OREGON BOARD OF ACCOUNTANCY

Qualifications Committee
Minutes – January 15, 2014
Telephone Conference Call

PRESENT

Committee Members
Michael Halbirt, CPA (Chair)
Patrick Brown, CPA
Charles Landers, CPA
Alan Steiger, CPA
Bryce Wilberger, CPA
Rachelle Quinn, CPA *(joined at approximately 9:35 a.m.)*

Board Liaison
Roger Graham, *Public Member*

Staff
Kimberly Fast, *Program Coordinator*
Kristen Adamson, *Licensing Specialist*
Marika Garvey, *Licensing Specialist*

EXCUSED

Committee Members
Denise Teixeira, CPA (Vice-Chair)
David Peterson, CPA
Alia Adams, CPA

Guests
Scott Hanscom, CPA, *Applicant Supervisor*

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1. CALL TO ORDER

The Qualifications Committee convened for a regularly scheduled meeting on January 15, 2014 by telephone conference. Michael Halbirt, CPA, Committee Chair, called the meeting to order at 9:03 a.m. after confirming a quorum was present. Mr. Halbirt announced that the meeting was being recorded.

2. APPROVAL OF MINUTES

A. November 13, 2013

Mr. Landers commented on inconsistencies in the wording used by the committee to recommend application approval, and noted for future reference that the verbiage reflected in the minutes should be consistent. Mr. Landers also noted a typo on page 8. Mr. Landers moved to approve the minutes with corrections.

MOTION PASSED. 5 Ayes, 4 Excused (Teixeira, Quinn, Peterson, Adams).

3. REPORT OF BOARD ACTION

Mr. Graham discussed Board action from the December 9, 2013 Board meeting. Mr. Graham reported that the Board accepted all committee recommendations. Mr. Graham noted that there had been some questioning of the recommendation to approve an IRS candidate, but the motion ultimately passed. Mr. Graham also described the Board discussion at the Board's January 10, 2014 work session, where it was decided that the Board will explore having licensing applicants provide their own write-ups to explain how they have met the seven competencies, and the check-box forms will no longer be

used. Supervising CPAs will attest to what the applicant has written. Mr. Halbirt asked for some written documentation of where the Board stands on these issues, and Mr. Graham agreed to provide it.

4. Old Business

A. IRS Mentoring Program

Mr. Halbirt updated the committee on his work along with Mr. Brown and Mr. Landers on the IRS' memorandum of understanding (MOU) submission. Mr. Halbirt has synthesized the comments and sent them to Dave Wagner at the IRS, and there has not yet been a response. Mr. Halbirt noted that they did not compare the IRS MOU to any definitive list of requirements for an MOU, but they did compare it to programs that had been approved in the past.

B. MOU Annual Reports

Mr. Halbirt noted that we have not yet received responses from each MOU program; reports from both Lithia and Intel were received and sent to the committee. Mr. Graham preferred the Lithia report, and suggested that the committee should have the same level of detail from Intel. Mr. Landers suggested that the reports should all use a standardized form. Mr. Halbirt concluded the topic by stating that a standard form should be used by each program, and the committee will collect annual reports in November moving forward.

C. Licensing Staff Update

Ms. Fast announced to the committee that Ms. Garvey has joined the Board staff on a job rotation, and that the licensing staff has been restructured to split committee responsibilities between Ms. Adamson and Ms. Garvey.

5. PENDING APPLICATIONS

A. Current Applications

1. Angel Davis (Wilberger)

Ms. Davis passed the Uniform CPA examination in August 2012 as an Oregon candidate. Experience was gained at the following employer:

Precision Castparts Corp.	16 months	All Competencies

Mr. Wilberger stated that while Ms. Davis' supervisor was qualified to provide supervision, she had commented in the write-up that she had not supervised Ms. Davis on her internal audit experience. A significant portion of the write-up was focused on internal audit work. Mr. Wilberger reached out to the supervisor to clarify this, and her response confirmed that she had not in fact supervised Ms. Davis on any internal auditing. Mr. Wilberger came to the conclusion that the application was incomplete, as there is still another supervisor who could potentially provide more insight. Mr. Wilberger pointed out that without the internal audit experience being confirmed, he was not satisfied with the evidence given for any of the competencies.

