

NEBRASKA BOARD OF PUBLIC ACCOUNTANCY

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

Minutes

September 22, 2011

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

Thursday, September 22, 2011

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, September 22, 2011 with Chair Doug Skiles, presiding. The roll was called with the following members present: Doug Skiles, Michael Wassinger, Anne Fuhrman, Bernie Gutschewski, Kate King Wu, Tom Obrist, and Richard Zacharia. Member Jim Rieker was absent. Also present were Executive Director Dan Sweetwood, 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, 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 September 22, 2011.** Moved by Zacharia, seconded by King Wu to approve the agenda for the September 22, 2011 meeting. On a roll call vote, Members Skiles, Wassinger, Fuhrman, Obrist, King Wu, Gutschewski, and Zacharia voted aye. Member Rieker was absent. Motion #1 carried.
- C. Approval of Minutes from July 15, 2011.** Moved by Zacharia, seconded by Wassinger, to approve the Board minutes from the July 15, 2011 meeting. On a roll call vote, Members Skiles, Wassinger, Fuhrman, Obrist, and Zacharia voted aye. Members King Wu and Gutschewski abstained. Member Rieker was absent. Motion #2 carried.

2. Public Comment Period (15 minute period)

Kathy Smith, Director at Large, NASBA Board of Directors, joined the meeting via the web (Skype) from UN at Kearney. She reported on the successful international launch of the Uniform US CPA Exam with 2000 sections taken representing 1200 candidates at five test centers outside of the United States. It was also noted the cost of the CPA Exam had decreased due to the increased number of examination sections taken based on contractual provisions regarding the cost of sitting at test centers administered by Prometric. She also discussed the recent news that Professional Credential Services (PCS) was sold by NASBA based on leaderships determination it was the right time to make the sale to a “friendly” buyer. She indicated she would serve as Chair of NASBA’s By-laws Committee this next year and several items could be considered for revisions including length of service on NASBA committees and how Regional Directors are selected.

Dan Vodvarka, President, Nebraska Society of CPAs was present to update the Board on several items. He reported attendance at Society sponsored CPE courses continues to be good. The Society is also monitoring proposed changes to the unauthorized practice of law rules as proposed by the Nebraska Supreme Court although at this point it appears not to affect CPAs. He also indicated he had attended a meeting with ConAgra officials regarding the work of the

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Experience Work Group (EWG) to discuss future legislation. He indicated if future legislation is initiated, it would more than likely be initiated in the 2013 session as the 2012 session would be difficult for various reasons. Chair Skiles indicated further discussion will be held with the EWG at their meeting set for Friday, September 30, 2011. He also, on behalf of the Society, acknowledged and thanked Member Fuhrman for her service on the State Board.

ED Sweetwood indicated he had spoken to Mr. Ken Brauer, Nebraska Society of Independent Accountants (NSIA), on the telephone who apologized for not being able to attend due to their annual meeting being held in Norfolk, Nebraska. He wanted the Board to be aware of the NSIA's updated and improved website and that two Nebraska accounting students were recipients of two scholarships awarded by the NSIA.

Agenda Item 10 E. Public Hearing to return Jan R. Rockwell certificate to good standing. Hearing officer Chair Skiles opened the requested public hearing at 9:55 a.m., Thursday, September 22, 2011. Jan R. Rockwell was not present and was not represented by counsel. The public hearing was closed at 9:58 a.m., Thursday, September 22, 2011.

Agenda Item 10 E. Public Hearing to return Mark Mapes certificate to good standing. Hearing officer Chair Skiles opened the requested public hearing at 9:59 a.m., Thursday, September 22, 2011. Mark Mapes was not present and was not represented by counsel. The public hearing was closed at 10:00 a.m., Thursday, September 22, 2011.

