

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

Minutes
May 2, 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 8:50 a.m. on Wednesday, May 2, 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, Doug Skiles, and Michael Wassinger. Member Richard Zacharia was absent. Also present were Executive Director Dan Sweetwood, Staff members Kelly Ebert and Jo Lowe, and Board Intern Nicole Rowedder. Visitors were: Craig Mills, AICPA Examination Director, and Ken Brauer, Nebraska Association of Independent Accountants. Dan Vodvarka, Nebraska Society of CPA's President, was present during the public comment period. The meeting was held at the Board Office at 140 N. 8th 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 May 2 2007.** Moved by Obrist, seconded by King Wu, to approve the agenda for the May 2, 2007 meeting. On a roll call vote, Members Titus, Fuhrman, King Wu, Nuckolls, Obrist, Skiles, and Wassinger voted aye. Member Zacharia was absent. Motion #1 carried.
- C. Approval of Minutes from March 19, 2007.** Moved by Obrist, seconded by Nuckolls, to approve the Board minutes from the March 19, 2007 meeting. On a roll call vote, Members Titus, Fuhrman, King Wu, Nuckolls, Obrist, Skiles, and Wassinger voted aye. Member Zacharia was absent. Motion #2 carried.

2. Public Comment Period (15 minute period)

Craig Mills, AICPA Examinations Executive Director, gave a report on the CPA Exam and responded to Board member questions. Executive Director Sweetwood had requested Mills visit since Nebraska is part of the tri-party contract with NASBA, AICPA, and Prometric for the Uniform CPA Examination.

10. B. Report of Licensing Committee

- B. Crowe Chizek Firm Name Change Request.** Representatives of Crowe Chizek were present to discuss a firm name change at 10:30 a.m. Moved by Skiles, seconded by Nuckolls, to revise the agenda and move item 10. B. to follow the Crowe Chizek comments. On a roll call vote, Members Titus, Fuhrman, King Wu, Nuckolls, Obrist, Skiles, and Wassinger voted aye. Member Zacharia was absent. Motion #3 carried.

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

Minutes
May 2, 2007

Following the presentation, the issue was referred back to the Licensing Committee for review of the Firm Guidelines and Title 288 Rules regarding firm names.

3. Consent Agenda

- A. Published Notice of Meeting.** Moved by Nuckolls, seconded by Fuhrman, to approve the consent agenda. On a roll call vote, Members Titus, Fuhrman, King Wu, Nuckolls, Obrist, Skiles, and Wassinger voted aye. Member Zacharia was absent. Motion #4 carried.
- B. Approval of Disbursements.** Board Secretary Nuckolls reviewed the disbursements and pointed out a number of major expenses related to Enforcement that increased the budget item about 500 %. He wanted the Board to be aware of this increase, although after review it appeared the costs were associated with the many legal filings in the enforcement cases. He also suggested the Board look into possible bidding when there is a hearing scheduled. Disbursements for February and March 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) related to two enforcement cases.
- D. Office Management Report.** The Office Management Report was provided.

4. Report of the Chair

- A. Report of the Chair.** Chair Titus gave the report.
- B. 2006-2007 Executive Director's Performance and Salary Review.** The Executive Committee met with the Executive Director to discuss his performance and salary before the Board meeting. Moved by King Wu, seconded by Nuckolls, to approve a 7% increase in salary effective July 1, 2007 based on his performance review, provided the Governor does not line item veto the Board's 2008-2009 budget. On a roll call vote, Members Titus, Fuhrman, King Wu, Nuckolls, Obrist, Skiles, and Wassinger voted aye. Member Zacharia was absent. Motion #7 carried.
- C. Review Board Calendar.** The next Board meeting is scheduled for July 18-19, 2007, for probably only one day. If one day is chosen, July 18th will be the Board meeting date.
- D. Report on To Do List.** There was no report at this time.

Closed Session

Closed Session. Moved by Wassinger, seconded by King Wu, that the Board go into closed session at 12:05 p.m., for the purpose of updating the Board about current open enforcement cases, to discuss litigation matters, and to review the Executive Director's performance

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

Minutes
May 2, 2007

evaluation and compensation. On a roll call vote, Members Titus, Fuhrman, King Wu, Nuckolls, Obrist, Skiles, and Wassinger voted aye. Member Zacharia was absent. Motion #5 carried. Chair Titus restated that the purpose for the closed session was to update the Board about current open enforcement cases, to discuss litigation matters, and to review the Executive Director's performance evaluation and compensation

Return to Open Session. Moved by King Wu, seconded by Wassinger, that the Board return to open session at 1:00 p.m. On a roll call vote, Members Titus, Fuhrman, King Wu, Nuckolls, Obrist, Skiles, and Wassinger voted aye. Member Zacharia was absent. Motion #6 carried.

