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

Minutes
July 17, 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 8:40 a.m. on Thursday, July 17, 2008 with Vice Chair Doug Skiles, presiding. The roll was called with the following members present: Anne Fuhrman, Doug Skiles, Kate King Wu, Tom Obrist, Michael Wassinger, Richard Zacharia, and Jim Rieker. Board Chair Jim Titus was absent. Also present were Executive Director Dan Sweetwood, Staff member Jo Lowe, and Board Intern Richard Christensen. The meeting was held at the Board Office at 140 N. 8th Street, Suite 290, Lincoln, Nebraska. Vice Chair Skiles 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 July 17, 2008.** Moved by Fuhrman, seconded by King Wu to approve the agenda for the July 17, 2008 meeting. On a roll call vote, Members Fuhrman, Skiles, King Wu, Obrist, Rieker, Wassinger, and Zacharia voted aye. Chair Titus was absent. Motion #1 carried.

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

2. Public Comment Period (15 minute period)

No members of the public were present.

3. Consent Agenda

A. **Published Notice of Meeting.** Moved by King Wu, seconded by Rieker, to approve the consent agenda. On a roll call vote, Members Fuhrman, Skiles, King Wu, Obrist, Rieker, Wassinger, and Zacharia voted aye. Chair Titus was absent. Motion #3 carried.

B. **Approval of Disbursements.** Board Secretary Fuhrman reviewed the disbursements. Disbursements for April, May and June 2008 were approved.

C. **Review of Board Budget Status Report.** The Budget Status Report was provided. ED Sweetwood reported that fiscal year 2008 ended June 30th and reported that the Board was in the second half of the current biennial budget. The Board's cash fund had decreased due to the Board lowering fees. Staff has begun working on the 2009-2011 budget request that will be presented to the Board's Executive Committee in August.

D. **Office Management Report.** The Office Management Report was provided. ED Sweetwood noted the continued decrease in In-Active Registrants.

4. Report of the Chair

A. **Report of the Chair.** Chair Titus gave the report.

B. **Election of September 2008-2009 Board Officers.** Moved by King Wu, seconded by Obrist, to retain the current Board officers. On a roll call vote, Members Titus, Fuhrman, Skiles, King Wu, Obrist, Wassinger, and Zacharia voted aye. Member Rieker was absent. Motion #10 carried.

C. **Board Appointments, September 2008.** Chair Titus requested that anyone who wishes to change committee assignments for 2008-2009 please contact him with requests.

D. **Review of Performance Card Survey.** Board members were provided the performance card survey summary. The average score was between 4 and 5, with 5 being the highest possible.

E. **Advisory Committee on the Auditing Profession (ACAP) Discussion.** ED Sweetwood discussed the importance of the initial reports of the ACAP subcommittees on the auditing profession. As discussed at the recent NASBA Regional Meetings, a written response from NASBA President David Costello was provided. Board members requested that the information be sent to the Educational Advisory Committee (EAC) and that it be made a part of the EAC meeting agenda.

F. **Review Board Calendar.** The calendar was reviewed and it was noted that the September Board meeting will be September 18 unless two days are needed.

