

BOARD MEETING AGENDA

Date, Time: Friday, April 30, 2021 – Board Meeting – 9:00 a.m.
Location: Microsoft Teams Meeting
Notices: None

Chair Introductions

BOARD MEETING AGENDA

Attachments at page(s):

- 1. Minutes – January 29, 2021, Board Meeting.....8-15
- 2. Board Policy – Annual Review
 - a. 2003-1 Safe Harbor Report Language for Use by Non-CPAs..... 16-17
 - b. 2004-1 Administrative Violations Guidelines..... 18-19
 - c. 2015-1 Board Member Travel and Attendance at Group Gatherings 20
 - d. 2017-1 Investigative and Disciplinary Process 21-22
 - e. 2017-2 Publication and Disclosure of Disciplinary Actions 23
 - f. 2020-1 Peer Review 24-25
 - g. 2020-2 Public Officials and Public Employees..... 26-27
- 3. NASBA Update
- 4. Legal Counsel’s Report
- 5. Chair’s Report
 - a. Cross Border Legislation with Canada28-46
- 6. Committee/Task Force Reports
 - a. Executive Committee – Joel Cambern, Public Member, Chair
 - b. Peer Review Oversight Committee (PROC) – Jacqueline Meucci, CPA, Chair47
 - c. Request Oversight Committee (ROC) – Tom Sawatzki, CPA, Chair48
 - d. Scholarship Oversight Committee (SOC) – Carol Morgan, CPA, Chair
 - e. Succession Task Force – Joel Cambern, Public Member, Chair
 - f. CPA Exam Remote Proctoring Task Force – Rajib Doogar, Public Member, Chair
- 7. Data Security and Safeguards

The Board of Accountancy schedules all public meetings at barrier free sites. Persons who need special assistance, such as enlarged type materials, please contact the Board’s Americans with Disabilities Act contact person:

Kirsten Donovan, Washington State Board of Accountancy
PO Box 9131, Olympia, WA 98507-9131
Phone: 360-664-9191 Email: kirsten.donovan@acb.wa.gov

7-1-1 or 1-800-833-6388 (TTY) - 1-800-833-6385 (Telebraille)
(TTY and Telebraille service nationwide by Washington Relay
www.washingtonrelay.com)

- 8. Executive Director’s Report
 - a. Budget Status Report 49-51
 - b. 2020 CPE Audit Results 52-54
 - c. IT Modernization Update
 - d. 2021 Executive Director Annual Report55-62

- 9. Enforcement Report
 - a. Quarterly Enforcement and Resolved Complaint Reports63-64

- 10. Public Input - The public has an opportunity to address its concerns and the Board has an opportunity to ask questions of the public. Individual speakers will be provided 10 minutes each.

- 11. Executive and/or Closed Sessions with Legal Counsel

**WASHINGTON STATE
BOARD OF ACCOUNTANCY
BOARD MEETING – APRIL 30, 2021
SUMMARY**

Date and Time: Friday, April 30, 2021 - 9:00 a.m.
Location: Microsoft Teams Meeting

Notices: None

Chair’s Opening Announcements: The purpose of the Board meeting is for the Board to accomplish its business. After the Board completes its discussion of an agenda item, if appropriate, I will ask if anyone in the audience wishes to comment. As a reminder, individuals attending the meeting may participate only after recognition by the Chair. If you plan to address the Board on other matters during the public input section of the agenda, please provide your name now and the Board Clerk will add you to the public input roster.

April 30, 2021 – BOARD MEETING

1. Minutes – January 29, 2021

Board staff presents the draft minutes of the January 29, 2021, Board meeting at **Pages 8-15** for the Board’s consideration.

Does the Board approve the minutes as drafted?

Does the Board authorize the use of their electronic signatures on file at the Board office for the signing of the approved meeting minutes?

2. Board Policies – Annual Review

The Board annually reviews the Board Policies at the April Board meeting. **Pages 16-27** contain the current Board Policies.

a. 2003-1 Safe Harbor Report Language for Use by Non-CPAs – Pages 16-17

No changes proposed.

Does the Board wish to revise, retain, or retire this policy?

b. 2004-1 Administrative Violations Guidelines – Pages 18-19

No changes proposed.

Does the Board wish to revise, retain, or retire this policy?

c. 2015-1 Board Member Travel and Attendance at Group Gatherings - Page 20

No changes proposed.

Does the Board wish to revise, retain, or retire this policy?

d. 2017-1 Investigative and Disciplinary Process – Pages 21-22

No changes proposed.

Does the Board wish to revise, retain, or retire this policy?

e. 2017-2 Publication and Disclosure of Disciplinary Actions – Page 23

No changes proposed.

Does the Board wish to revise, retain, or retire this policy?

f. 2020-1 Peer Review – Pages 24-25

No changes proposed.

Does the Board wish to revise, retain, or retire this policy?

g. 2020-2 Public Officials and Public Employees – Pages 26-27

No changes proposed.

Does the Board wish to revise, retain, or retire this policy?

3. **NASBA Update**

4. **Legal Counsel's Report**

The Board's legal counsel requests the agenda for regular Board meetings contain a placeholder item allowing for legal counsel to report on any current issues related to the Board's activities and/or Washington State law such as: the Administrative Procedures Act, Open Public Meetings Act, Public Disclosure requirements, etc.

5. **Chair's Report**

a. **Cross Border Legislation – Canada Initiative**

Pages 28-46 contain HB 2468 – British Columbia Accountants – Attest and Compilation Services effective June 7, 2018. This bill is scheduled to sunset on June 30, 2023.

6. **Committee/Task Force Reports**

a. **Executive Committee** – Chair: Joel Cambern, Public Member; Vice Chair: Rajib Doogar, Public Member; Secretary: Jacqueline Meucci, CPA

Joel will give a verbal report.

b. **Peer Review Oversight Committee (PROC)** – Chair: Jacqueline Meucci, CPA; Members: Mark Hugh, CPA; Carol Morgan, CPA; Brooke Stegmeier, CPA

Page 47 contains a report of the committee's 1st quarter activities.

Jackie will give a verbal report.

c. **Request Oversight Committee (ROC)** – Chair: Tom Sawatzki, CPA; Members: Brian Thomas, CPA; Brooke Stegmeier, CPA

Page 48 contains a report on the 1st quarter approval and denials from the committee.

Tom will give a verbal report.

d. **Scholarship Oversight Committee (SOC)** – Chair: Carol Morgan, CPA; Members: Brian Thomas, CPA; Jacqueline Meucci, CPA; Kate Dixon, Public Member

Carol will give a verbal report.

e. **Succession Task Force** – Chair: Joel Cambern, Public Member; Members: Brian Thomas, CPA; Kate Dixon, Public Member; Carol Morgan, CPA

Joel will have a verbal report.

- f. **CPA Exam Remote Proctoring Task Force**– Chair: Rajib Doogar, Public Member; Members: Brian Thomas, CPA; Carol Morgan, CPA

Rajib will give a verbal report.

7. **Data Security and Safeguards**

The Deputy Director will report on the agency's data security and safeguards.

8. **Executive Director's Report**

a. **Budget Status Report**

Pages 49-51 contain 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 through March 31, 2021.

b. **2020 CPE Audit Results**

Pages 52-54 contain the 2020 CPE Audit Reports.

c. **IT Modernization Update**

d. **2021 Executive Director Annual Report**

Pages 55-62 contain the Board of Accountancy's Annual Report to the Governor of the agency's activities for the year ending December 31, 2020.

9. **Enforcement Report**

Taylor Shahon, CPA, Lead Investigator, will provide a verbal report on investigations.

Pages 63-64 contain the Quarterly Enforcement Report for January 1, 2021 through March 31, 2021 and the Resolved Complaint Report for periods April 2020 to March 2021 and April 2019 to April 2020.

10. Public Input

Board meeting time has been set aside to ensure the public has an opportunity to address its concerns, and the Board has an opportunity to ask questions of the public. Individual speakers will be provided 10 minutes each.

11. Executive and/or Closed Session with Legal Counsel

The Board's legal counsel requests the agenda for regular Board meetings contain a placeholder item identifying that the Board and legal counsel may enter into executive or closed session when determined appropriate.

WASHINGTON STATE BOARD OF ACCOUNTANCY

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

Time and Place of Meeting	9:00 a.m. – 10:46 a.m. Friday, January 29, 2021 Microsoft Teams Meeting
Attendance	<u>Board Members</u> Joel Cambern, Chair, Public Member Rajib Doogar, Vice Chair, Public Member Jacqueline Meucci, CPA, Secretary, Board Member Mark Hugh, CPA, CPA, Board Member Brian R. Thomas, CPA, Board Member Carol A. Morgan, CPA, Board Member Thomas P. Sawatzki, CPA, Board Member Brooke Stegmeier, CPA, Board Member <u>Staff and Advisors</u> Charles E. Satterlund, CPA, Executive Director Michelle Carr, Assistant Attorney General, Board Advisor Jennifer Sciba, Deputy Director Taylor Shahon, CPA, Lead Investigator Kirsten Donovan, Board Clerk Tia Landry, Data and Systems Administrator
Call to Order	Board Chair, Joel Cambern, called the meeting of the Board to order at 9:00 a.m.
Minutes – October 16, 2020, Annual Board Meeting	<p>The Board approved the minutes of the October 16, 2020, Annual Board meeting as presented.</p> <p>The Board approved the use of their electronic signatures on file at the Board office for the signing of the meeting minutes.</p>
Delegations of Authority	<p>Board staff reviewed and proposed no revisions to the delegations other than the date and signature of the Board Chair.</p> <p>The Board unanimously approved the following delegations for 2021.</p> <ul style="list-style-type: none">• DA-001 Investigations, Subpoenas, Charges, Emergency Action, and Settlement Negotiations• DA-002 Request Oversight and Appeal of Denials• DA-003 Quality Assurance Oversight• DA-004 CR-101 Filing

The Board Chair authorized the use of his electronic signature on file with the Board for the signing of the Delegations of Authority.

Board Policy Review

2003-1 Safe Harbor Language for Use by Non-CPAs

Board staff proposed a minor change to the policy to update a reference to an RCW subsection.

The Board voted unanimously to approve the revision.

The Board Chair authorized the use of his electronic signature on file with the Board for the signing of the revised policy.

2020-2 Public Officials and Public Employees

The Executive Director led the discussion on revisions suggested by Scott Woelfle, CPA, Washington State Auditor's Office, and the comments of the Board's AAG advisors regarding the suggestions.

The Board chose to make no revisions to the policy at this time, as the request for Attorney General (AG) formal opinion is still in process. Once the AG opinion is received the Board will revisit the matter.

Chair's Report

Greetings as the New Chair

The Board Chair thanked Mark Hugh for his work as the previous Board Chair.

2021 – Year in Preview

The Board Chair reported on the following:

- Changing business and tax environment
- Supporting staff when needed
- Building on what Mark started:
 - Board Member engagement
 - Continuous communication of committees and task forces

NASBA Update

The Executive Director reported on NASBA activities.

