

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

Minutes
January 13, 2023

Draft Minutes. Minutes are not approved until the next Board meeting on March 10, 2023.

Friday, January 13, 2023

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, January 13, 2023 with Chair Melissa Ruff presiding. The roll was called with the following members present: Melissa Ruff, Christi Olsen, Jeff Kanger, Ken Brauer, Mark Manning, Sarah Borchers, Drew Blossom and Amy Holzworth. Also present were Executive Director Dan Sweetwood, staff members Heather Myers. Staff member Kristen VanWinkle was absent. The meeting was conducted virtually as allowed per Neb. Rev. Stat. § 84-1411(2). Staff was available at the Board Office, 1526 K Street, Ste. 410, Lincoln, Nebraska for anyone who wanted to participate in person. Chair Ruff noted the location of the notebook containing the Public Open Meeting Act was at the Board Office, and asked if anyone present needed an agenda or had any questions regarding the law. Joni Sundquist and Kelly Ebert, from the Nebraska Society of CPAs, were also present.
- B. Approval of Meeting Agenda for January 13, 2023.** Moved by Kanger, seconded by Bauer, approve the agenda for the January 2023 meeting. On a roll call vote, Members Ruff, Olsen, Kanger, Brauer, Manning, Borchers, Blossom and Holzworth voted aye. Motion #1 carried.
- C. Approval of Minutes from November 10, 2022.** Moved by Borchers, seconded by Blossom, to approve the November 10, 2022 Board minutes. On a roll call vote, Members Ruff, Olsen, Kanger, Brauer, Manning, Borchers, and Blossom and Holzworth aye. Motion #2 carried.

2. Public Comment Period (15-minute period)

8:45 a.m. – Ms. Joni Sundquist, NE Society of CPAs President –

- Society's annual State Senators' Reception & Dinner was held Jan. 3, the evening before the Legislature begins, at The Cornhusker Renaissance Room. Very pleased with the attendance: 63 total attendees, including 24 state senators. We had a few no-shows due to weather out west and in Omaha. Ken Brauer and Christi Olsen from the NE State Board attended.
- The first session of the 108th Legislature started the next day, Jan. 4. Committee selections are complete, although a handful of state senators raised concerns about the way the committee assignments were doled out. In addition to the 14 new state senators, we have a new Clerk of the Legislature and new legislative leadership, with Sen. John Arch of Omaha becoming speaker. Also, long-time Banking Committee legal counsel Bill Marienau retired. He has been replaced by Joshua Christolear, who is an attorney from Syracuse. Among the new committee leadership, Sen. Julie Slama

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was elected Banking Committee chair (Williams was term limited out); Sen. Rob Clements was elected Appropriations Committee chair (Stinner was term limited out), and Sen. Lou Ann Linehan continues to chair the Revenue Committee.

New bill introductions are now underway – they are only allowed for the first 10 legislative days, which is through January 18. Hearings start January 23. Many contentious issues being dealt with – how to allocate state school aid, building a new state prison and correctional reform, implementing a constitutional amendment requiring voter photo identification, new restrictions on abortion rights, expanded gun rights, *and* new and accelerated tax cuts due to the revenue surplus, among other things. Also a constitutional amendment has been proposed to do away with the Unicameral and establish a two-house Legislature.

Bills of interest to the CPA profession include:

LB 16 – Occupational Licensing Bill (Briese) – Thankfully, CPAs are specifically excluded from this legislation. Goal of the bill is to reduce barriers to employment for people moving into the state. In very basic terms, this bill would allow an individual licensed elsewhere to automatically be eligible for licensure in Nebraska – even though that person may not have the experience or education required under Nebraska law and regulations. ED Sweetwood commented that due to the work last year of Ms. Sundquist and her team and other meetings with Senators, the CPA profession along with others were excluded. It will interesting to see where this Bill will go when debate begins noting those occupations & professions that have been excluded.

LB 79 and LR 7CA - Nebraska EPIC Option Consumption Tax Act (Erdman)

LB 147 – Changes notification procedures for political subdivisions regarding property tax refunds of a certain amount (Kauth).

