



OREGON BOARD OF ACCOUNTANCY
Qualifications Committee
Minutes – April 23, 2014
Telephone Conference Call

Committee Members Present

Alia Adams, CPA (*left at approximately 10:52 a.m.*)
Patrick Brown, CPA
Michael Halbirt, CPA (*Chair*)
Charles Landers, CPA
Alan Steiger, CPA
Bryce Wilberger, CPA

Staff Present

Kristen Adamson, *Licensing Specialist*
Kimberly Fast, *Licensing Program Manager*
Marika Garvey, *Licensing Specialist*
Martin Pittioni, *Executive Director*

Board Liaison

Roger Graham, *Public Member*

Excused Absence

David Peterson, CPA
Rachelle Quinn, CPA
Denise Teixeira, CPA (*Vice-Chair*)

Guests

(*joined at approximately 9:15 a.m.*)
Angel Davis, *Applicant*
Darren Leitzke, *Applicant*
Roger Lloyd, *Applicant*
Sheri Loya, *Applicant*
Tina Miller, CPA, *Applicant Supervisor*
Danielle Thomas, *Applicant*
Dave Hartin, CPA, *Applicant Supervisor*
(*joined at approximately 10:00 a.m.*)

1. CALL TO ORDER

The Qualifications Committee convened for a regularly scheduled meeting on April 23, 2014 by telephone conference. Michael Halbirt, CPA, Committee Chair, called the meeting to order at 9:00 a.m. after confirming a quorum was present. Halbirt announced that the meeting was being recorded.

2. APPROVAL OF MINUTES

A. January 15, 2014

Pittioni requested that the references to the names of the excused members in votes be removed in minutes to achieve consistency that the Board has requested. Mr. Steiger moved to approve the January 15, 2014 Qualifications Committee minutes as submitted.

MOTION PASSED. 6 Ayes.

3. REPORT OF BOARD ACTION

Mr. Graham reported that on February 10, 2014, the Board accepted all Committee recommendations.

4. PROPOSED CHANGES FOR WRITE-UPS

Mr. Graham spoke about the revision of the competencies to better reflect experience requirements for applicants specializing in tax work. Mr. Graham and staff have experimented with more explicit competencies relating to the type of experience acquired, including the ability to do tax research and make decisions based on research. Intel's input regarding experience requirements is that through the AICPA interpretation, accounting research has become the norm and a requirement to pass the CPA exam, and therefore technical research

should be an important aspect of the portfolio of competencies necessary to be a CPA. Mr. Graham thinks this is a good idea to consider.

For example, competency F – Skills and decision making, problem solving, critical/analytical thinking – also included tax experience in the context of identifying tax issues, researching technical guidance, choosing appropriate courses of action, and proposing solutions. The draft certification of experience related to tax experience gives direction in how tax applicants should be meeting each competency in the context of tax experience. Mr. Graham took the statute assessment of internal controls condition for industry and extended the context through the tax competencies.

The Committee discussed combining competencies that are targeting the same skills, but this would be difficult without changing the administrative rules. To apply tax standards to candidates in industry, Mr. Graham suggested providing these tax experience worksheets, but the ultimate concern was that there be consistent standards for tax work in firms and industry. Mr. Graham asked that if the Committee approves, more specificity to emphasize decision making and research be given to the competencies to update the worksheets for experience.

Mr. Halbirt suggested that some Committee members meet in a work session to flesh out the possible changes face to face. The volunteers for this work group include Mr. Graham, Mr. Steiger, Mr. Halbirt, Mr. Landers and Mr. Wilberger. Mr. Pittioni emphasized the timing importance to the extent that discussion produces updates in the rules construct with regard to the competencies because the Laws & Rules Task Force will hold several meetings from May to July and will provide a set of recommendations for the Board in August.

5. PENDING APPLICATIONS

A. Current Applications

1. Danielle Thomas (Adams)

Ms. Thomas passed the Uniform CPA examination in January 2012 as an Oregon candidate.

