



Nebraska Board of Public Accountancy

The Board is responsible for licensing and regulating Certified Public Accountants (CPAs) and Public Accountants (PAs) in Nebraska

2009 ANNUAL LETTER

MESSAGE FROM BOARD CHAIR, *Mr. Doug Skiles, CPA*

Early in my accounting career, my boss took me to my first Jaycee meeting. I remember there must have been 75 people at that first meeting. I was excited to be part of a thriving organization! The next meeting, 8 people showed up, and I was elected treasurer and handed the checkbook. You know the feeling... we have all been there. It's like being asked to play a pickup basketball game because you have the best basketball. But, I stuck it out, became involved in the community of McCook, and soon became the Jaycees Southwest District Director, and finally on the state board as the Nebraska Jaycees Cystic Fibrosis Project Manager. It was hard work, staying in touch quarterly with 110 chapters throughout the state, from Benkelman to Pender, Scottsbluff to Auburn. But it was one of the most rewarding times, meeting people from all over the state with a common motto, "service to humanity is the best work of life."



And it is because of that belief, I have been motivated to serve on local and state boards for my church, schools and college, service organizations, foundations, CASA, Teammates, and to coach youth sports. And it is with that same enthusiasm for our profession, that I have served the NBPA since 2003. Having chaired the Education and Exam Committee for 4 years, Vice Chair for 3 years and serving on NASBA's Education Committee for 3 years, I want to continue the best practices of my predecessors and be responsive to the needs of my peers while carrying out the Board's charge of protecting the public. I have been blessed with a staff and board of dedicated individuals with similar convictions towards making our profession the best that it can be.

INSIDE

Table of Contents:

Letter from Board Chair.....	1
Letter from Executive Director.....	2
Mobility is Coming.....	3
Committee Reports:	
CPE.....	4
Exam & Education.....	4
Licensing.....	5
QEP.....	5
Enforcement.....	6
Facts & Tibits.....	6
Board 2009 FY Budget Analysis.....	7
Licensing Statistics.....	8

The Board was very busy in 2009 including the following activities:

- Successful passage of mobility legislation signed by Governor Dave Heineman in February 2009.
- The development of a major rule package by the Board's Legislative Committee including input and review by Board Members & staff, the Mobility Work Group, the Nebraska Society of CPAs and the Nebraska Independent Accountants Association.
- Completion of the Continuing Professional Education Audit by the Board's CPE Committee & staff. CPE compliance remains high in Nebraska based on the importance of submission including our new online reporting systems.
- The Board's Licensing Committee continues to wrestle with license and firm name requests that require research and study.
- Education issues continue to arise before the Education & Examination Committee. We are very proud of Nebraska's success in passage of the examination after learning of the #1 national ranking in first time pass rates of the examination. Nebraska accounting educators should be proud of this ranking.
- Another successful year in scheduling volunteers and final reviews by the Board's Quality Enhancement Program Committee to complete the program and commencing a critical review of the program itself this year.
- The completion of a complicated enforcement case requiring extensive legal and expert support and reviewing over 17 complaints filed in 2009 by the Board's Enforcement Committee.

(Continued on page 2)



MESSAGE FROM BOARD CHAIR (Continued from page 1)

The Board continues to operate in a fiscally conservative manner and must respond to the Governor and the Legislature in its attempt to deal with the tight state budget. It was disappointing to learn in response to LB 1 passed in last year's special session, \$100,000 was transferred from the Board's cash fund to the state's general fund. Many cash funds were tapped to assist in addressing the budget problem. Remember, Board funds are only derived from licensing fees. It is hoped this would not occur again or on any regular basis. The Board's budget has also been reduced by over 7% over the last two years. It is our goal to continue to provide our current high level of service to the public and our registrants, but we will find it difficult in this current economic environment. We have created several efficiencies over the last several years including one-day Board meetings instead of two and enhanced online reporting to cut down on paper and mailings, and audit time.

I take the responsibility of being a member of the State Board very seriously and am proud of the Board accomplishments. The Board's current members are engaged, professional, and sensitive to the public and your concerns when making important decisions. Do not hesitate to contact me or the Board office with any of your thoughts regarding our accounting profession. You may contact the board at (402) 471-3595 or 1-800-564-6111 or at Dan.Sweetwood@Nebraska.gov or contact me at (308) 345-5100 or at dskiles@msl-cpa.com.

