

NEBRASKA BOARD OF PUBLIC ACCOUNTANCY

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

Minutes
July 19, 2013

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

Friday, July 19, 2013

1. General

- A. Call to Order and Roll Call.** The Nebraska Board of Public Accountancy (Board) was called to order at 8:34 a.m. on Friday, July 19, 2013 with Vice Chair Bernie Gutschewski, presiding. The roll was called with the following members present: Lori Druse, Bernie Gutschewski, Jan Glenn, Michele Stromp, and Michael McClure. Members Richard Zacharia and Doug Skiles were absent. Also present were Executive Director Dan Sweetwood, Staff members Jo Lowe and Heather Myers. The meeting was held at the Board Office, 140 N. 8th Street, Suite 290, Lincoln, Nebraska. Vice 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: Dan Vodvarka, President of the Nebraska Society of CPAs (Society), and Ken Brauer, Nebraska Association of Independent Accountants.
- B. Approval of Meeting Agenda for Friday, July 19, 2013.** Moved by Glenn, seconded by Stromp, to approve the agenda for the July 19, 2013 meeting. On a roll call vote, Members Druse, Gutschewski, Glenn, Stromp, and McClure voted aye. Members Richard Zacharia and Doug Skiles were absent. Motion #1 carried.
- C. Approval of Minutes from May 17, 2013.** Moved by McClure, seconded by Stromp, to approve the Board minutes from the May 17, 2013 meeting. On a roll call vote, Members Druse, Gutschewski, Glenn, Stromp, and McClure voted aye. Members Richard Zacharia and Doug Skiles were absent. Motion #2 carried.

2. Public Comment Period (15 minute period)

Dan Vodvarka, President of the Nebraska Society CPAs, commented that their Continuing Professional Education courses have been going well with over half completed for the year and welcomed Ms. Marcy J. Luth, CPA, to the Board. He indicated Society leadership is currently monitoring the recent release of the "Small/Medium Entities" (SME) financial reporting framework by the AICPA and NASBA's response. Both the release and NASBA's response were placed within their last newsletter for member review.

Agenda Item 5 B. 9:00 am: Public Hearing for Revocation of Certificates of Non-Renewed 2001-2007 Inactive Registrations. Hearing Officer Bernie Gutschewski, opened the hearing at 9:00 am. Following testimony by Clifford Yeager, the Board decided to deliberate in closed session.

Closed Session

Closed Session. Moved by Glenn, seconded by Stromp, that the Board go into closed session at 9:04 a.m., on Friday, July 19, 2013, for the purpose of discussing the inactive revocation of

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certificate #6788. On a roll call vote, Members Druse, Gutschewski, Glenn, Stomp, and McClure voted aye. Members Richard Zacharia and Doug Skiles were absent. Motion #3 carried. Vice Chair Gutschewski restated that the purpose for the closed session was to discuss the inactive revocation of certificate #6788.

Return to Open Session. Moved by Druse, seconded by McClure, that the Board return to open session at 9:06 a.m., on Friday, July 19, 2013. On a roll call vote, Members Druse, Gutschewski, Glenn, Stomp, and McClure voted aye. Members Richard Zacharia and Doug Skiles were absent. Motion #4 carried.

Hearing Officer Bernie Gutschewski, re-opened the hearing at 9:07 am for Revocation of Certificates of Non-Renewed 2001-2007 Inactive Registrations. The hearing concluded at 9:10 am.

Moved by Stomp, seconded by Glenn, to return Certificate #6788 to good standing following completion of inactive registration. On a roll call vote, Members Druse, Gutschewski, Glenn, Stomp, and McClure voted aye. Members Richard Zacharia and Doug Skiles were absent. Motion #5 carried.

9:10 am 5. C Public Hearing regarding Request to Return Revoked Certificate to Good Standing. The hearing was postponed to September due to one member recusing, resulting in no quorum.

3. Consent Agenda

- A. Published Notice of Meeting.** Moved by McClure, seconded by Stomp, to approve the consent agenda. On a roll call vote, Members Druse, Gutschewski, Glenn, Stomp, and McClure voted aye. Members Richard Zacharia and Doug Skiles were absent. Motion #6 carried.
- B. Review of Disbursements for May, 2013.** Disbursements were reviewed prior to the Board meeting by Secretary Druse. Druse will continue to work with Staff Myers in preparation of explanatory information from the state financial system. Myers prepared 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. Secretary Druse 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. Legal expenses were higher than previous months and conference registrations were lower due to new Board member's scholarships paid by NASBA.
- D. Office Licensing Report.** The Office Licensing Report was not provided to the Board at this time and will be updated at the conclusion of the 2013 renewal period.

