

MEETING MINUTES
North Dakota State Board of Accountancy
January 28, 2020, 11:00 AM
Office of Schmitz-Holmstrom CPA

1. The meeting was called to order by President Michael Schmitz at 11:00 am.

BOARD MEMBERS AND ADMINISTRATIVE STAFF ATTENDANCE

Mike Schmitz, President	Mandy Harlow, Executive Director
Faye Miller, Secretary	Pene DeMaster, Board Staff
Laura Adair, Board Member	Tara B. Brandner, Assistant Attorney General
Patrick Kautzman, Board Member	
Sherri Erickson, Board Member	

2. REQUEST TO SPEAK: Mark Larson, CPA, requested an opportunity to present various concerns to the Board. The Board provided Mr. Larson the opportunity to discuss his concerns and took the concerns under advisement.
3. REVIEW AND APPROVAL OF MINUTES:
The minutes from August 1, 2019, October 17, 2019, and November 5, 2019 were moved for approval. [Motion: Erickson; 2nd Kautzman; unanimous]. [Roll call: Schmitz (y), Miller (y), Kautzman (y), Adair (y), Erickson (y)]
4. FINANCIAL REPORT:
- a. DISBURSEMENT APPROVAL: September 1-December 31. Motion to approve disbursements [Motion: Miller; 2nd Kautzman; unanimous]. [Roll call: Schmitz (y), Miller (y), Kautzman (y), Adair (y), Erickson (y)]
 - b. FINANCIAL OVERSIGHT UPDATE: Faye Miller Secretary approved the current financial statements.
 - c. 2018 AUDIT: Audit restatement required due to 2018 year end OPEB liability not being required recorded. New audit firm caught error. Old firm restated and issued new report. Mike reviewed statements and approved. Motion to approve 2018 re-stated audit [Motion: Miller; 2nd; Erickson]. [Roll call: Schmitz (y), Miller (y), Kautzman (y), Adair (y), Erickson (y)]
 - d. 2019 AUDIT: Motion to approve 2019 Audit [Motion: Miller; 2nd; Erickson]. [Roll call: Schmitz (y), Miller (y), Kautzman (y), Adair (y), Erickson (y)]
 - e. CHANGE OF FINANCIAL INSTITUTIONS: Mandy updated the board on the status of the change of financial institutions, \$1,000.00 was deposited in the new checking account from the old checking account.
5. PRESENTATIONS:
Open Records and Open Meetings Presentation rescheduled for July 2020 Board Meeting
6. RESPONSE TO ATTORNEY GENERAL'S OFFICE
Attorney General's Office has not issued a formal opinion regarding the alleged violation of open records laws.

7. RULE CHANGE:

The Board recently pursued a rule change regarding continuous testing and continuing education requirements. As of January 1, 2020, the new rule is effective.

8. FUTURE STATE BOARD APPOINTMENTS:

Pursuant to N.D.C.C. 43-02.2-03, the Board is required to submit at least three nominees to the Governor to fill vacant positions on the Board. The term of Board Member Faye Miller ends on June 30, 2020. As a result, the Board must provide the Governor a list of at least three nominees to fill the vacancy. The Board sought applications from CPAs from across the State of North Dakota. Individuals who indicated interest in filling the vacant position included: Don Morgan, Marci Schorsch, Terry Delaney, David Holt, and Craig Hashbarger.

A discussion was held regarding the qualifications and skills required to be an effective member of the board. Erickson recommended the list of individuals include those with attestation experience. The Board also uses Brady Martz and Associates as its audit firm. As a result, discussion also related to having a member of the firm serve on the Board and the need to potentially select a new audit firm.

Motion to submit the following names to the Governor to fill the upcoming vacancy on the Board: Terry Delaney, David Holt, and Craig Hashbarger. During the discussion, Miller recommended submitting all five candidates as nominees, not simply those with attestation experience. [Motion: Kautzman; 2nd Erickson;]. [Roll call: Schmitz (y), Miller (n), Kautzman (y), Adair (y), Erickson (y)]

9. CPE

a. COMPLETION AND FINES FOLLOW-UP: Items moved to Complaints.

b. 2019 CPE AUDIT:

i. ERICKSON: Randall Nelson didn't provide verification for eleven (11) credits, however, he has enough credits to be in compliance. Pene will offer Nelson the ability to provide verification for the eleven credits or reduce his total hours by the eleven.

ii. MILLER: Questioned whether a Dave Ramsey Course complete as a self-study meets the statutory requirements. The Board determined in this instance the course did not meet the statutory requirements as the individual did not possess any documentation.

iii. ADAIR:

1. Melinda Wenko took same class twice and as a result the credits for the second completion should be removed from her CPE total.

2. Howard Fulks does not have the ability to confirm the majority of his CPE attendance, only two hours have the appropriate verification. Pene will reach out to Fulks to discuss the need to provide verification in compliance with the law.

iv. KAUTZMAN: S

1. Scott Modine needs to provide verification for his thirteen (13) credits, this was confirmed.

2. Hoffman overstated hours by .5 according to report.

v. The Board approved all the remaining reports that were reviewed, except those specifically identified above. [Motion: Erickson; 2nd Adair; unanimous]. [Roll call: Schmitz (y), Miller (y), Kautzman (y), Adair (y), Erickson (y)]

c. MULTI-USERS FOR WEBINARS: The Board discussed whether multiple users could claim CPE for the same webinar when only one license was purchased. The Board did not make any decisions regarding this matter.

