

2016

# ANNUAL LETTER



## NEBRASKA BOARD OF PUBLIC ACCOUNTANCY

The Board is responsible for licensing and regulating Certified Public Accountants (CPAs) in Nebraska



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## State Board of Public Accountancy



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# 2016 Annual Letter

## A MESSAGE FROM THE BOARD CHAIR

I am in my fourth year as Chair of the Board and have had the opportunity to lead a dedicated and talented group of professionals on the Board. I thought it was time to recognize them and give you a “snapshot” of your current members:

**Ms. Lori Druse, CPA, Vice Chair:** Ms. Druse resides in Lincoln and is currently an audit director for Deloitte. She has over 25 years of experience in public accounting and has served on several Nebraska Society of CPAs committees, including the Board of Directors. She is also a member of NASBA’s Administration and Finance Committee. She currently Chairs the Board’s Licensing Committee. She stays busy, along with her husband watching their daughter compete in gymnastics and son in basketball.



**Bernie Gutschewski**

**Ms. Marcy Luth, CPA, Secretary:** Ms. Luth is currently a corporate shareholder with the Grand Island firm of Almquist, Maltzahn, Galloway & Luth, P.C. She has served the Nebraska Society of CPAs as a member of the Board of Directors and the State & Local Auditing Committee. She is the current chair of the Board’s Education & Examination Committee. Marcy and her husband like to travel and attend Husker football games. She also enjoys reading, walking and biking.

**Ms. Michele “Shelly” Stromp, CPA, Member:** Ms. Stromp is a longtime audit partner for KPMG in Omaha. She has served on several Nebraska Society of CPAs committees, including the state and local accounting committee. She currently serves as chair of the Enforcement Committee of the Board. She is also a member of NASBA’s Nominating Committee. Shelly has four grown children, one granddaughter and two granddaughters on the way. In her spare time, she and her husband enjoy spending time with their family, dog (Buddy) and with friends at their new lake home.

**Mr. Michael McClure, CPA, Member:** Mr. McClure recently retired from BGM in Lincoln and now consults on Peer Review for CPA firms. Mike also serves on NASBA’s Compliance Assurance Committee involved in the oversight of Peer Review. He has served on the Nebraska Society’s Nominating and Board of Directors committees. He is currently chair of the Board’s Peer Review Committee. Mike and his wife live in Lincoln and enjoy their winter home in Florida.

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**Dr. Thomas Purcell, CPA, Member:** Dr. Purcell is a professor of accounting at Creighton University and has volunteered for many years on the AICPA Taxation Committee. He has also been active on several Nebraska Society of CPA committees, including the accounting careers, Board of Directors and the Foundation. He is currently the chair of the Board’s CPE Committee. Tom and his wife of 44 years, Suzanne, have three adult children and two grandsons. Besides his biological family, Tom’s Creighton family keeps him very busy, but he also finds time to work around the house on yard and remodeling projects, and to collect signed first edition books.

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## A MESSAGE FROM THE BOARD CHAIR (CONTINUED)

**Mr. Glen Waltemath, CPA, Member:** Mr. Waltemath is a founding shareholder of McChesney Martin Sagehorn, P.C. located in North Platte. He is the past chair of the Nebraska Society’s Mid Plains Chapter and is currently a member of the Board’s CPE and Peer Review Committees. He is active in the North Platte community, including being a member and past president of the area Development Corporation, board member and past president of the Mid-Plains Community Foundation, and the North Platte Rotary Club where he has served as treasurer, as well as Rotary District Treasurer. Glen and his wife enjoy traveling and visiting with family and friends.

**Mr. Kenneth Brauer, Public Member:** Mr. Brauer is the founding member of Kenneth Brauer & Associates providing tax and accounting services. Ken is a longtime member of the Nebraska Society of Independent Accountants (see page 9). Ken is a member of the Board’s Licensing and Education & Examination Committees. Ken and his wife, Nancy, have two grown children and five wonderful grandchildren. Ken enjoys turkey hunting with his son, fishing, and camping with family and friends. Whenever possible, Ken also enjoys just spending time at home working on the many projects of keeping up an acreage.

I spent the first five years of my career in public accounting with Arthur Young & Company. The remainder of my career was with Union Pacific Corporation retiring as Vice President-Taxes and General Tax Counsel. I have been married to my wife, Vicki, for 46 years. We have three married children and have been extremely blessed with 9 grandchildren. We spend most of our time attending various activities of the grandchildren and traveling to new and interesting places. The highlight of my time on the Board has been the opportunity to work with so many talented and dedicated board members and Board staff (past and present).

We always welcome your input, either written or in person, at our public comment period during our Board meetings. Never hesitate to let us know your thoughts. Please thank the above members for their service if you get a chance.

Sincerely,

Bernie Gutschewski, Board Chair

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## SUCCESSFUL LAUNCH OF THE NEXT VERSION OF THE CPA EXAM

The American Institute of CPAs (AICPA), National Association of State Boards of Accountancy (NASBA) and Prometric are pleased to announce the successful launch of an updated version of the Uniform CPA Examination.

The next generation Exam, which began testing on April 1, has added additional assessment of higher-order cognitive skills that test a candidate’s critical thinking, problem solving and analytical ability. The Exam also makes greater use of task-based simulations (TBSs) as a means of assessing these higher-order skills. Recent research confirms that CPAs are now performing tasks that rely upon these skills earlier in their careers.

