

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

Minutes
September 21, 2012

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

Friday, September 21, 2012

1. General

- A. Call to Order and Roll Call.** The Nebraska Board of Public Accountancy (Board) was called to order at 8:34 a.m. on Friday, September 21, 2012 with Chair Doug Skiles, presiding. The roll was called with the following members present: Doug Skiles, Michael Wassinger, Bernie Gutschewski, Kate King Wu, Lori Druse, and Jan Glenn. Member Richard Zacharia arrived at 8:36 am. Member Tom Obrist was absent. Also present were Executive Director Dan Sweetwood and Staff members Jo Lowe and Kelly Ebert. The meeting was held at the Board Office, 140 N. 8th Street, Suite 290, Lincoln, Nebraska. Chair Skiles noted the location of the notebook containing the Public Open Meeting Act, the statutes were posted on the wall, and asked if anyone present needed an agenda or had any questions regarding the law. Chair Skiles welcomed new Board member Jan Glenn. Visitors present: Mr. Dan Vodvarka, Nebraska Society of CPAs.
- B. Approval of Meeting Agenda for Friday, September 21, 2012.** Chair Skiles offered to move agenda item #8 Legislative Committee to follow the Public Comment period to accommodate discussion with visitors present. Moved by King Wu, seconded by Zacharia, to approve the agenda for the Friday, September 21, 2012 meeting. On a roll call vote, Members Skiles, Wassinger, King Wu, Gutschewski, Zacharia, Druse, and Glenn voted aye. Member Obrist was absent. Motion #1 carried.
- C. Approval of Minutes from July 26, 2012.** Moved by King Wu, seconded by Druse to approve the Board minutes from the July 26, 2012 meeting with revisions. On a roll call vote, Members Skiles, Wassinger, King Wu, Gutschewski, Zacharia, and Druse voted aye. Member Glenn abstained. Member Obrist was absent. Motion #2 carried.

2. Public Comment Period (15 minute period)

Dan Vodvarka, President of the Nebraska Society of CPAs was present. He thanked Members Kate King Wu and Tom Obrist for their service to their profession as members of the State Board. He reported Society leadership had also approved the concepts within the proposed changes to the experience requirement (see #8). He also thanked ED Sweetwood for attending the Society's Board Retreat in Falls City in August. He indicated Society CPE courses are going well and indicated their annual meeting will be held October 31-November 1, 2012.

Agenda Item 5 B. 9:00 am: Public Hearing for Revocation of Certificates of Non-Renewed 2001-2007 Inactive Registrations. Hearing Officer Michael Wassinger, opened the hearing at 9:30 am. The hearing concluded at 9:33 am.

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Agenda Item 10B. 9:10 am Public Hearing to Return Certificate to Good Standing for Christopher Tyhurst. Hearing Officer Michael Wassinger, opened the hearing at 9:35 am. The hearing concluded at 9:37 am.

3. Consent Agenda

- A. Published Notice of Meeting.** Moved by King Wu, seconded by Zacharia, to approve the consent agenda. On a roll call vote, Members Skiles, Wassinger, King Wu, Gutschewski, Zacharia, Druse, and Glenn voted aye. Member Obrist was absent. Motion #3 carried.
- B. Approval of Disbursements for May and June 2012.** Disbursements were reviewed prior to the Board meeting by Member Druse. She reviewed the Budget Status Report and discussed areas of variance in the budget FY 2012-2013 YTD actual compared to FY 2012-2013 budget and FY 2011-2012 YTD actual. Board members discussed their request for specific reports. Ms. Druse will continue to work with Ms. Ebert in preparation of the documents from the state financial system. ED Sweetwood commented that former Board members requested and utilized a separate reporting system; however, state accounting along with the state auditor discouraged the use of a separate reporting system and it was ended.
- C. Review of Board Budget Status Report.** The current budget status report was provided for review. ED Sweetwood commented as of July 1 the Board moved into Fiscal Year 2012-2013. He also indicated two complicated case reviews have begun along with the planned development and replacement of the Board's backend database will increase expenditures within the fiscal year.
- D. Office Licensing Report.** The Office Licensing Report was provided to the Board.