G. **Report on To Do List**

Closed Session

Closed Session. Moved by King Wu, seconded by Skiles, that the Board go into closed session at 2:02 p.m., for the purpose of updating the Board about current open enforcement cases. On a roll call vote, Members Titus, Fuhrman, Skiles, King Wu, Obrist, Rieker, Wassinger, and Zacharia voted aye. Motion #11 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 King Wu, seconded by Wassinger, that the Board return to open session at 2:20 p.m. On a roll call vote, Members Titus, Fuhrman, Skiles, King Wu, Obrist, Rieker, Wassinger, and Zacharia voted aye. Motion #12 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:
 # 06-09 On annual firm registration, a civil suit was filed in the District Court in 2003 against the firm concerning alleged erroneous advise on a tax matter. A jury verdict in February of 2006 awarded the plaintiff a monetary amount. The case was appealed to the Supreme Court that overturned parts of the lower courts decision. The case was dismissed based on the Supreme Court's decision.
 # 07-09 Complainant indicated she engaged the Certificate Holder (CH) to assist her with her small business by doing the bookkeeping and taxes. He told her he was a CPA. Based on his advice and not filing payroll taxes, her business closed and she had to file for bankruptcy. Complainant could not provide current documentation that the person held out as a CPA.
 # 08-03 Business owner indicated after sending letter to his former CPA to release his records to successor CPA, the records were not delivered. Later, the CPA office provided information to a shareholder of the corporation who was not authorized to act on behalf of the corporation. Complainant was upset that he needed to hire an attorney to get the records. However, the records were later provided. Based on current Board policy of not collecting any fees, the matter was recommended for closure.
On a roll call vote, Members Titus, Fuhrman, Skiles, King Wu, Obrist, Rieker, Wassinger, and Zacharia voted aye. Motion #13 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 71 courses from April 24 to July 15, 2008, with 70 approved and 1 denied. The Committee reviewed the staff's evaluation of reinstatement applications and referred the list to the Licensing Committee. Staff updated the Committee on the 2008 CPE Audit process, and the 11 individuals with extension/waiver requests. Motion out of Committee to waive the CPE requirement for Daniel Nealon due to medical reasons (Title 288, Rules Chapter 8 009.04) for permit renewal July 1, 2008. The Committee was provided with a course topic type percentage of those taking CPE. Motion out of Committee that all active permit holders who are Board members undergo CPE audit review every renewal period. On a roll call vote, Members Titus, Fuhrman, Skiles, King Wu, Obrist, Rieker, Wassinger, and Zacharia voted aye. Motion #7 carried.

B. **Review of Chapter 8 Rules/ Board Discussion.** The CPE rules within Chapter 8, Title 288 and the CPE Guidelines were reviewed on June 16, 2008 with staff at Mahoney State Park to determine recommendations and revisions. After further review and discussion, the proposed changes will be returned to the committee for further discussion and review based on information provided on courses attended by permit holders.

C. **Ratification/Denial of Staff Program Qualification Evaluations.** Motion out of Committee to approve 70 courses and deny 1 course reviewed from April 24 to July15, 2008. On a roll call vote, Members Fuhrman, Skiles, King Wu, Obrist, Rieker, Wassinger, and Zacharia voted aye. Chair Titus was absent. Motion #4 carried.

D. **Ratification of CPE Sponsor.** Motion out of Committee to approve Northwestern Mutual Life Insurance Company as a CPE sponsor. On a roll call vote, Members Fuhrman, Skiles, King Wu, Obrist, Rieker, Wassinger, and Zacharia voted aye. Chair Titus was absent. Motion #5 carried.

E. **Report on To Do list.** The To Dos are listed in the Committee Report.

7. Report of Education & Exam (E&E) Committee

A. **Exam Conference Report, May 19, 2008.** ED Sweetwood summarized his report of the conference which was provided. The conference covered the CBT Contract, cost containment issues, concerns from NASBA's CPA Licensing Examining Committee (CLEC), creation of a contingency exam, and international delivery of the exam. Response letters from other states were provided to the Board.

B. **Report of the Committee.** Chair Skiles gave the report. Results of the Successful Exam Candidate survey were provided to the Board. An exam issue involved a candidate who had lost a passed section because the eighteen month window expired. Due to issues beyond her control she had requested an extension. Staff received additional information regarding the issue. Moved by Zacharia, seconded by King Wu that staff gather more facts of the case for review prior to making a decision. On a roll call vote, Members Titus, Fuhrman, Skiles, King Wu, Obrist, Wassinger, and Zacharia voted aye. Member Rieker voted nay. Motion #14 carried. Motion out of Committee to approve Doane College Courses. On a roll call vote, Members Titus, Fuhrman, Skiles, King Wu, Obrist, Rieker, Wassinger, and Zacharia voted aye. Motion #16 carried. UAA Rules 5-1 and 5-2 revisions were discussed and will be the agenda for the EAC meeting. Member King Wu suggested hosting an off site Committee meeting with invited students and educators providing input on exam education requirement changes. Moved by Skiles, seconded by Fuhrman, to hold an off site E & E Committee meeting to discuss the UAA Rule changes on Nebraska educational requirements. On a roll call vote, Members Titus, Fuhrman, Skiles, King Wu, Obrist, Rieker, Wassinger, and Zacharia voted aye. Motion #17 carried.

