

NEBRASKA BOARD OF PUBLIC ACCOUNTANCY

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

Minutes
July 26, 2012

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

Thursday, July 26, 2012

1. General

- A. Call to Order and Roll Call.** The Nebraska Board of Public Accountancy (Board) was called to order at 8:38 a.m. on Thursday, July 26, 2012 with Chair Doug Skiles, presiding. The roll was called with the following members present: Doug Skiles, Michael Wassinger, Bernie Gutschewski, Kate King Wu, Tom Obrist, and Richard Zacharia, and Lori Druse. Also present were Executive Director Dan Sweetwood, Staff member Jo Lowe. Staff member Kelly Ebert was absent. 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. Visitors present: Mr. Dan Vodvarka, Nebraska Society of CPAs, and Mr. Ken Brauer, Nebraska Society of Independent Accountants.
- B. Approval of Meeting Agenda for Thursday, July 26, 2012.** Chair Skiles offered to move agenda item #8 following the Public Comment period to accommodate discussion with visitors present. Moved by King Wu, seconded by Zacharia, to approve the agenda for the Thursday, July 26, 2012 meeting. On a roll call vote, Members Skiles, Wassinger, Obrist, King Wu, Gutschewski, Zacharia, and Druse voted aye. Motion #1 carried.
- C. Approval of Minutes from May 18, 2012.** Member Gutschewski recommended revisions to the Public Comment period report. Moved by Wassinger, seconded by King Wu, to approve the Board minutes from the May 18, 2012 meeting with revisions. On a roll call vote, Members Skiles, Wassinger, Obrist, King Wu, Gutschewski, Zacharia, and Druse voted aye. Motion #2 carried.

2. Public Comment Period (15 minute period)

Dan Vodvarka, Nebraska Society, reviewed the newly appointed Nebraska State Board members and indicated a letter had been sent on their behalf to the Governor's Office from Society leadership. He also reported the Society CPE courses have been well attended.

Ken Brauer, Nebraska Society of Independent Accountants, reported that the NSIA legal advisors had reviewed the proposed revisions to the Public Accountancy Act regarding experience for licensure with the recommendation the Board review the language in the two sections dealing with experience that appear not to be consistent. See agenda item 8.

Agenda Item 5 B. 9:00 am: Public Hearing for Revocation of Certificates of Non-Renewed 2001-2007 Inactive Registrations. Hearing Officer Doug Skiles, opened the hearing at 10:20 am. The hearing concluded at 10:25 am.

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3. Consent Agenda

- A. Published Notice of Meeting.** Moved by King Wu, seconded by Zacharia, to approve the consent agenda. On a roll call vote, Members Skiles, Wassinger, Obrist, King Wu, Gutschewski, Zacharia, and Druse voted aye. Motion #3 carried.
- B. Approval of Disbursements for May and June 2012.** Disbursements were reviewed prior to the Board meeting by Member Druse. She reviewed the Budget Status Report and discussed areas of variance in the budget from FY 2011-2012 that ended June 30, 2012.
- C. Review of Board Budget Status Report.** The current budget status report was provided for review. ED Sweetwood commented as of July 1 the Board moved into Fiscal Year 2012-2013.
- D. Office Licensing Report.** The Office Licensing Report was not provided at this time due to the recency of the licensing renewals.

4. Report of the Chair

- A. Report of the Chair.** Chair Skiles gave the report.
- B. New Board Member Appointments by Governor Heineman.** Chair Skiles reported on the new Board appointments as reported by the Governor's Office. Public Member Ms. Jan Glenn will be appointed as of August 1, 2012 while Mr. Michael McClure, CPA, and Ms. Michelle Stomp, CPA, will be appointed as of September 24, 2012.
- C. NASBA Western Regional Conference Report.** The Conference was helpful to all attendees to learn about issues facing the CPA profession, NASBA's focus on services for state boards, and information on legal issue processing. Chair Skiles thanked the Board members for their support in his successful appointment to the NASBA Board of Directors as Central Regional Chair. ED Sweetwood commented on the Eastern Regional Conference and his visit to the CPA Exam Center.
- D. Election of 2012-2013 Board Officers.** Moved by King Wu, seconded by Gutschewski, to elect Wassinger as Board Chair. On a roll call vote, Members Skiles, Wassinger, Obrist, King Wu, Gutschewski, Zacharia, and Druse voted aye. Motion #5 carried. Moved by King Wu, seconded by Druse to elect Gutschewski as Board Vice Chair. On a roll call vote, Members Skiles, Wassinger, Obrist, King Wu, Zacharia, and Druse voted aye. Member Gutschewski recused himself. Motion #6 carried. Moved by King Wu, seconded by Wassinger to elect Druse as Board Secretary. On a roll call vote, Members Skiles, Wassinger, Obrist, King Wu, Gutschewski, and Zacharia voted aye. Member Druse recused herself. Motion #7 carried.
- E. Review of Performance Card Survey.** Comments from the 2012 online renewal application surveys were provided to the Board. Overall comments were positive. See also Agenda item #11.
- F. Review Board Calendar.** There were no changes. However, the September meeting will be Friday, September 21 at this time.
- G. Report on To Do List.** There was no report on the To Do list at this time.

