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

Minutes
September 18, 2008

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 8:35 a.m. on Thursday, September 18, 2008 with Vice Chair Doug Skiles, presiding. The roll was called with the following members present: Board Chair Jim Titus, Anne Fuhrman, Doug Skiles, Tom Obrist, Michael Wassinger, Richard Zacharia, and Jim Rieker. Member Kate King Wu, was absent. Also present were Executive Director Dan Sweetwood, Staff members Kelly Ebert and Jo Lowe. Also present were Suzanne Jolicoeur, AICPA Manager of State Regulatory Outreach, and Ken Brauer, Nebraska Society of Independent Accountants. 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, 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 September 18, 2008.** Moved by Skiles, seconded by Fuhrman to approve the agenda for the September 18, 2008 meeting. On a roll call vote, Members Fuhrman, Skiles, Obrist, Rieker, Titus, Wassinger, and Zacharia voted aye. Member King Wu was absent. Motion #1 carried.

C. **Approval of Minutes from July 17, 2008.** Moved by Zacharia, seconded by Skiles, to approve the Board minutes from the July 17, 2008 meeting. On a roll call vote, Members Fuhrman, Skiles, Obrist, Rieker, Titus, Wassinger, and Zacharia voted aye. Member King Wu was absent. Motion #2 carried.

2. Public Comment Period (15 minute period)

Frank Daley, ED of the Nebraska Accountability and Disclosure Commission, was present to discuss "conflict of interest," gift limits from lobbyists or principals, use of government resources, and other areas of concern and awareness for Board members and staff.

Kristin Miller was present to request an extension of the CPA Exam 18 month window due to circumstances beyond her control per Title 288 Rules Chapter 6 005.03E.

Adrianna Pina was present to request an extension of the CPA Exam 18 month window due to circumstances beyond her control per Title 288 Rules Chapter 6 005.03E.

Ken Brauer, Representative of the Nebraska Society of Independent Accountants, reported that he attended their national conference and they were dealing with similar issues to those of the Board.

Suzanne Jolicouer, AICPA Manager of State Regulatory Outreach, introduced herself as a resource to Board members, and said she was present to hear about the Board's mobility legislation.

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 Fuhrman, Skiles, Obrist, Rieker, Titus, Wassinger, and Zacharia voted aye. Member King Wu was absent. Motion #3 carried.

B. **Approval of Disbursements.** Board Secretary Fuhrman reviewed the disbursements. Disbursements for July and August 2008 were approved.

C. **Review of Board Budget Status Report.** The Budget Status Report was provided. ED Sweetwood reported that staff has completed the 2009-2011 budget request. Copies are available upon request or can be viewed online at: https://das-nebs.ne.gov/public/faces/budgetRequestDocuments.jsp

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. **Executive Committee Meeting Report/ Budget Meeting.** Chair Titus reported the Executive Committee met on August 22, 2008 to review and discuss the preliminary budget as proposed by staff. Also present was Mr. Gary Bush, DAS Budget Management Analyst, who discussed the budget process with the Committee. Executive Director Sweetwood reported on the 2009-2011 Budget. Staff worked to write much of the narrative and complete the number estimations for the budget. In addition, Sweetwood reported staff had met and updated staff goals, objectives, and performance measures during a staff retreat.

C. **Letter Proposed to NASBA/AICPA regarding credential issuance for successful completion of the CPA Exam.** ED Sweetwood reported that there could be some concern if NASBA/AICPA or a new entity were to issue some form of a credential for completing the international CPA Exam, as stated in the NASBA Board of Directors July meeting highlights. Moved by Skiles, seconded by Fuhrman, that a letter indicating concerns and requesting further information regarding a credential for completing the international CPA Exam, be sent to NASBA following the NASBA Annual Meeting in October. On a roll call vote, Members Fuhrman, Skiles, Obrist, Rieker, Titus, Wassinger, and Zacharia voted aye. Member King Wu was absent. Motion #4 carried.

D. **2008-2009 Committee Appointments.** Board Chair Titus had no request from Board members for a change in Committee appointments, so members will remain on the same Committees for 2008-2009.

