



**OREGON BOARD OF ACCOUNTANCY
PUBLIC SESSION MINUTES**

Monday, May 5, 2014, 8:30 A.M. – Telephone Conference

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
Roberta Newhouse, 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, OSCP
Sherrie McPherson, OSCP
Stuart Morris, PA, OAIA

1. Call to Order

Ms. Bridgham called the meeting to order at 8:30 a.m. and announced the meeting was being recorded.

2. Approval of Board Minutes

A. January 10, 2014

BOARD ACTION: Moved by Ms. Newhouse and carried to approve the minutes with minor corrections.

VOTE: 7 ayes

B. February 10, 2014

BOARD ACTION: Moved by Ms. Newhouse and carried to approve the minutes as written.

VOTE: 7 ayes

3. Report of Chair and Vice-Chair

Ms. Bridgham reported that the Board office received a letter from the Department of Administrative Services stating that Executive Director Pittioni's position has been re-leveled and placed in a group with more similar complexity and size. Mr. Pittioni added this agency director leveling is one portion of a DAS management classification review of all management positions; the initial DAS proposal caused concerns as it placed the BOA director position in a group of much smaller and far less complex agencies. The Board Chair and Vice-Chair sent a letter to DAS stating their concerns on the long-term impact for the agency, especially how this could affect future recruitments for the position negatively; NASBA and OSCP also sent letters in support of reconsideration of the initial proposal by DAS. Ultimately DAS changed course and placed the Director position at a more appropriate level.

Ms. Bridgham reported that the position held by Ms. Newhouse had recently received a proposed candidate for appointment by the Governor's Office, Ms. Candace Fronk from Bend, Oregon.

4. Report of the Executive Director

Mr. Pittioni made comments, including:

- The Board is now fully staffed. Marika Garvey became a permanent employee as of May 1, 2014.
- The reclassification for licensing staff is approved by DAS and LFO, and this happened just in time to avoid needing to re-address it as part of the '15-'17 budget process.
- In IT, while the link-up with NASBA is place and all connections are functional, they are still is not automated. BOA staff must share the data manually each day. The current difficulty is not with the Board or the with the contract developer, but with the DAS server firewall. The next IT project is to share data electronically with NASBA's exam database, a process that is currently done by manual dual data entry in the Board's database and NASBA's exam database.
- With regard to online licensing, we are looking at what other Boards have done, and also talking with the developers that created those systems, to see if we might be able to build on the work that has been done at other agencies. The Board of Architect Examiners uses Filemaker and recently implemented online licensing, so we hope to build off their experience. We are in the planning stage.
- With respect to debt collection at the Oregon Department of Revenue (DOR), Bethany Reeves and Theresa Gahagan have word very hard to correctly determine how much interest is owed to the Board, and then submit those accounts to the DOR for collection.
- With respect to compliance, we have been extremely busy, with more updates on compliance activities at the June Board Meeting.
- On the budget, there is one disciplinary case that has gotten very expensive and it is no longer certain we can stay within our legislatively approved budget limitation. I have met with DAS and LFO and got some helpful feedback on possible strategies for the '15-'17 budget. I will ask you to determine some policy issues at the June Board Meeting which affect the budget, once we know which requests will likely be approved by DAS. I will work with Mr. Wright on this issue.
- Since the last Board Meeting in February, 2014, the Legislature passed and the Governor signed the bill on the CPA exemption from PI licensure requirements.
- I have submitted all of the legislative concepts that came out of the Laws and Rules Task Force (LRTF) to the executive branch review process. I will continue to work closely with John Lauseng, Chair of the LRTF, on this issue.
- Since the last Board Meeting, I have also been invited by NASBA to be involved in a two- year project that brings in stakeholders from Boards, directors, and educational institutions to create national model rules for the profession in the arena of continuing professional education.

5. PROPOSED SETTLEMENTS

A. Francis Bernards, Case #11-010CNK

Investigator Noela Kitterman noted that the Board had made a preliminary finding of a violation. The disagreement between the Respondent and the Board was not on whether there was a violation, but on the wording of the Settlement Agreement. This Respondent prepared tax returns while a couple was getting divorced, but did not obtain a signed conflict of interest waiver. The Respondent has agreed to pay a \$2,500 civil penalty.

