

WASHINGTON STATE BOARD OF ACCOUNTANCY

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

Time and Place of Meeting	9:01 a.m. – 1:48 p.m. Friday, January 27, 2017 Highline Community College Building 2 2400 S. 240 th Street Des Moines, WA 98198
Attendance	<u>Board Members</u> Thomas G. Neill, CPA, Chair, Board Member Elizabeth D. Masnari, CPA, Vice Chair, Board Member (left at 12:00 p.m.) James R. Ladd, CPA, Secretary, Board Member Emily R. Rollins, CPA, Board Member Karen R. Saunders, CPA, Board Member Favian Valencia, Public Member Rajib Doogar, Public Member (left at 12:00 p.m.) Mark Hugh, CPA, Board Member <u>Staff and Advisors</u> Charles E. Satterlund, CPA, Executive Director Jennifer Sciba, Deputy Director Kirsten Donovan, Board Clerk
Call to Order	Board Chair, Tom Neill, called the regular meeting of the Board to order at 9:01 a.m. The Board Chair excused the absences of Joel Cambern, Public Member, and Bruce Turcott, AAG, Board Advisor.
Minutes – October 28, 2016 Annual Board Meeting	The Board approved the minutes of the October 28, 2016, annual Board meeting as presented.
Washington State Office of the Attorney General – State Action Training for Boards	Justin Wade, AAG, presented the PowerPoint, “How Teeth Whitening Changed the Landscape of State Action Boards”, and followed with a question and answer session.
Delegations of Authority	The Board reviewed and voted to revoke the following delegation, as the position of Director of Investigations is vacant: <ul style="list-style-type: none">• Authority to Conduct Investigations

Minutes, January 27, 2017, Regular Board Meeting

The Board voted to retain the following delegations revised for the current chair's name, signature, and date:

- Charges, Subpoenas, Negotiate Settlement
- Administrative Notices of Non-Compliance/Administrative Sanctions
- CPE Waiver Extension Requests/Request Review Committee
- Quality Assurance Oversight/Review of Publicly Available Professional Work

Rules Review

WAC 4-30-051 What are the requirements concerning clients records, including response to requests by clients and former clients for records?

Tom Neill led the discussion of possible revisions to the rule. Mark Hugh will work with Board staff to draft a proposed revision to WAC 4-30-051, which will more closely align the Board Rule with AICPA Code Section 1.400.200.

WAC 4-30-132 What are the program standards for CPE?

Tom Neill led the discussion of possible revisions to the rule. After the comment period for the UAA Recommended Draft Model Rule for CPE Requirements, the Qualifications Committee will work on a drafting possible revisions to WAC 4-30-132.

NASBA Update

Ed Jolicoeur, NASBA Pacific Regional Director, reported on the following NASBA activities:

- Communication with State Boards
- Western Regional Meeting on June 7-8 with the new Board Member orientation on June 6. He highly encouraged the new Board Members to attend if their schedules allowed.
- Board of Directors Annual Meeting, which included the topics of unilateral international pathway to CPA and the CPE Model Rules exposure draft
- Training issues on the use of title with the development of model language, which is going to committee for review

Minutes, January 27, 2017, Regular Board Meeting

- Evaluation of peer review administration
- CPE audit tool, which should be available in April
- Accreditation of educational institutions
- Data analytics
- Firm mobility which has been adopted by 16 State Boards

Tom Neill reported that at the NASBA Annual Meeting he, Board staff, a NASBA official, an AICPA official, Canadian officials, and a representative from the Washington Society of CPAs (WSCPAs) met to discuss cross border mobility. Each side will look at their statutes and rules for barriers to mobility with possible changes coming in the 2018 legislative session.

Board Member Participation Summary

Board Members discussed their participation in Board outreach activities for 2016.

Chair's Report

Discussion of WAC 4-30-050 and AICPA Code of Professional Conduct 1.400.205

The Board Chair led the discussion on possible revisions to the rule. Mark Hugh and Tom Neill will work on drafting a proposed revision to WAC 4-30-050, which will more closely align the Board Rule with AICPA Code Section 1.400.205.

Board Communications

The Board Chair reminded Board Members that email communications regarding Board activities are subject to the Public Records Act, RCW 42.56. Board staff is responsible for maintaining the email records when a staff member is the sender or is included as a recipient. If no staff member is included in email communications, the Board Member should coordinate with the Deputy Director, so that she is aware of the records in case of a public records request.

Executive Committee

Tom Neill reported that he had a telephone call with the members of the committee. They discussed matters regarding possible future rule changes that were covered in his meeting with the Executive and Deputy Director earlier in January. The topics covered will be addressed in the Executive Director's report later in the meeting.

Minutes, January 27, 2017, Regular Board Meeting

**Compliance
Assurance
Oversight
Committee**

Karen Saunders had nothing to report.

