



OREGON BOARD OF ACCOUNTANCY
Qualifications Committee
Minutes – September 24, 2014

Committee Members Present

Alia Adams, CPA (*arrived 9:06 a.m.*)
Patrick Brown, CPA
Michael Halbirt, CPA (*Chair*)
Chuck Landers, CPA (*Vice-Chair*)
Rachelle Quinn, CPA
Alan Steiger, CPA
Christina Tate, CPA
Bryce Wilberger, CPA
Roger Graham, (*Board Liaison*)

Guests

Natalia Bronner, *Applicant*
Laura Carter, *Applicant*
Diane David, *Applicant*
Michael Davis, *Applicant*
Dave Hartin, *Applicant Supervisor*
Halie Henderson, *Applicant*
Teddi Nakamoto, *Applicant*
Noeline Nalujjuna, *Applicant (joined 9:18 a.m.)*
Ian Norgan, *Applicant*
Heather Robison, *Applicant*

Staff Present

Kristen Adamson, *Licensing Specialist*
Joel Parks, *Licensing Specialist*
Martin Pittioni, *Executive Director*

1. CALL TO ORDER

The Qualifications Committee (QC) convened for a regularly scheduled telephone conference meeting on September 24, 2014. Michael Halbirt, CPA, Committee Chair, called the meeting to order at 9:01 a.m., and announced that the meeting was being recorded. He also announced that due to Mr. Graham and Mr. Brown's early departures, the agenda will be adjusted to accommodate their presentations.

2. REPORT OF BOARD ACTION – Agenda Item 4

Mr. Graham reported that the Board approved all of the Committee's recommendations, and the Board continues to support the Committee and accept the majority of its recommendations. Mr. Pittioni reported that there continues to be Board conversation around revisions to the Administrative Rules that deal with licensing procedures.

3. STATUS REPORT ON APPLICATION PROJECT – Agenda Item 5.A

Mr. Graham reported that the project lost some momentum over the summer, but the project should still move forward. The application process for tax applicants is very similar to the process this project is aiming for with regards to applicants applying through the industry track, in that tax applicants are now being asked to complete their own write-ups that show how they meet the competencies. He stated that the process is working well, and is part of a movement toward focusing on the

competencies rather than a “check-box” mindset in applications. Mr. Halbirt asked if it would be best if the QC subcommittee met again to continue the project, and it was ultimately agreed that a work session prior to the in-person meeting in November would be next step for the project.

4. PENDING APPLICATIONS

A. Current Applications

1. Teddi Nakamoto (Brown) – Agenda Item 2.A.6

Ms. Nakamoto passed the Uniform CPA examination in May 2014 as an Oregon candidate. Experience was gained at the following employer:

Lithia Motors	21 months	All Competencies
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Mr. Brown spoke with Ms. Nakamoto’s supervisor, Dave Hartin, due to concerns he had with the appearance of a skip-level supervision arrangement. Ms. Nakamoto reported to a manager who in turn reported to Mr. Hartin. Mr. Hartin helped him understand how regular and meaningful his interactions were with Ms. Nakamoto, and explained that he was involved with her work product on a daily basis. Mr. Hartin saw Ms. Nakamoto’s final audit reports, participated in performance reviews, and Mr. Brown had complete confidence in Mr. Hartin’s role as a supervisor. Mr. Brown stated that the work experience write-up was good, though not extremely comprehensive. Overall, he felt that Ms. Nakamoto’s experience allowed her to gain experience that directly supported meeting each competency. Mr. Landers questioned the lack of information from Ms. Nakamoto’s current employer, and Mr. Brown responded that he felt the write-up he received stood well on its own, however, Ms. Tate explained that the current supervisor has not yet been licensed for five years. She also clarified that the mentoring program was not yet in place during Ms. Nakamoto’s time at Lithia. Mr. Halbirt commented that the application seemed to lack specificity. Mr. Brown agreed that it was not a perfect write-up, but he still felt that the competencies were supported by Ms. Nakamoto’s experience, and the lack of specificity did not reach a level concern for him that would require a deferral of the application.

COMMITTEE RECOMMENDATION: APPROVAL

Mr. Brown moved to find that there is sufficient evidence to make a preliminary finding that Teddi Nakamoto has demonstrated the competencies necessary for initial licensing per OAR 801-010-0065.

MOTION PASSED. 6 Ayes, 1 Nay (Halbirt), 1 Abstain (Tate)

2. Michael Davis (Brown) – Agenda Item 2.B.1 – Previously Deferred

Mr. Davis passed the Uniform CPA examination in November 2006 as an Oregon candidate. Experience was gained at the following employer:

FEI Company	18 months	All Competencies
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Mr. Davis’ application was previously deferred for more information on Competencies B and F. The additional information submitted included multiple relevant examples. Based on the detailed examples, Mr. Brown felt that both missing competencies were sufficiently supported,

and addressed his previous concerns on the candidate's level of experience. A portion of Mr. Davis' experience was accrued while he was a contract employee, and Mr. Steiger questioned whether contract work was acceptable. Mr. Halbirt noted that the issue hinges on the employer's ability to hire and fire, and that would be in place for a contractor.

