

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

Minutes
March 18, 2010

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

Thursday, March 18, 2010

1. General

- A. Call to Order and Roll Call.** The Nebraska Board of Public Accountancy (Board) was called to order at 8:32 a.m. on Thursday, March 18, 2010 with Chair Doug Skiles, presiding. The roll was called with the following members present: Doug Skiles, Michael Wassinger, Anne Fuhrman, Jim Titus, Kate King Wu, Tom Obrist, Jim Rieker, and Richard Zacharia. Also present were Executive Director Dan Sweetwood and Staff members Kelly Ebert and Jo Lowe. The meeting was held at the Board Office, 140 N. 8th Street, Suite 290, Lincoln, Nebraska. Chair Skiles noted the location of the notebook containing the Public Open Meeting Act, along with it being posted on the wall, and asked if anyone present needed an agenda or had any questions regarding the law.
- B. Approval of Meeting Agenda for March 18, 2010.** Moved by King Wu, seconded by Fuhrman to approve the agenda for the March 18, 2010 meeting. On a roll call vote, Members Skiles, Wassinger, Fuhrman, King Wu, Rieker, Obrist, Zacharia, and Titus voted aye. Motion #1 carried.
- C. Approval of Minutes from January 22, 2010.** Moved by Titus, seconded by Wassinger, to approve the Board minutes from the January 22, 2010 meeting. On a roll call vote, Members Skiles, Wassinger, Fuhrman, King Wu, Rieker, Obrist, Zacharia, and Titus voted aye. Motion #2 carried.

2. Public Comment Period (15 minute period)

Agenda Item 10 D 9:00 am: Public Hearing to return James Eddie's revoked certificate to Good Standing. Hearing Officer Titus opened the hearing at 9:13 am. Mr. Eddie was present and not represented by an attorney. Evidence was entered and accepted into the record. The Board asked questions of Mr. Eddie. The hearing was concluded at 9:23 am.

Agenda Item 5 B. 9:00 am: Public Hearing for Janella Hager. Hearing Officer Titus opened the hearing at 9:25 am. Ms. Hager was not present and not represented by an attorney. Evidence was entered and accepted into the record. . The hearing was concluded at 9:26 am.

Agenda Item 8 B, 10:00 am: Public Hearing for Title 288 Rules Revisions. Board Chair Skiles gave an introduction to the rule revisions and thanked the Nebraska Society, the Nebraska Independent Accountants, and the Mobility Work Group for their efforts. Dan Vodvarka, President, Nebraska Society, was present and testified that the Society Board had approved the proposed Rule changes. He thanked the Board for working with the Society and the CPA Work Group on the rule changes. No other members of the public were present and

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

Minutes
March 18, 2010

no written comments were received. ED Sweetwood read each description of the proposed rule by Chapter, the impact on CPAs, and impact on members of the public. The public hearing concluded at 10:25 am.

3. Consent Agenda

- A. Published Notice of Meeting.** Moved by Titus, seconded by Rieker, to approve the consent agenda. On a roll call vote, Members Skiles, Wassinger, Fuhrman, King Wu, Rieker, Obrist, Zacharia, and Titus voted aye. Motion #3 carried.
- B. Approval of Disbursements.** The disbursements for November - December 2009 and January 2010 were presented. Member Fuhrman reviewed the disbursements and noted items of interest. The State DAS discourages two sets of accounting records for state agencies so staff will continue to work with DAS to implement financial reports within the NIS system. Future reports the Board requests to review will be generated by NIS. This will also eliminate double financial entries for Staff Ebert.
- C. Review of Board Budget Status Report.** The Budget Status Report was provided and ED Sweetwood gave an update. He indicated that cash funded agencies such as the Board were not part of the Governor's recent recommended additional 2% budget reduction in FY 2011. ED Sweetwood will probably request a Legislative re-appropriation for the next fiscal year.
- D. Office Management Report.** The Office Management Report was provided. Staff will review and propose changes to the name of the report as suggested.

