

# OREGON BOARD OF ACCOUNTANCY

Minutes, December 11, 2006

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**

James Gaffney, CPA, Chair  
Lynn Klimowicz, CPA, Vice-Chair  
Kent Bailey, CPA, Treasurer  
Jens Andersen, CPA  
Stuart Morris, PA  
Ray Johnson, CPA  
Anastasia Meisner, Public Member

## **Staff Members**

Carol Rives, Administrator  
Kimberly Bennett, Committee Coordinator  
Noela Kitterman, Investigator  
Joyce Everts, Committee Coordinator  
Heather Shepherd, Committee Coordinator

## **Guests Attending**

Keith Meyers, CPA, OSCP Representative  
Cheryl Langley, OSCP  
Ivan Besemann, CPA, OAIA Representative  
Jeffrey Dover, Asst. Attorney General  
Dennis Cuning, CPA, 9:10 a.m.  
Richard Harris, CPA, 11:30 a.m.

## **1. CALL TO ORDER**

### **A. Appoint Process Observer**

A quorum being present, Chair Gaffney called the meeting to order at 8:16 a.m. Anastasia Meisner was appointed process observer.

## **2. APPROVAL OF MINUTES**

### **A. October 1, 2006, Work Session**

**BOARD ACTION:** Moved by Klimowicz and carried to approve the October 1, 2006 Work Session meeting minutes.

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

### **B. October 2, 2006, Board Meeting**

**BOARD ACTION:** Moved by Klimowicz and carried to approve the October 2, 2006 Board meeting minutes.

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

## **3. REPORT OF CHAIR**

### **A. NASBA**

#### **1. Reports from Annual Conference**

Mr. Bailey and Mr. Johnson attended this conference. The AICPA will have two major topics for the coming year; Peer Review in all 50 states and mobility of CPAs across state borders. NASBA Board of Directors adopted the proposed changes to the UAA which were previously adopted by the AICPA Board of Directors on September 19, 2006. The CARB will now have a budget with its own staff. CARB will provide a model for state compliance assurance policies and procedures. The AICPA is close to adoption of the new classifications in regard to peer review reports.

**2. Authorize Administrator to Attend Executive Directors Conference**

The administrator requested that one staff be authorized to attend the NASBA conference March 2007. At this time the Board's budget will not support sending an additional staff member to the CPE conference.

**BOARD ACTION:** Moved by Klimowicz and carried to approve travel for the administrator.  
**VOTE:** Chair Gaffney did not vote; 6 ayes

**3. NASBA Committee Appointment**

Carol Rives, Board Administrator, was selected to serve on the NASBA Legislative Support Committee. Ms. Rives requested that her recent travel to Las Vegas, Nevada be ratified as the expense will be reimbursed from NASBA.

**BOARD ACTION:** Moved by Johnson and carried to approve travel for the administrator.  
**VOTE:** Chair Gaffney did not vote; 6 ayes

**4. Focus Questions**

Rives asked the Board to comment on the answers she developed for the NASBA focus questions. No comments or suggestions were made. The answers will be submitted by the December 21, 2006 due date.

**4. REPORT OF VICE CHAIR**

**A. May Work Session: Eugene Hilton**

The Board coordinator will contact the Hilton to see if a conference room is available for a half day on Saturday. If a conference room is available and the Complaints committee has had time to review enough investigation reports, the Board would like to dedicate Saturday afternoon to complaints as it did at the May 2006 Work Session. If no conference room is available for Saturday, the meeting for Sunday will be scheduled to begin at 9:00 a.m. as some Board members would prefer to commute Sunday morning.

**5. REPORT OF TREASURER**

Bailey reviewed the October 2006 financial report and noted that revenues are \$256,301 over projection and expenditures are \$15,361 under projections. Rives reviewed the Budget Strategies and Expenditure Categories Worksheet and noted that we are at 100% of our budget spending for the Attorney General's office and there are eight months left in the biennium. Additional upcoming expenses include: two investigations that will require two outside consultants; upgrade the database, which was not included in the Board's budget; and the on-line licensing project. Rives noted that the Board has the money, but that we need to ask the legislature if we can apportion monies to areas where needed.

**BOARD ACTION:** Moved by Johnson and carried to request additional spending authority from the legislature.

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

**BOARD ACTION:** Moved by Bailey and carried to accept the financial report.

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

## 6. LEGAL

### A. Report of Legal Items

#### 1. Proposed Orders after Hearing

##### a. Thomas Barrett

Barrett contracted with an unlicensed tax preparer to review and sign tax returns prepared by the tax preparer. Barrett did not meet with clients; he relied on the tax preparer to obtain adequate and accurate information from tax clients. The Board issued a Notice of Proposed Civil Penalty for \$10,000 for violations of:

- OAR 801-030-0010(1) Competence with respect to violation of Circular 230 (\$5,000);
- 801-030-0005(2), Integrity and Objectivity with respect to record retention and subordination of judgment (\$5,000)
- if Barrett continues to practice in this manner, issue a Cease and Desist Order.

**Board Discussion:** *The Board received an amended notice of proposed civil penalty from Thomas Barrett. Barrett requested a hearing and the Board is currently awaiting response from the Administrative Law Judge (ALJ). There is no action at this time.*

##### b. Rostad and English

The Board issued a Notice of Proposed Civil Penalty of \$15,000 (\$5,000 x 3) for failure to protect confidential client information in violation of OAR 801-030-0015(1). Rostad & English requested a hearing. As a result of the hearing, an ALJ proposed consent order was issued.

**Board Discussion:** *The Board received a second amended proposed consent order submitted by the ALJ. The ALJ second amended proposed consent order corrected errors in the ALJ proposed consent order and included appellant division recommended language. The ALJ proposed that Rostad & English be subject to a civil penalty of \$2,500.*

**BOARD ACTION:** Moved by Bailey and carried to approve the ALJ second amended proposed consent order.

VOTE: Chair Gaffney did not vote; 6 ayes

##### c. Ternberg and Coombs, LLP

**Board Discussion:** *The Board reviewed the Final Order Adopting the Administrative Law Judge Proposed Order Dated November 22, 2006. The Administrative Law Judge upheld BOA's position.*

**BOARD ACTION:** Moved by Bailey and carried to approve the Final Order Adopting the Administrative Law Judge Proposed Order Dated November 22, 2006.

VOTE: Chair Gaffney did not vote; 6 ayes

## 2. Proposed Consent Orders

### a. John Gregor

When HUD conducted an audit of Gregor's audit engagements, HUD found the following five (5) violations:

- limited evidence of review and supervision of Gregor's audit staff,
- one staff member did not have adequate CPE,
- representation letters were missing or insufficient,
- inadequate pension disclosure,
- failure to comply with FASB 95 cash flow statements and lack of documentation for internal control.

