

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

**MINUTES OF MEETING
November 27-28, 2006**

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 240, Anchorage, AK.

Monday - November 27, 2006

Call to Order/Roll Call

Mr. Mertz, Chairman called the meeting to order at 8:30 a.m.

Those present, constituting a quorum of the Board:

Max Mertz, Chairman, CPA – Juneau
Carla Bassler, CPA – Anchorage
Dan Rozema, CPA – Anchorage
Elaine Williamson, CPA – Fairbanks
John Floyd, Public Member - Anchorage

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

Cori Hondolero, Licensing Supervisor – Juneau

In attendance from the public was:

Leslie Schmitz, representing the Alaska Society of CPAs (ASCPA)
Lisa Rogers, representing the Alaska Society of CPAs (ASCPA)
Paul Brandon, representing the Alaska Society of CPAs (ASCPA)
Bernadette Koppy, representing the Alaska Society of Independent Accountants (ASIA)
Keith Granberry, exam candidate employed by Kerr & McVey CPAs

Agenda Item 2 – Review/Amend Agenda

The Board made the following changes/updates to the agenda:

Add e-mail from Virginia Farmier – Insert under tab 5, new A-5

The Board requested the status of the vacant examiner position. Ms. Hondolero stated that the position had been filled and the new examiner was scheduled to start December 6th.

Agenda Item 3- Review Meeting Minutes

The Board reviewed the August 8-9, 2006 minutes and made the following changes.

Page 1 – treasurer is missing the “r”

Page 1 – ASIA is Alaska Society of Independent “Accountants” not CPAs”

Page 2 – second motion should say John “Floyd” not John “Clark”

Page 4 and various other pages – Change “sights” to “sites”

Page 6 – change Mike “Kelleger” to “Kelliher”

Page 6 – fourth paragraph – “too” has a zero instead of an o.

Page 7 – under peer review section, “statutes” is misspelled.

Upon a motion by Floyd, seconded by Rozema and approved unanimously, it was:

RESOLVED to adopt the August 8-9, 2006 meeting minutes as amended.

Agenda Item 4 – Ethics Reporting

There were no ethics conflicts to disclose.

It was noted that Mr. Floyd still needed to view the ethics video.

Agenda Item 5 – Correspondence

A.1 – Idonna Pieper Nelson

The Board reviewed the correspondence between Ms. Nelson and Mr. Mertz. Ms. Nelson had asked for guidance regarding acceptable continuing education. Mr. Mertz had advised that it must be CPA related and that the Board does not pre-approve courses.

No additional response required.

A.2 – Stefani Dalrymple

E-mail from Ms. Dalrymple to Ms. Williamson regarding the Fairbanks testing center.

Ms. Williamson informed the Board that she has received over three e-mail complaints about the Fairbanks testing center. The Board decided that a letter should be sent to Thompson Prometric and should include copies of the e-mail that were sent to Ms. Williamson.

A.3 – Article on Peer Review

E-mail forwarded to Board from Mr. Rozema regarding possible changes to peer review in New York. Provided to Board as FYI.

No response required.

A.4 – Shinichi Tsusaka – Extension Request

The Board reviewed the extension request submitted by Shinichi Tsusaka. There was Board discussion about the circumstances surrounding the request and were Mr. Tsusaka would have to sit for the exam.

Mr. Floyd called for the question.

Mr. Mertz asked for all members in favor of granting the request. No members present were in favor of granting the request.

Mr. Mertz asked for all members in favor of denying the request. All members present voted to deny the request (Floyd, Williamson, Rozema, Bassler and Mertz).

A.5 – Virginia Farmier

E-mail from Ms. Farmier to Ms. Williamson regarding the Fairbanks test center.

B.1 – 2007 Executive Director Conference Planning

E-mail from NASBA's executive directors committee requesting any comments/suggestions for the upcoming conference.

No response required.

B.2 – Questionnaire from NASBA education committee

Questionnaire based on comments received regarding the exposure draft changes to UAA rules 5-1 and 5-2.

No response required.

B.3 – Management Letter for the 2005 examination year

Annual report for the 2005 examination year.

