

NEBRASKA BOARD OF PUBLIC ACCOUNTANCY
1526 K Street, Suite 4D, Lincoln, Nebraska

Minutes
July 15, 2016

Draft Minutes. Minutes are not approved until the next Board meeting on 9-9-2016

Friday, July 15, 2016

1. General

- A. Call to Order and Roll Call.** The Nebraska Board of Public Accountancy (Board) was called to order at 8:33 a.m. on Friday, July 15, 2016 with Chair Bernie Gutschewski presiding. The roll was called with the following members present: Bernie Gutschewski, Lori Druse, Marcy Luth, Michele Stromp, Michael McClure, Tom Purcell, Glen Waltemath, and Ken Brauer. Also present were Staff members Heather Myers and Kristen VanWinkle. Executive Director Dan Sweetwood was absent. Board Intern Cale Brodersen was not available. 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. Also present was Dan Vodvarka, NE Society President, Jessica Luttrull, NASBA Associate Director, and Jo Lowe.
- B. Approval of Meeting Agenda for Friday, July 15, 2016.** Moved by Druse, seconded by Stromp, to approve the agenda for the Friday, July 15, 2016 meeting. On a roll call vote, Members Gutschewski, Druse, Luth, Stromp, McClure, Purcell, Waltemath, and Brauer voted aye. Motion #1 carried.
- C. Approval of Minutes from May 13, 2016.** Moved by McClure, seconded by Waltemath, to approve the May 13, 2016 Board minutes. On a roll call vote, Members Gutschewski, Druse, Luth, Stromp, McClure, Purcell, Waltemath, and Brauer voted aye. Motion #2 carried.

2. Public Comment Period (15 minute period)

Jessica Luttrull, Associate Director for the National Registry of CPE Sponsors for NASBA, presented to the Board an overview of the Registry and the proposed new national standards for continuing professional education.

Dan Vodvarka, NE Society President, provided society's update on LR546 - Anti Trust and the Use of Titles - such as CGMA.

10:30 am Hearing for Debra Keith - Hearing Officer Bernie Gutschewski opened the Hearing at 10:30 am. Board Attorney Robert Gruit represented the Board. Debra Keith represented herself. The Hearing closed at 11:18 am.

Closed Session

Closed Session. Moved by Stromp, seconded by Luth, that the Board go into closed session at 11:26 a.m., on Friday, July 15, 2016, for the purpose of discussing the hearing. On a roll call vote, Members Gutschewski, Druse, Luth, Stromp, McClure, Purcell, Waltemath, and Brauer voted aye. Motion #7 carried. Board Chair Gutschewski restated the purpose of the closed session was to discuss the enforcement cases.

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Return to Open Session. Moved by Waltemath, seconded by Brauer, that the Board return to open session at 11:48 a.m., on Friday, July 15, 2016. On a roll call vote, Members Gutschewski, Druse, Luth, Stromp, McClure, Purcell, Waltemath, and Brauer voted aye. Motion #8 carried.

3. Consent Agenda

- A. **Published Notice of Meeting.** Moved by Druse, seconded by Purcell, to approve the consent agenda. On a roll call vote, Members Gutschewski, Druse, Luth, Stromp, McClure, Purcell, Waltemath, and Brauer voted aye. Motion #3 carried.
- B. **Review of Disbursements for May and June 2016.** Board Secretary Luth overviewed the disbursements for the Board.
- C. **Review of Board Budget Status Report.** The current budget status report was provided and reviewed by Board Secretary Luth.
- D. **Office Licensing Report.** The Office Licensing Report was not available at this time.

