

WASHINGTON STATE BOARD OF ACCOUNTANCY

Unapproved Draft - Minutes of the Annual Meeting of the Board - Unapproved Draft

Time and Place of Meeting	9:07 a.m. – 3:24 p.m. Thursday, January 26, 2012 The Doubletree Hotel Seattle Airport Cascade 11 18740 International Boulevard SeaTac, Washington
Attendance	Donald F. Aubrey, CPA, Chair, Board Member Robert G. Hutchins, Vice Chair, Public Board Member Lauren Jassny, Public Board Member Edwin G. Jolicoeur, CPA, Board Member Thomas G. Neill, CPA, Board Member Emily R. Rollins, CPA, Board Member Gerald F. Ryles, Public Board Member Karen R. Saunders, CPA, Board Member Bruce L. Turcott, Assistant Attorney General Richard C. Sweeney, CPA, Executive Director Thomas J. Sadler, CPA, Deputy Director Jennifer Sciba, Director of Operations and Administration Cheryl M. Sexton, Board Clerk
Call to Order	Donald Aubrey, Chair, called the regular meeting of the Board to order at 9:07 a.m.
Consent Agenda	The Board approved the following items on the consent agenda: <ul style="list-style-type: none">• Minutes of the October 13, 2011, Annual Board Meeting with corrections• Request Review Committee Report
Delegation of Authority – Administrative Notices of Non-Compliance and Respondent Agreements	The Board reviewed proposed minor changes to the current delegation of authority that allows the Executive Director with the concurrence of one Board member to issue administrative notices of non-compliance and respondent agreements in accordance with Board approved guidelines. The change to the delegation removed the need for Consulting Board Member concurrence. The Board approved the delegation as revised.
Proposed Board Governance Structure	The Executive Director provided the Board with a proposed Board Governance Structure he had previously recommended to the Board's Performance Review Task Force. After discussion, the Board tabled this agenda

item until the Board's April 2012 regular meeting. The Board Chair will work with the Executive Director to draft a revised proposal. The Executive Director will provide the revised proposal to Board members 30-45 days in advance of the Board meeting.

NASBA Update

The Executive Director provided the Board with an update on National Association of State Boards of Accountancy (NASBA) activities.

Recommendation for Nomination of NASBA Vice Chair

NASBA's nominating committee is calling for recommendations for vice chair of NASBA for the 2012-2013 year.

The Board voted to support the nomination of Walter Davenport, CPA, of North Carolina for the NASBA position. The Executive Director will prepare a recommendation letter to NASBA's Nominating Committee for the Chair's review and signature.

Ed Jolicoeur is a member of NASBA's Nominating Committee. He recused himself and left the meeting room during the entire presentation and discussion of this agenda item. He does not endorse any candidate.

Legal Counsel's Report

Bruce Turcott, the Board's legal counsel, provided the Board with an update on outstanding litigation.

Chair's Report

Attorney General Office Billing - The Board Chair reported on a meeting with representatives of the Attorney General's Office in December to discuss billings.

Other - The Board Chair reported on:

- A meeting with Lisa Zolman the agency's Director of IT and Data Communications regarding research into a plan to integrate outreach including social media. If Lisa finds it to be cost beneficial, the Chair's goal is to have a proposal for the Board's consideration at its next regular meeting.
- A meeting with Board officers and the Executive Director on Tuesday, January 24, 2012.
- A change to the Oregon Board of Accountancy's ethics continuing professional education requirements. The Chair will monitor their program for possible future Board consideration.

**Proposed Transition
of Quality Assurance
Review – Update
from WSCPA**

Julie Phipps, Peer Review Administrator for the Washington Society of CPA's (WSCPA) provided the Board with an update concerning the proposed transition of Quality Assurance Review for compilation and review. Ms. Phipps relayed that with more lead time to solicit additional volunteers for their Report Acceptance Body (RAB) committee, the WSCPA can accommodate the additional peer review. She also requested additional continuing professional education (CPE) for RAB members to include preparation time.

The Board resolved to transition Quality Assurance Review to require CPA firms that issue any attestation or compilation reports to participate in a Board-approved peer review program administered by the American Institute of CPAs (AICPA) or the Washington Society of CPAs (WSCPA) beginning in 2013. The Board directed staff to begin the rule-making process to amend the Board's QAR and CPE rules to accomplish the transition and additional CPE.

**Compliance
Assurance
Oversight
Committee**

Committee Chair Fred Shanafelt had nothing to report for this meeting. The year proceeds without anything significant.

The Executive Director reported that Mr. Shanafelt will be retiring June 2012. The Board will need a new chair for this committee in July.

The Executive Director recommended that the Board direct this committee to attend the semiannual acceptance review and expand their task to include observation of the WSCPA's internal review of their peer review procedures and observe biannual review by AICPA of the administrator's process.

**Education Exam
Task Force**

This task force has nothing to report for this meeting. There has been some exchange of ideas but nothing substantial. The Executive Director and Board Chair plan to provide the task force with a starting point. Emily Rollins volunteered to serve as a member of the task force.

Ethics Committee

Tom Neill provided the Board with:

- A draft Ethics Compliance Checklist he plans to use to access the compliance of agency personnel with the state's ethics requirements

- A copy of the Washington State Executive Ethics Board's Guide for State Board and Commission Members – *What you Need to Know About the State's Ethics Law*

Tom reported that he and the Executive Director met with Melanie de Leon Executive Director of the Washington State Executive Ethics Board. Ms. de Leon is reviewing the agency's ethics policy and checklist and is willing to provide this Board and agency staff with state ethics education.

Tom plans to provide the checklist to staff in the near future.