LB 173 – Changes provisions relating to the taxation of nonresident income (Bostar) – This bill has to do with individuals who don't live in Nebraska but perform some work within the state and how and when that income is taxed.

LB 43 - Require hearing officers and judges to interpret statutes and regulations to limit agency power and maximize individual liberty (Sanders). ED Sweetwood commented that the Board Attorney felt this Bill would probably not go forward due to general legal concerns.

It is a long session – 90 days – so the Legislature is not scheduled to adjourn until the second week in June.

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- Registrations for our 2022 CPE year were down about 6% this year from last. This year, we offered about 2,300 more “partner” webcasts than last year – those are webcasts that we have listed on our website but aren’t “sponsored” by the Society; this is only our second year of offering online partner courses and we expect this segment of our CPE offerings to continue to grow.

In total, we had 2,656 registrations, offering 227 Society-sponsored courses and just over 6,700 partner courses. As a reminder, all partner courses are NASBA approved. ED Sweetwood commented that due to the changing world of CPE that the CPE Committee will continue to invite Joni & Kelly to their meetings as discussion continues to turn these changes.

- Fall Committee Planning Meeting will meet Jan. 18. We are still trying to nail down a date for the Fall Conference but we are looking at the end of October again. Probably will be somewhere other than Embassy Suites in La Vista.
- This coming year, we will only be offering 10-15 in-person courses. Unfortunately, this past year, we have found that CPAs in general are not wanting to return to in-person courses.
- In other news, the AICPA has put together a draft “8-Point Plan” to address CPA Pipeline issues.
 - The plan includes an integrated education and experience program, to help bridge the gap between education and practice and offer an alternative for students to earn up to 30 hours of credit. Pilot is expected by this fall.
 - The plan also includes a communication campaign about how students can achieve the 150 hours.
 - Extending the 18-month exam window for CPA candidates to pass all 4 sections of the exam.
 - Considering jurisdictional barriers to licensing.
 - Considering an AP course to provide college credit while in high school.
 - Passing federal legislation to include accounting in STEM.
 - The AICPA Foundation is shifting its strategy to focus on scholarships to students with a financial need, also working with firms to help provide students with access to internships and more scholarships.
 - Lastly, asking stakeholders to address the hurdles to entering the profession. Stakeholders are firms, universities, and the regulatory community.
- As far as the Society’s pipeline efforts, we will be working once again with the University of Nebraska-Lincoln to promote its Discover Accounting program. We will also be working with the University of Nebraska at Omaha and its Adventures Accounting

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program. Both programs promote accounting to high school students.

We also hope to work with the Nebraska Council on Economic Education to host another Economics & Accounting Day possibly later this fall.

10:00 a.m. – Mr. Dan Dustin, CPA, Vice President State Board Relations, NASBA addressed the Board to discuss various national issues. Mr. Dustin overviewed recent developments including the development of alternative education pathways to complete the remaining academic 30 credit hours for Boards to consider. This NASBA/AICPA discussion is based on initiatives to lessen the burden for those candidates that have not completed a Masters Degree or could be non-traditional accounting students. More to come on this as the recommendations are finalized. CPA Evolution continues with the anticipated changes to the Uniform CPA Examination set for January 1, 2024. Other than only a couple of State Boards, the planned extension of completing the examination until July 1, 2025 has been implemented. Additionally, CPA Pipeline concerns continue to garner serious discussion within NASBA & AICPA leadership. It is anticipated the AICPA is preparing to release a plan to bring attention to the pipeline soon that could impact State Boards including the 18-month window to pass the examination. Some concern relates to the possibility for the push to allow CPA licensure at 120 hours as an alternative pathway. Dan indicated NASBA is prepared to respond regarding the disruption to substantial equivalency and the harm to uniformity of licensure. Dan invited Board members to reach out with any questions and/or concerns.

3. Consent Agenda

- A. Published Notice of Meeting.** Moved by Olsen, seconded by Borchers, to approve the consent agenda. On a roll call vote, Members Ruff, Olsen, Kanger, Brauer, Manning, Borchers, Blossom and Holzworth voted aye. Motion #3 carried.
- B. Approval of Disbursements for November and December 2022.** Secretary Olsen overviewed the disbursements for the Board reporting no unusual activity for the period.
- C. Review of Board Budget Status Report.** Secretary Olsen reported on several items. Salaries have increased due to approval/effect of staff reclassifications. Merchant fee payment impacted the budget due to timing of payment. Travel costs have gone up mainly due to NASBA meetings returning to in person. ED Sweetwood commented that this year several expenses have increased that will impact total expenses at the end of the fiscal year (June 30th, 2023).

