



Oregon Board of Accountancy Public Board Meeting Minutes December 9, 2013

Board Members:

Jessie Bridgham, CPA, Chair – by phone
Larry Brown, CPA, Vice Chair
Scott Wright, CPA, Treasurer
Al Crackenberg, PA
Roger Graham, Public Member
John Lauseng, CPA
Roberta Newhouse, CPA

Board Staff:

Martin Pittioni, Executive Director
Susan Bischoff, Assistant Attorney General
Noela Kitterman, Investigator - by phone
Bethany Reeves, Compliance Assistant
Kimberly Fast, Licensing Program Coordinator
Theresa Gahagan, Investigator
Kristen Adamson, Licensing Specialist

Excused Board Member:

Guests:

Sherrie McPherson, OSCPA

Stu Morris, OAIA

1. CALL TO ORDER

Vice Chair Brown called the public session meeting to order at 10:15 am after conclusion of the Executive Session and announced the meeting was being recorded.

2. Approval of Board Minutes

- A. August 12, 2013
- B. August 11, 2013

BOARD ACTION: Moved by Mr. Brown and carried to accept the minutes of August 11 and 12, 2013, as presented.

VOTE: 6 ayes, 1 excused (Newhouse)

3. Report of Chair

Chair Bridgham thanked the guests from NASBA for their presentations at the work session. The discussion was very helpful.

4. Report of Vice-Chair

No report at this time.

Ms. Bischoff updated the Board on the case of Paul Keynote that was discussed at the last meeting. The Board voted to find sufficient evidence on a violation of tax standards and circular 230, however, after reviewing the timelines for the case, the timing of that violation was outside the period of the investigation and will not be included in the notice.

5. TREASURER'S REPORT

A. Cash Flow Statement

Treasurer Scott Wright reviewed the expenses for July and August, 2013. Mr. Wright said it was hard to project out for the remaining 21-months of the biennium that began on July 1, 2013 when only two months of data was available, and some expenses, such as for the office remodel, were a one-time expense. Agency spending on Personnel Services has been more than what was budgeted, but the additional expenses will be balanced out by spending less than what was budgeted in other areas, such as supplies. Director Pittioni added that he can request additional spending authority from the Legislature, but he would need to demonstrate that the agency did what it could with the original amount prior to asking for more. Vice-chair Larry Brown asked Director Pittioni what would happen if there was a cost overrun because of investigation complexity or expensive contested cases. Director Pittioni replied that he would prepare information for the Emergency Board to ask for more spending authority.

6. REPORT OF THE EXECUTIVE DIRECTOR

A. Update Report

Director Pittioni shared the following report: The agency is now fully staffed with eight people as of September 10, 2013. Investigator Kitterman will be working a more flexible schedule during the time her retirement is postponed. This will benefit the agency by allowing us to retain her skills and knowledge during this critical transition time. DAS Human Resources is working with three licensing staff to update their position descriptions. Two staff completed their "trial service periods" since the last Board Meeting. Licensing Program Coordinator Kimberly Fast attended NASBA training in September, 2013. Another staff person received training in processing account payables. Seven staff members went to the OSCP for peer review training on October 4, 2013, which was very kindly provided by Phyllis Barker. The three compliance staff have registered for Reid Investigation training, and Compliance Assistant Bethany Reeves and Pittioni will be attending a symposium on debt collection best practices state and local government in a few weeks.

Changes to the PERS system were enacted recently by the Legislature during a special three-day session. Mr. Pittioni is working with the Department of Public Safety Standards and Training (DPSST) and OSCP on a legislative concept that would exempt licensed CPAs from the Private Investigator licensure requirements. DPSST accepted the revised language Mr. Pittioni suggested, and OSCP will take this issue on in the 2014 session. Mark Miedema is the Budget Analyst newly assigned to this agency. Mr. Pittioni expressed his appreciation of the former DAS Budget Analyst, Janet Savarro for the help and support she provided.

