



**OREGON BOARD OF ACCOUNTANCY**  
**PUBLIC WORK SESSION MINUTES**  
**Sunday, June 1, 2014, 8:30 A.M.**

**Members Present:**

Jessie Bridgham, CPA, Chair  
Larry Brown, CPA, Vice-Chair  
Scott Wright, CPA, Treasurer  
John Lauseng, CPA  
Al Crackenberg, PA  
Roger Graham, Public Member  
Candace Fronk, CPA

**Staff:**

Martin Pittioni, Executive Director  
Susan Bischoff, Asst. Attorney General  
Noela Kitterman, CPA, Investigator  
Bethany Reeves, Compliance Specialist  
Kimberly Fast, Licensing Program Mgr.

**Guests:**

Harry Bose, OSCPA  
Sherrie McPherson, OSCPA  
Rob Moody, CPA [11:03-11:25]

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**1. Call to Order**

Chair Bridgham called the meeting to order at 8:24 a.m. and announced the meeting was being recorded. Ms. Bridgham welcomed Candace (Candi) Fronk, who was confirmed as a new Board member on May 28, 2014. Harry Bose also attended the meeting and is the new liaison for OSCPA.

**2. Update from Laws and Rules Task Force**

**a. Progress and Plan Update**

The Laws and Rules Task Force (LRTF) has completed phase one of the project pertaining to review of the statutes. Three legislative concepts were presented and two placeholders for firm registration and exam entry requirements. After review of the firm registration language in statute and comparing to the Uniform Accountancy Act (UAA) it was determined that the current statute more or less has the same concepts as stated in the UAA and the LRTF is recommending withdrawing the placeholder for this portion of the statutes. The LRTF can revise the administrative rules in phase two to better articulate the firm registration requirements.

The exam entry placeholder, which contemplated amending statute to allow examination candidates to sit for the CPA examination with 120 semester hours rather than the required 150 semester hours. There has been some considerable resistance from the University of Oregon and Portland State University stating that it would discount the value of education. There are states that allow candidates to sit for the exam with only 120 hours, but require 150 for licensure. Colleen Conrad from NASBA has been invited to attend the August 2014 Board meeting to discuss the pros and cons of implementation.

Mr. Lauseng stated that the Board needs to decide whether or not allowing candidates to sit with 120 supports the Board's mission of public protection. Oregon, unlike many other states, does not have required courses that applicants must take. Mr. Brown believes the Board should consider requiring specific courses for candidates. It was stated that accounting principle courses should not count toward the accounting course requirements and internship credits should be limited.

Mr. Wright sees weak support to continue with the legislative concept, it is more of a philosophical question rather than a public protection concept; Mr. Lauseng agrees. Mr. Brown is concerned that if the Board requires specific courses in accounting it may result in few applicants.

**BOARD ACTION:** Moved by Mr. Lauseng and carried to withdraw the firm registration and exam entry requirement legislative concepts.

**VOTE:** 7 ayes.

**b. Timeline reminder and recruitment for the Rules Advisory Committee**

The LRTF is working to have administrative rule revisions ready for consideration at the August Board meeting. There is a lot of work to be done and the task force is working on identification of changes and prioritization. The timeline set forth is self-imposed and can be extended if needed.

The Board was asked to start thinking about licensees to recruit for the rules advisory committee (RAC). This committee should be diverse, including licensees from industry, government, public accounting, and areas around the state. The RAC will review and vet the Board proposed changes and determine any impact on small businesses. Mr. Brown would like to serve on the RAC.

Mr. Pittioni met with John Johnson, Director of Legislative and Governmental Affairs for NASBA, seeking advice on the upcoming legislative session and the submitted legislative concepts. Mr. Johnson suggested the Board consider combining the Definition of Attest concept with the Board Authority concept. If the Board agrees to this suggestion, Mr. Pittioni will reach out to the Executive Branch and request the merge. The Board agreed to combine the two concepts.

**c. UAA 7<sup>th</sup> Edition Release including Open Letter on Firm Mobility**

The AICPA and NASBA released the 7<sup>th</sup> Edition of the UAA which includes the definition of attest and firm mobility. The AICPA and NASBA is aware that firm mobility is not without controversy amongst the states and is not persuading Boards to adopt.

**4. Licensing Competencies**

Mr. Graham reported that the new tax experience forms are being used and generally speaking the write ups have been good. The applicants are developing the write-up and the supervisor licensee attests to it. Mr. Graham took each competency as written in rule, and put more explanation and examples so that applicants are clear what the Board and Qualifications committee are looking for.

Mr. Graham is currently working with other members of the Qualifications committee to develop a similar process for industry candidates. Candidates coming through the industry path must give very specific examples on how they have developed each competencies.

Attest candidates, at this point, only have to check boxes that the competencies are met without any background, examples or write-up. The goal is to ask attest candidates to also demonstrate using examples of their work and have the supervisor licensee attest to the write-up, making it an even playing field amongst the different licensing paths.

The committee really would like to require at least two examples for each competency. This allows more understanding and gives more substance to the write-ups. Mr. Graham is also recommending the Board consider disallowing applicants who gained their experience in management consulting or financial planning. Applicants do not get enough variety to demonstrate the competencies.

