

NEBRASKA BOARD OF PUBLIC ACCOUNTANCY

1526 K Street, Suite 4B, Lincoln, Nebraska

Minutes

January 4, 2019

Draft Minutes. Minutes are not approved until the next Board meeting on 03-15-19.

Friday, January 4, 2019

1. General

- A. Call to Order and Roll Call.** The Nebraska Board of Public Accountancy (Board) was called to order at 8:30 a.m. on Friday, January 4, 2019 with Chair Lori Druse presiding. The roll was called with the following members present: Lori Druse, Tom Purcell, Marcy Luth, Michele Stromp, Michael McClure, Glen Waltemath and Ken Brauer. Member Bernie Gutschewski's resignation was accepted by Governor Pete Ricketts on December 8, 2018. Also present were Executive Director Dan Sweetwood and staff members Heather Myers and Kristen VanWinkle. Board Intern Riley Birdzell was available. The meeting was held at the Board Office, 1526 K Street, in Suite 4D, Lincoln, Nebraska. 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. Also present was Joni Sundquist, Nebraska Society of CPAs President.
- B. Approval of Meeting Agenda for Friday, January 4, 2019.** Moved by McClure, seconded by Purcell, to approve the agenda for the Friday, January 4, 2019 meeting. On a roll call vote, Members Druse, Purcell, Luth, Stromp, McClure, Waltemath and Brauer voted aye. Motion #1 carried.
- C. Approval of Minutes from November 16, 2018.** Moved by Purcell, seconded by Brauer, to approve the November 16, 2018 Board minutes. On a roll call vote, Members Druse, Purcell, Luth, Stromp, McClure, Waltemath and Brauer voted aye. Motion #2 carried. Upon approval of the minutes, the Board commented that a copy of the minutes will be provided to Mr. Jeremy Vokt with the Board's decision highlighted.

2. Public Comment Period (15-minute period)

Joni Sundquist, President of Nebraska Society of CPAs – The Society hosted 93 CPE courses this year and had 2,678 attendees which is slightly less than previous years. They will host an industry conference at the end of April 2019. The Society Board is currently discussing the creation of a leadership academy for 20-30 members lasting 12-18 months. The Society Board is discussing the addition of student and affiliate memberships. There is some concern around disclosure issues for non-CPAs who have a society membership. Member Purcell suggested allowing graduate students the ability to attend CPE courses. There are several legislative issues being considered, including the 199 deduction, the Dept. of Transportation removing the requirement for a CPA to sign off on financial statements, and the ESOP bill pending introduction. The state senators' reception is scheduled for January 8th. There are 29 senators attending with a small group of CPAs currently signed up. Chair Druse has signed up to attend. Discussion has begun around how to recognize new certificate holders.

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3. Consent Agenda

- A. **Published Notice of Meeting.** Moved by Waltemath, seconded by McClure, to approve the consent agenda. On a roll call vote, Members Druse, Purcell, Luth, Stromp, McClure, Waltemath and Brauer voted aye. Motion #3 carried.
- B. **Review of Disbursements for November and December 2018.** Board Secretary Luth overviewed the disbursements for the Board.
- C. **Review of Board Budget Status Report.** The current budget status report was provided and reviewed by Board Secretary Luth. She stated the timing of travel expenses is causing the difference from last year to this year. We also had a large re-appropriation of funds roll-over from last year.

4. Report of the Chair

- A. **Report of the Chair.** Chair Druse gave the report.
- B. **Executive Committee Meeting.** The committee discussed the need to set Board fees for 2019. Chair Druse indicated the committee had met in December and been provided a packet of information from staff including historical trends and other financial information for review and after extensive discussion were comfortable recommending keeping the current fee schedule.
 - 1. **Set 2019 Licensing Fees.** Motion out of committee to approve keeping Licensing fees the same for 2019. On a roll call vote, Members Druse, Purcell, Luth, Stromp, McClure, Waltemath and Brauer voted aye. Motion #4 carried.
 - 2. **Set 2019 Administrative Fees.** Motion out of committee to approve keeping Administrative fees the same for 2019. On a roll call vote, Members Druse, Purcell, Luth, Stromp, McClure, Waltemath and Brauer voted aye. Motion #5 carried.
- C. **Attendance at NASBA ED and Staff Conference, March 26-28, 2019, San Antonio, TX.** ED Sweetwood noted there has be no update to the Governor's essential travel policy. Discussion turned to the importance of staff being active on the national level and attendance at NASBA meetings was imperative to this goal. Motion out of committee to approve ED Sweetwood and Staff Myers to attend the NASBA ED and Staff Conference as the Board deems attendance to this conference to be essential travel. On a roll call vote, Members Druse, Purcell, Luth, Stromp, McClure, Waltemath and Brauer voted aye. Motion #6 carried.
- D. **Attendance at NASBA Western Regional Meeting, June 18-20, 2019, Salt Lake City, UT.** Chair Druse polled the Board to see who was interested in attending. Chair Druse and member Stromp are planning to attend. Member Stromp will attend as a member of the NASBA Nominating Committee. Members Purcell, Luth, Waltemath, McClure and Brauer will consider attending but will depend on their schedules.
- E. **Review Board Calendar.** The Board reviewed the 2019 meeting dates. The May 16th meeting was changed to May 22nd to allow member Purcell the opportunity to attend.

