

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 23-24, 2012

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 23-24, 2012 in Juneau, Alaska.

Monday, January 23, 2012

Call to Order/Roll Call

The meeting was called to order by Carla Bassler, Chair, at 8:40 a.m. Those present, constituting a quorum of the Board were:

Carla Bassler, Chair, CPA – Anchorage
Max Mertz, CPA – Juneau
Elaine Williamson, CPA – Fairbanks
Jeffrey Johnson, CPA – Fairbanks
Andre Horton – Anchorage
Kathleen Thompson, CPA - Fairbanks

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

Cori Hondolero, Records & Licensing Supervisor
Sara Chambers, Program Coordinator (Agenda Item 5)
Dawn Bundick, Investigator (Agenda Item 6, via conference call)
Misty Frawley, Administrative Officer II (Agenda Item 5)

Visitors present included:

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

Agenda Item 1 – Review Agenda

The Board reviewed the agenda and made the following changes:

- Update NASBA committee list as follows:
 - Mr. Mertz – Ethics & Professional Issues
 - Ms. Williamson – CPE
 - Mr. Johnson – Relevance & Effectiveness
 - Ms. Bassler - Enforcement
- Item #5 – add executive session to discuss ED position and move status of investigative report on Board website to agenda item #6.
- Item #7 – delete location of Board members and clean up fees.
- Add call in from Ray Johnson Friday morning.
- Item #13 – discussion and decision to leave this on the agenda because the statutes state that annual elections are to be held.
- Item #15 – add discussion about changing the next meeting date(s) to align with the NASBA regional 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.

Agenda Item 2 – Ethics Report

Ethics Reporting

It was determined that there was nothing to report.

Agenda Item 3 – Review Meeting Minutes

The Board reviewed the minutes of the November 3-4, 2011 meeting.

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

RESOLVED to approve the minutes of the November 3-4, 2011 meeting as written.

Agenda Item 4 – Public Comment

No one present requested to address the Board.

Agenda Item 5 – Board Business

ED Update – Sara Chambers, Program Coordinator joined the meeting.

Upon a motion duly made by Ms. Williamson, seconded by Mr. Mertz, 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 the ED position.

The Board entered executive session at 9:00 a.m.
The Board went back on the record at 9:22 a.m.

Agenda Item 6 – Investigative Report

Investigator Dawn Bundick was present via teleconference to present the following Investigative Report:

Open Investigations/Complaints:

601-09-001	Fraud/Misrepresentation	Litigation Pending
2011-000352	Unlicensed Practice/Advertising	In Progress

The Board asked Ms. Bundick how probationary licenses are monitored and stated that they would like to get a final report from the investigator before a licensee is taken off probation. Board members inquired about the status of the probationary licenses of Mr. Fowler and Mr. Wohlgemuth and how they were being monitored.

Upon a motion duly made by Ms. Williamson, seconded by Mr. Horton, 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 investigative issues.

The Board entered executive session at 10:00 a.m.
The Board went back on the record at 10:21 a.m.

Mr. Johnson asked if the investigator notifies other States when there is license action. Ms. Bundick replied that notification to other States does happen.

Ms. Bundick stated that there are two open investigations, but one of the cases would be closing. It was also noted that complaint packets were being mailed to complainants, but they were not being returned.

Website update – The Board stated that they liked the updated investigative report on the website and requested quarterly updates if there was new license action or at least to have the date of the report updated. It was also requested that report list the newest cases on top. Ms. Bundick stated that she would check with Mr. Howes, who had generated the report to see if this was possible.

Agenda Item 5 – Board Business

Budget Report – Misty Frawley, Administrative Officer II joined the meeting.

Mr. Mertz asked about the increase in indirect expenses. Ms. Frawley stated that percentages had been recalculated back to 2010. 2012 RSAs hit recently, so that may have looked like a huge increase since the last report.

The Board questioned how allocation is determined. Ms. Frawley stated that all Boards saw a decrease between FY10 and FY11 and it was noted that the Corporations section would now carry a portion of the expenses. It was also noted that the Division hired a contractor to look at different issues and more information should be available in the next few months.

Indirect expenses include the salaries of higher level executives within the Division; their time and travel expenses are charged to indirect. RSAs, procurement and Dept. of Law expenses are all charged to indirect unless they are being charged to a specific Board. Ms. Frawley stated that the Division was working to assure that everything is being appropriately charged.

Mr. Johnson asked how the prior licensing examiners time was charged, when she was not actively working the position. Ms. Frawley asked Ms. Hondolero to provide her with additional information about the employee, so that she could do some additional research.

It was noted that fees must cover expenses. Mr. Johnson asked if there was a timeline for reviewing fees and if the Board could see the Division's recommendation in advance.

Ms. Thompson asked if the report was cumulative and Ms. Frawley stated that it was.

Ms. Frawley stated that she would put something together to explain the items that make up indirect expenses for future distribution to the Board.

CPA Exam Fees – The Board reviewed an e-mail between Ms. Thompson and Patricia Hartman from NASBA regarding how fees are collected and returned to Boards. Mr. Johnson stated that he sees a revenue shortfall coming.

