

**OREGON BOARD OF ACCOUNTANCY**  
**Minutes, December 15, 2008**

**3218 Pringle Road SE #110**

**Salem, OR 97302**

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

**Board Members Present**

Kent Bailey, CPA, *Chair*  
Jens Andersen, CPA, *Vice-Chair (phone)*  
Ray Johnson, CPA, *Co-Treasurer (phone)*  
Eric Lind, *Public Member, Co-Treasurer (phone)*  
James Gaffney, CPA *(phone)*  
Stuart Morris, PA  
Roberta Newhouse, CPA *(phone)*

**Staff Members**

Carol Rives, *Administrator*  
L Patrick Hearn, *Executive Director*  
Noela Kitterman, *Investigator*  
Kimberly Bennett, *Committee Coordinator*  
Joyce Everts, *Committee Coordinator*  
Heather Shepherd, *Committee Coordinator*

**Guests Attending**

Jeffrey Dover, Asst. Attorney General  
Joyce Funkhouser, OAIA  
Janice Essenberg, CPA, OSCP  
Cheryl Langley, OSCP  
Jessie Bridgham, CPA  
Gerald Burns, CPA, *Pre Issuance Review Taskforce*  
Fred Erickson, CPA, *Pre Issuance Review Taskforce*  
Harry Bose, CPA, *Pre Issuance Review Taskforce*  
Doug Parham, CPA, *Pre Issuance Review Taskforce*  
Gary Leavitt, CPA, *Sherman Young & Assoc*  
Frank Lagesen, Esq.  
Anita LaVassaur, CPA  
Robert Loe, CPA  
Stuart Hayes, CPA  
Gordon Hanna, Esq.  
James Elliott, CPA  
John Campbell, CPA

**1. CALL TO ORDER**

A quorum being present, Chair Bailey called the meeting to order at 8:20 a.m.

**2. APPROVAL OF MINUTES**

**A. October 5, 2008 Work Session**

**BOARD ACTION:** Moved by Morris and carried to approve the October 5, 2008 Board work session minutes.

**VOTE:** Chair Bailey did not vote; 6 ayes

**B. October 6, 2008 Board Meeting**

**BOARD ACTION:** Moved by Morris and carried to approve the October 6, 2008 Board minutes as revised.

**VOTE:** Chair Bailey did not vote; 6 ayes

**C. October 10, 2008 Special Board Meeting**

**BOARD ACTION:** Moved by Morris and carried to approve the October 10, 2008 Board minutes.

**VOTE:** Chair Bailey did not vote; 6 ayes

### 3. REPORT OF CHAIR

#### A. NASBA

1. Exposure Draft – Proposed Revisions to UAA Model Rules  
The Board requested that a subcommittee review the Exposure Draft and report to the full Board at the May 2009 Work Session. Mr. Johnson volunteered to chair the subcommittee. Mr. Lind volunteered to serve on the subcommittee. Mr. Johnson will ask Ms. Bridgham to volunteer on the committee.
2. Focus Questions  
Rives asked the Board to comment on the answers she developed for the NASBA focus questions. No comments or suggestions were made.
3. Revised 120/150 White Paper  
*Defer to the May 2009 Work Session.*

#### B. Pre-issuance Review Task Force Report

The Board expressed appreciation to the taskforce members for their careful and thoughtful review of the pre-issuance review process and thanked them for their well-reasoned recommendations to the Board.