Sincerely,



Doug Skiles, CPA

FROM THE EXECUTIVE DIRECTOR, Dan Sweetwood:

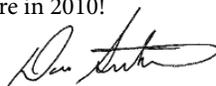
Several important items come to mind to report to you this year including:

- The Board is on the way to Mobility with the passage of LB 31. Stay tuned as the new law will go into effect September 1, 2010. Also, a proposed major Title 288 Rules package is proceeding (See a related article for further details on Mobility.)
- Staff conducted the first Firm Administrators Workshop in 2009 produced at the NETV studios and broadcast to several locations within Nebraska. The Workshop allowed for direct interaction between those responsible for licensure within CPA firms and Board staff
- State budget problems have affected your State Board including a \$100,000 transfer from the Board's Cash Fund to the states General Fund and a reduction in appropriations (See a related article for further details.)
- The Board's continued diligence in its enforcement efforts including the review of complicated complaint inquiries and the revocation of CPA credentials in 2009 for not adhering to professional standards (See a related article for further details on enforcement.)
- Board initiated changes to its online CPE reporting systems based on CPA feedback have produced a very positive response as indicated in online surveys. Our online programs, including the licensee Renewal system, have streamlined operations including saving costs associated with office filing and postage expense.

As you can see your State Board was busy in 2009, and 2010 shapes up to much of the same. The state budget looms over our shoulders and we hope we can continue to provide the same service you are accustomed to from our office. Jo, Kelly, and I take very seriously our commitment to your profession and to our services to the citizens of Nebraska. Never hesitate to contact us with your comments at (402) 471-3595 or at Dan.Sweetwood@Nebraska.gov.

Also, I have the honor this year as serving as the Chair of the National Association of State Boards of Accountancy (NASBA) Executive Director Committee and the 55 jurisdictions it represents. This has allowed me to interact with several key committees including the NASBA Board of Directors, AICPA leadership, the Uniform CPA Examination Team, and others. Part of my duties also includes hosting of the NASBA Executive Director/Legal/Staff Conference held in Nashville, TN in March. It is always interesting and a challenge to be invited to the "big picture" discussions while maintaining the "Nebraska perspective."

Take Care in 2010!



Dan Sweetwood

Firm Administrator Workshop photo's



CPE Coordinator Kelly Ebert answers a CPE question from Scottsbluff via the video-conferencing system.



Licensing Administrator Jo Lowe explains how to complete an initial application for a CPA license in Nebraska.



Executive Director Dan Sweetwood discusses new Mobility provisions with firm administrators in attendance at the NET Studios.



State Board Staff Members, Ms. Kelly Ebert, Ms. Jo Lowe, and Mr. Dan Sweetwood at the NET Studios for the Firm Administrator Workshop

MOBILITY IS COMING IN 2010!

Nebraska will be joining the vast majority of the 55 jurisdictions of State Board's of Public Accountancy by instituting Mobility provisions within Nebraska law via the Public Accountancy Act on September 1, 2010. Most of Nebraska's surrounding states currently have Mobility provisions. For current information on each state's Mobility status go to www.nasba.org "Mobility" to access each jurisdictions status.

As a Nebraska CPA, if you want to practice in another state, check that state's Mobility provisions. If that state has Mobility, a current licensed CPA domiciled in Nebraska may practice public accounting in another state without having to procure a license, pay a fee, or register with that state's Board of Public Accountancy. The CPA is allowed a practice privilege into the state, however, can still be disciplined by the state if warranted. The same practice privilege takes effect September 1, 2010 for out of state CPAs practicing in Nebraska with the exception described below.

Most Mobility provisions will require a CPA firm that is conducting an audit engagement in the other state (some states including Nebraska* include a review engagement) to obtain a firm license within the state if the clients home office is located within that jurisdiction.

If you have questions regarding Mobility go to www.nasba.org "Mobility" and click on that state for an update on their Mobility provisions. Also, you can telephone and/or access each states website by going to www.nasba.org "Members" for additional information.

