

2015

# ANNUAL LETTER



## NEBRASKA BOARD OF PUBLIC ACCOUNTANCY

The Board is responsible for licensing and regulating Certified Public Accountants (CPAs) in Nebraska

**NEBRASKA CPA DEMOGRAPHICS: A 10-YEAR COMPARISON**

*See page 12*



# NEBRASKA State Board of Public Accountancy



The Board is responsible for licensing and regulating Certified Public Accountants (CPAs) in Nebraska

## 2015 Annual Letter

### SITTING IN THE “CHAIR’S CHAIR”

I am currently serving my sixth year on the Board and have been honored to have served as Chair for the last three. I have enjoyed my years of service and have learned a great deal about how the profession is regulated during my time on the Board. The primary source of regulation of CPAs in Nebraska is our State Board. Our mission is: **To protect the welfare of the citizens of the State of Nebraska by assuring the competency of persons licensed as Certified Public Accountants (CPAs).** The Board, according to the provisions of the Public Accountancy Act, assures the competency of CPAs through examination, licensure, registration, continuing professional education, quality review and investigation/enforcement of standards.



**Bernie Guschewski**

To execute our mission the Board has seven standing committees: Executive, Legislative, Enforcement, Continuing Professional Education, Licensing, Examination & Education, and the Quality Enhancement Program Committee. Issues are brought to the committees for initial review, research, and discussion with recommendations brought to the Board for ratification as needed. For me, our enforcement responsibility is the most challenging of our responsibilities. While it is very difficult to revoke or suspend a practitioner’s license, at times it becomes necessary to protect the citizens of Nebraska.

Additionally, we must effectively coordinate with the National Association of State Boards of Accountancy (NASBA), the Nebraska Society of CPA’s (NSCPA’s), Nebraska Society of Independent Accountants (NSIA) as well as, the American Institute of Certified Public Accountants (AICPA).

*NASBA: The Nebraska Board of Public Accountancy is an active member of NASBA. NASBA’s primary role is to serve state boards and represent their interests before federal regulators and the AICPA. Several members including our executive director sit on NASBA national committees. These include the Uniform Accountancy Act Committee, the Compliance Assurance Committee, Enforcement Committee and the Strategic Planning Committee. The Board regularly considers initiatives presented by NASBA and the AICPA. In general, we support many of these initiatives; however there are times when NASBA heads in a direction that the Board determines is not in the best interest of Nebraska citizens or Nebraska CPA’s. In these cases, we express our differences and seek a suitable compromise if appropriate.*

*NSCPA’s and NSIA: To effectively do our job, the State Board must have a strong working relationship with the Nebraska Society of CPAs and the Nebraska Independent Accountants Association. We believe the input of these professional membership organizations improves the quality of any legislation or regulation we seek to advance in implementing our regulatory mission. On major legislative or regulatory projects, we often establish joint working groups to tackle major issues in a comprehensive manner. CPA Mobility, alternative experience and Peer Review requirements are areas where the Board established joint working groups.*

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Finally, on behalf of the entire State Board I would like to thank Executive Director Dan Sweetwood and his staff Jo Lowe and Heather Myers. Most notably, a special thanks to Jo Lowe, our Board Administrator, who will retire this year after 12 years of distinguished service to the State Board of Public Accountancy and 19 years of service to the State of Nebraska in various other positions and agencies. I fully agree with Executive Director Dan Sweetwood’s comments regarding Ms. Lowe on the next page.

Sincerely,

Bernie Guschewski, Board Chair



## FROM THE EXECUTIVE DIRECTOR: TIME WELL SPENT

At the 2015 National Association of State Boards of Accountancy (NASBA) Annual meeting I was honored and humbled to receive the Lorraine B. Sachs award for excellence given to State Board executive directors. During my acceptance speech I was able to acknowledge the Nebraska Board members, past and present, which over the years supported and allowed me to be an active participant on the national stage. To accomplish tasks and goals, while being a member of a national committee, requires time out of the office and focus on a national agenda item. Nebraska Board members have supported me over my twelve year tenure to become active and participate on national agenda items with the overall goal to assist and support the Board's mission to protect the citizens of Nebraska and regulate the CPA profession. Some examples of this work:

- Being a former member of the Uniform Accountancy Act Committee and contributing to the review and creation of uniform laws and rules for State Boards to consider when developing new laws and rules.
- This last year appointed to the Board of Examiners (BOE) for a three year term and represent State Board interests as an executive director and provide input on issues involving the Uniform CPA Examination. As a member of the Executive Committee, to provide direct input on score and other substantial unexpected issues that arise with the examination.
- As a former Chair and member of the Executive Directors Committee, able to provide and gather information on the best practices for office efficiency between the 55 State Boards of Accountancy.
- A longtime member of the Accountancy Licensing Database (ALD) Task Force, including six terms as Chair, was able to assist in the development of this important tool for State Boards and the public along with CPAverify (go to [www.cpaverify.org](http://www.cpaverify.org)). These databases now include information from over 50 State Boards to assist Boards and citizens track CPAs status.



Attending NASBA's Annual Meeting.

I have enjoyed being able to attend and participate on these important projects and others while being your executive director. We are fortunate to have a strong, well led national organization (NASBA) with an overall mission to assist State Boards including establishing many of these national committees. They accomplish this by providing support (including this letter!) and by representing Board interests before federal agencies, the AICPA, and as mentioned creating national committees bringing together members from the 55 State Boards. I encourage you to visit their website at [www.nasba.org](http://www.nasba.org) for further information.

I do believe my participation on the national stage as benefited me and the Board in my duties as your executive director and has been time well spent! Take care and never hesitate to contact me with any questions and/or concerns at (402) 471-3595 or at [Dan.Sweetwood@Nebraska.gov](mailto:Dan.Sweetwood@Nebraska.gov).

Take care in 2016!

Dan Sweetwood



Dan Sweetwood

### JO LOWE'S RETIREMENT

"Join me in thanking and wishing Jo good luck in retirement! It is well deserved!! How lucky I was 12 years ago when she joined me on the Board staff. Jo has been the ultimate professional and a true public servant. Every week it seemed an email would show up thanking Jo for her assistance in navigating the licensing process. She devoted her service to assisting prospective CPAs in joining the profession while always guarding the public interest and ensuring only those qualified could join the profession. A life time learner, Jo obtained her Masters of Public Administration while working full time for the Board. She has been a joy to work with and we wish her well in her next endeavor!"

Dan Sweetwood,  
Executive Director



## NEBRASKA CPA STATUS

Nebraska is two-tiered state. In the first tier, a Certificate Number is issued permanently to the candidate after successful completion of the U.S. Uniform CPA Examination. This person is known as a Certificate Holder in Nebraska and must file an annual registration with the Board office. Although considered a Certificate Holder, they have no status as a CPA within Nebraska.

