

NEBRASKA BOARD OF PUBLIC ACCOUNTANCY

1526 K Street, Suite 410, Lincoln, NE

Minutes

September 18, 2020

Draft Minutes. Minutes are not approved until the next Board meeting on Nov. 13, 2020.

Friday, September 18, 2020

1. General

- A. Call to Order and Roll Call.** The Nebraska Board of Public Accountancy (Board) was called to order at 8:31 a.m. on Friday, September 18, 2020 with Chair Tom Purcell presiding. The roll was called with the following members present: Tom Purcell, Marcy Luth, Melissa Ruff, Michele Stromp, Mike McClure, Glen Waltemath, and Ken Brauer. Member Jeff Kanger was absent. Also present were Executive Director Dan Sweetwood and staff members Heather Myers and Kristen VanWinkle. Chair Purcell 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. The Board followed social distancing guidelines as determined by the Centers for Disease Control and Prevention (CDC) and the Nebraska Department of Health and Human Services (DHHS). Also present was Joni Sundquist, Nebraska Society of CPAs President.
- B. Approval of Meeting Agenda for September 18, 2020.** Moved by Luth, seconded by Stromp, to approve the agenda for the September 18, 2020 meeting. On a roll call vote, Members Purcell, Luth, Ruff, Stromp, McClure, Waltemath, and Brauer voted aye. Member Kanger was absent. Motion #1 carried.
- C. Approval of Minutes from July 10, 2020.** Moved by Waltemath, seconded by McClure, to approve the July 10, 2020 Board minutes. On a roll call vote, Members Purcell, Luth, Ruff, Stromp, McClure, Waltemath, and Brauer voted aye. Member Kanger was absent. Motion #2 carried.

2. Public Comment Period (15-minute period)

Joni Sundquist, President of Nebraska Society of CPAs – Attendance at all of their webcast conferences and courses continue to be consistent with their in-person conferences and courses from previous years. All courses through the end of the year have been moved to webcast due to COVID-19. This includes their Fall Conference & Annual Meeting on October 29 – 30. Vern Hoven has cancelled all of his courses this year so they have Mark Mirsky from TaxSpeaker taking his place. There are five registrants for Class II of the 100% virtual Leadership Academy, which kicks off at the Annual Meeting. LB808 was passed which allows individuals to sit for the exam 120 days prior to meeting the education requirements. The Society worked with the Nebraska Chamber and other business groups to successfully oppose decoupling the state tax code with the federal CARES Act. Erica Parks provided testimony before the Legislature's Revenue Committee and was the speaker for a joint NE Society/NE Chamber zoom meeting. They held a roundtable with Congressman Bacon on August 13 which was attended by about 20 CPAs. The Foundation Board of Trustees approved a record total of \$128,600 in scholarships to 72 accounting students at 14 Nebraska colleges and universities for the 2020-2021 school year. The Foundation Board elected new officers beginning July 1, 2020. ED Sweetwood attended the Society's annual Board of Directors Retreat on August 21st via zoom to provide a State Board report.

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Officer nominations were also approved at the Society Board meeting following the retreat. They are continuing to work on their new website.

3. Consent Agenda

- A. Published Notice of Meeting.** Moved by McClure, seconded by Stromp, to approve the consent agenda. On a roll call vote, Members Purcell, Luth, Ruff, Stromp, McClure, Waltemath, and Brauer voted aye. Member Kanger was absent. Motion #5 carried.
- B. Review of Disbursements for July and August 2020.** Vice Chair Luth overviewed the disbursements for the Board.
- C. Review of Board Budget Status Report.** Vice Chair Luth noted dues and subscriptions were up in the prior year due to the timing of payment of the NASBA dues. Office supplies were up in the prior year due to ordering envelopes, letterhead and toner. Merchant fees were up in the prior year due to timing of payment to Nebraska Interactive for online renewal fees. Income in the prior year was up due to more late renewals in July.

4. Report of the Chair

- A. Shelly Stromp Recognition of 1 year as Chair of the Board and 8 years of Service to the Board.** Chair Purcell presented Member Stromp with awards recognizing her year as Chair and 8 years of service to the Board. He thanked her for her leadership and service. ED Sweetwood further commented on her excellent leadership and guidance during the pandemic of 2020 on behalf of the staff. Moved by Waltemath, seconded by Luth to formally accept the Resolution as presented to Member Stromp. All in favor by acclamation. Motion #3 carried.

