

**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 26 – 27, 2006**

By authority of AS 08.01.070(2) and AS 08.86.030, and in compliance with the provisions of AS 44.62, Article 6, a scheduled meeting of the Board of Public Accountancy was held January 26 – 27, 2006, beginning at 11:00 a.m. The meeting was held at the State Office Building, 9th Floor, Conference Room A, 333 Willoughby Avenue, Juneau, Alaska.

Thursday, January 26, 2006

Item 1 Call to Order/Roll Call

The meeting was called to order by Max Mertz, CPA, Chairperson, at 11:00 a.m. There were present, constituting a quorum:

Max Mertz, CPA, Chairperson
Carla J. Bassler, CPA
Christy K. Morse, CPA
Catherine Wilson, Public Member
Dan Rozema, CPA
Elaine Williamson, CPA

John Floyd, Public Member appointed December 16, 2005 was unable to attend due to scheduling conflicts.

In attendance from the Department of Commerce, Division of Occupational Licensing was:

Cynthia Cintra, Licensing Examiner

In attendance at times, from the Department of Commerce, Division of Occupational Licensing was:

Rick Urion, Director
Cori Hondolero, Records and Licensing Supervisor

In attendance from the Department of Law, for Item 9 was:

Gayle Horetski, Assistant Attorney General

In attendance from the public for Item 9 was:

Mike Hawker, Representative Legislative Affairs
Juli Lucky, Legislative Affairs Professional Assistant

Also in attendance from the public:

Lisa Rogers, representing the Alaska Society of CPAs (ASCPA).
Robyn Harris, representing the Alaska Society of Independent Accountants (ASIA)
Julie Olson, representing the Alaska Society of CPAs (ASCPA)
Steve Tarola

Item 2 Review/Amend Agenda

The following amendments were made to the agenda:

- Item 17, Discuss One Day Meetings was moved to begin at 8:05 a.m., January 27, 2006
- New items, Comments on COSO Exposure Draft, Board to Continue Forums on Audit in Small Business 2006 and NASBA Uniform CPA Exam poll, were added to Item 12(1).
- New items, Continuing Education Ethics Requirements, correspondence from NASBA and Alison Chan were added to Item 12 (5).
- A new item, Exam fees, was added to Item 13.

On a motion duly made by Christy Morse, seconded by Carla Bassler, and approved unanimously, it was

RESOLVED to approve the agenda as amended.

While the Board was waiting for Phil Petrie, Investigator to call into the meeting, they went on to cover other agenda items.

Item 5 Review/Approve Minutes

A. Regular Board Meeting – November 9, 2005

On a motion made by Carla Bassler, seconded by Catherine Wilson, and approved unanimously, it was

RESOLVED to approve the November 9, minutes as written.

Item 7 Dean Nelson's Memo on Ethics Course

The Board reviewed the provided information and had a brief discussion on the provided material.

Max Mertz informed the Board that within the last 3-4 days, Brian Howes, Senior Investigator for the Division had provided Rigos Professional Education Programs, Ltd. with the Divisions investigative procedures. Mr. Mertz stated that the investigative information was being added to the current draft of the Ethics course. Mr. Mertz also informed the Board that since the last draft, only 14 changes had occurred and most of them were grammatical. Mr. Mertz went on to say that Dean Nelson, liaison with Alaska Society of CPAs (ASCPA) and Rigos Professional Education Programs, Ltd. had asked if the Board would read a resolution into the record for this course. Mr. Mertz stated that he felt this was a good idea.

Dan Rozema asked the Board if this ethics course was mandatory for Alaska CPAs. Mr. Mertz stated that at this time, this ethics course is the only one available that meets the Alaska Board's requirements as set in 12 AAC 04.300(2)(c).

On a motion made by Carla Bassler, seconded by Christy Morse, and approved unanimously, it was

RESOLVED to approve the following resolution as read into the record:

We have reviewed the proposed ethics course-2006 material as prepared by Rigos Professional Education Programs, Ltd. and reviewed and cross-referenced by licensee Dean W. Nelson on behalf of the Alaska Society of Certified Public Accountants.