The Board issued a Notice of Proposed Civil Penalty as follows:

- \$25,000 (\$5,000 for each of the five (5) violations described above) for violation of OAR 801-030-0010 Competence and Technical Standards
- require fifteen (15) random pre-issuance reviews over a two (2) year period to be performed by a peer reviewer approved by the Board.

**Board Discussion:** *The Board received a proposed offer in which Gregor agrees to no fewer than 15 pre issuance reviews of audits over a three year period and a \$5,000 (x 5) civil penalty.*

**BOARD ACTION:** Moved by Bailey and carried to approve the proposed offer of 15 pre-issuance reviews and a \$25,000 civil penalty with \$20,000 stayed.

VOTE: Chair Gaffney did not vote; 6 ayes

### b. Ronald Hoyt

Hoyt made an incorrect journal entry on the financial statements for two quarters and failed to disclose the non-recurring journal entries to the external auditors and to management. The incorrect journal entries were based on calculations using a company established formula. Hoyt did not report the problem with the formula to management or the external auditors. Hoyt did not exercise due professional care.

The Board issued a Notice of Proposed Civil Penalty and Notice of Suspension;

- \$5,000 for violations of ORS 673 170(2)(c)(A), Dishonesty and Gross Negligence
- \$5,000 for violation of OAR 801-030-0005 (1) Integrity & Objectivity
- three (3) years suspension.

**Board Discussion:** *The Board received a Proposed Order by Consent and discussed a reasonable period of time for Hoyt to submit the signed order.*

**BOARD ACTION:** Moved by Bailey and carried to approve the Proposed Final Order by Consent and delegate signing authority to Rives.

VOTE: Chair Gaffney did not vote; 6 ayes

### c. Dennis Weldon

Dennis Weldon was arrested on charges that he applied for and received hunting licenses and game tags in the name of his deceased

father, variations of the names of other family members and the social security number of another individual.

The Board issued a Consent Order to suspend Weldon for three years, assess a \$20,000 civil penalty with \$10,000 stayed with proof of completion of an alcohol treatment program and continuation in a weekly alcohol monitoring program for a period of three years, and attend 32 hours of Ethics CPE.

**Board Discussion:** *The Board received a signed Consent Order from Weldon.*

**BOARD ACTION:** Moved by Bailey and carried to approve the signed Consent Order.

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

**d. Holland**

The Attorneys have not responded – no action.

**e. Holland & Brooks**

The Attorneys have not responded – no action.

**7. COMPLAINTS COMMITTEE**

**A. Report of Complaints Committee**

**1. Acceptance of Minutes**

**BOARD ACTION:** Moved by Bailey and carried to approve the November 9, 2006 minutes.

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

**B. Consent Agenda**

**1. Complaint Investigations**

a. no item

\*b. Richard Goulette 04-02-007

\*c. Richard Harris 04-02-009

\*d. Dennis Cunning 06-06-031

e. Brandi Gibbons 06-08-038

\*f. Charles G. Pattee 06-09-040

g. Debbie Deering 06-10-041

\*h. Monica T. Marriott 06-10-042

\*Items moved to 7.C. for discussion

**C. Items Removed from Consent Agenda**

**1. 7.B.1.b. Richard Goulette 04-02-007**

Richard H. Goulette (Goulette) was the Business Director for the Oregon Coast Aquarium. Goulette subordinated his judgment to that of the Executive Director when he did not record a two million dollar loan or a second trust deed and when he recorded a loan as a donation without obtaining documentation. Goulette signed Management Representation letters, but did not inform the external auditors that the financial statements recorded some expenditures on the cash basis of accounting. When Goulette made an entry to record a donation as a loan after the

financial statement was issued, Goulette did not reissue financial statements or inform the external auditors;

**ALLEGED VIOLATIONS:**

**801-030-0005(2) Integrity and objectivity.**

*(a) In the performance of any professional service, a licensee shall maintain objectivity and integrity and shall be free of conflicts of interest, and shall not knowingly misrepresent facts or subordinate the licensee's judgment to the judgment of others.*

*(b) In tax practice, however, a licensee may resolve doubt in favor of the client as long as there is reasonable support for the client's position.*

*(c) A licensee shall not accept employment adverse to a client or former client, relating to a matter with respect to which the licensee has obtained confidential information by reason of, or in the course of, the licensee's employment by, or relationship with such client or former client.*

Goulette was responsible for the financial reporting of the Oregon Aquarium. Goulette subordinated his judgment to that of Bell's when Goulette followed Bell's instructions to record a loan as a donation without verifying the transaction.

Goulette followed Bell's instruction to record an approximate \$950,000 loan as a donation prior to Aquarium's year end, and at a later date, when the financial statements were issued, to record the amount as a loan.

**801-030-0010 (1) Competence and Technical Standards**

*A licensee shall not undertake any engagement for the performance of professional services which the licensee cannot reasonably expect to complete with due professional competence, including compliance, when applicable, with sections (2) and (3) of this rule.*

**(2) Auditing standards.** *A licensee shall not permit the licensee's name to be associated with financial statements in a manner as to imply that the licensee is independent with respect to such financial statements unless the licensee has complied with applicable generally accepted auditing standards. Statements on Auditing Standards issued by the AICPA, and other pronouncements having similar generally recognized authority, are considered to be interpretations of generally accepted auditing standards, and departures there from must be justified when such standards are not followed.*

**(3) Accounting principles.** *A licensee shall not express an opinion that financial statements are presented in conformity with generally accepted accounting principles if such financial statements contain any departure from such accounting principles which has a material effect on the financial statements taken as a whole, unless the licensee can demonstrate that by reason of unusual circumstances, the financial statements would otherwise have been misleading. In such a case, the licensee's report must describe the departure, the approximate effects thereof, if practicable, and the reasons why compliance with the principle would result in a misleading statement. For purposes of this rule, generally accepted accounting principles are defined by pronouncements issued by the Financial Accounting Standards Board and its predecessor entities and similar pronouncements issued by other entities having similar generally recognized authority.*

Goulette assumed the position of Business Director of Aquarium and signed Management Representation letters on behalf of Aquarium stating that the financial statements were presented in accordance with GAAP.

Goulette failed to record contracts or liabilities on retention, did not record construction in progress, he recorded construction expenses when invoices were paid, did not record loans, recorded a loan as a donation without substantiation, and signed Management Representation letters stating that the financial statements were in conformance with SFAS 5.

Goulette failed to inform the external auditors that the financial statements recorded some expenditures using the cash basis of accounting.

Goulette knew or should have known that loans and construction commitments are required to be recorded in the financial statements. Goulette should have alerted Aquarium's Board about Bell's activities, which may have given the Board adequate time to avoid the \$11.0 million bond issue default. Instead, Goulette's actions put the \$11.0 million bonds in jeopardy.

