

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

Minutes
September 10, 2021

Draft Minutes. Minutes are not approved until the next Board meeting on November 12, 2021.

Friday, September 10, 2021

1. General

- A. Call to Order and Roll Call.** The Nebraska Board of Public Accountancy (Board) was called to order at 8:37 a.m. on Friday, September 10, 2021 with Chair Marcy Luth presiding. The roll was called with the following members present: Marcy Luth, Melissa Ruff, Christ Olsen, Tom Purcell, Glen Waltemath, and Ken Brauer. Members Jeff Kanger and Mark Manning were absent. Also, present were Executive Director Dan Sweetwood and staff member Heather Myers. Staff member Kristen VanWinkle was absent. The meeting was held at the Board Office, 1526 K Street, in Suite 4D, Lincoln, Nebraska. Chair Luth 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. Kelly Ebert, Nebraska Society of CPAs Vice President was also present.
- B. Approval of Meeting Agenda for September 10, 2021.** Moved by Ruff, seconded by Waltemath, to approve the agenda for the September 10, 2021 meeting. On a roll call vote, Members Luth, Ruff, Olsen, Purcell, Waltemath and Brauer voted aye. Members Kanger and Manning were absent. Motion #1 carried.
- C. Approval of Minutes from July 9, 2021.** Moved by Ruff, seconded by Purcell, to approve the July 9, 2021 Board minutes. On a roll call vote, Members Luth, Ruff, Olsen, Purcell, Waltemath and Brauer voted aye. Members Kanger and Manning were absent. Motion #2 carried.

2. Public Comment Period (15-minute period)

Kelly Ebert, Vice President of Nebraska Society of CPAs – Ms. Ebert stated on August 26th, the Society Board of Directors voted to approve moving forward with legislative action to change Section 1-162.01 of the Nebraska Public Accountancy Act in order to address concerns regarding the total number of owners of a CPA firm who are not CPAs.

Presently, Nebraska law requires an equity ownership interest of 51% AND a physical requirement of at least two CPAs to one non-CPA within a CPA firm. The Society Board voted to proceed with removing the portion of the law that requires at least two CPAs to one non-CPA within a CPA firm upon recommendations of the CPA Firm Ownership Task Force (FOTF).

Since the Society Board meeting, Member Purcell (and a Member of the FOTF) has raised an issue with this same section of the law. His concerns address what is presently Letter C of Section 1-162.01 concerning a firm's profits and losses and how those are shared among CPAs and non-CPAs. A meeting will be scheduled soon of the FOTF to review this matter more thoroughly before a final draft is approved for consideration.

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All Society courses have been moved to webcast format and the Fall and Annual meetings will also be moved to webcast format.

3. Consent Agenda

- A. **Published Notice of Meeting.** Moved by Purcell, seconded by Brauer, to approve the consent agenda. On a roll call vote, Members Luth, Ruff, Olsen, Purcell, Waltemath and Brauer voted aye. Members Kanger and Manning were absent. Motion #3 carried.
- B. **Approval of Disbursements for July and August 2021.** Vice Chair Ruff overviewed the disbursements for the Board.
- C. **Review of Board Budget Status Report.** It was noted that Employee Bonuses were issued. Postage is up slightly in the current year due to more certified letters sent for stipulation and consent orders. Rent has decreased for the 2021-2022 fiscal year. Office supplies are higher in the current year due to printed larger amount of envelopes. 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. ED Sweetwood reminded everyone that Board Attorney Titus is being utilized on several projects whereas legal fees could increase through this fiscal year.

4. Report of the Chair

- A. **Mr. Glen Waltemath, CPA – Board Awards.** Member Waltemath was honored for his service on the State Board for eight years. Chair Luth presented him with his service awards and the below Resolution was presented to him and read into the record. Moved by Purcell, seconded by Ruff, to adopt the resolution. On a roll call vote, Members Luth, Ruff, Olsen, Purcell and Brauer voted aye. Member Waltemath abstained. Members Kanger and Manning were absent. Motion #4 carried.

