

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

Minutes
January 13, 2017

Draft Minutes. Minutes are not approved until the next Board meeting on 3-10-2017.

Friday, January 13, 2017

1. General

- A. Call to Order and Roll Call.** The Nebraska Board of Public Accountancy (Board) was called to order at 8:32 a.m. on Friday, January 13, 2017 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 Executive Director Dan Sweetwood and staff members Heather Myers and Kristen VanWinkle. Board Intern Cale Brodersen was 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, Nebraska Society of CPAs President.
- B. Approval of Meeting Agenda for Friday, January 13, 2017.** Moved by Druse, seconded by Purcell to approve the agenda for the Friday, January 13, 2017 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 November 10, 2016.** Moved by Purcell, seconded by McClure, to approve the November 10, 2016 Board minutes with one minor change. On a roll call vote, Members Gutschewski, Luth, Stromp, McClure, Purcell, Waltemath, and Brauer voted aye. Member Druse abstained. Motion #2 carried.

2. Public Comment Period (15-minute period)

Dan Vodvarka, Nebraska Society of CPAs President –Mr. Vodvarka thanked members Stromp and Brauer for attending the annual reception for State Senators hosted by the Society held on January 3, 2017 at the Nebraska Club. There were 29 – 32 new State Senators in attendance. He mentioned that 41 of 49 State Senators were voted into new offices. NESCPA Vice President Kelly Ebert is heading up the effort in creating the 2017 CPE catalog. It will be sent to the Board staff in March and available to the public in April. On January 3, 2017, the Society Board met to discuss LB56 and voted to remain neutral. A letter will be provided at the January 14, 2017 hearing to state their position. ED Sweetwood noted that a fiscal note is required for any bills that impact the Board. The Board has responded that there is no fiscal impact caused by LB56.

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.

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- B. Review of Disbursements for November 2016.** Board Secretary Luth overviewed the disbursements for the Board. She noted the December 2015 legal expense and revenue were higher than current year due to prior year DAS request to move the legal reimbursement from the Zweigart case to revenue.
- C. Review of Board Budget Status Report.** The current budget status report was provided and reviewed by Board Secretary Luth. ED Sweetwood explained an encumbrance of a payout to a retired employee is not reflected within the Personal Service Limitation appropriation. Staff continues to work with the budget office to rectify this issue.
- D. Office Licensing Report.** The Office Licensing Report was not available at this time. Staff continues to discuss the development of the new report.

Closed Session

Closed Session. Moved by Stromp, seconded by Luth, that the Board go into closed session at 9:28 a.m., on Friday, January 13, 2017, for the purpose of discussing enforcement committee issues. On a roll call vote, Members Gutschewski, Druse, Luth, Stromp, McClure, Purcell, Waltemath, and Brauer voted aye. Motion #6 carried.

Return to Open Session. Moved by Stromp, seconded by Druse, that the Board return to open session at 9:56 a.m., on Friday, January 13, 2017. On a roll call vote, Members Gutschewski, Druse, Luth, Stromp, McClure, Purcell, Waltemath, and Brauer voted aye. Motion #7 carried.

4. Report of the Chair

- A. Report of the Chair –** Chair Gutschewski reported.
- B. Executive Committee Report –** The agenda and minutes of the meeting were overviewed including the need to set the 2017 fees. The committee overviewed several items including historical financial and demographics information. Items to note include the Board seeing the effect from the reduction of the active fee of \$200 to \$175 in 2013. The committee was comfortable with the current cash fund balance. Also discussed the back-end database project and that the OCIO is engaged with a Lincoln based company who could be used for this project.
 - 1. Set 2017 Fees –** Motion out of committee to keep fees the same for 2017. On a roll call vote, Members Gutschewski, Druse, Luth, Stromp, McClure, Purcell, Waltemath, and Brauer voted aye. Motion #4 carried.
- C. Attendance at NASBA ED and Staff Conference, March 14-16, 2017, New Orleans, LA –** Executive Committee discussed only essential business travel should be allowed per the recent state budget restraint. NASBA offers a scholarship for Executive Directors to attend such conferences that compensates the Board for travel expenses. The committee requested ED Sweetwood to apply for the scholarship. Should a scholarship not be awarded, ED Sweetwood will not attend nor will any staff members. Moved by Luth, seconded by Brauer, to approve ED Sweetwood to go to the conference if awarded the NASBA scholarship. On a roll call vote, Members

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Gutschewski, Druse, Luth, Stromp, McClure, Purcell, Waltemath, and Brauer voted aye. Motion #5 carried.

- D. Review Board Calendar** – Chair Gutschewski mentioned he may now be able to attend the May 19th board meeting.

