

NEBRASKA BOARD OF PUBLIC ACCOUNTANCY

1526 K Street, Suite 4D, Lincoln, Nebraska

Minutes

January 12, 2018

Draft Minutes. Minutes are not approved until the next Board meeting on 3-16-18.

Friday, January 12, 2018

1. General

- A. Call to Order and Roll Call.** The Nebraska Board of Public Accountancy (Board) was called to order at 8:30 a.m. on Friday, January 12, 2018 with Chair Lori Druse presiding. The roll was called with the following members present: Lori Druse, Tom Purcell, Marcy Luth, Michele Stromp, Glen Waltemath and Ken Brauer. Members Bernie Gutschewski and Michael McClure were absent. Also present were Executive Director Dan Sweetwood and staff members Heather Myers and Kristen VanWinkle. Board Intern Sydney Sackmaster was not available. The meeting was held at the Board Office, 1526 K Street, in Suite 4D, Lincoln, Nebraska. 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, January 12, 2018.** Moved by Waltemath, seconded by Purcell to approve the agenda for the Friday, January 12, 2018 meeting. On a roll call vote, Members Druse, Purcell, Luth, Stromp, Waltemath, and Brauer voted aye. Members Gutschewski and McClure were absent. Motion #1 carried.
- C. Approval of Minutes from November 9, 2017.** Moved by Brauer, seconded by Stromp, to approve the November 9, 2017 Board minutes. On a roll call vote, Members Druse, Luth, Stromp, Waltemath, and Brauer voted aye. Member Purcell abstained. Members Gutschewski and McClure were absent. Motion #2 carried.

2. Public Comment Period (15-minute period)

Dan Vodvarka, Nebraska Society of CPAs President – Mr. Vodvarka thanked Member Brauer for attending the state senators' annual reception on January 2, 2018. There were approx. 25-30 senators present and approx. 90 total. The 2018 session of the legislature has begun and is the 2nd year, 60-day session. The revenue/sales tax bills have carried over to the new session, however Mr. Vodvarka doesn't think they will come out of committee. ED Sweetwood updated the Board on LB299 which is related to Occupational Licensing. He indicated he would keep the Legislative Committee updated on any movement of LB 299. Mr. Vodvarka posed a question to the Board if there was interest in the Society offering a course in February on the new Federal tax law. Board members suggested a webinar might be more successful than an in-person course. The Board discussed NASBA's article on a new pathway to the CPA designation. Member Purcell brought up a question about what the AICPA stands for now. ED Sweetwood updated the Board on the task force created by NASBA to review the AICPA/organization issue and it was his understanding the issue was to be addressed quickly. He completed a survey on behalf of the Board that stressed the term AICPA is utilized several times within Board regulations. ED Sweetwood stated he attended the ethics course with speaker Mr. Bryan Sloan and stated the attendees enjoyed the course. He thanked Mr. Vodvarka and Ms. Kelly Ebert for hosting a good

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program. He updated the Board on the issue regarding incorporating the AICPA's Code of Conduct into our Rules & Regulations. Mr. Sloan has done an initial comparison of the AICPA's code and our rules.

Hearing for Revocation of Permits not renewed for three years - Hearing Officer Lori Druse opened the Hearing at 9:32 am for agenda item 5.C. Public Hearing for Revocation of Permits not renewed for three years. The Hearing closed at 9:34 am.

Hearing for Revocation of Inactive Registrations not renewed for three years - Hearing Officer Lori Druse opened the Hearing at 9:34 am for agenda item 5.D. Public Hearing for Revocation of Inactive Registrations not renewed for three years. The Hearing closed at 9:36 am.

Public Hearing to Return Certificate to Good Standing for Bruce Ginsburg. Hearing Officer Lori Druse opened the hearing at 12:37 pm. The hearing ended at 12:43 pm.

Public Hearing to Return Certificate to Good Standing for Mary Jones. Hearing Officer Lori Druse opened the hearing at 12:48 pm. The hearing ended at 12:53 pm.

Public Hearing to Return Certificate to Good Standing for Lori Allison. Hearing Officer Lori Druse opened the hearing at 12:59 pm. The hearing ended at 1:07 pm.

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, Purcell, Luth, Stromp, Waltemath, and Brauer voted aye. Members Gutschewski and McClure were absent. Motion #3 carried.
- B. **Review of Disbursements for November and December 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 stated the Board has received a legal fee reimbursement from a prior enforcement case. She also stated that revenue is down \$2,500.

4. Report of the Chair

- A. **Report of the Chair.** Chair Druse gave the report.
- B. **Executive Committee Meeting** – The minutes of the meeting were overviewed including the need to set the 2018 fees. Chair Druse indicated the committee had been provided a packet of information from staff including historical trends and other financial information for review and were comfortable keeping the current fee schedule. She also indicated per the 2017 audit, it was commented that administrative

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fees also need to be approved by the Board. The committee reviewed updated and newly drafted procedures from the audit provided by staff. Also, the back-end database project was discussed and is on hold. They also overviewed information regarding the current staff.