After the financial statements were issued, Goulette entered a material amount as a loan that was previously recorded as a donation. Goulette did not notify anyone that the financial statements were materially misstated. Goulette did not notify the external auditors or the Aquarium Board and did not reissue the financial statements.

### ***Other Responsibilities and Practices***

#### ***OAR 801-030-0020 (1) Professional misconduct***

*(a) A licensee shall not commit any act or engage in any conduct that reflects adversely on the licensee's fitness to practice public accountancy.*

*(b) Professional misconduct may be established by reference to acts or conduct that would cause a reasonable person to have substantial doubts about the individual's honesty, fairness and respect for the rights of others or for the laws of the state and the Nation. The acts or conduct in question must be rationally connected to the person's fitness to practice public accountancy.*

Goulette engaged in conduct that reflects adversely on his fitness to practice public accountancy when he disregarded the need to obtain evidence to record a \$950,000 loan as a donation and did not obtain details for loan agreements or construction contracts.

After the financial statements were issued, Goulette entered a material amount as a loan that was previously recorded as a donation. Goulette did not notify anyone that the financial statements were materially misstated. Goulette did not notify the external auditors or the Board and did not reissue the financial statements.

Goulette engaged in conduct that evidenced professional misconduct when Goulette materially changed previously issued financial statements and did not reissue the June 30, 2001 financial statements or notify the external auditors about the change.

INVESTIGATOR SUMMARY

**801-030-0005(2) Integrity and objectivity**

*Subordinated judgment to the judgment of Bell*

*AICPA 102-1.b. Failed to correct Aquarium's financial statements that were materially false and misleading when he had the authority to record an entry:*

1. Recorded pledge from bank without documentation;
2. Recorded construction in progress using cash method instead of accrual;
3. Did not record \$2 million Wells Fargo loan.

*AICPA 102-1.c. Signs or permits or directs another to sign, a document containing materially false and misleading information:*

1. Representation letter – 1999;
2. Representation letter – 2000;
3. Representation letter – 2001.

*AICPA 102-3 A member must maintain objectivity and integrity in the performance of a professional service. In dealing with his employer's external accountant, a member must be candid and not knowingly misrepresent facts or knowingly fail to disclose material facts. This would include, for example, responding to specific inquiries for which his or her employer's external accountant requests written representation.*

1. Did not notify external auditor of change by Bank from pledge to loan subsequent to issuance of the June 30, 2001 financial statement;
2. Did not tell external auditor that Aquarium recorded construction in progress on the cash basis of accounting;
3. Representation letter – 1999;
4. Representation letter – 2000;
5. Representation letter – 2001.

*AICPA 102-4.1. The member should consider whether (a) the entry or the failure to record a transaction in the records, or (b) the financial statement presentation or the nature or omission of disclosure in the financial statements, as proposed by the supervisor, represents the use of an acceptable alternative and does not materially misrepresent the facts. If, after appropriate research or consultation, the member concludes that the matter has authoritative support and/or does not result in a material misrepresentation, the member need do nothing further.*

1. Did not research if recording a bank pledge without documentation would materially misstate the facts;
2. Did not research if failing to record a \$2 million bank loan would materially represent the facts.

*AICPA 102-2. If the member concludes that the financial statements or records could be materially misstated, the member should make his or her concerns known to the appropriate higher level of management within the organization.*

1. Did not inform Aquarium's Board of change by Bank from pledge to loan subsequent to issuance of the June 30, 2001 financial statement;
2. Did not inform Aquarium's Board that Aquarium recorded construction in progress on the cash basis of accounting;

**OAR 801-030-0010 Competence and Technical Standards**

Did not present Aquarium's financial statement in accordance with GAAP for years ending June 30, 1999, June 30, 2000, and June 30, 2001 as follows:

1. Recorded construction costs when paid, and did not record contracts or liabilities on retentions;
2. Did not record a two million dollar loan from Wells Fargo and did not disclose the loan and a second trust deed for Mountain States Construction;
3. Removed the balance of a one million dollar loan payable to Bank and record the amount as a donation;
4. Signed the June 30, 2001 Management Representation letter representing that financial statements were in accordance with GAAP when they were not in accordance with GAAP;
5. Did not reissue the financial statements, and did not notify the external auditors after materially changing the financial statements by classifying a \$1.0 million bank donation as a loan;
6. Signed Management Representation letters even though he did not know the meaning of SFAS 5;

**OAR 801-030-0020 (1) Professional misconduct**

1. Did not obtain documentation to support journal entries;
2. Did not record \$2 million bank loan after he notarized "Phyllis Bell, President" signature;
3. Did not inform others when 2001 financial statements were restated.

Committee Discussion: Goulette subordinated his judgment to the judgment of the Executive Director (ED) when he recorded a loan as a donation without obtaining documentation. Goulette testified that he was unaware of CPA ethics requirements and did not know about the construction in progress at the Aquarium even though his office was located at the Aquarium. Goulette had responsibility to inform the Aquarium Board and external auditors that construction loans were recorded on the cash basis instead of accrual basis of accounting, that loans were not recorded in the financial statements and that the ED directed Goulette to record a loan as a donation without documentation of such an agreement with the bank.

COMMITTEE RECOMMENDATION: Moved and carried to recommend revocation of Goulette's CPA permit and assess a total civil penalty of \$27,000 as follows:

- OAR 801-030-0005(2), Integrity and Objectivity; Goulette signed three representation letters stating that the financial statements were prepared in accordance with GAAP. GAAP uses the accrual basis of accounting and Goulette used the cash basis; civil penalty \$11,000.

- OAR 801-030-0010 Competence and Technical Standards; For three years, Goulette did not report construction costs; civil penalty \$11,000.
- OAR 801-030-0020(1) Professional Misconduct; Goulette did not obtain documentation to support journal entries, did not record \$2 million bank loan and did not inform others when 2001 financial statements were restated: civil penalty \$5,000.

**Board Discussion:** *Gaffney and Johnson recused themselves from discussion. The Board discussed an additional violation for violation of OAR 801-030-0010, Technical Competence when Goulette testified that he was unaware that he was bound by the Professional Code of Conduct.*

**BOARD ACTION:** Moved by Bailey and carried to revoke Goulette's CPA permit and assess a total civil penalty of \$32,000 as follows:

- OAR 801-030-0005(2), Integrity and Objectivity; Goulette signed three representation letters stating that the financial statements were prepared in accordance with GAAP. Use of the cash basis of accounting to report construction costs for year ended 2000 and 2001; civil penalty \$11,000.
- OAR 801-030-0010 Competence and Technical Standards; Did not accurately report construction costs for years ended 1999, 2000 and 2001; civil penalty \$11,000.
- OAR 801-030-0010 (1) Technical Competence; Goulette testified that he was unaware that he was bound by the Professional Code of Conduct: civil penalty \$5,000.
- OAR 801-030-0020(1) Professional Misconduct; Goulette did not obtain documentation to support journal entries, did not record \$2 million bank loan and did not inform others when 2001 financial statements were restated: civil penalty \$5,000.

