

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

Minutes  
March 19, 2007

**Draft Minutes. Minutes are not approved until the next Board meeting.**

**1. General**

- A. Call to Order and Roll Call.** The Nebraska Board of Public Accountancy (Board) was called to order at 8:40 a.m. on Monday, March 19, 2007 with Chair Jim Titus, presiding. The roll was called with the following members present: Jim Titus, William Nuckolls, Anne Fuhrman, Kate King Wu, Tom Obrist, Michael Wassinger, and Richard Zacharia. Member Doug Skiles was absent. Also present were Executive Director Dan Sweetwood, Staff member Jo Lowe, Board Intern Nicole Rowedder, and Dan Vodvarka, Nebraska Society of CPAs. The meeting was held at the Board Office at 140 N. 8<sup>th</sup> Street, Suite 290, Lincoln, Nebraska. Chair Titus noted the location of the notebook containing the Public Open Meeting Act and asked if anyone present needed an agenda or had any questions regarding the law.
- B. Approval of Meeting Agenda for March 19, 2007.** Moved by Nuckolls, seconded by Fuhrman, to approve the agenda for the March 19, 2007 meeting. On a roll call vote, Members Titus, Fuhrman, King Wu, Nuckolls, Obrist, Wassinger, and Zacharia voted aye. Member Skiles was absent. Motion #1 carried.
- C. Approval of Minutes from January 4-5, 2007.** Moved by Obrist, seconded by Wassinger, to approve the Board minutes from the January 4-5, 2007 meeting. On a roll call vote, Members Titus, Fuhrman, Nuckolls, Obrist, Wassinger, and Zacharia voted aye. Member Skiles was absent. Member King Wu abstained. Motion #2 carried.

**2. Public Comment Period (15 minute period)**

**Public Hearing to Return DeeAnn Will's Certificate to Good Standing.** Board Chair Titus opened the public hearing to return Will's certificate to Good Standing at 8:45 a.m. with her consent. DeeAnn Will was present and was not represented by counsel. Exhibits 1-6 were entered into the record by Executive Director Sweetwood on behalf of the Board. Will accepted the exhibits and took responsibility for her failure to renew her active permit in 2002. The public hearing was closed at 8:55 a.m., Monday, March 19, 2007.

Dan Vodvarka, Nebraska Society of CPA's President, was present to report on legislation recently passed by the Legislature and signed by the Governor regarding amendments to Public Accountancy Act (PAA) 1-124 and 1-136.02:

- In PAA 1-124, allow 4 years of acceptable experience in the previous 10 as a CPA in another jurisdiction to meet educational requirements for reciprocal certificate applicants.

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The NSCPAs is willing to work with the Board on further rule changes related to temporary practice. He also reported that the Society's CPE course booklets are ready to be mailed and are also available on the Society's website.

**3. Consent Agenda**

- A. Published Notice of Meeting.** Moved by Obrist, seconded by King Wu, to approve the consent agenda. On a roll call vote, Members Titus, Fuhrman, King Wu, Nuckolls, Obrist, Wassinger, and Zacharia voted aye. Member Skiles was absent. Motion #3 carried.
- B. Approval of Disbursements.** Board Secretary Nuckolls reviewed the disbursements. Disbursements for November and December 2006, and January 2007 were approved.
- C. Review of Board Budget Status Report.** The Budget Status Report was provided. Executive Director Sweetwood answered questions regarding the 2006-2007 fiscal year budget. It was pointed out the Board's legal costs for FY07 are well above previous years at this time (\$45,086). It was pointed out the majority of the costs are related to two enforcement cases.
- D. Office Management Report.** The Office Management Report was provided. It was noted that there is a slight trend of decreasing InActive Registrants while a slight increase in Active Permit Holders.

**4. Report of the Chair**

- A. Report of the Chair.** Chair Titus gave the report. As Board Chair he was automatically appointed to the Qwest Center Oversight Board and recently attended a meeting of that Board.
- B. Board FY '08-09 Budget Report/Appropriations Committee Appearance.** Board Chair Titus and Executive Director Sweetwood testified and Secretary Nuckolls attended the Legislative Appropriations Committee FY08-09 budget hearing on February 21, 2007 and felt the hearing went well. Chair Titus reported that the Board had reduced fees and the Appropriations Committee is aware that the Board is fiscally conservative. Funds were restored to the Board budget that had been eliminated from the Governor's budget proposal.
- C. Kathy Smith Nomination for NASBA Vice Chair.** A copy of the nomination letter sent to the NASBA Nominating Committee Chair Diane Rubin was provided to Board members.
- D. Review Board Calendar.** The next Board meeting will be May 2-3, 2007. If only one day is required, the Board meeting will be May 2, 2007. Member Zacharia will be unable to attend the May Board meeting.
- E. Report on To Do List.** There was no report at this time.

