

NEBRASKA BOARD OF PUBLIC ACCOUNTANCY
1526 K Street, Suite 410, Lincoln, NE

Minutes
May 11, 2022

Draft Minutes. Minutes are not approved until the next Board meeting on July 8, 2022.

Friday, May 11, 2022

1. General

- A. Call to Order and Roll Call.** The Nebraska Board of Public Accountancy (Board) was called to order at 8:32 a.m. on Friday, May 11, 2022 with Chair Marcy Luth presiding. The roll was called with the following members present: Marcy Luth, Melissa Ruff, Christi Olsen, Ken Brauer, Jeff Kanger, Mark Manning, Drew Blossom and Sarah Borchers. Also, present were Executive Director Dan Sweetwood via virtual conferencing and staff members Heather Myers and Kristen VanWinkle. Chair Luth noted the location of the notebook containing the Public Open Meeting Act was at the Board Office, and asked if anyone present needed an agenda or had any questions regarding the law. Joni Sundquist, Nebraska Society of CPAs President, was present.
- B. Approval of Meeting Agenda for May 11, 2022.** Moved by Blossom, seconded by Ruff, to approve the agenda for the May 11, 2022 meeting. On a roll call vote, Members Luth, Ruff, Olsen, Brauer, Kanger, Manning, Blossom and Borchers voted aye. Motion #1 carried.
- C. Approval of Minutes from March 11, 2022.** Moved by Ruff, seconded by Kanger, to approve the March 11, 2022 Board minutes. On a roll call vote, Members Luth, Ruff, Olsen, Brauer, Kanger, Manning, Blossom and Borchers voted aye. Motion #2 carried.

2. Public Comment Period (15-minute period)

8:45 a.m. – Ms. Joni Sundquist, President of Nebraska Society of CPAs – Ms. Sundquist stated LB707e updating the CPA Firm ownership requirement was signed by the Governor. ED Sweetwood congratulated Joni and the task force for their hard work resulting in successful passage of the new law noting that Chair Luth and former member Tom Purcell participated on the task force. Board staff is working on the administrative changes that need to be made to accommodate the new law. She also stated LB709 regarding Universal Licensing did not pass the Legislature after being discussed on the floor during the last days of the session. Although CPAs were excluded from the bill this past session, there's no guarantee that the profession will be excluded in the next legislative session so it's something we will want to keep an eye on. The CPE Catalog & Member Guides have been mailed to all Society members. CPE is off and running for the year – 125 total Society-sponsored courses, with 35 of those in person, the remainder are live webcasts. Plus thousands of webcasts available through our website. Kelly has turned in the Sponsorship Application to Heather. The Business & Industry Conference was on April 20, 2022 – 35 attendees at Hillcrest Country Club. Conferences are listed in the CPE Catalog on page 6. Thanks to Member Olsen for helping to sponsor the Women in Accounting Summit on Aug. 31. In regard to the Foundation, scholarships are in the process of being selected. Fewer applicants this year, however. Thanks to Member Manning for serving as Chairman of the Foundation Board of

