

NEBRASKA BOARD OF PUBLIC ACCOUNTANCY

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

Minutes

November 16, 2012

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

Friday, November 16, 2012

1. General

- A. Call to Order and Roll Call.** The Nebraska Board of Public Accountancy (Board) was called to order at 8:36 a.m. on Friday, November 16, 2012 with Chair Mike Wassinger, presiding. The roll was called with the following members present: Michael Wassinger, Lori Druse, Richard Zacharia, Doug Skiles, Jan Glenn, Michele Stomp, and Michael McClure. Member Bernie Gutschewski was absent. Also present were Executive Director Dan Sweetwood and Staff members Jo Lowe and new Administrative Assistant Heather Myers. The meeting was held at the Board Office, 140 N. 8th Street, Suite 290, Lincoln, Nebraska. Chair Wassinger 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. Chair Wassinger welcomed new Board members Michele Stomp, and Michael McClure. Visitors present: Mr. Dan Vodvarka, Nebraska Society of CPAs (Society), Ken Brauer, Nebraska Society of Independent Accountants (NSIA), Kathy Smith, UNK, Kelly Ebert, and Board Attorney Robert Gruit.
- B. Approval of Meeting Agenda for Friday, November 16, 2012.** At the request of Paul Luke, a continuance was granted regarding the public hearing scheduled for today. Moved by Druse, seconded by Glenn, to approve the agenda for the Friday, November 16, 2012 meeting. On a roll call vote, Members Wassinger, Druse, Zacharia, Skiles, Glenn, Stomp, and McClure voted aye. Member Gutschewski was absent. Motion #1 carried.
- C. Approval of Minutes from July 26, 2012.** Moved by Zacharia, seconded by Skiles to approve the Board minutes from the September 21, 2012 meeting. On a roll call vote, Members Wassinger, Druse, Zacharia, Skiles, and Glenn voted aye. Members Stomp and McClure abstained. Member Gutschewski was absent. Motion #2 carried.

2. Public Comment Period (15 minute period)

Former Board Administrative Assistant Kelly Ebert was recognized for her service from 2001-2012 with a resolution by the Board. ED Sweetwood commented, "We are very proud of Kelly and her accomplishments while employed by the Board. Kelly received her Bachelors Degree in Business and participated in various national panels and was always well thought of by Board members, licensees, and her peers from other State Boards. We will truly miss her but welcome her promotion and wish her continued success."

Dan Vodvarka, President of the Nebraska Society of CPAs was present. He indicated Society CPE courses are going well and indicated their annual meeting was held October 31-November 1, 2012. He discussed the progress of the proposed Legislative Bill to change the experience provisions within the Public Accountancy Act. It is anticipated the Bill would be submitted

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very early in the 2013 session. Mr. Vodvarka indicated discussions have been held with state officials including the Tax Commissioner and the State Auditors Office and that Nebraska Society leadership concluded no changes should be made to the existing Bill.

Ken Bauer, Nebraska Society of Independent Accountants (NSIA), was present and described his and his association's relationship to the Board and the assistance his national office recently offered to the proposed changes to the experience requirements.

Former Board Member Kathy Smith was present to ask for Board support as a National Association of State Boards of Accountancy (NASBA) Board of Directors Vice Chair. Ms. Smith offered a letter and her vitae in support of her request. Ms. Smith described her history with the State Board including serving two four year terms and serving as Regional Director and a Director at Large for NASBA the last ten years. She indicated she is well positioned to lead NASBA after serving on various committees including education, by-law, UAA, and others.

Mr. Robert Gritmit, esq., from the Lincoln law firm Baylor Evnen Curtiss Gritmit & Witt appeared before the Board, as requested by ED Sweetwood, to discuss his responsibilities as Board Attorney. He has been approved as a Special Assistant Attorney General to handle Board enforcement activities since 1992 by the Attorney Generals Office. He discussed the complaint process and how administrative hearings will be conducted before the Board. He stressed at times Board members might become frustrated by the process but this is not unusual within legal requirements. Longtime Enforcement Chair Zacharia complimented Mr. Gritmit's work before his committee.

Agenda Item 5 B. 9:00 am: Public Hearing for Revocation of Certificates of Non-Renewed 2001-2007 Inactive Registrations. Hearing Officer Michael Wassinger, opened the hearing at 10:18 am. The hearing concluded at 10:20 am.

