

Illinois Board of Examiners

Board Minutes- September 27, 2017

1120 E. Diehl Road

Naperville, IL

Members present: Sheldon Holzman, CPA, Chair; James Kelley, CPA, Vice Chair; Sara Mikuta, CPA; Simon Petravick, CPA; Kent Reeves, CPA; Robert Gallagher, CPA; Thomas Homer, JD; Howard Engle, CPA; Rhonda Kodjayan, CPA, Jeannie Folk, CPA

By phone: Lawrence Wojcik, CPA, JD;

Staff: Russ Friedewald, Executive Director; Tia France, Assistant Director; Matthew Hoffman, Business Manager

Call to Order:

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

ACTION: **Approval of minutes-** Chairman Kelley asked for a motion to approve the minutes from the July 11, 2017 board meeting. Ms. Mikuta made the motion to accept the minutes and Mr. Holzman seconded the motion. The motion passed by unanimous voice vote.

Report of Chair:

a. Chairman Kelley surveyed the members as to who would be attending the annual NASBA meeting and five members indicated they would be attending.

b. Mr. Kelley advised the members that select schools in Illinois had been selected to participate in a voluntary exam review conducted by the AICPA. The purpose of the review is to test items and test delivery software. The board office was not advised about the selection process or the schools that were selected, only that a voluntary program would be conducted.

c. Mr. Kelley asked Ms. Folk to lead a discussion regarding school templates and how integrated courses are being identified to give research and analysis credit as well as ethics credit in integrated courses. Ms. Folk raised the issue when reviewing a template from one university that had given credit from a course which, in her view, was inappropriately applied. Following discussion by the members, it was determined that the board office should ask schools to submit new templates that would be reviewed by the Education Committee for appropriate application of credit.

d. Mr. Kelley began a discussion on the occupational licensure study at the government level to look at reducing the barriers to state licensure. Mr. Holzman advised there were a number of states looking at the elimination of licensure of the accounting profession. Mr. Holzman believes the drafters of this study don't realize the licensure of a profession has to do with protection of the public. Mr. Kelley read a part of the study which stated they were looking at ways to eliminate barriers to licensure between states. Mr. Friedewald will ask Director Baer of the department if they are involved in the state licensing study and will also contact John Johnson of NASBA for further information.

e. Mr. Kelley asked Mr. Friedewald to discuss the issue of 150 hours vs 120 hours to sit for the CPA exam. Mr. Friedewald advised the members that numbers of applicants are flat or down somewhat and raised the question as to whether allowing students to sit for the exam at 120 hours might be an incentive for students to pursue the CPA. Discussion about the 150 vs 120 and whether we should go to 120. Mr. Friedewald distributed a listing of states indicating the number of hours required to sit for the exam in each state. A total of 37 states now allow students to sit for the exam at 120 hours, but require 150 hours for licensure. Mr. Holzman related that Mr. Meloncon of the AICPA is opposed to states allowing students to sit for the exam at 120 hours. Mr. Friedewald will contact NASBA for additional information on the history of the 120 versus 150 issue, as well as seek information from the state society about the history of this issue in Illinois.

f. Mr. Kelley encouraged members to make a site visit to a Prometric test center and Mr. Friedewald offered to accompany any member if they preferred not go alone.

g. Mr. Kelley asked Mr. Friedewald to provide the legislative update submitted by Mr. Marty Green, Vice President for Legislative Affairs at the Illinois CPA Society. Mr. Friedewald advised that Mr. Green wanted to relay that the general assembly passed all of the legislative agenda submitted by the society including a provision to hire a CPA coordinator for the Department of Financial and Professional Regulation. The coordinator will act to oversee the CPA profession at the agency including as Chair of the Professional Accounting and Regulatory Licensing Committee. The coordinator will be a CPA.

Report of Executive Director

a. Mr. Friedewald distributed the scores for 1Q17 and 2Q17 for signature by the members.

b. Mr. Friedewald advised the members that the amendment to the Administrative Rules has now gone to second notice and will be published in the next Illinois Register. The amendment should be effective by second semester students.

c. Mr. Friedewald advised the members that he has been researching possible software providers to provide systems software at a lesser cost than we are currently paying. Mr. Friedewald was asked to check with the department to see which provider they are currently using, if any. Mr. Kelley asked Mr. Friedewald to see what other large states are using for software.

d. Mr. Friedewald distributed the exam statistics provided by NASBA indicating pass rates, numbers of sections attempted, etc. and how Illinois compared to other states.

e. Mr. Friedewald asked Mr. Hoffman to explain the application report and current status of application. Mr. Hoffman discussed the numbers with the members.

f. Mr. Friedewald advised the board that there would be no further consideration by NIU for a reduction in the cost per square foot in our lease arrangement and that the credit card fee issue is on hold pending the selection of a new university president. With agreement with NASBA in place to share in the refund and no-show fees, the board's financial situation is stable. The members asked Mr. Friedewald to ask Mr. Michael Bryant for an explanation as to how NASBA arrived at the potential fee disbursement to the ILBOE.

