

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

Minutes
July 19-20, 2005

DRAFT The minutes are not final until approved at the September 19-20, 2005 Board meeting.

Tuesday, July 19, 2005

1. General

- A. Call to Order and Roll Call.** The Nebraska Board of Public Accountancy (Board) was called to order at 10:34 a.m. on Tuesday, July 19, 2005 with Chair Dean Graf, CPA presiding. The roll was called with the following members present: Dean Graf, William Nuckolls, Jim Titus, Richard Zacharia, Doug Skiles, Anne Fuhrman, and Kate King Wu. Member Tom Obrist was absent. Also present were Executive Director Dan Sweetwood, Staff members Kelly Ebert and Jo Lowe. The meeting was held at the Board Office at 140 N. 8th Street, Suite 290, Lincoln, Nebraska.
- B. Approval of Meeting Agenda for July 19-20, 2005.** Moved by Zacharia, seconded by Nuckolls, to approve the agenda for the July 19-20, 2005 meeting. On a roll call vote, Members Graf, Fuhrman, King Wu, Nuckolls, Skiles, Titus, and Zacharia voted aye. Member Obrist was absent. Motion #1 carried.
- C. Approval of Minutes from May 4, 2005.** Moved by Titus, seconded by Zacharia, to approve the Board minutes from the May 4, 2005 meeting. On a roll call vote, Members Graf, Fuhrman, King Wu, Nuckolls, Skiles, Titus, and Zacharia voted aye. Member Obrist was absent. Motion #2 carried.

2. Public Comment Period (15 minute period)

No members of the public were present.

3. Consent Agenda

- A. Published Notice of Meeting.** Moved by Zacharia, seconded by Skiles, to approve the consent agenda. On a roll call vote, Members Graf, Fuhrman, King Wu, Nuckolls, Obrist, Skiles, Titus, and Zacharia voted aye. Motion #3 carried. Member Obrist arrived at 10:38 a.m.
- B. Approval of Disbursements.** Board Secretary Nuckolls reviewed the disbursement reports that were prepared by staff. Staff will continue to provide reports requested by Board members, such as a balance sheet and monthly year-to-date comparison reports. Disbursements for April and May 2005 were approved.
- C. Review of Board Budget Status Report.** The Budget Status Report was provided.
- D. Office Management Report.** The Office Management Report was not provided at this time.

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4. Report of the Chair

- A. Report of the Chair.** Chair Graf requested Executive Director Sweetwood to review the budget (agenda item 14A) at this time. Executive Director Sweetwood reported the Board's budget is in very good shape and for the second consecutive year Board revenues have exceeded expenses. This is attributed to scrutiny in spending, no major enforcement actions, or deviations from the current CPA/firm population. Chair Graf requested comments from Board members regarding the future fee setting discussion by the Executive Committee set for the fall. Chair Graf compiled the results of the staff performance cards along with the permit holder comments. He complimented the staff on an overall 98% satisfaction rating.
- B. Election of Officers.** Moved by Obrist, seconded by King Wu, to retain the current Board officers for 2005-2006: Chair Dean Graf, Vice Chair Jim Titus, and Secretary Bill Nuckolls. On a roll call vote, Members Graf, Fuhrman, King Wu, Nuckolls, Obrist, Skiles, Titus, and Zacharia voted aye. Motion #4 carried.
- C. NASBA CBT Summit/Center for Public Trust Meeting, Sept. 14-15, 2005 in Washington, D.C.** Moved by Fuhrman, seconded by King Wu, to approve sending the Executive Director and the Education & Exam Committee Chair to the NASBA CBT Examination Summit/Center for the Public Trust Meeting, Sept. 14-15, 2005 in Washington, D.C. On a roll call vote, Members Graf, Fuhrman, King Wu, Nuckolls, Obrist, Skiles, Titus, and Zacharia voted aye. Motion #5 carried. Moved by Titus, seconded by Fuhrman, to amend the motion that if NASBA is willing to pay expenses for both Nebraska representatives, the Executive Director and Education & Exam Committee Chair should attend, but if NASBA is willing to pay expenses for only one, the Executive Director should attend. On a roll call vote, Members Graf, Fuhrman, King Wu, Obrist, Skiles, Titus, and Zacharia voted aye. Member Nuckolls voted nay. Motion #6 carried.
- D. Report on To Do List.** Corrections were made to the Board calendar. Staff will make changes to the calendar more visible in the future. 2006 Board meeting dates will be decided at the September Board meeting.
- E. Other Miscellaneous Items.** There were no miscellaneous items at this time.