NEBRASKA BOARD OF PUBLIC ACCOUNTANCY
1526 K Street, Suite 410, Lincoln, NE

Minutes
May 11, 2022

Trustees. Ms. Sundquist attended the NASBA ED/Staff Conference. CPA Pipeline is a priority. NASBA, AICPA, and State Societies are working to determine why there is such a decline in students and CPA exam candidates. ED Sweetwood stated we are very fortunate to have Joni and the Society to assist with these initiatives. Candidates will experience a new exam in 2024. The 2024 CPA Exam Final Report, which will include the final Blueprints, is scheduled to be released in January 2023. Experience is another “trending issue.” according to the speakers at the conference, there is not a direct correlation between experience and quality of the candidate. Also mentioned was the one-tier model for a CPA candidate to be certified and licensed after the work experience is completed. Nebraska is one of seven states, as well as the District of Columbia, to maintain the two-tier process. Education is another “trending issue.” There is talk expanding the number of internship hours as allowed as part of the education requirement. However, there is disparity between large and small firms’ ability to provide internships. Such a program needs to work for everyone. Typical undergrad programs include only 120 hours while some students choose to pursue master’s degrees, but others may have financial constraints or need to enter the workforce ASAP. There was talk of Advanced Placement Courses, increasing the role of community colleges, to help with barriers to entry, as well as extending the 18-month testing period. Related to that, there was discussion about “Sit at 120/License at 150,” which is allowed by 37 states. Thirteen states – including Nebraska – allow candidates to take the exam at less than 150 but within a defined time-period. Six states require 150 hours. ED Sweetwood commented that these areas could be topics at the next EAC Committee meeting to be held this fall. There was a lot of discussion regarding Mobility Legislation and determining the CPA’s “Principal Place of Business.” Remote work created a lot of questions with mobility, where a person might work in one state and reside in another. Under current requirements, it is up to the CPA to determine his/her “Principal Place of Business.” However, there are still many questions and concerns that remain in this regard. Continued discussion was held regarding the history of the de-regulation movement in the profession, starting with the NC Dental case, which led to the formation of ARPL, the Alliance for Responsible Professional Licensing, in which staff is familiar (The Supreme Court’s 2015 decision in N.C. State Board of Dental Examiners v. Federal Trade Commission now requires that licensee-controlled State Boards be “actively supervised” by a neutral state entity in order to enjoy immunity from federal antitrust law.) Today, there are 31 consolidated/umbrella agencies in the U.S. and 25 independent State Boards. 33 have a dedicated Executive Director, 22 Executive Directors maintain multiple boards. Yet another topic was use of the CPA title. Active vs. Inactive. Lots of confusion in many states.

3. Consent Agenda

- A. Published Notice of Meeting.** Moved by Kanger, seconded by Ruff, to approve the consent agenda. On a roll call vote, Members Luth, Ruff, Olsen, Brauer, Kanger, Manning, Blossom and Borchers voted aye. Motion #3 carried.
- B. Approval of Disbursements for March and April 2022.** Secretary Olsen overviewed the disbursements for the Board reporting no unusual activity for the period.

NEBRASKA BOARD OF PUBLIC ACCOUNTANCY
1526 K Street, Suite 410, Lincoln, NE

Minutes
May 11, 2022

- C. **Review of Board Budget Status Report.** Secretary Olsen reported on several items including Employee Bonuses were issued. Salaries were higher in the prior year as there was an extra pay period. Postage is up slightly in the current year due to more certified letters sent for stipulation and consent orders. Data Processing is higher due to purchasing a new printer and annual membership to Adobe. Rent has decreased for the 2021-2022 fiscal year. Merchant Fees are higher in the current year due to timing of payments. Income in the current year is up due to more late active renewals in July. Education Services is up due to Staff VanWinkle enrolling in the program for the Nebraska State Government Leadership Certificate. ED Sweetwood mentioned the possibility of an increase in overtime utilized by staff to complete additional back-office work, including processing renewals and completing CPE audits. He noted that things on the legal side can change rapidly. The usage of travel funds increased due to the Executive Director and two staff members attending the NASBA ED and Staff Conference in Florida. ED Sweetwood and Staff Myers will commence work on the new budget soon. A meeting with the Board's Budget Officer has been set for next week. Draft budget documents will be shared with the Executive Committee for review later this Summer.

4. Report of the Chair

- A. **Report of the Chair.** Chair Luth gave the report.
- B. **LB894 - Small Firm Ownership Task Force Update/ Nebraska Society of CPAs –** See agenda item #2 – Public Comment Period for the update. Moved by Brauer, seconded by Ruff, to commend the Task Force for their hard work resulting in the successful passage of the new firm ownership law.
Members: Chair Ryan Burger, CPA- State Society Chairman
Vice Chair Marcy Luth, CPA- State Board
Tom Purcell, CPA- State Board
Dana Weber, CPA- State Society
On a roll call vote, Members Ruff, Olsen, Brauer, Kanger, Manning, Blossom and Borchers voted aye. Member Luth abstained. Motion #4 carried.
- C. **Report of NASBA ED and Staff Conference.** See agenda item #2 – Public Comment Period for the update.
- D. **Attendance at NASBA Regional Meeting, June 7-9, 2022, Colorado Springs, CO.** Chair Luth polled the members to see who was planning to attend the meeting. Those members are: Ruff, Olsen, Brauer, Borchers and Blossom. Attendance for this meeting was approved at the March Board meeting.
- E. **Review of Executive Director Performance and Salary Consideration.** The Board has been satisfied with the performance of the ED and staff. Moved by Brauer, seconded by Kanger, to approve a 2% salary increase starting July 1, 2022 for ED Sweetwood. On a roll call vote, Members Luth, Ruff, Olsen, Brauer, Kanger, Manning, Blossom and Borchers voted aye. Motion #10 carried. Member Kanger requested an overview of the Personal Service Limit (PSL) and how it is determined

