

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

Minutes
May 19, 2017

Draft Minutes. Minutes are not approved until the next Board meeting on 7-14-2017.

Friday, May 19, 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, May 19, 2017 with Vice Chair Lori Druse presiding. The roll was called with the following members present: Lori Druse, Marcy Luth, Michele Stromp, 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 Sydney Sackmaster 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, May 19, 2017.** Moved by Purcell, seconded by Luth to approve the agenda for the Friday, May 19, 2017 meeting. On a roll call vote, Members Druse, Luth, Stromp, McClure, Purcell, Waltemath, and Brauer voted aye. Member Gutschewski was absent. Motion #1 carried.
- C. Approval of Minutes from March 10, 2017.** Moved by Stromp, seconded by McClure, to approve the March 10, 2017 Board minutes. On a roll call vote, Members Druse, Luth, Stromp, McClure, Purcell, Waltemath, and Brauer voted aye. Member Gutschewski was absent. Motion #2 carried.

2. Public Comment Period (15-minute period)

Dan Vodvarka, Nebraska Society of CPAs President – Mr. Vodvarka noted the Society's CPE schedule will start May 23, 2017 in Grand Island. He thanked the Board staff for their assistance in reviewing the courses. The 2017 Rule Change Package is on the Society Board meeting agenda for May 25, 2017. Society representatives will attend the tentatively scheduled hearing in July. Nebraska legislature will adjourn on May 23, 2017 with the state budget passed. LB56 has been passed and signed by Governor Ricketts. The Society still opposes the two sales tax bills which will remain in the Revenue Committee until next year. Mr. Vodvarka notes he doesn't expect any action on them but will continue to monitor. Vice Chair Druse asked if the Society has had any discussion on the "use of titles" issue and the NASBA/AICPA request for comment letters. Due to recency of the request, Mr. Vodvarka has not had time to discuss with Society Board members. Several questions were asked regarding the issue including the practice of public accountancy, the intent of the change to the Uniform Accountancy Act (UAA), and the status of the Public Accountancy Act regarding the use of titles. At the conclusion of the discussion, it was decided the Licensing Committee will review the request and provide further recommendations to the Board with the overall initial thought that the UAA should not be amended to allow for additional use of titles.

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3. Consent Agenda

- A. Published Notice of Meeting.** Moved by Stromp, seconded by McClure, to approve the consent agenda. On a roll call vote, Members Druse, Luth, Stromp, McClure, Purcell, Waltemath, and Brauer voted aye. Member Gutschewski was absent. Motion #3 carried.
- B. Review of Disbursements for March - April 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 83% through the year and budget. ED Sweetwood reported that although the report indicates the PSL level is exceeded, the individual PSL report is correct and reflects the Board re-appropriation for a retired employee's payout of vacation/sick time last year.

4. Report of the Chair

- A. Report of the Chair** – Vice Chair Druse indicated the review of Executive Director Performance and Salary Consideration report will be held in executive session as requested by Chair Gutschewski. ED Sweetwood and Chair Gutschewski had previously met to discuss the report. Moved by Stromp, seconded by Purcell, to approve a 2.5% salary increase only if the PSL limitation is not exceeded for ED Sweetwood commencing July 1, 2017. On a roll call vote, Members Druse, Luth, Stromp, McClure, Purcell, Waltemath, and Brauer voted aye. Member Gutschewski was absent. Motion #12 carried.
- C. Review Board Calendar** – Member Purcell mentioned he will not be able to attend the November Board meeting.

Closed Session

Closed Session. Moved by Stromp, seconded by McClure, that the Board go into closed session with the Board Attorney present at 9:26 a.m., on Friday, May 19, 2017, for the purpose of discussing compensation, enforcement matters and potential litigation. On a roll call vote, Members Druse, Luth, Stromp, McClure, Purcell, Waltemath, and Brauer voted aye. Member Gutschewski was absent. Motion #4 carried. At 9:51 a.m., Member Waltemath recused himself for the discussion of an enforcement matter.

Return to Open Session. Moved by Stromp, seconded by Luth, that the Board return to open session at 10:09 a.m., on Friday, May 19, 2017. On a roll call vote, Members Druse, Luth, Stromp, McClure, Purcell, and Brauer voted aye. Members Gutschewski and Waltemath were absent. Motion #5 carried.

5. Report of Enforcement of Professional Conduct Committee

- A. Open Case/LMCO Update.** Committee Chair Stromp gave the report.

