

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

Minutes  
**November 10, 2016**

**Draft Minutes. Minutes are not approved until the next Board meeting on 1-13-2017.**

**Thursday, November 10, 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 Thursday, November 10, 2016 with Chair Bernie Gutschewski presiding. The roll was called with the following members present: Bernie Gutschewski, Marcy Luth, Michele Stromp, Michael McClure, Tom Purcell, Glen Waltemath, and Ken Brauer. Member Lori Druse 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. 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 were Dan Vodvarka, Nebraska Society of CPAs President, Robin Kilgore, DAS-State Budget Office, Charlie Janssen, Nebraska Auditor of Public Accounts, Russ Karpisek, Legislative Manager for Nebraska Auditor of Public Accounts, Frank Daley, Executive Director of the Nebraska Accountability and Disclosure Commission, Lynn Melson, Nebraska Assistant Attorney General, and Eric Hansen, Nebraska Society of Independent Accountants President.
- B. Approval of Meeting Agenda for Thursday, November 10, 2016.** Moved by Luth, seconded by Stromp, to approve the agenda for the Thursday, November 10, 2016 meeting. On a roll call vote, Members Gutschewski, Luth, Stromp, McClure, Purcell, Waltemath, and Brauer voted aye. Member Druse was absent. Motion #1 carried.
- C. Approval of Minutes from September 9, 2016.** Moved by Purcell, seconded by McClure, to approve the September 9, 2016 Board minutes. On a roll call vote, Members Luth, Stromp, McClure, Purcell, Waltemath, and Brauer voted aye. Member Gutschewski abstained. Member Druse was absent. Motion #2 carried.

**2. Public Comment Period (15-minute period)**

**Charlie Janssen, Nebraska Auditor of Public Accounts** – Mr. Janssen appeared before the Board to present and discuss a bill he plans to introduce during the upcoming legislative session. The bill amends PAA 1-136.02 to include the Nebraska Auditor of Public Accounts and the Nebraska Department of Revenue under the two-year experience requirement rather than the three-year requirement as it currently stands. He indicated the motivation of the Bill was to assist auditors within his office in obtaining their CPA status in two years. He provided handouts overviewing the duties and responsibilities of his current auditors. Chair Gutschewski commented on the mission of the Board including protecting the public and the past work of the Experience Work Group (EWG) when the experience requirement was amended in 2014. He also commended Mr. Janssen for personally appearing before the Board to share his thoughts. Board members asked several questions and provided comments.

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**Dan Vodvarka, Nebraska Society of CPAs President** – Mr. Vodvarka mentioned there are 15 CPE programs remaining for the year. There were a total 95 CPE programs in 2016. The 2017 CPE list will start being compiled within the next week. Mr. Vodvarka indicated the annual reception for State Senators hosted by the Society will be held on January 3, 2017 at 6:00 pm at the Nebraska Club. He invited Board members to attend if available and commented 17 new Senators will join the legislature this year. There were a few Society members on the Revocation lists and he thanked Staff Member VanWinkle for her assistance in working together to resolve all but 1 member before the hearing. He also provided comments on the upcoming bill from the Nebraska Auditor of Public Accounts indicating Society board members have discussed and the current consensus is they would maintain a neutral position. An official stance will be decided at their January 2017 meeting. He also mentioned from 1978-2014 there were carved out experience rules for Nebraska Department of Revenue, IRS and State Auditors.

**Frank Daley, Executive Director of the Nebraska Accountability and Disclosure Commission** – Mr. Daley provided an overview of governmental ethics and what it means to have a conflict of interest as outlined within Board Regulations Chapter 4.009. The Board asked questions and provided scenarios in which there could be a conflict of interest to get feedback.

**Lynn Melson, Nebraska Assistant Attorney General** – Ms. Melson provided an overview of her duties to the Board. She described the difference between formal and informal Attorney General opinions. She also discussed areas where her office would represent Board members if a lawsuit was filed and indicated due to the recent release of the NC Dental Case by the Supreme Court her office continues to monitor case law in the matter.

**Eric Hansen, Nebraska Society of Independent Accountants President** – Mr. Hansen appeared before the Board to congratulate Member Brauer for receiving a national award for his legislative efforts on behalf of the Nebraska Society awarded by the National Society of Accountants' 2016 annual conference in Tampa, FL. The Board congratulated Member Brauer.