C. **Ratification of Exam Scores.** Motion out of Committee to approve CPA Exam scores for April – May 2008. On a roll call vote, Members Titus, Fuhrman, Skiles, King Wu, Obrist, Rieker, Wassinger, and Zacharia voted aye. Motion #15 carried.

D. **Report on To Do List**

8. Report of the Legislative Committee

A. **Report on Legislation. 1.) Mobility Update/Board Discussion of Identified Possible Issues with Board attorney Grimit.** The Board reviewed several issues needing to be resolved before any legislation can be further drafted and finalized. Board Attorney Robert Grimit was present and provided a current draft of the statutes with potential changes. Mr. Grimit summarized the potential issues and potential changes to the Public Accountancy Act (PAA). The committee would meet soon with the Nebraska Society leadership to share the Board's thoughts on the draft. A draft would then be presented to the Society at their Board retreat in August for any further input.

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 reviews of 89 reports were nearly completed (5 to be completed), and letters would be going out to firms with type 3 (23) & 4 (3) reports for responses soon. The Committee will meet in September to review the responses. She reported on the firm peer review required by most states which may necessitate a revamping of the QEP program. Moved by King Wu, seconded by Skiles to send Members Fuhrman and Wassinger to the possible September NASBA Peer Review conference. On a roll call vote, Members Titus, Fuhrman, Skiles, King Wu, Obrist, Rieker, Wassinger, and Zacharia voted aye. Motion #18 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 Chair Obrist gave the report. The Committee discussed licensing issues, the Crowe Chizek firm name change, and use of disclosure statements. Language for the disclosure statements will be clarified. The language may have created some confusion for firms as only 10 applications responded with yes answers. Approximately 50% of both firms and individuals renewed online. A flowchart of the process was provided to the Board. The Committee was provided with spreadsheets of individuals and firms who had not renewed as of June 30, 2008. Certified letters were mailed to all who had not renewed. The Committee was also updated on mobility legislation.

B. **Public Hearing to Return Certificates to Good Standing for Kathleen Herrera and Mark Kiroff at 1:30 p.m.** Hearing Officer Jim Titus opened the hearing at 1:20 pm. Mr. Kiroff was present representing himself. Exhibits 1-3 were entered into the record by Executive Director Sweetwood on behalf of the Board. Kiroff accepted the exhibits and took responsibility for his failure to inform the Board of his address change. Kathleen Hererra was not present or

represented by counsel; however, did provide letters of explanation to the Board. Exhibits 1-3 for Kathleen Hererra were entered into the record by Executive Director Sweetwood on behalf of the Board. The public hearing was closed at 1:35 p.m., Thursday, July 17, 2008.

Moved by Zacharia, seconded by King Wu to reinstate the certificate of Mark Kiroff with a $250 administrative fee. On a roll call vote, Members Titus, Fuhrman, Skiles, King Wu, Obrist, Rieker, Wassinger, and Zacharia voted aye. Motion #8 carried.