“The roles and responsibilities of newly licensed CPAs are constantly evolving, so it’s crucial for the CPA Exam to stay ahead of the curve. The CPA Exam now better reflects the

knowledge and skills essential to today’s profession,” said Michael Decker, AICPA vice president of examinations. “With an eye toward the future, we’ll continue to work with stakeholders to ensure that the CPA Exam, along with the experience and education requirements, maintains the high bar for entry into the profession.”

The Exam provides assurance that individuals who pass have the technical knowledge and skills necessary for CPA licensure. The current, relevant, reliable and legally defensible Exam maintains the profession’s commitment and mandate of the Boards of Accountancy to protect the public.

In addition to the changes to the CPA Exam which have already occurred, the AICPA is working on an improved user experience which is expected to launch in 2018. More information on that project will be announced later this year.



## FROM THE EXECUTIVE DIRECTOR: BOE AND THE CPA EXAM



**Dan Sweetwood**

Last year I was appointed to the Board of Examiners (BOE) for a three-year term representing State Board Executive Directors. The BOE is a senior Board of the American Institute of CPAs (AICPA) mostly made up of volunteer CPAs, psychometricians, educators, and others with the mission to develop the Uniform CPA Examination. Members represent the AICPA and the National Association of State Boards of Accountancy (NASBA) to assist in completing the important task of keeping the examination modernized and legally defensible. The BOE is staffed by 65 full time employees located in Ewing, New Jersey. The benchmark and/or goal of the examination upon passage is a newly licensed CPA with around two years of experience. The examination is a uniform professional

examination that requires regular review and updating. This includes, every 7 years, conducting a formal practice analysis requiring input from various stake holders, including CPAs, State Boards, and others.

After a recent practice analysis, the BOE made changes to the examination that commenced in April of this year, including:

- Instituting additional higher learning skills within the examination, including an increase in the number of "Task-based Simulations" (TBS).
- An additional two-hours of testing within the REG and BEC sections raising from 14 hours to 16 hours of total test time to accommodate the new TBS's.
- A 15-minute off the clock break period (optional) was also allowed.

I should also note a modernization of testing technology has been developed and will be rolled out early next year including larger monitors at the test sites and use of Excel to complete tasks with the goal to assist candidates in the successful completion of the examination. This will also include some small fee increases to assist in completing these projects.

As I testified before a legislative committee this year discussing occupational licensing, the CPA examination is not easy and is not meant to be easy. As a high-stakes examination, only those that are most committed can successfully pass all four parts within the 18-month period and conduct the important attest work and other services needed within Nebraska while calling themselves a Certified Public Accountant.

While on the BOE I have been very impressed with the work of the professional staff, the Board, and the many volunteers it takes to develop the questions within the examination. I can assure you the examination is in "good hands" under the leadership of Vice President of Examinations, Michael A. Decker. The examination is also supported by NASBA who holds candidate information and the Prometric test sites where candidates sit in Nebraska (Omaha, Lincoln, Kearney and Scottsbluff). For additional information on the examination, go to our website at [www.nbpa.ne.gov](http://www.nbpa.ne.gov) or [www.nasba.org](http://www.nasba.org) or [www.aicpa.com](http://www.aicpa.com). Also, never hesitate to pick the phone up and call us at (402) 471-3595 if you have questions, comments, or concerns regarding the examination.

Take care in 2017!

Dan Sweetwood



**Kristen VanWinkle**

### BOARD ANNOUNCES NEW BOARD ADMINISTRATOR, KRISTEN VANWINKLE

I had the pleasure of accepting the Administrator position when Jo Lowe retired at the end of June 2016. This has been an incredible opportunity to learn about the CPA profession with all its rules and regulations. Prior to coming to the NBPA, I was in private industry. It's been very rewarding to step into a public service role for the state.

A little more about me... When I'm not at the lake in the Summer, you can find me camping with my boyfriend and our two dogs. I also enjoy attending sporting events, including football, baseball and hockey games.

Thank you to everyone who has reached out to me over the last several months. I look forward to continuing to be of service to you and the CPA community.

- Kristen VanWinkle



## NEBRASKA CPA STATUS

Nebraska is two-tiered state. In the first tier, a Certificate Number is issued permanently to the candidate after successful completion of the U.S. Uniform CPA Examination. This person is known as a Certificate Holder in Nebraska and must file an annual registration with the Board office. Although considered a Certificate Holder, they have no status as a CPA within Nebraska.

After completion of two years of public accounting experience within a CPA firm under the direction of a CPA (or three years in business, government, and academia), a Certificate Holder may file an application for issuance of an Active Permit to Practice that allows them to hold themselves out to the public as a CPA and practice public accountancy. A license number is issued with their Active Permit to Practice. The permit number is separate from their permanent Certificate number and changes every two years upon successful completion of 80 hours of required Continuing Professional Education.

If an Active Permit Holder decides to forgo the CPE requirement, they may elect to register with the Board as an Inactive Registrant and are issued a registration number. An Inactive Registrant cannot practice public accountancy within Nebraska.