9:15 Agenda item 5 A. Public Hearing regarding Paul Luke request for Inactive Status. The Board granted a continuance in the matter.

3. Consent Agenda

- A. Published Notice of Meeting.** Moved by Zacharia, seconded by Glenn, to approve the consent agenda. On a roll call vote, Members Wassinger, Druse, Zacharia, Skiles, Glenn, Stropm, and McClure voted aye. Member Gutschewski was absent. Motion #3 carried.
- B. Approval of Disbursements for September 2012.** Disbursements were reviewed prior to the Board meeting by Secretary Druse. She reviewed the Budget Status Report and discussed areas of variance in the budget FY 2012-2013 YTD actual compared to FY 2012-2013 budget and FY 2011-2012 YTD actual. Ms. Druse will continue to work with Ms. Myers in preparation of the documents from the state financial system.

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Moved by Zacharia, seconded by McClure, to approve the September disbursements as presented and reviewed. On a roll call vote, Members Wassinger, Druse, Zacharia, Skiles, Glenn, Stromp, and McClure voted aye. Member Gutschewski was absent. Motion #4 carried.

- C. **Review of Board Budget Status Report.** The current budget status report was provided for review. See comments in 3.B.
- D. **Office Licensing Report.** The Office Licensing Report was not available at this time.

4. Report of the Chair

- A. **Report of the Chair.** Chair Wassinger gave the report. He recognized former long time staff member Kelly Ebert for 11 years of dedicated service to the Board.
- B. **NASBA Annual Meeting Report, Orlando FL, October 28-31, 2012**
 - 1. Attest Definition/ Expanded Scope of Services. Chair Wassinger discussed areas of concern regarding the attest definition expressed at the meeting. A presentation by AICPA President/CEO Barry Melancon included the possible expansion of the definition of “attest services” beyond the present reference only to financial statements. The expansion of the definition is deemed necessary to cover additional attestation services that CPAs currently and could potentially attest to such as risk management, XBRL presentations, and service organizations. For example, some firms have performed attest work on greenhouse gas studies. Chair Wassinger indicated he will assist in monitoring this issue for the Board.
 - 2. NASBA Focus on State Boards:
 - a. CPE Audit/Tracking It was reported that NASBA and the Missouri State Board are conducting a pilot project to assist in verifying CPE attendance through technology transfers of attendance information.
 - b. Legislative Tracking Service New NASBA Legislative Director John Johnson will assist Boards keep track of state and national legislative initiatives that could impact State Boards. He is also available to assist Boards with legislative initiatives and prevent attempts to lessen the relevance of a State Board through consolidation and/or budget constraints. Mr. Johnson is the former Legislative Affairs Officer for the Florida Society of CPAs and executive director of the Florida Board of Accountancy.
 - c. Firm Mobility NASBA President/CEO Ken Bishop mentioned it was time to review and discuss areas of firm mobility. This would allow CPA firms the ability to participate in mobility and not require registration with a State Board outside of their home state.
 - 3. Other comments from those attending: Board members Skiles and Druse indicated they were impressed with the agenda and stressed the importance of attending NASBA meetings to meet leadership and learn of national (and international) issues before the profession.
- C. **Review Board Calendar.** The next Board meeting will be Friday, January 11, 2013 if only one day is required.

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

Closed Session

Closed Session. Moved by Skiles, seconded by Stromp, that the Board go into closed session at 11:05 a.m., on Friday, November 16, 2012, for the purpose of discussing enforcement. On a roll call vote, Members Wassinger, Druse, Zacharia, Skiles, Glenn, Stromp, and McClure voted aye. Member Gutschewski was absent. Motion #5 carried. Chair Wassinger restated that the purpose for the closed session was to discuss enforcement matters.

Return to Open Session. Moved by Skiles, seconded by Stromp, that the Board return to open session at 11:20 a.m., on Friday, November 16, 2012. On a roll call vote, Members Wassinger, Druse, Zacharia, Skiles, Glenn, Stromp, and McClure voted aye. Member Gutschewski was absent. Motion #6 carried.

