

**NEBRASKA BOARD OF PUBLIC ACCOUNTANCY**  
**140 N. 8<sup>th</sup> Street, Suite 290, Lincoln, Nebraska**  
**MINUTES**

**January 16-17, 2003**

**1. General**

**A. Call to Order and Roll Call.** The Board of Public Accountancy was called to order at 8:52 a.m. on Thursday, January 16, 2003 with Chair William L. Gaines, Jr., CPA presiding. The roll was called with the following members present: William Gaines, Nina Kavich, Dean Graf, William Nuckolls, Terry Ellinger and Michelle Thornburg. Kathleen Smith was physically absent but participated via telephone. Member Smith did not vote.

**B. Approval of meeting agenda for January 16-17, 2003.** Moved by Thornburg, seconded by Kavich, to approve the agenda for the January 16-17, 2003 meeting, as corrected. On roll call vote, all members present voted aye. Member Smith was absent. Motion number 1 carried.

**C. Approval of the minutes of the November 27, 2002 Board meeting.** Moved by Kavich, seconded by Nuckolls, to approve the minutes. On roll call vote, all members present voted aye. Member Smith was absent. Motion number 2 carried.

**2. Public Comment Period**

Time was allowed on the agenda for members of the public to address the Board with comments. There were no members of the public in attendance at the meeting.

**3. Consent Agenda**

**Approval of Published Notice of Meeting by Roll Call Vote.** Moved by Thornburg, seconded by Kavich, to approve the Published Notice of Meeting. On roll call vote, all members present voted aye. Member Smith was absent. Motion number 3 carried.

**A. Published Notice of Meeting.** Pursuant to call and published notice, the notice of meeting is herewith attached.

**CLOSED MEETING**

**Closed Meeting.** Moved by Kavich, seconded by Nuckolls, that the Board go into closed session at 8:57 a.m. for the purposes of enforcement, litigation and personnel. On roll call vote, all members present voted aye. Member Smith was absent. Motion number 4 carried.

**Return to Open Meeting.** Moved by Ellinger, seconded by Nuckolls, that the Board return to open session at 5:22 p.m. On roll call vote, all members present voted aye. Member Smith was absent. Motion number 5 carried.

**The Board recessed for the day at 5:22 p.m.**

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**The Board reconvened at 8:55 a.m. on Friday, January 17, 2003.** All Members were present except for Member Smith who was absent. Member Smith participated in discussion via telephone, but did not vote.

**CLOSED MEETING**

**Closed Meeting.** Moved by Thornburg, seconded by Nuckolls, that the Board go into closed session at 8:57 a.m. for the purposes of enforcement, litigation and personnel. On roll call vote, all members present voted aye. Member Smith was absent. Motion number 6 carried.

**Return to Open Meeting.** Moved by Kavich, seconded by Nuckolls, that the Board return to open session at 1:37 p.m. On roll call vote, all members present voted aye. Member Smith was absent. Motion number 7 carried.

**4. Report of the Chair**

**A. Review of Management Budget.** No Board action necessary at this time.

**B. Report on To Do Lists.** Each committee should be addressing their items on the To Do List. Interim Executive Director should continue to address general items not assigned to a committee.

**C. Fax and E-Mail Security Issues.** Per discussion with Lynn Melson, Assistant Attorney General, no procedures required or necessary at this time. No Board action necessary.

**D. Record retention policy of Board.** No Board action necessary.

**E. Proposed Legislation.** Chair Gaines reported that our bill, which includes changes for implementation of CBT and proposes the same increase in fees as LB864 did last session, has been introduced as LB214 by Senator Quandahl and is scheduled for Public Hearing on Tuesday, January 21, 2003

Moved by Ellinger, seconded by Graf, that the Board accept the revised proposal from O'Hara & Associates, Inc., and such proposal will include: (a) current payment of previously billed amount of \$5,100.90, (b) allocating the remaining \$19,000 on the contract over equal monthly installments beginning February 1, 2003 and ending April 30, 2004, (c) regular reporting to the Board of actions taken and status of bill, and (d) that the contract may be terminated by the Board and all remaining payments will cease at December 31, 2003 if Board decision is made to not go forward with law rewrite in next legislative session. On roll call vote, all members present voted aye. Member Smith was absent. Motion number 8 carried.

