

2013-15 Governor's Balanced Budget - Board of Accountancy

- Presentation to Oregon State Legislature
Joint Committee on Ways and Means –
Subcommittee on General Government
 - HB 5001 Budget Bill
- Martin Pittioni, Executive Director
- Larry Brown, CPA, Board Vice-Chair

February 27, 2013

High-level Overview

- Mission: Board of Accountancy protects the public by regulating the practice and performance of all services provided by licensed accountants.
- Created in 1913. As of February 2013, the Board has about 8,100 individual and 1,080 firm licensees.
- Board Size: 7 (Governor-appointed and Senate confirmed; 5 CPAs, 1 PA and 1 Public Member)
- Staff Size: 7.0 FTE (excluding Policy Option)
- GBB 2013-15 Request: \$1,924,185 (6% below 11-13)
 - With Policy Option Package for Investigator: 2,089,479 (LAB +2%)
 - 100% Other Funds Budget (fees and civil penalties)
- Fee Bill primarily to ratify late fees administratively adopted
 - Represents about \$61,000 in projected 13-15 revenue, about 3% of revenue

Challenges and Responses – Part 1

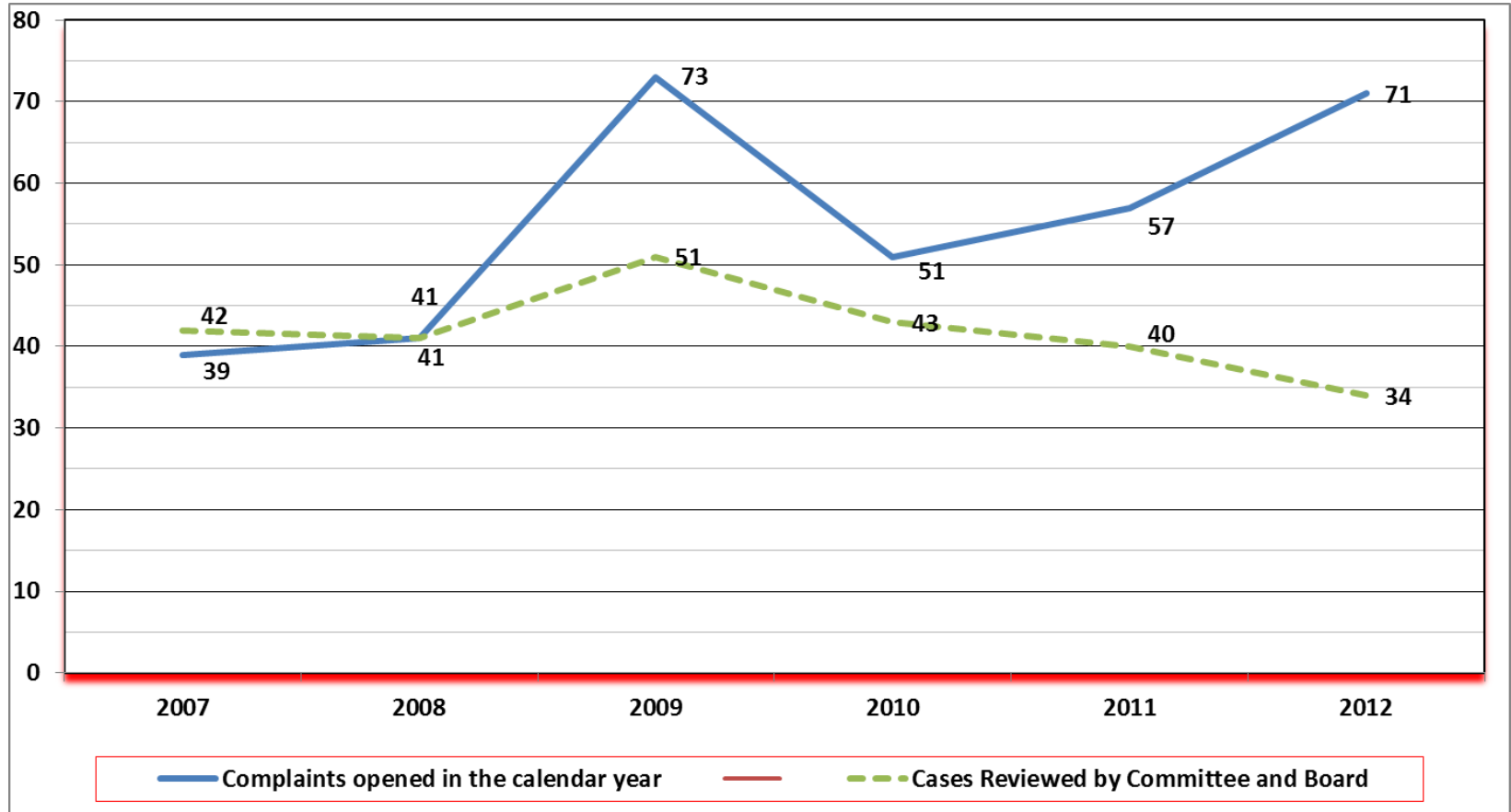
■ Director Change

- Director Termination on August 6, 2012
- DAS recommended Interim Director, installed August 16, 2012, based on record of successfully running small health regulatory boards
- Interim Director became Permanent Director on November 1, 2012
- Continues service as Interim Director for the Board of Licensed Social Workers, pending clarity of consolidation bills

■ Staffing Challenges

- Two additional positions are vacant – Agency has responded with working through DAS on recruitments (in progress)
- Sole Financial Investigator (trained CPA and trained Investigator) will retire within a year – Agency Response is the reason for Policy Package asking for limited duration second Financial Investigator

Challenges – Part 2: Rise in Complaints



Agency Response – Part 2

- Planning for second Financial Investigator Position
- Partnership with DAS and LFO to allow addition of Policy Option Request (POP) for second Financial Investigator Position
 - As of 1/1/2013, Board has 41 open cases, volume that normally requires a year to resolve
 - Key Performance Measures on timely resolution of complaints are showing the strain
 - Request allows for training to replace seasoned CPA and Investigator, and helps address volume
 - Agency has sufficient resources to fund POP without broad fee increase (Total POP cost is \$165,294 for 2013-15)
- Increased use of Contract Investigators
 - Agency is responding by hiring contract investigators to supplement in-house resources

Agency Challenge and Response – Part 3: IT Project