- Education accreditation rules being considered – institutional accreditation instead of national or regional accreditation.
- Changes to WAC 4-30-060 may be necessary to accommodate the potential changes – if necessary a task force will be formed.
- Evolution of the CPA Exam – this may also require rule changes.
- Remote proctoring of the CPA Exam – the discussion concerned the need for remote proctoring in emergency situations such as the COVID pandemic. NASBA would like feedback from the Board.

The CPA Exam Remote Proctoring Task Force was formed.

Chair – Rajib Doogar

Members – Brian Thomas and Carol Morgan

The task force will have a presentation at the April Board meeting.

Legal Counsel’s Report

Michelle Carr, the Board’s legal counsel, had nothing to report.

The Executive Director reported the closure of the litigation matter and release of the legal hold.

Executive Committee

The Chair reported that the meeting agenda was discussed during the committee’s virtual meeting.

Peer Review Oversight Committee

Jackie Meucci reported that 4th quarter was quiet. NASBA is requesting a 2020 Annual Peer Review Oversight Committee (PROC) Report. The WSCPA has provided the information for the report.

Request Oversight Committee

Tom Sawatzki reported the committee met by phone. The committee members decided they will rotate monthly to complete the reviews.

Firm Names: *Approved:*

CLARE ACCOUNTING GROUP LLC
ASSURE CPA, LLC
YAKIMA CPA GROUP
LAKESIDE CPA PLLC
A. HARDER CPA
EVERGREEN ACCOUNTING PLLC

COMMENCEMENT BAY CPA PLLC
REAL-TIME ACCOUNTING SERVICES, LLC
FODENCO LLC
BOOKSMART WA
EASTSIDE ACCOUNTANTS

Professional/Educational Organization - Recognition Requests:
During the 4th quarter 2020, the Board did not receive any requests for recognition as an educational organization for purposes of obtaining list requests.

Domestic or Foreign Education Credential Evaluation Services – Applications: During the 4th quarter 2020, the Board did not receive any requests for recognition of domestic or international education credential evaluation services.

Scholarship Oversight Committee

Carol Morgan presented the Accounting of Receipts and Disbursements - Washington State Certified Public Accounting Scholarship Program for the Year Ending September 30, 2020, and the WBOA Certified Public Accounting Scholarships listing.

The current fund balance is \$2.6 million, and 55 scholarships were awarded in 2020.

Kimberly Scott, WSCPA President and CEO, reported:

- 2021 scholarship applications are being taken now with a due date of February 16, 2021.
- Currently 253 applications have been submitted with 33 colleges being represented. Both of those numbers are up from last year.
- Application reviews will begin approximately February 20, 2021.
- 84 reviewers will conduct the 3-part review process.
- The intent is at least six reviewers look at each application; the elimination of bias in the process is a goal.

Title Reform Task Force

Mark Hugh reported the legislation and the Board rule drafts have been written, but legislation cannot be introduced until next year at the earliest.

The task force dissolved and will reform when necessary.

Succession Task Force

Joel Cambren reported interviews for the new Executive Director are being conducted by the Governor's Office.

Executive Director's Report

Budget Status

The Executive Director presented the Allotment Expenditure/Revenue BTD Flexible Report, the Certified Public Accountants' Account Fund Balance, and the CPA Scholarship Transfer Account Fund Balance for transactions through December 31, 2020.

He reported the agency is in good shape and the budget is in a surplus. He also noted WATech expenditures are growing exponentially from the price the agency was originally quoted. The new ED will need to keep a close eye on this.

The Deputy Director reported IT costs are growing, as software licenses are often charged on a monthly or yearly basis now rather than buying the software program outright.

Licensing Modernization Project Update

The Deputy Director reported the project was initially approved in 2019 with a June 30, 2021 completion date. Staff hoped to have the new licensing system implemented by December 2020, but that turned out to be overly optimistic. The new, anticipated implementation timeframe is the second quarter 2021.

She stated she appreciates staff's efforts in testing especially during the busy, renewal season.

The Executive Director stated that there have been some challenges, but success is expected.

State Auditor's Office (SAO) Audit

The Executive Director reported the agency's last audit was 10 years ago. A preliminary meeting was held, and the audit should start in February 2021. Much of the audit will take place at Small Agency Financial Services (SAFS). The agency will be on a 4-year audit cycle going forward.

ED Transition Issues

The Executive Director reported Jennifer Sciba will serve as Acting Director until the new Executive Director is appointed. He expects a smooth transition.

Other Matters as Needed

The Executive Director reported on:

- Capitol Campus protests
- Teleworking – only 1-2 staff members in the office for a limited time each day, which is expected to last until at least June 2021
- Remote working has been successful and may be offered to staff even after the pandemic

Enforcement Report

Enforcement Reports:

Taylor Shahon, CPA, Lead Investigator, presented:

- Quarterly Enforcement Report for October 1, 2020 through December 31, 2020
- Resolved Complaint Report for periods January 2020 through December 2020 and January 2019 through December 2019

Taylor reported on the following enforcement activities:

- Workload remaining constant
- Communication issues because of COVID-19 are the primary type of complaints

Brief Adjudicative Proceeding (BAP) Process Review

Taylor reviewed the BAP process for the Board Members. Recent changes in enforcement have led to more denials of applications and individuals requesting reviews of those denials.

Public Input

The Board received the following public input.

Ken Smith – He has concerns that the RCW has been misinterpreted when it comes to public officials and public employees. He suggests that the Board do public outreach to stakeholder groups concerning this RCW section and Board Policy 2020-2, Public Officials and Public Employees.

Tom Neill – He stated that the cross border statute sunsets in 2023 unless the Board takes further action. The Executive Director noted that reciprocity from Canada has not been forthcoming as was originally agreed upon, but he still believes

that allowing Canadian CPAs to work in Washington is good for business.

Tom reported on the following NASBA issues:

- Diversity, Equity, and Inclusion (DEI) and CPA Exam candidates is a focus for NASBA.
- Non-compliance with Laws and Regulations (NOCLAR) issue will be re-exposed with potential implementation in summer 2021.
- Access to the CPA Exam – education requirement may be reduced to 120 hours to sit for the Exam with the current 150 hour requirement remaining for licensure.

He would be happy to assist with any Board Rule changes that may be required if the changes are implemented.

Jeremy Saladino – He thanked the Board for the Safe Harbor Language Policy on behalf of Washington Association of Accounting and Tax Professionals (WAATP). He also thanked the Executive Director for his work with WAATP.

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

No executive or closed sessions with legal counsel were held.

Adjournment

The Board meeting adjourned at 10:46 a.m.

Secretary

Chair

Vice-Chair

Member

Member

Member

Member

Member

Member



Washington State Board of Accountancy

Policy Number: 2003-1

Title: Safe Harbor Report Language for Use by Non-CPAs

Revised: January 29, 2021

Approved:

Joel Cambern, Chair

Purpose:

RCW 18.04.350 (11) states that persons or firms composed of persons not holding a license under RCW 18.04.215 (i.e., non-CPAs) may offer or render certain services to the public, including the preparation of financial statements and written statements describing how such financial statements were prepared, provided they do not:

- Designate any written statement as an “audit report,” “review report,” or “compilation report,”
- Issue any written statement which purports to express or disclaim an opinion on financial statements which have been audited, and
- Issue any written statement which expresses assurance on financial statements which have been reviewed.

In April of 1989, the Board approved two alternatives as “safe harbor” report language for use by non-CPAs. Non-CPAs may use the language in the following paragraphs without challenge by the Board as a violation of RCW 18.04.345. The words “audited,” “reviewed,” “compiled,” or “compilation” may not be inserted or substituted for the language found in the letters.

CPA-Inactive certificate holders may not use the ‘CPA-Inactive’ title when performing or offering accounting, tax, tax consulting, management advisory, or similar services to the public. As such, CPA-Inactive certificate holders are prohibited from using the safe harbor report language concurrent with the CPA-Inactive title.

Safe harbor report language Sample #1:

The accompanying balance sheet of ABC Company, as of December 31, 1988 and related statement of income for the year then ended have been prepared by me (us).

These statements have been prepared from information furnished by management (owner), and accordingly, I do not express any assurance on them.

Safe harbor report language Sample #2:

The accompanying balance sheet of ABC Company, as of December 31, 1988 and related statement of income for the year then ended have been prepared by me (us).

My engagement was limited to presenting in the form of financial statements information that is the representation of management (owner), and accordingly, I do not express any assurance on them.

Effective: January 31, 2003

Revised: October 17, 2013



Washington State Board of Accountancy

Policy Number: 2004-1

Title: Administrative Violations Guidelines

Revised: April 24, 2020

Approved:

Mark Hugh, CPA, Chair

*This policy rescinds and supersedes any previous Board policy.

Purpose:

The purpose of this policy is to authorize the Washington State Board of Accountancy's (Board) Executive Director to resolve certain violations through a Remedial Resolution resulting in an administrative process of voluntary settlements without Board approval.

Authority and Delegation:

The Board delegates to the Executive Director the authority to administer Remedial Resolutions. The Board does not intend these guidelines to be mandatory; nor does the Board wish to exclude or limit other sanctions or considerations in other disciplinary action.

Guiding Principles:

These guidelines will be used when the Executive Director has sufficient evidence of an administrative violation. These guidelines only apply to first time administrative violations; repeat or non-administrative violations shall be subject to the Board's formal disciplinary process. At any time, the respondent may refuse the Remedial Resolution and request a formal hearing before the Board in accordance with the Administrative Procedure Act RCW 34.05.

A Remedial Resolution is an informal settlement between the Executive Director on behalf of the Board and the respondent and must be signed by both parties. As part of the Remedial Resolution, the Executive Director may include cost recovery. All terms must be satisfied within 90 days of service unless otherwise specified. Failure to comply with the terms may result in commencement of formal disciplinary action.

	Administrative Violation:	Remedial Resolution terms:
1.	Use of a restricted title with a lapsed credential.	<ul style="list-style-type: none"> • \$500 fine • Obtain a license or cease use of title
2.	Failure to obtain a firm license by a firm who offers or performs attest services or compilations	<ul style="list-style-type: none"> • \$1,500 fine • Completion of Board approved Washington State Ethics course
3.	Use of title(s) in violation of RCW 18.04.345(5) by an un-credentialed individual.	<ul style="list-style-type: none"> • \$1,500 fine
4.	Failure to provide records in compliance with WAC 4-30-051, so long as the failure does not result in client financial harm.	<ul style="list-style-type: none"> • \$1,500 fine • Completion of Board approved Washington State Ethics course
5.	Failure to timely inform the Board of matters in compliance with WAC 4-30-030, or to respond to a request for administrative information or documentation.	<ul style="list-style-type: none"> • \$750 fine • Completion of Board approved Washington State Ethics course

Non-Administrative Violations:

Misconduct that is not listed above are acts that the Board finds too significant to be handled through a Remedial Resolution. The Executive Director may open an investigation into the alleged conduct. Board Policy 2017-1 provides guidance on the Board's investigative and disciplinary process.