No response required.

B.4 – Quick Poll

Questionnaire from NASBA regarding disciplinary actions/cross-border discipline.

No response required.

B.5 – Quick Poll

Questionnaire from NASBA regarding substantial equivalence.

No response required.

B.6 – Multistate Enforcement Authority

E-mail from NASBA regarding enforcement authority. AAG, Gayle Horetski had responded to the e-mail and the Board reviewed the original e-mail and AAG response.

No additional response required.

B.7 – Comment Letter on PEEC Omnibus Proposal

E-mail from NASBA regarding proposed omnibus professional ethics Division interpretations and rulings.

No response required.

C.1 – Public Company Accounting Oversight Board (PCAOB)

E-mail from PCAOB – Questions and Answers regarding auditing the fair value measurements associated with determining compensation cost.

No response required.

Agenda Item 6 – Goals & Objectives FY 07

The following are the Boards Fiscal Year 2007 Goals and Objectives:

1. Adopt revisions to Alaska regulations reflecting the changes in statutes
 - A. Provide input and assist in drafting of regulations
 - B. Obtain comments from public/profession
 - C. Adopt revised regulations
2. Oversight Review Committee/Peer Review
3. Review current licensing fee structure
 - A. Determine if current fee structure is appropriate
 - B. Provide recommendation
4. Ensure that Alaska CPA candidates have adequate testing facilities and scheduling opportunities under the computerized exam.
 - A. Monitor the testing experience through the use of a “post testing survey” for all candidates testing at the Anchorage testing center
 - B. Follow up on all complaints indicated in the post testing survey
5. Monitor and react to changes in the professional environment for CPAs
 - A. Monitor new rules proposed by the Public Company Accounting Oversight Board, the National Association of State Boards of Accountancy (NASBA), and the American Institute of Certified Public Accountants for impacts on CPAs and make changes to Alaska statutes and regulations as required
 - B. Continue to educate, study and implement portions of the Uniform Accountancy Act through a coordinated effort with the Alaska Society of Certified Public Accountants

- C. Represent Alaska concerns at regional and annual NASBA meetings as well as participate in NASBA committees
- D. Provide input and influence on proposed changes impacting Alaska CPAs

Agenda Item 7 – Annual Report

A copy of the annual report prepared by Division staff was presented to the Board for review.

The Board members noted that not all of their phone numbers and addresses were correct in the annual report.

Mr. Mertz signed the annual report, making it ready for submission to the Division Director once all Board member information is verified to be correct.

Agenda Item 10 – Continuing Education Audit

The Board reviewed the continuing education audit of Katsuya Fujioka.

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

RESOLVED to approve Mr. Fujioka's continuing education audit.

Agenda Item 11 – NASBA 99th Annual Meeting

Ms. Bassler had attended the annual meeting in Atlanta, Georgia.

Ms. Bassler informed the Board that she was only able to attend one day of the meeting due to personal safety issues that arose while attending the meeting.

Issues addressed on the day that Ms. Bassler attended included: annual report, UAA proposed changes, compliance assurance committee/program, and examination issue task force.

Ms. Bassler attended a breakout session during the day of the meeting that she had attended. Board websites were reviewed and rated, but no notification about how specific states were rated was provided.

Agenda Item 12 – Ratify Out of State Permits

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

RESOLVED to ratify the following out of State permits:

- **BKD LLP**
- **Stovall, Grandey & Allen, LLP**
- **Ernst & Young LLP (Houston, TX)**
- **Hemming Morse, Inc.**

- **Watson & McDonell, PLLC**
- **Myers and Stauffer LLC**
- **CPA Consulting, Inc., P.S.**
- **Deloitte & Touche, LLP**
- **Gordon, Hughes & Banks, LLP**
- **Ernst & Young LLP (Tulsa, OK)**
- **Anthony Wade Pack**

There was Board discussion about issuing multiple out of State general permits to the same firm for different office locations. There was also discussion regarding the Boards need to review out of State permits before they are issued, just like regular applications.

AS 08.04.420 and 12 AAC 04.280 are the statute and regulation in question.

