



OREGON BOARD OF ACCOUNTANCY
Qualifications Committee
Teleconference meeting
Minutes of July 20, 2016

Committee Members Present

Alan Steiger, CPA-Retired (Chair)

Committee Members Present by teleconference

Casey Camors, CPA

Christina Tate, CPA

Haley Fish, CPA

Rachelle Quinn, CPA (Vice-Chair)

Megan Kurz, CPA

Michael Schmidt, CPA (left 10:46 am)

Amber White, CPA

Bryce Wilberger, CPA

Yvette Burling, CPA (9:20 am)

Lynn Kingston, CPA (Board Liaison)

Staff Present

Martin Pittioni, Executive Director (left 9:40 am)

Kimberly Fast, Licensing manager (9:40 am)

Julie Nadeau, Licensing Specialist

Excused Absence

David Peterson, CPA

Guests Present by teleconference

Rebecca Newman, Applicant

John Barajas, Applicant

Malina Martinez, Applicant

Kimberly Silva, Applicant

Gregson Parker, Supervisor (9:33 am)

1. CALL TO ORDER

The Qualifications Committee (QC) convened for a regularly scheduled meeting on July 20, 2016. Mr. Steiger, CPA-Retired, Committee Chair, called the meeting to order at 9:00 a.m. Mr. Steiger announced that the meeting was being recorded and called the roll. He introduced Ms. Lynn Kingston as the new Board Liaison and welcomed Ms. Haley Fish, newly appointed Qualifications Committee member.

2. APPROVE MINUTES

A. April 27, 2016

Ms. Quinn stated that she left the meeting for a short period on April 27th rather than Ms. Kurz who was noted in the minutes.

COMMITTEE ACTION: APPROVAL

Ms. White moved to approve the April 27, 2016 minutes as amended.

MOTION PASSED: 9 Ayes.

3. REPORT OF BOARD ACTION

Ms. Kingston introduced herself, noting that she replaced Roger Graham when his term expired on the Board and she provided a brief background of her career. She reported that the Board approved all of the QC's recommendations at their meeting of May 13, 2016. Mr. Steiger asked if the Board approved the pending QC appointments and Mr. Pittioni confirmed that had been done. Ms. Kingston noted that the Board appreciates the work done by the Committee.

Ms. Burling joined the call.

4. PENDING APPLICATIONS

A. Current Applications

2. John Barajas (Camors)

John Barajas passed the Uniform CPA examination in January 2016. Experience was gained at the following employer:

Orora North America

33 Months

All Competencies

Ms. Camors provided a brief synopsis of Mr. Barajas' 3-year history with his employer, noting that he is a staff and senior accountant who works under the remote supervision of the Regional Controller for Orora, and discussed his duties and role within the company. She noted initial concerns about competencies A-F in Mr. Barajas' narrative. She spoke with him, asking for a more high-level discussion of each competency and felt like his revised narrative and subsequent discussion sufficiently covered competencies A, B, C, E and F. She indicated that his discussion of competency D was better in the revised narrative, but didn't get to the aggregation at the organizational level or impact on the organization as a whole. His discussion was still internal control related and transaction-based. Ms. Camors also had concerns about supervision because it happened remotely and the organizational chart he provided doesn't support the relationship; however, the job description indicates that the Regional Controller does supervise the staff senior accountant and the supervisor provided a letter, both of which made her more comfortable with the supervisory relationship.

COMMITTEE RECOMMENDATION: APPROVAL

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

Mr. Schmidt asked for more discussion on competency D, noting that Ms. Camors seemed concerned about the applicant's competency. Mr. Barajas was asked to address his response for competency D from a systems perspective rather than providing transactional detail. Mr. Barajas explained consolidations at the regional level and how they aggregate to the consolidations at the international level. He described the reconciliation that takes place at the regional level. Mr. Wilberger asked how Mr. Barajas assesses the risk within his area of work besides relying on SAP or information systems. Mr. Barajas reminded the Committee that he is not an internal auditor, that there are separate controls built into their system and that he works closely with regional controllers. His position posts to the system and is reviewed by internal auditors. His role is to establish policies and procedures to align with the internal controls set by the company, but design and implementation of controls happens at the international level. He indicated that he walked through a mock assessment to perform a risk analysis based on materiality for the purpose of licensing experience. Ms. Camors said her understanding was that he is involved with evaluating risk assessment and controls, performing testing, and proving validity. Mr. Barajas said he did design new audits for year end and reconciliation packets used for internal/external year end audits, but clarified that he is a staff level accountant and doesn't currently have a role to play in setting policy. Ms. Camors said she hadn't previously realized that his risk assessment experience was performed as a hypothetical situation and noted that the QC is tasked with assuring that each applicant has experience and competency in risk assessment as opposed to understanding the general principles.