COMMITTEE RECOMMENDATION: APPROVAL

Mr. Brown moved to find that there is sufficient evidence to make a preliminary finding that Michael Davis has demonstrated the competencies necessary for initial licensing per OAR 801-010-0065.

MOTION PASSED. 8 Ayes

3. Laura Carter (Quinn) – Agenda Item 2.A.2

Ms. Carter passed the Uniform CPA examination in April 2010 as an Oregon candidate. Experience was gained at the following employer:

Cambia Health	14 months	All Competencies
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In her conversation with Ms. Carter's supervisor, Ms. Quinn learned that Ms. Carter took on additional responsibilities to ensure that she met the competencies. Most significantly was a competitor analysis, in which she presented the competitor's key performance metrics to management. Ms. Quinn's primary concern with the application was in the area of risk assessment and verification skills. In response, Ms. Carter's supervisor pointed to the aforementioned competitor analysis, performing fluctuation analysis on both a GAAP and statutory accounting basis. She also pointed to identifying the risk in system-generated entries. Mr. Halbirt asked for more elaboration on the assurances Ms. Quinn received on Ms. Carter's risk assessment experience. The competitor analysis was a key consideration for Ms. Quinn, in addition to the fact that there was work experience mentioned under other competencies that applied.

COMMITTEE RECOMMENDATION: APPROVAL

Ms. Quinn moved to find that there is sufficient evidence to make a preliminary finding that Laura Carter has demonstrated the competencies necessary for initial licensing per OAR 801-010-0065.

MOTION PASSED. 7 Ayes, 1 Abstain (Brown)

4. Natalia Bronner (Peterson) – Agenda Item 2.A.1

Ms. Bronner passed the Uniform CPA examination in April 2009 as an Oregon candidate. Experience was gained at the following employer:

PacifiCorp	27 months	All Competencies
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Mr. Peterson felt the application was not particularly robust, and details were light. However, there was solid documentation of work papers and risk assessment, and it was noted that Ms. Bronner actually performs risk assessment. Although the level of detail could have been better, Mr. Peterson was comfortable that she met the competencies. Mr. Halbirt agreed that there should have been more specific examples, but had no overall objection to approving Ms. Bronner.

COMMITTEE RECOMMENDATION: APPROVAL

Mr. Peterson moved to find that there is sufficient evidence to make a preliminary finding that Natalia Bronner has demonstrated the competencies necessary for initial licensing per OAR 801-010-0065.

MOTION PASSED. 8 Ayes

5. Diane David (Landers) – Agenda Item 2.A.3 – Previously Deferred

Ms. David passed the Uniform CPA examination in July 2010 as an Oregon candidate.

Experience was gained at the following employer:

Cambia Health	20 months	All Competencies
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Mr. Landers first noted that while Ms. David had gone through the Cambia certification program, it was not alluded to in the write-up. Mr. Landers confirmed with Ms. David's supervisor, Lori U'Ren, that while she is currently in the tax department, at the time that Ms. David was part of the certification program, Ms. U'Ren was her direct supervisor in the same department. Mr. Landers thought the application had a good write-up, and appreciated that Ms. David obtained a more broad experience at Cambia through her involvement with the accounting for several for-profit subsidiaries of Cambia.

COMMITTEE RECOMMENDATION: APPROVAL

Mr. Landers moved to find that there is sufficient evidence to make a preliminary finding that Darren Leitzke has demonstrated the competencies necessary for initial licensing per OAR 801-010-0065.

MOTION PASSED. 7 Ayes, 1 Nay (Halbirt), 1 Abstain (Brown)

6. Halie Henderson (Adams) – Agenda Item 2.A.4

Ms. Henderson passed the Uniform CPA examination in May 2014 as an Oregon candidate.

Experience was gained at the following employer:

Pacific Continental Bank	13 months	All Competencies
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Ms. Adams expressed that she struggled with the application, and had difficulty seeing how Ms. Henderson met the competencies in her role. She was concerned that even with more information, it seemed doubtful that the application could move forward. Mr. Halbirt asked if she wanted to recommend a deferral or denial, but that the committee generally defers applications to give applicants a chance to provide additional information. Ms. Adams was worried that the applicant did not work in auditing, and outside of audit experience or a certification program, she did not think the applicant could have sufficient risk assessment experience. Mr. Landers pointed out that many applications do not include audit experience or involvement in an approved program. Mr. Halbirt did not feel that the committee could generalize applicant's experience, noting that applicants come from various backgrounds, and it is important to look at each application objectively in light of the competencies. Mr. Brown said

that he had similar concerns to Ms. Adams when he began working with the committee, but found that it often required a deeper examination of the applicant's experience.