4. Report of the Chair

- A. Report of the Chair.** Chair Skiles gave the report. He discussed the new direction for NASBA resulting in his invite to Dan Dustin, NASBA State Board Liaison, to speak at the January Board meeting. He provided a "view from the Chair" as he prepared to step down as NBPA Board Chair and join the NASBA Board of Directors. He thanked the Board for their support and encouragement over the last three years.
- B. Passing the Gavel to New Chair Wassinger.** Chair Skiles presented the gavel to new Board Chair Wassinger.
- C. Executive Committee Report.** The Executive Committee met to discuss the budget preparation process, database project update, QEP Task Force update, and ED outreach activities. The minutes were provided.
- D. Recognition of Member King Wu and Tom Obrist.** Members King Wu and Obrist, in absentia, were thanked for their outstanding service to the Board.

RESOLUTION

WHEREAS, Kate King Wu, served as a Member of the Nebraska State Board of Public Accountancy from 2004 to 2012; and

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WHEREAS, Kate King Wu, during her term as Member of the Board, provided scrutiny for accuracy of Board and Committee minutes, served as the education expert, provided welcome hugs, contributed her expertise on the national Board of Examiners, guided and directed the activities of the State Board as:

- 2004-2005 Member of the Education and Examination Committee
Member of the QEP Committee
- 2005-2006 Member of the Licensing Committee
Member of the Education and Examination Committee
- 2006-2007 Member of the Licensing Committee
Member of the Education and Examination Committee
- 2007-2008 Member of the Licensing Committee
Member of the Education and Examination Committee
- 2008-2009 Member of the Licensing Committee
Member of the Education and Examination Committee
- 2009-2010 Chair of the Education and Examination Committee
Member of the Licensing Committee
- 2010-2011 Chair of the Education and Examination Committee
Member of the Licensing Committee
- 2011-2012 Chair of the Education and Examination Committee
Member of the Licensing Committee

THEREFORE, THE MEMBERS OF THE NEBRASKA STATE BOARD OF PUBLIC ACCOUNTANCY gratefully record their recognition of service of Kate King Wu by adopting the following Resolution:

BE IT RESOLVED, that the Members of the Nebraska State Board of Public Accountancy extend their sincere appreciation to Kate King Wu for her service as a Member of the Nebraska State Board of Public Accountancy.

BE IT FURTHER RESOLVED, that a copy of this Resolution be incorporated into the minutes of the Board, and further that a copy of this Resolution be presented to her.

Adopted this 21st day of September 2012

by the Nebraska State Board of Public Accountancy

Doug Skiles, Chair
Nebraska State Board of Public Accountancy

RESOLUTION

WHEREAS, Thomas M. Obrist, served as a Member of the Nebraska State Board of Public Accountancy from 2004 to 2012; and

WHEREAS, Thomas M. Obrist, during his term as Member of the Board, provided tactfully exacting observations, captured succinctly the underlying issues presented to the Board, contributed wit and intelligence in his Board work, guided and directed the activities of the State Board as:

- 2004-2006 Member of the CPE Committee
- 2005-2007 Member of the Licensing Committee
Member of the CPE Committee
- 2006-2007 Chair of the Licensing Committee
Member of the CPE Committee
- 2007-2008 Chair of the Licensing Committee
Member of the CPE Committee
- 2008-2009 Chair of the Licensing Committee
Member of the CPE Committee
- 2009-2010 Chair of the Licensing Committee
Member of the CPE Committee
- 2010-2011 Chair of the Licensing Committee
Member of the CPE Committee
- 2011-2012 Chair of the Licensing Committee
Member of the CPE Committee

THEREFORE, THE MEMBERS OF THE NEBRASKA STATE BOARD OF PUBLIC ACCOUNTANCY gratefully record their recognition of service of Thomas M. Obrist by adopting the following Resolution:

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BE IT RESOLVED, that the Members of the Nebraska State Board of Public Accountancy extend their sincere appreciation to Thomas M. Obrist for his service as a Member of the Nebraska State Board of Public Accountancy.

