

NEBRASKA BOARD OF PUBLIC ACCOUNTANCY
1526 K Street, Suite 410, Lincoln, Nebraska

Minutes
September 12, 2014

Draft Minutes. Minutes are not approved until the next Board meeting.

Friday, September 12, 2014

1. General

- A. Call to Order and Roll Call.** The Nebraska Board of Public Accountancy (Board) was called to order at 8:38 a.m. on Friday, September 12, 2014 with Vice Chair Lori Druse, presiding. The roll was called with the following members present: Lori Druse, Jan Glenn, Michele Stromp, Marcy Luth, Thomas Purcell and Glenn Waltemath. Board Chair Bernie Gutschewski and member Michael McClure were absent. Also present were Executive Director Dan Sweetwood, Staff member Jo Lowe, and Intern Lisa Steffensmeier, UNL Accounting major from Norfolk. NBPA Staff Myers was attending the NASBA CPE Conference. The meeting was held at the Board Office, 1526 K Street, in Suite 4D, Lincoln, Nebraska. Vice Chair Druse 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. Visitors present were Dan Vodvarka, Nebraska Society of CPA's, and G. Rand Hansen, CPA.
- B. Approval of Meeting Agenda for Friday, September 12, 2014.** Moved by Glenn, seconded by Waltemath, to approve the agenda for the Friday, September 12, 2014 meeting. On a roll call vote, Members Druse, Glenn, Stromp, Luth, Purcell and Waltemath voted aye. Members Gutschewski and McClure were absent. Motion #1 carried.
- C. Approval of Minutes from July 18, 2014.** Moved by Luth, seconded by Glenn, to approve the Board minutes from the July 18, 2014 meeting with correction. On a roll call vote, Members Druse, Glenn, Stromp, Luth, Purcell and Waltemath voted aye. Members Gutschewski and McClure were absent. Motion #2 carried.

2. Public Comment Period (15 minute period)

Dan Vodvarka, Nebraska Society President, was present to update the Board about Society activities. He acknowledged the Board for their continued work on the requirement for Peer Review and indicated the Society Board reviewed and was in general approval of the second draft provided to the Public Accountancy Act. The Society was also pleased the Board agreed to provide a session on QEP/Peer Review revisions for firms at their upcoming annual meeting set for Oct 27-28, 2014. Vodvarka reported the Society's CPE courses continue to be well attended this year.

G. Rand Hansen, CPA and Member of the AICPA Professional Ethics Executive Committee (PEEC) presented an overview of PEEC's structure and responsibilities. He outlined two important projects including the re-codification of the AICPA Code of Professional Conduct and the continued complex review of convergence with international standards. Hansen's experience as a small firm practitioner positioned him well to stress the needs and nuances of small firms and sole practitioners while debating proposed standards. A discussion ensued

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about PEEC handling of AICPA members complaints, and possible notification to the State Board on applications.

3. Consent Agenda

- A. **Published Notice of Meeting.** Moved by Stromp, seconded by Purcell, to approve the consent agenda. On a roll call vote, Members Druse, Glenn, Stromp, Luth, Purcell and Waltemath voted aye. Members Gutschewski and McClure were absent. Motion #3 carried.
- B. **Review of Disbursements for July and August 2014.** Disbursements were reviewed prior to the Board meeting by Board Secretary Glenn. She reported no matters of interest other than normal payments.
- C. **Review of Board Budget Status Report.** The current budget status report was provided for review. ED Sweetwood reviewed the Budget Status Report and referred to the FY 2015–2017 budget process. See agenda item #4B.
- D. **Office Licensing Report.** The Office Licensing Report was provided to the Board.

