

**STATE OF ALASKA
DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT
DIVISION OF CORPORATIONS, BUSINESS AND PROFESSIONAL LICENSING
BOARD OF PUBLIC ACCOUNTANCY**

**MINUTES OF MEETING
April 26-27, 2007**

The staff of the Division of Corporations, Business and Professional Licensing prepared these draft minutes. They have not been reviewed or approved by the Board.

By authority of AS 08.01.070(2), and in compliance with the provisions of AS 44.62, Article 6, a scheduled meeting of the Board of Public Accountancy was held at the Atwood Building, Suite 1270, Anchorage, AK.

Thursday - April 26, 2007

Call to Order/Roll Call

Mr. Mertz, Chairman called the meeting to order at 10:30 a.m.

Those present, constituting a quorum of the Board:

Max Mertz, Chairman, CPA – Juneau
Christy Morse, CPA - Anchorage
Carla Bassler, CPA – Anchorage
Bruce Gabrys, CPA – Anchorage
Elaine Williamson, CPA – Fairbanks
Catherine Wilson, Public Member – Tok
Rebecca Jensen, Public Member – Pedro Bay

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

Richard Younkings, Chief of Investigations – Anchorage
Cori Hondolero, Licensing Supervisor – Juneau
Veida Forrest, Licensing Examiner – Juneau
In attendance via teleconference was:
Jun Maiquis, Regulations Specialist – Juneau

In attendance via teleconference from the Department of Law, Civil Division, Commerce and Fair Business Section:

Gayle Horetski, Attorney

In attendance from the public was:

Leslie Schmitz, representing the Alaska Society of CPAs (ASCPA)
Lisa Rogers, representing the Alaska Society of CPAs (ASCPA)
Thomas McMire, UAA Student, For observations
Amelia Oliver, CPA Licensure by Exam Candidate, For Observation

Agenda Item 1 – Review/Amend Agenda

The Board made the following changes/updates to the agenda:

Item 4 - HB 170 Insurance insert Max Mertz, Chair, correspondence with Rep. Hawker

Item 9 - Add e-mail request from Paul Jucknath

Item 11 – June NASBA Meeting and Annual Meeting

Upon a motion by Bassler, seconded by Wilson and approved unanimously, it was:

RESOLVED to approve the April 26-27, 2007 meeting agenda as amended.

Agenda Item 2 - Review Meeting Minutes

Upon a motion by Bassler, seconded by Williamson and approved unanimously, it was:

RESOLVED to adopt the January 31-February 1, 2007 meeting minutes as presented.

Agenda Item 3 – Investigative Report

Rick Younkens, Chief of Investigations for the Division of Corporations, Business and Professional Licensing joined the meeting.

Mr. Younkens stated that there are no new cases.

Open Cases

600-02-002 – Allegation of a falsified application by a corporate entity. Opened 6-19-02.

600-02-005 – Allegation of negligence. Opened 11-21-02.

600-04-002 – Allegation of fraud or misrepresentation. Opened 7-21-04.

600-05-002 – Allegation of fraud or misrepresentation. Opened 2-22-05.

600-05-005 – Allegation of negligence. Opened 10-21-05.

600-06-003 – License application problem. Opened 3-2-06.

600-06-005 – Allegation of embezzlement. Opened 11-08-06.

601-06-002 – Allegation of unlicensed practice. Opened 11-09-06.

650-02-001 – License application problem. Opened 5-14-02.

Licensing Action

Memorandum of Agreement:

601-05-001 – Martin Severin. The Board accepted a MOA for six years probation and a \$5,000 fine with \$2,000 suspended. Closed 8-24-06.

600-06-002 – Patrick P. Klier. The Board accepted a MOA for three years probation and a \$5,000 fine with \$2,000 suspended. Closed 2-9-07

601-05-003 – Pricilla Horner. The Board accepted a MOA for three years probation, a reprimand, and a \$5,000 fine with \$2,000 suspended. Closed 11-29-07

Closed Cases

600-04-003 – Allegations of supervision, confidentiality, attest services conflict of interest, breach of safeguards, not submitting proper report violations and no firm permit or business license. Expert review revealed there was no violation. Closed 10-20-06.

600-05-003 – Allegation of negligence. Complainant did not follow up with written complaint or requested documents. Closed 10-25-06.

