

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

Minutes
July 19, 2006

Prior to the Board meeting, a public hearing was held regarding proposed changes to Title 288 Rules Chapter 11.

DRAFT: Minutes of the meeting are not final until approved at the September 21-22, 2006 Board meeting.

1. General

- A. Call to Order and Roll Call.** The Nebraska Board of Public Accountancy (Board) was called to order at 9:32 a.m. on Wednesday, July 19, 2006 with Chair H. Dean Graf, CPA presiding. The roll was called with the following members present: H. Dean Graf, Jim Titus, William Nuckolls, Anne Fuhrman, Kate King Wu, Tom Obrist, and Richard Zacharia. Member Doug Skiles was absent. Also present were Executive Director Dan Sweetwood, Staff members Kelly Ebert and Jo Lowe, Ken Brauer, Nebraska Society of Independent Accountants, and Gary Bush, DAS budget analyst for the agency. The meeting was held at the Board Office at 140 N. 8th Street, Suite 290, Lincoln, Nebraska. Chair Graf 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. Title 288 Chapter 4 Rules were reviewed for proper roll call voting procedures.
- B. Approval of Meeting Agenda for July 19, 2006.** Moved by Obrist, seconded by King Wu, to approve the agenda as corrected for the July 19, 2006 meeting. On a roll call vote, Members Graf, Fuhrman, King Wu, Nuckolls, Obrist, Titus, and Zacharia voted aye. Member Skiles was absent. Motion #1 carried.
- C. Approval of Minutes from May 1, 2006.** Moved by Nuckolls, seconded by Obrist, to approve the Board minutes as corrected from the May 1, 2006 meeting. On a roll call vote, Members Graf, Fuhrman, King Wu, Nuckolls, Obrist, Titus, and Zacharia voted aye. Member Skiles was absent. Motion #2 carried.

2. Public Comment Period (15 minute period)

Ken Brauer, Nebraska Society of Independent Accountants, would like to provide information to the Board and Licensing committee regarding the Society of Independent Accountants Accreditation Council process and regulations.

Gary Bush, DAS budget analyst for the agency, suggested the Board review the "spending limit" petition initiative which will be on the November ballot if the signatures are confirmed by the Secretary of State. It may have the potential to affect the Board's funds for litigation purposes.

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3. Consent Agenda

- A. Published Notice of Meeting.** Moved by Obrist, seconded by Fuhrman, to approve the consent agenda. On a roll call vote, Members Graf, Fuhrman, King Wu, Nuckolls, Obrist, Titus, and Zacharia voted aye. Member Skiles was absent. Motion #3 carried.
- B. Approval of Disbursements.** Board Secretary Nuckolls was recognized for his diligence in reviewing the disbursements prepared by staff for each Board meeting. Disbursements for April, May and June 2006 were approved.
- C. Review of Board Budget Status Report.** The Budget Status Report was provided, and Executive Director Sweetwood reported on the end of fiscal year 2006 budget. It was reported in fiscal year 2006 Board revenues exceeded expenditures by \$70,000.
- D. Office Management Report.** The Office Management Report was provided. The drop in numbers of inactive registrant renewals was noted and will be discussed at the next Licensing Committee meeting.

Closed Session

Closed Session. Moved by Obrist, seconded by Zacharia, that the Board go into closed session at 9:55 a.m., for the purpose of discussing enforcement case 04-21. On a roll call vote, Members Graf, Fuhrman, King Wu, Nuckolls, Obrist, Titus, and Zacharia voted aye. Member Skiles was absent. Motion #4 carried. Chair Graf restated the matters for discussion in closed session and that the session would be limited to those matters.

Return to Open Session. Moved by Zacharia, seconded by Titus, that the Board return to open session at 10:25 a.m. On a roll call vote, Members Graf, Fuhrman, King Wu, Nuckolls, Obrist, Titus, and Zacharia voted aye. Member Skiles was absent. Motion #5 carried.