Four taskforce members, Gerry Burns, CPA, Fred Erickson, CPA, Doug Parham, CPA and Harry Bose, CPA, joined the Board meeting by phone conference at 11:40 a.m. Ray Johnson summarized the work of the pre-issuance review taskforce relating to the “process” as follows:

- The Board will request firms to hire an outside consultant to perform a pre-issuance peer review following the guidance in Paragraphs 85 through 99 of SQCS No. 7.
- BOA proposed consent orders clarify that the consultant will select the engagements to be reviewed from a population of audits and reviews that a firm expects to perform.
- The sample letter will describe the scope of the work that the peer reviewer will perform.
- The peer reviewer will submit a report to the Board as follows:
  1. Issues that are resolved with the firm and corrected in the working papers, draft financial statements or draft auditor’s report **and**
  2. Issues that the firm and the peer reviewer could not resolve and represent differences in professional opinion.
- At the Board’s discretion, the peer reviewer will either give the Board:
  1. One report encompassing all pre-issuance peer reviews segregating findings by engagement **or**
  2. One report after each pre-issuance peer review is completed.The peer reviewer will submit an overall conclusion to the Board stating their opinion as to whether or not the firm is ready to move forward with no further pre-issuance reviews.

#### 4. REPORT OF VICE CHAIR

##### A. CPA Services in Non-CPA Firms

The Board would like to add this to the May work session agenda for discussion.

#### 5. REPORT OF TREASURER

##### A. October 2008

Eric Lind stated that revenue is ahead of projections by \$163,000 and net revenue is \$139,000. The Board may have a shortfall with the expense of on-line licensing and contract investigations. The out-of-state travel budget is on target.

#### 6. LEGAL

##### A. Proposed Consent Orders

###### Robert Sederstrom

Robert Sederstrom served as Chief Financial Officer (CFO) for Portland Rescue Mission (PRM) from May 2003 through July 28, 2006. Sederstrom then provided consulting services to PRM until mid September 2006. PRM is a non-profit organization. PRM claims that Sederstrom used PRM assets for personal gain.

At its meeting on May 19, 2008 the Board assessed a total civil penalty of \$5,600 for the following violations:

- . (\$1,500) OAR 801-030-0005(2) Integrity and Objectivity, and AICPA Rule 102 Interpretation 102-2 Conflicts of Interest:
- . (\$1,500) OAR 801-030-0020(1) Professional misconduct:
- . (\$2,000) OAR 801-030-0020(1) Professional misconduct:
- . (\$500) OAR 801-030-0020(1) Professional misconduct:
- . (\$100) OAR 801-030-0020(9) Notification of change of address, employer or assumed business name

**Board Discussion:** *The Board reviewed a Consent Order offered by Sederstrom that incorporates Notice N-08-041.*

**BOARD ACTION:** Moved by Johnson and carried to approve the proposed Consent Order and the civil penalty in the amount of \$2,600.

**VOTE:** Chair Bailey did not vote: 6 ayes

#### 7. COMPLAINTS

##### A. Acceptance of Complaints Committee Minutes for Meeting of October 31, 2008

**BOARD ACTION:** Moved by Andersen and carried to accept the October 31, 2008 Complaints Committee minutes and to approve the Consent Agenda.

**VOTE:** Chair Bailey voted: 7 ayes

## B. Consent Agenda

### 1. Complaint Investigations

*\* Items removed from consent agenda*

- |     |                        |           |
|-----|------------------------|-----------|
| a.  | Kenneth Ward           | 08-04-008 |
| *b. | James Elliott          | 08-04-009 |
| *c. | Anita LaVassaur        | 08-04-010 |
| *d. | John Campbell          | 08-04-011 |
| e.  | David Hinson           | 08-05-014 |
| *f. | Brian Vaughan          | 08-05-015 |
| g.  | Ed Culp                | 08-06-019 |
| *h. | Sherman Young & Assoc. | 08-09-026 |

### 2. 2008 Annual Committee Report

The Board reviewed the annual Complaint Committee report.

## C. Items Removed from Consent Agenda

### 1.b. James Elliott 08-04-009

When James A. Elliott (Elliott) prepared Client's 2006 tax return, Elliott did not report Client's social security income. Client received a notice from Internal Revenue Service (IRS) stating that Client owed additional tax and interest. Elliott did not offer to reimburse Client for the interest due on the additional tax liability.

#### ALLEGED VIOLATIONS

    OAR 801-030-0010 (1) General Standards.