4. Report of the Chair

- A. **Report of the Chair.** Board Chair Gutschewski gave the report.
- B. **Election of 2016-2017 Board Officers.** Board Chair Gutschewski reported he would be willing to be Chair again so long as other members of the Board represented Nebraska at NASBA conferences. Moved by Druse, seconded by Luth, to elect Chair Gutschewski as the 2016-2017 Board Chair. On a roll call vote, Members Druse, Stromp, Luth, McClure, Purcell, Waltemath, and Brauer voted aye. Chair Gutschewski was absent. Motion #4 carried.
Moved by Stromp, seconded by Purcell, to elect Vice Chair Druse as the 2016-2017 Board Vice Chair. On a roll call vote, Members Gutschewski, Stromp, Luth, McClure, Purcell, Waltemath, and Brauer voted aye. Vice Chair Druse abstained. Motion #5 carried.
Moved by Stromp, seconded by Druse, to elect Secretary Luth as the 2016-2017 Board Secretary. On a roll call vote, Members Gutschewski, Druse, Stromp, McClure, Purcell, Waltemath, and Brauer voted aye. Secretary Luth abstained. Motion #6 carried.
Committee appointments will be voted on during September 9, 2016 Board Meeting.
- C. **NASBA Western Regional Meeting Report.** Members Luth, Stromp, Brauer, and Druse attended. Member Druse gave a review of national and regional issues affecting the Board. The issues involved the new CPA Exam going live in 2017, California is evaluating their mobility law, use of CPA titles, quality of accounting accreditation, regional states seeing uptick in criminal/disciplinary action, UAA foreign mobility, responsible entity for promoting pipeline, and other significant, relevant items for the Board's attention.
- D. **Review Board Calendar.** Board members reviewed the Board calendar. No changes were made.
- E. **Report on To Do List.** There was no report at this time.

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Closed Session

Closed Session. Moved by Stromp, seconded by Luth, that the Board go into closed session at 12:37 p.m., on Friday, July 15, 2016, for the purpose of discussing enforcement cases. On a roll call vote, Members Gutschewski, Druse, Luth, Stromp, McClure, Purcell, Waltemath, and Brauer voted aye. Motion #11 carried. Board Chair Gutschewski restated the purpose of the closed session was to discuss enforcement cases.

Return to Open Session. Moved by Purcell, seconded by McClure, that the Board return to open session at 12:57 p.m., on Friday, July 15, 2016. On a roll call vote, Members Gutschewski, Druse, Luth, Stromp, McClure, Purcell, Waltemath, and Brauer voted aye. Motion #12 carried.

5. Report of Enforcement of Professional Conduct Committee

- A. Open Case/LMCO Update.** Committee Chair Stromp gave the report. Following the Hearing for Debra Keith, Moved by Purcell, seconded by McClure, to approve the certificate reinstatement with inactive status. Member Purcell clarified if Keith wanted to move to active status, she would need to appear before the Board. On a roll call vote, Members Druse, Luth, Stromp, McClure, Purcell, Waltemath, and Brauer voted aye. Member Gutschewski abstained. Motion #9 carried.
- Motion out of Committee to file a Petition in case #16-09 for violations of PAA 1-137 and Board Rules which include Title 288 Chapter 5-007.01. On a roll call vote, Members Gutschewski, Druse, Luth, Stromp, McClure, Purcell, Waltemath, and Brauer voted aye. Motion #10 carried.

**BEFORE THE STATE BOARD OF
PUBLIC ACCOUNTANCY OF THE STATE OF NEBRASKA**

STATE OF NEBRASKA, ex. Rel.,
STATE BOARD OF PUBLIC ACCOUNTANCY OF THE
STATE OF NEBRASKA,

Plaintiff,

vs.

DEBRA L. KEITH,

Defendant/Respondent.

DECISION AND ORDER

On the 15th day of July, 2016, a formal hearing was held on the written request of Debra L. Keith pursuant to §1-150 of the Act, for reinstatement of her CPA certificate. The hearing was conducted by the Board Chair, Bernie Gutschewski, at the office of the Board. The Board was represented by Robert T. Gruit and the Respondent appeared in person and was not represented by an attorney. All Board members (Bernie Gutschewski, Lori Druse, Marcy Luth, Michele Stromp, Michael McClure, Tom Purcell, Glen Waltemath, and Kenneth Brauer) were present and in attendance at the hearing and all Board except Bernie Gutschewski (who recused himself) voted in favor of this Decision and Order.

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Exhibits 1-9 were offered and received into evidence without objection. Testimony was presented. The records and exhibits properly reflect that notice was properly made on the Respondent for the date and time of the hearing.

DECISION AND ORDER / FINDING OF FACT / CONCLUSIONS OF LAW

Upon consideration of the matter, the Board finds as follows:

1. Respondent's Certificate was previously revoked by the Board in a Decision and Order dated May 15, 2014.
2. Pursuant to §1-150 of the Act, the Board "may" issue a new certificate to a former certified public accountant whose certificate has been revoked.
3. Respondent, through her attorney with respect to a Security and Exchange Commission matter, advised the Board that Respondent did not intend to seek active status. Respondent testified that she simply wanted reinstatement of her certificate and that she did not intend to engage in the practice of public accounting and did not seek active status.

