

## ND STATE BOARD OF ACCOUNTANCY

MEETING MINUTES: February 6, 2019

The meeting was called to order by President Michael Schmitz at 10:30 a.m.

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PRESENT: Mike Schmitz, President; Faye Miller, Secretary; Laura Adair, Director; Patrick Kautzman, Director; Sheri Erickson, Director; (via conference call).

Guests: Mandy Harlow, NDSBA Executive Director; Pene DeMaster, NDSBA Staff; Sherre Sattler, ND CPA Society, (via conference call).

MINUTES: The minutes from the October 18, 2018 Board meeting and the December 17, 2018 phone meeting were approved. [Motion: Miller; 2<sup>nd</sup> Kautzman; unanimous]. [Roll call: Schmitz (y), Miller (y), Kautzman (y), Adair (y), Erickson (y)]

FINANCIAL REPORT: September 1, 2018 through December 31, 2018: Questions were answered on the financials and disbursements. Miller stated that her financial oversight consisted of reviewing and approving expenditures on an on-going basis. Reports and disbursements were accepted as presented. [Motion: Miller; 2<sup>nd</sup> Kautzman; unanimous]. [Roll call: Schmitz (y), Miller (y), Kautzman (y), Adair (y), Erickson (y)]

The audit report was distributed and will be discussed at the next meeting. Schmitz stated that he had reviewed the audit report draft prior to distribution and had input into the adjustment to the pension balance.

CPE AUDIT: Discussed licensees who didn't submit proper documentation and licensees who claimed courses that weren't accounting in nature. In years past undocumented CPE was not allowed. Going forward licensees with CPE audit issues will be placed in disciplinary actions. Motion was made to move discussion regarding CPE Audit to Discipline discussion during this meeting. [Motion: Miller; 2<sup>nd</sup> Erickson; unanimous]. [Roll call: Schmitz (y), Miller (y), Kautzman (y), Adair (y), Erickson (y)]

PROPOSED CHANGES - UAA MODEL RULES ON PEER REVIEW: The Board had an opportunity to respond to these proposed changes. Since North Dakota no longer administers Peer Review it was the consensus of the Board to not respond.

WEBSITE: Mandy received a quote by the State for a new website, which was less than what we are currently paying, with much more functionality. She will pursue a more in-depth quote from the State to include special services. This will be brought to the next Board meeting for discussion.

### OTHER BUSINESS

NEW ATTORNEY: Schmitz reported the North Dakota Attorney General's Office recommended Tara Brandner as the new attorney to represent NDSBA. It was the consensus of the Board to proceed with the change. Schmitz will send a letter to our current attorney and contact Ms. Brander. [Motion: Erickson; 2<sup>nd</sup> Kautzman; unanimous] [Roll call: Schmitz (y), Miller (y), Kautzman (y), Adair (y), Erickson (y)]

STATE BOARD NEWSLETTER: The Board discussed what they would like to see in future newsletters, to include disciplinary actions.

REVIEW OF EMPLOYEE POLICIES/MANUAL: Mandy reported her findings on research of other professions' policies. The State recommends using OMB's policies that are applicable. Miller volunteered to review OMB policy and make recommendations.

REINSTATEMENTS: Motion to approve reinstatement request from Nolte for non-renewal [Motion: Kautzman; 2<sup>nd</sup> Adair; unanimous]. [Roll call: Schmitz (y), Miller (y), Kautzman (y), Adair (y), Erickson (y)]

SPECIAL APPLICATION ISSUES: Candidate requested a special accommodation for time and a half allowed for the exam, documentation was provided. The additional cost is \$25 per exam. Mandy reported that one candidate requesting special accommodation sat for the exam over 30 times and the Board paid for all extra costs. Ms. Brandner should be contacted to see if the additional cost could be passed on to the candidate and also if a limit could be set for the number of times the special accommodation would be allowed at no extra charge to the candidate. Motion to approve accommodation request. [Motion: Kautzman; 2<sup>nd</sup> Miller; unanimous]. [Roll call: Schmitz (y), Miller (y), Kautzman (y), Adair (y), Erickson (y)]

MISCELLANEOUS: Mandy reported on a firm performing compilations without having peer review completed. Motion to move discussion to disciplinary action [Motion: Miller; 2<sup>nd</sup> Kautzman; unanimous]. [Roll call: Schmitz (y), Miller (y), Kautzman (y), Adair (y), Erickson (y)]

EQUIPMENT BUDGET: Discussion was held to increase the budget to purchase equipment and software. Motion was made to purchase needed equipment and software not to exceed \$8,000 [Motion: Miller; 2<sup>nd</sup> Erickson; unanimous]. [Roll call: Schmitz (y), Miller (y), Kautzman (y), Adair (y), Erickson (y)]

MISCELLANEOUS: Schmitz gave an update of the bills in the legislative session that may affect the profession. Miller gave an update from the NASBA Regional Directors' meeting and reported concerns from other States regarding non-CPAs using the CGMA designation in the United States.