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Closed Session

Closed Session. Moved by King Wu, seconded by Druse, that the Board go into closed session at 11:10 a.m., on Thursday, July 26, 2012, for the purpose of discussing enforcement and personnel matters. On a roll call vote, Members Skiles, Wassinger, King Wu, Gutschewski, Zacharia, and Druse voted aye. Member Obrist recused himself. Motion #8 carried. Chair Skiles restated that the purpose for the closed session was to discuss enforcement and personnel matters.

Return to Open Session. Moved by King Wu, seconded by Wassinger, that the Board return to open session at 11:16 a.m., on Thursday, July 26, 2012. On a roll call vote, Members Skiles, Wassinger, King Wu, Gutschewski, Druse, and Zacharia voted aye. Member Obrist was absent. Motion #9 carried.

5. Report of Enforcement of Professional Conduct Committee

- A. Open Case/LMCO Update.** Committee Chair Zacharia reviewed the open case file.
- B. Public Hearing for Revocation of Certificates of Non-Renewed 2001-2007 Inactive Registrations.** See public Comment Period. Moved by King Wu, seconded by Zacharia, due to the neglect of the following inactive registrants, the certified public accountant certificate shall be revoked.

HASSENSTAB	JAMES
HEATER	JOSEPH
HENDERSON	ROBERT
HESS	STEVEN
HILL	HARRY
HOCH	BRADLEY
HOPSON	TANYA
HOUSER	DARLA
HUBBS	MARVIN
HUBER	MARK
HUPF	MICHAEL
ISAACSON	SARAH
JEDLICKA	KATHLEEN
JENSEN	WALTER
JENSEN	LINDA
JOHNS	ROBERT
JOHNSON	DAVID
KENDALL	BRUCE
KINLEY	DONALD

On a roll call vote, Members Skiles, Wassinger, King Wu, Druse, Gutschewski and Zacharia voted aye. Member Obrist was absent. Motion #11 carried.

- C. Recommended Closure of Enforcement Cases.** Motion out of Committee to close case #12-02 and #12-03.

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#12-02: Complainant alleged CPA ruined the business through bad tax filings. However, after Board staff contacted the CPA regarding the matter, the CPA was very helpful in assisting to rectify issues and complainant no longer wished to pursue complaint.

#12-03: Complaint found errors and missed filing instructions within her mother's tax returns. Board staff contacted the CPA who provided an explanation and developed new controls to assist in these areas. CPA also revised review of tax returns for elderly to reduce a repeat of the errors. Complainant was very satisfied with the response of the Board and the CPA.

On a roll call vote, Members Skiles, Wassinger, King Wu, Druse, Gutschewski and Zacharia voted aye. Member Obrist was absent. Motion #10 carried.

- D. **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.** Committee Chair Zacharia gave the report. The Committee reviewed a total of 138 courses from May 8, 2012 to July 16, 2012 with 137 approved and 1 denied. The Committee forwarded four reinstatements to the Licensing Committee for approval. The Committee reviewed the definition and description of personal development courses and possible related Rule changes and referred an initial draft to the Board. After discussion, the Board recommended more information was needed to make a decision. Chair Zacharia indicated he would call an expanded CPE Committee meeting and invite members of the Experience Work Group and others to attend to provide perspective and ideas associated with the future of personal development and other courses related to possible changes to the experience requirement. The Committee will report back on the discussions held. Promotion of the use of NASBA's CPE accrediting review was encouraged by Committee Chair Zacharia. Motion out of Committee to recommend Board approval of waiver W004. On a roll call vote, Members Skiles, Wassinger, King Wu, Gutschewski, Druse, and Zacharia voted aye. Member Obrist was absent. Motion #13 carried.
- B. **Ratification/Denial of Staff Program Qualification Evaluations.** Motion out of Committee to recommend Board approval of 138 courses from May 8, 2012 to July 16, 2012 with 137 approved and 1 denied. On a roll call vote, Members Skiles, Wassinger, King Wu, Gutschewski, Druse, and Zacharia voted aye. Member Obrist was absent. Motion #12 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 discussed the Veteran's Education Benefits available for the CPA exam costs and will promote program awareness through the Board's website. The revised exam score process is being implemented with the April – May 2012 scoring window.