After the major problems with the Board's website and related problems with the Department of Corrections web site in August, Mr. Pittioni has been involved in follow-up meetings at a high level with Department of Administrative Services (DAS) State Data Center (SDC) staff and leadership of the contractor managing the website, NIC USA. Further meetings on this issue will take place on November 7, 2013. The focus is on corrective action taken by DAS and NIC USA which will impact all 155 agency customers on whose behalf DAS has contracted with NIC USA for web site management services. Mr. Pittioni advised he had nothing further to add to the information provided at the Board's work session the previous day on the IT projects relating to the NASBA Accountancy Licensee Database (ALD) and CPA Verify. The IT work completed on the link-ups to NASBA is paid for by NASBA, not the Board.

The Board office has concluded the 2013 individual license renewal period. Board staff processed about 3,400 active renewal applications, 400 inactive renewals, and 134 retired renewals, while 444 licenses lapsed. Work has now shifted to the CPE audit. This is the next big project as firm renewals start in mid-November. In compliance, with formation of a team of three which includes Investigator Kitterman postponing her retirement, the goal is to get the backlog of cases reduced in 2014. We are preparing a training for contract investigators which will be presented by webcast on November 15, 2013. The advantage of presenting a webcast is that it will reduce travel time and costs for the Board's contract investigators, especially those located out-of-state.

With respect to the Board's uncollected debt, Mr. Pittioni reported that in May 2012, the Board discussed this issue, and that he is now in a position to begin follow-up on this matter. The whole portfolio of outstanding debt is about \$330,000, but one single large debt is a large portion of that. There has not been staff continuity addressing this issue.

Mr. Pittioni reached out to the Board of Medical Examiners and received assistance from them on creating a good process. Mr. Pittioni hopes to augment that information with the new information that he and Ms. Reeves will learn at the collections symposium on November 1st. The more challenging task will be dealing with the old debts. Mr. Pittioni set a goal of having an updated process in place by the end of the year.

Vice-chair Brown asked if the Respondents who had not paid outstanding civil penalties should have their licenses revoked because they have now committed an additional violation. Director Pittioni explained that very few of the unpaid civil penalties are against actively licensed CPAs. The Board has two options available for collecting outstanding debt, through tax returns at the Department of Revenue or through a private collection agency. Mr. Brown noted that he has very little sympathy for licensees that have not paid.

7. NEW BUSINESS

A. OSCP A Peer Review Contract

Mr. Wright briefly discussed the proposed Peer Review Contract with OSCP A which would codify the already existing peer review program administration service provided by OSCP A. The contract has now been submitted for the Board's approval. Mr. Brown asked if staff, legal counsel, and the Peer Review Oversight Committee had all recommended approval of the contract. Mr. Wright replied that they had.

BOARD ACTION: Moved by Mr. Brown and carried to approve the contract.

VOTE: 6 ayes, 0 nays, 1 excused absence (Newhouse)

B. Board Member Recruitment

Ms. Newhouse's term will expire in February 2014. The Governor's Office appoints members for two three-year terms, and the term limits are strictly enforced. The Governor's Office will try to fill the vacancy during the short February session in 2014. Board members were asked if to let Mr. Pittioni know if they had recommendations for potential members. Mr. Pittioni stated that Mr. Dick Perdue, a member of the Complaints Committee had applied for a Board position.

C. Brian R. Whitman Request for Modification of Prior Order

Brian Whitman submitted a letter requesting the Board to modify a Final Order By Default in case #09-038CAI which required him to complete 24 hours of CPE in Governmental Accounting Standards Board (GASB) by September 30, 2012. He proposed completing the 24 hours of sanction CPE plus an additional 16 hours of CPE in GASB by the end of November 2013, and submitted a list of classes he proposed to take. Director Pittioni noted that the request had been submitted to the Board for their consideration because, unless there was very clear evidence that a Respondent had complied with an Order, he wanted the Board to make that determination.

The Board discussed the value of having Mr. Whitman complete CPE on subjects (auditing and tax) he will be working on as well as GASB. They affirmed they did want him to complete the additional 16 penalty hour, and Chair Bridgham suggested giving him until the end of the year.

