

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

MINUTES OF MEETING

August 5-6, 2004

By authority of AS 08.04.025 and AS 08.01.070(2), and in compliance with the provisions of AS 44.62, Article 6, a scheduled meeting of the Alaska State Board of Public Accountancy was held on August 5-6 beginning at 10:00 a.m. The meeting was held at the University of Alaska Fairbanks, Butrovich Building, Regents' Conference Room in Fairbanks, Alaska.

Thursday, August 5, 2004

Item 1 Call to Order/Roll Call

The meeting was called to order by Steve Tarola, Chair, at 9:55 a.m.

There were present, constituting a quorum of the board:

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

One public member and one CPA position on the board are currently vacant.

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

Ginger Morton, Licensing Examiner

Members of the public in attendance were:

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

Gene Yurkovich, representing the Alaska Society of Independent Accountants (ASIA).

Item 2 Review/Amend Agenda

The agenda was amended as follows:

- Subsection B was added to Item 18, Correspondence, to address the exam accommodation request of Sabrina Conrad.
- Reestablishing test sites in Fairbanks and Juneau was added to Item 5, Public Comment, as subsection 1.
- Subsection 5(1)(a) was added to Item 5 to discuss test site concerns from Fairbanks CPAs.
- Subsection 5(1)(b) was added to Item 5 to discuss test site concerns with Joe Cote from NASBA.
- Subsection D, anticipated statutes and regulation requests for FY 05 was added to Item 14, Annual Report.

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

RESOLVED to approve the agenda as amended.

Item 3 Welcome New Board Members

There were no new board members to welcome.

Item 4 Review/Approve Minutes

A. May 3-4, 2004 Minutes.

The May 3-4, 2004 meeting minutes were amended as follows:

- On pages 1 and 12 Roll Call was amended to reflect that a CPA member position is also vacant.
- On page 9, Item 13, Section C was amended to read, "Steve Tarola asked board members for their priorities for sections of UAA..."
- On page 10, Item 10, the last sentence of this section was amended to read, "The board explained the duties of the board and answered questions."
- On page 11, Section B, in the second paragraph the word "supports" was corrected to read "support."

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

RESOLVED to approve the May 3-4, 2004 minutes as amended.

B. Review of Mail Votes. The board reviewed one mail vote that had been conducted since the January 2004 meeting, which was approving the resident corporate firm permit of Mikunda Cottrell Accounting & Consulting, Inc.

Item 5 Public Comment

The board chose to delay public comment as it was expecting local CPAs to attend to discuss the issue of only one CPA testing site in Alaska.

Item 6 Goals and Objectives for FY 2003-2004

A. Status Chart and Action Items. The board reviewed the chart showing its status on its existing goals and objectives, for which there had been no changes.

Sandra Wilson commented that the June 2005 NASBA Western Regional Meeting to be held in Anchorage was receiving a lot of attention and she predicted that it was going to be well attended.

Dan Kennedy told the board that he had not heard from NASBA regarding his request to be appointed to the Ethics Committee. Sandra Wilson told the board that there had been a lot of interest expressed in serving on NASBA's committees, but that she would check with Michael Weatherwax of NASBA's Board of Directors about Mr. Kennedy's committee request.

Item 7 NASBA /ASCPA Meetings/Items

A. NASBA June 2004 Regional Meeting. Sandra Wilson had attended and been a speaker at NASBA's Regional Meeting in June in La Jolla, California.

She told the board that the meeting had been well attended with some of the breakout sessions addressing issues on ethics, the role of the Public Company Accounting Oversight Board (PCAOB), new initiatives, and state's responsibilities with regard to keeping themselves and their licensees informed.

Ms. Wilson further told the board that NASBA had recently launched a nonprofit organization called "Center for Public Trust", whose goal will be to regain the public's trust for CPAs through programs to educate licensees.

She also spoke briefly on the issue of Thomson divesting itself from Micro-Mash as it created a conflict of interest.

B. Nomination Letters. The board reviewed the letters of nomination it had submitted for NASBA Directors/Committees.

C. NASBA Annual Meeting in Chicago in October 2004.

Steve Tarola asked the board members who would be interested in attending NASBA's Annual Meeting to be held October 17-20 in Chicago.

Dan Kennedy indicated he would be prepared to pay his own expenses to attend the meeting, but would like to request the Division pay his registration fee.

