

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

Minutes
March 10, 2017

Draft Minutes. Minutes are not approved until the next Board meeting on 5-19-2017.

Friday, March 10, 2017

1. General

- A. Call to Order and Roll Call.** The Nebraska Board of Public Accountancy (Board) was called to order at 8:31 a.m. on Friday, March 10, 2017 with Vice Chair Lori Druse presiding. The roll was called with the following members present: Lori Druse, Marcy Luth, Michele Stromp, Tom Purcell, and Ken Brauer. Members Bernie Gutschewski, Michael McClure and Glen Waltemath were absent. 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. 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 Dan Vodvarka, Nebraska Society of CPAs President.
- B. Approval of Meeting Agenda for Friday, March 10, 2017.** Moved by Purcell, seconded by Brauer to approve the agenda for the Friday, March 10, 2017 meeting. On a roll call vote, Members Druse, Luth, Stromp, Purcell, and Brauer voted aye. Members Gutschewski, McClure and Waltemath were absent. Motion #1 carried.
- C. Approval of Minutes from January 13, 2017.** Moved by Purcell, seconded by Brauer, to approve the January 13, 2017 Board minutes. On a roll call vote, Members Druse, Luth, Stromp, Purcell, and Brauer voted aye. Members Gutschewski, McClure and Waltemath were absent. Motion #2 carried.

2. Public Comment Period (15-minute period)

Dan Vodvarka, Nebraska Society of CPAs President – Mr. Vodvarka commented on LB56 which unanimously came out of the Banking, Commerce & Insurance Committee on March 3, 2017 and had 46-0 approval in the Legislature. The bill should be effective in September 2017 that will change experience provisions within the Public Accountancy Act. There are three bills for sales tax on professional services this session. LB312 verbiage includes “accounting services”. LB563 verbiage includes “tax return preparation”. These two bills are not expected to come out of committee. LB467 didn’t list any professional accounting services. NESCPA 2017 Course Catalog will be posted in April and features around 100 courses. Mr. Vodvarka thanked the Board staff for their assistance in reviewing the courses. Mr. Vodvarka mentioned he will be attending the NASBA ED Conference next week with Mr. Sweetwood.

Hearing for Timothy McGill – Hearing Officer Lori Druse opened the Hearing at 9:15 am. Mr. McGill represented himself by conference call. ED Sweetwood entered exhibits into the record on the Board’s behalf. The hearing concluded at 9:26 am.

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3. Consent Agenda

- A. **Published Notice of Meeting.** Moved by Purcell, seconded by Stromp, to approve the consent agenda. On a roll call vote, Members Druse, Luth, Stromp, Purcell, and Brauer voted aye. Members Gutschewski, McClure and Waltemath were absent. Motion #3 carried.
- B. **Review of Disbursements for January – February 2017.** 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. She noted we are 2/3 through the year and budget. Personnel services is ahead of budget due to Ms. Lowe's retirement. She also noted Gary Bush took over for Robin Kilgore as our Budget Analyst. DAS requested a couple items be re-coded which took effect on this report.

4. Report of the Chair

- A. **Report of the Chair** – ED Sweetwood presented in Chair Gutschewski's absence.
- B. **Executive Committee Report** – ED Sweetwood provided an email sent to the Executive Committee regarding LB299. If passed, this bill would highly impact the Board. He mentioned he testified at the public hearing held on February 24, 2017 along with other agencies. The Board suggested staff proactively review for and/or create a new policy statement on why the Board exists and provide necessary evidence.
- C. **Attendance at NASBA Western Regional Meeting/Coeur d'Alene, Idaho, June 6-8, 2017** – Board discussed only essential business travel should be allowed per the recent state budget restraint. It was agreed that having Board members present at this meeting is essential. Member Stromp will attend as part of the NASBA Nominating Committee. Vice Chair Druse and Member Brauer are possible attendees. Moved by Luth, seconded by Purcell, to approve 2 Board members and ED Sweetwood to go to the NASBA Western Regional Meeting. On a roll call vote, Members Druse, Luth, Stromp, Purcell, and Brauer voted aye. Members Gutschewski, McClure and Waltemath were absent. Motion #5 carried.
- D. **Review Board Calendar** – Staff VanWinkle noted the NESCPA fall conference dates were set for October 23-24, 2017.

Closed Session

Closed Session. Moved by Stromp, seconded by Luth, that the Board go into closed session at 10:03 a.m., on Friday, March 10, 2017, for the purpose of discussing enforcement matters and potential litigation. On a roll call vote, Members Druse, Luth, Stromp, Purcell, and Brauer voted aye. Members Gutschewski, McClure and Waltemath were absent. Motion #6 carried.

Return to Open Session. Moved by Stromp, seconded by Purcell, that the Board return to open session at 10:40 a.m., on Friday, March 10, 2017. On a roll call vote, Members Druse,

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Luth, Stromp, Purcell, and Brauer voted aye. Members Gutschewski, McClure and Waltemath were absent. Motion #7 carried.

