

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

BOARD OF PUBLIC ACCOUNTANCY

**MINUTES OF MEETING
January 24-25, 2011**

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 January 24-25, 2011 in Juneau, Alaska.

Monday, January 24, 2011

Agenda Item 1 – Call to Order/Roll Call

The meeting was called to order by Carla Bassler, Chair, at 11:05 a.m. Those present, constituting a quorum of the Board were:

Carla Bassler, Chair, CPA – Anchorage
Max Mertz, CPA – Juneau
Elaine Williamson, CPA – Fairbanks
Kathleen Thompson, CPA – Fairbanks
Bruce Gabrys, CPA – Eagle River

Board member John Floyd (public member – Anchorage) was unable to attend the meeting. Board member Rebecca Jensen (public member – Pedro Bay) was unable to attend the meeting.

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

Candice Windom, Licensing Examiner – Juneau
Cori Hondolero, Records & Licensing Supervisor – Juneau

Visitors present included:

Melody Schneider, representing the Alaska Society of CPAs (ASCPA)
Bernadette Kopyy, representing the Alaska Society of Independent Accountants (ASIA)

Agenda Item 2 – Review Agenda

The Board reviewed the tentative agenda for the meeting and determined to move Agenda Item 6 Board Business before Agenda Item 4 Executive Secretary Position.

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

RESOLVED to approve the agenda, as amended.

Agenda Item 3 – Review Meeting Minutes

The Board reviewed the minutes of the November 10-11, 2010 meeting and noted minor edits/corrections.

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

RESOLVED to approve the minutes of the November 10-11, 2010 meeting, as amended.

The Board reviewed the minutes of the December 20, 2010 teleconference meeting and determined to edit Agenda Item Discuss Executive Secretary Position, by adding the lead-in “Based on initial contact with the Department of Personnel it was ...” and to add “possibly...” in regards to the justification of Range 18 or 19. It was also determined that Ms. Windom would listen to the recording of the teleconference and add language to reflect Mr. Gabrys statement regarding the Board’s requirements and the salary justification.

The Board determined that approval of the December 20, 2010 minutes was pending the changes/corrections suggested, and the minutes would be reviewed again the following day.

Agenda Item 6 – Board Business

Annual Vote for Board Chair & Secretary

Ms. Williamson noted that it would be helpful to keep things as they are, given the upcoming hire of an Executive Administrator. In light of this, Ms. Bassler agreed, but indicated that she would like to move out of the Chair position this time next year.

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

RESOLVED to leave the Board positions as they stand.

Ethics Reporting

It was determined there were none.

FY11 Goals & Objectives

Ms. Bassler determined that the Goals and Objectives needed one last read through, due to the small changes from the previous meeting.

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

RESOLVED to approve the FY11 Goals and Objectives.

Agenda Item 4 – Executive Secretary Position

Status of Regulations

Ms. Bassler inquired about the hand written notes on Regulations that had been previously approved by the Board. Ms. Hondolero clarified that the approved Regulations are sent to the Department of Law, and those notes are not supposed to change substance or intent.

Update on Recruitment Process

The Board determined that Ms. Bassler would attend the Personnel Board meeting in Anchorage February 17, 2011, to present a united front in support of increasing the salary range for the Executive Secretary position. Lisa Rogers of the Alaska Society of Certified Public Accountants will attend as well.

Don Habeger entered the meeting at 11:30 a.m.

Mr. Habeger stated that the reason to speak at the meeting is to support having the position changed from Classified to Partially Exempt, which Mr. Habeger suggests pursuing. Partially Exempt would give Administration and the Board more latitude in how the position is handled. Administration has the final determination on securing a higher range

Melody Schneider posed a question to Mr. Habeger. She wanted to know if this current board hires a candidate at a range 19 and they earn step increases, will the increases be permanent to the position. When the new Board has to hire a new Executive Administrator, will they have to re-hire at the Range 19 again. Mr. Habeger was not sure, but Ms. Hondolero said yes because steps are negotiated as a condition of hire.

Mr. Gabrys said originally he was under the opinion that the Executive Administrator should hold a CPA professional license due to the nature of the position, but the Board eventually chose not to restrict that job to holding a CPA license in order to broaden the pool of potential applicants. Mr. Gabrys wanted to know that if the Board had chosen to require a professional license would that change the nature of the suggested pay level from Administration.

