

# WASHINGTON STATE BOARD OF ACCOUNTANCY

## Minutes of a Regular Meeting of the Board

<b>Time and Place of Meeting</b>	9:02 am – 2:33 pm Thursday, April 17, 2014 Hilton Seattle Airport & Conference Center Orcas Meeting Room 17620 International Boulevard SeaTac, Washington
<b>Attendance</b>	Emily R. Rollins, CPA, Chair, Board Member Elizabeth D. Masnari, CPA, Secretary, Board Member Donald F. Aubrey, CPA, Board Member Robert G. Hutchins, Public Board Member Lauren C. Jassny, Public Board Member Edwin G. Jolicoeur, CPA, Board Member Thomas G. Neill, CPA, Board Member Gerald F. Ryles, Public Board Member (Arrived 9:10 am) Bruce L. Turcott, Assistant Attorney General, Board Adviser (Arrived 9:10 am) Richard C. Sweeney, CPA, Executive Director Jennifer Sciba, Deputy Director Charles E. Satterlund, CPA, Director of Investigations (Arrived 9:10 am) Lori Mickelson, Management Analyst Taylor Shahon, Special Assistant to the Director of Investigations (Arrived 9:10 am) Kirsten Donovan, Board Clerk
<b>Call to Order</b>	Board Chair, Emily Rollins, called the regular meeting of the Board to order at 9:02 am.  The Board Chair excused the absence of Karen R. Saunders, CPA, Vice Chair, Board Member.
<b>Minutes – January 31, 2014 Regular Board Meeting</b>	The Board approved the minutes of the January 31, 2014 Board meeting as presented.
<b>Board Policies – Annual Review</b>	The Board completed its annual review of all Board policies.  The Board voted to retain the following policies with no revisions: <ul style="list-style-type: none"><li>• 2000-1 Continuing Professional Education and Licensing Requirements</li><li>• 2002-2 Expert Witness Services</li><li>• 2002-4 International Reciprocity</li></ul>

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- 2003-1 Safe Harbor Report Language for Use by Non-CPAs
- 2004-1 Sanction and Penalty Guidelines
- 2012-1 Social Media

The Board voted to retain the following policies with the proposed and additional revisions:

- 2002-1 Substantial Equivalency Jurisdictions

The Board voted to amend the policy to add "or jurisdictions" to Sections I and IV.

- 2004-2 Exam Applicant Disability Documentation and Testing Modification Guidelines

The Executive Director proposed that the Board amend the policy to eliminate an authorized designee for purposes of preapproving denials for accommodations. Only the Executive Director will have the authority to preapprove denials for accommodations.

- 2011-1 Principles Underlying Board Rules

The Executive Director proposed that the Board amend Policy 2011-1 to eliminate the reference to the former rule.

- 2011-2 Interim Policy Guidelines Pending Rule Changes

The Executive Director proposed that the Board amend the policy to eliminate the portion of the policy that was automatically superseded by the change to WAC 4-30-134(8), self-reported deficiencies. The rule change incorporated that portion of the policy.

Additionally the Board voted to amend the policy to add "of the renewal year" to Section I.

**Delegations of Authority**

The Board voted to retain the following delegations with no revisions:

- Charges, Subpoenas, Negotiate Settlement – *Delegated to Executive Director, Richard C. Sweeney*
- Administrative Notices of Non-Compliance/Administrative Sanctions - *Delegated to the Executive Director*
- CPE Waiver Extension Requests/Request Review Committee
  - *Delegated to Executive Director.* CPE Waiver Extension Requests due to individual hardship, including but not limited to, financial hardship, critical illness, or active military deployment for up to 16 credit hours.
  - *Delegated to Executive Director with Concurrence of a Board member.*
    - CPE Waiver Extension Requests due to individual hardship, including but not limited to, financial hardship, critical illness, or active military deployment over 16 credit hours
    - Firm Names
    - Professional/Education Organization Recognition Requests
    - Late Fee Waiver Requests where individual hardship is a factor
    - Domestic or foreign education credential evaluation services
  - *Delegated to one member of the Request Review Committee:* Appeal of Denials of Request for Lists of Individuals
- Authority to Conduct Investigations – *Delegated to the Director of Investigations*
- Quality Assurance Oversight/Review of Publicly Available Professional Work
  - *Delegated to the Executive Director with concurrence of one Board member.* Quality Assurance Oversight
  - *Delegated to the Executive Director.* Review of publicly available professional work.

