

NEBRASKA BOARD OF PUBLIC ACCOUNTANCY

1526 K Street, Suite 4D, Lincoln, Nebraska

Minutes
May 18, 2018

Draft Minutes. Minutes are not approved until the next Board meeting on 7-13-18.

Friday, May 18, 2018

1. General

- A. Call to Order and Roll Call.** The Nebraska Board of Public Accountancy (Board) was called to order at 8:38 a.m. on Friday, May 18, 2018 with Chair Lori Druse presiding. The roll was called with the following members present: Lori Druse, Marcy Luth, Michele Stomp, Michael McClure, Glen Waltemath and Ken Brauer. Members Tom Purcell 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 President.
- B. Approval of Meeting Agenda for Friday, May 18, 2018.** Moved by Luth, seconded by Waltemath, to approve the agenda for the Friday, May 18, 2018 meeting. On a roll call vote, Members Druse, Luth, Stomp, McClure, Waltemath and Brauer voted aye. Members Purcell and Gutschewski were absent. Motion #1 carried.
- C. Approval of Minutes from March 16, 2018.** Moved by Stomp, seconded by Luth, to approve the March 16, 2018 Board minutes. On a roll call vote, Members Druse, Luth, Stomp, Waltemath and Brauer voted aye. Member McClure abstained. Members Purcell and Gutschewski were absent. Motion #2 carried.

2. Public Comment Period (15-minute period)

Dan Vodvarka, Nebraska Society of CPAs President – Mr. Vodvarka stated the 2018 CPE year started on May 17, 2018. He appreciated working with the Board staff to approve the 100 CPE courses. The Society will hold their next Board meeting on May 30th where they will discuss endorsements of Board appointees. The Society is working closely with Board staff and it is anticipated will sponsor a bill to allow ESOP ownership of a CPA firm potentially to be introduced in the 2019 Legislative session. It has been reported there are approx. 13 other states which allow ESOP ownership. There are two CPA firms in Nebraska who wish to take advantage of this type of ownership. Mr. Vodvarka stated his last full day with the Society will be June 29th, then he will be part-time to assist on-boarding the new Society President, Joni Sundquist.

3. Consent Agenda

- A. Published Notice of Meeting.** Moved by Waltemath, seconded by Brauer, to approve the consent agenda. On a roll call vote, Members Druse, Luth, Stomp, McClure, Waltemath and Brauer voted aye. Members Purcell and Gutschewski were absent. Motion #3 carried.

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- B. **Review of Disbursements for March and April 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 personnel services show some carryover funds from last year. She also stressed the Board continues to monitor spending and based on less legal expenses this year the budget is well below appropriated levels.

4. Report of the Chair

- A. **Report of the Chair.** Chair Druse gave the report. Those attending the NASBA Western Regional Meeting June 26-28, 2018 are members Druse, McClure and Brauer. Member Stromp is attending on behalf of NASBA's nominating committee. The meeting was deemed essential travel at the March meeting based on the anticipated discussion of a new pathway to become a CPA.
Chair Druse indicated the review of Executive Director Performance and Salary Consideration report will be held in executive session.
- B. **Executive Committee Meeting**
 - 1. **Review of Executive Director Performance and Salary Consideration -**
Moved by Luth, seconded by Stromp, to approve a 5% salary increase for ED Sweetwood commencing January 1, 2019. On a roll call vote, Members Druse, Luth, Stromp, McClure, Waltemath and Brauer voted aye. Members Purcell and Gutschewski were absent. Motion #11 carried.
 - 2. **Staff Performance Awards -** Moved by Waltemath, seconded by Brauer, to approve an employee recognition award of \$500 for both Staff Myers and VanWinkle for their work on the Certificate Online Project and the Board's new website, per recommendation of ED Sweetwood. On a roll call vote, Members Druse, Luth, Stromp, McClure, Waltemath and Brauer voted aye. Members Purcell and Gutschewski were absent. Motion #10 carried.
- C. **Review Board Calendar.** New date for the September meeting is September 14th and the new date for the November meeting is November 16th.

