

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

Minutes
September 13, 2019

Draft Minutes. Minutes are not approved until the next Board meeting on 11-8-19.

Friday, September 13, 2019

1. General

- A. Call to Order and Roll Call.** The Nebraska Board of Public Accountancy (Board) was called to order at 8:33 a.m. on Friday, September 13, 2019 with Chair Michele Stromp presiding. The roll was called with the following members present: Michele Stromp, Tom Purcell, Marcy Luth, Lori Druse, Glen Waltemath, Ken Brauer and Jeff Kanger. Member Mike McClure 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 Stromp 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 Board Attorney Jim Titus, Morris & Titus Law Firm.
- B. Approval of Meeting Agenda for Friday, September 13, 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 Waltemath, seconded by Druse, to approve the amended agenda for the Friday, September 13, 2019 meeting. On a roll call vote, Members Stromp, Purcell, Luth, Druse, Waltemath, Brauer and Kanger voted aye. Member McClure was absent. Motion #1 carried.
- C. Approval of Minutes from July 12, 2019.** Moved by Purcell, seconded by Druse, to approve the July 12, 2019 Board minutes. On a roll call vote, Members Stromp, Purcell, Luth, Druse, Brauer and Kanger voted aye. Member Waltemath abstained. Member McClure was absent. Motion #2 carried.

2. Public Comment Period (15-minute period)

Joni Sundquist, President of Nebraska Society of CPAs – The Society also submitted a response to NASBA regarding the CPA Evolution Guiding Principles that was shared with the Board office. ED Sweetwood was invited and attended the Fall Society Board Retreat at the Ashland Country Club and updated Society leadership on the activities of the Board. Enrollment in CPE courses is up. Annual Fall Conference is November 4-5, 2019 and can register online. No changes have been made to the agenda of the conference and it was agreed Vice Chair Purcell, again, would recognize new certificate holders who attend. After discussion of recognizing new certificate holders in the future, it was agreed ED Sweetwood and Ms. Sundquist should continue to meet to discuss a formal ceremony recognizing new certificate holders. New Society Board nominees have been approved to be voted on at the annual meeting. The Society has submitted a letter at the end of August to the Governor supporting Member Brauer for re-appointment. A new member benefit program has been approved. Members will

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receive discounts for approved services. 72 scholarships have been awarded for 2019-2020.

3. Consent Agenda

- A. Published Notice of Meeting.** Moved by Purcell, seconded by Waltemath, to approve the consent agenda. On a roll call vote, Members Stromp, Purcell, Luth, Druse, Waltemath, Brauer and Kanger voted aye. Member McClure was absent. Motion #3 carried.
- B. Review of Disbursements for July and August 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 noting significant travel expenses from the Western Regional Meeting and some personnel expenses were encumbered into the new budget.

4. Report of the Chair

- A. Lori Druse Recognition of 2 years as Chair of the Board** – Chair Stromp presented Member Druse with an award recognizing her 2 years as Chair of the Board. She thanked her for her leadership while ED Sweetwood commented on the assistance to staff during her tenure. Chair Stromp commented that Member Druse will be hard to follow. Member Luth thanked Member Druse for her commonsense approach as Chair. Moved by Purcell, seconded by Kanger to formally recognize Member Druse for her outstanding service as Chair for the last 2 years. On a roll call vote, Members Stromp, Purcell, Luth, Waltemath, Brauer and Kanger voted aye. Member Druse abstained. Member McClure was absent. Motion #4 carried.
- B. Report of the Chair.** Chair Stromp gave the report.
 - 1. Response by Exec. Committee to the CPA Evolution/Discussion** – Members were provided a copy of the submitted response. The AICPA and NASBA received approx. 200 letters and confirmed they received Nebraska's response. NASBA is compiling the responses. Member Kanger felt the submitted response accurately described the conversation held at the last Board meeting. Member Druse talked about the idea that this isn't the first time the profession has changed. We will make the changes necessary but we don't need to upend the whole licensing process. Member Purcell noted the need for the state society to get in front of High School students to talk about the promising opportunity to be a CPA. He is getting feedback that Fin Tech is being pushed as the future and that CPAs will no longer be needed, which is not true. Society President Sundquist indicated Society leadership discussion was much the same as the Board's response.
 - 2. 2019-2020 Committee Appointments** – Chair Stromp passed out the committee appointments.

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3. Set Future Board Meeting Dates – Members were provided with a drafted 2020 calendar. The only date changed at this time was May 8, 2020. This date was changed to May 20, 2020.