600-05-004 – Allegation that tax record were not completed correctly. Complainant did not follow up with written complaint or requested documents. Closed 12-18-06.

600-05-007 – Allegation of a violation of professional ethics. Investigation failed to reveal a violation of either a statutes or regulation governing licensure. Closure was coordinated with a board member. Closed 10-3-06

601-04-005 – Allegation of unlicensed practice. Complainant did not follow up with requested information or a written complaint. Closed 8-22-06

601-05-004 – Allegation of unlicensed practice. Investigation failed to reveal evidence of working or offering to work as a CPA in the State of Alaska. Closed 8-16-06

601-05-005 – Allegation of unlicensed practice. The complainant filed complaints in Alaska and Texas regarding the same issue. Texas, where the alleged violator resides, issued a cease and desist order for the violation. An advisory letter was sent to the individual concerning any work or offering to work in Alaska. The closure was coordinated with a board member. Closed 10-11-06

601-05-006 – Allegation of unlicensed practice. An unknown person was the complainant. None of the information provided during the initial phone call could be substantiated. Closed 8-10-06

601-05-007 – Allegation of unlicensed practice. Investigation revealed that the work being done did not fall within an occupation requiring a license in the State of Alaska. Closed 8-14-06

601-05-008 – Allegation of unlicensed practice. Investigation revealed that the work being done did not fall within an occupation requiring a license in the State of Alaska. Closed 8-15-06

602-05-012 – Allegation of a violation of professional ethics. Investigation revealed a licensing action was taken in another jurisdiction against a corporation. Investigation failed to reveal any clients or an office in the State of Alaska at the time of the violation in the other jurisdiction. Closed 11-3-06

650-06-001 – License Application Problem. Investigation revealed the applicant was truthful. Closed 11-3-06

650-06-002 – License Application Problem. The applicant requested a hearing subsequent to being denied a license by the board. The applicant did not provide additional information that would provide for licensure. The matter went to a hearing and the applicant's license continued to be denied. Closed 1-10-07

Mr. Mertz asked about the Division's handling of cases. Mr. Younkings noted that probationary periods assessed against the licensee or additional continuing education requirements are monitored by the Division. The Division tries to turn around and close cases within one year, cases that last longer than that typically have the AG, other attorneys, or outside experts involved in the resolution process.

Agenda Item 4 – Correspondence

The Board discussed the volume of emails received from the Division.

6 – Board Recommendation of Ms. Sandra Wilson to NASBA Vice Chair

NASBA did not select Ms. Sandra Wilson, Tom Saddler was chosen over all other nominees. Ms. Wilson was notified of NASBA's decision.
No response required.

7 – NASBA State Board Profile & Recent Regulatory Developments

No response required. Ms. Forrest will send updated State Board Profile to NASBA

8 – Committee Interest Forms

Board will submit Committee Interest Forms to NASBA as the regulatory environment has changed dramatically in the past ten years. Participation on a committee is voluntary but an excellent way to provide Alaska's input on the national level.

9 – NASBA UAA Exposure Draft

NASBA is currently in the Rules/Regulation revision of UAA. This Board does not have a position on the UAA Exposure Act.
No response required.

10 – NASBA UAA Exposure Draft Addendum

Alaska is not substantially equivalent because the Board requires a minimum of two years of public accountancy experience and attest function experience. The Board noted that there has been public opposition to decreasing the number of years of experience required for licensure.

Ms. Morse suggested that if the Board responds to the draft it must note that Alaska statute will not allow for substantial equivalence at this time. Mr. Mertz did not feel that a response was necessary because the Board is in the midst of changing its regulations and until those regulations are adopted by the Board comments may be null. Mr. Mertz brought up the problem of pursuing unlicensed individuals in the State of Alaska due to the lack of regulations in this area.

The Board chose not to respond to the UAA draft.

12 – HB 170 Insurance Max Mertz w/ House Labor and Commerce Committee

HB 170 – Deals with State insurance laws. Included a provision to give the Director of Insurance the power to register or revoke the registration of a CPA Firms in Alaska who want to do audits of insurance agencies. Mr. Mertz went to the House Labor and Commerce Committee to testify on this bill and stated that the Board has problems with that provision.