WHEREFORE, IT IS THEREFORE ORDERED, ADJUDGED AND DECREED that:

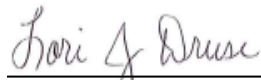
- a. The Respondent's request for reinstatement is granted on the condition that any request for active status will be regarded as a request pursuant to §1-150 and the request shall be subject to a further hearing before the Board.
- b. Staff is directed to issue a reinstated certificate upon compliance by Respondent with the usual administrative fees and procedures.

IT IS SO ORDERED.

Dated this 15 day of July 2016.

STATE BOARD OF PUBLIC
ACCOUNTANCY OF THE STATE OF
NEBRASKA, Plaintiff

BY:


Lori Druse, Board Vice Chair

B. Recommended Cases to Close. Motion out of Committee to close cases:

#07-04 - Staff discovered an InActive Registrant with the Board was named in a Securities and Exchange Commission (SEC) civil complaint filed in U.S. District Court. The complaint alleges income and other tax errors generated at a ConAgra subsidiary in 2001 created overstated net income per share that led to higher bonuses and performance based compensation for those defendants named in the suit.

On a roll call vote, Members Gutschewski, Druse, Luth, Stromp, McClure, Purcell, Waltemath, and Brauer voted aye. Motion #13 carried.

#15-06 - Board office received letter from PCAOB regarding a CPA recently sanctioned by the PCAOB Enforcement staff.

On a roll call vote, Members Gutschewski, Druse, Luth, Stromp, McClure, Purcell, Waltemath, and Brauer voted aye. Motion #14 carried.

#15-07 - Board office received letter from PCAOB regarding a CPA firm recently sanctioned by the PCAOB Enforcement staff.

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On a roll call vote, Members Gutschewski, Druse, Luth, Stromp, McClure, Purcell, Waltemath, and Brauer voted aye. Motion #15 carried.

#15-15– The client indicates they left the CPA firm after a longtime staff member left the firm and decided to leave the firm and move with the staff member, who opened an accounting firm. The client indicates the CPA firm/ partner has been difficult to work with and will not return requested records so they can move on indicating the records need review before release requiring additional fees.

On a roll call vote, Members Gutschewski, Druse, Luth, Stromp, McClure, Purcell, Waltemath, and Brauer voted aye. Motion #16 carried.

#15-17– Owner of company alleges after leaving his CPA firm of many years the firm continued to open confidential financial files and did not close the quickbooks link to his company. It appeared the matter also involved the creation of competing business with ties to the CPAs.

On a roll call vote, Members Gutschewski, Druse, Luth, Stromp, McClure, Purcell, Waltemath, and Brauer voted aye. Motion #17 carried.

#15-04 - Board staff notified a Missouri based CPA firm allegedly falsified a peer review document. Board voted to close this case during May 13, 2016 Board Meeting.

- 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 Purcell gave the report. Motion out of Committee to approve a CPE waiver requests W002 & W003. On a roll call vote, Members Gutschewski, Druse, Luth, Stromp, McClure, Purcell, Waltemath, and Brauer voted aye. Motion #19 carried. Motion out of Committee to forward one reinstatement to the Licensing Committee. On a roll call vote, Members Gutschewski, Druse, Luth, Stromp, McClure, Purcell, Waltemath, and Brauer voted aye. Motion #20 carried.
- B. **Ratification of Staff Program Qualification Evaluations.** The Committee reviewed a total of 115 courses from April, 2016 to June 20, 2016 with 115 courses recommended for Board approval and none denied. Motion out of Committee to ratify Board approval of 115 courses. On a roll call vote, Members Gutschewski, Druse, Luth, Stromp, McClure, Purcell, Waltemath, and Brauer voted aye. Motion #18 carried.
- C. **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 Luth gave the report. The Committee reviewed the Successful CPA Exam Candidate survey results. Reported the Board Ethics exam is working well. The CPT Creighton chapter was complimented highly and looking to start a chapter at UNL.
- B. **Ratification of CPA Exam Scores.** Moved by Luth, seconded by Purcell, to recommend Board ratification of the Q2 -2016 CPA Exam scores. On a roll call vote, Members Gutschewski, Druse, Stromp, Luth, McClure, Purcell, Waltemath, and Brauer voted aye. Motion #21 carried.
- C. **Report on To Do List.** There was no report at this time.