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Closed Session

Closed Session. Moved by Stromp, seconded by Luth, that the Board go into closed session at 9:35 a.m., on Friday, January 4, 2019, for the purpose of discussing enforcement matters. On a roll call vote, Members Druse, Purcell, Luth, Stromp, McClure, Waltemath and Brauer voted aye. Motion #7 carried.

Return to Open Session. Moved by Stromp, seconded by Luth, that the Board return to open session at 9:51 a.m., on Friday, January 4, 2019. On a roll call vote, Members Druse, Purcell, Luth, Stromp, McClure, Waltemath and Brauer voted aye. Motion #8 carried.

5. Report of Enforcement of Professional Conduct Committee

A. Open Case/LMCO Update. Committee Chair Stromp gave the report.

B. Ratification of LMCOs, if any - There were no LMCO's.

C. Recommended Cases to Close –

#18-06 - Staff discovered the CPA failed to renew his active license and was placed on the Active/Expired list. It was later learned he was the subject of a felony conviction in Lancaster County, NE. The Board later revoked the CPA's credentials.

Motion out of committee to close case #18-06. On a roll call vote, Members Druse, Purcell, Luth, Stromp, McClure, Waltemath and Brauer voted aye. Motion #9 carried.

6. Report of Continuing Professional Education (CPE) Committee

A. Report of the Committee. Committee Chair Purcell gave the report.

The committee reviewed the UAA Regulations regarding CPE reciprocity, blended and nano learning, and other requirements to determine recommendations for the Board's 2019 Rule Package. The committee discussed with the full Board the following recommendations and will continue discussion upon drafting of language for later Board review:

- Allow Bi-lateral CPE Reciprocity, as long as that boarding state has similar CPE reporting requirements as Nebraska.
- Change the Ethics CPE rule to obtain at least 2 out of the 4 required CPE Ethics hours in professional ethics relating to the practice of public accountancy as part of the CPE requirement.

B. Ratification of Staff Program Qualification Evaluations. The committee reviewed a total of 57 courses from November 1 – December 10, 2018 with 57 courses recommended for Board approval and none denied. Motion out of committee to ratify Board approval of 57 courses. On a roll call vote, Members Druse, Purcell, Luth, Stromp, McClure, Waltemath and Brauer voted aye. Motion #10 carried.

C. Ratification of CPE Sponsor. The Committee discussed the CPE Sponsorship process and application. The Committee decided that Staff should pick a course from each sponsor, audit that course and present it to the CPE Committee. The rest of the CPE Sponsorship process and application will remain the same.

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The committee reviewed the sponsorship application from Lutz & Company. Motion out of committee to approve CPE sponsorship for Lutz & Company. On a roll call vote, Members Druse, Purcell, Luth, Stromp, McClure, Waltemath and Brauer voted aye. Motion #11 carried

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

- A. Report of the Committee.** Committee Chair Luth gave the report. Chair Luth noted that the candidate survey responses for Q4 were not yet available. The committee discussed a request for exam credit extension previously reviewed by the committee and recommended approval. Motion out of committee to grant the requested credit extension due to health reasons. On a roll call vote, Members Druse, Purcell, Luth, Stromp, McClure, Waltemath and Brauer voted aye. Motion #13 carried. The committee discussed one course to determine if it met the Business Communications requirement as well as the underlying issue which is that the UNL registrar's office should be able to fix the student's transcript so that the course appears properly. The committee accepts that the NECC course is equivalent to UNL's COMM 311 course, however it is the responsibility of the registrar's office to correct. Member Purcell provided a topic for further discussion at the next E&E and EAC meetings. He suggested to mirror undergrad programs after graduate programs in the exam application process. Accredited graduate programs automatically allow the candidate to sit for the exam; the suggestion is to have undergrad programs be pre-approved so candidates can apply and sit for the exam quicker. ED Sweetwood's last meeting as part of the Board of Examiners is in February. He has enjoyed his time on the Board of Examiners (BOE) and has felt it was beneficial to this Board to have first-hand knowledge of what was going on with the CPA Exam. He thanked Board members for allowing his participation on the BOE.
- B. Approval of Exam Scores from October – December 10, 2018, if available –** The score report was not available for the committee meeting but was available by the Board meeting. Moved by Luth, seconded by Purcell, to accept the October – December 10, 2018 exam scores. On a roll call vote, Members Druse, Purcell, Luth, Stromp, McClure, Waltemath and Brauer voted aye. Motion #12 carried.

8. Report of the Legislative Committee

- A. Report on Legislation:** ED Sweetwood gave the report.
- 1. LB867 – Index Updates/Policy Changes:** There were no updates or new policies.
 - 2. Update on Proposed Legislation to allow for ESOP Ownership of a CPA Firm –** The bill is pending introduction when the new legislative session opens.
 - 3. 2019 Rule Package Discussion:** ED Sweetwood stated regulations have been drafted for Chapter 9 – Education and Chapter 6 – Continuous Testing. Staff will work on prepping the back-end information required by the Attorney General's and Governor's Office. Staff will work next on drafting regulations

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for Chapter 8 – CPE. The possible Inactive-Retired language was discussed under the Licensing Committee report.