**Hearing for Revocation of Permits not renewed for three years** - Hearing Officer Bernie Gutschewski opened the Hearing at 11:23 am for agenda item 5.C. Public Hearing for Revocation of Permits not renewed for three years. The Hearing closed at 11:26 am.

**Hearing for Revocation of Inactive Registrations not renewed for three years** – Hearing Officer Bernie Gutschewski opened the Hearing at 11:26 am for agenda item 5.D. Public Hearing for Revocation of Inactive Registrations not renewed for three years. The Hearing closed at 11:29 am.

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**3. Consent Agenda**

- A. Published Notice of Meeting.** Moved by Stromp, seconded by Brauer, to approve the consent agenda. On a roll call vote, Members Gutschewski, Luth, Stromp, McClure, Purcell, Waltemath, and Brauer voted aye. Member Druse was absent. Motion #3 carried.
- B. Review of Disbursements for July and August 2016.** Board Secretary Luth overviewed the disbursements for the Board with no unusual disbursements noted.
- C. Review of Board Budget Status Report.** The current budget status report was provided and reviewed by Board Secretary Luth. ED Sweetwood commented on the high Personal Service Limitation (PSL) involving the payout to a former staff member that remains in the current FY017 budget. The goal was to have the payout reflected within the FY016 budget. Staff will continue to work with Ms. Kilgore on this issue.
- D. Office Licensing Report.** The Office Licensing Report was not available at this time.

**Closed Session**

**Closed Session.** Moved by Stromp, seconded by Luth, that the Board go into closed session at 10:41 a.m., on Thursday, November 10, 2016, for the purpose of discussing enforcement committee issues. On a roll call vote, Members Gutschewski, Luth, Stromp, McClure, Purcell, Waltemath, and Brauer voted aye. Member Druse was absent. Motion #4 carried.

**Return to Open Session.** Moved by Stromp, seconded by Brauer, that the Board return to open session at 11:18 a.m., on Thursday, November 10, 2016. On a roll call vote, Members Gutschewski, Luth, Stromp, McClure, Purcell, Waltemath, and Brauer voted aye. Member Druse was absent. Motion #5 carried.

**4. Report of the Chair**

- A. Report of the Chair** – Chair Gutschewski reported.
- B. Second Letter from the Governor – Spending Restraint** – Board members were provided a second letter from Governor Ricketts which requested additional spending restraint within several areas including travel. ED Sweetwood noted only one member attended the NASBA Annual Meetings. He also indicated the possibility of a website upgrade which now will remain on hold. He also noted the database project brought forth by the Office of the CIO will remain on hold. Staff will continue to discuss with other agencies their thoughts on the project/vendors/cost. The cost is high and will likely be delayed as FoxPro continues to work well. ED Sweetwood requested Ms. Kilgore to comment on the Governor's budget preparations scheduled for release in early January.
- C. NASBA Annual Meeting Report, Austin, TX, Oct. 30 – Nov. 2, 2016** – Member Stromp and ED Sweetwood overviewed the items discussed during the NASBA Annual Meeting. ED Sweetwood provided a report on the meeting to members.

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- D. **Review Board Calendar.** Board members reviewed the Board calendars for 2016 & 2017. No changes were made, however Member Gutschewski noted a possible conflict with the Board Meeting set for May 19, 2017.
- E. **Report on To-Do List.** There was no report at this time.

