

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

**MINUTES OF MEETING
December 4-5, 2008**

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 602, West 7th Avenue; Anchorage, AK.

Thursday December 4, 2008

Call to Order/Roll Call

Ms. Bassler, Acting Chair, called the meeting to order at 10:45 a.m.

Those present, constituting a quorum of the Board:

Carla Bassler, Acting Chair, CPA – Anchorage
Max Mertz, Chair, CPA – Juneau – Joined meeting at 11:05 a.m.
Bruce Gabrys, CPA – Anchorage
Kathleen Reid, CPA – Fairbanks
Elaine Williamson, CPA – Fairbanks
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:

Lynne Smith, Director – Juneau
Veida Forrest, Licensing Examiner – Juneau
Rick Younkens, Chief Investigator – Anchorage
Dawn Bundick, Investigator – Anchorage

In attendance from the public was:

Melody Schneider, representing the Alaska Society of CPAs (ASCPA)
Lisa Rogers, representing the Alaska Society of CPAs (ASCPA)
Sandra Davidson, representing NASBA Compliance Services

Carla Bassler introduced Kathleen Reid, the new member of the Board of Public Accountancy. Kathleen Reid stated her credentials and interest in serving on the Board. The Board welcomed Ms. Reid to the Board.

Agenda Item 1 – Review/Amend Agenda

The Board made no changes to the proposed agenda.

Agenda Item 10 – Administrative and Other

Ethics Reporting

There were no ethics or conflicts of interest reported for the last quarter. Ms. Forrest stated that she would attempt to set up ethics training for the Board when a new public member is appointed.

Agenda Item 2 - Review Meeting Minutes

The Board reviewed the August 28-29, 2008 meeting minutes. Ms. Williamson noted grammatical errors in the minutes. Mr. Mertz requested Ms. Forrest to verify that the Board did not go into executive session during the meeting.

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

RESOLVED to adopt the August 28-29, 2008 meeting minutes as amended.

The Board reviewed the September 17, 2008 teleconference meeting minutes. No changes were made.

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

RESOLVED to adopt the September 17, 2008 teleconference meeting minutes as presented.

Agenda Item 3 – Public Comment

Ms. Bassler opened the meeting to public comment. There was no public comment.

Agenda Item 10 - Administrative & Other

Website Update

Ms. Forrest informed the Board of the website update projects she was working on including reorganization of the main page, update of the investigations information, inclusion of renewal information, and update of the forms. Ms. Forrest that she was working on listing the known available ethics courses on the website.

CPA Exam Services Update (CPAES)

Ms. Forrest stated that there were no issues with CPAES at the current time. Ms. Forrest stated that there was recently a problem that involved a missing file but that had since been resolved. Ms. Forrest explained the CPAES is the NASBA service that reviews applications for candidate to take the Uniform CPA Exam and issues applicant's notices to schedule for the exam. Ms. Williamson asked how many applications the Division processed a week prior to the use of CPAES. Ms. Forrest replied that she processed 50-75 applications prior to July 1, 2007.

Max Mertz, Board Chair, joined the meeting at 11:05 a.m. Ms. Bassler handed the Chair position over to Mr. Mertz upon his arrival at the meeting. Mr. Mertz requested to review the meeting minutes.

Agenda Item 2 – Review Meeting Minutes

Mr. Mertz noted that the Board did not appear to enter into executive session during the August 28-29, 2008 meeting. Mr. Mertz asked Ms. Forrest to verify this prior to signing the August 28-29, 2008 minutes. The Board agreed to this review.

Agenda Item 4 – Investigative Report

Lynne Smith, Director, Rick Younkens, Chief Investigator, and Dawn Bundick, Investigator, for the Division of Corporations, Business, and Professional Licensing joined the meeting. Mr. Younkens introduced Dawn Bundick, the new Investigator for the Board of Public Accountancy. Mr. Younkens also introduced Lynne Smith, the new Director for the Division of Corporations, Business, and Professional Licensing.

Ms. Bundick provided the Investigative Report to the Board. At the time the report was written the Board had five open investigations and one open complaint.

Open Investigations

*600-02-002	Falsified Application	Litigation Pending
*600-02-005	Negligence	Litigation Pending
*600-02-001	License Application Problem	Litigation Pending
*600-08-001	Violation of Licensing Regulations	Litigation Pending
*An accusation has been filed on these related cases.		

600-06-005	Fraud/Misrepresentation	Criminal Indictment
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The licensee in case 600-06-005 has been indicted on three counts of forgery and one count of theft in the 1st degree. All charges are felonies. Conference date set for trial.

