



Oregon Board of Accountancy

Laws and Rules Task Force

Minutes

Tuesday, October 7, 2014 at 10:00 a.m.
Board of Accountancy/Large Upstairs Conference Room
3218 Pringle Rd SE, Salem, OR 97302
WORKING LUNCH

Present:

John Lauseng, CPA

Alan Steiger, Ret. CPA

Roger Graham

Martin Pittioni

Scott Wright, CPA

Sherri McPherson

Steve McConnel, Ret. CPA

Stuart Morris

Kimberly Fast

Excused:

Roberta Newhouse, CPA

1. Call to Order / announce recording of meeting

Mr. Lauseng called the meeting to order at 10:10 a.m. and announced the meeting was being recorded.

2. Approval of Task Force Minutes from June 17, 2014

It was noted that Mr. Wright was not indicated on the minutes as excused. Staff will make the change.

3. Proposed Rule Revisions – Draft Text Review

A. Division 001 (Pittioni)

Division 001 was presented to the task force with minimal revisions. Ms. Bischoff and Mr. Pittioni will continue to work on revisions in this section to include language for complaint procedures, correcting references etc., all of which are not policy questions, but rather technical revisions. Staff will route any additional revisions to the task force prior to submitting to the Board.

B. Division 010 – Sub-Group Work (Graham, Pittioni)

Mr. Pittioni addressed some housekeeping revisions to Division 010 which include removal of outdated language and unnecessary detail. Other minor changes were made for simplicity in reading.

The task force assigned members to a sub-task force for review of the educational and licensing portions of Division 010. That sub-group met in late September with a few recommendations for the group to consider.

The task force is recommending that accounting courses used to qualify for the CPA examination exclude any principles or introductory courses and limit the credits for internships. This recommendation ties in with the Uniform Accountancy Act (UAA). A transitional period will be added to the rules so that candidates have time to take the appropriate courses for eligibility.

Other significant suggested revisions fall under the qualifications for licensure section. Currently applicants have three paths to choose from to qualify for a CPA license: attest experience, tax experience and/or industry/government experience. Each category was modeled after the attest path, with little consideration to the other two paths on how to achieve the competencies with "other" experience.

Mr. Graham has been working with the rules to give examples on how applicants can achieve the competencies in the field they are employed in. All applicants will be responsible for developing their experience portfolio which will require examples, and the write-up will then be verified by the supervisor licensee. Currently, only tax, government and industry applicants are required to submit the additional information supporting their experience, however, the task force believes this is important for all paths.

The group also discussed the supervisor licensee requirements. There has been discussion both by the Qualifications committee and the Board where a supervisor licensee has a break in licensure for a short period of time, which ultimately disqualifies them from signing off on the applicant. While everyone agrees that five years of licensure is important, the group is recommending the deletion of "consecutive". Currently the rules indicate that a supervisor licensee must have the authority or influence the decision to discharge the employee being supervised. The group is recommending the deletion of "influence the decision to discharge" which then reads that the supervisor licensee must have authority over the employee being supervised.

The task force also recommends revision to the period of time necessary to gain the experience relative to part-time employment. Rather than stating the current 20-hour per week requirement, it is recommended that the rule state that a part-time employee gain at least 2000 hours of experience. This is also consistent with the UAA.

The rules currently have firm registration in both Division 010 and Division 030. The task force is recommending to the Board that the information in Division 030 regarding firms be moved to Division 010 for consistency. Language was added to require all registered firm's to have the same reporting requirements regardless if they are in-state or out-of-state firms.

C. Division 030 – Ethics Codification (Steiger, Pittioni)

The task force reviewed the Ethics Codification language and recommends to the Board that the language is developed for the independence standards as well as for integrity and objectivity standards. The task force also recommends that the Board adopt, as guidance, the interpretations related to those standards.

D. Rule Changes regarding FRF for SMEs, SSARS 21, others (Lauseng)

Mr. Lauseng went through the current administrative rules and identified which areas would need reference to the new Financial Reporting Framework for Small-Medium Entities, SSARS 21 and others. This information is just preliminary and will need further work before it is presented to the Board for review. Mr. Lauseng indicated he would focus primarily on the issue of International Standards as the other issues are too early to consider at this point.

4. Old Business

- A. Follow-up on Previous LRTF agenda items as necessary

Mr. Pittioni identified some items in Division 030 and Division 050 that will need to be worked on during Phase 2 of the administrative rule review and potential statute change as a result of LC0624.

5. New Business

- A. Legislative Concept LC0624
 - 1. Review of Draft 2
 - 2. Definition of Attest
 - 3. Fees in Statute
 - 4. Removal of June 30 specification for renewals

The Legislative Concept that was presented removes fees from statute, however, it has come to Mr. Pittioni's attention that the OSCP may not agree to that change. The Board will discuss this piece at the Board meeting in October.

The definition of attest revisions were added to the legislative concept. Since that time, the Board has received some concerns regarding the definitions. The change to the definition of report is the core of the controversy. The UAA has a definition of "report", which ended up

remaining the same as it has been for 20+ years. Mr. McConnel recommended to the task force that the change to the definition of report or compilation not be adopted.

Change to compilation is addressing the SAARS 21 which has not yet been approved/adopted. The task force concluded that they recommend to the Board that the definition of attest be removed from the legislative concept at this time.

Mr. Pittioni advised the task force that the renewal date of June 30 is not in statute and therefore does not need to be removed.

6. Announcement of next meeting

No further meetings will be scheduled for this task force.

7. Adjournment

Mr. Lauseng adjourned the meeting at 3:30 p.m.