

WASHINGTON STATE BOARD OF ACCOUNTANCY

Unapproved Draft - Minutes of a Regular Meeting of the Board – Unapproved Draft

Time and Place of Meeting	9:05 am – 2:45 pm Friday, July 31, 2015 Washington State University – Vancouver Campus Rooms VDEN 129 and VDEN 130 14204 NE Salmon Creek Ave Vancouver, WA 98686
Attendance	Donald F. Aubrey, CPA, Chair, Board Member Lauren C. Jassny, Vice Chair, Public Member Karen R. Saunders, CPA, Secretary, Board Member Elizabeth D. Masnari, CPA, Board Member Edwin G. Jolicoeur, CPA, Board Member Thomas G. Neill, CPA, Board Member Favian Valencia, Public Member (left at 2:00 pm) Emily R. Rollins, CPA, Board Member James R. Ladd, Public Member (arrived at 9:09 am and left at 2:00 pm) Bruce L. Turcott, Assistant Attorney General, Board Advisor Elizabeth Lagerberg, Assistant Attorney General, Board Prosecutor (left at 2:00 pm) Richard C. Sweeney, CPA, Executive Director Charles E. Satterlund, CPA, Director of Investigations Kirsten Donovan, Board Clerk Taylor Shahon, Special Assistant
Call to Order	Board Chair, Don Aubrey, called the regular meeting of the Board to order at 9:05 am.
Minutes – April 17, 2015 Regular Board Meeting	The Board approved the minutes of the April 17, 2015 Board meeting as presented.
NASBA Foreign Education	Guest speakers, James Suh, NASBA, Director, Continuous Improvement & Analytics, and Patricia Hartman, NASBA, Director, Client Services, reported on the following topics: <ul style="list-style-type: none">• International Education<ul style="list-style-type: none">○ NASBA International Evaluation Services (NIES) has been doing evaluations for three years now○ Fraudulent transcripts from international locations is a growing problem• Domestic Education<ul style="list-style-type: none">○ Competency based education issue○ Accreditation process• Exam reporting

Rule Revision

WAC 4-30-060 What are the education requirements to qualify to apply for the CPA examination?

Tom Neill reported on the possible rule revision. Topics included:

- The Qualifications Committee meeting on July 1, 2015
- Blended course issue
- Communications with NASBA concerning the substantially equivalent issue
- Additional Qualifications Committee meeting needed prior to drafting a rule revision

Tom expects to have a draft of the Rule revision in time for the October Board meeting.

NASBA Update

Guest speaker, Daniel J. Dustin, Vice President, NASBA State Board Relations reported on the following topics:

- Board support, including letters to government officials
- Upcoming NASBA meetings
- NASBA tools and services
- DOL ERISA Audits
- Peer review program enhancements
- Cooperative enforcement
- Recent UAA amendments
- UAA committee projects

Ed Jolicoeur, CPA, Pacific Regional Director for the National Association of State Boards of Accountancy (NASBA), reported on the following NASBA activities:

- Board of Directors meeting in Seattle
- Nominating Committee – re-nominated Ed for Pacific Regional Director
- DOL Report
 - 39% failure rate of ERISA audits on latest report
 - Ed would like this addressed by the Board, as the level of performance is unacceptable
- Experience requirement

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- Bylaws Committee will be making some changes which will be voted on at the annual meeting
- Ed encourages Board Member attendance at the annual meeting

Rule Revision

WAC 4-30-050 What are the requirements concerning records and clients confidential information?

Tom Neill led the discussion. Tom stated that after meetings were held it was decided that a rule change was not advised. A revision to the Public Accountancy Act would be needed.

The topic will be further discussed at the October Board meeting.

Policy Updates and Discussions

Board Policy 2000-1 - Continuing Professional Education and Licensing Requirements

The Executive Director presented a policy revision draft to add “with the exception of Washington Ethics and Regulations courses” to the section concerning no pre-approval of programs.

The Board voted unanimously to revise the policy with the proposed change and an additional change, which adds “that must be preapproved by the Executive Director”.

Board Policy 2011-2 - Interim Policy Guidelines Pending Rule Changes

The Executive Director presented a policy revision draft with two options and led the discussion.

The Board voted unanimously to remove the CPE deficiencies section from Board Policy 2011-2 and add it to Board Policy 2004-1, Sanction and Penalty Guidelines.

Revision drafts of Board Policy 2004-1 and Board Policy 2011-2 will be presented to the Board at the October Board meeting.

Board Policy 2012-1 - Social Media

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Favian Valencia led the discussion concerning a possible revision to the Policy. Topics included:

- Providing information to a younger generation
- Concerns with public records

The Board voted unanimously to create the Social Media Task Force. Task force members are:

- Favian Valencia
- Don Aubrey
- Jennifer Sciba

The task force will make a proposal to the Board at the October meeting.

Client Confidentiality and the Cloud

The Executive Director reported on cloud computing privacy issues as it relates to WAC 4-30-050 and led a discussion on the topic. The primary areas of concern are:

- Who owns the data – the CPA or the host
- Security issues

The Executive Director will draft a Policy for the October meeting.