600-07-003	Unlicensed Practice	Under Investigation
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603-08-001	License Denial	Hearing Pending
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Closed Investigations

601-06-002	Unlicensed Practice	\$5000 fine paid 11/4/08
601-08-002	Unlicensed Practice	License Denial
601-08-003	Unlicensed Practice	No Action/No Violation

Mr. Younkens provided a ballot to determine whether or not the Board will approve a Cease and Desist order in a case.

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

RESOLVED to enter into executive session in accordance with Alaska Statute 44.62.310(c) to discuss privileged disciplinary information.

Off record 11:18 a.m., back on record 11:32 p.m.

The Board noted that the ballot did not contain any information regarding the case. Mr. Younkens stated that this information was withheld to protect the Board members from conflicts of interest in the future. The Board requested that the ballot include the case number so that the Division could not use the ballot for any other case. Mr. Younkens stated that he would include that information on the ballot and provide a new ballot for the Board.

Ms. Bassler announced that she had been appointed to the NASBA Enforcement Practices Committee. Ms. Bassler stated the purpose of the committee and asked Mr. Younkens and Ms. Bundick if there are suggestions or input she could approach the committee with. Mr. Younkens asked Ms. Bassler to email him the committee's objectives and he would reply with any suggestions.

Mr. Mertz noted that NASBA is trying to create an investigator training to offer to State Boards of Accountancy.

Agenda Item 5 – Regulations Adoption

The Board reviewed an Order to Certify the Changes to Regulations of the Board of Public Accountancy. The Board discussed the regulation changes to 12 AAC 04.181. The Board noted that there had been no comments. Mr. Mertz signed the certification order.

Agenda Item 4 – Correspondence

The Board discussed the following items of correspondence:

1. **NASBA Regional Directors' Focus Questions**

The Board discussed the questions received from NASBA regarding regulations, investigations, licensure requirements, and professional changes.

2. **Omer Osman Elkhalifa Ali – Request to extend five year CPA Exam expiration dates.**

The Board reviewed Mr. Omer Osman Elkhalifa Ali request to extend the expirations dates for his AUD and BEC exam scores by one window. The Board noted that Mr. Omer Osman Elkhalifa Ali has taken over five years to take the exam. The Board noted Mr. Omer Osman Elkhalifa Ali difficulties in traveling to the United States.

Upon a motion by Jensen, seconded by Gabrys, the following motion:

To extend the expiration date of his AUD and BEC Uniform CPA Exam to March 31, 2009

Upon further discussion the Board clarified that it has the authority to provide and extension and the past reasons extensions had been given.

Ms. Williamson called the question.

Motion FAILED to pass with three yeas and three nays. Mertz, Gabry, and Jensen voted yea, Bassler, Reid, and Williamson voted nay.

3. 08Q3 Candidate Care Report

The Board reviewed the 08Q3 Candidate Care Report provided by NASBA.

Agenda Item 7 – NASBA Licensure Information

Sandra Davidson, with NASBA's Compliance Services and Manager of Licensee Services joined the meeting at 12:15 pm. Ms. Davidson detailed the different services provided by NASBA. Ms. Davidson thanked the Board for allowing her to speak about the Licensing Services program.

Ms. Davidson stated that NASBA Licensing Services can provide support in receiving and reviewing documentation and providing applications and instructions to licensees by examination and reciprocity. Ms. Davidson noted that the website www.NASBAtools.com is available to license applicants. Ms. Davidson stated that an exam candidate's final score report information on how to obtain a license can be included. Ms. Davidson provided a generic workflow chart of how information is processed by Licensing Services. Ms. Davidson noted that once all of the information required for licensure is obtained by Licensing Services the information is put in a format the Board agrees upon and then sent to the Board. Ms. Davidson stated that licensee information can be transmitted as often as the Board requires.

Ms. Davidson noted that Licensing Services also send questionable applications to the Board for review. Mr. Mertz clarified that Licensing Services would send all questionable applications to the Board. Ms. Davidson clarified that Licensing Services does not confer licenses to any applicants. Ms. Davidson stated that Licensing Services does not make a determination as to the eligibility of an applicant, only whether or not a file is complete and if the information submitted meets the requirements of licensure. Ms. Davidson explained that Licensing Services will missing documentation notifications to applicants.

Ms. Davidson stressed that the workflow chart provided is only a suggestion and that if the Board chooses to contract with Licensing Services a policy and procedures manual will be created at that time. Ms. Davidson stated that Licensing Services is adaptable and capable of incorporating the Board's requests.

Mr. Mertz asked how a policy and procedures manual will be created. Ms. Davidson replied that NASBA staff would come visit the Division and the Board to create a working document prior to the implementation of the program.