Legislative Liaison Committee

Ed Jolicoeur provided the Board with a proposal to change WAC 4-30-058 to allow the use of CPA Retired. Judy Love, Director of Advocacy for the WSCPA reported that the proposed language and placement in the rule structure was approved by the WSCPA's Retired CPA Joint Task Force on January 5, 2012.

The Board approved the draft and directed Board staff to move forward with rule-making and public comment.

Quality Assurance Review (QAR) Committee

QAR Committee

The Board appointed the following individuals to serve on the Board's 2012 QAR Committee:

- Robert E. Speicher, CPA, Co-Chair
- David A. Stiefel, CPA, Vice Chair
- Christine Bogard, CPA, Member
- James E. Coates, CPA, Member
- Nina L. Gerbic, CPA, Member
- James L. Holder, CPA, Member
- Martin H. Oreschnigg, CPA, Member

2011 CPE Audit

Emily Rollins reported that Board staff completed the 2011 CPE audit and presented a CPE Audit Comparison report to the Board.

Request Review Committee

The following report was approved under the consent agenda:

CPE Extensions exceeding 16 CPE credit hours - During 4th quarter 2011, the Board received 33 extension requests where the CPE deficiency was more than 16 CPE credit hours. The Executive Director and a Consulting Board Member took the following action:

Approved: 4

Denied: 0

Pending: 29

Firm Names - The Executive Director and a Consulting Board member approved the following firm names during 4th quarter 2011:

- Bellingham CPA
- Vazquez and Company Inc
- Weber & Associates, LLC
- Document Research Associates
- Benbow & Associates CPA Firm
- Roberts & Company, CPAS, P.S.
- Cassabon & Associates, LLP
- Seattle CPA Professionals, LLC
- MKD, CPA's PLLC
- V K Litz, CPA, LLC
- Salmon Sims Thomas & Associates, PLLC
- Ideal Company
- US&CO. Certified Public Accountants, P.L.L.C
- H & H Accounting and Tax Services, LLC
- Insight Accounting Solutions LLC
- MyCFOLink

Late Fee Waivers - No activity during 4th quarter 2011.

Professional/Educational Organization - Recognition Requests - During the 4th quarter 2011, the Board received one request for recognition as an educational organization or professional association for purposes of obtaining a list of individual CPAs. The Executive Director and a Consulting Board Member from the Request Review Committee took the following action:

Recognized: Bright Business Ideas LLC

Denied: None

Domestic or Foreign Education Credential Evaluation Services - Applications - During the 4th quarter 2011, the Board received two application for approval. The committee just received recommendations from other state boards and is evaluating those recommendations.

Executive Director's Report

CPE Deficiencies – During 4th quarter 2011, the Board received 8 requests for extension of time to complete CPE of 16 hours and under. The Executive Director took the following action:

- 5 approved
- 3 pending (2 are waiting for CPE sponsors to provide additional documentation)

Website Search Tools/Avenues - The Executive Director reported that only an increase in the number of visits to the Board's web site will ensure the web site (specifically publication of discipline) is towards the top of any web search.

Social Networking as Resource in Investigations - The Executive Director reported that staff may consider using LinkedIn for investigations in the future.

Implementation of Performance Review Task Force Recommendations – The Executive Director provided the Board with an update.

Investigation Statistics/Investigations & Administrative Sanctions

Thomas Sadler, Deputy Director, provided the following reports to the Board:

- Case Status Report for the period ended December 31 2011
- Investigations Results/Statistics through December 31 2011 as posted on the Board's web site
- Investigation Statistics January 1990 through December 31, 2010

Public Records – The Executive Director reported that the agency has received three requests for public records from the same requester since January 1. Michelle Paulsen Eddy is now filling requests at the Executive Director's direction.

Renewal Cycle and Online Services – The Executive Director provided the Board with the following renewal statistics:

Individuals

- 96% renewing online
- 4% renewing via paper

Firms

- 88% renewing online
- 12% renewing via paper

Currently CPA firms cannot use credit cards to pay for services online. The agency is rethinking this position and exploring fixes for problems with Secure Access Washington.

Travel – The Executive Director plan to travel to Nashville to make a video on how to get licensed in Washington State.

Verifying CPA – The Executive Director reported on a visit from an individual from Japan who would like to verify applicants' experience for licensure. Unfortunately, this individual has not been licensed for five years as required by Board rule.

WBOA-News – As of January 18, 2012, 1748 individuals have subscribed. This is a net increase of 44 individuals since October 5, 2011 – 12.5%.

Public Input

Rich Jones representing the Washington Society of CPAs (WSCPAs) reported that the AICPA and the Chartered Institute of Management Accountants (CIMA) on Jan. 31 will launch a global designation for management accounting, the Chartered Global Management Accountant (CGMA).

Judy Love, Director of Advocacy for the WSCPAs provided the Board with a publication the WSCPAs recently designed: *Did you know...the WSCPAs is not the Washington State Board of Accountancy?*

Gene Bell representing the Washington Association of accountants (WAA) advised the Board that the California Board of Accountancy has proposed that unlicensed accountants who issue financial statements must revise their permitted safe harbor language to include the following: "If compiled, reviewed, or audited financial statements are desired, the services of someone licensed by the California Board of Accountancy would be required." The WAA opposes this proposal. The WAA is happy with the safe-harbor reporting language currently allowed in Washington State.

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**Presentation by
Legal Counsel**

Assistant Attorney General Bruce Turcott led a disciplinary process workshop for the Board entitled *Complaints, Investigations, and the Adjudicative Process*.

Adjournment

The Board adjourned at 3:24 p.m.