**Legislative Review
Committee**

Favian Valencia had nothing to report.

**Quality Assurance
Committee**

Tom Neill reported on the peer review process. He noted that things seem to be getting more punitive.

**Request Review
Committee**

Tom Neill reported on the 4th quarter 2016 approval and denials from the committee:

Firm Names: Approved:

ELIZABETH LOVELAND CPA
JOSE L SANCHEZ, JD, CPA
COLUMBIA BASIN CPA, PLLC
HARTVIGSEN FINANCIAL SERVICES
DOWELL CONSULTING, PLLC
THE SHERIFF CPA SERVICES, LLC
WGN, PS
FBCPA GROUP PS, INC
ATS ACCOUNTING & TAX SERVICES INC.
360 ADVANCED, INC.
ALPINE PS CPAS
ALDRICH CPAS AND ADVISORS LLP
PROVIDUS CONSULTING, LLC
UMC CPA'S PLLC
LAKE WASHINGTON CPA, LLC
BENNETT ACCOUNTING SERVICES, LLC

Professional/Educational Organization - Recognition

Requests: During the 4th quarter 2016, the Board recognized MindEdge, Inc. as educational organization for purposes of obtaining a list of individual CPAs.

Domestic or Foreign Education Credential Evaluation

Services – Applications: During the 4th quarter 2016, the

Minutes, January 27, 2017, Regular Board Meeting

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

CPE Extension Requests: CPE Extension Requests were received between 11/01/2016 and 12/31/2016.

A total of 32 requests were received:

- 1 request was for hours 16 or under:
 - 1 denied
- 31 requests were for hours 17 or over:
 - 20 approved
 - 11 denied

**State Ethics
Compliance
Committee**

Jim Ladd had nothing to report.

**Qualifications
Committee**

Emily Rollins reported that military and Chartered Accountant education are possible upcoming topics for discussion.

**Performance
Review and
Succession
Committee**

Emily Rollins had nothing to report, but asked the Executive Director to let her know if he had any input or needed anything related to performance review.

**Social Media
Committee**

Favian Valencia presented the NASBA created video, "How to Qualify for the CPA Exam", which will be added to the Board's website.

He also led the discussion on establishing a Board Facebook page. Board Member and staff's primary concerns included public records issues, staff work load concerns, and set-up and maintenance costs. The Deputy Director will have the Chief Information Officer prepare a business plan, which addresses these concerns, for the April Board meeting.

**WSCPA Education
Fund Committee**

Tom Neill presented the report, Accounting of Receipts and Disbursements, Washington State Certified Public Accounting Scholarship Program for the Year Ending December 31, 2016.

Executive Director's Report Legislation

The Executive Director reported that he is following current legislation that may affect the Board. He attended a hearing for Senate Bill 5057, which involves hearings and the Office of Adjudicative Proceedings.

Establishing Priorities for Statute and Rule Changes for FY 18

The Executive Director reported that he will circulate a strategic plan for possible upcoming revisions.

Operational and IT Priorities – Management by Objective

The Deputy Director reported that all administrative policies are currently being updated. She also provided the Board with the credentialed population numbers and the renewal period progress.

She reported that the Chief Information Officer was hired to ensure that our IT systems meet the business needs, while following state and business requirements. The current projects include increasing functionality to the customer application and website with a commitment to increase our Americans with Disability Act (ADA) compliance.

Budget Status

The Executive Director presented the Allotment Expenditure/Revenue BTD Flexible Report, the Certified Public Accountant's Account Fund Balance, and the CPA Scholarship Transfer Account Fund Balance for transactions run through December 30, 2016.

Enforcement Focus on Case Resolution – Fish or Cut Bait

The Executive Director reported that the case load is manageable with cases being resolved as quickly as possible.

Conversations with the Washington Association of Accountants and Tax Preparers (WAATP)

The Executive Director reported that he has been in discussion with members of WAATP on various topics, and he will be presenting at their annual meeting.

WBOA Participation in Results Washington

The Executive Director stated that he is working with Tom Neill and Rajib Doogar on creating a report.

Enforcement Report

The Executive Director presented the following reports to the Board:

- Enforcement Annual Report for January 1, 2016 through December 31, 2016
- Quarter Report for October 1, 2016 through December 31, 2016

Legal Counsel's Report

No legal counsel report was given.

Executive and/or Closed Sessions with Legal Counsel

No executive or closed sessions with legal counsel held.

Public Input

The Board received input from members of the WSCPA and WAATP throughout the meeting.

Adjournment

The Chair adjourned the meeting at 1:48 p.m.

Minutes, January 27, 2017, Regular Board Meeting

Secretary

Chair

Vice-Chair

Member

Member

Member

Member

Member

Member