Active CPAs can be verified on the Board's website: <http://www.nbpa.ne.gov/search/>

Please keep the following status descriptions in mind:

### Certificate Holder:

- "Passed the CPA Exam" for use on resumes only
- Cannot practice public accountancy
- Cannot hold out using the title CPA

### Permit Holder:

- Use the title "CPA" (hold out)
- Practice public accountancy

### Inactive Registrant:

- Cannot practice public accountancy
- Cannot hold out as a CPA
- Must use the disclaimer: "CPA (Inactive Registrant)"

**save the date**

Active, Firm and Inactive online renewals begin May 1st and ends June 23rd. Renewal reminders will be mailed out the first week in May. Our online renewal system can be accessed through our website at [www.nbpa.ne.gov](http://www.nbpa.ne.gov). Please contact the Board if you have any questions or need assistance.

## KEEP US UPDATED

Have you changed jobs? Have a new email or phone number? Please make sure to update your contact information with the Board. This can be completed by contacting the Board office 402-471-3595 or going to our website [www.nbpa.ne.gov](http://www.nbpa.ne.gov) and clicking on the Change of Address Form on the home page. The Board utilizes many methods when contacting registrants and it is vital that we have correct information on file to send important notifications.

## BOARD MEMBERS ATTEND NASBA REGIONAL MEETING



Board Members Brauer, Druse, Stromp, Luth and Board ED Dan Sweetwood attend the NASBA Western Regional Meeting in Denver.



## CPE AUDIT: ARE YOU READY?

### What is a CPE audit?

The CPE audit ensures that CPAs are complying with continuing professional education rules. This, in turn, protects both the profession and the public it serves.

### How are CPAs chosen for the CPE audit?

A percentage of our active CPAs are selected at random. CPAs selected for a CPE audit receive a letter from the Board via regular mail. They have until June 1st to submit the required material.

### What do I need to submit to the Board?

Certificates of completion for each CPE course taken during the audit period.

### What are some common errors to avoid?

The most efficient way to comply with a CPE audit is by providing the correct documentation in a timely manner. But,

mistakes happen. Here are some common errors to watch for:

- Reporting undocumented learning activities
- Reporting CPE credits in the wrong year
- Failing to retain appropriate documentation
- Submitting documentation that does not meet our CPE requirements (i.e., certificates of completion, sign-in sheets, agendas)

### What happened if I cannot provide appropriate documentation?

Failure to respond or provide appropriate CPE documentation will be dealt with by the enforcement committee.

### Questions?

If you have questions regarding the CPE audit process or CPE reporting overall, please contact our CPE Coordinator, Heather Myers, at (402) 471-3595 or via email at [heather.myers@nebraska.gov](mailto:heather.myers@nebraska.gov), or refer to the CPE Guidelines.

## ONLINE CPE REPORTING

The ability to submit courses online can be used throughout the year. Please use this tool to track your CPE hours on an ongoing basis. Your password to report CPE online will remain the same for online renewal of your permit to practice in May or June. It is very important to keep that password.



It is also very important to make sure you are tracking your CPE hours to confirm you have enough hours in your two-year licensing period. If a permit holder is unable to meet the required Continuing Education hours by December 31, they must request an extension in writing to the Board prior to January 31, indicating a plan on how they will return to compliance. The CPE hours utilized for the extension cannot be reported within the next reporting period. The Board discourages extensions if at all possible, as it creates more work for you and makes it harder for you to get back on track!

**If your Firm/Company holds in-house training courses, please make sure there is a sign-in sheet present at the course or provide certificates of completion.** The sign-in sheet/certificate of completion must be on letterhead of the firm/company with all of the details of the course. Please include the title of the course, date of course, firm/company name, start and end times, and recommended number of hours. When you provide in-house training, it is highly recommended that you go through the pre-approval process using the Program Qualification Form. The pre-approval process is completing the Program Qualification Form which is located on our website.

## BOARD FEES FOR LICENSING; FY2017/2018

Active Permit to Practice	\$ 175
Inactive Registration	\$ 70
Reciprocal Certificate	\$ 200
Firm Permit: P.C.'s, LLC's, LLP's, Part.	\$ 50
Certificate of Registration: P.C.'s, LLC's	\$ 25
Office Fee: All firms and S.P.s	\$ 25
CBT Examination Initial Admin. Fee	\$ 15



## LICENSING COMMITTEE

**Firm names** continue to be an issue for Committee review. Please refer to the Firm Guidelines, available on the Board's website, if you intend to change your firm name. The Committee's direction has been to protect the public by approving names that are not misleading as to services provided, number of CPAs employed, and other potentially confusing terminology.

**Certificates of Registration/Organization for Professional Corporations and Limited Liability Companies** are annually confusing to firms. Certificates are a requirement of the Nebraska Secretary of State (SOS) office to validate your CPA **professional** business as permissible to do business in Nebraska. The Board provides two certificates to document your firm's current licensed status with the Board. Certificates are a function of the SOS's office, not the Board. However, you must ALSO renew your firm permit annually with the Board. Often the two processes are confused. The certificate of registration/organization is based on your original date of incorporation with the SOS. Sometimes they occur at the same time. **Yes, you must do BOTH.**

**CPAs cannot just go away!** Licensure does not end when you no longer reside in the state, no longer have clients or

a business, or retire. **You must complete the appropriate action.** The Committee annually recommends revocation of certificates of permit holders, who have not renewed their active permit for three years per PAA 1-137 (9), following petition and notice of hearing. Please check the website or contact the Board office for change of status options. Retired affidavits total 53 for 2016.

**Inactive Status** means you cannot hold out as a CPA per Title 288 Rules Chapter 3 001.09. Any representation that may mislead the public could come under scrutiny by the Board.