9. Report of the Peer Review Committee

- A. **Report of the Committee.** Committee Chair McClure gave the report. The committee will meet next on February 11, 2019. Representatives from the Nevada Society and the AICPA Peer Review Program will be invited. Proposed changes to the UAA regarding peer review will be reviewed and discussed. There have been no updates on the PROC issue.

10. Report of the Licensing Committee

- A. **Report of the Committee.** Committee Chair Druse gave the report. The committee discussed four Business, Governmental & Academia (BGA) experience applications.
Motion out of committee to recommend approval of Gulruh Nyazova's application. On a roll call vote, Members Druse, Purcell, Luth, Stomp, McClure, Waltemath and Brauer voted aye. Motion #14 carried.
Motion out of committee to recommend approval of Josephine Soares' application. On a roll call vote, Members Druse, Purcell, Luth, Stomp, McClure, Waltemath and Brauer voted aye. Motion #15 carried.
Motion out of committee to recommend approval of Aaron Stockwell's application. On a roll call vote, Members Druse, Purcell, Luth, Stomp, McClure, Waltemath and Brauer voted aye. Motion #16 carried.
Motion out of committee to recommend approval of Amanda Ostergard's application. On a roll call vote, Members Druse, Purcell, Luth, Stomp, McClure, Waltemath and Brauer voted aye. Motion #17 carried.
The Board discussed the process of BGA applications being reviewed for approval by the Licensing Committee. Staff expressed appreciation of the Licensing Committee's expertise in their review. It was concluded that it is still necessary for the Licensing Committee to review and recommend approval prior to issuance.
The committee discussed one request to waive the non-renewal administrative fee. They reviewed the history of waiving fees and felt this request was in line with the previous practice. Motion out of committee to approve the request to waive the non-renewal administrative fee. On a roll call vote, Members Druse, Purcell, Luth, Stomp, McClure, Waltemath and Brauer voted aye. Motion #18 carried.
ED Sweetwood reviewed Firm Mobility with the committee. He believes the issue could start to be pushed more by the AICPA and NASBA. Staff has a follow up to meet with the Secretary of State staff to determine if Firm Mobility would impact any other state laws.
The committee discussed potentially adding verbiage to the rules regarding the inactive-retired status, which was discussed further with the full Board. The main issue discussed was if verbiage should be added around what a retired CPA can and cannot do. The Board felt the law and rules were clear in that a retired CPA cannot practice

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public accountancy (regardless if they were paid for their services or not), so additional verbiage is not necessary. The issue regarding the age a CPA can go into inactive-retired status will be addressed as a policy per LB867.

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

Moved by Purcell, seconded by Luth to approve initial permits to practice issued, certificates issued, firm permits issued from November 16, 2018 – January 4, 2019. On a roll call vote, Members Druse, Purcell, Luth, Stromp, McClure, Waltemath and Brauer voted aye. Motion #19 carried.

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

Moved by Purcell, seconded by Brauer to approve Reinstatements to Active Permit, Inactive Retired Affidavits, Surrendered Certificates from November 16, 2018 – January 3, 2019. On a roll call vote, Members Druse, Purcell, Luth, Stromp, McClure, Waltemath and Brauer voted aye. Motion #20 carried.

Reinstatements:

- Edward Hamilton – Papillion, NE
- Nancy Harms – Sterling, NE
- Kathleen Zimmer – Lincoln, NE

Inactive - Retired affidavits:

- Don Dunlap – Lincoln, NE
- John Fogle – Carnegie, PA
- John Hiemer – Aurora, CO
- Karl Kostbahn – Grand Island, NE
- Barbara Larson – Omaha, NE
- Paul Oetter – Chicago, IL
- Michael Walenz – Hastings, NE

Surrendered Certificates:

- Tyler Hohenstein – Dakota Dunes, SD

11. Report of the Executive Director

- A. Budget Status.** The budget was submitted last Fall. ED Sweetwood and Staff Myers met with Legislative Fiscal Officer Mike Lovelace to discuss general questions and to meet the Board's new fiscal analyst. No feedback from our budget officer has been received. The new database project is factored into this budget. The project could kick-off at any time.
- B. Staffing & General Office Issues.** ED Sweetwood stated there is no news from the Governor's office on the appointment of Board members. Two new chairs were purchased for staff based on the chairs being over 10 years old.

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12. New Business

- A. NASBA Items:**
- B. Other Miscellaneous Items: FYI articles**

13. Adjournment

Moved by Purcell, seconded by Luth, to adjourn the meeting at 12:19 p.m. on January 4, 2019. On a roll call vote, Members Druse, Purcell, Luth, Stromp, McClure, Waltemath and Brauer voted aye. Motion #21 carried.

Respectfully submitted by,

Board Secretary
Marcy Luth