

NEBRASKA BOARD OF PUBLIC ACCOUNTANCY

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

Minutes

May 6, 2010

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

Thursday, May 6, 2010

1. General

- A. Call to Order and Roll Call.** The Nebraska Board of Public Accountancy (Board) was called to order at 8:40 a.m. on Thursday, May 6, 2010 with Chair Doug Skiles, presiding. The roll was called with the following members present: Doug Skiles, Michael Wassinger, Anne Fuhrman, Jim Titus, Kate King Wu, Jim Rieker, and Richard Zacharia. Member Tom Obrist was absent. Also present were Executive Director Dan Sweetwood and Staff members Kelly Ebert and Jo Lowe. The meeting was held at the Board Office, 140 N. 8th Street, Suite 290, Lincoln, Nebraska. Chair Skiles noted the location of the notebook containing the Public Open Meeting Act, that the statutes were 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 May 6, 2010.** Moved by King Wu, seconded by Wassinger to approve the agenda for the May 6, 2010 meeting. On a roll call vote, Members Skiles, Wassinger, Fuhrman, King Wu, Rieker, Zacharia, and Titus voted aye. Member Obrist was absent. Motion #1 carried.
- C. Approval of Minutes from March 18, 2010.** Moved by Rieker, seconded by King Wu, to approve the Board minutes from the March 18, 2010 meeting. On a roll call vote, Members Skiles, Wassinger, Fuhrman, King Wu, Rieker, Zacharia, and Titus voted aye. Member Obrist was absent. Motion #2 carried. Member Obrist arrived at 8:46.

2. Public Comment Period (15 minute period)

Agenda Item 10 D 9:00 am: Public Hearing to return Jennifer Meyer's revoked certificate to Good Standing. Hearing Officer Titus opened the hearing at 9:25 am. Ms. Meyer was present and not represented by an attorney. ED Sweetwood presented evidence on the Board's behalf. The evidence was entered and accepted into the record with no objections. The Board asked questions of Meyer. The hearing was concluded at 9:27 am.

Dan Vodvarka, President, Nebraska Society, was present and thanked staff for review and approval of their CPE courses for 2010. The Society is also aware that Members Wassinger and Titus Board terms are coming up. Mr. Wassinger is up for reappointment and Mr. Titus will complete his two four year terms with the Board. Mr. Vodvarka thanked both for their service. The Society would also offer assistance with the Board on the 2011 NASBA Regional Meeting to be held in Omaha. He reported that little legislation affected CPAs during the past legislative session.

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Jessica Zywiec, Nebraska.gov, was present to give a demonstration of the Board online renewal applications with Staff Members Lowe and Ebert including the CPE Reporting and the JoKel administrative side. The ease of renewing online for both individuals and firms was evident. CPE reporting is an efficient process for submitting CPE. Board members provided suggestions and critiqued the applications. Staff is working with N.Gov to create an administrative function that allows the firm administrator to enter CPE and renew online without entering each individual's password. Overall, the Board was pleased with the updated systems.

3. Consent Agenda

- A. Published Notice of Meeting.** Moved by Zacharia, seconded by Titus, to approve the consent agenda. On a roll call vote, Members Skiles, Wassinger, Fuhrman, King Wu, Rieker, Obrist, Zacharia, and Titus voted aye. Motion #3 carried.
- B. Approval of Disbursements.** The disbursements for February and March 2010 were provided. Member Fuhrman reviewed the disbursements and noted items of interest. The expenses are getting close to the amount available in the current FY 10 appropriation. The intern time has been reduced by half.
- C. Review of Board Budget Status Report.** The Budget Status Report was provided and ED Sweetwood gave an update. ED Sweetwood pointed out that we carried over \$63K from FY 2009 into FY 2010 which mitigated the over \$50,000 in expenses related to a recently completed enforcement action. A question was raised whether a "restricted reserve" was possible for enforcement cases to comply with the agency statutory purpose of protection of the public. Staff is beginning work on narratives for the 2012-2013 budget. ED Sweetwood indicated he will be working closely with the Board's Executive Committee in the preparation of the 2012-2013 budget this summer. He indicated additional information will be required due to LR 542 and LB 945 recently signed into law at the request of the Appropriations Committee.
- D. Office Licensing Report.** The Office Licensing Report was provided.