3. Consent Agenda

- A. Published Notice of Meeting.** Moved by King Wu, seconded by Wassinger, to approve the consent agenda. On a roll call vote, Members Skiles, Wassinger, Fuhrman, Obrist, King Wu, Gutschewski, and Zacharia voted aye. Member Rieker was absent. Motion #3 carried.
- B. Approval of Disbursements for July and August, 2011.** Disbursements were reviewed by Member Fuhrman who provided explanations for atypical expenses. Fuhrman also coached new Board secretary Rieker by reviewing the disbursements with him. Fuhrman explained end of year reports and described her review process for all Board members. A question was asked on why Board members conduct a detailed review of Board expenses. ED Sweetwood explained due to the small office and segregation of duties, the review by a third party is valuable to staff and the Board. During Board audits, the Nebraska State Auditors Office is advised of the review.
- C. Review of Board Budget Status Report.** The current budget status report was provided for review. ED Sweetwood indicated Fiscal Year 2012/2013 began July 1, 2011 and will be monitored as the year progresses.
- D. Office Licensing Report.** The Office Licensing Report was provided.

4. Report of the Chair

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- A. **Report of the Chair.** Chair Skiles gave the report.
- B. **Recognition of Member Fuhrman.** Chair Skiles and the Board thanked Board member Fuhrman for her eight years of service to the public and the Board. She was presented with a plaque and the following framed resolution as read into the record by Chair Skiles:

RESOLUTION

WHEREAS, Anne K. Fuhrman, served as a Member of the Nebraska State Board of Public Accountancy from 2003 to 2011; and

WHEREAS, Anne K. Fuhrman, during her term as Member of the Board, asked the tough questions, exercised meticulousness review of issues, provided outstanding leadership to the Quality Enhancement Program, guided and directed the activities of the State Board as:

2003-2004	Member of the Licensing Committee Member of the Quality Enhancement Program
2004-2005	Chair of the Quality Enhancement Program Member of the Licensing Committee
2005-2006	Chair of the Quality Enhancement Program Member of the Licensing Committee
2006-2007	Chair of the Quality Enhancement Program Member of the Licensing Committee
2007-2008	Secretary of the Board Chair of the Quality Enhancement Program Member of the Licensing Committee
2008-2009	Secretary of the Board Chair of the Quality Enhancement Program Member of the Licensing Committee
2009-2010	Secretary of the Board Chair of the Quality Enhancement Program Member of the Licensing Committee
2010-2011	Secretary of the Board Chair of the Quality Enhancement Program Member of the Licensing Committee

THEREFORE, THE MEMBERS OF THE NEBRASKA STATE BOARD OF PUBLIC ACCOUNTANCY gratefully record their recognition of service of Anne K. Fuhrman by adopting the following Resolution:

BE IT RESOLVED, that the Members of the Nebraska State Board of Public Accountancy extend their sincere appreciation to Anne K. Fuhrman for her service as a Member of the Nebraska State Board of Public Accountancy.

BE IT FURTHER RESOLVED, that a copy of this Resolution be incorporated into the minutes of the Board, and further that a copy of this Resolution be presented to her.

Adopted this 22nd day of September 2011

by the Nebraska State Board of Public Accountancy

*Doug Skiles, Chair
Nebraska State Board of Public Accountancy*

- C. **2011-2012 Committee Appointments.** Chair Skiles noted that the Committees were working well and there were very few changes from 2010. Member Gutschewski will move to the CPE Committee from the E&E Committee based on the anticipated changes to the Board experience requirement. The new Board member will be assigned to QEP and Licensing Committees.
- D. **NASBA Update - Kathy Smith, NASBA Board of Directors.** See Public Comment period.
- E. **Set future Board meeting dates for 2012:**
January 4, March 23, May 17-18, July 19-20, September 20-21, November 15-16 (16th preferred if agenda allows).

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- F. **Review Board Calendar.** Request to have the November 2011 meeting on Friday, November 18, if a one day meeting, by Member King Wu.
- G. **Report on To Do List.** There was no report at this time.

