



**BOARD MEETING AGENDA**

**Date, Time:** Friday, April 24, 2020 – Board Meeting – 9:00 a.m.  
**Location:** Skype Conference

**Notices:**

Chair Introductions

**BOARD MEETING AGENDA**

Attachments at page(s):

- 1. Minutes – January 31, 2020, Board Meeting.....9-17
- 2. Board Policy – Annual Review
  - a. 2002-2 Expert Witness Services .....18-19
  - b. 2002-4 International Reciprocity .....20-21
  - c. 2003-1 Safe Harbor Report Language for Use by Non-CPAs .....22-23
  - d. 2004-1 Administrative Violations Guidelines.....24-28
  - e. 2012-1 Social Media .....29-30
  - f. 2015-1 Board Member Travel and Attendance at Group Gatherings .....31
  - g. 2017-1 Investigative and Disciplinary Process .....32-35
  - h. 2017-2 Publication and Disclosure of Disciplinary Actions .....36
  - i. 2020-1 Peer Review .....37-40
- 3. NASBA Update
- 4. Legal Counsel’s Report
- 5. Chair’s Report
  - a. Farewell to Board Member
  - b. NASBA Western Regional Virtual Meeting June 3-4, 2020
  - c. Board Meeting – July 31, 2020

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)

- 6. Committee/Task Force Reports
  - a. Executive Committee – Mark Hugh, CPA, Chair - *Verbal Report*
  - b. Peer Review Oversight Committee – Jacqueline Meucci, CPA, Chair – *No Report*
  - c. Request Oversight Committee – Joel Cambern, Public Member, Chair – *Verbal Report* .....41
  - d. Scholarship Oversight Committee – Brian R. Thomas, CPA, Chair – *No Report*
  - e. Title Reform Task Force – Mark Hugh, CPA, Chair – *Verbal Report*.....42
  
- 7. Rules Review
  - a. WAC 4-30-080 How do I apply for an initial individual CPA license?.....43-44
  - b. Foreign Reciprocity .....45-49
    - i. WAC 4-30-100 What are the rules governing reciprocity for accountants from foreign countries?
    - ii. WAC 4-30-102 How do I apply for an initial Washington state license through foreign reciprocity?
  
- 8. Executive Director’s Report
  - a. Budget Status Report .....50-52
  - b. 2019 CPE Audit Results .....53-55
  - c. CPE Deficiency Process
  - d. IT Modernization Update
  - e. Meeting with Executive Ethics Board (EEB) Executive Director
  - f. 2020 Executive Director Annual Report .....56-63
  - g. Other Matters as Needed
  
- 9. Enforcement Report.....64-65
  
- 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.



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<p><b>Kirsten Donovan, Washington State Board of Accountancy</b>                  PO Box 9131, Olympia, WA 98507-9131                  Phone: 360-664-9191 Email: <a href="mailto:kirsten.donovan@acb.wa.gov">kirsten.donovan@acb.wa.gov</a></p>	<p><b>7-1-1 or 1-800-833-6388 (TTY) - 1-800-833-6385 (Telebraille)</b>                  (TTY and Telebraille service nationwide by Washington Relay  <a href="http://www.washingtonrelay.com">www.washingtonrelay.com</a>)</p>
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**WASHINGTON STATE  
BOARD OF ACCOUNTANCY  
BOARD MEETING – APRIL 24, 2020  
SUMMARY**

**Date and Time:** Friday, April 24, 2020 - 9:00 a.m.  
**Location:** Skype Conference

**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 24, 2020 – BOARD MEETING**

**1. Minutes – January 31, 2020**

Board staff presents the draft minutes of the January 31, 2020, Board meeting at **Pages 9-17** 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 18-40** contain the current and proposed revised Board Policies.

**a. 2002-2 Expert Witness Services – Pages 18-19**

Board staff proposes retiring the policy. The Executive Director will lead the discussion.

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

**b. 2002-4 International Reciprocity – *Pages 20-21***

No changes proposed at this time; however, Board Rule changes will be discussed later in the meeting that will affect this policy. The policy will be revisited at a later meeting, if those changes are adopted through the rule making process

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

**c. 2003-1 Safe Harbor Report Language for Use by Non-CPAs – *Pages 22-23***

No changes proposed.

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

**d. 2004-1 Administrative Violations Guidelines – *Pages 24-28***

Board staff proposes revising the policy to update the Administrative Violation and Remedial Resolution Terms chart. The Executive Director will lead the discussion on the proposed changes.

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

**e. 2012-1 Social Media – *Pages 29-30***

Board staff proposes retiring the policy. Staff has made the policy into an administrative policy. The Executive Director will lead the discussion.

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

**f. 2015-1 Board Member Travel and Attendance at Group Gatherings - *Page 31***

No changes proposed.

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

**g. 2017-1 Investigative and Disciplinary Process – *Pages 32-35***

Board staff proposes revising the policy to update the Approval and Review and the Complainant Recourse sections. The Executive Director will lead the

discussion on the proposed changes.

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

**h. 2017-2 Publication and Disclosure of Disciplinary Actions – Page 36**

No changes proposed.

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

**i. 2020-1 Peer Review – Pages 37-40**

Board staff proposes revising the policy for an edit to the WAC number referenced in the policy.

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

**Does the Board Chair authorize the use of his electronic signature on file at the Board office for the signing of the revised policies?**

**3. NASBA Update**

The Executive Director will provide an update from the Executive Directors and Board Staff Virtual Conference.

