

NEBRASKA BOARD OF PUBLIC ACCOUNTANCY

1526 K Street, Suite 4D, Lincoln, Nebraska

Minutes
July 13, 2018

Draft Minutes. Minutes are not approved until the next Board meeting on 9-14-18.

Friday, July 13, 2018

1. General

- A. Call to Order and Roll Call.** The Nebraska Board of Public Accountancy (Board) was called to order at 8:42 a.m. on Friday, July 13, 2018 with Chair Lori Druse presiding. The roll was called with the following members present: Lori Druse, Tom Purcell, Marcy Luth, Michele Stromp, Glen Waltemath and Ken Brauer. Members Michael McClure and Bernie Gutschewski were absent. 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 Dan Vodvarka, Nebraska Society of CPAs former President, Joni Sundquist, Nebraska Society of CPAs current President, Jim Titus, Attorney at Morris & Titus Law Firm, and Joan Cannon, Attorney at McGrath | North.
- B. Approval of Meeting Agenda for Friday, July 13, 2018.** Moved by Waltemath, seconded by Luth, to approve the agenda for the Friday, July 13, 2018 meeting. On a roll call vote, Members Druse, Purcell, Luth, Stromp, Waltemath and Brauer voted aye. Members McClure and Gutschewski were absent. Motion #1 carried.
- C. Approval of Minutes from May 18, 2018.** Moved by Waltemath, seconded by Brauer, to approve the May 18, 2018 Board minutes. On a roll call vote, Members Druse, Purcell, Luth, Stromp, Waltemath and Brauer voted aye. Members McClure and Gutschewski were absent. Motion #2 carried.

2. Public Comment Period (15-minute period)

Dan Vodvarka, former President of Nebraska Society of CPAs, was recognized for his many years of service to the Board, Society and CPA community. The following resolution was presented:

RESOLUTION

WHEREAS, Dan Vodvarka, served as President of the Nebraska Society of Certified Public Accountants from 1990 to 2018; and

WHEREAS, Dan Vodvarka, during his employment with the Society worked diligently on behalf of the members of the Nebraska Society of CPAs; worked closely with the Nebraska State Board of Public Accountancy in the development of law and regulations to benefit Nebraska CPAs and the public; appeared before the Nebraska State Board of Public Accountancy at their Board meetings to provide updates and information to the benefit of Board members; assisted in keeping the relationship and communications between the Nebraska Society of CPAs and the Nebraska State Board of Public Accountancy cordial and open at all times; and was diligent in ensuring Nebraska CPAs were well represented before the Governor's Office, the Nebraska Legislature, and other governmental entities.

THEREFORE, THE MEMBERS OF THE NEBRASKA STATE BOARD OF PUBLIC ACCOUNTANCY gratefully record their recognition of service for Dan Vodvarka 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 Dan Vodvarka for his service as President of the Nebraska Society of Certified Public Accountants.

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 13th day of July 2018

by the Nebraska State Board of Public Accountancy

Lori Druse, CPA-Chair

Nebraska State Board of Public Accountancy

Joni Sundquist, current President of Nebraska Society of CPAs – Joni provided a short introduction of herself and her professional background. She stated she is looking forward to working with the Board.

Jim Titus, Attorney at Morris & Titus and Joan Cannon, Attorney at McGrath | North – An updated copy of the proposed legislation for ESOP ownership was provided to the Board. Ms. Cannon discussed the proposal would “look-through” the ESOP to the beneficiary owners and that legally only Professional Corporations could set-up ESOPs. Joni Sundquist confirmed that the proposed legislation still needs to be presented to the Society Board but did not anticipate opposition. Member Purcell suggested the proposed language be moved to the end of 1-162.01 to make it easier to read. Member Luth concurred his suggestion. Joan stated she will make the suggested changes and send the draft to Board staff for distribution.

3. Consent Agenda

- A. Published Notice of Meeting.** Moved by Purcell, seconded by Stromp, to approve the consent agenda. On a roll call vote, Members Druse, Purcell, Luth, Stromp, Waltemath and Brauer voted aye. Members McClure and Gutschewski were absent. Motion #3 carried.
- B. Review of Disbursements for May and June 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, noting this report shows the full 12-months. She stated compared to the previous year that fiscal expenses, tuition reimbursement and legal expenses showed savings. Also noted is the higher cash balance due to license renewals for those with odd birth years. Those typically bring in more revenue. ED Sweetwood noted that the new budget and narratives will be started next week.

4. Report of the Chair

- A. Report of the Chair.** Chair Druse gave the report. She polled the group to see who was interested in attending the NASBA Annual Meeting in Scottsdale, AZ from

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October 28-31, 2018. Attendance will be discussed further at the September Board meeting.