Closed Session

Closed Session. Moved by Obrist, seconded by Zacharia, that the Board go into closed session at 11:25 a.m., for the purpose of discussing enforcement cases. On a roll call vote, Members Graf, Fuhrman, King Wu, Nuckolls, Obrist, Skiles, Titus, and Zacharia voted aye. Motion #7 carried.

Return to Open Session. Moved by Skiles, seconded by Zacharia, that the Board return to open session at 11:42 a.m. On a roll call vote, Members Graf, Fuhrman, King Wu, Nuckolls, Obrist, Skiles, Titus, and Zacharia voted aye. Motion #8 carried.

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5. Report of Enforcement of Professional Conduct Committee

- A. Rodney Zwygart Appeal Update.** Executive Director Sweetwood reported that Board attorney Robert Gruit had indicated that the Nebraska Supreme Court had remanded the case to the Lancaster County District Court for a further review of the record. A letter from Mr. Gruit along with the Nebraska Supreme Court's decision was provided to the Board.
- B. Troshynski Appeal Update.** There was no update at this time.
- C. Open Case/LMCO Update.** Chair Graf reviewed the open cases and those cases recommended for closure. The Chair and the Executive Director commented on case #1014 indicating that it required extensive review and research by the Enforcement Committee. Executive Director Sweetwood acknowledged Chair Graf for his work on the case.
- D. Recommended Closure of Complaints.** Motion out of Committee to close case #05-03 and to close case #1014 based on current information to date, but that the case is subject to reinvestigation if further information is brought to the Enforcement Committee. On a roll call vote, Members Graf, Fuhrman, King Wu, Nuckolls, Obrist, Skiles, Titus, and Zacharia voted aye. Motion #9 carried.
- E. Report on To Do List.** There was no report at this time.
- F. Other Miscellaneous Items.** There were no miscellaneous items at this time.

6. Report of Continuing Professional Education (CPE) Committee

- A. Report of the Committee.** Committee Chair Nuckolls presented the report. The Committee reviewed a total of 153 courses from May 5, 2005 to July 12, 2005. The Committee also reviewed a sponsor application submitted by CPAmerica. The Committee will still review individual courses submitted by an approved sponsor. A discussion was held regarding the Committee's current analysis and thought process for approving CPE courses. Motion out of Committee to approve CPAmerica as a CPE sponsor. On a roll call vote, Members Graf, Fuhrman, King Wu, Nuckolls, Obrist, Skiles, Titus, and Zacharia voted aye. Motion #11 carried. The Committee reviewed and approved reinstatement applications for Debra Otto, Jeanne Ross, John Fischer, Steven Feye, Dwight Youngman, Travis Schnekloth, and Robert Hursh. Motion out of Committee to refer the applications to the Licensing Committee. On a roll call vote, Members Graf, Fuhrman, King Wu, Nuckolls, Obrist, Skiles, Titus, and Zacharia voted aye. Motion #12 carried. The Board was provided with an updated list of deficient permit holders who have not submitted CPE hours and those requesting extensions who have not fulfilled the requirements. The Committee discussed creating a policy for repeat CPE deficiency offenders.
- B. Ratification/Denial of Staff Program Qualification Evaluations.** Motion out of Committee to approve 152 courses and deny 1 course reviewed from May 5, 2005 to July 12, 2005. On a roll call vote, Members Graf, Fuhrman, King Wu, Nuckolls, Obrist, Skiles, Titus, and Zacharia voted aye. Motion #10 carried.