Discussion was held on what it would take to change our rules to implement continuous testing for the CPA exam. NASBA/AICPA are hoping to put this into effect by 2020.

Mandy will check into NASBA's CPE tracker program.

The Board recessed at 12:00 p.m. to Executive Session to discuss complaints. Sherre Sattler left the meeting.

#### EXECUTIVE SESSION

##### REVIEW AND DISCUSSION OF COMPLAINTS:

2017-10; 2018-5; 2018-6; 2018-7; 2018-8; 2018-9; 2019-1; 2019-2; 2019-3; 2019-4; 2019-5.

The Board closed the Executive Session and reconvened the Regular Session of the Board at 1:30 p.m.

##### DISCIPLINARY ACTIONS:

2017-10: Motion for revocation of CPA certificate. [Motion: Kautzman; Erickson 2<sup>nd</sup>: unanimous]. [Roll call: Schmitz (y), Miller (y), Kautzman (y), Adair (y), Erickson (y)]

2018-5: Motion to close complaint. The Board sees no findings of gross negligence, or fraud. Legal counsel will communicate this to both parties. [Motion: Kautzman; Adair 2<sup>nd</sup>; unanimous]. [Roll call: Schmitz (y), Miller (y), Kautzman (y), Adair (y), Erickson (y)] Case Closed

2018-6: Motion to close case [Motion: Erickson; Kautzman 2<sup>nd</sup>: unanimous]. [Roll call: Schmitz (y), Miller (y), Kautzman (y), Adair (y), Erickson (y)]

2018-7: Motion to close case [Motion: Erickson; Kautzman 2<sup>nd</sup>: unanimous]. [Roll call: Schmitz (y), Miller (y), Kautzman (y), Adair (y), Erickson (y)]

2018-8: Attorney will communicate with party to disclose they are not a CPA firm and not a CPA on website and all advertising. The Board will request a signed statement from the party. [Motion: Miller; Kautzman 2<sup>nd</sup>: unanimous]. [Roll call: Schmitz (y), Miller (y), Kautzman (y), Adair (y), Erickson (y)]

2018-9: Motion to close complaint. The Board sees no findings of gross negligence, or fraud. Legal counsel will communicate this to both parties [Motion: Kautzman; Miller 2<sup>nd</sup>: unanimous]. [Roll call: Schmitz (y), Miller (y), Kautzman (y), Adair (y), Erickson (y)]

2019-1: Attorney will communicate with party to disclose they are not a CPA firm and not a CPA on website and all advertising. The Board will request a signed acknowledgment statement from the party. [Motion: Kautzman; Miller 2<sup>nd</sup>: unanimous]. [Roll call: Schmitz (y), Miller (y), Kautzman (y), Adair (y), Erickson (y)]

2019-2: Motion to close complaint. The Board sees no findings of gross negligence, or fraud. Legal counsel will communicate this to both parties [Motion: Kautzman; Adair 2<sup>nd</sup>: unanimous]. [Roll call: Schmitz (y), Miller (y), Kautzman (y), Adair (y), Erickson (y)]

2019-3: Motion to fine CPA \$1,000, CPA cannot hold out as a CPA until delinquent CPE hours are completed, and has 30 days to provide proof CPE hours are completed. This will not be published. [Motion: Kautzman; Adair 2<sup>nd</sup>: unanimous]. [Roll call: Schmitz (y), Miller (y), Kautzman (y), Adair (y), Erickson (y)]

2019-4: Motion for attorney to request signed statement that the licensee will not hold out until CPE documentation is provided [Motion: Schmitz; Miller 2<sup>nd</sup>; unanimous]. [Roll call: Schmitz (y), Miller (y), Kautzman (y), Adair (y), Erickson (y)]

2019-5: Motion for a \$300 fine for falsifying CPE report, \$200 fine for late completion of CPE and 6 hours of ethics CPE to be completed within 30 days. [Motion: Miller; Kautzman 2<sup>nd</sup>: unanimous]. [Roll call: Schmitz (y), Miller (y), Kautzman (y), Adair (y), Erickson (y)]

ADJOURNED: 2:03 p.m.

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Secretary

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Date

ND STATE BOARD OF ACCOUNTANCY

MEETING MINUTES: March 12, 2019

The meeting was called to order by President Michael Schmitz at 9:00a.m.