Closed Session

Closed Session. Moved by Stromp, seconded by Luth, that the Board go into closed session at 9:03 a.m., on Friday, May 18, 2018, for the purpose of discussing enforcement and personnel matters, including ED salary, travel and employee recognition. On a roll call vote, Members Druse, Luth, Stromp, McClure, Waltemath and Brauer voted aye. Members Purcell and Gutschewski were absent. Motion #4 carried.

Return to Open Session. Moved by Stromp, seconded by Luth, that the Board return to open session at 10:21 a.m., on Friday, May 18, 2018. On a roll call vote, Members Druse, Luth, Stromp, McClure, Waltemath and Brauer voted aye. Members Purcell and Gutschewski were absent. Motion #5 carried.

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5. Report of Enforcement of Professional Conduct Committee

- A. **Open Case/LMCO Update.** Committee Chair Stromp gave the report.
- B. **Case #16-12/ Review of Suspension** – Motion out of committee to reinstate certificate holder named in #16-12 based on the Ohio Board of Accountancy's reinstatement. On a roll call vote, Members Druse, Luth, Stromp, McClure, Waltemath and Brauer voted aye. Members Purcell and Gutschewski were absent. Motion #7 carried.
- C. **Case #17-06/ Motion to Review Firm Status** - Motion out of committee to authorize the Board Attorney to file a petition if necessary against the firm named in #17-06 based on revocation in Kansas. On a roll call vote, Members Druse, Luth, Stromp, McClure, Waltemath and Brauer voted aye. Members Purcell and Gutschewski were absent. Motion #8 carried.
- D. **Ratification of LMCOs, if any** - There were no LMCO's.
- E. **Recommended Cases to Close** –
#15-09 - The CPA firm reported on their annual firm registration a lawsuit filed in California by former clients and the former business partners in a dispute. The firm is also named in the lawsuit based on accounting services provided. The lawsuit was settled and after review by the Board Attorney it was recommended for closure.
Motion out of committee to close case #15-09. On a roll call vote, Members Druse, Luth, Stromp, McClure, Waltemath and Brauer voted aye. Members Purcell and Gutschewski were absent. Motion #6 carried.

6. Report of Continuing Professional Education (CPE) Committee

- A. **Report of the Committee.** Member Waltemath gave the report in Committee Chair Purcell's absence. Motion out of committee to forward 7 reinstatement applications to the Licensing Committee for approval. On a roll call vote, Members Druse, Luth, Stromp, McClure, Waltemath and Brauer voted aye. Members Purcell and Gutschewski were absent. Motion #13 carried. The committee reviewed Lutz & Co.'s in-house CPE for May-December 2018. Motion out of committee to approve Lutz & Co.'s in-house CPE for May-December 2018. On a roll call vote, Members Druse, Luth, Stromp, McClure, Waltemath and Brauer voted aye. Members Purcell and Gutschewski were absent. Motion #14 carried. The committee reviewed one waiver request based on military service. Moved by McClure, seconded by Brauer, to approve one CPE waiver request. On a roll call vote, Members Druse, Luth, Stromp, McClure, Waltemath and Brauer voted aye. Members Purcell and Gutschewski were absent. Motion #15 carried.
- B. **Ratification of Staff Program Qualification Evaluations.** The committee reviewed a total of 112 courses from March 1 – May 10, 2018 with 112 courses recommended for Board approval and none denied. Motion out of committee to ratify Board approval of 112 courses. On a roll call vote, Members Druse, Luth, Stromp, McClure, Waltemath and Brauer voted aye. Members Purcell and Gutschewski were absent. Motion #12 carried.
- C. **Ratification of CPE Sponsor.** There were no sponsorship applications to approve at this time.