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4. Report of the Chair

- A. Report of the Chair.** Vice Chair Gutschewski gave the report. ED Sweetwood reported on the newly appointed Board member Marcy J. Luth, CPA, Grand Island, by Governor Dave Heineman to complete the term of the late Michael W. Wassinger, CPA.
- B. Election of 2013-2014 Board Officers.** Moved by Druse, seconded by Stromp, to elect Gutschewski for Board chair on a unanimous ballot. On a roll call vote, Members Druse, Gutschewski, Glenn, Stromp, and McClure voted aye. Motion #19 carried. Moved by Stromp, seconded by Gutschewski, to elect Druse for Board vice chair on a unanimous ballot. On a roll call vote, Members Druse, Gutschewski, Glenn, Stromp, and McClure voted aye. Members Richard Zacharia and Doug Skiles were absent. Motion #20 carried. Moved by Gutschewski, seconded by Druse, to elect Glenn for Board secretary on a unanimous ballot. On a roll call vote, Members Druse, Gutschewski, Glenn, Stromp, and McClure voted aye. Members Richard Zacharia and Doug Skiles were absent. Motion #21 carried.
- C. NASBA Western Regional Meeting Report.** ED Sweetwood provided a written summary and gave the report along with other attending Board members. Glenn gave a report about the Eastern Regional she attended. Board member discussion included the recent release of the SME Framework by the AICPA, the release of an “attest definition” by the UAA Committee regarding the issue of non-CPA firms completing attest type work under GAAP guidelines, firm mobility in the future, the Private Company Council update, and activities of other Boards. ED Sweetwood stressed to members to review the Examination Review Boards report regarding the examination and the updates on State Boards as provided at the meeting. Member Glenn commented on her positive experience with Center for the Public Trust (CPT) student chapters and her new appreciation of CPT activities.
- D. Review Board Calendar.** The Board September meeting date was changed to Monday, September 9, 2013. The Rules hearing date of August 28, 2013 will also be added.
- E. Report on To Do List.**

Closed Session

Closed Session. Moved by McClure, seconded by Glenn, that the Board go into closed session at 10:13 a.m., on Friday, July 19, 2013, for the purpose of discussing enforcement matters. On a roll call vote, Members Druse, Gutschewski, Glenn, Stromp, and McClure voted aye. Members Richard Zacharia and Doug Skiles were absent. Motion #7 carried. Vice Chair Gutschewski restated that the purpose for the closed session was to discuss enforcement matters.

Return to Open Session. Moved by Druse, seconded by McClure, that the Board return to open session at 10:36 a.m., on Friday, July 19, 2013. On a roll call vote, Members Druse,

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Gutschewski, Glenn, Stromp, and McClure voted aye. Members Richard Zacharia and Doug Skiles were 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. Motion out of Committee for the Board attorney to file a Petition and Notice of Hearing alleging violation of the Public Accountancy Act 1-137(5) conviction of a felony and Title 288 Chapter 5.007.01 Acts Discreditable to the profession for case 09-14. On a roll call vote, Members Druse, Gutschewski, Glenn, Stromp, and McClure voted aye. Members Richard Zacharia and Doug Skiles were absent. Motion #9 carried.
- B. Public Hearing for Revocation of Certificates of Non-Renewed 2001-2007 Inactive Registrations.** Following hearing, moved by Glenn, seconded by McClure, to revoke the certificates of the inactive registrants:

WASMER	KENNETH
WEBER	CURTIS
WHITE	KEVIN
WHITE	TERRY
WILLIAMS	SHAWN
WILSON	RONALD
WOOD	JACOB
WRIGHT	BRADLEY
YOUNGBLOOD	FRANCIS
ZABAWA	THOMAS
WASMER	KENNETH
WEBER	CURTIS
WHITE	KEVIN
WHITE	TERRY

On a roll call vote, Members Druse, Gutschewski, Glenn, Stromp, and McClure voted aye. Members Richard Zacharia and Doug Skiles were absent. Motion #11 carried.