E. **Set future Board meeting dates:** The Board set the following meeting dates for 2009:
January 6
March 19
May 4-5
July 16-17
September 17-18
November 12-13

F. **Review Board Calendar.** No revised meeting dates were added to the calendar.

G. **Report on To Do List.** There were no items for the To Do list.

Closed Session

Closed Session. Moved by Rieker, seconded by Wassinger, that the Board go into closed session at 10:47 a.m., for the purpose of updating the Board about current open enforcement cases. On a roll call vote, Members Fuhrman, Skiles, Obrist, Rieker, Titus, Wassinger, and Zacharia voted aye. Member King Wu 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.

Return to Open Session. Moved by Obrist, seconded by Skiles, that the Board return to open session at 11:12 a.m. On a roll call vote, Members Fuhrman, Skiles, Obrist, Rieker, Titus, Wassinger, and Zacharia voted aye. Member King Wu was absent. Motion #6 carried.

5. Report of Enforcement of Professional Conduct Committee

A. **Open Case/LMCO Update.** Committee Chair Zacharia reviewed the open cases.

B. **Recommended Closure of Enforcement Case.** Motion out of Committee to recommend that the Board close the following cases:
#08-01/ Case involved a former CPA who was holding out at an office location. The CPAs name was covered as requested.
#08-04/ Case involved a request by former client of CPA for records pertaining to his businesses. With the assistance of staff, the requested records were provided.
#08-06/ Case involved a request by former client of CPA for records pertaining to his business. With the assistance of staff, the requested records were provided.
On a roll call vote, Members Fuhrman, Skiles, Obrist, Rieker, Titus, Wassinger, and Zacharia voted aye. Member King Wu was absent. Motion #7 carried.

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 Zacharia gave the report. The Committee reviewed a total of 77 courses from June 13 to September 5, 2008, with 77 approved. The Committee reviewed non-technical courses and provided several suggestions for monitoring fields of study. One suggestion was to request the enhanced ability to review and analyze online CPE submissions from Nebraska.gov. Staff updated the Committee on the 2008 CPE Audit process and the 8 individuals with extension/waiver requests. The Board received an informal response from the Attorney General's office regarding discussion of medical problems in open session to avoid HIPPA violations. The Board may go into closed session to briefly discuss the medical condition if necessary. Motion out of Committee to waive the CPE requirement for John Bushouse due to medical reasons (Title 288, Rules Chapter 8 009.04) for permit renewal July 1, 2008. On a roll call vote, Members Fuhrman, Skiles, Obrist, Rieker, Titus, Wassinger, and Zacharia voted aye. Member King Wu was absent. Motion #10 carried. Due to timing difficulties completing the CPE audit before the renewal deadline of June 30, staff requested the deadline for extensions be moved to June 1. Motion out of Committee to recommend Board approval to change the deadline for CPAs completing CPE extensions to June 1 instead of June 15. On a roll call vote, Members Fuhrman, Skiles, Obrist, Rieker, Titus, Wassinger, and Zacharia voted aye. Member King Wu was absent. Motion #11 carried. Motion out of Committee to recommend Board approval to require a CPA under audit of CPE hours to submit proof of attendance for <u>all</u> courses attested to on their reporting forms (online and paper) for the two-reporting years and if required the CPA can submit a new form to attest to at least 80 of CPE hours. Members Fuhrman, Skiles, Obrist, Rieker, Titus, Wassinger, and Zacharia voted aye. Member King Wu was absent. Motion #12 carried. The Committee discussed the ability of the Board to notify employers of CPAs whose permits were not renewed and no longer may hold out as a CPA. Executive Director Sweetwood reported that based on the request of former Chair Mr. Robert McChesney, CPA, an Ethics Panel will be held during the Nebraska Society of CPAs annual meeting in November. The panel will include Mr. McChesney, Board Attorney Robert Grimit, Mr. Rand Hansen, CPA, representing the Society's Ethics Committee, and ED Sweetwood.