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

- A. Report of the Committee.** Committee Chair Luth gave the report. The committee reviewed one candidate impacted by an exam re-score issue identified by the Board of Examiners (BOE) /AICPA. NASBA has been authorized to contact this candidate. ED Sweetwood updated the Board regarding his visit to the NASBA/CPAES office. He appreciated the time he got to spend with Pat Hartman and her team reviewing the processes. He will provide a full report to the Committee at their next meeting. While in Nashville, he reviewed CPAES's AT101 report on behalf of the E&E Chair as outlined in the recently approved new policy of the Board. He will provide a full report of this meeting to Chair Luth as outlined within the policy. ED Sweetwood will attend the next meeting of the Board of Examiners in New York at the end of May. The Subject Area Review Task Force is well underway and a current draft to changes within Title 288/Chapter 9 has been developed. It is anticipated a meeting of the Education Advisory Committee (EAC) will be held later in the summer to review the recommendations.
- B. Approval of Exam Scores from January – March 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 McClure to accept the January – March 10, 2018 exam scores. On a roll call vote, Members Druse, Luth, Stromp, McClure, Waltemath and Brauer voted aye. Members Purcell and Gutschewski were absent. Motion #16 carried.

8. Report of the Legislative Committee

- A. Report on Legislation:** ED Sweetwood gave the report.
- 1. LB867 – Index Updates/Policy Changes:** No updates at this time.
 - 2. LB299 -** ED Sweetwood provided an update on LB299, which was approved by Governor Ricketts on April 23, 2018. LR401 was created as an interim study to determine which occupations are subject to LB299 and how to implement the act. ED Sweetwood indicated he has met with his colleagues from the Engineers & Architects Board and the Real Estate Commission to offer assistance in the administration of the new law under LR401. He reminded those Board members attending the upcoming Regional Meetings that LB299 will be discussed on the national stage.
- B. Update on Proposed Legislation to allow for ESOP Ownership of a CPA Firm –** ED Sweetwood updated the Board on this process as discussed earlier with Society President Vodvarka. Former Board Chair Jim Titus has been engaged by the Board to overview the request on behalf of the Licensing Committee. Initially, the request appears not to comply with current requirements. Drafting of potential language to allow ESOP ownership as begun.
- C. Louisiana Bill 748 – Impacts Occupational Licensing –** Information provided to Board as FYI.

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9. Report of the Peer Review Committee

- A. **Report of the Committee.** Chair McClure gave the report. A Peer Review Committee meeting was held on April 25th via conference call. Jim Brackens, AICPA VP Ethics & Practice Quality, and Kary Arnold, NV Society of CPAs Peer Review Program Manager, were in attendance. It was reported that the development of a National PROC is on the back-burner. Board staff offered their assistance if any Nebraska firms were in danger of being dropped from the program to ensure they know they must comply per Board regulations.

1. **Staff Myers Visit to Oklahoma Board of Accountancy** – During discussion it was recommended by Mr. Brackens that staff members visit the Oklahoma Accountancy Board to review their procedures of monitoring firms within Peer Review. Moved by McClure, seconded by Brauer, to approve travel costs for ED Sweetwood and Staff Myers to go to the Oklahoma Board of Accountancy to observe their Peer Review Oversight Committee as this has been deemed essential travel. On a roll call vote, Members Druse, Luth, Stomp, McClure, Waltemath and Brauer voted aye. Members Purcell and Gutschewski were absent. Motion #9 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
Motion out of Committee to recommend approval of Spencer Ryan's application. On a roll call vote, Members Druse, Luth, Stomp, McClure, Waltemath and Brauer voted aye. Members Purcell and Gutschewski were absent. Motion #17 carried.
Motion out of Committee to recommend approval of Adam Hope's application. On a roll call vote, Members Druse, Luth, Stomp, McClure, Waltemath and Brauer voted aye. Members Purcell and Gutschewski were absent. Motion #18 carried.
Motion out of Committee to recommend approval of Hans Tiemann's application. On a roll call vote, Members Druse, Luth, Stomp, McClure, Waltemath and Brauer voted aye. Members Purcell and Gutschewski were absent. Motion #19 carried.
Motion out of Committee to recommend approval of Jessica Esch's application. On a roll call vote, Members Druse, Luth, Stomp, McClure, Waltemath and Brauer voted aye. Members Purcell and Gutschewski were absent. Motion #20 carried.

The Committee discussed one "4 in 10" application with State Auditor experience.
Motion out of Committee to recommend approval of Rachel Heeney's application. On a roll call vote, Members Druse, Luth, Stomp, McClure, Waltemath and Brauer voted aye. Members Purcell and Gutschewski were absent. Motion #21 carried.