4. Report of the Chair

- A. Report of the Chair.** Chair Skiles gave the report. Omaha will be the site of the NASBA Western Regional Conference in June 2011. A Hospitality Working Group was created with Member Zacharia, Hospitality Chair, Members Fuhrman, King Wu, and Rieker as Vice Chairs along with their spouses, and other interested volunteers including Board members, to work with NASBA staff on area activities for attendees. Board policy changes for 2009 were provided to the Board.
- B. Executive Committee Report: 2009-2010 Executive Directors Performance and Salary Review.** The Executive Committee met prior to the Board meeting to review ED Sweetwood's performance. Chair Skiles noted that he received a letter from

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Nebraska Budget Officer Gerry Oligmueller requesting on behalf of Governor Heineman that non-code agencies freeze salaries of executive directors like the Governor had required of code agency directors. Although pleased with the ED Sweetwood performance, the Committee recommended freezing ED Sweetwood's salary for one year based on the request of Governor Heineman.

- C. Review Board Calendar.** There were no changes to the calendar.
- D. Report on To Do List.** There were items on the To Do list at this time.

Closed Session

Closed Session. Moved by Titus, seconded by King Wu, that the Board go into closed session at 9:30 a.m., on Thursday, May 6, 2010 for the purpose of updating the Board about current open enforcement cases, personnel matters, and to discuss disciplinary matters. On a roll call vote, Members Skiles, Wassinger, Fuhrman, King Wu, Rieker, Obrist, Zacharia, and Titus voted aye. Motion #4 carried. Chair Skiles restated that the purpose for the closed session was to update the Board about current open enforcement cases, personnel matters, and to discuss disciplinary matters.

Return to Open Session. Moved by Rieker, seconded by Titus, that the Board return to open session at 10:23 a.m., on Thursday, May 6, 2010. On a roll call vote, Members Skiles, Wassinger, Fuhrman, King Wu, Rieker, Obrist, Zacharia, and Titus voted aye. Motion #5 carried.

5. Report of Enforcement of Professional Conduct Committee

- A. Open Case/LMCO Update.** Committee Chair Zacharia reviewed the open cases.
- B. Recommended Closure of Enforcement Cases.**
#09- 12 and 12A. The cases involved a dispute arising from a member of the CPA firm leaving the firm. Issues involving responsibilities to the firm and copy costs were addressed in a civil suit and counter suit. The civil suit was settled by all parties involved. The Committee recommended closure.
Motion out of committee to close cases #09-12 and #0912A. On a roll call vote, Members Skiles, Wassinger, Fuhrman, King Wu, Rieker, Obrist, Zacharia, and Titus voted aye. Motion #6 carried.

6. Report of Continuing Professional Education (CPE) Committee

- A. Report of the Committee.** Committee Chair Zacharia gave the report. The Committee reviewed a total of 66 courses from March 5, 2010 to April 29, 2010 with 66 approved. The Committee reviewed and approved the CPE program sponsor application for the Nebraska Bar Association (#S10-07). With 32 (2.5%) 2010 CPE Audits, the number of audits increases substantially by adding in the automatic audit of 49 extension requests.

