

OREGON BOARD OF ACCOUNTANCY
PEER REVIEW OVERSIGHT COMMITTEE
MINUTES – SEPTEMBER 25, 2013

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

Members Present

Roy Rogers, CPA, *Chair*
Stuart Morris, PA
Ryan Kramer, CPA

Board Liaison

Scott Wright, CPA

Guests:

Phyllis Barker, OSCPA

Excused Absence

Nancy Young, CPA

Staff

Martin Pittioni, *Executive Director*

Heather Shepherd, *Committee Coordinator*

1. Call to Order

The Peer Review Oversight Committee convened by telephone on September 25, 2013. Chair Rogers called the meeting to order at 1:32 p.m. and announced the meeting was being recorded.

2. Approval of Minutes

A. July 18, 2013

COMMITTEE ACTION: Moved by Mr. Morris and carried to accept the minutes of July 18, 2013.

VOTE: Unanimous - 3 ayes, 1 excused absence (Ms. Young)

3. Report of Board Action

Board Liaison Wright reported that the Board met on August 11 and 12, 2013. At the work session the Board discussed the context of the PROC committee meeting minutes of July 18, 2013 and what, if any, additional duties could be assigned to the PROC that the Board may currently be handling. The current laws and rules do not allow for a waiver of the peer review requirement. The Board would like to know if the committee has any comments or recommendations to allow a waiver of a peer review requirement. Mr. Morris is concerned that a firm, who is continues to practice as a firm, requests a waiver from peer review. The peer review is granted based on the information provided. Then the firm once again does work that would be required to be peer reviewed. Based on this scenario, when would the firm be required to complete a peer review? Ms. Barker explained that a firm is only required to complete a peer review once every three years. The peer review period only looks at the 12-month period preceding the review date. There have been occasions when a firm has completed work that requires peer review for the two

years that are not part of the 12-month preceding review date period and then has no peer review work during the third year. After the required peer review date, the firm once again does work for two years and avoids having a peer review completed. Ms. Barker explained that firms who are not required to have a peer review because they did not perform services in the 12-month period and then begin providing these services again are required, by peer review standards, to report this to the OSCP. The Peer Review Standards require the firm to have an accelerated peer review. The discussion from the Board to allow a waiver from peer review has been regarding a firm that has changed the type of services offered or for the firm that no longer exists because the individual licensee is no longer practicing public accounting in a public accounting firm. The Board also discussed what, if any, action should be taken against a firm that has two consecutive failed peer reviews. The peer review documents cannot be obtained from administering entity; however, Board rules would require a firm provide these documents to the Board if requested. Mr. Pittioni explained that historical information regarding a firm's peer review is only kept in the Board records because the administering entity is only allowed to have the most recent peer review documents in its possession. Current Board rules only require a firm who has chosen to not allow access on the AICPA FSBA site to submit the peer review report as well as the peer review acceptance and/or completion letter. If a firm has allowed access on the AICPA FSBA site the firm is only required to submit the acceptance and/or completion letter. Firms are required to submit the acceptance and/or completion letter with 45-days of receipt to the Board office. Mr. Rogers expressed concern that there are many reasons a firm could receive two consecutive fails for peer review which may not indicate a true systemic problem in a firm. Mr. Pittioni indicated that possible changes to the rules regarding peer review might be manageable if there was a smaller taskforce who could work on the structure of the rules. This information could then be presented to the full committee. The committee could then make provide recommendations to the Board. The task force will be Roy Rogers, Scott Wright, Phyllis Barker and Martin Pittioni. Ms. Shepherd will send an email to the members to coordinate a meeting date and time in late October/early November.

4. Old Business

A. Personal Services Contract

1. Consideration of contract version 8, with edits from counsel and OSCP dated June 17, 2013.

The committee had recommended the Board approve the Personal Services Contract version 8 dated June 17, 2013 at the July 18, 2013 meeting. Mr. Pittioni notified the committee that there were additional comments from the OSCP that were not considered regarding the Statement of Work. Mr. Pittioni, Ms. Barker and

Ms. Shepherd had a phone conversations to discuss the edits to the Statement of Work that are being presented to the Committee. The edits are:

- Item 1. The second paragraph reads “within ____ days of the Effective Date of the Contract, the Contractor shall develop or adopt”... The OSCPAs has developed a program that will continue to be used.
- Item 8. The word Review needs to be changed to Report. The correct term for RAB is Report Acceptance Body.
- Item 10. This entire section should be removed. The information required is either available through other channels or OSCPAs cannot comply with the items because providing the information listed would be a violation of the administering agreement that OSCPAs has with the AICPA.
- Item 11. Will be changed to 10. The following will be removed “In addition to the above quarterly reports,”...

Ms. Barker explained to the Committee that the information requested in item 10 of the contract is accessible to Board employees who have access on the AICPA FSBA site.

COMMITTEE ACTION: Moved by Mr. Kramer and carried to recommend that the Board adopt the personal service contract between the Oregon Board of Accountancy and the Oregon Society of Certified Public Accountants as described in contract version 8, dated June 17, 2013 with the edits outlined.

VOTE: Unanimous - 3 ayes, 1 excused absence (Ms. Young)

5. New Business

A. OSCPAs Peer Review 101 Training

Ms. Barker has agreed to hold a peer review training for BOA staff and extends the invitation to members of PROC. The training will be held Friday, October 4, 2013 at 1:30 p.m. at the OSCPAs office in Beaverton, Oregon. Mr. Rogers and Mr. Morris are unable to attend the meeting. Mr. Kramer is interested but will have to check with his obligation to his employer. Mr. Kramer will contact Mr. Pittioni and Ms. Barker to let them know if he is able to attend the training.

B. Briefing on Laws and Rules Project of the Board

The Board has assembled a committee that will review the statutes and rules relating to the practice of public accounting. This will be a long term project that will look at the statutes and rules based on principle and the general framework of both. The committee will be looking at has worked well and what needs to be improved or is missing all together i.e. peer review waiver. During the 2013-15 Legislative session, there was a bill introduced that would have affected PROC. The bill

proposed that any committee that resided in a statute would require the Governor to appoint and the Senate approve the members of the committee. The laws and rules committee will likely recommend that the Board remove PROC from statute and be treated the same as other Board committees.

Another item for discussion, is the option for Oregon firms who are AICPA members to “opt out” of having its peer review posted on the AICPA FSBA website. Currently a firm who choose to opt out is required to submit:

- Peer review report issued
- Letter, if any, from the RAB prescribing corrective actions
- Firm’s response letter, if any
- A letter from the firm to the Board describing corrective actions taken by the firm that relate to the requirements of the RAB
- Other information the firm deems important for the Board’s understanding of the information submitted

If firms are required to participate on the AICPA FSBA site, Board staff will be able to obtain the peer review report and the acceptance and/or completion letter.

6. NEXT MEETING

At this time, there is not another scheduled meeting for the calendar year 2013. Based on the work that will be completed by the subcommittee there will likely be a meeting scheduled the first week in December. The committee would like the meeting to be held prior to the Board meeting on December 9, 2013.

Meeting adjourned at 2:33 p.m.