Before the bill got to House Finance that provision was taken out. AICPA was working with NAICP to create model rules. The bill deferred to the Quality Control Standards saying that the CPA must understand the insurance industry.

Agenda Item 5 – Goals & Objectives FY 07

The following are the Boards Fiscal Year 2007 Goals and Objectives, with suggested FY08 changes:

1. ~~Adopt revisions to Alaska regulations reflecting the changes in statutes~~ *Complete adoption of revisions to Alaska regulations*
 - a. ~~Provide input and assist in drafting of regulations~~ *Finalize drafting of regulations*
 - b. ~~Obtain comments from public/profession~~ *Adopt regulations*
 - c. ~~Adopt revised regulations~~
2. ~~Oversight Review Committee/Peer Review~~ *Assess current examination fee structure*
 - a. *Determine if current fee structure is appropriate*
 - b. *Provide recommendations for changes if necessary*
3. ~~Review current licensing fee structure~~ *Ensure Alaska CPA candidates have positive examination opportunities*
 - a. ~~Determine if current fee structure is appropriate~~
 - b. ~~Provide recommendation~~
 - a. *Monitor testing experiences through the use of the post-testing survey for all candidates testing at the Anchorage and Fairbanks sites*
 - b. *Follow-up on concerns indicated in the surveys*
 - i. *Availability of test dates*
 - ii. *Interface of test program between testing site computers and Prometric*
 - iii. *Proper functioning software and hardware*
 - iv. *Adequate physical testing environment*
4. ~~Ensure that Alaska CPA candidates have adequate testing facilities and scheduling opportunities under the computerized exam.~~
 - a. ~~Monitor the testing experience through the use of a “post testing survey” for all candidates testing at the Anchorage testing center~~
 - b. ~~Follow up on all complaints indicated in the post testing survey~~
5. 4. Monitor and react to changes in the professional environment for CPAs
 - a. Monitor new rules proposed by the Public Company Accounting Oversight Board, the National Association of State Boards of Accountancy (NASBA), and the American Institute of Certified Public Accountants for impacts on CPAs and make changes to Alaska statutes and regulations as required
 - b. Continue to educate, study and implement portions of the Uniform Accountancy Act through a coordinated effort with the Alaska Society of Certified Public Accountants

- c. Represent Alaska concerns at regional and annual NASBA meetings as well as participate in NASBA committees (*elaborate*)
- d. ~~Provide input and influence on proposed changes impacting Alaska CPAs~~ (*strike*)

Ms. Morse volunteered to provide a revised draft of the goals and objectives to the Board for discussion at the meeting the following day.

Recess for Lunch 12:24 pm; back on record at 1:15 pm

Agenda Item 6 – Public Comment

Leslie Schmitz, representing the Alaska Society of CPAs (ASCPA)

Ms. Schmitz was in attendance throughout the meeting and was recognized by the Board to speak regarding different agenda items.

Ms. Schmitz said the ASCPA would be providing three live seminars August 6, 2007 in Juneau, August 7, 2007 in Anchorage, and August 10, 2007 in Fairbanks. It is a four hour course specific to ethics in Alaska. The cost of the seminar will be \$125 for the four hour course. Registration will be sent out in the beginning of May. There also will be a separate four hour seminar on loss control. The online seminar is working.

There are statistics showing that 957 licensees need to take the exam. ASCPA have only had 68 licensees take the exam. ASCPA thinks the Board and the Division should be concerned by these numbers. Ms. Williamson asked if people have been waiting for the live seminar. Ms. Schmitz indicated that people may be doing so.

Ms. Schmitz voiced concern that people may not know of the four hours ethics requirement despite the fact that the Division includes notification regarding CE requirements with licensure and that the ASCPA has sent out mailers.

Ms. Schmitz shared a concern that out of state societies are providing ethics courses that claim to be state –specific to Alaska Statute which may or may not be. She wanted to know how the Board will gather ethics course reporting.

Ms. Bassler stated that she believed state societies have integrity and are believable. Ms. Schmitz wanted to know if there would be additional documentation requirements for reporting ethics continuing education. Mr. Mertz said that the Board should consider this at a future meeting. He also stated that compliance issues would be brought up at renewal audit period.

