

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

Minutes
November 16, 2007

1. General

- A. Call to Order and Roll Call.** The Nebraska Board of Public Accountancy (Board) was called to order at 8:42 a.m. on Friday, November 16, 2007 with Chair Jim Titus, presiding. The roll was called with the following members present: Jim Titus, Doug Skiles, Anne Fuhrman, Kate King Wu, Tom Obrist, Michael Wassinger and Richard Zacharia. Member Jim Rieker 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. 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 November 16, 2007.** Moved by Obrist, seconded by King Wu, to approve the agenda for the November 16, 2007 meeting. On a roll call vote, Members Titus, Fuhrman, King Wu, Obrist, Skiles, Wassinger and Zacharia voted aye. Member Rieker was absent. Motion #1 carried.
- C. Approval of Minutes from September 21, 2007.** Moved by Obrist, seconded by King Wu, to approve the Board minutes as amended from the September 21, 2007 meeting. On a roll call vote, Members Titus, Fuhrman, King Wu, Obrist, Skiles, Wassinger and Zacharia voted aye. Member Rieker was absent. Motion #2 carried.

2. Public Comment Period (15 minute period)

Dan Vodvarka, Nebraska Society of CPAs' (NSCPA) President, was present to update and to report on the Society's recent annual meeting, the success of CPE Ethics courses, and upcoming receptions. The Society Board has discussed and will be monitoring, mobility legislation in other states. The suggestion was made to invite AICPA Mobility Chair Bill Strain to attend a State Board meeting. Executive Director Sweetwood acknowledged the Society for allowing the NPBA staff to set up an information booth and recognize former Board member William Nuckolls at their annual meeting.

3. Consent Agenda

- A. Published Notice of Meeting.** Moved by King Wu, seconded by Obrist, to approve the consent agenda. On a roll call vote, Members Titus, Fuhrman, King Wu, Obrist, Skiles, Wassinger and Zacharia voted aye. Member Rieker was absent. Motion #3 carried.
- B. Approval of Disbursements.** Board Secretary Fuhrman reviewed the disbursements. Disbursements for September and October 2007 were approved.

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Fuhrman recommended changes for reporting legal-related expenses in Quick Books.

- C. **Review of Board Budget Status Report.** The Budget Status Report was provided. Executive Director Sweetwood reported on the 2007-2008 fiscal year budget, and stated that the cash fund has been reduced as anticipated. The Executive Committee will meet on November 28, 2007 to make recommendations to the Board on setting Board fees for 2008-2009.
- 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. A copy of the press release with new Board public member Jim Rieker, 2007-2008 Board officers and committee members was provided to the Board.
- B. **Executive Committee Meetings Report.** The Executive Committee had several meetings with State Auditor Foley regarding the perception of the NASBA Annual Meeting in Maui. Chair Titus provided the copy of the letter sent to Mr. Costello, NASBA President, regarding the issue in Nebraska. The Committee will meet November 28, 2007 and will discuss the Executive Director's evaluation for 2008. Chair Titus suggested any Board members with thoughts regarding the ED's evaluation should contact a member of the Committee.
- C. **NASBA Annual Meeting Report, Maui, October 28-Oct. 31, 2007.** Members reported on the value of the meetings related directly to Nebraska issues such as mobility, the revised UAA 5-1 & 5-2, and the international standards convergence.
- D. **NABSA Communications Committee Request.** NASBA requested a Board member contact for the campaign to increase the public's awareness of State Board's activities. Staff was directed to respond that the ED will serve as Nebraska's contact and to provide a letter listing all of the public awareness activities of the Nebraska Board.
- E. **Review Board Calendar.** There were no changes to the Board calendar.
- F. **Report on To Do List.** There was no report at this time.

Closed Session

Closed Session. Moved by King Wu, seconded by Wassinger, that the Board go into closed session at 9:45 a.m., for the purpose of updating the Board about current open enforcement cases, and to discuss litigation filed against the Board. On a roll call vote, Members Titus, Fuhrman, King Wu, Obrist, Skiles, Wassinger and Zacharia voted aye. Member Rieker was absent. Motion #4 carried. Chair Titus restated that the purpose for the closed session was to update the Board about current open enforcement cases, and to discuss litigation filed against the Board.

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Return to Open Session. Moved by Obrist, seconded by King Wu, that the Board return to open session at 9:58 a.m. On a roll call vote, Members Titus, Fuhrman, King Wu, Obrist, Skiles, Wassinger and Zacharia voted aye. Member Rieker was absent. Motion #5 carried.

