

August 17, 2010
Board Minutes
II. CPA Society, Conference Room A
550 W. Jackson, Chicago, IL

Present:

Board Members: Margaret Cartier, Gary Fish, Claireen Herting, Kenneth Hull, Myra Swick, Cheryl Wilson, Sharon Morrow, Penelope Yunker, Thomas Winkler, Dennis Bielke

Absent: Richard York

Staff:

Russ Friedewald, Executive Director
Vicki Van Uithoven, Asst. Director
Robbin Burge, Asst. Director

1. Mr. Hull called the meeting to order at 10:05 A.M. Mr. Hull recognized the newly appointed members and asked that they introduce themselves. Current members also introduced themselves to the new members.

Mr. Hull recognized Myra Swick's service to the board as immediate past chair.

Ms. Cartier moved to accept the June 17, 2010 minutes. Ms. Swick seconded the motion. Mr. Hull asked Ms. Wilson to clarify the "Red Flag" rule referred to under item #7. Ms. Wilson will send a clarification to Mr. Friedewald. The motion to approve the minutes with inclusion of the "Red Flag" rule clarification passed unanimously by voice vote.

2. Report of the Chair (K. Hull)

a. Mr. Hull explained the purpose of the Center for the Public Trust (CPT) and that the board is interested in supporting the CPT through a membership program if one could be established through NASBA. Ms. Swick indicated she has approached the CPT about membership status and the CPT indicated it would consider this option. Mr. Hull advised we would wait to hear from the CPT.

b. Mr. Hull advised the Board that the CPT is interested in developing chapters for students on university campuses to promote ethical conduct. Mr. Hull felt this was something the state Society might want to consider participating in.

c. Mr. Hull reviewed the committee assignments for the new members. Mr. Hull advised he will ask Dan Cadigan to serve on the Nominating Committee.

d. Mr. Hull requested we change the April 26, 2011 board meeting to Tuesday, May 10, 2011 and having it in Champaign. The Board agreed without objection to the date change and discussion continued that the EATF spring meeting could be held the

following day in Bloomington if the educators agreed with the date. The location was left open until the EATF meeting was finalized

3. Report by Executive Director (R Friedewald)

a. Mr. Friedewald advised the Board of the current staffing structure following the retirement of four employees. At this time, two extra help personnel are assisting in those vacancies.

b. Mr. Friedewald reported that the Board will be ready to discuss a contract with Iron Data for implementation of the upgrade to our data system once the budget is approved.

c. Mr. Friedewald reported that the NASBA Accountancy Licensee Database Committee met in Nashville the first three days of August. Mr. Friedewald related that thirty states are now fully participating and that Illinois is very close to agreement.

d. Mr. Friedewald presented the scores from the April/May window for approval. The scores were accepted by the Board with signatures from all members except Mr. York who was absent. His approval will be obtained at a later date.

e. Mr. Friedewald advised the Board that the Board manual is in the final stages of completion and should be distributed very soon.

f. Mr. Friedewald asked for clarification on provisional status reciprocity. It was agreed that if another state offers provisional status, we will accept scores received during the applicant's last term if the state in which the scores were attained will verify the provisional status.

4. At this time, Mr. Robert Slobig, Esq., as hearing officer, convened a hearing before the Board in the matter of Mr. William Dunne IV regarding voiding of scores pursuant to non compliance with the provisions of Title 23: Education and Cultural Resources, Subtitle A: Education, Chapter VI: Board of Examiners, Part 1400 Certificate of Certified Public Accountant, Section 1400.90 the Education Requirement, Section e)2). Mr. Dunne failed to submit final transcripts within 120 days of having sat for the first section of the examination.

EXECUTIVE SESSION: Mr. Hull convened the Board in Executive Session following the hearing to deliberate the merits of the appeal.

Mr. Hull brought the Board out of executive session and the Board voted unanimously by voice vote to deny Mr. Dunne's appeal. Mr. Dunne's scores will remain voided. Mr. Hull directed Mr. Friedewald to advise Mr. Dunne of the Board's decision.

IBOA COMMITTEE AND TASK FORCE REPORTS

5. Finance Committee Report (G. Fish)

Financials-Dr. Fish discussed the financial report for the fiscal years ended June 30, 2010 and June 30, 2009, noting the change in net assets at the end of fiscal year 2010.

Budget-Dr. Fish discussed the budget for fiscal year 2011 which included an expenditure for an upgrade to the current system and replacement of file cabinets. Dr.

Fish also expressed concern that the introduction of the international examination will adversely affect the Board's bottom line as more and more international candidates sit for the exam overseas. Dr. Fish also suggested some thought should be given to approaching the legislature for transfer of licensing and enforcement to the Board.

Following Dr. Fish's discussion, a motion was made by Mr. Winkler to approve the budget for fiscal year 2011. The motion was seconded by Ms. Swick. Mr. Hull commented on the \$173,572 budgeted deficit which is due to the expenditures of system upgrades and the purchase of file cabinets and that without those one time expenditures, we would have approximately a \$150,000 budgeted surplus. Mr. Hull suggested the budget was in line. The motion to approve the budget carried by unanimous voice vote.

