

OREGON STATE BOARD OF ARCHITECT EXAMINERS

Semi-Independent Agency Report
2017-2019 Biennium
ORS 182.472



**Presented to the Governor, President of the Senate, Speaker
of the House of Representatives, and the Legislative Fiscal
Officer by April 1, 2020**

ACKNOWLEDGEMENTS

This report was prepared on behalf of the Oregon State Board of Architect Examiners by Lisa Howard, Executive Director, with assistance from Shelly Coffey, Fiscal Analyst, as well as other staff members, and with input from Board members. For more information, please contact us at:

Oregon State Board of Architect Examiners
205 Liberty Street NE, Suite A, Salem, OR 97301
(503) 763-0662
architectboard@osbae.com
www.osbae.com

TABLE OF CONTENTS

INTRODUCTION.....	4
SECTION 1: FINANCIAL REVIEW	6
SECTION II: BUDGET COMPARISON	7
SECTION III: RULE MAKING ACTIVITIES	10
SECTION IV: CONSUMER PROTECTION	13
SECTION V: LICENSING ACTIVITIES AND DISCIPLINARY ACTIONS.....	16
SECTION VI: OTHER BOARD ACTIVITIES	21
ATTACHMENTS.....	25

INTRODUCTION

Agency Overview

The Oregon State Board of Architect Examiners (OSBAE) was established in 1919 with the enactment of Chapter 671 of the Oregon Revised Statutes.

The mission of OSBAE is to protect the public health, safety, and welfare by regulating the practice of architecture. The Board is charged with ensuring that only qualified persons are permitted to practice architecture in Oregon and that practicing architects adhere to prescribed professional standards of conduct. The Board determines the standards for registration, which combines education, experience, and examination. The Board is also charged with disciplining those who violate the law. As stated in the statute:

“In order to safeguard health, safety and welfare and to eliminate unnecessary loss and waste in this state, a person may not practice the profession of architecture or assume or use the title of “Architect” or any title, sign, cards or device indicating, or tending to indicate, that the person is practicing architecture or is an architect or represent in any manner that the person is an architect, without first qualifying before the State Board of Architect Examiners and obtaining a certificate of registration. . . .”

OSBAE is an active member of the National Council of Architectural Registration Boards (NCARB), and the regional subdivision, the Western Council of Architectural Registration Boards (WCARB). Through these organizations, and in partnership with architect registration boards in other jurisdictions, OSBAE participates in the development of national standards for architect registration: The Architect Registration Examination (ARE), the Architectural Experience Program (AXP), and the accreditation of schools of architecture. OSBAE Board members and staff are actively involved with national committees, working to develop best practices for ensuring protection of the public, helping to minimize barriers to entry into the profession, and facilitating reciprocal registration between jurisdictions.

Summary

OSBAE completed the 2017-2019 biennium in sound financial condition. The health, safety, and welfare of Oregon's residents through the regulation of the architecture profession remains the Board's primary mission. The Board also continues to adopt and fine tune its rules to provide adequate regulation of the profession without imposing undue burdens on its registrants. In addition, OSBAE is constantly focusing on utilizing technology and streamlining its processes to meet the changing needs of the market.

SECTION 1: FINANCIAL REVIEW

OSBAE complies with the Oregon Secretary of State's requirements for a periodic financial review. The Board contracted with Powers CPA, LLC for a financial review of the 2017-2019 biennium. The report was delivered to the Oregon Secretary of State on December 26, 2019.

The auditor's evaluation found internal controls over financial, accounting, and registration processes to be well designed and appropriately implemented. The auditor made recommendations to the agency relating to an explanatory note on the balance sheet and a revision of the Board's financial/budget reserves policy. The issues raised have been addressed and are detailed in the agency response. A copy of the financial review as well as the agency response is attached to this report.

SECTION II: BUDGET COMPARISON

The documents listed below are included as attachments to this report.

1. *Balance Sheet for 2017-2019*
2. *Detailed Line Item Adopted/Approved Budget and Actual Spending for 2017-2019*
3. *Detailed Line Item Adopted Budget for 2019-2021*
4. *Forecasted Balance Sheet for 2019-2021*

The beginning and ending balance for each of the two biennia are as follows:

	2017-2019 ACTUAL/REPORTED	2019-2021 PROJECTED/ADOPTED
Beginning Balance	\$1,050,943.42	\$1,006,833.44
Net Income/Loss	(45,709.87)	(391,402.00)
Adjust for Liability*	1,599.89	(61,692.05)
Ending Balance	\$1,006,833.44	\$553,739.39

*Adjustment for liability due to liability being expensed and paid in different biennia

Material Changes

Per the U.S. Bureau of Labor Statistics CPI Inflation Calculator, the cumulative rate of inflation from 2017 to 2019 was five percent. The Financial Review includes explanations for budget to actual variances for the 2017-2019 biennium. The 2019-2021 budget was developed using actual income and expense figures as of December 2018 and adjusted for projected variances.

OSBAE's overall revenue is expected to remain fairly stable over the next two years, barring a significant change in the state's economy. The agency operates entirely off fee-based revenues, with the primary revenue source being renewal fees paid by individual architects and businesses providing architectural services.

The 2019-2021 adopted budget is approximately 31% higher than the 2017-2019 actual budget. The increase is due to significant adjustments made in the budget for forecasted personal service expenditures. The forecast was based on the actual and projected staff and salary levels at the time the 2019-2021 budget was adopted. The 2017-2019 actual figures were deflated due to vacancies in two positions during the biennium (the Executive Assistant position was vacant for approximately 10 months and the

Investigator position was vacant for over 7 months). In addition, the former Executive Director’s replacement was hired at a higher rate in the pay range in September of 2018.

Budget Hearing Process

OSBAE began the budget development process in October of 2018 with the appointment of two Board members to serve on the 2019-2021 Budget Committee. The committee worked with staff to draft a budget which was approved by the Board at the February 8, 2019 Board meeting. At this meeting the Board also authorized issuance of a rulemaking notice for the proposed budget, as the budget is adopted through the formal rulemaking process pursuant to ORS 182.462. The rule notice was filed with the Secretary of State on February 11, 2019 for notification in the March 2019 edition of the Oregon Bulletin. On February 19, 2019 the rulemaking notice was e-mailed to stakeholders and posted on the agency’s website. A public hearing was held on March 21, 2019, but no comments were received. The Board reviewed and adopted the budget at their April 5, 2019 Board meeting and the permanent rule was filed with the Secretary of State and Legislative Counsel on April 10, 2019.

Fee Changes

The Board does not anticipate any fee changes for the 2019-2021 biennium.

Fee Type	Fee as of 6/30/2011	Fee as of 6/30/2013	Fee as of 6/30/2015	Fee as of 6/30/2017	Fee as of 6/30/2019
Examination Application	\$75	\$75	\$75	\$75	\$75
Reciprocal Application	\$100	\$100	\$100	\$100	\$75
Individual Registration	\$75/\$150	\$75/\$150	\$115	\$115	\$100
Individual Renewal	\$200	\$250	\$200	\$200	\$200
Individual Late Renewal	\$100	\$100	\$100	\$100	\$100
Late CEH	\$100	\$100	\$100	\$100	\$100

Fee Type	Fee as of 6/30/2011	Fee as of 6/30/2013	Fee as of 6/30/2015	Fee as of 6/30/2017	Fee as of 6/30/2019
Individual Reinstatement	\$400	\$400	\$400	\$400	\$400
Firm Application	N/A	N/A	N/A	N/A	\$75
Firm Registration	\$100	\$100	\$100	\$100	\$100
Firm Renewal	\$100	\$100	\$100	\$100	\$100
Firm Late Renewal	\$100	\$100	\$100	\$100	\$100
Firm Reinstatement	N/A	N/A	N/A	N/A	\$400
Duplicate Wallet Card or Certificate	\$25	\$25	\$25	\$25	\$25
Labels, lists or computer disk of licensees	\$50	\$50	\$50	\$50	\$0
Copying charges	The first 5 pages – free; Additional pages - \$0.25 per page	The first 5 pages – free; Additional pages - \$0.25 per page	The first 5 pages – free; Additional pages - \$0.25 per page	The first 5 pages – free; Additional pages - \$0.25 per page	\$0.25 per page
Certified Verification of Registration	\$0	\$0	\$0	\$0	\$10

SECTION III: RULE MAKING ACTIVITIES

The Board amended Chapter 806, Divisions 1, 10, and 20 as follows:

Public Notification Filing Date	Hearing Date	Board Action Date	SOS & LC Filing Date	Effective Date
December 24, 2018	February 8, 2019	April 5, 2019	April 10, 2019	May 1, 2019

Below is a summary of the rulemaking.

