



Oregon Board of Accountancy
Laws and Rules Task Force
Minutes of June 17, 2014

Board of Accountancy/Large Upstairs Conference Room
3218 Pringle Rd SE, Salem, OR 97302

Present:

John Lauseng, CPA	Sherrie McPherson
Alan Steiger, CPA	Steve McConnell (by phone)
Roger Graham	Martin Pittioni
Roberta Newhouse, CPA	Kimberly Fast

Excused:

Stu Morris, PA
Scott Wright, CPA

1. Call to Order / announce recording of meeting

Mr. Lauseng called the meeting to order at 10:34 a.m. and announced the meeting was being recorded.

2. Approval of Task Force Minutes from May 15, 2014

Members reviewed the minutes and noted that Mr. Steiger was not added to members present. Ms. Fast will correct.

COMMITTEE RECOMMENDATION: Moved by Ms. Newhouse and carried to approve the minutes with the noted correction.

VOTE: 6 ayes.

3. Report from June 1-2, 2014 Board actions on LRTF recommendations

A. Report from John Lauseng

Mr. Lauseng reported that the Board moved their December meeting to the 15th. This was a better date for Board members in general, and may provide for the opportunity to have an administrative rule hearing in the morning and approve final rules. In addition, the need to recruit members for the Rules Advisory Committee (RAC) is still needed. Mr. Rob Moody has volunteered to serve.

Ms. McPherson thinks the RAC is a valid concept, however, is concerned that all the rules will end up being "re-vetted", costing the Board and Task Force additional time. Mr. Pittioni explained that it can indeed slow down the process, however, it can provide valuable outcomes

having another team review the work and note possible changes. This topic will be revisited once the scope is known.

B. Report on Legislative Concept Withdrawals and Submissions next steps

Mr. Lauseng reported he had reviewed and compared the firm language in rule with the UAA. Although the Board's language is hard to follow, it is substantially similar to what the UAA provides. Therefore, the Board withdrew the legislative concept placeholder to update firm registration language.

Mr. Lauseng updated the task force on the legislative concept placeholder for the changes to the exam entry requirements from 150 to 120 education hours. The sense of the Board was that we should not tackle this issue. This concept was also withdrawn.

Mr. Pittioni advised he had discussed strategy with the NASBA Legislative team who suggested folding the definition of attest concept in with the primary concept. This would result in only having one bill this session rather than two. The Board agreed to follow that recommendation, the executive branch has also already given their blessing, and the definition of attest concept has now been merged in to the primary, and now only remaining, legislative concept for the Board.

Mr. Pittioni clarified that the task force work on improving the Board's cease and desist authority and providing for expedited hearings in the context of emergency suspension authority is also part of the Board's primary concept on Board authority.

4. New Business

A. Development of comprehensive list of LRTF topics for rulemaking

Members reviewed a list of potential rule changes by category. The list was comprised of the former task force's work, staff, and discussions of the LRTF and Board members, and is attached hereto and incorporated into these minutes by reference

The members talked about the substance of each item and assigned out topics for members to develop and present rule amendments for consideration at the next task force meeting. Prioritization was not set for each item, however, it was noted that adding flexibility to the rules is a higher priority.

5. Old Business

A. Licensing Changes – update on implementation

Mr. Graham explained that the entry requirements for the examination should not include introductory courses in accounting, and thus the rules should be modified to require junior and senior level courses to count. Mr. Graham added that this should also include restricting the internship credit to 6 hours maximum. Mr. Steiger and Ms. McPherson believed not allowing introductory-level accounting principles was too restrictive. Mr. McConnel expressed worry that this could create educational requirements that would be too confusing for applicants for the exam to understand. Mr. Graham questioned if Oregon will never be able to raise its educational standards for applicants for the CPA exam. Mr. Pittioni pointed out that Oregon appears to be among the least restrictive compared to other states with respect to what qualifies as meeting the education requirements for examination/licensure as a CPA. The trend amongst states is to require specific courses and not allow introductory or internship credits to count toward the educational requirement. Mr. Pittioni added that it was his understanding that the proposal by Mr. Graham already represented a compromise reflecting Mr. Graham's work to bring a proposal to the committee that had support from higher education institutions.

Mr. Lauseng proposed to take this issue and bundle it with all the other licensing-related issues the LRTF would have to tackle and deal with them separately, possibly in a separate committee, given the large body of work of licensing related rule changes. Committee members engaged in discussion of this issue and did not come to a consensus. Mr. Lauseng proposed to table discussion of this issue temporarily, and take care of other matters before the task force, before resuming discussion on this issue.

When discussion on this issue resumed at the end of the meeting, Mr. Lauseng clarified that his suggestion of bundling the licensing issues together in a separate package was not meant to side-line the issue onto a separate, delayed track. Instead, Mr. Lauseng explained the licensing issues are in his view the most critical piece of what the task force has to accomplish. Mr. Lauseng added that he still thought the volume would be better and more efficiently handled in a subcommittee or subgroup that could work through the list of issues and bring that work to the task force, but on the same draft rule development schedule as all the other work of the committee. Mr. Lauseng asked for volunteers who would be willing to serve on the subgroup. Mr. Pittioni added he shared the conviction of Mr. Lauseng that this was the most critical piece – and that staff support for that subgroup was critical and a priority to him, meaning that he and Ms. Fast would support the work of the subgroup. Ms. Newhouse volunteered to serve on the group with Mr. Graham, and Ms. McPherson also said she would be happy to be part of the group. Mr. Lauseng thanked the volunteers.

6. Announcement of next meeting

The task force will meet on July 15, 2014.

7. Adjournment

The meeting adjourned at 3:22 p.m.

Administrative Rule Change Topics for Consideration by Task Force

- Licensing Requirements
 - Exam Entry Requirements
 - Nexus to Oregon
 - Supervisor Licensee continuity of license prior to supervision
 - Experience Paths
 - Part-time work hours
 - How many hours is Full-time
 - Additional time for industry applicants
 - 8-year Rule
- Definitions
 - Defining Confidential Client Information
 - Definition of Board
 - Professional Services Contract definition
 - Working Paper Definition
 - What to do with abandoned working papers
 - Definition of practice of public accountancy
 - Lapsed license
 - Proof of Completion Certificates
 - Add references to:
 - FASB
 - IASB
 - ISA
 - LLP

- Allowing flexibility for Board to allow:
 - Waivers
 - Peer review
- Peer Review
- Clean up outdated language in all divisions
- Code of Ethics
- Adoption of Accounting Standards
- Professional Standards
- Codification of Audit Standards
- International Standards on Accounting or Audit
- FRF's for SMEs
- Inconsistences in rule / statute
- Task Force findings
- Firm name
- Establish PR
- AICPA Reporting Framework
- Aiding and Abetting Language
- Removal of QAS language (non-existent)
- Inactive CPE Requirements
- Review references to Lapsed and Inactive licensees