Ms. Schmitz reported that Melody Schneider, ASCPA President went to the AICPA regional meeting in March. The feeling from that meeting was that NASBA and AICPA would be putting pressure on the state boards to make regulatory changes regarding mobility issues.

Agenda Item 7 – Regulations Update

Jun Maiquis, Regulations specialist and Gayle Horetski, AAG joined the meeting telephonically for the regulations section of the meeting.

Ms. Horetski provided the Board with the original draft regulations as well as a draft dated April 25, 2007 to review the pertinent changes.

Mr. Mertz asked Ms. Horetski if there was another review of the regulations after the 4/25/07 draft, and what timeline for implementing the new regulations to verify that they would be in effect on January 1, 2008.

Ms. Horetski outlined the regulation process for the Board. Draft regulations are approved by the Board, the Board makes a motion to send the draft regulations out for public comment for at least 30 days, at close of public comment period Board reviews any comments and may chose to adopt the regulations, adopted regulations forwarded to Department of Law and become affective 30 days after they are signed by the Lieutenant Governor. By law they could not go into effect before 1/1/08.

Page 1 – Section headings. Section 5 is repealed. Section 10 is amended to read: *10. Independence, integrity, and objectivity*. New section 38 is titled *Attest function*, content is old.

Page 2 – 12 AAC 04.005 Integrity and objectivity is removed. Next draft will have correct dates.

Page 3 – 04.030 Contingent fees, updated version of AICPA code of professional conduct. 04.083 Attest Functions combines language of boards original draft 04.990(11). Ms. Horetski noted that it should be a substantive provision, not a definition. Change 04.038(a) to read: *provide any of the following*:

Page 4 – If board is going to reference other statutes not in Alaska statute that must put in specific adoption by reference language and provide the Division, Dept. of Law and Lt. Gov's office with the referred to language. Mr. Mertz said that the Board will provide a copy of the references indicated in 04.038(a)(1-4) to the Division and the Lt. Gov's office.

04.038(b) to read "An individual accountant who is responsible for supervising attest engagements, or who signs or authorizes another to sign the accountant's report on the financial statements on behalf of the firm, shall meet the competency requirements set out in the professional standards for such engagements. The supervising accountant shall obtain and maintain the competencies necessary in the specific circumstances."

04.038(c) to read: "a licensee performing an attest engagement shall maintain a quality control system that complies with the Quality Control Standards (QCS) issued by the AICPA, adopted by reference."

Delete 04.038(d)

04.100 Commissions added

Page 5 – July 1, 2006 will be changed to June 6, 2006.

Article 3 title to be changed to *License Requirements and Renewal*.

160(b) is repealed.

180(a) ~~initial issuance~~ deleted. Board feels there may be confusion if ‘initial issuance’ deleted.

Page 6 – 04.180 (f) Exam candidate experience documentation. Ms. Horetski noted that the new statute says “accounting experience” not “accounting employment” or “work experience”. She also noted that there must be justification as to why part time workers need more total work hours of experience than full time workers to qualify for licensure.

The Board had discussion as to what are considered acceptable work hours. Ms. Horetski suggested that full-time employment average no less than 35 hours per week. The Board agreed to add that suggestion and put it out for public comment.

Page 7 – 04.181(a) Board confirmed that there is a qualitative difference between public accountancy, government accounting, and private accounting and those with public accountancy experience gains experience points faster.

Page 9 – 187(c) inserted a reference to 04.185(e)(3)

Page 10 – Ms. Horetski encouraged the Board to include the terms for and length of renewal in the regulations project.

Page 11 – 04.250 insert *out-of-state* in front of permit.

04.260 repeal as the language is from 1972.

12 AAC 04.265 was formerly Board draft 04.236 & 04.237

Page 12 – 04.265 (e)(1) insert *averaging no less than 35 hours per week*.

Page 14 – Currently there are no renewal requirements.

Page 15 – 04.285(b) ~~stricken any individual who passed the Uniform CPA Examination and holds a valid license issued by any other state prior to January 1, 2012 may be exempt from the 150 hour education requirement in AS 08.04.120 for purposes of Substantial Equivalency~~ contradicts the statute. Possible adoption by reference (b), if so needs to be referenced.