        (a) Professional Competence

        (b) Due Professional Care

    OAR 801-030-0010 (4) Tax Standards

COMMITTEE RECOMMENDATIONS: (1) No violation for OAR 801-030-0010 (1) General Standards: (a) Professional Competence and (b) Due Professional Care; (2) \$100 civil penalty for violation of OAR 801-030-0010 (4) Tax Standards.

Mr. Elliott arrived at the Board meeting at 1:25 p.m. and stated that the error was an honest mistake and he believes that the error does not rise to the level of professional misconduct. Mr. Elliott stated the following:

- The husband was the financial spouse
- Elliott did not make an agreement with Client to rectify the additional IRS taxes and interest
- The Client's complaint is that Elliott did not volunteer to pay the interest
- Elliott feels offended that the Board will publicize (in BOA's newsletter) that he violated a professional standard

**Board Discussion:** *The Board sympathized with Elliott's concern regarding publicizing a professional standard violation. The Board discussed the missing Social Security income and agreed that there was a violation of due professional care.*

**BOARD ACTION:** Moved by Andersen and carried to assess a \$100 civil penalty for violation of OAR 801-030-0010(1)(b), Due Professional Care.

**VOTE:** Chair Bailey voted: 7 ayes

### 1.c. Anita LaVassaur 08-04-010

Ms. La Vassaur conducted a single audit of a county school district for the period July 1, 2001 through June 30, 2002. The audit was not conducted in accordance with AICPA Generally Accepted Auditing Standards, *Government Auditing Standards* issued by the Controller General of the U.S. or the applicable requirements pertaining to OMB Circular A-133 in some significant respects.

#### ALLEGED VIOLATIONS

ORS 673.170

OAR 801-030-0010 (Oregon Administrative Rules)

- (1) Competence
- (2) Auditing standards
- (3) Accounting principles

**COMMITTEE RECOMMENDATIONS:** (1)If LaVassaur performs any municipal audits, she must complete 16 hours of Continuing Professional Education (Yellow Book) prior to June 30, 2009; (2) she must obtain pre-issuance review of any municipal audits performed for the period June 30, 2009 and forward.

Anita LaVassaur and Robert Loe, Contract Investigator, joined the Board meeting by phone conference at 10:36 a.m. Mr. Loe noted that he spoke with the Office of Inspector General (OIG) who acknowledged that LaVassaur took the appropriate corrective action after February 2006 and ceased performing services under the Single Audit Act, or the Yellow Book.

LaVassaur commented that she renewed her municipal license only to assist Mr. Montgomery in the event of an emergency as Mr. Montgomery does not intend to perform municipal audits after the coming audit year. LaVassaur also noted that she does not have future plans to perform municipal audits.

**Board Discussion:** *The Board concurred that LaVassaur can contract out to a qualified CPA if the Firm requires help with municipal audits. The Board also noted that this is an old case and the Firm has improved their standard of care and audit procedures. The Firm corrected their internal control procedures.*

**BOARD ACTION:** Moved by Andersen and carried to request that LaVassaur return her Municipal Certification to the Board office. Upon receipt of same the Board will find no violation.

**VOTE:** Chair Bailey did not vote: 6 ayes

#### **1.d. John Campbell 08-04-011**

John H. Campbell (Campbell) provided tax services to Husband and Wife. Campbell agreed to prepare Husband and Wife's past due tax returns. Campbell prepared but did not deliver the past due tax returns to Husband and Wife. Husband and Wife's son was appointed Power of Attorney (POA). In September 2007 POA made three requests to Campbell for Husband and Wife's tax records. On March 10, 2008 Campbell delivered the requested records to POA.

#### **ALLEGED VIOLATIONS**

OAR 801-030-0015(2)(b) Requested Records

OAR 801-030-0020 (1) Professional Misconduct

**COMMITTEE RECOMMENDATION:** (1) \$1,500 civil penalty for violation of OAR 801-030-0015(2)(b) Requested Records. (2) 16 hours of Continuing Professional Education in Tax preparation, eight (8) hours in S Corp and eight (8) hours in individual tax for violation of OAR 801-030-0020(1) Professional Misconduct.