4. Report of the Chair

- A. Report of the Chair.** Chair Ruff gave the report.

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- B. Set 2023 Administrative Fees.** At a previous meeting, the Executive Committee reviewed and discussed administrative fees. Motion out of Committee to approve Administrative Fees remain the same. On a roll call vote, Members Ruff, Olsen, Kanger, Brauer, Manning, Borchers, Blossom and Holzworth voted aye. Motion #4 carried.
- D. Rules of Professional Conduct Task Force Update.** This important project continues. Dr. Tom Purcell sent his comments back and will provide an updated version to the Board in March.
- E. Attendance at NASBA ED and Staff Conference, February 27 – March 1, 2023 Tucson, AZ** –ED Sweetwood and Board Attorney, Jim Titus are speakers at the conference and will receive scholarships from NASBA to attend. Chair Ruff recommended that Staff VanWinkle attended the conference in-person as well due the importance of staff remaining current on the issues and learning how other Boards operate. Moved by Brauer, seconded by Borchers, to approve Board Staff members, Sweetwood, Titus and Van Winkle, attend the NASBA ED and Staff Conference. On a roll call vote, Members Ruff, Olsen, Kanger, Brauer, Manning, Borchers, and Blossom and Holzworth aye. Motion #5 carried.
- F. Review Board Calendar.**

10:50 am - Member Jeff Kanger left the meeting.

Closed Session

Closed Session. Moved by Blossom, seconded by Manning, that the Board go into closed session at 10:52 a.m., on Friday, January 13, 2023, for the purpose of discussing 9 enforcement cases to protect the public interest and/or prevention of needless injury to individuals. On a roll call vote, Members Ruff, Olsen, Brauer, Manning, Borchers, Blossom and Holzworth voted aye. Member Kanger was absent. Motion #6 carried.

Prior to going into closed session, Chair Ruff restated the limitation of the closed session, which was to discuss 9 enforcement cases, read the following statement:

“The Board may go into closed session for the purpose of discussion (no action) on matters involving litigation, personnel, disciplinary matters/enforcement, or matters regarding which the subject matter is otherwise protected under statutory law.

The Board may go into closed session on its own motion; however, it must approve a motion to go into closed session and another one to return to open session. The time in which the Board goes into and comes out of closed session is to be noted in the minutes, and the motion must be passed by a majority vote. The motion to go into closed session must contain the subject matter and reason requiring the closed session.

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Prior to closed session, the Board Chair will restate the limitation of the subject matter that may be discussed in closed session and such restatement shall be noted in the minutes. No action items will be voted upon in closed session."

Return to Open Session. Moved by Blossom, seconded by Olsen, that the Board return to open session at 11:12 a.m., on Friday, January 13, 2023. On a roll call vote, Members Ruff, Olsen, Brauer, Manning, Borchers, Blossom and Holzworth voted aye. Member Kanger was absent. Motion #7 carried.

5. Report of Enforcement of Professional Conduct Committee

- A. **Open Case/LMCO Update.** No update.
- B. **Case #22-03** Motion out of committee to recommend that the Board Attorney prepare and send a Petition in the matter to the CPA due to non-compliance with a previous Order of the Board. On a roll call vote, Members Ruff, Olsen, Brauer, Manning, Borchers, Blossom and Holzworth voted aye. Member Kanger was absent. Motion #8 carried.
Case #22-11/Stipulation & Consent Order Offer. Motion out of committee to recommend that the Board Attorney prepare and send a proposed consent order to the CPA to offer the revocation of his license due to a felony conviction. On a roll call vote, Members Ruff, Olsen, Brauer, Manning, Borchers, Blossom and Holzworth voted aye. Member Kanger was absent. Motion #9 carried.
- C. **Ratification of LMCOs, if any** – No update.
- D. **Recommended Cases to Close** – None.
- E. **Board Attorney Fee Increase** – Board Attorney Titus submitted a request that his hourly rate be increased to remain comparable to the various other state agencies he serves. Based on Mr. Titus' past performance as Board Attorney, a motion was made to approve the Board Attorney hourly rate be increased to \$200 per hour. Moved by Ruff, seconded by Blossom. On a roll call vote, Members Ruff, Olsen, Brauer, Manning, Borchers, Blossom and Holzworth voted aye. Member Kanger was absent. Motion #10 carried.