RULE #	TITLE	CHANGE
Throughout (housekeeping)		Term “license” changed to “certificate of registration” Changed Intern Development Program (IDP) to Architectural Experience Program (AXP)
DIVISION 1		
001-0005 Repealed	Model Rules of Procedure	Moved to 001-0004
DIVISION 10		
010-0001 New	Definitions	Moved from 010-0080 & 0125
010-0002 New	Definitions of Building Size Limitations	Moved from 010-0065
010-0010	Architect & Firm Registration & Evaluation Programs	Added firm to rule Eliminated reference to BEA & BEFA (now covered under recognized jurisdictions) Extended time to complete Jurisprudence Examination (JE) from 60 to 90 minutes (moved from 0020) Allow retake of JE after 7 days vs 30 (moved from 0020)
010-0020	Registration by Examination	Removed Architect Registration Examination (ARE) application & fee; now go directly to NCARB to take the ARE Removed intern title Removed mandatory oral interview Application invalid after 12 months
010-0035	Registration by Reciprocity	Removed seismic & lateral forces requirement Application invalid after 12 months
010-0037	Architect Title	Simplified rules regarding use of title, refer to ORS 671.010 & 020(2)
010-0040	Certificates	New application: Application for a Duplicate Registration

RULE #	TITLE	CHANGE
010-0045(5) & (7)	Stamps, Seals & Signatures	If specs & drawings bear the name of an OR registered firm, registrant must possess written legal authority to accept responsibility for the specifications and drawings on behalf of the firm
010-0050	Observation	Observation change form only required for non-exempt projects
010-0060	Inactive Status & Reinstatement	Removed individual reinstatement application if inactive more than 5 years (must apply as new registrant) Added reinstatement application for firms inactive 5 years or less
010-0065 Repealed	Definitions	See 0002
010-0070 Repealed	Definitions	See 0001
010-0075	Practice of Architecture	Deletes design competition Added clarifying language regarding what reciprocity applicants are allowed to do while application is pending
010-0080	Registration of Architectural Firms	Corporate & assumed business language moved here from 0110 (repealed) Removed requirement that one director make architectural decisions & sign/stamp all plans on OR projects Application invalid after 12 months
010-0090	Renewal of Registration	Added renewal information for firms
010-0095	Current Contact Information	Only one phone number required rather than work & home Fax number deleted
010-0105	Fee Schedule	Create updated fee list
010-0106 New	Public Records Requests	Describes required information & fees for requests
010-0110 Repealed	Corporate/Assumed Business Names	Moved to 0080
010-0120 Repealed	Planning & Designing a Building	Moved to 0001
010-0125 Repealed	Definitions	Moved to 0001
001-0130	Architect Emeritus	Practicing architect in a recognized jurisdiction for a minimum of 20 years vs practiced in OR OR resident for 10 vs 5 consecutive years Application invalid after 12 months
010-0145	Continuing Education (CE)	Complete CE in 2 years prior to renewal or reinstatement

RULE #	TITLE	CHANGE
		If renewal/reinstatement is following initial registration does not require certification of CE Added Occupant Comfort to HSW subjects list Maintain CE records for a minimum of 2 years from most recent date of registration/renewal in OR Certificate/transcript should include course provider, registrant's name, course title, completion date, HSW hours received
DIVISION 20		
020-0020	Responsibility to the Public	Adds written contract requirement for professional services
020-0090 Repealed	Gross Negligence	Eliminated

The Board amended Chapter 806-001-0003, Biennial Budget, to reflect the 2019-2021 Biennial Budget of \$1,459,467 and made minor verbiage edits.

Public Notification Filing Date	Hearing Date	Board Action Date	SOS & LC Filing Date	Effective Date
February 11, 2019	March 21, 2019	April 5, 2019	April 10, 2019	July 1, 2019

SECTION IV: CONSUMER PROTECTION

Compliance

The primary mission of OSBAE is to safeguard the health, safety, and welfare of the public. To accomplish this mission the Board investigates complaints and violations of the statutes and rules governing the practice of architecture in Oregon. The Board has disciplinary authority over all registrants, as well as non-registered individuals or firms practicing architecture.

OSBAE's website includes instructions on the complaint process. Any person who knows of a violation may file a complaint with the Board. Unless the face of the complaint clearly shows that the Board lacks jurisdiction over the matter, an investigation is performed to provide the Board with enough information to decide whether a violation of the statutes or rules has occurred.

The results of the investigation are presented to the Board for consideration. If the Board is of the opinion that there has been a violation of its statutes or rules, the Board determines what disciplinary action to take and votes on the appropriate action.

Outreach and Education

OSBAE uses a variety of means to promote knowledge of the practice of architecture and the public health, safety, and welfare issues associated with it. The Board typically holds one of its regular meetings each year on the campus of one of the two accredited schools of architecture, which are Portland State University and the University of Oregon. By doing this, architectural students are given the opportunity to see the Board in action as it conducts its business. In addition, members of the staff and the Board make presentations to the student body regarding the steps to registration, the Architectural Registration Examination (ARE), the Architectural Experience Program (AXP), and Oregon's laws and rules governing the practice of architecture.

The Board's website contains an abundance of information regarding the practice of architecture, including statutes and administrative rules, certification and exam guidelines, frequently asked questions, applications, publications, Board meeting agendas and minutes, and links to related organizations. The site also allows the public

to search for the current status of registered architects and firms, including any disciplinary actions taken by the Board.

Twice a year the agency issues an educational newsletter, which is sent to all active registrants and interested stakeholders and is published on the agency website. The newsletter typically includes articles pertinent to current issues in architecture, registration and renewal information, continuing education requirements, significant rule changes, and Board member recruitment.

Another informative publication is the *Reference Manual for Building Officials* which explains the laws governing the professions of architecture and engineering. The manual is produced in collaboration with the Oregon State Board of Examiners for Engineering and Land Surveying.

National and Regional Involvement

Oregon is actively involved on a national and regional level in the development of registration standards for the architecture profession, and the development of model laws and rules for its regulation. Oregon's membership in the National Council of Architectural Registration Boards (NCARB) is an important component of OSBAE's activities in the promotion of public protection. NCARB is recognized as the global leader of architectural regulation through its exemplary standards, credentialing requirements, and reciprocal registration processes.

All 50 states plus Washington D.C., Guam, Puerto Rico, the U.S. Virgin Islands, and the Northern Mariana Islands are members of NCARB. Member boards collaborate in the development of registration, testing, experience, and education standards. NCARB facilitates the adoption of consistent standards by member boards, helping to streamline the reciprocal registration process between jurisdictions, and minimizing the barriers to entry into the architecture profession for qualified individuals.

The Western Council of Architectural Registration Boards (WCARB) is a regional subset of NCARB, consisting of 12 western jurisdictions, including Oregon. WCARB members work together on issues related to regulation of the architecture profession that are more specifically related to the western United States. The western jurisdictions work

together sharing information and best practices in order to improve services and ensure adequate protection of the public health, safety, and welfare.

SECTION V: LICENSING ACTIVITIES AND DISCIPLINARY ACTIONS

The purpose of registering architects is to ensure that only persons properly trained and qualified are permitted to practice architecture in Oregon. The Board establishes the qualifications and methods for registration deemed to be most practical and appropriate to test an applicant's qualifications. A registration database is maintained by OSBAE and a registration search feature is available to the public via the website.

Initial Registration for Individuals

Becoming an architect in Oregon involves four elements. An individual must have and be able to document the following:

- A degree in architecture from an accredited school
- Passage of all sections of the Architect Registration Examination (ARE)
- Completion of the Architectural Experience Program (AXP)
- Passage of Oregon's Jurisprudence Exam (JE)

The ARE is the national exam given to all candidates seeking registration as architects, while the JE tests a candidate's knowledge of Oregon's laws and rules governing the practice of architecture. The AXP develops a candidate's competence through on-the-job training.

Initial Registration for Firms

Oregon law only allows an individual architect to practice under their own name. If an individual, or a group of individuals, wishes to practice under any other name, that name must be registered with OSBAE as well as the Secretary of State. This enables the agency to track all individuals and firms providing architectural services in the state, and to make that information available to the public through the "registration verification search" feature on OSBAE's website.

2017-2019 Registration Data

OSBAE registers both individual architects and architectural firms. Approximately 92% of individuals and 94% of firms renewed their registrations during the 2019 renewal period. The remainder of registrants become inactive, with some reinstating to active status at a later date.