COMMITTEE RECOMMENDATION: AMENDED MOTION - DEFERRAL

Ms. Camors moved to amend her previous motion to defer the application of John Barajas pending additional documentation of competency E.

MOTION PASSED. 10 Ayes.

Mr. Wilberger asked if it would be appropriate to defer the application in the case where an applicant needs time to gain additional experience. Ms. Quinn suggested that since the conversation is evolving, the Committee should give him time to prepare additional information; Ms. White agreed.

B. Deferred Applications
3. Rebecca Newman (Peterson)

Rebecca Newman passed the Uniform CPA examination in November 2015. Experience was gained at the following employer:

Forensic Accounting Services	186 Months (PT)	All Competencies
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COMMITTEE RECOMMENDATION: DEFERRAL

Mr. Steiger read the motion from Mr. Peterson that was sent via email. The motion contained language for both deferral and denial, but ended with language for deferral. As such, Mr. Steiger moved, on behalf of Mr. Peterson, to defer the application of Rebecca Newman pending additional documentation of competencies E - F.

MOTION FAILED. 3 Ayes. 7 Nays (Burling, Kurz, Quinn, Schmidt, Steiger, White and Wilberger). Fish abstained.

Mr. Parker joined the call.

Ms. Newman's application was reviewed at the QC meeting of April 27, 2016 and was deferred for competencies D-F. Mr. Peterson discussed Ms. Newman's application via email, which was shared with the Committee by Mr. Steiger. Mr. Peterson felt that Ms. Newman demonstrated competency for D through her revised narrative. However, for competencies E & F, he did not see evidence that she had met the competencies. He noted that, for competency E, Ms. Newman made an initial assessment of risk, performed some procedures, and then reassessed risk as low, based on results of procedures. The focus of her work was to determine whether financial statements could be used as the basis of claim and stated that the work performed is not the same as assessing risk of misstatement, tailoring procedures, and then performing procedures to determine whether financial statements are presented in accordance with US GAAP.

For competency F, he felt the level of detail provided was analogous to tests of details performed by junior staff on an audit. He noted that they answer basic questions, but do not provide evidence of bigger-picture thinking such as key drivers of the business, achievement of management's plans and impact of the even on cash flow.

Ms. White asked if Ms. Newman had any discussion with her reviewer and Ms. Newman indicated that she had not spoken with Mr. Peterson. Mr. Parker added that, while there was no communication with Mr. Peterson, they communicated with Mr. Steiger and, after sending new information to Mr. Steiger, they received feedback from him. Mr. Steiger confirmed that he spoke with Mr. Parker and understood that Ms. Newman had heard the concerns of the Committee regarding competencies D-F. After reviewing the revised narrative, he told Mr. Parker that he didn't see any reason to defer the application any longer and noted that he is opposed to the motion. Mr. Wilberger said he read the recommendation from Mr. Peterson and the revised narrative and didn't agree with Mr. Peterson's findings.

COMMITTEE RECOMMENDATION: APPROVAL

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

MOTION PASSED. 10 Ayes.

Mr. Pittioni left the meeting. Ms. Fast joined the meeting.

C. Deferred Applications
2. Malina Martinez (Wilberger)

Malina Martinez passed the Uniform CPA examination in November 2015. Experience was gained at the following employer:

Lithia Motors, Inc	17 Months	All Competencies
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Mr. Wilberger provided background for Ms. Martinez's application, indicating that her application was previously deferred for competencies B, D, E & G. After the last meeting, he had a conference call with Ms. Martinez and her supervisor to discuss the application. For competency B, her revised narrative shows that one of Lithia's primary objectives is growth through acquisitions and a large part of her duties was helping with the acquisitions by performing analysis, preparing work

papers, evaluating potential acquisitions and helping align the components to close transactions. He felt that the revised narrative provided plenty of evidence that she's met competency B. The applicant also provided additional documentation for competency D that demonstrated competency. He felt the narrative for competency E was still short, but conversations with the applicant and supervisor revealed much greater detail of her audit work. He cited her responsibility to develop procedures to mitigate risk, which made him more comfortable with competency E. Similarly in competency G, he learned a great deal about their program and her role from conversations and revised narrative, leaving him confident that she'd met the competency. Mr. Wilberger had some concern that Ms. Martinez participated in the Lithia program for much less than the required 24 months, but noted that Lithia's internal documents include provisions for candidates who've met all the requirements to move through the program at a quicker pace based on a vote of their internal committee.

COMMITTEE RECOMMENDATION: APPROVAL

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

MOTION PASSED. 8 Ayes, Ms. Kurz and Ms. Tate abstained.

D. Deferred Applications

4. Kimberly Silva (Burling)

Kimberly Silva passed the Uniform CPA examination in August 2015. Experience was gained at the following employer:

Lithia Motors, Inc	28 Months	All Competencies
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Ms. Burling noted that Ms. Silva's application was deferred for all competencies at the April 27, 2016 meeting. She felt her revised narrative provided much greater detail and demonstrated competency in all areas.

COMMITTEE RECOMMENDATION: APPROVAL

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

MOTION PASSED. 8 Ayes, Ms. Kurz and Ms. Tate abstained.

A. Current Applications

1. Philip Davis (White)

Philip Davis passed the Uniform CPA examination in October 2011. Experience was gained at the following employer:

University of Oregon	26 Months	All Competencies
Oregon University System	12 Months	All Competencies

Ms. White provided background on Mr. Davis' previous application in 2014 and noted that his current application included his previous experience as well as his current experience. She pointed out that there were organizational changes that resulted in process evaluation during his time with Oregon University System and transitioning to Oregon State University. She felt with his initial narrative, there was information lacking and she had concerns about the supervision component and skip level reporting, but he revised his narrative to explain the supervisory relationship in a manner that made her comfortable with the supervision that took place. Inclusion of additional detail in competencies B & D made her more comfortable that he met those competencies as well.

COMMITTEE RECOMMENDATION: APPROVAL

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

MOTION FAILED. 3 Ayes, 6 Nays (Camors, Kurz, Schmidt, Steiger, Tate, Wilberger). Fish abstained.

Ms. Quinn asked if the application should be reviewed in aggregate, taking all of his experience into consideration or more narrowly at the current experience. Ms. White said she based her recommendation solely on his current narrative. Ms. Quinn said she would like to hear more regarding competency D if only looking at his current experience. Mr. Steiger

suggested that all experience should be evaluated as it wouldn't be appropriate to ignore his previous experience; Ms. Fast agreed. Mr. Steiger was concerned with the language used regarding personal accomplishments, citing examples of terms such as "assisted with," "involved in," "been part of," "participated in," that raised concern about Mr. Davis's depth of knowledge.

Ms. White asked for clarification regarding concerns prior to making a revised motion. Mr. Schmidt felt like the prior experience for competency D could be expanded upon with current examples. Mr. Steiger recommended that Mr. Davis clarify the soft language that could require revisions in all competencies.

COMMITTEE RECOMMENDATION: DEFERRAL

Ms. White moved to defer the application of Philip Davis pending additional documentation of competency D, plus re-evaluation of competencies A-G for more direct language on what the applicant performed rather than assisted with. She later revised the motion, which was accepted by the second, to provide for additional documentation of competencies A-G.

MOTION PASSED. 10 Ayes.

Mr. Wilberger asked procedurally if deferral motions should include a reference to the competencies to be revised. Mr. Steiger noted that a memorandum distributed to the Committee on June 24, 2016, provided examples of motion language. The example for deferral suggested that the committee may want to specifically note which competencies were not met and provide examples of what the applicant can do to achieve those competencies. He suggested this may tie in with the agenda item regarding the role of the committee.

