

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

BOARD OF PUBLIC ACCOUNTANCY

MINUTES OF MEETING

August 9-10, 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 August 9-10, 2012 in Fairbanks, Alaska.

Thursday, August 9, 2012

Call to Order/Roll Call

The meeting was called to order by Jeff Johnson, Chair, at 8:30 a.m. Those present, constituting a quorum of the Board were:

Carla Bassler, CPA – Anchorage
Elaine Williamson, CPA – Fairbanks
Jeffrey Johnson, CPA – Fairbanks
Andre Horton – Anchorage
Kathleen Thompson, CPA – Fairbanks
Karen Brewer-Tarver, CPA – Juneau

It was noted that Wayne Don had notified the Board that he would be unable to attend due to a previously scheduled work commitment.

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

Cori Hondolero, Executive Administrator

Visitors present included:

Melody Schneider, representing the Alaska Society of CPAs (ASCPA)
Bernadette Kopyy, representing the Alaska Society of Independent Accountants (ASIA)
Michael Middleton, (Idaho CPA, with pending reciprocity application)

Agenda Item 1 – Review Agenda

The Board reviewed the agenda and made the following changes:

- Item #9 – add discussion about the fine matrix and AS 08.04.380

Upon a motion duly made by Ms. Williamson, seconded by Mr. Horton, 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 June 26, 2012 meeting.

Upon a motion duly made by Ms. Thompson, seconded by Ms. Brewer-Tarver, and approved unanimously, it was:

RESOLVED to approve the minutes of the June 26, 2012 meeting as written.

Agenda Item 5 - Alaska Society of Certified Public Accountants (ASCPA) Report

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

- CPE – Limits on webinars? Attendance is not tracked; is the Board starting to hear anything about this?
 - Ethics hours – Ms. Thompson stated that during the NASBA regional meeting it was noted that many states have ethics requirements, but have done away with the state specific requirement after the first renewal.
 - Credit – Ms. Williamson noted that at her last NASBA CPE meeting there was discussion about having to take a test to get credit for a course. Live seminars are not as popular anymore as technology is changing.
- Legislative Committee – Re: attest experience for reciprocity. If there are going to be changes to the regulations/requirements, some of the ASCPA membership would want to speak to it.

Agenda Item 4 – Public Comment

Michael Middleton was present to address the Board. He wanted to give the Board some background on his application. He stated that he is currently licensed in Idaho and had worked as a controller before moving to Alaska. He currently resides in Sitka and has been in government accounting. Mr. Middleton stated that he would like to know if there was any additional information that he could provide to the Board or if the Board could deny the license, so that the application is not left hanging. He noted that he had not been supervised since gaining his original experience for licensure.

The Board thanked Mr. Middleton for taking the time to address the Board in person and stated that they would review his application again.

Agenda Item 6 – Board Business

FY 13 Goals & Objectives

The Board made changes to Goals 1, 2, 4 and deleted 7.

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

RESOLVED to adopt the FY13 Goals & Objectives as amended.

Upon further discussion of the exam survey process it was noted that Goal 3(a) should be amended as well.

Upon a motion duly made by Ms. Bassler, seconded by Ms. Brewer-Tarver and approved unanimously, it was:

RESOLVED to amend Goal 3 of the adopted the FY13 Goals & Objectives.

FY 13 Goals and Objectives were adopted as follows:

Goal 1. Monitor legislation, evaluate and review statutory/regulatory changes needed to:

- a. Mentor executive administrator and assist administrator in developing procedures and goals for timely response to CPA and CPA candidate requests.
- b. Monitor and evaluate semi or autonomous Board and develop legislation if deemed desirable.
- c. Monitor other statutory/regulatory changes that may need to be reviewed.
 1. Implement late filing fee regulation.

2. Continue to review and implement sections of the UAA through a coordinated effort with the ASCPA including developing an approach to the use of the CPA title by inactive or retired licenses.