The registration data indicates that the total number of registrants continues to gradually increase, although firm registrations slightly decreased in 2017-2019. The number of individual registrations issued decreased by 23% from the 2015-2017 biennium, but there was also a significant increase in this category in the previous biennium. Over the last five biennia, there has been an upward trend in individual and firm registrations.

Beginning in the 2015-2017 biennium, the agency revised the formula for calculating the average processing time for applications. In previous biennia, the calculation was based on the date the *initial application form* was received. However, an application also includes proof of an NCARB record, a professional degree in architecture, completion of the AXP, and passage of the ARE and JE. Since OSBAE has little to no control over how long an applicant may take to complete the entire application, the processing time is now based on the number of days from the receipt date of a *complete application* to the issuance of a registration card.

Registration data is included in the following table, and the entire data sheet for licensing activities and disciplinary actions is attached to this report.

Registration Data Table

	June 2011	June 2013	June 2015	June 2017	June 2019	% Change 2017-2019
Actively registered individuals	2939	3017	3182	3358	3617	8%
Actively registered firms	625	667	702	821	801	-2%
Registration Applications Received	339	263	432	875	783	
Individuals	204	156	336	719	621	-14%
Firms	135	107	96	156	162	4%
Registrations Issued	455	442	432	835	675	
Individuals	413	343	336	714	547	-23%
Firms	42	99	96	121	128	6%
Average Processing Time						
Registrations by exam	204	156	137	307	216	-30%
Avg processing time	1276	697	1359	2	28	1300%
Registrations by reciprocity	209	187	199	407	331	-19%
Average processing time	33	21	67	7	7	0%

Continuing Education

All individual registrants must meet requirements for continuing education (CE) and report their CE as part of their renewal application. Individual registrants are required to obtain 24 hours of CE in health, safety, and welfare coursework over each two-year renewal period. After each renewal cycle, eight percent of renewed registrants are randomly selected for a CE audit. The audit is conducted to determine if the CE requirements have been met, and for accuracy and truthfulness. Audited registrants must supply proof of completion of their reported CE coursework to OSBAE.

In 2019, 83% of the registrants passed the initial audit. Of the remaining 17%, some coursework was determined as invalid for 14% of the registrants, and 3% did not complete the required number of hours. If the registrant's CE is deficient, they are given an opportunity to correct the deficiency. All audited registrants were deemed compliant with their CE at the conclusion of the audit.

Disciplinary Actions

OSBAE investigates alleged violations of the statutes and rules governing the practice of architecture in Oregon as part of its responsibility to protect the general public from incompetent, negligent, or otherwise unqualified individuals or firms practicing architecture. The Board has disciplinary authority over those involved in the practice of architecture and may assess civil penalties of up to \$5,000 per offense against any person who violates the Board's statutes and rules.

The Board acts upon all complaints received that are under their jurisdiction and may also initiate its own complaint when a Board or staff member discovers an alleged violation. After investigation, evidence is presented to the Board and actions are voted on at Board meetings. Results are documented and parties are notified of the outcome of the investigation. In carrying out its compliance duties, the Board follows the Attorney General's Uniform Model Rules of Procedure for investigations and contested case proceedings. If possible, the Board attempts to resolve cases before they go to hearings.

The following table contains data regarding complaints received and investigations conducted in the last two biennia. A table with data for the last five biennia is attached to this report. OSBAE had a significant increase in the number of days between receiving a complaint and reaching a resolution. The delay in processing investigations was primarily due to a long-term vacancy in staffing the investigator position. In the 2015-2017 biennium, the agency converted to a new database, which may be why some of the disciplinary data was not included in the previous biennium. Staff are working on recovering the missing data and hope to include it in future reports.

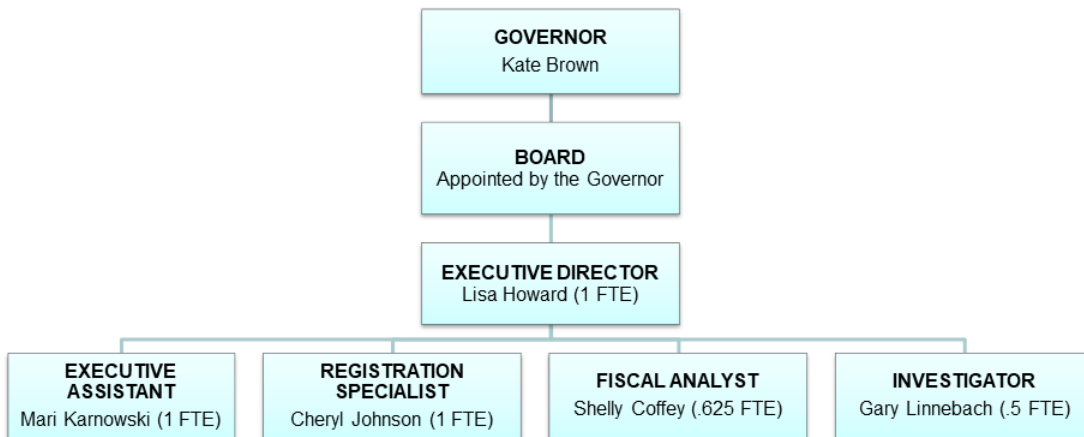
Disciplinary Actions Data

	June 2017	June 2019	% Change 2017-2019
New Complaints Received within the Biennium	58	47	-19%
(1) Against registrants	33	27	-18%
(2) Against non-registrants	25	20	-20%
Number & Types of Resolutions of Complaints Closed within the Biennium	58	24	-59%
(1) Closed without action/Board has no jurisdiction/no violation	N/A	13	
(2) Letters of concern/education	N/A	6	
(3) Referred to the Engineering Board	N/A	0	
(4) Civil penalties issued and payment received	N/A	5	
(5) License revocation	N/A	0	
(6) Stipulations/agreements, no civil penalty	N/A	0	
Number of Sanctions Imposed (total of 4-6 above)	44	5	-89%
Number of Days Between Receipt of a Complaint and Reaching a Resolution for Cases Closed within the Biennium	87	273	214%

SECTION VI: OTHER BOARD ACTIVITIES

Organizational Chart

OREGON STATE BOARD OF ARCHITECT EXAMINERS ORGANIZATIONAL CHART



Staffing/Personnel Changes

During the 2017-2019 biennium, there were staffing changes in three positions – the Executive Director, the Executive Assistant, and the Investigator. The Board worked with the Department of Administrative Services in the recruitment for all three positions.

Board Members and Meetings

The Oregon State Board of Architect Examiners is composed of seven members appointed by the Governor to four-year terms with three terms maximum. The Board is made up of five architects and two members of the general public.

The Board holds six regular meetings per year. Most meetings are held at the agency office, located in Salem. Special meetings are held as needed to address specific or time-sensitive issues. All meetings are open to the public and subject to public meeting laws. Meeting notices are published, posted on the OSBAE website, and sent to interested parties. Board approved meeting minutes are available on the Board's website.

The Board normally holds one regular meeting each year at one of the architecture schools in Oregon: Portland State University or the University of Oregon. This affords architecture students the opportunity to become acquainted with how the Board functions. Staff and Board members make presentations for the student body and answer questions on issues related to the architecture profession, the steps to becoming registered, and the laws and rules governing the practice of architecture in Oregon.

Board members as of June 30, 2019 are listed below. Two members were appointed during the 2017-2019 biennium, Erica Ceder and Don Eggleston. Board members are advised of training requirements upon their appointment as well as throughout the biennium.

Richard Alexander

Public Member (Attorney), 2017 Chair
Portland
2nd term ends 3/23/2022

Erica Ceder

Architect
Portland
1st term ends 7/8/2022

James Chaney

Public Member (Attorney), 2018 Vice-Chair, 2019 Chair
Eugene
1st term ends 6/23/2020

Don Eggleston

Architect, 2019 Vice-Chair
Portland
1st term ends 2/8/2022

James Robertson

Architect

Eugene

3rd term ends 1/24/2020

Doug Sams

Architect

Sisters

2nd term ends 3/31/2021

Kristin Wells

Architect, 2017 Vice-Chair, 2018 Chair

Portland

2nd term ends 11/24/2021

Board Best Practices

OREGON STATE BOARD OF ARCHITECT EXAMINERS		
Best Practices Criteria	Yes %	No %
1. Executive Director's performance expectations are current.	1	
2. Executive Director receives annual performance feedback.	1	
3. The agency's mission and high-level goals are current and applicable.	1	
4. The board reviews annual performance progress report.	1	
5. The board is appropriately involved in review of agency's key communications.	1	
6. The board is appropriately involved in policy-making activities.	1	
7. The agency's budget aligns with mission and goals.	1	
8. The board reviews all proposed budgets.	1	
9. The board periodically reviews key financial information and audit findings.	1	
10. The board is appropriately accounting for resources.	1	
11. The agency adheres to accounting rules and other relevant financial controls.	1	
12. Board members act in accordance with their roles and public representatives.	1	
13. The board coordinates with others where responsibilities and interests overlap.	1	
14. The board members identify and attend appropriate training sessions.	0.7	0.3
15. The board reviews its management practices to ensure best practices are utilized.	1	
Total	14.7	0.3
Percentage of Total	98.00%	2.00%

Information Technology System Security

The agency is provided with an ongoing systems security risk assessment by the staff at BES Technologies. The assessment continues to find that the risk profile for the web infrastructure of the agency is very low.

