

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

Minutes
September 9, 2016

Draft Minutes. Minutes are not approved until the next Board meeting on 11-10-2016

Friday, September 9, 2016

1. General

- A. Call to Order and Roll Call.** The Nebraska Board of Public Accountancy (Board) was called to order at 8:35 a.m. on Friday, September 9, 2016 with Vice Chair Lori Druse presiding. The roll was called with the following members present: Lori Druse, Marcy Luth, Michele Stomp, Michael McClure, Tom Purcell, Glen Waltemath, and Ken Brauer. Member Bernie Gutschewski was absent. Also present were Executive Director Dan Sweetwood and staff members Heather Myers and Kristen VanWinkle. Board Intern Cale Brodersen was not available. The meeting was held at the Board Office, 1526 K Street, in Suite 4D, Lincoln, Nebraska. Vice Chair Druse 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 Ms. Kelly Ebert, Nebraska Society of CPAs Vice President.
- B. Approval of Meeting Agenda for Friday, September 9, 2016.** Vice Chair Druse requested Item #10/Licensing Committee report be moved to after the hearing to ensure report was given prior to her needing to leave. Moved by Purcell, seconded by McClure, to approve the agenda for the Friday, September 9, 2016 meeting. On a roll call vote, Members Druse, Luth, Stomp, McClure, Purcell, Waltemath, and Brauer voted aye. Member Gutschewski was absent. Motion #1 carried.
- C. Approval of Minutes from July 15, 2016.** Moved by Stomp, seconded by Purcell, to approve the July 15, 2016 Board minutes with one minor change. On a roll call vote, Members Druse, Luth, Stomp, McClure, Purcell, Waltemath, and Brauer voted aye. Member Gutschewski was absent. Motion #2 carried.

2. Public Comment Period (15 minute period)

Kelly Ebert, NE Society Vice President, invited the Board to the Society's annual Fall CPE Conference from October 24-25, 2016 at the LaVista Conference Center in LaVista, NE. Ken Bishop, NASBA President & CEO, will open the conference on October 24th, while Alfonzo Alexander, NASBA Chief Relationship Officer & President of Center for the Public Trust, will present on October 25th.

Hearing for Timothy Yoder - Hearing Officer Lori Druse opened the Hearing at 8:59 am. Board Attorney Robert Gruit represented the Board. Timothy Yoder was represented by his attorney, Dennis Whelan. The Hearing closed at 9:30 am.

Closed Session

Closed Session. Moved by Stomp, seconded by Luth, that the Board go into closed session at 9:31 a.m., on Friday, September 9, 2016, for the purpose of discussing the Yoder hearing. On a roll call vote, Members Druse, Luth, Stomp, McClure, Purcell, Waltemath, and Brauer voted aye. Member Gutschewski was absent. Motion #4 carried.

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Return to Open Session. Moved by Purcell, seconded by McClure, that the Board return to open session at 11:42 a.m., on Friday, September 9, 2016. On a roll call vote, Members Druse, Luth, Stomp, McClure, Purcell, Waltemath, and Brauer voted aye. Member Gutschewski was absent. Motion #5 carried.

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, Luth, Stomp, McClure, Purcell, Waltemath, and Brauer voted aye. Member Gutschewski was absent. Motion #3 carried.
- B. Review of Disbursements for July and August 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. ED Sweetwood discussed the current appropriation status with the carry over from the last biennium. New items purchased for the office include new telephones and two monitors.
- D. Office Licensing Report.** The Office Licensing Report was not available at this time.

4. Report of the Chair

- A. Executive Committee Meeting**
 - 1. Letter from Governor's Office RE: Fiscal Restraint.** Board members were provided a letter from Governor Ricketts which recommended agencies practice restraint regarding spending decisions. ED Sweetwood explained the delay in receiving the letters.
 - 2. Board Budget 2017-2019 Approval.** Secretary Luth requested Executive Director Sweetwood overview the proposed budget for the Board as discussed at the Executive Committee meeting held on August 18, 2016. He noted the budget packet was provided to the committee and offered to Board members for review. The specific budget "Issue Detail" reports were provided to the Board outlining anticipated salary increases as negotiated with the state employee unions and health care costs across state government. Agency issues were overviewed in the budget narratives which includes cost savings with the end of the Quality Enhancement Program (QEP), having NASBA publish the annual letter, and the end of some online fees thus decreasing the overall base budget request. Other areas noted were the Board's enforcement program and possible replacement of the database in the future. ED Sweetwood indicated Board licensing fees were lowered three years ago and staff continues to monitor with the goal to continue to scrutinize spending and keep fees low. After questions from Board members, motion out of committee to approve the budget for 2017-2019 biennium. On a roll call vote, Members Luth, Stomp, McClure, Purcell,