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The Committee is also reviewing the AICPA Ethics exam, required for certificate issuance, for potential revisions related to the Nebraska Title 288 Chapter 5 Rules of Professional Conduct.

- B. Approval of CPA Exam Scores.** Motion out of Committee to recommend Board approval of CPA exam scores for Q2 April- May 2012. On a roll call vote, Members Skiles, Wassinger, Obrist, King Wu, Gutschewski, Zacharia, and Druse voted aye. Motion #14 carried.
- C. Ratification of CPAES Contract from May 4, 2012 to May 4, 2015.** The Committee reviewed renewal of the CPAES Contract from May 4, 2012 to May 4, 2015. A.G. Melson had reviewed and found no concerns with contract. Staff Member Lowe and ED Sweetwood recommended the contract be renewed based on the performance of CPAES in their review and processing of Uniform CPA Examination applications for the Board since 2003. Chair King Wu reported on her positive impression after visiting CPAES while in Nashville in June. Motion out of Committee to recommend Board approval of the CPAES Contract from May 4, 2012 to May 4, 2015. On a roll call vote, Members Skiles, Wassinger, Obrist, King Wu, Gutschewski, Zacharia, and Druse voted aye. Motion #16 carried.
- D. International Education Evaluation Service.** The newly created NASBA International Evaluation Services (NIES) for education was discussed. Motion out of Committee to recommend Board approval of NASBA International Evaluation Services for use in evaluating foreign transcripts. On a roll call vote, Members Skiles, Wassinger, Obrist, King Wu, Gutschewski, Zacharia, and Druse voted aye. Motion #15 carried.
- E. Report on To Do List.** There was no report at this time.

8. Report of the Legislative Committee

- A. Report on Legislation: Review of EWG meeting and draft amendments to the Public Accountancy Act and Board Regulations.** Chair Skiles reported on the EWG Committee meeting and thanked them for their dedicated participation. The suggested revisions had been provided to the bill drafters. The revised PAA draft language was provided to the Board. Ken Brauer, Nebraska Society of Independent Accountants, reported that the NSIA legal advisors had reviewed the proposed revisions to the Public Accountancy Act regarding experience for licensure, and felt the language in the two sections dealing with experience was not consistent. Discussion also included the reference of CPAs required for supervision and whether it was clear the person approving the experience was an active permit holder. The Board requested the draft be reviewed with the Legislative Bill Drafters office regarding the clarification. After further discussion, the Board generally agreed with the EWG recommendations. Moved by Wassinger, seconded by Zacharia, to move forward with concepts in the draft law language and to develop accompanying regulations. On a roll call vote, Members Skiles, Wassinger, Obrist, Gutschewski, Zacharia, and Druse voted aye. Member King Wu abstained. Motion #4 carried.
- 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 Wassinger gave the report. He reported that 129 reports had been submitted for QEP resulting in 42 Type 4 reports, 24 Type 3, 41 Type 2, and 22 Type 1. The Committee was concerned about the high number of Type 3 and 4 reports. ED Sweetwood acknowledged the work of the QEP Committee consisting of a 10-hour meeting to review reports. Motion out of Committee to approve the 2012 QEP reports reviewed. On a roll call vote, Members Skiles, Wassinger, Obrist, King Wu, Gutschewski, Zacharia, and Druse voted aye. Motion #17 carried. Committee Chair Wassinger indicated the proposed firm review Rule language is progressing. The QEP Task Force met in June to review a final draft of the regulations and later discussed concerns raised by Board legal counsel. It was determined Chair Wassinger would discuss the matter further with Board legal counsel to gather a better understanding of the concerns before any further actions are taken.
- 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 reviewed several licensing issues. Since it appeared the name did not violate Board regulations or guidelines, moved by Obrist, seconded by Gutschewski to approve the firm name "Landof Enterprises." On a roll call vote, Members Skiles, Wassinger, Obrist, King Wu, Gutschewski, Zacharia, and Druse voted aye. Motion #18 carried. Based on request by staff to review the experience of Mr. Akey to determine if it is satisfactory to the Board, Motion out of Committee to recommend Board approval of experience verification for Curtis Akey. On a roll call vote, Members Skiles, Wassinger, Obrist, King Wu, Gutschewski, Zacharia, and Druse voted aye. Motion #19 carried.
- B. **Ratification of initial permits to practice, initial firm permits, and certificates issued between May 17, 2012 and July 25, 2012.** Motion out of Committee to recommend Board approval of initial permits to practice, initial firm permits, and certificates issued between May 17, 2012 and July 25, 2012. On a roll call vote, Members Skiles, Wassinger, Obrist, King Wu, Gutschewski, Zacharia, and Druse voted aye. Motion #20 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 May 17, 2012 and July 20, 2012.