5. Report of Enforcement of Professional Conduct Committee

- A. Open Case/LMCO Update.** Committee Chair Stromp gave the report. Motion out of committee to direct the Board Attorney to file a petition based on the SEC order and Ohio revocation for violation of PAA 1-137 and the Board Rules & Regulations for case #16-12. However, if by February 15, 2017 a mutually agreeable order is received, the Board Attorney will not file a petition. On a roll call vote, Members Gutschewski, Druse, Luth, Stromp, McClure, Purcell, Waltemath, and Brauer voted aye. Motion #9 carried.
- B. Ratification of LMCOs, if any** – There were no LMCOs to approve.
- E. Recommended Cases to Close.** Motion out of Committee to close cases:
#15-16 - A Village in Nebraska filed complaint against a CPA firm who was engaged to conduct the village audit after the CPA firm notified the Board of discrepancies in the village books. Later, it was discovered the Village Clerk had written check to herself over several years. The Board filed the complaint based on the CPA firm not finding the theft sooner. The committee reviewed the matter including hiring an expert CPA who reviewed material, conducted interviews, and provided an opinion. At the conclusion of the investigation the committee recommended the matter be closed. On a roll call vote, Members Gutschewski, Druse, Luth, Stromp, McClure, Purcell, Waltemath, and Brauer voted aye. Motion #8 carried.

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 9 reinstatements to the Licensing Committee. On a roll call vote, Members Gutschewski, Druse, Luth, Stromp, McClure, Purcell, Waltemath, and Brauer voted aye. Motion #152 carried.
Motion out of committee to forward 2 Initial Permit applications to the Licensing Committee. On a roll call vote, Members Gutschewski, Druse, Luth, Stromp, McClure, Purcell, Waltemath, and Brauer voted aye. Motion #13 carried.
Motion out of committee to approve 2 CPE waiver requests. On a roll call vote, Members Gutschewski, Druse, Luth, Stromp, McClure, Purcell, Waltemath, and Brauer voted aye. Motion #14 carried.
Motion out of committee to approve 4 CPE extension requests. On a roll call vote, Members Gutschewski, Druse, Luth, Stromp, McClure, Purcell, Waltemath, and Brauer voted aye. Motion #15 carried.
- B. Ratification of Staff Program Qualification Evaluations.** The Committee reviewed a total of 249 courses from October 18, 2016 to December 30, 2016 with 249 courses recommended for Board approval and none denied. Motion out of committee to ratify

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Board approval of 249 courses. On a roll call vote, Members Gutschewski, Druse, Luth, Stromp, McClure, Purcell, Waltemath, and Brauer voted aye. Motion #10 carried.

- C. **Ratification of CPE Sponsor.** Motion out of committee to approve 3 sponsor applications. On a roll call vote, Members Gutschewski, Druse, Luth, Stromp, McClure, Purcell, Waltemath, and Brauer voted aye. Motion #11 carried.

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

- A. **Report of the Committee.** Committee Chair Luth gave the report. Penny Vernon, Manager of NASBA's Candidate Care Department joined the call to discuss the Candidate Care report and Nebraska candidates. She mentioned Nebraska candidates are very professional, well-behaved and knowledgeable. CPAES requested the committee review two courses to determine if they meet the educational requirements. While the committee wasn't confident in the subject matter, they recommended approval due to receiving letters from the instructors stating 25% of content and grade covers the subject matter as indicated within current educational guidelines. It was recommended that the EAC be moved to earlier in 2017, perhaps in May or June to discuss the Educational Guidelines document. ED Sweetwood mentioned he will be attending the Board of Examiners conference January 17-20 in Phoenix, AZ. Discussion will include upcoming exam changes set for release in April of 2017 and changes to the exam software and the look of the exam in 2018. There is a March deadline for those signing up to take the exam prior to the April change. This and other information regarding the changes have been placed on the Board's website.
- B. **Approval of CPA Exam Scores October – December 10, 2016** – Committee Chair Luth mentioned the average score was down 3-4% per section. Perhaps due to candidates hurrying to take the exam before the April change while not being completely prepared. Moved by McClure, seconded by Stromp, to accept October - December 10, 2016 exam scores. On a roll call vote, Members Gutschewski, Druse, Luth, Stromp, McClure, Purcell, Waltemath, and Brauer voted aye. Motion #16 carried.

8. Report of the Legislative Committee

- A. **Report on Legislation:** Concerns were brought up related to LB56 in regards with private companies potentially questioning the 3-year experience requirement for them if this bill passes. Discussion took place on if the Board will take a position on LB56. It was decided the Board will not take a position on the issue. ED Sweetwood notified the Board of other bills impacting the Board (LB36, LB127, LB209). Staff will also be working on a Rule Making package next month for Chapter 6 and 9.

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9. Report of the Peer Review Committee

- A. **Report of the Committee.** Committee Chair McClure gave the report for the new Peer Review Committee. Jim Brackens, AICPA Vice President of Ethics & Practice Quality, will be in Lincoln on February 24, 2017 to review the AICPA Peer Review program with the new committee.
- B. **Overview new Committee Responsibilities/NAC Title 288-Chapter 13** Chair McClure overviewed the responsibilities of the new committee.
- C. **Appointment of Peer Review Committee Members** – After discussion and per Board Regulation Chapter 13.003.01, moved by Purcell, seconded by Luth to approve appointments of the following members to the Board's Peer Review Committee. On a roll call vote, Members Gutschewski, Druse, Luth, Stomp, McClure, Purcell, Waltemath, and Brauer voted aye. Motion #17 carried.
- Mr. Mike McClure, CPA-Chair (Board Member)
Ms. Lori Druse, CPA (Board Member)
Mr. Glen Waltemath, CPA (Board Member)
Ms. Anne Fuhrman, CPA
Mr. Mark Manning, CPA
Mr. Patrick Lavelle, CPA
Ms. Michelle Thornburg, CPA
Ms. Jodi Rinne, CPA