Marge Kaiser and Laura Welles indicated they would both like to attend and asked that travel requests be made for full reimbursement for both of them. Laura Welles stated that if the Division would only approve one board member to attend, she would defer to Marge Kaiser's attendance.

Steve Tarola indicated he would be attending, but would not be requesting any reimbursement for his costs.

The board also requested that should any new members be appointed that a travel request be made for them to attend the meeting, for which NASBA will fully reimburse.

Regarding the Western Regional Meeting to be held in Anchorage in June 2005, Dan Kennedy told the board that he would like to find a way to have former board chair Dean Nelson be included in the meeting as a gesture from the present board. Sandra Wilson said she would look into this matter and report back to the board.

D. ASCPA's Annual Meeting, May 5-6, Fairbanks. Leslie Schmitz spoke briefly about the ASCPA's annual meeting, and commented that it was well attended.

Item 5 **Public Comment**

Several Fairbanks CPAs attended the meeting to speak about the issue of Alaska having only one CPA exam testing site.

Present were Melody Schneider, CPA, Tom Bartlett, CPA, Philip Granberry, CPA, Gary Hutchison, CPA and Tom Robinson, UAF Accounting Professor.

All of the CPAs expressed their concern about the issue of only one testing site in Alaska. They collectively told the board that it is expensive for CPA firms to pay for their employees to fly or drive to Anchorage, incur lodging expenses and be out of the office in order to sit for the CPA exam. They expressed their view that it is prohibitive to the profession to make testing so inconvenient and expensive. They also told the board that the University of Alaska had offered its assistance in the past and wondered if administering the exams at the University was a possibility.

The visiting CPAs asked the board to take the position that the present testing situation in Alaska is unacceptable.

Steve Tarola asked Sandra Wilson to find out if this issue could be on the agenda for the upcoming NASBA annual meeting

Recess The board recessed at 11:05 a.m., reconvened at 11:20 a.m.

The board then contacted Joe Cote of NASBA by teleconference to discuss the exam site issue.

Mr. Cote explained that the reason why Alaska has only one test site is because it does not have enough candidates to warrant more testing sites. He explained to the board that the major costs of a test site are the facility and the staffing. Every test site must have at least two test center administrators (TCAs) that must have passed two tests, one for the CPA exam and one for Prometric. Mr. Cote estimated that a facility with two test seats would cost approximately \$60,000-\$70,000 to set up and maintain for one year.

Mr. Cote briefly explained the situation in Guam where a test site was built specifically for Guam because Guam tests in excess of 5,000 candidates per year.

Mr. Cote agreed with the board that this is a matter worth pursuing and that NASBA should work hard to solve the problem. He provided the following names as contacts for seeking assistance:

Arlene Thomas, Craig Mills, and Jamie Wheeler, all of NASBA and David Ginsburg of Prometric

The board discussed drafting a resolution reciting its intention to work toward establishing test sites in Fairbanks and Juneau. Dan Kennedy offered to write a draft for the board's review.

A committee of Laura Welles, Dan Kennedy and Steve Tarola was formed to work on reestablishing test sites in Juneau and Fairbanks. These board members agreed to work with the ASCPA, local CPAs, NASBA, AICPA and others to try to find ways for candidates to test in Fairbanks and Juneau.

Recess ***The board recessed at 12:00 p.m. for lunch, reconvened at 1:15 p.m.***

Item 9 **Investigative Update**

Investigator Phil Petrie joined the meeting by teleconference at 1:25 p.m.

On a motion duly made by Dan Kennedy, seconded by Marge 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 1:25 p.m. and returned from executive session at 2:35 p.m.

Following a discussion of the interchangeability of the terms license, permit and certificate in the board's regulations, the board asked the licensing examiner to identify all regulations in which these terms appear and bring this information back to the next meeting.

Item 8 **Monitoring Changes in the Professional Environment for CPAs.**

A. NASBA

1) Latest focus questions. There were no new focus questions to be responded to.

2) Focus questions submitted by Alaska. The board reviewed the May 2004 focus question responses completed and submitted by Steve Tarola on behalf of the board.

B. AICPA

1) State Legislation Reform Summary as of June 9, 2004. The board reviewed the summary prepared by Steve Tarola.

C. PCAOB

1) Current news and events.