5. Report of Enforcement of Professional Conduct Committee

- A. **Open Case /LMCO Update.** Committee Chair Zacharia reviewed the open cases.
 - 1.) **Case #05-06 Michael Walsh Update/Appeal of Board Order.** The Board's disciplinary decision has been appealed to the Lancaster County District Court.
- B. **Public Hearing for Case # 07-06 continued to January 4, 2008.** Chair Titus met with the plaintiff's attorney and granted a continuance until January 4, 2008.
- C. **Public Hearing for Revocation of Certificates for non-Renewal of Permits 1996-2004 at 1:00 p.m., per PAA 1-136(3).** Board Chair Titus, serving as hearing officer, opened the public hearing filed against fourteen 1996-2004 permit non-renewals per PAA 1-136(3) at 1:00 p.m., Friday, November 16, 2007. Robert Gruit, Board attorney, was present representing the Board. Mr. Gruit referred the prepared Orders to the Board for fourteen people whose certificates were being revoked for non-renewal of permits from 1996-2004 per PAA 1-136(3). The public hearing was closed at 1:22 p.m., Friday, November 16, 2007. Moved by Fuhrman, seconded by King Wu, to adopt the prepared Orders, to revoke the certificates of non-renewed permit holders from 1996-2004, and that the Board Chair sign the Orders. On a roll call vote, Members Titus, Fuhrman, King Wu, Obrist, Skiles, Wassinger and Zacharia voted aye. Member Rieker was absent. Motion #16 carried.
- D. **Recommended Closure of Enforcement Cases.** Motion out of Committee to recommend that the Board close case # 07-03. The case required complainant to provide further information by October 12, 2007. No additional information was received by the Board. On a roll call vote, Members Titus, Fuhrman, King Wu, Obrist, Skiles, Wassinger and Zacharia voted aye. Member Rieker was absent. Motion #6 carried.
- E. **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 89 courses from September 7 to November 5, 2007, with 89 approved and 0 denied. The Committee reviewed the CPE sponsor application of DFO Resources LLC- Noblesville, IN. The Committee reviewed the staff evaluation of reinstatement applications and referred the list to the Licensing Committee, with the exception of Elizabeth Fullerton. The Committee is reviewing what documentation is needed to make "webinar" attendance qualify for CPE in Nebraska. They requested that staff send a letter to NASBA on ways to document attendance at NASBA "webinars." The Committee is also reviewing

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- a possible limitation on the number of hours allowed for non-technical courses. Staff was requested to research other legislative rules or guidelines related to the issue. Staff was requested to monitor such items as the number of non-technical courses being taken, the number of people taking non-technical courses, specific course content, and the number of sponsors providing the courses.
- B. Ratification/Denial of Staff Program Qualification Evaluations.** Motion out of Committee to approve 89 courses from September 7 to November 5, 2007. On a roll call vote, Members Titus, Fuhrman, King Wu, Obrist, Skiles, Wassinger and Zacharia voted aye. Member Rieker was absent. Motion #7 carried.
- C. Ratification of CPE Sponsor.** Motion out of Committee to approve DFO Resources LLC- Noblesville, IN as a CPE sponsor. On a roll call vote, Members Titus, Fuhrman, King Wu, Obrist, Skiles, Wassinger and Zacharia voted aye. Member Rieker was absent. Motion #8 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 Skiles gave the report. The Education Advisory Committee (EAC) met on October 12, 2007 with twelve educators present to discuss proposed revisions to the UAA 5-1 & 5-2. Staff provided a survey to the EAC members and compiled the members' responses to proposed changes. The AICPA's Board of Examiners requested that the Board complete an Exam Content Improvement Questionnaire by December 31, 2007. Moved by Obrist, seconded by Zacharia, that E & E Chair Skiles may respond to the questionnaire for the Board. On a roll call vote, Members Titus, Fuhrman, King Wu, Obrist, Skiles, Wassinger and Zacharia voted aye. Member Rieker was absent. Motion #11 carried.
- B. Approval of CPA Exam Scores for July – Aug. 2007.** Exam score statistics were provided to the Board. Motion out of Committee to approve the CPA Exam scores for the July-August 2007 Window. On a roll call vote, Members Titus, Fuhrman, King Wu, Obrist, Skiles, Wassinger and Zacharia voted aye. Member Rieker was absent. Motion #12 carried.
- C. Approval to send revised CPA Exam Diagnostic Reports to Nebraska Candidates.** The AICPA discovered content coding inaccuracies in the Audit simulations used in the July –August 2007 window that do not affect the calculation of the total score or the pass/fail decision, but could help a candidate using the diagnostic reports to improve their performance on the exam. Motion out of Committee to recommend Board approval to distribute the revised CPA Exam Diagnostic Reports to any Nebraska candidates that have not passed the exam and may have been affected by the diagnostic reports. On a roll call vote, Members Titus, Fuhrman, King Wu, Obrist, Skiles, and Wassinger voted aye. Members Rieker and Zacharia were absent. Motion #9 carried.

