

Illinois Board of Examiners (ILBOE) Meeting
Board Minutes-July 11, 2018-10:00 AM
1120 E Diehl Rd., Room 165
Naperville, IL 60563

Members Present: James Kelley, Chair, CPA; Sara Mikuta, Vice-Chair, CPA; Jeannie Folk, CPA (participated by phone); Sheldon Holzman, CPA; Thomas Homer, JD; Rhonda Kodjayan, CPA; Simon Petravick, CPA, Kent Reeves, CPA and Larry Wojcik, CPA, JD

Guests: Mr. Marty Green, VP of Government Affairs, Illinois CPA Society (ICPAS) (participated by phone)
Dr. Rebecca Shortridge, Donald E. Kieso Endowed Chair in Accountancy, Northern Illinois University (NIU)

Staff: Russ Friedewald, Executive Director
Tia Marie France, Assistant Director of Certification
Carla Ratchford, Assistant Director of Evaluation Services

Call to Order-First Meeting

Chairperson Kelley called the meeting to order at 10:03 AM.

1. Approval of April 18, 2018 Minutes

ACTION Mr. Holzman motioned to accept the April 18, 2018 board meeting minutes with minor edits. Mr. Reeves seconded the motion. Motion passed on unanimous voice vote.

2. Report of the Chair-Mr. James Kelley

- a. Chairperson Kelley welcomed Dr. Rebecca Shortridge to the meeting. Those present introduced themselves and also welcomed her.
- b. Chairperson Kelley stated the following were discussed during the recent National Association of State Boards of Accountancy (NASBA) regional meetings: proposed technology pathways, for which 46 jurisdictions provided input, how the market dictates the requirements for the exam, ethics, diversity and crypto currency.
- c. Chairperson Kelley opened the floor for discussion related to the proposed alternative pathways to CPA licensure. Mr. Holzman stated that alternative pathways has generated a great deal of discussion, but that there doesn't seem to be much support for it at this time. However, if the pathway changes, the current four sections will remain the basis of the exam and additional credentials will become the alternative pathways. Ms. Kodjayan and Dr. Petravick confirmed the fact that candidates who pass the alternative pathways exams will still be CPAs.
- d. Chairperson Kelley opened up the floor for discussion related to regional outreach for new exam candidates. Ms. Mikuta stated that potential candidates for the exam need to do their research and Dr. Petravick stated that the Market Demand vs Requirements to Sit are a "tough sell" to potential candidates.

3. Guest Discussion: Provisional Approval Conditions-Dr. Rebecca Shortridge

On behalf of Provisional Approval candidates, Dr. Shortridge discussed the possibility of the ILBOE releasing Provisional exam scores before the final, official transcripts are received and approved by the ILBOE. She and Mr. Mark Hogan, Instructor of Accountancy, NIU have discussed the policy and its disadvantages to candidates as well as the belief that pass rates may be higher if the Provisional candidates know exactly how to study instead of having to wait.

Mr. Friedewald stated the primary reason candidates cannot see their scores while on Provisional status is to act as a reminder to encourage the students to submit the final, official transcripts. In response, Dr. Shortridge mentioned possible alternative parameters that could be set in place as encouragements such as sending a reminder e-mail if the score is a “pass”. Mr. Holzman stated that such a process change would incur an expense because it requires a change to the current software. Dr. Shortridge stated that reminders should not be the ILBOE’s responsibility; however, not knowing the scores, while under the status, may not keep the candidates motivated but, candidates knowing that their study plan is working is motivation.

Mr. Friedewald explained the Provisional process and that previous discussions among the Board included the statement that reminders from the ILBOE are not necessary because it is the candidates’ responsibility to comply with the Provisional agreement. Dr. Petravick asked if the scores differ between Provisional and non-Provisional candidates. Ms. Folk stated she is against the reminder because if it is important, then candidates will place a self-reminder and that previous appeals for candidates with passing scores were denied with evidence based upon a lack of a reminder. Ms. Kodjayan stated that the current conditions make the candidates responsible for their own actions and that Dr. Shortridge has given the Board additional “food for thought” and when the policy is re-examined, the Board will use her comments for options available relating to a possible change.

ACTION

The Board opted to continue with the current policy because candidates have a chance to start earlier on the Uniform Certified Public Accountant (CPA) examination than most jurisdictions allow. Mr. Holzman asked to defer the topic to the Education Committee in order to discuss and decide if it needs to come back to the Board. Ms. Kodjayan motioned to do so and Mr. Holzman seconded. Motion passed on unanimous voice vote. Mr. Wojcik asked Dr. Shortridge to submit additional feedback from her colleagues. The outcome will be forwarded to Dr. Shortridge.

