

NEBRASKA BOARD OF PUBLIC ACCOUNTANCY

140 N. 8th Street, Suite 290, Lincoln, Nebraska

Minutes

November 13, 2008

Draft Minutes. Minutes are not approved until the next Board meeting

1. General

- A. **Call to Order and Roll Call.** The Nebraska Board of Public Accountancy (Board) was called to order at 8:35 a.m. on Thursday, November 13, 2008 with Vice Chair Doug Skiles, presiding. The roll was called with the following members present: Anne Fuhrman, Doug Skiles, Tom Obrist, Michael Wassinger, Kate King Wu, and Jim Rieker. Member Richard Zacharia and Board Chair Jim Titus were absent. Also present were Executive Director Dan Sweetwood, Staff members Kelly Ebert and Jo Lowe. The meeting was held at the Board Office at 140 N. 8th Street, Suite 290, Lincoln, Nebraska. Vice Chair Skiles noted the location of the notebook containing the Public Open Meeting Act, along with it being posted on the wall, and asked if anyone present needed an agenda or had any questions regarding the law.
- B. **Approval of Meeting Agenda for November 13, 2008.** Moved by Obrist, seconded by King Wu to approve the agenda for the November 13, 2008 meeting. On a roll call vote, Members Fuhrman, Skiles, Obrist, Rieker, Wassinger, and King Wu voted aye. Members Titus and Zacharia were absent. Motion #1 carried.
- C. **Approval of Minutes from September 18, 2008.** Moved by Obrist, seconded by King Wu, to approve the Board minutes from the September 18, 2008 meeting. On a roll call vote, Members Fuhrman, Skiles, Obrist, Rieker, and Wassinger, voted aye. Member King Wu was abstained. Members Titus and Zacharia were absent. Motion #2 carried.

2. Public Comment Period (15 minute period)

No members of the public were present.

3. Consent Agenda

- A. **Published Notice of Meeting.** Moved by Obrist, seconded by King Wu, to approve the consent agenda. On a roll call vote, Members Fuhrman, Skiles, Obrist, Rieker, Wassinger, and King Wu voted aye. Members Titus and Zacharia were absent. Motion #3 carried.
- B. **Approval of Disbursements.** Board Secretary Fuhrman reviewed the disbursements. Member Fuhrman will work with Staff to break out reports in Quick Books for QEP expenses. Disbursements for September and October 2008 were approved.
- C. **Review of Board Budget Status Report.** The Budget Status Report was provided. ED Sweetwood discussed the Board's relationship with Midwest MicroSystems (MMS) and the IT work provided to the Board by staff Lowe's

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husband. All decisions regarding MMS have been made by the ED and not staff. The ED will contact the Accountability and Disclosures Commission to ascertain if any follow-up is required. The FY10-11 Budget has been submitted.

- D. Office Management Report.** The Office Management Report was provided.

4. Report of the Chair

- A. Report of the Chair.** Chair Titus arrived at 9:20 am and gave the report.
- B. NASBA Annual Meeting Report, Boston, October 25-29, 2008.** ED Sweetwood provided his report for the meeting. The use of IFRS as accounting standards for non-public companies and IFRS questions in the CPA exam were discussed. A question was raised regarding NASBA's proposed business plan with the intension of certificating international exam passers. Staff will draft a letter to NASBA with concerns about the quasi-licensure proposal. NASBA 2009 meeting dates and locations were reviewed. A local regional meeting prior to the NASBA Regional meetings was suggested as helpful to Boards to review issues under discussion and share fellow states positions.
- C. Review Board Calendar.** The March meeting date was changed to March 20, 2009 and NASBA 2009 meetings were added to the calendar.
- D. Report on To Do List.** There were no items for the To Do list.

Closed Session

Closed Session. Moved by King Wu, seconded by Obrist, that the Board go into closed session at 9:50 a.m., for the purpose of updating the Board about current open enforcement cases, litigation, and disciplinary matters. On a roll call vote, Members Fuhrman, Skiles, Obrist, Rieker, Titus, Wassinger, and King Wu voted aye. Member Zacharia was absent. Motion #6 carried. Chair Titus restated that the purpose for the closed session was to update the Board about current open enforcement cases, litigation, and disciplinary matters.

Return to Open Session. Moved by Skiles, seconded by King Wu, that the Board return to open session at 10:15 a.m. On a roll call vote, Members Fuhrman, Skiles, Obrist, Rieker, Titus, Wassinger, and King Wu voted aye. Member Zacharia was absent. Motion #7 carried.

5. Report of Enforcement of Professional Conduct Committee

- A. Open Case/LMCO Update.** In the absence of Committee Chair Zacharia, ED Sweetwood reviewed the open cases and presented the report of the Enforcement Committee. The suggestion was made to compile data and projected costs related to open cases based on the current case load, and to request Board attorney Gruit compile the information for the Board. The Board requested that a thank you note

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be sent to Noel Allen, NASBA attorney, for providing an *amicus curiae* brief to the Supreme Court for Case#05-06.