5. Report of Enforcement of Professional Conduct Committee

- A. Open Case/LMCO Update.** Committee Chair Stromp gave the report. Following the Hearing for Timothy McGill, moved by Stromp, seconded by Brauer to return CPA Certificate to good standing. On a roll call vote, Members Druse, Luth, Stromp, Purcell, and Brauer voted aye. Members Gutschewski, McClure and Waltemath were absent. Motion #4 carried. Mr. McGill will need to submit Inactive Registration Renewal application.
- B. Ratification of LMCOs, if any –** Motion out of committee to authorize Vice Chair Druse to sign LMCO for case #14-05. On a roll call vote, Members Druse, Luth, Stromp, Purcell, and Brauer voted aye. Members Gutschewski, McClure and Waltemath were absent. Motion #11 carried.

Motion out of committee to authorize Vice Chair Druse to sign Consent Order for case #16-12. On a roll call vote, Members Druse, Luth, Stromp, Purcell, and Brauer voted aye. Members Gutschewski, McClure and Waltemath were absent. Motion #12 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.

ROBERT D. HESSELGESSER

Defendant.

CONSENT ORDER

This matter came before the Nebraska State Board of Public Accountancy of the State of Nebraska (Board) upon the consent agreement of Defendant.

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Defendant was the respondent in an administrative proceeding before Securities and Exchange Commission ("SEC") (File No. 3-17214), entitled "In the Matter of Robert D. Hesselgesser, CPA, Respondent". In that proceeding, the SEC entered an Order dated April 19, 2016, which included the denial of the privilege of appearing or practicing before the SEC as an accountant.

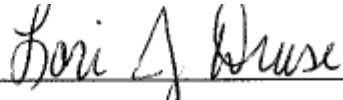
Thereafter, on September 9, 2016, the Accountancy Board of Ohio entered an Adjudication Order 2016-09-01 against Defendant in which the Defendant's Ohio CPA certificate was revoked and said Order further provided that Defendant could apply for reinstatement of his CPA certificate after April 1, 2018.

The above-mentioned matters are a violation of §1-137 of the Public Accountancy Act and the Board's Rules and Regulations.

In lieu of a hearing in this matter and in lieu of further Board action, the Defendant has voluntarily agreed to the suspension of his Certificate No. 5370, and his active Permit to Practice No. 44433, until the Accountancy Board of Ohio has reinstated the Defendant's certificate without restrictions. In the event that the Ohio Board declines to reinstate Defendant's certificate without restrictions or does not rule within 3 months after April 1, 2018, the Defendant may request a hearing (which will be granted) for the purpose of lifting the suspension.

WHEREFORE, it is ordered that pursuant to the Defendant's agreement, said Certificate No. 5370 and Permit to Practice No. 44433, are suspended until the Accountancy Board of Ohio has reinstated the Defendant's certificate without restrictions. In the event that the Ohio Board declines to reinstate Defendant's certificate without restrictions or does not rule within 3 months after April 1, 2018, the Defendant may request a hearing (which will be granted) for the purpose of lifting the suspension.

Dated this 10th day of March, 2017.


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

BY: Lori J. Druse, Vice Chair
Bernie Gutschewski, Chair

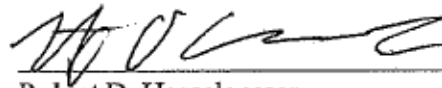
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CONSENT AGREEMENT

I hereby waive hearing and agree and consent to the above Consent Order and agree to the suspension of my Certificate No. 5370 and Permit to Practice Number 44433 until the Accountancy Board of Ohio has reinstated my certificate without restrictions. In the event that the Ohio Board declines to reinstate my certificate without restrictions or does not rule within 3 months after April 1, 2018, I may request a hearing (which will be granted) for the purpose of lifting the suspension.

Dated this 21 day of February, 2017.


Robert D. Hesselgesser

- C. **Recommended Cases to Close.** Motion out of Committee to close cases:
- #13-08** - CPA firm reported on their annual registration a civil lawsuit filed by a Dentist alleging conflict of interests while representing multiple parties in a business venture and failing to notify the plaintiff of important matters, and filing a false tax record. Specific allegations of misconduct are directed at a non-licensed/attorney/ owner of the firm. The lawsuit was later dismissed by the court.
On a roll call vote, Members Druse, Luth, Stomp, Purcell, and Brauer voted aye.
Members Gutschewski, McClure and Waltemath were absent. Motion #8 carried.
- #16-13** - Complainant alleges CPA provided poor and late tax services and has not provided previous tax records to her new CPA. After ED Sweetwood met with the CPA, including required completion of previous compliance requirements, the matter was dismissed.
On a roll call vote, Members Druse, Luth, Stomp, Purcell, and Brauer voted aye.
Members Gutschewski, McClure and Waltemath were absent. Motion #9 carried.
- #16-2** - Complainant alleges CPA failed to properly execute a tax deduction several years ago and promised to rectify the matter before the IRS and never did after several promises he would. Board staff conducted several interviews and noted a lack of needed communication in the matter. The CPA was notified with a strong recommendation he review his correspondence and communication with clients.
On a roll call vote, Members Druse, Luth, Stomp, Purcell, and Brauer voted aye.
Members Gutschewski, McClure and Waltemath were absent. Motion #10 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 5 reinstatements to the Licensing Committee. On a roll call vote, Members Druse, Luth, Stomp, Purcell, and Brauer voted aye. Members Gutschewski, McClure and Waltemath were absent. Motion #14 carried.
Moved by Purcell, seconded by Luth to approve NE Society CPE courses for 2017. On a roll call vote, Members Druse, Luth, Stomp, Purcell, and Brauer voted aye. Members Gutschewski, McClure and Waltemath were absent. Motion #15 carried.