4. Legislative Update-Mr. Marty Green

Mr. Green discussed the following matters: the focus on CPA license renewal using the new “seamless process”, firms and the cross-checking process for renewals, the May 11, 2018 in-house renewal process workshop for firms (additional information can be found at www.idfpr.com and www.icpas.org), the conversion of professional service corporations, which allows them to be treated as CPA firms, the General Assembly’s completion and passing of the state operating budget, communication on the upcoming ICPAS’ CPA summit being held August 28-29, 2018, ICPAS conversations with Mr. Friedewald regarding ILBOE Board appointments (Mr. Homer and Mr. Wojcik are recommended for re-appointment, Mr. Whitlock, Ms. O’Connor and Mr. Danton have been nominated), the Partnership for Assessment of Readiness for College and Careers’ (PARCC) new term limitations for individuals and replacement appointments, updates on the soon-to-be approved CPA Coordinator position with the IDFPR & additional updates.

Ms. Kodjayan inquired about the diversity of the ILBOE Board nominations and discussed the Board’s responsibility to be an effective practitioner of diversity and inclusion.

ACTION Executive Session

Board members went into executive session to discuss the details of current personnel statuses and Mr. Friedewald's recent performance evaluation. The Board came out of Executive Session and voted unanimously to approve the Executive Director's evaluation as presented by the Executive Committee.

5. Report of the Executive Director-Mr. Russ Friedewald

- ACTION**
- a. Mr. Friedewald presented Chairperson Kelley and the Board with the 2Q18 scores for approval. Mr. Reeves motioned for approval and Mr. Holzman seconded the motion. Motion passed on unanimous voice vote. Mr. Friedewald stated that candidate and section counts are down from last year's second quarter and Mr. Holzman stated that this is the same in multiple jurisdictions because there is a typical dip after exam changes.
 - b. Mr. Friedewald updated the Board on the recently vacant Business Manager position. He stated that the job was posted and closes today with interviews to proceed promptly thereafter. Also, if after 30 days there is no replacement, Mr. Hoffman, the previous Business Manager, can be extra help or monthly contract.
- ACTION**
- c. Mr. Friedewald stated that additional bids have been received and a recommendation was made to keep Nettitude as the preferred penetration testing company. Ms. Mikuta motioned for approval and Ms. Kodjayan seconded the motion. Motion passed on unanimous voice vote.
 - d. Mr. Friedewald stated that a few updates to the administrative rules will be forwarded to the Administrative Committee for review.
- ACTION**
- e. Mr. Friedewald updated the Board by stating that additional bids have been received and he recommended to keep VisionFriendly.com as the preferred website design and hosting company. Mr. Homer, Ms. Mikuta, Mr. Holzman and Mr. Friedewald discussed and verified the comparable quotes & certification and credential verification processes completed by the ILBOE for potential companies. Mr. Holzman motioned for approval and Mr. Reeves seconded the motion. Motion passed on unanimous voice vote.
- ACTION**
- f. Mr. Friedewald stated that maintenance costs of the ILBOE's in-house electronic filing and application system are expensive and updates on the current prospects were discussed. The current developer, Micropact, agreed to lower costs and the recommendation to keep Micropact was submitted. Mr. Holzman motioned for approval and Ms. Kodjayan seconded the motion. Motion passed on unanimous voice vote.
 - g. Mr. Friedewald updated the Board on the Auditor General's potential findings. Once findings are completed by the Auditor General and submitted to Mr. Friedewald, he will share them with the Executive Committee for responses.
 - h. Mr. Friedewald stated that a newsletter is forthcoming and members should forward anything they wish to be included.
 - i. Mr. Friedewald and the Board discussed the score card conversion project in relation to options for data storage and random test sampling to ensure that all data was converted and converted correctly.

ILBOE COMMITTEE AND TASK FORCE REPORTS

6. American Institute of CPAs (AICPA) Board of Examiners-Mr. Shelly Holzman

Mr. Holzman reported that the AICPA's Board of Examiners' last meeting was at the end of May and the discussion consisted of the following: the overall number of candidates sitting for the exam being down although NASBA has seen a slight increase; another score delay of an upcoming score release (September 2018) due to the verification needed to ensure that the cut scores are correct as a result of the change in sections and the addition of task-based simulations; forthcoming verification regarding any possible tax law change delays; review of continuous testing and the possibility of ending dark periods. Also, Mr. Holzman and Mr. Wojcik discussed scoring aspects of the exam with the Board.