Effective: October 29, 2004

*Revised: Aril 24, 2020; July 28, 2017; October 24, 2014; April 23, 2013; April 26, 2012; April 25, 2011; October 17, 2008; April 28, 2006; January 28, 2005



Washington State Board of Accountancy

Policy Number: 2015-1

Title: Board Member Travel and Attendance at Group Gatherings

Adopted: January 30, 2015

Approved: 
Donald F. Aubrey, CPA, Chair

Purpose:

To ensure the continuity of the Board's authority to take legal action in the event of unexpected travel challenges or other events while some or all Board members are in group travel status.

To ensure that no Board actions occur at social, business, or professional gatherings attended by a quorum of Board members.

Policy:

Board members may periodically travel or congregate together at social, business, or professional meetings. A quorum of voting Board members is required for the Board to conduct its business.

It is the policy of this Board that:

1. No more than three Board members shall travel together in a common vehicle or on a common carrier to ensure that any required Board action would be legally binding in the event of unexpected travel challenges or other events while some or all Board members are in travel status and not present to vote.
2. The Open Public Meetings Act of this state is designed to promote transparency when boards and commissions conduct public business. Board business or recommended Board actions shall not be discussed as a group if a quorum or more of Board members attend social, business, or professional gatherings.



Washington State Board of Accountancy

Policy Number: 2017-1

Title: Investigative and Disciplinary Processes

Revised: April 24, 2020

Approved:

Mark Hugh, CPA, Chair

Purpose:

The purpose of this policy is to further define and make available the Washington State Board of Accountancy's (Board) investigative and disciplinary process against Washington State licensees, or persons holding out as certified public accountants (Respondents) as described in chapter 18.04 RCW.

Authority and Delegation:

The Board's authority to conduct investigations and enforce administrative discipline derives from Chapter 18.04 RCW (Public Accountancy Act) and chapter 34.05 RCW (the Administrative Procedures Act). The Board has delegated the responsibility for conducting such investigations to the Executive Director per RCW 18.04.045(7) and WAC 4-30-140. The Executive Director may work with staff, a Consulting Board Member (CBM), a contractor, and the Prosecuting Assistant Attorney General during the enforcement process so that the Board members may remain impartial and objective in the event of an administrative hearing.

Guiding Principles:

The Board seeks to resolve disciplinary cases in a fair and equitable manner, and recognizes that administrative hearings are costly, time consuming, and delay resolution. Therefore, the Board seeks to resolve most disciplinary cases through informal consent agreements in accordance with the Administrative Procedures Act 34.05 RCW (APA). Furthermore, the Board seeks respondent participation in the development of settlements in order to encourage future compliance, foster professional development, and advance the profession.

Complaint Intake:

The enforcement activities are driven primarily by complaints received from the public; however, the findings of federal, state, or other disciplinary entities may serve as the basis of a complaint with the Board. The Executive Director may also initiate an investigation following an observation of a potential violation by Board staff.

Charging and Administrative Review:

If resolution through settlement is not reached, the Executive Director may issue a Statement of Charges against the respondent, as outlined in WAC 4-30-140.

Approval and Review:

All consent agreements must be signed by the respondent, and approved by a vote of the Board. Any CBM involved with the case is recused from voting. If approved by the Board, the consent agreement becomes effective and binding once served on the respondent.

As part of the ongoing investigative and disciplinary process, all complaints are reviewed by a Board member.

Complainant Recourse:

The Board shall not reopen complaints closed after review by the Executive Director and a Board member. If a complainant disagrees with the closure of a complaint, they may submit a complaint using the Board's complaint form with new allegations and/or new material evidence. Complaints with allegations already reviewed may not be investigated without new material evidence.

Cost Recovery:

The Board has the power to recover investigative costs through the case resolution process. Investigative costs may include, but are not limited to, staff time, travel, legal costs, and cost of contractors.

Effective: July 28, 2017
Revised: April 24, 2020




Washington State Board of Accountancy

Policy Number: 2017-2

Title: Publication and Disclosure of Disciplinary Actions

Adopted: October 27, 2017

Approved: 
Thomas G. Neill, CPA, Chair

Purpose:

The Washington State Board of Accountancy's (Board) purpose is, in part, to protect the public interest. The Board is also required to comply with the Public Records Act Chapter 42.56 RCW. To help achieve this purpose, the Board shall make accessible disciplinary actions taken by the Board.

Guiding Principles:

All disciplinary actions taken by the Board shall be published through the Board's licensee search, and through the Board's newsletter in summary. For the purposes of this policy, disciplinary actions may include, but are not limited to, board orders issued at an administrative hearing, default orders, negotiated consent agreements, and emergency temporary cease and desist orders.

All disciplinary actions are subject to the Public Records Act and may be provided in response to a request in accordance with WAC 4-30-024. The Board shall post any public safety notices on its website immediately.

The Board shall maintain updated disciplinary data through the National Association of State Boards of Accountancy (NASBA) in order to provide current licensee information to the public. NASBA maintains CPAverify.org to provide public access license statuses.

Effective: October 27, 2017



Washington State Board of Accountancy

Policy Number: 2020-1
Title: Peer Review
Revised: April 24, 2020

Approved:

Mark Hugh, CPA, Chair

Purpose:

The purpose of this policy is to clearly define the Board's process and procedures for interacting with licensed firms who are required under WAC 4-30-130 to undergo peer review and to report the results using the AICPA's Facilitated State Board Access (FSBA) database at the time of their firm license renewal.

In addition, this policy is intended to inform the wider CPA firm community about the Board's approach to evaluating and responding to the results of peer reviews.

Guiding Principles:

The Board believes remediation is the fundamental goal of peer review. In the majority of instances where deficiencies are discovered through the peer review process, corrective action and follow through by the Administering Entity (AE) and/or Review Acceptance Body (RAB) should be allowed to proceed.

In certain instances the Board may impose a practice restriction or other measures through its disciplinary process when deemed appropriate.

Process for Dropped or Terminated Firms:

The AICPA notifies the state boards when an AICPA member has been dropped or terminated from the peer review program.

Board staff will access FSBA to routinely review the list of firms that have been dropped or terminated from peer review. Per WAC 4-30-130, licensed firms who have provided attest or compilation services and who have been dropped or terminated from peer review by the AICPA must notify the Board. Board staff will generate reports detailing dropped firms and follow up with firms that have not reported.

Firms that have been dropped or terminated from peer review, have not responded to a board inquiry per WAC 4-30-034, and remain out of compliance will be referred to the Board's disciplinary process.

Board Evaluation of the Results of Peer Review:

One member of the Board's Peer Review Oversight Committee and the Executive Director (ED) will review reports for which the results are pass with deficiencies (PWD) or fail. Board staff will make all files available electronically for the Board member's review.

PWD – or Sequential PWDs:

The Board member and ED will review the peer review report for any unusual facts or troubling trends. Board staff will follow up to ensure that corrective action, as recommended by the AE/RAB, is completed by the firm.

Referral for discipline is unlikely for PWD results.

Fails and/or Sequential Fails:

If there is one instance of a fail, the Board member and ED will review the peer review report for unusual facts or troubling trends, especially if the prior peer review was a PWD. Board staff will follow up to ensure that corrective action, as recommended by the AE/RAB, is completed by the firm.

If a firm has two sequential fail reports over two renewal periods, a Board member and ED will evaluate the two fail reports to determine if the same topic is at issue in both periods. If not, Board staff will follow up to ensure that corrective action, as recommended by the AE/RAB, is completed by the firm.

However, if the firm is dropped or terminated from the peer review program as a result of two sequential fails, the disciplinary process noted above will be undertaken.

If the two sequential fails have the same root cause, the Board will determine what action is appropriate under the circumstances. Options, beyond the corrective action, include but are not limited to the following:

- Required remedial training through Consent Agreement
- Practice restriction through Consent Agreement or Board Order
- Discipline including fine and/or firm license revocation through Consent Agreement or Board Order

Effective: January 31, 2020

Revised: April 24, 2020



Washington State Board of Accountancy

Policy Number: 2020-2

Title: Public Officials and Public Employees

Adopted: October 16, 2020

Approved:

Mark Hugh, CPA, Chair

Purpose:

The Washington Public Accountancy Act generally does not apply to government officials and employees. The Act provides “Nothing in this chapter prohibits any act of or the use of any words by a public official or a public employee in the performance of his or her duties.” RCW 18.04.350(12). The purpose of this policy is to explain both the application and the limitations of this exception.

Guiding Principles:

The Board has authority over licensees to revoke or suspend licenses, impose conditions on practice and to impose fines for a variety of causes under RCW 18.04.295 and RCW 18.04.345. However, that authority is limited by RCW 18.04.350(12) for actions performed by public employees in the normal course of their duties.

Public employees are not required to be licensed as CPAs. While RCW 18.04.345 prohibits a person from offering attest or compilation services without a license, RCW 18.04.350(12) creates a specific exception for public employees. Therefore, a non-licensed public employee is not prohibited from preparing audits as long as it within the scope of their employment.

A public employee who is a licensed CPA is still subject to ethics rules and standards for professional conduct under the Act. Under RCW 18.04.350(12), the Board may not have the authority to judge the quality of performance or judgement of a public employee in course of their employment. However, if the public employee is a licensed CPA, the Public Accountancy Act provides additional standards and rules of professional conduct that accompany that license, regardless of employment, and the Board has the duty to uphold those standards and rules.

Many of the requirements, and potential violations under Chapter 18.04 RCW and Chapter 4-30 WAC are not related to the performance of job duties. For example, neither obtaining or renewing a CPA license, nor performing accountancy work outside of the office are part of a public employee’s job duties and violations associated with those activities are subject to Board action.

A public employee who is a licensed CPA would be subject to Board enforcement action for committing fraud or deceit in renewing their CPA license, or in failing to report that they

had been sanctioned by another public agency. In addition, a public employee CPA who refused to cooperate with the Board in its investigation of a case would be in violation of the Act.

Even when a public employee who is a licensed CPA is “at work” they may commit violations of the Public Accountancy Act. For example, criminal activity even if performed while “at work” would not be part of the public employee’s job duties and therefore, the CPA would be subject to enforcement. Likewise, it can be argued that engaging in acts of fiscal dishonesty, fraud, or self-dealing would not be included in the public employee’s job duties.

However, for actions in the normal course of their duties by public employees, even licensed CPAs, it is up to the employing public agency to determine whether the performance of a public employee is satisfactory. In that situation, by Washington law, the Board has no disciplinary authority over that agency and that employee.

This exception is not unique to Washington. Reviewing the legislative history of RCW 18.04.350(12), it is in Washington law because the legislature adopted it from the Uniform Accountancy Act, the national model licensing law developed to provide a uniform approach to regulation of the accounting profession. Currently 26 states, including Washington, have adopted similar exceptions.

Effective: October 16, 2020

CERTIFICATION OF ENROLLMENT

HOUSE BILL 2468

Chapter 224, Laws of 2018

65th Legislature
2018 Regular Session

BRITISH COLUMBIA ACCOUNTANTS--ATTEST AND COMPILATION SERVICES

EFFECTIVE DATE: June 7, 2018

Passed by the House February 1, 2018
Yeas 94 Nays 0

FRANK CHOPP

Speaker of the House of Representatives

Passed by the Senate March 2, 2018
Yeas 49 Nays 0

KAREN KEISER

President of the Senate

Approved March 22, 2018 4:15 PM

JAY INSLEE

Governor of the State of Washington

CERTIFICATE

I, Bernard Dean, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **HOUSE BILL 2468** as passed by House of Representatives and the Senate on the dates hereon set forth.

