

NEBRASKA BOARD OF PUBLIC ACCOUNTANCY

1526 K Street, Suite 4D, Lincoln, Nebraska

Minutes

July 12, 2019

Draft Minutes. Minutes are not approved until the next Board meeting on 09-13-19.

Friday, July 12, 2019

1. General

- A. Call to Order and Roll Call.** The Nebraska Board of Public Accountancy (Board) was called to order at 9:51 a.m. on Friday, July 12, 2019 with Chair Lori Druse presiding. The roll was called with the following members present: Lori Druse, Tom Purcell, Marcy Luth, Michele Stromp, Mike McClure, Ken Brauer and Jeff Kanger. Member Glen Waltemath was absent. Also present were Executive Director Dan Sweetwood and staff members Heather Myers and Kristen VanWinkle. Board Intern Riley Birdzell was not 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, and Jim Titus, Morris & Titus Law Firm.
- B. Approval of Meeting Agenda for Friday, July 12, 2019.** Moved agenda item #5 – Enforcement Committee to after agenda item #2 – Public Comment Period so that Board Attorney Titus can be available for enforcement case discussion. Moved by Luth, seconded by Stromp, to approve the amended agenda for the Friday, July 12, 2019 meeting. On a roll call vote, Members Druse, Purcell, Luth, Stromp, McClure, Brauer and Kanger voted aye. Member Waltemath was absent. Motion #1 carried.
- C. Approval of Minutes from May 22, 2019.** Moved by McClure, seconded by Stromp, to approve the May 22, 2019 Board minutes with minor changes. On a roll call vote, Members Druse, Purcell, Luth, Stromp, McClure, Brauer and Kanger voted aye. Member Waltemath was absent. Motion #2 carried.

2. Public Comment Period (15-minute period)

Joni Sundquist, President of Nebraska Society of CPAs – CPE courses for 2019 are in full swing. There are 100 live courses being offered. The Nebraska society partnered with the Iowa society to present some courses. Ms. Sundquist thanks Board Member Luth for teaching at one of the courses this year. The society is still taking applications for the new leadership academy starting in November. The Society will continue to work with the Nebraska Department of Education this coming year in the hopes that Nebraska high schools will be able to offer AP accounting courses as part of the AICPA's APBP program. The society is developing a young professionals group. The society board approved a \$28,000 donation to the foundation in honor of Dan Vodvarka's 28 years of service. The foundation was challenged to raise another \$28,000. The society board approved 4 affiliate memberships but have not set the dues yet. It will be required that affiliate members make it clear that they are an affiliate member and not a CPA. The society board will discuss more at their August meeting on how to make it clear that they are not CPAs. ED Sweetwood commented on the need to assure the public is not confused or misled as indicated within the Public Accountancy Act and offered to answer questions and/or concerns at the August leadership meeting.

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Affiliate members cannot serve on committees. The benefit to being an affiliate member would be discounts on continuing education. Ms. Sundquist and Ms. Ebert traveled to Scottsbluff for a CPE course and visited several members during their travels out and back. The following week Ms. Sundquist traveled to Kearney and North Platte to visit additional CPA firms. Their new website is scheduled to be up and running next April.

Closed Session

Closed Session. Moved by Stromp, seconded by Luth, that the Board go into closed session at 10:20 a.m., on Friday, July 12, 2019, for the purpose of discussing 15 enforcement cases to protect the public interest and/or prevention of needless injury to individual. On a roll call vote, Members Druse, Purcell, Luth, Stromp, McClure, Brauer and Kanger voted aye. Member Waltemath was absent. Motion #3 carried.

Return to Open Session. Moved by Stromp, seconded by Brauer, that the Board return to open session at 11:30 a.m., on Friday, July 12, 2019. On a roll call vote, Members Druse, Purcell, Luth, Stromp, McClure, Brauer and Kanger voted aye. Member Waltemath was absent. Motion #4 carried.

5. Report of Enforcement of Professional Conduct Committee

- A. Open Case/LMCO Update.** Committee Chair Stromp gave the report. The Board discussed case #17-01 regarding a firm that failed their peer review. A consent order was drafted to state that the firm cannot perform audits or reviews, however if a compilation is done by the firm, they must have a pre-issuance review done. Motion out of committee to authorize the Board Chair to sign the Consent Order for Gunderson Accounting, PC to limit the firm's practice. On a roll call vote, Members Druse, Purcell, Luth, Stromp, McClure, Brauer and Kanger voted aye. Member Waltemath was absent. Motion #5 carried.

