

NEBRASKA BOARD OF PUBLIC ACCOUNTANCY

1526 K Street, Suite 410, Lincoln, Nebraska

Minutes

November 18, 2013

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

Monday, November 18, 2013

1. General

- A. Call to Order and Roll Call.** The Nebraska Board of Public Accountancy (Board) was called to order at 8:43 a.m. on Monday, November 18, 2013 with Chair Bernie Gutschewski, presiding. The roll was called with the following members present: Bernie Gutschewski, Lori Druse, Jan Glenn, Michele Stromp, Doug Skiles, Michael McClure, and Tom Purcell. Member Marcy Luth was absent. Also present were Executive Director Dan Sweetwood, Staff members Jo Lowe and Heather Myers. The meeting was held at the Board Office, 1526 K Street, Suite 410, Lincoln, Nebraska. Chair Gutschewski 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 included, Board Attorney Robert Gritmit, Dan Vodvarka and Trudy Meyers, Nebraska Society, and Ken Brauer, Nebraska Society of Independent Accountants.
- B. Approval of Meeting Agenda for Monday, November 18, 2013.** Moved by Stromp, seconded by Druse, to approve the agenda for the November 18, 2013 meeting. On a roll call vote, Members Druse, Gutschewski, Glenn, Stromp, Skiles, McClure, and Purcell voted aye. Member Luth was absent. Motion #1 carried.
- C. Approval of Minutes from September 9, 2013.** Moved by Skiles, seconded by McClure, to approve the Board minutes from the September 9, 2013 meeting. On a roll call vote, Members Druse, Gutschewski, Glenn, Stromp, Skiles, McClure, and Purcell voted aye. Member Luth was absent. Motion #2 carried.

2. Public Comment Period (15 minute period)

Dan Vodvarka, Nebraska Society President, was present and introduced the new Vice President, Trudy Meyers. He thanked Board Member Skiles for 10 years of service to the Board. The Society's Senator Reception will be Jan. 7, 2014 with Members Stromp and Glenn indicating interest in attending on behalf of the Board. ED Sweetwood acknowledged Vodvarka and Society leadership for allowing Board staff to set up an information table and recognize former Board members at their November annual meeting.

Ken Brauer reported that the NSIA is preparing a response to the attest definition recently proposed by AICPA/ NASBA Uniform Accountancy Act (UAA) Committee. Chair Gutschewski indicated any official Board review of the attest definition in Nebraska would include discussion and feedback from the NSIA and Nebraska Society. Member Skiles, the Central Regional Director for NASBA, requested a copy of the NSIA response.

Mr. Robert Gritmit, Board Attorney, provided an overview of service to the Board, the relationship with attorney general's office, and reviewed enforcement processes.

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Agenda Item 10B. Public Hearing to Return Certificate to Good Standing for Greg Tiarks. Hearing Officer Bernie Gutschewski, opened the hearing at 10:31 am. The hearing ended at 10:33 am.

Agenda item 10 C. Public Hearing for revocation of certificates for inactive registrations non-renewed since 2008. Hearing Officer Bernie Gutschewski, opened the hearing at 10:35 am. The hearing ended at 10:37 am.

Agenda item 10 D. Public Hearing for revocation of certificates for Active Permit non-renewed since 2010. Hearing Officer Bernie Gutschewski, opened the hearing at 10:39 am. The hearing ended at 10:40 am.

Closed Session

Closed Session. Moved by Skiles, seconded by Glenn, that the Board go into closed session at 9:35 a.m., on Monday, November 18, 2013, for the purpose of discussing procedural matters related to enforcement as overviewed by the Board Attorney. On a roll call vote, Members Druse, Gutschewski, Glenn, Stromp, Skiles, McClure, and Purcell voted aye. Member Luth was absent. Motion #3 carried. Chair Gutschewski restated that the purpose for the closed session was to discuss procedural matters related to enforcement.

Return to Open Session. Moved by Druse, seconded by Skiles, that the Board return to open session at 10:04 a.m., on Monday, November 18, 2013. On a roll call vote, Members Druse, Gutschewski, Glenn, Stromp, Skiles, McClure, and Purcell voted aye. Member Luth was absent. Motion #4 carried.