4. Report of the Chair

- A. Report of the Chair.** Chair Graf gave the report. Chair Graf remains on the Board until the Governor appoints a new member and will be present for the September Board meeting. Chair Graf confirmed staff performance evaluation reports were created by Executive Director Sweetwood.
- B. Election of Board Officers for September 2006-2007.** Moved by Fuhrman, seconded by King Wu, to elect by unanimous ballot Member Titus as Board Chair. On a roll call vote, Members Graf, Fuhrman, King Wu, Nuckolls, Obrist, and Zacharia voted aye. Member Titus abstained. Member Skiles was absent. Motion #6 carried. Moved by Zacharia, seconded by Titus, to elect by

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- unanimous ballot Member Skiles as Board Vice Chair. On a roll call vote, Members Graf, Fuhrman, King Wu, Nuckolls, Obrist, Titus, and Zacharia voted aye. Member Skiles was absent. Motion #7 carried. Moved by Obrist, seconded by King Wu, to elect by unanimous ballot Member Nuckolls as Board Secretary. On a roll call vote, Members Graf, Fuhrman, King Wu, Nuckolls, Obrist, and Zacharia voted aye. Member Nuckolls abstained. Member Skiles was absent. Motion #8 carried. New Board Chair Titus will set the Committee appointments.
- C. Review of Board Calendar.** The Board meeting calendar was set for 2006-2007: Sept. 21-22, 2006 (Changed from Sept. 20 to 22)
Nov. 16-17, 2006 (Nov. 17 if only one day.)
Jan. 4-5, 2007
Mar. 19, 2007
May 2-3, 2007
July 18-19, 2007
- D. Report on To Do List.** There was no report at this time.
- E. Other Miscellaneous Items.** Chair Graf initiated a discussion about the process for nominations to future positions on the NASBA Board and NASBA Committees. Staff will provide further information as received from NASBA.

Closed Session

Closed Session. Moved by King Wu, seconded by Obrist, that the Board go into closed session at 11:17 a.m., for the purpose of updating the Board about current open enforcement cases. On a roll call vote, Members Graf, Fuhrman, King Wu, Nuckolls, Obrist, Titus, and Zacharia voted aye. Member Skiles was absent. Motion #9 carried. Chair Graf restated the matters for discussion in closed session and that the session would be limited to those matters.

Return to Open Session. Moved by Zacharia, seconded by Titus, that the Board return to open session at 11:35 a.m. On a roll call vote, Members Graf, Fuhrman, King Wu, Nuckolls, Obrist, Titus, and Zacharia voted aye. Member Skiles was absent. Motion #10 carried.

5. Report of Enforcement of Professional Conduct Committee

- A. Open Case /LMCO Update.** Chair Graf reviewed the open cases.
- 1.) **Case #04-21.** Scheduled for public hearing on September 21, 2006.
 - 2.) **Case #05-06.** Scheduled for public hearing at 1:30, July 19, 2006.
- B. Recommended Closure of Enforcement Cases.** Motion out of Committee to close the following complaint case:
- #05-07** The Board's Enforcement Committee (EC) was updated with the letter provided by the complainant. The EC recommends the case be dismissed/closed based on the dispute now only involves the matter of non-payment of fees to the CPA. The EC stressed they

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wanted those involved to know why the complaint was to be recommended for closure.

On a roll call vote, Members Graf, Fuhrman, King Wu, Nuckolls, Obrist, Titus, and Zacharia voted aye. Member Skiles was absent. Motion #11 carried. Motion out of Committee to close the following complaint case following receipt of signed affidavit of certificate surrender from Mark A. Nelson:

#06-04 Nelson sent his permit to practice with a note saying he is unable to locate his Certificate to the Board.

On a roll call vote, Members Graf, Fuhrman, King Wu, Nuckolls, Obrist, Titus, and Zacharia voted aye. Member Skiles was absent. Motion #12 carried.

- C. **Report on To Do List.** There was no report at this time.
- D. **Other Miscellaneous Items.** Chair Graf alerted Board members to copies of a letter sent from the Nebraska Attorney General's office to telephone directory companies regarding inaccurate listings for licensed professionals.

6. Report of Continuing Professional Education (CPE) Committee

- A. **Report of the Committee.** Committee Chair Nuckolls gave the report. The Committee reviewed a total of 163 courses from April 20, 2006 to July 5, 2006. The Committee forwarded the reinstatement applications to the Licensing Committee for approval. The Committee reviewed CPE sponsor applications. Motion out of Committee to approve 360 Training as a CPE sponsor. On a roll call vote, Members Graf, Fuhrman, King Wu, Nuckolls, Obrist, Titus, and Zacharia voted aye. Member Skiles was absent. Motion #14 carried.

The Committee reviewed the staff evaluation of reinstatement applications and referred the list to the Licensing Committee. The Committee reviewed the list of permit holders who remain CPE deficient or who have not completed an extension request.