Mr. Habeger referenced that State Statutes require a nursing license for the Nursing Board Executive Administrator position, and the States reasons for justification of the Salary Range 23 in that position.

It was determined it is too late to adjust the requirements for the Executive Administrator position in order to re-classify the pay range.

Mr. Habeger left the meeting at 11:51 a.m.

It was determined that Mr. Mertz would write a letter to the Commissioner of Alaska Department of Administration, Becky Hultberg, in response to the email that Don Habeger, Director of Corporations, Business, & Professional Licensing, forwarded from Nicki Neal, Director of Alaska Department of Administration regarding the draft range determination for the CPA Board's Executive Administrator.

The Board determined to review and send Mr. Mertz's letter the following day.

Agenda Item 5 – Investigative Unit Information

Investigator Dawn Bundick joined the meeting to review the Investigator's Report provided to the Board by. She noted three open investigations or complaints, and no closed investigation or complaints on the report.

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

RESOLVED to enter into executive session in accordance with AS 44.62.310(c)(2) and (3), and Alaska Constitutional Rights to Privacy Provisions for the purpose of discussing an open investigation.

The Board entered executive session at 11:55 a.m.
The Board went back on the record at 12:00 p.m.

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

RESOLVED to concur with Division action on case #2010-000865, to seek voluntary license surrender; if not successful, then to proceed with the revocation process.

Agenda Item 9 – Alaska Society of Certified Public Accountants (ASCPA) Report

Melody Schneider, the ASCPA Board liaison, was in attendance to report the ASCPA has been working on other options relative to the ethics requirements. There are people interested in writing an ethics class, relative to Alaska.

It was suggested that ASCPA also write a letter mutually supporting the Board, in regards to the Executive Administrator position, to Nicki Neal in addition to the letter Mr. Mertz is writing to Commissioner Hultberg.

Agenda Item 7 – Public Comment

Visitors present included:

- Melody Schneider, representing the ASCPA
- Bernadette Kopy, representing the Alaska Society of Independent Accountants

Public comment was closed at 12:30 p.m.

The Board recessed for lunch at 12:30 p.m.

The Board resumed the meeting at 1:45 p.m.

Agenda Item 11 – Division Updates

Budget Report

The Board reviewed the report on Board expenditures prepared by Katherine Mason, the Division Administrative Manager. There were no questions for Ms. Mason. However, the Board did note that they disliked the new layout of the report because it lacks detail; direct and indirect expenses are not shown. The Board requested to see the backup detail.

Exam Surveys

The Board reviewed responses to the exam survey sent out by Ms. Windom to candidates who sat for the exam during the fourth quarter of 2010. Three survey responses were included in the agenda packet, and one recent response was distributed for Board review.

The Board noted comments regarding problems at the Anchorage exam site. The Board determined that they would like to set up a future visit at the Anchorage exam site. Ms Windom will research securing passes for all of the Board members to view the site during the next Board meeting in Anchorage.

Agenda Item 8 – Review of Noncompliant CPE Audits

Division Paralegal Karen Wilke joined the meeting to discuss noncompliant Continuing Professional Education (CPE) audits that had been referred to her. Those referrals were being processed in accordance with the Board-approved disciplinary guidelines to resolve the non-compliant audits.

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

RESOLVED to enter into executive session in accordance with AS 44.62.310(c)(2) and (3), and Alaska Constitutional Rights to Privacy Provisions for the purpose of discussing a proposed consent agreement.

The Board entered executive session at 2:00 p.m.
The Board went back on the record at 2:05 p.m.

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

RESOLVED to adopt the Consent Agreement, for Case #2010-000631.

The adoption orders were signed by the Chair.

Ms Wilke provided a report regarding whether the board can increase the number of audited CPA licenses. She cited statute regarding public safety definitions and concluded the board would need an AG opinion whether increasing percentage of audited licenses is permitted. She suggested that the initial licensing requirements could be increased to set a higher threshold to meet the same end.

Mr. Gabrys noticed a difference in compliance rates between out-of-state (36%) and in-state applicants.

Ms Bassler suggested the board pursue an AG opinion on raising the percentage of audits based on “public safety” statutes and potential harm being done by noncompliant licensees. She suggested taking Ms Wilke’s suggestion to increase initial licensing requirements.

Mr. Mertz recommended adding a four-hour ethics requirement.