**Failure to Renew After Three Years.** The Board is in the process of revoking certificates of **Active** and **Inactive registrants** who have not renewed for three years. In 2016, certificates of 16 inactive registrants and 5 active permit holders were revoked following notice and public hearing.

**Mobility.** If you have questions regarding Mobility go to [www.nasba.org](http://www.nasba.org) "Mobility" and click on the state for an update on their Mobility provisions. Also, you can telephone and/or access each state's website by going to [www.nasba.org](http://www.nasba.org) "Members" for additional information.

## ATTENTION: CALLING ALL CPA APPLICANTS

Getting your first CPA license or receiving a CPA license through reciprocity can be exciting, especially when you consider all the hard work and education you have to complete just to pass the CPA Exam. Unfortunately, the Exam is just one step towards reaching your dream. We are more than happy to assist you with your final hurdles towards receiving the coveted title of a Nebraska CPA.

All of us here at the Nebraska State Board of Accountancy are well versed in initial licensing requirements and are happy to answer any questions you may have. For guidance, please check our website at [www.nbpa.ne.gov](http://www.nbpa.ne.gov).

If you still have questions or need clarification, we can be reached by phone at (402) 471-3595 or by email at [kristen.vanwinkle@nebraska.gov](mailto:kristen.vanwinkle@nebraska.gov).

We look forward to helping you reach your goal and achieve your dream of becoming a Certified Public Accountant.

## THE CPA EXAM BEGINNING APRIL 1, 2017

### SECTIONS

Auditing and Attestation (AUD)  
Business Environment and Concepts (BEC)  
Financial Accounting and Reporting (FAR)  
Regulation (REG)



### TESTING TIME

AUD = 4 Hours  
BEC = 4 Hours  
FAR = 4 Hours  
REG = 4 Hours

### BREAKS

15-minute standardized break (does not count against testing time). Optional breaks still permitted.



### CONTENT BREAKDOWN



AUD = 72 MCQ, 8 TBS  
BEC = 62 MCQ, 4 TBS, 3 WCT  
FAR = 66 MCQ, 8 TBS  
REG = 76 MCQ, 8 TBS

MCQ = Multiple Choice Question | TBS = Task-Based Simulation  
WCT = Written Communication Tasks



## PEER REVIEW REQUIRED FOR NEBRASKA CPA FIRMS: *WHAT DOES IT MEAN FOR MY FIRM?*

If a Nebraska CPA firm does not complete Audits, Reviews, and/or Compilations, this change will have no impact.

If a Nebraska CPA firm completes Audits, Reviews, and/or Compilations and the firm currently participates in the AICPA Peer Review Program, this change will have no impact.

If a Nebraska CPA firm currently participates in the QEP program and the AICPA Peer Review Program, the ability to submit to the QEP program will end; however, there will be no impact other than to properly submit your completion of the AICPA Peer Review Program.

If a Nebraska CPA firm currently only completes the QEP program, the firm will be impacted by this change. What should the firm do?

- Contact the Board office at (402) 471-3595 or at Heather.

Myers@Nebraska.gov to determine the date you need to submit your next report. A Peer Review will be required every three years and the firm will want to identify in what class it resides. The classes are set by the licensing requirement date for QEP submission: 2016/2017/2018.

- As of July 1, 2017, the 2017 class will have to submit a Peer Review to the Board.
- As of July 1, 2018, the 2018 class will have to submit a Peer Review to the Board.

Board regulations have been adopted within a new Chapter 13/ NAC Title 288 regarding the new Peer Review requirement. The new law is in effect for this requirement. You can review the new rule, law and information on enrolling in a Peer Review Program by going to [www.nbpa.ne.gov](http://www.nbpa.ne.gov) or by contacting the Board office at (402) 471-3595 or at Dan.Sweetwood@Nebraska.gov if you have any questions.



Staff Heather Myers and Board Member Glen Waltemath received certificates of appreciation from the Board for their years of service on the QEP Committee.



QEP Chair Mike McClure reads a Resolution to fellow Board members, Board Chair Bernie Gutschewski and Board Member Glen Waltemath, for the recognition of service for the QEP Committee.

## EXPOSING STUDENTS TO REGULATION



The Board has had great success utilizing college students to assist with paperwork, filing, and other assigned duties while they learn about State regulations of the accounting profession.