The Committee set the third week in August, 2006 for a possible CPA Ethics Roundtable. Possible participants will be contacted to establish the preferable date.

The Committee discussed the possibility of approving NASBA CPE Registry courses for CPE without going through the Board's approval process. Action on this issue was tabled until the September board meeting and further discussion within the Committee.

- B. **Ratification/Denial of Staff Program Qualification Evaluations.** Motion out of Committee to approve 163 courses reviewed from April 20, 2006 to July 5, 2006. On a roll call vote, Members Graf, Fuhrman, King Wu, Nuckolls, Obrist, Titus, and Zacharia voted aye. Member Skiles was absent. Motion #13 carried.
- C. **Report on To Do list.** The To Dos are listed in the Committee Report.
- D. **Other Miscellaneous Items.** There was no report at this time.

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

- A. Report of the Committee.** With Committee Chair Skiles absent, Member King Wu gave the report. The Committee reviewed two applications requesting waiver of the specific subject area requirements. Motion out of Committee to deny the request of Jodi Dobson based on the number of courses missing from the subject area requirements unless and until she provides a letter from the institution that addresses the specifics. On a roll call vote, Members Graf, Fuhrman, King Wu, Nuckolls, and Zacharia voted aye. Members Titus and Obrist voted nay. Member Skiles was absent. Motion #15 carried. The other request was sent to CPA Examination Services for an educational evaluation to be reviewed by the Committee. Member Titus recommended that the Committee review the policy interpretation in Title 288 Rules Chapter 003.05 of “substantially equivalent” for reciprocal applications. The Committee generally remains satisfied with the CBT and continues to monitor the simulation addition and implementation for the CPA/ CBT and scoring issues. The Committee feels the communications from the Board of Examiners (BOE) has improved, and they will invite former NBPA Board members who are also BOE members to participate in Committee calls on occasion.

The Committee received a request from Wesleyan University to approve an accelerated program of courses. Staff will report back to the Committee with answers to the questions raised.

A tentative date has been set for the Education Advisory Committee (EAC) meeting for the beginning of October. Staff will contact EAC members to establish the date.

- B. Exam Score Ratification.** Board members were provided the exam score spreadsheet. Moved by King Wu, seconded by Fuhrman, to approve the exam scores for the April – May 2006 window. On a roll call vote, Members Graf, Fuhrman, King Wu, Nuckolls, Obrist, Titus, and Zacharia voted aye. Member Skiles was absent. Motion #16 carried
- C. Report on To Do List.** There was no report at this time.
- D. Other Miscellaneous Items.** There were no miscellaneous items at this time.

8. Report of the Legislative Committee

- A. Report on Legislation.** Committee member Titus gave the report. The Board members were provided with a report of a meeting with the Nebraska Society of CPAs (NSCPAs) and drafts of rules on proposed character and fitness standards and temporary practice provisions. The Legislative Committee provided the language developed by the joint committee to amend Title 288 Board Rules and Regulations regarding Character and Fitness Standards within Chapter 6 and 7. Moved by Zacharia, seconded by King Wu, to approve the proposed Character

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and Fitness Standard Rules within Title 288, Chapters 6-7, for hearing at the September Board meeting. On a roll call vote, Members Graf, Fuhrman, King Wu, Nuckolls, Obrist, Titus, and Zacharia voted aye. Member Skiles was absent. Motion #17 carried. Member Titus reviewed the temporary practice language. After discussion and recommended changes the Board recommended the revised draft be circulated for input by others such as NASBA and NSCPAs.

- B. **Report on To Do List.** Meetings will continue with the NSCPAs to create and present a draft on Title 288 Rules definitions for temporary practice.
- C. **Other Miscellaneous Items.** There were no miscellaneous items at this time.

5. A. 2. Report of Enforcement of Professional Conduct Committee

A. 2. Public Hearing for Enforcement Case 05-06.

At 1:37 p.m., Hearing Officer Dennis Tegtmeier commenced the public hearing for Michael Walsh, Enforcement Case 05-06. Mr. Walsh was present and not represented by Counsel. Board Counsel Robert Gruit represented the Board. Mr. Walsh made a request for continuance due to the absence of his counsel. The hearing ended at 3:05 p.m.