Mr. Campbell joined the Board meeting by phone conference at 2:00 p.m. The Board reviewed a proposal from Mr. Campbell in which Campbell requested the \$1,500 civil penalty be reduced to \$500. Mr. Campbell stated that he will be semi-retired the end of 2008. Campbell stated that he is suffering from the effects of the economic downturn and the \$1,500 civil penalty is a financial burden with his upcoming plans to semi-retire.

**BOARD ACTION:** (1) Moved by Andersen and carried to assess a \$500 civil penalty for violation of OAR 801-030-0015(2)(b), Requested Records

**VOTE:** Chair Bailey voted: 7 ayes

(2) Moved by Andersen and carried to assess 16 hours of Continuing Professional Education in Tax preparation: eight (8) hours in S Corp and eight (8) hours in individual tax for violation of OAR 801-030-0020(1) Professional Misconduct.

**VOTE:** Chair Bailey voted: 7 ayes

#### **1.f. Brian Vaughan 08-05-015**

Brian Vaughan (Vaughan) prepared 2006 and 2007 tax returns for Husband and Wife. When Vaughan prepared Husband and Wife's 2007 tax return, he did not report estimated tax payments paid to Oregon Department of Revenue (State).

Vaughan did not amend Husband and Wife's 2007 tax return, Schedule A, to deduct the State estimated taxes.

Vaughan overstated depreciation expense on Husband's Business when Vaughan listed 2006 assets as assets purchased during 2007, and then expensed the assets under section 179 on the 2007 tax return.

After Husband and Wife picked up their 2007 tax return, they found another client's confidential information in with the documents returned to them by Hanson Vaughan LLC (Firm). The information disclosed included Client B's net income and social security numbers.

#### ALLEGED VIOLATIONS

    OAR 801-030-0010 (1) General Standards.

        (a) Professional Competence

        (b) Due Professional Care

    OAR 801-030-0010 (4) Tax Standards

    OAR 801-030-0015(1) Confidential client information

COMMITTEE RECOMMENDATION: (1) \$500 civil penalty for violation of OAR 801-030-0015(1), Confidential Client Information and to require that Vaughan provide the Board with a written report that describes safeguards implemented by the Firm to prevent another occurrence of this nature.

(2) \$1,000 civil penalty for violation of OAR 801-030-0010(b), General Tax Standards and OAR 801-030-0010(4), Tax Standards.

***Board Discussion:*** *The Board reviewed a letter (mailed to the Board from the Client) from Vaughan addressed to Husband and Wife in which Vaughan states that he overstated client's deductions on their 2007 tax returns which resulted in an amount due to both IRS and the Oregon Department of Revenue. Vaughan returned the fee that Husband and Wife paid him to prepare their tax returns and indicated his willingness to pay for additional fines and penalties. The Board concurred that Vaughan had all the necessary information and should have caught the error.*

**BOARD ACTION:** (1) Moved by Andersen and carried to assess a \$500 civil penalty for violation of OAR 801-030-0015(1), Confidential Client Information and to require that Vaughan provide the Board with a written report that describes safeguards implemented by the Firm to prevent another occurrence of this nature.

(2) Moved by Andersen and carried to assess a \$1,000 civil penalty for violation of OAR 801-030-0010(b), General Tax Standards and OAR 801-030-0010(4), Tax Standards.

**VOTE:** Chair Bailey did not vote: 6 ayes

## 1.h. Sherman Young & Assoc. 08-09-026

Sherman Young & Associates PC (Firm) entered into a Settlement Agreement and Release of All Claims (Settlement Agreement) with Client. The Settlement Agreement states that Client “shall not disclose to any person or entity the terms or amount of this agreement”.

### ALLEGED VIOLATIONS

OAR 801-030-0020(13) Non-Disclosure Agreement

COMMITTEE RECOMMENDATION: \$1,000 civil penalty for violation of OAR 801-030-0020(13), Non-Disclosure Agreement; and request that the AAG provide the Board with a legal opinion as to this recommendation.

