

NEBRASKA BOARD OF PUBLIC ACCOUNTANCY
1526 K Street, Suite 4B, Lincoln, Nebraska

Minutes
September 14, 2018

Draft Minutes. Minutes are not approved until the next Board meeting on 11-16-18.

Friday, September 14, 2018

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, September 14, 2018 with Chair Lori Druse presiding. The roll was called with the following members present: Lori Druse, Tom Purcell, Marcy Luth, Michele Stomp, Michael McClure, Bernie Gutschewski, Glen Waltemath and Ken Brauer. 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 4B, 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 were Dan Vodvarka, Nebraska Society of CPAs President Emeritus, Dan Dustin, NASBA VP of State Board Relations, and John Johnson, NASBA Director of Legislative and Governmental Affairs.
- B. Approval of Meeting Agenda for Friday, September 14, 2018.** Moved by Purcell, seconded by Waltemath, to approve the agenda for the Friday, September 14, 2018 meeting. On a roll call vote, Members Druse, Purcell, Luth, Stomp, McClure, Gutschewski, Waltemath and Brauer voted aye. Motion #1 carried.
- C. Approval of Minutes from July 13, 2018.** Moved by Stomp, seconded by Brauer, to approve the July 13, 2018 Board minutes. On a roll call vote, Members Druse, Purcell, Luth, Stomp, Waltemath and Brauer voted aye. Members McClure and Gutschewski abstained. Motion #2 carried.

2. Public Comment Period (15-minute period)

Dan Vodvarka, President Emeritus of Nebraska Society of CPAs, attended on Society President Joni Sundquist's behalf. The society's CPE schedule is more than half complete. There has been good attendance at the courses. The Employee Stock Ownership Plan (ESOP) Legislative Bill has been drafted and will be introduced at the start of the 2019 Legislature session (see Section #8). It is anticipated Society Leadership will endorse the Bill at their November 5th meeting. The Society's annual fall conference is November 5-6 at the Embassy Suites in La Vista. Dan's last day at the society will be October 31st.

Dan Dustin, VP of State Board Relations and John Johnson, NASBA Director of Legislative and Governmental Affairs – Dan overviewed several NASBA Tools for State Board consideration including the Accountancy Licensing Database (ALD), Legislative Tracking, and the CPE Audit Tool under development. ED Sweetwood commented staff currently utilizes the ALD and the Legislative tracking tools. The CPE Audit Tool will be reviewed after review by several pilot states. Dan then covered areas including the Uniform CPA Examination, Firm Mobility, and initiatives under review by the Uniform Accountancy Act (UAA) Committee made up of NASBA and AICPA

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representatives. These include further consideration of the Non-Compliance with Laws and Regulations (NOCLAR) standard, peer review administration, education accreditation, and regulations allowing for continuous testing as offered by the Board of Examiners (BOE). Joint projects underway by NASBA and the AICPA include uniformity under the AICPA Code of Conduct and CPE reciprocity. Chair Druse indicated the Board's CPE Committee is reviewing CPE reciprocity and will report back to the Board any recommendations. ED Sweetwood commented that the Board's Rules of Professional Conduct has served the Board well over the years and consideration for a review has been discussed. Dan concluded by discussing the positive roll out of the CPE Ethics Training provided by the NASBA/ Center for the Public Trust and diversity initiatives offered by NASBA for State Boards.

John overviewed several legislative initiatives around the country including a UAA progress report, the Comprehensive Definition of Attest, and CPA individual Mobility by year. He then discussed the continued implications from the Supreme Court's North Carolina Dental Case for regulatory boards and legislative trends to deal with the decision. He also discussed the Federal Trade Commissions (FTC) comment letter as requested by State Senator Laura Ebke on LB 299 regarding state action immunity for state board members and the activities of anti-regulatory organizations throughout the country. Of course, LB 299 was pointed out as a possible model legislative for other states to consider. Mr. Vodvarka pointed out that the Society took a neutral position on LB 299 due to the Bill being modified over the course of the two-year legislative cycle to a point it was acceptable.

Member Purcell asked if NASBA foresees future impact to licensure as states move toward 120 hours to sit for the exam. NASBA does not foresee issues with states going to 120 hours for the exam and staying 150 for licensure. Dan stated NASBA continues to see people getting lost in the pipeline though graduates in accounting are increasing. ED Sweetwood asked about the experience requirement and how other states differ from Nebraska.