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- D. Approval of BG/ST 604 Managerial Statistics as meeting Quantitative Applications in Business.** Motion out of Committee to recommend Board approval of BG/ST 604 Managerial Statistics as meeting Quantitative Applications in Business based on a comparison to previously approved course descriptions. On a roll call vote, Members Titus, Fuhrman, King Wu, Obrist, Skiles, and Wassinger voted aye. Members Rieker and Zacharia were absent. Motion #10 carried.
- E. 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 reported that the Committee did not meet. A letter was sent to Ken Bishop, NASBA's Temporary Practice/Mobility Committee Chair, with two requests related to mobility legislation. A copy of the letter was provided to Board members. It is anticipated that the Committee would meet with NSCPA leadership in May 2008 to discuss the status of mobility in Nebraska.
- 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 there were more questions this year from firms with Type 3 & 4 reports in finding appropriate CPE courses to meet QEP requirements. She updated the Board on a meeting she had with practitioner who was concerned with his QEP rating. A letter will be drafted and sent to the practitioner.
- 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 certificate applicant who had checked "Yes" on the disclosure questions. After careful review, the Committee chose to issue the certificate along with a letter. Any future affirmative disclosure question applications are to be reviewed by the Committee. The Committee determined that identity theft protection service offered to clients by an outside source, who paid a fee to the firm, was a commission that required the use of a disclosure statement. The Committee received a request for the names of all certificate holders who had received the newest version of the certificate because the person was disappointed in the looks of the certificate and hoped to start a petition drive to alter the format. The Committee determined that both examination and reciprocal certificate applicants should receive the same type of certificate with appropriate wording for requirements met. The person was sent a revised reciprocal certificate.

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- B. Recommended Revision to Reciprocal Certificate.** Motion out of Committee to recommend to the Board a revision of the reciprocal certificate. On a roll call vote, Members Titus, Fuhrman, King Wu, Obrist, Skiles, Wassinger and Zacharia voted aye. Member Rieker was absent. Motion #13 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 September 13 and November 15, 2007. On a roll call vote, Members Titus, Fuhrman, King Wu, Obrist, Skiles, Wassinger and Zacharia voted aye. Member Rieker was absent. Motion #14 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 September 13, and November 15, 2007:
Reinstatements: William Lawlor
Michael McGuane
Jennifer Szaro
Surrendered Certificates: Jay Magnuson, Wheatland, WY
James Spurgeon, Scottsbluff, NE
Christopher Tyhurst, Albuquerque, NM
On a roll call vote, Members Titus, Fuhrman, King Wu, Obrist, Skiles, Wassinger and Zacharia voted aye. Member Rieker was absent. Motion #15 carried.
- E. Report on To Do List. There was no report at this time.**

11. Report of Executive Director

- A. Report on Nebraska.gov Online Processes.** ED Sweetwood reported that the CPE module is up and running smoothly with a few minor issues that have been corrected as we were notified of the issue. About 80 people have reported online. The online license renewals should be ready by the spring of 2008.
- B. Staffing and General Office Issues.** Executive Director Sweetwood reported that he had been appointed to the 2007-2008 NASBA Executive Directors Committee and the Uniform Accountancy Act Committee. Members expressed concern for the amount of time spent on Committees. He indicated he would be preparing and speaking on two topics at the upcoming ED meeting in March. ED Sweetwood indicated he would monitor his time spent on NASBA activities and would notify the Board if he thought too much of his time was being spent on NASBA Committee activities. ED Sweetwood attended the independent agency directors meeting and learned that there will be no changes in staff raises.
- C. Report on To Do List.** There was no report at this time.

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12. New Business

- A. National Association of State Boards of Accountancy (NASBA) Items.**
- 1.) NASBA Annual Meeting, Maui, October 28-October 31, 2007.** Board Members expressed the value of attending the meetings and gathering information pertinent to Nebraska issues. The Annual Meeting was the 100th Anniversary of NASBA and was especially significant. Member Skiles thanked the ED and Staff for providing the whole range of information to Board members and for not attempting to restrict the agenda/information to the Board.. See also agenda item #4: Report of the Chair.
 - 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 King Wu, seconded by Wassinger, to adjourn the meeting at 1:30 p.m. on Friday, November 16, 2007. On a roll call vote, Members Titus, Fuhrman, King Wu, Obrist, Skiles, Wassinger and Zacharia voted aye. Member Rieker was absent. Motion #17 carried.

Respectfully submitted by,

Anne K. Fuhrman
Board Secretary