10. Report of the Licensing Committee

- A. **Report of the Committee.** Committee Chair Druse gave the report. Committee discussed six Business, Governmental, Academia (BGA) experience applications. Motion out of Committee, to recommend approval of Bruce Gartrell's application. On a roll call vote, Members Gutschewski, Druse, Luth, Stomp, McClure, Purcell, Waltemath, and Brauer voted aye. Motion #19 carried. Motion out of Committee to recommend approval of Heather Arnold's application. On a roll call vote, Members Gutschewski, Druse, Luth, Stomp, McClure, Purcell, Waltemath, and Brauer voted aye. Motion #20 carried. Motion out of Committee to recommend approval of Nancy Wordekemper's application. On a roll call vote, Members Gutschewski, Druse, Luth, Stomp, McClure, Purcell, Waltemath, and Brauer voted aye. Motion #21 carried. Motion out of Committee to recommend approval of Julie Kousgaard's application. On a roll call vote, Members Gutschewski, Druse, Luth, Stomp, McClure, Purcell, Waltemath, and Brauer voted aye. Motion #22 carried.
- The Committee discussed applicant using BGA experience to complete "4 in 10" requirement. Committee recommended to forward application to the Board for review and discussion. Moved by Luth, seconded by McClure to approve Zachariah Thies' application. On a roll call vote, Members Gutschewski, Druse, Luth, Stomp, McClure, Purcell, Waltemath, and Brauer voted aye. Motion #18 carried.

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The committee reviewed one permit application who has not worked for an active CPA in over 10 years, but has been a licensed CPA since 1985. Motion out of Committee to recommend approval of Caroline Miller's application. On a roll call vote, Members Gutschewski, Druse, Luth, Stromp, McClure, Purcell, Waltemath, and Brauer voted aye. Motion #23 carried.

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

Moved by Luth, seconded by Brauer, to recommend Board approval of initial permits to practice issued, certificates issued, firm permits issued from November 10, 2016 to January 12, 2017. On a roll call vote, Members Gutschewski, Druse, Luth, Stromp, McClure, Purcell, Waltemath, and Brauer voted aye. Motion #24 carried.

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

Reinstatements:

- | | |
|--------------------|--------------------|
| • Akin, Margaret | Gering, NE |
| • Alloway, Nathan | Lincoln, NE |
| • Fanning, Jacque | Lincoln, NE |
| • Fenton, Carrie | Omaha, NE |
| • Hatheway, Megan | Omaha, NE |
| • Jelkin, Stacy | Omaha, NE |
| • Jung, Jeffrey | Sidney, NE |
| • Lamb, Diane | Omaha, NE |
| • McFarland, Amy | Omaha, NE |
| • Tiarks, Gregory | Council Bluffs, IA |
| • Vrbka, Jeanne | Lincoln, NE |
| • Crosland, Philip | Bennington, NE |
| • Koch, Jolene | Omaha, NE |

Inactive - Retired affidavits:

- | | |
|--------------------|--------------------|
| • Barth, Robert | Lincoln, NE |
| • Carmichael, John | Lincoln, NE |
| • Chapman, Martin | Fountain Hills, AZ |
| • DeWeerd, David | Omaha, NE |
| • Ferdig, Mark | Bellevue, NE |
| • Kooiker, Glenn | Omaha, NE |
| • Rouch, James | Branson, MO |
| • Speece, Craig | Oak Park, IL |

Surrendered Certificates:

- | | |
|---------------------|----------------|
| • Campbell, Corinne | David City, NE |
|---------------------|----------------|

Moved by Luth, seconded by Purcell, to recommend Board approval of Reinstatements to Active Permit, Inactive Retired Affidavits, Surrendered Certificates from November

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10, 2016 to January 12, 2017. On a roll call vote, Members Gutschewski, Druse, Luth, Stromp, McClure, Purcell, Waltemath, and Brauer voted aye. Motion #25 carried.

11. Report of the Executive Director

- A. Budget Status.** ED Sweetwood mentioned the Governor did not mention the Board in the recent budget document regarding the current fiscal year. The budget for fiscal year 2018-2019 was accepted by the Governor with no changes. Both items are positive and an indicator the Board's budgeting practices are sound.
- B. Staffing & General Office Issues.** ED Sweetwood acknowledged the work of staff members Myers and VanWinkle during his time away from the office.

12. New Business

- A. NASBA Items:**
- B. Other Miscellaneous Items: FYI articles.**
 - 1) AICPA – “5 to Watch: Trends and Predictions Shaping 2017”
 - 2) Grand Island Independent Editorial – “Nebraska needs right balance in licensing rules”

13. Adjournment

Moved by Druse, seconded by McClure, to adjourn the meeting at 12:11 p.m. on January 13, 2017. 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