**4. Legal Counsel’s Report**

**5. Chair’s Report**

**a. Farewell to Board Member**

**b. NASBA Western Regional Virtual Meeting, June 3-4, 2020**

**c. Board Meeting – July 31, 2020**

**6. Committee/Task Force Reports**

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

Mark will give a verbal report.

**b. Peer Review Oversight Committee – Chair: Jacqueline Meucci, CPA; Members: Thomas G. Neill, CPA; Joel Cambern, Public Member; Carol A.**

## Board Meeting Summary – April 24, 2020

Morgan, CPA

Jackie has nothing to report.

- c. **Request Oversight Committee** – Chair: Joel Cambern, Public Member; Members: Brian R. Thomas, CPA; Thomas P. Sawatzki, CPA

**Page 41** contains a report on the 1st quarter approval and denials from the committee.

Joel will give a verbal report.

- d. **Scholarship Oversight Committee** – Chair: Brian R. Thomas, CPA; Members: Jacqueline Meucci, CPA; Kate Dixon, Public Member; Carol A. Morgan, CPA

Brian has nothing to report.

- e. **Title Reform Task Force** – Chair: Mark Hugh, CPA; Members: Rajib Doogar, Public Member; Kate Dixon, Public Member; Thomas P. Sawatzki, CPA

**Page 42** contains the task force's status of title reform memo.

Mark will have a verbal report.

## 7. Rules Review

- a. **WAC 4-30-080 How do I apply for an initial individual CPA license?**

**Page 43** contains the CR-101 filed with the Office of the Code Reviser for WAC 4-30-080.

**Page 44** contains a draft of the proposed revisions to the rule, which: 1) Eliminate the initial licensing requirement to achieve and document a passing grade of ninety percent of better on a board-approved initial course covering the Washington State Public Accountancy Act, related board rules, and board policies; and 2) Rename the rule section.

The Executive Director will lead a discussion on the proposed changes.

**Does the Board wish to direct staff to:**

- **File the CR-102 as written (or with minor changes) for this proposal and schedule a public rule-making hearing in conjunction with the Board's July meeting\*\*;** or
- **Amend the rule proposals for consideration at the Board's July meeting;** or
- **Withdraw the rule proposal?**

**\*\*In the event that the July Board meeting must be held by Skype conference due to the COVID-19 virus, the rules hearing will be rescheduled for the Board's next in person meeting.**

**b. Foreign Reciprocity**

- i. WAC 4-30-100 What are the rules governing reciprocity for accountants from foreign countries?**
- ii. WAC 4-30-102 How do I apply for an initial Washington state license through foreign reciprocity?**

**Pages 45-46** contain the CR-101 filed with the Office of the Code Reviser for WAC 4-30-100 and 4-30-102.

**Pages 47-49** contain a draft of the proposed revisions to the rule, which: 1) Rename the rule section; 2) Add requirements from board policy into the rule; and 3) Specify the requirements for foreign reciprocity licensure.

The Executive Director will lead a discussion on the proposed changes.

**Does the Board wish to direct staff to:**

- File the CR-102 as written (or with minor changes) for this proposal and schedule a public rule-making hearing in conjunction with the Board's July meeting\*\*; or**
- Amend the rule proposals for consideration at the Board's July meeting; or**
- Withdraw the rule proposal?**

**\*\*In the event that the July Board meeting must be held by Skype conference due to the COVID-19 virus, the rules hearing will be rescheduled for the Board's next in person meeting.**

**8. Executive Director's Report**

**a. Budget Status Report**

**Pages 50-52** 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, 2020.

**b. 2019 CPE Audit Results**

**Pages 53-55** contain the 2019 CPE Audit Reports.

**c. CPE Deficiency Process**

## Board Meeting Summary – April 24, 2020

- d. IT Modernization Update**
- e. Meeting with Executive Ethics Board (EEB) Executive Director**
- f. 2020 Executive Director Annual Report**

**Pages 56-63** contain the Board of Accountancy's Annual Report to the Governor of the agency's activities for the year ending December 31, 2019.

- g. Other Matters as Needed**

### **9. Enforcement Report**

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

**Pages 64-65** contain the Quarterly Enforcement Report for January 1, 2020 through March 31, 2020 and the Resolved Complaint Report for periods April 2019 to March 2020 and April 2018 to April 2019.

### **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.



# 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. – 12:26 p.m. Friday, January 31, 2020  
DoubleTree by Hilton Hotel Seattle Airport  
Cascade Room 13  
18740 International Blvd  
Seattle, WA 98188

**Attendance** Board Members  
Mark Hugh, CPA, Chair, Board Member  
Rajib Doogar, Vice Chair, Public Member  
Joel Cambern, Secretary, Public Member  
Thomas G. Neill, CPA, Board Member  
Brian R. Thomas, CPA, Board Member  
Jacqueline Meucci, CPA, Board Member  
Kate Dixon, Public Member  
Carol A. Morgan, CPA, Board Member  
Thomas P. Sawatzki, CPA, Board Member

Staff and Advisors  
Charles E. Satterlund, CPA, Executive Director  
Bruce Turcott, Assistant Attorney General, Board Advisor  
Jennifer Sciba, Deputy Director  
Taylor Shahon, CPA, Lead Investigator  
Kirsten Donovan, Board Clerk

**Public Rule-Making Hearing** The Board held a public rule-making hearing from 9:01 a.m. to 9:05 a.m. The Board Chair presided. The Board proposed to amend:

- WAC 4-30-112 Must a firm holding a license from another state apply and obtain a Washington state license to hold out and practice in Washington state?

