

# Accountancy **News**

October 2002

## Introducing....

Noela Kitterman, CPA, Board Investigator. Noela worked for LeMaster & Daniels PLLC in Washington before moving to Oregon.

Carol Hanlon, Complaints and Peer Review Committee Coordinator. Carol has been employed with the State of Oregon for 8 years.

## **Engagement Letters.....**

The Board receives frequent inquiries regarding fees charged by Oregon accountants. Many times the caller is surprised by the amount of a bill they have received for CPA services and report it to the Board as a complaint.

It is up to the accountant to determine the appropriate fee to charge for services provided. Licensees can avoid this situation by providing an engagement letter that spells out the fee arrangement during the initial appointment.

An engagement letter describes the services to be performed, the amount to be charged and other provisions that may affect the services provided.

Common provisions in an engagement letter include the following:

- Identification of the client;
- Description of the agreement and its limitations;
- Timing of the work and staffing of the engagement;
- Client information and responsibilities;
- Designation of the party to work with the CPA;
- Identification of intended users of the CPA's work product;
- Fees and payments;
- Withdrawing from and/or terminating the engagement;
- Responding to discovery requests, subpoenas, and outside inquiries;
- Alternative dispute resolution as a means of resolving disputes;
- Where applicable, disclosures recommended or required by the AICPA; and
- Client signature.

Take time to review the engagement letter with the client before services are performed and provide a copy with the clients signature and your signature to the client with a copy for the file.

Well-structured engagement letters help reduce misunderstandings regarding fees and services to be performed, increasing the likelihood that the client will have complaints about fees charged. .

**2002 Renewals....** The renewal cycle for even-numbered licensees is completed. Renewals were mailed May 10, 2002 to 3506 individuals. The following responses were submitted:

2528 CPAs Active Status, 732 CPAs Inactive Status, 20 PAs Active Status, 8 PAs Inactive Status, 15 deceased. 127 Active licensees renewed as inactive.

580 Lacking letters were issues for CPE issues, including failure to report qualifying QAS and Ethics programs and failure to report 24 hours of CPE each fiscal year.

430 Lacking letters were issued for other reasons including: incomplete form, failure to report both business and residence addresses, no signature, failure to register firm when doing attest work and failure to make proper payment.

Licenses whose permits are not properly renewed become “lapsed” and may not hold out as a licensee or offer or perform public accounting services. Approximately 215 licenses’ permits lapsed in this renewal cycle.

It is important that licenses keep current with the rules of the state board. You can access the rules from the board website at [www.boa.state.or.us](http://www.boa.state.or.us) or phone the board office for a copy of the rules. There is a charge for the rules if you call the office. The Board of Accountancy website includes a section called “Keeping Current” that will be updated with new information.

### ***Inactive Status:***

Licenses who wish to maintain Inactive status are required to:

- renew their permits to inactive status every two years
- pay the inactive status fee
- Complete the inactive status renewal form

Inactive licenses may use the CPA or PA designation only if the license includes the words “inactive” or “retired” before or after the designation.

### **Reinstatement and Renewal Applications:**

The renewal application and the reinstatement application are separate requirements. The reinstatement application does not substitute for the renewal application and the renewal application does not substitute for the reinstatement application. Please contact Joyce Everts @ 503-378-4181 x25 if you have questions about reinstating from lapsed or inactive status to active status.

A Renewal Application is required to:

- renew a current active CPA permit
- renew a current inactive CPA permit
- renewal applications may be downloaded from the BOA website

A Reinstatement Application is required to:

- reinstate to active status from inactive status
- reinstate to active or inactive status from lapsed status
- reinstatement applications must be obtained from the Board office

### ***New Board Website:***

The Board has designed a new website. Please take time to visit the site and send any comments you have to [kimberly.bennett@state.or.us](mailto:kimberly.bennett@state.or.us)

**Newsletters:** The *Accountancy News* is published every two months. It is posted on the web site ([www.boa.state.or.us](http://www.boa.state.or.us)). Licenses who would like to receive the newsletter by US mail or e-mail should contact Kimberly Bennett at the Board office, 503.378.4181 x24 or [kimberly.bennett@state.or.us](mailto:kimberly.bennett@state.or.us) .

### **DISCIPLINARY ACTIONS**

This is a brief description of action taken by the Board for violations of ORS Chapter 673 and OAR Chapter 801. This report is condensed and may not include all the facts set forth in the Board order. Readers should contact the Board if they would like further information.

The Oregon Board of Accountancy assessed a \$100 civil penalty against the following licenses for failure to submit a change of address within 30 days: Harold R. Fine #1346, Gary W. Hackney #1880, William R. Line #3270, Lester A. Mischke #7668, and Kenneth X. Stringer #8922.

## **2002 Meeting Schedule**

### **Board Meetings:**

October 20-21 - Newport

December 16 - Salem