Closed Session

Closed Session. Moved by King Wu, seconded by Fuhrman, that the Board go into closed session at 11:10 a.m., on Thursday, September 22, 2011 for the purpose of discussing enforcement matters. On a roll call vote, Members Skiles, Wassinger, Fuhrman, Obrist, King Wu, Gutschewski, and Zacharia voted aye. Member Rieker was absent. Motion #4 carried. Chair Skiles restated that the purpose for the closed session was to discuss enforcement matters.

Return to Open Session. Moved by King Wu, seconded by Wassinger, that the Board return to open session at 11:32 a.m., on Thursday, September 22, 2011. On a roll call vote, Members Skiles, Wassinger, Fuhrman, Obrist, King Wu, Gutschewski, and Zacharia voted aye. Member Rieker was absent. Motion #5 carried.

5. Report of Enforcement of Professional Conduct Committee

- A. **Open Case/LMCO Update.** Committee Chair Zacharia reviewed the open cases. Motion out of Committee to recommend Petition and Notice of Hearing be issued by Board Attorney Robert Gruit for case #11-09 and case # 11-11 for alleged violations of the Public Accountancy Act and Title 288 Rules and Regulations. On a roll call vote, Members Skiles, Wassinger, Fuhrman, Obrist, King Wu, Gutschewski, and Zacharia voted aye. Member Rieker was absent. Motion #7 carried.
- B. **Recommended Closure of Enforcement Cases.** Motion out of Committee to close cases:
 - #11-06: Due to lack of cooperation by the complainant in the matter, it was recommended the matter be closed.
 - #10-03: Due to the conclusion of enforcement matters and the issuance of an active permit to practice it was recommended the matter be closed.On a roll call vote, Members Skiles, Wassinger, Fuhrman, Obrist, King Wu, Gutschewski, and Zacharia voted aye. Member Rieker was absent. 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 125 courses from July 11, 2011 to September 15, 2011 with 125 approved. The Committee forwarded five reinstatements to the Licensing Committee for approval. The Committee reviewed the Kansas Board concern that out of state CPAs must report their CPE to Nebraska. The Committee suggested the issue be discussed with the full Board. After discussion, the Board requested staff to research CPE requirements in other jurisdictions and report back to the Committee.

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- B. **Ratification/Denial of Staff Program Qualification Evaluations.** Motion out of Committee to recommend Board approval of 125 courses from July 11, 2011 to September 15, 2011. On a roll call vote, Members Skiles, Wassinger, Fuhrman, Obrist, King Wu, Gutschewski, and Zacharia voted aye. Member Rieker was absent. Motion #8 carried.
- C. **Ratification of CPE Sponsor.** There were no CPE sponsor applications at this time.
- 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. The Committee reviewed the committee process for review of educational courses to meet the subject area requirements provided by staff. The Education Advisory Committee (EAC) will meet October 21, 2011, Mammel Hall, UNO campus with Dr. Craig Mills, AICPA Vice President for Exams and Continuing Professional Education, as a speaker. NASBA/CPAES and Prometric will also present. Issues discussed by the Committee to be added to the EAC agenda include: An issue related to acceptance of two- year institution credit hours after a baccalaureate degree will be added to the EAC agenda for discussion; and the acceptance of “life experience” for college credit.
- B. **Approval of CPA Exam Scores.** No scores were available at this time.
- C. **Report on To Do List.** There was no report at this time.

8. Report of the Legislative Committee

- A. **Report on Legislation.** Chair Skiles reported the Experience Work Group (EWG) met for the second time, August 17, 2011 with an informative discussion by the members. Minutes of the meeting were provided to the Board. At this point the EWG concluded changes need to be made to the current experience requirement. The next meeting is scheduled for September 30, 2011.
- B. **Report on To Do List.** There was no report at this time.