A. Current Applications
3. Scott Zobrist (Tate)

Scott Zobrist passed the Uniform CPA examination in February 2016. Experience was gained at the following employer:

Insitu, Inc	24 Months	All Competencies
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Ms. Tate provided background and noted that she has never seen an application from the perspective of an FPNA group. Because he talked a great deal about operational reporting and operational statements, including how they tied back to the financial statements, Ms. Tate discussed with Mr. Zobrist the need to add details to his examples to show how he ensures that information he's reporting in financial statements is accurate from a transactional and internal controls perspective. Based on their conversation, he expanded his examples on several competencies, but she would have liked to see more discussion regarding working papers and risk assessment.

COMMITTEE RECOMMENDATION: APPROVAL

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

MOTION FAILED. 9 Nays (Burling, Camors, Kurz, Quinn, Schmidt, Steiger, Tate, White, Wilberger). Fish abstained.

Mr. Schmidt expressed concern with competencies D & E. In competency D, he was looking for examples that would show an information systems perspective, but instead found more of an analytical assessment. In competency E, it appears he looked at revenue, but didn't appear to perform an actual risk assessment of internal controls or management controls. Mr. Steiger felt all examples were weak. Mr. Schmidt suggested that an Intel candidate that used FPNA experience covered the "gap" with accounting experience. Mr. Wilberger said he has reviewed FPNA applicants in the past and found it helpful to direct them to the Oregon Administrative Rules (OAR) as a reference. While the experience doesn't have to be solely accounting, the applicant must be able to map their experience so they meet the qualifications defined in the OARs. It can take more work and clearer explanations to demonstrate how this type of work meets the experience requirements.

Ms. Tate expressed concern that his current position may not allow him to gain the experience necessary to meet all of the competencies. She doesn't know if a deferral will do any good as he may need to gain experience in accounting. Mr. Steiger said his understanding is that a deferred applicant can decide when to come back with additional information, citing Ms. Sallie Loflin's recent deferral of her application to a subsequent meeting. Ms. Fast suggested that the Committee provide parameters on the timeframe if they are going to defer beyond the next meeting because the Board doesn't typically hold applications open for lengthy periods of time and noted that it would be good to convey those expectations

to Mr. Zobrist up front. There was discussion as to the purpose of deferral, whether it is to allow additional time to revise the narrative or if it is to allow the applicant time to gain additional experience. Mr. Wilberger felt there were parts of the narrative that suggested Mr. Zobrist may have the experience and perhaps having him review the OARs to include relative experience would give him the opportunity to demonstrate competency. Ms. Quinn said that previous practice has been to deny applications that obviously need new experience to meet the competencies; however, since this is the first time the Committee is seeing Mr. Zobrist's application, it would be appropriate to defer. Ms. Tate agreed and said if it is obvious after he has an opportunity to revise his narrative that he will need additional experience to gain competency, he can be denied at that time.

COMMITTEE RECOMMENDATION: DEFERRAL

Ms. Tate moved to defer the application for Scott Zobrist pending additional documentation of all competencies.

MOTION PASSED. 10 Ayes.

B. Deferred Applications

1. Taylor Carson (Kurz)

Taylor Carson passed the Uniform CPA examination in November 2010. Experience was gained at the following employer:

Nike, Inc	15 Months	All Competencies
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Ms. Kurz provided background, noting that Mr. Carson's application was deferred from the April QC meeting due to a lack of depth in his examples. At Nike 5 years in various roles, he has served the last 15 months as a professional retail accountant reporting directly to the North America Assistant Controller who also served as supervisor license. She noted a discussion with Mr. Carson, where she requested an expanded discussion for competency B. She felt that the narrative he submitted subsequently did a good job articulating his experience. She also spoke with Marcos Scrivner, supervisor licensee, who provided assurance as to the direct supervision, also confirming that Mr. Carson is a strong candidate and that he has exceptional practical application skills. Mr. Scrivner worked in public accounting for approximately 8 years, which allowed him to apply that view when assessing Mr. Carson as well. Ms. Kurz also noted that a competency evaluation from Moss Adams was received, affirming all competencies except E & F based on previous tax experience.

COMMITTEE RECOMMENDATION: APPROVAL

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

MOTION PASSED. 9 Ayes. Schmidt abstained.