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

VOTE: 7 ayes - unanimous

B. Richard Donaca, Case #10-091CNK

Investigator Noela Kitterman noted that an Interim Stipulation and Order had previously been agreed to. The Respondent had completed the required CPE and paid the civil penalty, but had failed to complete five pre-issuance reviews. The Respondent has agreed to a restricted license where he would not perform or offer to perform any review or compilation services. The Respondent has signed the Settlement Agreement and Stipulation of Restricted License and Final Order which is before the Board for consideration, and it would be effective as soon as it is signed by the Board Chair.

BOARD ACTION: Moved by Mr. Wright and carried to accept the Settlement Agreement and Stipulation of Restricted License and Final Order as presented.

COMMENTS: Mr. Brown disclosed that he was the investigator on the original case when it came before the Board [before he became a Board member]. Ms. Bischoff advised that if Mr. Brown felt he could be objective, he could vote. Mr. Brown stated that he felt he could be objective.

VOTE: 7 ayes - unanimous

C. Debra A. Dimone, Case #12-074NK

Investigator Noela Kitterman noted that the Respondent left a tax return on a shredder in the office of her former employer. The Respondent has agreed to a \$300 civil penalty.

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

VOTE: 7 ayes - unanimous

D. M. David Hooff, Case #13-003

Investigator Noela Kitterman noted that the Respondent used the CPA designation on a website without indicating that his license was in inactive status. The Respondent has agreed to a \$200 civil penalty.

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

VOTE: 7 ayes - unanimous

E. Kimberly Guerber-Santana, Case #13-037

Investigator Theresa Gahagan noted that an attorney told Investigator Kitterman that this Respondent had prepared tax returns for one of the attorney's clients. The Oregon Department of Revenue provided information that the Respondent had prepared six tax returns which were filed after the Respondent's license lapsed. It could be proved that the Respondent had prepared the tax returns after the license was in lapsed status, but the Board voted to make preliminary finding of violation because the Respondent had the "CPA" designation on her LinkedIn webpage after she was in lapsed status. I checked her LinkedIn page this morning, and the CPA designation has been removed. There are other websites that continue to list the Respondent as a CPA, but they are not under the Respondent's control.

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

VOTE: 7 ayes - unanimous

6. CONTINUING PROFESSIONAL EDUCATION COMMITTEE

A. Minutes of April 22, 2014

No comments or questions were made regarding the April 22, 2014 minutes.

B. Municipal Auditor Application Approvals

1. **Brad Smith**
2. **Nancy Jones**
3. **Scott Schaefer**
4. **Dianne Spires**
5. **Yvonne Roberts**

Mr. Crackenberg made several comments, including:

The Continuing Professional Education Committee (Committee) met on April 22, 2014 and examined three applications. The Committee voted to recommend the Board approve the new Municipal Auditor applications of Brad Smith and Nancy Jones, but voted to defer the application of Caroline Wright until documentation that of additional classes could be submitted. The Committee further voted to recommend the applications of three other applicants who had been previously deferred by the Committee: Diane Spires, Yvonne Roberts, and the Scott Schaefer.

BOARD ACTION: Moved by Mr. Crackenberg and carried to accept approve the Municipal Auditor License applications for Brad Smith, Nancy Jones, Scott Schaefer, Diane Spires, and Yvonne Roberts.

VOTE: 7 ayes – unanimous

BOARD ACTION: Moved by Mr. Crackenberg to defer the application of Caroline Wright.

COMMENTS: Director Pittioni noted that the Committee votes to defer applications, not the Board, and thus he recommended that the Board not start voting on referrals because the Committee had not asked the Board to take action. Motion did not receive a second.

Mr. Brown noted that the Committee minutes with respect to the matter of Ms. Caroline Wright appear to ask the Board to take action with respect to some Laws and Rules. The Committee deferred Ms. Wright's application because she taught some particular CPE classes, but had not taken those same classes as a student, so they did not consider the classes she taught to count toward the CPE needed for a Municipal Auditors license. Mr. Pittioni added that he wanted to speak to Chair Bridgham and Rob Moody, Chair of the CPE Committee, because it seemed off to require a person that normally teaches a class to take the class as a student in order to get credit for purposes of licensure, so perhaps they Board could examine the applicable CPE rule requirements in more detail at a future meeting, and provide some guidance back to the CPE committee. Chair Bridgham commented that she thought it would be valuable to do that, and suggested the Board look at the issue again at the June Board Meeting.