The agency also works with the Department of Administrative Services' Office of the State Chief Information Officer for review and risk assessment of OSBAE's information technology system.

Agency Operations

Biennium	Positions	FTE	Board Meetings	Approximate # Registrants		Board Stipend	Director Salary \$/per Month on 6/30/close of biennium
				Individuals	Firms		
2013-2015	5	3.65	13	3,491	780	\$60/day	\$6,444
2015-2017	5	3.81	12	3,357	821	\$60/day	\$7,461
2017-2019	5	4.12	14	3,617	801	\$60/day	\$10,277

Other Board Activities

Below is a list of some of the additional actions taken by OSBAE during the 2017-2019 biennium.

- Continued making improvements to the Board's registration database program as well as the application and renewal process for registrants.
- Increased communication with registrants regarding rule changes and the online renewal process.
- Instituted a biennial strategic planning process for Board meetings.
- Revised the Board's by-laws and policy manual.
- Conducted cross-training for new and existing staff.
- Updated the records retention policy.

ATTACHMENTS

1. FINANCIAL REVIEW FOR THE BIENNIUM ENDED JUNE 30, 2019
INCLUDING THE FOLLOWING:
 - A. BALANCE SHEET FOR 2017-2019
 - B. DETAILED LINE ITEM ADOPTED/APPROVED BUDGET AND ACTUAL SPENDING FOR 2017-2019
2. FORECASTED BALANCE SHEET FOR JUNE 30, 2021
3. DETAILED LINE ITEM ADOPTED BUDGET FOR 2019-2021
4. LICENSING ACTIVITIES AND DISCIPLINARY ACTIONS



OREGON STATE BOARD OF ARCHITECT EXAMINERS

2017-2019 Financial Review

#OSBAE-1905



Issued by: Pamela J. Stroebel Powers, CPA, MBA, CIA, CRMA, CPM
Powers CPA, LLC

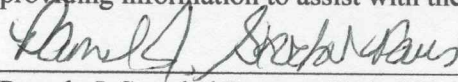
Date: December 16, 2019
To: Lisa Howard, Executive Director & Oregon State Board of Architect Examiners Board Members
Re: Independent Accountant's Report #OSBAE-1905 for the 2017-2019 Financial Review

Executive Summary

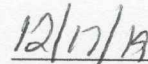
This report summarizes the results of work performed to evaluate internal controls over the Oregon State Board of Architect Examiners' (OSBAE) financial processes. Procedures were agreed to between Powers CPA, LLC and the Executive Director in Contract #1905 executed on July 23, 2019 and were approved by the Audits Division of the Secretary of State. This Financial Review was conducted in accordance with the Institute of Internal Auditors' (IIA) International Professional Practices Framework and the Committee of Sponsoring Organizations (COSO) Internal Control – Integrated Framework to specifically conclude on OSBAE's financial operations in each of the areas listed below:

- 1. Control Environment:** Generally, it appears OSBAE has established internal controls over its financial processes, and segregation of duties appear to be applied. One recommendation related to policies and procedures included in the prior biennium's report was followed up on and was determined to have been implemented, see Attachment B.
- 2. Risk Assessment:** Overall, it appears the Board is generally engaged in risk management practices and regularly requests, receives, and reviews information from staff and management to verify OSBAE is meeting its objectives.
- 3. Control Activities:** Overall, revenue and expense transactions tested appear supported, approved, and to further the business of the State. Detailed lists of all revenue and expense transactions were verified against the Profit & Loss Statement. Actual revenues were 2% lower than budgeted, and actual expenses were 11% lower than budgeted – explanations for significant variances are in Attachment A. The checking and reserve accounts appear to be regularly reconciled; however, an immaterial variance of \$1,414.07 in the reported Certificate of Deposit balance was noted due to the statement from the financial institution only being available at calendar year end rather than Fiscal Year end. OSBAE reported a net loss of \$45,709.87 for the 2017-19 biennium and ended the biennium with total bank account balances approximately equal to 20-21 months of expenses. One recommendation related to documentation supporting general journal entries which was included in the prior biennium's report was followed-up on and determined to have been implemented.
- 4. Information and Communications:** Generally, it appears OSBAE has procedures in place for the collection and dissemination of information with its key stakeholders. Board meeting minutes appear to present a detailed summary of what was discussed and decided, and newsletters appear consistent and relevant to provide information on operations and current topics to stakeholders.
- 5. Monitoring Activities:** Overall, it appears OSBAE has some performance monitoring procedures in place. It appears the Executive Director regularly reviews and approves financial transactions and the Board Chair appears to regularly review monthly bank reconciliations. Additionally, evidence exists in Board meeting materials to support the Board's regular review of financial information and statistics pertaining to registrations and renewals.

A draft of this report was discussed with the Executive Director on November 19, 2019, who generally agrees with the findings and recommendations included in this report. A full response from management, including planned corrective action, is attached. This Review was conducted by Nathan Foos, MBA/JD under my supervision. We appreciated the cooperation of the Executive Director and OSBAE staff in providing information to assist with the completion of this Review.



Pamela J. Stroebel Powers, CPA, MBA, CIA, CRMA, CPM
Owner/Managing Member - Powers CPA, LLC



Date

Copy: Secretary of State, Division of Audits; Key OSBAE Staff

Background

The Oregon State Board of Architect Examiners (OSBAE) is a semi-independent agency of the State of Oregon that operates under Chapters 671 and 182 of the Oregon Revised Statutes (ORS). The OSBAE was created by the Oregon Legislature in 1919 to regulate the practice of architecture. OSBAE serves all Oregonians by seeing that persons practicing architecture in Oregon are properly qualified and registered and determines the standards for individual architect and architectural firm registration which consist of a combination of education, examination and experience. OSBAE enforces the laws governing the practice of architecture in Oregon, investigating alleged violations and disciplining those who violate the law. The Agency operates solely on revenue generated from its own program and receives no state funding.

The Board is composed of seven members, five architects and two public members, appointed by the Governor to four-year terms; three terms maximum. Board membership is concentrated in Portland, although there appears to be a mix of professional diversity within the architectural and legal fields. In addition to the Board, the Agency currently operates with a staff of five (two of whom are part-time) and is headquartered in Salem, Oregon. The current Executive Director joined the Agency in September 2018, and a new Executive Support Specialist began shortly thereafter, in November 2018. The Fiscal Analyst has been with OSBAE for approximately 13 years, the Registration Specialist for a little over 10 years, and the Investigator was hired in January 2019.

Results of the Financial Review

This Financial Review was conducted in accordance with the Committee of Sponsoring Organizations (COSO) Internal Control – Integrated Framework to specifically conclude on OSBAE’s financial operations in each of the following areas: Control Environment, Risk Assessment, Control Activities, Information and Communications, and Monitoring Activities. Generally, it appears OSBAE has controls established within its financial, accounting, and registration processes. A summary of procedures performed and results for each of the five internal control components are described below, along with identified opportunities for improvement and the implementation status of prior Financial Review recommendations. Other minor leading practices OSBAE may wish to consider to improve the efficiency and effectiveness of its processes and procedures were discussed with the Executive Director.

1. Control Environment

The COSO Internal Control – Integrated Framework describes the control environment as “the set of standards, processes, and structures that provide the basis for carrying out internal controls across the organization.” A strong control environment is characterized by the quality of its ethics, Board governance, operating structure, and accountability for performance.

Generally, it appears OSBAE has established internal controls over its financial processes and segregation of duties appear to be applied. A review of Board minutes indicates the Board reviews the Agency’s overall financial performance and operating statistics at regular Board meetings. In addition, the Board appears to have developed a strategic plan that provides an overall structure for the Agency. Staff position descriptions were updated to reflect new hires during the biennium and appear consistent with the roles and responsibilities described by staff members. Staff and Management also described procedures for regular performance evaluations. It appears OSBAE has updated employee, financial, and registration procedures that provide a control structure for employees’ regular responsibilities as well as a framework for the Board to conduct regular meetings, however these updates were not made until after the biennium under review.

