

STATE OF NEBRASKA

BOARD OF PUBLIC ACCOUNTANCY
ANNUAL LETTER FOR YEAR 2008

ALL sections with "2007" preceding the paragraph need to be updated!

MESSAGE FROM BOARD CHAIR, Mr. Jim R. Titus, Esq.



I hope you are doing well during the busy season, especially for the tax professionals. As most of you are aware, last year the Board decided that each year we should send out an annual letter. It is a chance to provide you with valuable information on Board activity, deadlines, FAQ's, and a report on Board revenue and expenditures by program.

In this current economic climate, your Board is committed to keeping Board costs low and continues to review our Board programs to determine their effectiveness and efficiency. An example of this program review is demonstrated by Member Ms. Anne Fuhrman, CPA, who is Chair of the Board's Quality Enhancement Program (QEP). Her Committee's recent report to the Board presented several factors prompting the QEP Committee to completely review the program to determine its overall effectiveness in the changing national climate involving quality assurance and peer review.

Additionally, the Board has agreed with Governor Dave Heineman's recommendations to not increase the Board's spending authority over the next two years. The Board will have to closely monitor its budget and be prepared to make some tough decisions if necessary.

The Board is closely monitoring the progress of its Mobility Bill (LB31) within the 2009 Legislature. As reported last year the Board, the Nebraska Society of CPAs (Society), the National Association of State Boards (NASBA), the American Institute of CPAs (AICPA), and the U. S. Treasury Advisory Committee report on the Auditing Profession have all strongly supported the concept of Mobility (see the article on [p.?](#) for further information on Mobility). I want to thank those involved last year in the development of our Mobility Bill especially our Mobility Work Group consisting of myself, Member Doug Skiles, CPA, Executive Director Dan Sweetwood, Administrator Jo Lowe, Board Attorney Robert Gritmit; Society President Dan Vodvarka, Society Chair Leo Panzer, CPA, Past Society Chairs, Robert McChesney, CPA, and G. Randall Hansen, CPA; AICPA UAA Chair William Strain, CPA; KPMG's Andrew Blossom, CPA; and Deloitte's Bryan Sloan, CPA. More work needs to be completed by the Mobility Work Group as we begin the process of developing rules and regulations to compliment the law as proposed within LB 31. Never hesitate to contact us with your thoughts on Mobility.

I, again, take my role as Chair of the Board this year as an honor and privilege and assure you that you are well represented by your current Board members. Never hesitate to contact us at (402) 471-3595 or 1-800-563-6111 or at Dan.Sweetwood@nebraska.gov with your thoughts on your accounting profession.



STATE BOARD MEMBERS (From left to right) Jim Rieker, Public Member, Doug Skiles, CPA, Vice Chair, Kate King Wu, CPA, Anne Fuhrman, CPA, Secretary, Tom Obrist, CPA, Mike Wassinger, CPA, Jim Titus, Public member, Chair. Dick Zacharia, CPA, is not pictured.

FROM THE EXECUTIVE DIRECTOR DAN SWEETWOOD:

The Board continues its goal to educate and address questions when possible about the Board and the several programs it oversees. Several opportunities presented themselves in 2008 including:

- The Education & Examination Committee held a meeting at the University of Nebraska at Omaha hosted by Dr. Jack Armitage of the UNO business department. Several students and accounting faculty attended and were updated on the 150 hour education requirement and the examination by Chair Doug Skiles, CPA, and Ms. Jo Lowe, Board Administrator.
- Board Attorney Mr. Robert Gruit and I joined Mr. Robert McChesney, CPA, and Mr. Randall Hansen, CPA of the Nebraska Society of CPAs on a *Nebraska Ethics Panel* held during the Society's annual meeting to discuss the Board's and Society's complaint process.
- I was invited to address and attend the University of Nebraska Lincoln's Accounting Honor Students program by Dr. Paul Shoemaker, Accounting Department Chair. A great opportunity to meet and answer questions regarding the examination from students and faculty.

If interested in participating in an outreach program by the Board, do not hesitate to contact us!

At a recent NASBA meeting, State Board Members from all over the country were updated on alcohol & substance abuse, depression, anxiety and other problems that plague our society along with the CPA profession. They were told that some disciplinary matters can be attributed to substance abuse and health problems within the profession. It was suggested that CPAs and CPA firms should care about their fellow professionals and be ready to offer support when needed. So please get the proper rest and take care of yourself during the busy season.

