

2017-19 Governor's Budget Board of Accountancy

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

February 28, 2017

Agency 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 January 2017, the Board has 8,500 individual and 1,000 firm licensees. Volume is stable (<1% growth over 5 years).
- Board Size: 7 (Governor-appointed and Senate confirmed; 5 CPAs, plus 1 PA and 1 Public Member)
- Current Staff Size: 8.0 FTE including two full-time investigators; Governor's budget proposes reduction to 7.50 FTE
- Scope of practice regulated: services by licensees in the arenas of
 - Audits, Reviews and Compilations (includes municipal and governmental audits, and assurances as to the reliability of attested information or compiled financial statements)
 - Tax and Accounting services
 - Personal Financial Planning, Business Consulting, etc.

Agency Overview – Part 2

Case Type Overview

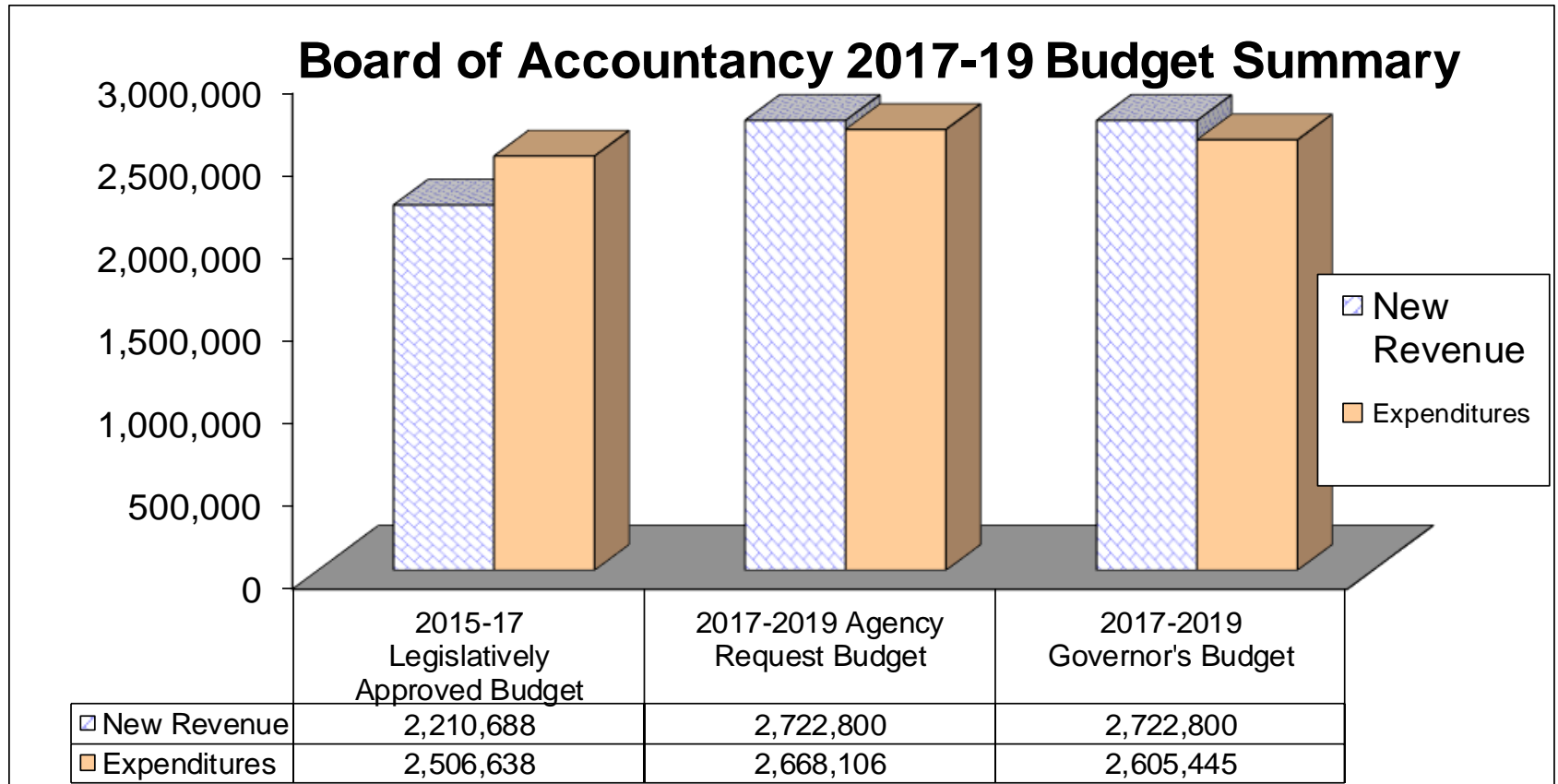
by Board Chair John Lauseng, CPA

- Board holds licensees accountable to professional standards and Board laws and rules that apply
- Recent complaints
 - Professional misconduct
 - Integrity and objectivity
 - Business transactions with clients
 - Due professional care
 - Holding out
 - Use of the CPA designation while license is lapsed or inactive

Governor's Budget 2017-19 Overview

- Thank you for your past support!
 - Approval for a second Limited Duration Investigator for 2013-15 biennium
 - Approval (E-Board Sept 2014) of \$200k in authorization for contested case
 - Final Approval in 2015-17 for second investigator, additional resources for DOJ/contract investigators
 - SB 581 (2015) Association-requested fee increases
 - 2016 Legislature - ratification of Oct. 2015 related fee increases by rule
 - Board had support from professions for all these actions
- Total GB 2017-19 Request: \$2,605,445
- 100% Other Funds Budget (income sources: fees and civil penalties)
- 2017-19 GB reports on progress made with your past support
- 2017-19 GB has one no-cost Policy Option Package (reducing spending authority by \$2,235) focused on upgrade investigator positions to require CPA credential and taking an efficiency by reducing one licensing position by 0.5 FTE