3. Consent Agenda

- A. Published Notice of Meeting.** Moved by Skiles, seconded by Stromp, to approve the consent agenda. On a roll call vote, Members Druse, Gutschewski, Glenn, Stromp, Skiles, McClure, and Purcell voted aye. Member Luth was absent. Motion #6 carried.
- B. Review of Disbursements for September and October, 2013.** Disbursements were reviewed prior to the Board meeting by Board Secretary Glenn. Druse and Glenn continue to work with Staff Myers in preparation of explanatory information from the state financial system. Two new reports were provided with generally positive feedback including any large and/or unusual expenses noted and a report comparing previous year and current year monthly expense and revenue categories for Board review.
- C. Review of Board Budget Status Report.** The current budget status report was provided for review. Board Secretary Glenn reviewed the Budget Status Report and discussed areas of variance in the FY 2013–2014 budget. Legal expenses were substantially higher than previous months due to final payments to the Board’s expert and attorney regarding a complex enforcement case that is now closed.

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- D. **Office Licensing Report.** The Office Licensing Report was provided to the Board at this time and will be reviewed for relevance and revisions by the Licensing Committee.

4. Report of the Chair

- A. **Report of the Chair.** Chair Gutschewski gave the report.
- B. **Report of Executive Committee.** The Committee met before the meeting and discussed updates on the Board move, new office space, Board policy on expenses and set a meeting for Wednesday, December 11, 2013 to review financials for recommendation to the Board at the January meeting regarding the fee schedule for next year.
- C. **NASBA Annual Meeting Report, Maui, HI, 2013.** Members Druse, Stromp and McClure reported that the meeting was very valuable and educational, especially noting the sharing of issues by each state. Two major issues were definition of the attest function and firm mobility. Each attending Member provided examples of items of significance from the meeting.
- D. **Recognition of Richard Zacharia, CPA.** Former Board Member Richard Zacharia was present and recognized for ten years of service to the Board and the citizens of Nebraska.

RESOLUTION

WHEREAS, Richard Zacharia, served as a Member of the Nebraska State Board of Public Accountancy from 2003 to 2013; and

WHEREAS, Richard Zacharia, during his term as Member of the Board, provided thoughtful, practical guidance related to enforcement matters, increased awareness of expanding trends of the profession, participated on the NASBA CPE committee, and guided and directed the activities of the State Board as:

2003-2004	Member of the Licensing Committee Member of the Continuing Professional Education Committee
2004-2005	Member of the Licensing Committee Member of the Continuing Professional Education Committee
2005-2006	Member of the Continuing Professional Education Committee Member of the Licensing Committee Member of the Enforcement Committee
2006-2007	Chair of the Enforcement Committee Member of the Continuing Professional Education Committee
2007-2008	Chair of the Enforcement Committee Member of the Continuing Professional Education Committee
2008-2009	Chair of the Enforcement Committee Chair of the Continuing Professional Education Committee
2009-2010	Chair of the Enforcement Committee Chair of the Continuing Professional Education Committee
2010-2011	Chair of the Enforcement Committee Chair of the Continuing Professional Education Committee
2011-2012	Chair of the Enforcement Committee Chair of the Continuing Professional Education Committee
2012-2013	Chair of the Enforcement Committee Chair of the Continuing Professional Education Committee

THEREFORE, THE MEMBERS OF THE NEBRASKA STATE BOARD OF PUBLIC ACCOUNTANCY gratefully record their recognition of service of Richard Zacharia adopting the following Resolution:

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BE IT RESOLVED, that the Members of the Nebraska State Board of Public Accountancy extend their sincere appreciation to Richard Zacharia for his 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 him.

Adopted this 18th day of November 2013

by the Nebraska State Board of Public Accountancy

Bernie Gutschewski, Chair

Nebraska State Board of Public Accountancy

- E. Ratification of LMCO's (for Chair to sign on behalf of Board).** Chair Gutschewski will sign Litigation Monitoring Consent Orders (LMCO's) until further notice. Board Attorney Gruit will discuss with the Attorney General's Office whether the Enforcement Chair can sign in the future.
- F. Review Board Calendar.** Meeting dates for 2014 were reviewed with the following dates noted for one day meetings:
 - January 10**
 - March 21**
 - May 15**
 - July 17-18**
 - September 11-12**
 - November 13-14**
- G. Report on To Do List.** There was no report at this time.

