



Oregon Board of Accountancy Laws and Rules Task Force Minutes

Thursday, May 15, 2014 at 10:30 a.m.
Board of Accountancy/Large Upstairs Conference Room
3218 Pringle Rd SE, Salem, OR 97302

Members Present:

John Lauseng, CPA
Roberta Newhouse, CPA
Roger Graham
Alan Steiger, CPA
Scott Wright, CPA
Stuart Morris, PA
Steve McConnel, Retired CPA
Sherrie McPherson, OSCPA

Staff:

Martin Pittioni, Executive Director
Kimberly Fast, Licensing Program Mgr.

1. Call to Order

Mr. Lauseng called the meeting to order at 10:33 a.m. and announced the meeting was being recorded. Mr. Pittioni stated that Ms. Bischoff, Board counsel would not be attending this meeting to save on costs, however, when the LRTF discusses recommendations to the Board of substantial rule changes and wording, she will attend.

2. Approval of Minutes of January 6, 2014

Mr. McConnel pointed out that his name was spelled incorrectly and that his license should mention that he is retired. Members pointed out a few other minor corrections.

RECOMMENDATION: Moved by Mr. Steiger and carried to approve the minutes with corrections noted.

VOTE: 6 ayes

3. Report from February 10, 2014 Board actions on LRTF Recommendations

The Board held a work session to specifically discuss the recommendations from the LRTF. The draft Legislative Concepts were presented that included Board authority, Definition of Attest, other definitions, cease and desist language and also placeholders for firm registration and CPA examination credit hour requirements. The Board supported the concepts.

4. Old Business

a. Statute Changes for 2015 Session – Report on Concept Submissions

Task Force members were given the draft language submitted to the Executive Branch for review. The language may not be printed exactly as it was presented. Once the Executive Branch approves the submissions, they are given to Legislative Counsel for final drafting.

The Board Authority concept incorporates 3 products from this task force, general Board authority, definitions and cease and desist authority. The Definition of Attest has a separate concept.

b. Placeholder Concepts

A. Firm Registration

The placeholder concept submitted for firm registration was given to the task force without draft language. The task force needs to work out some policy issues before language can be drafted.

B. 120/150 access to exam

The placeholder for changing the entry requirements to sit for the CPA examination from 150 semester hours to 120 hours was submitted and draft language was given to members for review.

There is resistance from some of the Universities in Oregon regarding this proposed amendment. Ms. Newhouse reported that there approximately 40 states currently allowing candidates to sit with only 120 hours and that more and more states are considering. Ms. Newhouse suggested inviting Colleen Conrad from NASBA to speak to the Board regarding the caveats other states have encountered and how the change could be beneficial to Oregon.

Task Force members discussed requirement options including requiring specific courses in accounting, additional communication or risk assessment courses. Task Force members were asked to think about how the amendment would help with public protection, and what the ultimate goal is for candidates as a result of the changes.

***Discussion:** Mr. Wright asked about the language proposed for ORS 673.455 regarding Peer Review. If the Board would like to handle Peer Review internally and not statutorily than additional modifications should be made. Taking out paragraph 3, where the language provides that the Board appoint members to the Peer Review Oversight Committee is recommended.*

Mr. Pittioni will take that suggestion to the June Board meeting for approval. Consideration of the Executive Branch that they are already working on our concepts and there is a chance that the language could still be modified. Mr. McConnel suggested using the UAA language and fit that it in to 673.410 which would simply say there will be peer review.

Mr. McConnel pointed the changes made to 673.410 – 5(c) and 5(i) do the same thing and it may be duplicative. Eliminate 5(i) and use 5(c) which is the UAA language.

The task force discussed ORS 673.015 (1) and (2). The Mr. Steiger commented (1), which states: The promotion of reliable information used for guidance in financial transactions and accounting for, or assessing the financial status or performance of, commercial, noncommercial and governmental enterprises". He wonders if that cover individuals. It seems that the protection of the public should extend to individuals as well. Is an individual an enterprise? Include the word "individuals" in that sentence.

ORS 673.015(2), statement of public interest was also discussed. He suggests striking the language "including public accountancy professionals not in public practice". This just gives further emphasis on who this statute covers. A CPA = CPA.

5. New Business

a. Identify LRTF rulemaking priorities and assignments to members

Mr. Lauseng stated that there are many items that have been identified as needing amended in the rules. We should identify all those items, prioritize, assign committee members to work on a section and present to the rest of the committee. Identify all the items we know of now, and then spend the next few weeks of coming up with others on ideas.

Mr. Pittioni went through the rule making process and how the timelines are set. This committee's work will be approved by the Board and then an advisory committee will be established to review. The advisory committee should be made up of all types of licensees and interested parties for input.

Email Martin any potential changes you may have by May 30th. Staff should have all the things we have already talked about and send out to the committee to vote on what is most important. Maybe use Survey Monkey?

Some ideas include:

- Licensing Requirements
- Code of Ethics
- Qualifications Committee / Licensing/ Exam Entry Requirements/Nexus
- Adoption of Accounting Standards
- Defining Confidential Client Information
- Professional Standards
- Codification of Audit Standards
- International Standards on Accounting or Audit
- FRF's for SMEs
- Inconsistencies in rule / statute
- Task Force findings
- Firm name
- Establish PR
- AICPA Reporting Framework
- 8-year Rule

Staff will gather all the items, email to the committee members to add to and then resubmit the list for prioritization.

6. Qualifications Discussion on Licensing Competencies in Rule

The Qualifications committee has established a sub-committee to work on changing how competencies are explained and worded as well as changing the reporting from the supervisor licensee to the applicant.

The rules currently provide three paths to licensing, through attestation, or other professional standards (generally tax) and through industry or government experience. Only those applicants applying with industry or government experience are reviewed by the Qualifications committee. Mr. Graham has developed a new form for reporting competencies for those who gain

experience through tax. He has provided clearer explanations of what the applicant should provide to show that the competencies have been met as well as the requirement to provide at least 2 examples. It is the goal to have this same approach with applicants applying through the attest route.

The sub-committee is also discussing no longer accepting experience for consulting work, personal financial planning, or management consulting. While it is understood that CPAs provided these types of services, it does not provide a broad spectrum of all aspects of the competencies necessary for entry into the profession.

The task force would also like to discuss the administrative rule that requires an applicant apply for a license within 8 years of passing the final section of the exam as well as easing up on the 5-year requirement of a supervisor licensee. A supervisor licensee is currently required to have at least 5 consecutive years actively licensed prior to supervising, however, there are instances where the supervisor licensee has lapsed for a few months and then becomes disqualified.

8. Schedule of Next Meeting

The task force decided to meet again on June 17, 2014 and another on July 28, 2014 at the Board office. A tentative meeting has also been scheduled for July 15, 2014.

9. Adjournment

The meeting adjourned at 2:21 p.m.