**Board Intern Cale Brodersen, a UNL Business Management Major**

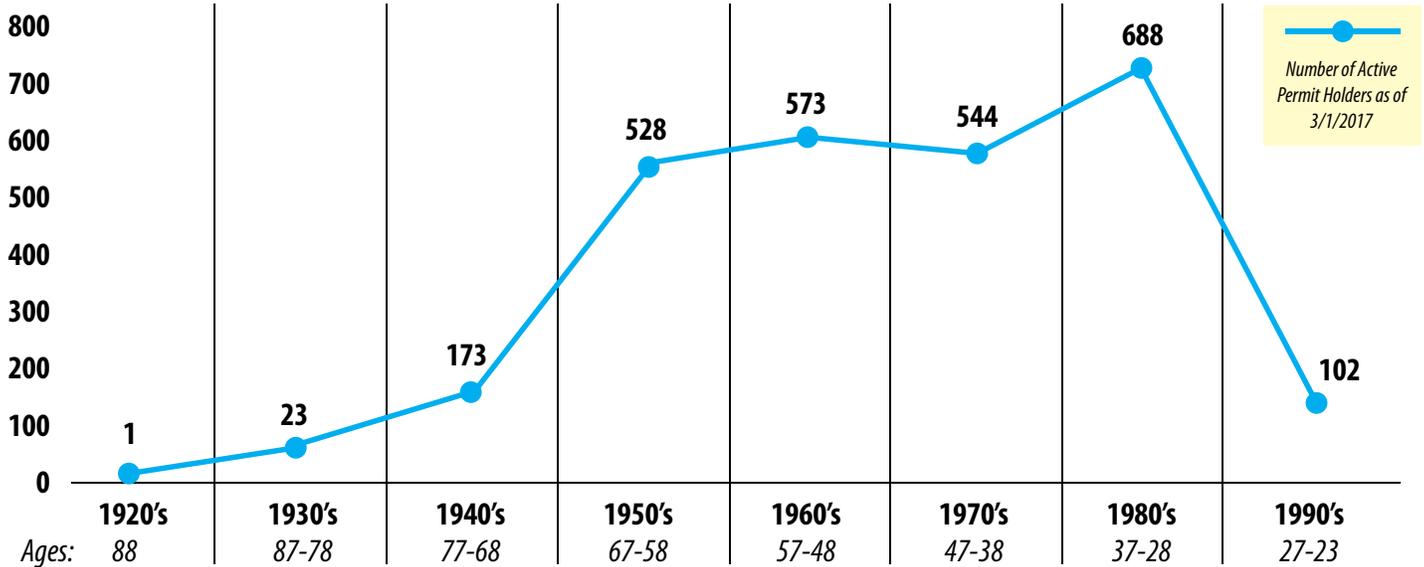
## CONGRATS KEN BRAUER!

Board Member Ken Brauer was recently acknowledged by The National Society of Accountants (NSA) for his years of service, including monitoring accounting legislation and State Board activities on behalf of the NSA.





# ACTIVE PERMIT HOLDER BIRTHDATE ANALYSIS



## FAQ'S/TIDBITS

- 1. Check for the current NBPA application form:** Be sure to check the NBPA website for the most current application forms. In the past two years, fees have changed for some applications. As a state agency, the Board cannot accept checks for the wrong amount. The application and incorrect fee check must be returned to the applicant, delaying the application process.
- 2. Changes to the Rules and Regulations!** During the year, issues may arise that result in revisions to the Board's Title 288 Rules and Regulations. Please be aware that "things change." The Board office will attempt to inform you of changes through the annual letter, the Nebraska Society of CPAs newsletter, or other means.
- 3. How many hours do I need to renew my permit?** CPE hours required for renewal of your permit to practice equal 80 hours over TWO years, including 4 hours of ethics. Do not confuse the required 80 hours over two years with other derivatives such as 40 hours per year, or with 20 hours of self study. Ethics hours may be taken in small increments, not all in one four hour block. CPE must be reported by January 31 each year. CPE reporting is available throughout the year by using the "CPE Online Reporting" on the home page of NBPA: <http://www.nbpa.ne.gov>. Please refer to the most recent edition of the CPE Guidelines on the Board's website for specific requirements.
- 4. How do I go from inactive registration status to active permit holder?** There is a reinstatement application for this process. The application should be submitted to our office when all required CPE hours are completed. Reinstatement from inactive registrant to active permit holder requires communication with the Board office. Based on your birth year, your licensing period does NOT change, and affects the years for CPE reinstatement reporting. Reinstatement requires careful timing, and the Board staff will be happy to assist you through the process. Please do not try to submit CPE hours online if you are "inactive." You must keep track of those hours to submit with your reinstatement application.
- 5. Reminder:** Title 288 Rules Chapter 5 007.06 state that "Each certificate holder shall notify the Board in writing (or via the Board's website) within 30 days of any change of address or change of employment."
- 6. How do I report problems or issues experienced with CPA Exam Services (CPAES) in the CPA exam process?** Please contact the Board office if you have serious complaints during the exam process that have not been resolved through the Candidate Care service.
- 7. There is a difference:** The Nebraska STATE BOARD of Public Accountancy is a regulatory agency – think "permits." The Nebraska SOCIETY is a membership organization – think "CPE." Often people change their contact information. Please be sure to change your information with BOTH entities! Not all individuals are connected to BOTH organizations.



## ENFORCEMENT COMMITTEE NEWS

FROM EXECUTIVE DIRECTOR DAN SWEETWOOD

I make sure I take the time to read other State Board's newsletters and correspondence with the goal of staying current and being proactive on issues impacting the CPA profession and the Board. While reviewing the Washington State newsletter, I was impressed with the comments of my colleague from Washington, Mr. Charles E. Satterlund, CPA. He allowed me to reprint them for you.



### Reflections in Oyster Light

*He who overcomes others is strong, but he who overcomes himself is mighty.*

*Lou Tzu – Chinese Philosopher 500 BC*

Winter is almost here, and we round the corner on another year. Here in Washington State the steady rain returns and the sky becomes a half lit slab of oyster gray. It is this implacable weather that challenges the newcomers to our state especially if they hail from sunnier climates, which is just about every other place in the lower forty eight.

For me, the years pass much more quickly these days, but in winter, time seems to slow just a bit. In the quiet of the evening, as the rain drums on the roof, I like to build a fire and reflect on the year that is passing, and on the one to come.

