

NEBRASKA BOARD OF PUBLIC ACCOUNTANCY

1526 K Street, Suite 4B, Lincoln, Nebraska

Minutes

March 15, 2019

Draft Minutes. Minutes are not approved until the next Board meeting on 05-22-19.

Friday, March 15, 2019

1. General

- A. Call to Order and Roll Call.** The Nebraska Board of Public Accountancy (Board) was called to order at 10:01 a.m. on Friday, March 15, 2019 with Chair Lori Druse presiding. The roll was called with the following members present: Lori Druse, Tom Purcell, Marcy Luth, Michele Stromp, and Ken Brauer. Members Mike McClure and Glen Waltemath were 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, March 15, 2019.** Updated the start time on the agenda to 10:00 am. Moved by Purcell, seconded by Luth, to approve the amended agenda for the Friday, March 15, 2019 meeting. On a roll call vote, Members Druse, Purcell, Luth, Stromp and Brauer voted aye. Members McClure and Waltemath were absent. Motion #1 carried.
- C. Approval of Minutes from January 4, 2019.** Moved by Brauer, seconded by Purcell, to approve the January 4, 2019 Board minutes. On a roll call vote, Members Druse, Purcell, Luth, Stromp and Brauer voted aye. Members McClure and Waltemath were absent. Motion #2 carried.

2. Public Comment Period (15-minute period)

Joni Sundquist, President of Nebraska Society of CPAs – The society has redesigned their monthly journal. The new leadership academy has been announced and candidates are being accepted. The society board has approved student and affiliate memberships. Have not discussed how non-CPA members will note that they are society members without causing public confusion. The society staff will roll out a new database on April 1st. On April 25th, they will hold a business and industry conference. It was suggested that someone from the state board present on the alternate experience application/requirement since 50% of society members are in business. The CPE catalog is at the printer now. There are 100 courses scheduled for the year. LB49 (ESOP bill) passed and was signed by Governor Ricketts on March 6th. Other bills the society is watching: LB507, LB314, LB117, LB663, AM268/LB288, LB717 and LB664. Ms. Sundquist will be attending the NASBA ED Conference.

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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 and Brauer voted aye. Members McClure and Waltemath were absent. Motion #3 carried.
- B. **Review of Disbursements for January and February 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. We are seeing higher compliance so less administrative fees are coming in. We are on target with the budget.

4. Report of the Chair

- A. **Report of the Chair.** Chair Druse gave the report.
 - 1. **Board Attorney Update – Mr. Jim Titus** – Mr. Titus provided a copy of his resume to the Board and overviewed his qualifications. Mr. Robert Gruit has requested to be transitioned out of his role as Board Attorney. He is willing to finish the cases he is currently working on for an orderly transition. Moved by Stromp, seconded by Luth, to recommend to the Nebraska Attorney General's office to transition the Board Attorney role to Mr. Jim Titus based off of his knowledge and past experience with the Board. On a roll call vote, Members Druse, Purcell, Luth, Stromp and Brauer voted aye. Members McClure and Waltemath were absent. Motion #4 carried. Mr. Titus has been awarded a NASBA scholarship to attend the NASBA Annual Conference for Board of Accountancy Legal Counsel, March 26-28, 2019.
- B. **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. Member Stromp will attend as a member of the NASBA Nominating Committee. Members Druse, Luth and Brauer are able to attend. ED Sweetwood discussed the importance of attending this meeting. There will be discussion regarding the evolution work group and legislative issues, among other topics. Moved by Purcell, seconded by Stromp, to approve attendance of any member and ED Sweetwood to the Western Regional meeting as it has been deemed essential travel. On a roll call vote, Members Druse, Purcell, Luth, Stromp and Brauer voted aye. Members McClure and Waltemath were absent. Motion #5 carried.
- C. **Review Board Calendar.** Staff discussed having the May 22nd Board meeting at UNL as the normal conference room is already booked. Staff reached out to UNL and it is something they are open to accommodating. ED Sweetwood suggested having a forum to discuss the future of the profession with students and faculty. This will prepare us with feedback for discussion at the Western Regional meeting. Board members cautioned an open forum and suggested a panel format be considered with a moderator.