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Waltemath, and Brauer voted aye. Members Gutschewski and Druse were absent. Motion #19 carried.

- 3. Staff Travel.** Vice Chair Druse indicated the committee's continued support for staff to attend relevant conferences. Heather Myers will be attending the NASBA CPE Conference in Tampa, FL from September 12-14. ED Sweetwood indicated it appeared at this point Members Stomp and possibly Waltemath will be the only members attending the NASBA Annual Conference this fall in Austin, TX.

- 4. Board Intern Salary Increase.** ED Sweetwood indicated due to the impressive work of the current intern his salary was increased from \$9.50/hr to \$10.50/hr. for the next year. UNL was notified of the change.

- B. Report of the Chair.** Board Chair Gutschewski was absent.
- C. 2016-2017 Committee Appointments.** Vice Chair Druse indicated Board Chair Gutschewski appointed the same committee assignments for 2016-2017 knowing next year there will be leadership changes and new committee assignments.
- D. Set Future Board Meeting Dates.** Tentative Board Meeting dates were set for 2017. Proposed meeting dates for 2017: January 13, March 10, May 19, July 14, September 8, and November 9.
- E. Review Board Calendar.** Board members reviewed the Board calendar. No changes were made.
- F. Report on To Do List.** There was no report at this time.

Closed Session

Closed Session. Moved by Stomp, seconded by McClure, that the Board go into closed session at 12:55 p.m., on Friday, September 9, 2016, for the purpose of discussing enforcement matters and possible litigation. On a roll call vote, Members Druse, Luth, Stomp, McClure, Purcell, Waltemath, and Brauer voted aye. Member Gutschewski was absent. Motion #16 carried. Board Vice Chair Druse restated the purpose of the closed session was to discuss enforcement matters and possible litigation.

Return to Open Session. Moved by Purcell, seconded by Luth, that the Board return to open session at 1:10 p.m., on Friday, September 9, 2016. On a roll call vote, Members Druse, Luth, Stomp, McClure, Purcell, Waltemath, and Brauer voted aye. Member Gutschewski was absent. Motion #17 carried.

5. Report of Enforcement of Professional Conduct Committee

- A. Open Case/LMCO Update.** Committee Chair Stomp gave the report. Following the Hearing for Timothy Yoder, moved by Stomp, seconded by McClure to dismiss Count I of the petition and grant request for an Initial Permit to Practice. On a roll call vote, Members Druse, Luth, Stomp, McClure, Purcell, Waltemath, and Brauer voted aye. Member Gutschewski was absent. Motion #6 carried.

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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,

Petitioner,

vs.

TIMOTHY R. YODER,

Respondent.

DECISION AND ORDER

On the 9th day of September, 2016, a formal hearing was held on the Petition of the Nebraska State Board of Public Accountancy (Board) against Timothy R. Yoder, Respondent, at the office of the Board. The hearing was conducted by the Board Vice Chair, Lori Druse. The Board was represented by Robert T. Gruit, the Respondent appeared in person and was represented by Dennis Whelan. All Board members were present, except Bernie Gutschewski, and in attendance at the hearing and voted in favor of this Decision and Order.

Exhibits 1-14 were offered and received into evidence. Testimony was presented. The records and exhibits properly reflect that notice and service were made on the Respondent for the date and time of the hearing.

Upon consideration of the matter the Board finds that the Respondent did not violate the provisions of the Public Accountancy Act, and further did not violate the Board's Rules and Regulations as set forth above. The Board further finds that:

- 1) With respect to Count I of the Petition, Count I should be dismissed.
- 2) With respect to Count II of the Petition, Respondent's Request for an Initial Permit should be granted.