Ms. Davidson explained that the computer software system that Licensing Services uses allows applicants to track the status of an application. Ms. Davidson also explained that there is a two-tier review system. One reviewer verifies that all of the documentation is received and the second reviewer verifies that the documentation received meets the qualifications for licensure. If there is a discrepancy then the applicant receives a letter notification of the discrepancy. Once an applicant has made it through the two reviews and report is drafted and the report then sent to the Board for review at the next meeting. After the Board reviews the application the Board can choose to notify NASBA of approval or denial. If a license is approved then Licensing Services will then send the information on the applicant to the Board so the Board can maintain a licensing file. Licensing

Services will also submit the applicant information to CPE Tracking, a NASBA service, if the Board chooses to contract with CPE Tracking.

Mr. Gabrys asked if there would be a potential information compatibility problem. Ms. Davidson stated that currently the Board sends information to NASBA and that it would be a reverse data flow. Ms. Forrest noted that the IT Section would work with NASBA IT Section in the event of data transfers to prevent any compatibility issues.

Ms. Forrest asked how Licensing Services accepts documentation coming from a source other than the applicant. Ms. Davidson clarified that Licensing Services does not accept applications online and that a licensee must send in a physical application. Ms. Davidson stated that if the Board chooses to contract with Licensing Services, the receipt of information would be addressed in and procedures manual.

Mr. Mertz asked how workload on the licensing examiner would be impacted if the processing of initial applications are removed from the duties. Ms. Forrest stated that currently she spends about one day a week processing license applications, writing letters to applicants and preparing applications for Board meetings. Ms. Forrest noted that this time did not include all of the phone calls and emails she responded to during the week. Ms. Davidson stated that when Licensing Services takes over the process of assembling and reviewing applications it allows Board staff to be more responsive to Board inquiries and other priorities. The Board noted concern that if the application process was taken away from the licensing examiner that examiners time would be allocated to another Board or Commission. Ms. Forrest stated that scenario would not necessarily happen as the Board has many items of business that could be better addressed if there was additional time in the day.

Ms. Bassler asked if Licensing Services would be able to work on the Alaska Time Zone in order to be responsive to Alaskan applicants. Ms. Davidson replied that Licensing Services is currently working on Central Time but that if that poses a substantial problem for applicants that they could work on different hours. Ms. Davidson also stated that phone calls are returned within 24 hours. Ms. Forrest stated that this would be a substantial improvement over the current return time of three to seven days.

Mr. Mertz stated that there have been concerns about consistency of the decisions of the Board. Ms. Davidson stated that the information provided to the Board by NASBA will be in a standard format of the Board's choosing. Mr. Mertz asked how NASBA would verify that the Board's decisions are consistent between applicants. Ms. Davidson replied that if directed NASBA could keep a record of the Board's decisions and present to the Board a historical perspective when a specific issue is presents itself. Ms. Davidson stated that policies are updated frequently and always available to the Board for review.

Ms. Davidson showed the Board a sample of a possible wallet card available to be provided to licensees if the Board so chooses.

Ms. Davidson presented materials on CPE Tracking, a CPE tracking program offered by NASBA. Ms. Davidson stated that all of the requirements for licensure are programmed into the CPE Tracking tool so once a licensee inputs course information, the database will automatically track the compliance of that licensee. Mr. Gabrys asked who the customers of CPE Tracking are. Ms.

Davidson replied that KPMG and Deloitte both utilize similar software and pay for the employees to use that software.

Ms. Williamson noted concern that a licensee could enter a course that has not been taken. Ms. Davidson stated that CPE Tracking works on the honor system but that a licensee can upload certificates of completion. Ms. Forrest asked if the Board is able to run reports from this program to review a licensee's CPE. Ms. Davidson stated that it is possible for the Board to receive information from this program once a licensee has submitted the information to the Board. Ms. Davidson noted that most licensees will not submit a noncompliant report to the Board so there tends to be fewer issues with license renewals.

Mr. Mertz asked if CPE Tracking is required by any States. Ms. Davidson replied that three states have made the use of CPE Tracking voluntary. Ms. Davidson stated that the program is still in the early stages of use and that the States, licensees, and firms that are using the program are providing feedback.

Ms. Davidson provided the Board with information about the Renewal program. Ms. Davidson stated that NASBA would receive information from the Board about who is to be renewed. Ms. Davidson noted that once the license is renewed the Board would be notified. The Board would also be notified in the event of disciplinary action, questionable and late renewals. Once the license is renewed NASBA would send the data back to the Board. Mr. Mertz asked Ms. Forrest how much time it takes for her to issue renewals. Ms. Forrest replied that for approximately three months around the renewal deadline, processing renewals takes up nearly two days a week.

Ms. Davidson informed the Board that NASBA also offers a continuing education audit service. Ms. Williamson asked how courses are reviewed for compliance with the regulations. Ms. Davidson stated that licensees are required to submit a certificate with a break out of the hours received for each course.