After completion of two years of public accounting experience within a CPA firm under the direction of a CPA (or three years in business, government, and academia) a Certificate Holder may file an application for issuance of an Active Permit to Practice that allows them to hold themselves out to the public as a CPA and practice public accountancy. A license number is issued with their Active Permit to Practice. The permit number is separate from their permanent Certificate number and changes every two years upon successful completion of 80 hours of required Continuing Professional Education.

If an Active Permit Holder decides to forgo the CPE requirement, they may elect to register with the Board as

an Inactive Registrant and are issued a registration number. An Inactive Registrant cannot practice public accountancy within Nebraska.

Active CPAs can be verified on the Board's website: <http://www.nbpa.ne.gov/search/>.

Please keep the following status descriptions in mind:

### Certificate Holder:

- "Passed the CPA Exam" for use on resumes only
- Cannot practice public accountancy
- Cannot hold out using the title CPA

### Permit Holder:

- Use the title "CPA" (hold out)
- Practice public accountancy

### Inactive Registrant:

- Cannot practice public accountancy
- Cannot hold out as a CPA
- Must use the disclaimer: "CPA (Inactive Registrant)"

## UPDATE ON ONLINE PROGRAMS

The Board is proud to provide CPAs, Inactive Registrants, and CPA firms the ability to renew their permits and registrations online by going to [www.nbpa.ne.gov](http://www.nbpa.ne.gov) and clicking on the applicable application during May and June. CPAs can also submit their required continuing education submissions online throughout the entire year. The online submissions have provided Board staff with less paperwork to process and decreased Board storage requirements. Your feedback is essential as we continue to review and enhance the online processes. Please contact staff members Jo Lowe (renewals) or Heather Myers (CPE) with your thoughts at [Jo.Lowe@nebraska.gov](mailto:Jo.Lowe@nebraska.gov) or [Heather.Myers@nebraska.gov](mailto:Heather.Myers@nebraska.gov) or call 1-800-564-6111 in Nebraska.

## PUBLIC HEARING FOR THE 2015 RULE PACKAGE AT THE STATE CAPITOL



**Board Members and staff attending the public hearing for the 2015 Rule Package L to R** Mr. Dan Sweetwood, Executive Director; Ms. Jo Lowe, Board Administrator; Dr. Thomas Purcell, Member; Mr. Ken Brauer, Member; Ms. Lori Druse, Vice Chair; Ms. Marcy Luth, Secretary; Mr. Mike McClure, Member; Mr. Glen Waltemath, Member; Mr. Robert Gritmit, Board Attorney.



**Left: Dan Vodvarka, President of the Nebraska Society of CPAs, appears before the Board in support of the 2015 Rule Package.**



## UPCOMING CHANGES TO CPE

### College Credits to increase from 8 to 15 hours of CPE (CHAPTER 8, SECTION 007.05):

A permit holder may obtain credit for attending a course offered by a college or university which awards degrees in accounting. The amount of credit to be given shall be determined by the Board. Not more than 50% of required hours during a licensing or reinstatement period shall be given for college credit. Each college semester credit hour shall equal 15 hours CPE credit and each college quarter hour shall equal 8 hours CPE credit.

### CPE Approval:

It is highly recommended CPAs submit a Program Qualification Form (PQF) to determine the number of hours a program will count towards the CPE requirement. The PQF is available on the Board's website at [www.nbpa.ne.gov](http://www.nbpa.ne.gov) under CPE. If you have any questions, contact the Board office at (402) 471-3595 or email [Heather.Myers@Nebraska.gov](mailto:Heather.Myers@Nebraska.gov).

### Online CPE Reporting:

The ability to submit courses online can be used throughout the year. Please use this tool to track your CPE hours on an ongoing basis. Your password to report CPE online will remain the same for online renewal of your permit to practice in May or June. It is very important to keep that password.

It is very important to make sure you are tracking your CPE hours to confirm you have enough hours in your two-year reporting period. If not, you must request a formal extension that will require you to return to your regular two year reporting period. This creates more work for you and makes it harder for you to get back on track! The Board discourages formal extensions if at all possible.

The Committee reviewed 689 courses. In addition to reviewing the courses submitted through Program Qualification forms, the Committee allows National Association of State Boards

(NASBA) approved courses. All courses and sponsors are reviewed annually.

If your Firm/Company holds in-house training courses, please make sure there is a sign-in sheet present at the course or provide certificates of completion. The sign-in sheet/certificate of completion must be on letterhead of the firm/company with all of the details of the course. Please include the title of the course, date of course, firm/company name, start and end times, and recommended number of hours. When you provide in-house training, it is highly recommended that you go through the pre-approval process using the Program Qualification Form. The pre-approval process is completing the Program Qualification Form which is located on our website.

### Audit Process:

Annually the Board will select permit holders at random for specific evidence of completion of required continuing professional education courses as reported by the permit holder. Those permit holders that have requested extensions previously shall come under the requirement to prove evidence of attendance/completion in the next reporting period. Hours utilized within the extension request cannot be utilized in the permit holders next reporting period. Be prepared to provide requested information to the Board office if selected.

If you are selected to go through an audit for your CPE hours, you will need to provide proof of attendance for each course submitted to our office during that 2-year reporting period. Thus, the need for completed sign-in sheets and certificates of completion. Please refer to the CPE Guidelines for further information regarding the audit process.

## LETTER FROM THE BOARD ADMINISTRATOR - JO LOWE



Jo Lowe

Little did I know in 2003 when I accepted the job as Administrator for the NBPA how much I would learn about public service, CPAs, Rules, laws, policy, and regulatory functions. The relationship with the National Association of State Boards (NASBA) has been most helpful in learning how other states regulation CPAs, collaborating with the administrators of other Boards, and the many services provided by NASBA and CPAES. I appreciate everyone's help over the years to be part of an effective, efficient team.



## LICENSING COMMITTEE

**Online Renewals:** Online renewal applications for 2015 were completed by 92% of licensed CPAs, 65% of inactive registrants, and 83% of registered firms. Paying by credit card saved the Board staff many hours of opening mail and preparing check deposits.

**Firm Names:** Firm names continue to be an issue for Committee review. Please refer to the [Firm Guidelines](#), available on the Board's website, if you intend to change your firm name. The Committee's direction has been to protect the public by approving names that are not misleading as to services provided, number of CPAs employed, and other potentially confusing terminology.

**Professional Corporations and Limited Liability Companies:**

Certificates of Registration/Organization for Professional Corporations and Limited Liability Companies are annually confusing to firms. Certificates are a requirement of the Nebraska Secretary of State (SOS) office to validate your CPA professional business as permissible to do business in Nebraska. The Board provides two certificates to document your firm's current licensed status with the Board. Certificates are a function of the SOS's office, not the Board. However, you must ALSO renew your firm permit annually with the Board. Often the two processes are confused. The certificate of registration/organization is based on your original date of incorporation with the SOS. Sometimes they occur at the same time. Yes, you must do BOTH.

