

**OREGON BOARD OF ACCOUNTANCY
2009 SPRING WORK SESSION MINUTES**

**Sunday May 17, 2009
9:30 a.m.
Lillis Hall, University of Oregon**

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

Board Members

Ray Johnson, CPA, *Vice Chair*
James Gaffney, CPA, *Chair*
Kent Bailey, CPA
Eric Lind, *Public Member*
Jessie Bridgham, CPA
Stuart Morris, PA
Roberta Newhouse, CPA

Staff Members

Pat Hearn, *Executive Director*
Noela Kitterman, *Investigator*
Kimberly Bennett, *Cmte. Coordinator*
Joyce Everts, *Cmte. Coordinator*
Heather Shepherd, *Cmte. Coordinator*

Guests

Jeff Dover, AAG
Cheryl Langley, OSCP
Janice Essenberg, CPA, OSCP
Nichole Kobliha, CPA, OSCP
Dave Gunther, U of O Chair Accounting Dept.

I. Call to Order

A quorum being present, Vice Chair Johnson called the meeting to order at 9:35 a.m. James Gaffney was appointed process observer and guests were introduced.

II. Administrative Matters

A. Board Meetings

1. Day of week

The Board discussed changing the meeting day of the week and decided to leave the meeting day as is: Work session will be held on Sunday and Board meetings on Monday.

2. Time

The Board discussed changing the time that the Board meeting begins and decided to leave the time as is: 8:00 a.m.

3. Recording/minutes

The Board and Committee meetings are now being recorded. It has proven to be especially helpful during testimony. The Board requested that it be noted on the meeting agenda that the meeting is being recorded. Jeff Dover noted that there are no retention laws for recordings. Dover suggested a five (5) year retention and burnt onto a CD for easy storage.

4. Public Meetings law

The Board was updated on when it is appropriate for the Board to convene in executive session.

5. Conflicts of interest

a. Disclosure requirements/Voting Restrictions

The Board discussed what a true conflict of interest was and when it is appropriate for members to recuse themselves from a vote.

6. Voting by chair

The chair will vote on all issues unless otherwise stated.

B. Audits Division Review of BOA

In February 2009, the Secretary of State Audits Division audited The Board of Accountancy. The audit results were pleasing with only a few suggestions: update policies, procedures and desk manuals; develop and implement information security policies and procedures and an information security plan consistent with DAS requirements; follow established procurement laws. The Board noted that this is a tame audit report and there is nothing in the report to be embarrassed about.

C. Online Licensing Project

Phase one of the Online Licensing Project has been completed. Mr.

Hearn received a CD and binder of the final product, which is “end user” friendly. Mr. Hearn does not have the technical knowledge to understand all the documents in binder. Mr. Hearn spoke with other states that have gone to online licensing and found that many states used a company here in Oregon. Mr. Hearn will continue with this project after the legislative session.

D. Legislative Update

1. SB 867 – Mobility

SB 867 passed out of the Senate with a 29-0 vote. The bill is scheduled for hearing and work session on Wednesday, May 20, 2009. The Board has opposed SB 867 and continues to oppose the bill. The Board of Accountancy has meeting scheduled over the next few days with most of the Senate committee members. The Board’s concern is that the Oregon public could be harmed by an out of state CPA and the Oregon Board will have no way to enforce disciplinary actions.

2. SB 274 – Administrative Hearings

Mr. Hearn provided status update for this bill. The bill will restructure the process in which the OAH submits proposed orders.

3. SB 690 – Information Exchange

Mr. Hearn provided status update for this bill. This bill was introduced by DOR and would be helpful for the relationship between DOR and the Board.

4. SB 865 – Regulation of Bookkeepers

Mr. Hearn provided status update for this bill. This bill did not make it out of the Senate.

5. HB 5001 - 2009-11 BOA Budget

Mr. Hearn provided status update for this bill. This bill has passed the Senate and the House. The bill is awaiting the Governor's signature.

