

2019-21 GOVERNOR'S BUDGET BOARD OF ACCOUNTANCY

- Presentation to Oregon State Legislature Joint Committee on Ways and Means – Subcommittee on General Government
 - SB 5501 Budget Bill
- Candace Fronk, CPA, Board Chair
- Kimberly Fast, Executive Director

February 18, 2019

AGENCY OVERVIEW

- Mission: The mission of the Board of Accountancy is to protect Oregon consumers by ensuring only qualified licensees practice public accountancy in accordance with established professional standards and promulgated rules.
- Created in 1913. As of January 2019, the Board has 8,300 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: 7.5 FTE including two full-time investigators
- 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)
 - Tax and Accounting services
 - Personal Financial Planning, Business Consulting, etc.

AGENCY OVERVIEW – PART 2

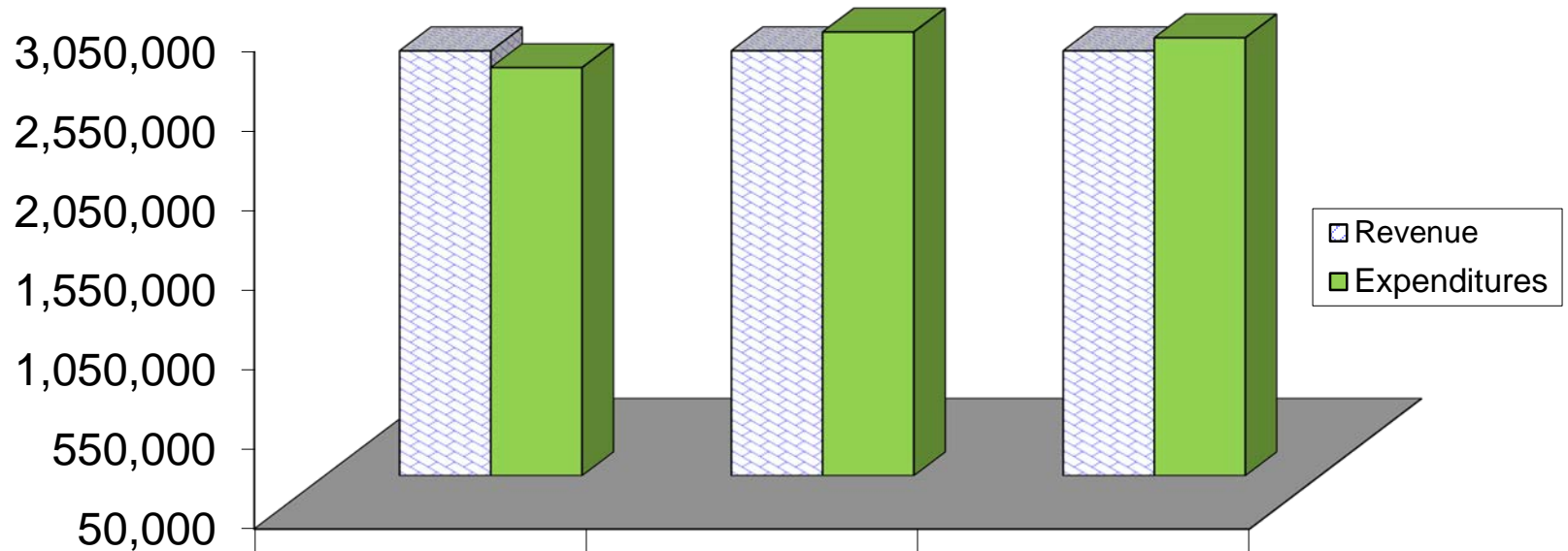
CASE TYPE OVERVIEW

BY BOARD CHAIR CANDACE FRONK, 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

2019-21 GOVERNOR'S BUDGET REQUEST SUMMARY

Board of Accountancy 2019-21 Budget Summary



	2017-19 Legislatively Approved Budget	2019-21 Agency Request (with Policy Option Pkg)	2019-21 Governor's Budget
Revenue	2,722,800	2,723,415	2,723,415
Expenditures	2,617,527	2,841,687	2,805,291

IMPROVEMENTS IN SERVICE DELIVERY AND RESULTS PART 1

- Key Performance Measures
 - 80% on target, 20% in red zone – Significant Improvement
- Biggest Performance Issue: Some continued clean-up of older cases and litigation reporting meant a hit to performance on length of time to resolve cases. New efficiencies put in place to reduce time to resolve case has significantly helped, however litigation, by its nature adds significant time to resolve cases.
- Significant improvement has been realized since initiation of KPM #5, which tracks the timeliness of the Board notifying respondents within 5-business days on whether or not an investigation would be initiated. The Board is now 15% over target on this measure.