Closed Session

Closed Session. Moved by Stromp, seconded by Glenn, that the Board go into closed session at 1:14 p.m., on Monday, November 18, 2013, for the purpose of discussing litigation and enforcement matters. On a roll call vote, Members Druse, Gutschewski, Glenn, Stromp, Skiles, McClure, and Purcell voted aye. Member Luth was absent. Motion #7 carried. Chair Gutschewski restated that the purpose for the closed session was to discuss litigation and enforcement matters.

Return to Open Session. Moved by Glenn, seconded by Druse, that the Board return to open session at 1:43 p.m., on Monday, November 18, 2013. On a roll call vote, Members Druse, Gutschewski, Glenn, Stromp, Skiles, McClure, and Purcell voted aye. Member Luth was absent. Motion #8 carried.

5. Report of Enforcement of Professional Conduct Committee

- A. Open Case/LMCO Update.** Committee Member Stromp reviewed the open case file. Moved by Skiles, seconded by McClure, to approve the Order of Dismissal for the hearing before the Board due to successful completion of state probation requirements. On a roll call vote, Members Druse, Gutschewski, Glenn, Stromp, Skiles, McClure, and Purcell voted aye. Member Luth was absent. Motion #5 carried. Motion out of

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Committee to recommend Case # 12-11 be referred to the Board Attorney to file a petition on behalf of the Board with alleged violations of the Public Accountancy Act 1-137 (8) and NAC Title 288 Board Regulations Chapter 5 003 Integrity and Chapter 5 007.01 Acts Discreditable. On a roll call vote, Members Druse, Gutschewski, Glenn, Stromp, and Purcell voted aye. Members McClure and Skiles recused themselves. Member Luth was absent. Motion #10 carried.

- B. Recommended Closure of Enforcement Cases.** Motion out of Committee to recommend closure of Cases #11-12, 13-02, 13-03. On a roll call vote, Members Druse, Gutschewski, Glenn, Stromp, Skiles, McClure, and Purcell voted aye. Member Luth was absent. Motion #9 carried.

#11-12: Litigation was previously filed against a CPA firm. Information was received the litigation was dismissed on summary judgment by the court with no findings against the CPA firm.

#13-02: A public complaint was filed against the CPA firm alleging unprofessional conduct and other matters. The Committee worked with the complainant and the CPA with the firm providing improvement to its internal controls.

#13-03: A former Board member of a non-profit organization filed a complaint of insufficient work provided by a volunteer CPA providing financial services to the organization. The Committee concluded the CPA provided no assurance or opinion regarding the services. The complainant was offered further time to provide additional information and did not.

- 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 McClure provided the report. He indicated an overview was conducted of the Public Accountancy Act, Board regulations and other areas the Committee can access in making course decisions. Additional discussion was held with communication initiatives for the new policy on personal development course. One suggestion was to request the Nebraska Society publish in the next newsletter. The Committee reviewed a total of 149 courses with 149 recommended for Board approval and none denied. McClure indicated the Committee had requested a more detailed review of several courses be provided before the meeting by Staff Myers. Motion out of Committee to forward the reviewed and approved Reinstatements to the Licensing Committee. On a roll call vote, Members Druse, Gutschewski, Glenn, Stromp, Skiles, McClure, and Purcell voted aye. Member Luth was absent. Motion #13 carried.
- B. Ratification/Denial of Staff Program Qualification Evaluations.** Motion out of Committee to recommend Board approval of 149 courses from August 26, 2013 to October 31, 2013 with 149 courses approved and none denied. On a roll call vote, Members Druse, Gutschewski, Glenn, Stromp, Skiles, Luth, and McClure voted aye. Member Luth was absent. Motion #12 carried.
- C. Ratification of CPE Sponsor.** There were no CPE sponsorship applications at this time.
- D. Report on To Do list.** The To Dos are listed in the Committee Report.