* In Nebraska a firm partner will also require licensure

UPDATE ON ONLINE PROGRAMS

The Board is proud to provide CPAs, Inactive Registrants, and CPA firms the ability to renew their permits and registrations online by going to www.nbpa.ne.gov and clicking on the correct application at the bottom of the page. CPAs can also submit their required continuing education submissions online. These submissions have provided Board staff with less paperwork to process and decreases storage requirements. Since these programs are fairly new, your feedback is essential as we continue to review and enhance the online processes. Please contact staff members Jo Lowe (renewals) or Kelly Ebert (CPE) with your thoughts at Jo.Lowe@nebraska.gov or Kelly.Ebert@nebraska.gov or call 1-800-564-6111 in Nebraska.

EMAIL BLASTS COMING FROM THE STATE BOARD:

Please keep the Board up to date regarding your email addresses as email reminders and notifications have begun including this Annual Letter! Other information traditionally sent via regular mail may also in the future be sent via email to help the Board save printing and postage expense. If you do not have an email address, please notify the Board office. It is also important to keep the Board current with address and employer information by going to the Board's website at www.nbpa.ne.gov front page to notify of any changes.

Governor Re-appoints State Board Members!



In September, Governor Dave Heineman re-appointed Members **Mr. Douglas Skiles, CPA**, and **Mr. Richard Zacharia, CPA** to the Nebraska State Board of Public Accountancy. Both will serve their second four-year term on the State Board.

Skiles is a member of the Board's Education & Examination Committee and was elected Board Chair. He serves on the NASBA Education Committee.

Zacharia is Chair of the Board's CPE Committee and the Enforcement Committee and is a member of the NASBA CPE Committee.

Executive Director Sweetwood commented, "Both Doug and Dick have been very active members of the Board and are deserving of the Governor's re-appointment. Doug is the current Chair, well prepared to lead the Board, and has been active in education issues. Dick is Chair of the CPE and Enforcement Committees of the Board. Dick's steady hand and common sense approach to enforcement issues has been beneficial to the Board."

Mr. Skiles is with the CPA firm McPherron, Skiles, and Loop, P.C., and Mr. Zacharia is with Frankel Zacharia, LLC.

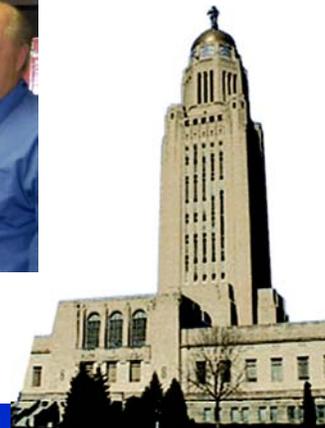
STATE BOARD MEMBERS



(From left to right) Jim Rieker, Public Member • Doug Skiles, CPA, Chair • Kate King Wu, CPA • Anne Furman, CPA, Secretary • Tom Obrist, CPA • Mike Wassinger, CPA, Vice Chair • Jim Titus, Public Member • Richard Zacharia, CPA, is not pictured.



Passing the gavel from Jim Titus to new Board Chair, Douglas Skiles, CPA.



CONTINUING PROFESSIONAL EDUCATION (CPE) COMMITTEE:

This was an ANOTHER BIG YEAR for CPE by submitting CPE hours online. Nearly 85% of CPAs submitted online. **The ability to submit courses online can be used throughout the year. Please use this tool to track your CPE hours on an ongoing basis.** Your password to submit CPE will remain the same when you renew your permit to practice. It is very important to keep that password.

It is very important to make sure you are tracking your CPE hours to confirm you have enough hours in your two-year licensing period. It is important that you complete your CPE hours within the two year period. If not, you must request a formal extension that will require you to return to your regular two year period. This creates more work for you and makes it harder for you to get back on track!

If your Firm/Company holds in-house training/courses, please make sure there is a sign-in sheet present at the course or certificates of completions. The sign-in sheet/certificate of completion needs to be on letterhead of the firm/company with all of the details of the course. For example, please include the title of the course, date of course, firm/company name, start and end times, and recommended number of hours. When you do in-house training it is highly recommended that you go through the pre-approval process using the Program Qualification Form. The pre-approval process is completing the Program Qualification Form which is located on our website.

