

Illinois Board of Examiners (ILBOE) Meeting
Board Minutes-January 10, 2018-10:00 AM
1120 East Diehl Rd., Suite 165
Naperville, IL 60563

- Members Present:** James Kelly, CPA Chair, Sara Mikuta, CPA, Vice Chair; Howard Engle, CPA (participated by phone); Jeannie Folk, CPA; Sheldon Holzman, CPA (participated by phone); Thomas Homer, JD; Rhonda Kodjayan, CPA; Simon Petravick, CPA, and Larry Wojcik, CPA, JD
- Members Absent:** Robert Gallagher, CPA; Kent Reeves, CPA
- Guests:** Mr. Marty Green, Vice President, Government Affairs, Illinois CPA Society (ICPAS) Vice-Chair
- Staff:** Russ Friedewald, Executive Director
Tia Marie France, Assistant Director of Certification
Matthew Hoffman, Business Manager
Carla Ratchford, Assistant Director of Evaluation Services

Call to Order

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

1. Approval of September 27, 2017 Minutes

ACTION Vice-Chairperson Mikuta motioned to accept the September 27, 2017 board meeting minutes with minor edits. Dr. Petravick seconded the motion. Motion passed on unanimous voice vote.

2. Report of the Chair-Mr. James Kelly

- a. Chairperson Kelly discussed the After School Matters (ASM)-Northern Illinois University (NIU) event, in which he, Mr. Friedewald and Ms. France participated. The event held on December 2, 2017, exposed the ASM participants to life as an NIU student and real-life experience in the financial and accounting sectors.
- b. Chairperson Kelly opened the floor for members to remark on the recent National Association of State Boards of Accountancy (NASBA) Annual Meeting. Mr. Holzman discussed the Bitcoin opportunities and a learning curve for educators in regard to new learning styles. The recap led to an in-depth discussion amongst Ms. Folk, Ms. Kodjayan, Ms. Mikuta, Mr. Holzman, Dr. Petravick and Mr. Wojcik regarding the incorporation and impact of attestation, the demand and training for artificial intelligence, certification for data analytics in relation to accounting, NASBA's financing of the foundation that focuses on young professionals, robotic uprising and updates on other jurisdictions.

3. Legislative Update-Mr. Marty Green

Mr. Green discussed the following matters: the State of Illinois' 200th anniversary countdown, fall 2017 veto session (including the legislation introductions from the past summer and fall and the overriding of Governor Rauner's vetoes (15/40)), Accrual vs Cash-based accounting for the Comptroller's office-HB4104, how

HB2717 affects sales tax audits & authorizes the Illinois Department of Revenue to turn over confidential taxpayer information to third-party vendors, midterm and primary elections, the legislative transformation of the 100th and 101st General Assembly; leadership announcements, the newly-implemented online only September 30, 2018 CPA renewal, the Illinois Revised Uniform Unclaimed Property Act (compliance reporting, elimination of business to business exception & revised definitions of gift cards and stored value cards (recording at www.icpas.org under Government Relations)), areas of focus and a tracking report.

In response, Mr. Wojcik discussed amicus briefs, civil liability defense for auditors and how the Illinois appellate and federal courts may possibly review state and federal information set forth in future bankruptcy cases. Mr. Homer and Mr. Green also discussed state and local tax deduction (SALT) and possible changes to tax reform to the State of Illinois' Tax and Revenue Code.

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

- ACTION**
- a. Chairperson Kelly and the Board approved the 4Q17 scores and Mr. Friedewald mentioned a decrease in sections from the previous quarter (3Q17) but that the totals are pretty equal to the same quarter in the previous year (4Q16).
 - b. Mr. Friedewald discussed the update to the 120-Day Rule, now the 150-Day Rule. Effective on November 1, 2017 all Provisional candidates have an additional 30 days in order to submit the final, official transcripts for clearance of status. The change was well-distributed via the ILBOE website, social media and Mr. Friedewald's in-house contact list.
 - c. Mr. Friedewald updated the Board on a possible upgrade to the current in-house storage system which houses all candidate information, payments and electronic applications. He stated that there has been two calls with programmers and reference checks. Additional information is forthcoming. ILBOE staff and the Board also discussed the shutdown of NASBA's Gateway system in order to transition to Gateway 2.0, which stores testing candidates' information-personal, Payment Coupons (PC), Notice to Schedules (NTS) and test attempts as well as the associated delayed score release from February 23, 2018, which is incorporated into the one scheduled for March 8th.

- ACTION**
- d. Per Mr. Friedewald, NASBA has yet to forward any details regarding the shutdown. Mr. Holzman will forward any relevant information obtained during his upcoming NASBA meeting. Vice-Chairperson Mikuta motioned to approve 18-month variance for affected candidates due to the shutdown. Dr. Petravick seconded the motion. Motion passed on unanimous voice vote. Additional information regarding the action will be e-mailed once NASBA forwards Gateway 2.0 specifics.
 - d. Mr. Friedewald brought up a focus question regarding Nano Learning. To date, Nano learning has been considered for continuing professional education and not for qualifying for the exam. Mr. Friedewald suggested that we not accept nano learning to qualify and the Board agreed. Dr. Petravick also stated that there are no trends yet toward this type of education.
 - e. Mr. Friedewald asked the Board whether life experience credit should be extended

beyond the classroom to work experience as several candidates have inquired about this possibility. The Board maintained that life experience should continue to apply only to experience noted on a candidate's transcripts.