5. Report of Enforcement of Professional Conduct Committee

A. Open Case /LMCO Update. Executive Director Sweetwood reviewed the open cases in the absence of Committee Chair Zacharia.

1.) Rodney Zwygart Appeal Update. The Nebraska Supreme Court ruled in the Board's favor in the matter of *Rodney Zwygart v. The Nebraska State Board of Public Accountancy*. Mr. Zwygart's Board-issued Certificate and Permit to Practice remain revoked. The Board indicated their gratification to Board Counsel Robert Gruit for his handling of the case.

2.) Case 05-04 Update. Following negotiations with the CPA, a settlement was recommended by the Enforcement Committee. Moved by Skiles, seconded by King Wu, to complete a Stipulation and Consent Order stating that a letter of reprimand will be placed in the CPA's file and he must complete an additional 8 hours of CPA prior to renewal of his permit. On a roll call vote, Members Titus, Fuhrman, King Wu, Nuckolls, Obrist, Skiles, and Wassinger voted aye. Member Zacharia was absent. Motion #8 carried.

BEFORE THE STATE BOARD OF
PUBLIC ACCOUNTANCY OF THE STATE OF NEBRASKA

STATE OF NEBRASKA, ex. rel.,)	
STATE BOARD OF PUBLIC)	
ACCOUNTANCY OF THE STATE OF)	
NEBRASKA,)	
)	
Complainant,)	
)	
VS.)	CONSENT ORDER
)	
GARY L. CHRAMOSTA,)	
)	
Respondent.)	

This matter comes before the State Board of Public Accountancy of the State of Nebraska ("Board") upon the consent agreement of Gary L. Chramosta, Respondent.

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

Minutes
May 2, 2007

This matter arises out of litigation involving the Respondent previously pending in the Buffalo County District Court of the State of Nebraska. In lieu of a hearing in this matter and in lieu of further Board action, the Respondent has agreed to a letter of reprimand and to additional continuing professional education (CPE).

WHEREFORE, it is ordered that the Respondent should be, and hereby is, reprimanded and a letter of reprimand will be transmitted to the Respondent and placed in the Respondent's Board file. Additionally, the Respondent shall obtain eight (8) additional hours of CPE beyond the required eighty (80) hours of CPE required for his biennial active permit to practice. The Respondent agrees that if he does not comply in all respects with this Consent Order, the Board is entitled to pursue such other remedies as Nebraska law and the Board's Rules and Regulations allow.

IT IS SO ORDERED.

DATED this _____ day of _____, 2007.

STATE BOARD OF PUBLIC
ACCOUNTANCY OF THE STATE OF
NEBRASKA

BY:

Jim R. Titus, Chairman

- B. **Litigation Update.** The Board was updated on current litigation matters in closed session and provided a copy of the letter sent by Assistant Attorney General Lynn Melson to John Raynor concerning the pending litigation filed in the U.S. Federal Court.
- C. **Report on To Do List.** There was no report at this time.

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. Nineteen people are currently CPE deficient, and 39 extension requests have been received. The Committee reviewed 40 courses from March 8, 2007 to April 26, 2007. The Committee reviewed CPE sponsor applications. The Committee reviewed the 2007 CPE Audit Report for 50 individuals. Committee Chair Nuckolls conducted a random review of the audit completed by staff and reported he discovered no discrepancies. Board Member King Wu reported on the Creighton University presentation by Mark Kuhse, international speaker on professionalism and ethics at the Qwest Center, Omaha, on April 23, 2007. The Committee reviewed the staff evaluation of reinstatement applications and referred the list to the Licensing Committee. Motion out of Committee to waive CPE compliance for Marlow Olson, CPA, for medical reasons. On a roll call vote, Members Titus, Fuhrman, King Wu, Nuckolls, Obrist, Skiles, and Wassinger voted aye. Member Zacharia was absent. Motion #12 carried.