I recently hit the four year mark in my service to the Washington State Board and ten months into my post as Executive Director. I asked myself what is my big take-a-way from my experience these last four years? The answer has been right at the forefront of my mind for some time now, and it is this:

*The best thing that you can do for yourself, your family, your practice, or your community is to take personal responsibility for your actions and decisions.*

When I joined the Board I came from the Washington State Department of Health having served as their internal auditor for the preceding eight years. I had dealt with disputes before, I felt ready. However, as I began to investigate cases for the Board, I found that I had not anticipated the level of conflict that CPAs can get into with their clients. I had no idea that some CPAs would make the decisions that they sometimes do in response to these conflicts.

Likewise, I had no idea how some clients would take advantage of CPAs, and to foist blame for their own inattention, inexperience in business, or poor decision making. While maybe only technically at fault, it is the CPA that gets cast in the role of the sacrificial lamb.

The common theme in most of these situations is cognitive dissonance on the part of one or both parties. The participants in the dispute fail to see the situation as it exists and to take responsibility for their respective actions. In doing so, they bypass possible resolution before the situation devolves into a complaint to the Board.

Any of you who work in regulatory enforcement know what I am talking about when it seems that too often the agency

grabs hold of a live wire when trying to resolve these cases. Investigators become the path of least resistance for the parties to express their anger if disappointed by the outcome of a disciplinary matter.

This circuitry of misery has common and recurring components:

- The absent business owner
- The CPA who lapses into unprofessional behavior either through anger, frustration, inattention, or substance abuse
- The egocentric who unwittingly, but diligently, works against their own best interests
- The angry party to a divorce or estate dispute
- The inexperienced professional or business owner who overreaches or has unrealistic expectations
- The "social worker" CPA who was just trying to help
- The CPA who fails to complete their CPE (this one really drives me nuts)

At the NASBA Annual meeting in early November, it was Carlos Johnson, past NASBA Board Chair, who stated "that ours is a learned profession." He was primarily speaking to the point that there is a considerable body of knowledge that CPAs need to master in order to be true professionals. However, I think some thought needs to be given to the idea that a true professional is also a master of themselves.

Perfection is not the goal so much as to maintain a continued pulse of battle as we struggle with our shortcomings. Though exhausting, this self-awareness is an important key to ethical conduct, and it is ethics that is the mortar that builds value in our private practices, our client businesses, our communities, our government, and most importantly ourselves.

In closing, as we gather over the holidays with family and friends; try to steal away a quiet moment or two to look within and reflect on your ethical obligations, client's trust, and public trust afforded to you simply by holding the title CPA.

Charles E. Satterlund, CPA  
Executive Director



## PROVIDING CLIENT RECORDS

The Enforcement Committee regularly handles cases where the issue of providing client records comes into play. Simply, it is best for practitioners to review the Board’s regulations within the Rules of Professional Conduct within Chapter 5. Some FAQ’s regarding providing records:

### Do I have to provide the requested records when I have not received payment for my services?

Yes, the practitioner must provide the records. A reasonable fee can be charged for providing the records.

### Other professional standards, such as the AICPA, indicate I do not have to provide the records until I receive payment.

#### Do I still have to provide the records?

Yes, if you are providing professional services within Nebraska,

you must follow the rules of the Board.

### Do I have to provide copies of working papers?

Yes, to the extent that such working papers include records which would ordinarily constitute part of the client’s books and records and are not otherwise available to the client.

### What should I do if I am unclear on what records should be provided?

Go to [www.nbpa.ne.gov](http://www.nbpa.ne.gov) and click on the Rules & Regulations. Then click on “Title 288”, then Chapter 5/ Rules of Professional Conduct Chapter 5.002/ Records. Review the regulations. If you still need assistance, call our office at (402) 471-3595 or email [Dan.Sweetwood@Nebraska.gov](mailto:Dan.Sweetwood@Nebraska.gov).

## LICENSING STATISTICS 2016

Reports on permits/registrations issued from July 1, 2015 to June 30, 2016:

Prior years statistics are given for comparison purposes.

Cumulative Totals:									
Individuals	08-10	09-11	10-12	11-13	12-14	13-15	14-16	15-17	16-18
CPA Permits	1113	1212	1237	1171	1245	1202	1355	1180	1257
CPA Inactive Registrations	669	753	630	816	695	732	721	790	544
<b>Total Individuals</b>	<b>1782</b>	<b>1965</b>	<b>1867</b>	<b>1987</b>	<b>1940</b>	<b>1934</b>	<b>2076</b>	<b>1970</b>	<b>1801</b>
Firms	08-09	09-10	10-11	11-12	12-13	13-14	14-15	15-16	16-17
Partnerships	20	15	17	14	14	17	14	11	11
Professional Corporations	195	215	203	212	215	232	250	217	209
Limited Liability Companies	51	58	56	64	77	88	93	97	93
Limited Liability Partnerships	35	40	39	41	45	57	61	49	55
Sole Proprietorships	216	251	261	272	282	315	292	228	228
<b>Total Firms</b>	<b>517</b>	<b>579</b>	<b>576</b>	<b>603</b>	<b>633</b>	<b>709</b>	<b>710</b>	<b>602</b>	<b>596</b>

## EXECUTIVE DIRECTORS & LEGAL COUNSEL ANNUAL CONFERENCES

Dan Vodvarka, President of the Nebraska Society of CPAs, (left) and Dan Sweetwood (right) attend NASBA’s 35th Annual Conference for Executive Directors and Board Staff and 22nd Annual Conference for Board of Accountancy Legal Counsel, March 14-17. For half of the Executive Directors Conference, they were joined by the chief executives from 27 State CPA Societies. Thirty nine State Boards were represented at the Executive Directors meeting and 25 states at the Legal Counsel.