5. Report of Enforcement of Professional Conduct Committee

- A. Open Case/LMCO Update.** Committee Chair Zacharia reviewed the open case file.
- B. Recommended Closure of Enforcement Cases.** Motion out of Committee to recommend case #12-05 be closed. On a roll call vote, Members Wassinger, Druse, Zacharia, Skiles, Glenn, Stromp, and McClure voted aye. Member Gutschewski was absent. Motion #7 carried.
- Case #12-05- Case involved complaint against CPA for not providing information and other allegations after being named the family trustee. Committee reviewed matter including a review by the Board Attorney of the legal aspects involved from prior court filings and further inquiry by staff. After further review the Committee recommended the matter be closed.
- 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.** Committee Chair Zacharia gave the report. The Committee reviewed a total of 117 courses from September 20, 2012 to November 13, 2012 with 117 approved and none denied. The Committee forwarded one reinstatement to the Licensing Committee for approval. Motion out of Committee to recommend approval of reinstatement for Monica Fitzwater. On a roll call vote, Members Wassinger, Druse, Zacharia, Skiles, Glenn, Stromp, and McClure voted aye. Member Gutschewski was absent. Motion #9 carried. Chair Zacharia indicated he would call an expanded CPE Committee meeting and invite members of the Experience Work Group, Nebraska Society of CPAs leadership, and others to provide perspective and ideas associated with the future of personal development and other courses related to possible changes to the number of hours for these types of courses that would count toward the 80 required for renewal. The Committee will report back on the discussions held.

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- B. Ratification/Denial of Staff Program Qualification Evaluations.** Motion out of Committee to recommend Board approval of 117 courses from September 20, 2012 to November 13, 2012 with 117 approved and none denied. On a roll call vote, Members Wassinger, Druse, Zacharia, Skiles, Glenn, Stromp, and McClure voted aye. Member Gutschewski was absent. Motion #8 carried.
- C. Ratification of CPE Sponsor.** Motion out of Committee to approve Joel Christensen Learning Academy for Ethical Leadership as a 2013 CPE sponsor. On a roll call vote, Members Wassinger, Druse, Zacharia, Skiles, Glenn, Stromp, and McClure voted aye. Member Gutschewski was absent. Motion #10 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 Skiles gave the report. The October 19, 2012 Education Advisory Committee meeting was very successful with about 47 people in attendance for the Pathways Commission presentation by Jack Krogstad, PhD, Creighton University Accounting Professor, who served on the Pathways Commission. NASBA/CPAES Director Pat Hartman also gave an exam update. He indicated Member Glenn also attended along with Board staff. Board members Glenn and Stromp met at the Omaha Prometric exam site for an overview of testing procedures. They indicated the visit was very informational as new members, were impressed with the site and the security involved in the computerized based test. The Center for the Public Trust, with a focus on ethics and end users of financial instruments, has begun an outreach in educational institutions often through Beta Alpha Psi chapters. Committee Chair Skiles would like to see chapters develop in Nebraska and requested staff to follow up soon with the possibility of students attending the Chicago conference next summer. ED Sweetwood indicated he would attempt to meet with UNL Accounting Chair Paul Shoemaker soon to discuss, and also send an email to other schools.
- B. Approval of CPA Exam Scores.** Motion out of Committee to recommend Board approval of the CPA Exam scores for October –November 2012. On a roll call vote, Members Wassinger, Druse, Zacharia, Skiles, Glenn, Stromp, and McClure voted aye. Member Gutschewski was absent. Motion #11 carried.
- C. 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 (PAA) and Board Regulations.** Committee Chair Skiles provided a little history for new Board members about the proposed PAA change to the public accounting experience requirement and the revised PAA draft language was provided to the Board. Chair Skiles indicated further discussions along with possible use of the EWG Workgroup might be required in development of the proposed future

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regulations. Discussion was held regarding the update provided by Vodvarka including a request of the State Auditors office. No action was taken by the Board.