BE IT FURTHER RESOLVED, that a copy of this Resolution be incorporated into the minutes of the Board, and further that a copy of this Resolution be presented to him.

Adopted this 21st day of September 2012

by the Nebraska State Board of Public Accountancy

*Doug Skiles, Chair
Nebraska State Board of Public Accountancy*

- E. 2012-2013 Committee Appointments.** Board members were provided Committee appointments.
- F. Set future Board meeting dates.** 2013 Board meeting dates: January 10-11, March 22, May 16-17, July 18-19, September 19-20, and November 14-15.
- G. NASBA Comments on Professional Ethics Executive Committee and Accounting and Review Services Committee (PEEC – ARCS) Proposals.** Documents provided in packet. ED Sweetwood commented that G. Rand Hansen, NASBA PEEC Member, has been invited to attend the November Board meeting to update the Board on the two initiatives and to discuss the role of PEEC within the profession and State Boards.
- H. Review Board Calendar.** No changes were made to the 2012 Board calendar.
- I. Report on To Do List.** There was no report on the To Do list at this time.

Closed Session

Closed Session. Moved by Skiles, seconded by Glenn, that the Board go into closed session at 10:14 a.m., on Friday, September 21, 2012, for the purpose of discussing enforcement. On a roll call vote, Members Skiles, Wassinger, King Wu, Gutschewski, Zacharia, Druse, and Glenn voted aye. Member Obrist was absent. Motion #4 carried. Chair Wassinger restated that the purpose for the closed session was to discuss enforcement and personnel matters.

Return to Open Session. Moved by King Wu, seconded by Glenn, that the Board return to open session at 10:34 a.m., on Friday, September 21, 2012. On a roll call vote, Members Skiles, Wassinger, King Wu, Gutschewski, Zacharia, Druse, and Glenn voted aye. Member Obrist was absent. Motion #5 carried.

5. Report of Enforcement of Professional Conduct Committee

- A. Open Case/LMCO Update.** Committee Chair Zacharia reviewed the open case file.
- B. Public Hearing for Revocation of Certificates of Non-Renewed 2001-2007 Inactive Registrations.** See public Comment Period. Moved by Zacharia, seconded by Glenn, due to the neglect of the following inactive registrants and at the conclusion of the public hearing, the certified public accountant certificate shall be revoked for the following individuals:

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JONES	GARY
KINNISON	CRAIG
KIRKEBAK	CARYN
KISGEN	JAMES
KLEAGER	LYNN
KNUTZEN	PATRICIA
KOCA	SARAH
KOPIASZ	COREY
KORT	STEPHEN
KOTINEK	DAN
KRAUSE	MARC
KRIETE	HEIDI
KUDRON	TIMOTHY
LEWANDOWSKI	JULIE
LEWIEN	TODD
LUTHER	SCOTT
MAGILL	DENISE
MANN	TERESA
MARGHEIM	CATHERINE

On a roll call vote, Members Skiles, Wassinger, King Wu, Gutschewski, Zacharia, Druse, and Glenn voted aye. Motion #6 carried.

- C. **Recommended Closure of Enforcement Cases.** There were no cases to close at this time.
- D. **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 83 courses from July 17, 2012 to September 7, 2012 with 83 approved and none denied. The Committee forwarded one reinstatement to the Licensing Committee for approval. Motion out of Committee to recommend Board approval to waiver Rules Chapter 8 requiring CPE to be taken in the previous three years for reinstatement based on extenuating circumstances. On a roll call vote, Members Skiles, Wassinger, King Wu, Gutschewski, Zacharia, Druse, and Glenn voted aye. Motion #9 carried. Chair Zacharia indicated he would call an expanded CPE Committee meeting and invite members of the Experience Work Group and others to provide perspective and ideas associated with the future of personal development and other courses related to possible changes to the number of hours for these types of courses that would count toward the 80 required for renewal. The Committee will report back on the discussions held.
- B. **Ratification/Denial of Staff Program Qualification Evaluations.** Motion out of Committee to recommend Board approval of 83 courses from July 17, 2012 to September 7, 2012 with 83 approved and none denied. On a roll call vote, Members

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Skiles, Wassinger, King Wu, Gutschewski, Zacharia, Druse, and Glenn voted aye.
Motion #8 carried.