BEFORE THE STATE BOARD OF
PUBLIC ACCOUNTANCY OF THE STATE OF NEBRASKA

IN THE MATTER OF:

STATE OF NEBRASKA, ex. rel., STATE BOARD OF
PUBLIC ACCOUNTANCY OF THE STATE OF
NEBRASKA,

Plaintiff,

vs.

GUNDERSON ACCOUNTING, P.C.,

Defendant.

CONSENT ORDER / AGREEMENT

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This matter came before the Nebraska State Board of Public Accountancy of the State of Nebraska ("Board") upon the Consent Order/Agreement of Gunderson Accounting, P.C. ("Gunderson").

Gunderson currently holds a firm permit in Nebraska (permit number 48632). Gunderson has failed to comply with the peer review requirements for a firm and its enrollment in the Peer Review Program was dropped effective November 27, 2018.

In lieu of a hearing in this matter and in lieu of further Board action at the present time, the Board and Gunderson have agreed as follows:

1. Gunderson agrees that the firm will not perform any audits and/or reviews.
2. Gunderson will not request a hearing at the present time for the purpose of obtaining an unrestricted permit to practice public accountancy.
3. If Gunderson requests a hearing in the future, for the purpose of obtaining an unrestricted permit to practice public accountancy, it understands and agrees that the Board's Rules and Regulations remain applicable to it in all respects and that a permit without restrictions will not be issued by the Board without a hearing and determination by the Board.
4. Gunderson will not issue any compilations without a pre-issuance review pursuant to Nebraska law.

WHEREFORE, it is ordered pursuant to Gunderson's Consent Order/Agreement:

- A. Gunderson agrees that it will not perform any audits and/or reviews and that any future renewal applications will also be subject to the same restriction.
- B. The Board is not waiving any of its Rules and Regulations or any provisions of the Public Accountancy Act other than as set forth herein.
- C. If Gunderson requests a hearing in the future for the purpose of obtaining an unrestricted permit to practice public accountancy, the Board's Rules and Regulations remain applicable to it in all respects and that a permit to practice without restriction will not be issued by the Board without a hearing and determination by the Board.
- D. Gunderson will not issue any compilations without a pre-issuance review pursuant to Nebraska law.

IT IS SO ORDERED.

Dated this __12__ day of ____July_____, 2019.

STATE OF NEBRASKA, ex. rel., STATE BOARD OF PUBLIC
ACCOUNTANCY OF THE STATE OF NEBRASKA

BY: _____
Lori J. Druse, CPA-Chair

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

C. Recommended Cases to Close –

#18-05 - *Complainant sent a very lengthy complaint with exhibits and documents for review. The matter involves a civil matter in federal bankruptcy court regarding alleged propriety right infringements. Allegations against the CPA include conflicts of interest and possible bad advice regarding clients involved in the bankruptcy. The Enforcement Committee deemed the matter complex and after initial review decided to engage the Board Attorney to review the complaint, response of the CPA, and later requested additional information during the inquiry.*

The Board discussed case #18-05 and the Board Attorney's findings. Based off of the complaint and evidence provided, the Board Attorney recommends that no petition be filed and the case be closed without prejudice. Motion out of committee to close case #18-05 without prejudice. On a roll call vote, Members Druse, Purcell, Luth, Stromp, McClure, Brauer and Kanger voted aye. Member Waltemath was absent. Motion #6 carried.

3. Consent Agenda

- A. Published Notice of Meeting.** Moved by Purcell, seconded by McClure, to approve the consent agenda. On a roll call vote, Members Druse, Purcell, Luth, Stromp, McClure, Brauer and Kanger voted aye. Member Waltemath was absent. Motion #7 carried.
- B. Review of Disbursements for March, April, May and June 2019.** 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 legal expenses increased due to work on the ESOP bill.

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 Boston, MA from October 27-30, 2019. All members present stated they would not be able to attend. Chair Druse will determine later if she will attend. A staff member will also attend.
- B. Election of 2019-2020 Board Officers**
Moved by Luth, seconded by McClure to elect member Stromp as the 2019-2020 Board Chair. On a roll call vote, Members Druse, Purcell, Luth, McClure, Brauer and Kanger voted aye. Member Waltemath was absent. Member Stromp abstained. Motion #8 carried.
Moved by Stromp, seconded by Luth to elect Vice Chair Purcell as the 2019-2020 Board Vice Chair. On a roll call vote, Members Druse, Luth, Stromp, McClure, Brauer and Kanger voted aye. Member Waltemath was absent. Member Purcell abstained. Motion #9 carried.

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Moved by Purcell, seconded by Stromp to elect Secretary Luth as the 2019-2020 Board Secretary. On a roll call vote, Members Druse, Purcell, Stromp, McClure, Brauer and Kanger voted aye. Member Waltemath was absent. Member Luth abstained. Motion #10 carried.