If you are selected to go through an audit for your CPE hours, you will need to provide proof of attendance for each course submitted to our office during that 2-year reporting period. Thus, the need for completed sign-in sheets and certificate of completions.

The Committee reviewed and pre-approved 529 courses. In addition, to reviewing the courses submitted through **Program Qualification Forms** the Committee allows National Association of State Boards (NASBA) approved courses. All courses and sponsors are reviewed annually.

It is anticipated the **CPE Guidelines** will be updated in 2010 including review of non-technical courses for CPE approval, extension provisions, and other requirements involving CPE. All Active Permit Holders will be notified of any changes via email blasts.

EDUCATION & EXAM COMMITTEE (E & E):

In 2008, Nebraska had the nation's highest first-time Exam pass rate percentage at 60.5%! That means 60% of Nebraska candidates passed the exam the first time as compared to paper and pencil first time pass rates of 23%. Congratulations to candidates and the educators who prepared them so well! Overall, the computer based CPA exam has been very successful and well accepted by candidates. The Committee wants to remind firms who have people sitting for the exam to be sure to review the CPA exam tutorial available on www.CPA-Exam.org for mechanical processes involved in the online exam.

There are four Nebraska CPA exam sites for candidates: Kearney, Lincoln, Omaha, and Scottsbluff.

Committee Chair Kate King-Wu continues to serve the CPA profession by serving on a Board of Examiners (BOE) sub-committee. She is directly involved in preparing and reviewing questions for the Uniform CPA Examination. Way to go Kate!

The Education Advisory Committee (EAC), made up of educational institution representatives, met to review the Educational Guidelines and proposed Rule changes. The Board appreciates their service on the EAC.



The Education Advisory Committee (EAC) Members include front row: Doug Skiles, CPA and Board Chair; Nina Kavich, CPA; Dr. Courtney Baillie, Nebraska Wesleyan University; Michelle Thornburg, CPA; Kate King Wu, CPA and Board member; Jim Rieker, Board member. Back row: Michael Wassinger, Board member; Mick Shadbolt, Bellevue University; Dr. Tom Shimerda, Creighton University; Dave Emery, CPA; Vaughan Benson, Wayne State College; Dr. Jack Armitage, UN-Omaha. Not pictured: Kathy Smith, UN-Kearney; James Koehn, Chadron State College; Dr. Paul Shoemaker, UN-Lincoln.

LICENSING COMMITTEE:

Online renewal applications were made available for 2009 with nearly a 60% adoption rate. Paying by credit card saved the Board staff many hours of preparing check deposits.

To review the current
Public Accountancy
Act and Title 288 Rules
please go to:
www.nbpa.ne.gov

Firm names continue to be an issue for Committee review. Please refer to the Firm Guidelines, available on the Board's website, if you intend to change your firm name. The Committee's efforts have been to protect the public by approving names that are not misleading as to services provided, number of CPAs employed, and other potentially confusing terminology.

Certificates of Registration/Organization are annually confusing to firms. Certificates are for the Nebraska Secretary of States (SOS) office to validate your CPA professional business as permissible to do business in Nebraska. The Board provides two certificates to document your firm's current licensed status with the Board. Certificates are a function of the SOS's office, not the Board. However, you must ALSO renew your firm permit annually with the Board. Often the two processes are confused. The certificate of registration/organization is based on your original date of incorporation with the SOS. Sometimes they occur at the same time. Yes, you must do BOTH.

CPA's cannot just go away! Licensure does not end when you no longer reside in the state, no longer have clients or a business, or retire. You must complete the appropriate form. The Committee annually recommends revocation of certificates of permit holders, who have not renewed their active permit for three years per PAA 1-137 (9), following complaint and notice of hearing. Please check the website or contact the Board office for change of status options.

Inactive Status means you cannot hold out as a CPA per Title 288 Rules Chapter 3 001.09. Any representation that may mislead the public could come under scrutiny by the Board.

QUALITY ENHANCEMENT PROGRAM:

The Most Common Problems on 2009 Reports (audits, reviews, and compilations)

The committee determined the following five issues were the most common problems:

1. SOP 01-6 Accounts Receivables incomplete disclosures;
2. Lack of disclosure for concentration of credit risk for at-risk account balances (i.e. cash balances in excess of FDIC issued limits).
3. Inadequate SFAS 109 income tax related disclosures.
4. Inconsistency between report headings and accountant's report wording;
5. Incomplete disclosures on items practitioners have deemed immaterial when GAAP requires disclosure regardless of materiality.

