

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

Sunday, October 4

Portland State University

Portland, Oregon

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

Board Members

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

Staff Members

L Patrick Hearn, *Executive Director*
Noela Kitterman, *Investigator*
Kimberly Bennett, *Cmte. Coordinator*
Heather Shepherd, *Cmte. Coordinator*

Guests

Ann Ferguson, CPA, *New Board Member Appointee*
Jeff Dover, AAG
Cheryl Langley, OSCP Representative

1. Call to Order

Vice Chair Johnson called the meeting to order at 9:39 a.m., appointed Kent Bailey as Process Observer and introduced guests.

2. Possible Amendments to Administrative Rules

A. Division 001

Revises the effective date of professional standards to January 1, 2009.

B. Division 005

Revisions include modification of the definition of substantial equivalency due to the passage of the mobility bill (SB 867), and clarification to other definitions.

In addition, the Board is adding a definition for "retired" status. The Code of Professional Conduct Committee discussed this option after discussing the definition of the practice of public accountancy. It was determined that there is confusion amongst licensees regarding what activities inactive licensees can and can't do as well as how they represent themselves to the public. The Board would like staff or the code of professional conduct committee to continue to develop language and present a modified definition at the December Board meeting.

C. Division 010

Proposed revisions are to coincide with the new mobility legislation, delete transitional exam language which is no longer necessary, remove substantial equivalency application requirements and more clearly define what inactive and retired status licensees may and may not do. The rule also adds reinstatement

requirements for retired status individuals. Firm registration rules are modified because of the mobility legislation.

D. Division 020

Proposed modifications are due to the passage of mobility legislation. The language allows individuals who enter the state of Oregon the opportunity to apply for a municipal license.

E. Division 030

Proposed changes are to the plural firm name rules as a result of mobility legislation.

F. Division 040

Proposed revisions due to mobility; removes references to substantial equivalency, reinstatement provisions for retired status are added.

G. Division 050

The proposed changes to Division 050 are significant because of the 2009 AICPA Peer Review Standards update. A task force was formed, consisting of Peer Review Oversight committee members, members from the RAB and the OSCPA, to review the new standards and modify the administrative rules to conform with those changes where necessary.

The new requirements will require all firms enrolled in peer review to submit peer review acceptance letters to the Board as well as any supporting documentation with each renewal application. It is proposed that at least two members of the Peer Review Oversight committee attend 16 hours of training for peer reviewers.

3. Professional and Regulatory Issues

A. Consider Adoption of Matrix for Imposing Civil Penalties

The Board reviewed model disciplinary guidelines from the Ohio and Washington Boards of Accountancy. The Board members feel that this type of resource would be very helpful to Board members, Board Committee members, Board staff and others involved with disciplinary actions. Mr. Dover advised the Board to include the exact statute and/or administrative rule with each scenario. Mr. Johnson and Mr. Bailey will work with the Executive Director to assemble the matrix. The Executive Director will provide the final draft to legal counsel for review. The final draft will be placed on the Spring 2010 Work Session agenda.

B. Notification to CPA Candidates of Eligibility for PA License

Mr. Morris suggested that the Board send a letter to exam candidates, who have passed the three required parts to become a PA, notifying them that a PA permit is available. It would be the applicant's responsibility to ensure that they meet all the requirements to be granted a PA permit.

C. 2009 UAA Model Rule Revisions

The Board members were furnished with a copy of the April 2009 UAA Model Rules, as approved on April 24, 2009.

D. Possible Narrative to Accompany Municipal Auditor Applications

A sub-committee of the Board's CPE Committee and the OSCPA worked together to provide applicants a paragraph definition of what type of information needs to be included in programs for each subject matter on the application for admission to the municipal roster. The OSCPA has updated the municipal grid with the courses that are available through their organization. The grid is meant to be a tool for applicants. The OSCPA will attempt to review and update the grid on an annual basis.

E. AICPA Accounting and Review Services Committee 2009 Proposed Standards and Accounting and Review Services

The Code of Professional Conduct committee reviewed the exposure draft regarding the proposed statement on Standards for Accounting and Review Services. Mr. Johnson drafted a letter to the AICPA with the committee's comments.

The letter stated that the language was unclear as to who was responsible for certain aspects of an engagement and the lack of independence that it caused. The committee unanimously opposed the proposal that would allow an accountant to provide review assurance when the accountant is not independent because of accepting management's responsibility for internal control over financial reporting. The committee believes that independence is crucial to providing assurance about financial statements or any other assertion where a CPA provides some level of assurance about management's representations.

The Board reviewed the information provided and agrees with the committee perspective. Mr. Johnson will be attending the National Meeting in November and will report any discussion on this topic to the Board in December.

4. Board Committees

A. Review Committee By-laws

The current committee By-laws were provided to the members. The Executive Director asked the members to review the information and bring any concerns or changes to the December 2009 Board meeting.

Ms. Newhouse explained that the Qualifications Committee has recently had difficulties determining eligibility of applicants for various reasons. It appears that applicants are finding various ways to obtain the required direct supervision requirement for licensure. The committee has difficulties when the direct supervisor is a consultant for the purpose of being the individual who qualifies as

the direct supervisor. Another example is an applicant who obtains the Seven Core Competencies as a volunteer of an organization.

Mr. Stan Martin, CPA, a volunteer on the Qualifications Committee has sent a letter to the Board addressing his concerns. The Board members have reviewed Mr. Martin's letter and will talk with him when he appears at the October 5, 2009 Board meeting.

B. Review Upcoming Vacancies and Possible Candidates

The members were presented with a current committee roster that includes each individual member's term for each of the Boards standing committees. The members were asked to review the committee vacancies. The members also received a list of individuals who have indicated that they would be interested in serving on a Board committee. Mr. Hearn asked the Board members to review the information and offer possible suggestions to fill the upcoming vacancies.

5. Process Observer Report

Mr. Bailey liked the introduction of Ms. Ferguson and thanked Mr. Gaffney for his service to the Board of Accountancy. The conversation drifted during the Peer Review Oversight discussion but the Board was able to refocus and complete the discussion. Mr. Bailey also stated that he is always impressed with the discussions of this Board.

6. Adjourned

There being no further business, the meeting adjourned at 4:43 p.m.