**5. Report of Enforcement of Professional Conduct Committee**

- A. **Open Case/LMCO Update.** Committee Chair Stromp gave the report. Motion out of committee to file a Stipulation & Consent Order for case #16-13. On a roll call vote, Members Gutschewski, Luth, Stromp, McClure, Purcell, Waltemath, and Brauer voted aye. Member Druse was absent. Motion #9 carried. Chair Gutschewski signed the Order.
- B. **Timothy Yoder Consent Order Update.** ED Sweetwood provided an updated Order in the matter with a clarification on the wording.
- C. **Public Hearing for Revocation of Permits not renewed for three years.** Moved by Purcell, seconded by Stromp, to revoke the certificates of active permit holders not renewed since 2013. On a roll call vote, Members Gutschewski, Luth, Stromp, McClure, Purcell, Waltemath, and Brauer voted aye. Member Druse was absent. Motion #11 carried.
- D. **Public Hearing for Revocation of Inactive Registrations not renewed for three years.** Moved by Purcell, seconded by Stromp, to revoke the certificates of inactive registrants not renewed since 2013. On a roll call vote, Members Gutschewski, Luth, Stromp, McClure, Purcell, Waltemath, and Brauer voted aye. Member Druse was absent. Motion #12 carried.
- E. **Recommended Cases to Close.** Motion out of Committee to close cases:
  - #16-05 - Staff discovered through the news media a violation of SEC rules regarding a major retail corporation in Nebraska. The Committee reviewed the matter and determined no further action is necessary.  
On a roll call vote, Members Gutschewski, Luth, Stromp, McClure, Purcell, Waltemath, and Brauer voted aye. Member Druse was absent. Motion #6 carried.
  - #16-07 - A small trucking company utilized the CPA firm in 2015 to complete taxes and later was billed without providing further information as requested. The business owner's wife later contacted the CPA and became involved in a verbal altercation over the matter. The CPA apologized and provided records.  
On a roll call vote, Members Gutschewski, Luth, Stromp, McClure, Purcell, Waltemath, and Brauer voted aye. Member Druse was absent. Motion #7 carried.
  - #16-08 - Complainant indicates the CPA utilized his payroll data to contact his employees to work on a project that competes against his business. After review and no further evidence presented, the matter should be closed.  
On a roll call vote, Members Gutschewski, Luth, Stromp, McClure, Purcell, Waltemath, and Brauer voted aye. Member Druse was absent. Motion #8 carried.
  - #16-03 - Complainant questioned fees charged for tax return preparation after being notified of an IRS audit. CPA firm provided an option to pay a set fee for the audit work. Complainant left the firm with a lack of understanding and communication. After review the committee concluded since the complainant left the firm the matter should be closed.  
On a roll call vote, Members Gutschewski, Luth, Stromp, McClure, Purcell, Waltemath, and Brauer voted aye. Member Druse was absent. Motion #10 carried.

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

Member Stromp left the meeting at 11:30 am.

**6. Report of Continuing Professional Education (CPE) Committee**

- A. **Report of the Committee.** Committee Chair Purcell gave the report. Motion out of committee to forward 2 reinstatements to the Licensing Committee. On a roll call vote, Members Gutschewski, Luth, McClure, Purcell, Waltemath, and Brauer voted aye. Members Druse and Stromp were absent. Motion #15 carried. Motion out of committee to forward 1 Initial Permit application to the Licensing Committee. On a roll call vote, Members Gutschewski, Luth, McClure, Purcell, Waltemath, and Brauer voted aye. Members Druse and Stromp were absent. Motion #16 carried.
- B. **Ratification of Staff Program Qualification Evaluations.** The Committee reviewed a total of 160 courses from August 23, 2016 to October 17, 2016 with 160 courses recommended for Board approval and none denied. Motion out of committee to ratify Board approval of 160 courses. On a roll call vote, Members Gutschewski, Luth, McClure, Purcell, Waltemath, and Brauer voted aye. Members Druse and Stromp were absent. Motion #13 carried.
- C. **Ratification of CPE Sponsor.** Motion out of committee to approve 3 sponsor applications. On a roll call vote, Members Gutschewski, Luth, McClure, Purcell, Waltemath, and Brauer voted aye. Members Druse and Stromp were absent. Motion #14 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 Successful Exam Candidate Survey for the last window. There were a couple comments from candidates about computer issues. During transition of new CPAES Coordinator, 4 courses were brought to the committee's attention for review and approval/denial. Additional follow up of Staff was requested by the Committee. Alfonzo Alexander, President of Center for Public Trust, spoke at the Nebraska Society of CPAs annual conference. Creighton chapter still doing well. Member Purcell noted the chapter initiated around 20 new members on November 9, 2016. Committee reviewed Candidate Care report for Q3-2016. Noted candidate errors have reduced likely due to NASBA's social media outreach.
- B. **Approval of CPA Exam Scores July – September 10, 2016 –** Committee Chair Luth mentioned there was one candidate who accounted for 4 of the lowest scores (1 per section). Staff researched and determined was a first-time candidate. Motion out of committee to accept July – September 10, 2016 exam scores. On a roll call vote, Members Gutschewski, Luth, McClure, Purcell, Waltemath, and Brauer voted aye. Members Druse and Stromp were absent. Motion #17 carried.