BOARD ACTION: Moved by Mr. Brown and carried to modify the Default Final Order as described.

VOTE: 6 ayes, 1 excused absence (Newhouse)

D. Meeting Schedule for 2014

The Board discussed the proposed meeting schedule that was provided and whether any members wanted to change the committee liaison assignments. Mr. Lauseng and Mr. Graham both affirmed that they wanted to stay with their committees (Laws and Rules Task Force, and Qualifications Committee, respectively). No member of the Board requested any changes to the Board meeting schedule proposed for 2014.

E. George Fox Presentation

Mr. Crackenberg made an announcement about an invitation from George Fox University. He has been in contact with a professor regarding an invitation for a few members of the Board to come make a presentation to accounting students. No specific date has been set yet. Mr. Crackenberg will accept the invitation, and any other Board member who wishes to come is welcome as well.

F. Additional Housekeeping Rule Amendment, Division 001

Director Pittioni thanked the Board for the hard work that had been completed the previous day in considering changes to the laws and rules. He noted that OAR 801-001-0035 provides that professional

standards are those in effect as of January 1, 20xx, this date is changed each year to reflect the upcoming year. The Board authorized rule amendments to the foreign credentialing rules as well and

both amendments will be submitted to the Secretary of State Archives Division by November 1, 2013.

BOARD ACTION: Moved by Mr. Brown and carried to direct staff to move forward with drafting rule changes to fix the date in Division 001 and to use NASBA NIES for foreign credential evaluation.

VOTE: 6 ayes, 0 nays, 1 excused absence (Newhouse)

Mr. Brown noted that the Board recognizes the need for other changes to the Rules, but is deferring any other changes at this time because of the extensive work being completed by the Laws and Rules Task Force.

G. General Member Recruitments

Director Pittioni commented on committee member recruitments. The Peer Review Committee has three openings, CPE has one, the BOACC has three. Preference will be given to individuals who have experience in tax, audits, and municipal audits. For diversity purposes, the committees would benefit from having more women and those who live outside of the Portland/Metro area if possible. The appointment would start on January 1, 2014. Several suggestions were made for Mr. Pittioni to follow up on.

8. OLD BUSINESS

A. Giancarlo Pozzi Update

Director Pittioni noted that after the Board issued a Cease and Desist Order (Order) to Giancarlo Pozzi in August, Mr. Pozzi did pay the remaining amount of his civil penalty in full by the deadline set forth in the Order.

B. Richard Donaca Case #10-091NK

Investigator Kitterman opened the discussion on Mr. Donaca's compliance with an Interim Stipulated Order issued in December, 2011. That Interim Order provided Mr. Donaca with two options: He could either obtain a pre-issuance review on every audit he issued, or he could take some CPE and obtain 5 pre-issuance reviews within a specified time frame. He had not obtained the 5 pre-issuance reviews within the time frame, so according to the Interim Order he would then be obligated to either cease from performing audits or obtain a pre-issuance review on every one.

The Board issued a Cease and Desist Order to Mr. Donaca in August, 2013, prohibiting him to perform any audits unless they were subject to a pre-issuance review. Through his attorney, Mr. Donaca requested a hearing within the 30-day time frame. Due to the timely request for a hearing the Order is not enforceable until it has gone through the contested hearings process. In response to the Cease and Desist Order, Mr. Donaca's attorney proposed a plan to bring Mr. Donaca into compliance with that Interim Order by completing the last two audits (#4 and #5) by the end of the year.

The Board discussed this proposal and were opposed, because, even if Mr. Donaca completed the last two pre-issuance reviews, he still would have failed to complete them by the specified date. The Board directed staff to refer the case over to the Office of Administrative Hearings (OAH). Ms. Bischoff noted that even an expedited hearing would take anywhere between 90 days and 6 months.

