

April 28, 2010
Board Minutes
II. CPA Society, Bldg. Conf. Room
550 W. Jackson, Chicago, IL

Present:

Board Members: Margaret Cartier, Gary Fish, Claireen Herting, Kenneth Hull, Myra Swick, Cheryl Wilson, Richard York, Penelope Yunker

Staff:

Russ Friedewald, Executive Director

Vicki Van Uithoven, Asst. Director

Guest:

Marty Green, ICPAS

Ms. Swick called the meeting to order at 10:15 am.

1. Ms. Cartier moved to accept the minutes with corrections. Mr. Hull seconded the motion. Motion passed by voice acclamation.

2. Report of the Chair (M. Swick)

a. Ms. Swick announced Mark Harris has been nominated as vice chair of NASBA. He will be the incoming vice chair. Ms. Swick yielded the Chair to Ms. Cartier for discussion of NASBA nominations. Following a brief discussion, Dr. Fish moved to recommend the nomination of Ms. Claireen Herting as Director at Large. Dr. Yunker seconded the motion and the motion passed by voice acclamation with Ms. Swick abstaining.

b. Ms. Swick led a discussion regarding nominations for the William Rensselaer Award, the Distinguished Service Award and the Lorraine P. Sachs Standard of Excellence Award. Following a brief discussion the Board agreed not to recommend anyone for the awards.

c. Ms. Swick briefly reminded the Board the reason for our low return on investments is due in large measure to investors purchasing short-term CDs in anticipation of economic recovery.

d. Ms. Swick polled members of the Board regarding attendance at the Eastern Regional Meeting in June. All members indicated they would be attending except Ms. Cartier.

e. Ms. Swick reminded members of the Board that the CPA Banquet is June 15 with the scheduled Board meeting to follow on June 16. Ms. Swick also advised the Board that AICPA will be conducting a regional examination update in Dallas on May 27 and that Mr. Friedewald and Mr. Hull would be attending.

3. Report by Executive Director (R Friedewald)

a. Mr. Friedewald clarified with the Board the procedure for denial of Provisional Candidates.

b. Mr. Friedewald advised the Board that four employees would be taking advantage of the retirement incentive offered by the University. These employees will be retiring effective July 31, 2010. Mr. Friedewald is working with the University to employ immediate replacements for at least two of the retiring employees.

c. Mr. Friedewald advised the Board that VERSA would be demonstrating the upgrade to their new system on June 1.

d. Mr. Friedewald discussed the ICPAS Regulation and Legislation Update with the Board and shared that the Society had introduced legislation to delay the elimination of the Registration of CPAs for two years. If passed, the Registration process would end on June 30, 2012.

e. Mr. Friedewald provided the scores for the first quarter of 2010. Following the Board's review, Ms. Cartier moved to accept the scores. Dr. Yunker seconded the motion and the motion passed by voice acclamation.

f. Mr. Friedewald advised there have been no updates to the Board Manual and would welcome input/suggestions from members of the Board.

IBOA COMMITTEE AND TASK FORCE REPORTS

4. Finance Committee report (M. Cartier)

a. Ms. Cartier reported there were no outstanding issues with the financial reports.

b. Ms. Van Uithoven reported we are ahead of forecasting regarding applications received to date.

c. Mr. Friedewald and Ms. Van Uithoven advised the Board that the final report of the Auditor General should be released in early May.

d. Ms. Van Uithoven reported that a vendor, OJC, has been selected to develop the Board's website. A meeting is scheduled for May 3 to begin work on the project with a launch date scheduled for June 12.

5. Administrative Committee (C. Wilson)

a. Ms. Wilson led a discussion regarding the Board office delaying issuance of the letters regarding the Registration legislation. Once the legislation is signed by the Governor, the Board office will post a notice on the website.

b. Ms. Wilson opened the discussion regarding the effective date for the educational rules amendment. Mr. Friedewald advised there were approximately 80 letters received in support of delaying the implementation until at least January 1, 2013 with most suggesting July 1, 2013. Dr. Yunker led a discussion dealing with several dates for implementation. Following the discussion, Dr. Yunker moved to have the effective date as July 1, 2013. Ms. Wilson seconded the motion. Motion passed by voice acclamation with Dr. Fish dissenting.

c. Ms. Wilson advised the board that Jeannie Folk has been approved for sabbatical for the Fall term. It is planned that she will review ethics requirements for Illinois candidates and what other states and NASBA are doing relating to ethics. She will report the results of her findings to the Board. Ms. Wilson also suggested Ms. Folk

work to develop a template for implementation of integrated coursework that can be used by colleges and universities in meeting the changes to the education requirements. A decision will need to be made at a future Board meeting as to which committee Ms. Folk will report.

6. Candidacy Committee (R. York)

- a. Mr. York reminded Mr. Friedewald to renew the letters for Prometric site visits.
- b. Mr. York reported there were two candidates appealing to the committee the denial of their applications and one candidate appealing the voiding of scores as a provisional candidate that did not submit transcripts within the 120 day requirement. Mr. York reported the Candidacy Committee upheld the denial of the applications as well as the voiding of scores.

7. Education Advisory Task Force (P. Yunker)

Dr. Yunker reviewed the meeting schedule for the EATF meeting/reception scheduled for the Hilton, Chicago on June 15th. The meeting is scheduled from 3:30 pm until 5:00 pm with refreshments being served. Mr. Friedewald will contact the Hilton to make sure internet capability is available for the meeting.