*The 2015 Annual Register of licensed CPAs and CPA Firms in Nebraska is available by contacting the Board office.*

**CPA's Cannot Just Go Away:** Licensure does not end when you no longer reside in the state, no longer have clients or a business, or retire. You must complete the appropriate action. The Committee annually recommends revocation of certificates of permit holders, who have not renewed their active permit for three years per PAA 1-137 (9), following petition and notice of hearing. Please check the website or contact the Board office for change of status options. Retired affidavits total 64 for 2015.

**Inactive Status:** Inactive Status means you cannot hold out as a CPA per Title 288 Rules Chapter 3 001.09. Any representation that may mislead the public could come under scrutiny by the Board.

**Failure to Renew After Three Years:** The Board is in the process of revoking certificates of Active and Inactive registrants who have not renewed for three years. In 2015, certificates of 19 inactive registrants and 3 active permit holders were revoked following notice and public hearing.

**Mobility:** If you have questions regarding Mobility go to [www.nasba.org](http://www.nasba.org) "Mobility" and click on the state for an update on their Mobility provisions. Also, you can telephone and/or access each states website by going to [www.nasba.org](http://www.nasba.org) "Members" for additional information.

## 2015 NASBA CENTER FOR THE PUBLIC TRUST CELEBRATION AT CREIGHTON UNIVERSITY



Creighton University's accounting department became the first school in Nebraska to join the Center for the Public Trust. CPT President Alphonso Alexander spoke to students about the importance of ethics and awarded participating students their CPT membership pins. Board Member Dr. Thomas Purcell and Mr. Michael Head from the accounting department were instrumental in bringing the CPT to Creighton University.





## PEER REVIEW REQUIRED FOR NEBRASKA CPA FIRMS: *WHAT DOES IT MEAN FOR MY FIRM?*

If a Nebraska CPA firm does not complete Audits, Reviews, and/ or Compilations, this change will have no impact.

If a Nebraska CPA firm completes Audits, Reviews, and/ or Compilations and the firm currently participates in the AICPA Peer Review Program, this change will have no impact.

If a Nebraska CPA firm currently participates in the QEP program and the AICPA Peer Review Program, the ability to submit to the QEP program will end; however, there will be no impact other to properly submit your completion of the AICPA Peer Review Program.

If a Nebraska CPA firm currently only completes the QEP program the firm will be impacted by this change. What should the firm do?

- Contact the Board office at (402) 471-3595 or at Heather.Myers@Nebraska.gov to determine the date you need to submit your next report. A Peer Review will be required

every three years and the firm will want to identify what class it resides. The classes are set by the licensing requirement date for QEP submission: 2016/2017/2018.

- The 2016 class can submit to the QEP program. It is anticipated the QEP program will be end after this review. In 2019 the firm will need to submit a Peer Review to the Board.
- As of July 1, 2017, the 2017 class will have to submit a Peer Review to the Board.
- As of July 1, 2018, the 2018 class will have to submit a Peer Review to the Board.

It is anticipated Board regulations, within a new chapter 13/ NAC Title 288, will be approved and in effect soon. The new law is in effect for this requirement. You can review the new rule and law and information on enrolling in a Peer Review Program by going to [www.nbpa.ne.gov](http://www.nbpa.ne.gov) or contact the Board office at (402) 471-3595 or at [Dan.Sweetwood@Nebraska.gov](mailto:Dan.Sweetwood@Nebraska.gov) if you have any questions.

### JAN GLENN FAREWELL CELEBRATION

**Board members say goodbye to Member Jan Glenn and honor her for her service on the State Board. L to R/ Ms. Marcy Luth, Mr. Glen Waltemath, Mr. Mike McClure, Ms. Lori Druse, Ms. Jan Glenn, Chair Bernie Gutschewski, Ms. Michele Strop**



### QUALITY ENHANCEMENT PROGRAM

The Most Common Problems on 2015 Reports (audits, reviews, and compilations)

1. Accountant's report did not match all statements and/ or periods presented.
2. Incorrect reporting and improper presentation of supplementary information.
3. Use of improper financial statement titles.
4. Incorrect reporting on information presented on a prescribed form.
5. Missing or incomplete required disclosures, including, but not limited to, fair value, subsequent events, income tax, and accounting policies.

Reminders from the Committee:

- Review your internal quality control procedures as related to reports being issued; the licensed owner of the firm is ultimately responsible for all reports issued by the firm.
- When providing services to specialized industries, applicable CPE courses and reference libraries are important.
- A copy of the actual financial statements and accountant's report issued to the client should be maintained in your files as part of the engagement documentation. The file copy should be either a hard copy or a PDF copy, rather than an Excel or Word file could inadvertently be altered.



## FAQ'S/TIDBITS

- 1. Check for the current NBPA application form:** Be sure to check the [NBPA website](#) for the most current application forms. In the past two years, fees have changed for some applications. As a state agency, the Board cannot accept checks for the wrong amount. The application and incorrect fee check must be returned to the applicant, delaying the application process.
- 2. Changes to the Rules and Regulations!** During the year issues may arise that result in revisions to the Board's Title 288 Rules and Regulations. Please be aware that "things change." The Board office will attempt to inform you of changes through the annual letter, the Nebraska Society of CPAs newsletter, or other means.
- 3. How many hours do I need to renew my permit?** CPE hours required for renewal of your permit to practice equal 80 hours over TWO years, including 4 hours of ethics. Do not confuse the required 80 hours over two years with other derivatives such as 40 hours per year, or with 20 hours of self study. Ethics hours may be taken in small increments, not all in one four hour block. CPE must be reported by January 31 each year. CPE reporting is available throughout the year by using the "CPE Online Reporting" on the home page of NBPA: <http://www.nbpa.ne.gov> Please refer to the most recent edition of the CPE Guidelines on the Board's website for specific requirements.
- 4. How do I go from inactive registration status to active permit holder?** There is a reinstatement application for this process. The application should be submitted to our office when all required hours are completed. Reinstatement from inactive registrant to active permit holder requires communication with the Board office. Based on your birth year, your licensing period does NOT change, and effects the years for CPE reinstatement reporting. Reinstatement requires careful timing, and Board staff will be happy to assist you through the process. Please do not try to submit CPE hours online if you are "inactive." You must keep track of those hours to submit with your reinstatement application.
- 5. Reminder:** Title 288 Rules Chapter 5 007.06 state that "Each certificate holder shall notify the Board in writing (or via the Board's website) within 30 days of any change of address or change of employment."
- 6. How do I report problems or issues experienced with CPA Exam Services (CPAES) in the CPA exam process?** Please contact the Board office if you have serious complaints during the exam process that have not been resolved through the Candidate Care service.
- 7. There is a difference:** The Nebraska STATE BOARD of Public Accountancy is a regulatory agency – think "permits." The Nebraska SOCIETY is a membership organization – think "CPE." Often people change their contact information. Please be sure to change your information with BOTH entities! Not all individuals are connected to BOTH organizations.

