



OREGON BOARD OF ACCOUNTANCY
Public Session Meeting Minutes
Monday - June 2, 2014 - 8:30 a.m.

The Board of Accountancy protects the public by regulating the practice and performance of all services provided by licensed accountants.

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 "Candi" Fronk, CPA

Staff

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

Guests

Harry Bose, CPA, OSCPA
Sherrie McPherson, OSCPA
Stuart Morris, PA, OAIA (2:00 pm)
Rob Moody, CPA
James Marron, Esq. (2:44 pm – by telephone)
Cathleen Donnellan, CPA (2:44 pm – by telephone)

1. Call to Order

Chair Bridgham called the meeting to order at 8:32 a.m. and immediately convened executive session per ORS 192.660(2)(f) and (h). After the executive session concluded, Chair Bridgham reconvened the public session at 1:57 pm.

2. New Business (Agenda Item 11.A)

A. 2015-17 Budget Request

Director Pittioni presented an update on the '15-'17 budget request since the discussion during Board work session on June 1. Based on an e-mail exchange with Mark Miedema, the Board's Budget Analyst at the Department of DAS, it appeared there was more time to prepare the materials for the Legislative Emergency Board (E-Board) than Pittioni had originally thought. In addition, Pittioni reported it is possible that since the E-Board request and the policy packages are related to the same underlying on-going challenges in the volume and complexity of the Board's case work, that DAS and LFO may recommend that the E-Board take action beyond spending limit adjustment for the current biennium and also adjust the Board's base budget going forward. If the latter were to happen, the analyst would then adjust the Board's requests in the Governor's Recommended Budget stage by removing any portion of the Board's budget requests for 2015-17 already approved by the E-Board. Therefore it is at least possible that the

visit to the September E-Board may also end up moving up legislative consideration and decision on any permanent adjustments to the agency's budget.

B. Kenneth Ho Application Discussion

Licensing Program Manager Kimberly Fast asked the Board to discuss whether staff can or should draw any conclusions about whether sole proprietors are qualified to be a Supervising Licensee for CPA candidates when the firm operated by that sole proprietor has had peer review results of Pass with Deficiencies or Fail. In the specific case of Kenneth Ho, he spent 17 months working at the firm of Mary E. Perkins CPA PC, and that firm failed its last two peer reviews. Mr. Graham noted that there are many cases where there is some discomfort with the experience of the CPA candidates, and this is an example. Ms. Fronk asked whether there is precedence for denying an application based on a failed peer review of the firm where the applicant gained their experience. Ms. Fast replied that there is not, but the application process has evolved. Although it wasn't always the policy in the past, Staff now confirm that the firm that employs the applicant is a registered public accounting firm. Mr. Crackenberg noted that he believed this was a valid topic of concern for the Board. Mr. Wright suggested asking for supporting documentation. Mr. Graham commented that the application form could be changed to ask applicants for more information. Mr. Brown asked if the Board had the option of asking to see the documentation. Mr. Wright affirmed that he would support asking for more documentation. Mr. Brown asked under what authority the documentation would be examined, since there is no requirement that the firm pass peer review, only that the Supervising Licensee be actively licensed for at least 5 years prior to becoming the supervisor. He asked whether the Board would be questioning whether or not the Supervising Licensee was competent to sign off on the applicant's competencies. Mr. Wright noted that if there are deficiencies in the firm system controls, he would be concerned that the applicant would then duplicate those deficiencies. Chair Bridgham added that the deficiencies would be in the working papers, but working papers are not part of the application. Ms. Bridgham asked whether the Board wanted to request the firm's working papers. Mr. Graham summarized the discussion by noting that if the Board were to request working papers, there would be a disconnect between what the deficiency is and what the supervisor would be attesting to for the applicant.