The Board discussed the continuous 5-year active license requirement for supervisor licensees. The Board has had applicants who are very well qualified be denied due to a break in a licensee's status. The LRTF will work on this and have a recommendation to the Board.

Mr. Graham advised the Board he had recruited a new QC member, Christina Tate from Lithia Motors to the committee.

**BOARD ACTION:** Moved by Mr. Graham and carried to approve appointment of Ms. Tate to the Qualifications committee.

**Vote:** 7 ayes.

## **6. CPE Committee – Request for Rule Application Guidance**

Mr. Rob Moody, Chair of the CPE committee, joined the Board meeting at 11:03 a.m. Mr. Moody explained a circumstance at the last CPE meeting where an applicant for a municipal license *taught* the course needed to fulfill requirements for admittance on the roster. It was a consensus of the committee that certainly if she is able to teach the course, she has the knowledge, however, after reading the rule, it did not address the situation. The committee voted to defer the application to get guidance from the Board on how to interpret this rule.

Board members agreed that the course taught by the applicant should count toward the required hours needed for a municipal license. The LRTF will look at this rule for possible amendments.

Mr. Moody agreed to serve on the RAC.

## **5. PROC Update**

The charge of the PROC is to adhere to and refer to the contract with the OSCP for providing peer review services to licensees, however, the PROC is willing to broaden the scope and take on additional work if the Board sees fit.

The Board discussed following up with firms who have received continuous peer reviews where the result was either a pass with deficiency or fail. The committee is also willing to review pre-issuance reviews required through a compliance action.

Mr. Bose, OSCP representative and peer reviewer suggested that the committee may want to review the quality of the work performed by peer reviewers. Mr. Brown asked Mr. Bose if there are enough qualified peer reviewers. Mr. Bose said the Review Acceptance Body (RAB) is working hard to bring on more members.

## **7. Communication Strategy**

Mr. Pittioni thanked Mr. Graham for writing the article published in the OSCPA newsletter. Mr. Pittioni explained to the Board that he would like to ramp up communication to licensees on topics that impact the profession. Staff is also looking into social media as an option. Board members expressed concern with staff resources in supporting social media. The Board currently has a list serve for sending mass emails to licensees that has been successful.

#### **8. Board Calendar Discussion**

Mr. Brown asked the Board to consider not having meetings on Sunday's. Suggestions were that the Board have two separate meetings for work session and Board meetings and that do not need to be tied together. Other suggestions included an extended schedule for a meeting possibly lasting until after 5pm. The next two-day meeting is scheduled in October in Corvallis. Board members agreed to meet on Sunday, however the meeting will not begin until noon.

Mr. Graham has been working on a strategy to get OSU students to attend the Board meeting. He asked members if he could schedule a 2-hour block on Monday to allow students to assume the role of the Board. They would be given a case to review and deliberate on. Board members supported the idea.

#### **9. Compliance Process Changes and Resource Discussion**

Mr. Brown advised the Board members that the case log in compliance has nearly doubled even with the added resources of the additional investigator. The cases are getting more and more complex and it is taking longer for the Complaints Committee (BOACC) to reach a recommendation. It was suggested that, for the complex cases, a member of the BOACC assist in the investigation by asking questions of the investigator that may be helpful in drilling down to the facts.

Additionally, some cases, such as holding out, may be brought to the Board, eliminating the review by the BOACC.

Mr. Pittioni, together with Mr. Wright, explained that the costs for Department of Justice are significant, due mostly to the Chris Acarregui case. Currently there is a case that already has exceeded \$70,000 and the hearing has is not scheduled until September. The Board may have to consider not contracting with outside investigators for the remainder of the biennium to help cut costs.

#### **10. Treasurer Report / Budget Discussion**

The Board was given a biennium to date actuals worksheet. It was brought to their attention that some money has been shifted already to cover the Department of Justice expenses which allowable and not subject to legislative approval. In addition, the professional services is projected higher than budgeted due to the use of contracted investigators.

State government charges are increasing by quite a bit and Mr. Pittioni budgeted for the increase for the next biennium. Mr. Pittioni believes the Board should pull out of using DAS IT. Their costs are increasing by ??%. If state government changes continue to increase so dramatically, it forces the Board to reconsider semi-independence.

Mr. Pittioni advised the Board that the reason for the decrease in the ending balance is that the approach is not more conservative and we are no longer over projecting revenues. The core assumption is that we keep everything stable, no growth, not growth in fees or changes in fees. This may set the Board up for a fee increase in 2017.

The Board will need to go to the Emergency Board to request authority to spend the additional money for the Acarregui case. The Board agreed to try for the September E-Board and ask for \$170-200k additional spending limitation to handle the case and hire additional contract investigators to get us through the back-log of cases.

**BOARD ACTION:** Moved by Mr. Wright and carried to approve the 2015-17 budget request as reviewed.

**VOTE:** 7 ayes.

## **11. ADJOURNMENT**

The meeting was adjourned at 2:45 p.m.