The proposed changes: (1) Rename the rule; (2) Eliminate the licensing requirement for CPA firms that do not perform or offer to perform attest or compilation services; and (3) Align the rule with the firm licensing requirements per Chapter 18.04 RCW, which were changed with the passage of HB 1208.

The Board Chair presented a brief statement on the rule.

The Board did not receive any written comments regarding the proposed rule changes.

No public input was received during the hearing.

**Call to Order**

Board Chair, Mark Hugh, called the regular meeting of the Board to order at 9:05 a.m.

**Rules Review**Board Deliberation on Proposed Rule Considered at the Public Rule-making Hearing

- WAC 4-30-112 Must a firm holding a license from another state apply and obtain a Washington state license to hold out and practice in Washington state?

The Board voted unanimously to adopt the rule as proposed.

The Board voted for an implementation date 31 days after filing.

Semi-Annual Rules Development Agenda

The Board Chair presented the Semi-Annual Rules Development Agenda that was filed with the Office of the Code Reviser for January through June 2020.

Discussion on Potential Revision to Rule

- WAC 4-30-080 How do I apply for an initial individual CPA license?

The Board Chair led the discussion on removing the initial license requirement to “achieve and document a passing grade of ninety percent or better on a board-approved initial course covering the Washington State Public Accountancy Act, related board rules, and board policies” per WAC 4-30-080(1)(f).

The Board directed staff to file the CR-101 to begin the rule-making process and add the rule as an agenda item to the next Board meeting. Board staff will draft the rule revisions and present at the next Board meeting.

The Board Chair and the Deputy Director will work with NASBA to develop a video covering specific sections of the Board Rules that were previously included in the initial course and test materials. Applicants will attest on the application that they have watched the video.

**Minutes –  
October 18,  
2019, Annual  
Board Meeting**

The Board approved the minutes of the October 18, 2019, Annual Board meeting with one minor edit.

**NASBA Update**

Daniel J. Dustin, CPA, NASBA Vice President of State Board Relations, and Laurie J. Tish, CPA, NASBA Chair, provided an update on NASBA activities, including:

- NASBA 2020 Meeting Schedule
- NASBA Tools and Services
- Diversity
- Firm Mobility
- CPE – Blended and Nano Learning Programs
- 2019 Anti-Regulation and Criminal Conviction Legislation
- Alliance for Responsible Professional Licensing (ARPL)
- Uniform Accountancy Act (UAA) Committee
- Non-compliance with Laws and Regulations (NOCLAR)
- Experience to Sign Reports
- AICPA-NASBA Joint Projects
- CPA Evolution
- Code of Professional Conduct Adoption
- CPE Reciprocity

**Delegations of  
Authority**

Board staff reviewed and proposed revisions to all delegations. The revisions included: (1) Reformatting all delegations to include a name and delegation number for ease of use and consistency; (2) Combining two delegations into one delegation; (3) Removing committee approval of CPE extension requests, as it is no longer required by Board rule; and (4) Renaming the Compliance Assurance Oversight Committee to the Peer Review Oversight Committee per the changes in WAC 4-30-130.

The Board unanimously approved the following delegations for 2020.

- 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

## Chair's Report

### NASBA Annual Meeting Thank You

The Board Chair thanked those who attended the NASBA Annual Meeting. The Board was well represented at the meeting with 6 Board Members and 2 staff members attending.

### Adjustments to Board Committee Assignments

The Board Chair reported that after committee members were selected at the October Board meeting the following adjustments were made.

- Brian Thomas replaced Jacqueline Meucci as the Scholarship Oversight Committee Chair. Jackie remained on the committee as a member.
- Tom Sawatzki replaced Carol Morgan as a member on the Title Reform Task Force.

### Expansion of Consulting Board Member (CBM) Role to Investigated Cases Pre-dismissal

The Board Chair reported that enforcement cases will now be reviewed by a CBM prior to dismissal. Previously all dismissed cases were reviewed quarterly by a Board Member at the Board office. The new electronic format allows for off-site review which makes a more timely review possible.

### Ethics Training at Board Meeting as Part of the Enforcement Report

The Board Chair reported that the Enforcement Report will now include quarterly ethics training at each Board meeting.

### Update on RCW 18.04.350(12), Public Officials and Public Employees

The Board Chair reported the following regarding this section of the Public Accountancy Act:

- The Board does not have jurisdiction over CPAs in the performance of their duties as public officials or public employees
- This provision is consistent with the Uniform Accountancy Act (UAA)

- The Board does not intend to seek agency led legislation to change this section, as was suggested by a member of the public after his complaint was dismissed

Encouraging Licensee Participation at Board Meetings

The Board Chair led the discussion regarding providing CPE credit to CPAs who attend a Board meeting in an effort to increase public participation at Board meetings.

After discussion the Board decided against giving CPE credit for Board meeting attendance, since this would put the Board in the position of becoming a CPE provider.

**Proposed New Board Policy – 2020-1 Peer Review**

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

The purpose of the 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.

The Board voted unanimously to adopt the policy with one minor revision.

**Legal Counsel’s Report**

Bruce Turcott, the Board’s legal counsel, reported that the legislature is in session, which is a short session this year.

The Executive Director discussed current legislation, Senate Bill (SB) 6465. The bill intends to remove barriers to licensure in Washington State for CPAs holding a valid license in another U.S. jurisdiction. Current statute does allow for licensure through reciprocity. The bill simplifies the current statute by eliminating the education and experience method and the 3-5 or 5-10 method of reciprocal licensing.

The Executive Director spoke to the committee requesting removal of the provision requiring a CPA to hold a license in the other jurisdiction for a minimum of one year, as that is more restrictive than our current requirement.

