

October 26, 2009
Board Minutes
Illinois CPA Society, Conference Room A
550 W Jackson,
Chicago, IL

Present:

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

Staff:

Russ Friedewald, Executive Director
Vicki Van Uithoven, Assistant Director
Robbin Burge, Assistant Director

Not Present: Penelope Yunker

1. Ms. Swick called the meeting to order at 10:03 AM.

Ms. Wilson moved to allow the chair to adjust the agenda as necessary. Mr. Hull seconded. Approved by voice acclamation.

Motion was made by Ms. Wilson to approve the July 22, 2009 minutes of both meetings as submitted. The motion was seconded by Mr. York and approved by voice acclamation.

2. **Report of the Chair** (M Swick) -

2009 Forum of International Regulators

Ms. Wilson reported on the forum that she and Ms. Swick attended. Ms. Wilson reported that the NASBA State Board Report included a summary of the forum and the key points. Ms. Wilson indicated that 26 countries were represented at the Forum. Ms. Wilson reported on the SEC position on IFRS and indicated that the position of the SEC is that the US should be proactive with convergence. Ms. Wilson shared that the meeting was very worthwhile.

BOE lunch

Ms. Swick reported that she and Mr. Friedewald had been invited to the AICPA luncheon in conjunction with the AICPA BOE Board meeting. Ms. Swick advised that Mike Daggett is going off the board. Ms. Swick shared that members wanted to know if we were supporting the international exam and Ms. Swick indicated we were.

Participation at CPA review sponsored events

Ms. Swick led a discussion regarding the Board's participation at exam review provider sponsored events and whether or not it is a conflict of interest. The general consensus was that this could be viewed as a conflict of interest and that a policy should be drafted to reflect the Board's position. Ms. Swick designated the Administrative Committee to draft a policy regarding participation at review sponsored events. The discussion turned to the appointment of Dr. Fish to the ICPAS Regulation & Legislation Committee as a non voting member. The ICPAS believes having a Board of Examiners member as a voting member could be in conflict with the

State Officials and Employees Ethics Act. The Board agrees that Dr. Fish should not be a voting member. Dr. Fish moved that all members resign as legislative contacts with the Society in agreement with the Society's position on ethical conflict. Ms. Herting seconded the motion and the motion passed by voice acclamation. Ms. Swick will write to the Society expressing appreciation that two members of the Board of Examiners will be represented on the Regulation & Legislation Committee; the other being Mr. Friedewald. Ms. Swick's letter will also advise the Society that all Board members will be resigning as legislative contacts with the Society.

**3. Report of the Executive Director (R Friedewald) -
Focus Question Responses**

Mr. Friedewald shared with the Board the compilation of the Focus Questions as presented to NASBA. Mr. Friedewald also shared the responses to the same questions from the Department of Financial & Professional Regulation.

Telecom update

Mr. Friedewald advised the Board that we are in the final phases of selecting a new telecom vendor. Mr. Friedewald advised that we have been looking at three different vendors and a follow up meeting is scheduled with one of the vendors on October 28th to see software upgrades. Once that meeting concludes, a decision will be made on a vendor. The current budget includes funds for this change.

Meeting with Registrar

Mr. Friedewald advised the Board of a meeting scheduled for October 28th with the Registrar at the University of Illinois at Urbana. The purpose of the meeting is to discuss ways to effectuate the electronic transfer of transcripts to the BOE office in a secure manner. It our goal to accomplish this with all Illinois colleges within a year.

Scores 09Q3

Scores for the third quarter of 2009 were presented. Mr. Friedewald advised that there were a total of 2746 candidates taking 4179 parts during the third quarter window and that 527 candidates had passed all parts within the window. Motion was made by Mr. York to accept the scores as presented. Motion was seconded by Mr. Hull and approved by voice acclamation.

4. Finance Committee report-M. Cartier

Ms. Van Uithoven distributed copies of the financial statements for the year ended June 30, 2009 and for the period ending September 30, 2009. Following brief discussion, motion was made by Ms. Herting to accept the report for the year ended June 30, 2009. The motion was seconded by Mr. Hull and approved by unanimous voice vote. The Board approved the final payout of sick and vacation compensation for former Executive Director, Joanne Vician.

Ms. Cartier reported that the Board is a little behind in revenues as reported in the September financial statement. Ms. Cartier shared that expenses are also under budget due to having a temporary evaluator at the present time instead of a full time evaluator. The website and revisions thereto were discussed. The Board requested a report in January including a time-line and cost estimate.

Auditor General Updates

Ms. Van Uithoven reported on the status of the Auditor General Compliance Audit. Ms. Van Uithoven advised they have delivered initial exceptions and we have responded to those, but we have not heard from the Auditor General yet on the preliminary findings. One of the issues raised by the Auditor General dealt with approval of Board travel. For clarification, Ms. Swick directed that Mr. Friedewald would sign off on Board travel and that the current Board Chair would approve the Executive Director's travel.