E. Contract Investigators

July 1, 2009 the Contract Investigator contracts are up for renewal. The Board reviewed the reporting guidelines and determined that all reports should include a conclusion and a recommendation. Staff will develop a report format for the Contract Investigators to include a conclusion and a recommendation.

F. New BOA Case Numbers

Board staff is using a new case numbering system that provides four (4) elements of information: calendar year of the case; numerical sequence during that calendar year; alpha designation – A (administrative action) or C (complaint) and; final two (2) alpha characters designate the BOA staff member.

Examples:

- 09-081CNK – a complaint handled by Noela
- 09-085AKB – administrative enforcement action handled by Kimberly
- 09-087CNJ – a complaint involving issues in which the Board has no jurisdiction
- 09-090CCJ – complaint involving an outside investigator
- 09-0-91CAI = complaint involving administrative information

III. Professional and Regulatory Issues

A. Secretary of State Review Letters

The Board has started receiving letters from the Secretary of State Audits Division (SOS), which indicate possible problems with an audit that was completed. The letters from SOS are included on the CPE Committee agenda based on municipal knowledge on the CPE Committee. If the CPE Committee determines that the information in letter could be a potential violation of an Oregon Revised Statute or Oregon Administrative Rule, the committee will direct the Executive Director to open an investigation. The investigation will follow the same procedures as any complaint that comes to the Board office.

B. Pre-issuance Review Task Force

The pre-issuance review taskforce subcommittee members consisting of Kent Bailey, Gerald Burns, Fred Erickson, and Harry Bose, have been working on the language in the "Sample Letter to the Board of Accountancy". Harry Bose and Chuck Landis (AICPA) are finalizing the language in the letter and Mr. Bailey will bring the sample letter to the August 2009 Board meeting.

C. 150 Hour Requirement

There are a few states that allow candidates to sit for the CPA examination with 120 semester hours of education, however, they must get the additional 30 semester hours before they can become licensed. The Board discussed whether or not to adopt this route. Mr. Dave Gunther from the University of Oregon attended the meeting and indicated that the university developed a Masters in Accounting when the Board adopted the 150-hour requirement.

The Board is happy with the current requirements and will not change the requirements in Oregon.

D. Self-Reporting

1. Peer Review

Jessie Bridgham, chair of the 2009 Peer Review Standards (effective January 1, 2009) Taskforce, briefed the Board on their recent meeting. The taskforce reviewed the new standards and recommended the following:

- update the Oregon Administrative Rules and the firm registration and renewal applications to coincide with the 2009 Peer Review Standards
- request that firms submit their most recent peer review report, letter of response, if applicable, and their acceptance letter to the Board of Accountancy along with their biennial renewal application
- update the firm registration renewal applications to coincide with the request to submit firm peer review reports
- request the Peer Review Oversight Committee review the peer review reports and related letters

The Board concurred that resistance to the above is not logical and that confidentiality is not applicable in today's world. The Board agreed to request that staff and the taskforce move forward with the above recommendations. The Board requested the taskforce propose recommendations as to what to do if a firm fails the peer review.

2. Litigation

The Board concurred to change the firm initial and renewal applications with respect to Firm Litigation Reporting. The

new language will read: *Has any lawsuit been filed or have any tolling agreements been entered into on behalf of the firm or against any owner or manager of the firm since the last renewal application?*

E. The Practice of Public Accountancy

The Board has concern with licensees who are “inactive” and working in a public accounting office. The Board wants to review the current statute in detail and possibly propose a legislative concept for the 2011-13 session. The Board would like to consider something like “if not **active**, you may not use the designation in the state of Oregon”. The Board is ok with a licensee who is retired being able to use the designation with retired. Mr. Johnson will take this item to the CPC committee for discussion and will bring a proposal back to the Board.

The meeting adjourned at 4:25 pm