Gary Leavitt, CPA, Frank Lagesen, Esq., and Shari Lane (Lagesen’s office) joined the Board meeting by phone conference at 10:05 a.m. Jeff Dover, AAG, presented a legal opinion with respect to the Complaints Committee recommendation (*Attachment A*).

Mr. Lagesen commented that OAR 801-030-0020(13) was a new rule as of January 1, 2008 and Leavitt’s insurer was not aware of the rule at the time the agreement was reached. He also noted that Leavitt had nothing to do with the language in the agreement and that the document did not impede the investigation. Lagesen questioned the promulgation of the rule and was advised that the rule was discussed at OSCP Town Hall Meetings across the State and the proposed rule was also on the Board’s website.

Lagesen stated that there was no intent to violate the rule and requested that no sanction be imposed and no violation be found.

***Board Discussion:*** *The Board reviewed the opinion and considered if the document impeded the investigation.*

**BOARD ACTION:** Moved by Gaffney and carried to approve the \$1,000 civil penalty for violation of OAR 801-030-0020(13) and OAR 801-030-0020(13)(a) Non-Disclosure Agreement, with the exception that no violation will be found if Leavitt provides the Clients with a waiver as cited in 801-030-0020(13)(b). Failure to provide the Client with the waiver will result in findings of violations of OAR 801-030-0020(13) and OAR 801-030-0020(13)(a) Non-Disclosure Agreement and imposition of a \$1,000 civil penalty.

**VOTE:** Chair Bailey did not vote: 6 ayes

## D. Old Business

### 1. Timothy Steers 07-11-033

Andersen stated that Steers is no longer represented by counsel. The Complaints Committee previously made a recommendation of pre-issuance reviews and Continuing Professional Education. Caroline Harris-Crowne, Attorney for Timothy Steers (resigned as attorney on November 25, 2008) stated that in an effort to show good faith, Steers is enrolled in Peer Review with the OSCP, Steers has completed 40 hours of CPE in tax and audit, Steers is currently providing client services in tax, financial statements and audits of three (3) non-public companies. Harris-Crowne stated that Tim Huff of Mack Roberts & Co LLC performed pre-issuance reviews of all three audits.

Board investigator inquired and discovered that Steers is not enrolled in Peer Review with the OSCP and Mack Roberts & Co LLC did not perform any pre-issuance reviews for Steers.

***Board Discussion:*** *The Board concurs to expedite the case. The Committee was led to believe that Steers completed the Committee's recommendations. Counsel advised that given the nature of the allegations, conducting an investigative interview would likely be the best course of action to be taken by Board staff.*

### 2. Fischer Hayes & Associates 07-05-018

At the August 22, 2008 Complaints Committee meeting the Committee considered the investigation report that described "The Method" a tax strategy offered by Fischer Hayes & Associates PC. In August, 2008 the Committee deferred making a recommendation related to the complaint until additional information could be obtained.

#### ALLEGED VIOLATIONS

ORS 673.170(2)(c)(A) Incompetence in the practice of public accountancy.  
OAR 801-030-0010(1), Competence.

COMMITTEE RECOMMENDATIONS: (1) no violation of ORS 673.170(2)(c)(A) Incompetence in the practice of public accountancy. (2) no violation of OAR 801-030-0010(1), Competence.

Stewart Hayes, CPA, and Gordon Hanna Esq, (Attorney/Fischer Hayes) arrived at the Board meeting at 11:04 a.m. The Board questioned Hayes regarding fees charged to Fischer Hayes clients.

***Board Discussion:*** *The Board considered the Complaints Committee recommendation and information provided by Fischer Hayes related to contractual arrangements with clients. The Board discussed referring back to the complaints committee to review all clients' contractual agreements.*

**BOARD ACTION:** Moved by Gaffney and carried to refer back to the Complaints Committee requesting the Committee review all clients contractual agreements including confidentiality agreements and limitations on liability.