We believe the proposed course material does satisfy the requirements of Regulation 12 AAC 04.300(2)(c) which states that “as of the licensing period that begins January 1, 2006, at least 4 hours of the minimum 80 hours of approved continuing education required in (a) of this section must cover ethics and statutes and regulations under AS 08.04 and 12 AAC 04.

It is our understanding the ethics course material will be presented by the Rigos firm under contact with the Alaska Society of Certified Public Accountants. The State of Alaska will have no obligation under this arrangement and there is no cost to the State of Alaska.

It is also our understanding that the course material will be updated as changes are made in either statutes or regulations.

Item 3 Investigative Update

Phil Petrie, Investigator, joined the meeting via teleconference at 11:20 a.m. to give the investigative report.

Mr. Petrie greeted new Board members and gave an overview of the investigative process.

On a motion duly made by Max Mertz, seconded by Carla Bassler, and approved unanimously, it was

RESOLVED to adjourn into Executive Session under the authority of AS 44.62.310 to discuss the Investigative Report.

The Board adjourned into executive session at 11:32 a.m., and returned from executive session at 11:55 a.m.

The Board thanked Mr. Petrie for his time.

Item 6 Public Comment

Lisa Rogers, ASCPA

Lisa Rogers, representing Alaska Society of CPAs (ASCPA) introduced herself and explained that she is the liaison to the Board. Ms. Rogers discussed how she acts as the Board's liaison with regard to legislation and other issues that the Board and the ASCPA feel are important to the profession.

Ms. Rogers informed the Board that per the November 9, 2005 meeting she was asked to contact Justin Orr, President of the University of Alaska Anchorage Accounting Club to provide information and maybe attend a Q and A meeting with the club. Ms. Rogers stated that she had left several messages for Mr. Orr and as of this date, he had yet to return her calls.

Ms. Rogers went on to discuss the transparency of Peer reviews. Ms. Rogers informed the Board that the reports were available on-line at aicpa.org. Ms. Rogers also stated that if the firm or individual were not a member of the AICPA, the reports would not be available on line.

The Board and Ms. Rogers had a brief discussion on the availability of the reports and options to make the reports available. Mr. Mertz stated he would check with Steve Tarola, past Board Chairperson if he had any information on this topic.

Ms. Rogers also informed the Board that the Society strongly discouraged one-day meetings as there are so many current issues that the Board would not be able to conduct through discussions of issues during a one-day meeting. Ms. Rogers also stated that attendance at NASBA meetings should be strongly encouraged. Ms. Rogers also informed the Board NASBA often offers scholarships to new Board members.

Ms. Rogers then gave the Board the back ground and current status of House Bill 274.

The Board thanked Ms. Rogers for her time and information.

Mr. Mertz relayed to the Board that he had been contacted by others regarding House Bill 274 and asked if the Board had taken a position on the bill. Mr. Mertz relayed that he had contacted Gayle Horetski, Assistant Attorney General for the Division, and asked if it would be appropriate for the Board to take a position on the bill. He went on to state that Ms. Horetski said that it would in fact be appropriate and even helpful if the Board took a position.

The Board asked Ms. Rogers for her opinion. Ms. Rogers stated that she was in complete agreement with Ms. Horetski and that the ASCPA had already made a positive Resolution (see packet) in support of HB 274.

Mr. Mertz informed the Board that if HB 274 passed the Board would be responsible for drafting new regulations or amending existing ones. Mr. Mertz also asked Ms. Rogers if this was something the ASCPA would be able to provide assistance with. Ms. Rogers stated that the ASCPA has a specific committee that deals with this sort of project.

Recess The Board recessed at 12:25 p.m., reconvened at 12:37 p.m.

Item 6 Ethics Reporting

There were no ethics violations to report.

The Board watched the Ethics video provided by the Department of Law.

As the Board was ahead on its agenda, they moved to item 12.