**Rules Review**

WAC 4-30-130 What are the quality assurance review (QAR) requirements for licensed CPA firms?

The Executive Director presented a CR-102 draft and led a discussion on the proposed rule change. The change will include the Board initiating a monitoring process beginning on the 31<sup>st</sup> day after the reviewed firm is notified by the peer reviewer that such person is proposing a grade of pass with deficiency or fail.

The Board directed staff to complete minor edits, file the CR-102 with the Office of the Code Reviser, and schedule a public rule-hearing in conjunction with the Board's July meeting.

2014 Proposed Rule Re: Military Personnel and Spouses

The Executive Director presented a draft and led a discussion on the proposed new rule.

The Board directed staff to edit the proposed rule and file the CR-101 with the Office of the Code Reviser for review at the Board's July meeting.

**NASBA Update**

Don Aubrey, CPA, Pacific Regional Director for the National Association of State Boards of Accountancy (NASBA), reported on the following NASBA activities.

- Don will be attending the NASBA quarterly meeting by phone conference next week.
- The regional conference will be held in St. Louis in June.
- The national conference will be held in Washington DC in October.

Jennifer Sciba, Deputy Director, reported that she and Lori Mickelson will be going to the NASBA home office in Nashville next week. Topics of discussion will include:

- Education requirements.
- NIES education evaluations.
- Record retention.
- Pre-evaluation of education.
- NASBA procedure review.

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**Legal Counsel's Report**

Bruce Turcott, the Board's legal counsel, reported on:

- The new Open Government Training Bill which requires Board Members to complete an online course once every four years on the Open Public Meetings Act.
- A new rule in draft from the Office of Administrative Hearings which could impact the Board of Accountancy. The proposed rule concerns barriers for individuals with disabilities at administrative hearings. If the rule is adopted, the cost of the attorney for an individual with a disability may have to be absorbed by the Board. The Executive Director indicated that he would attend the rules hearing.

**Chair's Report**

The Board Chair combined this report with the Executive Committee report:

**Executive Committee**

The Board Officers met with the Executive Director via telephone on April 4, 2014. The Chair reported that the following topics were discussed:

- The Board meeting agenda.
- Continued monitoring of the issues surrounding CPAs and the marijuana industry. The Executive Director is researching the issue and intends on having a report for the July Board meeting.
- Board member terms and potential Board candidates. The Governor's Office states a need for geographic and ethnic diversity.

**Compliance Assurance Oversight Committee**

Edwin Jolicoeur had nothing to report.

**Legislative Liaison Committee**

Don Aubrey had nothing to report.

**Quality Assurance Committee**

Tom Neill had nothing to report.

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**Request Review  
Committee**

Emily Rollins reported:

Firm Names: Approved:

Sutherland Tax PLLC  
Bean Counter Accounting, Inc.  
Chambers & Co, P.C. DBA Chambers & Hammock,  
CPA, P.C.  
Rainer Merchant Services  
Day Yang & Company PLLC (Cost Sharing Partnership)  
TKCPA PLLC  
Vonderharr Wagner Associates, LLC  
Kroschel Accounting Services, PLLC  
Marcum LLP  
Arkley Accounting Group  
Pyramid San Juan Islands PLLC  
GlobalTaxHelp LLC

Professional/Educational Organization - Recognition

Requests: During the 1st quarter 2014, the Board approved Web CPE as an educational organization or professional association for purposes of obtaining a list of individual CPAs.

Domestic or Foreign Education Credential Evaluation

Services – Applications: During the 1st quarter 2014, the Board did not receive any requests for recognition of domestic or international education credential evaluation services.