The bill is still in committee and may not move forward this session.

**Executive Committee**

The Chair reported that the meeting agenda was discussed during the committee teleconference.

**Peer Review  
Oversight  
Committee**

Jacqueline Meucci had nothing to report.

The Board Chair mentioned that Julie Phipps and Hayden Williams of the WSCPA Peer Review Program have requested to receive copies of the Peer Review Oversight Committee reports.

The committee will discuss this and whether the reports should also be included in the Board packet.

**Request  
Oversight  
Committee**

Joel Cambern reported:

Firm Names: *Approved:*

DNM & ASSOCIATES, P.S  
SQUAREUP CPA  
AEGIS ACCOUNTING  
INNOVATIVE ACCOUNTING AND TAX SOLUTIONS LLC  
WOODINVILLE CPA  
SOUTHARD BECKHAM, PLLC  
RAC CPA GROUP, PLLC

Professional/Educational Organization - Recognition Requests:

During the 4th quarter 2019, 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 2019, the Board did not receive any requests for recognition of domestic or international education credential evaluation services.

**Scholarship  
Oversight  
Committee**

Brian Thomas presented the 2019 Report of the Washington CPA Foundation Accounting Scholarship Program and the WBOA Certified Public Accounting Scholarships listing. He reported on program disbursements and his involvement in scholarship application review, indicating that it is a rewarding experience.

Kimberly Scott, WSCPA President and CEO, reported that application review is a 3-step process. She also commented that this year saw more diversity in scholarship winners.

Rajib Doogar suggested that the report include diversity in the reviewers, as well.

**Title Reform Task Force**

The Executive Director reported that he intends to have a draft of the RCW revisions ready for legal review in February.

**Executive Director's Report**

Budget Status

The Executive Director presented the Allotment Expenditure/Revenue BTM Flexible Report, the Certified Public Accountants' Account Fund Balance, and the CPA Scholarship Transfer Account Fund Balance for transactions through December 31, 2019.

The Executive Director reported that the Board received a \$330,000 bill from WATech for IT support. This bill was much larger than expected, and he is currently working on getting the bill reduced.

Licensing Modernization Project Update

Jennifer Sciba reported that the project is currently in Phase 2, Planning and Procurement. Salesforce was the selected platform. The vendor, Eight Cloud, was at the Board office, and staff provided demonstrations of the current application processes.

Project details are available online through the Washington Office of the Chief Information Officer (OCIO) through the New IT Project Dashboard.

The next stage of the project is the design phase.

CPE Reporting on Renewal Application

Jennifer Sciba reported that the Board is developing a more robust CPE Tracker with the new licensing system. The Board intends to require 100% CPE reporting with renewal applications. Currently, CPE audit failure rates are about 10%. One goal of full reporting is improved CPE compliance with fewer audit failures.

**Enforcement Report**

Enforcement Reports:

Taylor Shahon, CPA, Lead Investigator, presented:

- Quarterly Enforcement Report for October 1, 2019 through December 31, 2019
- Resolved Complaint Report for periods January 2019 through December 2019 and January 2018 through December 2018

Taylor reported on the following enforcement activities:

- Current caseload is mainly CPE audit failures and tax return issues
- Process change to speed up case handling time
  - Statement of Charges and the proposed Consent Agreement are sent simultaneously
  - Board Hearing scheduling is expected to increase

#### Ethics by Enforcement: Conflict of Interest

Taylor discussed the types of complaints that the Board receives related to conflicts of interest, including:

- Providing services to a divorcing couple (The Oregon Board recently adopted the requirement to obtain a waiver from the parties when a divorce is impending)
- Engaging in a business with a client

#### **Public Input**

The Board received the following public input.

Ken Smith of Central Washington University (CWU) – Mr. Smith expressed his concern with the audit of a school district done by the State Auditor’s Office. He stated that because the Board has no jurisdiction over CPAs employed in state government operating in their professional duties that citizens have no clear path to relief when issues arise.

Mr. Smith requests that: 1) the agency lead legislation that would add exceptions removing the government employee exemption for CPAs whose duties include attest, the practice of public accounting, and reports; 2) the Attorney General’s Office publish a formal opinion regarding the statute disallowing jurisdiction over state employees.

Mr. Smith suggested that by not taking action the Board is doing public harm at the cost of millions of dollars, which is counter to its mission. He asked that the Board Members wrestle with this in public.

He went on further to state that he appreciates the professionalism shown to him by the Board Chair, the Executive Director, and the Attorney General’s Office.

Scott Woelfle from the Office of the Washington State Auditor – Mr. Woelfle thanked the Board for their time.



**Executive and/or Closed Session with Legal Counsel** An executive session was held from 12:20 p.m. – 12:25 p.m. regarding litigation or potential litigation under RCW 42.30.110(1)(i).

**Adjournment** The Board meeting adjourned at 12:26 p.m.

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Secretary

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Chair

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Vice-Chair

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Member

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Member

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Member

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Member

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Member

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Member

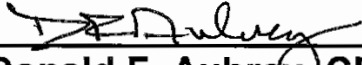


# Washington State Board of Accountancy

**Policy Number:** 2002-2

**Title:** Expert Witness Services

**Revised:** April 25, 2011\*

**Approved:**   
Donald F. Aubrey, CPA, Chair

\*This policy rescinds and supersedes any previous Board or Committee policy.

## Purpose:

To provide guidance to CPAs regarding the licensing or notification requirements for performing expert witness engagements in the state of Washington.

### I. Requirements for CPAs Licensed by the Washington Board of Accountancy

Expert witness services may be performed by a licensed CPA using the title "CPA" in organizations other than CPA firms.