B. **Ratification/Denial of Staff Program Qualification Evaluations.** Motion out of Committee to approve 77 courses reviewed from June 13 to September 5, 2008. On a roll call vote, Members Fuhrman, Skiles, Obrist, Rieker, Titus, Wassinger, and Zacharia voted aye. Member King Wu was absent. Motion #8 carried.

C. **Ratification of CPE Sponsor.** Motion out of Committee to recommended Board approval of AGA Lincoln Chapter, John E. Cederberg, CPATeachuComp, INC., and Dr. Jeremy Wortman as CPE program sponsors. On a roll call vote, Members

Fuhrman, Skiles, Obrist, Rieker, Titus, Wassinger, and Zacharia voted aye. Member King Wu 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

A. **Report of the Committee.** Chair Skiles gave the report. Two exam issues involved candidates who requested an extension of the eighteen month due to circumstances beyond their control per Title 288 Rules Chapter 6 005.03E. "Motion out of Committee to recommend the Board deny the extension." Motion retracted due to further information and testimony by Ms. Miller presented during the Board meeting. Moved by Skiles, seconded by Wassinger to approve the extension request for Kristin Miller. On a roll call vote, Members Fuhrman, Skiles, Obrist, Rieker, Titus, Wassinger, and Zacharia voted aye. Member King Wu was absent. Motion #13 carried. "Motion out of Committee to recommend the Board deny the extension." Motion retracted due to further information and testimony by Ms. Pina presented during the Board meeting. Moved by Skiles, seconded by Zacharia, to extend the CPA Exam 18 month window to January 31, 2009 for Adriana Pina. On a roll call vote, Members Fuhrman, Skiles, Obrist, Rieker, Titus, Wassinger, and Zacharia voted aye. Member King Wu was absent. Motion #14 carried. UN-Omaha hosted an off site E & E Committee meeting on September 12, 2008 with students and educators regarding exam education requirements and UAA Rules 5-1 and 5-2 revisions. The meeting was well attended with representatives from UN-Omaha, Dana College and Bellevue University. Due to poor response from AICPA regarding score reporting for the Ethics Exam, staff requested another approved ethics exam for certificate applicants. Motion out of Committee to recommend the Board approve a letter to AICPA detailing the issues, with the request to fix the reporting problems, and to provide a progress report after 3 and 6 months. On a roll call vote, Members Fuhrman, Skiles, Obrist, Rieker, Titus and Wassinger voted aye. Members King Wu and Zacharia were absent. Motion #15 carried.

B. **Ratification of Exam Scores.** There were no Exam scores to report at this time.

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

8. Report of the Legislative Committee

A. **Report on Legislation.**

1.) Mobility Legislation Update: Robert Grimit, Board Attorney, and Dan Vodvarka, President, Nebraska Society of CPAs (NSCPAs). Board Attorney

Grimit was present and provided a current draft of the statutes with potential changes. The Board reviewed several issues to be resolved before any legislation can be further drafted and finalized. Grimit summarized the potential issues and potential changes to the Public Accountancy Act (PAA). The committee met with the Nebraska Society leadership to share the Board's thoughts on the draft. The NSCPAs, as a result of their Board retreat in August, requested that proposed changes to 1-116 be taken out of the bill, and Vodvarka was given approval to continue working with the Board on the draft legislation. Overall, Vodvarka indicated the Society Board supported the concepts within the draft on Mobility knowing further review on some issues would be required within the rules. Mr. Grimit will continue to draft amendments to the PAA based on the Board's discussion and direction. A second meeting with the Board's Legislative Committee, Society Leadership, and other stakeholders will be conducted in October to discuss the final drafting. The final draft will be ready for Board review at the November meeting.

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 the Committee will meet in October to review the firm responses. She reported on the firm peer review required by most states which may necessitate a revamping of the QEP program. Members Fuhrman, Wassinger, and Staff Ebert will attend the September 22, 2008 NASBA Peer Review conference in Nashville, TN. Concern was expressed for the small firms meeting peer review cost requirements.