### EMAIL BLASTS COMING FROM THE STATE BOARD

Please keep the Board up to date regarding your email addresses. Email reminders and notifications are now the Board's communication tool including this Annual Letter! Other information traditionally sent via regular mail may also be sent via email to help the Board save printing and postage expense. If you do not have an email address, please notify the Board office. It is also important to keep the Board current with address and employer information by going to the Board's website at [www.nbpa.ne.gov](http://www.nbpa.ne.gov)/ front page to notify of any changes.

### BOARD FEES FOR LICENSING; FY2016/2017

|   |        |
|---|--------|
| Active Permit to Practice                 | \$ 175 |
| Inactive Registration                     | \$ 70  |
| Reciprocal Certificate                    | \$ 200 |
| Firm Permit: P.C's, LLC's, LLP's, Part.   | \$ 50  |
| Certificate of Registration: P.C's, LLC's | \$ 25  |
| Office Fee: All firms and S.P.s           | \$ 25  |
| CBT Examination Initial Admin. Fee        | \$ 15  |





## ENFORCEMENT COMMITTEE NEWS

Over the years I have witnessed many enforcement cases as your executive director and am directly responsible to the committee to ensure these cases are well managed. Of course, the main goal of the committee and the Board is that you and/or your firm does not become involved in the Board's complaint process to begin with (to review the complaint process go to: <http://www.nbpa.ne.gov/pdf/Website%20Filing%20A%20Complaint.doc>)

Although at times it cannot be prevented some thoughts on how to assist in preventing complaints:

- Well prepared engagement letters! These letters clearly indicate expectations and spell out the services to be provided. A great resource for the committee when questions and concerns arise regarding the expectation and professional work provided.
- Communication! When issues arise with clients including expectations of the professional work provided, a letter, email, or telephone call might eliminate the timely response to the committee after a complaint is filed. The attempt to work out the issue with an upset client might prevent a lot of headaches down the road!
- Know your responsibilities when providing records back to clients. Review Nebraska Rules of Professional Conduct Chapter 5.005.02 access below. Simply, the appropriate records need to be provided with or without payment of professional fees. A reasonable fee can be charged for

providing the records.

- Review Chapter 5 of the Nebraska Rules of Professional Conduct at: [http://www.sos.ne.gov/rules-and-egs/regsearch/Rules/Board\\_of\\_Public\\_Accountancy/Title-288/Chapter-05.pdf](http://www.sos.ne.gov/rules-and-egs/regsearch/Rules/Board_of_Public_Accountancy/Title-288/Chapter-05.pdf)
- Review the AICPA Code of Professional Conduct at (it is much easier to navigate after a recently completed codification project): <http://www.aicpa.org/research/standards/codeofconduct/Pages/default.aspx>
- For tax professionals review Circular 230 at: <https://www.irs.gov/Tax-Professionals/Circular-230-Tax-Professionals>
- Be a professional away from work also! The committee reviews news service activity for criminal and/or civil litigation involving CPAs that could bring you to the attention of the Board.

Your Enforcement Committee continues to review complaints submitted to the Board by the public, CPAs, and other agencies.

Further information regarding enforcement actions by the Board can be viewed on the Board's website [www.nbpa.ne.gov](http://www.nbpa.ne.gov) left banner "Disciplinary Search" or by going to "Board News" and reviewing "archives" under Enforcement Actions for official announcements. Any questions and/or concerns pertaining to enforcement matters before the Board can be addressed to Dan Sweetwood, Executive Director by sending email to [Dan.Sweetwood@Nebraska.gov](mailto:Dan.Sweetwood@Nebraska.gov) or call (402) 471-3595.

## PROVIDING CLIENT RECORDS

The Enforcement Committee regularly handles cases where the issue of providing client records comes into play. Simply, it is best for practitioners to review the Board's regulations within the Rules of Professional Conduct within Chapter 5. Some FAQ's regarding providing records:

### **Do I have to provide the requested records when I have not received payment for my services?**

Yes, the practitioner must provide the records. A reasonable fee can be charged for providing the records.

### **Other professional standards, such as the AICPA, indicate I do not have to provide the records until I receive payment.**

#### **Do I still have to provide the records?**

Yes, if you are providing professional services within Nebraska

you must follow the rules of the Board.

### **Do I have to provide copies of working papers?**

Yes, to the extent that such working papers include records which would ordinarily constitute part of the client's books and records and are not otherwise available to the client.

### **What should I do if I am unclear on what records should be provided?**

Go to [www.nbpa.ne](http://www.nbpa.ne) and click on the Rules & Regulations and then click on "Title 288" then click on Chapter 5/ Rules of Professional Conduct Chapter 5.002/ Records. Review the regulations. If you still need assistance call our office at (402) 471-3595 or email [Dan.Sweetwood@Nebraska.gov](mailto:Dan.Sweetwood@Nebraska.gov).



## EDUCATION & EXAM COMMITTEE (E&E)

In Q-3 2015, Nebraska ranked fourth in national CPA Exam pass rate percentage at 59.6%! That means nearly 60% of Nebraska candidates passed the exam as compared to paper and pencil first time pass rates of 23%. Congratulations to candidates and the educators who prepared them so well! Overall, the computer based CPA exam has been very successful and well accepted by candidates. The Committee wants to remind candidates sitting for the exam to review the CPA exam tutorial available on [www.CPA-Exam.org](http://www.CPA-Exam.org) for mechanical processes involved in the online exam.

There are four Nebraska CPA exam sites for candidates: Kearney, Lincoln, Omaha, and Scottsbluff.

The Education Advisory Committee (EAC), made up of

educational institution representatives and CPAs, met at the University of Nebraska - Kearney, Kearney NE, October 9, 2015. Marcy Luth, CPA and Education Committee Chair, and UN-Kearney educator Kathy Smith, PhD., welcomed the attendees. Approximately 60 students and educators attended including representatives from UN-Omaha, Chadron State College, Creighton University, and UN-Lincoln, in addition to the EAC Committee members.

The EAC agenda included: Ms. Pat Hartman, NASBA Director of CPA Exam Services, gave an update on the CPA exam basics, current trends in the exam, and reviewed changes to the CPA Exam for 2017. Students received significant information. Mr. Doug Skiles, CPA, McCook, NE, presented Practice Analysis and Center for the Public Trust updates.