8. Nominating Committee (C. Herting)

a. Ms. Herting reviewed the Nominating Committee meeting. Ms. Herting advised that Mr. Friedewald would submit a letter to Governor Quinn nominating the following individuals for appointment to the Board of Directors; Ken Hull, Gary Fish and Penelope Yunker for a term of three years, for a term of two years, Myra Swick and Claireen Herting and for a term of one year, Margaret Cartier, Cheryl Wilson and Richard York. Additionally, the Committee recommended new appointment nominations for Mr. Thomas Winkler for a two year term, Ms. Sharon Morrow for a two year term and Mr. Dennis Bielke for a one year term.

b. Ms. Herting advised the Board that the Committee nominated Mr. Ken Hull as Chair and Dr. Gary Fish as Vice-Chair for the period 2010-2011.

9. State Liaison (G. Fish)

Dr. Fish reported there had been two conference calls of the Regulation and Legislation Committee of the Illinois CPA Society since our last Board meeting. The primary focus of the meetings was the discussion of the elimination of the Registered CPA option on June 30, 2010. Dr. Fish expressed support for delaying the elimination until June 30, 2012. The Society introduced legislation for the delay.

10. Strategic Planning (K. Hull)

Mr. Hull reported the Strategic Planning Committee met by phone on April 26th. Mr. Hull discussed the review the committee made of the goals and the adjustments made in the Strengths, Weaknesses, Opportunities and Threats (SWOT). Mr. Hull noted this was informational only and that any comments on his discussion should be submitted to him within the next thirty days. The Strategic Planning Committee should have a new/revised plan in place by the end of June or July.

NASBA/AICPA COMMITTEE REPORT

11. Audit (K. Hull)

Mr. Hull had no report of the Audit Committee.

12. By-laws (C Herting/M Swick)

Ms. Herting reported the Bylaws Committee presented changes to the NASBA Board of Directors meeting on January 15, 2010. The first change was for clarification of time one can serve as Director at large. The second change related to qualifications and limitations and the third proposal related to delegates. All three proposals from the By-Laws Committee were accepted.

13. Education (P Yunker)

Dr. Yunker reported that Mark Harris, Chair of the NASBA Education Committee informed the committee of their charge for the year. The committee will be divided into three groups which will each be assigned a task related to the report by the Treasury Department's Advisory Committee on the Auditing Profession. Specifically, each team will review some of the recommendations in the section of the report dealing with Human Capital.

14. BOE & BEC-- Internationalization of the CPA Exam (G. Fish)

a. Dr. Fish advised that the BOE has not met since the last Board meeting. Dr. Fish did remind Dr. Craig Mills that there had been no standard setting session in quite some time. Dr. Mills agreed and indicated a meeting will be held in November.

b. Dr. Fish advised the BEC will meet again in June.

15. State Board Relevance & Effectiveness Committee (M. Cartier- Budget Subcommittee/ C. Wilson- Template Subcommittee)

a. Ms. Wilson reported the Template Subcommittee had met February 1, March 18 and the April 19 meeting has been rescheduled to May 3. The Template Subcommittee has completed draft documents for a model act for a self governing board of accountancy and at its May 3 meeting will hear input from Noel Allen, NASBA's legal counsel, Carlos Johnson, SBR&E Committee Chair, and final review comments from members of the Template Subcommittee. The Template Subcommittee will issue a draft discussion paper, "Developing a Template for Self Governing Boards of Accountancy" to the entire Committee and other NASBA interested parties during the week of May 7, 2010. When comments have been addressed and incorporated, as appropriate, another Template Subcommittee meeting will be called and then the draft position paper will be ready for discussion at the NASBA regional meetings in June (a presentation is on the agenda).

b. Ms. Cartier reported the Budget subcommittee designed a survey to be sent out to all state boards soliciting information regarding the boards' budgets. Ms. Cartier believes it may not provide very useful information however, because board structures are so different that general questions won't get to the underlying information the survey really seeks.

16. Relations with Member Boards (C Herting)

Ms. Herting reported there had been no meeting since our last Board meeting. Ms. Herting also reported on issues relating to the recent NASBA Board meeting.

Ms. Herting related that the major focus of the meeting dealt with Mr. Costello's retirement. It was determined that there would be a 10 person search committee chaired by John Pease. Mr. Costello will recommend one replacement and the search committee will send three names to the Executive Committee. A final decision will be made by the full Board.

Ms. Herting reported the ERB will be restructured, bringing the current number of members from 15 to 5.

Ms. Herting advised the Board the NASBA Expo ran a deficit, but the loss was recovered by cutting other expenses and adding additional receipts from Prometric.

Ms. Herting reported there were 2 more mobility states.

17. Nominating Committee (M. Swick)

Ms. Swick reported on the meeting of the Nominating Committee.

Unfinished Business

Ms. Swick discussed her approach to NASBA about the Center for the Public Trust as it pertains to the development of a membership program in which the Board could contribute financially. Ms. Swick reported that NASBA intends to develop a membership program in which they will provide service to member Boards rather than simply solicit funding. NASBA will seek input from Boards as to what services would be most beneficial. Additional information will be forthcoming.

New Business-

a. Ms. Swick reported there will be an International Forum in Spain, but that due to travel restrictions, no one from our board would be attending.

b. Ms. Swick asked Mr. Friedewald to assume the responsibilities of the Communications officer and provided information relative to performing that function.

Dr. Fish motioned to adjourn. Ms. Swick concluded the meeting at 3 PM.

Submitted by Russ Friedewald, Executive Director