

Board of Examiners  
Board Minutes- October 18, 2011  
Illinois CPA Society, Conference Room A  
550 W. Jackson, Chicago, IL

Board members present: Gary Fish, Kenneth Hull, Thomas Winkler, Richard York, Claireen Herting, Sharon Morrow, Myra Swick

Staff present: Russ Friedewald, Joanne Vician

Absent: Margaret Cartier, Cheryl Wilson, Penelope Yunker

Guests: Marty Green, ICPAS

1. Chairman Fish called the meeting to order at 11:10 AM

Dr. Fish asked for a motion to approve the July 12, 2011 minutes. Mr. York moved to accept the July 12, 2011 minutes. Ms. Swick seconded the motion and the motion passed by voice acclamation.

2. Report of the Chair—G. Fish

a. Dr. Fish opened the discussion regarding our proposal with Northern Illinois University (NIU). Mr. Friedewald advised the Board that Dr. Kaplan of NIU had expressed that all documents had been sent to the NIU attorney for drafting of proposed language for an agreement between NIU and the Board of Examiners. She was hopeful that this would be accomplished the week of October 17<sup>th</sup>. Mr. Winkler shared a copy of the proposal prepared for Illinois State University (ISU) that was given to NIU. He explained the process with ISU and the language of the documents. Mr. Winkler also discussed the major issues ISU had with our proposal. The primary reason for ISU's denial was that they were pulling out of these types of arrangements. Mr. Hull explained that the proposal to NIU is the same as the one to ISU with the exception that no percentage for compensation has been offered.

Ms. Swick made a motion to authorize the Executive Committee to pursue negotiating terms with NIU and that full board approval of negotiated terms would be necessary. Ms. Herting seconded the motion and the motion passed by voice vote. It was agreed that if NIU does not accept our proposal, the board would meet as soon as possible to decide what the next steps would be moving forward. Mr. Friedewald was asked to query absent members about their availability on either October 31 or November 1 for a possible board meeting.

b. Dr. Fish discussed the upcoming NASBA annual meeting and coordinated the evening meal. Dr. Fish scheduled the dinner for 6:30 PM at the Cascades American Cafe.

### 3. Report of the Executive Director- R. Friedewald

a. Mr. Friedewald advised the Board that the amendment to the Administrative Code, 1400.90 was now official and a copy of the new amendment was in their board packet.

b. Mr. Friedewald distributed the scores for 11Q03. Ms. Swick moved to approve the scores and Mr. Hull seconded the motion. The motion passed by voice vote.

c. Mr. Friedewald discussed the applications processed report and shared that total applications were down from the same period last year by about 4%. Mr. Friedewald believes this is due in part to the increased number of applicants wanting to sit for the exam prior to the change to the exam in January, 2011.

d. Mr. Friedewald reported there were three provisional applicants since the last board meeting that failed to submit transcripts within the 120 day period and their exam scores were voided.

e. Mr. Friedewald reported the Auditor General is still in the audit process for this reporting period.

f. Mr. Friedewald advised the board that due to the current staffing situation, the implementation of the Iron Data upgrade is now on hold.

### 4. ICPAS proposal- Marty Green, V.P., ICPAS

Mr. Green met with the board to present a request from the society to assist in the distribution of the certificates issued to new accounting students that have passed all parts of the required examinations. The society is looking for new ways to attract membership and reminded the board the society had previously distributed the certificates at the annual banquet. Following a discussion which included implementing a change in the wording of the certificate, Mr. Hull made a motion to have the board support the CPA society in their efforts to provide proper recognition to new CPAs and to work with them on a mutually cooperative basis. The motion was seconded by Ms. Swick and approved by voice vote. The society will work with IBOE staff to develop appropriate language for the certificate.

### **The ILBOE Committee and Task Force Reports**

#### 5. Administrative Committee - T. Winkler

Mr. Winkler asked Mr. Friedewald about our obligation to our lease should NIU accept

our proposal. Mr. Friedewald advised that should another tenant in the building be interested in our space, the landlord would release us from our obligation. If not, they would negotiate a reasonable settlement. Mr. Friedewald reminded the board that our lease obligation is through December 31, 2014.

#### 6. Candidacy Committee- C. Herting

a. Ms. Herting reported two appeals dealing with variances for the 18 month rule. The committee approved both and Chairman Fish signed the variances.