**VOTE:** Chair Bailey voted: 7 ayes

## 8. REPORT OF ADMINISTRATOR

### A. Approve Administrator reimbursed expenses

Rives explained that the food reimbursement expenses increased due to weekend meetings that were held in Salem and could not be catered.

**BOARD ACTION:** Moved by Morris and carried to approve Rives' reimbursed expenses for the 2008 calendar year.

**VOTE:** Chair Bailey did not vote; 6 ayes

### B. Secretary of State, Audits Division Report Review letters and responses pertaining to the following licensees:

1. David F. Lindley, CPA
2. Bruce Nichols, CPA and Stan Miller, CPA
3. Robert M. Armstrong, CPA
4. J. Robert Wall, CPA
5. Thomas C. Romig, CPA

The Board requested that the CPE committee review the letters from Secretary of State, Audits Division along with the firms' responses to determine if complaints should be opened.

If the CPE committee determines that there are possible violations, the committee will refer the information to the Board investigator to begin the complaint process.

The current letters are to be added to the CPE Committee meeting agenda scheduled for January 27, 2009.

### C. Committee Membership

#### 1. Complaints Committee

**BOARD ACTION:** Moved by Johnson and carried to approve appointments of Robert Nichols and Fred Peterson to Complaints Committee. Their terms of service will be January 1, 2009 through December 31, 2010.

**VOTE:** Chair Bailey did not vote; 6 ayes

#### 2. Peer Review Oversight Committee

**BOARD ACTION:** Moved by Johnson and carried to approve appointments of Roy Rogers and Michael Gavaza to Peer Review Oversight Committee. Their terms of service will be January 1, 2009 through December 31, 2010.

**VOTE:** Chair Bailey did not vote; 6 ayes

3. Continuing Professional Education Committee  
**BOARD ACTION:** Moved by Johnson and carried to approve appointment of Mark Baker to CPE Committee. The term of service will be January 1, 2009 through December 31, 2010.  
**VOTE:** Chair Bailey did not vote; 6 ayes
4. Qualifications Committee  
**BOARD ACTION:** Moved by Johnson and carried to approve appointments of Brigitte Gentner and Michael Halbirt to Qualifications Committee. Their terms of service will be January 1, 2009 through December 31, 2010.  
**VOTE:** Chair Bailey did not vote; 6 ayes

#### **D. Administrative Rules**

The Board held an administrative rule hearing on December 1, 2008. Comments were received in writing and orally from 14 parties. All comments received were reviewed by the Board and considered.

1. Division 001  
**BOARD ACTION:** Moved by Morris and carried to approve the proposed rule amendments to Division 001.  
**VOTE:** 7 ayes
2. Division 010  
**BOARD ACTION:** Moved by Morris and carried to approve the proposed rule amendments to Division 010.  
**VOTE:** 7 ayes
3. Division 030  
**BOARD ACTION:** Moved by Morris and carried to approve the proposed rule amendments to Division 030.  
**VOTE:** 7 ayes
4. Division 040  
**BOARD ACTION:** Moved by Morris and carried to approve the proposed rule amendments to Division 040.  
**VOTE:** 7 ayes

#### **E. CPA/PA Certificates Issued by Biennia**

The members were presented with a spreadsheet that shows the number of CPA/PA certificates that have been issued over the current and previous biennia. The trend shows that the number of reciprocal licenses issued has decreased. The number of reciprocal licenses could continue to decrease depending on mobility legislation.

## **F. Major Case Investigations (Washington)**

This item is informational only. This was received from the Washington Board of Accountancy.

## **G. Request for transcript accreditation**

Johnson reviewed the information that was submitted by Academic & Credential Records Evaluation & Verification Service (ACREVS) which is not a member of National Association of Credential Evaluation Services (NACES) but would like to offer evaluations for Oregon Board of Accountancy candidates. Johnson does not feel that the Board should reject the organization. Bennett informed the Board that the requirement for a foreign evaluator to be part of NACES is in the OAR and would require a rule change. Johnson mentioned that if the Board maintains the current rule, it is easy for staff to determine if the Oregon Board will accept an evaluator.