***Moved #8 to accommodate Mr. Titus's schedule.*

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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 was signed by Governor Ricketts on March 6th. Mr. Titus has drafted changes to Chapter 11 to include ESOPs. Mr. Titus also reviewed Chapter 11 for duplications of what is already in the PAA. He has found some rules that can be removed. Next step is for staff to meet with Mr. Titus to review his drafted changes.
 - 3. 2019 Rule Package Discussion:** ED Sweetwood stated regulations and governor statements have been drafted for Chapter 9 – Education and Chapter 6 – Continuous Testing. Looking to the July meeting to have public hearings on the proposed changes.

Closed Session

Closed Session. Moved by Stromp, seconded by Luth, that the Board go into closed session at 11:55 a.m., on Friday, March 15, 2019, for the purpose of discussing 11 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 and Brauer voted aye. Members McClure and Waltemath were absent. Motion #6 carried.

Return to Open Session. Moved by Luth, seconded by Purcell, that the Board return to open session at 12:39 p.m., on Friday, March 15, 2019. On a roll call vote, Members Druse, Purcell, Luth, Stromp and Brauer voted aye. Members McClure and Waltemath were absent. Motion #7 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. The committee reviewed 6 reinstatements and determined they be forwarded to the Licensing Committee. The committee discussed what percentage individuals should be audited for 2017 and 2018 CPE. Due to high compliance, it was recommended to continue to audit 2% of the active permit holders' 2017 and 2018 CPE. The Board's online CPE reporting tool has been re-templated to visually match the Board's new website. This change was launched on March 11, 2019.

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The committee reviewed a waiver request of 2019 CPE for FMLA leave. They requested staff get additional information. That information was provided during the Board meeting and the Board discussed that it was not enough to waive the CPE requirements. Moved by Purcell, seconded by Stromp, to deny the request to waive the 2019 CPE requirement due to FMLA leave. On a roll call vote, Members Druse, Purcell, Luth, Stromp and Brauer voted aye. Members McClure and Waltemath were absent. Motion #10 carried.

1. **CPE Reciprocity** – The committee tabled this item to be discussed with the full Board on March 15th. The Board was provided additional information on CPE reciprocity and what other states are doing. The original idea of allowing CPE reciprocity only with neighboring states would cause Nebraska to be an outlier. It was suggested we fully adopt CPE reciprocity or not at all. The Board did not feel comfortable with full CPE reciprocity so this topic has been tabled for the time being.

- B. **Ratification of Staff Program Qualification Evaluations.** The committee reviewed a total of 106 courses from January 1 – February 28, 2019 with 106 courses recommended for Board approval and none denied. Motion out of committee to ratify Board approval of 106 courses. On a roll call vote, Members Druse, Purcell, Luth, Stromp and Brauer voted aye. Members McClure and Waltemath were absent. Motion #8 carried.
- C. **Ratification of CPE Sponsor.** The committee reviewed the sponsorship applications for ThinkFocusAct, LLC, Bland & Associates, PC, and the Nebraska Society of CPAs. Motion out of committee to approve CPE sponsorships for ThinkFocusAct, LLC, Bland & Associates, PC, and the Nebraska Society of CPAs. On a roll call vote, Members Druse, Purcell, Luth, Stromp and Brauer voted aye. Members McClure and Waltemath were absent. Motion #9 carried.