## THE EAC COMMITTEE MEETS AT THE UNIVERSITY OF NEBRASKA AT KEARNEY



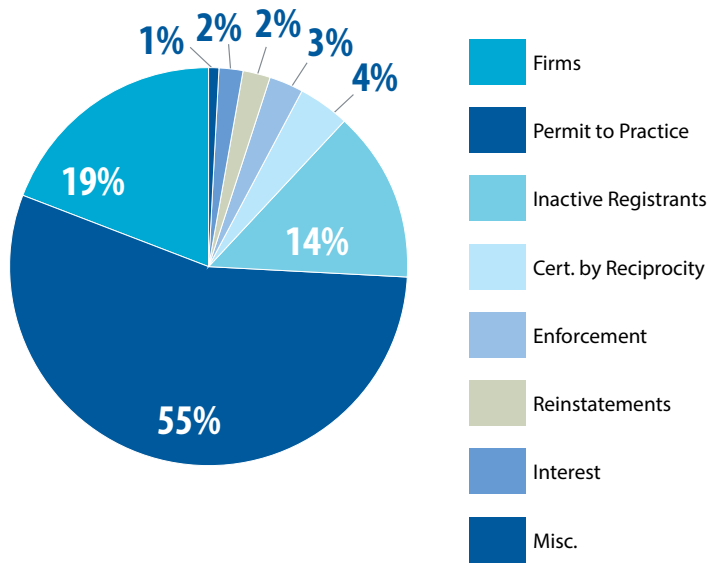
**The Board's Education Advisory Committee (EAC) met on October 9, 2015 at the UN-Kearney campus with EAC member Ms. Kathy Smith, Professor of Accounting, as host. The meeting was well attended by over 40 students and faculty with an overview of education and CPA examination requirements by NASBA/CPAES Ms. Pat Hartman, former Board member Doug Skiles, CPA, and Board Administrator Ms. Jo Lowe. Also in attendance were Board Members Luth, Purcell and Stromp.**



## 2015 BOARD REVENUE FOR FISCAL YEAR 2016

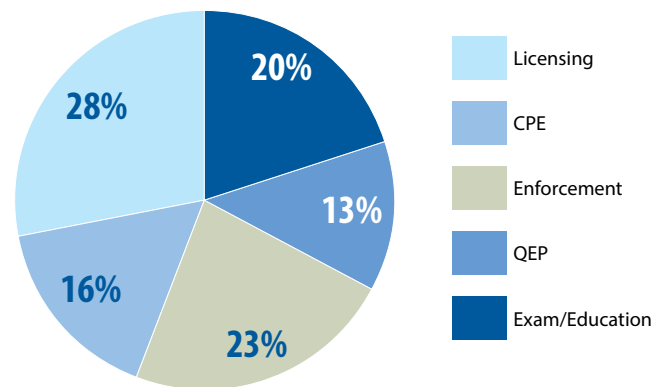
The Board is a Non-Code Agency within State Government. Board funds are derived from licensing fees as determined by the Board by February 1 of each year.\* After creation of a recommended budget by the Board, funds are appropriated by the Nebraska Legislature as recommended by the Governor. The budget can be reviewed by going to <https://das-nebs.ne.gov/public/faces/brdIndex.jsp> Any questions pertaining to the proposed budget should be directed to Executive Director Dan Sweetwood at (402) 471-3595 or at [Dan.Sweetwood@Nebraska.gov](mailto:Dan.Sweetwood@Nebraska.gov).

### REVENUE FY15



The Board currently has five programs as outlined below. The Chart shows generally where Board funds were utilized by program in FY2015.

### FISCAL YEAR 15



\*No State General Funds are used to support the Board.

## CERTIFICATES/PERMITS/STATUS CHANGES IN JULY 1, 2014 TO JUNE 30, 2015

|   |     |
|---|-----|
| Certificates Issued   | 84  |
| Reciprocal Certificates Issued  | 35  |
| Initial Permits Issued  | 154 |
| Certificate Revocation for Permit Non-Renewal per PAA 1-137               | 3   |
| Certificate Revocation for Inactive Registrants Non-Renewal per PAA 1-137 | 17  |
| Inactive – Retired Status   | 98  |
| Voluntary Surrender of Certificate  | 41  |
| Reinstatement to Active Permit  | 30  |
| <b>Enforcement Cases</b>  |     |
| New Cases opened in 2015  | 20  |
| Discipline Issued in 2015   | 4   |
| Open Cases Dismissed in 2015  | 13  |

## EXPOSING STUDENTS TO REGULATION



Board Intern Cale Brodersen, a UNL Business Management Major, assembles the Board meeting packet. The Board has had great success utilizing college students to assist with paperwork, filing, and other assigned duties while they learn about State regulations of the accounting profession.





## DEMOGRAPHICS: A 10-YEAR COMPARISON

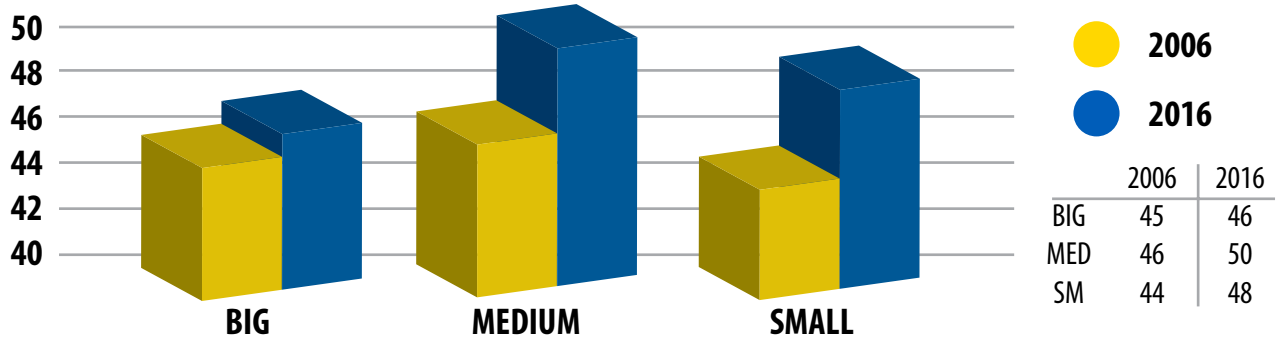
NUMBER OF LICENSEES PER COMMUNITY SIZE:

**BIG = 50 OR MORE**

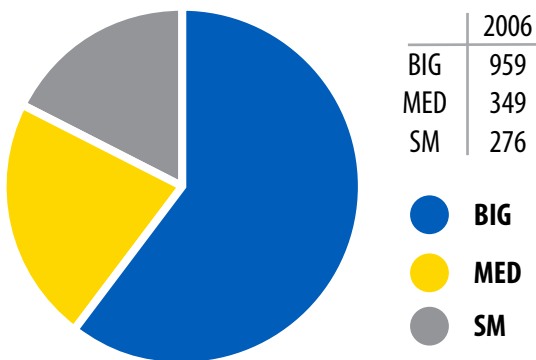
**MED = 11-50**

**SM = 10 OR LESS**

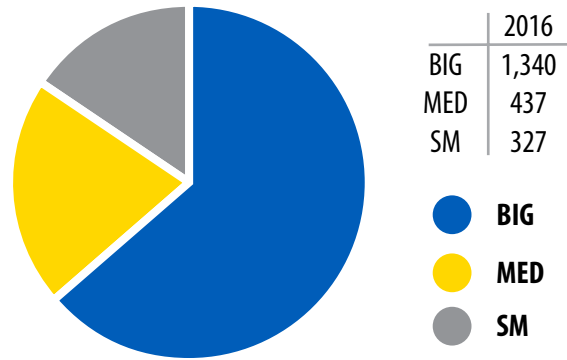
### AVERAGE AGE OF LICENSEES BY COMMUNITY SIZE