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

- A. Report of the Committee.** Committee Chair Glenn gave the report. The Education Advisory Committee (EAC) met Nov. 8, 2013 with a presentation by Colleen Conrad, NASBA COO, on the topic: 120 hours to sit for the exam with 150 hours for licensure. Nebraska currently requires 150 hours to be eligible to sit for the exam. Statistics provided revealed Nebraska is becoming a minority as additional states are allowing for 120 to sit. The EAC expressed strong concern against the possibility of a return to 120 hours for licensure and recommended the Board remain at 150 to sit for the examination.
- B. Approval of CPA Exam Scores.** Moved by Skiles, seconded by Glenn, to approve the 2013 July – August Exam scores. On a roll call vote, Members Druse, Gutschewski, Glenn, Stromp, Skiles, McClure, and Purcell voted aye. Member Luth was absent. Motion #14 carried.
- C. Report on To Do List.** There was no report at this time.

8. Report of the Legislative Committee

- A. Report on Legislation: Report on Draft Rules for the Experience Requirement within PAA 1-136.02.** ED Sweetwood reported the drafted Board regulations within Chapter 7 had been approved by the Attorney General's office and were being prepared to send over to the Governor's Policy Research Office for final review and approval. The Committee discussed and reviewed two items released by the UAA Committee including recommended changes to the UAA involving the attest definition and firm mobility. A report to the Committee from ED Sweetwood was provided for discussion. Some frustration was expressed due to no specific examples provided on the issue of non CPA firms providing attest services utilizing accounting standards. Member Purcell indicated companies are requesting the "triple bottom line" for reporting and offered to provide a report on this issue to members. It was decided the Board would begin a "look back" on the 2010 Mobility Law (LB 31) in 2014 to determine if any modifications are needed to align the law closer to UAA requirements. ED Sweetwood provided an overview on reasons why some modifications from the UAA were instituted in 2010.
- 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 McClure gave the report. The Board is still awaiting the response from the Attorney General's office regarding the Board's ability to discipline firms without revisions to the current Rules and require Peer Review. The "Five Most Common Errors" on 2013 QEP reports were provided to the Board.
- B. Report on To Do List.** There was no report at this time.

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10. Report of the Licensing Committee

- A. Report of the Committee.** Committee Chair Druse gave the report. The new experience permit application process was put into place for four applicants. Two of the applicants were approved for permits and two had issues that needed remediation. Motion of out of Committee to approve Mr. Bendig's application for an initial permit. On a roll call vote, Members Druse, Gutschewski, Glenn, Stromp, Skiles, McClure, and Purcell voted aye. Member Luth was absent. Motion #15 carried. Motion of out of Committee to approve Mr. Peters's application for an initial permit. On a roll call vote, Members Druse, Gutschewski, Glenn, Stromp, Skiles, McClure, and Purcell voted aye. Member Luth was absent. Motion #16 carried.
- B. Public Hearing to Return Certificate to Good Standing for Greg Tiarks.** Moved by Purcell, seconded by McClure, to return the certificate to good standing of Greg Tiarks following completion of the Order of Reinstatement. On a roll call vote, Members Druse, Gutschewski, Glenn, Stromp, Skiles, McClure, and Purcell voted aye. Member Luth was absent. Motion #17 carried.
- C. Public Hearing for revocation of certificates for inactive registrations non-renewed since 2008.** Moved by Purcell, seconded by Skiles, to approve the revocation of certificates for inactive registrations non-renewed since 2008. On a roll call vote, Members Druse, Gutschewski, Glenn, Stromp, Skiles, McClure, and Purcell voted aye. Member Luth was absent. Motion #18 carried.