VOTE: Chair Gaffney and Johnson recused (2); 5 ayes

## **2. 7.B.1.c. Richard Harris**

**04-02-009**

Richard Harris (Harris) was engaged to provide bookkeeping services for client. Harris' employee, (employee) misappropriated at least \$85,000 from client while performing bookkeeping services on behalf of Harris.

ALLEGED VIOLATIONS:

### **OAR 801-030-0020(3) Professional Misconduct**

*Acting through others. A licensee shall not permit others to perform any acts on behalf of the licensee, either with or without compensation, which, if performed by the licensee would place the licensee in violation of the Code of Professional Conduct.*

Harris entered into an agreement to provide financial statements and other reports to client. Harris did not issue monthly financial statements, did not reconcile the bank accounts, and did not provide client with other requested reports, according to the terms of the engagement.

Harris failed to supervise employee, who used a variety of methods to misappropriate money from client. Harris' failure to supervise provided employee with the opportunity to misappropriate money from client. If Harris timely reviewed employee's work and timely provided services, Harris may have noticed changes in activity and questioned client about such activity. As a result of Harris' failure to

supervise employee, employee had the opportunity and did misappropriate funds from client.

#### INVESTIGATOR SUMMARY

##### **OAR 801-030-0020(3) Professional Misconduct**

Harris failed to adequately supervise employee's activities relating to her assignment to perform bookkeeping services for client.

Harris did not timely provide financial information to client as provided by the terms of the engagement.

Committee Discussion: Harris agreed to provide bookkeeping services and issue monthly financial statements for client. Harris issued approximately four of twelve monthly financial statements, and did not oversee the bookkeeping activities of his employee who was assigned this duty. Even though Harris did not issue any financial statements after July, Harris billed the client for those services. Harris failed to meet terms outlined in the engagement letter, did not supervise his employee, subordinated judgment to the judgment of his employee and issued incorrect financial statements that did not include "see compilation reports" and "disclosure was omitted". Harris also failed to retain workpapers.

COMMITTEE RECOMMENDATION: Moved and carried to recommend continuing professional education and assess a total civil penalty of \$15,000 as follows:

- \$5,000 civil penalty for violation of OAR 801-30-0010 (4), Other Professional Standards, for failure to comply with SSARS compilation standards;
- \$5,000 civil penalty for violation of OAR 801-030-0020 (1) (a) and (3), Professional Misconduct and Acting Through Others, for failure to properly bill and failure to supervise;
- \$5,000 civil penalty for violation of OAR 801-030-0015, (2)(e)(A), Record Retention;
- 16 hours of continuing professional education in Accounting and Review services.

***Board Discussion:** Mr. Harris arrived at the Board meeting at 11:30 a.m., and provided answers to Board questions. Harris advised the Board that he repaid \$24,000 when he was notified of the misappropriation of funds by his employee. Harris stated that he did not adequately oversee his employee with respect to reviewing her bookkeeping services, however, Harris stated that she was supervised and that Harris reviewed employee's work. When employee went on medical leave, employee destroyed Harris' working papers. The Board reviewed Harris' recent Peer Review Report and noted that the report is not modified, there is a letter of comments, but the concerns are modest. The Board applauded Harris' integrity to repay \$24,000 of the misappropriation of funds by his employee. The Board determined this appears to be an isolated case.*

**BOARD ACTION:** Moved by Bailey and carried to assess a \$10,000 civil penalty for violation of OAR 801-030-0020(3) Professional Misconduct (\$5,000 x 2) with \$6,000 stayed when proof of completion of 32 hours of Continuing Professional Education is completed (16 hours of CPE

in Compilation and Review, 8 hours of CPE in Quality Control and 8 hours of CPE in Supervision).

VOTE: Chair Gaffney did not vote; 6 ayes

**3. 7.B.1.d. Dennis Cunning**

**06-06-031**

On June 22, 2006 Dennis Cunning signed a notarized statement as “Dennis Cunning, CPA in private industry”. Cunning’s permit 2058 is inactive. When Cunning signed his name followed by the CPA designation Cunning did not state that his permit was “Inactive” or “Retired”.

ALLEGED VIOLATIONS:

**ORS 673.170(2)(n) Disciplinary Action; Grounds:**

*Failure to comply with the terms of a consent agreement described in subsection (3) of this section.*

Dennis Cunning did not comply with the terms of his consent agreement when he used the CPA designation with his signature on a notarized statement, on preprinted stationary and on a web page.

**ORS 673.320 Permit or Registration Required**

*(3) A person shall not assume or use the title or designation “certified public accountant,” or the abbreviation “C.P.A.,” or any other title, designation, words, letters, abbreviation, sign, card or device tending to indicate that the person is a certified public accountant, unless the person holds a valid certificate of certified public accountant issued under ORS 673.040 and a permit issued pursuant to ORS 673.160. And,*

**OAR 801-010-0120 Inactive Status**

*(3)(c) Except as provided in this rule, a licensee who is granted inactive status shall not hold out as a CPA or PA and the licensee shall be subject to disciplinary action under ORS 673 for violations of this provision.*

Dennis Cunning used the title or designation “certified public accountant,” or the abbreviation “CPA” or other device that tended to indicate that he was a certified public accountant when he signed a notarized statement, displayed the CPA designation on stationary and on a web page for “Pension Professionals of America, LLC”.

INVESTIGATOR SUMMARY

**ORS 673.170(2)(n)**

Failure to comply with the terms of a consent agreement.

**ORS 673.320(3) Permit or Registration Required**

Assumed or use of the title or designation “certified public accountant,” or the abbreviation “C.P.A.” while inactive.

Committee Discussion: There was no discussion.

COMMITTEE RECOMMENDATION: Moved and carried to recommend a total civil penalty of \$20,000 as follows:

- \$5,000, ORS 673.170(2)(n), Failure to comply with terms of a consent agreement
- \$15,000 (\$5,000 x3) ORS 673.320(3) Use of CPA designation while inactive.