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At this time 26 are completed, 8 have been reviewed but need more information, 9 are ready to be reviewed, 30 who have not completed the extension, 7 have not submitted proof of attendance, and 1 person chose to change status to inactive. The Committee will conduct their annual off site meeting at Mahoney State Park to discuss and revise the CPE Guidelines based on revisions to the Board rules. Motion out of Committee to recommend the Board allow Committee Chair Zacharia authority to approve the 2010 CPE Audit when completed prior to license renewal of June 30, 2010. On a roll call vote, Members Skiles, Wassinger, Fuhrman, King Wu, Rieker, Obrist, Zacharia, and Titus voted aye. Motion #9 carried. Motion out of committee to recommend Board approval of a waiver of CPE requirements for 2009/2010 reporting year for W003 based on military duty. On a roll call vote, Members Skiles, Wassinger, Fuhrman, King Wu, Rieker, Obrist, Zacharia, and Titus voted aye. Motion #10 carried.

- B. **Ratification/Denial of Staff Program Qualification Evaluations.** Motion out of Committee to recommend Board approval of a total of 66 courses from March 5, 2010 to April 29, 2010. On a roll call vote, Members Skiles, Wassinger, Fuhrman, King Wu, Rieker, Obrist, Zacharia, and Titus voted aye. Motion #7 carried.
- C. **Ratification of CPE Sponsor.** Motion out of Committee to approve the Nebraska Bar Association (#S10-07) as a CPE program sponsor. On a roll call vote, Members Skiles, Wassinger, Fuhrman, King Wu, Rieker, Obrist, Zacharia, and Titus voted aye. Motion #8 carried.
- 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.** Committee Chair King Wu gave the report. Pat Hartman, CPAES Director, provided information regarding an exam issue when a candidate was timed out of the exam. An exam candidate called in regarding a request for an extension based a medical issue. Moved by Zacharia, seconded by Titus, to allow a 13 month extension to the end of the window, after the candidate is released by the doctor to resume normal activities. On a roll call vote, Members Skiles, Wassinger, Fuhrman, King Wu, Rieker, Obrist, Zacharia, and Titus voted aye. Motion #11 carried. Motion out of Committee to approve the Dana College course number change. On a roll call vote, Members Skiles, Wassinger, Fuhrman, King Wu, Rieker, Obrist, Zacharia, and Titus voted aye. Motion #13 carried. International Financial Reporting Standards (IFRS) questions will be on the CPA Examination as of January 2011 when the new Content and Skills Specification Outlines (CSOs) become effective.
- B. **Approval of CPA Exam Scores.** Motion out of Committee to recommend Board approval of scores for the January- February 2010 exam window. On a roll call vote, Members Skiles, Wassinger, Fuhrman, King Wu, Rieker, Obrist, Zacharia, and Titus voted aye. Motion #12 carried.
- C. **Report on To Do List.** There was no report at this time.

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8. Report of the Legislative Committee

- A. **Report on Legislation: Report on Title 288 Rule Change Process.** The Rules have been delivered to the Attorney General's office for review.
- B. **Report on To Do List.** There was no report at this time.

9. Report of Quality Enhancement Program (QEP) Committee

- Report of the Committee.** Committee Chair Fuhrman reported that she reviewed the QEP exemption requests. Few letters of comment were received from the Peer Reviews. A Task Force has been set up to review the QEP/Peer Review processes in Nebraska and make recommendations to the QEP Committee regarding the future of the QEP program. The Nebraska Society will be invited to participate in the process at future meetings. The Committee will meet on June 11, 2010. QEP reviews begin in June. Three bids were set to computer companies to provide computer services for QEP by Staff Ebert. Only one bid was returned. It was noted that the owner of Midwest Microsystems is Staff Lowe's husband. Moved by Wassinger, seconded by Titus, to approve Midwest Microsystems as the QEP computer application provider. On a roll call vote, Members Skiles, Wassinger, Fuhrman, King Wu, Rieker, Obrist, Zacharia, and Titus voted aye. Motion #14 carried.
- B. **Report on To Do List.** There was no report at this time.