The Board requested that the Regulations Specialist be at the January/February meeting to discuss the issue of the Board vs. the Department issuing out of State permits.

The Board discussed a possible regulation change to the above listed section of the regulations.

Break for lunch at 11:30 a.m.; back on the record at 1:01 p.m.

Agenda Item 8 – Regulation Update

Paul Brandon joined the meeting to discuss the draft regulations submitted to the Board by the regulation task force.

The regulation task for had been created in response to House Bill 274. Changes need to be made to sections dealing with experience, attest function, conforming changes, and definition of continuing education.

The Board wanted to acknowledge all of the task forces efforts in compiling draft regulations for the Board and Division to review and use.

Mr. Brandon informed the Board that a questionnaire was sent out to gain input from CPAs. Workshops were presented around the State and comments were taken. KPMG in Washington went through the regulations drafted by the task force and the task force feels that the draft regulations are ready to submit to the State. AICPA and NASBA were also sent a copy of the draft and did not have many changes.

An e-mail had been sent to the Division's Regulations Specialist asking about adding a grandfathering or transitional clause.

The task force drafted a new section dealing with competency after becoming licensed. There was also work on creating a definition for continuing education. 12 AAC 04.360 was amended to add language about acceptable courses and it also allowed for courses acceptable to the Board. It was noted that this may lead to confusion and requests for the Board to approve courses.

There was discussion about the process that these draft regulations would have to go through. Ms. Hondolero stated that this draft was given to Jun Maiquis, Regulations specialist and that he would need to review it and create his own draft. That draft would be presented to the Board for review and if the Board approved the draft a motion would be made to send the draft out for public comment. At the close of the public comment period, the Board would review all comments received and decide if any additional amendments needed to be made. If there were substantial changes, the regulations would need to be sent out for public comment again. After the Board adopts regulations, they are forwarded to the Department of Law for review. From there they are either sent back to the Board for additional work or they are submitted to the Lieutenant Governor for review and signature. They become effective 30 days after being signed.

Break at 1:43 p.m.; back on the record at 1:49 p.m.

There was discussion about AS 08.04.080. It was noted that this statute requires that all licensees be sent a copy of changes/amendments at least 60 days prior to adoption via certified mail.

It was noted that there were changes in the spring of 2004. Members could not recall if notices were sent out and wanted an Attorney General Opinion regarding the impact of this statute not complied with.

Mr. Brandon let the Board members know that if they had any questions about the draft regulations prepared by the task force that they could e-mail him directly.

The Board stated that they want to keep this project moving. The goal would be to have the regulations finalized by summertime. There may be a need to have teleconference meetings in early spring, but the Board would wait to see the status of the project at the January/February meeting.

Agenda Item 17 – New Business/Old Business

A.G. Opinion

Board discussion regarding the topics of peer review and single audits. These were issues that were forwarded to Assistant Attorney General, Gayle Horetski for review. Mr. Mertz noted that upon further thought regarding this issue, these topics may be better suited to be followed up on by a professional guild and not the State licensing Board. Board members agreed and it was noted that if the Board had additional questions that they would have Division staff contact Ms. Horetski.

World Education Services, Inc. (WES)

Licensing examiner Cynthia Cintra had written a memo to the Board asking if the Board would accept transcripts in PDF format. This would be in lieu of "original" transcripts sent to the Board by foreign schools. It was noted that this would be a secure system requiring a login and that the PDF documents would be scanned copies of originals sent directly to WES.

The Board noted that the current regulations do not allow for this, but that they would send this topic to the regulation task force for review.

Break at 2:56 p.m.; back on the record at 3:06 p.m.

Agenda Item 9 – Public Comment

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

Ms. Schmitz stated that due to the vacancy of the examiner position ASCPA was experiencing a much higher call volume and although they are happy to try to assist people, many of the questions were licensing questions that should be dealt with by the Division of Professional Licensing.

There was discussion about adding information to the website that clarified the difference between the ethics examination required for initial licensure and the ethics continuing education hours required for renewal.