Goal 2. Review and evaluate National Association of State Board of Accountancy (NASBA) services.

- a. Continue to monitor NASBA CPA Exam Services (CPAES).
- b. Evaluate and analyze services offered by NASBA.

Goal 3. Ensure Alaska CPA candidates have positive examination opportunities.

- a. Monitor testing experiences by visiting sites and using the post-testing survey for all candidates testing at the Anchorage and Fairbanks sites. Monitor that the surveys are delivered timely.
- b. Follow-up on concerns indicated in the surveys.
- c. Keep the ASCPA and the public abreast of new developments.

Goal 4. Evaluate and address changes in the professional environment to continue to fulfill our mission to protect public interests.

- a. Review new rules proposed by NASBA and the AICPA, for impact on Alaska CPAs and make changes to Alaska statutes and regulations as needed.
- b. Represent Alaska CPA concerns at regional, annual, and special meetings and support NASBA committee participation.
 1. Promote attendance by staff and new Board members at regional, special and annual meetings to provide understanding of current regulatory issues being dealt with at a national level and a state-by-state level.
 2. Promote attendance of continuing Board members at regional and annual meetings to provide input and to obtain information at both national and state levels regarding matters impacting Alaska CPAs.

Goal 5. Work with the Division regarding

- a. Future licensee fee structure;
- b. Board and staff travel and participation on NASBA meetings including:
 1. Executive Administrator will attend NASBA annual and regional meetings and the NASBA Executive Director conference.
 2. No less than three (3) Board members will attend the NASBA regional conference and three (3) Board members will attend the annual NASBA meeting.

3. One Board member or the Executive Administrator will attend any special NASBA meeting as they arise.
- c. Ongoing maintenance of the Board website.

Goal 6. Pursue public awareness of enforcement activities.

- a. Timely update of open and closed investigative information and statistics on the Board web site.
- b. Interact with the investigative unit regarding consistency and monitoring of cases.
- c. Continue participation with the NASBA Enforcement Practices Committee.
- d. Executive Administrator to provide enforcement decisions to the general public.

Budget

The Board reviewed the budget report in the packet. Mr. Johnson stated that he had e-mailed Director Habeger to ask for more information and was hoping to have a response that the Board could discuss at the October meeting.

The Board noted that there should be some fee analysis history prepared by Max Mertz from around 2008 or before.

The Board asked for the following information from the Division:

- Written explanation/outline of the budget process
- Does the Board have a budget? If so, what is it?
- What is the Division proposing for FY14?

Renewal Report

The Board reviewed the report included in the packet.

Agenda Item 7 – Regulation Projects

12 AAC 04.255(b)(2)(B)

Based on comments received from the Department of Law, the Board amended the regulation to stay within statutory authority. It was noted that this section had been removed from a past project and required additional Board review/action.

Upon a motion duly made by Ms. Thompson, seconded by Ms. Brewer-Tarver, and approved unanimously, it was:

RESOLVED to adopt 12 AAC 04.255(b)(2)(B) after removing “or executive secretary,” this section will now read as follows: “the board may approve up to an additional 180 days (for a total of 360 days) on their discretion. If a greater

period of time is reasonable and necessary, it must be approved by the board.”

12 AAC 04.130

The Board reviewed and amended the public notice requirement to be in line with the Division standard policy of 10 day notice.

Upon a motion duly made by Ms. Brewer-Tarver, seconded by Ms. Bassler, and approved unanimously, it was:

RESOLVED to amend and 12 AAC 04.130 as follows and to send the change out for public comment: “the board will hold at least four meetings each year at times and places designated by a majority of the board. Notice of meetings must be given at least 10 days before the dates designated, unless notice is waived by unanimous consent of all board members.”