6. Administrative Committee-(C. Wilson)

Ms. Wilson advised the Board of a meeting held on August 16 with Jeannie Folk, Mr. Hull, Ms. Yunker, Mr. Friedewald and herself to finalize the tasks Ms. Folk will be performing for the Board during her sabbatical. It was decided that Ms. Folk will address two tasks; the ethics exam and the template for integration of required course material included in the new educational rules. Ms. Folk will address the ethics exam first and time permitting, will work on the educational integration template. Ms. Wilson explained the requirements of the four parts of the exam and the ethics exam for the edification of the new members. Mr. Hull asked about the status of the rules and Mr. Friedewald advised they are being finalized at the Joint Committee on Administrative Rules and will be published in the Register once completed.

7 Candidacy Committee (R. York)

In Mr. York's absence, Mr. Friedewald advised the Board that two candidates had been presented to the Committee. The Committee denied one of the applicants and requested additional information from the other.

Mr. Hull advised the Board that there had been three candidates that had been approved for a variance of the Administrative Rule relative to the 18 month provision and that Mr. Friedewald had forwarded those variances for signature. Mr. Hull pointed out that the Board had not granted him authority for that signature. Mr. Friedewald was advised to return the appeals to the Candidacy Committee for further review and recommendation.

8. Education Advisory Task Force (P. Yunker)

Dr. Yunker outlined for the new members what the Education Advisory Task Force is and its purpose. Dr. Yunker further advised that with the assistance of Jeannie Folk, we will be developing a template for integration of coursework as outlined in the pending amendment to the Administrative Rules.

9. Nominating Committee (M. Swick)

Ms. Swick led a discussion about how the Nominating Committee should proceed in the future with recommendations to the Governor. Several suggestions were discussed. It was agreed that consideration should be given for possible nominees to

replace current board members. Ms. Swick asked board members to provide any suggestions for possible new board members. The matter was assigned to the Nominating Committee for continued discussion. Mr. Friedewald was asked to contact the governor's office to see what would happen if a member were to resign mid-term.

10. State Liaison (G. Fish)-No report

11. Strategic Planning (K. Hull)-No report

NASBA/AICPA COMMITTEE REPORT

13. Audit (K. Hull)

Mr. Hull advised he had no report, but that the Audit Committee was scheduled for a conference call the following day regarding the audit committee charter which is in revision. The next face to face meeting of the Audit Committee is scheduled for the 24th of September to review the annual audit report.

14. Bylaws (C Herting/M Swick)

Ms. Herting reported the Bylaws Committee will be submitting bylaws amendments at the annual meeting for approval.

15. Education (P Yunker)

Dr. Yunker advised she is no longer on the Education Committee, but that she knew that NASBA was disappointed they were not playing a larger role in the Pathways Commission that is sponsored by the AICPA and the American Accounting Association. Dr. Yunker reported that NASBA has their own parallel committee working on pathway issues.

16. BOE & BEC—(G. Fish)

Dr. Fish reported that the next meeting of the AICPA's Board of Examiners will be early October in Las Vegas. In addition, the Board of Examiners will meet in Dallas in early November to review the recommendations of the four standard setting content task forces to revise the cut scores (i.e., passing score). The review of the cut scores is required due to the recent upgrades in the CPA exam which will be implemented in January, 2011. Dr. Fish also reported that NASBA's members of the Internationalization of the CPA Examination Task Force had met the previous week in Dallas. It was reported that every involved state that processed a significant number of international candidates had been visited by either Mr. Ken Bishop or Dr. Craig Mills. Our Board was visited by Dr. Craig Mills last spring. Dr. Fish reported that not much had changed since that visit. Dr. Fish also reported that it was expected that 8,000 international candidates will be tested during the first year of testing at international sites. Dr. Fish reported that the contract negotiations for testing at international sites took a long time to finalize, but that the initial contract is for two years with the launch of international testing to be sometime in 2011. The application and the examination for international testing will be in English. Dr. Fish also expressed concern as to what the

impact might be on the number of international candidates applying to the Illinois Board of Examiners.

17. State Board Relevance & Effectiveness Committee (M. Cartier/ C. Wilson)

Ms. Wilson reported there had been no meetings since the regional meeting. During the regional meeting, attendees of break- out sessions were advised that a model act, including budget considerations, legislative input, licensing and enforcement procedures, as well as other considerations had been developed as a template for implementing a semi-independent board. Feedback from those breakout sessions will be incorporated into a document to be presented at the annual meeting in San Antonio in November.

18. Nominating Committee (M. Swick)

Ms. Swick reported on the meeting held in Seattle at the Western Regional meeting.

19. Relations with Member Boards (C Herting)-No report

Old Business

Mr. Friedewald was reminded to provide a listing of items assigned on a “To Do” list.

New Business-

Quarterly Communication-Mr. Hull led the discussion regarding which items we should be answering, particularly the issue of record retention. Mr. Friedewald advised the board of our record retention, which is five years. He also advised that we do not have a retention policy for e-mail. Ms. Cartier requested we develop a more detailed policy.

Dr. Fish has requested that a routine report be produced to advise the board on progress on the implementation of the data system upgrade.

Dr. Fish motioned to adjourn. The meeting adjourned at 3 PM.

Submitted by Russ Friedewald, Executive Director