ASCPA let the Board know that they would be doing a mass mailing to all licensees, not just members reminding everyone know about the ethics continuing education requirement. It was noted that there might be upcoming live ethics presentations in Anchorage, Juneau and Fairbanks.

Keith Granberry

Mr. Granberry came to the meeting to discuss the examination experiences that he has had. Mr. Granberry had just come to the meeting after an unsuccessful attempt to sit for the CPA examination. He voiced his frustration regarding the facilities and the ability to get the dates/times that work for candidates. He noted that many candidates have to travel around the State trying to sit for exam during limited windows of available time. The expense to get to the test site combined with complications when you get there makes for a frustrating experience.

The Board was very apologetic and thanked Mr. Granberry for taking the time to testify at the meeting. The Board asked that he send an e-mail to the Board about his testing experiences and stated that they were going to be communicating with NASBA and AICPA regarding test administration in Alaska.

Agenda Item 15 – Application Review

Firm Application

Priscilla J. Horner

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

RESOLVED to approve the firm application of Priscilla J. Horner.

Reinstatement Applications

Janet K. Fairchild
Priscilla J. Horner

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

RESOLVED to approve the reinstatement applications of Janet K. Fairchild and Priscilla J. Horner.

Licensure by Examination Applications

John Bell
Edward J. Savre
Wael Mausour Mazek El Tayeb
Benjamin M. Murray
Hiroski Yamada
Philip L. Emmons
Pavel Kodytek
Alexander Koepcke
Laurie Marie Gieck
Jesse Scott Jones

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

RESOLVED to approve the applications for licensure by examination of John Bell, Edward J. Savre, Wael Mausour Mazek El Tayeb, Benjamin M. Murray, Hiroski Yamada, Philip L. Emmons, Pavel Kodytek, Laurie Marie Gieck and Jesse Scott Jones.

The Board discussed Mr. Koepcke's application and experience verification. The Board requested additional information. It was noted that the employer would need to submit a certification indicating that he has the required attest hours and clarification regarding the nature of his employment.

Upon a motion by Rozema, seconded by Floyd and approved unanimously, it was:

RESOLVED to table the application of Alexander Koepcke until additional information is received. Employer certification verifying attest hours and nature of employment is needed for the Board to complete their review.

Licensure by Reciprocity Applications

Suzanne M. Graden
Tina M. Martin

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

RESOLVED to approve the applications for licensure by reciprocity of Suzanne M. Graden and Tina M. Martin.

Agenda Item 16 – Prometric Testing Center

The Board questioned why there were no exam questionnaires to review. Ms. Hondolero stated that because the position had been short staffed the questionnaires had not been sent to applicants who sat during the most recent testing window.

It was clarified that the questionnaire created by the Board is not given to applicants to complete at the test site. It is sent/e-mailed to each applicant by Division staff if the applicant sat at the Anchorage or Fairbanks test sites.

Ms. Hondolero indicated that she would try to assure that questionnaires for the testing window that was missed would be sent to applicants and available for Board review at the next meeting.

The meeting adjourned for the day at 4:47 p.m.

Tuesday - November 28, 2006

Call to Order/Roll Call

Mr. Mertz, Chairman called the meeting to order at 8:40 a.m.

Those present, constituting a quorum of the Board:

Max Mertz, Chairman, CPA – Juneau
Carla Bassler, CPA – Anchorage
Dan Rozema, CPA – Anchorage
Elaine Williamson, CPA – Fairbanks
John Floyd, Public Member – Anchorage
Christy Morse, CPA - Anchorage

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

Cori Hondolero, Licensing Supervisor – Juneau
Brian Howes, Senior Investigator – Anchorage
Lucy Richardson, Investigator – Anchorage

In attendance from the public was:

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

Agenda Item 14 – Investigative Report

Brian Howes, Senior Investigator and Lucy Richardson, Investigator for the Division of Corporations, Business and Professional Licensing joined the meeting.

