

NEBRASKA BOARD OF PUBLIC ACCOUNTANCY

1526 K Street, Suite 410, Lincoln, Nebraska

Minutes

March 21, 2014

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

Friday, March 21, 2014

1. General

- A. Call to Order and Roll Call.** The Nebraska Board of Public Accountancy (Board) was called to order at 8:30 a.m. on Friday, March 21, 2014 with Chair Bernie Gutschewski, presiding. The roll was called with the following members present: Bernie Gutschewski, Jan Glenn, Michele Stromp, Michael McClure, Marcy Luth, Tom Purcell and Glenn Waltemath. Member Lori Druse was absent. Also present were Executive Director Dan Sweetwood, Staff member Heather Myers, and Intern Lisa Steffensmeier, UNL Accounting major from Norfolk. The meeting was held at the Board Office, 1526 K Street, in Suite 4D, Lincoln, Nebraska. Chair Gutschewski noted the location of the notebook containing the Public Open Meeting Act, and asked if anyone present needed an agenda or had any questions regarding the law. Present were Nebraska Assistant Attorney General Lynn Melson, Esquire, Doug Skiles, CPA, NASBA Central Region Director, and Trudy Meyers, Nebraska Society of CPAs Vice president.
- B. Approval of Meeting Agenda for Monday, Friday, March 21, 2014.** Moved by Purcell, seconded by Luth, to approve the agenda for the Friday, March 21, 2014 meeting. On a roll call vote, Members Gutschewski, Glenn, Stromp, McClure, Luth, Purcell and Waltemath voted aye. Member Druse was absent. Motion #1 carried.
- C. Approval of Minutes from January 10, 2014.** Moved by McClure, seconded by Glenn, to approve the Board minutes from the January 10, 2014 meeting. On a roll call vote, Members Gutschewski, Glenn, Stromp, McClure, Luth, Purcell and Waltemath voted aye. Member Druse was absent. Motion #2 carried.

2. Public Comment Period (15 minute period)

Doug Skiles, CPA, National Association of State Boards of Accountancy (NASBA) Central Region Director, appeared before the Board to provide various updates on national issues and NASBA activities, including confusion for practitioners in states that automatically revoke credentials for a felony conviction and states such as Colorado and Washington that allow the sale of marijuana. He also discussed recent Uniform Accountancy Act (UAA) actions including Firm Mobility provisions. ED Sweetwood noted that neighboring jurisdictions South Dakota and Kansas have formally commented they do not support the concept and an anticipated review of Mobility provisions this year by the Legislative Committee could include review of Firm Mobility. Skiles also commented on the new CPE Audit program and the legislative tracking systems offered by NASBA for State Boards. He also discussed Mutual Recognition Agreements (MRA) and the work of NASBA's International Qualification Appraisals Board (IQAB). He stressed new members should attend the NASBA new board orientation session at the Regional meetings, to become involved on NASBA committees early to get ramped up on national issues, and become active in NASBA if interested. He also

NEBRASKA BOARD OF PUBLIC ACCOUNTANCY

1526 K Street, Suite 410, Lincoln, Nebraska

Minutes

March 21, 2014

formally requested the Board support his nomination for the position of NASBA Director at Large next year.

Nebraska Assistant Attorney General Lynn Melson appeared before the Board and provided a review of the relationship and activities provided by the AGO's office for the Board. She commented on the AGO reviewing Board submitted proposed rules and regulations and the ability for the Board to request informal and formal opinions when warranted. Additionally, the AGO office would normally provide legal services to members if a lawsuit was filed against them in the regular course of actions as Board members. She commented several Boards/Commissions do hire private legal counsel, such as Board Attorney Robert Gruit, to assist in enforcement actions while all other legal representation is provided by the AGO office.

Trudy Meyer, Nebraska Society of CPAs Vice President appeared before the Board and discussed the Society's 2014 CPE catalog. She indicated the goal of the Society CPE Committee was to provide timely and useful CPE for practitioners in 2014. Formal, instructor led courses were the most attended in the history of the Society in 2013. She also discussed a Society survey recently distributed to its members including the request for information regarding the CPE programs offered. Survey questions included the timeliness, days of the week, course content, and other information regarding requested CPE courses when developing the catalog.