The Board discussed options to best protect the public and were concerned that immediately requiring pre-issuance reviews could delay the clients from receiving their audits by the date needed, since the reviewer would need time to conduct the review. Ultimately the Board concluded that if Mr. Donaca would agree to obtain pre-issuance reviews for about 1/3 of his audits, and if the Board selected the engagements subject to pre-issuance reviews, then the public would be better protected than having no pre-issuance reviews while the case is pending at OAH. In order to quickly get an agreement in place, they voted to give Chair Bridgham authority as follows:

BOARD ACTION: Mr. Wright moved and carried to give Chair Bridgham proxy authority to execute a revised agreement with Mr. Donaca.

VOTE: 6 ayes, 1 excused absence (Newhouse)

Mr. Brown noted that quickly getting a revised agreement in place where Mr. Donaca would voluntarily agree to submit about 1/3 of all of the audits he performs for pre-issuance reviews would offer significant public protection.

9. PUBLIC COMMENTS

Chair Bridgham solicited questions and comments, but no one present had any comments at this time.

10. REPORT FROM OAIA

Mr. Stuart Morris of the Oregon Association of Independent Accountants (OAIA), gave a short presentation on the activities of the OAIA. They are currently offering many different educational options on estates and trusts, business practices, and income taxes as they relate to the changes in healthcare. In addition, they are looking forward to having Director Pittioni at one of their meetings in January.

11. REPORT FROM OSCPA

Ms. Phyllis Barker from the Oregon Society of Certified Public Accountants (OSCPA) gave a short presentation on the recent activities of the OSCPA. The fall/winter educational season is gearing up. They have several classes scheduled and have added a couple of new ones. Thank you to Director Pittioni and Mr. Brown for participating in their Professional Issues Update event on December 5, 2013. Ms. Barker also mentioned that Board staff attended a training held at the OSCPA on the peer review process. This is the third time she has provided training on peer review to staff and finds it helpful to create a better working relationship.

12. COMPLAINTS COMMITTEE

A. Complaints Committee Minutes of September 23, 2013. *Information only*

B. Board findings on cases

Note: A voting matrix listing the cases and potential violations was distributed to all of the Board members. This document is attached hereto and incorporated herein by reference.

1. Case #12-019NK – George C. Douglass, CPA and Douglass & Company PC

BOARD ACTION: Moved by Mr. Brown and carried to find there is INSUFFICIENT evidence to make a preliminary finding of violation for both rules cited on the matrix:

OAR 801-030-0020(1), Professional Misconduct

OAR 801-030-0020(3), Acting through Others

VOTE: 6 ayes, 1 excused absence (Newhouse)

2. Case #12-012NK – Rita Nicholle Harmon, CPA, Douglass-Harmon CPA LLC

BOARD ACTION: Moved by Mr. Brown and carried to find there is INSUFFICIENT evidence to make a preliminary finding of violation for the rule cited on the voting matrix:

OAR 801-030-0020(1), Professional Misconduct

VOTE: 6 ayes, 1 excused absence (Newhouse)

3. Case #13-019 – David Schwindt, CPA

BOARD ACTION: Moved by Mr. Brown and carried to find there is INSUFFICIENT evidence to make a preliminary finding of violation for the rules cited on the voting matrix:

OAR 801-030-0010(1)(b), Due Professional Care

OAR 801-030-0010(5), Other Professional Standards

VOTE: 6 ayes, 1 excused absence (Newhouse)

4. Case #13-025 – Rosemarie Sibley, CPA

BOARD ACTION: Moved by Mr. Brown and carried to find there is INSUFFICIENT evidence to make a preliminary finding of violation for the rule cited on the voting matrix:

OAR 801-030-0015(1), Confidential Client Information

VOTE: 6 ayes, 1 excused absence (Newhouse)

5. Case #13-015 – Tonja Gleason, CPA

BOARD ACTION: Moved by Mr. Brown and carried to find there is SUFFICIENT evidence to make a preliminary finding of violation for the rules cited on the voting matrix:

ORS 673.320(3), Use of the CPA designation while the license is in lapsed status

OAR 801-030-0020(1), Professional Misconduct

OAR 801-030-0005(2), Integrity and Objectivity

VOTE: 6 ayes, 0 nays, 1 excused absence (Newhouse)

DISCUSSION: Mr. Wright noted that the facts of the case warranted a summary of the case in open session to explain the Board's action. Mr. Brown summarized the key points of the case as follows: Evidence showed the CPA used the CPA designation while the license was in lapsed status. The CPA submitted CPE certificates of completion to the Board which raised questions as to their accuracy. When contacted, the CPE providers listed on the certificates of completion had no record of this individual taking the classes noted on the certificates.