Legal Counsel's Report

Bruce Turcott, AAG, and Elizabeth Lagerberg, AAG, delivered a PowerPoint presentation, *Complaints, Investigations, and the Adjudicative Process*, during the lunch break.

Executive and/or Closed Session with Legal Counsel

A closed session was held regarding already completed disciplinary cases.

The Board directed staff to draft a Consent Agreement/Default Order process proposal for Board consideration at the October meeting.

Executive Committee

Don Aubrey reported:

- The committee met by teleconference on July 21, 2015 to discuss the Board meeting agenda.
- At the NASBA Western Regional meeting a video explaining the differences between state Boards and state societies of CPAs was presented. Don will

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coordinate with NASBA to create a similar video for Washington State.

- Don completed and submitted the AICPA questionnaire regarding the differences between Board Rules and the AICPA concerning client records.

Compliance Assurance Oversight Committee

Ed Jolicoeur presented a memo from Deidra Roberts concerning the PROC conference.

Legislative Liaison Committee

Don Aubrey had nothing to report.

Quality Assurance Committee

Tom Neill had nothing to report.

Request Review Committee

Karen Saunders reported:

Firm Names: *Approved:*

NUMERIC CPA PLLC
ACCOUNTANT SMART LLC
TAXES BY RADHA
RS FREEDOM CORP
CL BUSINESS & ACCOUNTING SOLUTIONS, LLC
HOLTZMAN PARTNERS LLP
GREENBRIDGE CPA PLLC
MINERVA CPA LLC
WILSON DOWNING GROUP, LLC.
FENG'S CPA FIRM
GRAYSON CONSULTING PC
DAP SERVICES, INC
SWENSON ACCOUNTANCY CORPORATION
NACORTES ACCOUNTING SERVICES, LLC
GALLINA WASHINGTON LLP

Professional/Educational Organization - Recognition Requests: During the 2nd quarter in 2015, the Board approved Washington Health Benefit Exchange as an educational organization for the purposes of obtaining a list of individual CPAs.

Domestic or Foreign Education Credential Evaluation Services – Applications: During the 2nd quarter 2015, the

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Board did not receive any requests for recognition of domestic or international education credential evaluation services.

Late Fee Waiver Requests – Late Fee Waiver Requests were received between 05/01/2015 and 06/30/2015.

A Total of 9 Requests were Received

- 3 requests for an Individual CPA License
 - 1 Request Approved
 - 2 Requests Denied
- 6 requests for a CPA Firm License
 - 2 Requests Approved
 - 4 Requests Denied

**State Ethics
Compliance Committee**

Lauren Jassny had nothing to report.

**Qualifications
Committee**

Tom Neill had nothing to report.

**Performance Review
and Succession
Committee**

Emily Rollins had nothing to report.

**Client Record Task
Force**

Tom Neill had nothing to report.

Chair's Report

Potential Statute Revisions: The Board Chair led a discussion on potential revisions to:

- Elimination of CPA-Inactive status (RCW 18.04.105)
 - The Board will work closely with the Washington Society of CPAs (WSCPAs) to coordinate and revisit.
- Timeframe for licensure after passing the CPA Exam (RCW 18.04.105)
 - The Board discussed establishing an expiration date for Exam scores which would make the most sense for us. Conforming to neighboring states is not the focus.

Washington Rules and Statutes Compared to Model Rules and UAA: The Board Chair led a discussion on the following

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topics:

- Statute of limitations – Should the Board implement one and for how long? After discussions the Board decided to take no action.
- Proportionate liability – UAA establishes proportionate liability in any claim for money damages brought against a licensee. The issue is not addressed in the Public Accountancy Act. After discussions the Board decided to take no action, as the issue may be more appropriately addressed by the WSCPA.

Closing Agreements by Licensees Acting as Trustees: The Board Chair led a discussion concerning hold harmless language in trustee closing agreements. The Board decided that trustees who require beneficiaries to sign hold harmless agreements must inform beneficiaries of their rights.

The Board directed staff to draft a rule revision reflecting this requirement in WAC 4-30-142, What are the bases for the board to impose discipline?

Board staff will present the draft revision at the October Board meeting.

Executive Director's Report

Scholarship Fund: The Executive Director reported on the transfer of money to the scholarship fund.

Cash Flows with Funds Sweep: The Executive Director presented a draft of the fee reduction language. The issue was tabled for later discussion.

Policy to Change Actual Cost on Investigations/Hearings: The Executive Director reported that a time and billing system will be developed.

The draft will be presented at the October meeting.

Director of Investigations' Report

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

- Enforcement Report: April 1, 2015 through June 30,

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2015

Charles Satterlund reported on the following issues:

- Dismissed cases
- Marijuana inquiries
- Caseload

Public Input

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

Adjournment

The Board meeting adjourned at 2:45 pm.

Secretary

Chair

Vice-Chair

Member

Member

Member

Member

Member

Member