ALLEN	DANIEL	3109 N 169TH AVENUE	OMAHA	NE
BELL	PAUL	2253 NORTHWEST PARKWAY	MARIETTA	GA
CHANDLER	CARMEN	9314 PARK DRIVE	OMAHA	NE
EBKE	STEVEN	56470 HWY 4	DAYKIN	NE
ERPELDING	ANN	73 FAIRFIELD	CARY	IL
FOWLER	BARRY	SNB MANAGEMENT CORP	LINCOLN	NE
FRENCH	LENORE	13612 Z ST.	OMAHA	NE
HANSEN	RANDAL	NE EDUCATIONAL TELECOM	LINCOLN	NE
HARMON	JOY	236 BRUSH TRAIL BEND	CIBOLO	TX
HESTER	CHARLES	3426 N 128TH CIRCLE	OMAHA	NE
HIGH	ROBERT	2519 N 51ST STREET	OMAHA	NE
HOLL	LISA	6106 S. 153RD ST.	OMAHA	NE
HOLMES	SUSAN	4080 S IVY LANE	ENGLEWOOD	CO

- D. Public Hearing for revocation of certificates for Active Permit non-renewed since 2010.** Moved by Glenn, seconded by Purcell, to approve the revocation of certificates for Active Permit non-renewed since 2010. On a roll call vote, Members Druse, Gutschewski, Glenn, Stromp, Skiles, McClure, and Purcell voted aye. Member Luth was absent. Motion #19 carried.

HURRELL	LLOYD	CHARLOTTE	NC
TORELL	BENJAMIN	LINCOLN	NE
LARSEN	TERI	OMAHA	NE

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CUMPSTON	LAWRENCE	ST. PAUL	MN
PATTON	JASON	OMAHA	NE

- E. Review of Permit Applications.** Board members were provided the first set of alternative experience applications which had been reviewed by the Licensing Committee. See agenda item 10.A.
- F. Ratification of initial permits to practice issued, certificates issued, firm permits.** Motion out of Committee to recommend Board approval of initial permits to practice issued, certificates issued, firm permits received between September 6, 2013 and November 15, 2013. On a roll call vote, Members Gutschewski, Druse, Glenn, Stromp, Skiles, and McClure, voted aye. Member Luth was absent. Motion #20 carried.
- G. Reinstatements to Active Permit, Inactive Retired Affidavits, Surrendered Certificates.** Motion out of Committee to recommend Board approval of the Reinstatements, Inactive Retired Affidavits, and Surrendered Certificates received between September 6, 2013 and November 15, 2013.
- | | | |
|-------------------------|----------------|------------|
| Reinstatements: | Brian Oatman | Lincoln NE |
| | J. Ryan Torpy | Ashland NE |
| (Effective Jan 1, 2013) | Pamela Fischer | Omaha NE |
- Inactive - Retired affidavits:
Surrendered Certificates:
- On a roll call vote, Members Gutschewski, Druse, Glenn, Stromp, Skiles, and McClure, voted aye. Member Luth was absent. Motion #21 carried.
- H. Report on To Do List.** There was no report at this time.

11. Report of Executive Director

- A. Staff Activity.** ED Sweetwood indicated he has attended and spoken at various meetings including the Society Luncheon recognizing former Board member's service; the Board of Examiners (BOE) State Board subcommittee; the Tax Executive Institute to overview the new LB 27 requirements; the Nebraska Department of Banking & Finance luncheon to overview responsibilities of the Board; the Center for the Public Trust national award presented to Robert McChesney, CPA, in North Platte; the UNO Accounting Speaker Series and the AACSB accreditation awards program at UNO to present the Board Resolution.
- B. Budget Update.** The Board will begin the 2016/2017 Budget process next year.
- C. Staffing & General Office Issues.** The Board office move to the 1526 Building is complete. Utilizing 1526 Conference rooms along with the possibility of holding a Board meeting at Creighton University was discussed.
- D. Report on To Do List.** There was no report at this time.

12. New Business

- A. NASBA Items:**
- 1.) NASBA:** Member Skiles was appointed to a second term on the NASBA Board of Directors as the Central Region Director and was also appointed as Chair

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of the Relations with Member Boards Committee. ED Sweetwood reported he was appointed to the NASBA ALD Committee again for next year.

2.) **NASBA FYI articles.** Articles were provided to the Board.

B. Other Miscellaneous Items: Articles were provided to the Board.

13. Adjournment

Moved by Druse, seconded by McClure, to adjourn the meeting at 4:11 p.m. on November 18, 2013. On a roll call vote, Members Druse, Gutschewski, Glenn, Stromp, Skiles, and McClure voted aye. Member Luth was absent. Motion #22 carried.

Respectfully submitted by,

Board Secretary
Jan Glenn