

WASHINGTON STATE BOARD OF ACCOUNTANCY

Minutes of a Meeting of the Board

- Time and Place of Meeting** 9:05 a.m. – 3:15 p.m. Tuesday, January 27, 2009
The Doubletree Hotel Seattle Airport, Evergreen 4 Room
18740 International Boulevard
SeaTac, Washington
- Attendance** Edwin G. Jolicoeur, CPA, Chair
Laurie J. Tish, CPA, Secretary
Donald F. Aubrey, CPA, Board Member
Robin A. Clark, CPA, Board Member
Robert G. Hutchins, Public Board Member
Mark W. Pearson, CPA, Board Member
Ronald D. Sabado, CPA, Board Member
Richard C. Sweeney, CPA, Executive Director
Thomas J. Sadler, CPA, Deputy Director
Diane M. Bren, CPA, Assistant Director of Operations and Investigations
Cheryl M. Sexton, Executive Advisor
- Call to Order** Edwin G. Jolicoeur, Chair, called the meeting to order at 9:05 a.m.
- Consent Agenda** The Board unanimously approved the following items on the consent agenda as presented:
- Minutes of the October 17, 2008, Annual Board Meeting
 - Request Review Committee Report
- Agency Request Legislation** The Executive Director provided an overview of the proposed legislation the agency is requesting the 2009 Washington State Legislature to adopt:
- Confidential Records – Senate Bill 5435; House Bill 1573
The Executive Director emphasized that the proposed changes to RCW 18.04.405 do not change the agency's procedures related to public disclosure. The amendments are only intended to protect the confidential financial information of clients and CPAs provided to the Board.
- Technical Correction – Senate Bill 5434; House Bill 1518
Board staff provided the Board with a proposed modification from the Independent Business Association. The Board did not support this modification.
- The Chair asked for comments from the public in attendance. The Washington Society of CPAs (WSCPAs) supported the

legislation. Both the WSCPA and Gerald Miller stated the proposed modification from the Independent Business Association was not necessary and would just make the legislation more difficult to pass.

Board staff will keep Board members advised of status of the legislation.

NASBA

Vice Chair Recommendation for 2009-2010

The National Association of State Boards of Accountancy's (NASBA) Nominating Committee is calling for recommendations(s) for Vice Chair of NASBA for the 2009-2010 year. Recommendation(s) are due to the Nominating Committee no later than February 26, 2009.

Ed Jolicoeur advised the Board he is a member of NASBA's nominating committee and would take a neutral position and would not sign any correspondence from the Board.

Laurie Tish introduced recommendations received thus far. The Board supported the nomination of Michael Daggett of Arizona for the NASBA position. Board staff will prepare a recommendation letter to NASBA's Nominating Committee for Gerald Ryles' signature.

Laurie pointed out that individual Board members may provide their own recommendations to the Nominating Committee.

Update

Laurie Tish reported that NASBA's Western Regional meeting will be held in Oklahoma City, Oklahoma June 3-5, 2009. NASBA will fund Ed Jolicoeur and Laurie Tish's attendance. NASBA scholarships are available to states with travel restrictions for the Executive Director and one Board member.

Thomas Sadler provided an update on the following NASBA activities/issues:

- International accounting standards
- Multi-jurisdictional enforcement

Rich Jones, WSCPA President and CEO, conveyed conflict of interest and objectivity concerns raised by state society presidents concerning NASBA's duties in maintaining the National Registry of CPE Sponsors and hosting of the September 2009 National CPE Expo.

**Legal
Counsel's
Report**

The Board's legal counsel, Mary M. Tennyson, Senior Assistant Attorney General was unable to attend the Board meeting.

**Update on
Outstanding
Litigation**

The Executive Director provided the Board with an update on the outstanding litigation against the Board and outstanding public records requests. The Executive Director reported he has submitted a supplemental budget request to the Governor to fund the defense of the litigation.

Chair's Report

Board Officers Meeting

The Board officers met with the Executive Director on January 13, 2009. Mark Pearson attended the meeting also.

CPE Weather Related Extension

The Executive Director contacted the Board Chair regarding licensees and certificate holders impacted by the severe inclement weather and hazardous travel conditions during December. About 300 individuals were not able to attend and complete continuing professional education for which they were previously enrolled. The Chair reported that he agreed with the Executive Director's plan to authorize weather-related CPE extensions through January 31, 2009 to complete up to 16 hours of CPE for those individuals who had a reporting deadline of December 31, 2008.