ACTION: Since the board is required by contract to notify NIU of any intention to not renew our contract by giving six months' notice, Ms. Mikuta made a motion to continue our contract with NIU for the automatic five year period. Mr. Holzman seconded the motion and the motion carried by unanimous voice vote. Mr. Friedewald was asked to advise NIU of the decision.

g. Mr. Friedewald advised the members that he is expecting notice from the Auditor General for the semiannual compliance audit, but to date has not received it.

AICPA BOARD OF EXAMINERS- S. Holzman- Mr. Holzman reported on the Board of Examiners meeting held in early August to set the cut score for the new exam and the steps taken by the board to accomplish setting the cut score.

ILBOE COMMITTEE AND TASK FORCE REPORTS

ADMINISTRATIVE COMMITTEE- L. Wojcik- The Committee has not met since the last board meeting.

CANDIDACY COMMITTEE- S. Petravick-Dr. Petravick advised this was a busy quarter due to the new examination and the requests for extensions due to the delay in the reporting of scores. The Board had approved a policy for automatic extension for those candidates having scores expire during the second quarter exam window up until the reporting of scores. Dr. Petravick addressed those requests made by candidates whose scores expired near the period of automatic expiration.

EDUCATION ADVISORY TASK FORCE- S. Petravick- - Dr. Petravick discussed the possible dates for the proposed educator conference and the conflict with securing the building for the conference. Mr. Friedewald will continue to work with NIU to confirm rooms for the conference. The conference may have to be moved to the fall.

FINANCE COMMITTEE- S. Mikuta/M. Hoffman- Mr. Hoffman and Ms. Mikuta reported to the members on the May financial reports.

STRATEGIC PLANNING COMMITTEE- R. Kodjayan- Ms. Kodjayan reported that the committee is working on completing the update and will submit the plan to the board at the next meeting.

NASBA/AICPA COMMITTEE REPORTS

CBT ADMINISTRATIVE COMMITTEE- R. Friedewald- Mr. Friedewald reported on the recent conference call and the discussion by the committee on the results of the examination rollout. There was some concern about candidates accessing their phones during their breaks and possible solutions to resolving that.

COMMUNICATION COMMITTEE-J. Kelley/S. Holzman- Mr. Holzman reported there had been no meeting since the last board meeting, but he wanted to report that the Committee had a very successful year.

COMPLIANCE ASSURANCE COMMITTEE- L Wojcik- Mr. Friedewald reported on behalf of Mr. Wojcik that the AICPA is still tweaking their proposal in peer review changes. On August 17th Mr. Wojcik attended a CAC meeting in Nashville. Many of the states are still suspicious about the AICPA's plan, but he saw more buy-in at this last meeting. Also, NASBA is still tinkering with their proposal to offer the state boards NASBA's oversight of the peer review process. From Mr. Wojcik's standpoint, he is not sure NASBA has made the case for yet another layer of oversight.

EDUCATION COMMITTEE- R. Kodjayan- Ms. Kodjayan reported they had some extensive phone conferences and it was their charge to reply to the exposure draft regarding the International Education Federation relating to the type of education whether it be input education or output education. The Committee sent a response in draft form in August and they are awaiting a status on the response. Praised Ray Johnson. Listen to recorder.

IQUAB- Mr. Engle- Mr. Engle reported that an agreement with Ireland had been signed. He also reported the agenda for the coming year has been set and it involves ongoing discussions with 6 English speaking countries including Canada, Scotland, New Zealand, Australia, Hong Kong and South Africa.

BY LAWS COMMITTEE- S. Mikuta- Ms. Mikuta reported there has been no meeting with the By Laws Committee.

NEW BUSINESS- Dr. Petravick reported on a project he has undertaken regarding pass rates over the past three years showing the pass rates for California, New York, Illinois and Texas showing trends over the past three years. He is working with NASBA to see about getting additional statistics from all the states. The statistics so far show Illinois stacks up well with the other states. He advised he will continue to analyze the statistics including pass rates for states allowing students to sit at 120 hours versus 150 hours.

Chairman Kelley adjourned the meeting at 1:50 PM.