Other members of the Board noted that the Respondent's actions were egregious and that the Board has revoked the licenses of others in the past for similar conduct. Several Board members affirmed that they were in favor of revocation or a resignation in lieu of revocation, but would not support a suspension. It was also noted that CPE would not make sense for an individual who no longer held a license, but high civil penalties would be appropriate.

**6. Cases: #12-062NK – David T Sheets, CPA
#13-017 – David T Sheets, CPA**

BOARD ACTION: Moved by Mr. Brown and carried to find there is SUFFICIENT evidence to make a preliminary finding of violation for the following rule cited on the voting matrix:

ORS 673.320(3), Use of the CPA designation while the license is suspended

VOTE: 6 ayes, 1 excused absence (Newhouse)

BOARD ACTION: Moved by Mr. Brown and carried to find there is SUFFICIENT evidence to make a preliminary finding of violation for the following rule cited on the matrix:

OAR 801-030-0020(), Professional Misconduct (for failure to comply with the Stipulation and Order in case #12-031NK)

VOTE: 6 ayes, 1 excused absence (Newhouse)

BOARD ACTION: Moved by Mr. Brown and carried to find there is SUFFICIENT evidence to make a preliminary finding of violation for the following rule cited on the matrix:

OAR 801-030-0005(2), Integrity and Objectivity

VOTE: 6 ayes, 1 excused absence (Newhouse)

BOARD ACTION: Moved by Mr. Brown to find there is SUFFICIENT evidence to make a preliminary finding of violation for the following rule cited on the matrix:

OAR 801-030-0010(4), Tax Standards

VOTE: 1 aye (Crackenberg), 5 nays, 1 excused absence (Newhouse) **MOTION FAILED**

DISCUSSION: Several members of the Board noted that the Respondent has repeatedly been found in violation so they would support revocation. Ms. Bischoff noted that the Board could seek a court order barring the Respondent from the practice of public accountancy. It would be costly, but if the Respondent were to violate the court order, he could be found in contempt of court. This would allow the Board to continue to exert control over him even if were no longer a licensee. This option would not preclude the Board from also revoking his license or applying a civil penalty. There were 18 violations (3 violations repeated for each of the 6 tax returns prepared by the Respondent). Chair Bridgham recommended issuing a proposed sanction of \$5,000 each (\$90,000 in total). In addition, a Cease and Desist Order could be used to cause him to cease the practice of public accountancy more quickly. Chair Bridgham, Mr. Crackenberg, Mr. Lauseng, and Mr. Wright all noted that they were in favor of revocation. Mr. Graham added that he would be in favor of the court order as long they could also revoke the Respondent's license to protect the public.

BOARD ACTION: Moved by Mr. Brown and carried to issue a Cease and Desist Order based on the investigation and the findings of the Board.

VOTE: 6 ayes, 0 nays, 1 excused absence (Newhouse)

7. Case #13-009 – Tom Dragicevic, CPA

BOARD ACTION: Moved by Mr. Brown to find there is SUFFICIENT evidence to make a preliminary finding of violation for the following rule cited on the matrix:

OAR 801-030-0010(1)(b), Due Professional Care

VOTE: 0 ayes, 6 nays, 1 excused absence (Newhouse) **MOTION FAILED**

DISCUSSION: Although the Board members felt the Respondent's conduct did not rise to the level of a violation, there was still some concern. The Board directed BOA staff to send a letter recommending the Respondent complete 8 hours of CPE in estates and trusts.

13. PROPOSED CASE SETTLEMENT – Supplemental information

There were no proposed case settlements for the Board to consider on October 21, 2013.