Closed Session

Closed Session. Moved by Graf, seconded by King Wu, that the Board go into closed session at 2:19 p.m., for the purpose of discussing Enforcement Case 05-06. On a roll call vote, Members Graf, Fuhrman, King Wu, Nuckolls, Obrist, Titus, and Zacharia voted aye. Member Skiles was absent. Motion #18 carried. Chair Graf restated the matters for discussion in closed session and that the session would be limited to those matters.

Return to Open Session. Moved by King Wu, seconded by Zacharia, that the Board return to open session at 2:57 p.m. On a roll call vote, Members Graf, Fuhrman, King Wu, Nuckolls, Obrist, Titus, and Zacharia voted aye. Member Skiles was absent. Motion #19 carried.

5. A. 2. Report of Enforcement of Professional Conduct Committee

- A. 2. **Public Hearing for Enforcement Case 05-06.** Moved by Fuhrman, seconded by Zacharia, to agree to a continuance in case 05-06 with the hearing rescheduled for 8:30 a.m., Monday, August 21, 2006. On a roll call vote, Members Fuhrman, King Wu, Nuckolls, Obrist, Titus, and Zacharia voted aye. Member Graf abstained. Member Skiles was absent. Motion #20 carried.

9. Report of Quality Enhancement Program (QEP) Committee

- A. **Report of the Committee.** Committee Chair Fuhrman gave the report. She reported that the 2006 QEP process was nearly complete with the review letters being mailed to firms. The QEP Committee meeting was held June 28, 2006, that

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- all firms scheduled for review had complied and 117 reports had been reviewed, with 105 exemptions, and 38 firms did not issue reports. The Committee will wait thirty (30) days for a response to the QEP report letters before assigning CPE if necessary. The next Committee meeting will be September 8, 2006 for final review. The Committee reviewed the results of a survey taken by reviewers on the use of laptops to record reviewer comments. Most comments were in favor and supportive of the continued use of the laptops by reviewers. Motion out of Committee to continue using the laptop process for 2007 QEP Reviewers. On a roll call vote, Members Graf, Fuhrman, King Wu, Nuckolls, Obrist, Titus, and Zacharia voted aye. Member Skiles was absent. Motion #22 carried.
- B. Report by Committee Chair Fuhrman on her visit to the Nevada Society.** Chair Fuhrman provided a written report of her visit to the Nevada Society and her better understanding of the AICPA Peer Review process as it overlaps with Nebraska's QEP process. Motion out of Committee to extend the range of time during which firm practitioners may submit an AICPA peer review to request an exemption from QEP, to include any date within the previous three calendar years. On a roll call vote, Members Graf, Fuhrman, King Wu, Nuckolls, Obrist, Titus, and Zacharia voted aye. Member Skiles was absent. Motion #21 carried. Executive Director Sweetwood acknowledged Chair Fuhrman for her visit to the Nevada Society and her research and study of the Nebraska Peer Review process.
- C. Report on To Do List.** There was no report at this time.
- D. Other Miscellaneous Items.** There were no miscellaneous items at this time.

10. Report of the Licensing Committee

- A. Report of the Committee.** Committee Chair Titus gave the report. Staff will research whether NBPA should continue to collect Social Security numbers (SSN's) on applications and remove those SSN's already on file. The Committee has approved a process providing for an informal audit of the licensing process. The Committee determined that each firm should receive only one permit even though there may be more than one office. The Committee has looked at enhancing the certificate. Staff will present samples at the next Committee meeting.
- B. Chapter 11 Rule Hearing Discussion.** The Board discussed and reviewed proposed changes to Title 288 Chapter 11, including testimony from the public hearing. Moved by Titus, seconded by Nuckolls, to approve the proposed Title 288 Rules Chapter 11 language, and to direct staff to submit the Rule change to the Attorney General's office and Governor's policy research office for review and approval. On a roll call vote, Members Graf, Fuhrman, King Wu, Nuckolls, Obrist, Titus, and Zacharia voted aye. Member Skiles was absent. Motion #23 carried.
- C. Public Hearing to Return Surrendered Certificate to Good Standing:**

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1.) **Neil Phillips.** At 4:23 p.m., the hearing to return Neil Phillips certificate to good standing commenced by hearing officer Jim Titus, with exhibits entered into the record. Mr. Phillips was not present to answer questions. Moved by Zacharia, seconded by King Wu, to return Mr. Phillips CPA certificate to good standing, with a \$125 administrative fee for staff processing. On a roll call vote, Members Graf, Fuhrman, King Wu, Nuckolls, Obrist, Titus, and Zacharia voted aye. Member Skiles was absent. Motion #24 carried.