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

Minutes
May 2, 2007

- B. Ratification/Denial of Staff Program Qualification Evaluations.** Motion out of Committee to approve 40 courses reviewed from March 8, 2007 to April 26, 2007. On a roll call vote, Members Titus, Fuhrman, King Wu, Nuckolls, Obrist, Skiles, and Wassinger voted aye. Member Zacharia was absent. Motion #9 carried.
- C. Ratification of CPE Sponsors.** Motion out of Committee to approve CPAmerica, International, an approved NASBA sponsor, as a CPE sponsor for 2007. On a roll call vote, Members Titus, Fuhrman, King Wu, Nuckolls, Obrist, Skiles, and Wassinger voted aye. Member Zacharia was absent. Motion #10 carried.
- D. Approval of 2007 CPE Audit.** Motion out of Committee to recommend Board approval of the 2007 CPE Audit. On a roll call vote, Members Titus, Fuhrman, King Wu, Nuckolls, Obrist, Skiles, and Wassinger voted aye. Member Zacharia was absent. Motion #11 carried. Staff member Kelly Ebert was acknowledged for her work on the audit.
- E. 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 Skiles gave the report. The Committee discussed the copy/paste issue via conference call with Chris Mays, NASBA/CPAES. Following the exam scoring for Q4 06, a rescore request discovered an issue with copy/paste or the paste function on the exam. 311 candidates who did not follow copy/paste directions had parts of exam questions held in an “incidence file.” When those answers were reviewed, several candidates’ scores went from fail to pass for the AUD section. The BOE reviewed the issue upon recommendation of the executive directors and decided that all Q4 06 “incidence file” exams be rescored. Nebraska had four candidates in that category, three of whom passed the section, following the rescore. CPAES handed refunds for those who had taken the section in the subsequent window. ED Sweetwood reported that the issue was discussed at the Executive Directors Conference, March 11-14, 2007, where the decision was made to remain uniform with other Board’s rescore requests. Chadron State College requested two courses be approved to meet educational requirements. Moved by Skiles, seconded by Wassinger, to approve the two courses from Chadron State College as meeting the educational requirements. On a roll call vote, Members Titus, Fuhrman, King Wu, Nuckolls, Obrist, Skiles, and Wassinger voted aye. Member Zacharia was absent. Motion #16 carried. Chair Skiles reported on the proposed changes to UAA Rule 5-1 & 5-2 following the NASBA Education Committee meeting he attended in Dallas, April 30, 2007. He noted that the UAA Rules may change drastically based on the exam content analysis and input versus output objectives discussed at the meeting. The vast majority of Boards only require 24

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

Minutes
May 2, 2007

- hours of accounting courses, rather than 30 hours, which allows greater flexibility for educators and institution.
- B. Report on Exam Score Issue with Board of Examiners (BOE).** A letter from NASBA President David Costello and Chair Wesley Johnson dated May 1, 2007 was provided to the Board along with an email from the Examinations Review Board (ERB). Both recommended State Boards, in lieu of additional information and the discovered “partial” score issue, request scores from the Q2 and Q3/ 2006 windows. The Motion out of Committee not to request rescoring in previous windows that are closed at this time was withdrawn. Moved by Skiles, seconded by King Wu, to request a rescore of Q2 and Q3 of 2006, with regard to the copy/paste issue. On a roll call vote, Members Titus, Fuhrman, King Wu, Nuckolls, Obrist, Skiles, and Wassinger voted aye. Member Zacharia was absent. Motion #13 carried. Motion out of Committee to approve the revised scores from the four candidates affected by the copy/paste issue in Q4 06. On a roll call vote, Members Titus, Fuhrman, King Wu, Nuckolls, Obrist, Skiles, and Wassinger voted aye. Member Zacharia was absent. Motion #14 carried. Moved by Skiles, seconded by Fuhrman, that those who passed their first section as a result of the copy/paste issue will have their 18-month window begin on the date they were notified of a passing score. On a roll call vote, Members Titus, Fuhrman, King Wu, Nuckolls, Obrist, Skiles, and Wassinger voted aye. Member Zacharia was absent. Motion #15 carried.
- C. Approval of Exam Scores for Jan. - Feb., 2007 Window.** Chair Skiles noted that the AUD passing rate was 63%. He wants to refine and review the AUD scores with additional data provided by CPAES before approval of these scores. Moved by Skiles, seconded by King Wu, to approve exam scores for the Jan. - Feb., 2007 Window, except for the AUD. On a roll call vote, Members Titus, Fuhrman, King Wu, Nuckolls, Obrist, Skiles, and Wassinger voted aye. Member Zacharia was absent. Motion #17 carried. Moved by King Wu, seconded by Wassinger, to allow release of the AUD scores once they have been reviewed by Chair Skiles. On a roll call vote, Members Titus, Fuhrman, King Wu, Nuckolls, Obrist, Skiles, and Wassinger voted aye. Member Zacharia was absent. Motion #18 carried.
- D. Report on To Do List.** There was no report at this time.

8. Report of the Legislative Committee

- A. Report on Legislation.** Committee Chair Titus gave the report.
- 1.) Report on Meeting with Nebraska Society of CPAs Leadership.**
Committee Chair Titus reported that Board and Society leadership met April 24, 2007 to discuss the proposed Temporary Rule Draft. The NSCPAs made the suggestion to add firms as subject to disciplinary action by the Board under temporary practice. Chair Titus reported that it appeared there was

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

Minutes
May 2, 2007

consensus with Society leadership on the overall draft. Society leadership will discuss the draft at their next Board meeting on May 17, 2007 and will provide any additional suggestions at that time.