There was one prior finding and recommendation related to the control environment in prior Agreed Upon Procedures Report #AUP-2018-2, issued March 29, 2018, which was followed up on as part of this Review and has been determined to be partially implemented as of the end of the 2017-2019 biennium, and fully implemented in the current biennium. The prior report noted several policies in the Employee Policy Manual and Manual of Board Policies were lacking revision dates. Both sets of policies were reviewed and the Employee Policy Manual was dated as revised in August 2019 (just after the end of the biennium under review) and the Manual of Board Policies was dated as revised in May 2019. A description of the prior recommendation and steps taken to resolve it are provided in Attachment B.

2. Risk Assessment

The COSO Internal Control – Integrated Framework describes risk assessment as “the basis for determining how risks will be managed,” and begins with establishing business objectives and evaluating those objectives in the context of the organization’s internal and external environment.

Overall, it appears the Board is generally engaged in risk management practices. When interviewed, management described engaging with the Board extensively during the budgeting process. Management further stated the Board periodically requests various performance statistics, regularly reviews financial information, and receives and discusses statistics pertaining to registrations and renewals to monitor whether OSBAE is meeting its objectives, which was confirmed by reviewing a sample of Board meeting minutes.

3. Control Activities

The COSO Internal Control – Integrated Framework describes control activities as “the actions established through policies and procedures that help ensure that management’s directives to mitigate risks to the achievement of objectives are carried out.” Control activities include authorizations and approvals, verifications, and reconciliations. Strong control activities will also implement segregation of duties, when feasible to do so.

Revenue and Expense Verification: A detailed listing of revenue and expense transactions was verified against the profit and loss statement dated June 30, 2019, and checks used during the biennium were reviewed to ensure there were no unexplained gaps in the sequence. Overall, revenue and expense transactions tested appeared to be supported, approved, and generally determined as made to further the business of the State.

There was one prior finding and recommendation related to control activities in the prior Agreed Upon Procedures Report #AUP-2018-2, issued March 29, 2018, which was followed up on as part of this Review and determined to have been implemented. The prior report noted documentation could be improved for general journal entries. In the current Financial Review, a selection of general journal entries was reviewed and appeared to contain adequate documentation. A description of the prior finding and steps taken to resolve it are provided in Attachment B.

Registration Verification: A selection of registrant and applicant files was taken from sampled revenue transactions. Generally, registration applications and renewals tested were supported, approved, and appeared to meet the requisite registration and renewal criteria and fee schedules. However, the registration database could not be verified against the Profit & Loss Statement because the database did not have the necessary reporting functionality in the 2017-19 biennium; staff explained a suitable report has since been created and is now in use. In addition to reviewing a selection of registrant and applicant files, financial records relating to those files were sampled as part of revenue transaction testing and appeared to be appropriately classified and recorded.

Financial Institution Account Balances and Reconciliations: Based on a review of financial institution reconciliations for the biennium, the checking and reserve accounts generally appear to be regularly reconciled. OSBAE reported a negative checking account balance of \$2,405.20 (with a reconciled balance of \$11,932.17), a reserve account balance of \$455,678.45, and total Certificate of Deposit (CD) account balances of \$516,677.19 for the biennium ending June 30, 2019, for a total bank account balance of \$969,950.44. The checking account, reserve account, and Umpqua Bank CD balances were confirmed with OSBAE's financial institutions as of June 30, 2019 and appear to be accurately reported. However, the Washington Federal CD accounts do not appear to be reported accurately as of June 30, 2019: bank confirmations indicate the correct balance is \$414,949.93, however, OSBAE reported a balance of \$416,364.00, a difference of \$1,414.07 (0.3%). Staff explained this discrepancy arises because Washington Federal only sends CD statements at the end of each calendar year, so the balance sheet will not accurately reflect interest earned from January 1, 2019 through June 30, 2019. The Washington Federal CD statements and reconciliations as of December 31, 2018 were reviewed, and they did match the balance sheet as described by staff. Financial Institution balances should be accurately and timely reported to ensure financial transparency and financial statement usefulness. If balances are not accurately reported, it may be more difficult for the Board, management, and external stakeholders to accurately evaluate the financial health of the Agency. Although the difference does not appear to be material, OSBAE should consider including a note on the balance sheet to explain the Washington Federal CD balances are as of December 31, 2018 (which was added, see Attachment C).

Budget-to-Actual Comparison: For the biennium ending June 30, 2019, OSBAE reported revenues of \$1,067,691.13, a decrease of \$19,608.87 (2%) from budgeted revenues of \$1,087,300, and expenses of \$1,113,401.00, a decrease of \$134,869.00 (11%) from budgeted expenses of \$1,248,270. Budget variances were reviewed with the Executive Director to obtain explanations for significant variances. Explanations for all variances over \$10,000 were generally satisfactory and are provided in Attachment A.

Financial Performance and Sustainability: For the 2017-19 biennium, OSBAE operated with a net loss of \$45,709.87 on revenues of \$1,067,691.13 and expenses of \$1,113,401.00. OSBAE has enough cash in its liquid checking and reserve accounts to cover approximately 9-10 months of average actual and 8-9 months of average projected expenses, and enough in its total bank accounts to cover approximately 20-21 months of average actual and 18-19 months of average projected expenses. Current OSBAE policy states the reserve should be approximately six months of expenses but may be higher if circumstances call for additional reserves. Staff explained the Board is aware of the high reserve amount and is working toward reducing the balance in a prudent and thoughtful manner; staff further explained the Board has not raised fees in over a decade and the 2019-2021 budget plans to reduce the reserve by \$391,402.00 (equivalent to 8-9 months of actual and 7-8 months of projected expenses). OSBAE may consider revising its policy to allow for greater flexibility in its level of reserves.

Payroll represents approximately 68% of OSBAE's biennial expenses, which is equivalent to approximately 71% of OSBAE's biennial revenue. Payroll, which appears to be a large percentage of OSBAE's overall budget, can act as a fixed expense for a smaller agency with limited flexibility in staffing needs. OSBAE's total expenses for the biennium were approximately 104% of its revenue.

4. Information and Communications

The COSO Internal Control – Integrated Framework describes communication as “the continual, iterative process of providing, sharing, and obtaining necessary information,” and information as “necessary for the entity to carry out internal control responsibilities to support the achievement of its objectives.” Strong information and communications systems should be effective and adequate to meet the organization's objectives.

Generally, it appears OSBAE has implemented procedures for the collection and dissemination of information. With regard to external communications, staff described procedures for the preparation and dissemination of regular newsletters beginning in Spring 2019 that include such information as registration updates, renewal reminders, discussions of emerging topics, reminders to review key topic areas, and announcements for upcoming Board meetings. Board discussion of newsletter procedures was evidenced in a sample of Board meeting minutes. The Spring 2019 newsletter was reviewed to verify procedures described by staff; the newsletter appeared consistent with the described procedures, and the information it contained appeared to be relevant to OSBAE's objectives.

With regard to internal communications, staff described procedures in which they interact for most financial and registration processes. In addition, minutes of each Board meeting appear to be well-documented and present a detailed summary of what the Board and Executive Director discussed. Board meeting minutes and agendas also appear to be available on the Agency's public website.

5. Monitoring Activities

The COSO Internal Control – Integrated Framework describes monitoring activities as ongoing and separate evaluations to determine whether controls are present and functioning. Strong monitoring activities should adequately report on day-to-day performance to allow management to determine whether controls are functioning as intended and whether the organization is progressing toward its goals.

Overall, it appears OSBAE has some monitoring procedures in place. Staff described procedures for the Executive Director to review and approve financial transactions before payment is made, and for the Executive Director and Board Chair to generally review deposits and expenses when reconciling the bank statement each month. Based on the sample of transactions tested, it appears financial transactions are typically reviewed and approved accordingly. In addition, it appears the Board Chair is reviewing checking account reconciliations as prepared by the Fiscal Analyst.

In addition to monitoring of financial controls, staff described procedures by which the Board receives and discusses financial and registration information at each of its meetings, and these procedures were confirmed by reviewing a selection of Board meeting minutes to verify the Board discussed the Agency's financial position and reviewed statistics on registrations and renewals.