Ms. Horetski will re-write section 04.285 so (a) *the Board declares the national standard is...* and (b) *the Board accepts the determination of the National Association of State Boards regarding substantial equivalency to the national standard.*

04.300(a)(2) was rolled into 04.30(a)(1)

Page 16 – 04.360(3) delete ~~in-firm~~ to accommodate for courses not listed in the AICPA national registry and so that not too many CE’s fall under 04.360(5).

Page 20 – repeal 12 AAC 04.510. Violations

12AAC 04.520(b) insert *practice privilege* after “license or permit”
04.520(b)(2) insert *or other crime* after felony

04.990(12) Ms Horetski will research other definitions of “good moral character”.

04.990(14) “*attest engagement*” means an accounting service performed for a fee for a specific client.

Mr. Mertz asked how long legal review takes. Ms. Horetski replied that it can take from a few days to a couple of weeks. She suggested that it would be best if the Board adopts the regulations at the next meeting and to have them submitted to the Department of Law by October 1, 2007.

Ms. Horetski agreed to take the comments from April 26, 2007 and create another draft for the Board to review on April 27, 2007 at 1:30 pm.

04.280 Ms. Horetski suggests that for renewal permit holders under this section must reapply, verify that they continue to meet the requirement for licensure and pay the appropriate fees. The Board agreed that would be an appropriate addition.

Agenda Item 9 – Prometric Testing Center

Mr. Mertz requested to know the status of Keith Granberry’s reapplication. Ms. Forrest and Ms. Hondolero stated that he had been refunded his application fees for reexamination and NASBA had agreed to waive one exam section.

Ms. Bassler asked how long it took to receive exam results. The Board discussed the lag between the time the exam is taken and the time the results are received by the examinee.

Mr. Mertz shared with the Board a letter received from Mr. Bill Burnham of Thompson Prometric regarding the availability of CPA exam seats. Mr. Mertz suggested that we scan the feedback from Alaska exam candidates and email it to Mr. Burnham.

Mr. Gabrys brought up the problem of scheduling and the possibility of viewing the available test dates prior to paying for the exam sections.

The Board discussed Mr. Paul Jucknath’s request to NASBA for a reimbursement. The Board determined that they could not help him.

Agenda Item 11 – Administrative & Other

NASBA Regional and Annual Meetings

Mr. Mertz explained to the new Board members the importance of attending NASBA meetings. He suggested the one of the new Board members attend the Regional meeting and one attend the Annual meeting. Ms. Jensen volunteered to attend the

Regional Meeting and Mr. Gabrys volunteered to attend the Annual meeting. Mr. Mertz suggested that if volunteers could not attend the Western Regional meeting it was an option to attend the Eastern Regional meeting.

The meeting adjourned for the day at 4:27 p.m.

Friday April 27, 2007

Call to Order/Roll Call

Mr. Mertz, Chairman called the meeting to order at 8:30 a.m.

Those present, constituting a quorum of the Board:

Max Mertz, Chairman, CPA – Juneau
Christy Morse, CPA - Anchorage
Carla Bassler, CPA – Anchorage
Elaine Williamson, CPA – Fairbanks
Bruce Gabrys, CPA - Anchorage
Rebecca Jensen, Public Member – Pedro Bay
Catherine Wilson, Public Member – Tok

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

Jenny Strickler, Chief, Professional Licensing – Juneau
Cori Hondolero, Licensing Supervisor – Juneau
Veida Forrest, Licensing Examiner – Juneau
In attendance via teleconference was:
Jun Maiquis, Regulations Specialist – Juneau

In attendance via teleconference from the Department of Law, Civil Division, Commerce and Fair Business Section:

Gayle Horetski, Attorney

In attendance from the public was:

Leslie Schmitz, representing the Alaska Society of CPAs (ASCPA)
Amelia Oliver, CPA Licensure Candidate
Lisa Rogers, representing the Alaska Society of CPAs (ASCPA)

Patricia Hartman, representing the National Association of State Boards of Accounting (NASBA)
Butch Thomas, representing the National Association of State Boards of Accounting (NASBA)

Agenda Item 11 – Administrative and Other

Sign Wall Certificates

Darci Costello
Rebecca Haugeberg
Marina Kolesnikova
Alexey Kosygin
Inna Kuzmanov
Alla Nigay
Laura Peters
Guo Wei

Agenda Item 8 – Application Review

Exam Candidate

Mark Barela

Upon a motion by Bassler, seconded by Morse and approved unanimously, it was:

RESOLVED to approve the exam candidate application for Mark Barela.