**Board Discussion:** *Mr. Cunning arrived at the Board meeting at 9:10 a.m., and provided answers to Board questions. It was noted that Cunning has ten (10) previous complaints; three complaints were dismissed and seven complaints were finalized with a consent agreement. As a condition of the consent agreement signed by Cunning on August 13, 1996, Cunning agreed that while inactive, he will not practice public accounting or hold himself out as a CPA in any manner in Oregon. Cunnings' name with the CPA designation was displayed on a web page, on preprinted stationary and on a notarized statement with Cunnings' signature. The Board reiterated to Cunning that paragraph 3.B. of the consent agreement states that Cunning will "not hold out in any manner." Cunning stated that when he signed the consent agreement, he did not understand the meaning of "holding out", but now understands the meaning. The Board discussed revocation, suspension and civil penalty, and concurred that Cunning had a responsibility to understand the terms of the consent agreement.*

**BOARD ACTION:** Moved by Bailey and carried to assess the following:

- \$,5000 civil penalty for violation of ORS 673.170(n), failure to comply with terms of a consent agreement
- \$6,000 civil penalty (\$3,000 x 2) for violations of ORS 673.320(3), use of CPA designation while inactive
- Submit a written statement referencing paragraph III.A of the consent agreement for Board approval; outline in detail the proposed management of the accounting practice and a schedule of continuing professional educational courses
- Submit a written article greater than or equal to 1,000 words that is appropriate for publication, relating to ethics and the significance of ORS 673.320(3) and (5).

VOTE: Chair Gaffney did not vote; 4 ayes, 2 nays (Klimowicz, Johnson)

**4. 7.B.1.f. Charles G. Pattee**

**06-09-040**

Charles G. Pattee (Pattee) did not timely renew permit 4514. Pattee used the CPA designation on tax returns and displayed a sign during the time that his permit was lapsed.

ALLEGED VIOLATIONS:

**ORS 673.320(3) Permit or Registration**

*A person shall not assume or use the title or designation "certified public accountant" or "CPA" or any other title, designation, words, letters, abbreviation, sign, card or device tending to indicate that the person is a certified public*

*accountant, unless the person holds a valid certificate of certified public accountant issued under ORS 673.040 and a permit issued pursuant to ORS 673.150.*

Pattee did not timely renew his permit to practice as a certified public accountant. While Pattee's permit was lapsed, Pattee stated that he used the CPA designation on tax returns and displayed a building sign.

#### INVESTIGATOR SUMMARY

##### **ORS 673.320(3) Permit or Registration**

Use of permit while lapsed.

Committee Discussion: Pattee self reported when he submitted his reinstatement application.

COMMITTEE RECOMMENDATION: Moved and carried to recommend a \$250 civil penalty.

**Board Discussion:** *The Board discussed the civil penalty for violation of ORS 673.320(3) and concurred that they want to encourage good behavior through self-reporting.*

**BOARD ACTION:** Moved by Bailey and carried to assess a \$500 civil penalty for violation of ORS 673.320(3) Permit or registration; use of permit while in lapsed status with \$250 stayed.

VOTE: Chair Gaffney did not vote; 6 ayes

#### **5. 7.B.1.h. Monica T. Marriott**

**06-10-042**

Monica Marriott (Marriott) reinstated permit 7960 from lapsed to active in October 2006. Marriott used the CPA designation on business cards during the time that her permit was lapsed.

#### ALLEGED VIOLATIONS:

##### **ORS 673.320(3) Permit or registration**

*A person shall not assume or use the title or designation "certified public accountant" or "CPA" or any other title, designation, words, letters, abbreviation, sign, card or device tending to indicate that the person is a certified public accountant, unless the person holds a valid certificate of certified public accountant issued under ORS 673.040 and a permit issued pursuant to ORS 673.150.*

Marriott distributed approximately five business cards with the CPA designation while her permit was lapsed.

Marriott destroyed the business cards with the CPA designation and now uses a card without the designation.

#### INVESTIGATOR SUMMARY

ORS 673.320(3) Permit or registration

Violation of use of permit while lapsed

Committee Discussion: Marriott is not in public practice.

COMMITTEE RECOMMENDATION: Moved and carried to recommend a \$250 civil penalty for violation of ORS 673.320(3), Permit or registration.

**Board Discussion:** *The Board discussed the civil penalty for violation of ORS 673.320(3) and concurred that they want to encourage good behavior through self-reporting.*

**BOARD ACTION:** Moved by Bailey and carried to assess a \$500 civil penalty for violation of ORS 673.320(3) Permit or registration; use of permit while in lapsed status with \$250 stayed.

VOTE: Chair Gaffney did not vote; 6 ayes

#### **6. 7.B.1.g. Annual Report**

Bailey stated that the complaints committee members have excellent case discussions and applauded the committee for their high-quality work and carefully thought-out recommendations to the Board. The complaints committee will possibly agree to work one full day to review 20 complaint cases. The Board will discuss meeting for an additional half day to review the additional complaint committee recommendations at the February, 2007 Board meeting.

**BOARD ACTION:** Moved by Bailey and carried to accept the 2006 Complaints Committee Annual Report.

VOTE: Chair Gaffney did not vote; 6 ayes

### **8. REPORT OF ADMINISTRATOR**

#### **A. Request to Accept Experience from Andersen Firm**

The Board reviewed a letter sent by Tahnil Davis requesting the Board approve her experience at Andersen as meeting the core competencies. Andersen sent a letter to Ms. Davis verifying only the time she worked at the firm and did not address the core competencies.

The Board suggested that Ms. Davis contact her direct supervisor for further information on the competencies she achieved while employed with Andersen. The Board will review her file when she submits an application for certification.

#### **B. Reappointment of Committee Members**

##### **1. Peer Review Oversight Committee**

**Board Discussion:** *As a means of rewarding committee member volunteers, Board staff will send a thank you letter to the licensee with a copy to their employer.*

**BOARD ACTION:** Moved by Johnson and carried to approve reappointment of L. Parry Ankersen until December 31, 2008.

VOTE: Chair Gaffney did not vote; 6 ayes

##### **2. Complaints Committee**

**BOARD ACTION:** Moved by Johnson and carried to approve reappointment of Robert Armstrong, Darrell Dorrell, Larry Brown and Mark Cruzan until December 31, 2008.

VOTE: Chair Gaffney did not vote; 6 ayes

### **3. CPE Committee**

**BOARD ACTION:** Moved by Johnson and carried to approve reappointment of William Barker until December 31, 2008.

VOTE: Chair Gaffney did not vote; 6 ayes

### **4. Qualifications Committee**

**BOARD ACTION:** Moved by Johnson and carried to approve reappointment of Ron Rawls until December 31, 2008.

VOTE: Chair Gaffney did not vote; 6 ayes

### **5. CPC Committee**

**BOARD ACTION:** Moved by Johnson and carried to approve reappointment of Richard Emery, Judith Van Nice and Albert Carder until December 31, 2008.

VOTE: Chair Gaffney did not vote; 6 ayes

## **C. CPM Graduation**

Ms. Rives has completed the CPM program through Willamette University.

## **D. Strategic Business Plan**

### **1. 2005-2007 Review**

Ms. Rives reviewed the 2005-07 strategic business plan indicating the items that are completed or very close to completion. In addition, some items have been carried over to the 2007-09 strategic plan.