IMPROVEMENTS IN SERVICE DELIVERY AND RESULTS – PART 2

▪ Key Performance Measures 2018:

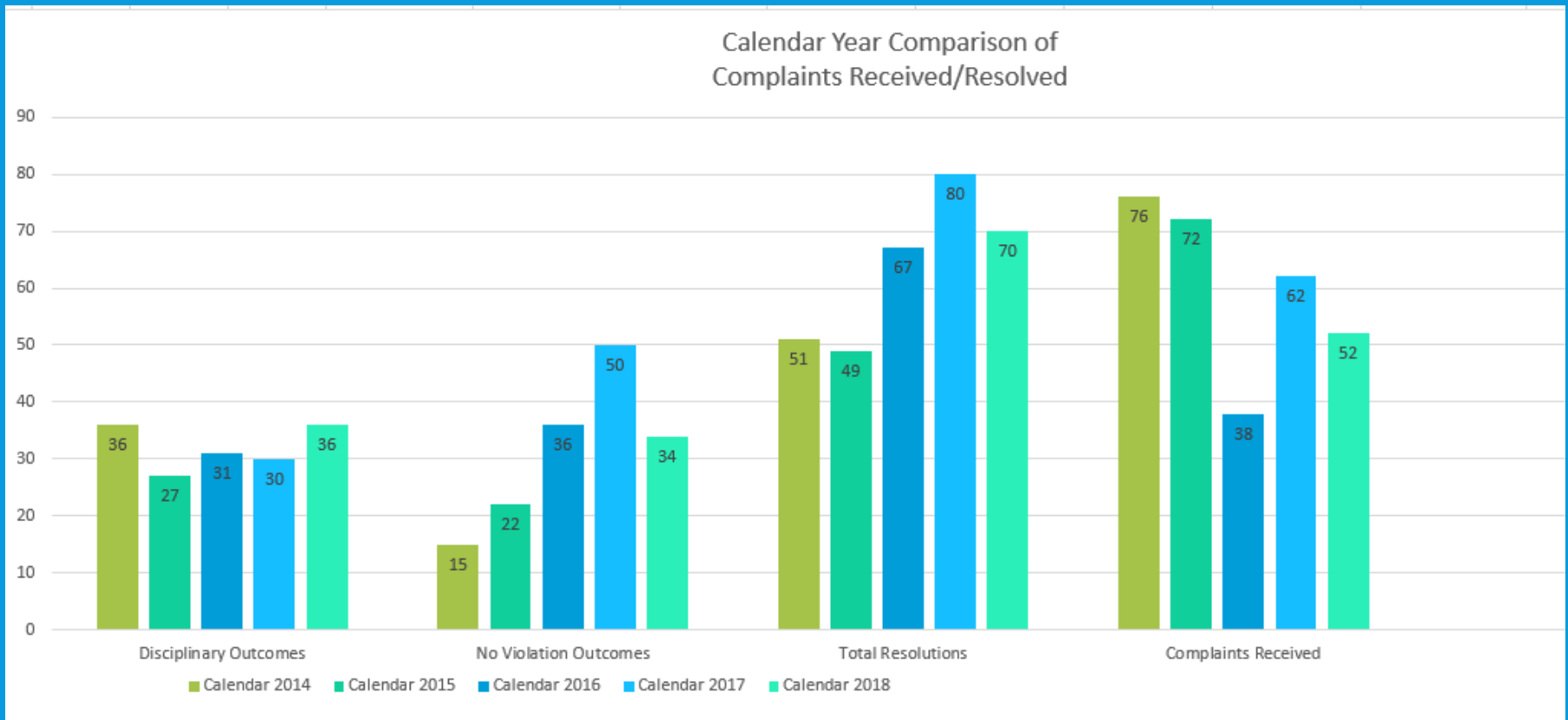
- The Board has maintained a downward trend on KPM #2 which counts the number of days between the Complaints Committee recommendation of violations to the date the Board makes a final determination. This is a result of the implementation of a “triage” process where cases are resolved more efficiently without sacrificing the quality of the complaint process of review and determinations.
- KPM #3 which measures the number of days from the letter advising parties an investigation has begun to the completion of the investigation report continues to fluctuate. This represents a significant effort to resolve the backlog of cases by the Board investigators, the complaints committee and the Board. In addition, litigation, which by its nature takes anywhere from a few months to years to resolve, results in a higher number of days to reach the Board for a final resolution.