C. Brian Whitman – CPE

Investigator Kitterman asked the Board for direction regarding Mr. Whitman's request for Board approval of the CPE that he completed to satisfying the requirements of the Default Final Order in Case #09-038CNK as motioned by the Board on October 21, 2013. Investigator Kitterman referred to the memo she had prepared on this matter. Mr. Whitman was originally required to complete 24 hours of CPE in GASB 34 by September 30, 2012. He did not comply. Instead, he sent the Board a letter in August 2013, stating that he was going to move to Florida, and asked for approval to complete the 24 hours of disciplinary CPE late. He offered to complete an additional 16 hours of CPE as a penalty for failing to complete the 24 hours of CPE by the original deadline. On October 21, 2013, the Board voted to approve the 24 hours and 16 penalty hours if

the hours were completed by December 31, 2013. Mr. Whitman did not complete any of the disciplinary CPE by the December 31, 2013 deadline. After multiple attempts by the Board staff to correspond with Mr. Whitman during the spring of 2014, Mr. Whitman replied to Board staff on March 17, 2014. In early May, 2014, Mr. Whitman submitted certificates of completion of 25 hours of CPE in subjects related to Governmental Accounting and Reporting and in Compilation and Review. On May 15, 2014, Mr. Whitman sent a letter to staff requesting pre-approval to complete the additional 16 penalty hours in subjects related to Tax. Although the Board authorized staff at the October 21, 2013 meeting to pre-approve the subject matter of the additional 16 penalty hours, the most recent request from Mr. Whitman was outside of the guidelines set by the Board for subject matter and completion date; therefore Mr. Whitman's request was being presented to the Board for consideration.

Mr. Wright noted that the Respondent had missed deadlines twice. Mr. Brown commented that he would like to see the Respondent do additional hours beyond the 24, and noted that 40 total penalty hours was lot. Mr. Crackenberg was concerned that the Respondent failed to contact the Board for five months after the October 2013 Board Meeting. Mr. Wright said he would approve the late hours for expediency, but he wanted the record to reflect that the Board's acceptance was a one-time exception. It was also noted that the Respondent has moved to Florida, so he poses very little threat to Oregon consumers, and Board members wanted to conclude this matter. Investigator Kitterman added that information about this matter could be sent to the Florida Board of Accountancy.

BOARD ACTION: Moved by Larry Brown and carried to approve the CPE as presented by Mr. Whitman and staff and direct staff to notify the Florida Board of Accountancy.

VOTE: 7 ayes

The Board directed staff to send the Respondent a stern letter expressing their disapproval of his conduct, but approving his request.

3. Ratification Requests (Agenda Item 10)

- A. 21 CPA Certificates**
- B. 4 Firm Registrations**

BOARD ACTION: Moved by Mr. Graham and carried to approve licenses for the 21 individuals and four firms as listed on Supplemental Handouts 10A and 10B.

VOTE: 7 ayes.

- C. Random Audit Procedures (not on agenda, added by Board Chair at Director Pittioni's request)**

Director Pittioni talked about an amended procedure developed for the random CPE audit of 2014 license renewal applicants. This year, the random CPE audits will start during while renewals are being processed instead of in September after the renewal period is over. Board

staff plans to audit the CPE records of 15% of the all license renewals. Board staff proposes to notify 10% of even numbered licensees that they have been randomly selected to participate in the CPE audit, and do so now, and notify another 5% of randomly selected licensees in September. The purpose of this change would be to save staff time. Using this method, staff can process 2/3 of the audits while they are already working with the files for licensure renewal, and those selected for audit can gather their certificates of completion for submission while they are working on their renewal form anyway. Several members had comments or questions regarding the proposed change including:

- Mr. Wright noted that the even-number licensees are the same people who were required to submit all of their certificates of completion as part of their previous renewal process two years ago.
- Mr. Lauseng commented that there will be a need for additional communication, as there will be questions on the revised process. He also noted that the smaller the group size, the less rigorous the results.
- Guest Ms. McPherson asked if it would make sense to do all 15% now, since the 5% will be during tax season and muni audit season.
- Director Pittioni noted that staff has historically been very sensitive to not set deadlines at the same time as deadlines in tax practice, and thus intends to notify the later 5% audit recipients before September 15, and then make the due date to submit the certificates of completion several weeks after September 15, so that those who are tax preparers would have enough time after the tax deadline to submit their certificates.
- Mr. Brown recommended doing the audit in two stages as proposed, so that the possibility of an audit would create incentive for all licensees to accurately report their continuing professional education. He thought it would be more efficient do the audit at the same time as the other renewal procedures.
- Ms. Fast added that next year, the odd-numbered licensees would be audited, and the number of people in that group is similar in size to the current group renewing, within a couple hundred of the number of licensees who are even-numbered. She also said that this proposed format would allow the Board to increase the number of audits performed. In the past, the Board only audited 10% of the licensees.
- Mr. Brown asked if Board staff had considered moving to renewing licenses based on the birth month of the licensee.
- Director Pittioni responded that based on feedback he had received to date on this issue, he was not pursuing that possibility at this time. There were much more pressing issues. That change would impact the profession broadly and there would need to be many conversations with stakeholders, including the OSCP. However, if that change were to be implemented, it certainly would be much easier to process renewals year round, and it would create a lot of efficiency.