- D. Recommended Closure of Enforcement Cases.** Motion out of Committee to recommend closure of Case # 13-01. On a roll call vote, Members Druse, Gutschewski, Glenn, Stromp, and McClure voted aye. Members Richard Zacharia and Doug Skiles were absent. Motion #10 carried.

Case # 13-01: The case involved a client that was disappointed in the response by a CPA firm regarding billing and communication issues. The EC attempted to mitigate the dispute between the client and the CPA firm. The EC concluded the matter is a billing dispute and best handled by other means.

- E. 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 requested ED Sweetwood provide the report. The Committee reviewed a total of 107 courses with 107 recommended for Board approval and none denied. One CPE deficient person was referred back to the CPE

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Committee for further review. Motion out of Committee to forward 7 reinstatement applications to the Licensing Committee. On a roll call vote, Members Druse, Gutschewski, Glenn, Stromp, and McClure voted aye. Members Richard Zacharia and Doug Skiles were absent. Motion #13 carried. The Audit process has been completed. ED Sweetwood acknowledged staff member Myers for her first CPA audit. Sweetwood and Board member McClure reviewed several CPE audits for content and quality with positive results.

- B. **Ratification/Denial of Staff Program Qualification Evaluations.** Motion out of Committee to recommend Board approval of 107 courses from May 2, 2013 to July 2 2013 with 107 courses approved and none denied. On a roll call vote, Members Druse, Gutschewski, Glenn, Stromp, and McClure voted aye. Members Richard Zacharia and Doug Skiles were 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.

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

- A. **Report of the Committee.** Committee Member Glenn gave the report. The University of Nebraska-Omaha recently received the coveted accreditation in accounting by the AACSB. Motion out of Committee to acknowledge the UN-O achievement. On a roll call vote, Members Druse, Gutschewski, Glenn, Stromp, and McClure voted aye. Members Richard Zacharia and Doug Skiles were absent. Motion #15 carried. Students who are members of The Center for the Public Trust (CPT), with a focus on ethics and end users of financial instruments, attended the Eastern Regional meetings and were a welcome addition to the dialogue. Staff will continue to work with UNL BAP and other institutions to facilitate CPT chapter creation in Nebraska. CPT staff is expected to visit UNL in the fall. Staff is working on the ethics exam revisions after learning of approaches and options from the NASBA Regional meeting. ED Sweetwood reported on the State Board Committee of the Board of Examiners (BOE) meeting held at the examination offices in Ewing, New Jersey.
- B. **Approval of CPA Exam Scores.** Motion out of Committee to recommend Board approval of the April – May 2013 Exam scores. On a roll call vote, Members Druse, Gutschewski, Glenn, Stromp, and McClure voted aye. Members Richard Zacharia and Doug Skiles were 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.** The Board reviewed the latest draft of proposed experience regulations within Title 288/Chapter 7. Minutes from the June 16, 2013 Experience Work Group (EWG) meeting were provided. ED Sweetwood overviewed the

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recommendations of the EWG including amending section Chapter 7.001.01A and deleting Chapter 7.001.01B. A discussion was held regarding the recommendations of the EWG. Moved by Gutschewski, seconded by Druse, to amend the rules language to “held an active” in Chapter 7 001.01A and to move the drafted regulations to public hearing. On a roll call vote, Members Druse, Gutschewski, Glenn, Stomp, and McClure voted aye. Members Richard Zacharia and Doug Skiles were absent. Motion #16 carried.