Objectives, Scope and Methodology

This engagement was performed to evaluate internal controls over OSBAE's financial operations within each of the five internal control components. This review specifically sought to determine whether:

- Internal controls exist and are being followed within the Agency's financial operations and registration procedures;
- Risk management activities are conducted and high-level risks to meeting financial reporting objectives are identified;
- Budgeting and financial reporting processes exist, and budget variances can be satisfactorily explained;
- Prior findings and recommendations have been satisfactorily implemented;
- Methods of communication with internal and external stakeholders have been developed to meet the Agency's objectives; and
- Monitoring and reporting procedures over the Agency's day-to-day operations exist.

To complete the review, the following procedures were performed:

- Policies were reviewed, staff members were interviewed, and processes were observed to gain an understanding of existing financial procedures and controls;
- Annual budget-to-actuals were examined, and explanations obtained, for significant variances;
- The biennial Profit and Loss (P&L - Income Statement) was verified against a detailed transaction listing to ensure reported revenue and expenditure activities are generally complete;
- Revenue, expenditure, and registration transactions were reviewed for accuracy, completeness, and adherence to documented policies and procedures;
- Financial institution account reconciliations were reviewed for accuracy, completeness and consistency, and account balances were confirmed to verify accuracy of reported totals;
- Analytical procedures were applied to identify financial trends and assess overall financial sustainability and reasonableness;
- Board minutes and external communications were reviewed, and staff members interviewed to assess the relevancy and sufficiency of information and communication procedures and monitoring activities.

ORS 182.464 requires OSBAE to undergo a Financial Review according to schedules agreed to with the Secretary of State's Division of Audits. We performed the procedures, as described above, which were agreed to by OSBAE and the Secretary of State for the two years ending June 30, 2019. This work was conducted by Nathan Foos, MBA/JD, Staff Auditor, under the supervision of Pamela J. Stroebel Powers, owner Powers CPA, LLC. Fieldwork was conducted in September through November 2019 following the Institute of Internal Auditors' (IIA) International Professional Practices Framework, 2017 edition and in alignment with the Committee of Sponsoring Organizations (COSO) Internal Control – Integrated Framework, as updated in May 2013. The COSO Internal Control – Integrated Framework was designed to help organizations develop and maintain systems of internal control to increase the likelihood of achieving key objectives and adapting to changes in the organization's environment. The results of this work are to assist OSBAE management, the Secretary of State, the Legislative Fiscal Office, and the Governor's Office in evaluating OSBAE's financial operations, and should not be used for any other purpose. The procedures performed do not constitute an audit or review made in accordance with standards of the American Institute of Certified Public Accountants and, consequently, no such assurance is expressed.

ATTACHMENT A

Oregon State Board of Architect Examiners
Budget to Actual Variance Analysis for the Biennium Ending June 30, 2019

Account	Actual	Budget	Amount Over (Under) Budget	Variance from Budget	Explanation as Provided by Executive Director
REVENUES:					Decrease
0205.3 · Individual Renewals	\$ 1,067,691.13	\$ 1,087,300.00	\$ (19,608.87)	-2%	Decrease: Architects from other states may not renew due to other opportunities in other jurisdictions or due to project completion.
0505.1 · License Fines (late fees)	\$ 635,485.00	\$ 664,200.00	\$ (28,715.00)	-4%	Increase: Late fees generally likely due to communication reminding people to renew even after expiration; also contributed to increase in CE late fees.
0505.2 · Late CE Reporting Fee	\$ 25,900.00	\$ 11,000.00	\$ 14,900.00	135%	Increase: Late CE fees most likely over because an audit had not been conducted since 2015. When they conducted the audit, they caught people who had not been finishing CE requirements, so collected late fees from them. They also reached more people in the renewal cycle with multiple communications even beyond the initial expiration and first 30-day grace period. They would like to reduce late fees by having earlier communication with registrants; will also send a mailing before first grace period.
0805 · Contract Services	\$ 19,400.00	\$ 8,000.00	\$ 11,400.00	143%	Decrease: Investigator no longer contracted out as of June 1, 2018.
EXPENSES:					Decrease
4300.3 · IT Services/Database	\$ 3,257.38	\$ 21,120.00	\$ (17,862.62)	-85%	Decrease: Change in IT provider, fewer database issues.
4325 · Atty General Legal Fees	\$ 1,113,401.00	\$ 1,248,270.00	\$ (134,869.00)	-11%	Decrease: Significant case completed and attorney not needed for full meetings.
4400.1 · Conference Registrations	\$ 57,550.32	\$ 70,000.00	\$ (12,449.68)	-18%	Decrease: NCARB funds 3 delegates, reducing expense.
3110 · Regular Employees - Other	\$ 42,237.84	\$ 90,000.00	\$ (47,762.16)	-53%	Increase: Staff turnover, all positions filled; staff at higher steps.
3190 · Holiday Pay	\$ 6,825.00	\$ 17,040.00	\$ (10,215.00)	-60%	n/a: Holiday pay gets added into regular pay when they prepare a budget, but it is separated out in QuickBooks.
3270 · Medical, Dental, Life Ins.	\$ 469,412.60	\$ 455,652.00	\$ 13,760.60	3%	Decrease: Budgeted for full staff, not all employees elect full benefits.
3280 · Contract Services	\$ 18,412.69	\$ -	\$ 18,412.69	-	Decrease: Investigator no longer contracted out as of June 1, 2018.
	\$ 116,138.25	\$ 191,064.00	\$ (74,925.75)	-39%	
	\$ 3,257.38	\$ 21,120.00	\$ (17,862.62)	-85%	

*Budgeted amounts from Budget to Actual Report (see Attachment D). Expenses are from Board approved budget in OAR effective 7/1/17.

Finding/Recommendations	Rec. #	Original Response	Current Status
<p>1 – Internal Controls Related to Cash and Recording Revenues and Expenses</p> <p>2013: Review and update or revise the Manual of Board Adopted Policies and employee procedures to reflect current practices.</p> <p>2015: Management should continue to pursue action to update its Board Policy Manual to ensure policies are in alignment with current practices. Additionally, the Board should adopt a procedure for regularly reviewing policies and procedures to help ensure they remain consistent with current practices; all policies and procedures should include documentation of the most recent revision date to assist with this process.</p> <p>2017: Management should continue to pursue action to update its policy manuals, ensuring the policies are dated to document the last time they were revised.</p>	<p>1</p> <p>2013: The Board adopted revisions to policies at its October 11, 2013 meeting.</p> <p>2015: A 2015-17 Strategic Plan was developed by the Board's Administrator, which was reviewed and approved by the Board. Since receiving your report, the Board has updated two of its policies.</p> <p>2017: The Board will update its strategic plan to include a process to review and update its Board Policy Manual on a regular basis.</p>	<p>2015 - PARTIALLY IMPLEMENTED: The Manual was updated as of June 2015; however, we found that although many of the issues brought forth in the 2011-13 review had been resolved, several Board policies were still outdated and not consistent with current practices. The Administrator brought forward additional policy revisions to the Board during the 2013-15 review which are scheduled for adoption at the Board's December 2015 meeting.</p> <p>2017 - PARTIALLY IMPLEMENTED: Most policies in the Manual were dated between 2012 and 2016, although a few were still dated 2006 or 2009; however, no significant concerns were noted (previously some policies had been dated 1980 and those appeared to have been updated in 2016.) All policies in the Manual are now dated, however as noted in previous AUPs, some policies in the Employment Policy Manual and the desk procedures provided for review did not include a date documenting the last time policies or procedures were revised. <i>To be followed-up on during the next AUP.</i></p> <p>2019 - PARTIALLY IMPLEMENTED: The Employee Policy Manual was not marked as revised until May 2019, near the end of the 2017-19 biennium, and the Manual of Board Policies was not marked as revised until August 2019, after the end of the 2017-19 biennium.</p> <p>IMPLEMENTED IN 2019-2021 BIENNIUM: Both policies have been marked as revised as of the current biennium. No further follow-up is required.</p>	<p>2015 - PARTIALLY IMPLEMENTED: During the current AUP evidence was available that this practice is occurring for the journal entries tested. Entries requested were readily available for review, however supporting documentation, even for routine entries, could be improved. <i>To be followed-up on during the next AUP.</i></p> <p>2019 - IMPLEMENTED: Per agency staff and management, OSBAE no longer requires general journal entries (GJEs) with the same frequency since they are no longer contracting with another agency to provide investigative services. If they do have GJEs, the current process is to have the Fiscal Analyst prepare them, the Executive Director review and approve them, and then have the Fiscal Analyst enter into QuickBooks. GJEs reviewed as part of transaction testing appeared to follow this procedure. This procedure should be formally documented in OSBAE's policies and procedures manual. <i>General Journal Entries should continue to be tested in future Financial Reviews.</i></p>
<p>2015: We recommend the agency ensure all journal entries are reviewed and approved by the Administrator, the review is documented, and they are maintained in the agency's files with adequate supporting documentation.</p> <p>2017: Management should consider improving documentation even for routine general journal entries.</p>	<p>2</p> <p>2015: All general journal entries, including those entered on a continual basis, are now being reviewed and approved by the Administrator.</p> <p>2017: The ongoing journal entry is an interagency agreement to share the cost of a full time investigator. OSBAE will begin attaching a copy of the investigator's timesheet to the journal entries.</p>	<p>2015 - PARTIALLY IMPLEMENTED: During the current AUP evidence was available that this practice is occurring for the journal entries tested. Entries requested were readily available for review, however supporting documentation, even for routine entries, could be improved. <i>To be followed-up on during the next AUP.</i></p> <p>2019 - IMPLEMENTED: Per agency staff and management, OSBAE no longer requires general journal entries (GJEs) with the same frequency since they are no longer contracting with another agency to provide investigative services. If they do have GJEs, the current process is to have the Fiscal Analyst prepare them, the Executive Director review and approve them, and then have the Fiscal Analyst enter into QuickBooks. GJEs reviewed as part of transaction testing appeared to follow this procedure. This procedure should be formally documented in OSBAE's policies and procedures manual. <i>General Journal Entries should continue to be tested in future Financial Reviews.</i></p>	<p>2017 - PARTIALLY IMPLEMENTED: During the current AUP evidence was available that this practice is occurring for the journal entries tested. Entries requested were readily available for review, however supporting documentation, even for routine entries, could be improved. <i>To be followed-up on during the next AUP.</i></p> <p>2019 - IMPLEMENTED: Per agency staff and management, OSBAE no longer requires general journal entries (GJEs) with the same frequency since they are no longer contracting with another agency to provide investigative services. If they do have GJEs, the current process is to have the Fiscal Analyst prepare them, the Executive Director review and approve them, and then have the Fiscal Analyst enter into QuickBooks. GJEs reviewed as part of transaction testing appeared to follow this procedure. This procedure should be formally documented in OSBAE's policies and procedures manual. <i>General Journal Entries should continue to be tested in future Financial Reviews.</i></p>