### II. Requirements for Washington State CPA-Inactive Certificate holders

CPA-Inactive certificate holders may use the title CPA-Inactive when performing or offering to perform expert witness services *unless the service is related to the following or similar activities, skills, or services:*

- Accounting
- Auditing including the issuance of "audit reports," "review reports," or "compilation reports" on financial statements,
- Management advisory,
- Consulting services,
- Preparing of tax returns, or
- Furnishing advice on tax matters.

CPA-Inactive certificate holders who testify on another matter (not related to the services, skills, or activities identified above) may use the title "CPA-Inactive" as mandated by RCW 18.04.105 provided they advise the court

that they hold a Washington state CPA-Inactive certificate and they do not hold a Washington state CPA license to practice public accountancy.

Nothing in this policy is intended to preclude an individual from testifying as a witness to relevant evidence in other than an expert witness capacity.

Effective: January 25, 2002

\*Revised: October 17, 2008; April 27, 2007; December 31, 2004




## Washington State Board of Accountancy

**Policy Number:** 2002-4

**Title:** International Reciprocity\*

**Revised:** April 26, 2012\*

**Approved:**

  
\_\_\_\_\_  
Donald F. Aubrey, CPA, Chair

\*This policy rescinds and supersedes any previous Board policy.

### Purpose:

To facilitate international reciprocity for professional accountants by recognizing accounting credentials issued by the accounting professions of other countries; specifying reciprocal arrangements for individuals holding a professional accounting designation of other countries seeking a Washington State license; adopting a qualifying examination and passing score; and setting experience standards.

Statutory authority: RCW 18.04.183

- I. **Recognized credentials** - The National Association of State Boards of Accountancy (NASBA) and the American Institute of Certified Public Accountants (AICPA) have jointly established the United States International Qualifications Appraisal Board (IQAB) to eliminate impediments to reciprocity. IQAB serves as the link between the accounting profession in the United States and the accounting profession in GATS (General Agreement on Trade in Services) signatory countries and seeks mutual recognition of accounting qualifications.

The Board recognizes the international accounting credentials issued by the professional bodies that have established current mutual recognition agreements (MRA) with IQAB for purposes of issuing a Washington State CPA license under the international reciprocity provision of RCW 18.04.183. The professional bodies holding mutual recognition agreements may be found at <http://www.nasba.org/international/mra>.

- II. **International Qualifications Examination (IQEX)**

The Board requires that individuals applying for a CPA license based on international reciprocity complete a qualifying examination. The Board:

- A. Adopts the International Qualifications Examination (IQEX) prepared and graded by the AICPA as the appropriate examination to test the knowledge of subject

matter unique to the United States, as determined by the AICPA in cooperation with NASBA, of those applicants holding an accounting credential issued by professional credential institutes that have established current mutual recognition agreements (MRA) with IQAB. The Board will continue to recognize passing grades from the predecessor Canadian Chartered Accountant Uniform CPA Qualification Examination (CAQEX).

- B. Accepts International Qualifications Examination (IQEX) grades from examinations administered by other state boards of accountancy or by the National Association of State Boards of Accountancy.
- C. Sets the passing score for the IQEX (and its CAQEX predecessor) at 75.

Effective: October 25, 2002

\*Revised: April 25, 2011; October 22, 2009; October 17, 2008; July 30, 2004



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## Washington State Board of Accountancy


**Policy Number:** 2003-1

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

**Revised:** October 17, 2013\*

**Effective:** January 31, 2003

**Approved:**

  
\_\_\_\_\_  
Emily R. Rollins, CPA, Chair

\*This policy rescinds and supersedes any previous Board policy.

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### Purpose:

RCW 18.04.350 (10) 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.



# Washington State Board of Accountancy

**Policy Number:** 2004-1

**Title:** Administrative Violations Guidelines

**Revised:** ~~July 28, 2017~~ April 24, 2020

**Approved:** \_\_\_\_\_  
~~Thomas G. Neill~~ 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.

	<b>Administrative Violation:</b>	<b>Remedial Resolution terms:</b>
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1.	Use of a restricted title with a lapsed <a href="#">credential/license/certificate</a> .	<ul style="list-style-type: none"> <li>• \$500 fine</li> <li>• Obtain a license or cease use of title</li> </ul>
2.	Failure to obtain a firm license by a firm <del>required to do so, who offers or performs attest services or compilations</del>	<ul style="list-style-type: none"> <li>• <del>\$750 fine (\$1,500 fine if attest services were offered to or performed for a client in Washington State)</del></li> <li>• Completion of Board approved Washington State Ethics course</li> </ul>
3.	Use of title(s) in violation of RCW 18.04.345(5) by an un-credentialed individual.	<ul style="list-style-type: none"> <li>• \$1,500 fine</li> </ul>
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"> <li>• \$1,500 fine</li> <li>• Completion of Board approved Washington State Ethics course</li> </ul>
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"> <li>• \$750 fine</li> <li>• Completion of Board approved Washington State Ethics course</li> </ul>
6.	<p><del>CPE deficiencies up to 60 CPE hours in total, including Washington ethics, may be addressed through Remedial Resolution.</del></p> <p><del>CPE deficiencies exceeding 60 CPE hours in total, including Washington ethics, will result in disciplinary action.</del></p>	<ul style="list-style-type: none"> <li>• <del>\$250 fine for failure to complete the a required CPE course in ethics and regulations in Washington State ("Washington ethics")</del></li> <li>• <del>\$150 fine for deficiencies up to and including 16 CPE credit hours, not including Washington ethics</del></li> <li>• <del>\$100 additional fine for deficiencies over 16 hours but not exceeding 60 hours, not including Washington ethics</del></li> <li>• <del>\$100 fine for each year deficient in annual CPE requirements.</del></li> <li>• <del>Completion of qualifying course(s) to satisfy the CPE deficiency. The course(s) shall be applied to the deficient period, and may not be recounted in another period</del></li> <li>• <del>Inclusion in the next CPE audit. Failure to pass the next CPE audit may result in formal disciplinary action</del></li> </ul>

### **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: 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:** 2004-1

**Title:** Administrative Violations Guidelines

**Revised:** July 28, 2017

**Approved:** Thomas G. Neill, CPA  
Thomas G. Neill, CPA, Chair

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## Purpose:

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## 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.