- Spent \$250,000 since 2007-09 on planning and beginning implementation of a wide-ranging IT project that was to replace the Board's existing database platform, automate most business processes, and permit on-line completion of most transactions
- Implementation of on-line renewals did not occur as promised to Board and licensees for annual (June) 2012 renewals
- Response 1: Board initiates Director Change in August 2012
- Response 2: Board directs Interim Director to partner with DAS CIO in Sept. 2012 for a full due diligence review of the project, under the oversight of Board member Larry Brown
- Response 3: Board terminates contracts at the recommendation of DAS in November 2012
- Response 4: Board settles in December 2012 with main contractor to avoid possibility of litigation (included in 250k above)

Agency Responses to IT Project challenge - (continued)

- Response 5: Partnered with DAS and private sector contractor to stabilize and upgrade its Filemaker database from Version 8.5 to web-enabled Version 12, and move it to a DAS-supported server in the State Data Center (completed January 2013)
- Response 6: Address inability to check disciplinary data on-line through web-publication of a PDF document listing Board disciplinary sanctions since January 2011 (previous sanctions are listed in newsletters published on the Board's web site) – completed 2/2013 (related article in Oregonian)
- Response 7: Board initiated small contract (under 5k) for contractor to work on a automated disciplinary check integrated into the existing on-licensee look-up function

Agency Responses to IT Project challenge - (continued)

- Response 8: Board is developing small RFP with DAS focused on a simple on-line renewal solution (without replacing existing Filemaker V12 database, focused on renewals only)
- Response 9: Board /Director will use small step-by-step iterative approach to IT improvements, utilize previous plans when appropriate
- Response 10: Transparency with DAS and LFO
- Response 11: New Director discussed issues with full transparency in presentations with both associations
 - Professional Issues Update Presentation at Oregon Society of CPAs – December 2012
 - Presentation at the Oregon Association of Independent Accountants January 2013

Performance Measures – Overview

- Board is meeting targets in 2/3^{rds} of its Performance Measures
- KPMs on timely resolution of complaints are struggling – tied to Policy Option Package for second Investigator
- Board is committed to 100% Performance on Board Best Practices Measure in future
- Board is requesting deletion of KPMs 3 and 8 because they could be misinterpreted as disciplinary quotas