- C. **NASBA Western Regional Meeting Report** – Chair Druse and ED Sweetwood overviewed the meeting. The Board had great attendance at the meeting this year.
1. **Discussion on the Evolution Work Group Presentation/Guiding Principles**
The Board reviewed the presentation and had a robust discussion regarding the work group findings and guiding principles. Moved by McClure, seconded by Brauer to authorize the Executive Committee to respond to NASBA regarding the work group findings by the August 9, 2019 deadline. On a roll call vote, Members Druse, Purcell, Luth, Stromp, McClure, Brauer and Kanger voted aye. Member Waltemath was absent. Motion #11 carried.
- D. **Review Board Calendar.** No changes were made.

6. Report of Continuing Professional Education (CPE) Committee

- A. **Report of the Committee.** Member McClure gave the report as Committee Chair Purcell could not attend the committee meeting. The committee reviewed 2 reinstatements and determined they be forwarded to the Licensing Committee. Staff updated the committee that the CPE Audit is complete and had 100% compliance and a 100% pass rate. An update was also given about CPE deficiencies for 2017-2018 CPE. There are 8 people who have not reported their CPE. During the committee meeting, ED Sweetwood overviewed the CPE committee's duties and history for new member Kanger.
- B. **Ratification of Staff Program Qualification Evaluations.** The committee reviewed a total of 170 courses from March 1 – June 26, 2019 with 170 courses recommended for Board approval and none denied. Motion out of committee to ratify Board approval of 170 courses. On a roll call vote, Members Druse, Purcell, Luth, Stromp, McClure, Brauer and Kanger voted aye. Member Waltemath was absent. Motion #12 carried. The committee also reviewed 67 CPE courses by CPE Sponsor Lutz & Company. Motion out of committee to ratify Board approval of 67 courses by Lutz & Company. On a roll call vote, Members Druse, Purcell, Luth, Stromp, McClure, Brauer and Kanger voted aye. Member Waltemath was absent. Motion #13 carried.
- C. **Ratification of CPE Sponsor.** There were no CPE Sponsors to approve.

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

- A. **Report of the Committee.** Committee Chair Luth gave the report. ED Sweetwood updated the committee regarding the 120/150 task force, the status of practice analysis, the evolution work group and continuous testing.
- B. **Approval of Exam Scores from April – June 10, 2019, if available** – Average scores for this quarter were a little higher than what we have seen. Also, the number taking AUD and BEC were up slightly and the number taking FAR was way up compared to this quarter last year. FAR is a common first section for many candidates. Motion out

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of committee to accept the April – June 10, 2019 exam scores. On a roll call vote, Members Druse, Purcell, Luth, Stromp, McClure, Brauer and Kanger voted aye. Member Waltemath was absent. Motion #14 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.
- B. **Discussion and Vote on Proposed Regulation Changes**
1. **Chapter 6 – Continuous Testing** – Moved by Luth, seconded by McClure to send Chapter 6 regulation changes to the Attorney General and Governor's Policy Research offices. On a roll call vote, Members Druse, Purcell, Luth, Stromp, McClure, Brauer and Kanger voted aye. Member Waltemath was absent. Motion #15 carried.
 2. **Chapter 9 – Education Requirements** - Moved by Purcell, seconded by Luth to send Chapter 9 regulation changes to the Attorney General and Governor's Policy Research offices. On a roll call vote, Members Druse, Purcell, Luth, Stromp, McClure, Brauer and Kanger voted aye. Member Waltemath was absent. Motion #16 carried.
 3. **Chapter 11 – ESOP Ownership of CPA Firm** - Moved by Stromp, seconded by Kanger to send Chapter 11 regulation changes to the Attorney General and Governor's Policy Research offices. On a roll call vote, Members Druse, Purcell, Luth, Stromp, McClure, Brauer and Kanger voted aye. Member Waltemath was absent. Motion #17 carried.

9. Report of the Peer Review Committee

- A. **Report of the Committee.** Committee Chair McClure gave the report. He overviewed the AICPA's stance on staff and Board members serving on PROC/attending RAB meetings. They believe it is a conflict of interest. Many states believe it should be up to each state Board to determine if there is a conflict. ED Sweetwood mentioned that he has been contacted by two CPAs regarding the high cost of the peer review program. One of the CPAs stated it priced him out of the audit business. It will be determined later if it is deemed necessary to hold a Peer Review Committee Meeting.

10. Report of the Licensing Committee

- A. **Report of the Committee.** Committee Chair Druse gave the report. The committee discussed one Business, Governmental & Academia (BGA) experience application. Motion out of committee to recommend approval of Nicole Cooper's application. On a roll call vote, Members Druse, Purcell, Luth, Stromp, McClure, Brauer and Kanger voted aye. Member Waltemath was absent. Motion #18 carried.