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- B. **Ratification of Staff Program Qualification Evaluations.** The Committee reviewed a total of 87 courses from January 1 – February 27, 2017 with 87 courses recommended for Board approval and none denied. Motion out of committee to ratify Board approval of 87 courses. On a roll call vote, Members Druse, Luth, Stromp, Purcell, and Brauer voted aye. Members Gutschewski, McClure and Waltemath were absent. Motion #13 carried.
- C. **Ratification of CPE Sponsor.** There were no CPE Sponsor applications to approve at this time.

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 and noted there were more comments than usual. Staff forwarded the comments to NASBA for review. She noted the EAC meeting will be held earlier than normal this year at the end of May. The committee discussed the electronic residency affidavit. The Board commented on additional verbiage to add to the affidavit. The committee discussed Robert Richardson Jr's request for hearing to sit for CPA exam. Motion out of committee to refer Robert Richardson Jr. hearing to the May 19, 2017 Board meeting. On a roll call vote, Members Druse, Luth, Stromp, Purcell, and Brauer voted aye. Members Gutschewski, McClure and Waltemath were absent. Motion #16 carried.
- B. **Approval of CPA Exam Scores January 1 – March 10, 2017** – There were no scores available at this time.

8. Report of the Legislative Committee

- A. **Report on Legislation:** ED Sweetwood gave the report.
- B. **Update on Current Legislation Submitted Before the Nebraska Legislature:** ED Sweetwood provided comments under Executive Committee report.
- C. **Update on Current 2017 Board Regulation Project:** Staff met with Board Attorney Gruit and NE Society President Vodvarka to discuss 2017 rule package. Will add verbiage on ability to hold the application for proper review.

9. Report of the Peer Review Committee

- A. **Report of the Committee.** ED Sweetwood gave the report in the absence of Chair McClure. Jim Brackens, AICPA Vice President of Ethics & Practice Quality, was in Lincoln on February 24, 2017 to review the AICPA Peer Review program with the new committee and answer questions.
- B. **Overview and approval of AICPA Peer Review Program to Become a Sponsoring Organization per NAC Title 288/Chapter 13.003.02B**
Motion out of committee to approve AICPA *Standards for Performing and Reporting on Peer Reviews* and adopt the same professional standards to be used in administering,

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10. Report of the Licensing Committee

- Clark, Bryan Papillion, NE
- Heaston, Dorris Omaha, NE

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- Hoff, Brian Omaha, NE
- Householder, Rhonda Liberty Lake, WA
- Sailer, Aaron Omaha, NE

Inactive - Retired affidavits:

- Garrett, Daniel Chadron, NE
- Groninger, Velda Norfolk, NE
- Huggins, Michael Georgetown, TX
- Steffen, Lester Omaha, NE

Surrendered Certificates:

- Geels, Bryan Seattle, WA
- Hammond, Shelly Wichita, KS
- Martens, Michael Des Moines, IA
- Rourick, Thomas Missouri City, TX
- Schlappe, Gary Garden City, KS
- Wheeler, Tina Novi, MI

11. Report of the Executive Director

- A. Budget Status.** ED Sweetwood attended the Independent Agency meeting on February 8, 2017 where the creation of a Department of Operational Excellence was discussed. Code agencies have gone through this process and Six Sigma training. Non-code agencies will start to be looked at. ED Sweetwood will work with Frank Daley of the Accountability and Disclosure Commission to assist in this process.
- B. Staffing & General Office Issues.** Earlier in the meeting the Board thanked Intern Cale Brodersen from UNL for his service since this is his last Board meeting. ED Sweetwood noted he is the first intern the Board has requested a wage increase for based on dedication and hard work.

12. New Business

- A. NASBA Items:**
1. ED Sweetwood reviewed of NASBA Central Region Conference Call from 2/17/17
 2. Article – “Exploring the Growing Use of Technology in the Audit, with a Focus on Data Analytics”
- B. Other Miscellaneous Items: FYI articles**
1. Article from Journal of Accountancy – “Supreme Court decision creates liability risk for CPA profession regulators”

13. Adjournment

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Moved by Purcell, seconded by Stromp, to adjourn the meeting at 1:23 p.m. on March 10, 2017. On a roll call vote, Members Druse, Luth, Stromp, Purcell, and Brauer voted aye. Members Gutschewski, McClure and Waltemath were absent. Motion #25 carried.

Respectfully submitted by,

Board Secretary
Marcy Luth