5. NEW BUSINESS

Mr. Steiger invited Ms. Camors to discuss the document she emailed to the Committee regarding the format of narratives. Ms. Camors felt the industry experience worksheet could be enhanced in a way that would be beneficial to Committee members for review purposes. She included content boxes for each competency through the narrative with the headings above each section and a space for applicant and supervisor sign-offs to make each submission more consistent. Ms. Quinn added that she appreciates a few introductory paragraphs at the beginning of the narrative in which the applicants describe their background, role and provide an introduction of themselves. Also a statement that addresses direct supervision could be included in this space. Mr. Steiger noted that many applicants are confused by the required description of supervisory activities and said revised language could be helpful so that applicants understand information requested pertains to the supervisory relationship between the CPA supervisor and the applicant.

Mr. Schmidt left the call.

There was discussion about limiting word count or inserting a statement requesting that the applicants articulate key experiences as concisely as possible, however, it was decided that may give the perception that a short summary is desired. Ms. Fast felt that would likely result in more deferrals for additional information. Ms. Fish and Ms. Camors said they would prefer to see only one narrative for each applicant when the agenda packets are shared with the full QC. There was discussion about bolding new information when it is shared with the QC. Ms. Nadeau suggested that the applicants be told that their revised narrative is the only narrative that will be shared with the Committee and they decided that applicants should be asked to bold any changes that were made after their initial submission so that the Committee can see the progress based on communication between applicant and reviewer. Having the feedback on the applicant's ability to

communicate their ability is helpful and it also shows how well the supervisor is functioning in their role. Ms. Kurz indicated that it may reveal a need for guidance to be shared with signing supervisors to be sure they are communicating with and providing guidance to their applicants prior to submitting narratives. Ms. Camors recapped the changes and agreed to share it once she's made the updates.

Ms. Kurz reported that the internal program committee at Lithia has adopted some new provisions to amend portions of the program to make it more consistent with the OARs. Lithia would like to submit a revised MOU plan for review. Ms. Fast said the Committee could approve minor revisions and then share with the Board so they are aware of the changes.

Mr. Steiger read Mr. Peterson's email about the role of the QC reviewer aloud. Mr. Peterson expressed that he believes the role of the reviewer is to determine whether applicants provide sufficient evidence that they've met competencies, and if not, to provide a list of competencies for which they fell short. After that, he believes it is the applicant's responsibility to review the requirements and expectations for licensure and submit the appropriate documentation. He said he doesn't believe ongoing feedback is necessary or appropriate as it blurs the line between reviewing and coaching, which is not the role of the QC. He also expressed concern that it prolongs the process of determining that an applicant simply doesn't meet the qualifications.

Ms. Quinn said she's always seen her role as a reviewer and a guide to help the applicant navigate through the process without actually coaching applicants on what to write. Ms. Camors agreed that it's difficult for industry applicants to completely understand what is expected of them. Mr. Wilberger feels that the QC is an administrative body that conducts reviews, but that guidance and coaching should come from the supervisor licensee. He was concerned with the ramifications of some applicants receiving feedback while others don't. Ms. Fast noted that applicants can always appeal a decision to the Board or an Administrative Law Judge if they disagree, and noted that the full committee reviews each application. Ms. White said she feels like she should give the applicant feedback before she provides a recommendation to the Committee. Ms. Kingston indicated that Committees generally take the lead in determining what their role should be with subsequent Board approval and she agreed to discuss this topic with the Board at their meeting of August 1. Mr. Steiger asked Ms. Nadeau to share Mr. Peterson's email with the Committee members and include a copy of the committee expectations so they could review and discuss at the September 28, 2016 QC meeting.

Mr. Wilberger asked if motions for deferral should include a notation of which competencies were deficient. Mr. Steiger felt that motions should be as clear as possible for the purpose of maintaining a record in the minutes. Ms. Camors, Ms. Burling and staff agreed while Ms. Fish noted that it would lend transparency to the process and make future evaluations more efficient.

Mr. Steiger announced that the next meeting would be held on Wednesday, September 28, 2016 and would be a teleconference beginning at 9:00 am. He asked Ms. Kingston's opinion of her first meeting as the QC liaison. She said she was impressed by the process and that it was gratifying to hear the discussion and deliberation. She will convey to the Board that the Committee takes their responsibility very seriously and asked if there is anything the Committee would like her to take to the Board. Mr. Steiger noted the issue of the role of the reviewer, but no other topics were referenced.

It was noted that Mr. Peterson resigned from the Committee.

ADJOURN

The meeting was adjourned at 11:25am.