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- C. **Report on To Do list.** There was no report at this time.
- D. **Other Miscellaneous Items.** There was no report at this time.

Dan Vodvarka and Ken Brauer joined the meeting.

7. Report of Licensing Committee

- A. **Report of the Committee.** Committee Chair Titus gave the report covering the May 20 and June 23, 2005 Committee meetings. The Committee approved licensure of the firm Deloitte and Touche LLP for 2005/2006 but continues to recommend denial of other firm licensure requests by Deloitte based on current Board statute and rules. The Committee will continue to review current Board rules to determine if amending the rules is necessary for future recommendation to the Board. Member Fuhrman met with Deann Haeffner, Deputy Director of the State Auditor's office, regarding the Board's current governmental experience form. Committee Member Fuhrman reported there was no need to revise the form at this time. Lists of non-renewed 2005 CPA and CPA firms were provided to the Board. All have been sent certified U.S. Mail that they are not in compliance and cannot hold out as CPAs. Notice will be sent to all pertinent regulatory agencies. The Committee determined that all requests for questionable firm name changes would be handled following the rule change effective date. The Board discussed the testimony provided at the July 19, 2005 public hearing regarding the Title 288 Rule change language for Chapter's 5 007.03 and 11 002 Form of Practice and Name. After careful consideration of the testimony provided, the Board made minor changes to the proposed rule language. Moved by Obrist, seconded by King Wu, to approve the proposed Rule change language as amended, and to direct staff to submit the Rule change to the attorney general's office and Governor's policy research office for review. On a roll call vote, Members Graf, Fuhrman, King Wu, Nuckolls, Obrist, Skiles, Titus, and Zacharia voted aye. Motion #13 carried.
- B. **Firm Name Requests.** The Committee determined that all requests for firm name changes that have not been approved under the previous rule would be handled following the rule change effective date. Staff was directed to respond to those firms who have sent letters that it will be possibly 4 to 6 months before a decision can be made on their name requests.
- 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 May 4 and July 17, 2005. On a roll call vote, Members Graf, Fuhrman, King Wu, Nuckolls, Obrist, Skiles, Titus, and Zacharia voted aye. Motion #14 carried.
- D. **Reinstatements to Active Permit, Inactive Retired Affidavits, Surrendered Certificates.** Motion out of Committee to approve the reinstatement applications forwarded from the CPE Committee (see agenda item 6A), inactive retired affidavits, and surrendered certificates received between May 4 and July 17, 2005.

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- On a roll call vote, Members Graf, Fuhrman, King Wu, Nuckolls, Obrist, Skiles, Titus, and Zacharia voted aye. Motion #15 carried.
- E. **Report of To Do List.** The Committee will refer repeated CPE deficiency offenders back to the CPE committee for remedy.
 - F. **Other Miscellaneous Items.** The issue regarding non-CPA ownership has been tabled.

12. Report of the Legislative Committee

- A. **Report on Proposed Legislative Re-write Status.** Chair Graf reported on the recent meetings with Executive Director Sweetwood, and the Nebraska Society of CPAs President Dan Vodvarka, and Society Chairman Thomas Von Riesen, CPA. Dan Vodvarka was present and reviewed the legislative process and timing of a complete rewrite for 2006. Ken Brauer, Nebraska Society of Independent Accountants, was also present. The Legislative Committee recommended that the best course of action was to proceed with a revision of the current Public Accountancy Act (PAA) involving three areas: substantial equivalency, notification of temporary practice, and the addition of "good moral character." The Board agreed that the Legislative Committee should proceed with this recommended course of action. The Committee requested Board Member Titus review any prepared draft legislation.
- B. **Report on To Do List.** The Committee will continue to work with the Nebraska Society in the development of draft legislation for the PAA to submit to the 2006 Legislature for consideration.
- C. **Other Miscellaneous Items.** There were no miscellaneous items at this time.