7. QUALIFICATIONS COMMITTEE

A. Minutes of April 23, 2014 - *supplemental*

B. Consent Agenda – Committee Recommendations for Approval

1. **Cailan Williams**
2. **Roger Lloyd**
3. **Kevin Cundick**
4. **Sheri Loya**

C. Qualifications Committee Reviewed Applications for Discussion

1. **Angel Davis**
2. **Phillip Davis**

Mr. Graham made several comments, including:

The Qualifications Committee (Committee) wants to have a work session to determine what the experience requirements actually mean. The Work Session is going to happen on May 7, 2014.

The Committee voted to recommend the Board consider the following four applications to have demonstrated sufficient experience: Cailan Williams (Williams), Roger Lloyd (Lloyd), Kevin Cundick (Cundick), and Sheri Loya (Loya).

BOARD ACTION: Moved by Mr. Graham and carried that Williams, Lloyd, Cundick and Loya have demonstrated sufficient competence in the seven core areas of experience.

COMMENTS: Mr. Brown noted that the Committee minutes say the Committee recommended the Board approve Mr. Cundick's application pending receipt of additional documentation on Mr. Cundick's experience. He asked whether additional documentation had been received. Director Pittioni replied that yes, he had confirmed that the additional documentation had been received prior to the meeting.

VOTE: 7 ayes – unanimous

Mr. Graham added that the Committee voted had voted that the experience of Angel Davis was insufficient. Angel Davis works for Precision Cast Parts. The application write up referred to work in internal controls, but more of that work was done under the supervision of a person who is a not a qualified CPA, so Ms. Davis may have the necessary experience, but not under a qualified CPA. Mr. Brown noted that the supervisor for that portion of the work was not qualified because the person's license was inactive for one year while she was supervising Ms. Davis, so that person did not sign off on the application. Mr. Graham noted that there was a mix of who supervised the work for this applicant, and who signed off on the experience. Ms. Newhouse commented that sometimes the applicant is penalized for the actions of the supervisor, but the rules on who is a qualified CPA supervisor are very specific. Mr. Graham said that in another case the Board really struggled with whether an applicant should be denied because the supervisor had lapsed during the time of supervision, but in that case the supervisor was only lapsed for 3 months. In the case, the supervisor was inactive for one year.

BOARD ACTION: Moved by Ms. Newhouse and carried to accept the Committee recommendation that there is insufficient evidence to grant Ms. Davis a license at this time. The application will be denied, however, Ms. Davis will have the option of withdrawing her application in lieu of a denial.

COMMENTS: Director Pittioni noted that the Board has historically worded denials in this way.

VOTE: 7 ayes – unanimous

Mr. Graham also discussed the case of Phillip Davis, including the following comments:

The Committee also voted that the demonstrated experience of Phillip Davis was insufficient. Phillip Davis only has 12 months of experience and did not meet competency C, D, F, or G.

BOARD ACTION: Moved by Mr. Graham and carried that Phillip Davis application contains insufficient evidence demonstrating the competencies for initial licensure under OAR 801-010-0065. Mr. Davis will have the opportunity to withdraw his application in lieu of denial.

COMMENTS: Ms. Newhouse said she would second the motion, providing that Mr. Davis is offered the option of withdrawing his application in lieu of a denial. Mr. Wright asked if the applicant had any experience between the time he passed the CPA exam in 2011 and the time he began to work for the Oregon University System. Mr. Graham said did not know, but the only time the applicant worked under a qualified CPA was during his time at the Oregon University system. Mr. Brown pointed that Mr. Davis application shows he was working for Kroger Company but was not supervised by a CPA.

VOTE: 7 ayes – unanimous

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- 8. RATIFICATION REQUESTS:**
- A. CPA Certificates/Permits**
 - B. PA Licenses/Permits**
 - C. Firm Registrations**

Director Pittioni commented that the list of applications the Board is requested to ratify, what used be the “pink sheet” on pink paper, was distributed electronically before the Board Meeting. There were no PA applications for consideration, so there were only two lists, the list of CPA applicants, and the list of firm registration applications.

BOARD ACTION: Moved by Mr. Graham and carried to accept the ratification request of all CPA licensees and firm registration applicants listed on the list provided to the Board.

COMMENTS: Mr. Brown noted that the Caroline Wright, who was not granted a municipal application in Agenda Item 6 because she taught some classes instead of taking them, was on this list as a CPA applicant. Ms. Fast added that Ms. Wright had submitted the CPA application and the Municipal Auditor application together, and staff had issued the CPA license but not added the applicant to the Municipal Roster.

VOTE: 7 ayes – unanimous

9. ADJOURNMENT and ANNOUNCEMENTS

The meeting adjourned at 9:22 am.