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- C. **Rule Change Package – Chapter 6 & 9** – Drafted changes of Chapter 6 & 9 were provided to the Board for review. Motion out of committee to advance Chapter 6 changes to the public hearing process. On a roll call vote, Members Gutschewski, Luth, McClure, Purcell, Waltemath, and Brauer voted aye. Members Druse and Stomp were absent. Motion #18 carried. Motion out of committee to advance Chapter 9 changes to the public hearing process. On a roll call vote, Members Gutschewski, Luth, McClure, Purcell, Waltemath, and Brauer voted aye. Members Druse and Stomp were absent. Motion #19 carried. ED Sweetwood commented a 2017 Rule Package will commence with review of other committees to determine if other changes should be considered.
- D. **New EAC Committee Member Recommendation** – After review of Ms. Hull’s impressive resume, moved by Purcell, seconded by McClure to appoint Kristine Hull, CPA to the EAC Committee. On a roll call vote, Members Gutschewski, Luth, McClure, Purcell, Waltemath, and Brauer voted aye. Members Druse and Stomp were absent. Motion #20 carried.
- E. **Report on To-Do List.** There was no report at this time.

**8. Report of the Legislative Committee**

- A. **Report on Legislation:** The Board discussed the Nebraska Auditor of Public Accounts’ presentation and proposed bill. ED Sweetwood indicated, in the past, the Board traditionally remains in a neutral position on Legislative Bills introduced by others. It was clarified Board members could oppose a Bill on an individual basis and not representing the Board.
- 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. He reported on the final review of the 2016 program including statistics provided by staff.

Since the QEP program will end as of December 31, 2016 the following recognition of the QEP Program & Committee’s service to the Board, this resolution was entered into the minutes:

*RESOLUTION*

*WHEREAS, the Quality Enhancement Program (QEP) Committee has served the Nebraska Board of Public Accountancy for many years as members of the Quality Enhancement Program.*

*WHEREAS, the educational, administrative, and remedial components of the Quality Enhancement Program have grown over the years since 1987, the Quality Enhancement Program has encouraged firms to improve the quality of audit, compilation, and review reports, has reassured the public’s ability to rely on the fairness of licensee’s reports, and has been an outstanding educational program of the Board.*

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*THE MEMBERS OF THE NEBRASKA STATE BOARD OF PUBLIC ACCOUNTANCY  
gratefully record the recognition of service for the Quality Enhancement Program (QEP) Committee by  
adopting the following Resolution:*

*BE IT RESOLVED, that the Members of the Nebraska State Board of Public Accountancy  
extend their sincere appreciation to the Quality Enhancement Program (QEP) Committee who have  
volunteered their time and commitment to ensure the strength and sustainability of the Quality  
Enhancement Program.*

*BE IT FURTHER RESOLVED, that a copy of this Resolution be incorporated into the minutes  
of the Board.*

*Adopted this 10th day of November, 2016  
by the Nebraska State Board of Public Accountancy*

*Bernie Gutschewski, Chair  
Nebraska State Board of Public Accountancy*

*The following present and past QEP Committee members and staff were also awarded Certificates of  
Appreciation for their service to the citizens of Nebraska, the Board, and to their chose profession:*

*Mr. Mike McClure, CPA  
Ms. Lori Druse, CPA  
Mr. Glen Waltemath, CPA  
Ms. Anne Fuhrman, CPA  
Mr. Mark Manning, CPA  
Ms. Michelle Thornburg, CPA  
Mr. Patrick Lavelle, CPA  
Mr. Chris Ritterbush, CPA  
Ms. Kate King-Wu, CPA  
Mr. Doug Skiles, CPA  
Mr. Dean Graf, CPA  
Ms. Heather Myers  
Ms. Kelly Ebert*

- B. Response to AICPA Proposed Evolution of Peer Review Administration.** Chair McClure overviewed the response with the Board. Several initiatives of the AICPA were of concern to State Boards and it was learned an updated survey will be forthcoming with several changes made based on the feedback.
- C. Report on To-Do List.** There was no report at this time.

**10. Report of the Licensing Committee**

- A. Report of the Committee.** Member Luth gave the report in Committee Chair Druse's absence. The Committee discussed four Business, Governmental, Academia (BGA) experience applications. Motion out of Committee, to recommend approval of Kyle

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Knudtson's application. On a roll call vote, Members Gutschewski, Luth, McClure, Purcell, Waltemath, and Brauer voted aye. Members Druse and Stromp were absent. Motion #21 carried. Motion out of Committee to recommend approval of Douglas Voss's application. On a roll call vote, Members Gutschewski, Luth, McClure, Purcell, Waltemath, and Brauer voted aye. Members Druse and Stromp were absent. Motion #22 carried.

The Committee discussed applicant using BGA experience to complete "4 in 10" requirement. Committee discussed the original intent of the law. Staff forwarded to Assistant Attorney General Melson for review. A request for an opinion of the AGO is possible concerning this matter.