# MAINTAINING YOUR CPE: NEBRASKA

## CPE EXPIRATION DATE



**JANUARY 31**  
**BIENNIALLY**

*CPE Reporting Period  
1/1 to 12/31 Biennially*

*Based on Birth Year  
Even Birth Years = Odd Years  
Odd Birth Years = Even Years*

## PERMIT EXPIRATION DATE



**JUNE 30**  
**BIENNIALLY**

*Renewals Based on Birth Year  
Even Birth Years = Odd Years  
Odd Birth Years = Even Years*

## CPE REQUIREMENTS



**80 HOURS**

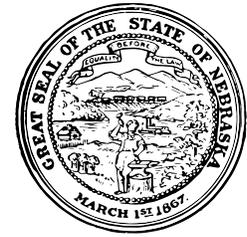
GENERAL REQUIREMENT

**4 HOURS**

ETHICS REQUIREMENT

**6 YEARS**

CPE RETENTION



## CPE CREDIT LIMITATIONS



### SELF-STUDY

Self-study credits are limited to 50% of total hours.



### COMMITTEE MEETINGS

Credit for technical meetings is limited to 16 hours.



### FIRM MEETINGS

Not accepted unless the program consists of at least 50 minutes of continuous instruction, is conducted by a qualified instructor, and includes an outline of the program with a detailed timeline that was prepared in advance and preserved.



### INSTRUCTION

Instructor credits are limited to 50% of total hours.



### PERSONAL DEVELOPMENT/ COMMUNICATIONS

Combined credit is limited to 16 hours.



### PUBLISHED MATERIALS

Authorship credits are limited to 16 hours.



### UNIVERSITY/COLLEGE

University/College credits are limited to 50% of total hours.

## CPE CREDIT CALCULATIONS



### INSTRUCTION

Credit is equal to presentation plus preparation.

Preparation is limited to two times presentation.

Repeat instruction of the same material within the renewal period is not accepted.



### UNIVERSITY/COLLEGE

One semester hour equals 15 CPE hours.

One quarter hour equals 8 CPE hours.

Non credit courses - each classroom hour will equal one qualifying hour.



### PARTIAL CREDIT

Half credits are accepted after the first hour.

## OTHER STATE POLICIES

**COURSE APPROVAL:** Pre-approval of CPE courses is encouraged through the use of the Board's "Program Qualification Form."

**PLEASE NOTE:** Nebraska generally accepts CPE credits offered by National Registry sponsors.



## EDUCATION & EXAM COMMITTEE (E&E)

In Q-3 2016, Nebraska ranked seventh in national CPA Exam pass rate percentage at 56.7%! That means nearly 57% of Nebraska candidates passed the exam as compared to paper and pencil first time pass rates of 23%. Congratulations to candidates and the educators who prepared them so well! Overall, the computer based CPA exam has been very successful and well accepted by candidates. The Committee wants to remind candidates sitting for the exam to review the CPA exam tutorial available on [www.CPA-Exam.org](http://www.CPA-Exam.org) for mechanical processes involved in the online exam.

There are four Nebraska CPA exam sites for candidates: Kearney, Lincoln, Omaha, and Scottsbluff.

The Education Advisory Committee (EAC), made up of

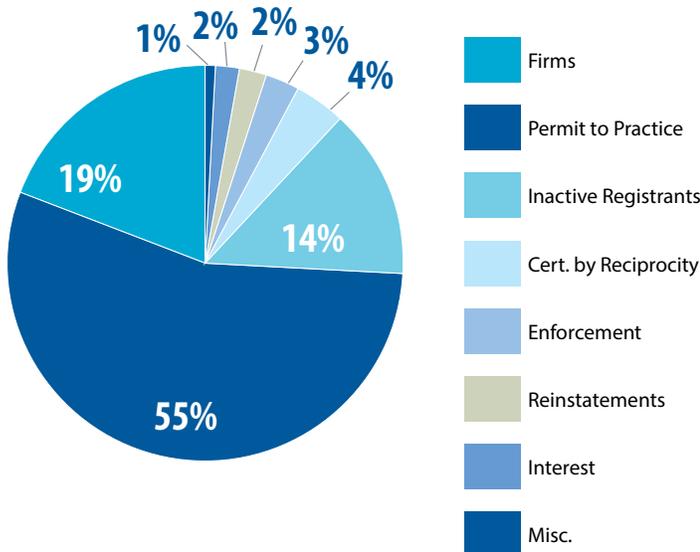
educational institution representatives and CPAs, met at the University of Nebraska - Lincoln, Lincoln NE, October 7, 2016. Marcy Luth, CPA and Education Committee Chair, and UN-Lincoln educator Deb Cosgrove, CPA, welcomed the attendees. Approximately 20 students and educators attended including representatives from UN-Omaha, Chadron State College, Creighton University, and Doane University, in addition to the EAC Committee members.