10. Report of the Licensing Committee

- A. **Report of the Committee.** Chair Obrist gave the report. The Committee discussed gaining public accounting experience as an independent contractor. The Committee referred to the 1-136.02 statute which states "...in employment as a staff accountant." By definition an independent contractor is not an employee. Staff received an email question: Would there be an independence issue if the client requests/allows CPA firm to pay their monthly sales tax, federal income tax deposits, state income tax deposits, or any other forms/payments? The Committee felt this issue was not really the Board's jurisdiction and to refer the CPA to the AICPA's website. A CPA firm recently sold to H & R Block and wants to do the right thing. Are they able to use the title when they sign taxes? They are bringing in three CPAs. How do they register? Staff will gather further information. ED Sweetwood is planning "mobility awareness" presentations to help other agencies become aware of the new law.

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- B. 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 March 18, 2010 and May 5, 2010. On a roll call vote, Members Skiles, Wassinger, Fuhrman, King Wu, Rieker, Obrist, Zacharia, and Titus voted aye. Motion #16 carried.
- C. 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 March 18, 2010 and May 5, 2010.
- Reinstatements:
- | | | |
|--------------------------------|----------------|------------------|
| Inactive - Retired affidavits: | George Morgan | Winter Garden FL |
| | Bill Engstrom | Rapid City SD |
| Surrendered Certificates: | Jeffery Tupper | Irving CA |
- On a roll call vote, Members Skiles, Wassinger, Fuhrman, King Wu, Rieker, Obrist, Zacharia, and Titus voted aye. Motion #17 carried.
- D. Agenda Item 10 D 9:00 am: Public Hearing to return Jennifer Meyer's revoked certificate to Good Standing.** See agenda item #2 Public Comment period. Moved by King Wu, seconded by Zacharia, to return Jennifer Meyer's certificate to good standing upon payment of \$250 administrative fee and inactive registration with \$80 fee within 30 days of the Order. On a roll call vote, Members Skiles, Wassinger, Fuhrman, King Wu, Rieker, Obrist, Zacharia, and Titus voted aye. Motion #15 carried.
- E. Report on To Do List.** There was no report at this time.

11. Report of Executive Director

- A. NASBA ED Conference, Nashville TN, March 21-24, 2010** ED Sweetwood noted the overall positive response by fellow ED's regarding the conference. Staff member Lowe provided a written report to the Board regarding her attendance at the meeting.
- B. 2009/2010 Budget Update.** See agenda item #3C.
- C. Report of Online Renewal Applications.** See agenda item #2.
- D. Staffing & General Office Issues.** Moved by Fuhrman, seconded by King Wu to freeze ED Sweetwood's salary for one year based on Governor Heineman's request. On a roll call vote, Members Skiles, Wassinger, Fuhrman, King Wu, Rieker, Obrist, Zacharia, and Titus voted aye. Motion #18 carried.
- E. 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. David Costello, CEO Retirement Announcement.** ED Sweetwood reported on his attendance at the April NASBA BOD Meeting. A Search Advisory Committee

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(SAC) will be formed to assist the Board's Executive Committee in finding a replacement for Mr. Costello. ED Sweetwood commented that after it was suggested a member from each NASBA region be represented on the SAC, the Executive Committee will appoint a member from the Central Region. The SAC will start the process of receiving feedback on the expectations for the position at the upcoming Regional Meetings.

2. Western Regional Meeting 2011, Volunteer Hospitality Work Group. See agenda item 4.A.

3. NASBA Committee Interest forms. Interest forms were made available to Board members.

4. FYI's. Various articles were noted related to NASBA as provided by staff.

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

13. Adjournment

Moved by Fuhrman, seconded by King Wu, to adjourn the meeting at 1:25 pm on Thursday, May 6, 2010. On a roll call vote, Members Skiles, Wassinger, Fuhrman, King Wu, Rieker, Obrist, Zacharia, and Titus voted aye. Motion #19 carried.

Respectfully submitted by,

Anne K. Fuhrman

Board Secretary