

June 16, 2010
Board Minutes
II. CPA Society, Bldg. Conference 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
Robbin Burge, Asst. Director

1. Ms. Swick called the meeting to order at 10:03 a.m. Ms. Cartier moved to accept the April 28, 2010 minutes. The motion was seconded by Ms. Wilson. Motion carried by voice acclamation. Ms. Swick added an executive session to the agenda.

2. Report of the Chair (M. Swick)

a. Ms. Swick reviewed the Regional meeting in Charleston including the session re: David Costello's (NASBA CEO) replacement. It was agreed by all that the session on liability was very good as was the session on board independence. Ms. Wilson suggested once we receive the feedback from the Regional meeting, we can start putting together a strategy for the IBOE to begin looking at our position in Illinois.

b. Ms. Swick reported that Ken and she spoke with Kathy Phillips of the Center for the Public Trust and they will have a conference call with her to brainstorm what the relationship should be with the boards and the membership status and/or what else we can do to assist them with student programs in Illinois. Ms. Yunker suggested we ask them to contact the Society in regard to any student involvement. Mr. Hull added we should not involve ourselves in directing the Center for the Public Trust, but we should support them in their efforts. Dr. Yunker felt NASBA should consider offering scholarships to deserving students. Mr. Hull suggested mentioning scholarships to Kathy Phillips as part of their discussions with her.

Ms. Herting reminded the board that the Center for the Public Trust will have an auction at the national conference and that they want states to contribute items to be auctioned. Ms. Herting will address this again at the next meeting.

3. Report by Executive Director (R. Friedewald)

a. Mr. Friedewald reported to the Board that representatives from VERSA had demonstrated the upgrade to their system on June 1st. Dr. Fish was also in attendance. VERSA has developed additional add-ons to the program and Mr. Friedewald will get a total cost for the system and any additional software that would benefit the Board.

b. Mr. Friedewald reported the website is now on the developer's demo site and will be live within the next couple of weeks. He reported that the educators seemed impressed by the new site and that some educators offered relevant suggestions.

c. Mr. Friedewald reported that all four of the employees that had indicated a desire to retire will, in fact, retire. Mr. Friedewald related that once all deadlines for submission of retirement paperwork is complete, we can then proceed to begin replacement options.

d. Mr. Friedewald advised we may have two hearings at the August meeting regarding candidate denials.

e. Ms. Wilson inquired as to the status of the board manuals and Mr. Friedewald responded that a few things had been added and will be finalized by next board meeting. Mr. Friedewald will send the members the current manual index for review by the board as well as suggestions for inclusion of other topics.

4. Review of EATF reception – P. Yunker

Dr. Yunker provided an overview of the EATF reception held June 15th at the Chicago Hilton prior to the ICPAS banquet. Dr. Yunker indicated the reception was well received and attended. Dr. Yunker stated that Mr. Friedewald provided a report to the members in attendance regarding the status of HB 6415 which would extend the Registration of CPAs in Illinois until July 1, 2012 and that Governor Quinn had not yet signed the bill. Mr. Friedewald also provided an update on the amendment to the educational requirements. Dr. Yunker also reported that Mr. Friedewald provided an introduction to the Board's new website, asking the educators for their input and suggestions. Dr. Yunker indicated the new website was very well received by all in attendance. Dr. Yunker reported that the EATF members would like another educational exchange and that she will come up with some dates for the spring of 2011. Dr. Yunker related a brief discussion was held at the reception regarding integration of ethics into the curriculum and shared with the educators that Jeannie Fold would be helping with defining ethics and will be developing a template for integration. Dr. Yunker also related that Mr. Friedewald would be sending a follow up e-mail to the EATF members regarding the topics discussed.

5. Review of AICPA forum – K. Hull

Mr. Hull reported on the Forum presented by the AICPA Board Of Examiners held in Dallas in late May which was an update of the examination. The meeting was hosted by Whitfield Broom. Reports were made by Doug Warren, Chair of the BOE, Dr. Craig Mills, AICPA, Mike Decker, AICPA and Ed Barnicott, NASBA. Mr. Hull reported on the various topics presented at the forum. It was reported that the BOE is changing its concept and moving away from being hands on to more of one dealing with policy issues. Mr. Hull reported other topics of discussion included, how exam items are developed and by whom and how scores will now be reported. Mr. Hull also reported that reports from presenters included a change in exam concept from knowledge based to a combination of knowledge based and testing of skill. A new virtual tape calculator is being implemented and ethics will now be included in AUD. IFRS will now be on the exam, but only 5-6 questions will be included. It was also reported that some of the review courses are encouraging students to sit before the end of the year to avoid the new

exam format. This could potentially put added pressure on Prometric to provide enough testing facilities. It was also reported the International Exam is expected to launch in spring 2011 in Japan and the Middle East. Mr. Hull expressed he thought the forum was informative and worthwhile.

IBOA COMMITTEE AND TASK FORCE REPORTS

6. Finance Committee report (M. Cartier)

a. Ms. Van Uithoven presented the May financial report and reported that our forecasted numbers are under actual figures to date. She additionally reported our income is above forecasted numbers. Ms. Swick asked Ms. Van Uithoven to use actual figures in preparation of the fy11 budget. Since the July meeting has been moved to August, the actual figures will be available for development of the budget.