3. Consent Agenda

- A. Published Notice of Meeting.** Moved by Glenn, seconded by Stromp, to approve the consent agenda. On a roll call vote, Members Gutschewski, Glenn, Stromp, McClure, Luth, Purcell and Waltemath voted aye. Member Druse was absent. Motion #3 carried.
- B. Review of Disbursements for January and February 2014.** Disbursements were reviewed prior to the Board meeting by Board Secretary Glenn. Glenn indicated she reviewed the disbursements and did not note any substantial items to bring to the Board's attention.
- 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.
- D. Office Licensing Report.** The Office Licensing Report was provided to the Board at this time, after review for relevance and revisions by the Licensing Committee.

4. Report of the Chair

- A. Report of the Chair.** Chair Gutschewski gave the report.
- B. Attendance at NASBA Western Regional Meeting, St. Louis, June 11-13, 2014.** Due to the importance of regional issues affecting the profession, participation at regional meetings is valuable to Board members, and especially for new members attending the New Board Member Orientation. Moved by Purcell, seconded by

NEBRASKA BOARD OF PUBLIC ACCOUNTANCY

1526 K Street, Suite 410, Lincoln, Nebraska

Minutes

March 21, 2014

Stromp, to approve Board Members and ED Sweetwood to attend the NASBA Western Regional Meeting, in St. Louis, June 11-13, 2014. On a roll call vote, Members Gutschewski, Glenn, Stromp, McClure, Luth, Purcell and Waltemath voted aye. Member Druse was absent. Motion #18 carried.

- C. **Review Board Calendar.** The next Board meeting will be held Thursday, May 15, 2014 starting at 8:30am at the Board offices (Conference room 4 D) .
- D. **Report on To Do List.** There was no report at this time.

Closed Session

Closed Session. Moved by Stromp, seconded by Purcell, that the Board go into closed session at 10:20 a.m., on Friday, March 21, 2014, for the purpose of discussing enforcement matters. On a roll call vote, Members Gutschewski, Glenn, Stromp, McClure, Luth, Purcell and Waltemath voted aye. Member Druse was absent. Motion #4 carried. Chair Gutschewski restated that the purpose for the closed session was to discuss enforcement matters.

Return to Open Session. Moved by Stromp, seconded by Luth, that the Board return to open session at 10:35 a.m., on Friday, March 21, 2014. On a roll call vote, Members Gutschewski, Glenn, Stromp, McClure, Luth, Purcell and Waltemath voted aye. Member Druse was absent. Motion #5 carried.

5. Report of Enforcement of Professional Conduct Committee

- A. **Open Case/LMCO Update.** Committee Member Stromp reviewed the open case file.
- B. **Recommended Closure of Enforcement Cases.** Motion out of Committee to recommend closure of:

Case #12-11: The Board revoked the Certificate of a person who was sanctioned by the Securities and Exchange Commission and the subject of an Order by the Federal Court in Nebraska.

Case #13-05: Complaint alleged the CPA failed to represent their business and file payroll taxes on a timely basis. Board staff met with the CPA and based on information presented concluded the matter should be closed.

Case #13-07: Information was provided to the Board regarding a CPA who was sanctioned by the FDIC. It was concluded and recommended a status change of the CPA be moved to inactive/retired.

Case #13-13: Complaint alleged the CPA failed to properly file a tax return. Board staff met with the CPA and it was determined the matter did not include "gross negligence" on the CPAs part and the matter should be closed.

On a roll call vote, Members Gutschewski, Glenn, Stromp, McClure, Luth, Purcell and Waltemath voted aye. Member Druse was absent. Motion #6 carried.