RESOLUTION

***WHEREAS, Michele M. Stromp** served as a Member of the Nebraska State Board of Public Accountancy from 2012 to 2020; and*

***WHEREAS, Michele M. Stromp**, during her term as Member of the Board, led the Board's most important duty for six years as the Enforcement Committee Chair providing protection to the public and the CPA profession. She became the Board Chair and led the Board through unprecedented times during the COVID-19 pandemic steering many important decisions, including discussions regarding the proposed CPA Evolution Model and Practice Analysis, and updating CPA Exam policies to ease the burden caused by the pandemic. As an Audit Partner with KPMG, she provided invaluable insight to the CPA profession and offered a different perspective from experience in a large CPA firm. This experience came into play many times when advising on education matters as a member of the Education & Examination Committee. She was also active in NASBA as a member of the Nominating Committee. She guided and directed the activities of the State Board as:*

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2012-2013	Member of the Licensing Committee Member of the E & E Committee	2016-2017	Chair of the Enforcement Committee Member of the E & E Committee
2013-2014	Chair of the Enforcement Committee Member of the E & E Committee	2017-2018	Chair of the Enforcement Committee Member of the E & E Committee
2014-2015	Chair of the Enforcement Committee Member of the E & E Committee	2018-2019	Chair of the Enforcement Committee Member of the E & E Committee
2015-2016	Chair of the Enforcement Committee Member of the E & E Committee	2019-2020	Chair of the Board Chair of the Legislative Committee Member of the E & E Committee

THEREFORE, THE MEMBERS OF THE NEBRASKA STATE BOARD OF PUBLIC ACCOUNTANCY gratefully record their recognition of service of **Michele M. Stromp** adopting the following Resolution:

BE IT RESOLVED, that the Members of the Nebraska State Board of Public Accountancy extend their sincere appreciation to **Michele M. Stromp** for her 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 her.

Adopted this 18th day of September 2020
by the Nebraska State Board of Public Accountancy

Tom Purcell, III, CPA, Chair
Nebraska State Board of Public Accountancy

- B. Mike McClure Recognition of 8 years of Service to the Board.** Chair Purcell presented Member McClure with an award recognizing his 8 years of service to the Board. He thanked him for his leadership. ED Sweetwood further commented on his leadership and knowledge of the Peer Review Program assisting staff when needed. Moved by Stromp, seconded by Waltemath to formally accept the Resolution as presented to Member McClure. All in favor by acclamation. Motion #4 carried.

RESOLUTION

WHEREAS, Michael S. McClure served as a Member of the Nebraska State Board of Public Accountancy from 2012 to 2020; and

WHEREAS, Michael S. McClure, during his term as Member of the Board, led the Board through its transition from the Quality Enhancement Program (QEP) to the Peer Review Program. He chaired the aforementioned committees for seven years and secured the successful transition by providing his expertise and insight into the Peer Review process. As a member of the Continuing Professional Education Committee (CPE), he provided recommendations on professional coursework submitted by CPAs and overall rule & policy changes. He was Chair of the Enforcement Committee for one year where he provided a sincere, straightforward outlook while never being afraid to raise questions about the issue at hand. He was active in NASBA as a member of the Compliance Assurance Committee (CAC) and provided oversight on the national Peer Review Program. He guided and directed the activities of the State Board as:

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2012-2013	Member of the QEP Committee Member of the CPE Committee	2016-2017	Chair of the QEP Committee Member of the CPE Committee
2013-2014	Chair of the QEP Committee Chair of the CPE Committee	2017-2018	Chair of the Peer Review Committee Member of the CPE Committee
2014-2015	Chair of the QEP Committee Member of the CPE Committee	2018-2019	Chair of the Peer Review Committee Member of the CPE Committee
2015-2016	Chair of the QEP Committee Member of the CPE Committee	2019-2020	Chair of the Peer Review Committee Chair of the Enforcement Committee Member of the CPE Committee

THEREFORE, THE MEMBERS OF THE NEBRASKA STATE BOARD OF PUBLIC ACCOUNTANCY gratefully record their recognition of service of **Michael S. McClure** adopting the following Resolution:

BE IT RESOLVED, that the Members of the Nebraska State Board of Public Accountancy extend their sincere appreciation to **Michael S. McClure** 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 18th day of September 2020
by the Nebraska State Board of Public Accountancy

Tom Purcell, III, CPA, Chair
Nebraska State Board of Public Accountancy

- C. **Report of the Chair.** Chair Purcell gave the report.
1. **2020-2021 Committee Appointments.** Chair Purcell passed out the committee appointments. It was requested that Board staff review committee policy/history documents and review for any unresolved issues at the committee level for review/resolution at later committee meetings.
 2. **Set Future Board Meeting Dates.** Members were provided with a drafted 2021 calendar. The only date changed at this time was May 14, 2021. This date was changed to May 21, 2021.
- D. **Review and Ratify Board Budget FY 2021-2023 as Approved by Exec. Committee.** Chair Purcell indicated the Committee met on August 19th to overview the budget submitted by staff for consideration. ED Sweetwood overviewed the budget documents submitted for FY 2021-2023 whereas the Committee was in agreement with the recommendations and approved the budget for submission on September 15, 2020. The budget will then be reviewed by the State Budget Office for consideration of Governor Ricketts. Additionally, staff will submit a mid-biennium request for FY 2020 in October to address Personal Service Limitations (PSL) overages due to a job reclassification and Board approved increases to the executive director's salary. Moved by Stomp, seconded by McClure to ratify the budget for FY 2021-2023 previously approved by the Executive Committee. On a roll call vote, Members Purcell, Luth, Ruff, Stomp, McClure, Waltemath, and Brauer voted aye. Member Kanger was absent. Motion #6 carried.
- E. **Review and Approve Payment of NASBA Dues.** The Board was provided a copy of the NASBA dues invoice. It was recommended by State Accounting that the Board

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move to approve this payment. Moved by Luth, seconded by Brauer to approve payment of the NASBA dues. On a roll call vote, Members Purcell, Luth, Ruff, Stromp, McClure, Waltemath, and Brauer voted aye. Member Kanger was absent. Motion #7 carried.

- F. **Review and Approve Employee Recognition Program.** The Board was provided with an updated copy of the policy for the Employee Recognition Program. It was recommended by State Accounting that the Board review and approve this policy including recognition of Board service awards. Moved by Stromp, seconded by McClure to approve the Employee Recognition Program policy. On a roll call vote, Members Purcell, Luth, Ruff, Stromp, McClure, Waltemath, and Brauer voted aye. Member Kanger was absent. Motion #8 carried.
- G. **NASBA Annual Meeting November 2-4, 2020 – Virtual Meeting.** Information should be coming out soon from NASBA regarding how to sign up, agendas, etc.
- H. **Review Board Calendar.** No changes made to the 2020 calendar.

Closed Session

Closed Session. Moved by McClure, seconded by Stromp, that the Board go into closed session at 10:20 a.m., on Friday, September 18, 2020, for the purpose of discussing 15 enforcement cases to protect the public interest and/or prevention of needless injury to individuals and personnel matters. On a roll call vote, Members Purcell, Luth, Ruff, Stromp, McClure, Waltemath, and Brauer voted aye. Member Kanger was absent. Motion #9 carried.

Prior to going into closed session, Chair Purcell restated the limitation of the closed session which was to discuss 15 enforcement cases and 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 McClure, seconded by Luth, that the Board return to open session at 10:54 a.m., on Friday, September 18, 2020. On a roll call vote, Members Purcell, Luth, Ruff, Stromp, McClure, Waltemath, and Brauer voted aye. Member Kanger was absent. Motion #10 carried.

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5. Report of Enforcement of Professional Conduct Committee

A. Open Case/LMCO Update. Committee Chair McClure gave the report.

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

C. Recommended Cases to Close –

#17-05 - *Small business owners concerned with the new CPA assigned to them, including not advocating for them during an IRS audit, becoming too personal in his opinions, not receiving tax records as requested, and tax advice given costing the business thousands of dollars.*

The Board discussed case #17-05. Staff has received verification that the CPA completed the required CPE listed in the consent order. Motion out of committee to close case #17-05. On a roll call vote, Members Purcell, Luth, Ruff, Stromp, McClure, Waltemath, and Brauer voted aye. Member Kanger was absent. Motion #11 carried.