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

- A. **Report of the Committee.** Committee Chair Luth gave the report. Nebraska has a new Exam Coordinator at CPAES. Karen Turner joined as Nebraska's coordinator on February 11, 2019. Survey responses for Q1-2019 were not yet available. The committee was provided a copy of the proposed changes to Chapter 9 and a copy of the statement to the Governor. Small changes to the Governor's statement were suggested. The committee confirmed that by combining macro and micro economics that they still expect students to take a course that covers both subject areas, but if students can cover the two topics in one course, this allows them to do so. ED Sweetwood updated the committee on the 120/150 Task Force. Focused on the benefits of the additional 30 hours and future of the profession. The Task Force still sees the benefit in requiring 150 hours to sit for the exam. Continue discussion at next EAC meeting. There is still concern regarding the multiple restarts reported on the Candidate Care report. Shelly Crosby from NASBA stated she will discuss with Pat Hartman. ED Sweetwood attended his final BOE meeting in February. He served for three years. He thanked the Board for allowing him the opportunity to serve. The main takeaway from the BOE meeting was that practice analysis is being ramped up. Member Stromp

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mentioned she has heard a couple complaints regarding the exam application process taking an unusually long time. NASBA said their current turn-around time is 2 weeks. It has been 2 weeks since October 2018. Staff will ask NASBA for a report of candidates' application turnaround times/dates.

Member Purcell mentioned that the new exam blueprints are available and that we should review our education requirements to ensure topics are covered. He also mentioned that Creighton is hosting a CPA Exam Workshop on March 22nd. Both Dan and Kristen are scheduled to present.

- B. Approval of Exam Scores from January 1 – March 10, 2019, if available –** The score report was not available due to scores still being processed.

9. Report of the Peer Review Committee

- A. Report of the Committee.** ED Sweetwood gave the report in Committee Chair McClure's absence.

The committee met on February 11, 2019. Representatives from the Nevada Society and the AICPA Peer Review Program were in attendance. The AICPA presented on the difference between firm drops and firm terminations, as well as reviewed the Peer Review enhance oversight program. Also discussed were the revisions to the Oversight Handbook – Rewrite of Chapter 3. Nevada clarified some confusion that Nebraska firms were having regarding preparation engagements. Staff Myers noted that all class letters have been sent out. There were 603 firms that received the letters.

- 1. Approve American Institute of CPAs Peer Review Program.** Motion out of committee to approve the AICPA as the sponsoring organization for the Nebraska peer review program. On a roll call vote, Members Druse, Purcell, Luth, Stomp and Brauer voted aye. Members McClure and Waltemath were absent. Motion #11 carried.
- 2. Approve 2019 Peer Review Committee Members.** Member Druse overviewed the members on the 2019 Peer Review Committee: Mike McClure, CPA, Chair, Lori Druse, CPA, Glen Waltemath, CPA, Anne Fuhrman, CPA, Michelle Thornburg, CPA, Mark Manning, CPA, Patrick Lavelle, CPA. Moved by Purcell, seconded by Luth, to approve the 2019 Peer Review Committee members. On a roll call vote, Members Druse, Purcell, Luth, Stomp and Brauer voted aye. Members McClure and Waltemath were absent. Motion #12 carried.

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 and one NE State Auditor experience application. Motion out of committee to recommend approval of Tyler Marshall's application. On a roll call vote, Members Druse, Purcell, Luth, Stomp and Brauer voted aye. Members McClure and Waltemath were absent. Motion #13 carried.

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Motion out of committee to recommend approval of Steven Molczyk's application. On a roll call vote, Members Druse, Purcell, Luth, Stromp and Brauer voted aye. Members McClure and Waltemath were absent. Motion #14 carried.

Motion out of committee to recommend approval of Candace Prescher's application.

On a roll call vote, Members Druse, Purcell, Luth, Stromp and Brauer voted aye.

Members McClure and Waltemath were absent. Motion #15 carried.

Motion out of committee to recommend approval of Travis Johnson's application. On a roll call vote, Members Druse, Purcell, Luth, Stromp and Brauer voted aye. Members McClure and Waltemath were absent. Motion #16 carried.