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

- A. **Report of the Committee.** Committee Chair Skiles gave the report.
 - 1.) **E & E Issues. Jordan Van Moorleghem.** Simpson College professors provided the proper documentation (25% by course content and grade) to allow Van Moorleghem to meet the Nebraska requirements for a certificate as reviewed by CPAES.
 - 2.) **CBT Update.**
 - a.) **Fifth Window Exam Scores.** Chair Skiles reported on CPAES issues including the pass rate percentage for the CBT compared to the paper exam and the late release of scores. The Nebraska statistical summary of fifth window scores was provided. Additional statistics will be provided based on Board members' suggestions. A letter from the AICPA was provided that detailed the hopeful improvement in faster score releases.
 - b.) **Response to California Letter.** Following discussions at the NASBA Regional Meetings, the Committee determined not to respond at this time. The Committee will continue to monitor. Chair Skiles and Executive Director Sweetwood will report on any developments from the CBT Examination Symposium in September.

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- c.) **CPA Exam issues.** Staff was directed to respond to an exam candidate letter related to loss of conditioning due to late score releases. Loss of conditioning issues will be handled on a case by case basis. The Committee reviewed information regarding the CBT as provided by staff.
 - d.) **Exam Fee Increase.** Letters from NASBA, AICPA, and Prometric were provided to the Committee on exam fee increases commencing January 1, 2007.
 - e.) **CPAES Update.** Nebraska participated in a pilot project to release unofficial scores to candidates that was very successful. Bridget Candler, former Nebraska CPAES Coordinator, had been working on a survey of the exam application process for applicants. Nan Buchanan, the new Nebraska Coordinator, and staff will refine the survey. CPAES produced certificates for exam completion are not necessary due to satisfaction with current Board certificate policy. Executive Director Sweetwood requested CPAES at the next E&E Committee meeting to provide information and an overview on how they will administer loss of conditioning issues with candidates.
- 3.) **Proposed UAA Rules 5-1 and 5-2 Rules Change.** It was reported at the NASBA Regional meetings, that the NASBA Education Committee has extended the comment period for the proposed rules until August of 2005. The open comment period information was sent to Nebraska educators and the Education Advisory Committee (EAC) members.
- 4.) **Regional Directors Focus Questions.** Answers were provided by Executive Director Sweetwood.
- B. **Exam Score Ratification.** Motion out of Committee to approve Fifth Window Uniform CPA Exam CBT scores reviewed and approved by Chair Skiles. On a roll call vote, Members Graf, Fuhrman, King Wu, Nuckolls, Obrist, Skiles, and Zacharia voted aye. Member Titus was absent. Motion #16 carried.
- C. **Other Miscellaneous Items.** There were no miscellaneous items at this time.
- D. **Report on To Do List.** There was no report at this time.

8. Recess

The Board recessed at 4:35 p.m., July 19, 2005.

Wednesday, July 20, 2005

9. General

Call to Order and Roll Call. The Nebraska Board of Public Accountancy (Board) was called to order at 8:45 a.m. on Wednesday, July 20, 2005 with Chair Dean Graf, CPA presiding. The roll was called with the following members present: Dean Graf, William Nuckolls, Jim Titus, Richard Zacharia, Doug Skiles, Anne Fuhrman, and Kate King Wu. Member Tom Obrist was absent. Also present were Executive Director Dan Sweetwood,

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Staff members Kelly Ebert and Jo Lowe. The meeting was held at the Board Office at 140 N. 8th Street, Suite 290, Lincoln, Nebraska.

