



OREGON BOARD OF ACCOUNTANCY

Peer Review Oversight Committee Minutes

January 20, 2016

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

Present:

Jessie Bridgham, CPA, Chair (via phone from 11:30 – 12:00)
Ryan Kramer, CPA, Vice Chair
Candi Fronk, Board Liaison
Brad Bingenheimer, CPA
Terry Griffin, CPA
Phyllis Barker, OSCP Representative
Martin Pittioni, Executive Director
Kimberly Fast, Licensing Manager
Angel Legler, Licensing Specialist

1. Call Meeting to Order and Announce Recording

Vice-Chair Kramer called the meeting to order at 11:31 a.m. and announced that since Chair Bridgham was attending the meeting by phone, she had asked him to run the meeting as Acting Chair. Mr. Kramer announced the meeting was being recorded.

2. Review and Approval of PROC Minutes of October 8, 2015

Ms. Fast advised the minutes handed out at the meeting were revised as suggested by Ms. Bridgham. Mr. Kramer noted one other grammatical error.

COMMITTEE RECOMMENDATION: Move by Mr. Griffin and carried to approve the minutes as presented.

VOTE: 5 ayes

3. New Business

a. Review and Approval of PROC Minutes of October 8, 2015

Ms. Bridgham drafted a document related to the NASBA guidance on Peer Review Reports. The committee reviewed her draft and noted that she captured the discussion and position of the committee at their last meeting. The NASBA draft basically refers any non-pass peer review to a compliance process. The committee believes NASBA's approach is too punitive to firms as drafted.

The committee believes that if a firm has consecutive non-pass peer reviews, especially if they are for the same reasons as the previous non-pass report, it warrants a closer look at the firm. It is suggested that the PROC committee review the reports documents for the non-pass review to determine the severity and refer to the compliance team at the Board office. In addition, it was determined that when a firm receives their first non-pass report, a letter from the Board office should be sent to let the firm know that the Board is aware of their results and encourage the firm to make sufficient improvements in their processes to avoid another non-pass peer review result. Firms who receive a consecutive non-pass report will be closely reviewed by the PROC and any system review with 2 non-pass results will be sent an inquiry letter. Inquiry letters are non-disciplinary and are used to gather additional information to determine if an investigation should be opened. Ms. Fast commented that there have only been 24 non-pass reports in the past year and of those only 5 were system reviews.

The committee would also like the Board office to send a letter to firms that are dropped from the peer review program. Firms can be dropped for many reasons including not completing paperwork to non-cooperation with the Review Acceptance Board (RAB).

The committee made some revisions to Ms. Brigham's draft which staff will make and redistribute to the committee for final review.

b. Development of Questions for AIPCA / Jim Brackens Meeting

Mr. Pittioni and Mr. Griffin will be meeting with Mr. Brackens, Vice President of Ethics and Practice Quality at the American Institute of CPAs (AICPA). On the morning of January 25, 2016, at the suggestion of PROC Chair Bridgham. Mr. Pittioni asked the committee for input on any questions they would like addressed at this meeting. Mr. Brackens has been involved with the Peer Review program for many years and has a lot of knowledge on the current status of the peer review program suggested changes being suggested by the AICPA and NASBA.

In discussing potential questions for Mr. Brackens, it was determined that peer reviewers are very hard to recruit. There is a very small pool of licensees who are willing to take the necessary training to be eligible to serve as a peer reviewer. A question area for Mr. Brackens would be regarding the tension between needing more peer reviewers and the increasing difficulty in qualifying to become a peer reviewer. The committee would like Mr. Brackens' perspective regarding the contemplated direction the PROC is headed with the non-pass peer reviews in Oregon as discussed above and its view that the current NASBA draft guidance document on Peer Review appears to be too punitive. The committee would also like Mr. Brackens to inform the group on the sense of other states on how they will move forward with firms who have consecutive failures.

c. Draft Letter of Concern for Consecutive Failed Peer Reviews

This letter was not available at this meeting, however, after the discussion from today's meeting, staff will draft both a letter to firms who have their first non-pass review as well as draft a letter of concern to those firms who receive a consecutive non-pass peer review result. These letters will be distributed for committee review at the next meeting.

d. Other Items from Committee Members

There were no other items presented for discussion by members

e. Development of PROC Meeting Calendar for 2016

The committee members determined they will meet again on May 2, 2016 and will determine schedule the following meeting(s) at a later time.

4. Old Business

a. Report on RAB attendance by PROC Members

Ms. Bridgham and Mr. Griffin attended the OSCPA RAB meeting in October 2015. Ms. Bridgham was not on present during this agenda item and Mr. Griffin provided the report.

Mr. Griffin noted that the RAB has a very thorough and thoughtful process when reviewing the peer review findings. The members discuss the described problems and corrective action proposed and discuss if the prescribed action would be sufficient. Mr. Griffin mentioned that there were several non-pass reports at the meeting. Although the process seems well run, he did mention that both he and Ms. Bridgham believe situations may occur where the closeness of the relationship between the peer reviewer and the firm being reviewed may call into question if the peer reviewer still has the necessary independence.

5. Announcement and Adjournment

Mr. Kramer adjourned the meeting at 2:53 p.m.

Statement of public interest in regulating practice of accountancy

The public interest requires:

(1) The promotion of reliable information used for guidance in financial transactions and accounting for, or assessing the financial status or performance of, commercial, noncommercial and governmental enterprises;

(2) That persons professing special competence in accountancy or offering assurance as to the reliability or fairness of presentation of such information demonstrate their qualifications to do so, and that persons who have not demonstrated and maintained such qualifications, including public accountancy professionals not in public practice, not be permitted to hold themselves out as having special competence or to offer such assurance; and

(3) That the conduct of persons licensed as having special competence in accountancy be regulated in all aspects of their professional work and that the use of titles relating to the practice of public accountancy that have the capacity or tendency to mislead or deceive the public as to the status or competence of the persons using the titles be prohibited. [1999 c.322 §1]