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

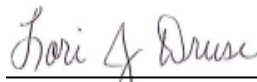
- 1) With respect to Count I of the Petition, Count I is dismissed; and
- 2) With respect to Count II of the Petition, Respondent's Request for an Initial Permit is granted, subject to the Board's usual requirements. The Board's staff is directed to process the request in the ordinary course of business.

IT IS SO ORDERED.

DATED this 15th day of September 2016.

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

BY:


Lori Druse, Board Vice Chair

- B. Recommended Cases to Close.** Motion out of Committee to close case:
#16-09 - The Certificate Holder applied to receive an active permit to practice. The application reflected a misdemeanor conviction for sexual assault.

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On a roll call vote, Members Druse, Luth, Stromp, McClure, Purcell, Waltemath, and Brauer voted aye. Member Gutschewski was absent. Motion #18 carried.

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

Vice Chair Druse left the meeting at 1:15 pm. Secretary Luth presided.

6. Report of Continuing Professional Education (CPE) Committee

- A. **Report of the Committee.** Committee Chair Purcell gave the report. He indicated the committee discussed new CPE offerings in Indiana and overviewed the visit by Jessica Luttrell from NASBA and concluded no need to amend Board regulations within Chapter 8 at this time. The committee will continue to monitor to determine if there is a need in the future.
Motion out of committee to forward 2 reinstatements to the Licensing Committee. On a roll call vote, Members Luth, Stromp, McClure, Purcell, Waltemath, and Brauer voted aye. Members Gutschewski and Druse were absent. Motion #23 carried.
- B. **Ratification of Staff Program Qualification Evaluations.** The Committee reviewed a total of 109 courses from June 21, 2016 to August 15, 2016 with 109 courses recommended for Board approval and none denied. Motion out of committee to ratify Board approval of 109 courses. On a roll call vote, Members Luth, Stromp, McClure, Purcell, Waltemath, and Brauer voted aye. Members Gutschewski and Druse were absent. Motion #20 carried.
The Committee reviewed 2 additional CPE courses. Motion out of committee to approve 2 CPE courses. On a roll call vote, Members Luth, Stromp, McClure, Purcell, Waltemath, and Brauer voted aye. Members Gutschewski and Druse were absent. Motion #21 carried.
- C. **Ratification of CPE Sponsor.** Motion out of committee to approve 2 sponsor applications. On a roll call vote, Members Luth, Stromp, McClure, Purcell, Waltemath, and Brauer voted aye. Members Gutschewski and Druse were absent. Motion #22 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 Luth gave the report. The Committee reviewed the Exam Performance Summary Report for Q2-2016. Reported improved performance from prior quarter for Nebraska candidates.
2 NASBA International Evaluation Services (NIES) staff members attended committee call to explain the International Transcript review process and to answer questions. Committee has concerns that the NIES review isn't beneficial to exam candidates in ensuring they are ready to take the exam. International students also pay to have their transcripts evaluated twice; once by NIES and again by CPAES. This issue will continue to be discussed at the Education Advisory Committee (EAC) Meeting in October.

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Committee discussed allowing NASBA to accept electronic transcripts and residency affidavits. By doing so, there is possibility to reduce application turnaround time from 3 weeks to 5 days. Moved by Purcell, seconded by McClure to accept electronic transcripts and residency affidavits. On a roll call vote, Members Luth, Stromp, McClure, Purcell, Waltemath, and Brauer voted aye. Members Gutschewski and Druse were absent. Motion #24 carried.

ED Sweetwood will be attending a BOE Meeting in San Diego, CA from September 29-30.

- B. EAC Meeting Update.** Meeting will be held on October 7, 2016 from 9:00 am - 12:00 pm at UNL. Pat Hartman from NASBA and Henrietta Eve from AICPA will present to students and the EAC Committee.
- C. Discussion Item - Chapter 9-004.004 and Educational Guideline #1.** Committee Chair Luth provided updated verbiage for discussion. This will continue to be discussed at the EAC Meeting in October.
- D. Approval of CPA Exam Scores.** There were no exam scores at this time.
- E. Report on To Do List.** There was no report at this time.