Reinstatements:	Ronald Baxa	Wewahitchka FL
	David Francis	Papillion NE
	Kraig Johnson	Kansas City MO
	Mark Preston	Omaha NE
Inactive - Retired affidavits:	Harlan Aeevermann	Norfolk NE
	William Boyle	Omaha NE
	James Casler	Omaha NE
	Ruth Beer	Ashland NE

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	Jerry Herold	Omaha NE
	Kevin Smith	Prairie Village KS
	M Eastman Chance	Council Bluffs IA
	Emma Chance	Council Bluffs IA
	Robert Passmore	Omaha NE
	Jerry Golden	Eden Prairie MN
	Byron Boslau	Lincoln NE
	Charles HunterMann	Burnsville MN
Surrendered Certificates:	Jason Flinn	Minneapolis MN
	Michael Schumacher	Fargo ND
	Douglas Dent	Charlotte NC
	Brenda Niblo	Tiffin IA
	Christine Terhark	Des Moines IA
	Michael Vicente	Des Moines IA
	Stephen Workman	La Center WA
	Brian Falk	Minneapolis MN
	Christopher Augustine	Salina KS
	Stan Bever	Kansas City MO
	Clifton Gabrielson	Austin MN
	Roger Jones	West Des Moines IA
	Thomas Dunning	Littleton CO
	John C. Williams	Sioux City IA
	Gustavo Hernandez	Johns Creek GA
	Daniel Vandenberghe	Mpls. MN

On a roll call vote, Members Skiles, Wassinger, Obrist, King Wu, Gutschewski, Zacharia, and Druse voted aye. Motion #21 carried.

- D. **Report on To Do List.** There was no report at this time.

11. Report of Executive Director

- A. **NASBA Eastern Regional Conference Report.** See agenda item 4A.
- B. **Board Budget/Fiscal Year 2012 Summary.** ED Sweetwood reported FY 2012 was a good one for the Board. Based on low enforcement expenses combined with an unexpected increase in active permits to practice and the anticipated increase in inactive registrants based on the recent actions of the Licensing Committee, the Boards revenues were \$426, 575 while expenses were \$366,663. The Boards cash fund as of June 30, 2012 increased to \$494, 499. He indicated the possibility of higher enforcement expenses in FY2013 and continued review and possible replacement of the Board's backend database.
- C. **Development of Board Budget 2014-2015.** Board staff has begun the creation of the FY 2014-2015 Board budget. Preliminary narrative portions of the Budget are due August 3 and are ready for submission. Board staff will prepare the preliminary budget for review and recommendations by the Executive Committee. The IT Budget submission will include information on the planned replacement of the Board's

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backend database. The Budget is due for submission on September 15 to the Governor's Office for review.

- D. **Nebraska.gov Report.** Adoption numbers were provided to the Board with 80% of active CPAs renewing online. Board staff will hold a meeting with the N.GOV team to review survey results and issues identified during the 2012 online renewal process. Overall, staff was pleased with the results.
- E. **Staffing & General Office Issues.** ED Sweetwood acknowledged the work of staff members Lowe, Ebert, and Intern Nicole Enstrom during the Board's permit renewal process, QEP submissions, and the CPE audit.
- F. **Report on To Do List.** There was no report at this time.

12. New Business

- A. **NASBA Items:**
 - 1.) **NASBA Central Region Director.** Chair Douglas Skiles, CPA, was announced as NASBA Central Region Director for 2012-2013.
 - 2.) **Attendance at NASBA Annual Meeting, Orlando FL, Oct. 28-31, 2012.** Due to the value to the CPA profession through awareness of national and regional issues, and experiences learned from other state's board members, attendance at the conference is critical to the well being of Nebraska CPAs. Moved by King Wu, seconded by Druse, to allow Board members and Executive Director Sweetwood to attend the NASBA Annual Meeting, Orlando FL, Oct. 28-31, 2012. On a roll call vote, Members Skiles, Wassinger, Obrist, King Wu, Gutschewski, Zacharia, and Druse voted aye. Motion #22 carried.
 - 3.) **NASBA FYI's:** Articles of interest were provided to the Board.
- B. **Other Miscellaneous Items:** Articles of interest were provided to the Board.

13. Adjournment

Moved by King Wu, seconded by Wassinger, to adjourn the meeting at 2:20 pm on July 26, 2012. On a roll call vote, Members Skiles, Wassinger, Obrist, King Wu, Gutschewski, Zacharia, and Druse voted aye. Motion #23 carried.

Respectfully submitted by,

Board Secretary
Lori Druse