4. Public Comments (Agenda Item 6)

Chair Bridgham opened up the floor for public comments. There were no public comments.

5. Report of the OSCP (Agenda Item 7)

Harry Bose from the Oregon Society of Certified Public Accountants (OSCP) offered a few remarks, in which he:

- Thanked Director Pittioni and Mr. Wright for participating in a recent OSCP event, the Circle of Excellence, which recognized outstanding people in the profession. He said the OSCP announced nearly \$100,000 of scholarships at that event.
- Noted that the NASBA Regional meeting is coming up in mid-June, and that the Executive Director of the OSCP and he would be attending.
- Announced that The OSCP was offering many CPE classes in May and June.
- Expressed appreciation for allowing members of the OSCP to participate in the Laws and Rules Task Force.

6. Report of the OAIA (Agenda Item 8)

Stu Morris from the Oregon Association of Independent Accountants (OAIA) offered a few remarks, including:

- The Bi-State convention would be held soon in Bend, OR
- The OAIA will be welcoming a new Board of Directors soon, and when that happens Mr. Morris will be the First Vice President.

7. Report of the Vice Chair (Agenda Item 5)

Vice-Chair Brown said he had no report at this time.

8. COMPLAINTS COMMITTEE (Agenda Item 3)

A. Complaints Committee Minutes of May 9, 2014. *Information only*

The minutes from the prior meeting were provided for information only. There were no questions or comments regarding these minutes.

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 #12-073 – David Klinger, CPA

BOARD ACTION: Moved by Mr. Brown and carried to find there is SUFFICIENT evidence to make a preliminary finding of two instances of violation of OAR 801-030-0020(8), Business Transactions with Clients.

COMMENTS: Mr. Wright noted that the conduct in this case relates to the Respondent agreeing to purchase property from one of his clients, then renting the property from that client, then being evicted from that property by the client.

VOTE: 7 ayes - unanimous

BOARD ACTION: Moved by Mr. Brown and carried to find there is SUFFICIENT evidence to make a preliminary finding of violation of OAR 801-030-0010(5), Other Professional Standards, for issuing compilation reports that were not in accordance with SSARS 19.

COMMENTS: Mr. Wright noted that the Respondent prepared financial statements that were presented to management but did not include the restrictive language, and contained other deficiencies.

VOTE: 7 ayes - unanimous

BOARD ACTION: Moved by Mr. Brown and carried to find there is SUFFICIENT evidence to make a preliminary finding of violation of OAR 801-050-0020(1), Requirement to Enroll in Peer Review.

COMMENTS: Mr. Graham asked whether finding a violation for the Respondent's failure to include the restrictive language noting that the financial report was for management use only, and then also finding a violation for failure to enroll in peer review when preparing a compilation report that was not for management use only, was finding two violations for the same conduct? Director Pittioni responded that there was one set of facts, but two very different requirements.

VOTE: 6 ayes, 1 no (Graham)

DISCUSSION: Director Pittioni noted that the Respondent had submitted a letter proposing an offer for settlement for the Board to consider. The settlement offer agreed with the violation for Other Professional Standards but disagreed that there had been a violation of Business Transactions with Clients. The settlement offer proposed 4 penalty CPE hours in ethics, 4 penalty CPE hours in Compilation and Reviews, and offered to enroll in peer review within 90 days. Mr. Brown said he would agree to 12 hours of penalty CPE, but thought there should also be a low-to-mid range monetary penalty as well. Mr. Wright said he would agree to 8 hours of CPE in Compilation and Review, but thought 90 days to enroll in peer review was not fast enough. Chair Bridgham expressed support for 16 penalty hours of CPE in Compilation and Review. Director Pittioni said he would open the negotiations by proposing enrolling in Peer Review as soon as possible, 16 hours of CPE in Compilation and Review, plus 4 hours of CPE in Ethics, plus low-to-mid range penalties.