- B. Resolution for Dan Vodvarka** – See public comment period. Moved by Purcell, seconded by Luth to adopt the resolution for Dan Vodvarka. On a roll call vote, Members Druse, Purcell, Luth, Stromp, Waltemath and Brauer voted aye. Members McClure and Gutschewski were absent. Motion #4 carried.
- C. Election of 2018-2019 Board Officers** –
Moved by Brauer, seconded by Stromp to elect Secretary Luth as the 2018-2019 Board Secretary. On a roll call vote, Members Druse, Purcell, Stromp, Waltemath and Brauer voted aye. Member Luth abstained. Members McClure and Gutschewski were absent. Motion #5 carried.
Moved by Brauer, seconded by Stromp to elect Vice Chair Purcell as the 2018-2019 Board Vice Chair. On a roll call vote, Members Druse, Luth, Stromp, Waltemath and Brauer voted aye. Member Purcell abstained. Members McClure and Gutschewski were absent. Motion #6 carried.
Moved by Brauer, seconded by Stromp to elect Chair Druse as the 2018-2019 Board Chair. On a roll call vote, Members Purcell, Luth, Stromp, Waltemath and Brauer voted aye. Member Druse abstained. Members McClure and Gutschewski were absent. Motion #7 carried.
- D. NASBA Western Regional Meeting Report** – ED Sweetwood handed out a report from the meeting while Chair Druse overviewed topics. Topics covered were: CPE Reciprocity, CPA Pathway, AICPA Re-organization, new licensing databases across the Central Region and contact with the National Association of Black Accountants (NABA) office in Omaha. Chair Druse overviewed the important topic of a possible new pathway for CPAs with a data analytic/ technology background. She indicated most in attendance were not in favor of this change and stressed at the Central Regional breakouts the region was not in favor of a new pathway; however, understood the profession is changing and these changes should be incorporated into the current Uniform CPA examination and other requirements to become a CPA. She also indicated NASBA leadership determined there was not much support by State Boards for the proposed new pathway and indicated they would not support the initiative going forward.
- E. Review Board Calendar.** Updated 2019 calendar will be provided at September Board meeting.

Closed Session

Closed Session. Moved by Stromp, seconded by Luth, that the Board go into closed session at 11:07 a.m., on Friday, July 13, 2018, for the purpose of discussing enforcement matters. On a roll call vote, Members Druse, Purcell, Luth, Stromp, Waltemath and Brauer voted aye. Members McClure and Gutschewski were absent. Motion #8 carried.

Return to Open Session. Moved by Stromp, seconded by Waltemath, that the Board return to open session at 11:23 a.m., on Friday, July 13, 2018. On a roll call vote, Members Druse,

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Purcell, Luth, Stromp, Waltemath and Brauer voted aye. Members McClure and Gutschewski were absent. Motion #9 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** – There were no cases to close.

6. Report of Continuing Professional Education (CPE) Committee

- A. **Report of the Committee.** Committee Chair Purcell gave the report. Motion out of committee to forward 2 reinstatement applications to the Licensing Committee for approval. On a roll call vote, Members Druse, Purcell, Luth, Stromp, Waltemath and Brauer voted aye. Members McClure and Gutschewski were absent. Motion #11 carried.
The committee also discussed CPE Reciprocity and the need to review if it could be utilized in Nebraska. Currently, CPE compliance in Nebraska is high.
- B. **Ratification of Staff Program Qualification Evaluations.** The committee reviewed a total of 76 courses from May 11 to July 5, 2018 with 76 courses recommended for Board approval and none denied. Motion out of committee to ratify Board approval of 76 courses. On a roll call vote, Members Druse, Purcell, Luth, Stromp, Waltemath and Brauer voted aye. Members McClure and Gutschewski were absent. Motion #10 carried.
- C. **Ratification of CPE Sponsor.** The committee reviewed one sponsorship application from Verde Martin, Inc. Motion out of committee to approve CPE sponsorship to Verde Martin, Inc. On a roll call vote, Members Druse, Purcell, Luth, Stromp, Waltemath and Brauer voted aye. Members McClure and Gutschewski were absent. Motion #12 carried.

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

- A. **Report of the Committee.** Committee Chair Luth gave the report. ED Sweetwood provided a full report of his review of the NASBA AT101 attest report to the committee as outlined within the policy. The committee reviewed the candidate care report for Q1-2018 and noted the higher Prometric issues reported. ED Sweetwood provided an update from the NASBA Western Regional meeting and noted that passing rates have gone up a bit and exams are being completed quicker due to the changes made to the exam in Q2 (i.e. Excel). Also discussed was the future on continuous testing and the need to be proactive in reviewing our Regulations.
- B. **Approval of Exam Scores from April – June 10, 2018, if available** – The score report was not available for the committee meeting but was for the Board meeting. Chair Luth overviewed the score report with the Board. Moved by Luth, seconded by Waltemath to accept the April – June 10, 2018 exam scores. On a roll call vote,

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Members Druse, Purcell, Luth, Stomp, Waltemath and Brauer voted aye. Members McClure and Gutschewski were absent. Motion #13 carried.