**BOARD ACTION:** Moved by Johnson and carried to continue with the current procedures which requires an evaluator to be a member of NACES.

**VOTE:** Chair Bailey did not vote; 6 ayes

## **9. PUBLIC COMMENTS**

None

## **10. REPORT OF OAIA**

Mr. Morris reported that the OAIA has contracted with a new CPE provider, Jennings and Associates. Mr. Jennings was formerly associated with Gear-Up. The OAIA would welcome anyone in the public accounting field to attend CPE seminars.

## **11. REPORT OF OSCPA**

Ms. Essenberg thanked the Board members for attending the Town Hall meetings and for speaking on current Board topics. The OSCPA will be sharing information received from their attorney on mobility. The OSCPA has started working with a few of the accounting departments in the local colleges.

## **12. OLD BUSINESS**

### **A. Bob Baldwin**

The Board granted an extension to December 15, 2008 for Mr. Baldwin to provide any additional details that would support his application for certification. Mr. Baldwin's attorney sent a letter to the Board indicating that they had no additional experience to report that would support the issuance of a CPA Certificate.

**BOARD ACTION:** Moved by Gaffney and carried to deny the application for certification submitted by Bob Baldwin.

**VOTE:** 7 ayes.

## **B. Muni Audit Review Procedures**

Secretary of State, Audits Division is currently sharing two types of letters with the Board, desk reviews and work paper reviews. The Board receives only the desk review letter if the firm was asked to reissue the report. The Board receives all work paper reviews. The Board would like the investigator to send a letter to the firm and request a response to the findings from the Audits Division. Once the response is received, the letter from the Audits Division and the firms' responses will be forwarded to the CPE Committee for review. If the CPE Committee determines that there is a possible violation of Oregon statutes or rules, the matter will be referred to the Complaint Committee.

The Board directed staff to review the committee by-laws and draft a change to the CPE committee charge if needed. The Board will review the proposal at the February 9, 2009 meeting.

## **13. CONTINUING PROFESSIONAL EDUCATION COMMITTEE**

### **A. Acceptance of CPE Committee meeting minutes of November 18, 2008**

**BOARD ACTION:** Moved by Morris and carried to accept the Continuing Professional Education minutes dated November 18, 2008.

**VOTE:** Chair Bailey did not vote; 6 ayes

### **B. Consent Agenda**

#### **1. 2008 Annual Committee Report**

#### **2. Municipal Auditor Applications**

- a. Konrad Capeller
- b. Miriam E. Koza
- c. Lori M. Tasker

**BOARD ACTION:** Moved by Morris and carried to accept the Consent Agenda.

**VOTE:** Chair Bailey did not vote; 6 ayes

## **14. PEER REVIEW OVERSIGHT COMMITTEE**

The committee did not meet since the last Board meeting

## **15. QUALIFICATIONS COMMITTEE**

### **A. Acceptance of November 13, 2008 minutes**

**BOARD ACTION:** Moved by Newhouse and carried to approve the minutes of November 13, 2008 as written.

**VOTE:** 7 ayes

### **B. Consent Agenda**

1. Recommendations
  - a. Yunjing Zubkow

2. Other
  - a. 2008 Annual Report
  - \* b. Katy Molloy
3. Approval of Applications
  - a. CPA Certificates/Permits
  - b. PA Licenses/Permits
  - c. Firm Registrations
  - d. Substantial Equivalency Approval

**BOARD ACTION:** Moved by Newhouse and carried to approve the consent agenda.

**VOTE:** 7 ayes

**\* Items removed from consent agenda**

**C. Items Removed from Consent Agenda**

**1. Katy Molloy**

This file was first considered at the April 21, 2008 committee meeting. Ms. Molloy passed the CPA examination May 21, 2007 and gained her experience with the following employers:

|                      |        |                  |
|----------------------|--------|------------------|
| ProSeeds             | 31 mos | All competencies |
| Moore & Colley, CPAs | 7 mos  | No competencies  |

At the time Ms. Molloy submitted her CPA application (November 30, 2007) Molloy's most recent employer was Moore & Colley, CPAs. The accounting firm did not return the forms to the Board in time for committee review at the April committee meeting.