### **2. 2007-2009**

Ms. Rives reviewed the 2007-09 strategic plan and reviewed items carried over from 2005-07. The Board is required to conform Board agendas and activities to meet requirements directed by the 2005 legislature relating to best practices for Boards and Commissions. In addition succession planning for the Administrators tentative retirement in 2008 were added. The Board would like further discussion on succession planning at the May 2007 work session.

The Board may need to ask for a fee increase in order to implement criminal history checks. In addition to developing policies and procedures to monitor PCAOB inspection reports, the Board asked that Board investigations be added.

**BOARD ACTION:** Moved by Klimowicz and carried to approve the 2007-09 strategic business plan with the addition of Board investigations to the PCAOB section.

VOTE: Chair Gaffney did not vote; 6 ayes.

## **E. Memo describing licensee question – information only**

The Board Investigator received an anonymous call from an Oregon CPA who is employed as a city finance director. The CPA explained that the city is currently undergoing its annual external audit. The external auditor requested that the CPA compose and sign a letter representing to the external auditor that she had not in the past, was not currently and would not in the future file a complaint against the external

auditor with the Oregon Board of Accountancy. The CPA questioned if she would be in violation of Board statutes or rules if she signed such letter.

**Board Discussion:** *The Board noted that they are hesitant to give advice to anonymous phone callers. Johnson stated that he would like to see a violation in the code of conduct if a CPA signs such an agreement.*

#### **F. Application for CPA Certificate**

The Board received an application for issuance of a CPA certificate and permit to practice public accounting. The applicant was convicted of a child molestation felony in 2001.

**Board Discussion:** *The Board determined that additional facts regarding the felony conviction are needed. The Board discussed referring the case to counsel.*

**BOARD ACTION:** Moved by Johnson and carried to refer to counsel for recommendation regarding licensing.

VOTE: Chair Gaffney did not vote; 6 ayes.

#### **G. Ryan Complaint Investigation and Resignation Request**

This licensee is under investigation for embezzlement. The prosecuting attorney and the licensee attorney both are trying to work out a plea deal to avoid trial. Both have requested that the Board issue a revocation against licensee before an investigation of potential violations to ORS 673 or OAR 801.

**BOARD ACTION:** Moved by Klimowicz and carried to revoke permit by consent order of stipulated facts. The Board Chair or Administrator is given delegated authority to sign this consent order.

VOTE: Chair Gaffney did not vote; 6 ayes.

#### **H. Special Reviews**

The Board sometimes issues a Notice or Order that requires a licensee to undergo a special review of future work that is similar to the work that was the subject of a complaint.

The fundamental purpose of such reviews is to provide further assurance of the licensee's competence for public protection. The requirements of a special review are determined on a case-by-case basis. Recently licensees who have been requested to perform such reviews (Reviewers) have made inquiries to the Board office to be sure that their work will meet the Board's requirements. In the course of these conversations, we have become aware of distinctions or consequences that the Board may wish to consider when making a decision to require a special review. In every case it is the Board's expectation that a Reviewer will provide the Board with a written report of the review findings. It is not expected that a review report will include recommendations regarding violations of Oregon statutes or rules. Rather, the report should identify deficiencies with regard to the appropriate professional standards. The question whether further action is necessary in each case is a matter for the Board to determine.

### **Pre-issuance Review**

This review is required for work that is completed by the licensee, but has not been issued. The expectation is that deficiencies will be identified by the reviewer and either an explanation will be provided or the deficiency will be corrected before the work is issued. There are both tangible and intangible consequences to the licensee that go beyond the cost of the engagement.

1. An issue of independence arises if the licensee wishes to have the pre-issuance review conducted by their usual Peer Reviewer. The Reviewer's independence is impaired if the Reviewer makes recommendations regarding the issuance of one or more reports. Based on the lack of independence the Reviewer would not be able to participate in the scheduled Peer Review.

2. A pre-issuance review includes additional costs, over and above the cost of the initial engagement. The licensee will have costs associated with delays required for responding to the Reviewer's comments and for making changes to a report. The Reviewer may also incur additional fees related to follow-up activities. The licensee may also be required to advise the client if the work is delayed and to obtain client permission to share confidential information related to the engagement. This disclosure may result in "client remorse" and the client may decide to engage a different licensee for future work.

### **Post-issuance Review**

This review is conducted after the licensee's work is issued. Post-issuance review does not impair independence if the Reviewer selected is also the firm's usual Peer Reviewer. This review does not provide as much public protection, but may be sufficient, based on whether the work to be reviewed is subject to Peer Review and the circumstances of the prior violation.

### **Additional Engagements for Review**

When the Board requires that additional engagements be reviewed, the review should not be included in the scheduled Peer Review. A Peer Reviewer does not have the authority to increase the number on engagements to be reviewed. The additional reports would also be subject to acceptance by the RAB, which would require additional time and incur additional costs to the licensee for administrative costs of the Peer Review Program. This requirement should also be conducted as a special review, separate from the normal Peer Review process.

### **Engagement Letters for Special Reviews**

It has been suggested that special reviews required by the Board should be conducted as an Agreed-upon Procedure, with the appropriate engagement letter under AT 201, AT 601, or under the management and consulting standards.

## **9. PUBLIC COMMENTS**

None

## **10. REPORT OF OAIA**

Mr. Besemann did not have any comments.

## **11. REPORT OF OSCPA**

Mr. Meyers reported that the society is considering proposing legislation regarding mobility across state borders and the requirement to apply for Substantial Equivalency. The society is also working on legislation in regards to confidentiality when a negative Peer Review report is received by the Board of Accountancy. The society would like these to remain confidential and not become public record.

Ms. Langley reported that the AICPA, the Ad Council and state societies are working on a public service campaign "Feed the Pig". The campaign is directed at individuals between 24-35 years old and the dangers of credit card debt and how it will affect their financial future.

## **12. OLD BUSINESS**

### **A. Administrative Rule Hearing**

The Board held an administrative rule hearing on November 15, 2006. Representatives from the OSCPA attended and gave testimony on proposed changes to OAR 801-030-0020(7)(d). The OSCPA is opposed to the proposed language. The Board would like additional review of this particular section of the rules and will work with the OSCPA to develop language that is agreeable to both the Board and the society.

The Board will review any proposed language at the February Board meeting.

### **B. Legislative Concepts, Approved**

#### **1. LC 498, Licensing Requirements**

The purpose of this concept is to correct the substantial equivalency requirements.

**BOARD ACTION:** Moved by Klimowicz and carried to accept LC 498.

**VOTE:** 6 ayes; Chair Gaffney did not vote.

#### **2. LC 499, Firm Ownership Requirements**

**BOARD ACTION:** Moved Morris and carried to accept LC 499.

**VOTE:** 6 ayes; Chair Gaffney did not vote.

#### **3. LC 497, Public Accountant Board Position**

This concept was reviewed and it was noted that the OSCPA would like to change the concept to replace public member with a CPA if no Public Accountant is available.