2. Case #13-036 – Jerald Olsen, CPA (*Restricted license*)

BOARD ACTION: Moved by Mr. Brown and carried to find there is SUFFICIENT evidence to make a preliminary finding of four violations of OAR 801-030-0010(1)(b), Due Professional Care related to errors found on tax returns. (4 instances)

COMMENTS: Mr. Brown noted that the investigator recommended finding 7 or 8 violations, but the BOACC viewed at least some of the recommendations as more than one violation for the same action. Mr. Lauseng commented that the errors on the tax returns were small errors, and it would be unusual for the Board to make a preliminary finding of violation in such a case, but errors were found on each of the tax returns in the small sample set the investigator reviewed, and the errors were related to other violations. He added that in this case he would support making a preliminary finding of violation, but he did not want to set a precedence that every mistake is a violation.

VOTE: 7 ayes - unanimous

BOARD ACTION: Moved by Mr. Brown and carried to find there is SUFFICIENT evidence to make a preliminary finding of violation of OAR 801-030-0010(1)(c), Planning and Supervision.

COMMENTS: Mr. Wright noted that the allegation was that the Respondent was working with a bookkeeper, and the bookkeeper made errors that prevented tax returns or extensions from being filed timely. The Board is considering whether the Respondent was providing adequate supervision over an employee and the bookkeeper to prevent those errors from occurring.

VOTE: 7 ayes - unanimous

BOARD ACTION: Moved by Mr. Brown and carried to find there is SUFFICIENT evidence to make a preliminary finding of violation of OAR 801-030-0020(1), Professional Misconduct.

COMMENTS: Mr. Brown commented that the Respondent is under a Settlement Agreement and Stipulated Final Order (Order) requiring him to be supervised, and the Respondent went to the homes of clients, participated in meetings and collected client information without direct supervision. There is also concern whether the person described as being the Respondent's supervisor is providing adequate supervision. Mr. Wright noted that he thought the Respondent was implementing the Order with respect to the form instead of the substance. Mr. Lauseng disagreed, noting that he did not consider the Respondent's conduct to comply with either the form or the substance of the Order.

VOTE: 7 ayes – unanimous

DISCUSSION: Director Pittioni requested direction since the conduct involved non-compliance with an Order. Mr. Wright thought the penalties should be fairly significant. He pointed out that the Order says that violation of the terms will result in a revocation, so in his opinion the Board should seek revocation. Mr. Brown agreed. Mr. Crackenberg thought revocation would be appropriate, based on the Order, but that a civil penalty should also be assessed. Mr. Graham and Ms. Fronk agreed with this suggestion. Mr. Lauseng recommended a medium-to-high penalty, based on the egregiousness of the conduct. Mr. Wright said he would agree to a medium-to-high civil penalty on the Professional Misconduct violation, and low penalties on the other two. Mr. Graham said he would be OK with only a revocation. Mr. Brown said that the revocation was the most important thing, so he would be willing to accept moderate-to-low civil penalties if the Respondent would agree to the revocation. Mr. Lauseng agreed that revocation

would be the most important outcome for public protection. Director Pittioni said he would start the negotiations with the Respondent's counsel, and would propose that no costs be assessed.

3. Case #13-038 – Cathleen Donnellan, CPA

BOARD ACTION: Moved by Mr. Brown and carried to find there is SUFFICIENT evidence to make a preliminary finding of violation of OAR 801-030-0005(2), Integrity and Objectivity related to conflict of interest for parties that were going through a divorce.

COMMENTS: Mr. Wright added that the situation had to do with differing interests in a divorce, and that the Board consistently receives complaints related to divorcing clients. He recommended the Board consider ways to urge practitioners to be mindful of the pitfalls of divorcing clients. Mr. Graham noted that he read an article on this topic recently, and he agreed that divorces are a minefield. Mr. Wright commented that the failure to get a signed conflict of interest waiver is the biggest problem.

VOTE: 6 ayes, 1 no (Graham)

DISCUSSION: Chair Bridgham and Mr. Lauseng recommended low penalties. Mr. Wright suggested low-to-moderate. Ms. Fronk proposed low penalties, and perhaps 4 hours of CPE in Ethics. Mr. Crackenberg thought very low civil penalties. He added that every year he gets at least one client whose former CPA completed both the partnership returns and the individual tax returns, which is just as much a conflict. Because the Respondent said she had learned a lesson, he was inclined to go very low on the penalty and require more CPE, maybe 8 hours. Chair Bridgham thought no CPE would be necessary, because the Respondent said she now has a heightened awareness of conflict of interest issues after going through the investigative process. Mr. Brown said he was glad to hear the Respondent say it was a learning process and that she is more aware, so he would agree to a low-to-moderate civil penalty.