Reminders from the Committee:

- Review your internal quality control procedures as related to reports being issued; the licensed owner of the firm is ultimately responsible for all reports issued by the firm.
- When providing services to specialized industries, applicable CPE courses and reference libraries are important.
- A copy of the actual financial statements and accountant's report issued to the client should be maintained in your files as part of the engagement documentation. The file copy should be either a hard copy or a PDF copy, rather than an Excel or Word file could inadvertently be altered.

WE NEED YOUR HELP!

In 2010, we will need QEP reviewers. You **can earn up to 8 CPE hours** a day and your firm will receive \$100 per day to help defray expenses. It's a great educational tool to take back to your practice. A QEP Reviewer Application form is available online at www.nbpa.ne.gov/qep if you wish to participate.

Thank you to QEP reviewers for making our program a success.



ENFORCEMENT COMMITTEE NEWS:

Over 18 Complaints were filed with the Board in 2009. Seven have been closed after close scrutiny by the Committee. The scrutiny includes review of the complaint and a response by the CPA. The Committee can request further inquiry by staff and/or provide initial thoughts to the complainant and/or CPA for further consideration. Several complaints were closed after these comments were provided to the complainant that opened lines of communication and/or understanding of the circumstances related to the CPA's response. If warranted and probable cause exists, the Committee will recommend to the Board a formal complaint be filed against the CPA/CPA firm for adjudication before the entire Board.

Additionally, the Board, after recommendation by the Nebraska Attorney General's Office, has proposed changes to Board regulations within Title 288, Chapter 4 Board Meetings and Proceedings before the Board. The recommended changes include model rules as offered by the AGO to address adjudicated matters before the Board. To review the proposed regulations go to www.nbpa.ne.gov.

Recent Disciplinary Actions taken by the Board:

- **Ms. Stacy L. Funk**, Council Bluffs, Iowa Board issued Certificate and Active Permit to Practice is surrendered and revoked for felony theft conviction.
- **Mr. Michael T. Harrington**, Lee's Summit, Missouri Board issued Certificate surrendered and revoked for felony theft conviction.
- **Ms. Joyce E. Borchert**, CPA, Alliance, Nebraska Board issued Active Permit to Practice placed on probation for two years related to communication with a client.
- **Mr. Michael E. Wilcox**, Omaha, Nebraska Board issued Certificate and Active Permit Practice suspended for two years and fined \$7500 related to acts discreditable when dealing with client.
- **Mr. Robert C. Raymond**, Gothenburg, Nebraska Board issued Certificate and Active Permit to Practice revoked related to acts discreditable for non compliance with professional standards and other matters.

