

Illinois Board of Examiners

Board Minutes- July 11, 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

By phone: Lawrence Wojcik, CPA, JD; Mr. Martin Green, Esq., Vice President, Legislative Affairs, Illinois CPA Society

Absent: Jeannie Folk, CPA

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

Call to Order:

Chairperson Holzman called the meeting to order at 10:00 AM

ACTION: Mr. Holzman asked the Board for approval of the May 3rd, 2017 minutes. Dr. Petravick moved to approve the minutes and motion was seconded by Ms. Mikuta. The minutes were approved by unanimous voice vote.

Report of the Chair: S. Holzman

a. Mr. Holzman asked Mr. Wojcik for a review of the NASBA Western Regional meeting. Mr. Wojcik reported that peer review was the main topic of discussion at the meeting and appears to be a topic for ongoing discussion. Mr. Wojcik also reported that everyone agrees that improvement in the process is necessary. Mr. Wojcik also reported the other main topic of discussion was the issue of CGMA and the change to the UAA to include the credential. Mr. Wojcik also reported the session on education was very interesting as well as information provided on analytics. Mr. Holzman reported that the Eastern Region was well attended by our Board and that a lot of discussion centered on the use of titles and peer review. Mr. Holzman also stated the open comment period for the UAA language change disclosure document ends on September 30th and on Peer Review it ended on June 30. Mr. Engle offered that discussion from other states during the Great Lakes Region breakout session was universally opposed to the change. Mr. Holzman reported that during the breakout session all of the states were interested in how to deal with the marijuana issue regarding enforcement. The IDFPR will be discussing with their attorneys how to deal with two issues: the abuse of marijuana as it relates to DUI and the other as it relates to audit requirements and the CPA's risk in performing audit services. Ms. Mikuta indicated banks are having the same issues.

b. Mr. Holzman asked Mr. Friedewald to advise the board of the Memorandum of Understanding between NIU and the Board. Mr. Friedewald related to the board the memorandum which establishes a set administrative fee payable to the university instead of a percentage and limits the board's fee to \$9,000 per month or not to exceed 10% of revenue in the event revenues fall below \$1,080,000.

c. The AICPA Board of Examiners (BOE) will be having a meeting in early August to set the 'cut-scores' for the CPA exam that was conducted during the Quarter 2, 2017 window.

ACTION: Mr. Holzman asked Ms. Mikuta, Chair of the Finance Committee to discuss the proposed budget and ask for approval. Ms. Mikuta advised there would be additional budget items for penetration testing as well as document conversion for old 4x5 cards for archival purposes. An adjustment was made to the projected revenue from the NASBA agreement from \$180,000 to \$90,000. It was agreed the Board would sponsor another Educator Conference in the spring, 2018. Ms. Mikuta motioned to approve the budget as amended. Ms. Kodjayan seconded the motion and the budget passed by unanimous voice vote.

LEGISLATIVE UPDATE: Mr. Marty Green, V.P., Legislative Affairs, ICPAS (by phone) Mr. Green discussed the recent legislative session on the state operating budget that passed and an update report on the state licensure bill. Mr. Green related that a Budget was finally passed over the Governor's veto. Both the Senate and House overrode the Governor's veto and the state now has a budget. Mr. Green advised the Senate and House have passed an education funding bill, but the Governor will also veto that bill. He also said the school aid formula checks are due to go out August 1st. Mr. Green reported that the Society and the Department of Financial and Professional Regulation have submitted bills to approve firm mobility and CPE reciprocity. Both houses have passed a bill allowing for firm mobility and CPE reciprocity and it is now on the Governor's desk for signature.

Report of Executive Director- R. Friedewald

a. Mr. Friedewald reported that he attended the Data Summit offered by NASBA which was held in Philadelphia. The data summit brings together college administrators, Executive Directors, professors and others to discuss exam statistics and analyze data.

b. Mr. Friedewald reported that a change to the Administrative Rules has been submitted and has been published to first notice in the Illinois Register. This amendment to the rules changes the time a provisional candidate must submit final transcripts from 120 days to 150 days.

c. Mr. Friedewald reported on the activities the office is undertaking to promote diversity in the CPA profession. Among these are participation in a summer program sponsored by "After School Matters" as well as talks with various Chicago high schools, administrators at the Chicago Public School system and collaboration discussions with various CPA firms.

d. Mr. Friedewald distributed a report on the analytics received from NASBA regarding an overview of how the Board newsletter is received.

e. Mr. Friedewald distributed a candidate security report which indicates candidates who violated rules pertaining to the exam administration. The violations were minor in nature and Mr. Friedewald will contact other boards to see how they are handling these violations.