14. CONTINUING PROFESSIONAL EDUCATION COMMITTEE

A. Minutes of September 10, 2013 – Informational only

Mr. Crackenberg noted that the CPE Committee is submitting the minutes from their most recent meeting.

B. Municipal Auditor Applications

1. **Jacob J. Collier**
2. **John Richard Le'Gere Sr.**
3. **Rochelle A. Friend**
4. **Emily A. Marshall Kralj**

Mr. Crackenberg noted that the CPE Committee is submitting a list of applicants for approval, with recommendation to approve all four. One applicant on the list is also on the list of applicants for a CPA license. The Board questioned whether an individual must be licensed for a period of time prior to obtaining licensure as a municipal auditor. Staff commented that there is only a CPE requirement, and the applicant in question was actually already licensed in another state.

BOARD ACTION: Moved by Mr. Crackenberg and carried to approve the municipal auditor applications as listed.

VOTE: 6 ayes, 0 nays, 1 excused absence (Newhouse)

15. QUALIFICATIONS COMMITTEE

A. Minutes of September 11, 2013 (information only)

Discussion: The list of candidates and the minutes from the Qualifications Committee (QC) meeting of September 11, 2013 were provided to the Board Members. Roger Graham reported on the Board on the actions of the QC. He announced the upcoming QC meeting of November 13, 2013 where the committee members will discuss the process of licensing people through pathways other than the attest pathway. The QC will make recommendations for revisions to the Laws and Rules Taskforce.

The QC only has a small agenda for the Board to consider. Only three applications were forwarded to the QC by BOA staff since the last Board meeting, and of those three, two were deferred to allow the applicants to provide more information. Mr. Graham recommended the Board accept application of the remaining applicant, Brian Thomas Foster.

B. Consent Agenda**1. Recommendations for Approval****a. Brian Thomas Foster**

Mr. Foster passed the Uniform CPA examination in May 2013 as an Oregon candidate. Experience was gained at the following employer:

University of Portland

67 months

All competencies

Mr. Foster was previously employed at Tuality Healthcare, under the supervision of Mr. Barger, who was also his supervisor licensee at the University of Portland. The experience was not considered due to a lack of documentation regarding the applicant's job descriptions and the companies' organization chart. Mr. Halbirt questioned the amount of information that was included in support of the application and asked who had prepared the documents. Mr. Barger stated that the documents submitted were produced by Mr. Foster and were provided as example work products. Mr. Wilberger asked if Mr. Foster had produced the documents that are clearly marked Moss Adams. Mr. Barger stated that the information gathered and provided to Moss Adams to prepare the reports had been produced by Mr. Foster, but the actual reports are products of Moss Adams.

BOARD ACTION: Moved by Mr. Graham and carried to find that there is sufficient evidence that Brian Thomas Foster has met the competencies necessary for licensure.

Vote: 6 ayes, 1 excused absence (Roberta Newhouse)

After the vote, the group discussed the application process.

2. Approval of Applications

- a. CPA Certificates/Permits
- b. PA Licenses/Permits
- c. Firm Registrations

Mr. Graham noted that there were 56 applications for individual licensure. Of those, 17 applied under reciprocity and of those, only one individual appear to have an Oregon address. Mr. Graham described the review process for applicants who receive their experience under the attestation path. Currently, staff review the applications, with a dual sign-off and those applicants are licensed and presented to the Board by way of the licensee list for Board ratification.

Director Pittioni noted that the 56 applicants had already been issued licenses, so perhaps the Board would prefer to have staff change the sequence of events to the Board could review the list of applicants BEFORE staff issues licenses. Ms. Fast described how the current process is for Board staff to approve applications with attest and audit experience, and for the Board to ratify those applicants after the fact by way of the consent agenda. Applications with OPS experience are treated to a different process whereby Mr. Graham reviews each one and makes a recommendation to staff of whether to approve it or not.

Mr. Graham suggested that in the future, all applications that contain consulting experience outside a public accounting firm should be referred to the QC instead of being approved at the staff level. Mr. Wright agreed that an applicant would have to have experience at a CPA or PA firm because of the requirement to work according to the "standards of the profession", which he understands to be the public accounting profession. Board members agree to the process change for applicants whose experience was not obtained at an accounting firm be reviewed by the QC.