Open Cases

- 600-02-002 – Allegation of a falsified application by a corporate entity. Opened 6-19-02.
- 600-02-005 – Allegation of negligence. Opened 11-21-02.
- 600-04-002 – Allegation of fraud or misrepresentation. Opened 7-21-04.
- 600-05-002 – Allegation of fraud or misrepresentation. Opened 2-22-05.
- 600-05-004 – Allegation that tax records were not completed correctly. Opened 7-20-05.
- 600-05-005 – Allegation of negligence. Opened 10-21-05.
- 600-06-002 – License application problem. Opened 3-2-06.
- 600-06-003 – License application problem. Opened 3-2-06.
- 601-05-003 – Allegation of unlicensed practice. Opened 2-24-05.
- 650-02-001 – License application problem. Opened 5-14-02.
- 650-06-02 – Falsified application. Opened 6-29-06.

Closed Case

- 600-05-003 – Allegation of negligence. Investigation did not reveal a violation of a licensing statute or regulation. Closed 10-26-06.
- 600-05-007 – Allegation of a violation of professional ethics. Investigation did not reveal a violation of a licensing statute or regulation. Closed 8-14-06.
- 600-04-003 – Allegations of supervision, confidentiality, attest services conflict of interest, breach of safeguards, not submitting proper report violations and no firm permit or business license. Investigation did not reveal a violation of a licensing statute or regulation. Closed 10-20-06.
- 601-04-005 – Allegation of unlicensed practice. The complainant of this case never filed a formal complaint, and investigation was closed. Closed 8-22-06.
- 601-05-004 – Allegation of unlicensed practice. Investigation did not reveal a violation of a licensing statute or regulation. Closed 8-16-06.
- 601-05-005 – Allegation of unlicensed practice in Texas. State of Texas issued a cease and desist order. Sent a written warning letter. Closed 10-16-06.
- 601-05-006 – Allegation of unlicensed practice. Investigation did not reveal a violation of statutes and regulations. Closed 8-10-06.
- 601-05-007 – Allegation of unlicensed practice. Investigation did not reveal a violation of statutes or regulations. Closed 8-14-06.
- 601-05-008 – Allegation of unlicensed practice. Investigation did not reveal a violation of statutes or regulations. Closed 8-15-06.
- 602-05-012 – Allegation of a violation of professional ethics. Respondent did not have an office in Alaska, case closed with no action taken. Closed 8-17-06.

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

RESOLVED to enter into executive session to discuss the investigative report.

Entered executive session at 8:40 a.m.; back on the record at 9:04 a.m.

The Board wanted to discuss the memorandum of agreement (MOA) being presented to the Board.

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

RESOLVED to enter into executive session to discuss the MOA.

Entered executive session at 9:08 a.m.; back on the record at 9:17 a.m.

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

RESOLVED to adopt the MOA as written for Priscilla J. Horner.

Agenda Item 18 – Administrative & Other

Expenditure Report

The Board reviewed the expenditure report and questioned how there could have been such an increase in the number of licensees. The Board requested that these numbers be doubled checked for accuracy.

Ms. Hondolero stated that she would pull the FY 05 annual report and e-mail Mr. Mertz and Ms. Bassler.

Mr. Mertz requested that the annual report not be submitted until the Boards question about their portion of the fees was resolved.

Task List(s)

Cori Hondolero

- Get exam testing feedback to have available at next meeting.
- Check with Jun to see about status of his review of draft regulations.
- Have Jun available at February meeting. Re: Out of State permits issued by the Department.
- Let Gayle Horetski know when the next meeting is. Re: Single audit issue.

Elaine Williamson

- Draft letter to Prometric regarding the Fairbanks test site. It should note that there are problems with not having the test downloaded and delays. The letter will also inquire about when test scores are sent out. Question whether it takes longer to get test scores in Alaska.

Dan Rozema

- Check with Anchorage test center to see if they provide feedback forms.

Carla Bassler

- Forward on to task force question about accepting WES documents. Possible regulation change.

Schedule next meeting

The Board set the next meeting for January 31, 2007 and February 1, 2007.

There being no further business, the meeting adjourned at 9:35 a.m.

Respectfully Submitted:

Cori Hondolero
Records & Licensing Supervisor

Approved:

Max Mertz, Chairman
Board of Public Accountancy

Date: _____