2017 -19 Governor's Budget Request - Summary



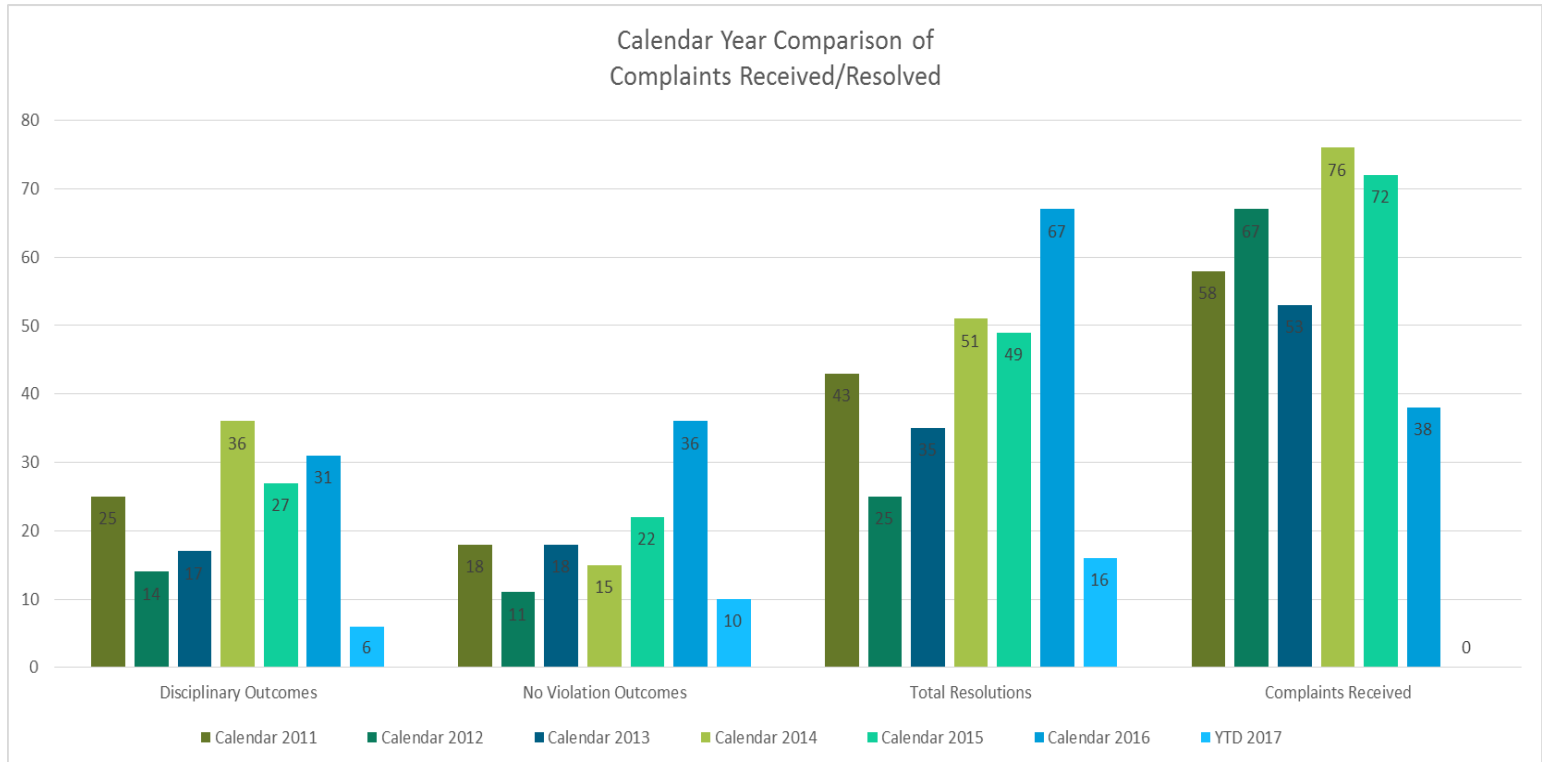
Improvements in service delivery and results – Part 1

- **Previously reported actions:**
 - **Improved access to disciplinary data**
 - Web look-up for consumers upgraded, disciplinary data added
 - Web-publication of disciplinary action summaries on front page of Board's web site of in alphabetical and historical order, to help consumers, ethics instructors and licensees
 - **Transparency with other jurisdictions (licensure and discipline)**
 - Completion of all phases of IT project linking Board licensing and enforcement data to national database linking 50 jurisdictions
 - National Association of State Boards of Accountancy (NASBA) run national databases for State Boards (ALD) as well as for consumers (cpaverify.org)
 - **Efficiency: linking exam applicant data to national database**
 - Phase 1 (complete): automatic upload of Oregon CPA exam applicant data to NASBA database, eliminating manual dual entry process at the Board