#### 7. Education Advisory Committee- C. Wilson-

Mr. Friedewald addressed the following issues on behalf of Ms. Wilson

a. There will be a teacher's conference at DePaul University on November 4, 2011 and Ms. Wilson will be presenting along with Dr. Yunker. Mr. Friedewald advised the board that all materials and slides for the presentation are complete and the materials have been distributed.

b. Mr. Friedewald advised the board the IL CPA Society is sponsoring two webinars this fall for the purpose of advising educators and students of the changes to the educational requirements. The first webinar, for educators, is scheduled for November 9, 2011 at 3:00 PM and all slides and materials are complete for this webinar. The second webinar is scheduled for students and is scheduled for November 30, 2011 at 3:00 PM. Most of the slides are prepared, but materials may change depending on the results of the educator's webinar. More information on the webinars can be found at the ICPAS website.

c. Mr. Friedewald reminded the board the Education Advisory Task Force meeting will be held on April 13, 2012 at Illinois State University.

#### 8. Finance Committee - T. Winkler

Mr. Winkler reviewed an updated budget plan and reminded the board of several unknowns while awaiting word from NIU on our proposal. These unknowns included personal services costs, possible moving expenses, systems upgrades during the current fiscal year and contractual expenses for business services support. Mr. Winkler touched on the highlights of the explanation page and discussed the expenditures and reserves. It was noted that budget numbers were off because the fy11 net assets should have been carried over to net assets at the beginning of fy12 and those numbers should be corrected before finalizing the budget. Following a discussion of personnel related budget items, motion was made by Mr. Hull and seconded by Mr. York to correct the fy 12 net assets at the beginning of the fiscal year to reflect the final figure from fy 11 and to adjust the salary numbers from schedule A to reflect those in schedule G. The motion carried by voice acclamation.

Following discussion of Schedule C, a motion was made by Mr. Winkler and seconded by Mr. Hull to reduce the amount of out of state board travel by \$10,000 and increase the amount of legal services by the same amount. The motion carried by voice acclamation.

Mr. Friedewald will present the revised budget at the next meeting on January 17, 2012.

9. Nominating Committee - K. Hull

No report

10. State Liaison Committee - S. Morrow

No report

11. Strategic Planning Committee- K. Hull

No report

### **NASBA/AICPA Committee Reports**

12. Audit Committee- K. Hull

Mr. Hull reported the Audit Committee met in September and completed the audit review. The Committee approved the financial statements and agreed to retain the same audit firm for next year. Mr. Hull reported he had been reappointed to the Audit Committee for the coming year.

13. Bylaws Committee- C.Herting/M. Swick

Ms. Swick reported the Committee met by conference call and discussions were held concerning the length of appointments for members, how long the appointments should be and whether the appointments should be renewed. Ms. Swick reported that no bylaws revision recommendations would be made at this time, but there are enough issues that the board should look at establishing a procedural manual. The Committee is recommending to the board they create a task force to look into creating a procedural manual.

14. St. Board Relevance & Effectiveness Committee- C. Wilson

a. Mr. Friedewald reported on behalf of Ms. Wilson the Committee will be meeting in Nashville, but there is nothing to report at this time.

15. Nominating Committee.- M. Swick

Ms. Swick reported the Nominating Committee will make a report at the annual meeting. Ms. Swick advised that Ms. Herting will be on the committee and Dr. Fish is an alternate member.

## 16. BOE & BEC- Internationalization of Exam- G. Fish

Dr. Fish reported the BOE met in Philadelphia and traveled to Ewing, NJ to visit the new BOE office and meet the staff. Dr. Fish reported the BEC meeting in October had been cancelled.

## UNFINISHED BUSINESS

### NEW BUSINESS—K. Hull

#### a. Board Orientation Plan

At the last board meeting, it was suggested that a new board orientation plan be developed. Mr. Hull asked Sharon Morrow and Richard York to join him on this task force and a conference call was held on October 12<sup>th</sup> to discuss possible options. Mr. Hull introduced a list of three options for board orientation for new members. A committee made up of Mr. Hull, Ms. Morrow and Mr. York discussed these options and selected the second option to present to the board for review and approval. The task force recommended option 2 to the full board for consideration. **A copy of the options is attached.** A motion was made by Mr. Hull to accept option 2 for board orientation. Mr. Winkler seconded and the motion carried by voice vote.

b. ICPAS meeting report- Mr. Hull reported on a meeting with the Society on July 26<sup>th</sup> to discuss the board's interest in proceeding with the concept of semi- independent status. Discussion included developing a plan, utilizing resources available such as NASBA, AICPA, the society, etc. and the timing of introducing legislation. Mr. Hull reported the meeting was well received by the Society and discussion centered on the process for developing a strategy for moving forward. Following discussion and agreement on how the concept should move forward, the Society agreed to approach their Legislative and Regulatory Committee for discussion and possible presentation to their full board.

c. The Board ratified a contract with Vicki Van Uithoven to continue performing financial and budget duties in the absence of a full time financial officer.