Oregon State Board of Architect Examiners
Unaudited Balance Sheet for the Biennium Ending June 30, 2019

	<u>Jun 30, 19</u>
ASSETS	
Current Assets	
Checking/Savings	
1001 · Checking - US Bank	-2,405.20
1005 · US Bank Reserve Account	455,678.45
1045 · WA Federal Savings -12 month CD	416,364.00
1060 · Umpqua Bank	100,313.19
Total Checking/Savings	<u>969,950.44</u>
Other Current Assets	
1202 · Civil Penalties Receivable	62,953.00
1204 · Allowance for Civil Penalties	-26,070.00
Total Other Current Assets	<u>36,883.00</u>
Total Current Assets	<u>1,006,833.44</u>
TOTAL ASSETS	<u><u>1,006,833.44</u></u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2002 · *Accounts Payable	16,725.84
Total Accounts Payable	<u>16,725.84</u>
Other Current Liabilities	
2100 · Payroll Liabilities	33,273.94
2111 · Compensated Absences Payable	11,692.27
Total Other Current Liabilities	<u>44,966.21</u>
Total Current Liabilities	<u>61,692.05</u>
Total Liabilities	61,692.05
Equity	
3020 · Beginning Fund Bal - Operating	235,073.00
3025 · Ending Fund Bal - Operating	246,975.88
3900 · Retained Earnings	535,856.89
Net Income	-72,764.38
Total Equity	<u>945,141.39</u>
TOTAL LIABILITIES & EQUITY	<u><u>1,006,833.44</u></u>

*WA Federal CD Balances are as of December 31, 2018 due to statements only being available at calendar year end.

Oregon State Board of Architect Examiners
Unaudited Budget to Actual for the Biennium Ending June 30, 2019

	Jul '17 - Jun 19	Budget	\$ Over Budget	% of Budget
Ordinary Income/Expense				
Income				
Revenues				
Transfer from Reserves	0.00	0.00	0.00	0.0%
0205 · Registrations	71,265.00	70,000.00	1,265.00	101.81%
0205.1 · Reinstatements	27,000.00	34,000.00	-7,000.00	79.41%
0205.2 · Reciprocity Applications	39,000.00	40,000.00	-1,000.00	97.5%
0205.3 · Individual Renewals	635,485.00	664,200.00	-28,715.00	95.68%
0205.4 · Firm Registrations	17,400.00	20,000.00	-2,600.00	87.0%
0205.5 · Firm Renewals	144,500.00	145,000.00	-500.00	99.66%
0205.6 · Exam Applications	30,115.00	36,000.00	-5,885.00	83.65%
0205.7 · Firm Application Fee	825.00			
0505 · Civil Penalties	38,436.90	30,000.00	8,436.90	128.12%
0505.1 · License Fines (late fees)	25,900.00	11,000.00	14,900.00	235.46%
0505.2 · Late CE Reporting Fee	19,400.00	8,000.00	11,400.00	242.5%
0605 · Interest - Reserve Account	164.09	1,600.00	-1,435.91	10.26%
0605.1 · CD Interest	13,446.60	5,000.00	8,446.60	268.93%
0705 · Other Sales Income	833.66	500.00	333.66	166.73%
0705.1 · Certified Verif. of Reg. Fee	120.00			
0805 · Contract Services	3,257.38	21,120.00	-17,862.62	15.42%
0905 · HEM Incentitive Program	542.50	880.00	-337.50	61.65%
0906 · PERS Cost (6%) WH from Employee	0.00	0.00	0.00	0.0%
Total Revenues	1,067,691.13	1,087,300.00	-19,608.87	98.2%
Total Income	1,067,691.13	1,087,300.00	-19,608.87	98.2%
Gross Profit	1,067,691.13	1,087,300.00	-19,608.87	98.2%
Expense				
Professional Services Expenses				
4225 · Gov Services Charges				
4225.1 · State Library Assesment	0.00	0.00	0.00	0.0%
4225 · Gov Services Charges - Other	9,524.19	6,000.00	3,524.19	158.74%
Total 4225 · Gov Services Charges	9,524.19	6,000.00	3,524.19	158.74%
4300.1 · Expert Witness Services	0.00	2,000.00	-2,000.00	0.0%
4300.2 · Office Administrative Hearings	656.91	8,000.00	-7,343.09	8.21%
4300.3 · IT Services/Database	57,550.32	70,000.00	-12,449.68	82.22%
4300.4 · Auditing	7,315.00	10,000.00	-2,685.00	73.15%
4300.5 · Other Professional Services	3,720.38	6,000.00	-2,279.62	62.01%
4300.6 · IT Projects	0.00	0.00	0.00	0.0%
4325 · Atty General Legal Fees	42,237.84	90,000.00	-47,762.16	46.93%
4326 · Compliance Expense	112.99	500.00	-387.01	22.6%
4425 · Rental of Bldg's & Land	68,030.09	74,000.00	-5,969.91	91.93%
4475.1 · Facilities Maintenance	5,456.34	5,200.00	256.34	104.93%
4650 · On-Line Payment Transaction Fee	33,772.99	25,000.00	8,772.99	135.09%
5150 · Telecommunication Services	11,290.44	7,500.00	3,790.44	150.54%
Total Professional Services Expenses	239,667.49	304,200.00	-64,532.51	78.79%

Oregon State Board of Architect Examiners
Unaudited Budget to Actual for the Biennium Ending June 30, 2019