WHEREAS, Glen J. Waltemath, CPA, served as a Member of the Nebraska State Board of Public Accountancy from 2013 to 2021; and

WHEREAS, Glen J. Waltemath, during his term as a Member of the Board, provided logic and reasoning on matters brought before the Board. He was a valued member of the western Nebraska CPA community and represented the interests of the third congressional district well. He assisted the Board through its transition from the Quality Enhancement Program (QEP) to the Peer Review Program. As a member of the Continuing Professional Education Committee (CPE), he provided recommendations on professional coursework submitted by CPAs and overall rule & policy changes. Later, as a member of the Licensing Committee, he continued to bring thoughtful and careful input to the discussion. He guided the activities of the State Board as:

2013-2014	Member of the QEP Committee	2017-2018	Member of the QEP Committee
	Member of the CPE Committee		Member of the Peer Review Committee
2014-2015	Member of the QEP Committee	2018-2019	Member of the Licensing Committee
	Member of the CPE Committee		Member of the Peer Review Committee
2015-2016	Member of the QEP Committee	2019-2020	Member of the Licensing Committee
	Member of the CPE Committee		Member of the Peer Review Committee
2016-2017	Member of the QEP Committee	2020-2021	Chair of the Peer Review Committee
	Member of the CPE Committee		Member of the Licensing Committee

THEREFORE, THE MEMBERS OF THE NEBRASKA STATE BOARD OF PUBLIC ACCOUNTANCY gratefully record their recognition of service of Glen J. Waltemath adopting the following Resolution:

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BE IT RESOLVED, that the Members of the Nebraska State Board of Public Accountancy extend their sincere appreciation to Glen J. Waltemath 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.

B. Dr. Thomas Purcell, CPA – Board Awards. Member Purcell was honored for his service on the State Board for eight years including one as Board Chair. Chair Luth presented him with his service awards and the below Resolution was presented to him and read into the record. Moved by Ruff, seconded by Brauer, to adopt the resolution. On a roll call vote, Members Luth, Ruff, Olsen, Waltemath and Brauer voted aye. Member Purcell abstained. Members Kanger and Manning were absent. Motion #5 carried.

WHEREAS, Thomas J. Purcell III, JD, PhD, CPA, served as a Member of the Nebraska State Board of Public Accountancy from 2013 to 2021; and

WHEREAS, Thomas J. Purcell III, during his term as Member of the Board, became Chair during the unprecedented COVID-19 pandemic. He insightfully led the Board while provoking additional thought and discussion on important decisions rendered. A well-respected educator, who deeply cares for his students, has led the Accounting department at Creighton University for over 40 years. Being an expert in the tax field whose knowledge is sought out nationally, he took part in the NASBA/AICPA task force to modernize the Uniform CPA Examination as part of the CPA Evolution project. He quickly became Chair of the Continuing Professional Education Committee, which he efficiently led for seven consecutive years. As a member of the Education & Examination Committee, the committee valued his judgement on college course review requests. He took part in initiatives to change the Public Accountancy Act and Board Regulations, including education requirements and the rules of professional conduct. He testified on important matters in front of legislative committees. He continues to serve on national committees to give back to his chosen profession. He guided and directed the activities of the State Board as:

<i>2013-2014</i>	<i>Member of the CPE Committee</i>	<i>2018-2019</i>	<i>Vice Chair of the Board</i>
	<i>Member of the E&E Committee</i>		<i>Chair of the CPE Committee</i>
<i>2014-2015</i>	<i>Chair of the CPE Committee</i>		<i>Member of the E&E Committee</i>
	<i>Member of the E&E Committee</i>		<i>Member of the Legislative Committee</i>
<i>2015-2016</i>	<i>Chair of the CPE Committee</i>	<i>2019-2020</i>	<i>Vice Chair of the Board</i>
	<i>Member of the E&E Committee</i>		<i>Chair of the CPE Committee</i>
<i>2016-2017</i>	<i>Chair of the CPE Committee</i>		<i>Member of the E&E Committee</i>
	<i>Member of the E&E Committee</i>		<i>Member of the Legislative Committee</i>
<i>2017-2018</i>	<i>Chair of the CPE Committee</i>	<i>2020-2021</i>	<i>Chair of the Board</i>
	<i>Member of the E&E Committee</i>		<i>Chair of the CPE Committee</i>
			<i>Member of the E&E Committee</i>
			<i>Member of the Legislative Committee</i>

THEREFORE, THE MEMBERS OF THE NEBRASKA STATE BOARD OF PUBLIC ACCOUNTANCY gratefully record their recognition of service of Thomas J. Purcell III adopting the following Resolution:

BE IT RESOLVED, that the Members of the Nebraska State Board of Public Accountancy extend their sincere appreciation to Thomas J. Purcell III 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.