The Board adjourned at 3:45 PM

## **IBOE BOARD ORIENTATION PLANNING MEETING**

**TUESDAY, OCTOBER 12, 2011, 10AM**

### **DISCUSSION OUTLINE**

**Objective:** Our objective is recommend to the full board an orientation method to quickly bring new board members up to speed on the workings of and activities facing the board.

#### **New CPA Board Members Characteristics:**

1. They have been active in the accounting profession for many years.
2. Experience and knowledgeable of accounting profession issues.
3. Member of the ICPAS or AICPA or both.
4. Probably have been on the ICPAS Board and AICPA Governing Council
5. They may know other IBOE Board members and/or have worked on ICPAS committees with current IBOE Board members.
6. Have some understanding of the IBOE or PARC or NASBA
7. Currently working full time either in public accounting, industry or academia.
8. The pool of new CPA board members will be diverse, located through-out the State and be subject to varying life styles.

#### **New Non CPA Board Members Characteristics:**

1. Will come potentially from many different business career backgrounds.
2. May not have any or very little knowledge of the IBOE, and its mission.
3. Will be less understanding of the accounting profession issues.
4. May never have heard of NASBA or PARC.
5. Will not be acquainted with past or present leadership within the accounting profession.
6. Currently working full time in business entities or governmental agencies or the like.
7. The pool of new non CPA Board members will be difficult to identify and recruit.
8. Time commitment will be an issue.

## **PLAN 1 - FULL BOARD PARTICIPATION:**

This orientation would include the full participation of current board members. It would involve an in person meeting of current and new board members for the express purpose of discussing the IBOE, its organization and function. Current board committee chairs would make

presentations of the work of each committee. The Board Chair would discuss relations with other accounting organizations, etc. The Executive Director would discuss internal working and processes of the IBOE. Other presenters could discuss current issues of the accounting profession. Tours of the IBOE office and meeting of staff could be included. Any other subjects could be place on the agenda. This would require 4 to 6 hours of meeting time along with preparation. The advantage of this method is its in-depth discussion of the workings and issues surrounding the IBOE. The disadvantage is the time, cost and lack of discussion among new board members.

## **PLAN 2 - NEW BOARD MEMBER PARTICIPATION:**

This orientation would include specific discussion with new board members. New board members would meet in person as a group with the Executive Director and the Board Chair to review the same topics as in plan 1, but on a less formal basis. This would represent more interactive discussion among a small group rather than formal presentations. This would require 2 or 4 hours of meeting time with some preparation time. The advantage of this method is the interaction of new board members with each other and the ED and Chair. The disadvantage is the meeting with the full board, and time dedicated to an in-person meetings.

## **PLAN 3 - INDIVIDUAL MEETINGS WITH NEW BOARD MEMBERS:**

This orientation is the least formal. It represents more of an update in a one-on-one meeting with the Executive Director and the Board Chair. The purpose is to familiarize the new board member with the IBOE and its activities. This discussion would probably take place over lunch. It would require about 2 hours of time. This method could be supplemented with the NASBA's new board member orientation. For new CPA members, who have substantial knowledge of the accounting profession, this method would work well, but in other cases, it may not be sufficient. The advantage of this method is the quick overview and minimal time required. The disadvantage is not meeting with other new board members, and its potential lack of in-depth discussion.

### **Materials to be used:**

1. Board member manual
2. IBOE strategic plan
3. Selected other IBOE candidate materials
4. Illinois Accountancy Act
5. Educational rules

6. NASBA new board member orientation
7. History of IBOE
8. Tour of Facilities
9. NASBA relationship
10. Board member expectations
11. ICPAS
12. Overview of IL political system
13. Ethics

One of the concerns is the number of new board members each year. This could vary from none to 3 or 4. In some years, board members could be reappointed to fulfill another three year term. This would not result in a new board member. Some flexibility needs to be considered. Perhaps all three plans are appropriate depending on the number of new board members.

### RECOMMENDATION

The recommendation of the task force is to utilize the concept included in Plan two above. Plan two consists of a small group meeting of the ED, the Board Chair and the new Board members. This would be an in-person meeting at the Board office lasting two to four hours. It should be scheduled immediately after the appointment is made, or as soon after as possible. Other Board members would be invited as appropriate. Based on timing, consideration should be given to holding the orientation just prior to a regularly scheduled Board meeting (although this may not permit meeting at the Board office). Materials to be used should be distributed in advance for review. The Board Chair should appoint a current board member to act as a mentor to work with the new board member on any issues or concerns that need discussion prior to or after the orientation. Current board members should be encouraged to contact new board members, if appropriate, to establish a working relationship to make new board members comfortable with the workings of the board.

Task Force:

Ken Hull

Sharon Morrow

Rick York

Russ Friedewald, ED