- C. **Ratification of CPE Sponsor.** There were no CPE sponsor applications at this time.
- 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 King Wu gave the report. The revised exam score process is being implemented with the April – May 2012 scoring window. The October 19, 2012 Education Advisory Committee meeting agenda has been sent to EAC members and all Nebraska Accounting Educators. A discussion of the Pathways Commission recommendations will be lead by Jack Krogstad, PhD, Creighton University Accounting Professor, who served on the Pathways Commission. NASBA/CPAES is reviewing CPA Exam multi-testers to examine security procedures to maintain the integrity of the exam. ED Sweetwood reviewed the Board of Examiners (BOE) meeting highlights. He is a member of the state board's BOE Committee which meets at the end of September. E & E Chair King Wu was thanked for her service and expertise on the Committee, and recognized for the positive changes under her term on the Committee.
- B. **Approval of CPA Exam Scores.** No scores were available at this time.
- C. **Appointment of King Wu to EAC.** Moved by Skiles, seconded by Druse, to appoint Member King Wu to the Education Advisory Committee (EAC). On a roll call vote, Members Skiles, Wassinger, King Wu, Gutschewski, Zacharia, Druse, and Glenn voted aye. Motion #10 carried.
- D. **Report on To Do List.** There was no report at this time.

8. Report of the Legislative Committee

- A. **Report on Legislation: Review of EWG meeting and draft amendments to the Public Accountancy Act and Board Regulations.** Committee Chair Skiles reported the revised PAA draft language was provided to the Board. Chair Skiles indicated further discussions along with possible use of the EWG Workgroup might be required in development of the proposed future regulations. Mr. Vodvarka reported the Nebraska Society Board had approved the general concepts of the proposed bill at their August meeting. Mr. Vodvarka and ED Sweetwood conducted a meeting in North Platte with several CPAs to overview and discuss the proposed changes to the experience requirement. Additional meetings will be offered along with meeting with the State Auditor and Tax Commissioner to discuss the proposed changes.
- B. **Report on To Do List.** There was no report at this time.

9. Report of Quality Enhancement Program (QEP) Committee

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- A. **Report of the Committee.** Committee Chair Wassinger gave the report. The Committee met in September. He reported response letters had been received from all of the Type 3 & 4 firms, and final rating reports will be mailed. The five most common problems were determined. Motion out of Committee to recommend Board recognition for Lyndee Black who has been an active, supportive member of the QEP Committee for 25 years. On a roll call vote, Members Skiles, Wassinger, King Wu, Gutschewski, Zacharia, Druse, and Glenn voted aye. Member Obrist was absent. Motion #12 carried. The Committee proposed a policy for firms not in compliance with QEP program requirements, based on the lack of response to deadlines to meet requirements through the Quality Enhancement Program the Committee recommends Board approval to adopt the following policy:

Failure to meet Quality Enhancement Program requirements results in lost of firm permit.

Response to the QEP requirements after the deadline, results in:

- a. Comply with the requirements;
- b. Sign a Stipulation and Consent Order with a \$250 administrative fee; or
- c. Request a hearing before the Board (in lieu of the Stipulation and Consent Order).

