



Oregon

John A. Kitzhaber, MD, Governor

Board of Accountancy
3218 Pringle Rd SE Ste 110
Salem, OR 97302-6307
503-378-4181
Fax 503-378-3575
www.oregon.gov/BOA/

**Before the
Senate Business and Transportation Committee
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SB 272**

Testimony of
Scott Wright, CPA, Vice Chair
Board of Accountancy

Chair Sen. Beyer, Vice-Chair Senator Girod, Members of the Committee, for the record, my name is Scott Wright, I am a practicing CPA and partner in the Eugene public accountancy firm Kernutt Stokes. In December 2015, I was confirmed by the Oregon State Senate for my second term on the Board of Accountancy, where I currently serve as Vice Chair. Thank you for allowing me to appear before you to testify briefly about SB 272.

As indicated in prior testimony by Mr. Pittioni, I will focus here on the portion of the bill that proposes a critical update in the Board's statutes on the definition of attest. In essence this is a proposal to take the definition of attest language refined, vetted and updated at the national level and incorporate it into Oregon law. Allow me to briefly explain what is happening, why that is happening, and why it is essential given the public protection function of the Board and the unique trust held by the CPA profession.

The definition of attest is by far the most critical portion of our definition language because it covers the portion of services that only the CPA profession is allowed to perform. The technical description of the proposed change is relatively straightforward. The proposed update would leave the four currently existing elements of the definition of attest in place, as follows and reflected on page 1 of the bill, with attest defined as:

- (a) Any audit or other engagement for which performance standards are included in the Statements on Auditing Standards (SAS);*
- (b) Any review of a financial statement for which performance standards are included in the Statements on Standards for Accounting and Review Services (SSARS);*
- (c) Any examination of prospective financial information for which performance standards are included in the Statements on Standards for Attestation Engagements (SSAE)*
- (e) Any engagement for which performance standards are included in the Auditing Standards of the Public Company Accounting Oversight Board (PCAOB).*



The proposed updated definition would then expand that to add item d) that adds new language *“(d) Any examination, review or agreed upon procedures engagement other than an examination described in paragraph (c) of this subsection for which performance standards are included in the Statements on Standards for Attestation Engagements (SSAE);*

Why was this definition updated at the national level in the Uniform Accountancy Act (7th Ed.) and is now being proposed to be added to Oregon law? The main reason for this is that the profession and marketplace is constantly evolving, and our licensees are increasingly being asked to provide assurance services that were not contemplated when the original attest definition was written. At its most basic level, this means that CPA attestation services have expanded beyond the historical construct of financial statements to include work on engagements related to sustainability, security and privacy controls, and many other subject matters.

The proposed definition update for attest reflects that expansion of services, and does not seek to exclude other professions from performing these services that do not relate to financial statements /assurances. I emphasize that no such prohibition is before you today in SB 272. What the proposal does do is prevent non-CPAs from using CPA standards language such as the Standards for Attestation Engagements (SSAE) and represent to consumers that they have followed those standards, in essence implying training and accountability in standards that are exclusive to the CPA profession – when no such accountability or oversight for non-CPAs exists. This is confusing to consumers who should be able to assume when in the free market place an attestation standard is referenced that all the players referencing such a standard are actually trained in and accountable to that standard. As such, what is being proposed here is nothing other than a clear continuation and endorsement of existing legislative policy: that the public must be protected by restricting the use of attestation standards to CPAs trained in and accountable to those standards.

Thank you for your consideration and I would be happy to answer any questions by the Committee.