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. The Committee discussed licensing issues, a potential firm name change, and use of disclosure statements on a reciprocal application. The Committee was provided with a press release of individuals who had not renewed as of June 30, 2008. The Committee discussed the use of an abbreviated form of the firm name for promotional materials, when use of the full firm name is required for official business. Staff will propose a policy for review at the next Committee meeting.

B. **Recommendation not to allow licensure based on Title 288 Chapter 6 002.03.** Staff received a reciprocal application with disclosure question checked yes – "revocation… or disciplinary action by another state." Colorado CPA had been working with a Nebraska CPA on governmental audits since 1997. Nebraska CPA chose not to do any more audits in 2006. Our temporary practice statute 1-163 would allow him to practice, although Board policy at that time (1997-2004)

prevented practice if "stepping foot in the state." Motion out of Committee to recommend that the Board deny licensure in Nebraska based on Title 288 Chapter 6.002.02 and 6 002.03 and refer matter to Board's Enforcement Committee for any further action required. On a roll call vote, Members Fuhrman, Skiles, Obrist, Rieker, Titus, Wassinger, and Zacharia voted aye. Member King Wu was absent. Motion #16 carried.

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 July 17 and September 17, 2008. On a roll call vote, Members Fuhrman, Skiles, Obrist, Rieker, Titus, Wassinger, and Zacharia voted aye. Member King Wu was absent. Motion #17 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 July 17 and September 17, 2008:

Inactive - Retired affidavits:	Robert Malone, Wilber NE
Surrendered Certificates:	William Kane, Philadelphia PA
	Julie Turley, Webster Grove MO
	John Quinn, Indianapolis IN
	Joseph Wiggins, Forest Hills NY

On a roll call vote, Members Fuhrman, Skiles, Obrist, Rieker, Titus, Wassinger, and Zacharia voted aye. Member King Wu was absent. Motion #18 carried.

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

11. Report of Executive Director

A. **Board Budget 2010-2011 Update** As reported, the 2010/2011 Budget has been submitted to the DAS/ Budget Division for posting to the public. All interested in Board activities are encouraged to review the proposed budget.

B. **Nebraska.gov Update** Vice-Chair Doug Skiles commented that he met with representatives from Nebraska.gov and IMS Services to discuss the completion of the Board's online programs and the State Records Board grant. Overall, after many delays over the last four years, and including assistance of the new team formed, the projects have turned out well with many positive comments from CPAs. ED Sweetwood commented that work continues to enhance the systems based on feedback and the needs of staff. Issues involving the migration of data from the JOKEL system to the Board's Foxpro database remain and will require further analysis and discussion.

C. **NBPA Phone Book Advertisement** ED Sweetwood provided information on prospective cost amounts related to purchasing advertisements within Nebraska telephone directories to provide an enhanced Board telephone number so the public could verify the status of their CPAs. This initiative was offered out of the NASBA Communications Committee and several State Boards of Accountancy

currently display the ads in their telephone directories. Several points were made including researching the use of "public service ads" to publicize the Board's telephone number. No action taken.

D. Staffing & General Office Issues None to report

E. Report on To Do List

12. New Business

A. National Association of State Boards of Accountancy (NASBA) Items.

1.) NASBA Items. Chair Titus informed the Board that information from the South Dakota Board of Public Accountancy revealed no action had been taken on the Central Region's discussion at the Regional Meetings to meet once before the Annual Meeting in Omaha. They had emailed the Regional Director with no response received. The South Dakota Board would like to meet before next years Regional Meetings to better discuss and review issues facing the Boards. The hope is NASBA would provide assistance. However, if not, it is recommended the ED's of both Boards should plan the meeting set in Omaha for the Central Region next year. The Board discussed and provided input on this quarters NASBA Focus Questions.

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 Zacharia, seconded by Rieker, to adjourn the meeting at 2:35 p.m. on Thursday, September 18, 2008. On a roll call vote, Members Fuhrman, Skiles, Obrist, Rieker, Titus, Wassinger, and Zacharia voted aye. Member King Wu was absent. Motion #19 carried.

Respectfully submitted by,

Anne K. Fuhrman
Board Secretary