BERNARD DEAN

Chief Clerk

FILED

March 26, 2018

**Secretary of State
State of Washington**

HOUSE BILL 2468

Passed Legislature - 2018 Regular Session

State of Washington

65th Legislature

2018 Regular Session

By Representatives Vick and Kirby

Read first time 01/10/18. Referred to Committee on Business & Financial Services.

1 AN ACT Relating to allowing firms in the Canadian province of
2 British Columbia to perform attest or compilation services for
3 companies in Washington state that are the consolidated, subsidiary,
4 or component entity of another corporate entity registered in Canada;
5 amending RCW 18.04.350, 18.04.183, 18.04.195, 18.04.215, and
6 18.04.345; creating a new section; and providing an expiration date.

7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

8 NEW SECTION. **Sec. 1.** The legislature finds the current
9 restrictions that prohibit accounting firms in the Canadian province
10 of British Columbia from providing attest or compilation services to
11 wholly or majority-owned subsidiaries of British Columbia companies
12 residing in and registered in Washington to be an unnecessary
13 constraint. There are a number of such entities in Washington that
14 require specific financial services and reports for issuance solely
15 in Canada but are unable to utilize the services of British Columbia
16 accounting firms, thus resulting in high audit costs. The legislature
17 intends to allow British Columbia accounting firms to provide
18 specific engagements for these subsidiaries residing in Washington.

19 **Sec. 2.** RCW 18.04.350 and 2016 c 127 s 7 are each amended to
20 read as follows:

1 (1) Nothing in this chapter prohibits any individual not holding
2 a license and not qualified for the practice privileges authorized by
3 subsection (2) of this section from serving as an employee of a firm
4 licensed under RCW 18.04.195 and 18.04.215. However, the employee
5 shall not issue any report as defined in this chapter, on the
6 information of any other persons, firms, or governmental units over
7 his or her name.

8 (2) An individual whose principal place of business is not in
9 this state shall be presumed to have qualifications substantially
10 equivalent to this state's requirements and shall have all the
11 privileges of licensees of this state without the need to obtain a
12 license under RCW 18.04.105 if the individual:

13 (a) Holds a valid license as a certified public accountant from
14 any state that requires, as a condition of licensure, that an
15 individual:

16 (i) Have at least one hundred fifty semester hours of college or
17 university education including a baccalaureate or higher degree
18 conferred by a college or university;

19 (ii) Achieve a passing grade on the uniform certified public
20 accountant examination; and

21 (iii) Possess at least one year of experience including service
22 or advice involving the use of accounting, attest, compilation,
23 management advisory, financial advisory, tax, or consulting skills,
24 all of which was verified by a licensee; or

25 (b) Holds a valid license as a certified public accountant from
26 any state that does not meet the requirements of (a) of this
27 subsection, but such individual's qualifications are substantially
28 equivalent to those requirements. Any individual who passed the
29 uniform certified public accountant examination and holds a valid
30 license issued by any other state prior to January 1, 2012, may be
31 exempt from the education requirements in (a)(i) of this subsection
32 for purposes of this section.

33 (3) Notwithstanding any other provision of law, an individual who
34 qualifies for the practice privilege under subsection (2) of this
35 section may offer or render professional services, whether in person
36 or by mail, telephone, or electronic means, and no notice, fee, or
37 other submission shall be provided by any such individual. Such an
38 individual shall be subject to the requirements of subsection (4) of
39 this section.

1 (4) Any individual licensee of another state exercising the
2 privilege afforded under subsection (2) of this section and the firm
3 that employs that licensee simultaneously consent, as a condition of
4 exercising this privilege:

5 (a) To the personal and subject matter jurisdiction and
6 disciplinary authority of the board;

7 (b) To comply with this chapter and the board's rules;

8 (c) That in the event the license from the state of the
9 individual's principal place of business is no longer valid, the
10 individual will cease offering or rendering professional services in
11 this state individually and on behalf of a firm; and

12 (d) To the appointment of the state board which issued the
13 certificate or license as their agent upon whom process may be served
14 in any action or proceeding by this state's board against the
15 certificate holder or licensee.

16 (5) An individual who qualifies for practice privileges under
17 subsection (2) of this section who performs any attest service
18 described in RCW 18.04.025(1) may only do so through a firm which has
19 obtained a license under RCW 18.04.195 and 18.04.215 or which meets
20 the requirements for an exception from the firm licensure
21 requirements under RCW 18.04.195(1) (a)(iii) or (b).

22 (6) A licensee of this state offering or rendering services or
23 using their CPA title in another state shall be subject to
24 disciplinary action in this state for an act committed in another
25 state for which the licensee would be subject to discipline for an
26 act committed in the other state. Notwithstanding RCW 18.04.295 and
27 this section, the board shall cooperate with and investigate any
28 complaint made by the board of accountancy of another state or
29 jurisdiction.

30 (7) Nothing in this chapter prohibits a licensee, a licensed
31 firm, any of their employees, or persons qualifying for practice
32 privileges by this section from disclosing any data in confidence to
33 other certified public accountants, quality assurance or peer review
34 teams, partnerships, limited liability companies, or corporations of
35 certified public accountants or to the board or any of its employees
36 engaged in conducting quality assurance or peer reviews, or any one
37 of their employees in connection with quality or peer reviews of that
38 accountant's accounting and auditing practice conducted under the
39 auspices of recognized professional associations.

1 (8) Nothing in this chapter prohibits a licensee, a licensed
2 firm, any of their employees, or persons qualifying for practice
3 privileges by this section from disclosing any data in confidence to
4 any employee, representative, officer, or committee member of a
5 recognized professional association, or to the board, or any of its
6 employees or committees in connection with a professional
7 investigation held under the auspices of recognized professional
8 associations or the board.

9 (9) Nothing in this chapter prohibits any officer, employee,
10 partner, or principal of any organization:

11 (a) From affixing his or her signature to any statement or report
12 in reference to the affairs of the organization with any wording
13 designating the position, title, or office which he or she holds in
14 the organization; or

15 (b) From describing himself or herself by the position, title, or
16 office he or she holds in such organization.

17 (10) Nothing in this chapter prohibits any person or firm
18 composed of persons not holding a license under this chapter from
19 offering or rendering to the public bookkeeping, accounting, tax
20 services, the devising and installing of financial information
21 systems, management advisory, or consulting services, the preparation
22 of tax returns, or the furnishing of advice on tax matters, or
23 similar services, provided that persons, partnerships, limited
24 liability companies, or corporations not holding a license who offer
25 or render these services do not designate any written statement as a
26 report as defined in RCW 18.04.025(21) or use any language in any
27 statement relating to the financial affairs of a person or entity
28 which is conventionally used by licensees in reports or any attest
29 service as defined in this chapter.

30 (11) Nothing in this chapter prohibits any person or firm
31 composed of persons not holding a license under this chapter from
32 offering or rendering to the public the preparation of financial
33 statements, or written statements describing how such financial
34 statements were prepared, provided that persons, partnerships,
35 limited liability companies, or corporations not holding a license
36 who offer or render these services do not designate any written
37 statement as a report as defined in RCW 18.04.025(21), do not issue
38 any written statement that purports to express or disclaim an opinion
39 on financial statements that have been audited, and do not issue any
40 written statement that expresses assurance on financial statements

1 that have been reviewed. The board may prescribe, by rule, language
2 for the written statement describing how such financial statements
3 were prepared for use by persons not holding a license under this
4 chapter.

5 (12) Nothing in this chapter prohibits any act of or the use of
6 any words by a public official or a public employee in the
7 performance of his or her duties.

8 (13) Nothing contained in this chapter prohibits any person who
9 holds only a valid certificate from assuming or using the designation
10 "certified public accountant-inactive" or "CPA-inactive" or any other
11 title, designation, words, letters, sign, card, or device tending to
12 indicate the person is a certificate holder, provided, that such
13 person does not perform or offer to perform for the public one or
14 more kinds of services involving the use of accounting or auditing
15 skills, including issuance of reports or of one or more kinds of
16 management advisory, financial advisory, consulting services, the
17 preparation of tax returns, or the furnishing of advice on tax
18 matters.

19 (14) Nothing in this chapter prohibits the use of the title
20 "accountant" by any person regardless of whether the person has been
21 granted a certificate or holds a license under this chapter. Nothing
22 in this chapter prohibits the use of the title "enrolled agent" or
23 the designation "EA" by any person regardless of whether the person
24 has been granted a certificate or holds a license under this chapter
25 if the person is properly authorized at the time of use to use the
26 title or designation by the United States department of the treasury.
27 The board shall by rule allow the use of other titles by any person
28 regardless of whether the person has been granted a certificate or
29 holds a license under this chapter if the person using the titles or
30 designations is authorized at the time of use by a nationally
31 recognized entity sanctioning the use of board authorized titles.

32 (15) Nothing in this chapter prohibits any firm holding a license
33 or registration as a chartered professional accounting firm in the
34 Canadian province of British Columbia from performing any of the
35 following services: (a) An attest or compilation engagement of a
36 business entity operating in Washington state that is the
37 consolidated, subsidiary, or component entity of another entity that
38 is operating in Canada who acts as the issuer of the report; or (b) a
39 standalone attest or compilation engagement of a wholly or majority-

1 owned subsidiary and or component of an entity that is operating in
2 Canada.

3 **Sec. 3.** RCW 18.04.183 and 2001 c 294 s 9 are each amended to
4 read as follows:

5 (1) The board shall grant a license as a certified public
6 accountant to a holder of a permit, license, or certificate issued by
7 a foreign country's board, agency, or institute, provided that:

8 ~~((1))~~ (a) The foreign country where the foreign permit,
9 license, or certificate was issued is a party to an agreement on
10 trade with the United States that encourages the mutual recognition
11 of licensing and certification requirements for the provision of
12 covered services by the parties under the trade agreement;

13 ~~((2))~~ (b) Such foreign country's board, agency, or institute
14 makes similar provision to allow a person who holds a valid license
15 issued by this state to obtain such foreign country's comparable
16 permit, license, or certificate;

17 ~~((3))~~ (c) The foreign permit, license, or certificate:

18 ~~((a))~~ (i) Was duly issued by such foreign country's board,
19 agency, or institute that regulates the practice of public
20 accountancy; and

21 ~~((b))~~ (ii) Is in good standing at the time of the application;
22 and

23 ~~((e))~~ (iii) Was issued upon the basis of educational,
24 examination, experience, and ethical requirements substantially
25 equivalent currently or at the time of issuance of the foreign
26 permit, license, or certificate to those in this state;

27 ~~((4))~~ (d) The applicant has within the thirty-six months prior
28 to application completed an accumulation of one hundred twenty hours
29 of CPE as required under RCW 18.04.215(5). The board shall provide
30 for transition from existing to new CPE requirements;

31 ~~((5))~~ (e) The applicant's foreign permit, license, or
32 certificate was the type of permit, license, or certificate requiring
33 the most stringent qualifications if, in the foreign country, more
34 than one type of permit, license, or certificate is issued. This
35 state's board shall decide which are the most stringent
36 qualifications;

37 ~~((6))~~ (f) The applicant has passed a written examination or its
38 equivalent, approved by the board, that tests knowledge in the areas
39 of United States accounting principles, auditing standards,

1 commercial law, income tax law, and Washington state rules of
2 professional ethics; and

3 ~~((+7))~~ (g) The applicant has within the eight years prior to
4 applying for a license under this section, demonstrated, in
5 accordance with the rules issued by the board, one year of public
6 accounting experience, within the foreign country where the foreign
7 permit, license, or certificate was issued, equivalent to the
8 experience required under RCW 18.04.105(1)(d) or such other
9 experience or employment which the board in its discretion regards as
10 substantially equivalent.