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8. Report of the Legislative Committee

- A. **Report on Legislation:** There was no report at this time.
- 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. July 26, 2016 is the next QEP Committee meeting. McClure was in North Carolina with AICPA. Reported on the evolution of peer review administration. AICPA wants to limit number of administrative entities and wants to have frequent (monthly) RAB meetings.
- 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.
- B. **Ratification of initial permits to practice issued, certificates issued, firm permits.**
The Committee discussed one Business, Governmental, Academia (BGA) experience application. Motion out of Committee, to recommend approval of Joan Arnold application. On a roll call vote, Members Gutschewski, Druse, Luth, Stromp, McClure, Purcell, Waltemath, and Brauer voted aye. Motion #22 carried.
Discussed certificates not renewed for three years revocation listing. Motion out of Committee to send letter to 3rd year non-renewed active/inactive CPAs of next steps. On a roll call vote, Members Gutschewski, Druse, Luth, Stromp, McClure, Purcell, Waltemath, and Brauer voted aye. Motion #23 carried.
Moved by Luth, seconded by Brauer, to recommend Board approval of initial permits to practice issued, certificates issued, firm permits issued from May 24, 2016 to July 1, 2016. On a roll call vote, Members Gutschewski, Druse, Luth, McClure, Purcell, Waltemath, and Brauer voted aye. Motion #24 carried.
- C. **Reinstatements to Active Permit, Inactive Retired Affidavits, Surrendered Certificates.**

Reinstatements:	Povondra, Ronald	Omaha, NE
Inactive - Retired affidavits:	Barton, Charles	Three Forks, MT
	Christiansen, H. Craig	Hilton Head Island, SC
	Edwards, Bruce F.	West Des Moines, IA
	Josephsen, Danny L.	West Des Moines, IA
	Kelley, Kit A.	Omaha, NE
	Klaasmeyer, Ramona A.	Omaha, NE
	Landwehr, Keith R.	Lincoln, NE
	Lav, Barbara	Omaha, NE
	Morrissey, Kevin M.	Centennial, CO
	Parrish, John A.	Overland Park, KS
	Paschke, Michelle A.	Aurora, NE
	Raynor, John P.	Omaha, NE
	Schaap, Randall R.	Yankton, SD

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	Studt, Loren D.	Scottsbluff, NE
	Trout, Barbara A.	Omaha, NE
	Von Dohren, John	Omaha, NE
	Windler, John E.	Fort Collins, CO
Surrendered Certificates:	Edwards, Jill A.	Minnetonka, MN
	Martens, Mark	Cooperstown, ND
	Meier, Gina	Aurora, CO
	Wilkie, Jeanne K.	Omaha, NE

Moved by Luth, seconded by Brauer, to recommend Board approval of Reinstatements to Active Permit, Inactive Retired Affidavits, Surrendered Certificates from May 15, 2016 to July 15, 2016. On a roll call vote, Members Gutschewski, Druse, Luth, Stromp, McClure, Purcell, Waltemath, and Brauer voted aye. Motion # 25 carried.

- D. **Review of 2016 Licensing Renewal Process** 2016 online renewal statistics provided to the Board.
- E. **Report on To Do List.** There was no report at this time.

11. Report of the Executive Director

- A. **Board Budget/Fiscal Year 2016 Summary & Preparation of the 2017/2018 Budget Update.** No update. ED Sweetwood was absent.
- B. **Nebraska Interactive Report** No update. ED Sweetwood was absent.
- C. **Staffing & General Office Issues** No update. ED Sweetwood was absent.
- D. **Report on To Do List.** There was no report at this time.

12. New Business

- A. **NASBA Items:**
 - 1.) **NASBA:** Member Stromp was nominated to the NASBA Nominating Committee
 - 2.) **NASBA FYI articles.** Articles were provided to the Board.
- B. **Other Miscellaneous Items: FYI articles.** Articles were provided to the Board.

13. Adjournment

Moved by Luth, seconded by Druse, to adjourn the meeting at 1:38 p.m. on July 15, 2016. On a roll call vote, Members Gutschewski, Druse, Luth, Stromp, McClure, Purcell, Waltemath, and Brauer voted aye. Motion #26 carried.

Respectfully submitted by,

Board Secretary
Marcy Luth