**Compliance
Assurance
Oversight
Committee**

Fred Shanafelt, Chair of the Compliance Assurance Oversight Committee provided a written report to the Board. Mr. Shanafelt plans to meet with the WSCPA in early February.

**CPA Exam
Liaison
Committee**

Robin Clark, Committee Chair, reported on the following:

CPA Exam Administration

The contract with CASTLE Worldwide for CPA exam administration expires December 31, 2009. Robin and staff are beginning the contracting process.

Examination Fees

Due to a cost of living adjustment, Prometric's hourly fee will increase to \$24.80 per hour (from \$23.85, a 4% increase). In anticipation of the fee increase and to start the rule-making process, the Executive Director filed a CR-101 (Preproposal Statement of Inquiry) on January 13, 2009. Robin presented a draft CR-102 (Proposed Rule-Making) and proposed amendment to the Board's fee rule (WAC 4-25-530). The Board directed staff

to file the CR-102 and proposed amendments as drafted. The Board will hold a rule-making hearing on April 21, 2009, immediately preceding the Board meeting.

**CPE
Committee**

No report.

**Education Rule
Review
Committee**

Ronald Sabado, Committee Chair reported on the following:

Testimony before Legislative Workgroup

The Washington State Legislature formed a workgroup to look at the Washington Assessment of Student Learning (WASL). Diversity groups from around the State testified before the legislative workgroup. The Executive Director and Ron listened to the testimony.

Model Uniform Accountancy Act (UAA) Rules 5-1 and 5-2

The Board approved Ron's request to work with staff to draft amendments to the Board's education rule (WAC 4-25-710) to align the rule with the UAA. The amendments may specify coursework under the accounting concentration. Ron and the Executive Director will draft a CR-101 (Preproposal Statement of Inquiry) to begin the rule-making process. Ron emphasized that this is not a short term project. The project will include meetings with stakeholders (such as schools, firms, WSCPA) and will extend beyond June 30, 2009.

120—150 Hour Education

NASBA's July 2008 draft Education and Licensure Requirements for Certified Public Accountants: *A Discussion Regarding Degreed Candidates Sitting for the Uniform CPA Examination with a Minimum of 120 Credit Hours (120-Hour Candidate) and Becoming Eligible for Licensure with a Minimum of 150 Credit Hours (150-Hour Candidate)* is available to provide a forum for discussion. NASBA is monitoring the issue closely.

**Legislative
Liaison
Committee**

Joint Legislative Audit & Review Committee (JLARC) Report

The Executive Director provided the Board with a summary of JLARC's December 16, 2008 "Review of Boards and Commissions: Pre-Audit Report." This report lists the 470 boards and commissions the Governor referred to in her 2009 inaugural address. The Executive Director also advised the Board of expected legislation sponsored by the Governor to consolidate the Board of Accountancy into the Department of Licensing. The Board Chair, Vice Chair, and Secretary submitted a letter to the Governor expressing general opposition to the consolidation effort.

House Bill 1331; Senate Bill 5343

Judy Love of the WSCPA provided the Board with an update on the proposed legislation allowing CPAs to gather information for the preparation of estate distribution documents.

**Outreach
Committee**

The Executive Director reported on his outreach efforts since the October 2008 Board meeting:

- Meeting with North Seattle Community College accounting faculty and students
- Day with Olympia High School accounting students

The River Ridge High School program made a previous request for the Executive Director to spend a day with its students.

**Qualifications
Committee**

No report.

**Quality
Assurance
Review (QAR)
Committee**

Mark Pearson, QAR Committee Co-Chair, reported on the results of the QAR Committee's November 16, 2008, meeting. The Committee is considering the following changes to the program:

- The Committee would like reviewer access to workpapers of any follow-up report after the second unacceptable report.
- The Committee should have appropriate authority to direct which report from those prepared during the review period is selected for review.
- The Committee believes that the complexity of auditing in today's environment suggests that providers of audit services should undergo peer review rather than the current QAR program. The Committee suggested that the Executive Director clarify that the WSCPA had sufficient resources to provide the peer review services for audits if the QAR program is modified to exclude the review of audits.

**Request
Review
Committee**

The following report was approved under the consent agenda:

CPE Extensions – The Board has received several extension requests where the CPE deficiency is more than 16 CPE credit hours since the October 2008 Board meeting. However, none of the requests have been approved or denied yet.