PRESENT: Mike Schmitz, President; Faye Miller, Secretary; Laura Adair, Director; Patrick Kautzman, Director; Sheri Erickson, Director;

Guests: Mandy Harlow, NDSBA Executive Director; Pene DeMaster, NDSBA Staff; Tara Brandner, NDSBA Attorney, Nici Meyer, Litigation Attorney

At the February 6, 2019 meeting the Board voted to revoke Rene Johnson's CPA license. Once Ms. Johnson received notification of revocation she requested a hearing. Nici Meyer was introduced as the litigation attorney from the Attorney General's office. Ms. Meyer is in the process of serving Ms. Johnson with the formal complaint and that will give Ms. Johnson 20 days to respond. ALJ will be assigned and a hearing date will be set.

Ms. Meyer will look into whether or not Ms. Johnson is looking to appeal her felony conviction. Ms. Meyer believes the hearing will be in the April/May timeframe. We will need a Board representative to attend the hearing.

Motion for President Michael Schmitz to be the Board representative.

[Motion: Sheri; Laura 2<sup>nd</sup>; unanimous]. [Roll call: Schmitz (y), Miller (y), Kautzman (y), Adair (y), Erickson (y)]

Ms. Brandner and Ms. Meyer will provide updates as they are available to the Board.

ADJOURNED: 9:32 a.m.

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Secretary

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Date

ND STATE BOARD OF ACCOUNTANCY

MEETING MINUTES: April 23, 2019

The meeting was called to order by President Michael Schmitz at 10:00 am.

PRESENT: Mike Schmitz, President, Faye Miller, Secretary, Laura Adair, Director, Patrick Kautzman, Director, Sheri Erickson, Director, Mandy Harlow, Executive Director, Pene DeMaster, NDSBA Staff, Tara Bradner, NDSBA Attorney, Sherre Sattler, ND CPA Society

INTRODUCTIONS: Tara Bradner was hired as the new state board attorney. Ms. Bradner has been with the Attorney General's office for the past 3 years.

MINUTES: The minutes from the February meeting and March special board meeting were approved with amendment "un-supported CPE not allowed". [Motion: Miller; 2<sup>nd</sup> Kautzman; unanimous]. [Roll call: Schmitz (y), Miller (y), Kautzman (y), Adair (y), Erickson (y)]

FINANCIAL REPORT: Approval of Disbursements: [Motion: Miller; 2<sup>nd</sup> Kautzman; unanimous]. [Roll call: Schmitz (y), Miller (y), Kautzman (y), Adair (y), Erickson (y)]

FINANCIAL OVERSIGHT UPDATE: Faye Miller, Secretary, gave an update.

AUDIT REPORT: [Motion: Miller; 2<sup>nd</sup> Erickson; unanimous]. [Roll call: Schmitz (y), Miller (y), Kautzman (y), Adair (y), Erickson (y)]

WEBSITE: Mandy reported on a possible new website. \$1,416 Phase One, plus \$55 month. Board directed staff to move to new state platform website Phase One: [Motion: Erickson; 2<sup>nd</sup> Adair; unanimous]. [Roll call: Schmitz (y), Miller (y), Kautzman (y), Adair (y), Erickson (y)]

2019 BUDGET: Motion to approve budget as presented with three changes. Faye discussed availability of NASBA Scholarships. [Motion: Miller; 2<sup>nd</sup> Kautzman; unanimous]. [Roll call: Schmitz (y), Miller (y), Kautzman (y), Adair (y), Erickson (y)]

STAFF COMPENSATION: Mandy spoke on the progress and improvements the staff have made since separating from the Society. Patrick and Faye gave positive feedback on the improvements made so far. Mike recommended staff receive evaluation-based pay increases. Tara will reach out to North Dakota state Human Resources for evaluation forms. Staff are to complete evaluations on each other and send to the board members prior to a special meeting to discuss staff compensation. A special meeting will be called the first part of June to discuss the evaluations and determine pay increases for staff. [Motion: Miller; 2<sup>nd</sup> Kautzman; unanimous]. [Roll call: Schmitz (y), Miller (y), Kautzman (y), Adair (y), Erickson (y)]

OTHER BUSINESS:

EMPLOYEE HAND BOOK: tabled

REINSTATEMENT FEE AND SPECIAL APPLICATIONS: none at this time

LEGISLATIVE UPDATE: Mike and Tara reported. Ten bills went through the legislature this year that had to do with boards. The session ended with a single bill passed that provides military spouses' mobility to practice in other states.

ADA ACCOMMODATIONS: The board is required to provide ADA Accommodations without any additional assessments to the candidate. A form letter will be drafted that mimics NASBA's ADA form to ensure fairness to all candidates. Mandy stated that the office was not notified of Prometric sites' closures due to impending weather and will request notification from Prometric in situations where the Prometric sites close.

CPE TRACKER: A conference call is scheduled the first week of June for a demonstration of the free service offered by NASBA. The service allows board members to continue performing random CPE audits; however, if requested NASBA will perform each audit for \$80. Mandy recommended that CPAs be required to upload CPE records to NASBA's CPE Tracker portal in the future.