- 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 Wassinger indicated the proposed firm review Rule draft letter is under review by the Board attorney and will be sent under his signature to the attorney general's office. The Committee is requesting an opinion from the attorney general on whether the Board would have the ability to discipline firms if the Board changes regulations/rules in implementing a peer review requirement for licensed CPAs or whether the revisions may require a statute change. The Committee will continue to determine the steps needed to determine the steps to follow.
- 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 member Druse gave the report. The Committee reviewed one licensing issue regarding acceptable evidence of public accounting experience where the current Board approved form cannot be used. The Committee recommended the full Board discuss the issue because the PAA language states "experience acceptable to the Board." The Board recommended acceptance of the letter stating the time of employment from the applicant's former CPA firm be allowed as documentation of experience.
- B. Ratification of initial permits to practice, initial firm permits, and certificates issued between July 26, 2012 and September 21, 2012.** Motion out of Committee to recommend Board approval of initial permits to practice, initial firm permits, and certificates issued between July 26, 2012 and September 21, 2012. On a roll call vote, Members Wassinger, Druse, Zacharia, Skiles, Glenn, Stromp, and McClure voted aye. Member Gutschewski was absent. Motion #14 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 September 21, 2012 and November 6, 2012.
- Reinstatements: Monica Fitzwater Lone Tree CO
- On a roll call vote, Members Wassinger, Druse, Zacharia, Skiles, Glenn, Stromp, and McClure voted aye. Member Gutschewski was absent. Motion #15 carried.
- D. Petition for revocation of certificates for active permits non-renewed since 2009.** The Committee reviewed the listing of active permit holders who have not renewed since 2009. Motion out of Committee to recommend Board approval for letter with options, then petition and notice of hearing for certificate revocation of active permits non-renewed since 2009. On a roll call vote, Members Wassinger, Druse, Zacharia,

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Skiles, Glenn, Stromp, and McClure voted aye. Member Gutschewski was absent. Motion #12 carried.

- E. Public Hearing for Revocation of Certificates of Non-Renewed 2001-2007 Inactive Registrations.** See public Comment Period. Moved by Zacharia, seconded by Glenn, due to the neglect of the following inactive registrants and at the conclusion of the public hearing, the certified public accountant certificate shall be revoked for the following individuals:

MCCARTHY	MICHELLE
MCCOACH	LARRY
MCLAUGHLIN	MICHAEL J.
MEHRHOFF	MARK
MEISSINGER	JEANETTE
MEYER	WAYNE
MEYER	BRUCE
MICH	LAWRENCE
MILLER	SHAWN
MILLER	SPENCER
MINARDI	PATRICIA
MOHNSSEN	GARY
MOLNAR	KARYN
MOORMEIER	REED
MUNCHRATH	DONALD
NELSON	CHRISTINA
NELSON	DONALD L.
NEWMAN, JR.	ROGER
NIENABER	MARIE
NOACK	LORI

On a roll call vote, Members Wassinger, Druse, Zacharia, Skiles, Glenn, Stromp, and McClure voted aye. Member Gutschewski was absent. Motion #13 carried.

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

11. Report of Executive Director

- A. Report from NASBA Annual Meeting.** See agenda item #4. ED Sweetwood provided a summary report of the conference to Board members. He also attended the International Conference. He concluded by thanking members for allowing his attendance at the meetings.
- B. Budget Update.** ED Sweetwood indicated he has not heard from the State Budget Office regarding the Board's budget submitted in September. The Board Executive Committee will meet next month to establish the recommended licensing and registration fees for 2013. The Board will consider the recommendations at the January meeting.

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- C. Staffing & General Office Issues.** New staff member Heather Myers was hired November 15, 2012, and introduced to the Board. ED Sweetwood indicated over 100 applications had been received and processed for the position. He commented that Ms. Myers brings experience from the profession along with office experience. After a review of Board positions based on Ms. Ebert's departure, it was determined Ms. Myers will assume the same duties including staff liaison to the CPE and QEP Committees along with Nebraska Information System (NIS) accounting duties.
- D. Report on To Do List.** There was no report at this time.

12. New Business

- A. NASBA Items:**
 - 1.) NASBA Updates:** It appears five candidates are running for NASBA Vice Chair as indicated by members who attended the Annual Meeting. After discussion, moved by Zacharia, seconded by Skiles to recommend a letter be sent on behalf of Kathy Smith for NASBA Vice Chair to be signed by Chair Wassinger. Moved by Zacharia, seconded by Skiles to recommend Kathy Smith for NASBA Vice Chair. On a roll call vote, Members Wassinger, Druse, Zacharia, Skiles, Glenn, Stromp, and McClure voted aye. Member Gutschewski was absent. Motion #16 carried.
- B. Other Miscellaneous Items:** Articles of interest were provided to the Board.

13. Adjournment

Moved by Zacharia, seconded by Druse, to adjourn the meeting at 1:52 p.m. on November 16, 2012. On a roll call vote, Members Wassinger, Druse, Zacharia, Skiles, Glenn, Stromp, and McClure voted aye. Member Gutschewski was absent. Motion #17 carried.

Respectfully submitted by,

Board Secretary
Lori Druse