Mr. Holzman and the Board also discussed the possibility of the regional meetings becoming one central meeting and that the breakout sessions from the most-recent regional meetings will be discussed in detail during the upcoming NASBA Board meeting scheduled for next week.

7. Administrative Committee-Mr. Larry Wojcik

No Report

8. Candidacy Committee-Mr. Simon Petravick

Dr. Petravick discussed the current appeals report and process in detail. Mr. Friedewald stated that Ms. Kodjayan's missing reply will be added to the forthcoming reports.

9. Education Advisory Task Force-Mr. Simon Petravick

- a. Dr. Petravick discussed the recent Educators' Conference evaluations with the Board.
- b. Ms. Folk, Ms. Kodjayan and Dr. Petravick discussed the fact that most jurisdictions that responded to the requirements survey do not require the Research and Analysis in Accounting (RAA), Business Communication (BC) nor Business Ethics (BE) and that there has not been an increase in the exam scores overall equating better preparation to the most recent addition of RAA, BC and BE. Dr. Petravick stated that the answer may lie in the fact that each institution differs in coursework requirements.

Ms. Folk, Ms. Mikuta and Mr. Wojcik also discussed BC in further detail. Ms. Folk stated that the guidance for the application of BC in an accounting course is difficult. Ms. Kodjayan stated that if the Board keeps BC as a requirement, then it must institute clarifications of the requirement. Ms. Folk and Mr. Holzman discussed the Board being more specific with the RAA, BC and BE courses in addition to other specific accounting and business requirements, as well as the disadvantage of the stand-alone requirements possibly cutting into resources and availability for students.

The Board also discussed the required AICPA Ethics course for certification as simply a test of the code of conduct; therefore, if any changes occur in the future, it is a necessity to keep the BE requirement.

Mr. Wojcik suggested that the Board devote a meeting at a later date to the requirements.

- c. Dr. Petravick discussed the Executive Summary of the updated template review and that the Education Committee will postpone the current template approval process until the Board decides which requirements to keep. It was stated that the value of the requirements needs to be taken into consideration before the template process can be fully closed.

10. Finance Committee-Ms. Sara Mikuta

- a. Ms. Mikuta discussed the financials including a forthcoming NASBA fee check. Mr. Kelley requested that everyone take a look at the financials and send an e-mail with comments and inquiries, if applicable.
- b. Ms. Mikuta discussed the fiscal year '19 budget and stated that it is conservative in the numbers and appropriate schedules were discussed. The breakeven budget will be approved at a meeting TBD. Mr. Kelley asked the Board to review the proposed budget summary and send any revisions and inquiries to Ms. Mikuta.

11. Strategic Planning-Ms. Rhonda Kodjayan

No Report-

The Strategic Plan's red-lined revisions will be forwarded and its discussion placed on the next agenda.

AICPA/NASBA COMMITTEE REPORTS

12. CBT Administration Committee-Mr. Russ Friedewald

Mr. Friedewald stated that the exam was reviewed in addition to its administration.

13. Communications Committee- Chairperson Jim Kelley and Mr. Sheldon Holzman

Mr. Holzman stated that jurisdiction participation has been recruited and that additional information is forthcoming after the next meeting scheduled for August 3, 2018.

14. Compliance Assurance Committee-Mr. Larry Wojcik

Mr. Wojcik stated that there is an upcoming call scheduled and relayed the information discussed at the previous Peer Review meeting related to the Uniform Accounting Act's (UAA) revisions.

15. Diversity Committee-Ms. Rhonda Kodjayan

Ms. Kodjayan discussed minority involvement in societies, committees, etc., state board data, diversity initiatives, minority testing data and possible solutions to prevent pre-secondary education stumbling blocks that tend to hinder some minorities from sitting for the exam.

Unfinished Business- None

New Business-None

SECOND MEETING- Presentation of Nominees for 2018-2019

Call to Order-Second Meeting

Chairperson Kelley called the second meeting to order at 1:58 PM.

ACTION Presentation of Nominees for 2018-2019 Chair and Vice Chair

Service awards were presented and the Board members discussed the nominees. Chairperson Kelley nominated Ms. Sara Mikuta as Chair and Dr. Simon Petravick as Vice-Chair.

ACTION Election of the Chair and Vice-Chair

Mr. Holzman made a motion to elect Ms. Mikuta as Chair and Mr. Reeves seconded the motion. Ms. Mikuta was elected by unanimous voice vote. Mr. Wojcik made a motion to elect Dr. Petravick as Vice-Chair and the motion was seconded by Ms. Kodjayan. Dr. Petravick was elected Vice-Chair by unanimous voice vote.

ACTION Chairperson Kelley adjourned the meeting at 2:03 PM.