Motion out of committee to recommend approval of Derek Hammer's application. On a roll call vote, Members Druse, Purcell, Luth, Stromp and Brauer voted aye. Members McClure and Waltemath were absent. Motion #17 carried.

The committee discussed one CPA certificate application. The applicant originally marked one of the disclosure questions as "no" when it should have been answered "yes". Staff discovered the criminal charge through the normal background check. Staff called the applicant to clarify. The applicant said they were confused with the wording of the question. This concerned the committee. They recommended the applicant send in a character reference letter from a partner at his employer. The committee was provided the reference letter at the Board meeting. Moved by Luth, seconded by Stromp, to approve the CPA Certificate application for #RR022719. On a roll call vote, Members Druse, Purcell, Luth, Stromp and Brauer voted aye. Members McClure and Waltemath were absent. Motion #18 carried.

The committee discussed a firm application for "Velu, LLC". There were no English definitions of Velu. Since it cannot be defined, there is little chance for misleading the public. Motion out of committee to approve firm name Velu, LLC. On a roll call vote, Members Druse, Purcell, Luth, Stromp and Brauer voted aye. Members McClure and Waltemath were absent. Motion #19 carried.

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 January 4 – March 12, 2019. On a roll call vote, Members Druse, Purcell, Luth, Stromp and Brauer voted aye. Members McClure and Waltemath were absent. Motion #20 carried.

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

Moved by Luth, seconded by Purcell, to approve Reinstatements to Active Permit, Inactive Retired Affidavits, Surrendered Certificates from January 4 – March 14, 2019. On a roll call vote, Members Druse, Purcell, Luth, Stromp and Brauer voted aye. Members McClure and Waltemath were absent. Motion #21 carried.

Reinstatements:

- Cynthia Fulton-Serrano – Raymond, NE
- John Healy – Nashville, TN
- Julia Kolar – Omaha, NE
- James Kruger – Lincoln, NE

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- Brooke Lambert – Papillion, NE
- Emilie Tracy – Elkhorn, NE

Inactive - Retired affidavits:

- Raymond Duerfeldt – Omaha, NE
- Cathy Ebmeier – Bertrand, NE
- Clarence Ernesti – Fremont, NE
- William Feay – Papillion, NE
- Rex Gittins – Wahoo, NE
- Robert Ludwig – Lincoln, NE
- Paul Piotrowski – Omaha, NE
- Max Rupe – Omaha, NE
- Sheryl Wanek – Scottsdale, AZ
- Donita Young – Phoenix, AZ

Surrendered Certificates:

- Suzanne Breit – Hauppauge, NY

11. Report of the Executive Director

- A. **Budget Status.** ED Sweetwood appeared before the Appropriations' Committee on February 27th. He discussed the online system developments staff is working on, the database project, monitoring of LB299. He also thanked Mike Lovelace for his service.
- B. **Staffing & General Office Issues.** ED Sweetwood mentioned the AICPA's request for feedback regarding the Peer Review Handbook. Three state boards have responded. Nebraska will stay on the side-lines to hear discussion at the ED Conference. NASBA is currently researching the Turbo Tax advertisements.

12. New Business

- A. **NASBA Items:**
- B. **Other Miscellaneous Items: FYI articles**
1. OWH Article – "Why doctors often don't report their colleagues' mistakes"
 2. OWH Editorial – "Physicians have a crucial self-policing obligation, to ensure care standards"
 3. OWH Editorial – "Search-and-repair mission for overzealous licensing regulations can ease job barriers for Nebraskans"

13. Adjournment

Moved by Purcell, seconded by Luth, to adjourn the meeting at 2:13 p.m. on March 15, 2019. On a roll call vote, Members Druse, Purcell, Luth, Stromp and Brauer voted aye. Members McClure and Waltemath were absent. Motion #22 carried.

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Respectfully submitted by,

Board Secretary
Marcy Luth