- ACTION**
- f. Mr. Friedewald advised the Board that the office was spending a substantial amount of money on a lease for the mail inserter and repair contracts for the two copy machines. An opinion from the Board's attorney confirmed that the office could notify candidates electronically of exam scores and other correspondence. Mr. Friedewald also assured the Board that paying for service calls on the copy machines would be more cost effective than a contract for service. By eliminating these two contracts, the Board would save about \$13,000 per year. Mr. Holzman made a motion to eliminate the contracts pending assurance from NASBA that their fees for notifying candidates of scores would be less than the Board is currently spending on mailing costs. Mr. Kelley seconded the motion and the motion passed on unanimous voice vote.
 - g. Mr. Friedewald updated the Board on the submission of the Annual Report to the Illinois Auditor General. Ms. Mikuta, Mr. Friedewald and Mr. Holzman discussed that the report will go to the Executive Committee for review and approval before future submissions are made to the Governor and Secretary of State.
 - h. Mr. Friedewald informed the Board that on November 15, 2017, NIU approved cost-of-living adjustments (COLA) for all non-union employees effective with the November 30, 2017 payroll. Mr. Friedewald expressed concern due to the fact that the ILBOE was not notified in advance nor was the university authorized to expend Board funds without prior approval. Additionally, Mr. Friedewald also received the COLA increase and asked the Board to decide whether this should be allowed. The Board and Mr. Friedewald discussed the process regarding pay increases for NIU employees.
 - i. Mr. Friedewald reminded the Board to submit their signed Ethics form.
 - j. Mr. Friedewald mentioned that the third quarterly NASBA check had been received recently and that one more is forthcoming for the fiscal year.

Executive Session

ACTION Chairperson Kelley excused non Board members and the Board entered Executive Session to discuss personnel related matters relating to the COLA increases. Following Executive Session, members briefly discussed the COLA increase for Mr. Friedewald. Mr. Wojcik made a motion that Mr. Friedewald could accept the increase. Ms. Mikuta seconded the motion and the motion passed by unanimous voice vote.

ILBOE COMMITTEE AND TASK FORCE REPORTS

5. Report of the AICPA Board of Examiners-Mr. Sheldon Holzman

Mr. Holzman stated that there will be changes in the exam's software platform and that there is an upcoming finance meeting scheduled.

6. Administrative Committee-Mr. Larry Wojcik

Mr. Wojcik expressed his appreciation for the maintenance of the website's content.

7. Candidacy Committee-Dr. Simon Petravick

- a. Dr. Petravick discussed the handout which highlights the appeals for fiscal year 2018 to date. Mr. Holzman requested that names of candidates be redacted from the appeals form as the form is a matter of public record. Mr. Friedewald agreed.
- b. Dr. Petravick and the Board discussed the data surrounding candidates who sat for the CPA exam at 120 semester credit hours (SCH) vs those who sat at 150 SCH. Although the data may be manipulated, it appears as if the 120 SCH candidates are successfully completing the exam and there is no correlation with passing and the SCH totals. An update is forthcoming regarding the 2017 data. In response, Ms. Kodjayan, Ms. Mikuta and Mr. Wojcik remarked on the following: is it worth reconsidering the 150 SCH requirement for Illinois, there is no consistency in regards to the additional 30 SCH and that there are cost advantages for not taking the additional years to complete the 30 SCH. This topic will be discussed in forthcoming Board meetings.

8. Education Advisory Task Force-Dr. Simon Petravick

- a. Dr. Petravick advised the Board of the speakers and topics on the agenda for the upcoming Educators' Conference scheduled for April 27, 2018.
- b. Ms. Folk and Dr. Petravick informed the Board on the new review process for approving the criteria included on school templates submitted related to acceptable business communication, business ethics and research and analysis in accounting credits-both stand-alone and integrated.

9. Finance Committee-Ms. Sara Mikuta

Ms. Mikuta and Mr. Hoffman discussed the financials for October and November and that the number of applications were down from the previous year. It appears the number for December will be better, but a count was not available for the meeting.

10. Strategic Planning-Ms. Rhonda Kodjayan

ACTION Ms. Kodjayan and Mr. Friedewald reminded the Board that the plan had been revised over a two year period and was now current. Ms. Kodjayan asked for a motion to approve the plan. Ms. Mikuta stated that the plan should be integrated into the board meeting agendas permanently. Mr. Wojcik motioned to accept the updated Strategic Plan. Ms. Folk seconded the motion and the motion passed on unanimous voice vote.

AICPA/NASBA COMMITTEE REPORTS

11. CBT Administration Committee-Mr. Russ Friedewald

The CBT Committee had not met.

12. Communications Committee- Chairperson Jim Kelly/Mr. Sheldon Holzman

Mr. Kelley mentioned that there will be a meeting in late January/late February. Mr. Holzman also mentioned that the Communications Department at NASBA assists 36 jurisdictions and are able to complete all aspects of outreach for them.

13. Compliance Assurance Committee-Mr. Larry Wojcik

Mr. Wojcik stated that at the November 20, 2017 AICPA Peer Review Board meeting there was healthy discussion regarding the implementation of specific benchmarks.

14. Education Committee-Ms. Rhonda Kodjayan

Ms. Kodjayan is no longer on this committee. No Report

15. By- Laws Committee-Ms. Sara Mikuta

Ms. Mikuta is no longer on this committee. No Report

Old Business- None

New Business-None

Chairperson Kelly adjourned the meeting at 1:58 PM.