	<b>Administrative Violation:</b>	<b>Remedial Resolution terms:</b>
1.	Use of a restricted title with a lapsed license/certificate.	<ul style="list-style-type: none"><li>• \$500 fine</li><li>• Obtain a license or cease use of title</li></ul>

2.	Failure to obtain a firm license by a firm required to do so.	<ul style="list-style-type: none"> <li>• \$750 fine (\$1,500 if attest services were offered to or performed for a client in Washington State)</li> <li>• Completion of Board approved Washington State Ethics course</li> </ul>
3.	Use of title(s) in violation of RCW 18.04.345(5) by an un-credentialed individual.	<ul style="list-style-type: none"> <li>• \$1,500 fine</li> </ul>
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"> <li>• \$1,500 fine</li> <li>• Completion of Board approved Washington State Ethics course</li> </ul>
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"> <li>• \$750 fine</li> <li>• Completion of Board approved Washington State Ethics course</li> </ul>
6.	<p>CPE deficiencies up to 60 CPE hours in total, including Washington ethics, may be addressed through Remedial Resolution.</p> <p>CPE deficiencies exceeding 60 CPE hours in total, including Washington ethics, will result in disciplinary action.</p>	<ul style="list-style-type: none"> <li>• \$250 fine for failure to complete the required CPE in ethics and regulations in Washington State ("Washington ethics")</li> <li>• \$150 fine for deficiencies up to and including 16 CPE credit hours, not including Washington ethics</li> <li>• \$100 additional fine for deficiencies over 16 hours but not exceeding 60 hours, not including Washington ethics</li> <li>• Completion of qualifying course(s) to satisfy the CPE deficiency. The course(s) shall be applied to the deficient period, and may not be recounted in another period</li> <li>• Inclusion in the next CPE audit</li> </ul>

**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: 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:** 2012-1

**Title:** Social Media

**Effective:** April 23, 2013

**Approved:** Emily R. Rollins CPA, Chair  
Emily R. Rollins, CPA, Chair

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## PURPOSE:

To establish the Board's position and guidelines regarding the proper business use of social media by employees or by contractors performing work for the Board. Social media is used by the Board primarily as a communication tool and sometimes as an investigative tool.

## DEFINITIONS:

**Social media** refers to any interactive Web-based technologies used for social networking and for sharing, discussing and/or developing content. Types of social media include, but are not limited to, blogs, video- or photo-sharing sites, and social-networking sites. Examples of social-media sites include, but are not limited to, YouTube, Flickr, Twitter, Facebook, and LinkedIn.

**Social networking** refers to the use of social media for building online communities and/or communicating with groups of individuals.

## EMPLOYEE USE:

### I. Permitted Use

- Board employees must receive, from the Executive Director, prior approval to use social media for Board related business.
- After being approved by the Executive Director, employees may use social media in the workplace only for approved agency purposes – under no circumstances is social media for personal use allowed.

- At this time, the Board's communication manager, under the direction of the Board's Executive Director, will be the person permitted to communicate through social media on behalf of the Board.
- Board employees shall not set-up a social media account for agency purposes unless approved in advance under this policy.
- Approved Board employees who engage in social media for agency purposes shall not engage in unlawful or prohibited conduct.
- Failure to abide by this policy established for use of social media or participation in any activity inconsistent with the Board's values and mission may result in appropriate disciplinary action.

**II. Personal Use**

- Board employees should not use personal social media accounts to transact agency business, or to post privileged or confidential material. Content posted on personal social media sites should never be attributed to, or appear to be endorsed by or to have originated from, the Board.
- Board employees should never use their work e-mail account or password in conjunction with a personal social media site.
- Work equipment and resources, including paid work time, must not be used to access personal social media accounts.

**III. Records and Privacy Guidelines**

The Internet is an unsecured publicly accessible network. Board employees should have no expectation of privacy in the use of Internet resources. Owners of Internet sites commonly monitor usage activity and those activities may be disclosed to any number of parties.

- Information used for publication via social media will follow the general and/or agency's approved retention schedule.
- The Board reserves the right to monitor Internet usage at such times and in such circumstances as appropriate.
- Social media shall not be used to distribute privileged or confidential material.




## Washington State Board of Accountancy

**Policy Number:** 2015-1

**Title:** Board Member Travel and Attendance at Group Gatherings

**Adopted:** January 30, 2015

**Approved:**

  
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Donald F. Aubrey, CPA, Chair

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### **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.





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# Washington State Board of Accountancy

**Policy Number:** 2017-1

**Title:** Investigative and Disciplinary Processes

**~~Adopted~~ Revised:** ~~July 28, 2017~~ April 24, 2020

**Approved:** \_\_\_\_\_  
~~Thomas G. Neill~~ Mark Hugh, CPA, Chair

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## **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 ~~closed without action taken~~ are reviewed ~~on a regular basis~~ by a Board member.