11 (2) The board may adopt by rule new CPE standards that differ
12 from those in subsection ~~((+4))~~ (1)(d) of this section or RCW
13 18.04.215 if the new standards are consistent with the CPE standards
14 of other states so as to provide to the greatest extent possible,
15 consistent national standards.

16 (3) A licensee who has been granted a license under the
17 reciprocity provisions of this section shall notify the board within
18 thirty days if the permit, license, or certificate issued in the
19 other jurisdiction has lapsed or if the status of the permit,
20 license, or certificate issued in the other jurisdiction becomes
21 otherwise invalid.

22 (4) A chartered professional accountant licensed in the Canadian
23 province of British Columbia who is an employee or owner of a
24 chartered professional accounting firm also registered in the
25 Canadian province of British Columbia is not required to obtain a
26 license as a certified public accountant in Washington state,
27 provided they are adhering to the provisions of RCW 18.04.350(15) in
28 providing attest or compilation services to business entities covered
29 under RCW 18.04.350(15).

30 **Sec. 4.** RCW 18.04.195 and 2016 c 127 s 4 are each amended to
31 read as follows:

32 (1) The board shall grant or renew licenses to practice as a CPA
33 firm to applicants that demonstrate their qualifications therefore in
34 accordance with this section.

35 (a) The following must hold a license issued under this section:

36 (i) Any firm with an office in this state performing attest
37 services as defined in RCW 18.04.025(1) or compilations as defined in
38 RCW 18.04.025(6);

1 (ii) Any firm with an office in this state that uses the title
2 "CPA" or "CPA firm"; or

3 (iii) Any firm that does not have an office in this state but
4 offers or renders attest services described in RCW 18.04.025 in this
5 state, unless it meets each of the following requirements:

6 (A) Complies with the qualifications described in subsection
7 (3)(c), (4)(a), or (5)(c) of this section;

8 (B) Meets the board's quality assurance review program
9 requirements authorized by RCW 18.04.055(9) and the rules
10 implementing such section;

11 (C) Performs such services through an individual with practice
12 privileges under RCW 18.04.350(2); and

13 (D) Can lawfully do so in the state where said individuals with
14 practice privileges have their principal place of business.

15 (b) A chartered professional accounting firm registered in the
16 Canadian province of British Columbia may provide compilation or
17 attest services in accordance with RCW 18.04.350(15) without
18 obtaining a Washington state CPA firm license.

19 (c) A firm that is not subject to the requirements of subsection
20 (1)(a) of this section may perform compilation services described in
21 RCW 18.04.025(6) and other nonattest professional services while
22 using the title "CPA" or "CPA firm" in this state without a license
23 issued under this section only if:

24 (i) The firm performs such services through an individual with
25 practice privileges under RCW 18.04.350(2); and

26 (ii) The firm can lawfully do so in the state where said
27 individuals with practice privileges have their principal place of
28 business.

29 (2) A sole proprietorship required to obtain a license under
30 subsection (1) of this section shall license, as a firm, every three
31 years with the board.

32 (a) The sole proprietor shall hold and renew a license to
33 practice under RCW 18.04.105 and 18.04.215, or, in the case of a sole
34 proprietorship that must obtain a license pursuant to subsection
35 (1)(a)(iii) of this section, be a licensee of another state who meets
36 the requirements in RCW 18.04.350(2);

37 (b) Each resident individual in charge of an office located in
38 this state shall hold and renew a license to practice under RCW
39 18.04.105 and 18.04.215; and

1 (c) The licensed firm must meet requirements established by rule
2 by the board.

3 (3) A partnership required to obtain a license under subsection
4 (1) of this section shall license as a firm every three years with
5 the board, and shall meet the following requirements:

6 (a) At least one general partner of the partnership shall hold
7 and renew a license to practice under RCW 18.04.105 and 18.04.215,
8 or, in the case of a partnership that must obtain a license pursuant
9 to subsection (1)(a)(iii) of this section, be a licensee of another
10 state who meets the requirements in RCW 18.04.350(2);

11 (b) Each resident individual in charge of an office in this state
12 shall hold and renew a license to practice under RCW 18.04.105 and
13 18.04.215;

14 (c) At least a simple majority of the ownership of the licensed
15 firm in terms of financial interests and voting rights of all
16 partners or owners shall be held by persons who are licensees or
17 holders of a valid license issued under this chapter or by another
18 state. The principal partner of the partnership and any partner
19 having authority over issuing reports shall hold a license under this
20 chapter or issued by another state; and

21 (d) The licensed firm must meet requirements established by rule
22 by the board.

23 (4) A corporation required to obtain a license under subsection
24 (1) of this section shall license as a firm every three years with
25 the board and shall meet the following requirements:

26 (a) At least a simple majority of the ownership of the licensed
27 firm in terms of financial interests and voting rights of all
28 shareholders or owners shall be held by persons who are licensees or
29 holders of a valid license issued under this chapter or by another
30 state and is principally employed by the corporation or actively
31 engaged in its business. The principal officer of the corporation and
32 any officer or director having authority over issuing reports shall
33 hold a license under this chapter or issued by another state;

34 (b) At least one shareholder of the corporation shall hold a
35 license under RCW 18.04.105 and 18.04.215, or, in the case of a
36 corporation that must obtain a license pursuant to subsection
37 (1)(a)(iii) of this section, be a licensee of another state who meets
38 the requirements in RCW 18.04.350(2);

1 (c) Each resident individual in charge of an office located in
2 this state shall hold and renew a license under RCW 18.04.105 and
3 18.04.215;

4 (d) A written agreement shall bind the corporation or its
5 shareholders to purchase any shares offered for sale by, or not under
6 the ownership or effective control of, a qualified shareholder, and
7 bind any holder not a qualified shareholder to sell the shares to the
8 corporation or its qualified shareholders. The agreement shall be
9 noted on each certificate of corporate stock. The corporation may
10 purchase any amount of its stock for this purpose, notwithstanding
11 any impairment of capital, as long as one share remains outstanding;

12 (e) The corporation shall comply with any other rules pertaining
13 to corporations practicing public accounting in this state as the
14 board may prescribe; and

15 (f) The licensed firm must meet requirements established by rule
16 by the board.

17 (5) A limited liability company required to obtain a license
18 under subsection (1) of this section shall license as a firm every
19 three years with the board, and shall meet the following
20 requirements:

21 (a) At least one member of the limited liability company shall
22 hold a license under RCW 18.04.105 and 18.04.215, or, in the case of
23 a limited liability company that must obtain a license pursuant to
24 subsection (1)(a)(iii) of this section, be a licensee of another
25 state who meets the requirements in RCW 18.04.350(2);

26 (b) Each resident manager or member in charge of an office
27 located in this state shall hold and renew a license under RCW
28 18.04.105 and 18.04.215;

29 (c) At least a simple majority of the ownership of the licensed
30 firm in terms of financial interests and voting rights of all owners
31 shall be held by persons who are licensees or holders of a valid
32 license issued under this chapter or by another state. The principal
33 member or manager of the limited liability company and any member
34 having authority over issuing reports shall hold a license under this
35 chapter or issued by another state; and

36 (d) The licensed firm must meet requirements established by rule
37 by the board.

38 (6) Application for a license as a firm with an office in this
39 state shall be made upon the affidavit of the proprietor or

1 individual designated as managing partner, member, or shareholder for
2 Washington. This individual shall hold a license under RCW 18.04.215.

3 (7) In the case of a firm licensed in another state and required
4 to obtain a license under subsection (1)(a)(iii) of this section, the
5 application for the firm license shall be made upon the affidavit of
6 an individual who qualifies for practice privileges in this state
7 under RCW 18.04.350(2) who has been authorized by the applicant firm
8 to make the application. The board shall determine in each case
9 whether the applicant is eligible for a license.

10 (8) The board shall be given notification within ninety days
11 after the admission or withdrawal of a partner, shareholder, or
12 member engaged in this state in the practice of public accounting
13 from any partnership, corporation, or limited liability company so
14 licensed.

15 (9) Licensed firms that fall out of compliance with the
16 provisions of this section due to changes in firm ownership, after
17 receiving or renewing a license, shall notify the board in writing
18 within ninety days of its falling out of compliance and propose a
19 time period in which they will come back into compliance. The board
20 may grant a reasonable period of time for a firm to be in compliance
21 with the provisions of this section. Failure to bring the firm into
22 compliance within a reasonable period of time, as determined by the
23 board, may result in suspension, revocation, or imposition of
24 conditions on the firm's license.

25 (10) Fees for the license as a firm and for notification of the
26 board of the admission or withdrawal of a partner, shareholder, or
27 member shall be determined by the board. Fees shall be paid by the
28 firm at the time the license application form or notice of admission
29 or withdrawal of a partner, shareholder, or member is filed with the
30 board.

31 (11) Nonlicensee owners of licensed firms are:

32 (a) Required to fully comply with the provisions of this chapter
33 and board rules;

34 (b) Required to be an individual;

35 (c) Required to be of good character, as defined in RCW
36 18.04.105(1)(a), and an active individual participant in the licensed
37 firm or affiliated entities as these terms are defined by board rule;
38 and

39 (d) Subject to discipline by the board for violation of this
40 chapter.

1 (12) Resident nonlicensee owners of licensed firms are required
2 to meet:

3 (a) The ethics examination, registration, and fee requirements as
4 established by the board rules; and

5 (b) The ethics CPE requirements established by the board rules.

6 (13)(a) Licensed firms must notify the board within thirty days
7 after:

8 (i) Sanction, suspension, revocation, or modification of their
9 professional license or practice rights by the securities exchange
10 commission, internal revenue service, or another state board of
11 accountancy;

12 (ii) Sanction or order against the licensee or nonlicensee firm
13 owner by any federal or other state agency related to the licensee's
14 practice of public accounting or violation of ethical or technical
15 standards established by board rule; or

16 (iii) The licensed firm is notified that it has been charged with
17 a violation of law that could result in the suspension or revocation
18 of the firm's license by a federal or other state agency, as
19 identified by board rule, related to the firm's professional license,
20 practice rights, or violation of ethical or technical standards
21 established by board rule.