1. **Set 2018 Licensing Fees** – Motion out of committee to keep the Licensing Fees the same for 2018 and to approve the Administrative Fees for 2018. On a roll call vote, Members Druse, Purcell, Luth, Stomp, Waltemath, and Brauer voted aye. Members Gutschewski and McClure were absent. Motion #4 carried.
2. **Set 2018 Administrative Fees** – See Motion #4.
3. **Board Website Update** – ED Sweetwood updated the Board on the need to update the Board's outdated website and the costs associated with the update. Motion out of committee to move forward with the Board website project with Nebraska interactive (neb.gov). On a roll call vote, Members Druse, Purcell, Luth, Stomp, Waltemath, and Brauer voted aye. Members Gutschewski and McClure were absent. Motion #5 carried.

- C. **Attendance at NASBA ED and Staff Conference, March 13-15, 2018, Destin, FL** – ED Sweetwood noted there has been no update to the Governor's essential travel policy. He noted he would apply for a NASBA scholarship to attend the conference. Staff confirmed the conference is available for them to view via webcast. Motion out of committee to approve ED Sweetwood to attend the NASBA ED and Staff Conference whether or not he is awarded a NASBA scholarship as the Board deems attendance to this conference to be essential travel. On a roll call vote, Members Druse, Purcell, Luth, Stomp, Waltemath, and Brauer voted aye. Members Gutschewski and McClure were absent. Motion #6 carried.
- D. **Attendance at Western Regional Meeting, June 27-29, 2018, Olympic Valley, CA** – Chair Druse polled the Board to see who was interested in attending. Chair Druse and Member Stomp are planning to attend. Member Stomp will attend as a member of the NASBA Nominating Committee. Members Purcell, Waltemath and Brauer will consider attending but will depend on their schedules. ED Sweetwood will meet with the Board's Budget Analyst, Ann Linneman, to see if she foresees an issue with three people attending.
- E. **Review Board Calendar.** NASBA's ED/Staff Conference and Western Regional Meetings were added to the calendar.

Closed Session

Closed Session. Moved by Stomp, seconded by Luth, that the Board go into closed session at 9:42 a.m., on Friday, January 12, 2018, for the purpose of discussing enforcement and personnel matters. On a roll call vote, Members Druse, Purcell, Luth, Stomp, Waltemath, and Brauer voted aye. Members Gutschewski and McClure were absent. Motion #7 carried.

Return to Open Session. Moved by Druse, seconded by Brauer, that the Board return to open session at 10:13 a.m., on Friday, January 12, 2018. On a roll call vote, Members Druse, Purcell, Luth, Stomp, Waltemath, and Brauer voted aye. Members Gutschewski and McClure were absent. Motion #8 carried.

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5. Report of Enforcement of Professional Conduct Committee

- A. Open Case/LMCO Update.** Committee Chair Stromp gave the report.
- B. Ratification of LMCOs, if any** - There were no LMCO's.
- C. Public Hearing for Revocation of Permits not renewed for three years.** Moved by Purcell, seconded by Luth, to revoke the certificates of the active permit holder not renewed since 2014. On a roll call vote, Members Druse, Purcell, Luth, Stromp, Waltemath, and Brauer voted aye. Members Gutschewski and McClure were absent. Motion #11 carried.
- D. Public Hearing for Revocation of Inactive Registrations not renewed for three years.** Moved by Purcell, seconded by Brauer, to revoke the certificates of inactive registrants not renewed since 2014. On a roll call vote, Members Druse, Purcell, Luth, Stromp, Waltemath, and Brauer voted aye. Members Gutschewski and McClure were absent. Motion #12 carried.
- E. Recommended Cases to Close –**
 - #17-02A** - While reviewing information for a complaint under Case#17-02, staff discovered it appeared an office location of the CPA was not properly registered with the Board. It was learned the office had been closed.
Motion out of committee to close case #17-02A. On a roll call vote, Members Druse, Purcell, Luth, Stromp, Waltemath, and Brauer voted aye. Members Gutschewski and McClure were absent. Motion #9 carried.
 - #17-04** - In-Active Registrant / Retired disclosed misdemeanor convictions related to a family member. The registrant's credentials were later revoked by the Board.
Motion out of committee to close case #17-04. On a roll call vote, Members Druse, Purcell, Luth, Stromp, Waltemath, and Brauer voted aye. Members Gutschewski and McClure 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 4 reinstatement applications to the Licensing Committee for approval. On a roll call vote, Members Druse, Purcell, Luth, Stromp, Waltemath, and Brauer voted aye. Members Gutschewski and McClure were absent. Motion #14 carried.
- B. Ratification of Staff Program Qualification Evaluations.** The Committee reviewed a total of 224 courses from November 1 – December 31, 2017 with 224 courses recommended for Board approval and none denied. Motion out of committee to ratify Board approval of 224 courses. On a roll call vote, Members Druse, Purcell, Luth, Stromp, Waltemath, and Brauer voted aye. Members Gutschewski and McClure were absent. Motion #13 carried.
- C. Ratification of CPE Sponsor.** The committee reviewed 2 Sponsorship applications. Motion out of Committee to ratify Board approval of CPE Sponsorships to Lutz & Company and Think Focus Act, LLC. On a roll call vote, Members Druse, Purcell,