Item 12 Correspondence

1. Public Company Accounting Oversight Board (PCAOB) November 22, 2005 Release
 - Public Company Accounting Oversight Board (PCAOB) Report on Initial Auditing Standard No. 404
 - Comments on COSO Exposure Draft
 - Board to Continue Forums on Audit in Small Business 2006
2. NASBA Correspondence,
 - A. Revision of the Uniform Accountancy Act Rules 5-1 and 5-2
 - Oregon response*
 - Board of Examiners and Related Committees
 - CBT Steering Group Update
 - Request for Vice Chair Recommendations for 2006-07
 - NASBA Uniform CPA Exam poll for State Boards

Cynthia Cintra, Licensing Examiner reviewed her responses to the NASBA poll with the Board.

Mr. Mertz asked Ms. Cintra to take the necessary steps to grant him access to the Gateway database.

3. Computerized Examination Testing Feedback (Cintra)

The Board reviewed the completed candidate surveys and discussed the information. The Board asked Ms. Cintra to pencil in a visit to the Anchorage Prometric Testing Center at its next tentatively scheduled meeting.

4. Correspondence from Alana Hartley, Rules Administrator, CPETracking, NASBA and Alison Chan

The Board reviewed the correspondence and asked Ms. Cintra to respond to both Ms. Hartley and Ms. Chan, "that at this time, the Board will not accept another Jurisdictions required continuing education ethics course as meeting the requirements of 12 AAC 04.300(2)(c)."

Recess The Board recessed at 2:05 p.m., reconvened at 2:22 p.m.

Item 8 Prior Board Initiatives and Activities, Steve Tarola Past Chairperson

The Board called Steve Tarola, past Chairperson at 2:25 p.m.

Steve Tarola thanked the Board for its time and gave an overview of the Board's activities, goals and objectives during the last few years and items of importance that were currently ongoing, specifically HB 274.

Mr. Tarola went on to suggest the Board adopt a resolution in support of HB 274 and also encouraged the Board to provide public testimony for the bill, when appropriate. Mr. Tarola also suggested to the Board that the following issues were important and that maybe the Board should consider addressing them. Mr. Tarola suggested an oversight committee for peer reviews. Mr. Tarola said he feels that members of the Board should be

active on this committee. Mr. Tarola suggested regulations be adopted detailing what the 30-hours above a baccalaureate degree might consist of.

Mr. Tarola also informed the Board that attendance at NASBA meetings is very important as it gives the Board a chance to meet other Board members and discuss other jurisdiction's issues with the profession.

Mr. Tarola also urged the Board to assert its authority with the Division, as the previous Board had problems with the current administration in regard to issuing licenses, travel approval and settings its own meeting agendas.

Mr. Mertz asked Mr. Tarola how the previous Board handled making a Board committee specifically for dealing with HB 274 and regulations. Mr. Tarola reviewed previous committees and how they met via teleconference.

Mr. Mertz asked Mr. Tarola what the Board did with the Uniform CPA Exam Candidate Prometric Testing Center Surveys. Mr. Tarola informed the Board that the Board had done nothing with the surveys besides asking candidates to complete and resubmit the surveys. Mr. Tarola went on to state that the Board had hoped to address any problems being reported on the surveys and then address Prometric and NASBA with the issues and concerns. Mr. Mertz mentioned the surveys given to exam candidates by Prometric after the candidate completed the exams and asked Ms. Cintra to contact Prometric for copies of the completed surveys. Mr. Mertz went on to state that the Board surveys and Prometric's would be a good comparison.

Mr. Mertz then asked Mr. Tarola about the previous Board's decision on an increase in fees for the Uniform CPA Examination and Reexamination applications. Mr. Tarola informed the Board that their had been no ultimate out come as the quantity of foreign applicants (not US citizens) had decreased after an initial flood. The Board asked Ms. Cintra to research other Jurisdictions fees and how they were set (US citizen, Non State resident, etc.).

The Board thanked Mr. Tarola for his time and energy as past Chair.