Reinstatement of Licensure

Parker Nation

Upon a motion by Bassler, seconded by Morse and approved unanimously, it was:

RESOLVED to approve the reinstatement of licensure for Parker Nation CPA #1151.

Firm Application

Espelin & Associates LLC

Upon a motion by Morse, seconded by Bassler and approved unanimously, it was:

RESOLVED to approve the firm application for Espelin & Associates LLC

Licensure by reciprocity

Beth Larson
Hilary Mitchell-Husted
Ralph Llewellyn
Gregory Thomas

Upon a motion by Williamson, seconded by Bassler and approved unanimously, it was:

RESOLVED to approve the application for licensure by reciprocity of Ralph Llewellyn.

The Board discussed Ms. Larson, Ms. Mitchell-Husted, and Mr. Thomas's licensure by reciprocity applications. They determined that the current regulations do not address the equivalency of private and/or government accounting to five years of public accounting experience. They suggested that these applicants submit applications for licensure by examination to be reviewed by the Board or provide the experience required by Alaska statute and Board regulations.

Upon a motion by Williamson, seconded by Jensen and approved unanimously, it was:

RESOLVED to table the applications of Beth Larson, Hilary Mitchell-Husted and Gregory Thomas until additional information is received from the applicants.

Licensure by examination

Maxim Chupernov
Olga Gorbarenko
Amelia Jean Oliver
Osman Khalil Osman Elfaki
Cheyenne Schmidt
Rie Tabei
Alexander Vesper
Holger Wildgrube

Upon a motion by Morse, seconded by Bassler and approved unanimously, it was:

RESOLVED to approve the applications for licensure by examination of Maxim Chupernov, Olga Gorbarenko, Amelia Jean Oliver, Osman Khalil Osman Elfaki, Rie Tabei, Alexander Vesper, and Holger Wildgrube.

Upon a motion by Morse, seconded by Bassler and approved unanimously, it was:

RESOLVED to table the application of Cheyenne Schmidt until she has completed three years, or 36 months, of experience in government accounting.

General Permits

Upon a motion by Bassler, seconded by Wilson and approved unanimously, it was:

RESOLVED to grant the following out of State permits:

- **Greg Amend**
- **Rick Betts**
- **Cheri Rae Burnhan**
- **Camille Christiansen**
- **Jimmy Jeu**
- **Patrick Rhodes & Associates**

Upon a motion by Bassler, seconded by Morse and approved unanimously, it was:

RESOLVED to ratify the following out of State permit renewals:

- **Michael Lawrence Davidson #117**
- **McGladry & Pullen, LLP #32**
- **Rusth, Spires & Menefee, LLP #114**
- **Ernst & Young LLP #35**
- **Reznick Group P.C. #101**
- **Dawn A. Schilling LLC #109**
- **Robert G. Yingling Jr. #119**
- **Joseph Lohtka #120**

Break at 10:02 a.m.; back on the record at 10:09 a.m.

Agenda Item 10 – CPA Exam Service/NASBA Presentation

Jenny Strickler, Chief, Professional Licensing of the Division of Corporations, Business & Professional Licensing.

Patricia Hartman, NASBA Director of CPA Examination Services and Butch Thomas, NASBA Manager of Development Systems joined the meeting at 10:00 am.

Ms. Strickler brought to the attention of the Board that there are an overwhelming number of Uniform CPA Examination applicants. The Division holds 226 files of passed CPA Examination candidates who have not sought CPA Licensure in Alaska.

Certified Public Accounting Examination Services (CPAES) would take over the entire exam application process and will hold exam files until the Alaska Board determines necessary. CPAES allows the candidate to register online and track the status of their application.

Mr. Mertz asked how CPAES deals with courses that are not specifically listed in state statutes or regulation, but may qualify as an approved course. Ms. Hartman replied that CPAES will initially go to the school and or professor and determine if the course follows state guidelines. If the course is still questionable they will bring it to the Board for their

approval. Ms. Hartman also noted that CPAES will not extend conditional credit without coming to the Board.