4. Report of the Chair

- A. **Report of the Chair.** Vice Chair Druse gave the report.
- B. **Executive Committee Meeting - FY 2016/2017 Budget Overview.** Vice Chair Druse reported that the Executive Committee met on August 27, 2014. She indicated the Committee reviewed and agreed with the budget draft provided by staff including recommending minor changes to the narratives. Copies of the budget narrative and budget numbers were provided to the Board for review. It was noted the Board was requesting the same appropriation for the next two years based on the current appropriation in FY2015 with no increase. Small adjustments were needed due to the rent decrease and were offset with increases to online fees and possible enforcement needs. The budget has been submitted awaiting review and recommendations from the DAS/Budget Office. Vice Chair Druse also indicated the committee received updates including the backend database project, the QEP Task Force, and staff parking. Regarding staff parking, Ms. Druse indicated the committee agreed with ED Sweetwood, that due to concerns of the DAS/Accounting Division, reimbursement for staff parking will come to an end.
- C. **2014-2015 Committee Appointments.** Chair Gutschewski was absent so final assignment is held over until the November meeting.
- D. **Set future Board meeting dates.** Board members agreed to set one-day Board meetings in 2015. The proposed meeting dates for 2015:
January 9, March 20, May 14, July 10, September 10, and November 13.
- E. **Review Board Calendar.** The next Board meeting will be held Friday, November 14, 2014 starting at 8:30am at Creighton University, Omaha NE.
- E. **Report on To Do List.** There was no report at this time.

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Closed Session

Closed Session. Moved by Stromp, seconded by Luth, that the Board go into closed session at **12:07 p.m.**, on Friday, September 12, 2014, for the purpose of enforcement matters. On a roll call vote, Members Druse, Glenn, Stromp, Luth, Purcell and Waltemath voted aye. Members Gutschewski and McClure were absent. Motion #4 carried. Vice Chair Druse restated that the purpose for the closed session was to discuss enforcement matters.

Return to Open Session. Moved by Druse, seconded by Glenn, that the Board return to open session at **12:22 p.m.**, on Friday, September 12, 2014. On a roll call vote, Members Druse, Glenn, Stromp, Luth, Purcell and Waltemath voted aye. Members Gutschewski and McClure were absent. Motion #5 carried.

5. Report of Enforcement of Professional Conduct Committee

- A. Open Case/LMCO Update.** Committee Chair Stromp reviewed the open case file. Board members asked if on the renewal applications, there were questions related to any disciplinary actions taken by a membership organization. If not, perhaps a question should be added. ED Sweetwood reported that Board Attorney Gruit is close to an agreement for satisfactorily signed LMCO's, and therefore, the Board attorney will not file an action at this time on cases 12-06A and 12-06B.
- B. Recommended Cases to Close.** Motion out of Committee to close cases:
#13-14: The Board at the July meeting reprimanded the CPA for not providing information to the Kansas Board of Accountancy regarding proper licensure. The current inactive registrant agreed to the reprimand.
On a roll call vote, Members Druse, Glenn, Stromp, Luth, Purcell and Waltemath voted aye. Members Gutschewski and McClure were absent. Motion #6 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 Member Purcell gave the report. The Committee reviewed a total of 113 courses with 113 recommended for Board approval and none denied. Motion out of Committee to forward one reinstatement to the Licensing Committee. On a roll call vote, Members Druse, Glenn, Stromp, Luth, Purcell and Waltemath voted aye. Members Gutschewski and McClure were absent. Motion #7 carried. The CPE Committee met at Mahoney State Park August 5, 2014 and overviewed the Public Accountancy Act and Board regulations with Title 288/Chapter 8 regarding any reference to continuing education. Several recommendations will be brought to the Board for future discussion including possible rule changes. The committee will continue to overview and update the CPE Guidelines.
- B. Ratification/Denial of Staff Program Qualification Evaluations.** Motion out of Committee to recommend Board approval of 113 reviewed courses from June 29, 2014 through August 18, 2014 with 113 courses approved and none denied. On a roll call

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vote, Members Druse, Glenn, Stromp, Luth, Purcell and Waltemath voted aye. Members Gutschewski and McClure were absent. Motion #8 carried.