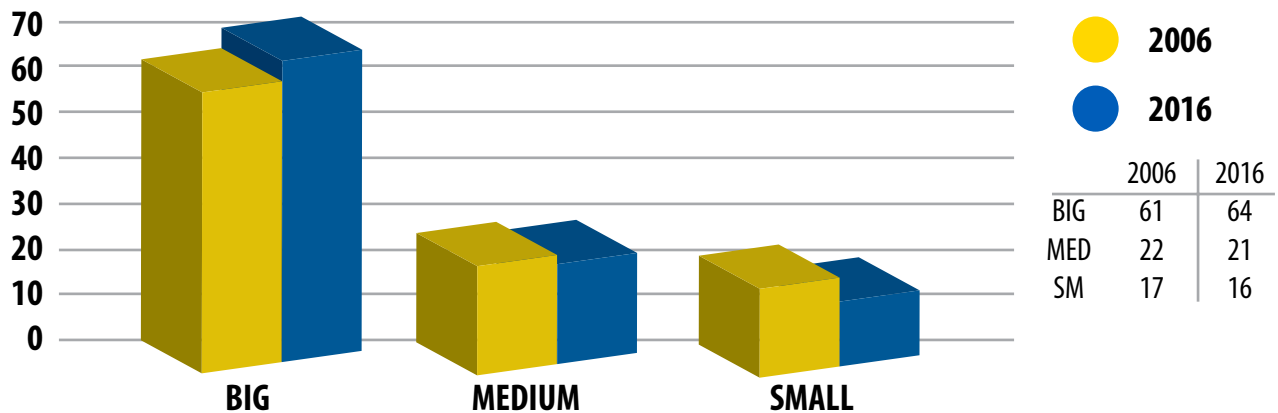
### 2006 COUNT OF LICENSEES BY COMMUNITY SIZE



### 2016 COUNT OF LICENSEES BY COMMUNITY SIZE



### PERCENT OF ALL LICENSEES BY COMMUNITY SIZE





## DEMOGRAPHICS: A 10-YEAR COMPARISON

In 2006, NBPA queried the database of CPAs setting a baseline to determine the number of CPAs by age and location. In 2016, NBPA determined a ten year comparison would be helpful in planning for the future of the profession in Nebraska. Below are the results with number of CPAs by community, and age demographics by size of community. The number of reciprocal CPAs (those licensed originally in another state) is also provided. Nebraska has gained CPAs over the 10 year period. However, the three larger cities have gained the CPAs at the expense of the smaller towns where CPAs are older.