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- B. Ratification of LMCOs, if any** – Moved by Stromp, seconded by McClure, on the recommendation from the Board Attorney to enter in to Consent Order with Robert Richardson, Jr to sit for CPA exam and to authorize Vice Chair Druse to sign Consent Order. On a roll call vote, Members Druse, Luth, Stromp, McClure, Purcell, Waltemath, and Brauer voted aye. Member Gutschewski was absent. Motion #7 carried.
- C. Recommended Cases to Close.**
#16-04 - Board office received complaint regarding complainant receiving tax information from the CPA firm regarding a dissolved partnership with no income received on advice of a tax attorney. Attempts to discuss with the CPA and receive information was unsuccessful according to complainant. Board hired a third party CPA to review the complex matter and provide recommendations. Moved by Stromp, seconded by Luth, to close case #16-04 per recommendation from the Board Attorney. On a roll call vote, Members Druse, Luth, Stromp, McClure, Purcell, and Brauer voted aye. Member Gutschewski was absent. Member Waltemath abstained. Motion #6 carried.
Motion out of Committee to close cases:
#16-12 - The CPA was sanctioned by the Public Accounting Oversight Board (PCAOB) for failure to exercise due care and skepticism and was barred for two years from working as an accountant before the SEC. The PCAOB Order did not involve Nebraska clients. At the Board's last meeting the CPA was sanctioned and placed on probation. On a roll call vote, Members Druse, Luth, Stromp, McClure, Purcell, Waltemath, and Brauer voted aye. Member Gutschewski was absent. Motion #11 carried.

Closed Session

Closed Session. Moved by Stromp, seconded by Brauer, that the Board go into closed session at 10:58 a.m., on Friday, May 19, 2017, for the purpose of discussing personnel matters including compensation, enforcement matters, and potential litigation. On a roll call vote, Members Druse, Luth, Stromp, McClure, Purcell, Waltemath, and Brauer voted aye. Member Gutschewski was absent. Motion #9 carried.

Return to Open Session. Moved by Purcell, seconded by Luth, that the Board return to open session at 11:32 a.m., on Friday, May 19, 2017. On a roll call vote, Members Druse, Luth, Stromp, McClure, Purcell, Waltemath, and Brauer voted aye. Member Gutschewski was absent. Motion #10 carried.

6. Report of Continuing Professional Education (CPE) Committee

- A. Report of the Committee.** Committee Chair Purcell gave the report.
- B. Ratification of Staff Program Qualification Evaluations.** The Committee reviewed a total of 83 courses from February 28 – May 8, 2017 with 83 courses recommended for Board approval and none denied. Motion out of committee to ratify Board approval of 83 courses. On a roll call vote, Members Druse, Luth, Stromp, McClure, Purcell, Waltemath, and Brauer voted aye. Member Gutschewski was absent. Motion #13 carried. Chair Purcell indicated the committee initially reviewed the NASBA proposed

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CPE regulations within the UAA regulations. It was decided immediate comment was not needed and the committee will meet “face to face” in the fall to discuss the model rules for consideration within Board regulations/Chapter 8.

- 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. She noted the EAC meeting will be held on May 24, 2017 with focus on the Board’s education guidelines and the 120 v. 150 requirements. Pat Hartman from NASBA will be in Lincoln for the meeting. Chair Luth then overviewed courses brought to the committee for review from NASBA/CPAES. Two courses will be reviewed for input from the EAC Committee.
Motion out of committee to approve to Harvard University courses for the 30-hour Accounting requirement to sit for the exam. On a roll call vote, Members Druse, Luth, Stromp, McClure, Purcell, Waltemath, and Brauer voted aye. Member Gutschewski was absent. Motion #15 carried.
- B. **Approval of CPA Exam Scores January 1 – March 10, 2017 –** Moved by Purcell, seconded by Waltemath, to accept January 1 – March 10, 2017 exam scores. On a roll call vote, Members Druse, Luth, Stromp, McClure, Purcell, Waltemath, and Brauer voted aye. Member Gutschewski was absent. Motion #14 carried.

8. Report of the Legislative Committee

- A. **Report on Legislation:** ED Sweetwood gave the report.
- B. **2017 Rules Package Approval Update:** ED Sweetwood noted the rule changes to Chapter 9 and 13 were held for any changes to Chapter 6 to be included in the 2017 rule package. After discussion with Board Attorney Gemit, no changes to Chapter 6 will be submitted. Moved by Luth, seconded by Purcell, to advance the rule changes to Chapter 9 and 13 to public hearing on July 14, 2017. On a roll call vote, Members Druse, Luth, Stromp, McClure, Purcell, Waltemath, and Brauer voted aye. Member Gutschewski was absent. Motion #8 carried.