- C. **Ratification of CPE Sponsor.** Motion out of Committee to approve John E. Cederberg, CPA, as a CPE sponsor. On a roll call vote, Members Druse, Glenn, Stromp, Luth, Purcell and Waltemath voted aye. Members Gutschewski and McClure were 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.** The Committee reviewed the Successful Exam candidate survey for 2014 Q2 with 7 responses to 15 surveys mailed. Center for the Public Trust (CPT) Director Alfonzo Alexander met with UNO and Creighton representatives along with Board staff on July 22, 2014 to discuss the program and implementing chapters in Nebraska. Board staff has created a Nebraska specific ethics exam (based on Nebraska Rules Chapter 5 Code of Professional Conduct) to help raise awareness of the Board. Member Purcell is reviewing the questions for completeness and will make recommendations. Staff provided a plan to implement the NBPA Ethics Exam for certificate issuance. The Committee is reviewing the use of CLEP and DSST courses to meet the 150 hours after meeting the subject area requirements. The Education Advisory Committee will meet at Creighton following the November Board meeting.
- B. **Approval of CPA Exam Scores.** No scores 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:** Vice Chair Druse gave the report. The Committee continues to monitor the QEP Task Force progress on the draft to the Public Accountancy Act. A second draft was provided for review. It is anticipated a third draft will be developed soon by Board Attorney Robert Gruit after continued feedback, and the Board will have the final draft for review and approval at the November meeting. The QEP Task Force will continue to meet and draft regulations to compliment the new law if approved. Dan Vodvarka and ED Sweetwood will soon meet with the counsel of the Banking, Commerce, Insurance Committee of the Legislature regarding the proposed legislation.
- 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.** ED Sweetwood gave the report in the absence of Member McClure. A meeting will be held soon by the QEP Committee to review the comments received from CPA firms participating within the QEP program this year. After review and discussion, final scores will be issued to the firms and any recommended CPE and/or other requirements.

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- 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 Druse gave the report. The Committee discussed the Dept. of Labor (DOL) detection of a 32% error rate over several years on ERISA (pension) audits. The DOL has begun working with Boards to make certain all firms are appropriately licensed. Staff is following up on firms regarding "egregious" audit errors conducted for Nebraska businesses. Online renewal survey results were shared with the Licensing Committee. The Committee discussed two BGA experience applications. Motion out of Committee to approve the permit application for Heather Fleming. On a roll call vote, Members Druse, Glenn, Stromp, Luth, Purcell and Waltemath voted aye. Members Gutschewski and McClure were absent. Motion #10 carried. Motion out of Committee to approve the permit application for Dan Brown. On a roll call vote, Members Druse, Glenn, Stromp, Luth, Purcell and Waltemath voted aye. Members Gutschewski and McClure were absent. Motion #11 carried. The Licensing Committee also reviewed lists of actives and inactives not renewed for three years.
- B. Ratification of initial permits to practice issued, certificates issued, firm permits.** Motion out of Committee to recommend Board approval of initial permits to practice issued, certificates issued, firm permits received between July 18, 2014 and September 11, 2014. On a roll call vote, Members Druse, Glenn, Stromp, Luth, Purcell and Waltemath voted aye. Members Gutschewski and McClure were absent. Motion #12 carried.
- C. Reinstatements to Active Permit, Inactive Retired Affidavits, Surrendered Certificates.** Motion out of Committee to recommend Board approval of the Reinstatements, Inactive Retired Affidavits, and Surrendered Certificates received between July 18, 2014 and September 11, 2014:

Reinstatements:	Marc Vianello	Prairie Village KS
Inactive - Retired affidavits:	Roddy Heng	Waterloo NE
	Dennis Krienert	Hastings NE
	Bernard Malone, Jr.	Omaha NE
	Robert Reed	Beatrice NE
	Shelly Riha	Omaha NE
	Barbara Bennett	Kansas City MO
	Roger Hermsen	Omaha NE
	Marla Holmes	Omaha NE
	David Lovitt	Spring Branch TX
	Gregory McAllister	Elkhorn NE
	Kevin McDermott	Nashville TN
	Donald Miller	Lincoln NE
	Dale Niebuhr	Lincoln NE