### **Complainant Recourse:**

~~The Board shall not reopen complaints that have been closed after review by the Executive Director and a Board member. If a complainant disputes/disagrees with the closure of a case/complaint, that has not been reviewed by a CBM, the Executive Director may request a CBM to review the case file. The CBM and the Executive Director may agree to re-open the complaint if there is sufficient basis for a violation. If the CBM concurs with the closure, then the complaint will remain closed, and they may submit a complaint using the Board's complaint form with new allegations and/or new material evidence; any allegations will not be reconsidered. 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:** 2017-1

**Title:** Investigative and Disciplinary Processes

**Adopted:** July 28, 2017

**Approved:** Thomas Neill, CPA  
Thomas G. Neill, CPA, Chair

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As part of the ongoing investigative and disciplinary process, all complaints closed without action taken are reviewed on a regular basis by a Board member.

**Complainant Recourse:**

If a complainant disputes the closure of a case that has not been reviewed by a CBM, the Executive Director may request a CBM to review the case file. The CBM and the Executive Director may agree to re-open the complaint if there is sufficient basis for a violation. If the CBM concurs with the closure, then the complaint will remain closed, and any allegations will not be reconsidered 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




## 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

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### **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



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# Washington State Board of Accountancy

**Policy Number:** 2020-1

**Title:** Peer Review

**Adopt**~~Revised~~: ~~January 31~~ April 24, 2020

**Approved:** \_\_\_\_\_  
**Mark Hugh, CPA, Chair**

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## **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 4-30-0342, 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](#)





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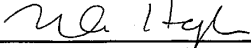
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## Washington State Board of Accountancy

**Policy Number:** 2020-1

**Title:** Peer Review

**Adopted:** January 31, 2020

**Approved:**   
Mark Hugh, CPA, Chair

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Firms that have been dropped or terminated from peer review, have not responded to a board inquiry per WAC 4-30-032, and remain out of compliance will be referred to the Board's disciplinary process.

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- 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



## **Request Oversight Committee Report April 2020**

Joel Cambern, Chair

During the first quarter 2020, the Executive Director and a Consulting Board Member from the Request Oversight Committee took the following action:

### **Approved Firm Names:**

INNOV8 CPAS PLLC  
SCHULTZ CONSULTING & REVIEW SERVICES LLC  
KBK MANAGEMENT, LLC  
APEX TAX & FINANCIAL SOLUTIONS LLC  
BMMS PARTNERS, PLLC  
PURELOGUE CPA, PLLC  
NORTH STAR TAX & ACCOUNTING LLC  
SUMMIT ACCOUNTING PARTNERS

### **Professional/Educational Organization – Recognition Requests**

During the 1st quarter in 2020, the Board did not receive any requests for recognition of an educational organization for purposes of obtaining list requests.

To: Washington Accountancy Board  
From: WACB Title Reform Task Force  
Re: Status of title reform  
Date: April 9, 2020

In 2019, the Board agreed to reform titles through the Legislative process in 2021. The goal is to eliminate confusion and enhance mobility by conforming Washington titles and status to those in other states.

In particular, the proposal is to eliminate the current Washington “CPA-Inactive Certificate Holder” status for non-licensees and introduce a “CPA Inactive” status for licensees. In addition, the status “CPA Retired” would be clarified and only available to those sixty or over, or those who retired their licenses in good standing after twenty years.

The proposed legislation has been drafted by staff and counsel and reviewed by the members of the task force, and has now been provided both to the Governor’s office and stakeholders such as the WSCPA for comment.

There are currently approximately 860 CPA-Inactive Certificate Holders. Approximately 260 have documentation on file with the Board of qualifying experience which would allow them to become licensees and the rest, approximately 600, have not provided documentation of qualifying experience. Under current rules, to become a licensee, a CPA-Inactive Certificate Holder needs to provide documentation of qualifying experience gained within eight years of applying for a license.

Under the proposed legislation, all current CPA-Inactive Certificate Holders are converted to the new CPA Inactive status as of June 30, 2022. There will be an unlimited look-back window for gaining qualifying experience, provided documentation is provided to the Board from July 1, 2022 through December 31, 2023. As of January 1, 2024, the window for gaining qualifying experience resets to within eight years of applying for a license.

After the change, no converted CPA-Inactive Certificate Holder, now in a CPA Inactive status, will be allowed to renew as a licensee unless they have provided, or can provide, documentation of qualifying experience.

For all CPA Inactive status, the proposed legislation provides a minimum CPE requirement of four hours of Board approved ethics for the triennial renewal cycle.

The Task Force has also discussed a need to provide for a mid-renewal cycle transition process for CPA Inactive status to transition to active licensees, for example, if required by new employment opportunities. However, it appears that can be implemented by rule and is not required in the proposed legislation.



# PREPROPOSAL STATEMENT OF INQUIRY

**CR-101 (October 2017)**  
**(Implements RCW 34.05.310)**  
Do **NOT** use for expedited rule making

CODE REVISER USE ONLY

OFFICE OF THE CODE REVISER  
STATE OF WASHINGTON  
FILED

DATE: February 05, 2020

TIME: 8:47 AM

WSR 20-04-089

**Agency:** Board of Accountancy

**Subject of possible rule making:** WAC 4-30-080 How do I apply for an initial individual CPA license?

**Statutes authorizing the agency to adopt rules on this subject:** RCW 18.04.055

**Reasons why rules on this subject may be needed and what they might accomplish:** The board of accountancy proposes amending WAC 4-30-080 to: 1) Eliminate the initial licensing requirement to achieve and document a passing grade of ninety percent or better on a board-approved initial course covering the Washington State Public Accountancy Act, related board rules, and board policies; 2) Rename the rule section.