UPDATE ON MOBILITY!

Photo Caption: Work Group in Action led by Board Chair Titus and Society Chair McChesney



With the assistance and recommendations of the Mobility Work Group (see page 1), the Nebraska Society of CPAs, and the Iowa Accountancy Examining Board, the Board submitted its Mobility Bill before the 2009 Nebraska Legislature known as LB 31. The Bill, if successful, will allow an out-of-state CPA to cross into Nebraska to conduct engagements without notification or reciprocal licensure as long as the CPA's "principle place of business" remains within their original state. The Board concluded the current system of temporary practice, licensure, and notification is fragmented and confusing for mobile CPAs as they travel from one state to the next. As of now, over 45 State Boards of Accountancy have indicated they have or will enact Mobility legislation by 2010. Nebraska CPAs will also have the benefit of Mobility provisions as adopted within other states.

LB 31 would not go into effect until September of 2010 to allow the Board time to promulgate rules and regulations to compliment the law if passed.

To review LB 31 go to www.nebraskalegislature.gov. The Board would also like to acknowledge Senator Rich Pahls, Chair of the Banking, Commerce, and Insurance Committee, for sponsoring and submitting LB 31 before the Legislature.

If you have questions or an interest in "Mobility," please contact Executive Director Dan Sweetwood at 471-3595 or 1-800-564-6111 or at Dan.Sweetwood@nebraska.gov.

Update on Online Programs

The Board is proud to provide CPAs, Inactive Registrants, and CPA firms the ability to renew their permits online by going to www.nbpa.ne.gov. 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 these programs. 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.

Governor Re-appoints State Board Members!

In September, Governor Dave Heineman re-appointed Members Ms. Kate King Wu, CPA, and Mr. Thomas M. Obrist, CPA to the Nebraska State Board of Public Accountancy. Both will serve their second four-year term on the State Board.

King Wu is a member of the Board's Education & Examination Committee and Licensing Committee. She recently was appointed to a sub-committee of the AICPA Board of Examiners (BOE).

Obrist is Chair of the Board's Licensing Committee and also serves on the CPE Committee.

Executive Director Sweetwood welcomed the appointments, *“Both Kate and Tom have been integral members of the Board the last four years. They are dedicated Board members and both provide insight from their respective experience: Kate within education at UNO and Tom as a partner at Dana F. Cole & Co.”*

2007 CONTINUING PROFESSIONAL EDUCATION (CPE) COMMITTEE:

This was an ANOTHER BIG YEAR for CPE by submitting CPE hours online. Nearly 70% 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.

The Committee reviewed and pre-approved 525 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.

The Committee continues on reviewing non-technical courses as allowed for CPE. Research is being conducted to determine potential limitations of hours per renewal period. CPE Guidelines requirements are being reviewed and the necessary changes will be made. All Active Permit Holders will be notified of any changes.

LICENSING COMMITTEE:

Online renewal applications were available for 2008 with nearly a 60% adoption rate. Paying by credit card saved the Board many hours of preparing check deposits.

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.

An additional policy was added to the Firm Guidelines in 2008: **An abbreviated form of the firms name may be used for advertising and marketing purposes, such as on logo shirts or specialty gift items. However, when using the abbreviated form of the firm name for business purposes, such as on letterhead, the firm must have the full registered firm name visible to the public somewhere on the business material.**

Licensure does not just end when you no longer have clients or a business. 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.

EDUCATION & EXAM COMMITTEE (E & E):

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 an online exam application.

Board staff and Board members have visited the four Nebraska CPA exam sites to observe exam procedures.

The NASBA Education Committee, on which NBPA Member Doug Skiles serves, has adopted changes to Chapters 5-1 & 5-2 containing educational requirements for the Uniform Accountancy Act (UAA). The Education Advisory Committee (EAC), made up of educational institution representatives, has reviewed the proposed changes and is in the process of providing feedback to the E & E Committee.



Photo Caption: The Education & Examination Committee held a meeting at the University of Nebraska at Omaha. Present were Board members Doug Skiles, Chair, Kate-King Wu, and Michael Wassinger along with Board staff Dan Sweetwood and Jo Lowe.