REINSTATEMENT FEE: Recommendation was made to increase fees from \$100 plus \$85 license fee to \$150 plus \$85 license fee to cover costs associated with background checks and staff time: [Motion: Erickson; 2<sup>nd</sup> Miller; unanimous]. [Roll call: Schmitz (y), Miller (y), Kautzman (y), Adair (y), Erickson (y)]

NASBA ETHICS: NASBA has developed three on-line Ethics courses which some states are requiring as disciplinary action for infractions such as non-renewal of CPE, etc. The courses cannot be counted as CPE. There is no cost to NDSBA for NASBA to format an additional course which would be specific to North Dakota's regulations. The licensee would have to pay \$250 for the first three courses. If all four courses are required, the cost would be \$400. Faye recommended requesting NASBA to develop the fourth course now, rather than waiting. All costs the licensee would incur would be payable to NASBA Center for Public Trust, which helps fund student ethics programs.

STATE BOARD EMAIL: Mandy and Pene have already moved from the Pioneer platform to the ND State email system. The fee to include board members is \$5.80 per month for each member. Motion to add board member email addresses. [Motion: Erickson; 2<sup>nd</sup> Miller; unanimous]. [Roll call: Schmitz (y), Miller (y), Kautzman (y), Adair (y), Erickson (y)]

RULE CHANGE: To include continuous testing would involve changing the line in the rules that refers to "an applicant may not retake any section within the same window", as there will no longer be testing windows. Mike will check to see if there are any references to this in the Law. NASBA has proposed rule change language. Mike wants to move forward with this at the July board meeting to remove barriers to entering the CPA profession in North Dakota.

MEAL COMPENSATION: Tara stated she did not believe board members' meals were allowed to be provided or reimbursed under current Law. There is a potential to change the Law or have the cost of meals deducted from board meeting stipends. It was the consensus of the board members to fund their own meals.

#### COMPLAINTS:

2017-10: Attorney of licensee says conviction is not final as it is in the appeal process. Does the North Dakota State Board of Accountancy want to update the complaint and change language to include language stating that the board reviewed all documentation? The board decided to go ahead with updating the complaint. Tara will draft changes and the board will hold a special meeting next week via conference all with the AG's office.

2018-8 CLOSED

2019-1 CLOSED

2019-3 & 2019-4: Disciplinary action was completed in cases 2019-3 and 2019-4. Motion to close cases: [Motion: Kautzman; 2<sup>nd</sup> Erickson; unanimous]. [Roll call: Schmitz (y), Miller (y), Kautzman (y), Adair (y), Erickson (y)]

Future registrations forms will include language stating the licensee affirms they have successfully completed the required CPE during the licensing period and if audited agrees to provide documentation to verify they have met the requirements as claimed. If the Board concludes the licensee has not complied with the requirements, the licensee agrees to waive their right to an administrative hearing and appeal and agrees that the Board may issue an order taking disciplinary action against their license. The licensee must sign the form as part of the registration process.

2019-7: Compliant was just received. Mandy will notify CPA of complaint and ask for a response. It will be presented at the July board meeting.

2019-6: Non-Compliance of Peer Review: Continues to practice. The peer reviewer received engagement letter, but no other contact has been established. Motion to give \$1,000 fine and cease and desist from any further attest engagements effective immediately until successfully passed peer review.: [Motion: Kautzman; 2<sup>nd</sup> Adair; unanimous]. [Roll call: Schmitz (y), Miller (y), Kautzman (y), Adair (y), Erickson (y)]

A request was made to reopen case 2018-9. After discussion the Board decided to not reopen the case.

Adjourned 12:23 pm.

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Secretary

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Date

ND STATE BOARD OF ACCOUNTANCY  
SPECIAL MEETING NOTES: 4/30/2019 9:00AM

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PRESENT: Mike Schmitz, President, Faye Miller, Secretary, Laura Adair, Director, Patrick Kautzman, Director, Sheri Erickson, Director, Mandy Harlow, Executive Director, Pene DeMaster, NDSBA Staff, Tara Brandner, Attorney, Nici Meyer, Attorney

Case 2017-10 Nici's recommendation, they did file an appeal of wire fraud conviction. Conviction is not final until appeal is affirmed. Not to move forward could take 8 months to a year for an outcome.

1. Stay the course to wait for outcome of appeal,
2. Offer a settlement- agrees not to practice during appeal process.
3. Could close this case an open another complaint. Obtain evidence from Federal Prosecutor go through court documents to see if there is evidence of fraud. Could take 3 to 4 months.

Nici thinks we can't proceed with this administrative complaint with the appeal. Don't dismiss this case until we know we can go forward with a new case. Prove dishonesty fraud or gross negligence  
Base discipline on her actions not the outcome of the court case.

If option 3 then no board action is necessary at this time.  
Patrick, Sheri, Faye, Mike and Laura to proceed with option 3.