C. Report of the Chair.

- 1. Executive Committee Report** – Chair Luth indicated the committee met August 24, 2021 and overviewed a drafted document outlining Board

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Officer Duties as provided by staff. The document will be utilized in the future for Board reference. Staff Myers overviewed graphs and material detailing past revenue and licensing numbers for the committee to review. ED Sweetwood discussed having a Board Member retreat this fall since two new Board members will be coming on. ED Sweetwood overviewed his arrangements with the committee including flexibility and working remotely. He also discussed his tenure with the Board and his future.

- a. **Approval of Staff Request to Attend Training.** ED Sweetwood overviewed his thoughts and recommendations based on a request of Staff Van Winkle to attend a DAS/State sponsored Leadership Certificate course for State employees. The course will cost \$1499 and require her participation for over a year. Motion out of committee to approve Staff VanWinkle to attend the course. On a roll call vote, Members Luth, Ruff, Olsen, Purcell, Waltemath and Brauer voted aye. Members Kanger and Manning were absent. Motion #6 carried.

- 2. **2021-2022 Committee Appointments.** Chair Luth provided her committee assignments. She noted, Member Olsen will now chair the CPE Committee, Member Manning will chair the Peer Review Committee and Vice Chair Ruff will continue to serve on the CPE Committee. Chair Luth additionally appointed members to the Rules of Professional Conduct Task Force for 2021/2022 to continue their work chaired by Member Purcell and including Member Ruff.

- D. **Review and Approve Payment of NASBA Dues.** The Board received and reviewed the bill from NASBA for annual dues for \$4,240. A discussion was held regarding the benefits of NASBA and how they are funded. Moved by Purcell, seconded by Olsen, to approve the NASBA annual dues. On a roll call vote, Members Luth, Ruff, Olsen, Purcell, Waltemath and Brauer voted aye. Members Kanger and Manning were absent. Motion #7 carried.
- E. **Small Firm Ownership Task Force Update/ Nebraska Society of CPAs** – See the Public Comment period #2 for the update.
- F. **Rules of Professional Conduct Task Force Update** – Task Force Chair Purcell indicated the Task Force met and is leaning towards modernizing and updating the current Rules of Professional Conduct versus adopting the AICPA Code of Conduct. Areas of reference to the Code of Conduct could be considered through Guidance Documents and/or referenced within the proposed changes. More work including drafting will be necessary by the Task Force.
- G. **NASBA Annual Meeting, Oct. 31 – Nov. 3, 2021, San Diego, CA** – ED Sweetwood announced that the NASBA Annual Meeting will be held virtually and encouraged all Board Members to register.

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- H. Review Board Calendar.** Chair Luth announced that the January 2022 meeting will be the Board's first virtual scheduled meeting under new LB 83 provisions due to weather-related concerns in January.

Closed Session

Closed Session. Moved by Chair Luth, seconded by Olsen, that the Board go into closed session at 10:15 a.m., on Friday, September 10, 2021, for the purpose of discussing 10 enforcement cases, personnel, and to protect the public interest and/or prevention of needless injury to individuals. On a roll call vote, Members Luth, Ruff, Olsen, Purcell, Waltemath and Brauer voted aye. Members Kanger and Manning were absent. Motion #8 carried.

Prior to going into closed session, Chair Luth restated the limitation of the closed session, which was to discuss 10 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 Ruff, seconded by Olsen, that the Board return to open session at 11:10 a.m., on Friday, September 10, 2021. On a roll call vote, Members Luth, Ruff, Olsen, Purcell, Waltemath and Brauer voted aye. Members Kanger and Manning were absent. Motion #9 carried.