The Committee reviewed one initial permit application where experience was gained over 10 years ago and 120 hours of CPE was submitted instead. Motion out of Committee to approve Amanda Towne's application. On a roll call vote, Members Gutschewski, Luth, McClure, Purcell, Waltemath, and Brauer voted aye. Members Druse and Stromp were absent. Motion #23 carried.

The Committee reviewed a firm name change request. The request was to include the name of a non-owner in the firm name. The non-owner is a CPA. The committee agreed to the change due to the successor business language in the rules.

**B. Ratification of initial permits to practice issued, certificates issued, firm permits.**

Moved by Purcell, seconded by Waltemath, to recommend Board approval of initial permits to practice issued, certificates issued, firm permits issued from September 14, 2016 to November 7, 2016. On a roll call vote, Members Gutschewski, Luth, McClure, Purcell, Waltemath, and Brauer voted aye. Members Druse and Stromp were absent. Motion #24 carried.

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

Reinstatements:

- Bergmeier, Barbara J. Waterloo, NE
- Kleeman, Rita M. Elkhorn, NE

Inactive - Retired affidavits:

- Potter, David Omaha, NE

Surrendered Certificates:

- Costanzo, Cherie R. Omaha, NE
- Eatinger, Dale R. Cozad, NE
- Kirk, Steven P. Lincoln, NE
- Lowndes, Tim Elkhorn, NE
- Nelson, Larry W. Lake Mary, FL
- Poston, Julia W. Cincinnati, OH
- Root, Michael Omaha, NE
- Samuelson, Patty Omaha, NE
- Schroeder, Gene J. Los Alamos, NM
- Stone, Terrence E. Holden, MA

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- VanKat, Lois Tacoma, WA
- Womack, Leldon T. Albuquerque, NM
- Bessey, Susan Casper, WY
- Grubaugh, Kim S. Columbus, NE
- Kroonenberg, Eric S. Englewood, CO
- Norris, Kirt T. Cedar Rapids, IA
- Orr, Jill D. Sun City, AZ
- Stirtz, Lawrence E. Savage, MN
- Tymec, Diane St. Charles, IL
- Uhrich, John R. Ponte Vedra Beak, FL

Moved by Brauer, seconded by McClure, to recommend Board approval of Reinstatements to Active Permit, Inactive Retired Affidavits, Surrendered Certificates from September 10, 2016 to November 10, 2016. On a roll call vote, Members Gutschewski, Luth, McClure, Purcell, Waltemath, and Brauer voted aye. Members Druse and Stromp were absent. Motion #25 carried.

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

**11. Report of the Executive Director**

- A. Budget Status.** ED Sweetwood previously reviewed under Section 4.B.

- B. Staffing & General Office Issues.**

**1. Board Facebook Page** – Administrator VanWinkle commented on starting a Facebook page for the Board. Noted it's a good way to reach out to exam candidates and keep them informed. Will reach out to other boards to see how much time it takes to manage a page.

ED Sweetwood thanked the Nebraska Society of CPAs for allowing Board staff to set up a booth at their recent annual meeting at the LaVista, Conference Center. ED Sweetwood addressed the new Certificate Holders during the luncheon and NASBA President/CEO Ken Bishop was the keynote speaker. NASBA Chief Relationship Officer and President of the Center for the Public Trust, Alfonso Alexander, provided an excellent ethics presentation at the conference.

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

**12. New Business**

- A. NASBA Items:**

**1. NASBA Candidate Pipeline Survey** – NASBA requesting ability to send surveys to candidates who have stopped taking the exam prior to passing all four parts. Member Purcell pointed out the need to get the candidate's permission to be contacted with the survey. ED Sweetwood will follow up.

**2. NASBA Committees** – ED Sweetwood is a member of the Enforcement Committee and Member McClure is a member of the Compliance Assurance

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Committee. Both served last year on their respective committees. Member Stromp will be a new member of the Nominating Committee.

**B. Other Miscellaneous Items: FYI articles.**

**13. Adjournment**

Moved by McClure, seconded by Luth, to adjourn the meeting at 1:24 p.m. on November 10, 2016. On a roll call vote, Members Gutschewski, Luth, McClure, Purcell, Waltemath, and Brauer voted aye. Members Druse and Stromp were absent. Motion #26 carried.

Respectfully submitted by,

Board Secretary  
**Marcy Luth**