22 (b) The board must adopt rules to implement this subsection and
23 may also adopt rules specifying requirements for licensees to report
24 to the board sanctions or orders relating to the licensee's practice
25 of public accounting or violation of ethical or technical standards
26 entered against the licensee by a nongovernmental professionally
27 related standard-setting entity.

28 **Sec. 5.** RCW 18.04.215 and 2003 c 290 s 2 are each amended to
29 read as follows:

30 (1) Three-year licenses shall be issued by the board:

31 (a) To persons meeting the requirements of RCW 18.04.105(1),
32 18.04.180, or 18.04.183.

33 (b) To certificate holders meeting the requirements of RCW
34 18.04.105(4).

35 (c) To firms under RCW 18.04.195, meeting the requirements of RCW
36 18.04.205.

37 (2) The board shall, by rule, provide for a system of certificate
38 and license renewal and reinstatement. Applicants for renewal or
39 reinstatement shall, at the time of filing their applications, list

1 with the board all states and foreign jurisdictions in which they
2 hold or have applied for certificates, permits or licenses to
3 practice.

4 (3) An inactive certificate is renewed every three years with
5 renewal subject to the requirements of ethics CPE and the payment of
6 fees, prescribed by the board. Failure to renew the inactive
7 certificate shall cause the inactive certificate to lapse and be
8 subject to reinstatement. The board shall adopt rules providing for
9 fees and procedures for renewal and reinstatement of inactive
10 certificates.

11 (4) A license is issued every three years with renewal subject to
12 requirements of CPE and payment of fees, prescribed by the board.
13 Failure to renew the license shall cause the license to lapse and
14 become subject to reinstatement. Persons holding a lapsed license are
15 prohibited from using the title "CPA" or "certified public
16 accountant." Persons holding a lapsed license are prohibited from
17 practicing public accountancy. The board shall adopt rules providing
18 for fees and procedures for issuance, renewal, and reinstatement of
19 licenses.

20 (5) The board shall adopt rules providing for CPE for licensees
21 and certificate holders. The rules shall:

22 (a) Provide that a licensee shall verify to the board that he or
23 she has completed at least an accumulation of one hundred twenty
24 hours of CPE during the last three-year period to maintain the
25 license;

26 (b) Establish CPE requirements; and

27 (c) Establish when new licensees shall verify that they have
28 completed the required CPE.

29 (6) A certified public accountant who holds a license issued by
30 another state, and applies for a license in this state, may practice
31 in this state from the date of filing a completed application with
32 the board, until the board has acted upon the application provided
33 the application is made prior to holding out as a certified public
34 accountant in this state and no sanctions or investigations, deemed
35 by the board to be pertinent to public accountancy, by other
36 jurisdictions or agencies are in process.

37 (7) A licensee shall submit to the board satisfactory proof of
38 having completed an accumulation of one hundred twenty hours of CPE
39 recognized and approved by the board during the preceding three
40 years. Failure to furnish this evidence as required shall make the

1 license lapse and subject to reinstatement procedures, unless the
2 board determines the failure to have been due to retirement or
3 reasonable cause.

4 The board in its discretion may renew a certificate or license
5 despite failure to furnish evidence of compliance with requirements
6 of CPE upon condition that the applicant follow a particular program
7 of CPE. In issuing rules and individual orders with respect to CPE
8 requirements, the board, among other considerations, may rely upon
9 guidelines and pronouncements of recognized educational and
10 professional associations, may prescribe course content, duration,
11 and organization, and may take into account the accessibility of CPE
12 to licensees and certificate holders and instances of individual
13 hardship.

14 (8) Fees for renewal or reinstatement of certificates and
15 licenses in this state shall be determined by the board under this
16 chapter. Fees shall be paid by the applicant at the time the
17 application form is filed with the board. The board, by rule, may
18 provide for proration of fees for licenses or certificates issued
19 between normal renewal dates.

20 (9)(a) Licensees, certificate holders, and nonlicensee owners
21 must notify the board within thirty days after:

22 (i) Sanction, suspension, revocation, or modification of their
23 professional license or practice rights by the securities exchange
24 commission, internal revenue service, or another state board of
25 accountancy;

26 (ii) Sanction or order against the licensee, certificate holder,
27 or nonlicensee owner by any federal or other state agency related to
28 the licensee's practice of public accounting or the licensee's,
29 certificate holder's, or nonlicensee owner's violation of ethical or
30 technical standards established by board rule; or

31 (iii) The licensee, certificate holder, or nonlicensee owner is
32 notified that he or she has been charged with a violation of law that
33 could result in the suspension or revocation of a license or
34 certificate by a federal or other state agency, as identified by
35 board rule, related to the licensee's, certificate holder's, or
36 nonlicensee owner's professional license, practice rights, or
37 violation of ethical or technical standards established by board
38 rule.

39 (b) The board must adopt rules to implement this subsection and
40 may also adopt rules specifying requirements for licensees,

1 certificate holders, and nonlicensee owners to report to the board
2 sanctions or orders relating to the licensee's practice of public
3 accounting or the licensee's, certificate holder's, or nonlicensee
4 owner's violation of ethical or technical standards entered against
5 the licensee, certificate holder, or nonlicensee owner by a
6 nongovernmental professionally related standard-setting entity.

7 (10) A chartered professional accounting firm registered in the
8 Canadian province of British Columbia and its owners and employees
9 that provide compilation or attest services in accordance with RCW
10 18.04.350(15) are not required to obtain a CPA firm license or
11 individual CPA licenses and will not be subject to license fees.

12 **Sec. 6.** RCW 18.04.345 and 2016 c 127 s 5 are each amended to
13 read as follows:

14 (1) Except when performing services as an employee or owner of a
15 firm operating in accordance with RCW 18.04.350(15), no individual
16 may assume or use the designation "certified public accountant-
17 inactive" or "CPA-inactive" or any other title, designation, words,
18 letters, abbreviation, sign, card, or device tending to indicate that
19 the individual is a certified public accountant-inactive or CPA-
20 inactive unless the individual holds a certificate. Individuals
21 holding only a certificate may not practice public accounting.

22 (2) No individual may hold himself or herself out to the public
23 or assume or use the designation "certified public accountant" or
24 "CPA" or any other title, designation, words, letters, abbreviation,
25 sign, card, or device tending to indicate that the individual is a
26 certified public accountant or CPA unless the individual qualifies
27 for the privileges authorized by RCW 18.04.350(2) or holds a license
28 under RCW 18.04.105 and 18.04.215, or is providing compilation or
29 attest services as an employee or owner of a firm operating in
30 accordance with RCW 18.04.350(15).

31 (3) No firm with an office in this state may perform or offer to
32 perform attest services as defined in RCW 18.04.025(1) or compilation
33 services as defined in RCW 18.04.025(6) or assume or use the
34 designation "certified public accountant" or "CPA" or any other
35 title, designation, words, letters, abbreviation, sign, card, or
36 device tending to indicate that the firm is composed of certified
37 public accountants or CPAs, unless the firm is licensed under RCW
38 18.04.195 and all offices of the firm in this state are maintained
39 and registered under RCW 18.04.205. This subsection does not limit

1 the services permitted under RCW 18.04.350(10) by persons not
2 required to be licensed under this chapter, nor does it prohibit
3 compilation or attest services performed in accordance with RCW
4 18.04.350(15).

5 (4) No firm may perform the services defined in RCW 18.04.025(1)
6 in this state unless the firm is licensed under RCW 18.04.195, renews
7 the firm license as required under RCW 18.04.215, and all offices of
8 the firm in this state are maintained and registered under RCW
9 18.04.205. This subsection does not prohibit services performed in
10 accordance with RCW 18.04.350(15).

11 (5) Except when performing services as an employee or owner of a
12 firm operating in accordance with RCW 18.04.350(15), no individual,
13 partnership, limited liability company, or corporation offering
14 public accounting services to the public may hold himself, herself,
15 or itself out to the public, or assume or use along, or in connection
16 with his, hers, or its name, or any other name the title or
17 designation "certified accountant," "chartered accountant," "licensed
18 accountant," "licensed public accountant," "public accountant," or
19 any other title or designation likely to be confused with "certified
20 public accountant" or any of the abbreviations "CA," "LA," "LPA," or
21 "PA," or similar abbreviations likely to be confused with "CPA."

22 (6) No licensed firm may operate under an alias, a firm name,
23 title, or "DBA" that differs from the firm name that is registered
24 with the board.

25 (7) Except when performing services as an employee or owner of a
26 firm operating in accordance with RCW 18.04.350(15), no individual
27 with an office in this state may sign, affix, or associate his or her
28 name or any trade or assumed name used by the individual in his or
29 her business to any report prescribed by professional standards
30 unless the individual holds a license to practice under RCW 18.04.105
31 and 18.04.215, a firm holds a license under RCW 18.04.195, and all of
32 the individual's offices in this state are registered under RCW
33 18.04.205.

34 (8) No individual licensed in another state may sign, affix, or
35 associate a firm name to any report prescribed by professional
36 standards, or associate a firm name in conjunction with the title
37 certified public accountant, unless the individual:

38 (a) Qualifies for the practice privileges authorized by RCW
39 18.04.350(2); ((or))

1 (b) Is licensed under RCW 18.04.105 and 18.04.215, and all of the
2 individual's offices in this state are maintained and registered
3 under RCW 18.04.205; or

4 (c) Is performing services as an employee or owner of a firm in
5 accordance with the provisions of RCW 18.04.350(15).

6 (9) No individual, partnership, limited liability company, or
7 corporation not holding a license to practice under RCW 18.04.105 and
8 18.04.215, or firm not licensed under RCW 18.04.195 or firm not
9 registering all of the firm's offices in this state under RCW
10 18.04.205, or not qualified for the practice privileges authorized by
11 RCW 18.04.350(2), or not operating in accordance with the provisions
12 of RCW 18.04.350(15), may hold himself, herself, or itself out to the
13 public as an "auditor" with or without any other description or
14 designation by use of such word on any sign, card, letterhead, or in
15 any advertisement or directory.

16 (10) For purposes of this section, because individuals practicing
17 using practice privileges under RCW 18.04.350(2) are deemed
18 substantially equivalent to licensees under RCW 18.04.105 and
19 18.04.215, every word, term, or reference that includes the latter
20 shall be deemed to include the former, provided the conditions of
21 such practice privilege, as set forth in RCW 18.04.350 (4) and (5)
22 are maintained.

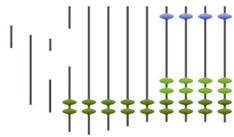
23 (11) Notwithstanding anything to the contrary in this section, it
24 is not a violation of this section for a firm that does not hold a
25 valid license under RCW 18.04.195 and that does not have an office in
26 this state to use the title "CPA" or "certified public accountant" as
27 part of the firm's name and to provide its professional services in
28 this state, and licensees and individuals with practice privileges
29 may provide services on behalf of such firms so long as it complies
30 with the requirements of RCW 18.04.195(1). An individual or firm
31 authorized under this subsection to use practice privileges in this
32 state must comply with the requirements otherwise applicable to
33 licensees in this section.