2008 QUALITY ENHANCEMENT PROGRAM:

The Committee determined the following six issues were the most common problems on 2008 reports:

1. SOP 01-6 Accounts Receivables incomplete disclosures;
2. Concentration of credit risk not disclosed;
3. Using tax depreciation on GAAP financial statements without proper disclosure;
4. Inconsistency of report headings and accountants report;
5. Incorrect wording in compilation and review reports;

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 very important.

CPA FIRMS~ SURVEY COMING!! Please Respond!

Your QEP Committee is also reviewing the current QEP program for areas of possible improvement. At the request of the QEP Committee and your Board, staff will be sending a survey to all firms for their input regarding the QEP program in Nebraska. Your opinion is very important when we are reviewing this valuable program.

WE NEED YOUR HELP!

In 2009, 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. Enclosed is an application if you wish to participate. **Thank you to QEP reviewers for making our program a success.**

FAQ's / TIDBITS:

1.) Check for the current 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.) 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. 2007-2008 Title 288 Rule changes specific to Board Committee's are noted under the Committee's heading in this newsletter.

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? 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.

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.

Enforcement Committee

While reading many updates and information from our neighbors I wanted to share with you an article prepared by Pamela Griebel, Iowa Assistant Attorney General. She feels that most recurring complaint issues may be preventable with advance planning and a little common sense. From her article, Jan. 2009 Iowa Professional Licensure & Regulation Bureau:

Cut Rate Friends: Beware of the friend who asks you to work at cut rate. Be prepared to perform at the same high standard of care generally applicable to the project at hand or decline the offer. Professionals who adjust the standards to the level of pay often lose far more in the long run through risk exposure, client complaints, and loss of good will. I've lost count of the number of times a licensee proclaims, "I was just trying to help out a friend."

Sphere of competency: Be realistic about your sphere of competence. Few licensees are qualified to perform the full scope of services technically authorized by licensure. If you are over your head, associate with a qualified professional or find a way to transfer your client to a qualified professional.

Denial: Do not hide and go into denial if you discover a mistake. Many errors can be successfully resolved before anyone is harmed if you act quickly and honestly. Often, a professional's true character merges stronger while correcting errors than when relishing victory.

Client communications: Be accessible to and communicate with clients. Ignoring client communications is the fastest way to trigger a client complaint.

Goofy clients: Treat goofy or obnoxious clients with the same respect you afford to favored clients. While you may find a small measure of sympathy from Board members, you are not likely to get very far with a "my client is goofy" defense.

Substance Abuse: File a documented complaint when you become aware of a licensee performing consistently and flagrantly below standards. If the licensee is a substance abuser and is not yet the subject of disciplinary action, try to convince the licensee to seek treatment and self-report. The licensee may qualify for confidential handling through an impaired practitioner review committee. If you stand idly by, you could be sanctioned for failure to take action to protect the public.

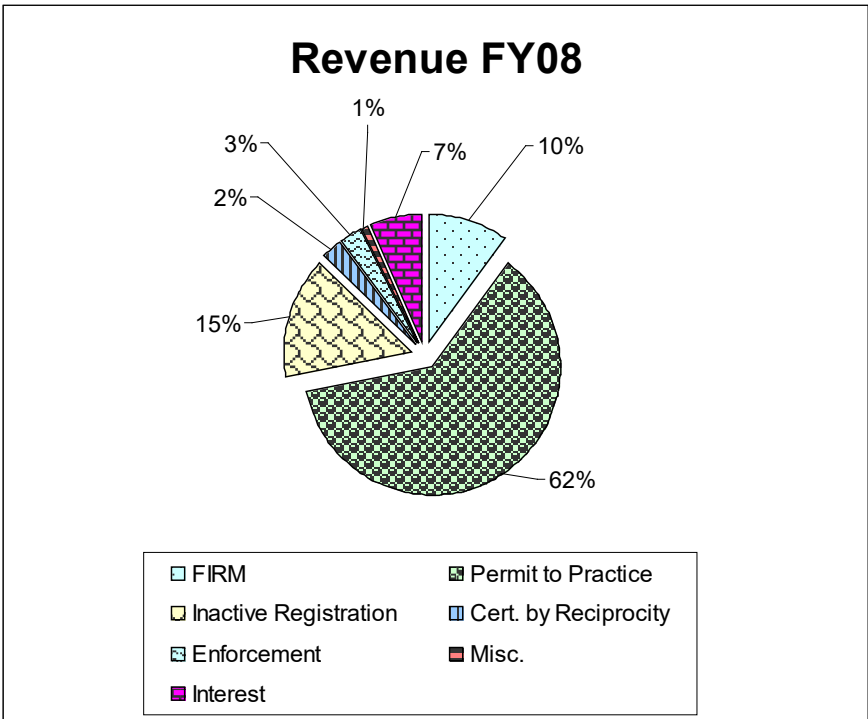
Think big picture: Not every ethical or professional dilemma will be covered by your professional laws, rules or nationally accepted professional standards. When faced with such a challenge, stand back and think "big picture." Imagine yourself as the subject of a front page story in your local newspaper. For posterity, how would you like the public or fellow professionals to view your response?

