday, June 1, 2018

Agenda Items 10 & 11

The Board attended and spoke at the Alaska Society of CPAs annual meeting and also conducted a site visit at the Fairbanks test center (on UAF campus).

Call to Order/Roll Call

The meeting was called to order by Leslie Schmitz, Chair, at 11:00 a.m. Those present, constituting a quorum of the Board were:

Leslie Schmitz, CPA – Anchorage
Donovan Rulien II, CPA – Anchorage (telephonic)
Jeffrey Johnson, CPA – Fairbanks
Karen Brewer-Tarver, CPA – Juneau
Wayne Hogue, Public member – Kotzebue
Marja Beltrami, CPA – Anchorage

Karen Smith, Public member – Anchorage

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

Cori Hondolero, Executive Administrator

Visitors present included:

Bernadette Kopyy, representing the Alaska Society of Independent Accountants (ASIA)

Agenda Item 12 – Review Agenda

The Board discussed agenda priorities due to time constraints and a large amount of files for Board review.

Agenda Item 13 – Public Comment

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

Agenda Item 14 – Statute/Regulation Projects

Upon a motion duly made by Ms. Brewer-Tarver seconded by Mr. Johnson, and approved unanimously, it was:

RESOLVED to request assistance from AICPA with adopting the UAA definition of attest; assistance request to include identification of areas requiring update in the statutes/regulations, including updating the peer review requirements.

Upon a motion duly made by Ms. Brewer-Tarver seconded by Mr. Hogue, and approved unanimously, it was:

RESOLVED to send 12 AAC 04.180(a) out for public comment; it is amended to read:

(a) An applicant for initial issuance of a license under 12 AAC 04.165 or 12 AAC 04.175 must show that the applicant has had two years of experience. That experience must include providing any type of service or advice involving the use of accounting, attest, compilation, management advisory, financial advisory, tax, or consulting skills all of which were verified by a supervising certified public

accountant with an active license at the time of supervision. The experience is acceptable if it is gained through employment in government, industry, academia, or public practice.

Upon a motion duly made by Ms. Brewer-Tarver seconded by Mr. Hogue, and approved unanimously, it was:

RESOLVED to send 12 AAC 04.180(b) out for public comment; it is amended to read:

(b) One year of experience must consist of full or part-time employment that extends over a period of not less than a year and not more than four years and includes not fewer than 2,000 hours.

Upon a motion duly made by Ms. Brewer-Tarver seconded by Mr. Hogue, and approved unanimously, it was:

RESOLVED to request assistance from AICPA with adopting the UAA definition of firm.

The Board noted that the definition of firm update will involve multiple areas of the statutes/regulations, but the desired cleanup should help make things clearer.

Ms. Hondolero was asked to start working on the draft of regulation sections that need to be updated (date references).

Mr .Rulien disconnected from the call while the Board completed application review.

Agenda Item 15 – Application Review

The Board completed application review and took the following action:

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

RESOLVED to deny the CPE audit of Scott Matheson. The audit revealed a shortage the required 80 hours; standard consent agreement required. It was noted that there is a limit on hours being claimed as a presenter.

Upon a motion duly made by Ms. Brewer-Tarver seconded by Mr. Hogue, and approved unanimously, it was:

RESOLVED to deny the late renewal CPE audit of Peter Barber. CPE hours were taken after 12/31/17 (outside of the licensing period); standard consent agreement required, but no falsification due to licensee disclosing late CPE on renewal application.

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

RESOLVED to table the CPE audit of Steven Meckel. Licensee needs to provide certificates of completion for attendance for AWS, MyUA, WACUBO & Foraker and provide an explanation for the 24 hours being claimed for the lean IT leadership course.

Upon a motion duly made by Ms. Brewer-Tarver seconded by Ms. Beltrami, and approved unanimously, it was:

RESOLVED to table the CPE audit of Itsuko Hori. Need independent verification from Globis regarding the MBA course that was taught and a certificate of completion for the Globis course being claimed as attended; can't tell from documentation provided how many hours were earned.

Upon a motion duly made by Mr. Hogue seconded by Ms. Brewer-Tarver, and approved unanimously, it was:

RESOLVED to approve the CPE audit of Timothy Marx. A detailed letter is to be sent outlining the 2018 courses used for renewal that can't be claimed again on a future renewal.

Upon a motion duly made by Ms. Beltrami seconded by Ms. Brewer-Tarver, and approved unanimously, it was:

RESOLVED to approve the random CPE audits of:

- Zaur Abishev
- Ronald Alban
- Jed Ballard
- Elizabeth Bassett
- Cheryl Bradley
- Han Choe
- Julia Clymer
- Darcie Costello
- Dora Cross

- **Tatiana Gavriilyuk**
- **Victoria Gilligan**
- **Wei Guo**
- **Melissa Hermes**
- **Lori Hickox**
- **Beverly Holaday-English**
- **Frederick Johns**
- **Michael Kelliher**
- **Kevin Kerr**
- **Yi Tak Kwok**
- **Cole Lindemann**
- **Tina Martin**
- **Catalina Leny Marquez**
- **Corinna McClellan**
- **Nancy Mullen**
- **Christopher Nickell**
- **Chizuru Ohara**
- **Olga Pecherskikh**
- **Donald Petersen**
- **Dylan Prosser**
- **Nina Razina**
- **Laura Rydwell**
- **Galina Serednyakova**
- **William Seymour**
- **Turgunboy Tokhirov**
- **Petr Vakatov**
- **Michael Van Blokland**
- **Melanie Veeh**
- **Yui Shing Wong**
- **Su Yun**

Upon a motion duly made by Ms. Brewer-Tarver seconded by Mr. Hogue, and approved unanimously, it was:

RESOLVED to modify the FY19 Goals/Objectives as follows:

- **Goal 1a** – Update regulations to incorporate HB147 statute changes in 2018/2019
- **Goal 1b** - Review of UAA through a coordinated effort with the ASCPA for recent changes and identify additional areas where Alaska statutes and regulations differ and evaluate impact of differences to include:
 1. Adopt UAA attest definition.
 2. Adopt UAA firm definition.
 3. Adopt peer review requirements for compilations.

