

**Illinois Board of Examiners (ILBOE) Meeting
Board Minutes-October 1, 2018-10:00 AM
1120 E Diehl Road, Room 165
Naperville, IL 60563**

Members Present: Sara Mikuta, Chair, CPA, Simon Petravick, CPA, Vice-Chair, Bradley Danton, Jeannie Folk, CPA, Thomas Homer, JD, James Kelley, CPA, Rhonda Kodjayan, CPA, Annette O'Connor, CPA and Larry Wojcik, CPA, JD

Guests: Mr. Todd Shapiro, President and CEO, Illinois CPA Society (ICPAS) (participated by phone)
Mr. Marty Green, VP of Government Affairs, ICPAS

Staff: Russ Friedewald, Executive Director
Mary E. Fitzgerald, Business Manager
Tia Marie France, Assistant Director of Certification
Carla Ratchford, Assistant Director of Evaluation Services

Call to Order-First Meeting

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

1. Approval of July 11, 2018 Minutes

ACTION Ms. Folk motioned to accept the July 11, 2018 board meeting minutes with minor edits. Mr. Kelley seconded the motion. Motion passed on unanimous voice vote.

2. Report of the Chair-Ms. Sara Mikuta

- a. Chairperson Mikuta welcomed new Board Members, Ms. Annette O'Connor and Mr. Bradley Danton. All members introduced themselves.
- b. Chairperson Mikuta welcomed new ILBOE Business Manager, Mary E. Fitzgerald.
- c. Chairperson Mikuta, the Board Members and Mr. Friedewald discussed the new board committee assignments.
- d. Chairperson Mikuta, the Board Members and Mr. Friedewald discussed topics addressed during the recent National Association of State Boards of Accountancy (NASBA) Annual Meeting. Mr. Shapiro also discussed two topics discussed at the annual meeting; what the CPA profession can do in order to sustain and increase for the future and the technology background alternative pathway proposal. Although the alternative pathway is not going forward, it has generated talks with NASBA and the American Institute of

Certified Public Accountants (AICPA). In response, small working groups comprised of regulators, firms and state society representatives will produce and submit a recommendation regarding the critical issue by December 31, 2018.

Mr. Shapiro will discuss the recommendation in general at a future ILBOE board meeting TBD. In response, Mr. Danton discussed the current trends within his firm. Ms. Kodjayan and Mr. Shapiro also discussed ICPAS enrollment data and trends in addition to the Mary T. Washington Wiley Day, commemorating the 75th anniversary of Ms. Wiley becoming the first African-American female CPA, which was held on September 29, 2018.

3. Legislative Update-Mr. Marty Green

Mr. Green and Mr. Wojcik discussed the aspects of the legalization of medical marijuana in Illinois in regard to CPAs. In response, Chairperson Mikuta discussed the banking sector and Federal Deposit Insurance Corporation (FDIC) insurance related issues, such as the Bank Secrecy Act (BSA), also known as the Currency and Foreign Transactions Reporting Act & money laundering. Mr. Green discussed the CPA regulatory frameworks of the ILBOE and IDFPR. Mr. Green then explained that the 1903 act did not include a sunset provision. Therefore, the 1927 & 1903 acts counteract one another, hence legally allowing separate certification and licensure agencies.

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

- ACTION**
- a.** Mr. Friedewald presented Chairperson Mikuta and the Board with the 3Q18 scores for approval. Motion to approve was made and carried unanimously. Mr. Friedewald explained the score approval process to the new Board Members.
 - b.** Mr. Friedewald updated the Board on the recent ILBOE penetration testing. Chairperson Mikuta requested the results of Northern Illinois University's (NIU) penetration testing and stated that the Board should request that any vendor entering the ILBOE electronic systems needs to submit their penetration testing results.
 - c.** Mr. Friedewald stated that there are no actions to date regarding the administrative rules update.
 - d.** Mr. Friedewald updated the Board on the website upgrade project.
 - e.** Mr. Friedewald updated the Board on the Auditor General's audit findings previously sent to Chairperson Mikuta. He also stated that an exit interview will be requested.

- f. Mr. Friedewald explained the card conversion project to the new Board Members and stated that it is now complete including the secure destruction of the hard copy exam score cards.

ILBOE COMMITTEE AND TASK FORCE REPORTS

5. Administrative Committee-Mr. Larry Wojcik

No Report

6. Candidacy Committee-Dr. Simon Petravick

Dr. Petravick explained the Candidacy Committee appeal process and report.