NEBRASKA BOARD OF PUBLIC ACCOUNTANCY
1526 K Street, Suite 410, Lincoln, NE

Minutes
May 11, 2022

expressing frustration with being able to award and keep current staff. ED Sweetwood indicated he would conduct research including meeting with State Budget & Personnel and report back to the Board at the July meeting.

F. **Review Board Calendar.** No changes made.

Closed Session

Closed Session. Moved by Ruff, seconded by Olsen, that the Board go into closed session at 9:52 a.m., on Friday, May 11, 2022, for the purpose of discussing 10 enforcement cases and the Executive Director's performance to protect the public interest and/or prevention of needless injury to individuals. On a roll call vote, Members Luth, Ruff, Olsen, Brauer, Kanger, Manning, Blossom and Borchers voted aye. Motion #5 carried.

Prior to going into closed session, Chair Luth restated the limitation of the closed session, which was to discuss 10 enforcement cases and the Executive Director's performance read the following statement:

"The Board may go into closed session for the purpose of discussion (no action) on matters involving litigation, personnel, disciplinary matters/enforcement, or matters regarding which the subject matter is otherwise protected under statutory law.

The Board may go into closed session on its own motion; however, it must approve a motion to go into closed session and another one to return to open session. The time in which the Board goes into and comes out of closed session is to be noted in the minutes, and the motion must be passed by a majority vote. The motion to go into closed session must contain the subject matter and reason requiring the closed session.

Prior to closed session, the Board Chair will restate the limitation of the subject matter that may be discussed in closed session and such restatement shall be noted in the minutes. No action items will be voted upon in closed session."

Return to Open Session. Moved by Ruff, seconded by Olsen, that the Board return to open session at 10:29 a.m., on Friday, March 11, 2022. On a roll call vote, Members Luth, Ruff, Olsen, Brauer, Kanger, Manning, Blossom and Borchers voted aye. Motion #6 carried.

5. Report of Enforcement of Professional Conduct Committee

A. **Open Case/LMCO Update.** Committee Chair Ruff gave the report.
#22-03 - *Complainant indicates he has attempted to communicate with the CPA for several months regarding the completion and filing of an estate tax return to no avail. Staff attempted to mitigate the matter and contacted the CPA by telephone and email to respond and communicate with the complainant in which she stated she would. The*

NEBRASKA BOARD OF PUBLIC ACCOUNTANCY
1526 K Street, Suite 410, Lincoln, NE

Minutes
May 11, 2022

complainant indicated she still not attempt to communicate with him and he had no choice but to file a complaint in the matter. See Case# 08-09 for further information. The Board discussed case #22-03. The Board office is pending a response from the CPA, which is due by May 19, 2022. Motion out of committee to authorize the Board Attorney to file a complaint against the CPA if a response to the allegation is not received by May 19, 2022. On a roll call vote, Members Luth, Ruff, Olsen, Brauer, Kanger, Manning, Blossom and Borchers voted aye. Motion #9 carried.

B. Ratification of LMCOs, if any – There were none.

C. Recommended Cases to Close –

#21-03 - *The office received a letter from the complainants indicating they received bad financial advice from the CPA. Two brokerage accounts with high commissions were opened and later filed bankruptcy were allegedly offered by the CPA.*

The Board discussed case #21-03. The case was referred to the Nebraska Department of Banking and Finance (DBF). No information has been received by DBF, nor have the complainants reached back out to the Board office. No further action was determined to be necessary and it is recommended that the case be closed. Motion out of committee to close case #21-03. On a roll call vote, Members Luth, Ruff, Olsen, Brauer, Kanger, Manning, Blossom and Borchers voted aye. Motion #7 carried.