Ms. Molloy's previous employer (ProSeeds) submitted an experience certification. The committee deferred consideration of the file until the accounting firm provided an experience form. The committee also requested additional documentation from ProSeeds. Staff will send experience forms to the CPA firm again and request documentation from ProSeeds that includes specific descriptions of qualifying work performed by Molloy.

**BOARD ACTION:** Moved by Newhouse and carried to deny the application submitted by Ms. Molloy for CPA Certification.

**VOTE:** 7 ayes, Chair Bailey voted.

**16. CPA EXAM**

**A. Candidate Care Report 7/1/08-8/31/08**

This was for Board information only.

**B. Passing Rates National vs. Oregon**

Passing rates for Oregon candidates were compared to the national rates. Oregon candidates have a slightly higher pass rate. This was for informational purposes only.

**C. CBT Quarterly Summary Report**

This was for Board information only. The CBT Steering group indicated that there is a decrease in software and technical issues and therefore a higher candidate satisfaction rate.

**D. Exam Site Visits**

The Board may at any time, with prior authorization, visit a testing location and observe its practices. If any Board member is interested in a site visit, they were encouraged to contact Kimberly at the Board office for instruction.

**E. Prometric Testing Center Complaint**

An exam candidate sent the Board an email regarding problems she encountered at a Prometric testing center. Her email was forwarded to NASBA for response.

**F. New Testing Center – Medford**

A new testing center has opened in Medford. Since our new Board member Jessie Bridgham is from the Medford area, we will ask if she can perform a site visit.

**BOARD ACTION:** Moved by Gaffney and carried to ask Ms. Bridgham to perform a site review of the Medford testing center. This was for Board information only.

**VOTE:** Chair Bailey voted; 7 ayes

**17. CODE OF PROFESSIONAL CONDUCT**

**A. Acceptance of November 5, 2008 minutes**

**BOARD ACTION:** Moved by Johnson and carried to accept the minutes.

**VOTE:** Chair Bailey voted; 7 ayes

**B. Consent Agenda**

1. Recommendations - none
2. 2008 Annual Report

**BOARD ACTION:** Moved by Johnson and carried to approve the consent agenda.

**VOTE:** Chair Bailey voted; 7 ayes

**18. NEW BUSINESS**

**A. Election of 2009 Officers and appointment of Committee Liaisons**

1. Board officers:
  - James Gaffney, Chair
  - Ray Johnson, Vice-chair
  - Roberta Newhouse, Treasurer

2. Committee Liaisons:  
Ray Johnson, Complaints Committee  
Jessie Bridgham, Peer Review Oversight  
Roberta Newhouse, Qualifications  
Kent Bailey, Continuing Professional Education  
Ray Johnson, Code of Professional Conduct

**BOARD ACTION:** Moved by Morris and carried to approve the nominations of officers for 2009.

**VOTE:** Chair Bailey voted; 7 ayes

**B. Confirm 2009 Meeting Calendar**

February 9  
May 17 (*Work Session*)  
May 18  
August 17  
October 4 (*Work Session*)  
October 5  
December 7

**19. PROCESS OBSERVER REPORT**

Due to inclement weather, five Board members attended the meeting via phone conference. It was a lengthy meeting, partially due to phone conferencing with Board members and Board guests. Jens Andersen and Stuart Morris were applauded for their excellent work as members of the Board of Accountancy.

**20. NEXT MEETING**

February 9, 2009  
Board of Accountancy  
3218 Pringle Rd. SE #110  
Salem, OR 97302  
8:00 a.m.

**21. ADJOURN**

The meeting adjourned at 5:30 p.m.