EXECUTIVE SESSION

Dr. Fish motioned for the Board to go to Executive Session. Motion was seconded by Ms. Cartier and approved by voice acclamation.

Dr. Fish motioned to end executive session. The motion was seconded by Ms. Herting and approved by voice acclamation.

7. Administrative Committee (C. Wilson)

Ms. Wilson asked Mr. Friedewald to report on the emergency rule that was never finalized relative to the change from 60 days to 120 days for submission of transcripts for provisional applicants. Mr. Friedewald related that in discussions with JCAR, it was mentioned that this emergency rule had not been finalized, but they noticed the change had been made to the document submitted by Mr. Friedewald. The current rule is 60 days. The Board directed Mr. Friedewald to draft a variance to the 60 day rule. A motion was made by Ms. Cartier and seconded by Mr. Hull to grant the Chair authority to sign the variance on behalf of the whole Board. Motion passed by unanimous voice vote.

Ms. Wilson briefly discussed the “Red Flag” Rule. The Federal Trade Commission (FTC), the federal bank regulatory agencies, and the National Credit Union Administration (NCUA) have issued regulations (the Red Flags Rules) requiring financial institutions and creditors to develop and implement written identity theft prevention programs, as part of the Fair and Accurate Credit Transactions (FACT) Act of 2003. The programs must be in place by November 1, 2008, and must provide for the identification, detection, and response to patterns, practices, or specific activities – known as “red flags” – that could indicate identity theft. The AICPA tried to get accountants excluded from this rule and were hopeful of getting this accomplished. Ms. Wilson referred to the document that Dr. Fish had shared recently about the 10 things that make a good board and covered each as it relates to the IBOE. Ms. Wilson shared that she believes the IBOE meets all 10 criteria for a good board.

8. Candidacy Committee (R. York)

Mr. York asked Ms. Burge to send the schedule for site visits to all members so everyone will know what sites are relevant to them. Mr. York also asked Ms. Burge to send the new letters of authorization as soon as they are available.

Mr. York reported on a candidate whose exam was scheduled one day beyond the 18 month date and who has asked the Candidacy Committee to grant an extension by one day so as not to lose the score. Ms. Burge stated that AICPA and NASBA often reinstated scores that were voided by the 18 month rule. Ms. Burge will see if this will be the case in this instance. Otherwise it will require a Variance of the Rule to allow the scores to stand.

9. Education Advisory Task Force (P. Yunker)

Refer to item 4.

10. Nominating Committee (C. Herting)

No report

11. State Liaison (G. Fish)

Dr. Fish reported the Governor has not yet signed HB 6415 extending the Registration of CPAs, though it is expected he will do so.

12. Strategic Planning (K. Hull)

No report

NASBA/AICPA COMMITTEE REPORT

13. Audit (K. Hull)

Mr. Hull reported the next scheduled meeting will be on Sept. 23rd

14. Bylaws (C Herting/M Swick)

Mr. Hull had raised an issue with what he perceived as a conflict in the NASBA by laws as it relates to the area of Director at Large. Ms. Swick agreed the by laws should be revised because there are conflicting statements throughout the by laws. Ms. Herting also agreed, but related that it was her understanding that NASBA will not be addressing any revisions during the up coming year.

15. Education (P Yunker)

Dr. Yunker reported the Education Committee is working on the ACAP recommendations.

16. BOE & BEC—(G. Fish)

Dr. Fish reported on the BOE meeting held in New York on May 13-14. Dr. Fish reported it was held in conjunction with CLEC. A financial report was shared at the meeting and the exam is now on very sound financial ground. Dr. Fish reported some were interested in reducing the fees for the exam, but that he was opposed to any reduction at this time due to possible unforeseen circumstances. Dr. Fish indicated the

most exciting part of the meeting was the demonstration of new question formats. Dr. Fish reported on the various types of question formats. Several new formats are being explored. Once a question is written, it takes about two years for a question to actually become an exam item. The BOE would like this timeframe reduced to about six months which will require a change in the way questions are developed. The next meeting will be held in Las Vegas in October. Dr. Fish reported there is no new information on the international exam.

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

Ms. Wilson reported the Committee's Position Paper supporting semi-independent accountancy boards is excellent and the Model Act Template that provides guidelines for model legislation to establish a semi-independent agency/board eliminates a great deal of effort since many possibilities have been vetted and NASBA legal counsel has reviewed and approved. Most Board members attended the regional independence breakout session and received copies of both documents. If copies are needed, they are on NASBA's website in the Regional Section. If the documents are approved at the NASBA Annual meeting, they will be issued as official NASBA positions. Ms. Wilson advised that not all guidelines need to be adopted and certain unique state situations require modification, however, serious consideration is warranted.

18. Relations with Member Boards (C Herting)

Ms. Herting reported the only thing the Committee did was prepare for the orientation at the NASBA regional meetings.

19. Nominating Committee (M. Swick)

No report

New Business-

Unfinished business- Ms. Wilson reviewed the auditor general report and discussed "hang over" from the prior audit and what we might expect for the next audit. One of the issues discussed was the board lunch served at every board meeting. It was agreed that lunches should no longer be paid from board funds.

Mr. Hull concluded the meeting by recognizing Ms. Swick for her ability to run the board and thanked her for her efforts.

Motion was made by Mr. Hull to adjourn. There was no objection. The meeting was adjourned at 1:26 p.m.

Submitted by Russ Friedewald, Executive Director