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Luth, Stromp, Waltemath, and Brauer voted aye. Members Gutschewski and McClure were absent. Motion #15 carried.

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

- A. Report of the Committee.** Committee Chair Luth gave the report. The Committee reviewed four courses from an Iowa college. The Committee reviewed one exam extension request and requested the candidate resubmit the request after the exam has been passed. The Committee discussed the new user software for the exam being implemented in April 2018 which will cause score holds to the end of each testing window for Q2-Q4. ED Sweetwood noted that he will be attending a BOE meeting at the end of January where the State Boards' perspective of the exam in the profession will be reviewed and the future of the exam will be discussed. He plans to send an email to all Executive Directors to gauge their thoughts on the examination for the discussion. Member Purcell asked that staff continue to remind educators when new law changes will be tested on the exam. The EAC task force is still reviewing potential changes to Chapter 9 regarding review and updating if necessary of subject areas requirements.
- B. Approval of Exam Scores from October – December 10, 2017, if available –** Chair Luth overviewed the score report with the Board. She noted there was nothing unusual about this window's scores. Moved by Luth, seconded by Waltemath to accept October – December 10, 2017 exam scores. On a roll call vote, Members Druse, Purcell, Luth, Stromp, Waltemath, and Brauer voted aye. Members Gutschewski and McClure were absent. Motion #16 carried.

8. Report of the Legislative Committee

- A. Report on Legislation:** ED Sweetwood gave the report. He thanked Member Brauer for attending the Senator's Reception and for providing feedback to senators regarding LB 299 and oversight committees.
- 1. LB867 – Index Updates/Policy Changes:** ED Sweetwood stated the LB867 guideline documents and index were submitted to the Legislative Executive Board on December 29, 2017. A copy of the current guideline index as provided to the Board. The guideline index is an "evergreen" document that is available on the Board's website and in the Board's office. Staff will add a "last revised date" to the index and will determine how often all policies should be reviewed. ED Sweetwood acknowledged Board Administrator VanWinkle for her work on this project.
- 2. LB 299 - Occupational Licensing Bill:** The Bill would create another entity under the Executive Board of the Legislature to review agency regulations and disciplinary actions and other measures to ensure regulatory boards are not impeding competition and entry into the occupations. ED Sweetwood provided an update under the Public Comment Period.

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9. Report of the Peer Review Committee

- A. **Report of the Committee.** ED Sweetwood gave the report due to the absence of Chair McClure. He noted that he and Staff Myers will attend the next national Peer Review Board's meeting online. Staff Myers reported on the progress of the 2018 class of firms due to report their Peer Review status. The committee continues to monitor a peer review failure and is working with the Nevada Society of CPA/ Peer Review Program to determine any recommended actions.

10. Report of the Licensing Committee

- A. **Report of the Committee.** Committee Chair Druse gave the report. The Committee discussed an application for a CPA firm to be owned by an ESOP (Employee Stock Ownership Program). A former Board member with expertise in this area was requested to provide background and information on this request and provided an initial opinion to the committee that an ESOP owning a CPA firm would not be permissible per the current version of Title 288. The Committee discussed if there was public harm in allowing this structure. Staff will arrange a meeting with the CPA firm's attorney to discuss further.
- The Committee discussed three Business, Governmental, Academia (BGA) experience and two State Auditor /Dept. of Revenue applications
- Motion out of Committee to recommend approval of Brennon Kitten's application. On a roll call vote, Members Druse, Purcell, Luth, Stomp, Waltemath, and Brauer voted aye. Members Gutschewski and McClure were absent. Motion #17 carried.
- Motion out of Committee to recommend approval of Sheena Monroe's application. On a roll call vote, Members Druse, Purcell, Luth, Stomp, Waltemath, and Brauer voted aye. Members Gutschewski and McClure were absent. Motion #18 carried.
- Motion out of Committee to recommend approval of Alisha Kuhlman's application. On a roll call vote, Members Druse, Purcell, Luth, Stomp, Waltemath, and Brauer voted aye. Members Gutschewski and McClure were absent. Motion #19 carried.
- Moved by Luth, seconded by Purcell, to recommend approval of Michael Kluender's application. On a roll call vote, Members Druse, Purcell, Luth, Stomp, Waltemath, and Brauer voted aye. Members Gutschewski and McClure were absent. Motion #20 carried.
- Moved by Luth, seconded by Purcell, to recommend approval of Terence Heiser's application. On a roll call vote, Members Druse, Purcell, Luth, Stomp, Waltemath, and Brauer voted aye. Members Gutschewski and McClure were absent. Motion #21 carried.
- The Committee discussed one Initial Permit applicant whose father signed off on her experience and, after review of a previous issue statement, determined to approve a family member signing off on the experience application.
- The Committee discussed one name change to "Black Sheep Accountant's, LLC" and determined that the name does not meet current Board guidelines and could be considered "misleading" to the public and could have negative implications. In

