



Oregon Board of Accountancy Laws and Rules Committee Minutes of June 4, 2015

Board of Accountancy/Large Upstairs Conference Room
3218 Pringle Rd SE, Salem, OR 97302

Present:

John Lauseng, CPA, Chair*
Alan Steiger, Retired-CPA
Steve McConnel, Retired-CPA
Michael Ohanesian, CPA
Lynn Kingston, CPA*

Sherrie McPherson, OSCPA
Susan Bischoff, Legal Counsel
Martin Pittioni, Executive Director
Kimberly Fast, Licensing Manager

*denotes Board member representatives to the LRC

Excused:

Stu Morris, PA, OAIA

1. Call to Order / announce recording of meeting

Mr. Lauseng called the meeting to order at 9:11 a.m. and announced the meeting was being recorded. Members introduced themselves and gave a brief background of themselves.

2. Review of LRC Charge and Potential Phases / Timeline for Statutory and Rule Recommendations

Mr. Lauseng provided the committee a rundown of work previously done by the Laws and Rules Task Force. This committee will be working on follow-up to that task force work that wasn't completed and will do so in "Phase 2A" and "Phase 2B". There is some follow-up that will need to happen in Phase 2A if SB 272 passes today and will be signed into law in a week or two. Some parts of that bill have an immediate effective date attached. This group will also work on the fee increases included in SB 581 and additional fee increases by rule to support those changes.

Phase 2B will cover some heavier lift policy items as well as a list of possible amendments that have been identified during Board and committee meetings.

Mr. Pittioni provided a timeline for rule amendments. Statutory recommendations will also be part of this committee's work and those recommendations must be ready for Board review no later than the February 2016 Board meeting. He further explained some history on rulemaking at the Board. Mr. McConnel provided the committee a brief background on the Uniform Accountancy Act (UAA) and the Model Rules.

Mr. Pittioni explained the recent work with the OSCPA regarding the fee increase by statute which has been communicated jointly to the licensees and has been fully supported by the OSCPA.

There has also been a recent event that elevated our awareness on additional work that may need to take place on early resignations of licenses. The rules currently have language for this type of license status, however, how the resignations are handled internally in the office need some work. This may have to wait for phase 2B.

Mr. Lauseng would like to focus on the items listed for Phase 2A today and possibly a second meeting in July for presentation to the Board in August. Once that is completed, this committee will move into Phase 2B.

3. Review and Discussion of Phase 1 Rulemaking Drafts

B. Division 005

Mr. Lauseng asked committee members if they had any significant concerns on what has been presented as amendments to rules today.

Mr. McConnel stated that it occurred to him that the Board currently has a rule that defines attest, and we are changing the rule to coincide with the change to the definition in statute. He asked why we have the definition in both statute and rule. Ms. Bischoff explained that we are not required to have them in both places, however, it is typical and is stated in rule for the convenience of the licensee.

Mr. McConnel further stated that the definition of attest in statute should match exactly in rule. Ms. Fast will make that change. The committee noted that by matching both statute and rule for the definition of attest would eliminate the language regarding international standards. Ms. Bischoff commented that we can add a subsection to include the international standards since that language is not inconsistent with statute.

Ms. Bischoff informed the committee that while the rules are being amended, she will add margin notes to describe why the rule is being amended.

The committee discussed the changes proposed for the definition of client. The proposed language adds "employer of a licensee" and the purpose for that is that if a licensee is providing services for free that you are still under the Boards regulation or if an employer agrees to something and a licensee does something wrong that is still under the Boards jurisdiction as well.

Ms. Fast will review the definition language differences between statutes and rules and update the committee at their next meeting.

The committee agreed that the definition of report, which is in another section of Division 005 should be moved to and incorporated with all the other definitions in Division 005. Ms. Fast will make those changes.

The committee was presented with some small language amendments to the retired status, however, the retired and inactive status changes will be pushed to Phase 2B. Status updates or amendments will need detailed policy discussion.

A. Division 010

Mr. Pittioni explained the changes to the fee structure as presented in Division 010 and previously discussed earlier in the meeting.

Mr. Ohanesian asked the committee about the status of the requirement to obtain 150 semester hours to take the CPA examination. He mentioned that some states allow a candidate to sit for the exam with 120 hours, however, they must have the 150 to obtain a license. He would like the committee to consider possibly addressing this topic.

Mr. Ohanesian had read in past Board minutes an issue the Board dealt with regarding a supervisor licensee who may not be competent to serve as a supervisor licensee and what to do in those instances. Perhaps they didn't pass their peer review or are themselves under investigation by the Board. He is concerned of lack of quality of a CPA who may be supervised under a supervisor that may not be fit to supervise or teach the applicant.

Mr. Pittioni explained that the Board has considered the 150 / 120 semester rule and made the decision that it was not a change that they were willing to make. There was contact with the universities in Oregon in making the conclusion. The Board did enhance the educational courses acceptable to meet the accounting requirement during the last rulemaking process.

In terms of the supervisor licensee, the Board made significant updates to the competency language during the last rulemaking process that they simply ran out of time to also deal with the supervisor licensee discussion. Mr. Lauseng suggested this discussion be pushed to Phase 2B for further context.

The committee reviewed other proposed amendments to Division 010. The committee discussed applicants who apply through reciprocity and their home state does not require they take and pass the initial ethics exam. This issue will also be deferred to Phase 2B.

Other items noted in Division 010, such as inactive reinstatement and firm registration amendments were deferred to Phase 2B.

C. Division 040

Ms. Fast read through suggested amendments to the Continuing Education Rules in Division 040. The Committee discussed CPE requirement for inactive licensees and the proposed 8 hour penalty to be assessed if a licensee does not meet the required hours. This amendment is in line with active licensee penalty hours. It was noted that Oregon is one of the few states that require CPE from their inactive licensees.

The rules currently do not address that college courses taken for CPE credit be taken at an accredited college. That modification was added as part of the committee discussion. In addition, parameters were discussed on course providers, instructors and college professors claiming hours for CPE preparation. Instructors are only allowed to claim the preparation time for a course one time, unless the course content has significantly changed. There was lengthy discussion on this issue, but no change to rule was recommended.

Additional courses were added under the acceptable course matter section of the rules to conform with the NASBA CPETracking website.

Clarification was made regarding inactive licensees reinstating to active status. The rule currently reads that licensees may use up to two biennia of CPE toward their reinstatement requirements, however, the language was clarified to indicate the last 2 renewal periods.

6. Announcement of next meeting

The committee agreed to meet on July 27, 2015.

7. Adjournment

The meeting adjourned at 2:18 p.m.