Ms. Davidson provided the Board with a proposed fee structure for the licensing, renewal, audit, and CPE Tracking programs. The Board discussed the revenue impact of outsourcing the licensing, renewal, and audit services that are currently being provided by the Division. The Board noted that fees may need to be increased in order to pay for these programs. Ms. Davidson noted that all of the services are available in any combination.

Ms. Davidson noted that Rhode Island Society of CPA's includes CPE Tracking in the fees and the Rhode Island Board of Public Accountancy.

Ms. Davidson provided the Board with a list of the steps the Board would need to take if it decides to contract with NASBA for any of the offered services.

Mr. Mertz asked if there were any questions for Ms. Davidson. Ms. Forrest noted that the Department of Commerce and Department of Law would need to vet any contract thoroughly prior to allowing the Board to use a NASBA licensing service. The Board noted concern about the fees and costs of the programs. Ms. Bassler noted that the Board does not set the fees. Ms. Forrest replied that the Board has input and can make suggestions to the Division as to what the fees should be. Mr. Mertz stated that the Board would need to review the impact a contract with NASBA would have on license and renewal fees.

Ms. Williamson stated that she did not understand how the CPE Tracking tool would benefit the Board at this time but that she sees the benefit of the licensing, renewal, and audit services. Mr. Mertz asked Ms. Forrest to look into any cost offsets that the Board may incur. Mr. Gabrys asked if it would be possible to get a proposed expenditure report if the Board chose to contract with NASBA and have a full time Executive Administrator. Mr. Mertz stated that it may be premature to ask for that information.

Mr. Mertz asked Ms. Schneider if she had any input regarding any of the NASBA services. Ms. Schneider replied that if contracting with NASBA allows the Licensing Examiner to work on higher level services for the Board and creates consistency in the licensing process than it would be a positive step for the Board. Mr. Mertz asked if an increase in fees would cause problems with the ASCPA membership. Ms. Schneider stated that she does not foresee a problem if the fees slowly increase. Ms. Schneider added that during discussions at the ASCPA meeting regarding the creation of an Executive Administrator position there has been acknowledgement of potential fee increases and that has yet to deter support. Ms. Schneider noted that she would speak to the ASCPA about the CPE Tracking tool.

The Board thanked Ms. Davidson for presenting the NASBA services to the Board.

Lunch, 1:45 pm, off record. Back on record 2:40 pm

Agenda Item 8 – NASBA Annual Conference Update

Ms. Williamson stated that international accounting standards and qualifications were major topics at the Annual Conference. Ms. Williamson noted that there is a push for the international accounting standards, GAAP, to be implemented by 2011. Ms. Williamson noted that 110 countries, including E.U. countries, have either adopted or planned to adopt GAAP. Ms. Williamson stated that the Board needs to pay attention to this change. Mr. Mertz added that there will be changes to GAAP within the next four to five years.

Ms. Williamson stated that there is a Mutual Recognition Agreement (MRA) with NAFTA regarding the equivalency of Canadian Chartered Accountant and U.S. Certified Public Accountants. Ms. Williamson advised the Board to look into the MRA in order to help it understand how to apply experience supervised by a Canadian Chartered Accountant toward licensure. Ms. Williamson volunteered to look further into this issue.

Ms. Williamson stated that she attended a breakout session on regulatory models and noted that the US CPA license is a relatively easy license to obtain in terms of years of experience and type of experience earned. Ms. Williamson also noted that many countries require a minimum of 150 hours of education. Mr. Gabrys added that licensing and accounting standards are more conservative in other developed countries than in the United States.

Mr. Gabrys noted that the U.S. is trying to move to a single licensing and auditing standard through the Uniform Accountancy Act (UAA). Mr. Gabrys noted that the UAA only requires one year of experience in order for a person to do audit work but that several European countries require a minimum of three years of experience. Mr. Gabrys concluded that the U.S. will need to raise the licensure qualifications in order to meet any current international standard. Mr. Gabrys observed that there may need to be a two-tier system in order for a U.S. CPA to perform international audits.

Ms. Williamson stated that it would be beneficial to the Board to send someone from the Attorney General's office to attend the Legal Council Conference in the spring. Ms. Forrest stated that it would be more likely for the Board's Investigator to attend the Legal Council Conference. Mr. Mertz asked when the Executive Director and Legal Council Conference will be held. Ms. Forrest replied that the conference will be in at the beginning of March. Mr. Mertz asked if Ms. Forrest would be interested in attending the Executive Director Conference. Ms. Forrest stated that she would no longer be with the Board in March. Ms. Forrest stated that her last day as a Licensing Examiner would be December 17, 2008. Ms. Forrest stated that it would be a good idea for the Board to send whoever fills the position to attend the Executive Director Conference.