**F. Status of Annual Register for 2002.** Interim Executive Director and Board staff will work on getting annual register issued as soon as possible.

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**3. Consent Agenda**

**Approval of Consent Agenda by Roll Call Vote.** Moved by Thornburg, seconded by Graf, to approve items B, C and D of Consent Agenda. On roll call vote, all members present voted aye. Member Smith was absent. Motion number 9 carried.

**B. Approval of October, November and December 2002 disbursements.** The Board reviewed and approved the October, November and December 2002 disbursements.

**C. Review of Board Budget Status Report.** The Board reviewed the December 31, 2002 Budget Status Report.

**D. Office Management Report.** The Board reviewed a report on permits and registrations issued for the licensure period beginning July 1, 2002 as of November 2, 2002. Prior year's statistics were also reviewed for comparison.

**6. Report of Licensing Committee**

**A. Ratification of initial permits to practice issued; and certificates issued.** Moved by Ellinger, with the Committee's recommendation, to ratify the initial permits to practice and certificates issued by examination and reciprocity. On roll call vote, all members present voted aye. Member Smith was absent. Motion number 10 carried.

**B. Application for Reinstatement to Active Permit.** Moved by Graf, seconded by Ellinger, to reinstate to active status for Julie Moller, Thomas Umphreys, Kirby Marks, John Binderup, Leonard Murphy, and Diane Stevenson, subject to Chair's approval of CPE. On roll call vote, all members present voted aye. Member Smith was absent. Motion number 11 carried.

**C. Committee Policies and Notebook.** Chair Ellinger reported that the Committee is reviewing all past policies and a notebook for committee use.

**D. Firm Name for Sole Proprietorship.** No Board action taken. Committee will communicate with licensee.

**E. Certificate of Registration.** No Board action taken. Committee will communicate with licensee.

**F. Experience Requirement.** No Board action taken. Committee will communicate with applicant.

**7. Report of the Quality Enhancement Program (QEP)**

**A. Report of the Committee.** Nothing to report. No Board action necessary.

**8. Report of Continuing Education Committee**

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- A. Ratification of staff program evaluations since last meeting.** No action taken by the Board.
- B. Requests for extension of CPE Deadline.** No action taken by the Board. Committee will communicate with licensees requesting extension in accordance with Committee procedures and policies.
- C. CPE Policies & Procedures.** No action taken by the Board.

**9. Report of Education and Exam Committee**

- A. Committee Policies and Notebook.** Committee Chair, Michelle Thornburg, reported that the Committee will be reviewing the Committee Handbook, including the policies and procedures.
- B. CPA Exam Contract for CBT.** Discussed Lynn Melson's preliminary comments on contract. Board will continue to monitor comments from other states. No action necessary at this time.
- C. NASBA Proposal on CPA Exam Services.** Moved by Kavich, seconded by Ellinger, to accept NASBA proposal for CPA Exam Services and contract with NASBA for administration of May and November 2003 CPA Exam. On roll call vote, all members present voted aye. Member Smith was absent. Motion number 12 carried.
- D. May 2003 Exam.** Discussed contract with Lancaster County Events Center and use of NASBA for exam administration. Contract with Lancaster County Events Center was given to Lynn Melson for review.