9. Report of Quality Enhancement Program (QEP) Committee

- A. **Report of the Committee.** Committee Chair Fuhrman gave her final QEP Committee report. The Committee met and confirmed agreement with the reviewers type 3 (21) and 4 (19) reports out of 89 reports reviewed. Motion out of Committee to recommend Board approval of the Committee’s Ratings. On a roll call vote, Members Skiles, Wassinger, Fuhrman, Obrist, King Wu, Gutschewski, and Zacharia voted aye. Member Rieker was absent. Motion #9 carried. The committee determined the following five issues were the most common problems:
 - 1. Compilation reports wording not in accordance with SSARS 19.
 - 2. Subsequent events disclosures missing or incomplete.

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3. For the years beginning after December 15, 2008, disclosure needs to include a description of tax years that remain subject to examination by major tax jurisdictions.
4. OCBOA financial statements using incorrect report wording and/or statement headings.
5. Use of outdated GASB and A133 report wording.

The Committee discussed two CPA firms receiving “failed reports” from the AICPA Peer Review program. The Committee will review information as requested from the firms to determine what course of action is needed. It was announced QEP Members Jim Rouch and Gary Pavel were leaving the Committee. Motion out of Committee to recognize Jim Rouch and Gary Pavel for their service to the QEP Committee. Chair Skiles read recognition resolutions into the record. On a roll call vote, Members Skiles, Wassinger, Fuhrman, Obrist, King Wu, Gutschewski, and Zacharia voted aye. Member Rieker was absent. Motion #10 carried. It was also announced that Member Fuhrman had agreed to join the QEP Committee after her Board service based on the need for her continued work on the QEP Task Force and the Committee. Motion out of Committee to recommend Board appointment of Ms. Anne Fuhrman, after her Board service ends, to the QEP Committee. On a roll call vote, Members Skiles, Wassinger, Fuhrman, Obrist, King Wu, Gutschewski, and Zacharia voted aye. Member Rieker was absent. Motion #11 carried.

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

Member Kate King Wu left the meeting at 12:15 pm.

10. Report of the Licensing Committee

- A. Report of the Committee.** Chair Obrist gave the report. The Committee Staff will begin the process of revoking non-renewed inactive registrants. Board members were provided with listing of 15 non-renewed active permit holders since 2008 for revocation of certificate. Motion out of Committee to recommend Board acceptance of Carol Calkins experience for permit issuance. On a roll call vote, Members Skiles, Wassinger, Fuhrman, Obrist, Gutschewski, and Zacharia voted aye. Members King Wu and Rieker were absent. Motion # 14 carried. The Committee discussed the use of and subscription to PACER as recommended by staff. PACER would allow a check of Federal Appellate, District and Bankruptcy court filings, for initial certificate and permit licensing. Estimated annual expenses are around \$400. Motion out of Committee to recommend Board approval of subscribing to the PACER system. On a roll call vote, Members Skiles, Wassinger, Fuhrman, Obrist, and Zacharia voted aye. Members King Wu, Gutschewski, and Rieker were absent. Motion # 15 carried. The Committee also discussed the Board’s Mobility law as prescribed within the Nebraska Public Accountancy Act (PAA) based on the request of the Kansas Board of Accountancy. The current PAA requires one member of the CPA firm to be licensed along with the CPA firm when conducting audit/reviews for a Nebraska entity. Based on the concern of the Kansas Board, it was recommended the Board conduct a review

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five years after adoption, to determine if any of the concerns as expressed by the Mobility Work Group regarding the requirement are warranted. If not, the Board may consider amending the PAA to remove the requirement.

- B. Ratification of initial permits to practice, initial firm permits, and certificates issued between July 14, 2011 and September 21, 2011.** Motion out of Committee to recommend Board approval of initial permits to practice, initial firm permits, and certificates issued between July 14, 2011 and September 21, 2011. On a roll call vote, Members Skiles, Wassinger, Fuhrman, Obrist, Gutschewski, and Zacharia voted aye. Members King Wu and Rieker were absent. Motion # 17 carried.
- C. Reinstatements to Active Permits, Inactive Retired Affidavits, Surrendered Certificates.** Motion out of Committee to approve the Reinstatements, Inactive Retired Affidavits, and Surrendered Certificates received between July 14, 2011 and September 21, 2011.