Experience was gained at the following employer:

Jabil Circuit Inc.	50 months	All Competencies
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Ms. Adams stated that the experience was achieved while employed in an internal audit position in a large public company, and that it was well-written. Ms. Adams questioned why she applied in Oregon if she lives in Florida. Ms. Thomas told the Committee that she planned to move to Oregon and take a job here. Mr. Steiger noted that the ten-year employment record, job descriptions and organization chart were missing. Mr. Halbirt felt there were missing specific examples of how Ms. Thomas met the competencies.

COMMITTEE RECOMMENDATION: APPROVAL

Ms. Adams moved to find that there is sufficient evidence to make a preliminary finding that Danielle Thomas has demonstrated the competencies necessary for initial licensing per OAR 801-010-0065.

MOTION FAILED. 1 Aye, 5 Nays (Brown, Halbirt, Landers, Steiger and Wilberger).

COMMITTEE RECOMMENDATION: DEFERRAL

Mr. Halbirt made an alternate motion to defer the application for Danielle Thomas pending additional documentation, including missing information and additional specific examples of how the competencies were met, specifically in risk assessment.

MOTION PASSED. 6 Ayes

2. Roger Lloyd (Wilberger)

Mr. Lloyd passed the Uniform CPA examination in January 2012 as an Oregon candidate.

Experience was gained at the following employer:

United Finance Co.	91 months	All Competencies
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Mr. Wilberger felt that the direct supervision requirement was met. Original write-up was a little light, staff requested further information, and the second write-up was much more detailed. Mr. Lloyd was described as a team leader, and Mr. Wilberger was concerned that meant more reviewing and less of the actual work. The write-up provided enough examples of hands on work with internal controls that Mr. Wilberger felt the write-up was very well done.

COMMITTEE RECOMMENDATION: APPROVAL

Mr. Wilberger moved to find that there is sufficient evidence to make a preliminary finding that Roger Lloyd has demonstrated the competencies necessary for initial licensing per OAR 801-010-0065.

MOTION PASSED. 6 Ayes

3. Darren Leitzke (Landers)

Mr. Leitzke passed the Uniform CPA examination in August 2013 as an Oregon candidate.

Experience was gained at the following employer:

Precision Castparts Corp.	21 months	All Competencies
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Mr. Landers felt the supervision criteria was met, but was concerned about the candidate's depth of experience and risk assessment, specifically if verifying rather than identifying risk met the competency. This may be an area where the guidelines for tax standards could be used to provide additional information. Mr. Graham confirmed that Mr. Leitzke has a five year degree and more than enough accounting credits.

COMMITTEE RECOMMENDATION: DEFERRAL

Mr. Landers moved to defer the application for Darren Leitzke pending additional documentation for competency E, risk assessment verification.

MOTION PASSED. 6 Ayes

4. Kevin Cundick (Teixeira)

Mr. Cundick passed the Uniform CPA examination in November 2013 as an Oregon candidate.

Experience was gained at the following employer:

Lithia Motors	15 months	All Competencies
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Mr. Halbirt spoke on behalf of Ms. Teixeira who was unable to attend the meeting. Mr. Halbirt expressed that Ms. Teixeira had some concerns with the high level reviews rather than direct supervision and suggested that Mr. Cundick's application be deferred. Tina Miller, supervisory licensee, attended the meeting by phone and explained that CPAs at Lithia Motors may not be direct supervisors of the candidates, and therefore Lithia has established a mentorship program. Ms. Miller explained that she has constant communication and reviews the applicant's work frequently, providing regular interaction. Lithia has a CPA committee to make sure employees are trained and supported in meeting the core competencies, as well as formally ensuring CPA/candidate relationships by frequent and regular connection. Mr. Cundick has gone through this program and his work with internal audit was provided to give a good history of all of his development. This explanation seemed to satisfy the Committee a direct supervisory relationship that originally was questioned by Teixeira because the supervisor doing

the write-up, Dave Hartin, appeared to have a sparse and very high level of review of the candidate's work.