- 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. The Committee reviewed a total of 100 courses with 100 recommended for Board approval and none denied. Motion out of Committee to forward the reviewed and approved Reinstatements to the Licensing Committee. On a roll call vote, Members Gutschewski, Glenn, Stromp, McClure, Luth, Purcell and Waltemath voted aye. Member Druse was absent. Motion #8 carried. The Committee reviewed a sponsorship request for 2014 CPA Magazine. Chair McClure then overviewed requests for waivers for CPE as outlined within Board regulations Chapter 8.009.04 as discussed by

NEBRASKA BOARD OF PUBLIC ACCOUNTANCY

1526 K Street, Suite 410, Lincoln, Nebraska

Minutes

March 21, 2014

the Committee. Motion out of Committee to recommend Board approval of CPE medical waiver for W001. On a roll call vote, Members Gutschewski, Glenn, Stromp, McClure, Luth, Purcell and Waltemath voted aye. Member Druse was absent. Motion #10 carried. Motion out of Committee to recommend Board approval of a CPE waiver of 3 ethics hours for W003 due to being called to military active duty. On a roll call vote, Members Gutschewski, Glenn, Stromp, McClure, Luth, Purcell and Waltemath voted aye. Member Druse was absent. Motion #11 carried. Motion out of Committee to recommend Board approval of CPE medical waiver for W004. On a roll call vote, Members Gutschewski, Glenn, Stromp, McClure, Luth, Purcell and Waltemath voted aye. Member Druse was absent. Motion #12 carried. Chair McClure indicated the Committee continued to discuss the amount of CPE hours allowed for attendance at a college course and Nebraska provides less than neighboring jurisdictions and the national standards. The Committee recommends the next time regulations are amended the hours allowed for attendance at college courses be increased.

- B. Ratification/Denial of Staff Program Qualification Evaluations.** Motion out of Committee to recommend Board approval of 100 reviewed courses from January 1, 2014 to February 28, 2014 with 100 courses approved and none denied. On a roll call vote, Members Gutschewski, Glenn, Stromp, McClure, Luth, Purcell and Waltemath voted aye. Member Druse was absent. Motion #7 carried.
- C. Ratification of CPE Sponsor.** Motion out of Committee to recommend approval of 2014 CPE Sponsorship for 2014 CPA Magazine. On a roll call vote, Members Gutschewski, Glenn, Stromp, McClure, Luth, Purcell and Waltemath voted aye. Member Druse was absent. Motion #9 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 Glenn reported the Committee reviewed the successful candidate surveys, exam fee increase notification, the proposed Board ethics exam, and the potential for CPT student Chapters to be organized in Nebraska. Committee Chair Glenn will be visiting NASBA/CPAES Exam Services in Nashville in May 5-7, 2014 to overview the examination application process. The Board of Examiners (BOE) has begun the next practice analysis as required for the Uniform CPA Examination. Focus groups have been developed from various occupations and the Board and members will be requested to comment. Updates will be provided at the upcoming NASBA Regional meetings.
- B. Approval of CPA Exam Scores.** Motion out of Committee to ratify the 2014 January–February 2014 Exam scores. On a roll call vote, Members Gutschewski, Glenn, Stromp, McClure, Luth, Purcell and Waltemath voted aye. Member Druse was absent. Motion #13 carried.
- C. Report on To Do List.** There was no report at this time.

NEBRASKA BOARD OF PUBLIC ACCOUNTANCY

1526 K Street, Suite 410, Lincoln, Nebraska

Minutes

March 21, 2014

8. Report of the Legislative Committee

- A. **Report on Legislation:** Chair Gutschewski indicated the continued Peer Review initiative will remain under the purview of the QEP Task Force. He also indicated the Committee will review current Mobility provisions within the PAA to determine if any changes should be offered including requirements a firm partner be licensed within a mobile CPA firm and whether engagement reviews should require a mobile CPA firm to register with the Board along with the concept of complete firm mobility. ED Sweetwood reported a small “clean up” of language within the Public Accountancy Act within Section 1-116 regarding definition of an education accreditation body was noted through the Department of Education within LB 967.
- 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 received the long awaited response from the Attorney General’s office regarding the request for opinion concerning the Board’s ability to discipline firms without revisions to the current Rules and require Peer Review. He reported an initial meeting of the QEP Task Force will be held in early May to review and discuss draft language provided by the Board Attorney and staff. Concern was expressed on how to handle firms that “disband” and then reemerge based on avoiding Peer Review requirements.
- 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 Glenn gave the report. The revised experience permit application process continued with two applicants.
- B. **Review of Permit Applications.** Board members were provided the alternative experience applications which had been reviewed by the Licensing Committee. Motion of out of Committee to approve Daniel Hughes application for an initial permit. On a roll call vote, Members Gutschewski, Glenn, Stromp, McClure, Luth, Purcell and Waltemath voted aye. Member Druse was absent. Motion #14 carried. Motion of out of Committee to approve E. Curtis Youngman application for an initial permit. On a roll call vote, Members Glenn, Stromp, McClure, Luth, Purcell and Waltemath voted aye. Member Gutschewski voted nay. Member Druse was absent. Motion #15 carried.
- C. **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 January 9, 2014 and March 19, 2014. On a roll call vote, Members Gutschewski, Glenn, Stromp, McClure, Luth, Purcell and Waltemath voted aye. Member Druse was absent. Motion #16 carried.