Agenda Item 10 – Administrative and Other

Wall Certificates

The Board signed wall certificates for

Gulanor Atobek, Khaldoun Bata, Ekatarina Baranova, Dongyu Cai, Elena Kisseleva, Diana Ksendzenko, Andrey Mankov, Galina Serednyakova, Joerg Witting, Kristi Allenbaugh, Dimitri Shein, Tatiana Khoreva, Jason Michael Bell, Scott Dahlstrom, Stefani Dalrymple, James Doughty, Chad Estes, Sarah Huebschen, Michelle Hutchison, Samuel Kolipano, Vishal Shah, Jill Woster, Gregory Thomas, Dena Ramey, Joseph Eve, Lori Hickox, Laura Lindal, Teresa Peterson, Kevin Aufderheide, Anna Blackwell, Bela Giroux, Keith Granberry, Jason Grass, Pamela Green, Jin Guo, Seong Jun Jeong, Dimitriy Kalchenko, Katie McIntyre, Genefer McLinn, Laurena Morehouse, Roman Sitnikov, Irina Starostina, Janiese Stevens, Jennifer Vickery, Jeevan Pokharel, Midge Hermanns

Sign TA's

The Board signed travel authorizations for the December 4-5, 2008 Board meeting.

Schedule next Board Meeting

The next scheduled Board meeting is set for February 12-13, 2009 in Juneau.

Expenditure Report

The Board reviewed the Expenditure Report. Ms. Wyatt, Administrative Officer for the Division of Corporations, Business, and Professional Licensing joined the meeting telephonically.

Mr. Mertz asked Ms. Wyatt for an update on the indirect cost study done by Maximus. Ms. Wyatt stated that the Division did not receive a report from Maximus and it is being researched to see if the report was included in the contract. Ms. Wyatt stated that the Division has not been charged for a report from Maximus yet. Ms. Wyatt stated that the reason the Division had contracted with Maximus was to review the indirect cost structure.

Mr. Mertz noted that the indirect costs to the Board appeared to have decreased. Ms. Wyatt stated that the Division has made new policies regarding administrative travel and contractual costs.

Ms. Wyatt reminded the Board that it will need to review its projected costs for 2010-2011 prior to Ms. Wyatt doing a fee analysis for the next renewal.

Agenda Item 11 – Prometric Testing Center Survey

The Board reviewed the responses to the Board survey regarding the Prometric Test Centers in Anchorage and Fairbanks. The Board did not note any substantial issues. Ms. Williamson noted that the Fairbanks test site had moved to a bigger location.

Agenda Item 9 – Mobility Statutes/Regulation Discussion

Lisa Rogers, representing the Alaska Society of CPA's joined the meeting to discuss the proposed mobility and firm registration statutory changes the Board reviewed at the August 28-29, 2008 meeting.

Ms. Rogers stated that the ASCPA had passed resolutions unanimously to support the proposed statutory changes. Ms. Rogers noted that the ASCPA understands the intent and purpose behind the proposed statutory changes and that there will be a lengthy regulation project if the changes are passed by the legislature.

Ms. Rogers stated that she has forwarded the proposed statutory changes to Representative Mike Hawker. Ms. Rogers read an email message from Representative Hawker regarding his acceptance of sponsoring the legislation. In his email, Representative Hawker noted concern about his position as Chair of the Finance Committee in the House of Representatives and the potential of a proposed bill being stalled due to his position.

Mr. Mertz stated that it is his opinion that Representative Hawker should sponsor the bill due to his experience. Ms. Rogers stated that Representative Hawker has an extensive history with CPA's and appears to be the most knowledgeable representative of CPA issues. Mr. Gabrys stated it may be prudent for the Board to find a few other sponsors to help move the proposed statutory changes through the legislature. Ms. Rogers replied that it might be best to allow Representative Hawker and his staff determine the next step. The Board agreed.

The Board thanked Ms. Rogers for her update. Ms. Rogers thanked to Board for allowing her to provide an update from the ASCPA regarding the proposed mobility and firm registration statutory changes.

Agenda Item 12 – GAGAS/Yellowbook Audits

Ms. Forrest explained to the Board that there is currently an applicant for licensure who is attempting to use GAGAS/Yellowbook audit standards to meet the required attest function experience. Mr. Forrest noted that GAGAS is not specifically listed in 12 AAC 04.038 under the definition of attest function. Ms. Forrest also noted that California has similar statutes and regulations for licensure as Alaska and that GAGAS/Yellowbook is considered acceptable experience. Ms. Forrest stated that she had spoken to one of the DCAA? Regional Directors who provided Ms. Forrest with the additional information available in the Board packet. Ms. Forrest asked the Board to review the information provided to make a determination on how to treat this applicants experience.