**BOARD ACTION:** Moved by Andersen and carried to accept LC 497.

**VOTE:** 6 ayes; Chair Gaffney did not vote.

#### **4. LC 870, Preventing Reports to Board**

This concept will remain as a placeholder.

**BOARD ACTION:** Moved by Klimowicz and carried to accept LC 870.

**VOTE:** 6 ayes; Chair Gaffney did not vote.

**C. Approval 2007 Meeting Calendar**

The Board reviewed the proposed 2007 calendar of meetings.

**D. Substantial Equivalency Worksheet**

Defer to Spring 2007 Work Session

**13. CONTINUING PROFESSIONAL EDUCATION**

**A. Report of CPE Committee**

**1. Acceptance of Minutes**

a. November 29, 2006

**BOARD ACTION:** Moved by Klimowicz and carried to accept the minutes of November 29, 2006.

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

**2. Consent Agenda**

**a. Recommendations**

\* **1. Revisions to Minimum Standards**

\* **2. Annual Report**

**3. Municipal Auditor Applications**

**a. Kori L. Sarrett**

COMMITTEE RECOMMENDATION: Accept; the applicant completed the requirements for the municipal audit roster, as required by OAR 801-020-0690.

**b. Teresa Nohrenberg**

COMMITTEE RECOMMENDATION: Accept; the applicant completed the requirements for the municipal audit roster, as required by OAR 801-020-0690.

**c. Julie A. Rowe**

COMMITTEE RECOMMENDATION: Accept; the applicant completed the requirements for the municipal audit roster, as required by OAR 801-020-0690.

**d. Max Hunt**

COMMITTEE RECOMMENDATION: Accept; the applicant completed the requirements for the municipal audit roster, as required by OAR 801-020-0690.

**e. Richard Stoddard**

COMMITTEE RECOMMENDATION: Accept; the applicant completed the requirements for the municipal audit roster, as required by OAR 801-020-0690.

**f. Casey Camors**

COMMITTEE RECOMMENDATION: Accept; the applicant completed the requirements for the municipal audit roster, as required by OAR 801-020-0690.

**\*Items removed from consent agenda**

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

**VOTE:** Chair Gaffney did not vote; 5 ayes, 1 excused (Johnson)

**4. Items Removed from Consent Agenda**

**1. 2.a.1. Revisions to Minimum Standards**

Mr. Phil Hopkins and Ms. Amy Palacios, Secretary of State, Audits Division, attended the CPE committee meeting and described proposed revisions to OAR 162-010 and 040. The majority of the changes are housekeeping. The standards were updated and the revised rules correspond. The revisions do not require additional work on the auditor's part.

**2. 2.a.2. Annual Report**

The committee approved the annual report for presentation at the December 2006 meeting.

**BOARD ACTION:** Moved by Klimowicz and carried to accept the 2006 CPE Annual Report.  
**VOTE:** Chair Gaffney did not vote; 6 ayes

**14. PEER REVIEW OVERSIGHT**

**A. Peer Review Oversight Committee**

**1. Acceptance of Minutes**

**a. November 7, 2006**

**BOARD ACTION:** Moved by Andersen and carried to accept the minutes of November 7, 2006.

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

**B. Consent Agenda**

**1. Recommendations**

**a. Approve AICPA and OSCP A Peer Review Programs for 2007**

**BOARD ACTION:** Moved by Andersen and carried to approve the AICPA and OSCP A Peer Review Programs for 2007.

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

**2. Items Removed from Consent Agenda**

**a. PCAOB Inspection Report Review Policy**

The Board reviewed the PCAOB Inspection Report Review policy (attachment A) and noted that if the reviewer signs a confidentiality letter with the Board, the reviewer may shred the documents rather than return the documents to the Board office.

**BOARD ACTION:** Moved by Andersen and carried to approve the amended PCAOB Inspection Report Review policy: "the reviewer may sign a confidentiality letter with the Board allowing the reviewer to shred the PCAOB documents rather than return the documents to the Board office".

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

**b. Annual Letter to all Oregon Firms that are Subject to PCAOB Review.**

**BOARD ACTION:** Moved by Andersen and carried to approve the annual letter to all Oregon Firms that are subject to PCAOB review (attachment B).

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



**D. Stanford Munro 06-010-020**

Mr. Munro gained his experience with the following employer:

Far & Wide Travel 39 mos. All competencies

Mr. Munro holds a Oregon Public Accountant license which lapsed in 1981.

Mr. Munro took the CPA exam again and passed on May 9, 2006. Mr. Munro's experience is with Far & Wide Travel as a finance manager. Mr. Munro reported to the supervisor licensee, who is located in Florida. Mr. Rawls contacted the supervisor licensee and is satisfied that the level of supervision meets the Boards requirements. Mr. Munro has not yet provided evidence of passing the AICPA Ethics exam.

COMMITTEE RECOMMENDATION: Moved by Emberland and carried to recommend approval of the application for certification for Stanford Munro pending successful completion of the AICPA Ethics exam. Vote: 4 ayes, 3 excused (Santiago, Rawls and Carey)

**E. Stephen Wilcox 06-09-017**

Mr. Wilcox gained his experience with the following employer:

Lithia Motors 29 mos. All competencies

Mr. Wilcox passed the CPA exam on May 30, 2006. Mr. Wilcox gained his experience with Lithia Motors as an internal auditor. Mr. Emberland indicated the certificate of experience is thorough and clearly demonstrates that the applicant has met all competencies.

COMMITTEE RECOMMENDATION: Moved by Emberland and carried to recommend approval of the application of Stephen Wilcox. Vote: 4 ayes, 3 excused (Santiago, Rawls and Carey)

**\*F. Dawna Oksen**

See below for discussion

**\*G. Jill Morris**

See below for discussion

**\*H. Kelli Yeck**

See below for discussion

**2. Other**

**\*a. 2006 Annual Reports**

See below for discussion

**3. Approval of Applications**

**a. CPA Certificates/Permits**

66 CPA Applications

**b. PA Licenses/Permits**

None

**c. Firm Registrations**

14 Firm Applications

**d. Substantial Equivalency Approval**

25 Substantial Equivalency Authorizations

**\*Items moved to 15.C. for discussion**

**C. Items Removed from Consent Agenda**

**1. Bob Baldwin**

Mr. Baldwin gained his experience with the following employer:

Lane Community College 39 mos. All competencies

Mr. Baldwin passed the CPA Exam in November 1998. Mr. Baldwin's experience is based on his position with Lane Community College as a procurement specialist. Mr. Selid does not believe Mr. Baldwin has had sufficient experience in this position. He has held this position since 2003 under the supervision of a qualified supervisor licensee. The position does not include any financial statement work or typical accounting duties. The committee does not believe that competence in the seven core areas can be achieved based on the job description of Mr. Baldwin's position.