2) Latest rulemaking calendar. The board reviewed both items as Steve Tarola continues to update them.

Item 10 **UAF Accounting Students**

UAF accounting students had been invited to attend the meeting. There were no students present.

Item 11 **Computerized Exam Status**

A. Anchorage testing location and testing problems – status.

Steve Tarola had been in contact with David Ginsburg of Thomson (Prometric) regarding information on the Anchorage test center. The correspondence reflected that 31 candidates had tested in the first window, and that an on-site survey reflected that 29 of those tested were satisfied/very satisfied with the testing experience.

B. Testing Feedback – Board Survey Results. The board had conducted a survey of candidates testing at the Anchorage test center, which revealed that the candidates were not satisfied with the testing experience. Since this survey is in direct contradiction to the on-site survey conducted by Prometric, Sandra Wilson indicated she would try to get copies of the on-site surveys from Lorraine Sachs of NASBA.

Steve Tarola asked the examiner to find out the name of the owner of the Anchorage Prometric Testing Center.

C. NASBA Quick Poll – Testing Problems. The examiner had polled the other states to see if their exam candidates were experiencing any problems with scheduling and testing. The responses received reflected no significant problems, in contrast to Alaska, which

seemed to be experiencing a large number of computer/software problems during testing.

Item 12 Regulations and Statute Changes

A. Civil fines for unlicensed activity. This will be placed on the next meeting agenda.

B. Reciprocity – Suggestion by Rick Urion. Division Director Rick Urion had suggested that the board might want to put a previously repealed regulation back into effect regarding reciprocity.

As the board is moving toward implementing portions of the Uniform Accountancy Act (UAA), the board declined to take any action on this suggestion until such time as regulations are adopted to coincide with the statutory changes required in implementing portions of the UAA.

C. Commissions and Contingent Fees. The board reviewed the changes to commissions and contingent fees (12 AAC 04.030) as drafted by the ASCPA.

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

RESOLVED to request that a regulation project be initiated and public noticed making the changes to contingent fees and commissions in 12 AAC 04.030 and 12 AAC 04.100 as drafted by the ASCPA.

D. Code of Conduct – reference AICPA in board’s regulations. The board had asked the regulations specialist to begin a regulation project that would reference the AICPA’s Code of Conduct in its regulations. Upon learning that AS 08.04.080 would require all licensees to receive a certified mailing of the proposed regulation change, the board decided to hold this regulation in abeyance until AS 08.04.080 could be amended to not require the certified mailing.

The amendment of AS 08.04.080 will become a statutory change for the next legislative session in conjunction with adopting portions of the UAA.

E. UAA implementation – substantial equivalency/reciprocity/attest requirements. Steve Tarola had drafted statutory language to

implement portions of the UAA regarding substantial equivalency, reciprocity and attest function.

The board asked the licensing examiner to find out if Assistant Attorney General Gayle Horetski would be willing to review the draft language and comment to the board. It was also suggested that the draft be given to NASBA for comment.

Leslie Schmitz said she would put the draft language before the ASCPA board at its August 17 meeting to see what their directive will be.

Dan Kennedy volunteered to help Steve Tarola by talking to Representative Hawker regarding introducing legislation for the next session.

F. Authority to test under computerized exam. The licensing examiner had written a memo to the board suggesting that an exam candidates test eligibility be valid for one year instead of the present six months.

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

RESOLVED to ask the regulations specialist to begin a regulation project to amend 12 AAC 04.190 to reflect that the authorization to sit for the examination in 12 AAC 04.200(a)(1) is valid for one year after the date the Notice to Schedule is generated by NASBA.

G. Foreign Transcripts. The board discussed the need for official transcripts from foreign exam candidates when a foreign credentials evaluation has already been received. This topic arose from a memo written by the licensing examiner explaining the difficulty some foreign applicants have in obtaining official transcripts.

The board requested that the regulations specialist begin a regulation project for its review that would eliminate the requirement that foreign exam candidates be required to submit official transcripts when a foreign credentials evaluation has been submitted on their behalf. (12 AAC 04.187)

H. Application and licensing fees of other states. At the last meeting the board had asked the licensing examiner to conduct a comparison

of other jurisdictions of examination and reexamination application fees.

The comparison reflected that Alaska's application fees are quite low when compared to other states.