The Board asked Ms. Hondolero to verify what would happen if the Board chose to amend the NASBA contract and increase fees; would the fees go to the general fund or would they stay credited to the Board?

The Board asked that Mr. Johnson and Ms. Thompson be involved in working on a modified contract from NASBA to be reviewed by the Board in June.

Agenda Item 7 – Regulation Projects

The Board reviewed the regulation project that had been sent out for public comment. It was noted that the comment period had ended with no comments being received.

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

RESOLVED to adopt the changes to 12 AAC 04.250, 04.255, 04.280 and 04.610 regarding practice permits, firm ownership, applications/renewals and quality review as public noticed. The Board noted that, although no public comments were received, they paid special attention to the cost to private persons of the regulatory action being taken.

Late Renewal Fee

Mr. Johnson and Ms. Thompson had worked on draft regulation changes as requested. A copy was included in the Board packet and the Board request that the word “penalty” be taken out of the draft.

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

RESOLVED to send the following regulation changes out for public comment:

- 12 AAC 02.340 – new “(12) delayed renewal penalty fee, \$100”
- 12 AAC 04.440(a) – add “and, if the license has been lapsed for more than 60 days, the delayed renewal fee”
- 12 AAC 04.440(b) – add “and the delayed renewal fee required under 12 AAC 02.340”

Attest Experience

Mr. Mertz asked the Board if IFRs and GAGAS should be added as acceptable experience under 12 AAC 04.038. It was decided that the State society should be included to get more input before making a final decision to add these.

Retired/Inactive Status

Ms. Bassler stated that she had started researching this topic and that NASBA has it on their radar as well. For now, continue to track and hopefully wrap up the research by the 2012 August meeting.

The Board also discussed whether or not continuing education should be required for inactive licensees.

The Board recessed for lunch at 11:25 a.m.
The Board resumed the meeting at 1:04 p.m.

Agenda Item 8 – NASBA Updates

Exam Test Site Visit

Ms. Williamson noted that the Fairbanks test site had been visited and that the questionnaire completed at that visit had been forwarded to Anita Porter.

Accountancy Licensee Database (ALD)

It was noted that NASBA had been corresponding with the Board requesting that information from the Division's database be linked up to provide data for the ALD system. The Board supports this effort and wanted to make sure that NASBA was getting the information that they were requesting. Ms. Hondolero advised that the information had been forwarded to the Program Coordinator, who was working on this project with the IT section.

Committees

Mr. Mertz – Ethics & Professional Issues Committee – Attended a committee meeting in Dallas, Texas. The committee had discussed CPE changes to UAA.

Ms. Thompson – Regulation Response Committee – At Ms. Thompson's last committee teleconference there was discussion about auditor rotation and the fact that sometimes the people don't change, they just move to different firms.

Mr. Johnson – Relevance & Effectiveness Committee – Online meeting regarding State Board and State Society communication.

Ms. Williamson – CPE Committee – Nothing to report.

Ms. Bassler – Enforcement Practices Committee – Reported that the committee is working on a manual to distribute to all jurisdictions, which will provide great guidelines for the Board to use.

Conferences

Western Regional – Mr. Horton stated that he had contacted NASBA and provided all of his contact information, but was under the impression that not much had been done to prepare for the upcoming meeting. Mr. Horton stated that he would follow up again to see if he could help. The Board will discuss again at the next meeting.

Agenda Item 15 – Administrative Business

Confirm Upcoming Meeting Dates/Locations

- May 3-4, 2012 in Anchorage – request prior evening travel for all members
- June 26, 2012 in Anchorage – this request should be sent in conjunction with the request to attend the NASBA Regional meeting (June 27-29, 2012)
- August 9-10, 2012 in Fairbanks – request prior evening travel for all members

Sign Wall Certificates:

- Joy Merriner #2188
- Olga Obratsova #2191
- Elena Althaus #2322
- Anton Anureev #2440
- Yang Li #2499
- Tural Jamalov #2561
- Karen Heinrichsohn #2563
- Conrad Kreutzer #2564
- Dallas Mabry #2565
- Lurna Compton #2566
- Suvechchha Shrestha #2568
- Irina Morozova #2569
- Anatoli Slozhenitsin #2570
- Evgeny Tyan #2571
- Sarah Shaw-Stahlke #2572
- Javid Seyidov #2573
- Stacy Ross #2574
- Lyudmyla Kravchuk #2575
- Massimiliano Vergani #2576
- Amy Hillenbrand #2578

Task Lists

Board Staff:

- Work on form revisions
- Final follow up to see if CE non-compliance letters were sent

Ms. Bassler:

- Research project regarding inactive/retired license status

Ms. Thompson:

- Assist with possible NASBA exam contract amendments

Mr. Johnson:

- Assist with possible NASBA exam contract amendments

Mr. Horton:

- Follow up with NASBA regarding the Western regional meeting. Work with the AK society on advertising

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

Melody Schneider was present to discuss the following items with the Board:

- Annual Meeting – will be held May 31 – June 1, 2012 in Homer. The society requested that a Board member attend to speak at this meeting.
- Regulations – Lisa Rogers, Legislative liaison had no comments on the regulations that were recently out for public comment.
- Inactive status – Any changes should have a grace period to allow licensees to obtain CPE.
- Investigative Issue – Ms. Schneider had forwarded an issue to investigations, but it did not appear to be on the most recent investigative report. The Board stated that they would follow up on this.