Attest Experience/Reciprocity

Ms. Brewer-Tarver stated that she had been in contact with Dan Dustin of NASBA and noted that adding the attest requirement to reciprocity applicants, may make licensure prohibitive. Ms. Brewer-Tarver stated that she would have more information at the October meeting and would work with the AK Society to distribute a polling question on this topic.

Inactive/Retired Status

Ms. Bassler provided the Board with a handout detailing a sampling of what other Western states do for their retired/inactive statuses and gave Ms. Hondolero her research file. Ms. Bassler noted that the Uniform Accountancy Act (UAA) is looking at changes and the Board may want to track those.

Ms. Williamson noted that she had previously prepared a draft regulation change that had been included in past meeting packets.

It was requested that this topic stay on the agenda because the Board is looking to move forward with a regulation change.

Agenda Item 8 – NASBA Updates

The Board reviewed the State Board visit summary report prepared by NASBA Pacific Regional Director, Ray Johnson.

CPA Exam Services (CPAES)

The Board reviewed three e-mails from NASBA staff.

The first e-mail was asking whether the Board wanted copies of foreign transcripts in the exam file or if just the credential evaluation would suffice. The Board stated that they would like both because if the exam candidate decided to apply for licensure in Alaska, the original transcript would be required in accordance with 12 AAC 04.187.

The second e-mail was regarding whether designation from the Association of Chartered Accountants (typically three years), is equivalent to a U.S. Bachelor's degree. The Board stated that the program length is not important, as long as it is deemed equivalent by the credential evaluator.

The third e-mail was from the new NASBA international evaluation services (NIES) asking if the Board would accept their credential evaluations. The Board stated that the guidelines for acceptable education are in the regulations and all credential evaluators must meet the requirements of 12 AAC 04.185(e)(2).

Committees

Ms. Bassler – Enforcement Practices Committee – The committee is working on creating a pool of professionals to pull from to get help with enforcement issues. A tool (possibly online) is in the works to be part of the investigative manual.

Mr. Johnson – State Board Relevance & Effectiveness Committee – Mr. Johnson provided the Board with a committee handout titled “Duties and responsibilities of an effective Board of Accountancy.”

Ms. Williamson – CPE Committee – will report at the October meeting; the next committee meeting will take place in September.

Conferences

2012 Annual Meeting/International Conference – Ms. Hondolero and Ms. Brewer-Tarver will attend.

The Board recessed for lunch at 11:52 a.m.
The Board resumed the meeting at 1:30 p.m.

Agenda Item 9 – New Business

The Board reviewed the most recent discipline list from the Boards website and noted that it was improved. The Board did question if the report could be amended for consistency, including standardization for all records as follows:

- All records should have consistent formatting
 - Not be in all caps
 - Include the same information in all records (including fine amounts, etc.)

It was noted that historically there was a \$5,000 cap on fines, but it could possibly be more. The Board requested that the fine always start at \$5,000 with

no amount suspended, unless circumstances are presented/reviewed by the investigator and the Board liaison.

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

RESOLVED to establish procedures for the fine to always begin at \$5,000 or the maximum; only to be reduced based on circumstances reviewed/approved by the investigator and Board liaison.

Ms. Williamson wanted to bring a statute (AS 08.04.380) regarding a waiver of the requirements to the Boards attention.

Agenda Item 10 – CPA Exam

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

Agenda Item 11 – Correspondence

Michael Hanrahan – the Board reviewed an e-mail from Mr. Hanrahan asking if peer review is required for those that only do compilations. The Board discussed and stated that peer review is not required to maintain the State license for those that only do compilations, but that it is required to maintain AICPA membership.

The Board reviewed the additional correspondence items contained in the Board packet.

Agenda Item 12 – Prometric Facility Visit

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

RESOLVED to recess the meeting until Friday August 10, 2012.

Board members and staff went to visit the Prometric facility on the University of Alaska Fairbanks (UAF) campus.