- B. **Set Rules Hearing Date.** The Experience Rules hearing date was scheduled for 10:00 am, August 28, 2013 in state capitol building hearing room 1507. Staff will begin drafting rulemaking documentation.
- C. **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 Committee will meet to review QEP reports July 25, 2013. The Board is still awaiting the response from the A.G.’s office regarding the Board’s ability to discipline firms without revisions to the current Rules. ED Sweetwood also reported on his attendance at the Peer Review Oversight Committee (PROC) Summit at NASBA in Nashville, TN on July 17, 2013. He reported on excellent updates as the Board transitions to Peer Review in the future and the main speaker, Jim Brackens, AICPA Ethics/ Peer Review Vice President, will be coming to Omaha to speak at UNO at an Ethics Roundtable on Friday, September 20, 2013 and will provide an opportunity to collaborate on projects. Mr. Brackens has assisted in the drafting of regulations for the Board to consider in the transition to Peer Review.
- 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 Chair Druse gave the report. ED Sweetwood gave an update and reviewed the proposed draft experience rules with experience verification forms. Staff Lowe reported the online adoption rate was 86% of actives, 67% of Inactive registrants, and 85% of firms/SPs. Non-compliance letters were sent to 81 non-renewed active CPAs on July 15, 2013.
- B. **Ratification of initial permits to practice, initial firm permits, and certificates issued between May 16, 2013 and July 17, 2013.** Motion out of Committee to recommend Board approval of initial permits to practice, initial firm permits, and certificates issued between May 16, 2013 and July 17, 2013. On a roll call vote, Members Druse, Gutschewski, Glenn, Stomp, and McClure voted aye. Members Richard Zacharia and Doug Skiles were absent. Motion #17 carried.
- C. **Reinstatements to Active Permits, Inactive Retired Affidavits, Surrendered Certificates.** Motion out of Committee to recommend Board approval of the

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Reinstatements, Inactive Retired Affidavits, and Surrendered Certificates received between May 16, 2013 and July 17, 2013:

Reinstatements:

Michael Kezeor	St. Paul NE
Lisa Coonfare	Kansas City MO
Jacinda Koontz	Omaha NE
Jan Westerman	Lincoln NE
Bradley Costanzo	Omaha NE
Teresa Hecker	Council Bluffs IA
Karen Bertram	Omaha NE

Inactive - Retired affidavits:

Teresa Lockie	Sioux City IA
Wesley Stamp	Fort Calhoun NE
Randall Acklie	Norfolk NE
Ila Matthes	Lincoln NE
Catherine Welles	Waukee IA
Michael Duffek	Anthem AZ
Robert Anderson	Moline IL
David Royer	Stafford NH
Arlin Wiemer	York NE
William Wiedemeyer	Carroll IA
Jeffrey Vermeer	Pendleton OR
Frank Giltner	Phoenix AZ
William Murphy	Kadoka SD
Roger Andersen	Curtis NE
Roman Uhing	Omaha NE

Surrendered Certificates:

Jody Marsh	Carterville IL
Michael Lundberg	Wayzata MN
Julie Schwingel	Madison WI
Larry Westbrook	N. Chesterfield VA
Douglas Nisley	Goshen IN
Joanne Cook	Pueblo CO
Larry Westphalen	Sioux City IA
Stephen Marlow	West Des Moines IA

On a roll call vote, Members Druse, Gutschewski, Glenn, Stromp, and McClure voted aye. Members Richard Zacharia and Doug Skiles were absent. Motion #18 carried.

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

11. Report of Executive Director

- A. NASBA Western Regional Conference Report.** See Agenda item 4.A.
- B. Budget Update.** See Agenda item #3.C.
- C. Nebraska.gov Report.** Staff will meet with N.gov since online renewals are completed.

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- D. Staffing & General Office Issues.** ED Sweetwood reported the Board was notified of a possible office move date to the newly remodeled 1526 Building in August. Due to a conflict with a previously scheduled meeting in August, the move will occur later. There is no set date at this time. Staff and Board parking is a possible issue at the new building. ED Sweetwood met with NASBA staff Pat Hartman, in conjunction with the PROC Summit, regarding creation of a database adaptable to other states board's requirements. He also will be sending a letter to Ms. Hartman and NASBA leadership regarding his thoughts.

12. New Business

- A. NASBA Items:**
1.) NASBA Updates: ED Sweetwood will be attending an ALD Committee meeting at NASBA on Tuesday, August 6, 2013.
2.) NASBA Committee Reports. No reports at this time
B. Other Miscellaneous Items: Articles of interest were provided to the Board.

13. Adjournment

Moved by Glenn, seconded by Stromp, to adjourn the meeting at 12:55 p.m. on July 19, 2013. On a roll call vote, Members Druse, Gutschewski, Glenn, Stromp, and McClure voted aye. Members Richard Zacharia and Doug Skiles were absent. Motion #22 carried.

Respectfully submitted by,

Board Secretary
Lori Druse