Mr. Graham recommended that the Board also approve two other applicants who were not included on the list, Jessica Ulrich and Phillip Hutsell. Staff had asked Ms. Ulrich for more information, and in response she provided a pretty descriptive write up. Phillip Hutsell submitted a particularly compelling application. Both applications detailed how the tasks the applicants performed addressed the competencies.

Mr. Brown confirmed that attest & audit applications are approved by staff, Other Professional Standards applications are reviewed by Mr. Graham, and Government or Industry applications go to the QC. He asked what would happen if Mr. Graham wasn't available? Mr. Graham replied that his goal is a make a model and create draft guidelines which the Board or the QC could adopt. His individual review of each OPS application is just short-term solution. He noted that the other issue which is very important to him is how applicants demonstrate they have met each of the seven competencies. If a Government or Industry application submitted to the QC is lacking achievement of even one competency, the QC will not recommend the Board approve it. In contrast, applications submitted

under OPS tax experience on are not treated that way. Mr. Lauseng commented that although he is a Board member, he didn't fully understand all of the various ways an applicant could qualify to be a CPA, so it was very unlikely that the average practitioner accurately understands the options. He recommended creating a document that would lay out the various pathways. Ms. Fast noted that Ms. Newhouse is working on a mentor packet, and that information could effectively be included there. Mr. Lauseng added there are widely varying views on what the required experience needs to be, and asked if applicants are submitting low-quality applications because they have been conditioned to do so? Mr. Graham thought they had been, and said question of who is actually qualified to be a CPA is a whole separate question, while the low-quality applications issue is just an application issue.

BOARD ACTION: Moved by Mr. Brown and carried to ratify the licensure of CPA certificates and permits and firm registrations that already been issued, as listed on the handout provided to the Board, and also to find that there is sufficient evidence that Jessica Ulrich and Phillip Hutsell have met the competencies necessary for licensure.

VOTE: 6 ayes, 0 nays, 1 excused absence (Roberta Newhouse)

16. PEER REVIEW OVERSIGHT COMMITTEE (PROC)

A. Minutes of September 23, 2013 – Information only

Mr. Wright made a short presentation on the activities of the PROC as follows: The PROC met on September 25, 2013 and reaffirmed the recommendation that the Board approve the contract with OSCPA to administer the peer review program. The committee also looked at what other projects or items the PROC might be able to do. Consideration on whether or not the committee should consider what to do in a situation where a firm has had multiple consecutive fails and whether the Board should take any action in response. The PROC will be talking about this issue again at its next meeting on November 8, 2013. The Board might be able to get peer review results from either the State Access Board or from the firm renewal applications. Three issues are:

1. Do have already have peer review results?
2. Can we get it if we don't have it?
3. What do we want to do with it once we get it?

Mr. Pittioni commented that the issue was what specifically should the Board do in response, what actions can or should the PROC legitimately do.

Mr. Wright noted that another issue the PROC is working on is the topic of issuing peer review waivers. There is currently no option for the Board to grant a waiver in statute at this time.

Also on the docket for committee discussion are the firms that perform intermittent work that would be subject to peer review, but stop in the year the peer review would be due in order to "game" the system. Ms. Barker stated that the AICPA changed the requirements, and therefore if a firm stopped but then started back up again, a peer review would be due immediately. They would not be able to

put it off for another three years. This is called a “stepped up” peer review. Ms. Barker indicated that the society does not provide the Board with notification of a stepped up peer review, but that the information is available on the FSBA site. Mr. Pittioni asked Board members to consider the various scenarios in which they may consider issuing a Peer Review waiver

Ms. Bridgham inquired if information was available as to how many firms have received multiple failed peer reviews. Mr. Pittioni said that staff are collecting that data at this time, but it is a very small subset. Ms. Barker echoed that there are very few multiple fails.

17. CPA EXAMINATION

Ms. Fast announced that the CPA Examination results are now available online. Mr. Graham noted that the exam still contains quite a few questions about international accounting standards.