8. Report of the Legislative Committee

- A. **Report on Legislation:** ED Sweetwood gave the report. Several rule change initiatives could be considered including the Subject Area Review Task Force recommendations, review of licensing approval language for deferred criminal sentences, and CPE reciprocity leading to a possible 2019 Rule Package.
1. **LB867 – Index Updates/Policy Changes:** No updates at this time.
- B. **Update on Proposed Legislation to allow for ESOP Ownership of a CPA Firm –**
See public comment period.

9. Report of the Peer Review Committee

- A. **Report of the Committee.** ED Sweetwood gave the report in Committee Chair McClure's absence. Peer Review Committee meetings look to be held each Spring and Fall. Staff Myers overviewed her visit to the Oklahoma Board of Accountancy. She learned a lot and felt the trip was very worth-while. A written report will be prepared to overview and make recommendations based on the meetings for review by the committee at their next meeting.

10. Report of the Licensing Committee

- A. **Report of the Committee.** Committee Chair Druse gave the report. The committee overviewed the proposed legislation for ESOP ownership.
- B. **Ratification of initial permits to practice issued, certificates issued, firm permits.**
Motion out of committee to approve initial permits to practice issued, certificates issued, firm permits issued from May 18 – July 6, 2018. On a roll call vote, Members Druse, Purcell, Luth, Stomp, Waltemath and Brauer voted aye. Members McClure and Gutschewski were absent. Motion #14 carried.
- C. **Reinstatements to Active Permit, Inactive Retired Affidavits, Surrendered Certificates.**
Moved by Luth, seconded by Brauer, to approve Reinstatements to Active Permit, Inactive Retired Affidavits, Surrendered Certificates from May 18 – July 12, 2018. On a roll call vote, Members Druse, Purcell, Luth, Stomp, Waltemath and Brauer voted aye. Members McClure and Gutschewski were absent. Motion #15 carried.

Reinstatements:

- Monica Barfknecht – Juniata, NE
- Jay Horn – West Des Moines, IA

Inactive - Retired affidavits:

- Beverly Anderson – Aurora, NE
- Ronald Anderson – Council Bluffs, IA

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- Gera Beideck – Windsor, CO
- Stephen Bjorkman – Lincoln, NE
- Dennis Carroll – Grand Island, NE
- James Clark – Omaha, NE
- Joseph Crnkovich – Ashland, NE
- Carolyn Heine – St. Helena, NE
- Steven Hubka – Lincoln, NE
- James Janiak – Smokie, IL
- Norman Keimig – White Bear Lake, MN
- Reg Lindholm – Oldsmar, FL
- Juliann Livingston – Omaha, NE
- Vicki McPherron – Lincoln, NE
- Patrick O'Brien – Carroll, IA
- Gerald Sobotka – Norfolk, NE
- Jerry Dembowski – Parker, CO
- Lewis Johnson – Valentine, NE
- Raymond Russell – Littleton, CO

Surrendered Certificates:

- Megan McFarland – Dallas, TX
- Michael McNichols – Bondurant, IA
- Christopher Schellman – Tampa, FL

- D. Review of 2018 Licensing Renewal Process** - Staff VanWinkle provided an update on licenses that were not renewed for 2018. The list is shorter than in prior years. Non-compliance letters will be sent out next week. Results from the online survey have also been received. Staff will review at their next meeting and provide a report of any action items back to the committee.

11. Report of the Executive Director

- A. Budget Status/Fiscal Year 2018 Summary** ED Sweetwood overviewed the status of the budget under #3C. He also indicated the new budget process will commence for FY 2019-2021. A proposed budget will be created by staff and discussed and reviewed for input by the Executive Committee during their next meeting in August. The Board will review and approve the final draft at the September meeting. The budget is then submitted September 15th to the DAS/ Budget Office for initial review by Governor Ricketts.
- B. Staffing & General Office Issues.** ED Sweetwood overviewed several projects underway by staff including the continued research of replacement of the Board's database, placing initial permit applications online, and review of current license application questions.

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12. New Business

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

13. Adjournment

Moved by Luth, seconded by Waltemath, to adjourn the meeting at 12:37 p.m. on July 13, 2018. On a roll call vote, Members Druse, Purcell, Luth, Stromp, Waltemath and Brauer voted aye. Members McClure and Gutschewski were absent. Motion #16 carried.

Respectfully submitted by,

Board Secretary
Marcy Luth