- C. NASBA Annual Meeting October 27-30, 2019, Boston, MA** – Chair Stromp polled the group to see who is able to attend this year. Only Member Druse is able to attend on the Board's behalf. Staff VanWinkle will attend on ED Sweetwood's behalf. Moved by Purcell, seconded by Luth to approve Member Druse and Staff VanWinkle to attend the NASBA Annual Meeting as attendance is deemed as essential travel as it is important for the Board to be involved in the discussion of the CPA Evolution Work Group. Motion #5 carried.
- D. Review Board Calendar.** The NASBA Annual ED and Legal Counsel Conference is March 16-18, 2020 in Clearwater, FL. It was recommended the new Board Attorney, Jim Titus, attend the Legal Conference.

Closed Session

Closed Session. Moved by Luth, seconded by Purcell, that the Board go into closed session at 9:31 a.m., on Friday, September 13, 2019, for the purpose of discussing 14 enforcement cases and the packets received by Board members from a complainant to protect the public interest and/or prevention of needless injury to individuals. On a roll call vote, Members Stromp, Purcell, Luth, Druse, Waltemath, Brauer and Kanger voted aye. Member McClure was absent. Motion #6 carried.

Return to Open Session. Moved by Luth, seconded by Waltemath, that the Board return to open session at 11:06 a.m., on Friday, September 13, 2019. On a roll call vote, Members Stromp, Purcell, Luth, Druse, Waltemath, Brauer and Kanger voted aye. Member McClure was absent. Motion #7 carried.

5. Report of Enforcement of Professional Conduct Committee

- A. Open Case/LMCO Update.** Committee Chair Stromp gave the report. The Board discussed case #18-05 after members received a package from the complainant after the case was closed at the July Board meeting. Board Attorney Titus was available for the discussion and to answer the questions Board members had. The Board determined that the additional items provided by the complainant didn't impact the original decision to close the case without further action. Case #18-05 remains closed. The Board discussed case #17-05. The proposed Stipulation & Consent Order is still being negotiated. Staff met with CPA at his request to discuss his concerns. In the event that an agreed upon Stipulation & Consent Order cannot be reached, the Board will consider filing a petition against the CPA. Motion out of committee to authorize the Board Attorney to file a petition to hold a hearing for #17-05 if necessary. On a roll call vote, Members Stromp, Purcell, Luth, Druse, Waltemath, Brauer and Kanger voted aye. Member McClure was absent. Motion #9 carried.

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The Board discussed case #18-07. The CPA pled guilty to 1 felony theft count. Motion out of committee to authorize the Board Attorney to file a petition to hold a hearing for #18-07 citing a felony conviction. On a roll call vote, Members Stromp, Purcell, Luth, Druse, Waltemath, Brauer and Kanger voted aye. Member McClure was absent. Motion #10 carried.

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

C. Recommended Cases to Close –

#17-01- *The CPA telephoned the Board office regarding the Peer Review requirement. Further review revealed he failed his last peer review.*

The Board discussed case #17-01. At the July meeting, a Stipulation & Consent Order was signed limiting the firm's practice. This case is resolved with that order. Motion out of committee to close case #17-01. On a roll call vote, Members Stromp, Luth, Druse, Waltemath, Brauer and Kanger voted aye. Member Purcell abstained due to being absent during the case discussion. Member McClure was absent. Motion #8 carried.

6. Report of Continuing Professional Education (CPE) Committee

A. Report of the Committee. Committee Chair Purcell gave the report. The committee reviewed 1 reinstatement and determined it be forwarded to the Licensing Committee. The committee had an overview of the NASBA/AICPA Proposed Revisions to CPE Standards from Jessica Luttrull, NASBA-Associate Director of National Registry. ED Sweetwood discussed the NASBA CPE Audit Service Tool and that it is ready to be launched. The Board will wait to see the progress of the services before determining if this is a tool we are interested in.

B. Ratification of Staff Program Qualification Evaluations. The committee reviewed a total of 77 courses from July 1 – August 26, 2019 with 77 courses recommended for Board approval and none denied. Motion out of committee to ratify Board approval of 77 courses. On a roll call vote, Members Stromp, Purcell, Luth, Druse, Waltemath, Brauer and Kanger voted aye. Member McClure was absent. Motion #11 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. The committee reviewed the candidate survey responses and noted a few more comments than usual. There is concern from candidates on difficulty of sending in transcripts and lack of detail in emails from CPAES. Staff will work with NASBA/CPA Exam Services to have a representative attend the next committee meeting to discuss concerns. ED Sweetwood and Staff VanWinkle visited the Scottsbluff and Kearney Prometric exam sites in August. Both appeared well managed and checklists were prepared and submitted to NASBA. Staff will attempt a Lincoln site visit with Member Kanger in the Fall.