COMMITTEE RECOMMENDATION: DEFERRAL

Mr. Halbirt moved to defer the application for Kevin Cundick pending written documentation from Mr. Dave Hartin that he was involved more than quarterly.

MOTION PASSED. 5 Ayes, 1 Nay (Steiger).

Mr. Pittioni asked the Committee's intent, whether it was a competency or documentation issue. Mr. Halbirt requested another motion with the Committee's consent.

COMMITTEE RECOMMENDATION: APPROVAL

Mr. Steiger made an alternate motion to find that there is sufficient evidence to make a preliminary finding that Kevin Cundick has demonstrated the competencies necessary for initial licensing per OAR 801-010-0065, pending written receipt of the confirmation documentation from supervisory licensee Dave Hartin.

MOTION PASSED. 6 Ayes, 0 Nays.

5. Sheri Loya (Steiger)

Ms. Loya passed the Uniform CPA examination in January 2013 as an Oregon candidate.

Experience was gained at the following employer:

Pacific Retirement Services	42 months	All Competencies
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Mr. Steiger stated that although the write-up consisted of more supervisory experience, the information provided did indicate that Ms. Loya had satisfied all of the competencies. Mr. Halbirt questioned examples in risk assessment, but Mr. Steiger assured him that, in speaking with the supervisor, those competencies were met.

COMMITTEE RECOMMENDATION: APPROVAL

Mr. Steiger moved to find that there is sufficient evidence to make a preliminary finding that Sheri Loya has demonstrated the competencies necessary for initial licensing per OAR 801-010-0065.

MOTION PASSED. 5 Ayes, 1 Nay (Halbirt)

B. Previously Deferred Application

6. 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
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Ms. Davis was previously deferred because much of her experience came from internal audit, in which case she was not supervised directly by a qualified CPA doing the write-up. Upon getting more information from the internal audit supervisor, Mr. Wilberger felt comfortable that Ms. Davis had the experience to meet the competencies previously questioned. The one concern he had was that, although the competencies appear to be met, the supervisor had a brief period where her license lapsed, and therefore did not have continuous licensure for the five consecutive years, disqualifying her as the supervisory licensee. Mr. Halbirt said the Committee does not have middle ground to decide

regarding an unqualified supervisor, and suggested that another direct supervisor during that period be contacted to see if they would be willing to do the write-up.

COMMITTEE RECOMMENDATION: DEFERRAL

Mr. Wilberger moved to defer the application one more time for Angel Davis pending additional documentation for corroboration from the other supervisor that was qualified and had direct supervision during the time Ms. Davis worked in internal audit.

MOTION FAILED.

Mr. Pittioni stated that it would be cleaner to have the applicant withdraw and resubmit a new application with the eligible supervisor. Mr. Steiger asked that if the decision is to deny, the Committee discuss any deficiencies in the competencies, even after excluding the internal audit experience.

COMMITTEE RECOMMENDATION: DENIAL

Mr. Wilberger amended his previous motion to defer and moved that there is insufficient evidence to demonstrate Angel Davis has achieved competency in the seven core areas, specifically competencies B, C, D, E, F and G. These need to be adequately documented by a qualifying supervisor.

MOTION PASSED. 5 Ayes, 1 Nay (Steiger).

- 7. **Andrea Saxon (Adams)**
- 8. **Christina Shayne (Peterson)**

At approximately 10:25 a.m. the Committee took a five minute break. When all returned, Mr. Pittioni clarified that the majority of votes may be taken of those present because the Committee is a recommendation-making body rather than a decision-making body (as the Board is and has a stricter requirement relating to full membership). There was a Committee consensus that it would be preferred if all could review and be heard in comments, therefore applications for Andrea Saxon and Christina Shayne will be deferred until the July meeting. Halbirt thanked the two supervisors that were online for their participation.

