

OREGON BOARD OF ACCOUNTANCY 2011 FALL WORK SESSION MINUTES

Sunday October 2, 2011

8:30 a.m.

OSCPA 10206 SW Laurel St – Beaverton OR

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

BOARD MEMBERS:

Dr. Ray Johnson, CPA, *Chair*
Roberta Newhouse, CPA, *Vice Chair*
Jessie Bridgham, CPA, *Treasurer*
Kent Bailey, CPA
Al Crackenberg, PA
Ann Ferguson, CPA
Dr. Roger Graham, *Public Member*

BOARD STAFF:

Pat Hearn, Executive Director
Kimberly Bennett, Exec. Assistant
Noela Kitterman, Investigator
Susan Bischoff, AAG

GUESTS:

Sherri McPherson, OSCP Representative
Steve McConnell, CPA

I. Call to Order

Vice-Chair Newhouse called the meeting to order at 8:34 a.m. welcomed guests and announced that the meeting was being recorded.

II. Administrative Rules

A. Division 001

1. Confidentiality Rules

With the passage of House Bill 2067, new provisions for the handling of complaints were drafted for Board review. Ms. Bischoff, suggested deleting some of the proposed language and simply state that complaints are confidential until a notice is issued, a settlement is approved or the matter is dismissed. Board staff will work with counsel to draft procedures for staff, the Complaints Committee and the Board to follow when dealing with the confidential complaints process.

2. Update on Professional Standards date

The Board annually updates the date for professional standards, interpretations, rulings and rules designated as those adopted and in effect as of the first of each year. The rule was modified to change that date to January 1, 2012.

B. Division 005

1. Various definition changes/additions

Several definitions were modified and a few were added. A work group (Ray Johnson, Steve McConnel, Pat Hearn and Kimberly Bennett) developed proposed language for inactive, retired and lapsed statuses.

A definition was added to define what “active” status means. In addition, a new definition was added, “expired”. A lapsed license will expire if not renewed for 3 renewal periods (6 years). An expired license cannot be reinstated, unless the Board determines that there is just cause to do so.

House Bill 3181 was passed during the 2011 session, which specifies the services that inactive licensees cannot perform. Rules were drafted to further define inactive status. Inactive licensees are not allowed to perform client services involving the use of accounting or auditing skills while either employed by a firm or while acting as a sole practitioner.

The language in the statute mirrors the Uniform Accountancy Act, except for the additional provision to not allow those who are inactive to work in a public accounting firm or as a sole practitioner. The Board discussed public perception of what an active vs. inactive CPA/PA is, as well as public protection.

The Board added a new designation for individuals who wish to retire. The criteria proposed is to allow a licensee who has held an active license for at least 20 years in Oregon or is 65 years of age to apply for retired status. If granted, a retired licensee can perform attest services or sign tax returns as “CPA Retired”, provided that they do not receive any direct or indirect compensation.

C. Division 010

1. Supervisor Licensees

Rules were presented to require supervisor licensees to be actively licensed in the jurisdiction where the supervision takes place. This rule was drafted to discourage long distance supervisory relationships where “regular and meaningful” interaction is questionable and to encourage Oregon licensees to supervise Oregon applicants.

2. Pro-rated Fees for New Licensees and Firms

Board rules do not currently provide for any fee proration for a licensee who is granted their license months before it will expire. Rules were presented that propose new licensees pay a prorated fee based on 6 month increments from date granted to their first renewal date.

3. Inactive Status (related to passage of HB 3181)

a. CPE Requirement

The task force discussed imposing CPE requirements on inactive licensees to insure that they are current on changes in the profession, such as new or modified standards and thereby facilitate their return to active status should they wish to do so. The proposal presented is 32 hours of CPE every 2 year renewal period, including a 4 hour ethics course. A minimum number of hours per year is not proposed.

b. “Retired” Status

Retired status is proposed under the Division 005 rule amendments. A person would have to be 65 years old or have held an Oregon license in active status for a total of 20 years. In addition, the Board considered what the application and renewal process would be for retired status. Staff will work on a draft to present to the Board.

2. Private Experience vs. Public Accounting Experience

A memo was presented to the Board for discussion of the experience required to obtain a CPA/PA license. Currently, experience forms are the same for applicants who achieve their experience in public accounting and those who obtain the experience in private industry. The experience forms have not been modified since inception and are often not completed correctly or are completed with minimal effort. Applicants who obtain experience in private industry are required to answer 7 key questions and send supplemental information to back up their achievements, whereas applicants in public accounting are required only to complete the forms and supply answers to 7 key questions.

It was suggested by staff that it may be appropriate to have a revised experience form or a form that is different depending on what type of experience was obtained.

Ms. Ferguson suggested a task force be formed to discuss these issues and present to the Qualifications Committee as well as the Board.

D. Division 030

1. Custody & Disposition of Working Papers

The Board office has received inquiries regarding the custody and disposition of working papers in instances where an office was abandoned, or the CPA husband dies and the wife shreds all client records. What about the electronic files that are left on the computer?

The Board needs to establish guidance for licensees on how to handle these circumstances. Staff was requested to add this topic to the May work session for discussion.

E. Division 040

Proposed changes to Division 040 include the proposed requirement for inactive license holders to report at least 32 hours of CPE each renewal period. The changes also include amendments to the reinstatement requirements for lapsed and inactive license holders. The proposed language limits the period a lapsed licensee can remain in lapsed status. Lapsed licensees will be limited to reinstating only to active status.

F. Division 050

Proposed revisions to Division 050 include allowing the Board to waive peer review timelines and/or requirements under certain circumstances. The proposed rule would also require a firm to send proof of enrollment and the date the initial review will take place.

G. Status of firm registration when entity type changes

Deferred to a future meeting.

III. Confidential Complaint Process & Procedures

Deferred to a future meeting.

IV. Considerations for becoming Semi Independent

Ms. Bridgham drafted an internal control questions and ideas list for the Board to use during their discussions for becoming a semi-independent agency. The topics listed are a starting point to put a plan and action list together so that the Board is prepared to move forward.

A task force will be created to work on the planning for semi-independence tasks. The suggested make-up of the committee will be, Jessie Bridgham, Kent Bailey, 2 members from the OSCPA and Pat Hearn and Kimberly Bennett from the Board office. The first meeting will be scheduled after the first of the year.

V. Review of Action taken on Letters Received from Secretary of State Audits Division

Deferred to a future meeting.

VI. Ethics Program Best Practices

Mr. Bailey serves on the NASBA committee on Ethics and Best Practices. The committee is looking at how ethic courses affect the people who are taking them. The Board discussed Oregon's current ethic requirements and that there is no entry-level ethics course required to be taken to be eligible to sit for the examination in Oregon. Some states have a specific ethic course requirement to be eligible to sit for the exam. Board members were encouraged to contact Mr. Bailey if they have any thoughts or ideas on establishing meaningful ethics for Oregon applicants and licensees.

VII. Attestation Engagements – possible statute change

Deferred to a future meeting.

Vice Chair Newhouse adjourned the work session at 5:00 p.m.