COMMITTEE RECOMMENDATION: DEFERRAL

Ms. Adams moved to defer the application for Halie Henderson pending additional documentation of Competency F.

Mr. Wilberger said that he would look for more information on all of the competencies with the exception of A, he felt that the entire application was lacking apart from ethics.

Mr. Steiger moved to amend the previous motion to defer the application for Halie Henderson pending additional documentation of Competencies B-G. Mr. Steiger suggested that this would be a good opportunity to have an applicant complete the write-up.

MOTION PASSED. 8 Ayes

7. Susan Hoshida (Wilberger) – Agenda Item 2.A.5

Ms. Hoshida passed the Uniform CPA examination in January 2012 as an Oregon candidate. Experience was gained at the following employer:

The Kroger Company	93 months	All Competencies
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The major stumbling block for Mr. Wilberger was the issue of direct supervision. Ms. Hoshida's supervisor, Mary Van Oflen stated multiple times in the write-up that she was not Ms. Hoshida's direct supervisor. In a follow-up email to Ms. Adamson, she clarified the nature of the skip-level supervision, stating that she was a second reviewer on some documents, visited Ms. Hoshida's office once or twice per year, and had periodic phone calls. Based on the documentation provided, and the fact that the supervisor did not respond to contact attempts, Mr. Wilberger said that the application could only be deferred. Mr. Steiger noted that some might question the difference between this arrangement and a firm's partner signing off on an attest applicant, but the geographical distance in this case seemed to make a difference. Ms. Quinn pointed out that the write-up alluded to experience over the last 15 years, but it was unclear whether the supervisor had actually supervised the applicant during that time.

COMMITTEE RECOMMENDATION: DEFERRAL

Mr. Wilberger moved to defer the application pending additional information on the supervisory relationship, and clarification on work experience that had taken place under Ms. Van Oflen.

MOTION PASSED. 8 Ayes

8. Noeline Nalujjuna (Steiger) – Agenda Item 2.A.7

Ms. Nalujjuna passed the Uniform CPA examination in November 2009 as an Oregon candidate. Experience was gained at the following employer:

Nike	13 months	All Competencies
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Mr. Steiger reported that after reviewing Ms. Nalujjuna's work in internal audit, he believed she had met the competency requirements. Mr. Halbirt asked Ms. Nalujjuna if she made any presentations of any type, and she responded that she did not present to the audit committee directly, but she had presented to senior leadership and referenced other instances where she had the opportunity to report her findings.

COMMITTEE RECOMMENDATION: APPROVAL

Mr. Steiger moved to find that there is sufficient evidence to make a preliminary finding that Noeline Nalujjuna has demonstrated the competencies necessary for initial licensing per OAR 801-010-0065.

MOTION PASSED. 8 Ayes

9. Rachel Nishida (Peterson) – Agenda Item 2.A.8

Ms. Nishida passed the Uniform CPA examination in May 2014 as an Oregon candidate. Experience was gained at the following employer:

Albertina Kerr Centers	20 months	All Competencies
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Mr. Peterson found the application to be lacking in supporting details. Account reconciliation was pointed to as an example multiple times, and he felt it did not qualify to meet the meet the competencies. Similar to Ms. Adams concern with Ms. Henderson's application, Mr. Peterson was not convinced that performing the duties of Ms. Nishida's job would provide the necessary experience to achieve competency. Mr. Wilberger was concerned about the wording in the write-up that seemed to work that had not yet happened. Mr. Steiger agreed, and added that it should be taken into consideration that individuals can often to work outside their job description provided that they have qualifying supervision. Mr. Landers also wanted to give the applicant a chance to submit additional information, but also pointed out that it was somewhat concerning that the supervisor had changed their decision to say yes to two of the competencies. Ms. Adams thought it was not encouraging that Ms. Nishida has only been in the accounting field since November 2012. Mr. Halbirt said that the committee is bound to the rules set forth by the Board, which only refer to the 12 month minimum for supervised work experience, and the burden is on the applicant to prove their competency.

COMMITTEE RECOMMENDATION: DEFERRAL

Mr. Peterson moved to defer the application pending additional documentation on Competencies B-G.

MOTION PASSED. 8 Ayes

10. Ian Norgan (Steiger) – Agenda Item 2.A.9

Mr. Norgan passed the Uniform CPA examination in November 2013 as an Oregon candidate. Experience was gained at the following employer:

Lithia Motors	27 months	All Competencies
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Mr. Steiger reported that Mr. Norgan had no qualms about Mr. Norgan meeting the competencies, he was an expert for Lithia in sales tax, and had clearly done a lot of research. Mr. Wilberger wondered about the fact that Mr. Norgan had worked at a firm in the past, but

there was no documentation of this aside from the comfort letter signed by a former supervisor. Ms. Adamson explained that due to different licensing procedures, applicants often choose one “path” for licensure, and when it is clear that there has been CPA supervision that will not be used to document competency, staff obtains the comfort letter.