COMMITTEE RECOMMENDATION: DEFERRAL

Mr. Halbirt made a motion to defer the applications for Andrea Saxon and Christina Shayne pending additional review.

MOTION PASSED. 5 Ayes, 1 Nay (Adams).

- 9. **Cailan Williams (Peterson)**

Ms. Williams passed the Uniform CPA examination in August 2011 as an Oregon candidate. Experience was gained at the following employer:

Standard Insurance	21 months	All Competencies
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Mr. Halbirt spoke on behalf of Mr. Peterson, stating he had proposed Ms. Williams be approved. Mr. Wilberger felt that there was still a lot to be learned to be qualified as a CPA when experience is gained by an internal auditor or 2nd-year external auditor. Mr. Halbirt liked the format provided by the supervisor, but had questions about writing and presentation skills of the applicant.

COMMITTEE RECOMMENDATION: APPROVAL

Mr. Halbirt moved as a proxy for Mr. Peterson to find that there is sufficient evidence to make a preliminary finding that Cailan Williams has demonstrated the competencies necessary for initial licensing per OAR 801-010-0065.

MOTION PASSED. 6 Ayes

10. John Ly (Quinn)

Mr. Ly passed the Uniform CPA examination in May 2011 as an Oregon candidate. Experience was gained at the following employer:

Mentor Graphics	21 months	All Competencies
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Mr. Landers recalled for the Committee that Ms. Quinn noted that under competency F, decision making and problem solving that based on the document provided by the supervisor, the candidate may have satisfied the competency. However there is no examples documenting the candidate's ability to evaluate cash flow, profitability, liquidity, solvency, operating cycles, or accomplishment of service efforts. Although those details are included in the rule, Mr. Landers does not feel that the Committee has ever really gone that far in terms of requesting that. Mr. Steiger explained that the example details noted in the rule were not applicable to the role of every applicant. Mr. Landers agreed that is how the Committee has been doing it, but understood that Ms. Quinn would not recommend approval because there is no documentation of any of this.

Mr. Steiger went on to say that it was noted for competency B that it was unclear whether the candidate has obtained an understanding of the industry competition and key competitive factors. These requirements (not optional) are specific to industry, and could be addressed when modifications to the write-up requirements are discussed. Mr. Halbirt noticed it appeared that the concept of peer review was not understood by the applicant or the supervisor.

COMMITTEE RECOMMENDATION: DEFERRAL

Mr. Steiger as proxy for Rachelle Quinn moved to defer the application for John Ly pending additional documentation of competencies B and F.

MOTION PASSED. 6 Ayes

11. Philip Davis (Brown)

Mr. Davis passed the Uniform CPA examination in October 2011 as an Oregon candidate. Experience was gained at the following employer:

Oregon University System	12 months	All Competencies
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Although direct supervision was not an issue, Mr. Brown was challenged with this application because on a technical basis the experience just wasn't very strong. The experience itself is very minimal. In competencies B, D and G, he felt that there might be one key area of responsibility that the candidate actually maintained or executed. Mr. Brown was left short on the examples and results of what the individual performed, and had a question on competency F as well, but had no opportunity to speak with the supervisor licensee yet. Mr. Brown struggled as to whether the recommendation should be a deferral or denial.

Mr. Graham noted the difference between denial and deferral. The Board allows an applicant to withdraw and reapply almost immediately if they wish. There is an opportunity for a hearing if they disagree.

Members questioned how the licensee supervisor was comfortable signing off after such a short time. Mr. Steiger suggested denial based on the projects the candidate worked on, he did not feel Mr. Davis could have gained the necessary experience.

COMMITTEE RECOMMENDATION: DEFERRAL

Mr. Brown moved to defer the application for Philip Davis pending additional documentation on competencies B, D, F and G.

MOTION FAILED. (No second.)