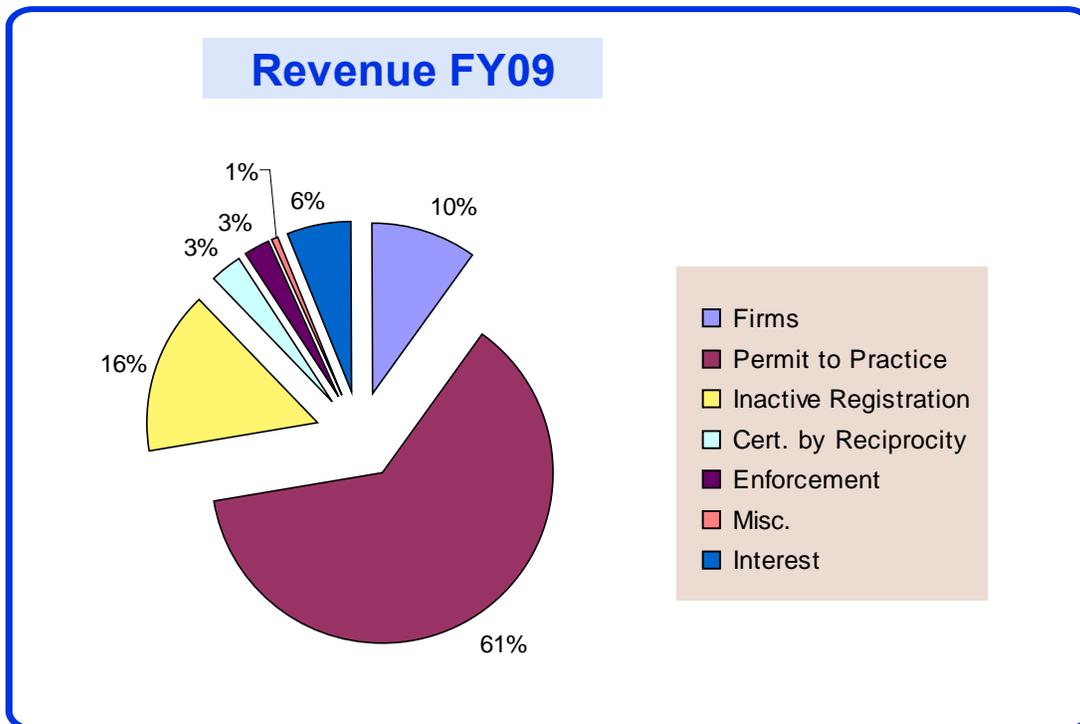
Further information regarding enforcement actions by the Board can be viewed on the Board's website at www.nbpa.ne.gov left banner "Disciplinary Search" or by going to "Board News and reviewing "archives" under Enforcement Actions for official announcements. Any questions and/or concerns pertaining to enforcement matters before the Board can be addressed to Dan Sweetwood, Executive Director by going to Dan.Sweetwood@Nebraska.gov or at (402) 471-3595.

FAQ's / TIDBITS:

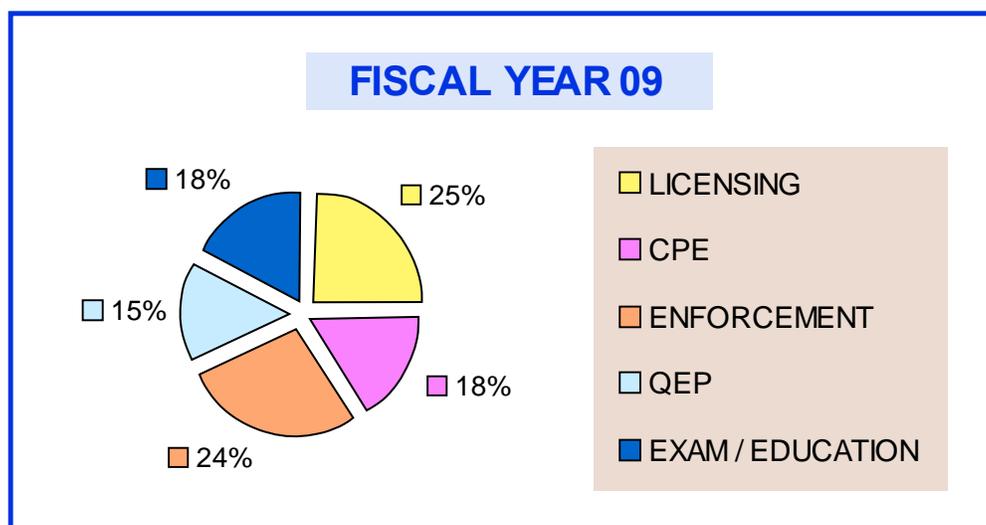
- 1.) **Check for the current NBPA application form:** Be sure to check the NBPA website for the most current application forms. In the past two years, fees have changed for some applications. As a state agency, the Board cannot accept checks for the wrong amount. The application and incorrect fee check must be returned to the applicant, delaying the application process.
- 2.) **Changes to the Rules and Regulations!** During the year issues may arise that result in revisions to the Board's Title 288 Rules and Regulations. Please be aware that "things change." The Board office will attempt to inform you of changes through the annual letter, the Nebraska Society of CPAs newsletter, or other means. 2010 Title 288 Rule changes will cover mobility, CPE, and important enforcement procedural changes.
- 3.) **How many hours do I need to renew my permit?** CPE hours required for renewal of your permit to practice equal 80 hours over TWO years, including 4 hours of ethics. Do not confuse the required 80 hours over two years with other derivatives such as 40 hours per year, or with 20 hours of self study. Ethics hours may be taken in small increments, not all in one four hour block. CPE must be reported by January 31 each year. **CPE reporting is available throughout the year** by using the "CPE Online Reporting" on the home page of NBPA: <http://www.nbpa.ne.gov> Please refer to the most recent edition of the CPE Guidelines on the Board's website for specific requirements.
- 4.) **How do I go from inactive registration status to active permit holder?** There is a reinstatement application for this process. The application should be submitted to our office when all required hours are completed. Reinstatement from inactive registrant to active permit holder requires communication with the Board office. Based on your birth year, your licensing period does NOT change, and effects the years for CPE reinstatement reporting. Reinstatement requires careful timing, and Board staff will be happy to assist you through the process. Please do not try to submit CPE hours if you are "inactive." You must keep track of those hours to submit with your reinstatement application.
- 5.) **Reminder:** Title 288 Rules Chapter 5 007.06 state that "Each certificate holder shall notify the Board in writing (or via the Board's website) within 30 days of any **change of address or change of employment.**"
- 6.) **How do I report problems or issues experienced with CPA Exam Services (CPAES) in the CPA exam process?** Please contact the Board office if you have serious complaints during the exam process that have not been resolved through the Candidate Care service.
- 7.) **There is a difference:** The Nebraska **STATE BOARD of Public Accountancy** is a regulatory agency – think "permits." The **Nebraska SOCIETY** is a membership organization – think "CPE." Often people change their contact information. Please be sure to change your information with BOTH entities!