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- B. Approval of Exam Scores from July – September 10, 2019, if available –** Exam scores were not yet available.

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. Update on 2019 Rules Package –** The three proposed rule changes have been approved by the Attorney General’s Office. ED Sweetwood met with the Governor’s Policy Research Office to discuss the changes. Meeting was positive and Governor will review when available. New Employee Stock Ownership Plan (ESOP) legislation for CPA firm ownership is effective as of September 1, 2019.

9. Report of the Peer Review Committee

- A. Report of the Committee.** ED Sweetwood gave the report in Committee Chair McClure’s absence. Peer Review is quiet on the national scene. Member Luth noted that it is becoming more difficult for nonprofit and government organizations to find firms to do their audits. More small/mid-sized firms are getting out of auditing, this may be due in part to the cost of peer reviews.

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 and one Nebraska Dept. of Revenue experience application.
- Three of the BGA applications and the one NDR application require follow up by the staff to the applicants.
- Motion out of committee to recommend approval of Paige Whitworth’s application. On a roll call vote, Members Stromp, Purcell, Luth, Druse, Waltemath, Brauer and Kanger voted aye. Member McClure was absent. Motion #12 carried.
- Motion out of committee to recommend approval of Brenda Dougherty’s application. On a roll call vote, Members Stromp, Purcell, Luth, Druse, Waltemath, Brauer and Kanger voted aye. Member McClure was absent. Motion #13 carried.
- The committee discussed the process of returning revoked/surrendered certificates to good standing and recommended discussing with the full Board. The Board suggested two separate processes; one for surrenders and one for revocations. Both processes will begin by the former certificate holder writing a letter to the Board requesting the certificate be returned which will be reviewed by the Licensing Committee. The process splits there. For surrenders, if the committee is ok with returning the certificate, they will be offered a consent order with an administrative fee. For revocations, they will be sent a hearing notice for the next Board meeting. Staff will reach out to the Attorney General’s office to determine if they can be held via phone or if they have to be in person.

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The committee discussed three requests from July for certificates to be returned to good standing after being revoked. Per the “new” process above, these people would have to have a hearing before the Board. This hearing could be held at the November Board meeting.

The Board was provided a list of active permit holders and inactive registrants who have not renewed for three years and are up for revocation at the November Board meeting. Board members were encouraged to review the list and reach out to anyone they know to contact the Board office.

Member Druse stated that she and Staff VanWinkle attended an Audit Seminar for Graduate students at UNL a week ago. She discussed the purpose of the Board and Staff VanWinkle overviewed the requirements to sit for the exam and obtain licensure.

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

Moved by Luth, seconded by Brauer to approve initial permits to practice issued, certificates issued, firm permits issued from July 12 – September 13, 2019. On a roll call vote, Members Stromp, Purcell, Luth, Druse, Waltemath, Brauer and Kanger voted aye. Member McClure was absent. Motion #14 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 12 – September 13, 2019. On a roll call vote, Members Stromp, Purcell, Luth, Druse, Waltemath, Brauer and Kanger voted aye. Member McClure was absent. Motion #15 carried.

Reinstatements:

- Randy Houck – Elkhorn, NE
- Michael Morgan – Omaha, NE

Inactive - Retired affidavits:

- Alvin Alms – Grand Island, NE
- Nancy Christatos – Lincoln, NE
- Steven Doolittle – Lincoln, NE
- Raymond Harrington – Omaha, NE
- Luanne Johnson – Chattaroy, WA
- John Kledis – Fletcher, NC
- Michael Simmons – Kearney, NE
- David Thomsen – Lincoln, NE
- Richard Toftness – Prairie Village, KS

Surrendered Certificates: none

11. Report of the Executive Director

- A. Board Budget Status.** – The budget was discussed under item #3-C. No further comment.

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- B. Staff Presentation of CPA Search and Disciplinary Databases.** – ED Sweetwood and Staff VanWinkle overviewed the different online tools that staff uses when issuing certificates/permits and/or verifying credentials. Also, overviewed the Board’s online licensee searches for public use.
- C. Staffing & General Office Issues.** – ED Sweetwood commented on the increase in rent at the 1526 Building including generally the office is suitable including the use of the hearing room.

12. New Business

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

13. Adjournment

Moved by Druse, seconded by Purcell to adjourn the meeting at 1:35 p.m. on September 13, 2019. On a roll call vote, Members Stromp, Purcell, Luth, Druse, Waltemath, Brauer and Kanger voted aye. Member McClure was absent. Motion #16 carried.

Respectfully submitted by,

Board Secretary
Marcy Luth