The EAC agenda included: Ms. Pat Hartman, NASBA Director of CPA Exam Services, gave an update on the CPA exam basics, current trends in the exam, and reviewed changes to the CPA Exam for 2017. Students received significant information. Ms. Henrietta Eve, AICPA Technical Manager, reviewed the content changes to the CPA Exam for 2017.

## 2016 BOARD REVENUE FOR FISCAL YEAR 2017

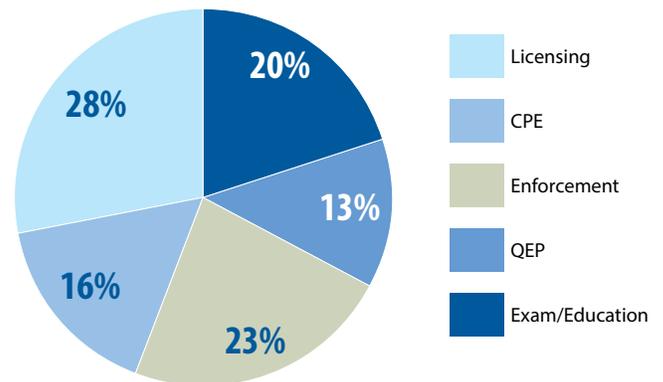
The Board is a Non-Code Agency within State Government. Board funds are derived from licensing fees as determined by the Board by February 1 of each year.\* After creation of a recommended budget by the Board, funds are appropriated by the Nebraska Legislature as recommended by the Governor. The Board has submitted a 2016/2017 Budget to the Governor's Office for consideration. The budget can be reviewed by going to <https://das-nebs.ne.gov/public/faces/brdIndex.jsp> Any questions pertaining to the proposed budget should be directed to Executive Director Dan Sweetwood at (402) 471-3595 or at Dan.Sweetwood@Nebraska.gov.

## REVENUE FY16



The Board currently has five programs as outlined below. The Chart shows generally where Board funds were utilized by program in FY2016.

## FISCAL YEAR 16



\*No State General Funds are used to support the Board.



# New Email Scam Targets Tax Professionals



The Internal Revenue Service issued a warning to tax professionals to beware of a new two-stage email scam from cybercriminals who are posing as clients soliciting tax services.



## TARGET: ACCOUNTING AND TAX PREPARATION FIRMS

*You could be the next target especially during the upcoming tax season.*



## REASON:

To collect sensitive information that can enable criminals to prepare fraudulent tax returns.

## 2 STAGES TO THE SCAM

STAGE  
**1**  
SOLICITATION



### EMAIL SENT FROM FRAUDSTER

"I need a preparer to file my taxes."

If the tax preparer responds, Stage 2 goes into effect.

*Phishing emails may seem to come from a legitimate sender because they too have been victimized by cybercriminals who have taken over their accounts to send phishing emails.*

STAGE  
**2**  
THE BAD LINK



### FRAUDSTER SENDS A LINK

The link will either be embedded in the email or has an attachment with the link embedded.

If the link is clicked, the fraudster will gather email addresses, passwords and other information.



### HOW TO PROTECT YOURSELF

Never click on a link or open an attachment from an unknown sender.

*Create internal policies or seek recommendations from security experts about how to deal with unsolicited emails seeking services.*

Source: <http://www.accountingtoday.com/news/irs-warns-of-new-email-scam-targeting-tax-pros>



## Certificates/ Permits/ Status Changes in July 1, 2015 to June 30, 2016



Certificates Issued



Reciprocal Certificates Issued



Initial Permits Issued



Certificate Revocation for Permit Non-Renewal per PAA 1-137



Certificate Revocation for Inactive Registrants Non-Renewal per PAA 1-137



Inactive - Retired Status



Voluntary Surrender of Certificate



Reinstatement to Active Permit

## Enforcement Cases (2016)



New Cases Opened



Discipline Issued



Open Cases Dismissed

*The 2016 Annual Register of licensed CPAs and CPA Firms in Nebraska is available by contacting the Board office.*

## LEARNING ABOUT EXAM UPDATES



Board Members Stromp and Luth and Board Intern Cale Brodersen along with students listen to updates to the examination at the EAC meeting at the University of Nebraska – Lincoln.

*To review the current Public Accountancy Act and Title 288 Rules please go to [www.nbpa.ne.gov](http://www.nbpa.ne.gov)*

## BOARD MEMBERS

Bernie Gutschewski, Public Member – Chair - Omaha, NE

Lori Druse, CPA – Vice Chair – Lincoln, NE

Marcy Luth, CPA, Secretary - Grand Island, NE

Michele Stromp, CPA – Omaha, NE

Michael McClure, CPA – Lincoln, NE

Thomas J. Purcell, III, CPA - Blair, NE

Glen Waltemath, CPA – North Platte, NE

Kenneth Brauer, Public Member - Lincoln, NE

## STAFF

Dan Sweetwood, Executive Director

Kristen VanWinkle, Administrator

Heather Myers, Administrative Assistant

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# NASBA

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Nebraska Board of Public Accountancy  
P.O. Box 94725  
Lincoln, NE 68509

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## 2017 BOARD MEETINGS

March 10 at 8:30 am  
May 19 at 8:30 am  
July 14 at 8:30 am  
September 8 at 8:30 am  
November 9 at 8:30 am

**The Nebraska Board of Public Accountancy office  
is located across the street from the State Capitol.  
Our address is 1526 K Street, Suite 410.**