Nici will try to obtain information on the case. Once she has the evidence the board will meet again to review material and decide how to proceed.

ADJOURNED: 9:21 AM

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Secretary                      Date



ND STATE BOARD OF ACCOUNTANCY  
SPECIAL MEETING MINUTES: May 30, 2019 1:30 PM CONFERENCE CALL

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PRESENT: Mike Schmitz, President, Faye Miller, Secretary, Laura Adair, Director, Patrick Kautzman, Director, Sheri Erickson, Director, Mandy Harlow, Executive Director

The meeting via conference call was called to order by President Mike Schmitz, with all board members present, in addition to Mandy Harlow, Executive Director.

Mandy Harlow reviewed Pene DeMaster's annual performance and stated that Pene is doing a great job meeting her expectations, and exceeding them in some areas. Mandy noted she is coaching Pene to work more diligently for accuracy and to strive to have less errors in her work quality. Board members noted they had been satisfied with Pene's performance.

The recent error on the annual license renewal was discussed. It was understood that with only two employees on staff things can get overlooked. It was agreed to have a board member assist with review of outgoing documents going forward. Mandy left the call. All board members terminated the call and called in again to continue the evaluation of Mandy.

All Board Members expressed their appreciation for the smooth transition that Mandy had lead. It was noted that Mandy had provided great leadership in making changes where needed to office procedures and technology. All Board Members agreed that she was doing a great job. Suggestions for improved accuracy was noted. Pene had also provided written feedback regarding Mandy's performance and indicated Mandy had exceeded her expectations in communication, teamwork, dependability, managing change and improvement and quality of work.

A motion was made by Faye Miller and seconded by Sheri Erickson to increase Pene DeMaster's pay as follows:  
Motion Carried Unanimously.

Current Base Pay	\$41,340.00
COLA and Merit Adjustment	\$1,654.00
Adjustment Base Pay Effective July 1, 2019	\$42,994.00
One Time Bonus for Transition	\$250.00

A motion was made by Faye Miller and seconded by Sheri Erickson to increase Mandy Harlow's pay as follows:  
Motion Carried Unanimously.

Current Base Pay	\$55,000.00
COLA and Merit Adjustment	\$2,200.00
Adjustment Base Pay Effective July 1, 2019	\$57,200.00
One Time Bonus for Transition	\$1,000.00

ADJOURNED: 2:45 PM

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Secretary

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Date

## ND STATE BOARD OF ACCOUNTANCY

MEETING MINUTES: July 16, 2019

The meeting was called to order by President Michael Schmitz at 10:00 am.

PRESENT: Mike Schmitz, President, Faye Miller, Secretary, Laura Adair, Director, Patrick Kautzman, Director, Sherri Erickson, Director (via conference call), Mandy Harlow, Executive Director, Pene DeMaster, NDSBA Staff, Tara Brandner, NDSBA Attorney, Steve Britsch, ND CPA Society Member

### ELECTION OF OFFICERS:

Faye Miller nominated Mike Schmitz for President [Motion: Miller; 2<sup>nd</sup> Kautzman; unanimous]. [Roll call: Schmitz (abstained), Miller (y), Kautzman (y), Adair (y), Erickson (y)]

Laura Adair nominated Faye Miller for Secretary [Motion: Adair; 2<sup>nd</sup> Kautzman; unanimous]. [Roll call: Schmitz (y), Miller (abstained), Kautzman (y), Adair (y), Erickson (y)]

MINUTES: The minutes from April 23, April 30 and May 30 were moved for approval. [Motion: Miller; 2<sup>nd</sup> Kautzman; unanimous]. [Roll call: Schmitz (y), Miller (y), Kautzman (y), Adair (y), Erickson (y)]

### FINANCIAL REPORT:

DISBURSEMENTS: April 1, 2019 – June 30, 2019 The Board decided to table the financials at this time. There was not enough time between receiving bank statements and the Board meeting to review all financials.

FINANCIAL OVERSIGHT UPDATE: Faye Miller had questions on disbursements. Pene DeMaster will investigate and report back to Faye.

NEW AUDITOR: Mandy reached out to 4 firms for proposals. Brady Martz was the only firm to submit a proposal. Motion was made to take option 2, which is a three-year proposal. [Motion: Miller; 2<sup>nd</sup> Kautzman; unanimous]. [Roll call: Schmitz (y), Miller (y), Kautzman (y), Adair (y), Erickson (y)]

RULE CHANGE: Motion to move forward with a rule change to be compliant by July 2020 with continuous testing (language in option 1) [Motion: Miller; 2<sup>nd</sup> Adair; unanimous]. [Roll call: Schmitz (y), Miller (y), Kautzman (y), Adair (y), Erickson (y)]

FUTURE STATE BOARD APPOINTMENTS: The Board will form their own nominating committee each year to put forth names to the governor for State Board appointment. The board has an obligation to put three names forward Each year

CPE: CPE Completion and Fines: deadline to complete CPE June 30 and must be reported June 30. The Board will make allowing paperwork to be submitted until July 31. Motion to change late filing fee to \$100 on reports submitted after July 31, 2020. [Motion: Schmitz; 2<sup>nd</sup> Kautzman; unanimous]. [Roll call: Schmitz (y), Miller (y), Kautzman (y), Adair (y), Erickson (y)]

### OTHER BUSINESS:

The Board members requested a new look to the 2019 – 2020 CPE Registration forms to include language for late filing fees increase.