The meeting recessed at 2:10 p.m., until Friday, August 10, 2012

Friday, August 10, 2012

Call to Order/Roll Call

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

Carla Bassler, Chair, CPA – Anchorage
Elaine Williamson, CPA – Fairbanks
Jeffrey Johnson, CPA – Fairbanks
Andre Horton – Anchorage
Kathleen Thompson, CPA – Fairbanks
Karen Brewer-Tarver, CPA – Juneau

It was noted that Wayne Don had notified the Board that he would be unable to attend due to a previously scheduled work commitment.

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

Cori Hondolero, Executive Administrator
Alvin Kennedy, Investigator (agenda item #15)

Visitors present included:

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

Agenda Item 13 – Review Agenda

Discussion about paperless Board packets was added to agenda item 16.

Agenda Item 14 – Application Review

The Board discussed Mr. Middleton's application. From the experience verifications included in the application it appeared that Mr. Middleton was working one full time and two part time jobs at the same time. The Board requested additional verification from those that had submitted experience verifications forms. The additional verifications need to include dates and the number of hours worked. It was noted that a denial of a license would require national reporting and may have negative connotations. Some Board members felt that Mr. Middleton should have one last chance to provide additional information and also be given the option of withdrawing his application.

Upon a motion duly made by Ms. Bassler seconded by Ms. Thompson, it was:

RESOLVED to table the application of Mr. Middleton and to request detailed verification of the hours from the two people who submitted experience forms and to request that Mr. Middleton verify his own hours. Mr. Middleton also has the option to withdraw his application or to request a denial at the October meeting.

	<u>YES</u>	<u>NO</u>
Carla Bassler	X	
Jeffrey Johnson		X
Kathleen Thompson	X	
Elaine Williamson	X	
Andre Horton		X
Karen Brewer-Tarver	X	

There was additional Board discussion about the practice of public accounting and whether preparation of financial statements would qualify to meet the reciprocity requirements. Ms. Brewer-Tarver noted that it may be possible for the Board to accept either verification from his past supervisor or a copy of the experience verification on file with the Idaho Board if Mr. Middleton wanted to pursue licensure by examination.

Upon a motion duly made by Ms. Thompson seconded by Ms. Bassler, it was:

RESOLVED to deny the exam score extension request of Craig Gaube in accordance with 12 AAC 04.200(i).

	<u>YES</u>	<u>NO</u>
Carla Bassler	X	
Jeffrey Johnson	X	
Kathleen Thompson	X	
Elaine Williamson	X	
Andre Horton		X
Karen Brewer-Tarver	X	

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

RESOLVED to approve the reinstatement applications of Anastasia Misharina and Seong Jun Jeong.

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

RESOLVED to approve Dora Cross and Pamela Bruno for licensure by reciprocity.

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

RESOLVED to approve Pamela Bassett, Anastasiya Fedchuk, Thomas Huling, Amanda Keates-Bladwin, Thomas Martin, Dionne Moonah, Ryan Nathan and Zhou Zhao for licensure by exam.

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

RESOLVED to approve the Firm applications of Katya Borisova Koteff, CPA, LLC, Thomas and Thomas LLC and Przywojski LLC.

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

RESOLVED to approve the Out-of-State Permit applications of Brady, Martz & Associates, P.C., Dauby O'Connor & Zaleski, LLC, Erickson Demel & Co., P.C., Molatore, Scroggin, Peterson & Co LLP and Paul Ficca.

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

RESOLVED to approve the Out-of-State Permit applications of Henry & Horne, LLP, J.K. Boatwright & Co., P.C. and Tammy Martin pending verification of a current license from their home state.

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

RESOLVED to approve the continuing education audits of Alexey Kirdyakin and Helen Shomberg.

Agenda Item 15 – Investigative Report

Investigator Alvin Kennedy was in attendance (via conference call) to present the investigative report. Mr. Kennedy noted that he had issued a few subpoenas and was looking at criminal charges for past actions that have continued.

