

OREGON BOARD OF ACCOUNTANCY
PEER REVIEW OVERSIGHT COMMITTEE

Minutes, January 17, 2013

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

Members Present:

Roy Rogers, CPA
Stuart Morris, PA
Nancy Young, CPA

Board Liaison:

Scott Wright, CPA, *left the meeting at 11:25 a.m.*

Guest:

Karen Johnson, DOJ, *left the meeting at 11:30 a.m.*
Phyllis Barker, OSCPA

Member Excused:

Mike Gavaza, CPA
Ryan Kramer, CPA

Staff:

Martin Pittioni, *Executive Director*
Heather Shepherd, *Committee Coordinator*

1. Call to Order

The Peer Review Oversight Committee convened for a scheduled meeting on January 17, 2013. Chair Rogers called the meeting to order at 10:08 a.m. This meeting was recorded.

2. Approval of Minutes

A. September 25, 2012

COMMITTEE RECOMMENDATION: Moved by Mr. Morris and carried to accept the minutes of September 25, 2012.

VOTE: 3 ayes

3. Report of Board Action

Mr. Wright reported that the Board met on October 21 and 22, 2012. The recommendations for a waiver of a required peer review for unique circumstances were presented, the Board was unable to approve the committee recommendations to approve the requests, because the Board does not have the authority in the Oregon Revised Statutes or the Oregon Administrative Rules to grant a waiver for a required peer review. The Board made a formal motion to deny each request. Mr. Pittioni will prepare the letter notifying the firms that the waiver request has been denied.

The Board has a subcommittee who will begin a detailed review of Chapter 801 of the Oregon Administrative Rules. Once the subcommittee has proposed rules, this

committee will be requested to review the rules and offer any suggestions or recommendations.

The Board did not take action on any peer review items at the December 17, 2012 Board meeting.

4. Old Business

A. Personal Services Contract

1. Consideration of edits from counsel

Mr. Rogers provided background information on the need for a contract with the OSCP for firms that are not enrolled in the AICPA Peer Review Program.

Mr. Morris suggested that timeline for the contract be extended. A reasonable timeframe would seem to be three years with an optional two year renewal. This would allow the contract to be reviewed and evaluated in detail on a regular basis.

It would appear that 10.b.ii should be removed from the contract. The contract does not include money. Item 10.b.iv should also be removed.

Item 10.c. has Board stated twice; one should be deleted.

Mr. Morris asked for an explanation of the new number 12. Ms. Johnson advised that the information is a standard legal definition.

Mr. Rogers asked if "agents" in the contract would extend to members of the PROC. Ms. Johnson indicated yes, the members of the PROC would be considered agents of the Board.

Mr. Rogers asked for clarification if the contract was to be terminated with a 30 day written notice, does that mean all work in process would also stop. Ms. Johnson indicated that the way the proposed contract is written, the answer would be yes. The committee and Ms. Barker are concerned that this might cause undue hardship on a firm who is attempting to be in compliance with Board statutes and rules. The committee believes that the work that has been started, should be completed. No work started after the date of notice would be accepted. Ms. Johnson will revise the proposed contract and email to Mr. Pittioni.

Mr. Rogers asked for clarification on the contract regarding confidentiality. It appears the contract is missing confidentiality for the OSCPA. Ms. Johnson indicated that the Board is under its own confidentiality. If the Board wants the confidentiality for both sides, the contract needs to address this issue specifically.

Ms. Barker informed the committee that the Statement of Work still includes that Board members be allowed to attend the contractor's Review Acceptance Body committee meeting. This is a direct violation of the AICPA's standards. If the Board leaves this in the Statement of Work, Ms. Barker will be required to hold two committee meetings.

Mr. Rogers asked once the contract is completed and signed, how will the PROC monitor the Oregon program? Ms. Barker indicated that the OSCPA program mimics that AICPA program. The AICPA performs an oversight of the OSCPA administration during even years. During off years, the OSCPA conducts a self-assessment that is comparable to the AICPA assessment. The reports for these oversights are provided to the Board. Ms. Barker also reminded the PROC that RAB has an open invitation for a PROC member to attend any RAB meeting.

Ms. Barker mentioned that the reporting requirements in the Statement of Work could be obtained from the AICPA FSBA website. Ms. Shepherd reminded the PROC that this is only true if the firm did not choose to opt out of the website posting. The AICPA has suggested that the Board revise OAR 801-050 to require all firms to allow the posting of peer review information on the AICPA FSBA website.

Ms. Barker indicated that the contract requires the administrator of the program to be an Oregon licensee. The OSCPA does not qualify to be a licensed Certified Public Accountant. Also, the OSCPA has not developed a Peer Review program. The OSCPA has adopted the AICPA program, which they administer to licensees that are members of the AICPA. The Society also administers a second peer review program that reflects the requirements of the AICPA program and covers peer review for non-AICPA firms.

Committee members and Mr. Wright then discussed the scope of the contract at issue, and by extension the scope of the committee's charge. The focus of the discussion was whether or not the contract, and thus the committee's work, only addressed the OSCPA peer review program with respect to non-AICPA firms. Mr. Wright agreed to take this issue back to the Board for clarification.

5. New Business

A. 2012 Annual Report

The committee would like committed activities #1 to be revised to indicate what needed to be clarified for monitoring by the committee. There is an extra word *change* in activity #3. Activity #4 should read *personal services contract*.

Meeting adjourned at 1:13 p.m.