| Community    | 2006 | 2016 | Change | Community       | 2006 | 2016 | Change | Community        | 2006        | 2016        | Change      |
|--------------|------|------|--------|-----------------|------|------|--------|------------------|-------------|-------------|-------------|
| ADAMS        | 1    | 1    | 0      | FAIRMONT        |      | 1    | +1     | OSMOND           | 1           | 2           | +1          |
| AINSWORTH    | 1    | 1    | 0      | FALLS CITY      | 6    | 5    | -1     | OXFORD           | 1           | 1           | 0           |
| ALBION       | 2    | 3    | +1     | FIRTH           | 1    | 2    | +1     | PALMER           | 2           | 2           | 0           |
| ALLIANCE     | 9    | 11   | +2     | FRANKLIN        | 1    | 2    | +1     | PANAMA           | 1           | 1           | 0           |
| ALMA         | 1    | 2    | +1     | FREMONT         | 28   | 28   | 0      | PAPILLION        | 25          | 29          | +4          |
| ARAPAHOE     | 1    | 1    | 0      | FT. CALHOUN     | 5    | 4    | -1     | PAWNEE CITY      |             | 1           | +1          |
| ARLINGTON    | 1    | 1    | 0      | FULLERTON       | 1    | 1    | 0      | PENDER           | 1           | 1           | 0           |
| ARTHUR       |      | 1    | +1     | GENEVA          |      | 1    | +1     | PHILLIPS         |             | 1           | +1          |
| ASHLAND      | 4    | 3    | -1     | GERING          | 7    | 4    | -3     | PIERCE           |             | 1           | +1          |
| ATKINSON     | 1    | 2    | +1     | GORDON          |      | 1    | +1     | PILGER           | 1           | 1           | 0           |
| AUBURN       | 4    | 4    | 0      | GOTHENBURG      | 5    | 4    | -1     | PLAINVIEW        | 1           |             | -1          |
| AURORA       | 14   | 13   | -1     | GRAND ISLAND    | 56   | 72   | +16    | PLATTE CENTER    | 1           |             | -1          |
| BANCROFT     | 1    | 1    | 0      | GRANT           |      | 1    | +1     | PLATTSMOUTH      | 5           | 8           | +3          |
| BASSETT      |      | 1    | +1     | GRETNA          | 16   | 27   | +11    | RALSTON          | 28          | 31          | +3          |
| BATTLE CREEK | 1    |      | -1     | HAMPTON         |      | 1    | +1     | RANDOLPH         |             | 1           | +1          |
| BAYARD       | 1    | 1    | 0      | HARTINGTON      |      | 2    | +2     | RAVENNA          | 1           | 1           | 0           |
| BEATRICE     | 9    | 15   | +6     | HASTINGS        | 22   | 32   | +10    | RAYMOND          | 1           | 2           | +1          |
| BEEMER       | 1    | 1    | 0      | HEBRON          | 1    |      | -1     | RED CLOUD        |             | 2           | +2          |
| BELLEVUE     | 14   | 18   | +4     | HENDERSON       | 2    | 2    | 0      | REPUBLICAN CITY  | 1           |             | -1          |
| BENNET       | 1    |      | -1     | HICKMAN         | 2    | 2    | 0      | ROCA             | 1           | 1           | 0           |
| BENNINGTON   | 11   | 19   | +8     | HOLDREGE        | 6    | 8    | +2     | RUSHVILLE        |             | 1           | +1          |
| BERTRAND     | 1    | 1    | 0      | HUBBARD         |      | 1    | +1     | SCHUYLER         | 2           | 1           | -1          |
| BLAIR        | 8    | 9    | +1     | IMPERIAL        | 1    | 2    | +1     | SCOTTSBLUFF      | 26          | 23          | -3          |
| BLOOMFIELD   | 1    | 1    | 0      | JACKSON         |      | 1    | +1     | SCRIBNER         | 1           | 1           | 0           |
| BLUE HILL    |      | 1    | +1     | JUNIATA         |      | 3    | +3     | SEWARD           | 7           | 10          | +3          |
| BOYS TOWN    | 1    | 2    | +1     | KEARNEY         | 38   | 42   | +4     | SIDNEY           | 4           | 4           | 0           |
| BROKEN BOW   | 3    | 6    | +3     | KENNARD         | 1    | 1    | 0      | SOUTH SIOUX CITY | 7           | 8           | +1          |
| BRULE        |      | 1    | +1     | KIMBALL         | 2    | 1    | -1     | SPALDING         | 1           | 2           | +1          |
| BURWELL      | 1    | 1    | 0      | LAUREL          | 2    | 2    | 0      | SPRINGFIELD      |             | 1           | +1          |
| BUTTE        | 1    | 1    | 0      | LAVISTA         | 11   | 13   | +2     | ST. HELENA       | 1           |             | -1          |
| CENTRAL CITY | 1    | 3    | +2     | LEXINGTON       | 5    | 5    | 0      | ST. PAUL         | 1           | 2           | +1          |
| CHADRON      | 10   | 10   | 0      | LINCOLN         | 286  | 369  | +83    | STANTON          |             | 1           | +1          |
| CHAMBERS     |      | 1    | +1     | LYNCH           | 1    | 1    | 0      | STAPLETON        | 1           | 1           | 0           |
| CLARKSON     | 1    |      | -1     | MADISON         | 1    | 2    | +1     | STRATTON         | 1           | 1           | 0           |
| CLEARWATER   | 2    | 2    | 0      | MALCOLM         | 1    | 1    | 0      | SUMNER           | 1           | 1           | 0           |
| CODY         | 1    | 1    | 0      | MARQUETTE       |      | 1    | +1     | SUPERIOR         | 2           | 4           | +2          |
| COLON        |      | 1    | +1     | MARTELL         | 2    | 2    | 0      | SUTHERLAND       | 1           | 2           | +1          |
| COLUMBUS     | 22   | 22   | 0      | MCCOOK          | 17   | 16   | -1     | SUTTON           |             | 1           | +1          |
| COOK         |      | 1    | +1     | MCCOOL JUNCTION | 1    | 1    | 0      | SYRACUSE         | 1           | 1           | 0           |
| COZAD        | 2    | 4    | +2     | MILFORD         |      | 1    | +1     | TILDEN           | 1           |             | -1          |
| CRAIG        |      | 1    | +1     | MILLER          | 1    | 1    | 0      | TRUMBULL         | 1           |             | -1          |
| CRETE        | 5    | 5    | 0      | MINATARE        | 1    | 2    | +1     | UTICA            | 1           | 1           | 0           |
| CULBERTSON   | 1    | 2    | +1     | MINDEN          | 3    | 5    | +2     | VALENTINE        | 5           | 5           | 0           |
| CURTIS       | 2    | 2    | 0      | MITCHELL        | 1    | 1    | 0      | VALLEY           | 6           | 5           | -1          |
| DANNEBROG    | 1    | 1    | 0      | MORSE BLUFF     |      | 1    | +1     | VERDIGRE         |             | 1           | +1          |
| DAVEY        | 1    | 1    | 0      | MULLEN          |      | 1    | +1     | WAHOO            | 1           | 3           | +2          |
| DAVID CITY   | 5    | 5    | 0      | MURDOCK         | 1    |      | -1     | WAKEFIELD        | 1           | 1           | 0           |
| DESHLER      | 1    | 1    | 0      | NEBRASKA CITY   | 7    | 7    | 0      | WATERLOO         | 8           | 6           | -2          |
| DODGE        | 2    | 2    | 0      | NIORARA         |      | 1    | +1     | WAUSA            | 1           | 1           | 0           |
| DONIPHAN     | 2    | 3    | +1     | NORFOLK         | 38   | 48   | +10    | WAVERLY          |             | 1           | +1          |
| EAGLE        |      | 1    | +1     | NORTH BEND      |      | 1    | +1     | WAYNE            | 4           | 6           | +2          |
| ELGIN        |      | 1    | +1     | NORTH LOUP      | 2    | 2    | 0      | WEEPING WATER    | 1           | 1           | 0           |
| ELKHORN      | 71   | 91   | +20    | NORTH PLATTE    | 28   | 33   | +5     | WEST POINT       | 2           | 3           | +1          |
| ELM CREEK    |      | 1    | +1     | OAKLAND         | 1    | 1    | 0      | WISNER           | 2           | 2           | 0           |
| ELMWOOD      | 1    | 1    | 0      | ODELL           |      | 1    | +1     | WOOD RIVER       | 2           | 2           | 0           |
| ELSIE        | 1    |      | -1     | OGALLALA        | 7    | 10   | +3     | YORK             | 11          | 17          | +6          |
| ELWOOD       | 2    | 1    | -1     | OMAHA           | 546  | 808  | +262   | YUTAN            | 1           | 1           | 0           |
| EXETER       | 1    | 1    | 0      | O'NEILL         | 6    | 7    | +1     |                  |             |             |             |
| FAIRBURY     | 3    | 7    | +4     | ORD             | 5    | 5    | 0      | <b>TOTAL</b>     | <b>1584</b> | <b>2104</b> | <b>+520</b> |
| FAIRFIELD    |      | 1    | +1     | OSCEOLA         | 1    | 2    | +1     |                  |             |             |             |



## DEMOGRAPHICS: A 10-YEAR COMPARISON

| State | 2006 | 2016 | Change | State | 2006 | 2016 | Change | State | 2006 | 2016 | Change |
|-------|------|------|--------|-------|------|------|--------|-------|------|------|--------|
| AK    | 0    | 1    | +1     | MA    | 3    | 2    | -1     | OR    | 1    | 0    | -1     |
| AL    | 0    | 2    | +2     | MD    | 2    | 2    | 0      | PA    | 3    | 4    | +1     |
| AR    | 2    | 1    | -1     | MI    | 3    | 3    | 0      | RI    | 0    | 3    | +3     |
| AZ    | 19   | 16   | -3     | MN    | 33   | 30   | -3     | SC    | 5    | 3    | -2     |
| CA    | 11   | 9    | -2     | MO    | 29   | 29   | 0      | SD    | 19   | 12   | -7     |
| CO    | 36   | 40   | +4     | MS    | 1    | 2    | +1     | TN    | 10   | 11   | +1     |
| CT    | 4    | 5    | +1     | MT    | 3    | 1    | -2     | TX    | 31   | 36   | +5     |
| DC    | 0    | 1    | +1     | NC    | 5    | 10   | +5     | UT    | 1    | 2    | +1     |
| FL    | 17   | 17   | 0      | ND    | 8    | 3    | -5     | VA    | 6    | 8    | +2     |
| GA    | 2    | 10   | +8     | NH    | 0    | 2    | +2     | WA    | 2    | 7    | +5     |
| IA    | 96   | 83   | -13    | NJ    | 4    | 8    | +4     | WI    | 13   | 4    | -9     |
| ID    | 2    | 2    | 0      | NM    | 1    | 1    | 0      | WV    | 0    | 1    | +1     |
| IL    | 33   | 27   | -6     | NV    | 2    | 2    | 0      | WY    | 9    | 7    | -2     |
| IN    | 8    | 4    | -4     | NY    | 3    | 4    | +1     |       |      |      |        |
| KS    | 45   | 37   | -8     | OH    | 3    | 6    | +3     |       |      |      |        |
| KY    | 1    | 0    | -1     | OK    | 4    | 3    | -1     | TOTAL | 480  | 461  | -19    |