**5. Report of Enforcement of Professional Conduct Committee**

**Member Gaines recused himself from the meeting.**

- A. Determination of Probable Cause or Lack of Probable Cause.** Moved by Ellinger, seconded by Graf, to find probable cause exists and to file a formal complaint and Notice of Hearing for the next meeting against Rodney Zwygart on the basis that he has violated Public Accountancy Act, 1-137(2) – Dishonesty, fraud, or gross negligence in the practice of public accountancy; Public Accountancy Act, 1-137(4) – Violation of a rule of professional conduct adopted and promulgated by the Board under the authority granted by the Act.; and Title 288, Section 5-007.01 – Acts discreditable – A licensee shall not commit an act that reflects adversely on his fitness to engage in the practice of public accountancy. On roll call vote, all members present voted aye. Members Smith and Gaines were absent. Motion number 13 carried.

**Member Gaines returned to the meeting.**

- B. Reinstatement of Surrendered CPA Certificate(s).** No action taken by the Board.

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**C. Volunteer Committee.** No action taken by the Board.

**9. Report of Education and Exam Committee**

**E. Approval of Grades for November 2002 CPA Exam.** Moved by Ellinger, seconded by Kavich, to approve the advisory grades for the November 2002 exam, subject to review of grades by Board staff. On roll call vote, all members present voted aye. Member Smith was absent. Motion number 14 carried.

**10. Report of Interim Executive Director**

**A. State Auditor.** Board received a report from Gaines, Kavich, and Graf on exit conference with State Auditor. No Board action necessary.

**B. Budget-Appropriation.** Gary Pavel updated the Board on his conversations with Mike Lovelace. It was discussed having a Board member attend the appropriations hearing; however, that date has not yet been set.

**C. Computer System.** Gary Pavel reported that anti-virus software has been updated. Need to evaluate upgrade of system as outside computer consultants have reported issues on computer memory loss.

**D. NIS System.** Discussed status of system and training for staff.

**E. NOL Computer Grant.** Grant application was delayed until next quarter. Item deferred until next meeting.

**G. Other.** No information to report.

**11. New Business**

**A. Future Meeting Dates.** Dates for future meetings have been set for March 23-24 and May 7-8, 2003.

**B. NASBA Items. 1. NASBA Corporate Governance.** No action taken at this time as the Board did not feel as though they had enough information. Kavich will respond to Minnesota's request.

**2. Executive Director Conference.** Moved by Graf, seconded by Ellinger, to approve expenses for the Executive Director to attend the Executive Director's Conference in San Antonio, TX on February 9-11, 2003. Upon roll call vote, all members voted aye. Member Smith was absent. Motion number 15 carried.

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**3. UAA Rules, Third Edition, Revised November 2002.** These were handed out to all Board members for their reference. No Board action necessary.

**4. Other.** Moved by Kavich, seconded by Nuckolls, that a letter of support for Diane Rubin as Vice Chair Nominee for NASBA Board be sent. Upon roll call vote, all members voted aye. Member Smith was absent. Motion number 16 carried.

**C. Standard Mileage Rate for State Business.** Chair Gaines reminded Board members that standard mileage rate for 2003 is 36 cents per mile.

**D. Inquiry re: Sarbanes-Oxley Act of 2002.** Board recommended that staff respond to licensee that we do not have the authority to interpret standards set by other agencies and encourage licensee to contact the AICPA.

**10. Report of Interim Executive Director**

**F. Staffing and General Office Issues.** The Board received a report from Gary Pavel on various staff and office issues.

Moved by Ellinger, seconded by Graf, that authority be given to the Chair to hire an Executive Director. Upon roll call vote, all members present voted aye. Member Smith was absent. Motion number 17 carried.

Moved by Kavich, seconded by Thornburg, that authority be given to the Chair to review job duties and change classification of current employees as needed. Upon roll call vote, all members present voted aye. Member Smith was absent. Motion number 18 carried.

**12. Adjournment**

It was moved by Ellinger, and seconded by Thornburg, that the Board adjourn at 4:55 p.m. on Friday, January 17, 2003. On roll call vote, all members present voted aye. Member Smith was absent. Motion number 19 carried.

Submitted by,

Michelle R. Thornburg, CPA  
Secretary