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Timothy Peters	Lincoln NE
Michael Pille	Omaha NE
Leland Rohlfs	Omaha NE
Lonnie TeSelle	Austin TX
Deane Teut	Sioux Falls SD

Surrendered Certificates:	Michael Bearup	Arvada CO
	Daniel Cullen	Lincolnshire IL
	Lois Huff	Cheyenne WY
	Diane Hyink	Mesa AZ
	Julie Moore	Omaha NE
	George Morgan	Winter Garden FL
	Jennette Reed	Tabor IA
	Jeffery Robinson	Chicago IL
	Jeanne Wetta Van Sickle	Orlando FL

On a roll call vote, Members Druse, Glenn, Stromp, Luth, Purcell and Waltemath voted aye. Members Gutschewski and McClure were absent. Motion #13 carried.

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

11. Report of Executive Director

- A. Board Budget Status.** ED Sweetwood indicated the Board budget was created by staff and presented to the Executive Committee for review on August 27, 2014 (see item 4.B).
- B. Outreach Initiatives.** ED Sweetwood indicated he and Society President Dan Vodvarka will attend a luncheon in North Platte and CPE courses in Gering, September 29-30, 2014 to overview possible changes to the QEP program and the requirement of Peer Review along with other Board activity. Additionally, with the proposed changes to the QEP program and the possible requirement of Peer Review for Nebraska CPA firms in the future ED Sweetwood requested a visit to the Nevada Board of Accountancy and the Nevada Society of CPAs, which does many Nebraska firm's peer reviews, to observe the processes and determine how the Board can better monitor firm's work. Moved by Purcell, seconded by Luth, to allow ED Sweetwood to visit the Nevada Board of Accountancy and the Nevada Society of CPAs located in Reno, NV. On a roll call vote, Members Druse, Glenn, Stromp, Luth, Purcell and Waltemath voted aye. Members Gutschewski and McClure were absent. Motion #14 carried.
- C. Staffing & General Office Issues.**
- D. Report on To Do List.** There was no report at this time.

12. New Business

- A. NASBA Items:**
- 1.) **NASBA: Committee Updates.** Member Druse reported that she serves on the AICPA-NASBA Uniform Accountancy Act (UAA) Joint Sub-

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Committee on "Inactive Retired Status." The Committee had some issues with their charge including previous committee decisions on how inactive status is defined and what kind of work they can complete. She anticipates further discussion on this issue and others by the UAA Committee. Member Stromp reported she was requested by NASBA to serve on the NASBA Nominations Committee Task Force which is working on attracting diverse people to NASBA Board positions, especially for Regional Director. The Task Force met in Dallas, TX and are also looking at revising nominating committee by-laws, roles and responsibilities, and process changes. Member Glenn has been appointed the Central Regional Director for NASBA by the Nominating Committee and attended Board member training in Nashville, TN at NASBA headquarters. ED Sweetwood is a member of the Accountancy Licensing Database (ALD) Committee and attended a meeting at NASBA Headquarters.

- 2.) NASBA Focus Questions. There were no focus questions at this time.
- 3.) NASBA FYI articles. Articles were provided to the Board.

B. Other Miscellaneous Items: FYI articles. Articles were provided to the Board.

13. Adjournment

Moved by Purcell, seconded by Stromp to adjourn the meeting at 2:33 p.m. on September 12, 2014. On a roll call vote, Members Druse, Glenn, Stromp, Luth, Purcell and Waltemath voted aye. Members Gutschewski and McClure were absent. Motion #15 carried.

Respectfully submitted by,

Board Secretary
Jan Glenn