Chair Druse thanked Dan and John for coming to Nebraska and providing updates for the Board.

3. Consent Agenda

- A. **Published Notice of Meeting.** Moved by McClure, seconded by Purcell, to approve the consent agenda. On a roll call vote, Members Druse, Purcell, Luth, Stromp, McClure, Gutschewski, Waltemath and Brauer voted aye. Motion #3 carried.
- B. **Review of Disbursements for July and August 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. She stated there was no tuition assistance on this report and the NASBA dues will appear on next month's report. Also noted that last year the Board received more administrative late fees compared to this

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year. ED Sweetwood commented that staff had provided additional measures to contact out of compliance CPAs that resulted in fewer having to return to compliance from previous years.

4. Report of the Chair

- A. Member Bernie Gutschewski Recognition of 8 years serving on Board.** Member Gutschewski was recognized for his many years of service to the Board. The following resolution was presented:

RESOLUTION

WHEREAS, Bernie R. Gutschewski served as a Member of the Nebraska State Board of Public Accountancy from 2010 to 2018; and

WHEREAS, Bernie R. Gutschewski during his term as Member of the Board, became Chair and led the Board during a difficult time; through several important initiatives to change the Public Accountancy Act and Board Regulations, including the experience requirement to become a CPA, the requirements to sit for the Uniform CPA Examination, and continuing education requirements. These initiatives required the "steady hand" of Chair Gutschewski who always allowed open discussion by the public and good debate among Board members. A true leader and public member of the Board, he provided a perspective during debate that might not otherwise be considered and provoked further discussion on issues brought before the Board. He guided and directed the activities of the State Board as:

<i>2010-2011</i>	<i>Member of the Licensing Committee</i>	<i>2014-2015</i>	<i>Chair of the Board</i>
	<i>Member of the E & E Committee</i>		<i>Chair of the Legislative Committee</i>
<i>2011-2012</i>	<i>Member of the Licensing Committee</i>		<i>Member of Licensing Committee</i>
	<i>Member of the CPE Committee</i>	<i>2015-2016</i>	<i>Chair of the Board</i>
<i>2012-2013</i>	<i>Vice Chair of the Board</i>		<i>Chair of the Legislative Committee</i>
	<i>Member of the Licensing Committee</i>		<i>Member of the Licensing Committee</i>
	<i>Member of the CPE Committee</i>	<i>2016-2017</i>	<i>Chair of the Board</i>
<i>2013-2014</i>	<i>Chair of the Board</i>		<i>Chair of the Legislative Committee</i>
	<i>Chair of the Legislative Committee</i>		<i>Member of the Licensing Committee</i>
	<i>Member of the Licensing Committee</i>	<i>2017-2018</i>	<i>Chair of the Legislative Committee</i>
			<i>Member of the Licensing Committee</i>

THEREFORE, THE MEMBERS OF THE NEBRASKA STATE BOARD OF PUBLIC ACCOUNTANCY gratefully record their recognition of service of Bernie R. Gutschewski adopting the following Resolution:

BE IT RESOLVED, that the Members of the Nebraska State Board of Public Accountancy extend their sincere appreciation to Bernie R. Gutschewski for his service as a Member of the Nebraska State Board of Public Accountancy.

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 14th day of September 2018
by the Nebraska State Board of Public Accountancy*

*Lori J. Druse, CPA, Chair
Nebraska State Board of Public Accountancy*

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- B. Report of the Chair.** Chair Druse gave the report.
1. **2018-2019 Committee Appointments** – Chair Druse handed out committee assignments. There were very few changes as the committees are functioning well.
 2. **Set future Board meeting dates** – Board dates were set for 2019.
- C. NASBA Annual Meeting, October 28-31 in Scottsdale, AZ** – ED Sweetwood noted there has been no update to the Governor’s essential travel policy. Moved by Stromp, seconded by Luth to approve Members Druse, Waltemath and ED Sweetwood to attend the NASBA Annual Meeting as attendance is deemed as essential travel. On a roll call vote, Members Druse, Purcell, Luth, Stromp, McClure, Gutschewski, Waltemath and Brauer voted aye. Motion #4 carried.
- D. Review Board Calendar.** Board members reviewed the calendar. No changes were made.

Closed Session

Closed Session. Moved by Gutschewski, seconded by McClure, that the Board go into closed session at 11:13 a.m., on Friday, September 14, 2018, for the purpose of discussing disciplinary and enforcement matters. On a roll call vote, Members Druse, Purcell, Luth, Stromp, McClure, Gutschewski, Waltemath and Brauer voted aye. Motion #5 carried.