Faye Miller is still working with Mandy Harlow on the employee manual. Vaaler Insurance offered to review the policy for free.

New NASBA Ethics course to be highlighted in the next issue of the North Dakota State Board of Accountancy Newsletter.

REINSTATEMENTS: approved for Duane Kabanuk and Brandon Wallace Motion to reinstate [Motion: Schmitz; 2<sup>nd</sup> Kautzman; unanimous]. [Roll call: Schmitz (y), Miller (y), Kautzman (y), Adair (y), Erickson (y)]

SPECIAL ACCOMMODATIONS: Candidate submitted proper paperwork to request an exam accommodation Approved [Motion: Miller; 2<sup>nd</sup> Kautzman; unanimous]. [Roll call: Schmitz (y), Miller (y), Kautzman (y), Adair (y), Erickson (y)]

SALES TAX: North Dakota State Board of Accountancy is tax exempt. Going forward North Dakota State Board of Accountancy will provide certificate to vendors to obtain tax exempt status.

OPEN MEETING RULES: An open meetings guide was provided in the meeting packets. Training was offered to the North Dakota State Board of Accountancy members. Mandy will send out information when available.

CONVENTION: What is the State Board of Accountancy's role in the North Dakota CPA Society's convention? North Dakota State Board of Accountancy will give the ND CPA Society exam information needed for them to award a high score award. A representative from the State Board will attend the Convention and do the Oath ceremony.

PEER REVIEW: Mandy reported that there were some firms that had not yet reported their peer review report that was due 6/30/2019. All results will be brought to the October meeting.

The Board recessed at 12:00 p.m. to Executive Session to discuss complaints. Steven Britsch left the meeting.

#### EXECUTIVE SESSION

#### REVIEW AND DISCUSSION OF COMPLAINTS:

2017-10, 2019-6, 2019-7

The Board closed the Executive Session and reconvened the Regular Session of the Board at 12:30 p.m.

#### DISCIPLINARY ACTIONS:

2017-10: motion to move to special meeting for attorney client consultation. [Motion: Miller; 2<sup>nd</sup> Kautzman; unanimous]. [Roll call: Schmitz (y), Miller (y), Kautzman (y), Adair (y), Erickson (y)]

2019-6 Disciplinary action was issued. [Motion: Schmitz; 2<sup>nd</sup> Kautzman; unanimous]. [Roll call: Schmitz (y), Miller (y), Kautzman (y), Adair (y), Erickson (y)]

2019-7 motion to dismiss [Motion: Kautzman; 2<sup>nd</sup> Miller; unanimous]. [Roll call: Schmitz (y), Miller (y), Kautzman (y), Adair (y), Erickson (y)]

Discussion of open meeting rules FARB training. Sandy in AG office offers open meeting policy.

Adjourned 12:44 pm.

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Secretary

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Date

ND STATE BOARD OF ACCOUNTANCY

MEETING MINUTES: August 1, 2019

The meeting was called to order by President Michael Schmitz at 2:00 pm.

PRESENT: Mike Schmitz, President, Faye Miller, Secretary, Laura Adair, Director, Patrick Kautzman, Director, Sheri Erickson, Director, Mandy Harlow, Executive Director, Pene DeMaster, NDSBA Staff, Tara Brandner, NDSBA Attorney, Nici Meyer, Attorney

EXECUTIVE SESSION N.D.C.C. 44-04-19.1 Attorney client consultation

REVIEW AND DISCUSSION OF COMPLAINTS:

The Board closed the Executive Session and reconvened the Regular Session of the Board at 2:46 p.m.

2017-10: Motion to amend complaint according to NDCC 43-02.2.09 Enforcement against licensees to include 1e. Dishonesty, fraud, or gross negligence in the performance of services as a licensee or in the filing or failure to file the licensee's own income tax returns; h. Conviction of a felony, or of any crime an element of which is dishonesty or fraud, under the laws of the United States, of this state, or of any other state if the acts involved would have constituted a crime under the laws of this state; and i. Performance of any fraudulent act while holding a certificate, license, practice privilege, or permit issued under this chapter or prior law and to give Board legal counsel authority to decide how to proceed to amend complaint or withdraw original complaint and bring new complaint. [Motion: Patrick Kautzman; 2nd Faye Miller; unanimous]. [Roll call: Schmitz (y), Miller (y), Kautzman (y), Adair (y), Erickson (y)

Nici Meyer left the call.