**State Ethics  
Compliance  
Committee**

Lauren Jassny had nothing to report.

**Qualifications  
Committee**

Tom Neill had nothing to report.

**Executive Director  
Evaluation and  
Succession Task  
Force**

Executive Director Evaluation: Robert Hutchins reported that it has yet to be determined if the results will be made public. The overall marks were very good and uniform across all those surveyed.

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Succession Task Force: Robert Hutchins recommended the following actions:

- Appoint a standing Succession Committee.
- Start the selection process for nominees early.
- Consider developing candidates from within the Board and agency.
- Narrow the nominee field to no more than 3 finalists.
- Prepare a formal report and recommendation for the Governor's Office.
- Review the succession plan annually and revise it when necessary.

**Executive Director's Report**

Fraudulent International Education Issue Update: Jennifer Sciba, Deputy Director provided the Board with an update on NASBA's actions concerning Exam candidates with fraudulent transcripts.

The Executive Director advised that he will be responsible for the follow-up on individuals who were already licensed and for possible action against the instructor.

WA Ethics Requirement for Initial License Applications: The Executive Director reported that the course is being rewritten by an outside the agency CPE course sponsor after receiving negative feedback.

2015 Legislative Budget Information: The Executive Director reported that the 2015 legislative budget will likely cause the Board's fund balance to be swept.

WBOA Legislative Strategy: The Executive Director reported on the following topics:

- Fund balance sweep.
- CPA (Canada)
- Firm Mobility
- Possible revisions to definitions contained in the RCW and WAC.
- Accountants from foreign countries and possible

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changes to licensing requirements.

- CPAs performing Forensic Services and the marketplace sentiment to require licensees to also maintain a Private Investigator license.
- The need to delete the QAR definition from the RCW, as it is no longer necessary.

Staffing: The Executive Director reported that Lisa, Zolman, Director of IT and Data Communications, has accepted a job with a different state agency and will be leaving effective May 1, 2014.

The hiring process to fill the vacancy has begun.

**NASBA Pacific  
Regional Director**

Don Aubrey reported that he will not resubmit to serve a third year as the NASBA Pacific Regional Director. The Board voted to submit a formal nomination to NASBA in support of Ed Jolicoeur for the position.

**Board Member not  
Seeking Re-  
nomination**

The Board Chair reported that Robert Hutchins will not seek re-nomination to the Board when his term expires June 30, 2014. Emily thanked Bob for his years of service.

The Executive Director thanked Bob for his years of service and presented him with a plaque.

Bob stated that he always will remember and appreciate the opportunity to serve the Board.

The Governor's office is looking for a replacement from Eastern Washington.

**Review of Dismissed  
Cases**

Elizabeth Masnari reported on the second quarter review of dismissed cases. Elizabeth reviewed approximately 20 cases on April 15, 2014.

**Director of  
Investigations Report**

Investigation Statistics/Investigations & Administrative Sanctions: Charles Satterlund, CPA, Director of Investigations provided the following reports to the Board:

- Enforcement: Broad Overview.
- Caseload Status Report for the period ended March



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31, 2014.

- Investigations Statistics through March 31, 2014

Charles reported on international investigations including his and Enforcement Administrator, Tia Landry's, recent trip to Canada.

Charles reported on the following upcoming issues:

- Comfort letters.
- Non-CPA firms with CPAs working for them.
- Legalized marijuana industry.

**Executive and/or  
Closed Session with  
Legal Counsel**

No executive or closed sessions with legal counsel held.

**Public Input**

The Board received input from representatives of the WSCPA throughout the meeting.

Jim Rigos of Rigos Professional Education Programs submitted three ethics courses for review and approval for the 4-hour Board approved Washington State Ethics CPE course requirement. Mr. Rigos requested specific feedback if the courses were not approved in the following two areas:

- Where is the course falling short?
- How can any perceived defects in the course be fixed?

The Executive Director will review the courses and provide feedback.

**Adjournment**

The Board meeting adjourned at 2:33 pm.

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Secretary

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Chair

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Vice-Chair

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Member

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Member

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