Firm Names – The Executive Director and a Consulting Board member approved the following firm names since the October 2008 Board meeting:

1. DPF Accounting Solutions
2. Dixon Hughes PLLC
3. Crowe Horwath LLP
4. Finley, Marx & Martin LLC
5. Baker Tilly Virchow Krause, LLP
6. Pacific Northwest Consultants, LLC
7. NDB Accountants & Consultants LLP
8. Artistic Accounting PLLC
9. 2-20 Consulting, LLC

Late Fee Waivers – The Board did not receive any late fee waiver requests since the October 2008 Board meeting.

Professional/Education Organization – Recognition Requests – Since October 2008, the Board received one request for recognition as an educational organization for purposes of obtaining lists of individual CPAs from “Estate Planning Council of Portland.” The Executive Director and a Consulting Board Member from the Request Review Committee granted this request.

**Rule Review
Task Forces**

QAR

Mark Pearson reported the task force will review the application of the current year’s changes to determine if the QAR Committee proposals were sufficient or if further changes are needed.

Electronic Records

Donald Aubrey reported that the task force consists of five practitioners, two litigation attorneys, Robert Hutchins, Board Member, and himself. The Task Force is reviewing Board rule WAC 4-25-640 (What are the requirements concerning records and client confidential information?) and the AICPA’s Rule 501. The Task Force met and put together some recommendations. The Task Force may recommend splitting WAC 4-25-640 into two rules. Don will put the recommendations together into draft rules and present the draft rules to the Task Force with the goal of bringing a proposal to the next Board meeting.

Experience

Robin Clark reported the verifying CPA is the Achilles heel in the process. Board Members suggested providing helps for the verifying CPAs and tightening the requirements without increasing liability. Thomas Sadler, Diane Bren and Robin will meet.

**Executive
Director's
Report**

Meeting With Board Officers

The Executive Director gave an overview of topics covered at the January 13, 2009, meeting with Board officers.

CPE Extensions (16 hours and under) – The Executive Director estimated he had received 53 weather-related CPE extensions since the October 2008 Board meeting. The WSCPA expressed its appreciation to the Board for its consideration of the weather-related CPE accommodation and conveyed that those taking advantage of the extension were very appreciative.

Investigation Management Report – The Executive Director presented the “Case Status Report” and the “Activity Analysis of Administrative Violations Report” for the Board’s review. The Executive Director complimented enforcement staff for their negotiation skills and efforts.

Status of Online Services and Web Site Redesign

The agency’s redesigned web site launched January 16, 2009. The agency has received nothing but positive feedback. The Small Agency Initiative Committee withdrew funding for the development of the Board’s online license payment system; however, the Executive Director is seeking full funding through the Governor’s 2009-2011 budget proposal. The Executive Director is also exploring other options.

Personnel Changes

On November 16, 2008, Sandra Shoemaker left Board staff for a new position with the State Auditor’s Office. The Board Chair signed a letter of appreciation to Sandy from the Board.

Renewal Issues

The Executive Director discussed the practice of licensees and certificateholders retiring their licenses/certificates due to CPE deficiency. Board staff recommended that the Board’s rule review task force consider connecting a minimum time element to the retirement option.

Recurring Canadian Issues -

The Executive Director is continuing his research on several recurring Canadian issues Board staff is encountering.

Rules Review

The Executive Director reported the comprehensive review of all Board rules will not be completed prior to June 30, 2009.

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WBOA-News – As of January 27, 2009, 1,361 individuals have subscribed. This is a net increase of 65 individuals (5%) since October 17, 2008.

Public Input During the meeting, the Board heard comments from Gerald Miller representing the Washington Association of Accountants (WAA) and from Judy Love and Rich Jones representing the Washington Society of CPAs (WSCPAs).

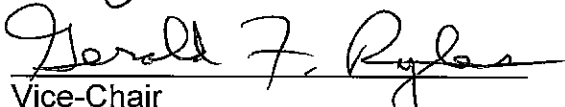
Executive Session At 2:00 p.m., the Board adjourned into executive session to discuss pending and potential litigation. The Board did not take any action.

Adjournment The Board adjourned at 3:15 p.m.

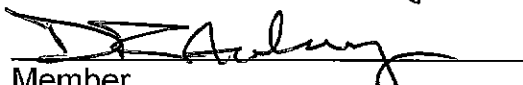
Secretary



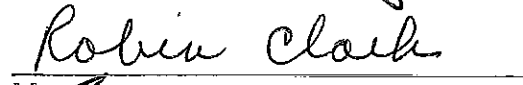
Chair



Vice-Chair



Member



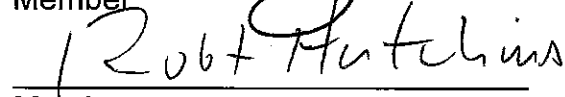
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