EXECUTIVE SESSION N.D.C.C. 44-04-19.1 Attorney client consultation

REVIEW AND DISCUSSION OF COMPLAINTS:

2:48 pm

The Board closed the Executive Session and reconvened the Regular Session of the Board at 3:05 p.m.

2018-4: Dispensing of the matter of Reinhart. Motion to give Board legal counsel authority to issue a settlement agreement revoking CPA license.

[Motion: Faye Miller; 2nd Patrick Kautzman; unanimous]. [Roll call: Schmitz (y), Miller (y), Kautzman (y), Adair (y), Erickson (y)

COMPLAINTS:

Adjourned 3:07 pm.

\_\_\_\_\_  
Secretary

\_\_\_\_\_  
Date

## ND STATE BOARD OF ACCOUNTANCY

MEETING MINUTES: October 17, 2019

The meeting was called to order by President Michael Schmitz at 10:03 am.

PRESENT: Mike Schmitz, President, Faye Miller, Secretary, Laura Adair, Director, Patrick Kautzman, Director, Sherri Erickson, Director, Mandy Harlow, Executive Director, Pene DeMaster, NDSBA Staff, Tara Brandner, NDSBA Attorney (via conference call), Sherre Sattler, ND CPA Society Executive Director, Clarence Sitter, ND CPA Society President

MINUTES: The minutes from July 2019 were moved for approval. [Motion: Miller; 2<sup>nd</sup> Kautzman; unanimous]. [Roll call: Schmitz (y), Miller (y), Kautzman (y), Adair (y), Erickson (y)]

### FINANCIAL REPORT:

#### DISBURSEMENTS:

April 1, 2019 – June 30, 2019

July – August 31, 2019

Motion to approve disbursements [Motion: Miller; 2<sup>nd</sup> Kautzman; unanimous]. [Roll call: Schmitz (y), Miller (y), Kautzman (y), Adair (y), Erickson (y)]

### FINANCIAL OVERSIGHT UPDATE

Faye Miller Secretary stated there were no issues with the current financial statements and approved them.

RULE CHANGE: Faye Miller and Laura Adair attended the hearing in Bismarck. Clarence Sitter of the ND CPA Society was also in attendance. No comments were made. The hearing is open until October 18, 2019 via mail/email. Once the hearing is closed Mandy will send the packet to the ND Attorney General's Office on October 21<sup>st</sup>. The rule will then go to the legislative council in front of rules committee. Motion to delegate authority to Mike Schmitz to answer any comments that may come in. [Motion: Miller; 2<sup>nd</sup> Kautzman; unanimous]. [Roll call: Schmitz (y), Miller (y), Kautzman (y), Adair (y), Erickson (y)]

FUTURE STATE BOARD APPOINTMENTS: Mike Schmitz reported 3 individuals indicated interest in becoming the next appointed Board Member, Don Morgan, Nichole Lautenschlager and Marci Schorsch. Sheri and Tara recommended a candidate with attest experience. The Board submission goes to Governor in January or February of 2020. Mike Schmitz requested that Pene add another call for candidates in the January edition of the newsletter.

CPE: Tara recommended that disciplinary action be published in our newsletter and website but not in the local newspaper. The Board discussed how to discipline those with late CPE reports and what the consequence would be? Motion to send a disciplinary letter and fine \$1,000.00 to any CPA who does not report by November 1. They must turn in completed CPE within two weeks from date of letter or they will be suspended. [Motion: Miller; 2<sup>nd</sup> Erickson; unanimous]. [Roll call: Schmitz (y), Miller (y), Kautzman (y), Adair (y), Erickson (y)]

PEER REVIEW: Mandy reported on the completion and submission of Peer Review reports for the 2018-2019 Firm renewal season. There were a handful with a "pass with deficiency" and "fail". Mike recommended a letter be sent to those with a fail only, North Dakota State Board of Accountancy is aware of the firm's "fail" and to encourage them to get their process up to date.

### OTHER BUSINESS:

Employee policies/manual – Faye disbursed a draft of the manual to the Board. Tara recommends comparing the differences in the new policies to the OMB policies in order to be compliant with the fair labor act. The

Board agrees that the staff needs to be treated as state employees. Tara can run the manual through the state Human Resource division for recommended changes.