5. CLEAR Update - G. Fish

Dr. Fish reported he attended the CLEAR conference in Denver in September with Mr. Friedewald. Dr. Fish Met with Tom Gottlieb of VERSA regarding the Board's intention to purchase a new system and why we dropped the maintenance contract with VERSA. Dr. Fish also shared session information that he received at the conference including a session on fraud and a session on changes in exam structure.

The Board adjourned for lunch at 12:05 pm

The Board reconvened at 12:45 pm

ILBOA Committee and Task Force Reports

6. Administrative Committee- C. Wilson

1490.00 Rules

Ms. Wilson reported that the Education Advisory Task Force (EATF) meeting provided some excellent input. Ms. Wilson reviewed the input and offered some possible changes to the rules. Mr. Hull suggested we should consider research and analysis as part of the accounting requirement and ethics as well if included in the curriculum. This would be more in line with NASBA's requirements. Ms. Wilson will input changes to the document and distribute it. After reviewing the document, members should formulate questions that can be used as frequently asked questions (FAQs) if they think it necessary. Further discussion was remanded to the Administrative Committee and Ms. Wilson invited Mr. Hull to join in the discussion. No additional action will be taken on the rules until the committee completes the changes. Ms. Swick advised the Administrative Committee still has authority to finalize changes.

A brief discussion was held regarding the wording of correspondence to successful candidates on how to proceed with licensure with the Department of Financial and Professional Regulation once the Registration provision of the Act is no longer available on July 1, 2010. Ms. Wilson advised the Administrative Committee will address this issue before the next Board meeting.

7. Candidacy Committee- R. York

Provisional Candidates

Mr. York led a discussion regarding provisional candidates that were exempted from rule due to their ability to view scores. The Candidacy Committee approved the appeal and the Board agreed by e-mail to uphold decision. No further issues with provisional candidates have occurred and the Board confirmed its position that students must comply with the requirements of the provisional status.

Site Visit Update

Mr. York reminded members to complete site visits as scheduled. Ms. Swick directed an update of site visits for each board meeting.

8. Education Advisory Task Force- P. Yunker

EATF Meeting

Ms. Wilson reported on behalf of Dr. Yunker that the meeting was very successful and that participation was very good. Ms. Wilson was pleased to share that every school but one represented at the meeting had IFRS integrated into courses. Ms. Wilson also reported that the educators were looking forward to future meetings.

DORA letter

Ms. Wilson briefly discussed letter from the Colorado Department of Regulatory Agencies (DORA) to the AICPA expressing their opposition to the inclusion of International Financial Reporting Standards (IFRS) content in the CPA examination. Mr. Hull suggested the purpose of DORA's letter was to remind everyone not to rush to judgment. Following a brief discussion, Ms. Wilson suggested the Board not respond to the letter.

9. Nominating Committee- C. Herting- no report

10. State Liaison- G. Fish

Dr. Fish presented the Mutual Recognition Agreement with New Zealand and made a motion to accept the agreement. Mr. Hull seconded the motion and the Board approved the motion by voice acclamation.

11. Strategic Planning- K. Hull-

Mr. Hull had no report, but submitted changes in strategic planning committee description.

NASBA/AICPA Committee Reports

12. Audit

Mr. Hull reported he attended the Audit Committee meeting by phone. The Audit Committee met with the external auditors (Lattimore, Black, Morgan & Cain, P.C.) for the purpose of approving the financial statements. Mr. Hull advised the financial statements were approved without adjustments. Lattimore, Black, Morgan & Cain were reappointed for next year.

Mr. Hull indicated the CPE expo was discussed and that NASBA was disappointed in the attendance.

The Committee also discussed auditors' confidentiality with NASBA data. The question was: Can auditors maintain their independence with work they have done on NASBA systems?

Review of Form 990 was assigned to finance committee.

NASBA does not have a whistle blower policy. The Committee suggested they review their procedures regarding governance. The Committee suggested to NASBBA that they meet independently with one member of management at a time.

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

Ms. Herting reported the Bylaws Committee had not met. No changes will be presented at the Annual Meeting at the recommendation of Noel Allen.

14. Education-P. Yunker- no report

15. Internationalization of the CPA Exam-G. Fish- no report

16. Model Board Committee- M. Cartier

NASBA communication with PARC

Ms. Cartier shared her observations of how the Department of Financial and Professional Regulation (IFDPR) and more specifically, the Public Accounting Regulatory Committee interacts with the National Association of Boards of Accountancy (NASBA). Ms. Cartier noted how limited the involvement with NASBA is due primarily to limited funds available to the profession within IFDPR. Ms. Cartier related to the board that this limitation prevents the Department from being proactive with the profession.

17. Relations with member boards-C. Herting- No report

Old business- None

New Business

Transportation from airport in Phoenix.—Members coordinated.

Letter from Bill Brandt

M. Cartier discussed a letter she had sent to Bill Brandt re: board appointments. Mr. Brandt has offered to assist in working with the Governors office for board appointments based on letter to Governor Quinn from the board.

Board Orientation Manual

Ms. Swick directed that a new Board Member Orientation Manual be produced. Ms. Swick provided Mr. Friedewald with a basic outline from which to develop the manual.

Motion was made by Mr. Hull to adjourn. Motion passed by voice acclamation at 2:50 pm