The Committee discussed one request to return certificate to good standing to take a picture with other CPA's in the family. The Committee suggested the request be presented to the whole Board. The Board determined that temporary access to the

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certificate may be granted in the event that the certificate is returned to the Board within an agreed upon time frame and that the photo taken is not used for promotional purposes. Moved by Brauer, seconded by McClure, to temporarily grant Amy VanKat access to her certificate for personal photo use only. On a roll call vote, Members Druse, Luth, Stomp, McClure, Waltemath and Brauer voted aye. Members Purcell and Gutschewski were absent. Motion #22 carried.

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

Moved by Luth, seconded by Waltemath, to approve initial permits to practice issued, certificates issued, firm permits issued from March 16 – May 17, 2018. On a roll call vote, Members Druse, Luth, Stomp, McClure, Waltemath and Brauer voted aye. Members Purcell and Gutschewski were absent. Motion #23 carried.

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

Moved by Luth, seconded by McClure, to approve Reinstatements to Active Permit, Inactive Retired Affidavits, Surrendered Certificates from March 16 – May 17, 2018. On a roll call vote, Members Druse, Luth, Stomp, McClure, Waltemath and Brauer voted aye. Members Purcell and Gutschewski were absent. Motion #24 carried.

Reinstatements:

- Bryce Betke – Lincoln, NE
- Annette Davis – Osceola, NE
- Jill Davis – Lincoln, NE
- Nathan Farmer – Elkhorn, NE
- Laura Francke – Adams, NE
- Kirsten Foos – Lincoln, NE
- Jacquelyn Porter – Lincoln, NE

Inactive - Retired affidavits:

- Charles Bruce – Leawood, KS
- Linda Ackerson – Omaha, NE
- Karen Angell – Eden Prairie, MN
- William Cheese – Omaha, NE
- Larry Frederick – Lincoln, NE
- Allan Gilsdorf – Omaha, NE
- Robert Hearron – Omaha, NE
- Robert Herbolsheimer – Omaha, NE
- Tracy Jatczak – Alliance, NE
- Paul Luke – Long Beach, CA
- Conrad Nelson – Omaha, NE
- Timothy Novak – Naples, NC
- Gary Pavel – Lincoln, NE
- Steven Powell – San Antonio, TX
- Sharon Rasberry – Wichita, KS

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- Nancy Schutz – Elwood, NE
- Harold Stevens – Columbus, NE
- Gregory Vasek – Lincoln, NE
- Michael Walsh – Omaha, NE

Surrendered Certificates:

- David Gentry – Walton, NE

11. Report of the Executive Director

- A. Budget Status.** ED Sweetwood overviewed the status of the budget under #3C.
- B. Discussion Points for New Pathway – Upcoming Regional Meeting** – Chair Druse discussed the importance of attending the next regional meeting. She discussed her thoughts on what the new pathway could entail. ED Sweetwood agreed with Chair Druse's comments and indicated she is well positioned to lead the discussion of behalf of the Board at the upcoming meetings.
- C. Visit to NASBA/CPAES Update** – Discussed under #7 E&E Committee Report
- D. Staffing & General Office Issues.**
 - 1. Presentation of new Board Website** – Staff Myers and VanWinkle overviewed the new website with the Board. Board members asked questions and were impressed with the look and information of the new site.

12. New Business

- A. NASBA Items:**
- B. Other Miscellaneous Items: FYI articles**
 - 1. Texas State Board Report – May 2018** – Provided to Board as an FYI. ED Sweetwood noted an excellent article on Block Chain and the Texas Board is surveying their CPAs regarding the use of data analytics.
- C. Member Stromp on NASBA Nominating Committee** – Member Stromp stated she would like to continue to serve on NASBA's nominating committee.

13. Adjournment

Moved by Stromp, seconded by Brauer, to adjourn the meeting at 1:12 p.m. on May 18, 2018. On a roll call vote, Members Druse, Luth, Stromp, McClure, Waltemath and Brauer voted aye. Members Purcell and Gutschewski were absent. Motion #25 carried.

Respectfully submitted by,

Board Secretary
Marcy Luth