Mr. Mertz stated that GAGAS/Yellowbook is similar to the Legislative Audit experience gained by some applicants. Mr. Gabrys asked how a GAGAS/Yellowbook audit is different when done in a

public accounting firm than when done by a government agency. Mr. Mertz replied that a Yellowbook audit done in a public accountancy firm is also done in accordance with SAS a standard acceptable under 12 AAC 04.038. Mr. Mertz noted that DCAA generally is performing contract, program, and performance audits.

Ms. Reid stated that her experience with a DCAA auditor did not indicate to her that the DCAA auditor was performing attest work. Ms. Bassler stated that she had a similar experience with a DCAA auditor.

The Board reviewed California's statutes and regulations. Mr. Mertz noted that he did not see a specific reference to allowing GAGAS. Ms. Forrest stated that in her discussions with the DCAA there had been mention of a specific type of audit that California requires, but that Ms. Forrest had not been given any additional specific information regarding that audit type. Ms. Reid stated that she would like to receive additional information relating to the audit required by California.

Mr. Mertz stated that it may be necessary for the Board to see work papers of the applicant.

Mr. Mertz stated that it may be the case that the Board must change 12 AAC 04.038 in order to allow GAGAS/Yellowbook for attest experience. Mr. Gabrys argued that the experience gained using this standard may not be in the public's best interest. Mr. Gabrys stated that the Board experience gained through Legislative Audit is well understood and documented, but that experience gained at DCAA is not. Mr. Mertz stated that the nature of the work performed by DCAA is very similar to the work performed by Legislative Audit. Mr. Mertz also noted that Legislative Audit is peer reviewed. Ms. Bassler stated the DCAA probably is not peer reviewed and that could probably cause falsification issues with renewal.

The Board agreed that it did not have enough information to determine the applicability of GAGAS/Yellowbook audits toward the requirement of 12 AAC 04.18? The Board requested to get additional information on the specific work performed by an applicant that DCAA believes meets the Alaska definition of attest work. The Board also requested to receive additional information on potential peer reviews and the users of a GAGAS/Yellowbook audit report.

Agenda Item 13 – Chartered Accountants

The Board discussed the acceptance of Canadian Chartered Accountants as supervisors for applicant experience. The Board deferred this discussion until further information on the MRA's through NAFTA regarding Canadian Chartered Accountants.

Agenda Item 16 – CLEAR Update

Ms. Bassler stated that she had attended the CLEAR Board Member training. Ms. Bassler noted that she felt that the NASBA Board Member training was a better option for new Board of Public Accountancy members. Ms. Forrest reported that the CLEAR Conference was targeted for the administrative function Boards. Ms. Forrest stated that she believed that the training she received has helped her become a better administrator and would recommend sending the Licensing Examiner to the next CLEAR conference.

The meeting adjourned for the day at 4:30 p.m.

Friday, April 25, 2008

Call to Order/Roll Call

Mr. Mertz, Chair, called the meeting to order at 8:36 a.m.

Those present, constituting a quorum of the Board:

Max Mertz, Chair, CPA – Juneau
Carla Bassler, CPA – Anchorage
Bruce Gabrys, CPA – Anchorage
Kathleen Reid, CPA – Fairbanks
Elaine Williamson, CPA – Fairbanks
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:

Veida Forrest, Licensing Examiner – Juneau
Lynne Smith, Director – Juneau
Mark Davis, Former Director – Anchorage

In attendance from the public was:

Melody Schneider – representing the Alaska Society of CPAs (ASCPA)
Carole LeResche – representing herself via teleconference
Kristen Dolquist – representing the Division of Legislative Audit via teleconference

Agenda Item 17 – Executive Administrator

Lynne Smith, Director, and Mark Davis, former Director of the Division of Corporations, Business & Professional Licensing joined the meeting.

The Board noted that Ms. Forrest's leaving the position of Licensing Examiner adds burden to the Board. Ms. Smith stated that the Division will work on finding a replacement for her. Mr. Davis stated that having an Executive Administrator position may help in retaining staff for the Board. Mr. Davis stated that it is his personal opinion that the Board of Public Accountancy needs and Executive Administrator due to its size and workload. Mr. Davis stated that legislation would need to be passed in order to create and Executive Administrator position and that licensees would need to be willing and able to bear the cost of this position.

Mr. Davis noted that a trend among licensing boards across the nation is public outreach and education. Mr. Davis noted that Executive Administrators can also help keep the Board more organized and track complaints and investigations more easily than a licensing examiner. Mr. Davis stated that an Executive Administrator is also more capable of answering Board queries.

Mr. Mertz asked Mr. Davis about the movement of legislation and whether or not it would be better for the Board and ASCPA or for the State of Alaska to initiate legislation for an Executive Administrator

position. Mr. Mertz stated that the mobility and firm ownership legislation are priorities currently being backed by the ASCPA. Mr. Davis stated that the deadline for the Division to initiate legislation has passed. Mr. Davis noted that legislation requests that come from the Board and ASCPA are stronger than legislation sponsored by the State of Alaska when a technical issue is involved. Mr. Davis stated that when professional societies and associations present legislation the legislature understands that the profession is changing and needs regulation. Mr. Mertz stated that the Board will continue to work with the ASCPA to draft legislation for the 2010 legislative session.