Pursuant to the recommendation of the Enforcement Committee, moved by Skiles, seconded by Rieker, that the Board finds probable cause to proceed and direct Board attorney Gruit to file a complaint and notice of hearing for case #07-07. On a roll call vote, Members Fuhrman, Skiles, Obrist, Rieker, Titus, Wassinger, and King Wu voted aye. Member Zacharia was absent. Motion #8 carried.

B. Recommended Closure of Enforcement Case. Motion out of Committee to recommend that the Board close the following cases:

#07-08: Case involved a CPA engaged by the District Court to render an opinion on child support. Complainant indicated CPA did not follow court requirements, failed to cooperate, and was awarded a large fee by the court. Upon the decision of the District Court along with being upheld by the Court of Appeals indicating the CPA acted appropriately in the matter, the Board closed the case.

#08-12: An out-of-state CPA submitted a license application to the Board. The out-of-state CPA was in good standing in his home state but revoked in another state. The Board was prepared to have a hearing regarding licensure. The Board was notified the application was withdrawn and closed the case.

On a roll call vote, Members Fuhrman, Skiles, Obrist, Rieker, Titus, Wassinger, and King Wu voted aye. Member Zacharia was absent. Motion #7 carried.

C. Report on To Do List. There was no report at this time.

6. Report of Continuing Professional Education (CPE) Committee

A. Report of the Committee. In the absence of Committee Chair Zacharia, Staff Ebert gave the report. The Committee reviewed a total of 130 courses from September 6, 2008 to November 12, 2008, with 130 approved. The Committee discussed two individuals who did not meet their CPE permit renewal requirements. Motion out of Committee to recommend the Board forward the names to the Enforcement Committee to issue cease and desist orders. On a roll call vote, Members Fuhrman, Skiles, Obrist, Rieker, Wassinger, and King Wu voted aye. Members Zacharia and Titus were absent. Motion #5 carried. The Committee discussed the ethics requirement and requested that instructors submit a PQF with the percentage of ethics hours for each course. The Committee reviewed the changes to the CPE timeline, and determined the percentage for the CPE audit.

B. Ratification/Denial of Staff Program Qualification Evaluations. Motion out of Committee to approve 130 courses reviewed from September 6, 2008 to November 12, 2008. On a roll call vote, Members Fuhrman, Skiles, Obrist, Rieker, Wassinger, and King Wu voted aye. Members Zacharia and Titus were absent. Motion #4 carried.

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- C. **Ratification of CPE Sponsor.** There were no program sponsors to be approved at this item.
- D. **Report on To Do list.** The To Dos are listed in the Committee Report.

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

- A. **Report of the Committee.** Chair Skiles gave the report. Member King Wu was appointed to the BOE BEC Exam Content Committee. One exam issue was related to technical difficulties getting an exam section to load and proper procedures made clear to the candidate at a Prometric testing site.. Motion out of Committee to recommend the Board provide information on the issue to the NASBA CLEC regarding the use of a written sign off form with the options available to the candidates experiencing technical difficulties at the test site. On a roll call vote, Members Fuhrman, Obrist, Rieker, Titus, Wassinger, and King Wu voted aye. Member Skiles abstained. Member Zacharia was absent. Motion #11 carried. Surveys of successful candidates were tabulated and provided to the Committee. BOE, CBT Quarterly Reports, and Candidate Care Reports were provided to the Committee. The EAC met on October 10, 2008, and were asked to complete a survey regarding their institution's recommendations to the Board on adoption of the Revised UAA Rules 5-1 & 5-2 within Title 288/ Chapter 9. A copy of the EAC meeting minutes were provided within the Board packet.
- B. **Ratification of Exam Scores.** Motion out of Committee to recommend Board approval of the July – August 2008 CPA Exam Scores. On a roll call vote, Members Fuhrman, Obrist, Rieker, Skiles, Titus, Wassinger, and King Wu voted aye. Member Zacharia was absent. Motion #12 carried.
- C. **Report on To Do List.** There was no report at this time.

8. Report of the Legislative Committee

- A. **Report on Legislation. Mobility Legislation Update: Sections A, B, & C of the draft legislation.** Robert Gritmit, Board Attorney, and Dan Vodvarka, President, Nebraska Society of CPAs (NSCPAs) were present. Board Attorney Gritmit provided a current draft of the Public Accountancy Act (PAA) statutes with revisions, and discussed changes since the previous draft. Dan Vodvarka, President, NSCPAs, reported that the Society Board endorsed mobility and supported the introduction of legislation in 2009. Moved by Wassinger, seconded by King Wu, to endorse the concept of mobility and move forward with legislation to allow mobility. On a roll call vote, Members Fuhrman, Obrist, Rieker, Skiles, Titus, Wassinger, and King Wu voted aye. Member Zacharia was absent. Motion #10 carried. ED Sweetwood thanked the Legislative Committee and the CPA Working Group for their hard work in accomplishing a difficult task.
- B. **Report on To Do List.** There was no report at this time.