10. CANDIDATES AND LICENSEES

- a. REINSTATEMENTS: Motion to reinstate Wayne Bradley and Xiaoqi Zhao. [Motion: Kautzman; 2nd Erickson; unanimous]. [Roll call: Schmitz (y), Miller (y), Kautzman (y), Adair (y), Erickson (y)]
- b. SPECIAL REQUESTS: None.
- c. APPLICATION AND LICENSEE FEES: In the past the Board has returned application fees for individuals who have not been granted a license. The Board also didn't require applicants to pay a fee during their first year of licensure. AAG Brandner recommended the Board no longer return application fees and require individuals to pay a licensure fee as required by law. [Motion: Miller; 2nd Kautzman; unanimous]. [Roll call: Schmitz (y), Miller (y), Kautzman (y), Adair (y), Erickson (y)]
- d. EXAM APPLICATIONS: Approval and Denial move to ratify Mandy approving applications and new licensees and bringing forth approvals to the board for review and approval [Motion: Miller; 2nd Erickson; unanimous]. [Roll call: Schmitz (y), Miller (y), Kautzman (y), Adair (y), Erickson (y)]
- e. NEW LICENSEES: Approval and Denial move to ratify Mandy approving applications and new licensees and bringing forth approvals to the board for review and approval [Motion: Miller; 2nd Erickson; unanimous]. [Roll call: Schmitz (y), Miller (y), Kautzman (y), Adair (y), Erickson (y)]

11. OTHER BUSINESS

- a. EMPLOYEE POLICY MANUAL: AAG Brandner will review employee policy manual and provide recommendations to the Board at a future date.
- b. INACTIVE STATUS: The Board discussed the requirements for inactive status and potential changes to the North Dakota Administrative Code.
- c. MILITARY DISCLAIMER: Last legislative session language was added to N.D.C.C. 43-51 provide for licensure portability for military spouses. The language also required Boards' collect information regarding whether applicants are members of the military or military spouses. The Board moved to add language consistent with the legislation to its applications. Motion to approve language to add to application [Motion: Miller; 2nd Kautzman; unanimous]. [Roll call: Schmitz (y), Miller (y), Kautzman (y), Adair (y), Erickson (y)]
- d. FIRM OWNERSHIP: Minority owners of a firm practicing public accountancy must be an individual, which means a human being. As a result, an ESOP or a corporate entity cannot be a minority owner of a public accountancy firm.
- e. WEBSITE UPDATE: Pene updated the Board on the status of the new website. She was notified by ITD the website was ready to go live and they will contact her within the week reading the specific go live date.
- f. MISCELLANEOUS: Miller brought forth NASBA focus questions. Mandy will email questions to board individually. Mandy will collect answers and reply to NASBA for the board. Miller also encouraged AAG Brandner to apply for a scholarship for the NASBA Legal Counsel Seminar.

12. COMPLAINTS

- a. INVESTIGATIONS: EXECUTIVE SESSION PURSUANT TO N.D.C.C. 43-02.2-10, the Board recessed at 12:59 PM to Executive Session to discuss complaints. Public members were asked to leave the room. The Board reconvened to regular session at 1:10 PM. The Board moved to dismiss the two complaints discussed in executive session.
 - i. 2020-1 motion to dismiss [Motion: Erickson; 2nd Kautzman; unanimous]. [Roll call: Schmitz (y), Miller (y), Kautzman (y), Adair (y), Erickson (y)]
 - ii. 2020-2 Motion to dismiss [Motion: Erickson; 2nd Adair; unanimous]. [Roll call: Schmitz (y), Miller (y), Kautzman (y), Adair (y), Erickson (y)]
- b. DISCIPLINARY CASES:
 - i. 2017-10: Still in ALJ process
 - ii. 2019-6 He has engagement letter signed for peer review. Mandy will ask for peer review report.

- iii. 2019-8: Completed CPE.
- iv. 2019-9: failure to report CPE wishes to go inactive. Motion to suspend until CPE requirements are met or 5-year suspension is up [Motion: Miler; 2nd Kautzman; unanimous]. [Roll call: Schmitz (y) Adair (y), Kautzman (y), Adair (y), Erickson (y)]
- v. 2019-10: Claims he no longer wishes to hold out. He was 2 hours short for the season. Motion to fine and go inactive. The board gives AAG Brandner authority to negotiate with defendant allowing him to go inactive if fine is paid. [Motion: Kautzman; 2nd Miller; unanimous]. [Roll call: Schmitz (y), Miller (y), Kautzman (y), Adair (y), Erickson (y)]
- vi. 2018-4: Revocation complete AAG Brandner will send letter to her to discontinue use of CPA designation.

13. Adjourn 1:52pm.

Secretary

Date