9. Report of the Peer Review Committee

- A. **Report of the Committee.** Committee Chair McClure gave the report. Staff Myers provided statistics on the 2017 class Peer Review enrollment. Letters for the 2018 class will be sent out in August. ED Sweetwood commented on the need for flexibility in placing firms within their respective classes going forward the next few years. The Nevada Society of CPAs peer review program appears to be handling the new Nebraska firms entering their program. Chair McClure overviewed his participation on the NASBA Compliance Assurance Committee (CAC) and his participation on a Task Force to look at the future of Peer Review Oversight Committees (PROC).

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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 Lynn Feeken's application. On a roll call vote, Members Druse, Luth, Stomp, McClure, Purcell, Waltemath, and Brauer voted aye. Member Gutschewski was absent. Motion #16 carried.
- Motion out of Committee to recommend approval of Cynthia Cherry's application. On a roll call vote, Members Druse, Luth, Stomp, McClure, Purcell, Waltemath, and Brauer voted aye. Member Gutschewski was absent. Motion #17 carried.
- Motion out of Committee to recommend approval of Marshall Joy's application. On a roll call vote, Members Druse, Luth, Stomp, McClure, Purcell, Waltemath, and Brauer voted aye. Member Gutschewski was absent. Motion #18 carried.
- Motion out of Committee to recommend approval of Robert Wirth III's application. On a roll call vote, Members Druse, Luth, Stomp, McClure, Purcell, Waltemath, and Brauer voted aye. Member Gutschewski was absent. Motion #19 carried.
- Motion out of Committee to recommend approval of William Gier's application. On a roll call vote, Members Druse, Luth, Stomp, McClure, Purcell, Waltemath, and Brauer voted aye. Member Gutschewski was absent. Motion #20 carried.
- The Committee discussed three firm name approvals. All names were denied due to being misleading. One applicant wrote a letter to the Board asking for the Committee's decision to be reconsidered. The Board agreed with the Committee's initial decision.
- 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 March 10 - May 18, 2017. On a roll call vote, Members Druse, Luth, Stomp, McClure, Purcell, Waltemath, and Brauer voted aye. Member Gutschewski was absent. Motion #21 carried.
- C. Reinstatements to Active Permit, Inactive Retired Affidavits, Surrendered Certificates.** Motion out of committee to recommend Board approval of Reinstatements to Active Permit, Inactive Retired Affidavits, Surrendered Certificates from March 10 - May 18, 2017. On a roll call vote, Members Druse, Luth, Stomp, McClure, Purcell, Waltemath, and Brauer voted aye. Member Gutschewski was absent. Motion #22 carried.

Reinstatements: None

Inactive - Retired affidavits:

- Bohn, Judy – Norfolk, NE
- Clements, Steven – Lincoln, NE
- Jilek, Mark – The Villages, FL
- Leonhardt, Boyd – Kansas City, MO
- Lowther, Eugene – Bellevue, NE
- Rethmeier, Joyce – Escondido, CA
- Van Norden, Rodney – Garden City, KS

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- Weaver, Daniel – Bedford, TX
- Westerman, Janet – Lincoln, NE

Surrendered Certificates:

- Anderbery, Janet – Lincoln, NE

11. Report of the Executive Director

- A. Board Budget Status.** ED Sweetwood mentioned the state budget has been passed and the Board's cash fund was not swept for funds, likely due to the savings from ending the QEP program and other budget reductions. Additionally, a .5% across the board reduction for state agencies within Governor Ricketts veto of the state budget was not applied to the Board budget based on previously Board generated reductions to the budget.
- B. Backend Database Update.** ED Sweetwood is monitoring the progress being made with the Board of Engineers and Architects systems being developed by the CIO's office.
- C. Staffing & General Office Issues.** Sydney Sackmaster was introduced as the new Board Intern. The Board contracts with University of Nebraska-Lincoln Career Services to locate and hire the intern. A new contract was recently signed. Board Staff is working with Nebraska Interactive to create an online process for the yearly Registration of Certificates. Also noted was the 2-yr lease renewal signed with DAS/ Building Division for the 1526 building. 2017 Licensing Renewal period opened May 8, 2017. Staff VanWinkle stated about 40% of renewals have been received and the process appears to be working well.

12. New Business

- A. NASBA Items:**
- 1. Call for Nominations for NASBA Board of Directors** - Request was provided to Board members.
- B. Other Miscellaneous Items: FYI articles**

13. Adjournment

Moved by Purcell, seconded by McClure, to adjourn the meeting at 12:53 p.m. on May 19, 2017. On a roll call vote, Members Druse, Luth, Stromp, McClure, Purcell, Waltemath, and Brauer voted aye. Member Gutschewski was absent. Motion #23 carried.

Respectfully submitted by,

Board Secretary
Marcy Luth