#19-09 - *The Company alleges the CPA firm provided estimates on a "step up" basis on the sale of land and later indicated another value.*

The Board discussed case #19-09. The matter has been dismissed by the court. The EC determined no additional action was necessary. Motion out of committee to close case #19-09. On a roll call vote, Members Purcell, Luth, Ruff, Stromp, McClure, Waltemath, and Brauer voted aye. Member Kanger was absent. Motion #12 carried.

#20-03 - *The complainants allege poor work by the CPA by sending out K-1's with the wrong addresses and SSN's of their siblings. This is of concern because the family is involved in a severe dispute over the Trust set up by their deceased father. The CPA is the accountant for the Trust and has since ended the engagement.*

The Board discussed case #20-03. ED Sweetwood went to CPA's office to discuss the matter. A report of the visit has been placed in the file and the EC determined no additional action was necessary. Motion out of committee to close case #20-03 without prejudice. On a roll call vote, Members Purcell, Luth, Ruff, Stromp, McClure, Waltemath, and Brauer voted aye. Member Kanger was absent. Motion #13 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. Ms. Sundquist and Ms. Ebert from the Nebraska Society of CPAs attended the call to overview what the Society is seeing in regards to CPE during COVID-19. Member Stromp questioned the need of the 50% requirement for LIVE courses and what requirements other states have.

B. Ratification of Staff Program Qualification Evaluations. The committee reviewed a total of 70 courses from July 1, 2020 to August 20, 2020 with 70 courses recommended for Board approval and none denied. Motion out of committee to ratify Board approval of 70 courses. On a roll call vote, Members Purcell, Luth, Ruff, Stromp, McClure, Waltemath, and Brauer voted aye. Member Kanger was absent. Motion #14 carried. The committee reviewed responses from other State Boards regarding CPE for the IRS VITA Volunteer Program. The committee determined they will allow 4 hours of CPE for completing the basic requirements to become a qualified volunteer and 8 hours

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maximum for any advanced specialty courses. Moved by Ruff, seconded by Waltemath to approve 4 hours of CPE for the IRS VITA program and 8 hours advanced specialty programs. On a roll call vote, Members Purcell, Luth, Ruff, Stromp, McClure, Waltemath, and Brauer voted aye. Member Kanger was absent. Motion #16 carried. The committee reviewed a CPE request for Casualty Actuarial Society exams. Staff is gathering additional information.

- C. **Ratification of CPE Sponsor.** The committee reviewed quarterly courses provided by Sponsor Lutz & Company. Motion out of committee to approve quarterly courses provided by Sponsor Lutz & Company. On a roll call vote, Members Purcell, Luth, Ruff, Stromp, McClure, Waltemath, and Brauer voted aye. Member Kanger was absent. Motion #15 carried.

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

- A. **Report of the Committee.** Committee Chair Luth gave the report. Staff updated the committee regarding exam application/credit questions being received and are still handling those on a case-by-case basis. Staff at NASBA has been very helpful and responsive with these issues. Scheduling the next EAC meeting was discussed and save the dates for 10/23/20 will be sent out to the committee. NASBA has expanded exam testing internationally. Member Purcell has been named to a national task force regarding the future of the exam due to his role as an education, CPA and tax expert. Member Stromp has also been named to a national task force in regards to determining curricula for future exams.
- B. **Approval of Exam Scores from April 1 – June 30, 2020, if available –** Chair Luth reviewed the exam scores. She noted the volume of exam-takers was down due to COVID-19 and Prometric closing for the month of April. The volume of exam-takers is 1/3 of what it was this time last year. However, candidates score very high during this window. Motion out of committee to accept the April 1 – June 30, 2020 exam scores. On a roll call vote, Members Purcell, Luth, Ruff, Stromp, McClure, Waltemath, and Brauer voted aye. Member Kanger was absent. Motion #17 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.
- B. **LB782 - Update of Proposed Legislation to Increase the Provisional Window to sit for the CPA Exam.** See Joni Sundquist's comments during the Public Comment Period. ED Sweetwood and staff are updating the Public Accountancy Act with the approved language and drafting a press release for the Board's website.
- C. **2021 Rule Package Consideration –** Chapter 5 – Rules of Professional Conduct will be reviewed as part of this rules package, including the section on records. Chair Purcell suggested creating a task force to review Nebraska's Rules of Professional Conduct vs. the AICPA's Code of Conduct and if we should adopt the AICPA's Code of Conduct.