## GOVERNOR APPOINTS AND RE-APPOINTS STATE BOARD MEMBERS

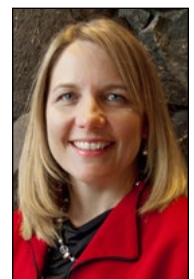
In November, Mr. Kenneth E. Brauer, Lincoln was appointed to the State Board as a public member by Governor Pete Ricketts and will serve a four year term. Mr. Brauer is the owner and President of the tax and accounting firm Kenneth E. Brauer & Associates located in Lincoln. He is an Air force veteran and earned a Bachelor of Science Degree in Business Administration with an accounting major from the University of Nebraska-Lincoln. Mr. Brauer is an Enrolled Agent before the Internal Revenue Service and an accredited tax preparer. He is also a long time member and current board member of the Nebraska Society of Independent Accountants (NSIA).



Chair Bernie Gutschewski swears in new member Mr. Ken Brauer.

Ms. Lori J. Druse, CPA, Lincoln, Nebraska, was recently appointed to a second four-year term to the Board by Governor Pete Ricketts.

Ms. Druse was elected Vice Chair of the Board for a third year. Ms. Druse is currently an Audit Director with Deloitte & Touche LLP and has 20 years of public accounting experience. She is a graduate with honors from the University of Nebraska at Kearney with a degree in Business Administration with an emphasis in Accounting. Ms. Druse has been a member of the Board since 2011.



Lori Druse

## NEXT VERSION OF THE CPA EXAM

The continuous improvement of the Uniform CPA Examination (Exam) is necessary to ensure that the Exam continues to align with professional practice, reflects the needs of today's profession and the work of newly licensed CPAs, and supports the regulatory responsibility of the Boards of Accountancy to license CPAs. As part of this endeavor, numerous activities, processes and communications must occur prior to the projected April 2017 launch of the next version of the Exam including the transitional credit rules.

Due to the commonality of content and sections between the current and next version of the Exam, it is determined that any combination of passing current Exam sections and future Exam sections will count toward completing the examination requirement for licensure.



# LICENSING STATISTICS 2015

Reports on permits/registrations issued from July 1, 2014 to June 30, 2015:  
Prior years statistics are given for comparison purposes.

| Cumulative Totals:             |             |             |             |             |             |             |             |             |
|--------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Individuals                    | 08-10       | 09-11       | 10-12       | 11-13       | 12-14       | 13-15       | 14-16       | 15-17       |
| CPA Permits                    | 1113        | 1212        | 1237        | 1171        | 1245        | 1202        | 1355        | 1180        |
| CPA Inactive Registrations     | 669         | 753         | 630         | 816         | 695         | 732         | 721         | 790         |
| <b>Total Individuals</b>       | <b>1782</b> | <b>1965</b> | <b>1867</b> | <b>1987</b> | <b>1940</b> | <b>1934</b> | <b>2076</b> | <b>1970</b> |
| Firms                          | 08-09       | 09-10       | 10-11       | 11-12       | 12-13       | 13-14       | 14-15       | 15-16       |
| Partnerships                   | 20          | 15          | 17          | 14          | 14          | 17          | 14          | 11          |
| Professional Corporations      | 195         | 215         | 203         | 212         | 215         | 232         | 250         | 217         |
| Limited Liability Companies    | 51          | 58          | 56          | 64          | 77          | 88          | 93          | 97          |
| Limited Liability Partnerships | 35          | 40          | 39          | 41          | 45          | 57          | 61          | 49          |
| Sole Proprietorships           | 216         | 251         | 261         | 272         | 282         | 315         | 292         | 228         |
| <b>Total Firms</b>             | <b>517</b>  | <b>579</b>  | <b>576</b>  | <b>603</b>  | <b>633</b>  | <b>709</b>  | <b>710</b>  | <b>602</b>  |

To review the current Public Accountancy Act and Title 288 Rules please go to [www.nbpa.ne.gov](http://www.nbpa.ne.gov)

## IN ACTION AT THE SEPTEMBER 2015 BOARD MEETING



Mr. Dan Dustin, CPA, and Board Member Ms. Michele Stromp, CPA discuss items of national interest after Dan's visit before the Board. Dan is the Vice President of State Board relations for NASBA and provided an update for the Board on several national initiatives and areas where NASBA could be of assistance to State Boards. Ms. Stromp is a member of the NASBA Strategic Task Force developing and updating the strategic plan for NASBA.



## BOARD MEMBERS

**Bernie Gutschewski, Public Member – Chair - Omaha, NE**

**Lori Druse, CPA – Vice Chair – Lincoln, NE**

**Marcy Luth, CPA, Secretary - Grand Island, NE**

**Michele Stromp, CPA – Omaha, NE**

**Michael McClure, CPA – Lincoln, NE**

**Thomas J. Purcell, III, CPA - Blair, NE**

**Glen Waltemath, CPA – North Platte, NE**

**Kenneth Brauer, Public Member - Lincoln, NE**

## STAFF

**Dan Sweetwood, Executive Director**

**Jo Lowe, Administrator**

**Heather Myers, Administrative Assistant**

## CONTACT INFORMATION

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Nebraska Board of Public Accountancy  
P.O. Box 94725  
Lincoln, NE 68509

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## WE NEED YOUR HELP!

2016 QEP reviewers are needed. You can earn up to 8 CPE hours a day and your firm will receive \$100 per day to help defray expenses. QEP review is a great educational tool to take back to your practice. Enclosed is an application if you wish to participate. Thank you to QEP reviewers for making our program a success.

## 2016 BOARD MEETINGS

March 18 at 8:30 am  
May 13 at 8:30 am  
July 15 at 8:30 am  
September 9 at 8:30 am  
November 10 at 8:30 am



**The Nebraska Board of Public Accountancy office is located across the street from the State Capitol. Our address is 1526 K Street, Suite 410.**