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addition, “Accountants” cannot be used as there is only one CPA in the firm and “Accountants” suggest there are multiple CPAs.

Public Hearings to Return Certificates to Good Standing

Moved by Purcell, seconded by Luth, to return Bruce Ginsburg’s certificate to good standing upon completion of Stipulation & Consent Order and payment of \$250 administrative fee. On a roll call vote, Members Druse, Purcell, Luth, Stromp, Waltemath, and Brauer voted aye. Members Gutschewski and McClure were absent. Motion #22 carried.

Moved by Purcell, seconded by Luth, to return Mary Jones’ certificate to good standing upon completion of Stipulation & Consent Order and payment of \$250 administrative fee. On a roll call vote, Members Druse, Purcell, Luth, Stromp, Waltemath, and Brauer voted aye. Members Gutschewski and McClure were absent. Motion #23 carried.

Moved by Purcell, seconded by Luth, to return Lori Allison’s certificate to good standing upon completion of Stipulation & Consent Order and payment of \$250 administrative fee. On a roll call vote, Members Druse, Purcell, Luth, Stromp, Waltemath, and Brauer voted aye. Members Gutschewski and McClure were absent. Motion #24 carried.

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

Motion out of committee to recommend approval of initial permits to practice issued, certificates issued, firm permits issued from November 9 – January 8, 2018. On a roll call vote, Members Druse, Purcell, Luth, Stromp, Waltemath, and Brauer voted aye. Members Gutschewski and McClure were absent. Motion #25 carried.

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

Motion out of committee to recommend approval of Reinstatements to Active Permit, Inactive Retired Affidavits, Surrendered Certificates from November 9 – January 8, 2018. On a roll call vote, Members Druse, Purcell, Luth, Stromp, Waltemath, and Brauer voted aye. Members Gutschewski and McClure were absent. Motion #26 carried.

Reinstatements:

- Andrew Hiemer – Omaha, NE
- Mark Myers – Papillion, NE
- Phillip Vlach – Sioux City, IA

Inactive - Retired affidavits:

- Gail Bass – Lawrence, KS
- Mary Burch – Morgantown, WV
- Richard Ekstrom – Omaha, NE
- Melvin Kitts – Goddard, KS
- Steven Scheiblhofer – Leesburg, VA
- Steven Stoecklein – Manhattan, KS

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Surrendered Certificates:

- Matthew Breck – Omaha, NE
- Megan Gauer – Phoenix, AZ
- Sheila Geffre – Colorado Springs, CO
- Ellen Heald – Bartlesville, OK
- Kim Higgins – Corvallis, OR
- Thomas Hintz – Manhattan, KS
- Marisela Luna – Boise, ID
- Mark Mader – Laramie, WY
- Patricia Perzel – Clearwater, FL

11. Report of the Executive Director

- A. Budget Status.** ED Sweetwood overviewed the status of the budget under agenda item 3C.
- B. Staffing & General Office Issues.**
- 1. Heather Myers' Graduation.** ED Sweetwood congratulated Ms. Myers for graduating from Doane University with a Bachelor's Degree in Business in December 2017. He and Ms. Myers thanked the Board for their support in this endeavor to complete her degree. The Board acknowledged Ms. Myers for this accomplishment.
- C. NASBA Quick Poll.** The Board received a copy of the latest NASBA Quick Poll related to the reorganization impact of the AICPA. ED Sweetwood stated he has responded as mentioned under the Public Comment Period.

12. New Business

- A. NASBA Items:**
- B. Other Miscellaneous Items: FYI articles**

13. Adjournment

Moved by Luth, seconded by Stomp, to adjourn the meeting at 1:31 p.m. on January 12, 2018. On a roll call vote, Members Druse, Purcell, Luth, Stomp, Waltemath, and Brauer voted aye. Members Gutschewski and McClure were absent. Motion #27 carried.

Respectfully submitted by,

Board Secretary
Marcy Luth