4. Report of the Chair

- A. Report of the Chair.** Chair Skiles gave the report.
- B. NASBA Permission for Candidate Names.** Annually NASBA/CPAES asks Boards whether they want to release exam candidate's names to third parties. Moved by Fuhrman, seconded by King Wu, not to release exam candidate's names to third parties. On a roll call vote, Members Skiles, Wassinger, Fuhrman, King Wu, Rieker, Obrist, Zacharia, and Titus voted aye. Motion #4 carried.
- C. Attendance at NASBA Regional Meeting, Seattle, June 23-25, 2010.** Board discussion centered on budget issues including Board travel. Options proposed include fewer Board members attend and/or less expenses received for reimbursement. All continued to express the importance of participation at NASBA Meetings. Moved by Titus, seconded by King Wu, to send six Board members to the NASBA Regional Meeting, Seattle, June 23-25, 2010, due to the significance of the meeting agenda, value of the exchange of information, and importance to our regulatory Board's mission. On a roll call vote, Members Skiles, Wassinger, Fuhrman, King Wu, Rieker, Obrist, Zacharia, and Titus voted aye. Motion #5 carried. Future Board discussion will be the issue of whether or not a per diem should be paid in addition to expenses.

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

Minutes
March 18, 2010

- D. **Regional Director's Focus Questions.** Board members provided input to the Focus Questions.
- E. **Review Board Calendar.** The Board calendar was reviewed.
- F. **Report on To Do List.** There were no additions to the To Do list.

Closed Session

Closed Session. Moved by King Wu, seconded by Wassinger, that the Board go into closed session at 10:27 a.m., on Thursday, March 18, 2010 for the purpose of updating the Board about current open enforcement cases and to discuss disciplinary matters. On a roll call vote, Members Skiles, Wassinger, Fuhrman, King Wu, Rieker, Obrist, Zacharia, and Titus voted aye. Motion #6 carried. Chair Skiles restated that the purpose for the closed session was to update the Board about current open enforcement cases and to discuss disciplinary matters.

Return to Open Session. Moved by Zacharia, seconded by Titus, that the Board return to open session at 10:37 a.m., on Thursday, March 18, 2010. On a roll call vote, Members Skiles, Wassinger, Fuhrman, King Wu, Rieker, Obrist, Zacharia, and Titus voted aye. Motion #7 carried.

5. Report of Enforcement of Professional Conduct Committee

- A. **Open Case/LMCO Update.** Committee Chair Zacharia reviewed the open cases.
- B. **Agenda Item 5 B. 9:00 am: Public Hearing for Janella Hager.** See agenda item #2 Public Comment Period.

Before the State Board of Public Accountancy for the State of Nebraska

| | | |
|---|---|----------------------|
| State of Nebraska, ex. Rel., State |) | |
| Board of Public Accountancy of the State of |) | |
| Nebraska. |) | |
| |) | <u>CONSENT ORDER</u> |
| Complainant, |) | |
| |) | |
| VS. |) | |
| |) | |
| JANELLA M. HAGER |) | |
| |) | |
| Respondent |) | |

This matter came before the Nebraska State Board of Public Accountancy of the State of Nebraska (Board) upon the Consent Agreement of JANELLA M. HAGER (Respondent) and upon written surrender of her certificate and permit to practice. The Board is aware Ms. Hager has been charged in Red Willow County, Nebraska with the felony offense theft in violation of Nebraska law. In lieu of a hearing in this matter and in lieu of further Board action, the Respondent has voluntarily surrendered her CPA Certificate #6452 and her current Active Permit to Practice #22224. The Board does accept the surrender of said Certificate and Active Permit to Practice.

Wherefore, it is ordered that pursuant to the surrender of the Certificate and the Active Permit to Practice, the Respondent's Nebraska CPA certificate no. #6452 and Active Permit to Practice #22224 in the State of Nebraska is hereby revoked effective as of the date of this Order.

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

Minutes
March 18, 2010

Dated this 18th day of March, 2010.

STATE BOARD OF PUBLIC ACCOUNTANCY
OF THE STATE OF NEBRASKA
Complainant,

By: _____
Michael Wassinger, Vice Chair

Moved by Zacharia, seconded by Titus, to accept the surrender under revocation of Janella M. Hager's certificate and permit to practice as indicated within the signed consent order. On a roll call vote, Members Wassinger, Fuhrman, King Wu, Rieker, Obrist, Zacharia, and Titus voted aye. Member Skiles recused himself. Motion #9 carried.

C. Recommended Closure of Enforcement Cases:

#09-11 - Complaint involved an allegation of the disclosure of confidential information during an informal conversation at a education conference. Complaint could not be substantiated.

#09-13 – Complaint involved an allegation that an inactive registrant failed to provide records of a LLC to the former partner as requested. The IR indicated he had no contact with the former partner and was engaged by the other partner only. After follow up, the complainant did not respond with further opportunity to provide information. Motion out of committee to close cases #09-11 and #09-13. On a roll call vote, Members Skiles, Wassinger, Fuhrman, King Wu, Rieker, Obrist, Zacharia, and Titus voted aye. Motion #8 carried.