The Board ended its call with Mr. Tarola at 2:56 p.m.

Item 9 Representative Hawker and/or Juli Lucky on HB 274

The Board was joined by Gayle Horetski, Assistant Attorney, Department of Law.

Gayle Horetski introduced herself to the Board and provided background on the Dept., of Law in relation to the Board. Ms. Horetski explained to the Board the process of legislation and regulation projects from conception to adoption. The Board reviewed provided correspondence and how the Dept. of Law assists the Board and Division.

Ms. Horetski reviewed her handout, comments/questions regarding HB 274 with the Board.

Rick Urion, Director Division of Corporations, Business and Professional Licensing joined the meeting at 3:15 p.m.

Mr. Urion introduced himself to the Board.

Representative Hawker and Juli Lucky joined the Board at 3:30 p.m.

The Board thanked Rep. Hawker for joining the Board and expressed thanks for all his time and effort with HB 274.

Rep. Hawker reviewed and explained the politics of the Bill process in conjunction with the ASCPA.

Cori Hondolero, Records and Licensing Supervisor joined the meeting at 3:36 p.m.

The Board and Rep. Hawker discussed HB 274 and the Sponsor Substitute bill that was read on the floor at the end of last session. The Board also discussed Ms. Horetski's comments and questions and regulations that may need to be amended or added.

Mr. Mertz asked Rep. Hawker if it would be appropriate to contact legislators about HB 274. Rep. Hawker stated that he felt strongly in support of contacting legislators and suggested the Board visit the Capital Building after their meeting adjourns on Friday January 27, 2006.

The Board thanked Rep Hawker and Ms. Lucky for their time.

The Board briefly discussed making a resolution in support of the current SSHB274.

On a motion duly made by Carla Bassler, seconded by Elaine Williamson, and approved unanimously,

BE IT RESOLVED: The Alaska Board of Public Accountancy unanimously supports the Sponsor Substitute for House Bill 274 in the legislature of the State of Alaska.

Adjourn The meeting recessed at 5:00 p.m. until Friday at 8:00 a.m.

Friday January 27, 2006

Item 11 Reconvene Meeting/Roll Call

The meeting was called to order by Max Mertz, CPA, Chairperson, at 8:00 a.m. There were present, constituting a quorum:

Max Mertz, CPA, Chairperson
Carla J. Bassler, CPA
Christy K. Morse, CPA
Catherine Wilson, Public Member
Dan Rozema, CPA
Elaine Williamson, CPA

John Floyd, Public Member appointed December 16, 2005 was unable to attend due to scheduling conflicts.

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

Cynthia Cintra, Licensing Examiner
Rick Urion, Director
Cori Hondolero, Records and Licensing Supervisor
Jennifer Stickler, Division Chief
Cathy Mason, Administrative Manager

Also in attendance from the public:

Lisa Rogers, representing the Alaska Society of CPAs (ASCPA).
Robyn Harris, representing the Alaska Society of Independent Accountants (ASIA)

While the Board waited for Mr. Urion and Ms. Hondolero, Mr. Mertz and the Board briefly discussed Board seat elections and decided to have elections once a year. The Board asked that elections be discussed annually at its January meeting.

Item 17 New Business/Old Business

- Discuss one day meetings (Cori Hondolero)

Rick Urion, Director, Division of Corporations, Business and Professional Licensing and Cori Hondolero, Records and Licensing Supervisor joined the meeting at 8:10 a.m.

Mr. Mertz asked Mr. Urion to explain the Divisions process regarding legislation and if the Division would support and provide testimony for legislation. Mr. Urion informed the Board that the Division would not testify for a bill unless the bill directly effects the Administration of the Division. Mr. Urion went on to state that the passage of legislation could take a very long time.

The Board went on to ask for clarification on how the Division decided whether or not a Board meeting requires one or two days. Mr. Urion informed the Board that lengths of meetings are determined on the agenda. Mr. Urion went on to clarify that if an agenda warrants a two-day meeting, then a two-day meeting will be approved and if an agenda warrants a one-day meeting, a one-day meeting will be approved. Ms. Hondolero agreed with Mr. Urion.