COMMITTEE RECOMMENDATION: APPROVAL

Mr. Steiger moved to find that there is sufficient evidence to make a preliminary finding that Ian Norgan has demonstrated the competencies necessary for initial licensing per OAR 801-010-0065.

MOTION PASSED. 7 Ayes, 1 Abstain (Tate)

11. Heather Robison (Tate) – Agenda Item 2.A.10

Ms. Robison passed the Uniform CPA examination in August 2012 as a Nebraska candidate. Experience was gained at the following employer:

Umpqua Bank	22 months	All Competencies
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Ms. Tate confirmed that Ms. Robison worked closely with her supervisor, with 1-2 hours per week of consultation. Overall, Ms. Tate found that the application could have been more comprehensive. At a high level, she could see how the competencies were met, but wanted to see more detail. Mr. Landers asked how they chose one of the four supervisors listed, Ms. Tate said that only one had the required five years of licensure. Mr. Halbirt asked Ms. Tate if she felt this was a meaningful supervisory relationship, and Ms. Tate affirmed that it was at a high level, but would like more detail on the level and contents of the supervision as well.

COMMITTEE RECOMMENDATION: DEFERRAL

Ms. Tate moved to defer the application pending additional documentation of Competencies B, D, and E.

The motion was amended to request additional detail on the supervisory relationship.

MOTION PASSED. 8 Ayes

The committee took a break at 10:35 a.m., and reconvened at 10:44 a.m. Mr. Brown and Mr. Steiger would be leaving the meeting shortly, and Mr. Halbirt decided to quickly complete the items requiring a vote.

5. VICE-CHAIR POSITION - (Agenda Item 6.C)

Mr. Halbirt announced that Ms. Teixeira was no longer on the committee, as her license had lapsed, and opened the discussion for a new Vice-Chair. Mr. Steiger nominated Mr. Landers as the new Vice-Chair.

MOTION PASSED. 8 Ayes

6. CONTINUING PENDING APPLICATIONS

1. Kristin Henshen (Wilberger) – Agenda Item 2.B.2 – Previously Deferred

Ms. Henshen passed the Uniform CPA examination in October 2009 as an Oregon candidate. Experience was gained at the following employer:

Mr. Wilberger spoke with Ms. Henshen's supervisor a few times related to her experience in risk assessment and decision making, particularly around her role in an ERP software implementation. Mr. Wilberger was very comfortable with the role Ms. Henshen had taken in the risk assessment of not only information systems, but in the ability to assess the overall impacts on the entity and financial statements. Mr. Wilberger was also satisfied with Ms. Henshen's ability to present and implement decisions.

COMMITTEE RECOMMENDATION: APPROVAL

Mr. Wilberger moved to find that there is sufficient evidence to make a preliminary finding that Kristin Henshen has demonstrated the competencies necessary for initial licensing per OAR 801-010-0065.

MOTION PASSED. 8 Ayes

7. IRS MOU – (Agenda Item 5.B)

Mr. Halbirt asked if there was any additional discussion following the final submission from the IRS. The committee agreed the information was very detailed and adequate. Mr. Pittioni confirmed that the staff would draft the MOU. Mr. Wilberger moved accept the IRS Certification Program.

MOTION PASSED. 8 Ayes

8. APPROVAL OF MINUTES (Agenda Item 3)

A. July 16, 2014

There were no modifications made to the minutes. Mr. Steiger moved to approve the April 23, 2014 Qualifications Committee minutes as submitted.

MOTION PASSED. 8 Ayes

9. DEPT. OF REVENUE MOU (Agenda Item 6.A)

Mr. Halbirt reported that this will be topic on the November agenda. There are a few items that will require more information. The Dept. of Revenue's responses will most likely be prepared in November.

10. CERTIFICATE OF EXPERIENCE LISTS (Agenda Item 6.B)

Mr. Halbirt had noticed that there were two separate but redundant lists sent in the packets for supervisors that need to be made more concise. Mr. Steiger agreed that there were issues and recommended deferring the discussion to the in-person meeting in November. Also on the topic of application materials, Mr. Halbirt brought up the issue of the comfort letter, and whether it should be used. Mr. Landers felt it could be a useful tool to affirm that there were no issues with former supervisor licensees that the committee should be aware of, but Ms. Tate felt that the letter could be too much given the level of detail the committee already asks for in the application write-ups. Mr. Halbirt wanted to be able to give the staff clear direction, suggested bringing the discussion to the November meeting.

11. ADJOURNMENT

The committee adjourned at 11:12 a.m.