- **Goal 1i** - Review statutes and regulations for areas of clarification with AKCPA
- **Goal 5b6** - Continue outreach to licensees by holding Board meetings in various State locations.

Upon a motion duly made by Mr. Hogue seconded by Ms. Smith, and approved by a majority, it was:

RESOLVED to approve Thomas Emerson to sit for the CPA exam.

***Ms. Brewer-Tarver abstained from voting on this application.**

Upon a motion duly made by Mr. Hogue seconded by Ms. Brewer-Tarver, and approved unanimously, it was:

RESOLVED to approve Thomas Jackson to sit for the CPA exam.

Upon a motion duly made by Ms. Brewer-Tarver seconded by Ms. Smith, and approved unanimously, it was:

RESOLVED to approve Julia LaGamba's request for extension of BEC & AUD score until 1/14/19.

Upon a motion duly made by Ms. Brewer-Tarver seconded by Mr. Hogue, and approved unanimously, it was:

RESOLVED to approve suspension of the fine (due to documented hardship) for case #2018-000294; other consent agreement requirements are not waived.

Upon a motion duly made by Ms. Brewer-Tarver seconded by Ms. Smith, and approved unanimously, it was:

RESOLVED to deny the waiver requests for case #2018-000292; no reasonable cause for waiver of the standard requirements.

Upon a motion duly made by Ms. Brewer-Tarver seconded by Mr. Hogue, and approved unanimously, it was:

RESOLVED to table the licensure by exam application of Camille Carpenter. Documentation from the supervisor regarding the number of hours earned each year required to verify compliance with 12 AAC 04.180(b).

Upon a motion duly made by Ms. Brewer-Tarver seconded by Mr. Hogue, and approved unanimously, it was:

RESOLVED to approve Robert Kelley Jr. and Yoon Woo for licensure by reciprocity.

Upon a motion duly made by Ms. Brewer-Tarver seconded by Mr. Hogue, and approved unanimously, it was:

RESOLVED to approve the Out-of-State firm permits of Hawthorn, Waymouth & Carroll LLP, Strohm Ballweg LLP and Terry J. Campbell, PLLC.

Upon a motion duly made by Ms. Brewer-Tarver seconded by Mr. Hogue, and approved unanimously, it was:

RESOLVED to accept the consent agreement for case #2018-000295.

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

RESOLVED to table the late renewal application of Michelle DellaCroce; the Board requests copies of the additional CPE referenced in her letter to the Board.

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

RESOLVED to table the reinstatement application of Bruce Cain; the Board noted that additional CPE hours are still required. 109.5 acceptable hours on file; 10.5 hours still due. Under 12 AAC 04.360(5) there is a cap of 16 hours on certain CPE. The Board encourages Mr. Cain to take CPE that will automatically be accepted (AICPA/NASBA registry/CPA Society).

Upon a motion duly made by Mr. Hogue seconded by Ms. Brewer-Tarver, and approved unanimously, it was:

RESOLVED to approve Bobir Akbarov, Munther Alarayedh, Bradley Asher, Gboyega Bamgboye, Manuel Barcia, Alexandra Blake, Emile Choucair, Vishval Desai, Brittney Flowers, Sanchit Gupta, Heather Gray, Hannah Grilliot, Kirsten Herschleb, Heidi Hooker, Douglas Kanney, Kristen

Krimmel, Dominique Kurth, Adam Lincoln, Shane Madden, Ryan Masneri, Lua Mehrabi, Kyle Miller, Carrie Peterson, Prasad Prakash, Anna Shcheglyuk, Michael Sims, Christopher Sis, Jane Sherbrooke, Viktor Strachuk, Shannon Wang, Travis Werba and Xiaofang Zhang for licensure by exam.

Agenda Item 16 – Correspondence

There were no correspondence items in the packet that required Board response.

Agenda Item 17 – Administrative Business

Confirm Upcoming Meeting Dates/Locations

- August 2-3, 2018 Anchorage
- November 15-16, 2018 Anchorage
- February 5-6, 2019 Anchorage (unless there is active legislation)

Sign Wall Certificates

- Sara Dennis #115682
- Ronnie Varghese #117876
- Eduardo Winck #126238
- Saim Akif #126491
- Sabra Lamb #127058
- Kyle Kirn #127298
- Joseph Kirkpatrick #127299
- Rahul Bajaj #127302
- Amanda Woodard #127371
- Courtney Vandegriff #127395
- Pei-Jen Wang #127604
- Tarek El Hanouni #127691
- Carter Ellis #128147
- Mariah Ver Hoef #128396
- Olga Matviyenko (2) #129172
- Ashley Beedle #129233
- Christopher Lallish #129304
- Sanan Mammadov #129340
- David Murdock #129568
- Akinbayo Akinpelu #129603
- Kevin Ruark #129875

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

RESOLVED to adjourn the meeting

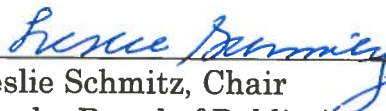
There being no further business, the meeting adjourned at 6:13 p.m.

Respectfully Submitted:



Cori Hondolero
Executive Administrator

Approved:



Leslie Schmitz, Chair
Alaska Board of Public Accountancy

Date: 8/2/18