Mr. Mertz stated that he had no problem with one day meetings as long as the Board had enough time to deliberate issues, i.e., passage of HB 274, regulation projects stemming from HB 274, etc.

Mr. Mertz also stated that with all the new Board members it was imperative that all members attend NASBA meetings (Regional and Annual meetings) with at least two to three members in attendance at each meeting for the next year or so until they can familiarize themselves with NASBA issues that impact the Board's activities. Mr. Urion agreed that State representation was important and that he would consider the travel requests when submitted. Mr. Mertz asked Mr. Urion whether he saw any problems with three Board members attending the next two NASBA meetings in order to educate themselves with respect to NASBA issues impacting the Board. Mr. Urion stated that he did not see a problem with that.

The Board thanked Mr. Urion and Ms. Hondolero for their time.

Mr. Urion and Ms. Hondolero left the meeting at 8:26 a.m.

As the Board was ahead on its agenda, they went to Item 15, before Item 13, at 9:00 a.m.

Item 15 NASBA regional Meetings 2006

The Board briefly discussed its attendance at the Regional meeting scheduled for June 2006 and the Annual meeting scheduled for October/November, 2006.

Mr. Mertz stated he would be able to attend the June Regional meeting in San Francisco. Ms. Williamson, Ms. Bassler and Mr. Rozema stated they would be able to attend the October/November Annual meeting in Georgia. Ms. Morse said she would be able to attend either meeting. Mrs. Wilson informed the Board that she felt uncomfortable attending a National meeting being so new to the Board and that maybe she would ask to attend a meeting in 2007.

Item 14 Ratify Out of State Permits

On a motion duly made by Catherine Wilson, seconded by Carla Bassler, and approved unanimously, it was

RESOLVED to ratify the following out-of-state general permits:

- 1. Dawn A. Schilling, LLC**
- 2. Benson & McLaughlin, P.S.**
- 3. Moss Adams, LLP**
- 4. Phillip H. Leaton**
- 5. McClintock & Associates, P.C.**
- 6. Anderson Zurmuehlen & CO., P.C.**
- 7. Bogumil, Holzgang & Company, P.C.**
- 8. Michael R. Thronson**
- 9. Kevin R. Sell**

Item 18 Goals and Objectives

The Board reviewed the FY 2006 Goals and Objectives and after a brief discussion, decided that Dan Rozema would research the Boards previous goals and objectives and present his findings to the Board at its next meeting. The Board also stated that it liked the format of Goals and Objectives as provided by Steve Tarola, previous Board chairperson.

The Board had a brief discussion of the content of information found on its web site.

The Board briefly discussed the 150-hour education rule.

Recess The Board recessed at 8:50 a.m., reconvened at 9:05 a.m.

Item 13 BOPA Budget Development and License Fee Setting Process (Division Finance Staff)

- Expenditure Report
- Exam Fees

Cathy Mason, Administrative Manager and Jenny Strickler, Division Chief joined the Board at 9:08 a.m.

Cathy Mason reviewed the Fiscal Year 2005 and 2006 Budget Report with the Board. The Board asked Ms. Mason what contractual services cover. Jenny Strickler responded to the Board that contractual services are for printing, postage, usage of the Department of Law and expert witnesses. Mr. Mertz asked Ms. Strickler what the average expert witness cost was. Ms. Strickler informed the Board that the total was hard to give, as it is charged to the Division on a case by case basis.

The Board then asked how the “indirect” expenses were tallied. Ms. Mason informed the Board that at the end of a fiscal year the total is divided by all licensing “Boards”. Mr. Mertz asked how the “indirect” cost kept increasing for this Board. Ms. Strickler told the Board that the cost will increase and decrease depending on the gain and loss of licensees. Ms. Strickler elaborated that the total number of licensees was pulled from the Annual Reports.

The Board and Ms. Strickler had a brief discussion on how licensing fees (initial and renewal) were set.