6. Report of the Licensing Committee

- A. **Report of the Committee.** Committee Chair Brauer gave the report. The committee discussed one Business, Governmental & Academia (BGA) experience application. Motion out of committee to recommend approval of Rebecca Thomas' application. On a roll call vote, Members Ruff, Olsen, Brauer, Blossom, Holzworth and Borchers voted aye. Members Kanger and Manning were absent. Motion #11 carried.

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The committee discussed two firm name requests.

Motion out of committee to recommend approval of firm name Forward CPA, LLC.

On a roll call vote, Members Ruff, Olsen, Brauer, Manning, Blossom, Holzworth and Borchers voted aye. Member Kanger was absent. Motion #12 carried.

Motion out of committee to recommend approval of firm name Ametrine CPA, LLC.

On a roll call vote, Members Ruff, Olsen, Brauer, Manning, Blossom, Holzworth and Borchers voted aye. Member Kanger was absent. Motion #13 carried.

B. Ratification of initial permits to practice issued, certificates issued, firm permits.

Moved by Olsen, seconded by Borchers to approve initial permits to practice issued, certificates issued, firm permits issued from November 11 – December 11, 2022. On a roll call vote, Members Ruff, Olsen, Brauer, Manning, Borchers, Holzworth and Blossom voted aye. Member Kanger was absent. Motion #14 carried.

C. Reinstatements to Active Permit, Inactive Retired Affidavits, Surrendered

Certificates. Moved by Olsen, seconded by Borchers to approve the Reinstatements to Active Permit, Inactive Retired Affidavits, and Surrendered Certificates from November 11 – December 11, 2022. On a roll call vote, Members Ruff, Olsen, Brauer, Manning, Borchers, Holzworth and Blossom voted aye. Member Kanger was absent. Motion #15 carried.

Reinstatements:

- Austin Bonk – Omaha, NE
- Chui Mei Clarke – Custer, WA
- Rebecca McFarland – Ft. Collins, CO

Inactive - Retired affidavits:

- Paul Anderson – Omaha, NE
- Alan Bowes – Kansas City, MO
- Jane Branscombe Smith – Lincoln, NE
- C. Thomas Burton – Columbus, NE
- Mikal Claar – Sioux Falls, SD
- Patrick Erlich – Omaha, NE
- John Gabel – Lincoln, NE
- Robert Houlihan – Phoenix, AZ
- Lorelei Johns – Regina, SK, Canada
- Douglas Kuhlers – Omaha, NE
- Kevin Monroe – Brentwood, TN
- Robert Morrow – Norfolk, NE
- Gary Pohlmann – Lincoln, NE
- Ronald Shortridge – Bennet, NE

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- Patrick Thomazin – Lincoln, NE
- Randy Tonniges – Kearney, NE
- Marc Vianello – Prairie Village, KS

Surrenders:

- Eric Maas – Sioux Falls, SD
- David Parry – Mesa, AZ

7. Report of Continuing Professional Education (CPE) Committee

- A. Report of the Committee.** Committee Chair Olsen gave the report. She stated staff is in the process of conducting a review of the CPE guidelines to see if any changes are necessary. It was determined that the CPE Audit percentage will stay at 2% of the Active Permit Holders for the audit of 2021 and 2022 CPE. The committee also discussed the 40-hours limitation on Self-Study courses and deemed the limitation is still necessary. Podcast Programs will be added to the CPE Guidelines as acceptable CPE. Staff discussed the NASBA CPE Exposure Draft and will continue to review them.
- B. Ratification of Staff Program Qualification Evaluations.** The committee reviewed 59 courses from November to December 2022 with 59 courses recommended for Board approval and none denied. Motion out of committee to ratify Board approval of 48 courses. On a roll call vote, Members Ruff, Olsen, Brauer, Manning, Blossom, Holzworth and Borchers voted aye. Member Kanger was absent. Motion #16 carried. The committee received an additional course list from Lutz & Company, PC. Motion out of committee to recommend Board approval of the additional course list from Lutz & Company, PC. On a roll call vote, Members Ruff, Olsen, Brauer, Manning, Blossom, Holzworth, and Borchers voted aye. Member Kanger was absent. Motion #17 carried.
- C. Ratification of CPE Sponsor.** The committee reviewed a request for Sponsorship from Lutz & Company, PC. Motion out of committee to recommend Board approval of CPE Sponsorship Lutz & Company, PC. On a roll call vote, Members Ruff, Olsen, Brauer, Manning, Blossom, Holzworth, and Borchers voted aye. Member Kanger was absent. Motion #18 carried.

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

- A. Report of the Committee.** Committee Chair Borchers gave the report. ED Sweetwood and Committee Chair Borchers visited the NASBA office in Nashville, TN on November 14, 2022. Chair Borchers stated it was very informational to see how the exam coordinator processes exam application. Conversations with Pat Hartman were beneficial as well. ED Sweetwood commented

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that this visit is critical in the Board's review and CPAES's accountability to the Board. Travel costs are reimbursed by NASBA/CPAES. Chair Borchers stated the committee reviewed the proposed amendments to Chapter 6. It was recommended that 9.004.02D is not adopted regarding internships due to the impact it could have on schools. The committee also reviewed the edits stemming from the November committee meeting and will forward it to the full Board for review and approval.

- B. Approval of Exam Scores from November 1 to December 30, 2022, if available –**
Not available at this time.

9. Report of the Legislative Committee

- A. Report on Proposed Legislation:** ED Sweetwood gave the report.
B. Compliance with LB867 (Index Updates/Policy Changes). No update.
C. 2022-2023 Rule Project – Initial drafts of the proposed rule changes were shared with the Board. Potentially looking toward a March 2023 Rules hearing in conjunction with the March Board meeting. Updated drafts have been shared with the respective committees depending on the nature of the drafted amendments to the regulations that will continue as the hearings near.
D. Opening of 108th Legislature/1st Session (addressed under report 2.A)

10. Report of the Peer Review Committee

- A. Report of the Committee –** Chair Manning gave the report.
Chair Manning stated that he and Staff Myers reviewed three Pass with Deficiencies reports and one Failed Peer Review in the office. Staff will send letters to those firms stating that the Committee Reviewed the information contained in the Peer Review Report and is requesting documentation of the firm's corrective action. ED Sweetwood have an update of the AICPA Peer Review Program and how they oversight, observe and monitor the Nevada Society of CPAs as an Administrating Entity. He also discussed the changes to the Board's Rules and Regulations Chapter 13 Peer Review. The recommended changes would be to provide verbiage to clarify a PROC would be created only when deemed necessary by the Boards PRC. Remove reference to transition provisions as the transition is complete to Peer Review from the closed QEP Program. Update date sensitive areas to the current AICPA Peer Review Program. Planning will begin for the committees Annual Meeting that is scheduled for February 15, 2023.

11. Report of the Executive Director

- A. Budget Status/Thentia Database Update –** ED Sweetwood updated the Board on the status of the Thentia project It is moving forward under the leadership of Staff Myers with

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progress being made. Information has been shared and continued updates are received. A meeting of several Boards utilizing Thentia will be held soon.

- B. Staffing & General Office Issues** – Staff continues to look for options for formal in person Board meetings due to the loss of Hearing Room 4D. A temporary worker from the DAS Pool has been engaged to assist staff in filing and other back office work.

12. New Business

A. NASBA Items:

B. Other Miscellaneous Items: FYI articles

13. Adjournment

Moved by Brauer, seconded by Borchers to adjourn the meeting at 12:27pm on January 13, 2023. On a roll call vote, Members Ruff, Olsen, Brauer, Manning, Borchers, Blossom and Holzworth voted aye. Member Kanger was absent. Motion #19 carried.

Respectfully submitted by,

Board Secretary
Christi Olsen