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**Closed Session**

**Closed Session.** Moved by King Wu, seconded by Obrist, that the Board go into closed session at 9:35 a.m., for the purpose of updating the Board about current open enforcement cases, to discuss litigation filed against the Board, and to deliberate on the public hearing for DeeAnn Will. On a roll call vote, Members Titus, Fuhrman, King Wu, Nuckolls, Obrist, Wassinger, and Zacharia voted aye. Member Skiles was absent. Motion #4 carried. Chair Titus restated that the purpose for the closed session was to update the Board about current open enforcement cases, to discuss litigation filed against the Board, and to deliberate on the public hearing for Will.

**Return to Open Session.** Moved by Obrist, seconded by King Wu, that the Board return to open session at 10:10 a.m. On a roll call vote, Members Titus, Fuhrman, King Wu, Nuckolls, Obrist, Wassinger, and Zacharia voted aye. Member Skiles was absent. Motion #5 carried.

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

- A. Open Case /LMCO Update.** Committee Chair Zacharia reviewed the open cases.
- 1.) Case #05-06 Michael Walsh - Update/ Appeal of Board's Final Order to the Lancaster County District Court.** The Board's disciplinary decision was appealed to the Lancaster County District Court. Attorney briefs regarding a request for stay and the Court's Order was provided to the Board. The Court imposed a stay on the ethics and fee requirements of the disciplinary order. However, the inactive registrant cannot use the title CPA in any form of advertising including the telephone book under the heading "Certified Public Accountant."
  - 2.) Rodney Zwygart Appeal Update.** Board Counsel Robert Gruit represented the Board before the Supreme Court on March 7, 2007 on the appeal. ED Sweetwood attended the Supreme Court hearing. It is anticipated a decision in the matter will be not be available for several weeks.
  - 3.) H & R Block Response Letter.** H & R Block response letter was provided to the Board. Board Counsel Robert Gruit will update the Board at its next meeting. No further action is required at this time by the Board.
  - 4.) Case 05-04 Update.** Mr. Zacharia recommended and is working on a mutual solution with the CPA.
- B. Report on CLEAR Webinar.** Information about the webinar was provided to the Board.

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- C. **Report on To Do List.** Motion out of Committee to close Enforcement Cases 04-21, 05-08, and 06-15. On a roll call vote, Members Titus, Fuhrman, King Wu, Nuckolls, Obrist, Wassinger, and Zacharia voted aye. Member Skiles was absent. Motion #6 carried.  
Moved by King Wu, seconded by Fuhrman, to return DeAnn Will's certificate to good standing conditioned upon signing of the Stipulation and Consent Order with \$250 administrative fee and filing of an inactive registration with \$80 fee. On a roll call vote, Members Titus, Fuhrman, King Wu, Nuckolls, Obrist, Wassinger, and Zacharia voted aye. Member Skiles was absent. Motion #7 carried.

**6. Report of Continuing Professional Education (CPE) Committee**

- A. **Report of the Committee.** Committee Chair Nuckolls gave the report. Staff Kelly Ebert was present to answer Board questions. CPE deficient letters were mailed to those who did not request an extension or provide a plan to remedy the deficiency. Those who are sole proprietors will need further attention to be sure they do not continue to "hold out" as CPAs. The Committee reviewed 174 courses from December 13, 2006, to March 7, 2007. The Committee reviewed CPE sponsor applications. Comments from those who submitted CPE online were reviewed. Overall the comments were very positive with a 61% adoption rate. Creighton University invited the Board members to a presentation by Mark Kuhse, international speaker on professionalism and ethics at the Qwest Center, Omaha, on April 23, 2007. Committee Member Zacharia reported on the NASBA CPE Committee meeting held in conjunction with the NASBA Executive Directors Conference March 11-14, 2007. The Committee determined that webinars, webcasts, and group interactive on-line courses would be considered "formal" for CPE category. The Committee reviewed the staff evaluation of reinstatement applications and referred the list to the Licensing Committee.
- B. **Ratification/Denial of Staff Program Qualification Evaluations.** Motion out of Committee to approve 174 courses reviewed from December 13, 2006, to March 7, 2007. On a roll call vote, Members Titus, Fuhrman, King Wu, Nuckolls, Obrist, Wassinger, and Zacharia voted aye. Member Skiles was absent. Motion #8 carried.
- C. **Ratification of CPE Sponsors.** Motion out of Committee to approve HRD Initiatives, LLC, 360 Training, Nebraska Society of CPAs, and CPA Leadership Institute, Inc. as CPE sponsors. On a roll call vote, Members Titus, Fuhrman, King Wu, Nuckolls, Obrist, Wassinger, and Zacharia voted aye. Member Skiles was absent. Motion #9 carried.
- D. **Report on To Do list.** The To Dos are listed in the Committee Report.