Ms. Strickler asked the Board what other legal entities the Board may be anticipating as stated in the current HB 274. The Board relayed its conversation with Rep. Hawker and informed Ms. Strickler that this was for future entity conception.

The Board then asked if it would be possible to raise the Uniform CPA Exam initial and reexam application fees for foreign (not US Citizen), Out of State applicants. Ms. Strickler informed the Board that this type of fee increase would be possible, as it would just require a regulation project. Ms. Strickler elaborated that the Guide Board and Collection Agencies charge double fees for applicants that are not Alaskan residents. Mr. Mertz asked if the previous Board had mentioned this fee increase. Ms. Strickler stated that no request for a fee increase had been received.

Ms. Strickler informed the Board that any fee increase the Board would like to make in statute should be added to HB 274 as the bill would be an excellent vehicle for this type of change.

The Board thanked Ms. Mason and Ms. Strickler for their time.

Recess The Board recessed at 10:05 a.m., reconvened at 10:15 a.m.

Item 16 Application Review

On a motion duly made by Carla Bassler, seconded by Christy Morse, and approved unanimously, it was

RESOLVED to approve Ronald Critzer’s request for renewal to “active” status.

On a motion duly made by Carla Bassler, seconded by Christy Morse, and approved unanimously, it was

RESOLVED to request proof of partnership, i.e. office directory, of Richard Chatwin and a notarized/certified signed copy of a continuing education list for Mohammed Desin who is applying to renew his license into an “active” status

On a motion duly made by Carla Bassler, seconded by Christy Morse, and approved unanimously, it was

RESOLVED to table the application for licensure by reciprocity of Curtis L. Nelson. The Board noted the application was incomplete and does not meet the work experience requirements of AS 08.04.195(2).

On a motion duly made by Dan Rozema, seconded by Elaine Williamson, and approved unanimously, it was

RESOLVED to approve the application for reinstatement to an “inactive” status of James W. Nutty.

On a motion duly made by Carla Bassler, seconded by Elaine Williamson, and approved unanimously, it was

RESOLVED to approve the firm permit of Boyer, Bowers And Namtvedt, CPA, Inc.

On a motion duly made by Elaine Williamson, seconded by, Carla Bassler and approved unanimously, it was

RESOLVED to approve the following applicants for firm permits:

- 1. Schmitz, Wright & Buck, CPAs**
- 2. Wesley Tegler & Associates, CPA, P.C.**

Mrs. Wilson, Public Member left the meeting at 11:40 a.m.

On a motion duly made by Christy Morse, seconded by Carla Bassler and approved unanimously, it was

RESOLVED to approve the following applications for certification by exam/experience:

- 1. Alexey Kirdyakin**
- 2. Ilgar A. Valiyev**
- 3. Phaedra Connell**
- 4. Keiko Yamashita**
- 5. Melanie L. Schok**
- 6. Robert W. Price**
- 7. Samer Raja BouDiab**
- 8. Carlie Pounds**

9. J. Mark Lundahl

On a motion duly made by Carla Bassler, seconded by Elaine Williamson, and approved unanimously, it was

RESOLVED to approve the application for certification by exam/experience of Nodir Nurmatov.

On a motion duly made by Carla Bassler, seconded by Max Mertz, and approved unanimously, it was

RESOLVED to table the application for licensure by exam/experience of Alexander Koepcke until the next Board meeting. The Board noted that the application is incomplete in accordance with 12 AAC 04.183.

Item 19 Administrative and Other

- Sign Wall Certificates
- Sign Minutes
- Schedule next Board Meeting

The Board agreed to a tentative meeting date of April 20-21, 2006 in Anchorage, Alaska.

The Board also agreed to a tentative date of July 27-28, 2006 meeting in Fairbanks, Alaska.

Adjourn The Board adjourned the meeting at 12:07 p.m.

Respectfully submitted:

Cynthia Cintra, Licensing Examiner

Approved:

Max Mertz, CPA, Chairperson
Board of Public Accountancy

Date: _____