Board Travel Reimbursement- Motion for the Board to use OMB policy per diem rates for board travel. Staff will add in state travel chart to expense reimbursement spreadsheet. [Motion: Kautzman; 2<sup>nd</sup> Erickson; unanimous]. [Roll call: Schmitz (y), Miller (y), Kautzman (y), Adair (y), Erickson (y)]

Reinstatements: Motion to reinstate Christa Walkden, Victoria Roth, Alexey Uliyanov, Jeffery Keller, Matthew Olson, and Ashish Tiwari, provided all fee are paid. Press Releases are to be published in North Dakota State Board of Accountancy newsletter and/or website only. [Motion: Kautzman; 2<sup>nd</sup> Erickson; unanimous]. [Roll call: Schmitz (y), Miller (y), Kautzman (y), Adair (y), Erickson (y)]

Jorgenson- motion to offer conditional license to limit attestation service until a peer review is completed and CPE is caught up. Letter will be sent to layout the options to be performed in order to be reinstated. [Motion: Kautzman; 2<sup>nd</sup> Erickson; unanimous]. [Roll call: Schmitz (y), Miller (y), Kautzman (y), Adair (y), Erickson (y)]

Special Application Issues: Ghada Amso - appeal denied based on non-event during her testing time period. If she can provide evidence of a medical condition preventing her from taking the exam during her testing period, the board would re-evaluate her case. [Motion: Kautzman; 2<sup>nd</sup> Erickson; unanimous]. [Roll call: Schmitz (y), Miller (y), Kautzman (y), Adair (y), Erickson (y)]

#### Miscellaneous:

FARB Membership- Tara recommends sending Mandy to the FARB convention. The membership fees are \$175. The conference fees are \$725-member, \$875-non-member plus travel costs. The convention is set for January 23-26, 2020 in Colorado Springs, CO. Tara explained that this would be beneficial to Executive Directors and Board members. The Board will consider it as a budget item next year.

ESOP Firm Ownership- The question was posed to the Board asking long term if the board would consider changing the ESOP policy? Currently the Board of Accounting statute states a non-CPA cannot be a minority owner of a CPA firm. A rule change would be necessary to change the policy. Tara recommends watching the accounting/business landscape to see what progresses in the future.

New Financial Institution- Motion to approve banking change for checking account. [Motion: Miller; 2<sup>nd</sup> Adair; unanimous]. [Roll call: Schmitz (y), Miller (y), Kautzman (y), Adair (y), Erickson (y)]

2020 State Board of Accounting Meetings: January 28<sup>th</sup> 11:00 am Bismarck, April 28 11:00 am Fargo, July 28 11:00 am Bismarck, October 22 11:00 am Fargo

Break at 11:41 am for lunch.

#### COMPLAINTS:

The Board recessed at 12:15 p.m. to Executive Session to discuss complaints. Sherre Sattler and Clarence Sitter left the meeting.

EXECUTIVE SESSION N.D.C.C. 43-02.2-10-Investigations

#### REVIEW AND DISCUSSION OF COMPLAINTS:

2017-10, 2019-6, 2018-4

The Board closed the Executive Session and reconvened the Regular Session of the Board at 12:44 p.m.

DISCIPLINARY ACTIONS:

2017-10: motion to allow Nicki to continue with original revocation based on the indictment case. [Motion: Erickson; 2<sup>nd</sup> Adair; unanimous]. [Roll call: Schmitz (y), Miller (y), Kautzman (y), Adair (y), Erickson (y)]

2019-6 Motion to have Tara send a letter to confirm if the CPA plans continues to do attest work. Mike will review the letter before Tara sends it to be sure it states correct accounting language.

2018-4 motion to allow Tara to revise agreement to revoke without publication [Motion: Miler; 2<sup>nd</sup> Kautzman; unanimous]. [Roll call: Schmitz (y), Miller (y), Kautzman (y), Adair (y), Erickson (y)]

Adjourned 12:50 pm.

\_\_\_\_\_  
Secretary

\_\_\_\_\_  
Date

ND STATE BOARD OF ACCOUNTANCY

SPECIAL MEETING MINUTES: November 5, 2019

The meeting was called to order by President Michael Schmitz at 1:05 pm.

PRESENT: Mike Schmitz, President, Faye Miller, Secretary, Patrick Kautzman, Director, Sheri Erickson, Director, Mandy Harlow, Executive Director, Pene DeMaster, NDSBA Staff, Tara Brandner, NDSBA Attorney, Nici Meyer, Attorney

2017-10: CPA's attorney requested if there was any potential settlement that could be made. Is there any continuing education or something short of revocation that the Board would consider?

Nici laid out options for the Board to consider:

Offer suspension of CPA license pending outcome of the appeal.

Go for revocation without waiting for outcome of the appeal.

Stay the course wait for the outcome of the appeal. If the conviction is upheld the proceed with original revocation of CPA license.

The Board agreed to stay the course and wait for the outcome of the appeal.

Meeting adjourned 1:19 pm

Nici laid out options for the Board. The Board decided to continue with revocation.

\_\_\_\_\_  
Secretary

\_\_\_\_\_  
Date