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9. Report of the Peer Review Committee

- A. **Report of the Committee.** ED Sweetwood overviewed the NVCPA Peer Review meeting held in August. The meeting was held virtually this year including State Board Directors from Nevada, Idaho, Utah, Wyoming, and Montana that utilize the Nevada Society of CPAs Peer Review program. Additionally, representatives from NASBA and the AICPA Peer Review program attended. Several concerns and updates were provided.

10. Report of the Licensing Committee

- A. **Report of the Committee.** Committee Chair Brauer gave the report.
The committee discussed one Business, Governmental & Academia (BGA) experience application.
Motion out of committee to recommend approval of Heather Linder's application. On a roll call vote, Members Purcell, Luth, Ruff, Stomp, McClure, Waltemath, and Brauer voted aye. Member Kanger was absent. Motion #18 carried.
The committee discussed one Nebraska Department of Revenue experience application.
Motion out of committee to recommend approval of Colin Siert's application. On a roll call vote, Members Purcell, Luth, Ruff, Stomp, McClure, Waltemath, and Brauer voted aye. Member Kanger was absent. Motion #19 carried.
The committee discussed one firm name request, Beyond CPA, LLC and requested staff inform the applicant that there were concerns regarding confusing the public with this name by suggesting expectations of outcomes or favorable results. The CPA firm provided a second letter to the committee, which was opened up for discussion at the Board meeting. The Board came to the same conclusion.
The committee discussed a new issue brought to the attention of staff. In previous years, we saw CPA firms creating a financial and wealth management branch to help their clients, now we are seeing the reverse happen. Financial and wealth management firms are now attempting to contract with CPAs to do their clients' taxes, etc. Initial reaction/feedback is that the CPA cannot hold out in a firm that is not licensed with the Board, need to be careful with advertising, still need a disclosure statement with clients. The committee reviewed two requests to waive the administrative fee due to non-renewal of a permit. This is an unprecedented time which is why the committee is allowing leeway with an exception to the normal process by granting these waiver requests.
- 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 10 – September 17, 2020. On a roll call vote, Members Purcell, Luth, Ruff, Stomp, McClure, Waltemath, and Brauer voted aye. Member Kanger was absent. Motion #20 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, and Surrendered Certificates from July 10 – September 17,

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2020. On a roll call vote, Members Purcell, Luth, Ruff, Stromp, McClure, Waltemath, and Brauer voted aye. Member Kanger was absent. Motion #21 carried.

Reinstatements:

- Kristopher Glaser – Waverly, IA

Inactive - Retired affidavits:

- Thomas Grafton – Lincoln, NE
- Dale Gruntorad – Lincoln, NE
- Charles Percival – Ainsworth, NE
- Vince Price – Lincoln, NE
- Carol Ann Walbrecht – Lincoln, NE
- Paula Provorse – Omaha, NE

Surrendered Certificates:

- Kenneth Wood – Duluth, GA
- Daniel Kielek – Fruita, CO

11. Report of the Executive Director

A. Development/Update of FY 2021-2023 Board Budget – See agenda item 4D.

B. Staffing & General Office Issues.

1. COVID-19 Updates

- a. Continued Review of Board Operations.** The partial contingency plan continues to work well at this time. Staff continues to meet regularly via Webex to address any issues and to stay on top of the TO DO list. Reports from our neighboring states reveal most are working under the same conditions at this time. Staff will again review the contingency plan on November 1st.

12. New Business

A. NASBA Items: ED Sweetwood overviewed what was discussed at the Central Regional meeting. Items of note were: CPA evolution and the new exam release in 2024, NASBA bylaw changes, Missouri is now at 120 hour to sit for the exam, Kansas is now working on a database project, Iowa has had legislation brought up similar to LB299, Engineers & Architects are launching remote exam proctoring, AICPA exposure draft on records.

B. Other Miscellaneous Items: FYI articles

13. Adjournment

Moved by Stromp, seconded by McClure to adjourn the meeting at 1:25 p.m. on September 18, 2020. On a roll call vote, Members Purcell, Luth, Ruff, Stromp, McClure, Waltemath, and Brauer voted aye. Member Kanger was absent. Motion #22 carried.

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Respectfully submitted by,

Board Secretary
Melissa Ruff