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COMMITTEE RECOMMENDATION: DEFERRAL
Moved by Wilberger and carried to defer the application in order to obtain more detailed evidence from Ms. Davis' internal audit supervisor.
MOTION PASSED. 5 Ayes, 4 Excused (Teixeira, Quinn, Peterson, Adams).

2. Li Deng (Brown)

Ms. Deng passed the Uniform CPA examination in November 2010 as an Oregon candidate. Experience was gained at the following employer:

DAS	18.5 months	All Competencies

Mr. Brown noted that there were no issues with direct supervision, as the organization chart provided by the supervisor was very clear. The write-up did a good job of specifically detailing experience with each competency. There was period of time when Ms. Deng worked at PEBB that was not accounted for through supervision, and Mr. Brown elected to exclude any work done at PEBB. Independent of the PEBB work, the work seemed to be limited to comprehensive annual financial reports for state agencies, but he felt that the supervisor did a good job of explaining how the competencies were met in those areas.

COMMITTEE RECOMMENDATION: APPROVAL
Moved by Brown and carried to find that there is sufficient evidence to make a preliminary finding that the applicant has met the minimum qualifications for initial licensing per OAR 801-010-0065.

MOTION PASSED. 5 Ayes, 4 Excused (Teixeira, Quinn, Peterson, Adams).

3. Tessa Hurn (Teixeira)

Ms. Hurn passed the Uniform CPA examination in April 2012 as an Oregon candidate. Experience was gained at the following employer:

LAM Research	38 months	All Competencies

Ms. Adamson read Ms. Teixeira's recommendation to the committee. Ms. Teixeira stated that while she had one question that was answered via email by Ms. Hurn's supervisor. She did not see evidence that Ms. Hurn had assessed the probability or impact of risks, but she did assess the risk of material misstatement of foreign currency measurement, which Ms. Teixeira believes will meet the requirements of competency E (risk assessment and verification skills).

Mr. Halbirt commented that he did not feel the committee has enough information to meet competency E. Mr. Wilberger corroborated Mr. Halbirt's concern. Mr. Steiger and Mr. Brown did not share the same concern with competency E, and Mr. Landers pointed out that Ms. Hurn had put together materials for a public company's disclosure committee, and he felt that that experience sufficiently addressed competency E.

COMMITTEE RECOMMENDATION: APPROVAL
Moved by Halbirt on behalf of Teixeira and carried to find that there is sufficient evidence to make a preliminary finding that the applicant has met the minimum qualifications for initial licensing per OAR 801-010-0065.

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MOTION PASSED. 4 Ayes (Steiger, Landers, Brown, Wilberger), 1 Nay (Halbirt) 4 Excused (Teixeira, Quinn, Peterson, Adams).

4. Amanda Matlin (Landers)

Ms. Matlin passed the Uniform CPA examination in July 2013 as an Oregon candidate. Experience was gained at the following employer:

Pension Plan Specialists	19 months	All Competencies

Mr. Landers stated that he was unable to contact Ms. Matlin's supervisor as he was out of the country. He had some questions on the details of the direct supervision that were not clear in the write-up. Mr. Landers was not comfortable with the narrowly-focused nature of Ms. Matlin's experience. He did not see how it related to assessing risks or systems within a company. The supervisor indicated on the certificate of experience that Ms. Matlin did not achieve competency E (risk assessment), though this may have been a mistake. Mr. Landers was concerned that Ms. Matlin is not qualified for licensure based on the nature of her work, which he believed did not involve substantial risk assessment or understanding the flow of information systems. Ms. Matlin did not deal with any organization or company in understanding the flow of financial data. Based on the information received, Mr. Landers did not believe that if he had more info he would be satisfied with Ms. Matlin's qualification.

COMMITTEE RECOMMENDATION: DENIAL

Moved by Landers and carried to find that there is insufficient evidence to make a preliminary finding that the applicant has met the minimum qualifications for initial licensing per OAR 801-010-0065.

MOTION PASSED. 6 Ayes, 3 Excused (Teixeira, Peterson, Adams).