Return to Open Session. Moved by Stromp, seconded by Luth, that the Board return to open session at 12:02 p.m., on Friday, September 14, 2018. On a roll call vote, Members Druse, Purcell, Luth, Stromp, McClure, Gutschewski, Waltemath and Brauer voted aye. Motion #6 carried.

5. Report of Enforcement of Professional Conduct Committee

- A. Open Case/LMCO Update.** Committee Chair Stromp gave the report. Motion out of committee to enter into Consent Order with firm named in #17-06 to no longer allow firm to conduct attest work in Nebraska. On a roll call vote, Members Druse, Purcell, Luth, Stromp, McClure, Gutschewski, Waltemath and Brauer voted aye. Motion #7 carried.
- Moved by Gutschewski, seconded by Luth to authorize Board Attorney to file a petition to hold a hearing for #18-06 citing a felony conviction and possible acts discreditable. On a roll call vote, Members Druse, Purcell, Luth, McClure, Gutschewski, Waltemath and Brauer voted aye. Member Stromp abstained. Motion #9 carried.
- B. Ratification of LMCOs, if any** - There were no LMCO’s.
- C. Recommended Cases to Close –**
- #18-04** - CPA firm notified Board of a CPA practicing and providing an expert opinion in Nebraska without being licensed within a CPA firm. It was determined this should be handled as an administrative matter in accordance with the Board’s long term practice of permitting compliance administratively on issues such as firm permits, offices, office addresses and inadvertently “holding out”.

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Motion out of committee to close case #18-04. On a roll call vote, Members Druse, Purcell, Luth, Stromp, McClure, Gutschewski, Waltemath and Brauer voted aye. Motion #8 carried.

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 5 reinstatement applications to the Licensing Committee for approval. On a roll call vote, Members Druse, Purcell, Luth, Stromp, McClure, Gutschewski, Waltemath and Brauer voted aye. Motion #11 carried. The committee also discussed CPE reciprocity and Active Military Exemption/Waivers and will continue to review for possible consideration for the Board in the future. Additionally, the committee is reviewing the CPE provider sponsorship requirements.
- B. **Ratification of Staff Program Qualification Evaluations.** The committee reviewed a total of 109 courses from July 6 – September 5, 2018 with 109 courses recommended for Board approval and none denied. Motion out of committee to ratify Board approval of 109 courses. On a roll call vote, Members Druse, Purcell, Luth, Stromp, Gutschewski, Waltemath and Brauer voted aye. Member McClure was not present. Motion #10 carried.
- C. **Ratification of CPE Sponsor.** The committee reviewed one sponsorship application from HDR Initiatives, LLC. Motion out of committee to approve CPE sponsorship to HDR Initiatives, LLC. On a roll call vote, Members Druse, Purcell, Luth, Stromp, McClure, Gutschewski, Waltemath and Brauer voted aye. Motion #12 carried.

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

- A. **Report of the Committee.** Committee Chair Luth gave the report. The committee scheduled the next EAC meeting for October 16th at the Board offices. The main agenda item for the meeting will be the Subject Area Review Task Force recommendations including potential changes to education requirements to sit for the examination within Chapter 9. Additionally, the EAC will be updated on jurisdictional trends in licensing.
- B. **Approval of Exam Scores from July – September 10, 2018, if available –** The score report was not available for the committee meeting nor the board meeting due to the exam window recently closing.

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. **Update on Proposed Legislation to allow for ESOP Ownership of a CPA Firm –** See public comment period. ED Sweetwood provided an update on the ESOP legislative initiative requested by two Nebraska CPA firms. He complemented the development process including building a team to review, develop, and draft the legislation. The team, former Board Chair Jim Titus, Attorney Joan Cannon, the Nebraska Society of CPAs, and Board members and

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staff worked together to develop the drafted Bill. It is anticipated Senator John Stinner will submit the Bill before the Legislature after the first of the year on behalf of the Nebraska Society of CPAs. The Board will review the drafted Bill at their next meeting in November.

9. Report of the Peer Review Committee

- A. **Report of the Committee.** Committee Chair McClure gave the report. Staff sent letters in August to the last class to enroll in Peer Review, so everyone is now in the pipeline. Staff has heard concerns increase with the Nevada Society of CPA's peer review program. On September 24, 2018, Chair McClure will attend the CAC Peer Review Board meeting. The committee will hold a meeting this fall.