18. ADJOURNMENT Chair Bridgham announced the next Board meeting would be on Monday, December 9, 2013.

The meeting adjourned at 2:20 p.m.

This following document is the Voting Matrix which is referenced in Public Session Agenda Item 12.B and is hereby incorporated herein.

Committee Recommendations and Board Vote

CASE	NAME	COMPLAINT COMMITTEE September 23, 2013 Recommendation	BOACC Vote		BOARD 10/21/13 Action
			Y	N	
	<i>Motion -</i>	<i>Insufficient Evidence:</i>			
12-019NK	George Douglass / Douglass and Company	OAR 801-030-0020(1), Professional Misconduct	8		<i>Motion: Insufficient Evidence:</i> OAR 801-030-0020(1), Professional Misconduct
		OAR 801-030-0020(3), Acting through others	8		<i>Motion: Insufficient Evidence:</i> OAR 801-030-0020(3), Acting through others
	<i>Motion -</i>	<i>Insufficient Evidence:</i>			
12-012NK	Rita "Nikki" Harmon	OAR 801-030-0020(1), Professional Misconduct	8		<i>Motion: Insufficient Evidence:</i> OAR 801-030-0020(1), Professional Misconduct
	<i>Motion -</i>	<i>Sufficient Evidence:</i>			
13-009	Tom Dragicevic	OAR 801-030-0010(1)(b), Due Professional Care	8		<i>Motion: Sufficient Evidence:</i> OAR 801-030-0010(1), Due Professional Care
	<i>Motion -</i>	<i>Sufficient Evidence:</i>			
13-015	Tonja Gleason	ORS 673.320(3), Use of the CPA designation while lapsed	8		<i>Motion: Sufficient Evidence:</i> ORS 673.320(3), Use of the CPA designation while lapsed
		OAR 801-030-0020(1), Professional Misconduct	8		<i>Motion: Sufficient Evidence:</i> OAR 801-030-0020(1), Professional Misconduct
		OAR 801-030-0005(2), Integrity and Objectivity	8		<i>Motion: Sufficient Evidence:</i> OAR 801-030-0005(2), Integrity and Objectivity

Committee Recommendations and Board Vote

CASE	NAME	COMPLAINT COMMITTEE September 23, 2013 Recommendation	BOACC Vote		BOARD 10/21/13 Action
			Y	N	
	<i>Motion -</i>	<i>Insufficient Evidence:</i>			
13-019	David Schwindt	OAR 801-030-0010(1)(b), Due Professional Care	8		<i>Motion: Insufficient Evidence:</i> OAR 801-030-0010(1), Due Professional Care
		OAR 801-030-0010(5), Other Professional Standards	8		<i>Motion: Insufficient Evidence:</i> OAR 801-030-0010(5), Other professional standards
	<i>Motion -</i>	<i>Insufficient Evidence:</i>			
13-025	Rosemarie Sibley	OAR 801-030-0015(1), Confidential Client Information	8		<i>Motion: Insufficient Evidence:</i> OAR 801-030-0015(1), Confidential Client Information
	<i>Motion -</i>	<i>Sufficient Evidence:</i>			
12-062 & 13-017	David Sheets	ORS 673.320(3), Use of the CPA designation while suspended or lapsed (6 tax returns)	8		<i>Motion: Sufficient Evidence:</i> ORS 673.320(3), Use of the CPA designation while lapsed
		OAR 801-030-0020(1), Professional Misconduct (failure to comply with the Stipulation and Order in Case #12-031NK)	8		<i>Motion: Sufficient Evidence:</i> OAR 801-030-0020(1), Professional Misconduct (failure to comply with the Stipulation and Order in Case #12-031NK)
		OAR 801-030-0005(2), Integrity and Objectivity	8		<i>Motion: Sufficient Evidence:</i> OAR 801-030-0005(2), Integrity and Objectivity
		OAR 801-030-0010(4), Tax Standards	8		<i>Motion: Sufficient Evidence:</i> Tax Standards. Clients were not billed for services