Some CE audits were tabled at last meeting. Dr. Maloney and "Jodi" and/or "Johnston" are still outstanding and have not yet been processed by Ms Wilke. Mr. Gabrys said the noncompliance rate was not necessarily based on CE problems, other than perhaps the Alaska ethics course.

Ms Bassler expressed the need to move forward given the timeline of changing CE requirements before the next renewal period. Ms Wilke said she would ask Law (1) if the board can increase the number of audits, (2) if the board can increase audits for out-of-state applications, and (3) if the board can increase audits on the Alaska ethics course.

Ms Schneider reported on AKCPA's wage issue. Ms Schneider would get back to Mr Mertz on procedure to follow-up.

Agenda Item 10 – Regulations Projects

Status of approved regulations project

The Board had questions regarding the proposed regulations. The Board requested to speak with Jun Maiquis, Regulations Specialist, to clarify their concerns over specific language.

Jun Maiquis, Regulations Specialist joined the meeting at 2:45 p.m.

It was determined the Mr. Maiquis would make some corrections to the proposed regulations and return to the meeting on the following day for approval.

Review of Draft Letter to Commissioner Hultberg

The Board reviewed the draft letter to Commissioner Hultberg, prepared by Mr. Mertz, as previously discussed in Agenda Item 4. It was determined that Mr. Mertz would complete the changes discussed and Ms. Hondolero would email the letter to the Board members and the respective parties included in the letter.

Agenda Item 10 – Regulations Projects, continued...

Discuss potential regulation projects:

Mr. Mertz is continuing to work with the ASCPA regarding regulations for mobility, and expects to have a draft for Board review at the next meeting. Ms. Bassler is going to work on firm ownership regulations.

The Board had previously discussed the accounting principles in 12 AAC 04.033, qualify review oversight bodies in AS 08.04.426, use of the CPA title by inactive and retired licensees, and the lack of attest experience required for reciprocity applications. It was determined that the Board would discuss this again at a later meeting, next fall.

The meeting was adjourned at 3:52 p.m., until Friday, January 25, 2011.

Friday, January 25, 2011

Call to Order/Roll Call

The meeting was called to order by Carla Bassler, Chair, at 9:08 a.m. Those present, constituting a quorum of the Board were:

Carla Bassler, Chair, CPA – Anchorage
Max Mertz, CPA – Juneau
Elaine Williamson, CPA – Fairbanks
Kathleen Thompson, CPA – Fairbanks
Bruce Gabrys, CPA – Eagle River

Board members John Floyd (public member – Anchorage) and Rebecca Jensen (public member – Pedro Bay) were unable to attend the meeting.

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

Candice Windom, Licensing Examiner – Juneau
Cori Hondolero, Records & Licensing Supervisor – Juneau

Visitors present included:

Melody Schneider, representing the Alaska Society of CPAs (ASCPA)
Bernadette Kopyy, representing the Alaska Society of Independent Accountants (ASIA)

Agenda Item 14 – Review Agenda

The Board added to the beginning of the previously approved agenda: the final review of the draft letter by Mr. Mertz, the review of the updated publication portion of the regulations by Mr. Maiquis, and the review of the changes to minutes from the November Board meeting and December teleconference meeting.

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

RESOLVED to approve the agenda, as amended.

Final Review of Draft Letter to Commissioner Hultberg

It was determined that after the noted corrections, Ms. Bassler would email the letter to the respective parties.

Review of Updated Publication Regulations

The Board reviewed Mr. Maiquis changes to the publication portion of the regulations and determined no additional changes were needed.

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

RESOLVED to adopt the Amended Regulations as written.

Agenda Item 3 – Review Meeting Minutes

The Board reviewed the minutes of the December 20, 2010 teleconference meeting.

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

RESOLVED to approve the minutes of the December 20, 2010 meeting, as presented.

Licensing Examiner Candice Windom will ensure the web site is updated with meeting minutes and investigative reports.

Agenda Item 17 NASBA Updates

Permission is needed for the board to visit testing sites.

Records & Licensing Supervisor Cori Hondolero reported that the ALD system link has been completed.

Teleconference was held on compilations but no final report provided.

Teleconference was held on international exam delivery. Delivery will begin in Japan in April. Focus will be on continued expansion.

Teleconference was held on new best-practices manual on investigations. People will be trained on FBI's white-collar crime investigative methods and a pool of trained personnel created for member use. Goal for 2012 to send someone or to utilize this pool.