**7. Report of Education & Exam (E&E) Committee**

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- A. Report of the Committee.** Committee Member King Wu gave the report. Exam Candidate Leann Sittler, a Hastings College student, had met the graduation requirements, but the institution only confers the actual degree once per year in May. The candidate was allowed to sit having met the intent of the law. She will not be eligible for a certificate until the actual degree has been conferred. In another case, a candidate emailed the Board to alert them to her problem with issuance of a notice to schedule (NTS). The issue was resolved by CPAES. Kathy Lewis, CPAES Education Evaluation Director, participated in the E & E conference call to provide an update on evaluation of University of Phoenix courses, a newly approved institution in Nebraska. NASBA CPA Licensing Examinations Committee has requested feedback from the Board on the CPA Exam. The Committee requested a letter be sent stressing the importance of the simulations as part of the exam, that the Board would like to emphasize the “uniformity” of the exam in re-score issues, and that overall the Board is pleased with the CBT. ED Sweetwood and Staff Lowe met CPAES staff, reviewed the CBT Exam processes, participated in Gateway training, and saw a demonstration of the ALD, during their visit to NASBA CPAES, Nashville, TN, February 21-23, 2007. ED Sweetwood and Staff member Lowe visited the Prometric exam site in Grand Island with Board Member Wassinger on February 16, 2007. Member Skiles visited the Prometric site in Kearney on February 16, 2007. The Committee recommended that a random list of 200 Nebraska CPAs be provided to the NASBA Practice Oversight Committee (PAC) to participate in a survey that will update and keep the CPA exam relevant by surveying current practice activities. Former Board Member Kavich, PAC member, requested Nebraska’s participation in the survey. A letter describing exam fee increases was provided to the Committee.
- B. Report on Exam Score Issue with BOE.** ED Sweetwood reported that the issue was discussed at the Executive Directors Conference, March 11-14, 2007. He requested that the Board allow the E & E Committee to make decisions regarding the issue on the Board’s behalf, if necessary, prior to the May Board meeting. Moved by Nuckolls, seconded by King Wu, to allow the E & E Committee to make decisions regarding the rescoring issue on the Board’s behalf, if necessary, prior to the May Board meeting. On a roll call vote, Members Titus, Fuhrman, King Wu, Nuckolls, Obrist, Wassinger, and Zacharia voted aye. Member Skiles was absent. Motion #10 carried.
- C. Report on To Do List.** There was no report at this time.

**8. Report of the Legislative Committee**

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- A. **Report on Legislation.** Committee Chair Titus gave the report.
- 1.) **Update on 4 in 10 Legislation.** ED Sweetwood provided an update and the press release regarding the legislation being signed into law.
  - 2.) **Title 288 Chapter 7: Temporary Practice Update.** Executive Director Sweetwood indicated the draft proposal on UAA Section 23, has been distributed via email to Board members. The Committee will meet with NSCPAs leadership to discuss the draft rule and the mobility issue. Ken Bishop, NASBA's Temporary Practice/Mobility Committee Chair, has indicated he is willing to meet with the Committee and/or Board to discuss the UAA Section 23 proposed language. It was also noted that AICPA Mobility Committee Chair William Strain could be invited to attend a future Board meeting.
  - 3.) **Character and Fitness Standards Update for Chapters 6 & 7.** ED Sweetwood provided the update that the Rules became effective February 24, 2007.
  - 4.) **UAA Changes/Update.** Executive Director Sweetwood reported he will continue to review the proposed revisions and summarize the issues for the Board. He requested Board members review the draft proposals as mobility will be a major topic at the NASBA Regional meetings this summer.
- B. **Report on To Do List.** There was no report at this time.