COMMITTEE RECOMMENDATION: DENIAL

Mr. Steiger made an alternate motion to find that there is insufficient evidence to demonstrate that Philip Davis has achieved competency in the seven core areas, specifically competencies B, D, F and G.

MOTION PASSED. 4 Ayes, 1 Nay (Halbirt).

6. OLD BUSINESS**A. IRS Mentoring Program**

Mr. Halbirt contacted David Wagner at the IRS, who submitted materials for the IRS CPA program, similar to what they provide for Washington and California. Mr. Halbirt reviewed the information and sent a response to Mr. Brown and Mr. Landers to provide input before sharing with the Committee. The three believe that Mr. Wagner has addressed all questions. Mr. Halbirt suggested to defer approval pending additional review by all Committee members. This item will be on the next meeting's agenda.

B. MOU Report

Mr. Halbirt asked if status reports from Intel, Lithia and Cambia are helpful to staff. Mr. Graham said he finds them helpful, giving him an idea of what is coming up and how extensive the industry experience track is being utilized with these programs. Mr. Steiger felt that having the programs organize reports helps them focus better. The Committee agreed that the Cambia report was preferred to Intel's spreadsheet. Mr. Halbirt recommended a specified format using Cambia's or Lithia's template as a guide. Mr. Wilberger will "sterilize" it and send to staff for future use. The next status reports will be due in November, so the Committee will take a look at the template at the July meeting.

C. Comments on Mike Davis

Mr. Halbirt believes the application for Mike Davis is a good example of how the committee can improve our processes. In November of 2013, the Committee found insufficient evidence of the competencies for Mr. Davis. The Board affirmed the Committee's recommendation at the December 9, 2013 Board meeting. At that point the applicant was sent a letter (March 2014) with the option to withdraw or appeal; Mr. Davis appealed, which entitled him to a hearing. Mr. Halbirt found that a hearing was not the optimum solution, because many times applicants do not fare well with the administrative judge, it creates a lot of work for staff, and creates anguish for the applicant.

One problem with this particular case was that the first supervisor licensee did not approve all of the competencies, but the second supervisor signed off on only the competencies that the first supervisor did not. The reviewer felt that if the competencies were met, the supervisor licensee should have signed off on all of them and not just the missing competencies. Mr. Halbirt suggested in the future contacting the supervisor to get more complete information to fill in the blanks, and possibly resolve those deficiencies beforehand, otherwise it can go down a path that is less than optimum for the Board or applicant.

Mr. Halbirt was asked by staff to speak to the applicant and found that Mr. Davis was under the impression that his application had "fallen into a black hole" and that no one had looked at it. After speaking with him and explaining the differences between appealing the decision and withdrawing the application, Mr. Davis decided to withdraw his application and reapply. When he reapplies, the application will be assigned to a different reviewer.

Mr. Pittioni pointed out that the applicant was shocked that the case would go to an administrative law judge rather than getting an opportunity to better demonstrate how he met the competencies in front of a jury of his peers. In terms of denials, it is clear that the hearings process doesn't really meet anyone's needs.

Mr. Wilberger asked the Committee what the responsibility is for written documentation. Mr. Pittioni explained the only thing the Board can build a case with is what has been documented in writing. There needs to be a complete record in the file that can be taken to the Board counsel to prove the case. This can be handled by the supervisor providing the information or the reviewer documenting with a confirmation e-mail about what was discussed and the outcome.

7. NEW BUSINESS

Ms. Adamson asked if committee members were interested in having an in-person meeting. Given there are some substantive discussions from the work group for the next meeting, it was decided that the July 16, 2014 meeting will be in person at the Board office. Staff will send a proposal out for attendance.

Mr. Halbirt requested that comments and suggestions to improve meeting flow and format be submitted to him by e-mail. Mr. Pittioni stated that Mr. Halbirt is doing a great job, and the staff will work internally to make improvements and changes as indicated.

8. ADJOURNMENT

The committee adjourned at 11:30 a.m.