5. Report of Enforcement of Professional Conduct Committee

- A. Case #19-06/Review Consent Order.** The Board discussed case #19-06 including the proposed Stipulation & Consent Order and attachments. Motion was made by Ruff, seconded by Purcell to enter into the proposed Stipulation & Consent Order with KPMG, LLP including a reprimand, \$15,000 fine and reimbursement of \$5,500 for administrative and Board legal fees. On a roll call vote, Members Luth, Ruff, Olsen, Purcell, Waltemath and Brauer voted aye. Members Kanger and Manning were absent. Motion #10 carried.

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- B. Open Case/LMCO Update.** Committee Chair Ruff gave the report.
- C. Ratification of LMCOs, if any** – There were none.
- D. Recommended Cases to Close** –

6. Report of Continuing Professional Education (CPE) Committee

- A. Report of the Committee.** Committee Chair Purcell gave the report. The committee reviewed four reinstatements and determined they be forwarded to the Licensing Committee. He also updated the Board about an inquiry that the Board office received regarding a military spouse and their CPE. Staff is reaching out for more information.
- B. Ratification of Staff Program Qualification Evaluations.** The committee reviewed 73 courses from July 1-August 30, 2021 with 73 courses recommended for Board approval and none denied. On a roll call vote, Members Luth, Ruff, Olsen, Purcell, Waltemath and Brauer voted aye. Members Kanger and Manning were absent. Motion #11 carried.
- C. Ratification of CPE Sponsor.** There were none.

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

- A. Report of the Committee.** Committee Chair Luth gave the report. She stated that the Committee reviewed the Creighton FIN 350 course and determined that this course remain being reviewed for acceptance on a case-by-case basis. Chair Luth reported that ED Sweetwood and Staff VanWinkle visited the temporary Omaha Prometric test site on July 23, 2021. They did not feel there was any obvious reason to disapprove administering the CPA Exam there. They worked with Pat Hartmann at NASBA to approve the location for testing. Information was added on the Board's website regarding the approval the temporary site. Board staff continues to add information on the Board website regarding changes due to COVID-19. Exam credit extensions will return to case-by-case basis starting October 1. The 2021 EAC meeting was held with a presentation from NASBA's Dan Dustin. Changes to the Education Guidelines were exposed to the EAC with a request for feedback.
- B. Approval of Exam Scores from April 1 – June 30, 2021, if available** – Chair Luth noted the low number of sections taken, which continues to be an issue. She also noted there appeared to be a discrepancy between the number of candidate on the exam score report and the Q2 Exam Summary Report. Staff will reach out to NASBA to determine the difference. Motion out of committee to approve the exam scores from April 1 – June 30, 2021. On a roll call vote, Members Luth, Ruff, Olsen, Purcell, Waltemath and Brauer voted aye. Members Kanger and Manning were absent. Motion #12 carried.

8. Report of the Legislative Committee

- A. Report on Proposed Legislation:** ED Sweetwood gave the report.
- B. LR116 – Legislative Committee Review of Public Accountancy Act.** No update at this time as ED Sweetwood continues to draft documents and work with Committee Counsel Bill Marienau.

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- C. **Compliance with LB867 (Index Updates/Policy Changes).** No updates at this time.

9. Report of the Peer Review Committee

- A. **Review Nevada Society Peer Review Benchmark Report.** ED Sweetwood reviewed a letter from the AICPA stating that Oversight Task Force approved the Nevada Societies AE benchmark summary for the reporting period January 1-April 20, 2021. The annual meeting of State Boards utilizing the Nevada Society of CPAs Peer Review program as their Administrating Entity (AE) is scheduled for September 23rd. ED Sweetwood and Staff Myers will attend the virtual meeting.
- B. **Update from Staff Myers** – Peer Review Chair Manning came to the Board office August 23 to review three peer review failure reports. Staff reached out to these three firms and mailed letters requesting documentation regarding the CPE that they were required to take.