Mr. Davis stated that the Division would be responsible for developing the costs of an Executive Administrator position. Ms. Bassler asked if the Board would be able to request the location of the office. Mr. Davis replied that the Board can make recommendations as to the location of the office, particularly if the majority of all CPA's are in the area recommended. Mr. Davis stated that the State would take into account where the majority of the licensees are located and how the location of the office would benefit the Board.

Mr. Mertz asked Mr. Davis about the Division Maximus contract and indirect spending reports. Mr. Davis stated that the contract was through the Division of Administrative Services within the Department of Commerce, Community, and Economic Development. Mr. Davis stated that the report that was created only included information for the Division of Administrative Services and that the report is not well regarded by the Director of that division. Mr. Davis informed the Board that there are negotiations underway to correct the report and that if the Division Administrative Services is unable to renegotiate the contract then the Division will attempt to get a new contractor. Mr. Davis stated that he is unhappy with the current outcome of this contract. Mr. Davis noted that the Division previously contracted with a local firm Wostmann & Associates to review workflow within the Division and that the firm did an excellent job. Mr. Davis stated that it may be possibility to use a local firm to review the accounting system used by the Division.

The Board noted its disappointment that the indirect costs reporting had not been fully addressed in the contract.

The Board noted that understanding the indirect costs is necessary in order to understand the true costs of having an Executive Administrator. Mr. Mertz stated that having an Executive Administrator would allow the Board to more easily have a voice on the national level as there are many changes occurring in the profession. Mr. Davis replied that two State professional licensing Boards have Executive Administrators that are participating on the national level and would be pleased if the Board of Public Accountancy would be able to have the same opportunities.

The Board thanked Ms. Smith and Mr. Davis for attending the meeting and discussing the Executive Administrator position.

Mr. Mertz stated his opinion that an Executive Administrator position should be located in an area that the majority of the licensees are located and that it would be best if the person holds or has held a CPA license. Ms. Bassler agreed with Mr. Mertz statement.

Agenda Item 18 – Draft Management Report

Ms. Carol LeResche and Kristen Dolquist joined the meeting telephonically to discuss the draft Management Report.

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

RESOLVED to enter into executive session in accordance with Alaska Statute 44.62.310(c) to discuss the Legislative Audit draft Management Report.

Off record 9:31 am, back on record 9:48 am.

Mr. Mertz noted that he will submit the Board's formal response to the Management Report after December 10, 2008.

Agenda Item 10 – Application Review

Previously Tabled Hester

Donald Hester – Reinstatement to Active

The Board discussed the previously tabled application for Donald Hester and his request to waive any outstanding continuing education requirements for reinstatement. The Board noted that Mr. Hester's request for medical exemption to complete the continuing education required to reinstate his license was received by the Division on November 11, 2008. The Board also noted that Mr. Hester completed 24 hours of continuing education on November 24, 2008 and submitted it to the Board on November 25, 2008.

WHEREAS, the Board determined that Donald Hester's application for reinstatement is considered incomplete according to the requirements of 12 AAC 04.440

WHEREAS the Board determined that the continuing education hours submitted by Donald Hester to not meet requirements of 12 AAC 04.300- 04.390

WHEREAS the Board determined that an Alaska specific ethics course had not been completed by Donald Hester

WHEREAS the Board determined that Mr. Hester still needed at least nine additional hours of continuing education including an Alaska specific ethics course covering AS 08.04 and 12 AAC 04

WHEREAS the Board reviewed the request for medical exemption requested under 12 AAC 04.440(e) and determined it not applicable

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

RESOLVED to table the application for reinstatement for Donald Hester until a following Board meeting.

Reactivation

Richard Steele #1423

The Board reviewed the application for reactivation for Mr. Richard Steele. Mr. Steele has a current inactive license. The Board noted that Mr. Steele did not have a final certificate for the course 'Sampling in a Single Audit Environment' offered by the AICPA.

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

RESOLVED to table the application for reactivation of licensure for Richard Steele pending Division receipt of documentation in accordance with 12 AAC 04.440 for the course 'Sampling in a Single Audit Environment' offered by the AICPA.