Reinstatements:	Brian Oatman	Overland Park KS
	Leon Hansen	Missouri Valley IA
	Michael Walsh	Omaha NE
	Denise Eaton- Heim	Plattsmouth NE
	Michael McDonald	Omaha NE

Inactive - Retired affidavits:

Surrendered Certificates:	Thomas Kearney	San Francisco CA
	Jesse Merten	Milwaukee WI
	Samuel Telzer	New York NY
	Miles Mooney	Glendale MO

Missed from July Board meeting:

Donald Haugen	Fargo ND
Erica Knuth	Philadelphia PA
Daniel Levenson	Highland Park IL
Sara Nickless	Chanhassen MN
Joseph Martin	Grand Forks ND
Aaron O'Connor	Oak Brook IL
Patrick Prunty	Dent MN
Scott Wilgenbusch	Chicago IL
Nicholas Wilson	Milwaukee WI

On a roll call vote, Members Skiles, Wassinger, Fuhrman, Obrist, Gutschewski, and Zacharia voted aye. Members King Wu and Rieker were absent. Motion #18 carried.

- D. Motion out of Committee to recommend the Board file a complaint and notice of hearing to revoke the certificate of active permit non-renewals for three years (since 2008), after a letter has been sent with options such as surrender.** On a roll call vote, Members Skiles, Wassinger, Fuhrman, Obrist, Gutschewski, and Zacharia voted aye. Members King Wu and Rieker were absent. Motion # 16 carried.
- E. Public Hearing to return Jan R. Rockwell certificate to good standing.** Moved by Zacharia, seconded by Gutschewski, to return Jan R. Rockwell certificate to good standing following compliance with the Order. On a roll call vote, Members Skiles,

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Wassinger, Fuhrman, Obrist, Gutschewski, and Zacharia voted aye. Members King Wu and Rieker were absent. Motion # 12 carried.

- F. Public Hearing to return Mark Mapes certificate to good standing.** Moved by Zacharia, seconded by Gutschewski, to return Mark Mapes certificate to good standing following compliance with the Order. On a roll call vote, Members Skiles, Wassinger, Fuhrman, Obrist, Gutschewski, and Zacharia voted aye. Members King Wu and Rieker were absent. Motion # 13 carried.
- G. Report on To Do List.** There was no report at this time.

11. Report of Executive Director

- A. Report on Nebraska Society Leadership Meeting** ED Sweetwood reported he had appeared before the Nebraska Society Leadership at Mahoney State Park on August 19, 2011. During this annual meeting, Sweetwood reported the relationship between the Boards remain strong. He indicated he and Mr. Vodvarka meet on a regular basis to discuss issues that arise before the Boards. He also discussed the status of the EWG and QEP Task Force activities, provided updates on Board technology initiatives, and the upcoming changes to NASBA leadership.
- B. Staffing and Office Issues: DAS Building Division Update-** The move of the Board office is anticipated sometime in late 2012 or early 2013 to the Assurity Building next to the current State Office Building. Board staff is scheduled to take a second site visit of the building. ED Sweetwood will be attending a DAS Building Division meeting to overview space planning and move requirements for state agencies.
- C. Report on To Do List**

12. New Business

- A. NASBA Items:**
- A. NASBA Items:**
- 1.) NASBA Committee Updates.** There were no committee updates at this time.
- 2.) NASBA Focus Questions** The Board reviewed this quarters NASBA Focus Questions and provided input to the ED for completion.
- 3.) NASBA FYI articles.** Articles of interest were provided to the Board.
- B. Other Miscellaneous Items:** Articles of interest were provided to the Board.

13. Adjournment

Moved by Zacharia, seconded by Fuhrman, to adjourn the meeting at 12:48 pm on September 22, 2011. On a roll call vote, Members Skiles, Wassinger, Fuhrman, Obrist, Gutschewski, and Zacharia voted aye. Members King Wu and Rieker were absent. Motion #19 carried.

Respectfully submitted by,

Anne K. Fuhrman

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Board Secretary