ILBOE COMMITTEE AND TASK FORCE REPORTS

ADMINISTRATIVE COMMITTEE- L. Wojcik— Mr. Wojcik reported the Committee has not met.

CANDIDACY COMMITTEE- S. Petravick- Dr. Petravick reported there were three appeals since the last meeting and all three requested and were approved for extensions of expiring exam scores.

EDUCATION ADVISORY TASK FORCE- S. Petravick- Dr. Petravick confirmed money is budgeted for the next Educator Conference which will be scheduled during the latter half of April, 2018.

FINANCE COMMITTEE- S. Mikuta/M. Hoffman- Mr. Hoffman reported to the board on the May Financial Report.

STRATEGIC PLANNING COMMITTEE- R. Kodjayan- Ms. Kodjayan reported committee meetings were delayed due to the spring tax season and a follow-up meeting will be held prior to the next board meeting.

NASBA/AICPA COMMITTEE REPORTS

CBT ADMINISTRATIVE COMMITTEE- R. Friedewald- Mr. Friedewald reported no activity since the last board meeting.

COMMUNICATION COMMITTEE- J. Kelley/S. Holzman- Mr. Kelley reported the Committee met at the recent Eastern Regional meeting in Rhode Island and that there was a lot of good discussion. Mr. Holzman reported that a scheduled conference call of the Committee will be cancelled due to the recent regional meeting being so close to that scheduled call.

COMPLIANCE ASSURANCE COMMITTEE- L. Wojcik- Mr. Wojcik reported a phone conference was held the previous day. A sub-committee of the committee (of which Mr. Wojcik is not a member), released a draft paper on helping state boards on their oversight of peer review and that part of their suggestion is that NASBA be involved in it.

EDUCATION COMMITTEE- R. Kodjayan- Ms. Kodjayan reported that Dr. Ray Johnson, Chair of the Committee spoke at the regional meeting and the focus of the Committee is now on accreditation, who does the accreditation, the significance of accreditation, etc. They also completed the grants. Ms. Kodjayan reported she is not on the grants sub-committee, but that she is on the International accreditation group which is scheduled to meet this week. Mr. Engle inquired about how grants are advertised and what interest is shown by candidates for those grants. Ms. Kodjayan responded that NASBA contacts schools with grant information for faculty and that faculty then submit their requests for a portion of the \$25,000 pool.

INTERNATIONAL QUALIFICATIONS APPRAISAL BOARD- H. Engle- Mr. Engle mentioned that there were three agreements under review with Canada, Mexico and Ireland and the reviews are going very slowly. Mr. Engle reported there is a conference call with Ireland coming up, but there are no changes and no signatures to the agreements yet.

BY LAWS COMMITTEE- S. Mikuta- Ms. Mikuta reported there was a meeting held in Nashville that she was unable to attend. There was a change to the bylaws relating to the board of directors. The change makes the immediate past chair a delegate, but he/she will not be counted in the majority. Ms. Mikuta reported the change will be presented to the Board of Directors at their July meeting and then it will be distributed to the state boards at least 60 days prior to the annual meeting. The Committee also discussed the bylaws as they relates to the articles of incorporation to determine if they are consistent and Committee determined they were consistent.

AICPA COMMITTEE

BOARD OF EXAMINERS- S. Holzman- Mr. Holzman reported on this topic in his previous comments.

EXECUTIVE SESSION—Motion was made by Mr. Gallagher and seconded by Mr. Engle to enter into Executive Session to discuss personnel matters. Motion passed by voice vote. The board came out of

executive session and Mr. Holzman made a motion to adjust Mr. Friedewald's compensation by \$3,000 retroactive to July 1 and to have a mid- year review for possible additional adjustment. The motion was seconded and approved by unanimous voice vote.

The Chair adjourned the meeting at 12:45 pm.

SECOND MEETING

The meeting was called to order by Chairman Holzman at 12:45 pm. Mr. Holzman reminded the members that the sole purpose of the meeting was to elect officers for the coming year.

Dr. Petravick nominated Mr. Kelley to the position of Board Chair. Mr. Holzman seconded the motion. There were no further nominations made and the motion was carried by unanimous voice vote.

Mr. Holzman nominate Ms. Mikuta as Vice-Chair and Ms. Kodjayan nominated Dr. Petravick as Vice-Chair. Dr. Petravick declined the nomination and Ms. Mikuta was elected Vice-Chair by unanimous voice vote.

Mr. Holzman adjourned the meeting at 12:49 pm.