Mr. Mertz asked if other states had as high a ratio of foreign applicants to local and domestic applicants. Ms. Hartman replied that several states have a high volume of foreign applicants and noted that it may simply be that they do not understand that passing the exam does not guarantee licensure. Ms. Hartman also stated that the number of applicants has dramatically increased in the past two years, in 2005 there were 590 Notice to Schedules issued, in 2006 there were 874, and in the first quarter of 2007 there were 383 issued.

Mr. Mertz brought up that Alaska has only two test sites. Ms. Hartman said that if necessary NASBA can help the Alaska Board set up another test center.

Mr. Mertz wanted to know how a contract with CPAES would change Board regulations. Ms. Strickler stated that they could be left as is and write it into the NASBA contract.

Ms. Morse asked about the lag time in score reporting. Ms. Hartman replied that the lag time could be decreased as scores are posted online within 24 hours of receipt by NASBA.

Mr. Mertz questioned Ms. Hartman regarding scheduling and the ability to look at the Thompson Prometric schedule and wanted to know if NASBA could look into providing the scheduling availability to exam applicants. Ms. Hartman said she would look into it.

Ms. Morse asked Jenny Strickler if contracting out to CPAES would solve the work flow and storage problems at the Division. Ms. Strickler stated that it would and that she could not see any negatives of a contract with CPAES. She said that by contracting it out to CPAES it would free up the Licensing Examiner to adequately serve Alaska licensees.

Mr. Mertz asked how early the contract can begin. Ms. Hartman stated they could practically begin at the end of May 2007.

Upon a motion by Bassler, seconded by Morse and approved unanimously, it was:

RESOLVED transfer the exam application processing to the Uniform CPA Examination Services with the National Association of State Boards of Accounting effective at the discretion of the Division.

Agenda Item 11 – Administrative and Other

Schedule next meeting

The Board set the next meeting for August 8-9, 2007 in Fairbanks.

Board Member Carla Bassler left the meeting and stated she would return for continued regulations discussion.

Break at 10:56 a.m.; back on the record at 11:00 a.m.

Agenda Item 5 – Goals & Objectives FY 08

Ms. Morse provided the Board with the Board's revisions to the Goals & Objectives for Fiscal Year 2008. The Board discussed and made the italicized changes

1. Complete adoption of revisions to Alaska regulations reflecting the recent changes in statutes
 - a. Finalize drafting of regulations
 - b. Adopt regulations
2. ~~Assess current examination fee structure~~ *Monitor NASBA CPA Examination Services*
 - a. ~~Determine if current fee structure is appropriate~~ *Determine if service is functioning as intended*
 - b. Provide recommendations for changes if necessary
3. Ensure Alaska CPA candidates have positive examination opportunities
 - a. Monitor testing experiences through the use of the post-testing survey for all candidates testing at the Anchorage and Fairbanks sites
 - b. Follow-up on concerns indicated in the surveys
 - i. Availability of test dates *and existing test sites*
 - ii. Interface of test program between testing site computers and Prometric
 - iii. Proper functioning software and hardware
 - iv. Adequate physical testing environment
 - v. *Pursue establishment of Juneau test site w/NASBA assistance*
4. Evaluate and address changes in the professional environment *to continue to fulfill our mission to protect the public interest*
 - a. ~~Consider new rules proposed by the PCAOB, NASBA, and the AICPA for impact on Alaska CPAs and make changes to Alaska statutes and regulations as needed~~ *Review new rules proposed by the PCAOB, NASBA, and the AICPA for impact on Alaska CPAs and propose changes to Alaska statutes and regulations as needed*
 - b. Continue to review and implement sections of the UAA through a coordinated effort with the ASCPA
 - c. Represent Alaska CPA concerns at regional and annual NASBA meetings and support NASBA committee participation
 - i. Promote attendance of new Board members at regional and annual meetings to accelerate understanding of *current regulatory issues arising at a national level and state-by-state*
 - ii. Promote attendance of continuing Board members at regional and annual meetings to provide input and obtain information at *both national and state* levels regarding *regulatory and other* matters impacting Alaska CPAs

Upon a motion by Morse, seconded by Jensen and approved unanimously, it was:

RESOLVED to accept the goals and objectives for fiscal year 2008 as amended.