**COMMITTEE RECOMMENDATION:** Mr. Selid moved to recommend a finding that Mr. Baldwin has not achieved the competencies. Vote: 4 ayes, 3 excused (Santiago, Rawls and Carey)

**BOARD ACTION:** Moved by Meisner and carried to accept the committee recommendation to deny Mr. Bob Baldwin's application for a Certified Public Accountant.

**VOTE:** Chair Gaffney did not vote; 6 ayes.

**2. Dawna Oksen**

Ms. Oksen requests an exception to the "direct supervision" rule. Ms. Oksen has worked for South Valley Bank & Trust for the past 12 years. Her work is reviewed and evaluated by Moss Adams LLP, the external auditor and indirect supervision is provided by Brent Kap. Mr. Kap is the Audit Committee Chairman; his license has been lapsed since July 2005. Mr. Kap has had significant oversight and involvement in Ms. Oksen's work experience. Neither Moss Adams nor Mr. Kap qualify under the rules for direct supervision.

*Committee Discussion: Mr. Emberland suggested that the committee should focus on the quality of supervision and experience. He is opposed to drifting too far from the purpose and definition of direct supervision. Although current technology allows candidates to be supervised 'remotely' the committee needs to consider how closely the applicant is actually supervised.*

*There is insufficient information to make a determination in this case, and the committee does not pre-approve a supervisory relationship for an applicant. The committee will review Ms. Oksen's application when it is submitted and will review her experience at that time. A quorum of committee members was not present at the time of this discussion and a formal recommendation was not possible.*

**Board Discussion:** *Since there was not a quorum present at the time of discussion on Ms. Oksen's case, the Board would like the full committee to have an opportunity to review this case and therefore recommends sending back to the committee for a recommendation.*

### 3. Jill Morris

The committee directed staff to communicate with Ms. Morris' employer, Mr. Juskalian, and request more information about Juskalian's supervision of Ms. Morris.

Ms. Morris passed the CPA exam on May 26, 2006. Mr. Carey reported that the write-up was not sufficient for him to determine whether or not the applicant meets the competencies. In addition, it is unclear whether or not the applicant has direct supervision.

The committee reviewed Mr. Juskalian's response and believes that the communication between the supervisor licensee and the applicant is on an 'as needed basis' rather than according to a formal plan of supervision. The committee asked staff to contact Mr. Juskalian by email asking for more detail regarding the supervisory role in terms of frequency of communication, method of communication and topics discussed.

There was no quorum at this point in the meeting; however committee members, Ashford, Emberland and Emery agreed that unless additional documentation is received explaining the supervision of Ms. Morris they would not recommend this application for licensure.

Staff will send an email to the supervisor licensee and if a response is received, will present the additional information to the Board December 11.

**Board Discussion:** *The Board would like the full committee to review Ms. Morris' case with the additional information received from her supervisor licensee, Mr. Juskalian. There was no quorum present when the committee reviewed in December.*

### 4. Kelli Yeck

#### **Discussion, September 28 Qualifications Meeting**

Mr. Emberland reported that the applicant met all competencies except for "G" (Quality of communication expressing scope of work, findings and conclusions), with Samaritan Health Services. The write up on the other six competencies was well documented but the employer did not state why the applicant did not acquire competency in "G". All competencies were met with the second employer, RP Smith, CPA.

The committee directed staff to request clarification on competency "G" from Samaritan Health Services. This file will be deferred until the committee meets in December and the response from Samaritan is available.

**Discussion, December 7 Qualifications Meeting.** The committee reviewed the response from Samaritan Health Services and determined that Ms. Yeck has met all requirements of certification.

*There was no quorum at the time of discussion, however all members present (Emery, Emberland and Ashford) indicated that the application should be approved.*

*Board Discussion: The Board considered sending Ms. Yeck's application back to committee for review, however, since the requested documents were received and that was the only reason the committee was not approving the Board reviewed this case.*

**BOARD ACTION:** Moved by Meisner and carried to approve Kelli Yeck's application for a Certified Public Accountant certificate in Oregon.

VOTE: Chair Gaffney did not vote; 6 ayes.

**5. 2006 Annual Report**

The committee reviewed the 2006 Annual Report, (attachment E).

**16. CPA EXAMINATION**

**A. Increased exam fees, effective August 1, 2006**

The Board reviewed a document outlining the increased exam fees.

**B. Candidate Performance by School**

For information only.

**17. CODE OF PROFESSIONAL CONDUCT COMMITTEE**

**A. Report of Code of Professional Conduct Committee**

**1. Acceptance of Minutes**

**a. No meeting**

**B. Annual Report**

The Board reviewed the annual report for the CPC committee. One correction was noted; Mr. Miller needs to be removed from the committee roster.

**18. NEW BUSINESS**

**A. Election of 2007 Officers**

The following slate of officers and committee liaisons was presented:

Chair – Lynn Klimowicz  
Vice Chair – Kent Bailey  
Treasurer – Jens Andersen

Committee Liaisons:  
Complaints – Kent Bailey  
Peer Review – Jens Andersen  
CPC – Ray Johnson  
Qualifications – James Gaffney  
CPE – Stuart Morris

Eric Lind, the incoming Public member on the Board is requested to attend one meeting for each committee during 2007.

**BOARD ACTION:** Moved by Morris and carried to approve the slate of officers and Board liaisons for 2007.

VOTE: 7 ayes

**C. Executive Appointment**

Mr. Eric Lind was appointed by the Governor and approved by the Senate to serve as public member beginning December 1, 2006.

**D. UAA Rules Exposure Draft, Due 4-30-07**

Members were presented with a copy of the exposure draft. If anyone has any comments, please forward them to Mr. Johnson. Mr. Johnson will compile the comments and bring the information to the February 2007 Board meeting.

**BOARD ACTION:** Defer to February 5, 2007 Board meeting.

**19. PROCESS OBSERVER REPORT**

It was noted that the Board appreciates the staff's close attention and review of Board decisions noting potential conflicts from the prior meeting. Having legal and complaints at the beginning of the meeting is a welcome change to the agenda. The discussion on non-disclosure agreements is one that the Board has had before and gets very long each time it is discussed. The Board should consider appointing a task force for issues like this.

Ms. Meisner thanked the Board for allowing her to serve as a public member. Mr. Gaffney thanked the members for all the good discussions and what the Board has accomplished.

**20. NEXT MEETING**

**Date: February 5, 2007**

**Location: Phone Conference**

**21. ADJOURN**

There being no further business, the meeting adjourned at 5:15 p.m.