6. Report of Continuing Professional Education (CPE) Committee

- A. Report of the Committee.** Committee Chair Zacharia gave the report. The Committee reviewed a total of 80 courses from December 19, 2009 to March 4, 2010 with 79 approved, one course denied, and one with hours adjusted. The Committee reviewed and approved the program sponsor application for CPE Think.com (#S10-04), 360 Training.com (#S10-05), and Nebraska Society of CPAs (#S10-06). Two medical waivers were reviewed. Motion out of Committee to recommend Board approval of two CPE medical waivers. On a roll call vote, Members Skiles, Wassinger, Fuhrman, King Wu, Rieker, Obrist, Zacharia, and Titus voted aye. Motion #12 carried. Eleven reinstatements were referred to the Licensing Committee for approval. With 32 (2.5%) 2009 CPE Audits, the number of audits increases substantially by adding in the automatic audit of 48 extension requests. Staff provided a draft paper regarding the CPE Extension policy including the history and issues that have surfaced such as staff time to administer the extension request, monitor compliance with CPE, and triggering of an automatic audit of all CPE. Board discussion included moving the deficient deadline to Jan 31 rather than Feb. 28, apply an additional administrative fee to those that request two extensions in a row, require a hearing before the Board to explain the

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

Minutes
March 18, 2010

deficiency, move the CPE extension completion deadline to April 1. Staff will draft a timeline including Stipulation and Consent order dates and fees.

- B. Ratification/Denial of Staff Program Qualification Evaluations.** Motion out of Committee to recommend Board approval of a total of 80 courses from December 19, 2009 to March 4, 2010 with 79 approved, one course denied, and one with hours adjusted. On a roll call vote, Members Skiles, Wassinger, Fuhrman, King Wu, Rieker, Obrist, Zacharia, and Titus voted aye. Motion #10 carried.
- C. Ratification of CPE Sponsor.** Motion out of Committee to approve CPE Think.com (#S10-04), 360 Training.com (#S10-05), and Nebraska Society of CPAs (#S10-06) as CPE program sponsors. On a roll call vote, Members Skiles, Wassinger, Fuhrman, King Wu, Rieker, Obrist, Zacharia, and Titus voted aye. Motion #11 carried.
- D. Report on To Do list.** The To Dos are listed in the Committee Report.

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

- A. Report of the Committee.** Committee Chair King Wu gave the report. CPAES staff was unable to participate so the exam issue involving a candidate being timed out of the exam before it started will be taken up at the next meeting. The Committee reviewed the changes to the exam that will be part of the CBT-e launch in January 2011. ED Sweetwood commented that he will be attending four Quality Business Review meetings this year conducted between NASBA, AICPA, and Prometric and will be in a position to discuss any examination issues for the Committee and Board. The CBT exam contract is close to being signed extending the contract to 2024. During the Western Forum, questions were raised regarding the rationale for testing International Financial Reporting Standards (IFRS) on the CPA Examination. The BOE responded to these concerns and indicated that IFRS is entry-level and should be included on the CPA Examination when the new Content and Skills Specification Outlines (CSOs) become effective in 2011. Changes to the Exam once CBT-e is launched were reviewed. A letter dated Feb. 5, 2010 was provided to the Committee regarding discussion of standard-setting process of establishing a new CPA Examination passing score when CBT-e is launched on January 1, 2011. A call for working CPAs to participate in this process was provided. Doug Skiles indicated he might participate in the project. ED Sweetwood also announced the BOE Central meeting with State Boards will be conducted in Dallas, Texas on April 27, 2010.. Executive Directors and Chairs of the Board are invited to attend the one day meeting with travel expenses being reimbursed by the BOE.
- B. Approval of CPA Exam Scores.** Motion out of Committee to recommend Board approval of scores for the October – November 2009 exam window. On a roll call vote, Members Skiles, Wassinger, Fuhrman, King Wu, Rieker, Obrist, Zacharia, and Titus voted aye. Motion #13 carried.
- C. Report on To Do List.** There was no report at this time.