Recess *The board recessed for the day at 5:15 p.m.*

Friday, August 6, 2004

Item 15 **Reconvene Meeting/Roll Call**

The meeting was called to order by Steve Tarola, Chair, at 8:30 a.m.

There were present, constituting a quorum of the board:

Steve Tarola – CPA, Chair
Sandra Wilson – CPA
Dan Kennedy - CPA
Laura Welles – Public Member

One public member and one CPA position on the board are currently vacant.

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

Ginger Morton, Licensing Examiner

Members of the public in attendance were:

Leslie Schmitz, representing the ASCPA.
Rex Cruse, representing the ASIA

Item 12 E. con't. E. UAA implementation – substantial equivalency/reciprocity/attest requirements. The board again reviewed the proposed statutory language drafted by Steve Tarola. Dan Kennedy thanked Steve Tarola for his work on the draft and indicated he would be available by teleconference to participate in any hearings that may be scheduled.

Item 13 **Sunset Review**

The board reviewed a copy of the last legislative audit report.

Steve Tarola volunteered to write a letter to Pat Davidson of Legislative Audit telling her that the board knows it is under review and asking her to contact him if she has any questions.

Item 14 Annual Report/Budget Report

A. Narrative of activities for FY 2004. Steve Tarola had written a narrative for the FY 05 Annual Report which he distributed to the board for review. The board suggested minor revisions, which Mr. Tarola indicated he would incorporate and forward to the licensing examiner for inclusion in the Annual Report.

B. Goals and Objectives for FY 2005. The board revised the priority of its goals and objectives as follows:

1. Propose statutory changes as follows: a)adopt the following sections of the Uniform Accountancy Act: substantial equivalency, interstate reciprocity, attest experience requirements. b)amend AS 08.08.080 to streamline the mailing process and reduce government costs.
2. Adopt the Uniform Accountancy Act recommendation for commissions and contingent fees.
3. Ensure that Alaska CPA candidates have adequate testing facilities and scheduling opportunities under the computerized exam.
4. Facilitate the Alaska Legislative Audit of the Alaska Board of Public Accountancy for the 2005 "sunset review."
5. Monitor and react to changes in the professional environment for CPAs.

As an introductory statement to the goals language was added to read that the board would continue to operate its responsibilities as efficiently and effectively as possible.

A motion was made by Dan Kennedy to accept the goals and objectives as discussed. Hearing no second the motion failed.

C. Budget Request for FY 05. Steve Tarola had prepared a draft travel budget recommendation for FY 05 for the board to review. The licensing examiner was asked to prepare this in final form to be included in the FY 05 Annual Report

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

RESOLVED to approve the FY 05 budget request as presented.

Item 17 Administrative and Other.

A. Duffield Denial – Hearing Officer Recommendation.

The board contacted Hearing Officer David Stebing by teleconference to discuss the James Duffield license denial.

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

RESOLVED to adjourn into executive session under the authority of AS 44.62.310 to discuss the James Duffield license denial.

The board adjourned into executive session at 9:35 a.m., and returned from executive session at 9:50 a.m.

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

RESOLVED to adopt the hearing officer's Proposed Decision in its entirety to deny CPA licensure in the Matter of James Duffield, Case No. 0650-03-002.

Item 14 con't. B. Goals and Objectives for FY 05.

Dan Kennedy proposed a new goal to send all new board members to the NASBA regional meeting in Anchorage in June 2005, which will be fully reimbursed by NASBA under its scholarship program.

Laura Welles suggested that the language reflect that the members would be going to the meeting to participate, not just attend.

On an unrelated matter, Dan Kennedy encouraged the board members whose terms expire within the next year to remain on the board until replacements have been appointed.

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

RESOLVED to adopt the FY 05 Goals and Objectives as discussed.

Steve Tarola told the board he would revise the language in each goal per the member's input and provide a final draft to the licensing examiner to include in the FY 05 Annual Report and for posting to the board's web site.

Recess *The board recessed at 10:10 a.m., reconvened at 10:20 a.m.*

The board returned to the matter of drafting a resolution reestablishing exam sites in Fairbanks and Juneau.

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

RESOLVED to accept and pass the resolution reestablishing exam sites in Fairbanks and Juneau.