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 Tiffany Smith's application. On a roll call vote, Members Luth, Ruff, Olsen, Purcell, Waltemath and Brauer voted aye. Members Kanger and Manning were absent. Motion #13 carried. The committee reviewed a permit application using 120 hours of CPE (Chapter 7.001.01C) Motion out of committee to recommend approval of Courtney Baillie's application. Members Luth, Ruff, Olsen, Purcell, Waltemath and Brauer voted aye. Members Kanger and Manning were absent. Motion #14 carried.

Chair Brauer discussed Staff VanWinkle's issues with issuing Initial Permits for Certificates issued in 1990s. He overviewed PAA 1-136 (3), provided some historical background and described what procedure is followed currently. Due to some administrative changes in the mid-2000s, there is some confusion as to how staff should process initial permit applications received today for certificate holders whose certificate was issued in the 1990s who never applied for an initial permit until now. Staff requested the committee's feedback on how to move forward with two applicants applying for an initial permit. ED Sweetwood and BA Titus emphasized the Board under Section 1-137 had discretion not to take action against those that did not obtain their Active Permit to Practice; however, it was also recommended to review PAA 1-136 (3) to determine if it needs to be updated and to consider developing guidelines to address those in this situation for future reference.

Chair Brauer shared the drafted changes made to the Initial Permit Disclosure questions by Board Attorney Titus.

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The committee discussed firm name request Loyal T Accounting Services, LLC. Motion out of committee to recommend Board approval of the firm name Loyal T Accounting Services, LLC. Members Luth, Olsen, Purcell, Waltemath and Brauer voted aye. Member Ruff voted nay. Members Kanger and Manning were absent. Motion #15 carried. The committee discussed firm name request Compass Accounting, LLC. Motion out of committee to recommend Board approval of the firm name Compass Accounting, LLC. Members Luth, Ruff, Olsen, Purcell, Waltemath and Brauer voted aye. Members Kanger and Manning were absent. Motion #16 carried.

- B. Ratification of initial permits to practice issued, certificates issued, firm permits.** Moved by Ruff, seconded by Purcell to approve initial permits to practice issued, certificates issued, firm permits issued from July 9 – September 9, 2021. On a roll call vote, Members Luth, Ruff, Olsen, Purcell Waltemath and Brauer voted aye. Members Kanger and Manning were absent. Motion #17 carried.
- C. Reinstatements to Active Permit, Inactive Retired Affidavits, Surrendered Certificates.** Motion out of committee to recommend approval of the Reinstatements to Active Permit, Inactive Retired Affidavits, and Surrendered Certificates from July 9 – September 9, 2021. On a roll call vote, Members Luth, Ruff, Olsen, Purcell Waltemath and Brauer voted aye. Members Kanger and Manning were absent. Motion #18 carried

Reinstatements:

- Michael Beacom – Omaha, NE
- Jacqueline Edwards – Omaha, NE
- Tyler Hohenstein – Grand Island, NE

Inactive - Retired affidavits:

- Brent Curry – Lincoln, NE
- Anne Kinnison – Columbus, NE
- Todd Timbow, Great Falls, MT

Surrendered Certificates:

11. Report of the Executive Director

- A. Budget Status** – ED Sweetwood overviewed the Board budget. He also updated the Board on topics covered at the off-site Staff meeting at Mahoney State Park, which included reviewing the last audit review findings, reviewed the financial disbursement policies, updated the Team Award Recognition policy and drafted the Board Officer Duties document. He also stated that he met with Colleen Conrad from NASBA via Webex regarding NASBA's AT101 Report as per the State Auditors request.
- B. Staffing & General Office Issues** – Staff decided against hiring an intern at this time due to the rise of COVID-19 cases in Nebraska.

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12. New Business

A. NASBA Items: None at this time.

B. Other Miscellaneous Items: FYI articles

13. Adjournment

Moved by Waltemath, seconded by Purcell to adjourn the meeting at 1:45 p.m. on September 10, 2021. On a roll call vote, Members Luth, Ruff, Olsen, Purcell, Waltemath, and Brauer voted aye. Members Kanger and Manning were absent. Motion #19 carried.

Respectfully submitted by,

Board Secretary
Melissa Ruff