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9. Report of Quality Enhancement Program (QEP) Committee

- A. Report of the Committee.** Committee Chair Fuhrman reported that the Committee met in October to review the firm responses. Motion out of Committee to approve the 2008 ratings. On a roll call vote, Members Fuhrman, Obrist, Rieker, Skiles, Titus, Wassinger, and King Wu voted aye. Member Zacharia was absent. Motion #13 carried. Motion out of Committee to approve the use of the laptops for the 2009 QEP. On a roll call vote, Members Fuhrman, Obrist, Rieker, Skiles, Titus, Wassinger, and King Wu voted aye. Member Zacharia was absent. Motion #14 carried. She reported on the firm peer review required by most states may necessitate a revamping of the QEP program. Members Fuhrman, Wassinger, and Staff Ebert attended the September 22, 2008 NASBA Peer Review Oversight Committee conference in Nashville, TN. Concern was expressed for the small firms cost in meeting peer review requirements. Ms. Ebert's report on the conference was provided in the Board packet.
- B. Report on To Do List.** There was no report at this time.

10. Report of the Licensing Committee

- A. Report of the Committee.** Committee Chair Obrist gave the report. The Committee discussed the use of an abbreviated form of the firm name for promotional materials when use of the full firm name is required for official business. Motion out of Committee to adopt the proposed policy: An abbreviated form of the firms name may be used for advertising and marketing purposes, such as on logo shirts or specialty gift items. However, when using the abbreviated form of the firm name for business purposes, such as on letter head, the firm must have the full registered name visible to the public somewhere on the business material. On a roll call vote, Members Fuhrman, Obrist, Rieker, Skiles, Titus, Wassinger, and King Wu voted aye. Member Zacharia was absent. Motion #16 carried. The policy will be added to the Firm Guidelines. The Committee discussed a process to review firm letterhead. Staff will work on a possible process not tied to firm licensure.

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- B. Motion out of Committee to Recommend Board Notice of Complaint and Hearing for 2005 Non-renewed Permit Holders per PAA 1-137 (9)(a).** A listing of 13 active permit holders who had not renewed their permits since June 30, 2005 was provided to the Board. Motion out of Committee to recommend the Board file a Complaint and Notice of Hearing for 2005 Non-renewed Permit Holders per PAA 1-137 (9)(a). On a roll call vote, Members Fuhrman, Obrist, Rieker, Skiles, Titus, Wassinger, and King Wu voted aye. Member Zacharia was absent. Motion #15 carried.
- C. Ratification of initial permits to practice issued, certificates issued, firm permits.** Motion out of Committee to approve the permits to practice, certificates, and firm permits, issued between September 18 and November 12, 2008. On a roll call vote, Members Fuhrman, Obrist, Rieker, Skiles, Titus, Wassinger, and King Wu voted aye. Member Zacharia was absent. Motion #17 carried.
- D. Reinstatements to Active Permit, Inactive Retired Affidavits, Surrendered Certificates.** Motion out of Committee to approve the reinstatements, inactive - retired affidavits, and surrendered certificates received between September 18, 2008 and November 12, 2008:
Reinstatements: William R. Stultz O'Fallon, MO
- On a roll call vote, Members Fuhrman, Obrist, Rieker, Skiles, Titus, Wassinger, and King Wu voted aye. Member Zacharia was absent. Motion #18 carried.
- E. Report on To Do List.** There was no report at this time.

11. Report of Executive Director

- A. Midwest MicroSystems Discussion.** See agenda item 3C.
- B. Budget Update.** The Board's Executive Committee will convene to discuss the Board's budget when received from the DAS Budget Division with the Governor's recommendations..
- C. Staffing & General Office Issues.** ED Sweetwood spoke to the UN-L Accounting honors students at the invitation of Paul Shoemaker, UN-L Accounting Department Chair. Nebraska.gov is enhancing the CPE reporting function and updating the licensing and disciplinary search functions for the website.
- D. Report on To Do List.** There was no report at this time.

12. New Business

- A. National Association of State Boards of Accountancy (NASBA) Items.**
1.) NASBA Items. The Board reviewed ED and NASBA reports from the 2008 NASBA Annual Meeting held in Boston, MA. The reports were very informative and helpful to those members who could not attend. The South

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Dakota Board would like to meet before next years NASBA Regional Meeting to better discuss and review issues facing the Boards. NASBA will not provide financial assistance, however would assist with planning. It was recommended the ED's of both Boards should plan the meeting to be set in Omaha for the Central Region next year. The Board discussed and provided input on this quarters NASBA Focus Questions.

2.) NASBA FYIs. Various articles relating to NASBA were noted.

- B. Other Miscellaneous Items.** Various articles were noted related to the CPA profession as provided by staff.

13. Adjournment

Moved by King Wu, seconded by Obrist, to adjourn the meeting at 1:25 p.m. on Thursday, November 13, 2008. On a roll call vote, Members Fuhrman, Obrist, Rieker, Skiles, Titus, Wassinger, and King Wu voted aye. Member Zacharia was absent. Motion #19 carried.

Respectfully submitted by,

Anne K. Fuhrman
Board Secretary