4. Case #14-004 – Bill Perry, CPA (*Suspended license*)

BOARD ACTION: Moved by Mr. Brown and carried to find there is SUFFICIENT evidence to make a preliminary finding of violation of ORS 673.320(3), Use of the CPA designation while license is suspended.

COMMENTS: Mr. Graham commented that the Board could consider this as 36 separate violations. Mr. Wright added this Respondent has a license in suspended status for failure to comply with a child support order. There has been several opportunities for the Respondent to participate in the investigative process, but the Respondent has not responded to any communication from the Board. It appears that the Respondent has prepared and filed tax returns while his license was in suspended status. Mr. Graham asked if the Respondent signed the tax returns as a CPA. Investigator Kitterman explained that the Oregon Department of

Revenue provided information about the tax returns filed by the Respondent based on the license number of the preparer.

VOTE: 7 ayes - unanimous

DISCUSSION: Mr. Wright noted that he was troubled by the Respondent's behavior, because the Respondent has had multiple opportunities to renew his license to active status, but has not done so. He thought revocation would be an appropriate penalty. Chair Bridgham agreed. Mr. Brown concurred, and noted that the conduct was egregious. Mr. Crackenberg thought the Board should assess civil penalties as well, and recommended that staff notify the IRS Office of Professional Responsibility. Mr. Brown agreed to civil penalties, but said he would hate to take any money away from child support. Ms. Fronk and Mr. Lauseng both agreed the Board should seek some civil penalties and revocation.

5. Case #14-010 – Daniel E. Parr, CPA and Parr Accounting Group, Inc.

BOARD ACTION: Moved by Mr. Brown and carried to find there is SUFFICIENT evidence to make a preliminary finding of violation of ORS 673.320(3), Use of the CPA designation while lapsed on at least 174 tax returns.

COMMENTS: Mr. Graham noted that in the previous case, the Board did not consider each of the 36 uses of the CPA designation as separate violations. He also questioned whether the Respondent made false statements on the reinstatement application. Mr. Wright replied that the false statements were in correspondence the Respondent sent to staff as part of the reinstatement process. In addition, staff had notified the Respondent of some other deficiencies related to the firm application, but the Respondent had not responded to those communications or participated in the investigation process in any way.

VOTE: 7 ayes - unanimous

BOARD ACTION: Moved by Mr. Brown and carried to find there is SUFFICIENT evidence to make a preliminary finding of at least one violation of ORS 673.160, Registration of a business organization that is performing attest services.

COMMENTS: Mr. Wright noted that this was the same case as above. An applicant for initial licensure indicated on their application that they had performed attest work while employed at this firm, while the firm was in lapsed status. Board members also discussed what information the firm had disclosed about the type of work they performed on the firm renewal applications prior to the firm being terminated, and what information the Respondent had disclosed about type of work performed on his individual reinstatement application.

VOTE: 7 ayes - unanimous

BOARD ACTION: Moved by Mr. Brown and carried to find there is SUFFICIENT evidence to make a preliminary finding of at least one violation of OAR 801-030-0020(1), Professional Misconduct,

for declaring on his reinstatement application that he had “no employment”, when he had prepared and filed 174 tax returns.

COMMENTS: Mr. Wright noted that the reinstatement application prepared and submitted by the Respondent contains what appears to be false information. Mr. Graham added that the Firm Registration contains the information about “does not do attest”, while the individual Reinstatement Application contains the information about “no employment”, so this violation would only be against the individual, not against the firm.

VOTE: 7 ayes – unanimous

BOARD ACTION: Moved by Mr. Brown and carried to find there is SUFFICIENT evidence to make a preliminary finding multiple violations of OAR 801-030-0020(7), Board communications and investigations, because the Respondent did not reply to repeated requests for replies.

COMMENTS: Mr. Graham noted that Board staff sent an email on January 23, 2014; an email and regular mail letter on March 12, 2014; and an email, regular letter, and certified letter sent on April 9, 2014. Ms. Fronk added that what bother her the most was the Respondent’s failure to respond to the Board’s communications. Mr. Wright noted that the Respondent was potentially putting the other CPA employees of the firm at risk, by allowing them to work at a firm that was not registered, and was putting his clients and the public at risk. He added that he felt the failure to respond was a huge problem. In contrast, Mr. Graham said he felt the dishonesty was the largest problem.