IMPROVEMENTS IN SERVICE DELIVERY AND RESULTS PART 3

Improved access to disciplinary data

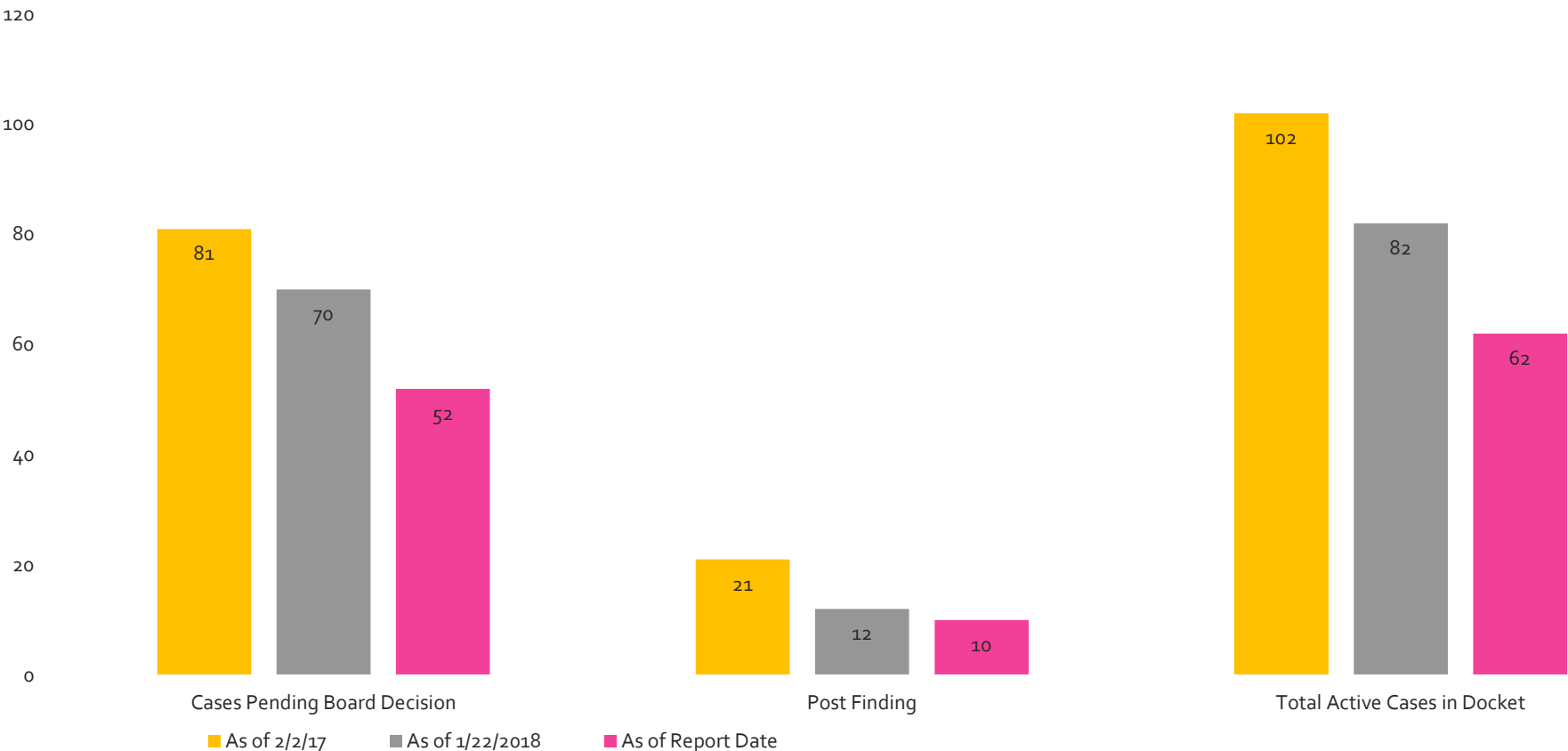
- Web look-up for consumers upgraded, disciplinary data added
- Web-publication of disciplinary action summaries on front page of Board's web site in an excel document which allows consumers, ethics instructors and licensees to review disciplinary actions
- Addition of a web link to a fillable pdf form for Public Record Requests
- **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**
 - 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 4



IMPROVEMENTS IN SERVICE DELIVERY AND RESULTS – PART 5

Backlog Reduction 2017 through December 2018



OTHER BUDGET ISSUES

- 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
- 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
 - Collaboration with other small Boards has been helpful

OTHER BUDGET ISSUES PART 2

DOJ FLAT RATE AGREEMENT POLICY OPTION PACKAGE

- The Board entered into the DOJ Flat rate agreement for the 2015-17 biennium
- The Board is requesting a policy option package of \$182,502 of Other Funds to cover the anticipated increase in the DOJ flat rate agreement and the 23% inflation rate imposed by the DOJ.
- The Board's usage of services has increased due to AG turnover and a case that was very contentious over a span of 4+ years and required an additional AG.
- During the 2017-19 biennium, the Board was able to fund the extra money spent on DOJ fees due to personnel changes including:
 - In October 2017 the Board's Executive Director resigned from the agency which lead to substantial personnel savings.
 - As a result of in-house promotions, including the Executive Director and the Licensing Program Manager position, the Board had savings equal to 14 months for other positions that remained vacant.

OTHER BUDGET ISSUES PART 3

DOJ FLAT RATE AGREEMENT POLICY OPTION PACKAGE

- The personnel savings mentioned are all *one-time factors*
- In addition, the Board's services and supplies budget do not provide sufficient funds to cover the additional costs of the flat rate agreement.
- 14% of the Board's services and supply budget is allocated to professional services including contract investigators and expert witnesses