10. Public Comment Period

Hearing to Return Certificate to Good Standing. At 8:55 a.m., the hearing for Mark E. Ferdig commenced, with exhibits entered into the record. Mr. Ferdig was present to answer questions. The hearing ended at 9:13 a.m. Member Obrist arrived at 8:50 a.m. Moved by King Wu, seconded by Obrist, to return his CPA certificate to Good Standing, including a \$250 administrative fee for staff processing. On a roll call vote, Members Graf, Fuhrman, King Wu, Nuckolls, Obrist, Skiles, Titus, and Zacharia voted aye. Motion #17 carried.

Hearing to Return Certificate to Good Standing. At 9:15 a.m., the hearing for Timothy J. Ackerman commenced, with exhibits entered into the record. Mr. Ackerman was not present to answer questions, but provided a letter of explanation to the Board. The hearing ended at 9:20 a.m. Moved by Zacharia, seconded by Obrist, to return his CPA certificate to Good Standing, with a \$250 administrative fee for staff processing. On a roll call vote, Members Graf, Fuhrman, King Wu, Nuckolls, Obrist, Skiles, Titus, and Zacharia voted aye. Motion #18 carried.

13. Report of Quality Enhancement Program (QEP) Committee

- A. **Report of the Committee.** Committee Chair Fuhrman reported that the QEP Committee meeting was held July 15, 2005, that all firms scheduled for review had complied and 112 reports had been reviewed, with 49 exemptions. 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 9, 2005 for final review. The Committee is actively looking for reviewers, which would alleviate the necessity of reviewers also serving on the QEP Committee. One accounting educator is needed to serve on the QEP Committee following the resignation of Courtney Baillie after many years of dedicated service.
- B. **Report on To Do List.** There was no report at this time.
- C. **Other Miscellaneous Items.** There were no miscellaneous items at this time.

14. Report of Executive Director

- A. **Board Budget Update.** Executive Director Sweetwood (ED) reported on the budget in agenda item 4.1.
- B. **Report on NASBA Western Regional Conference.** Executive Director Sweetwood thanked the Board for allowing him to attend the NASBA conference.

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- The Executive Director provided a written summary of the conference to Board members. A discussion was held regarding the meeting.
- C. **NOL Update.** Meetings continue with [Nebraska Online](#) to create the NBPA database and develop online licensing and CPE submission for permit holders. The new Board website was activated in June. At the September Board meeting, staff and NOL will demonstrate both the new website and review the progress of the CPE reporting and licensing functions.
 - D. **Staffing and General Office Issues.** The Executive Director acknowledged staff for the successful completion of the 2005 licensing year. Nicole Rowedder, a UNL accounting student, was selected as the new Board intern. She will join the Board office in mid August.
 - E. **Report on To Do List.** There was no report at this time.
 - F. **Other Miscellaneous Items.** There were no additional miscellaneous items.

15. New Business

- A. **National Association of State Boards of Accountancy (NASBA) Items:**
 - 1.) **June 2005 NASBA Regional Meeting Report.** Board members reviewed sessions attended.
 - 2.) **Attendance at NASBA Annual Meeting, October 30-November 2, 2005, Tucson, AZ.** Moved by Zacharia, seconded by Skiles, to approve Board members and Executive Director attendance at the NASBA Annual Meeting to be held October 30-November 2, 2005. On a roll call vote, Members Graf, Fuhrman, King Wu, Nuckolls, Obrist, Skiles, Titus, and Zacharia voted aye. Motion #19 carried.
- B. **Other Miscellaneous Items.** Various articles were noted related to the CPA profession as provided by staff.

16. Adjournment

Moved by Obrist, seconded by King Wu, to adjourn the meeting at 10:30 a.m. on Wednesday, July 20, 2005. On a roll call vote, Members Graf, Fuhrman, King Wu, Nuckolls, Obrist, Skiles, Titus, and Zacharia voted aye. Motion #20 carried.

Respectfully submitted by,

William Nuckolls
Board Secretary