NEBRASKA BOARD OF PUBLIC ACCOUNTANCY

1526 K Street, Suite 410, Lincoln, Nebraska

Minutes

March 21, 2014

D. 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 January 9, 2014 and March 19, 2014.

Reinstatements:	Jeffrey Davis	Omaha NE
Inactive - Retired affidavits:	Neil Balfour	Lincoln NE
	Arthur Basso	Lincoln NE
	Harvey Johnson	Seward NE
	William Sibley	Sioux City IA
	Thearon Staddon	Bozeman MT
Surrendered Certificates:	Alan Ryerson	Des Moines IA
	Gary Schulte	Newman GA
	Andrew Schmad	Omaha NE
	Lucille White	Crown Point IN

On a roll call vote, Members Gutschewski, Glenn, Stomp, McClure, Luth, Purcell and Waltemath voted aye. Member Druse was absent. Motion #17 carried.

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

11. Report of Executive Director

- A. Annual Letter 2013.** The proof was available for Board members review. The annual letter will be provided all licensed CPAs via US mail while all others will receive it electronically via email. It will also be available on the Board's website.
- B. NASBA ED Meeting Report, Savannah, GA, March 3-6, 2014.** ED Sweetwood and Staff Myers thanked the Board for the opportunity to attend the meeting. ED Sweetwood provided a written summary of the Conference events, sessions, issues, and NASBA activities including AICPA Practice Analysis process, Board use of background checks for initial licensees, Federal agency outreach cooperation, and CPE.
- C. Budget Update.** See agenda Item 3C.
- D. Staffing & General Office Issues.**

1. Database – NASBA. ED Sweetwood commented that upon return from the NASBA ED Conference, he received notification that NASBA leadership would begin initial review of providing additional services to State Boards regarding IT issues. He also commented that he was recently notified by Neb.gov regarding the Board's decision to reduce Board fees and thus reducing their percentage of income received from online services. He will be meeting next week with Neb.gov representatives to discuss an overall possible increase in fees paid and will update the Executive Committee with any substantial recommendations.

2. Parking @ 1526 Building- Staff continues to research parking opportunities for Board members.

E. Report on To Do List

NEBRASKA BOARD OF PUBLIC ACCOUNTANCY
1526 K Street, Suite 410, Lincoln, Nebraska

Minutes
March 21, 2014

Chair Gutschewski left the meeting at 12:15 pm. Secretary Glenn presided.

12. New Business

A. NASBA Items:

NASBA: Upon Doug Skiles request to support his nomination for Director at Large for NASBA next year, moved by Purcell, seconded by McClure, that the Board send a nomination letter to that effect. On a roll call vote, Members Glenn, Stromp, McClure, Luth, Purcell and Waltemath voted aye. Members Gutschewski and Druse were absent. Motion #19 carried.

1.) NASBA FYI articles. Articles were provided to the Board.

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

13. Adjournment

Moved by Glenn, seconded by Luth, to adjourn the meeting at 12:24 p.m. on March 21, 2014. On a roll call vote, Members Gutschewski, Glenn, Stromp, McClure, Luth, Purcell and Waltemath voted aye. Members Gutschewski and Druse were absent. Motion #20 carried.

Respectfully submitted by,

Board Secretary
Jan Glenn