	Jul '17 - Jun 19	Budget	\$ Over Budget	% of Budget
Services and Supplies				
4100.1 · Instate Travel	20,752.82	20,000.00	752.82	103.76%
4125.1 · Out of State Travel	26,405.94	30,000.00	-3,594.06	88.02%
4175 · Office Supplies	7,334.47	6,000.00	1,334.47	122.24%
4175.2 · Equipment Maintenance	5,697.89	5,400.00	297.89	105.52%
4175.5 · Postage & Printing Office Forms	2,449.58	2,500.00	-50.42	97.98%
4400 · Dues	21,250.00	21,500.00	-250.00	98.84%
4400.1 · Conference Registrations	6,825.00	17,040.00	-10,215.00	40.05%
4400.2 · Staff Development	3,771.96	5,000.00	-1,228.04	75.44%
5100 · Office Furn & Equipment	2,126.07	3,000.00	-873.93	70.87%
5550 · Computer Hardware/Software	18,346.61	20,000.00	-1,653.39	91.73%
Total Services and Supplies	114,960.34	130,440.00	-15,479.66	88.13%
3000 · Personal Service				
3110 · Regular Employees				
Employee Incentive Fund	0.00	0.00	0.00	0.0%
HEM Incentive Program	472.50	880.00	-407.50	53.69%
3110 · Regular Employees - Other	469,412.60	455,652.00	13,760.60	103.02%
Total 3110 · Regular Employees	469,885.10	456,532.00	13,353.10	102.93%
3110.1 · Board Member Stipends	10,620.00	12,960.00	-2,340.00	81.94%
3190 · Holiday Pay	18,412.69	0.00	18,412.69	100.0%
3220 · PERS Contributions	75,658.97	69,609.00	6,049.97	108.69%
3220.1 · PERS Cost (6%) WH from Employee	0.00	0.00	0.00	0.0%
3221 · Pension Bond Contributions	25,110.59	26,155.00	-1,044.41	96.01%
3230 · Social Security & Taxes	38,806.75	34,980.00	3,826.75	110.94%
3240 · State Unemployment Payments	0.00	1,000.00	-1,000.00	0.0%
3250 · Workers Comp Assessments	227.18	210.00	17.18	108.18%
3270 · Medical, Dental, Life Ins.	116,138.25	191,064.00	-74,925.75	60.79%
3280 · Contract Services	3,257.38	21,120.00	-17,862.62	15.42%
Total 3000 · Personal Service	758,116.91	813,630.00	-55,513.09	93.18%
6560 · Payroll Expenses	656.26			
Total Expense	1,113,401.00	1,248,270.00	-134,869.00	89.2%
Net Ordinary Income	-45,709.87	-160,970.00	115,260.13	28.4%
	-45,709.87	-160,970.00	115,260.13	28.4%



Oregon

Kate Brown, Governor

State Board of Architect Examiners

205 Liberty St. NE, Suite A

Salem, OR 97301

503-763-0662

www.osbae.com

December 11, 2019

Pamela Stroebel Powers
Powers CPA, LLC
PO Box 4072
Salem, OR 97302

RE: Independent Accountant's Report #OSBAE-1905 for 2017-19 Financial Review

Dear Ms. Powers:

I write on behalf of the Oregon State Board of Architect Examiners (OSBAE) as its Executive Director. The Board reviewed your November 20, 2019 draft report on the evaluation of internal controls over OSBAE's financial processes for the 2017-2019 biennium.

Thank you and Nathan Foos for your thorough review and for the opportunity to respond to your recommendations. Highlighted below are the recommendations for improvement and the Board's planned corrective action.

Recommendation: OSBAE should consider including a note on the balance sheet to explain the Washington Federal CD balances are as of December 31, 2018.

Response: OSBAE staff will add the recommended note to the June 30, 2019 balance sheet.

Recommendation: OSBAE may consider revising its financial/budget reserves policy to allow for greater flexibility in its level of reserves.

Response: The Board will discuss revising its financial/budget reserves policy to increase the reserves from the equivalency of six months of a biennial budget to nine to twelve months of a biennial budget.

Again, the Board appreciates the opportunity to respond to each of your recommendations. If you have any questions, please do not hesitate to contact us.

Sincerely,

Lisa Howard
Executive Director

cc: Oregon Secretary of State Audits Director Kip Memmott

ASSETS

Current Assets	Actual 6/30/2019	Forecasted 6/30/2021
Checking/Savings/CDs	969,950.44	553,739.39
Accounts Receivable	36,883.00	-
Total Current Assets	1,006,833.44	553,739.39

LIABILITIES & EQUITY

Current Liabilities	Actual 6/30/2019	Forecasted 6/30/2021
Accounts Payable	16,725.84	-
Other Current Liabilites (Payroll)	44,966.21	-
Total Current Liabilites	61,692.05	-

Equity	Actual 6/30/2019	Forecasted 6/30/2021
Equity	945,141.39	553,739.39
TOTAL LIABILITES & EQUITY	1,006,833.44	553,739.39

Oregon State Board of Architect Examiners
2019 - 2021 Budget Summary
 July 1, 2019 through June 30, 2021

Ordinary Income/Expense

Income

Revenues

Registrations	70,000.00
Reinstatements	25,000.00
Reciprocity Applications	40,000.00
Individual Renewals	630,000.00
Firm Registrations	20,000.00
Firm Renewals	142,000.00
Exam Applications	32,000.00
Civil Penalties	30,000.00
License Fines (late fees)	15,000.00
Late CE Reporting Fee	12,000.00
Interest - Reserve Account	180.00
CD Interest	9,500.00
HEM Incentive Program	1,260.00
Other Sales Income	800.00
Contract Services	0.00
PERS Cost (6%) W/H from Employee	40,325.00

Total Revenues 1,068,065.00

Transfer from Reserves 391,402.00
1,459,467.00

Expense

Professional Services Expenses

Gov Services Charges	17,000.00
Expert Witness Services	1,000.00
Office Administrative Hearings	4,000.00
IT Services/Database	60,000.00
Auditing	9,000.00
Other Professional Services	4,500.00
Atty General Legal Fees	60,000.00
Compliance Expense	500.00
Rental of Bldg's & Land	75,000.00
Facilities Maintenance	5,500.00
On-line Payment Transaction Fees	25,000.00
Telecommunication Services	10,000.00

Total Professional Services Expenses 271,500.00

Services and Supplies

In State Travel	20,000.00
Out of State Travel	25,000.00
Staff Development	5,000.00
Office Supplies	7,000.00
Equipment Maintenance	6,000.00
Postage & Printing Office Forms	3,000.00
Dues	21,500.00
Conference Registrations	10,000.00
Office Furn & Equipment	3,000.00
Computer Hardware/Software	15,000.00

Total Services and Supplies 115,500.00

Personal Service

Regular Employees	632,960.00
PERS (6%) W/H from Employee & paid to PERS	40,325.00
Employee Incentive Fund	10,000.00
Board Member Stipends	13,000.00
Employer Contributions-Pension & Retiree Healthcare	110,011.00
Pension Bond Contributions	39,244.00
Social Security & Taxes	48,422.00
State Unemployment Payments	1,000.00
WBF Fund	245.00
Medical, Dental, Life Ins.	176,000.00
HEM Incentive Program	1,260.00

Total Personal Service 1,072,467.00

Total Expense 1,459,467.00

OSBAE STATISTICS AS OF JUNE 30, 2019

Section 5	June 2011	June 2013	June 2015	June 2017	June 2019	% Change 2017-2019
Actively registered individuals	2939	3017	3182	3358	3617	8%
Actively registered firms	625	667	702	821	801	-2%
(a) Registration Applications Received within the Biennium	339	263	432	875	783	
(1) Individuals	204	156	336	719	621	-14%
(2) Firms	135	107	96	156	162	4%
(b) Registrations Issued within the Biennium	455	442	432	835	675	
(1) Individuals	413	343	336	714	547	-23%
(2) Firms	42	99	96	121	128	6%
(c) Examinations Conducted (not applicable, exams are conducted by the national association)						
(d) Average Processing Time for Registrations Processed within the Biennium*						
(1) Number of registrations by exam	204	156	137	307	216	-30%
(2) Average processing time for exam applications	1276	697	1359	2	28	1300%
(3) Number of registrations by reciprocity	209	187	199	407	331	-19%
(4) Average processing time for reciprocity applications	33	21	67	7	7	0%
(e) Number of New Complaints Received within the Biennium	122	91	23	58	47	-19%
(1) Against registrants	40	33	7	33	27	-18%
(2) Against non-registrants	82	58	16	25	20	-20%
(f) Source of Investigations Conducted for Cases Closed within the Biennium	110	91	46	58	24	-59%
(1) Cases initiated by the Board	54	35	23	N/A	10	
(2) Cases received by the agency	67	56	23	N/A	14	
(g) Number and Types of Resolutions of Complaints Closed within the Biennium	110	91	29	58	24	-59%
(1) Closed without action/Board has no jurisdiction/no violation	37	31	8	N/A	13	
(2) Letters of concern/education	39	38	3	N/A	6	
(3) Referred to the Engineering Board	1	1	0	N/A	0	
(4) Civil penalties issued and payment received	33	18	7	N/A	5	
(5) License revocation	0	0	1	N/A	0	
(6) Stipulations/agreements, no civil penalty	0	3	10	N/A	0	
(h) Number of Sanctions Imposed (total of 4-6 above)	33	21	18	44	5	-89%
(i) Number of Days Between Receipt of a Complaint and Reaching a Resolution for Cases Closed within the Biennium	197	261	93	87	273	214%