Moved by Zacharia, seconded by King Wu to reinstate the certificate of Kathleen Herrera with a $250 administrative fee. On a roll call vote, Members Titus, Fuhrman, Skiles, King Wu, Obrist, Rieker, Wassinger, and Zacharia voted aye. Motion #9 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 May 2 and July 16, 2008. On a roll call vote, Members Titus, Fuhrman, Skiles, King Wu, Obrist, Rieker, Wassinger, and Zacharia voted aye. Motion #19 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 May 1 and July 16, 2008:

Reinstatements:	Nancy Chase, Omaha NE
	Barbara Lau, Omaha NE
	Casey Moscrip, Aurora NE
Inactive - Retired affidavits:	Dennis Bongers, Flower Mound, TX
	Robert Emswiler, Omaha NE
	Richard Stinger, Elk Point SD
	Margaret Koley, Omaha NE
	Robert Chandler, The Woodlands, TX
	Bruce Moorman, Kansas City MO
	Clifford Huntington, Omaha NE
	Robert Teal, Omaha NE
	Charles Rowe, Lincoln NE
	Daniel Rief, Columbus NE
	Wendolyn Horacek, Lincoln NE
Surrendered Certificates:	Sung Bea “Chris” Kim, Bloomington IL
	Dawn K Renner, Maple Grove MN
	Dale Schaefer, Overland Park, KS
	Sharon K. Smith, Greeley CO
	Gary Hoemann, St. Louis MO
	David Reznick, Bethesda MD
	David Stene, Mpls. MN

On a roll call vote, Members Titus, Fuhrman, Skiles, King Wu, Obrist, Rieker, Wassinger, and Zacharia voted aye. Motion #20 carried.

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

11. Report of Executive Director

A. **NASBA Western Regional Conference Report.** ED Sweetwood provided a written report from the NASBA Conference in Newport Beach, CA, attended by Board members, covering the Mobility Task Force, Strategic Initiatives Committee Report with request for comments, the NASBA International Regulators Conference, oversight of Peer Review Programs by state boards, the CPA Examination Review Board report, and the Uniform CPA Exam. The Regional conference was significant in the issues affecting the CPA profession and the Board members need to keep current. A contiguous states conference has been discussed to coordinate regulatory efforts where frequent engagements cross state borders.

B. **Board Budget/Fiscal Year 2008 Summary.** ED Sweetwood covered the budget status report and indicated the Board's fiscal year 2008 budget just completed reflected higher expenses related to costs associated with the online/ database support project, the annual letter, and the new Board chairs. Overall, the Board was well within its appropriated funds.

C. **Online Renewal Applications Update.** A meeting will be held with Member Skiles and representatives from the State Records Board and Nebraska.gov to assess the overall project and plan for future IT needs of the Board. CPAs were very pleased with the ability to submit online renewals. The back-end migration of data from the online systems to the Board's database needs continued follow-up as Board staff was required to complete checks of license information to ensure the information was correct.

D. **Staffing and General Office Issues.** ED Sweetwood acknowledged staff members Jo Lowe, Kelly Ebert, and the Board interns for their work over the last three months involving renewal licensing, the QEP program, and issues involving the migration of data from the online systems. This busy time was well handled by staff.

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

12. New Business

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

1.) NASBA Western Regional Conference/Discussion of Conference.

2.) Attendance at NASBA Annual Meeting, Boston, MA, October 26-29, 2008. Moved by Skiles, seconded by Wassinger that based on the wealth of knowledge gained at the NASBA Western Regional Conference, and in anticipation of follow-up discussions to be held at the annual meeting all

Board members and the ED be approved to attend the NASBA Annual Conference, Boston, MA, October 26-29, 2008. On a roll call vote, Members Titus, Fuhrman, Skiles, King Wu, Obrist, Rieker, Wassinger, and Zacharia voted aye. Motion #21 carried. On request of the ED, moved by Rieker, seconded by King Wu to approve the ED attend the Conference for Accounting Regulators following the NASBA Annual Meeting in Boston. On a roll call vote, Members Titus, Fuhrman, Skiles, King Wu, Obrist, Rieker, Wassinger, and Zacharia voted aye. Motion #22 carried.

3.) 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 Rieker, to adjourn the meeting at 3:50 p.m. on Thursday, July 17, 2008. On a roll call vote, Members Titus, Fuhrman, Skiles, King Wu, Obrist, Rieker, Wassinger, and Zacharia voted aye. Motion #23 carried.

Respectfully submitted by,

Anne K. Fuhrman

Board Secretary