34 NEW SECTION. Sec. 7. The amendments contained in sections 2
35 through 6 of this act expire June 30, 2023.

Passed by the House February 1, 2018.
Passed by the Senate March 2, 2018.
Approved by the Governor March 22, 2018.

Filed in Office of Secretary of State March 26, 2018.

--- END ---



Peer Review Oversight Committee Report (PROC) Summary Report

Summary of activity since the January 29, 2021 Board meeting:

1. Annual PROC report for Washington provided to NASBA.
2. Review of 9 Peer Review documents (includes the peer review report, firm's response, and acceptance letter). Reviewed by Peer Review Coordinator, Executive Director, and Consulting Board Member (member of PROC). In all cases, there was agreement with the Peer Review Committee's actions.
3. No reports from PROC representatives.

Request Oversight Committee Report April 2021

Tom Sawatzki, CPA, Chair

During the first quarter 2021, the Executive Director and a Consulting Board Member from the Request Oversight Committee took the following action:

Approved Firm Names:

CLICKPNW
TAMARACK TAX AND CONSULTING LLC
JOHN LOWE ACCOUNTING - CPA FIRM

Professional/Educational Organization – Recognition Requests

During the first quarter in 2021, the Board did not receive any requests for recognition of an educational organization for purposes of obtaining list requests.

OFM

1650 - State Board of Accountancy
Allotment Expenditure/Revenue BTD Flexible

Report Number: AEF04
 Biennium: 2021
 Account: 02J
 Revenue Content: Cash, Acct(All)

Date Run: Mar 31, 2021 11:50PM
 Transactions Through: Mar 31, 2021 8:00PM

As of Fiscal Month: Mar FY2
 Allotment Content: Approved & Adjusted
 Estimated Revenue Content: Approved & Adjusted
 Expenditure Content: Cash, Acct(All)

(For a complete listing of all input parameter values, please see the last page of the report)

	BTD	BTD	BTB	BTB	BTB	BTB	Variance	Biennium
	Allotment	Disbursement	Accrual	Encumbrance				Remaining
By Account/Expenditure Authority								
02J - Certified Public Accountants' Acct								
030 - Salaries and Expenses	3,289,112	2,963,613.86	(8,307.12)	0.00	333,805.26		803,693.26	
Total for Agency	3,289,112	2,963,613.86	(8,307.12)	0.00	333,805.26		803,693.26	

By Object								
A - Salaries and Wages	1,320,782	1,304,892.05	0.00	0.00	15,889.95		205,149.95	
B - Employee Benefits	476,742	467,353.05	0.00	0.00	9,388.95		78,394.95	
C - Professional Service Contracts	202,482	13,094.73	0.00	0.00	189,387.27		218,313.27	
E - Goods and Services	1,204,518	1,148,355.32	(8,307.12)	0.00	64,471.80		235,083.80	
G - Travel	58,338	29,920.71	0.00	0.00	28,417.29		36,751.29	
J - Capital Outlays	26,250	0.00	0.00	0.00	26,250.00		30,000.00	
Total for Agency	3,289,112	2,963,613.86	(8,307.12)	0.00	333,805.26		803,693.26	

Fund

Balance As Of:	3/31/2021	Show Balances As Of:	03/31/2021
Book Balance:	2,821,402.53	<input type="button" value="Retrieve"/>	
Outstanding Warrants:	1,550.00		
Cash Balance:	2,822,952.53		

Fund Code:	02J
Fund Name:	CERTIFIED PUBLIC ACCOUNTANTS' ACCT
Fund Type:	SPECIAL REVENUE FUNDS (BA)
Treasury Type:	Treasury (1)
Budget Type:	Appropriated (A)
Roll-Up Fund:	CENTRAL ADMIN AND REGULATORY FUND (FBD)
Agency:	STATE BOARD OF ACCOUNTANCY (1650)
Statute:	18.04.105
GAAP Fund Type:	SPECIAL REVENUE FUNDS (B)
Active:	Active
DOT Fund:	No

Fund

Balance As Of:	<input type="text" value="4/7/2021"/>	Show Balances As Of:	<input type="text" value="03/31/2021"/>
Book Balance:	<input type="text" value="175,000.00"/>	<input type="button" value="Retrieve"/>	
Outstanding Warrants:	<input type="text" value="0.00"/>		
Cash Balance:	<input type="text" value="175,000.00"/>		

Fund Code:	<input type="text" value="20D"/>
Fund Name:	<input type="text" value="CPA SCHOLARSHIP TRANSFER ACCOUNT"/>
Fund Type:	<input type="text" value="SPECIAL REVENUE FUNDS (BA)"/>
Treasury Type:	<input type="text" value="Treasury Trust (2)"/>
Budget Type:	<input type="text" value="Nonappropriated/Nonallotted (N)"/>
Roll-Up Fund:	<input type="text" value="HIGHER EDUCATION FUND (FBG)"/>
Agency:	<input type="text" value="STATE BOARD OF ACCOUNTANCY (1650)"/>
Statute:	<input type="text" value="28B.123.050"/>
GAAP Fund Type:	<input type="text" value="SPECIAL REVENUE FUNDS (B)"/>
Active:	<input type="text" value="Active"/>
DOT Fund:	<input type="text" value="No"/>

2020 CPE Pre-Audit

- The 2020 CPE Pre-Audit concluded on June 30, 2020
- 210 Individuals were included in the Pre-Audit
 - 117 Passed
 - 59 Lapsed or Retired
 - 31 Did not complete CPE- Extension Request
 - 3 Renewed but did not submit CPE-BAP

.....

- 204 Licensees
 - 113 Passed
 - 57 Lapsed or Retired
 - 31 Did not complete CPE- Extension Request
 - 3 Renewed but did not submit CPE-BAP
- 6 Certificate holders
 - 4 Passed
 - 2 Lapsed or Retired

2020 Random CPE Audit Results

- The 2020 CPE Audit concluded on March 12, 2021
- 114 Individuals were included in the Random Selection
 - 104 Passed
 - 10 Failed-BAP
 - 4 Chose to let the license lapse
 - 6 Reinstated

.....

- 114 Licensees
- 0 Certificate holders
- 0 Non Licensee Firm Owners

Continuing Professional Education Pre-Audit

- The Board audits individuals who have had Continuing Professional Education (CPE) related issues in their previous reporting cycle. Monitoring issues include:
 - Enforcement
 - Extension Request
 - Pre-Lapsed Reinstatement
- The number of individuals required to be in the CPE audit due to monitoring has grown from 20-30 a year (2010) to approximately 400 a year (2017, 2018).
- In 2018, staff separated the monitored individuals from those who would be randomly selected from the renewal year.
- On December 1, 2018, the monitored individuals were sent a reminder notice that they would be pre-audited in 2019 and would be required to submit their CPE documentation with their renewal application.
- By providing a personalized reminder to the monitoring individuals prior to the CPE deadline, individuals were given an opportunity to verify their records and ensure they had not double counted any CPE.
- This new process allowed staff to review the monitored licensees upon renewal and verify any CPE deficiencies immediately, instead of waiting until August and being combined with the annual random audit.
- This process will continue for 2020, 2021, and 2022. Beginning in 2023 the effects of the updated rules will be in place.



Board of Accountancy

Report to the Governor

2020

For the year ending December 31, 2020

Joel Cambern
Board Chair

Jennifer Sciba
Acting Director

March 25, 2021

This document contains the Annual Report to the Governor of the Agency's activities as required by RCW 18.04.045(6). This report includes background information, successes and challenges, budget, and other information about agency activities.

Table of Contents

Introduction.....	2
Our Mission	2
The People We Serve.....	3
Board Members and Staff	3
Board Members.....	3
Staff Members.....	3
Strategic Priorities.....	4
Use of Resources.....	4
State Board of Accountancy Agency Summary.....	4
BITD as of December 2019 Fund O2J.....	4
Revenue Received.....	5
Board of Accountancy Revenue by Fiscal Year	5
FTEs allocated/FTEs used	5
Washington Management Service (WMS) positions - allocated versus filled.....	5
Performance	6
Credentialed Population.....	6
New Licensees	6
Enforcement.....	7
The Way Forward	7

Introduction

This report is intended to fulfill the requirement of RCW 18.04.045 and serves as the Washington State Board of Accountancy's annual report to the Governor of Washington State. In addition, this report is available to the general public upon request. Any questions regarding this report should be directed to Jennifer Sciba, Acting Director at jennifer.sciba@acb.wa.gov or (360) 586-0952.

Our Mission

The statutory purpose of our agency is embodied in the Washington Public Accountancy Act Revised Code of Washington (RCW) 18.04 and is further developed through rule in Washington Administrative Code (WAC) 4-30.

Broadly speaking, the mission of the agency is to:

1. Promote the reliability of financial and other information used by decision makers in all types of enterprises; and
2. Protect the public by ensuring that:
 - a. Only individuals initially qualified by education, examination, and experience and who possess good character are recognized for the practice of public accounting;
 - b. Only firms meeting the board's criteria for recognition are initially permitted to offer or perform attest or compilation services;
 - c. Individuals and firms recognized by the Board demonstrate continual competency, ethical behavior, and professionalism in the market place; and
 - d. Consumer alerts and public protection information is provided to the general public.

The People We Serve

The Washington State Board of Accountancy serves all of the State's citizens in its public protection capacity. It does so by promoting the dependability of information which is used in financial transactions; and to protect the public by requiring that persons who hold themselves out as CPAs conduct themselves in a competent, ethical, and professional manner.

The Board licenses and regulates CPAs, CPA firms, nonlicensee owners of CPA firms, and CPA-Inactive certificateholders.

In addition, those licensed in our state are able to practice in other states through individual and firm mobility.

Approximately one fifth of our licensee population obtained and maintain their Washington state license while remaining residents of other countries outside the USA. These individuals reside primarily in Pacific Rim countries. The Washington State Board of Accountancy is proud of its part in maintaining this connection to our international neighbors.

Board Members and Staff

Board Members

The Board is composed of nine members appointed by the Governor to serve three-year terms. Our current Board members are:

Mark Hugh, CPA, Board Chair
Rajib Doogar, Public Member, Vice Chair
Joel Cambern, Public Member, Secretary
Brian Thomas, CPA, Member
Carol Morgan, CPA, Member
Tom Sawatzki, CPA, Member
Jacqueline Meucci, CPA, Member
Katherine Dixon, Public Member
Brooke Stegmeier, CPA, Member

Staff Members

The Board staff are currently composed of ten employees:

Charles Satterlund, CPA, Executive Director
Jennifer Sciba, Deputy Director
Lori Mickelson, Chief Administrative Officer
Michelle Tuscher, Chief Information Officer
Tia Landry, Data and Systems Administrator
Taylor Shahon, CPA, Lead Investigator
Kelly Wulfekuhle, Enforcement Administrator
Kirsten Donovan, Confidential Records Manager
Anthony Manfre, Licensing Specialist
Caitlin Upshall, Communications Specialist

Strategic Priorities

Our agency priorities are:

1. Provide outstanding customer service to our constituents, licensees, and applicants.
2. Protect and maintain the security of private personal information that is in the custody of the agency.
3. Ensure technology adds value to the business and leverages opportunities for continuity of operations.
4. Implement the Public Accountancy Act & Board Rules in a fair and equitable manner, consistent with due process, as part of a continual effort to be a model of regulatory best practices.
5. Maintain the frequency and geographic dispersal of agency outreach efforts within the state.
6. Guide the agency in responding to the expanding international focus of public accountancy. Engage with other stakeholders and jurisdictions to craft a regulatory framework that is appropriate to an interconnected world economy.
7. Ensure that the agency is consistently striving to be an organization that focuses on the well-being and safety of the employees through training, process improvements, and a secure workplace.