Agenda Item 11 – Administrative and Other

Annual Report

Mr. Mertz volunteered to write the Narrative Statement for FY07

Ms. Bassler volunteered to write up the Goals and Objectives for FY08

Ms. Forrest and Ms. Hondolero noted that Board travel should be indicated in the Annual Report.

Mr. Mertz requested that the annual report not be submitted until the Boards question about their portion of the fees was resolved.

Expenditure Report

Jenny Strickler was available for questions about the expenditure report.

Mr. Mertz wanted to know why the Board's indirect contractual services expense is as high as it is. Ms. Strickler indicated that contractual services may be high because of late bills from the Department of Law; she also noted that the number may go down. Mr. Mertz stated and Ms. Strickler confirmed that the CPAES billing will be indicated in the direct billing line of contractual services expense line once the contract is initiated.

Ethics Reporting/Video

There were no ethics violations reported. Video provided for new member viewing.

Break at 11:33 a.m.; back on the record at 1:29 p.m.

Board member Carla Bassler returned to the meeting.

Agenda Item 7 – Regulations Update

Gayle Horetski and Jun Maiquis joined the meeting telephonically. Ms. Horetski provided the Board with a draft dated 4/27/2007.

Page 2, 3 & 5 – version date of AICPA Code of Professional Conduct was updated.

Page 3 – 04.038(a) words “*any of*” were inserted.

Page 4 – new section (b) – combined old sections (b) and (c). Section (b) will reference 04.083(a). Ms. Horetski asked the Board to provide her with a copy of the documents referenced.

Codification of Statements on Auditing Standards effective date 11/1972

Statements on Quality Control Standards effective date 1/1/97

Page 5 – new section 04.155 *Denial of licensure. The board may refuse to grant a license to an applicant for the same reasons that it may impose disciplinary sanctions upon the holder of a license.*

Page 7 – 04.180(f)(1) *averaging not less than 35 hours per week* added.

Page 10 – 04.187(c)(1) added *the original, official transcript has been posted and can be viewed on the website of an approved credential evaluation service as described in 12 AAC 04.185(e)(3) and the original credential evaluation is mailed directly to the department by the approved credential evaluation service; or*

04.189 added to include regulating license renewal.

Page 11/12 – 04.250 repealed and readopted, refusal of new permits, out of state practice privileges and out of state permits covered under (a) and renewal for the aforementioned applications.

Page 13 – 04.265 (e) *averaging not less than 35 hours per week* inserted. Ms. Horetski noted that it is not up to the Board to determine the number of year required, but it is in their jurisdiction to determine what is equivalent to a year.

Page 16 – Ms. Horetski suggested that the Board reference a specific part of the Uniform Accountancy Act. Mr. Mertz stated that section 5 was the reference and asked Ms. Horetski to look into the correct way to cite the reference.

Page 17 – *in firm* removed

Page 22 – 04.510 Violations removed.

04.520 (b)(1) *or other crime...that adversely affects the holder's ability to practice accounting competently and safely* added.

Page 25 – definition of “good moral character” is updated

The Board continued to define attest function and attest engagement.

04.990(14) deleted

Ms. Horetski indicated that if the Board is not able to adequately define “attest engagement” it is possible for the Department of Law to split up the regulations project so that the bulk of it goes ahead and more time can be given to the smaller parts needing clarification.

Upon a motion by Morse, seconded by Jensen and approved unanimously, it was:

RESOLVED to approve draft regulations as revised to send out for public comment.

Mr. Maiquis brought to the Board's attention the date of the online AICPA Ethics Examination version may be out of date. The Board stated they will find the current date of the exam and add it to the current regulations project.

Task List(s)

Veida Forrest

- Create a CPE reminder and bring to August meeting for Renewal insert.
- Find out schedule for sending out applications and return dates
- Draft renewal application
- Update the Board if the contractual service expenses change
- Send out certified letters to all licensees regarding regulation changes and public comment period at August meeting.
- Order the AICPA Professional Standards
- Schedule August meeting, preferably the DOT Large Conference Room.

Christy Morse

- Update the FY08 goals and objectives to reflect the changes made by the Board

Elaine Williamson

- Determine date of current AICPA Ethics Examination.

There being no further business, the meeting adjourned at 3:05 p.m.

Respectfully Submitted:

Veida Forrest
Licensing Examiner

Approved:

Max Mertz, Chairman
Board of Public Accountancy

Date: _____