The Board asked where the authority to fine more than \$5,000 is. Mr. Kennedy stated that he would e-mail that information to Board members.

Mr. Kennedy noted that he will sometimes poll the Board prior to proceeding with an action and that a majority of the Board must support his proposed action in order for him to proceed. Mr. Johnson asked if this polling would be in violation of the open meetings act. Mr. Kennedy stated that it does not violate the open meetings act because he is required to file an affidavit that outlines who he contacted, when they were contacted and at what phone number. That affidavit is notarized and filed. When acting to protect the public, once the affidavit is filed, there is no violation. It was noted that Mr. Kennedy is required to notify all Board members, but he can proceed once he has approval from a majority of the Board.

Upon a motion duly made by Ms. Thompson, seconded by Ms. Bassler, 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 matters.

The Board entered executive session at 10:55 a.m.
The Board went back on the record at 11:07 a.m.

Upon a motion duly made by Ms. Thompson, seconded by Ms. Brewer-Tarver, and approved, it was:

RESOLVED to adopt the consent agreement for case #2012-000658.

Ms. Bassler abstained from voting on this matter.

Agenda Item 16 – Administrative Business

Confirm Upcoming Meeting Dates/Locations

- October 18-19, 2012 in Anchorage
 - 737 West 5th Ave., Suite 209 - @ Sockeye Business Solutions
- February 4-5, 2013 in Juneau

Board Vacancies

The Board wants to encourage licensees to apply and requested that a notice be published in the AK Society newsletter.

Ms. Bassler stated that she was willing to train the person selected to be the investigative liaison once her term ends. It was also noted that this position is open to any Board member.

Paperless Board Packets

Ms. Hondolero noted that the Division encourages the use of paperless packets, but will not require it. Mr. Horton stated that the packets could be formatted in different ways. Ms. Brewer-Tarver asked if it could be stored externally from personal computers/ipads, such as in a cloud environment. After some discussion it was decided that Ms. Hondolero would send the Board packet to Mr. Horton electronically and Mr. Horton would be able to demonstrate the use of the paperless packet at the October meeting.

Sign Wall Certificates:

- Michael Z. Rankin #2593
- Mladen Begojevic #2594
- Yavuz Daghan Alpman #2595
- Thomas A. Orr #2596
- Kwai Fung (Fiona) Y. Kotter #2598
- Jacob O. Kaaland #2599
- Jamila Oruj Alimirzayeva #2600
- Nigar Aliyeva #2601
- Sheila Batista #2602
- Chanhua Chen #2603
- Kelly B. Ward #2604
- Andriy Vitaliyovitch Martyniuk #2605
- Melissa E. Reilly #2606
- Alexander Vladimirovich Ivanov #2607
- Stacey A. McDowell #2609
- Rebecca J. Homola #2610

Task Lists

Cori Hondolero:

- Assist Mr. Johnson with budget/fee issues.
- Request that Ms. Frawley be available to answer questions at the October meeting.
- Request that the investigative reports summary be standardized if possible.

Ms. Bassler:

- Help Ms. Hondolero with letter to Mr. Middleton regarding his tabled application.
- Do some research on the definition of public accounting.

Mr. Johnson:

- Work on budget/fee issues.

Ms. Brewer-Tarver:

- Work on attest/reciprocity research.
 - Prepare poll question for distribution by AK Society.

Mr. Horton:

- Inquire with Boards/Commissions to see how/when to apply for Board seat(s).
- Prepare paperless packet sample for October meeting & present to Board.

Investigator Kennedy:


- E-mail information to Board members/staff about the authority for fine amounts greater than \$5,000.

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

RESOLVED to adjourn the meeting.

There being no further business, the meeting adjourned at 11:38 a.m.

Respectfully Submitted:



Cori Hondolero
Executive Administrator

Approved:



Jeffrey L. Johnson, Chair
Alaska Board of Public Accountancy

Date: 10/18/12