VOTE: 7 ayes - unanimous

DISCUSSION: Director Pittioni asked the Board what consequence they felt was appropriate in this situation. Mr. Graham suggested revocation. Ms. Fronk recommended at least a suspension. Mr. Lauseng was concerned about the effect on the employees, if the Respondent’s license were to be revoked, since the firm was owned 99% by him. However, he viewed the failure to register the firm plus the dishonesty about the 174 tax returns to be very egregious, and recommended moderate to high civil penalties, plus revocation. Mr. Wright noted that even suspended licensees are not allowed to own firms, so the effect on the employees of the firm would be the same for suspension or revocation. Director Pittioni commented that the employees of the firm may have already performed work that may only be done in a registered firm, while the firm was unregistered. So there are potential issues for the employees.

Mr. Brown suggested suspension, and possibly a stayed suspension, if the firm were to correct the deficiencies and other wise stay in compliance. He was concerned about issuing a revocation in the absence of any response from the Respondent. Mr. Wright noted that although the Respondent was not in compliance with Board rules and regulations, there was no information that the public had been harmed, which might be considered as a mitigating factor. However, Mr. Graham pointed out that the Respondent had lied to the Board. Chair Bridgham wanted the Respondent to explain his actions to the Board. Director Pittioni suggested issuing a Notice for revocation, in an attempt to get the Respondent’s attention and to create incentive for the

Respondent to participate in the process. Mr. Graham pointed out that any sanction short of revocation would continue to allow members of the public to engage a CPA who lied, it would show that the Board was willing to tolerate CPA's who lie to continue to be part of the profession. Mr. Wright said he would agree to request revocation for the purpose of getting the Respondent's attention. Ms. Fronk pointed out that civil penalties could also be a way to get his attention. Mr. Lauseng said he could agree to either suspension or revocation plus medium to high civil penalties. Chair Bridgham suggested notifying the Respondent that the Board was seeking revocation, but would consider a suspension if the Respondent would engage in negotiations.

Mr. Lauseng said that although the last two cases considered by the Board had not been heard by the BOACC because the BOACC has many cases to consider, out of respect for the BOACC, he believes both of those cases would have benefitted from the diligence of the BOACC process. The Board was in consensus that these two cases were not simple holding outs.

9. PROPOSED CASE SETTLEMENTS (Agenda Item 9)

A. Cherina Hart, Cases #12-063NK and #13-053

Director Pittioni described the Settlement Agreement and Stipulated Final Order (Order) which was before the Board for consideration. This Respondent had two cases, but a single Order would conclude both cases. Although an unsigned copy had been distributed to the Board members for review, the Board had received a copy signed by the Respondent two days before the meeting. It was noted that Page 14, Item H had a partial sentence, "Respondent is", that was struck and initialed by Ms. Hart. Director Pittioni thanked Susan Bischoff for her work in negotiating the Order. Mr. Wright suggested requiring the Respondent to do a pre-issuance review of the first attest work which the Respondent may perform, instead of requiring a pre-issuance review only for the first review which the Respondent might perform in the future. (Page 12, Paragraph 4)

BOARD ACTION: Moved by Mr. Brown and carried to accept the Settlement Agreement and Stipulated Final Order as presented, with the removal of the extra "Respondent is" on Page 14, Item H and the replacing the "review" on Page 12, Paragraph 4 with "attest".

VOTE: 7 ayes - unanimous

B. RoxAnn Strong, Cases #11-027CNK

Director Pittioni described the Settlement Agreement and Stipulated Final Order (Order) which was before the Board for consideration. A Default Final Order previously issued in this case had been withdrawn by the Board because it contained requirements that the Board did not have authority to impose through a Default Final Order. The Board had received independent

verification from the Respondent's parole office that the Respondent had completed at least one of the treatment plans which the Board had initially wanted her to complete. Because the Respondent did complete probation and treatment, the civil penalty is fairly light - all but \$1,000 of the civil penalty was suspended, and the Respondent was offered the opportunity to arrange a payment plan for the remaining \$1,000.