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

Minutes
March 18, 2010

8. Report of the Legislative Committee

- A. Report on Legislation.** Board Chair Skiles thanked everyone for their help with the Rules update process. See Public Comment period for public hearing record.
- B. Discussion of Title 288 Proposed Rules Changes:**
- Chapter 1.** Moved by Titus, seconded by King Wu, to adopt the revisions for Title 288 Rules Chapter 1 and forward to the Attorney General's office and Governor's office for review and approval. On a roll call vote, Members Skiles, Wassinger, Fuhrman, King Wu, Rieker, Obrist, Zacharia, and Titus voted aye. Motion #14 carried.
- Chapter 3.** Moved by King Wu, seconded by Wassinger, to adopt the revisions for Title 288 Rules Chapter 3 and forward to the Attorney General's office and Governor's office for review and approval. On a roll call vote, Members Skiles, Wassinger, Fuhrman, King Wu, Rieker, Obrist, Zacharia, and Titus voted aye. Motion #15 carried.
- Chapter 4.** Moved by Fuhrman, seconded by Rieker, to adopt the revisions for Title 288 Rules Chapter 4 and forward to the Attorney General's office and Governor's office for review and approval. On a roll call vote, Members Skiles, Wassinger, Fuhrman, King Wu, Rieker, Obrist, Zacharia, and Titus voted aye. Motion #16 carried.
- Chapter 5.** Moved by King Wu, seconded by Fuhrman, to adopt the revisions for Title 288 Rules Chapter 5 and forward to the Attorney General's office and Governor's office for review and approval. On a roll call vote, Members Skiles, Wassinger, Fuhrman, King Wu, Rieker, Obrist, Zacharia, and Titus voted aye. Motion #17 carried.
- Chapter 6.** Moved by Titus, seconded by Rieker, to adopt the revisions for Title 288 Rules Chapter 6 and forward to the Attorney General's office and Governor's office for review and approval. On a roll call vote, Members Skiles, Wassinger, Fuhrman, King Wu, Rieker, Obrist, Zacharia, and Titus voted aye. Motion #18 carried.
- Chapter 7.** Moved by Fuhrman, seconded by King Wu, to adopt the revisions for Title 288 Rules Chapter 7 and forward to the Attorney General's office and Governor's office for review and approval. On a roll call vote, Members Skiles, Wassinger, Fuhrman, King Wu, Rieker, Obrist, Zacharia, and Titus voted aye. Motion #19 carried.
- Chapter 8.** Moved by Wassinger, seconded by Rieker, to adopt the revisions for Title 288 Rules Chapter 8 and forward to the Attorney General's office and Governor's office for review and approval. On a roll call vote, Members Skiles, Wassinger, Fuhrman, King Wu, Rieker, Obrist, Zacharia, and Titus voted aye. Motion #20 carried.
- Chapter 9.** Moved by King Wu, seconded by Fuhrman, to adopt the revisions for Title 288 Rules Chapter 9 and forward to the Attorney General's office and Governor's office for review and approval. On a roll call vote, Members Skiles, Wassinger, Fuhrman, King Wu, Rieker, Obrist, Zacharia, and Titus voted aye. Motion #21 carried.
- Chapter 10.** Moved by Rieker, seconded by Fuhrman, to adopt the revisions for Title 288 Rules Chapter 10 and forward to the Attorney General's office and Governor's office for review and approval. On a roll call vote, Members Skiles, Wassinger, Fuhrman, King Wu, Rieker, Obrist, Zacharia, and Titus voted aye. Motion #22 carried.

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

Minutes
March 18, 2010

Chapter 11. Moved by Fuhrman, seconded by King Wu, to adopt the revisions for Title 288 Rules Chapter 11 and forward to the Attorney General's office and Governor's office for review and approval. On a roll call vote, Members Skiles, Wassinger, Fuhrman, King Wu, Rieker, Obrist, Zacharia, and Titus voted aye. Motion #23 carried.

9. Report of Quality Enhancement Program (QEP) Committee

A. Report of the Committee. Committee Chair Fuhrman reported that a Task Force has been set up to review the QEP/Peer Review processes in Nebraska and make recommendations to the QEP Committee regarding the future of the QEP program.

Those appointments made by Chair Fuhrman who join her include:

Mr. Michael Wassinger, CPA, Board Member
Ms. Michele Thornburg, CPA, QEP Committee
Ms. Lyndee Black, CPA, QEP Committee
Mr. Mark Manning, CPA, QEP Committee
Staff: Ms. Kelly Ebert, Mr. Dan Sweetwood

B. Report on To Do List. There was no report at this time.

10. Report of the Licensing Committee

A. Report of the Committee. Chair Obrist gave the report. The Committee discussed a resulting firm restructuring. Acceptance of controller duties under the supervision of an external auditor to meet the experience requirement was determined to not be acceptable. Due to possible confusion, suggestion was made to add to the Separation of Services Disclosure form: "This form is not intended to comply with any IRS tax preparer regulations." The Committee accepted the recommendation of a suspended CPA to revise his firm name while under suspension. Staff is working on the 2010 online renewal applications, creating mobility scenarios, inactive registrant revocations, and other agenda items.