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.
- B. Proposed Evolution of Peer Review Administration.** AICPA requests feedback on Peer Review Evolution due by October 31, 2016. Drafted feedback prepared by Committee Chair McClure and ED Sweetwood was provided to the Board for review. Motion out of committee to allow QEP Chair McClure to sign the Peer Review response due by October 31. On a roll call vote, Members Luth, Stromp, McClure, Purcell, Waltemath, and Brauer voted aye. Members Gutschewski and Druse were absent. Motion #25 carried.
- C. Peer Review FAQ.** Questions were reviewed and discussed by the Board.
- D. 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. The Committee discussed four Business, Governmental, Academia (BGA) experience applications. Motion out of Committee, to recommend approval of Jianping Liu's application. On a roll call vote, Members Druse, Luth, Stromp, McClure, Purcell, Waltemath, and Brauer voted aye. Member Gutschewski was absent. Motion #7 carried. Motion out of Committee to recommend approval of Michael Hrnecirik's application. On a roll call vote, Members Druse, Luth, Stromp, McClure, Purcell, Waltemath, and Brauer voted aye. Member Gutschewski was absent. Motion #8 carried.

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The Committee discussed the need to review issues related to Reciprocal "4 in 10" applications where CPA has owned own firm for over 10 years and doesn't have anyone to sign experience form. The Committee will continue to review and make recommendations on a "case by case" basis. Motion out of committee to recommend approval of Ken Kickhaefer's application based on Kansas Board licensure validation instead of "4 in 10" experience form. On a roll call vote, Members Druse, Luth, Stromp, McClure, Purcell, Waltemath, and Brauer voted aye. Member Gutschewski was absent. Motion #9 carried.

The Committee reviewed one Certificate Application where applicant marked "yes" to disclosure question #2. Applicant was originally charged with felony vandalism which was later reduced to a misdemeanor and then reduced to an infraction of disturbing the peace. Motion out of committee to recommend approval of the application. On a roll call vote, Members Druse, Luth, Stromp, McClure, Purcell, Waltemath, and Brauer voted aye. Member Gutschewski was absent. Motion #10 carried.

The Committee discussed a question regarding the firm application and firm guidelines. The firm guidelines don't state anything regarding the status of CPAs in firm name (i.e. if they can be full-time or part-time), however the firm application states they should be full-time. The Committee and Board did not see any issues with allowing a part-time CPA to be listed in the firm name. Moved by Stromp, seconded by Luth to update the firm application to remove "full-time" so that it matches firm guidelines. On a roll call vote, Members Druse, Luth, Stromp, McClure, Purcell, Waltemath, and Brauer voted aye. Member Gutschewski was absent. Motion #15 carried.

Discussed certificates not renewed for three years revocation listing. Moved by Luth, seconded by McClure to send Revocation Hearing notices to 3rd year non-renewed inactive permit holders. On a roll call vote, Members Druse, Luth, Stromp, McClure, Purcell, Waltemath, and Brauer voted aye. Member Gutschewski was absent. Motion #11 carried. Moved by Purcell, seconded by Luth to send Revocation Hearing notices to 3rd year non-renewed active permit holders. On a roll call vote, Members Druse, Luth, Stromp, McClure, Purcell, Waltemath, and Brauer voted aye. Member Gutschewski was absent. Motion #12 carried.

B. 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 issued from July 6, 2016 to August 25, 2016. On a roll call vote, Members Druse, Luth, Stromp, McClure, Purcell, Waltemath, and Brauer voted aye. Member Gutschewski was absent. Motion #13 carried.

C. Reinstatements to Active Permit, Inactive Retired Affidavits, Surrendered Certificates.

Reinstatements:

- Boesch, Joshua J. Omaha, NE
- Cromwell, Joan K. Lincoln, NE
- Povondra, Ronald Omaha, NE

Inactive - Retired affidavits:

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- Boyle, Michael P. Seattle, WA
- Costello, Patrick F. Waterloo, NE
- Den Herder Sr., Richard W. Bennington, NE
- Hoy III, Stacy W. Hernando, FL
- Jacobsen, Roger D. Booneville, IA
- Jones, Kay D. Diablo, CA
- Yates, James B. Huntley, WY

Surrendered Certificates:

- Adams, Kirk J. Lincoln, NE
- Anderson, Michael L. Alexandria, MN
- Augustyn, Philip R. Gretna, NE
- Amen, Ronald J. Northbrook, IL
- Ball, Steve C. Elkhorn, NE
- Burbach, Robert C. Vermillion, SD
- Burns, Ryan M. Reno, NV
- Chandler, Benjamin C. San Antonio, TX
- Chapek, Thomas F. Omaha, NE
- Claar, Nancy L. Sheldon, IA
- Feelhaver, Rodney A. Omaha, NE
- Frost, Steven J. N. Myrtle Beach, SC
- Giesselmann, Dean L. Omaha, NE
- Hallberg, Russel F. Omaha, NE
- Haase, Ronald A. Omaha, NE
- Hurlbut, Sheri Lincoln, NE
- Jareske, Michael J. Omaha, NE
- Kearney, Kent B. Colorado Springs, CO
- Layton, Rodney E. Williamsville, NY
- Noack, Nancy C. Scottsdale, AZ
- Pitts, Kathy H. Birmingham, AL
- Ramsay Jr., Garth C. Colorado Springs, CO
- Richter, Joseph E. Dakota Dunes, SD
- Schacht, Stephen M. Rapid City, SD
- Schneider, Robert J. Omaha, NE
- Seeloff, Keith R. Atlanta, GA
- Sherman, James P. Glenview, IL
- Shull, Dennis R. Indianola, IA
- Smith, James C. Little Falls, MN
- Smith, Karen L. Papillion, NE
- Sweet, Mark A. Omaha, NE
- Swenson, Kristin J. Kearney, NE

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- | | |
|---------------------|-----------------|
| • Thiele, David C. | Omaha, NE |
| • Thomsen, Joel S. | Fargo, ND |
| • Totten, Julie A. | Fremont, NE |
| • Valenta, Holly A. | Lenexa, KS |
| • Vial, Paul R. | Des Moines, IA |
| • Young, Tammy J. | Springfield, MO |

Motion out of committee to recommend Board approval of Reinstatements to Active Permit, Inactive Retired Affidavits, Surrendered Certificates from July 15, 2016 to August 25, 2016. On a roll call vote, Members Druse, Luth, Stomp, McClure, Purcell, Waltemath, and Brauer voted aye. Member Gutschewski was absent. Motion #14 carried.

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

11. Report of the Executive Director

- A. Budget Status.** ED Sweetweed previously reviewed under Section 4.A.2.
- B. Outreach Initiatives.** ED Sweetwood and Kristen VanWinkle appeared before a UNL auditing class on August 3 to discuss ethics and the Board's role. ED Sweetwood appeared before the Nebraska Society of CPAs leadership meeting at Mahoney State Park on August 29th to overview Board activities. He indicated discussion over current experience requirements could be discussed in the future based on the Nebraska Auditors Office initiatives.
- C. Staffing & General Office Issues.** Heather Myers and Budget Analyst Robin Kilgore were acknowledged for their work and assistance in budget preparation.
- D. Report on To Do List.** There was no report at this time.

12. New Business

- A. NASBA Items:**
- 1.) NASBA Committee Updates.** ED Sweetwood discussed the work of the NASBA Enforcement Committee and there were no reports at this time.
- 2.) NASBA Focus Questions.** ED Sweetwood reviewed questions with the Board.
- 3.) NASBA FYI Articles.** Articles were provided to the Board.
- 4.) NASBA Annual Meeting Agenda.** Agenda was provided to the Board. Moved by Purcell, seconded by McClure, to approve ED Sweetwood and Members Stomp and Waltemath to NASBA Annual Meeting in Austin, TX from October 30-November 2, 2016. On a roll call vote, Members Luth, Stomp, McClure, Purcell, Waltemath, and Brauer voted aye. Members Gutschewski and Druse were absent. Motion #26 carried.
- B. Other Miscellaneous Items: FYI articles.** Articles were provided to the Board.

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13. Adjournment

Moved by Brauer, seconded by McClure, to adjourn the meeting at 3:12p.m. on September 9, 2016. On a roll call vote, Members Luth, Stromp, McClure, Purcell, Waltemath, and Brauer voted aye. Members Gutschewski and Druse were absent. Motion #27 carried.

Respectfully submitted by,

Board Secretary
Marcy Luth