Mr. Wright noted that the Respondent had crossed out the "PC" in the signature line for the firm "Roxann Snyder Strong CPA PC". Investigator Kitterman explained that the firm is dissolved, so the Respondent was concerned about signing "PC" for a firm that is no longer registered. However, since the firm existed at the time of the violation, it would be appropriate for the firm to be listed as a Respondent and for the firm name to appear on the signature line. Ms. Bischoff suggested that the Board could approve the Order subject to the Respondent re-signing on her own behalf and on account of the former PC. However, she said she does not believe that would be necessary.

BOARD ACTION: Moved by Mr. Wright to accept the Order subject to the Respondent re-signing it on behalf of the former firm. Motion died due to failure to receive a second.

BOARD ACTION: Moved by Mr. Graham and carried to accept the Settlement Agreement and Stipulated Final Order as presented.

VOTE: 7 ayes - unanimous

10. REPORT OF THE CHAIR (Agenda Item 4)

Chair Bridgham noted that Director Pittioni gave a presentation at the Government Auditor Conference, and did a fine job. It was a good conference. Director Pittioni added that he was asked, but he declined to comment, on the future of the Municipal Auditor License.

11. OLD BUSINESS (Agenda Item 12A)

Director Pittioni presented the rest of the Director's Report which had been postponed from the previous day's Work Session of June 1, 2014. He noted that:

- There was a vacancy for a Licensing Specialist since employee Marika Garvey had accepted another position. The deadline for applying for that position was later that night. The goal is to fill that position as quickly as possible so the new person could help with the renewals. The open position has the same job duties as Kristen Adamson. All aspects of both positions are the same, but it will take a while for the new employee to be trained.
- IT update – there has been a frustrating lack of progress to address state server firewall issues preventing automatic communication from the Board's database with the NASBA servers. The two systems can communicate still on a manual upload basis only.
- He recently learned that the state IT department was going to drastically increase its rates. He is going to explore other possible IT service providers who might be able to provide the same or better service for a much lower price. In addition, he is meeting with

programmers who have successfully implemented online licensing for another small licensing board that is using a FileMaker database, and may be able to create online licensing for the Board much more efficiently and cheaply based on that experience.

- Board staff had a productive meeting with the Oregon Department of Revenue (DOR) related to collecting outstanding money that is owed to the Board. Most of the old outstanding debt has already been referred over to DOR for collection. As new debts pass the deadline for payment, they are being referred over to DOR quickly.
- The meeting with DOR also involved the referral process for notifying the DOR of CPAs who had been found in violation. The goal was to be proactive in sharing information with them, and soliciting information from them on CPAs they have found in violation through their investigative process. The DOR is in the process of updating some major databases. Director Pittioni asked if it would be possible for the DOR to compare the tax preparer signature line with the Board of Accountancy's and the Board of Tax Practitioners' list of suspended or revoked licensees. This would assist DOR to more quickly identify unlicensed individuals who are preparing taxes.
- Mr. Wright asked what the DOR collection fee is. Ms. Reeves said it is approximately 15%, but can vary a little from year to year based on DOR expenses. DOR keeps a percentage of all monies collected, and turns the rest over to the Board.
- Mr. Brown asked for staff to keep the Board members updated on collections: how much is outstanding, what has been sent over to DOR, and what has been recovered.
- Pittioni reported on a meeting with John Johnson, NASBA Director of Legislative Affairs, as part of his recent travel for NASBA's CPE Model Rules Task Force. The meeting with Mr. Johnson was to begin preparing specifics of NASBA support for the Board's proposed legislative concept for the 2015 legislative session. Pittioni reported that he had contacted DAS early in the morning to follow up on the possibility of merging the legislative concept on the definition of attest with the main concept on board authority. Pittioni added he already had received a response in which DAS agreed to allow him to withdraw the separate concepts and submitted them in merged form under an existing placeholder number already held by the Board, as long as that would happen immediately. Pittioni advised he would do this as a first item of business the day after the Board meeting.
- Director Pittioni confirmed which Board Members are planning to attend the NASBA Western Regional Meeting in St. Louis later in the month. Mr. Crackenber, Mr. Brown, and Chair Bridgham confirmed that they are planning to attend.

12. ADJOURNMENT AND ANNOUNCEMENT OF NEXT MEETING (Agenda Item 13)

Chair Bridgham adjourned the meeting at 4:13 pm.