Mr. Gabrys and Ms Bassler will fill out paperwork to visit test site in Anchorage.

The Board reviewed focal questions for response.

Consent Agreement

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

RESOLVED to enter into executive session in accordance with AS 44.62.310(c)(2) and (3), and Alaska Constitutional Rights to Privacy Provisions for the purpose of discussing a proposed consent agreement.

The Board entered executive session at 10:40 a.m.
The Board went back on the record at 10:50 a.m.

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

RESOLVED to adopt the Consent Agreement, for Case #2010-000664 with no abatement of fees.

Agenda Item 19 Correspondence

Discussion about whether to continue to require the four-hour ethics and regulations courses every two years.

The Board recessed for lunch at 11:40 a.m.
The Board resumed the meeting at 12:45 p.m.

Agenda Item 18 New Business

NASBA conferences:

- Ms Williamson volunteered to attend international and regional meetings
- Ms Thompson and Mr. Gabrys volunteered to attend annual meeting
- Ms Kopyy volunteered to attend regional meeting

Mr. Mertz pointed out that budgets are based on fiscal years and suggested the chair send a letter to Director Habeger with travel requests.

Ms Thompson indicated she may not be able to attend the April meeting.

April 28-29, 2011, meeting proposed in Anchorage.

August 4-5, 2011, meeting proposed in Fairbanks.

No decision was made on additional meetings for 2011.

Agenda Item 16 Application Review

The board reviewed the following applications and their recommendations were read into the record:

- Robert Bailie – exam candidate – Approve to sit for the exam
- Steven F. Adams – reinstatement from inactive to active – Approve
- Jodi Andres – audit, second review – Approve
- Michael Foster – CPA license by Exam - Approve, pending receipt of original documents
- Justin Muller – CPA license by Exam - Approve, pending receipt of original documents
- Catherine Persinger – CPA license by examination – Approve.
- Lyazzat Turlbekova – CPA license by examination – Approve.
- Carla Malingowski – CPA license by examination – Approve.
- Mayako Perez Takahashi – CPA license by examination – Approve.
- Cynthia Brandt – Out-of-state permit – Approve.
- WayneBrandt, LLC – Out-of-state permit – Approve.
- Michael Kulig – Out-of-state permit – Approve.
- William Belscher – Out-of-state permit – Approve.
- Michelle Boyer – Out-of-state permit – Approve.

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

RESOLVED to approve Robert Bailie's application to sit for the CPA exam.

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

RESOLVED to approve Steven Adams' application for reinstatement from inactive to active.

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

RESOLVED to accept Jodi Andes' continuing education audit documents.

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

RESOLVED to approve Michael Foster's application for CPA licensure by exam pending receipt of original documents.

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

RESOLVED to approve Catherine Persinger, Lyazzat Turlybekova, Carla Malingowski, and Mayako Perez Takahashi for licensure by exam.

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

RESOLVED to approve Justin Muller's application for CPA licensure by exam pending receipt of original documents.

Task List

Mr Mertz:

- Researching swearing-in ceremony
- Letter to reappoint and reposition Fairbanks board location to Anchorage or Kenai
- Mobility regulations

Discussion on penalty for late fees

Ms Windom:

- CE disciplinary letters to states
- Change renewal application to provide lines to include ethics course title, sponsor, date of attendance (question whether certification attached)
- Email lapsed license list to board members
- Update web page to current Investigative Reports, indicating which is "old database" and which is "new database"
- Update web page with current board minutes
- Permission for board to visit Anchorage test site at next meeting

Ms Wilke: Pursue verdict from Law regarding audit questions:

- Can the board can increase the number of audits
- Can the board can increase audits for out-of-state applications
- Can the board can increase audits on the Alaska ethics course.

Board members: Review lapsed license list to see if any known are practicing

Ms Bassler:

- Fill out focal questions
- Firm ownership and grace period regulations

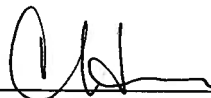
Those working on EA position should keep monitoring it.

To review as they arise: Regulations regarding CPA titling, accounting principles, reciprocity, retired and inactive licenses, semi-autonomous boards

Adjournment

There being no further business, the meeting adjourned at 1:35 p.m.

Respectfully Submitted:



Cori Hondolero
Records and Licensing Supervisor

Approved:



Carla Bassler, Chair
Board of Public Accountancy

Date: 6/7/11