**9. Report of Quality Enhancement Program (QEP) Committee**

- A. **Report of the Committee.** Committee Chair Fuhrman reported that there was no report as Committee Staff Ebert has the process under control. Reviewers are ready.
- B. **Report on To Do List.** There was no report at this time.

**10. Report of the Licensing Committee**

- A. **Report of the Committee.** Committee Chair Obrist gave the report. Licensing issues involved a review of a reinstatement application with disclosure statements checked "yes," and a request for hearing to return a revoked certificate to good standing. Motion out of Committee to approve Malcolm Johnson for reinstatement. On a roll call vote, Members Titus, Fuhrman, King Wu, Nuckolls, Obrist, Wassinger, and Zacharia voted aye. Member Skiles was absent. Motion #11 carried. The Committee received the response from H & R Block attorney's to Board attorney Gruit's questions. The Committee noted that no new H & R Block ads have appeared for the 2007 taxing season. The Committee received a response to Board letter from RSM McGladrey on disclosure for separation of services provided by the two firms. Staff was requested to request an actual engagement letter from McGladrey. 2007 licensure renewal applications, initial certificate and permit applications with new character and fitness language, and "4 in 10" applications were reviewed by the Committee. The Committee

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- forwarded a request for a wallet-sized permit to the Board for discussion. The Board felt citizens were able to check licensure online at this time. The Committee discussed the designation Certified Senior Advisor (CSA) and tabled the issue pending further research by staff.
- B. Public Hearing to Return Revoked Certificate to Good Standing for DeeAnn Will at 9:00 am, Monday, March 19, 2007 during Public Comment Period.** See agenda item 5 C.
- C. Ratification of initial permits to practice issued, certificates issued, firm permits.** Motion out of Committee to approve the permits to practice, certificates, and firm permits, issued between January 4, 2007 and March 19, 2007. On a roll call vote, Members Titus, Fuhrman, King Wu, Nuckolls, Obrist, Wassinger, and Zacharia voted aye. Member Skiles was absent. Motion #12 carried.
- D. Reinstatements to Active Permit, Inactive Retired Affidavits, Surrendered Certificates.** Motion out of Committee to approve the reinstatements, inactive - retired affidavits, and surrendered certificates received between January 4, 2007 and March 19, 2007.  
Reinstatements: Michael Draper, Omaha NE  
Michael Freestone, Omaha NE  
Nancy Goddard, Windsor Heights IA  
Malcolm Johnson, DeBary, FL  
On a roll call vote, Members Titus, Fuhrman, King Wu, Nuckolls, Obrist, Wassinger, and Zacharia voted aye. Member Skiles was absent. Motion #13 carried.
- E. Report on To Do List.** There was no report at this time.

**11. Report of Executive Director**

- A. NASBA Executive Director's Conference held March 11-14, 2007.** Executive Director Sweetwood provided a report on the NASBA Executive Director's Conference held March 11-14. Las Vegas, NE. Major topics included the CBT Examination rescore issue, the draft UAA Section 23 language, investigative techniques, and IT issues.
- B. Nebraska.gov Presentation of Online Renewal Applications at 11:00 a.m.** Project Manager Carmen Easley and Programmer Glenn Norton were present to demonstrate the firm, sole proprietor, active permit, and inactive registration online renewal applications. All above applications will be ready for a soft rollout to selected firms and individuals by May 1, 2007. Staff is testing the online applications at this time.
- C. Staffing and General Office Issues.** Executive Director Sweetwood reported that Staff Ebert's baby was home from the hospital. Staff will be working on the license renewal and QEP processes this spring. Board policy changes from 2006 were handed out to Board members.
- D. Report on To Do List.** There was no report at this time.

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**12. New Business**

- A. National Association of State Boards of Accountancy (NASBA) Items.**
- 1.) **NASBA.** The nomination letter for Kathy Smith as NASBA Vice Chair was sent to NASBA Nominating Committee Chair Diane Rubin.
  - 2.) **NASBA FYIs.** Various articles relating to NASBA were noted.
- B. Other Miscellaneous Items.** Various articles were noted related to the CPA profession as provided by staff.

**13. Adjournment**

Moved by Fuhrman, seconded by Zacharia, to adjourn the meeting at 1:15 p.m. on Monday, March 19, 2007. On a roll call vote, Members Titus, Fuhrman, King Wu, Wassinger, and Zacharia voted aye. Member Nuckolls voted nay. Members Obrist and Skiles were absent. Motion #13 carried.

Respectfully submitted by,

William C. Nuckolls  
Board Secretary