Agenda Item 10 – CPA Exam

The Board reviewed the exam survey responses that had been received.

Agenda Item 11 - Correspondence

The Board reviewed the various correspondence items contained in their Board packets.

There was Board discussion about supporting Carlos Johnson for Vice-Chair of NASBA. It was decided that a letter of support would be prepared and signed by Ms. Bassler.

Agenda Item 5 – Board Business

CPA Exam Fees

Ms. Chambers rejoined the meeting.

The Board asked for input on how the NASBA contract could be amended. Ms. Chambers stated that she did not see a reason why additional fees couldn't be collected, but there would need to be a statement that the additional fees collected cover Board costs. Ms. Chambers stated that she could look into this.

ED Position

Upon a motion duly made by Ms. Williamson, seconded by Mr. Mertz, 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 the ED position.

The Board entered executive session at 2:07 p.m.
The Board went back on the record at 2:25 p.m.

Agenda Item 12 – New Business

There were no new items added.

Agenda Item 13 – Election of Officers

The Board discussed the various positions and made the following appointments:

- CPE Liaison (works with Division Paralegal) – Ms. Thompson
- Investigative Liaison – Ms. Bassler will continue to do this and stated that she was willing to work with the new ED.

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

RESOLVED to elect Mr. Johnson as the new Chair of the Board starting on the 2nd day of the May 2012 meeting.

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

RESOLVED to elect Ms. Williamson to remain in the position of secretary/treasurer.

The meeting recessed at 2:44 p.m., until Tuesday, January 24, 2012

Tuesday, January 24, 2012

Call to Order/Roll Call

The meeting was called to order by Carla Bassler, Chair, at 8:35 a.m. Those present, constituting a quorum of the Board were:

Carla Bassler, Chair, CPA – Anchorage
Max Mertz, CPA – Juneau
Elaine Williamson, CPA – Fairbanks
Jeffrey Johnson, CPA – Fairbanks
Andre Horton – Anchorage
Kathleen Thompson - Fairbanks

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

Cori Hondolero, Records & Licensing Supervisor

Visitors present included:

Melody Schneider, representing the Alaska Society of CPAs (ASCPA)
Bernadette Koppy, representing the Alaska Society of Independent Accountants (ASIA)
Ray Johnson, Western Regional Director, representing NASBA (via conference call)

Conference Call

Ray Johnson, Western Regional Director of NASBA joined the meeting via conference call.

The Board invited Mr. Ray Johnson to attend the Board meeting set for June 26, 2012. Mr. Ray Johnson stated that he would be there and would pass the invitation on to Mr. Thomas Kenny and Mr. Ken Bishop of NASBA.

There was discussion about inactive status and the Board stated that they may need help with this. The Board also stated that they were still researching the possibility of becoming semi-autonomous.

Mr. Ray Johnson stated that if the Board has questions about what other States are doing, to forward the questions to him.

Mr. Ray Johnson also reminded the Board that new Board member training was available through NASBA at no cost to the Board.

Agenda Item 17 – Application Review

The Board reviewed exam, reciprocity, reinstatement, Out-of-State permit, and CPA exam score extension applications and took the following action:

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

RESOLVED to approve the reinstatement applications of Fekri Younes, Tatiana Snitsarenko and Dorothy Webster.

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

RESOLVED to approve the reinstatement application of Brian Donohue pending receipt of a consent agreement that includes the standard fine and verification of completion of the comprehensive 8 hour ethics course.

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

RESOLVED to extend the exam score expiration of Nargiz Gasanova through the end of the September 2012 testing window.

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

RESOLVED to approve Brian Dreeszen for licensure by reciprocity.

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

RESOLVED to table the application of Michael Middleton for licensure by reciprocity until receipt of adequately documented hours required by 12 AAC 04.165 is received.

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

RESOLVED to approve Katina Holmberg, Mark Markgraf, Takashi Nukanobu, Keri Riordan, Yui Shing Wong, Ekaterina Borisova, Shun Ikeda, Shannon Bell, Tatiana Filatova, Casey Hocevar, Theresa Harris, and Dimitri Yimga for licensure by exam.

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

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

RESOLVED to approve the Firm applications of Thomas K. Mitchell, LLC, G.D. Morris, Inc., Veit & Veit, Certified Public Accountants, LLC and Skud & Company, LLC.

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

RESOLVED to approve the Out-of-State Permit applications of Clark Raymond & Company PLLC, Debra L. Baker, CPA, P.S., Fred Peterson and Goloboy CPA LLC.

There being no further business, the meeting adjourned at 10:10 a.m.

Respectfully Submitted:



Cori Hondolero
Records and Licensing Supervisor

Approved:



Carla Bassler, Chair
Board of Public Accountancy

Date: 5/4/12