Board Revenue for Fiscal Year 2009

The Board is a Non-Code Agency within State Government. Board funds are derived from licensing fees as determined by the Board by February 1st of each year*. After creation of a recommended budget by the Board, funds are appropriated by the Nebraska Legislature as recommended by the Governor.



The Board currently has five programs as outlined below. The Chart shows generally where Board funds were utilized by program in FY2009.



* No State General Funds are used to support the Board



LICENSING STATISTICS 2009

Report on permits/registrations issued from July 1, 2008 to June 1, 2009:
Prior year's statistics are given for comparison purposes.

	2006-08	2007-09	2008-10	2009-2011
CPA Permits	1087	1066	1008	1085
CPA Inactive Regs.	725	790	662	726
Total:	1812	1856	1670	1811
	2006-07	2007-08	2008-09	2009-2010
Partnerships	20	20	20	15
Professional Corporations	207	202	195	214
Limited Liability Companies	59	48	47	55
Limited Liability Partnerships	35	32	34	38
Sole Proprietorships	234	287	209	250
Total:	555	589	505	572

Certificate/Permit Status Changes in 2009:

Certificates Issued	132
Reciprocal Certificates Issued	47
Initial Permits Issued	171
Certificate Revocation for Permit Non- Renewal per PAA 1-137:	3
Inactive – Retired Status:	37
Voluntary Surrender of Certificate:	12
Reinstatement to Active Permit:	10

Enforcement Cases

New Cases opened in 2009	18
Discipline Issued in 2009	5
Open Cases Dismissed in 2009	11



Board Intern Jeff Paesl, UN-L Accounting Major, reports for work. The Board has had great success utilizing honors accounting students to assist with paperwork, filing, and other assigned duties while they are exposed to State regulation of the accounting profession.

The 2009 Annual Register
of licensed CPAs and CPA
Firms in Nebraska is
available on the
Boards Home page:
www.nbpa.ne.gov

Board Members

Doug Skiles, – Chair – McCook, NE
Michael Wassinger, CPA – Vice Chair – Hastings, NE
Anne Fuhrman, CPA – Secretary – Gretna, NE
Richard Zacharia, CPA – Omaha, NE
Tom Obrist, CPA – Lincoln, NE
Kate King Wu, CPA – Omaha, NE
Jim Rieker – Omaha, NE
Jim Titus – Lincoln, NE

Staff

Dan Sweetwood, Executive Director
Jo Lowe, Administrator
Kelly Ebert, Administrative Assistant

Contact Information

P.O. Box 94725, Lincoln, NE 68509
140 N. 8th Street, Suite 290, Lincoln, NE 68508
(402) 471-3595 or (800) 564-6111
Fax (402) 471-4484

Website: www.nbpa.ne.gov