B. 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 22, and March 17, 2010. On a roll call vote, Members Skiles, Wassinger, Fuhrman, King Wu, Rieker, Obrist, Zacharia, and Titus voted aye. Motion #24 carried.

C. 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 November 12, 2009 and January 21, 2010.

| | | |
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| Reinstatements: | Blundell, Steven | Scottsbluff NE |
| | Friesen, Billy | Lincoln NE |
| | Hilger, David | Bennington NE |

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

Minutes
March 18, 2010

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| | Lewandowski, Thomas | St. Louis MO |
| | Pradhan, Binita | Oakland CA |
| | Robertson, Doris | Lincoln NE |
| | Wadas, Gary | Fort Collins CO |
| | Wageman, Patrick | San Antonio TX |
| | Williams, Idalene | Omaha NE |
| | Wimer, Linda | Fremont NE |
| | Zou, Qin | Milpitas CA |
| Inactive - Retired affidavits: | Melvin Abels | Kearney NE |
| | William Roker | Nebraska City NE |
| | Finn, Thomas | Lincoln NE |
| | Gardiner, Daniel | Des Moines IA |
| | Schroeder, George | Valley NE |
| Surrendered Certificates: | Beattie, Daniel | Shawnee KS |
| | Grigsby, Beth | Sioux City IA |
| | Prust, Kevin | Des Moines IA |
| | Walz, Lynn | Des Moines IA |

On a roll call vote, Members Skiles, Wassinger, Fuhrman, King Wu, Rieker, Obrist, Zacharia, and Titus voted aye. Motion #25 carried.

- D. Agenda Item 10 D 9:00 am: Public Hearing to return James Eddie's revoked certificate to Good Standing.** Staff will work on a revision of the failure to renew letter. Moved by Zacharia, seconded by Rieker, to return James Eddie's certificate to good standing upon payment of \$250 administrative fee and inactive registration with \$80 fee within 30 days of the Order. On a roll call vote, Members Skiles, Wassinger, King Wu, Rieker, Obrist, Zacharia, and Titus voted aye. Member Fuhrman voted nay. Motion #26 carried.
- E. Report on To Do List.** There was no report at this time.

11. Report of Executive Director

- A. Annual Letter 2009.** ED Sweetwood provided copies of the 2009 Annual Letter. He indicated to save money the letter was sent via an email blast to all active CPAs and inactive registrants. It is also available on the Board's website. Another email blast will be attempted in the future. He also thanked staff members Lowe and Ebert for their work on the letter.
- B. Neb.Gov Update – CPE Online Reporting.** ED Sweetwood indicted the project continues with an overall positive response by CPAs utilizing the system. Some issues remain between the JOKEL system and transfers to the Board's database.
- C. Budget Update.** ED Sweetwood reported the budget for FY10 remains tight. Board members questioned how some disbursements are handled within the budget including how the state budget operates, the appropriation process, and implications for FY11 commencing on July, 1, 2010.

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

Minutes
March 18, 2010

- D. Staffing & General Office Issues.** ED Sweetwood indicated he, Ms Lowe, and Ms. Ebert will be traveling to the ED/Staff Conference in Nashville, TN As host of the conference all travel expenses will be reimbursed by NASBA for staff. The Board intern will cover the office. Board member Fuhrman offered to assist if necessary.
- E. Report on To Do List.** There was no report at this time.

12. New Business

- A. National Association of State Boards of Accountancy (NASBA) Items.**
 - 1.) **NASBA Vice Chair Nomination.** It was announced that Mr. Mark Harris, CPA from the Louisiana Board, is a future Vice-Chair of NASBA. The Board supported Mr. Harris for the appointment.
 - 2.) **NASBA Committee Reports.** There were no committee reports at this time.
 - 3.) **FYI's.** Articles from NASBA were provided to the Board.
- B. Other Miscellaneous Items.** Various articles were noted related to the CPA profession as provided by staff.

13. Adjournment

Moved by Obrist, seconded by King Wu, to adjourn the meeting at 1:32 pm on Thursday, March 18, 2010. On a roll call vote, Members Skiles, Wassinger, Fuhrman, King Wu, Rieker, Obrist, Zacharia, and Titus voted aye. Motion #27 carried.

Respectfully submitted by,

Anne K. Fuhrman
Board Secretary