Motion out of Committee to recommend Board approval of the QEP noncompliance policy. On a roll call vote, Members Skiles, Wassinger, King Wu, Gutschewski, Zacharia, Druse, and Glenn voted aye. Member Obrist was absent. Motion #13 carried. Committee Chair Wassinger indicated the proposed firm review Rule language is progressing. The QEP Task Force met in September to review a final draft of the regulations and later discussed concerns raised by Board legal counsel. Moved by King Wu, seconded by Skiles, to allow Committee Chair Wassinger authority to send a letter to the attorney general's office regarding the Board's ability to discipline firms. On a roll call vote, Members Skiles, Wassinger, King Wu, Gutschewski, Zacharia, Druse, and Glenn voted aye. Motion #11 carried. Motion out of Committee to recommend Board approval of final ratings for 2012 Type 3 and Type 4 reports. On a roll call vote, Members Skiles, Wassinger, King Wu, Gutschewski, Zacharia, Druse, and Glenn voted aye. Motion #14 carried.

- 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 member King Wu gave the report. The Committee reviewed several licensing issues. The Board received a letter and inactive registration from Mr. Paul Luke which was referred to the Board for review. Upon submission of his letter to the Board by the Licensing Committee, the Board finds it should not act without a hearing on the matter. Mr. Luke will be granted a hearing upon his request for an inactive registration if desired by Mr. Luke. If Mr. Luke requests a hearing, the Board attorney is directed to file appropriate documents for a

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hearing to be held at the November 2012 Board meeting. Moved by Zacharia, seconded by Druse, to allow a public hearing if requested by Mr. Luke. On a roll call vote, Members Skiles, Wassinger, King Wu, Gutschewski, Zacharia, Druse, and Glenn voted aye. Motion #15 carried.

- B. Public Hearing to Return Certificate to Good Standing for Christopher Tyhurst.** Following public hearing, moved by Zacharia, seconded by King Wu, to return Christopher Tyhurst's certificate to good standing. On a roll call vote, Members Skiles, Wassinger, King Wu, Gutschewski, Zacharia, Druse, and Glenn voted aye. Motion #7 carried.
- C. Ratification of initial permits to practice, initial firm permits, and certificates issued between July 26, 2012 and September 21, 2012.** Motion out of Committee to recommend Board approval of initial permits to practice, initial firm permits, and certificates issued between July 26, 2012 and September 21, 2012. On a roll call vote, Members Skiles, Wassinger, King Wu, Gutschewski, Zacharia, Druse, and Glenn voted aye. Motion #16 carried
- D. Reinstatements to Active Permits, Inactive Retired Affidavits, Surrendered Certificates.** Motion out of Committee to approve the Reinstatements, Inactive Retired Affidavits, and Surrendered Certificates received between July 26, 2012 and September 21, 2012.
Reinstatements: Ronald Peterson Chattanooga TN
On a roll call vote, Members Skiles, Wassinger, King Wu, Gutschewski, Zacharia, Druse, and Glenn voted aye. Motion #17 carried.
- E. Report on To Do List.** There was no report at this time.

11. Report of Executive Director

- A. ED Outreach Efforts.** See agenda items 4 and 8.
- B. NASBA Central Region Call.** ED Sweetwood and Member Druse participated in the conference call dealing with regional and national issues. The call was facilitated NASBA Central Regional Director Ted Lodden from Iowa.
- C. Development of Board Budget 2014-2015.** Board staff prepared the preliminary budget for review and recommendations by the Executive Committee. The Budget was submitted prior to the September 15 deadline to the Governor's Office.
- D. Staffing & General Office Issues.** Staff continues with the database development process. Midwest Microsystems was engaged to consult on the project.
- E. Report on To Do List.** There was no report at this time.

12. New Business

- A. NASBA Items:**
 - 1.) NASBA Updates:** No updates at this time.
 - 2.) NASBA FYI's:** Articles of interest were provided to the Board.
- B. Other Miscellaneous Items:** Articles of interest were provided to the Board.

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13. Adjournment

Moved by King Wu, seconded by Zacharia, to adjourn the meeting at 11:50 am on September 21, 2012. On a roll call vote, Members Skiles, Wassinger, King Wu, Gutschewski, Zacharia, Druse, and Glenn voted aye. Motion #18 carried.

Respectfully submitted by,

Board Secretary
Lori Druse