#22-01 - *The Board was notified the licensed CPA Firm was the subject of a PCAOB Order whereby the firm was sanctioned for failure to adhere to auditing standards.* The Board discussed case #22-01. It was recommended the case be closed due to the firm's response that no Nebraska CPAs or clients were involved in the audit. No further action was determined to be necessary. Motion out of committee to close case #22-01. On a roll call vote, Members Luth, Ruff, Olsen, Brauer, Kanger, Manning, Blossom and Borchers voted aye. Motion #8 carried.

6. Report of the Licensing Committee

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

The committee discussed two Business, Governmental & Academia (BGA) experience applications. Motion out of committee to recommend approval of Alex McIntyre's application. On a roll call vote, Members Luth, Ruff, Olsen, Brauer, Kanger, Manning, Blossom and Borchers voted aye. Motion #11 carried.

Motion out of committee to recommend approval of Kyle Graham's application. On a roll call vote, Members Luth, Ruff, Olsen, Brauer, Kanger, Manning, Blossom and Borchers voted aye. Motion #12 carried.

The committee received an additional BGA application after the meeting. It was discussed during today's meeting. Moved by Brauer, seconded by Kanger, to recommend approval of Taylor Thielen's application. On a roll call vote, Members Luth, Ruff, Olsen, Brauer, Kanger, Manning, Blossom and Borchers voted aye. Motion #13 carried.

NEBRASKA BOARD OF PUBLIC ACCOUNTANCY
1526 K Street, Suite 410, Lincoln, NE

Minutes
May 11, 2022

Staff overviewed a NASBA quick poll request from Texas requesting Nebraska pipeline statistics. Staff overviewed those statistics with the committee. Overall, the majority of candidates who pass the exam in Nebraska are applying for licensure. ED Sweetwood overviewed important topics from the NASBA ED/Staff conference. See agenda item #2 – Public Comment Period for additional updates.

One major issue from the NASBA ED/Staff Conference was the principle place of business and CPAs remote working in states where they may not be licensed. Staff will draft an issue statement for discussion at the next committee meeting.

Staff updated the Board on the status of 2022 Renewals. Approx. 24% of those eligible to renew have renewed as of May 10, 2022. Discussed the overall process and what occurs if a licensee doesn't renew by the deadline.

- B. Review of Alternate Practice Structure Guidance Document.** The Board was provided a second draft of a guidance document for Alternate Practice Structures (APS). It was requested that a third bullet point be added under the experience section. Additional feedback will be accepted by staff until the next Licensing Committee meeting at the end of June.
- C. Ratification of initial permits to practice issued, certificates issued, firm permits.** Moved by Ruff, seconded by Borchers, to approve initial permits to practice issued, certificates issued, firm permits issued from March 11 – May 10, 2022. On a roll call vote, Members Luth, Ruff, Olsen, Brauer, Kanger, Manning, Blossom and Borchers voted aye. Motion #14 carried.
- D. Reinstatements to Active Permit, Inactive Retired Affidavits, Surrendered Certificates.** Moved by Ruff, seconded by Kanger, to approve the Reinstatements to Active Permit, Inactive Retired Affidavits, and Surrendered Certificates from March 11 – May 10, 2022. On a roll call vote, Members Luth, Ruff, Olsen, Brauer, Kanger, Manning, Blossom and Borchers voted aye. Motion #15 carried.

Reinstatements:

- Patricia Nelson – Mesa, AZ

Inactive - Retired affidavits:

- Harold Branting – North Platte, NE
- William Price – Oldsmar, FL
- Rodney Van Slyke – Wahoo, NE
- Annette Davis – Osceola, NE
- Brenda Ensor – Lincoln, NE
- Stephanie Hunt – Omaha, NE
- Patrick Knowles – Omaha, NE
- Kathy Pahre – Lincoln, NE
- Sean Weaver – Wichita, KS

Surrenders:

- Ian Demers – Kearney, MO

NEBRASKA BOARD OF PUBLIC ACCOUNTANCY
1526 K Street, Suite 410, Lincoln, NE

Minutes
May 11, 2022

- Morgan Matthews – Pacific Grove, CA
- Jami Olson – Dakota City, IA
- Joseph Schaefer – St. Paul, MN
- David Knutte – Lemont, IL