10. Report of the Licensing Committee

- A. **Report of the Committee.** Committee Chair Druse gave the report.
The committee discussed five Business, Governmental & Academia (BGA) experience applications.
Motion out of committee to recommend approval of Crystal Albus's application. On a roll call vote, Members Druse, Purcell, Luth, Stromp, McClure, Gutschewski, Waltemath and Brauer voted aye. Motion #13 carried.
Motion out of committee to recommend approval of Jason Roslawski's application. On a roll call vote, Members Druse, Purcell, Luth, Stromp, McClure, Gutschewski, Waltemath and Brauer voted aye. Motion #14 carried.
Motion out of committee to recommend approval of Blaire Gambrel's application. On a roll call vote, Members Druse, Purcell, Luth, Stromp, McClure, Gutschewski, Waltemath and Brauer voted aye. Motion #15 carried.
The committee had questions on the two other BGA applications for staff to follow up on.
The committee discussed one CPA certificate application (#RD080218) where the applicant marked yes to one of the disclosure questions regarding conviction of a crime with an element of dishonesty or fraud. Upon review of letter submitted by applicant detailing the circumstances and considering length of time that has passed, moved by Luth, seconded by Brauer to approve CPA certificate application #RD080218. On a roll call vote, Members Druse, Purcell, Luth, Stromp, McClure, Gutschewski, Waltemath and Brauer voted aye. Motion #16 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 July 13 – September 13, 2018. On a roll call vote, Members Druse, Purcell, Luth, Stromp, McClure, Gutschewski, Waltemath and Brauer voted aye. Motion #17 carried.
- C. **Reinstatements to Active Permit, Inactive Retired Affidavits, Surrendered Certificates.**
Motion out of committee to approve Reinstatements to Active Permit, Inactive Retired Affidavits, Surrendered Certificates from July 13 – September 13, 2018. On a roll call

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vote, Members Druse, Purcell, Luth, Stromp, McClure, Gutschewski, Waltemath and Brauer voted aye. Motion #18 carried.

Reinstatements:

- Shellee Honcik – Norfolk, NE
- Brian Pawling – Lincoln, NE
- Jeremy Plummer – Gering, NE
- Kimberly Szatko – Omaha, NE
- Brian Weiler – Denver, CO

Inactive - Retired affidavits:

- Jerry Dembowski – Parker, CO
- Larry Ishol – Moose Lake, MN
- Marlin Johnson – Lexington, NE
- David Lechner – Tampa, FL
- Gary Ostrow – Sharon, MA

Surrendered Certificates:

- Abraham Cole – Kansas City, MO

11. Report of the Executive Director

- A. Budget Status.** ED Sweetwood overviewed the status of the FY 2019-2021 budget. The budget has been submitted to the DAS/ Budget Office for initial review. The Board's Executive Committee reviewed the proposed budget at their August 29th meeting. He commented the Board's expenditures have not reached current appropriation levels within the current budget due to conservative spending as requested by the Governor and not beginning the back-end database project. He overviewed several areas within the narrative focusing on the executive summary and possible impacts to the Board going into the next biennium including changes to traditional accounting models, state de-regulation initiatives, changes in other accounting organizations, and possible impacts to Board funding and expenses. He then overviewed staff goals and objectives including program objectives and performance measures. Request priorities include the back-end database project, the Board's enforcement program, and keeping the Public Accountancy Act and regulations current. He indicated the request does not request a higher appropriation in the next biennium with the thought the back-end database project could begin with the OCIO office.
- B. Staffing & General Office Issues.** ED Sweetwood acknowledged staff members Myers and Van Winkle along with Board Attorney Gruit for their commitment to keep the office productive during his absence due to health reasons.

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12. New Business

- A. **NASBA Items:**
 - 1. **Letter of comment: Disclosing Client Information in Connection with a Quality Review**
- B. **Other Miscellaneous Items: FYI articles**

13. Adjournment

Moved by Gutschewski, seconded by Brauer, to adjourn the meeting at 1:36 p.m. on September 14, 2018. On a roll call vote, Members Druse, Purcell, Luth, Stromp, McClure, Gutschewski, Waltemath and Brauer voted aye. Motion #19 carried.

Respectfully submitted by,

Board Secretary
Marcy Luth