7. Education Advisory Task Force-Dr. Simon Petravick

- ACTION**
- a. Dr. Petravick, the Board and ILBOE staff discussed the provisional process, which includes withholding scores until candidates are cleared of the status and the jurisdictions that have a similar option. Ms. Folk motioned to keep the ILBOE policy that withholds the release of exam scores to provisional candidates until they are cleared of the status and Ms. Kodjayan seconded. Dr. Petravick stated that scores earned by provisional candidates tend to be higher than traditional candidates. After additional discussion among the Board and staff, Ms. Folk withdrew the previous motion and motioned to change the policy in order to allow the release of electronic scores to provisional candidates. This change would be effective immediately. The motion was approved by unanimous voice vote.
 - b. Dr. Petravick stated there is a college that requested to give life experience as business credit to a student. As proposed, a faculty member would meet with the student to gather documents and evidence to show that the student has covered the course's objectives and, in addition, the documented materials would be reviewed by the Academic Affairs department.

The ILBOE will accept this credit as internship/life experience if it is listed as such on an official transcript. Mr. Wojcik discussed if the ILBOE needs to issue letters to schools regarding the ILBOE requirements and course classification of internship/life experience on transcripts. Ms. Ratchford and Ms. France will research how the life experience is listed on schools' official transcripts who advertise acceptance of life experience towards a fast-track degree.
- ACTION**
- c. Dr. Petravick and the Board revisited the agenda item from the last meeting regarding the Business Communication (BC), Business Ethics (BE) & Research and Analysis in Accounting (RAA) survey in relation to the college templates. Dr. Petravick motioned that Mr. Friedewald be authorized to create

a rule variance to waive BC and RAA as of January 1, 2019 with the variance to be announced as soon as possible. Ms. Folk seconded the motion.

In response, before voting, Mr. Wojcik stated his disagreement with waiving BC. In addition, Chairperson Mikuta stated that the issue lies with the individual educational institutions' guidelines governing what they consider requirements for the BC; therefore, the ILBOE needs to be a better communicator of the necessities regarding becoming a CPA. Ms. O'Connor also stated that the two hours for BC may not be enough and Ms. Folk stated, in agreement with Chairperson Mikuta, that BC may not be well-defined and should not be integrated. Ms. Ratchford stated that there are other courses that require candidates to communicate. Upon further discussion, Dr. Petravick withdraw the motion to vote for the waiver of both BC and RAA together in one variance.

ACTION Dr. Petravick motioned to waive the RAA requirement for those candidates who submit credential evaluation applications on or after January 1, 2019 and Mr. Kelley seconded. Motion passed on unanimous voice vote.

ACTION Dr. Petravick motioned to waive the BC requirement and Ms. Folk seconded. A hand vote followed and the motion failed.

- d. Mr. Friedewald and the Board continued the previous discussion regarding 120 credit hours vs. 150 credit hours to sit for the CPA exam. Ms. O'Connor inquired about the 120 hour requirements and Mr. Friedewald explained that all jurisdictions require 150 credit hours for licensure, with some allowing candidates to sit for the exam with 120 and requiring that the remaining 30 are earned before licensure. Additional research is forthcoming; therefore, the item was tabled until the next meeting.

8. Finance Committee-Ms. Mary E. Fitzgerald

No Report-

Chairperson Mikuta stated that a committee meeting TBD will be held for discussion.

9. Strategic Planning-Ms. Rhonda Kodjayan

No Report

AICPA/NASBA COMMITTEE REPORTS

10. CBT Administration Committee-Mr. Russ Friedewald

Mr. Friedewald explained the definition of computer-based testing (CBT) to the new Board Members.

11. Communications Committee- Mr. Jim Kelley

Mr. Kelley discussed the NASBA regional calls, highlighting the alternative pathways.

12. Compliance Assurance Committee-Mr. Larry Wojcik

Mr. Wojcik stated that during the last call, peer review was discussed in relation to a conflict of interest, which violated state laws. He mentioned that there will be a re-issuance of the peer review manual by the AICPA.

13. Diversity Committee-Ms. Rhonda Kodjayan

Ms. Kodjayan stated that the new ILBOE Board Members will receive a welcome call from NASBA, pertaining to open committee seats. Mr. Wojcik suggested that a discussion regarding the Mary T. Washington Wiley program be conducted with NASBA. Dr. Petravick discussed possible networking opportunities with the Association of Latino Professionals for America (ALPFA) and a separate ILBOE committee for diversity outreach.

Unfinished Business- None

New Business-None

ACTION Chairperson Mikuta adjourned the meeting at 2:38 PM.