7. Report of Continuing Professional Education (CPE) Committee

- A. Report of the Committee.** Committee Chair Olsen gave the report. Jessica Lutrull, Associate Director of the National Registry at NASBA joined the committee to present on the National Registry and NASBA CPE Standards. Staff Myers updated the Board on the status of the CPE audit.
- B. Ratification of Staff Program Qualification Evaluations.** The committee reviewed 71 courses from January 1- April 30, 2022 with 71 courses recommended for Board approval and none denied. Motion out of committee to ratify Board approval of 71 courses. On a roll call vote, Members Luth, Ruff, Olsen, Brauer, Kanger, Manning, Blossom and Borchers voted aye. Motion #16 carried. The committee received an additional course list from Lutz & Company, PC. Motion out of committee to recommend Board approval of the additional course list from Lutz & Company, PC. On a roll call vote, Members Luth, Ruff, Olsen, Brauer, Kanger, Manning, Blossom and Borchers voted aye. Motion #17 carried.
- C. Ratification of CPE Sponsor.** The committee reviewed a request for Sponsorship from the NE Society of CPAs. Motion out of committee to recommend Board approval of CPE Sponsorship to the NE Society of CPAs. On a roll call vote, Members Luth, Ruff, Olsen, Brauer, Kanger, Manning, Blossom and Borchers voted aye. Motion #18 carried.

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

- A. Report of the Committee.** Committee Chair Luth gave the report. The infrastructure changes to the CPA Exam in 2024 were overviewed. ED Sweetwood updated the committee regarding a rule change package for Chapter 9. Changes could include: updating the standard language to mirror the UAA (including accreditation) and adding rules for using internships toward the education requirement. ED Sweetwood overviewed important topics from the NASBA ED/Staff conference. See agenda item #2 – Public Comment Period for additional updates.
- B. Approval of Exam Scores from January 1 – March 31, 2022, if available –** The exam scores were not available for the committee meeting but were sent to committee before the Board meeting. Chair Luth stated Q1-2022 attendance numbers are consistent with the same window in 2021 (95 sections this year vs. 94 sections last year). The average pass rates of the 4 sections ranged from 47.1% to 54.8%. 83% of the number of sections were taken at a Nebraska test site. Moved by Olsen, seconded by Brauer to approve the exam scores from January 1 - March 31, 2022. On a roll call

NEBRASKA BOARD OF PUBLIC ACCOUNTANCY
1526 K Street, Suite 410, Lincoln, NE

Minutes
May 11, 2022

vote, Members Luth, Ruff, Olsen, Brauer, Kanger, Manning, Blossom and Borchers voted aye. Motion #19 carried.

9. Report of the Legislative Committee

- A. **Report on Proposed Legislation:** ED Sweetwood gave the report. See agenda item #2 – Public Comment Period for additional updates.
- B. **Compliance with LB867 (Index Updates/Policy Changes).** No updates at this time.

10. Report of the Peer Review Committee

- A. **Report of the Committee** – Chair Manning gave the report. ED Sweetwood will attend the Regional Peer Review meeting conducted by the Nevada Society of CPAs virtually. State Executives from the several states that Nevada provides Peer Review for will attend the meeting. Staff Myers is still receiving Peer Review forms from Nebraska firms reporting on their Peer Review status.

11. Report of the Executive Director

- A. **Budget Status/Thentia Database Update** – ED Sweetwood updated the Board on the status of the Thentia project. The company is growing and they are very busy. We anticipate our project starting in August which is good timing since renewals will be over by then. It is his goal to start a work group with other State Boards of Accountancy who are contracted with Thentia to help one another through the process and to build the best system possible.
ED Sweetwood and Staff Myers will be working on drafting the budget narratives as discussed. The Thentia project will be an additional cost that will be budgeted for in the future. Budget projections will be shared with the Executive Committee.
- B. **Staffing & General Office Issues** – Staff remains in their hybrid office environment to protect themselves, as a small office, from exposure. The arrangement is working well with staff in agreement this is a preferred work environment at this time.

12. New Business

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

13. Adjournment

Moved by Olsen, seconded by Kanger to adjourn the meeting at 12:00 p.m. on May 11, 2022. On a roll call vote, Members Luth, Ruff, Olsen, Brauer, Kanger, Manning, Blossom and Borchers voted aye. Motion #20 carried.

NEBRASKA BOARD OF PUBLIC ACCOUNTANCY
1526 K Street, Suite 410, Lincoln, NE

Minutes
May 11, 2022

Respectfully submitted by,

Board Secretary
Christi Olsen