The licensing examiner was asked to type and email the resolution as drafted to Steve Tarola for review, and then post the resolution to the board's web site. The exams committee, consisting of Steve Tarola, Dan Kennedy and Laura Welles would determine a distribution list to send the resolution to.

Item 16 **Expenditure Report**

The board reviewed the July 14, 2004 expenditure report, and the summary of the report prepared by Steve Tarola.

The board requested that Administrative Manager, Jennifer Strickler, be teleconferenced in to the next meeting to discuss the next expenditure report.

Item 18 **Correspondence**

A. Heather Herndon. The board reviewed the continuing correspondence from Heather Herndon requesting a review of her experience hours to date. This item required no board action.

B. Sabrina Conrad. CPA exam applicant Sabrina Conrad had made a request to the board for additional breaks during her testing because of a physical condition that is not covered under the ADA.

Under these conditions it would be necessary for the state to hire an assistant to be with Ms. Conrad during the entire exam, including breaks.

On a motion duly made by Sandra Wilson, seconded by Laura Welles, and approved unanimously, it was

RESOLVED to approve Ms. Conrad's request for additional breaks during her exam and to require that she be responsible for the costs incurred in hiring someone to assist her.

The board then discussed the issue of requiring Ms. Conrad to pay for someone to assist her.

On a motion duly made by Sandra Wilson, seconded by Laura Welles, and approved unanimously, it was

RESOLVED to reconsider the motion approving Ms. Conrad's request for additional breaks and requiring her to pay for the person hired to assist her.

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

RESOLVED to approve Ms. Conrad's request for additional breaks while taking the CPA exam, but to not require her to pay for the person that will need to be hired to assist her.

Item 19 **Web Site "What's New"**

Items to be drafted by Steve Tarola and added to the board's web site will be the new goals and objectives, the resolution reestablishing exam sites in Fairbanks and Juneau and a notice that there are unappointed positions available on the board.

The licensing examiner was asked to draft a narrative informing CPA businesses that in addition to individual and business licenses, the firm must also have an occupational license.

Rex Cruse of the ASIA left the meeting at 11:00 a.m.

Item 20 **Applications**

A. Review/Approve Applications (Work Session).

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

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

- 1. Jennifer L. Fredericks**
- 2. Pauline M. Henriques**
- 3. Jyoji Komatsu**
- 4. Ami M. Oppe**
- 5. Leslie D. Pate**
- 6. Nina V. Razina**
- 7. Nicole L. Rice**
- 8. Vachelle R. Stanchina**
- 9. Galiya Tleuova**
- 1. Melisa J. Yale**

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

RESOLVED to approve the application for certification by exam/experience of Tia Yun pending receipt of the \$220 licensing fee.

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

RESOLVED to approve the application for certification by reciprocity of Linda J. Kucera.

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

RESOLVED to approve the application for reinstatement to inactive status of Ronald K. Critzer.

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

RESOLVED to approve the application for reinstatement to active status of William C. Ross.

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

RESOLVED to approve the following CPE audits:

1. **William Schmitz**
2. **Terry Eubank**
3. **Gerry Nelson**

Item 22 **Ethics Reporting.** There were no ethics violation to report.

Item 23 **Ratify Out of State Permits**

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

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

1. **Deloitte Tax LLP**
2. **Terry D. Goddard, CPA**

Item 24 **Sign Minutes and Wall Certificates.** The board chair and secretary signed wall certificates and the board chair signed the May 2004 meeting minutes.

Item 25 **Schedule Next Meeting.** The board tentatively scheduled the next board meeting for September 30 - October 1, 2004 in Anchorage.

The board also tentatively scheduled a meeting for January 27-28, 2005 in Juneau.

Item 11 con't Returning briefly to the item of computerized testing in Alaska, Steve Tarola told the board he had called Jim Cook, Vice President of ETS, which has a secure testing in Fairbanks and that Mr. Cook had been receptive to his request to utilize this secure testing site for the CPA exam and further that he had assigned two individuals to work on the issue with Prometric.

Item 26 **New Business/Old Business.**

Dan Kennedy thanked the licensing examiner for her hard work, and thanked the chair and board members for their dedication and knowledge.

Adjourn ***The board adjourned at 12:00 p.m.***

Respectfully submitted:

Ginger Morton, Licensing Examiner

Approved:

Steven R. Tarola, Chair
Board of Public Accountancy

Date: _____