5. Susan Han (Steiger)

Ms. Han passed the Uniform CPA examination in October 2009 as an Oregon candidate. Experience was gained at the following employer:

Pacific Cornetta	49 months	All Competencies

Ms. Han submitted an application which was ultimately denied by the Board in 2013. Mr. Steiger noted that a great deal of the work experience cited in the write-up was related to the internal audit performed by Ms. Han, but there was no reflection of the lack of independence which had been an issue previously. He also noted that in the previous application there were material weaknesses in internal control, and the requisite steps to address the weaknesses or expand the scope of Ms. Han's experience were not present in the current documentation. Mr. Steiger was concerned that Ms. Han has not demonstrated competency F (decision making, problem solving and critical thinking in the context of analysis), and that there is a lack of recognition for the nature of an independent audit, as well as understanding the role and ethics of an independent CPA. The write-up reflected a limited scope of both experience and independence, particularly given that the application was submitted within approximately one month of her previous denial, and the write-up did not appear to reflect any changes.

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COMMITTEE RECOMMENDATION: DENIAL
Moved by Steiger and carried to find that there is insufficient evidence to make a preliminary finding that the applicant has met the minimum qualifications for initial licensing per OAR 801-010-0065.
MOTION PASSED. 6 Ayes, 3 Excused (Teixeira, Peterson, Adams).

B. Deferred Applications

1. Erin Richmond (Quinn)

Ms. Richmond's application was deferred at the November meeting of the committee for concerns over competencies B (assessing the achievement of an entity's objectives), E (risk assessment and verification skills), and F (decision making, problem solving and critical thinking in the context of analysis), as well as some general concerns regarding the nature of the direct supervision. Ms. Quinn discussed the committee's concerns with Ms. Richmond's supervisor, Mr. Hanscom. Mr. Hanscom confirmed that he had initially been Ms. Richmond's direct supervisor, until he was promoted within the company two months later to be her supervisor's superior; however he had maintained a dotted line supervisory relationship with Ms. Richmond. Ms. Quinn was satisfied by this arrangement based on the fact that the interaction was sustained and the extended period of time in which the supervision occurred. Ms. Quinn felt that the write-up for competency B was particularly relevant in addressing Ms. Richmond's work in creating, evaluating, and analyzing key financial performance metrics. In their follow-up communications, Mr. Hanscom discussed Ms. Richmond's responsibilities related to impairment analysis as well as her review of affiliate reporting packages, which required Ms. Richmond to understand the unique aspects of each entity. Additional information provided by Mr. Hanscom regarding competency E detailed responsibilities related to accounts receivable aging, verification of sales terms and contract review, and internal controls testing. Competency F was addressed partially by the fact that in some cases, same skill set required for competency E could be applied. The fact that Ms. Richmond was given the responsibility to make decisions on customer accounts, as well as her involvement with the company's ERP system change led Ms. Quinn to be comfortable with her achievement of competency E.

COMMITTEE RECOMMENDATION: APPROVAL
Moved by Quinn and carried to find that there is sufficient evidence to make a preliminary finding that the applicant has met the minimum qualifications for initial licensing per OAR 801-010-0065.
MOTION PASSED. 6 Ayes, 3 Excused (Teixeira, Peterson, Adams).

2. Francis DeMonte (Wilberger)

Mr. DeMonte's initial write-up was found to have deficiencies in competencies B (assessing the achievement of an entity's objectives), D (understanding transaction streams and information systems), and F (decision making, problem solving and critical thinking in the context of analysis). Additionally, there was a skip-level reporting relationship between Mr. DeMonte and

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his supervisor. After follow-up contact with Cambia, Mr. Wilberger found that the designated supervisor did directly supervise Mr. Demonte's work. Follow-up responses on the competencies in question were more detailed, and Mr. Wilberger felt that there was enough information to recommend Mr. DeMonte for licensure. Mr. Wilberger confirmed that Mr. DeMonte completed Cambia's MOU program.

COMMITTEE RECOMMENDATION: APPROVAL
Moved by Wilberger and carried to find that there is sufficient evidence to make a preliminary finding that the applicant has met the minimum qualifications for initial licensing per OAR 801-010-0065.
MOTION PASSED. 5 Ayes, 1 Abstained (Brown), 3 Excused (Teixeira, Peterson, Adams).

6. ADJOURNMENT

The committee adjourned at 10:05 a.m.

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