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The committee discussed three requests for certificates to be returned to good standing after being revoked. ED Sweetwood recommended we hold on these while staff and the Licensing Committee come up with a more streamlined process on how to handle these requests and be more uniform. The Board agreed.

The committee discussed one request for exception to the Inactive-Retired age. This person was granted total and permanent disability and would like to move their certificate to retired status, however they do not meet the age guideline. Moved by Luth, seconded by Purcell to approve the request for Inactive-Retired status as long as they provide documentation showing they have been approved for total and permanent disability benefits. On a roll call vote, Members Druse, Purcell, Luth, Stomp, McClure, Brauer and Kanger voted aye. Member Waltemath was absent. Motion #19 carried.

- B. Initial Permit Application Review** – Upon referral from the Licensing Committee, the Board discussed an initial permit application where the applicant checked no to disclosure question #5 – “Have you had any violation of a court order...” Background checks showed that this question was answered incorrectly. Staff reached out multiple times to the applicant to provide direction on how to proceed with the application process, however contact attempts went unanswered. Applicant’s application is ineligible based on Chapter 6 – Character and Fitness Standards. Moved by Luth, seconded by Purcell to declare Travis Holl ineligible at this time for an initial permit to practice. On a roll call vote, Members Druse, Purcell, Luth, McClure, Brauer and Kanger voted aye. Member Waltemath was absent. Member Stomp recused herself. Motion #22 carried.

- C. Ratification of initial permits to practice issued, certificates issued, firm permits.** Moved by Purcell, seconded by McClure to approve initial permits to practice issued, certificates issued, firm permits issued from May 22 – July 9, 2019. On a roll call vote, Members Druse, Purcell, Luth, Stomp, McClure, Brauer and Kanger voted aye. Member Waltemath was absent. Motion #20 carried.

- D. Reinstatements to Active Permit, Inactive Retired Affidavits, Surrendered Certificates.**

Moved by Purcell, seconded by Stomp, to approve Reinstatements to Active Permit, Inactive Retired Affidavits, Surrendered Certificates from May 22 – July 9, 2019. On a roll call vote, Members Druse, Purcell, Luth, Stomp, McClure, Brauer and Kanger voted aye. Member Waltemath was absent. Motion #21 carried.

Reinstatements:

- Angela Gallagher – La Vista, NE
- Brenda Owen – Eagle, NE

Inactive - Retired affidavits:

- Patricia Andersen – Council Bluffs, IA
- Mary Ellingsen – Sioux Falls, SD
- Bruce Evans – Vancouver, WA
- Karen Hadley – Dallas, TX
- Kurt Micek – Lincoln, NE

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- Richard Newton – Lincoln, NE
- Stephen Brown – Brighton, CO
- Michael J. Smith – Omaha, NE
- James Wells – Lynch, NE

Surrendered Certificates:

- Michelle Almandinger – Muscatine, IA
- Nathan Kinner – Elkton, SD
- Katherine Lahowetz – Gilbert, AZ
- Adrienne Owens – Portland, OR
- William Rohan – Long Valley, NJ
- Fernando Scherrer – San Juan, PR
- Kenneth Stauffer – Liberty Lake, WA
- Patrick Tarvaran – Dana Point, CA
- David Cochran – Kansas City, MO

- E. Review of 2019 Licensing Renewal Process** – Staff VanWinkle overviewed this year’s process. This was the second year with the re-template and went smoother this year. There were very few issues which were minor. Staff updated a couple questions in hopes of clarifying them to reduce the number of calls received by the office. Staff thinks that worked. Non-compliance letters have been sent out as of July 12.

11. Report of the Executive Director

- A. Board Budget/Fiscal Year 2019 Summary.** – As indicated, the Board moved to a new Fiscal Year on July 1, 2019. Budgeted numbers were very close again this year and Ms. Myers was acknowledged for her assistance with the budget.
- B. Staffing & General Office Issues.** – ED Sweetwood commented on the busy time of year for the Board office. The renewal licensing period and completing the CPE audit processes keep staff members and the intern busy. He acknowledged the hard work of the staff during this time.

12. New Business

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

13. Adjournment

Moved by Kanger, seconded by McClure, to adjourn the meeting at 3:19 p.m. on July 12, 2019. On a roll call vote, Members Druse, Purcell, Luth, Stromp, McClure, Brauer and Kanger voted aye. Member Waltemath was absent. Motion #23 carried.

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Respectfully submitted by,

Board Secretary
Marcy Luth