Licensure by Examination

The following are applicants for licensure by examination in Alaska:

Atherton, Elizabeth	Lunn, Carrie
Behrent, Angela	Michael, John
Bluett, Matthew	Porter, David
Bukanov, Stanislav	Ramos, Yulia
Cheng, Pu Chu	Sandberg, Shannon
Davis, Bethe	Smith, Amber
Fulton, Brenda	Stepanov, Ivan
Gerard, Andrea	Toussant, Joseph
Harara, Ahmed	Trent, Christina
Hracha, Deanna	Wight, Clinton
Inakoshi, Kinuyo	Zins, Ryan
Koshiyama, Kristen	

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

RESOLVED to approve the applications for licensure by examination for Elizabeth Atherton, Angela Behrent, Matthew Bluett, Stanislav Bukanov, Pu Chu Cheng, Bethe Davis, Brenda Fulton, Andrea Gerard, Ahmed Harara, Deanna Hracha, Kinuyo Inakoshi, Kristen Koshiyama, Carrie Lunn, John Michael, David Porter, Yuliya Ramos, Shannon Sandberg, Amber Smith, Ivan Stepanov, Joseph Toussant, Christan Trent, Ryan Zins

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

RESOLVED to table the application for licensure by examination for Clinton Wight pending documentation of experience requirements, including attest function experience, in accordance with 12 AAC 04.180, 04.181, 04.183, and 04.038.

Licensure by Reciprocity

The following are applicants for Licensure by Reciprocity in Alaska:

Edward Rose Jr.
Michael Hayhurst

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

RESOLVED to approve the applications for licensure by reciprocity for Michael Hayhurst and Edward Rose Jr.

Out-of-State Permits

The following are applicants for an Out-of-State Permit in Alaska:

Karen R. Saunders
Travis Pettyjohn
Polly K. Janz

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

RESOLVED to grant the following Out-of-State Permits:

- **Karen R. Saunders**
- **Travis Pettyjohn**
- **Polly K. Jans**

Agenda Item 15 – Continuing Education Audit

The following licensees continuing education audit were reviewed by the Board:

N. Fejes #736
Gregory French #1698
Daniel Mitchell #1940

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

RESOLVED to approved the continuing education audit for N. Fejes, Gregory French, and Daniel Mitchell

Agenda Item 19 – New Business

The Board noted that there is no new business.

The Board discussed Ms. Bassler's travel to Tennessee for a NASBA Enforcement Practices Committee on December 7, 2008. The Board agreed that Ms. Bassler should be represent the Board at that meeting. Ms. Bassler stated that NASBA is reimbursing her for the meeting.

Upon a motion by Williamson, seconded by Gabrys, and approved by a majority of the Board, it was:

RESOLVED to support all travel necessary for Carla Bassler to attend NASBA Enforcement Practices Committee meetings.

Mertz, Gabrys, Reid, Williamson, and Jensen voted yea, Bassler abstained.

Agenda Item 17 – Executive Administrator

Mr. Mertz noted that the Division had previously done a classification study to try to increase the pay of the Licensing Examiner position. Ms. Forrest explained that the contract that the Division had to review the position had been cancelled and it was unknown whether or not a new contract would be signed.

Mr. Gabrys stated that he understands the logic behind leaving Executive Administrator legislation until a later legislative session but that with a vacant Licensing Examiner position it may be prudent to try and push legislation earlier than later. Mr. Mertz agreed. Mr. Mertz noted that with the vacant position it may help push the ASCPA to agree to another piece of legislation. Ms. Forrest suggested that in order to obtain qualified individuals if an Executive Administrator position is created that the Board would need to be very vocal when the position description is being written.

Mr. Mertz stated that the Board had been very lucky to have Ms. Forrest as a Licensing Examiner for the Board. Ms. Forrest thanked the Board. Ms. Forrest stated that she believes the Division will find qualified individuals to serve the Board.

Agenda Item 20 - Review Assigned Tasks

Veida Forrest

- Invite a DCAA Regional Director to next Board meeting to discuss Yellowbook/GAGAS requirements and compare California requirements to Alaska.
- Update Board Box information
- Create an invitation to send out to Accounting students in UA system
- Provide Rick Sweeny's address to Carla Bassler
- Provide Jennifer Strickler with NASBA Compliance Services information

Max Mertz

- Respond to Legislative Audit Management Report

Bruce Gabrys

- Check security of Prometric testing location

Elaine Williamson

- Contact UAF and UAA to schedule the April and August/September Board meetings on a UA campus to provide better access to the Alaska academic community.
- Research Canadian Chartered Accountants (CA)
- Research NAFTA and Mutual Recognition Agreements for CA's

Carla Bassler

- Attend the Enforcement Practices Committee (EPC) meetings
- Report to the Board the proceedings of the EPC meetings

Chris Wyatt

- Create expenditure proposals including information from NASBA potential services

Jenny Strickler

- Follow up with NASBA Compliance Services

There being no further business, the meeting adjourned at 11:07 a.m.

Respectfully Submitted:

Veida Forrest
Licensing Examiner

Approved:

Carla Bassler, Chair
Board of Public Accountancy

Date: _____