D. 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 April 28, 2006 and July 18, 2006. On a roll call vote, Members Graf, Fuhrman, King Wu, Nuckolls, Obrist, Titus, and Zacharia voted aye. Member Skiles was absent. Motion #25 carried.

E. 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 April 28, 2006 and July 18, 2006:

a.) Reinstatements: Lawrence Bradley, Stamford, CT
Kimberly Hixson, Randolph, NE
Mark Nielsen, Chicago IL
Michael Uhlenbrock, San Antonio, TX

b.) Inactive - Retired Affidavits: Richard Anderson, Colorado Springs, CO
Sharon Bradley, Sun City, AZ
Dennis Carlson, Clear Lake, WI
Richard Evans, Omaha NE
Villiers Gerd, Omaha NE
Charlene Gustin, Papillion, NE
Barbara Nielsen, Navasota, TX
Jerry Simon, Gretna, NE
Herman Weist, Bennington, NE

c.) Surrendered Certificates: Maxine Bulechek, Iowa City, IA
Farel Byrd, Memphis, TN
Linda Gardner, Greenwood Village, CO
Fred Gomes, Pacifica, CA
Cornelius Gloude, Parker, CO

On a roll call vote, Members Graf, Fuhrman, King Wu, Nuckolls, Obrist, Titus, and Zacharia voted aye. Member Skiles was absent. Motion #26 carried.

F. Firm Name Request. The following firm name was approved by the Committee on July 6, 2006.

Key Advisors, P.C. – the name of the Missouri CPA is Alexander Key.

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- G. **Report on To Do List.** There was no report at this time.
- H. **Other Miscellaneous Items.** There were no miscellaneous items at this time.

11. Report of Executive Director

- A. **NASBA Executive Directors Conference report.** Executive Director Sweetwood reported on the NASBA Western Regional Conference held in San Francisco, May 31-June 1-2, 2006. A copy of his report was included in the Board packet.
- B. **IT System Review Report for NBPA by Denise Hanley, NASBA.** Executive Director Sweetwood reported on the visit by Denise Hanley to provide a third party review of the JoKel system and its progress for the Board. The report was included in the Board packet. Since the recent hiring of a new program manager, Nebraska.gov has made progress on the system. The focus will be to have online CPE reporting functional by October 1, 2006 and have online license renewals by the spring of 2007, while continuing to develop the JoKel system this year.
- C. **Board Budget/Fiscal Year (FY) 08-09.** The creation of the budget for FY 08-09 has commenced. Staff will prepare a preliminary budget for review and approval by the Executive Committee prior to the September 15, 2006 due date.
- D. **Staffing and General Office Issues.** Executive Director Sweetwood reported that staff recently completed the 2006 licensing for individuals and firms. Staff continues to develop the Business Continuity Plan and response to the Board audit.
- 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 Request from the Nominating Committee.** ED Sweetwood reported no information had been provided by NASBA regarding official selection to NASBA Director positions by the Nominating Committee.
 - 2.) **NASBA FYIs.** Various articles relating to NASBA were noted.
 - 3.) **Attendance at the NASBA Annual Meeting, Oct. 29-Nov. 1, 2006.** The value of learning about issues facing the CPA profession, rule making changes from other states, the connection and networking related to national issues of interest to Nebraska CPAs, have encouraged each Board member to attend national meetings. The meeting agenda is always reviewed for relevance. Moved by Zacharia, seconded by King Wu, to approve full Board and Executive Director attendance at the NASBA Annual Meeting to be held in Atlanta, GA, Oct. 29-Nov. 1, 2006. On a roll call vote, Members Graf, Fuhrman, King Wu, Nuckolls, Obrist, Titus, and Zacharia voted aye. Member Skiles was absent. Motion #27 carried.

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

13. Adjournment

Moved by Zacharia, seconded by Obrist, to adjourn the meeting at 4:45 p.m. on Wednesday, July 19, 2006. On a roll call vote, Members Graf, Fuhrman, King Wu, Nuckolls, Obrist, Titus, and Zacharia voted aye. Member Skiles was absent. Motion #28 carried.

Respectfully submitted by,

William C. Nuckolls
Board Secretary