Your Enforcement Committee continues to review complaints submitted to the Board by the public, CPAs, and other agencies. Please contact Dan Sweetwood at (402) 471-3595 or at Dan.Sweetwood@nebraska.gov.

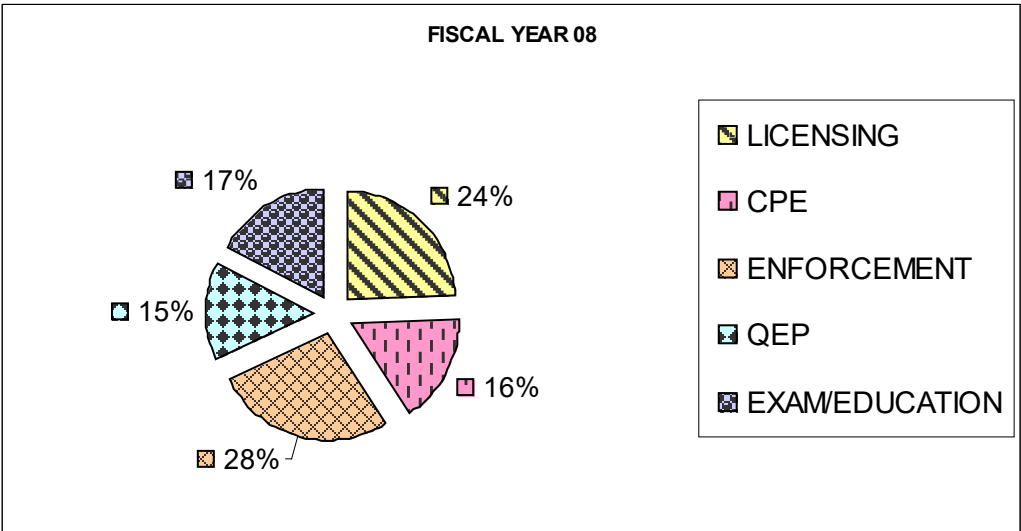
Listed are the number of the 2006 Active Permit Holder's by location.

2008 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 FY2008.



* No State General Funds are used to support the Board

Board Members

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

**The Annual Register listing 2008
licensed CPAs and CPA Firms in Nebraska
will be available early in February. Please contact the Board office for your complimentary
copy.**

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

Licensing Statistics 2008

Report on permits/registrations issued from July 1, 2007 to June 30, 2008:
Prior year's statistics are given for comparison purposes.

	<u>2006-08</u>	<u>2007-09</u>	<u>2008-10</u>
CPA Permits	1087	1066	1008
CPA Inactive Regs.	725	790	662
Total:	1812	1856	1670
	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>
Partnerships	20	20	20
Professional Corporations	207	202	195
Limited Liability Companies	59	48	47
Limited Liability Partnerships	35	32	34
Sole Proprietorships	234	287	209
Total:	555	589	505

Certificates/ Permits/ Status Changes in 2008:

Certificates Issued	104
Reciprocal Certificates Issued	47
Initial Permits Issued	134
Certificate Revocation for Permit Non- Renewal per PAA 1-137:	5
Inactive – Retired Status:	21
Voluntary Surrender of Certificate:	13
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CPA's by the Numbers

Photo captions: Board Intern Richard Christensen, 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.



Board Staff members Jo Lowe and Kelly Ebert with Tax Commissioner Doug Ewald, CPA, at the Society's Annual Meeting. The Board sets up a booth at Society functions to answer questions and hand out information on Board Programs.



Ethics Panel: Society Chair McChesney, Board Attorney Gruit, Board Executive Director Sweetwood, Society Complaint Chair Hansen.