- 2.) **Title 288 Chapter 7: Temporary Practice Update.** Committee Chair Titus requested that Board Members review the proposed Temporary Practice Rules for further discussion at the July Board meeting. If agreed, the draft could be submitted for hearing at the September Board meeting.
 - 3.) **UAA Changes/Update.** Executive Director Sweetwood indicated the draft proposal on UAA Section 23 has been released for comments. He requested Board members review the proposed UAA Section 23, 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 exemption requests were due May 1, 2007, and firm reports were being submitted by May 15, 2007. Volunteer reviewers are encouraged. Laptops will again be used to streamline the review process.
- 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 the first applicant under the new “4 in 10” legislation. Committee and Board members were provided copies of the process. A request from a CPA firm advertising under a banner of related businesses prompted the Committee to request that staff begin to audit firms with multiple entities to be sure the firms are using the disclosure forms in an effort to prevent misleading the public. Committee members met by conference call with members of the firm Crowe Chizek concerning a name change. Due to the importance of the issue to the firm, Crowe Chizek representatives will be present at the May Board meeting. The Committee was provided a copy of the engagement letter in response to the Board’s letter asking for disclosure between the CPA firm McGladrey & Pullen and RSM McGladrey for separation of services provided by the two firms. 2007 licensure renewal applications have been mailed. The Committee reviewed and denied a request for alternative work experience, not permitted under PAA 1-136.02.
- B. Crowe Chizek Firm Name Change Request.** Members and representatives of the firm were present to discuss the implications of the proposed name change.
- C. Approval of first “4 in 10” applicant.** Motion out of Committee to forward to the Board for review and approval of the first “4 in 10” applicant. On a roll call

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

Minutes
May 2, 2007

vote, Members Titus, Fuhrman, King Wu, Nuckolls, Obrist, Skiles, and Wassinger voted aye. Member Zacharia was absent. Motion #19 carried. At this time all "4 in 10" applicants will be reviewed by the committee and approved by the Board before issuance of the Certificate based on the new law.

- D. Ratification of initial permits to practice issued, certificates issued, firm permits.** Motion out of Committee to recommend Board approval of the permits to practice, certificates, and firm permits, issued between March 19, 2007 and May 1, 2007. On a roll call vote, Members Titus, Fuhrman, King Wu, Nuckolls, Obrist, Skiles, and Wassinger voted aye. Member Zacharia was absent. Motion #20 carried.
- E. Reinstatements to Active Permit, Inactive Retired Affidavits, Surrendered Certificates.** Motion out of Committee to recommend Board approval of the reinstatements, inactive - retired affidavits, and surrendered certificates received between March 19, 2007 and May 1, 2007.
- Reinstatements:** Sharon McAlister
Kim Szatko
- Inactive-Retired Affidavits:** Jerry Malcom, Fremont, NE
- Surrendered Certificates:** Paul Cech, Omaha NE
- On a roll call vote, Members Titus, Fuhrman, King Wu, Nuckolls, Obrist, Skiles, and Wassinger voted aye. Member Zacharia was absent. Motion #21 carried.
- F. Report on To Do List.** There was no report at this time.

11. Report of Executive Director

- A. 2008/2009 Budget Update.** Executive Director Sweetwood provided a copy of the budget proposal that included both the Governor's and Legislative Committee's proposals for FY 2007-2009. The Governor will now review the budget and has the option of vetoing any parts of the state budget.
- B. Report of Online Renewal Applications.** The firm, sole proprietor, active permit, and inactive registration online renewal applications were ready for a soft rollout to 50 selected firms and individuals on May 1, 2007.
- C. Staffing and General Office Issues.** Executive Director Sweetwood reported that staff is back to full time, and a new color printer was ordered for the office.
- D. 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.** ED Sweetwood provided a copy of the Board "Highlights of Recent Regulatory Developments" Report as submitted to NASBA.
 - 2.) **NASBA FYIs.** Various articles relating to NASBA were noted.

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

Minutes
May 2, 2007

- B. Other Miscellaneous Items.** Various articles were noted related to the CPA profession as provided by staff.

13. Adjournment

Moved by King Wu, seconded by Fuhrman, to adjourn the meeting at 3:03 p.m. on Wednesday, May 2, 2007. On a roll call vote, Members Titus, Fuhrman, King Wu, Nuckolls, Obrist, Skiles, and Wassinger voted aye. Member Zacharia was absent. Motion #22 carried.

Respectfully submitted by,

William C. Nuckolls
Board Secretary