Use of Resources

State Board of Accountancy Agency Summary

BITD as of December 2020 Fund 02J

Category	BI Allotment	BITD Allotment	BITD Expenditure	BITD Variance
Salaries and Wages	1,510,042	1,131,518	1,130,066	1,452
Employee Benefits	545,748	407,736	407,305	431
Professional Service Contracts	231,408	173,556	13,095	160,461
Goods and Services	1,375,130	1,030,306	1,009,714	20,592
Travel	66,672	50,004	29,921	20,083
Capital Outlays	30,000	22,500	0	22,500
Sum:	3,759,000+	2,815,620	2,590,100	225,520*

* In the current biennium, as of December 31, 2020, the agency had underspent its allotments by \$225,520. The current biennium covers the time period from July 1, 2019 to June 30, 2021.

+ The agency's appropriation is \$3,833,000, but only \$3,759,000 is allotted.

Revenue Received

The agency is not funded through the general fund; the agency receives its revenue from CPA exam applicants' administrative fees and licensing fees. It can also recoup costs associated with the investigative process, but fines are contributed directly to the state general fund.

During the period of fiscal years 2016 to 2020, the agency recorded the receipt of the following revenues:

Fund	Major Source	Source	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016
001 - General Fund	04 - States Charges & Miscellaneous Revenue	05 - Fines, Forfeits and Seizures	\$29,800	\$20,050	\$18,500	\$25,975	\$52,035
02J - Certified Public Accountants' Acct	02 - Licenses, Permits, and Fees	01 - Accountants	\$1,706,330	\$2,286,140	\$2,186,935	\$1,508,316	\$2,229,925

FTEs allocated/FTEs used

Our agency staff is authorized (and funded) for a total of eleven (11) full time equivalent employees (FTEs). Through leveraging the experience of our current staff, we are successfully operating with ten (10) FTEs. This reserve capacity allows the agency to remain agile in reacting to unexpected workloads.

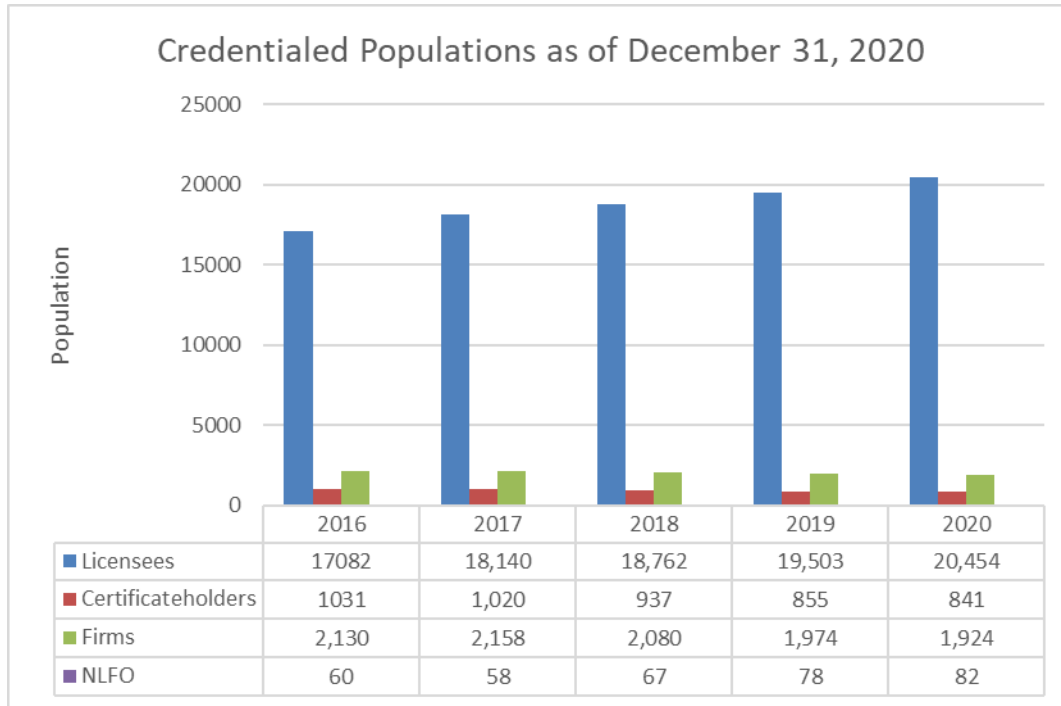
Washington Management Service (WMS) positions - allocated versus filled

We understand the need to minimize the growth of middle management, and the agency strives to find classified positions that suit our operational requirements. Our agency is allocated for three WMS positions, but currently utilizes only two. Unless there is a sound need to fill the third WMS position, we will strive to remain well within our authorized number of WMS positions.

Performance

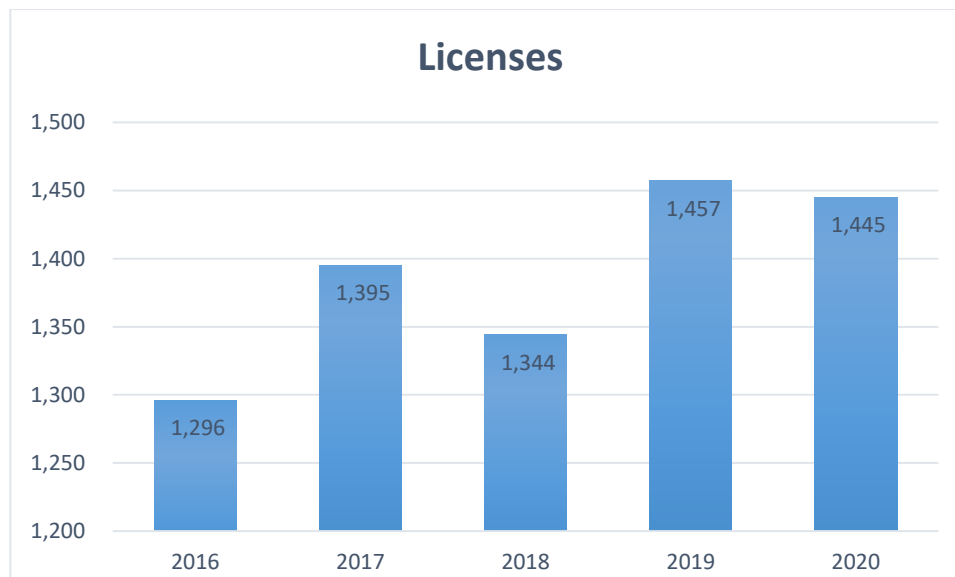
Credentialed Population

Total number of licensees CPAs, CPA-Inactive certificateholders, CPA firms, and Nonlicensee owners of CPA firms (NLFO) for last five calendar years:



New Licensees

Total number of new licensees who obtained their license in Washington State in the past five calendar years:



Enforcement

Regarding our enforcement of the ethical and professional conduct elements of the Public Accountancy Act, we have reduced our backlog of disciplinary complaints and shortened the time needed to resolve them.

Year	2020	2019	2018	2017
Cases received during year	64	89	85	69
Cases resolved during year	60	87	89	71
Average age in days, of resolved cases	77	19	45	88
No. of cases at end of year	31	16	13	17

The Way Forward

The Washington State Board of Accountancy is continuously working to find new opportunities to improve service and maintain our public protection mission focus.

In 2020, all agency staff was able to work remotely as requested by the Governor due to the COVID-19 pandemic. The transition was seamless and the agency was able to provide all services without interruptions.

During this time, the agency continued to work on the IT Modernization Project for the Board's professional licensing system. The new licensing system is expected to be completed in 2021.

Thank you for taking the time to learn more about the Washington State Board of Accountancy. If you have any questions, please do not hesitate to contact us or visit our website at:

<https://acb.wa.gov/>

Board of Accountancy Washington State Enforcement Report

Quarterly Report (Jan 01, 2021 through Mar 31, 2021)			
Complaint Workload			
	Received in Previous Period	Received in Report Period	Total
Complaints Open	20	18	38
Closed with No Action	(6)	(4)	(10)
Closed with Action Taken	(3)	0	(3)
Complaints at End of Period	11	14	25
Details of Complaint Closures			
	Administrative	Public Harm	Total
No Action Taken	0	10	10
Revocation, Suspension, Restriction	0	0	0
Fines, costs, and other sanctions	0	3	3
Remedial Resolution (Policy 2004-1)	0	0	0
Total Closed	0	13	13

Twelve-Month Lookback (Apr 01, 2020 through Mar 31, 2021)			
Complaint Workload			
	Received in Previous Period	Received in Report Period	Total
Complaints Open	17	62	79
Closed with No Action	(10)	(34)	(44)
Closed with Action Taken	(7)	(3)	(10)
Complaints at End of Period	0	25	25
Details of Complaint Closures			
	Administrative	Public Harm	Total
No Action Taken	1	43	44
Revocation, Suspension, Restriction	0	2	2
Fines, costs, and other sanctions	1	7	8
Remedial Resolution (Policy 2004-1)	0	0	0
Total Closed	2	52	54

Board of Accountancy Washington State

All complaints - resolved with and without discipline

	<u>Apr 2020 to Mar 2021</u>		<u>Apr 2019 to Mar 2020</u>	
	<i>All</i>	<i>Action Only</i>	<i>All</i>	<i>Action Only</i>
Public Harm				
Negligence - Attest related	6	3	2	0
Negligence, Disregard of standards	32	3	53	3
Use of Restricted Titles	8	2	3	0
Embezzlement, Theft, Breach of Fid. Duty	0	0	4	3
Breach of Confidentiality	0	0	0	0
Records Retention Causing Harm	6	1	2	0
Subtotal	52	9	64	6
Administrative				
Peer Review	2	1	2	0
CPE - Deficient 16 hours or less	0	0	6	5
CPE - Deficient 17 hours or more	0	0	7	3
CPE - Deficient eligible WA ethics	0	0	6	6
CPE - Failure to respond to CPE audit	0	0	3	0
Subtotal	2	1	24	14
Total	54	10	88	20

<u>Jan 01, 2021 through Mar 31, 2021</u>				
CBM Report				
	BAP	Action	No Action	Total
Mark Hugh	2	0	0	2
Rajib Doogar	0	0	2	2
Joel Cambern	0	0	0	0
Brian Thomas	0	0	2	2
Jacqueline Meucci	0	1	1	2
Kate Dixon	0	0	1	1
Carol Morgan	1	1	2	4
Thomas Sawatzki	0	0	0	0
Brooke Stegmeier	0	1	0	1
Total	3	3	8	14