Improvements in service delivery and results – Part 2

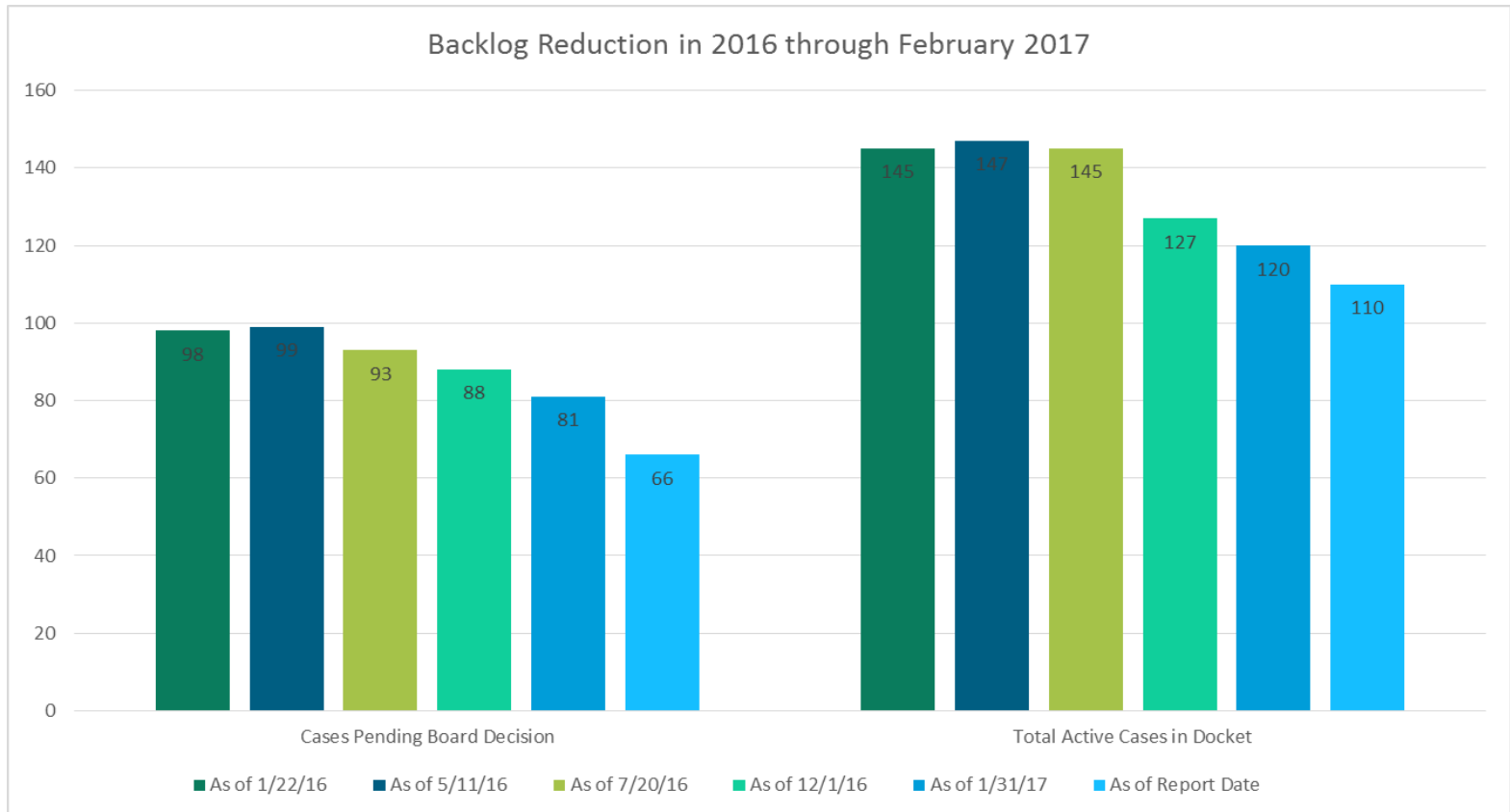
■ New results not previously reported

- Board has doubled its output in case resolution



Improvements in service delivery and results – Part 3

Board has reduced its case backlog in 2016



Other budget issues and Key Performance Measures

- Previous Challenge: Significant Increases in State Government Service Charges and Falling Ending Balances
- Budget and Ending Balances now stabilized with previously approved fee increases in statute (2015 – SB 581) and rule (2016 ratification by Legislature) with stakeholder support
- Key Performance Measures
 - 40% on target, 40% in red zone, 20% yellow
 - Biggest Performance Issue: aging of cases. Clean-up of older cases meant a hit to performance on length of time to resolve cases (KPM #3 for FY 2016 – 440 day average to resolve) – reduction in backlog will improve performance on this measure
- IT – continued progress working with DAS-CIO on planning for CIO-approved IT solution
 - At this time no resources beyond regular IT line item necessary