**Identify other federal and state agencies that regulate this subject and the process coordinating the rule with these agencies:** None

**Process for developing new rule (check all that apply):**

- Negotiated rule making
- Pilot rule making
- Agency study
- Other (describe)

**Interested parties can participate in the decision to adopt the new rule and formulation of the proposed rule before publication by contacting:**

Name: Kirsten Donovan, Rules Coordinator	(If necessary) Name:
Address: Washington State Board of Accountancy PO Box 9131 Olympia, WA 98507-9131	Address:
Phone: 360-664-9191	Phone:
Fax: 360-664-9190	Fax:
TTY: 1-800-833-6388	TTY:
Email: Kirsten.donovan@acb.wa.gov	Email:
Web site: <a href="https://acb.wa.gov/">https://acb.wa.gov/</a>	Web site:
Other:	Other:

Additional comments:

**Date:** February 5, 2020

**Name:** Charles E. Satterlund, CPA,

**Title:** Executive Director

**Signature:**

**WAC 4-30-080 ((How do I apply for an)) Initial individual CPA license(?) requirements.** (1) To qualify to apply for an initial license you must meet the following criteria and requirements:

(a) Good character requirements of RCW 18.04.105 (1)(a);  
(b) Education requirements of WAC 4-30-060;  
(c) Examination requirements of WAC 4-30-062;  
(d) Experience requirements of WAC 4-30-070;  
(e) Achieve and document a passing grade of ninety percent or better on a course covering the complete content of the AICPA Code of Professional Conduct(

~~(f) Achieve and document a passing grade of ninety percent or better on a board-approved initial course covering the Washington State Public Accountancy Act, related board rules, and board policies)).~~

(2) If more than four years have lapsed since you passed the examination, you must meet the CPE requirements of WAC 4-30-134(5) within the thirty-six month period immediately preceding submission of your license application. That CPE must include CPE hours in ethics and regulation meeting the requirements of WAC 4-30-132(7). This regulatory ethics portion of the combined one hundred twenty-hour CPE requirement must be completed within the six month period immediately preceding submission of your license application.

(3) You must provide the required information, documents, and fees to the board either by making application through the board's online application system or on a form provided upon request. You must provide all requested information, documents and fees to the board before the application will be evaluated.

(4) Upon assessment of your qualifications and approval of your application, your licensed status will be posted in the board's licensee database and, therefore, made publicly available for confirmation. A hard copy of your license can be provided upon request.

(5) Your initial license will expire on June 30 of the third calendar year following initial licensure.

(6) You may not use the title CPA until the date the approval of your license is posted in the board's licensee database and, therefore, made publicly available for confirmation.



# PREPROPOSAL STATEMENT OF INQUIRY

**CR-101 (October 2017)**  
**(Implements RCW 34.05.310)**  
Do **NOT** use for expedited rule making

CODE REVISER USE ONLY

OFFICE OF THE CODE REVISER  
STATE OF WASHINGTON  
FILED

DATE: February 26, 2020

TIME: 1:23 PM

WSR 20-06-031

**Agency:** Board of Accountancy

**Subject of possible rule making:** WAC 4-30-100 What are the rules governing reciprocity for accountants from foreign countries; WAC 4-30-102 How do I apply for an initial Washington state license through foreign reciprocity?

**Statutes authorizing the agency to adopt rules on this subject:** For each WAC is RCW 18.04.055

**Reasons why rules on this subject may be needed and what they might accomplish:** The board of accountancy proposes amending :  
WAC 4-30-100 to: 1) rename the rule; 2) add requirements from board policy into the rule; and 3) specify the requirements for foreign reciprocity licensure.  
WAC 4-30-102 to: 1) rename the rule; 2) add requirements from board policy into the rule; and 3) specify the requirements for foreign reciprocity licensure.

**Identify other federal and state agencies that regulate this subject and the process coordinating the rule with these agencies:** None


**Process for developing new rule (check all that apply):**

- Negotiated rule making
- Pilot rule making
- Agency study
- Other (describe)

**Interested parties can participate in the decision to adopt the new rule and formulation of the proposed rule before publication by contacting:**

Name: Kirsten Donovan, Rules Coordinator	(If necessary) Name:
Address: Washington State Board of Accountancy PO Box 9131 Olympia, WA 98507-9131	Address:
Phone: 360-664-9191	Phone:
Fax: 360-664-9190	Fax:
TTY: 1-800-833-6388	TTY:
Email: Kirsten.donovan@acb.wa.gov	Email:
Web site: <a href="https://acb.wa.gov/">https://acb.wa.gov/</a>	Web site:
Other:	Other:

Additional comments:

<b>Date:</b> February 26, 2020	<b>Signature:</b> 
<b>Name:</b> Charles E. Satterlund, CPA,	
<b>Title:</b> Executive Director	

**WAC 4-30-100** (~~What are the rules governing~~) **Reciprocity for accountants from foreign countries** ~~(?)~~. (1) Under the authority provided by RCW 18.04.183, the board ~~(may rely)~~ relies on the National Association of State Boards of Accountancy ~~(NASBA)~~ (NASBA) and the American Institute of Certified Public Accountants (AICPA), who have jointly established the United States International Qualifications Appraisal Board (IQAB) to eliminate impediments to reciprocity, or other professional bodies for evaluation of foreign accounting credential equivalency. IQAB serves as the link between the accounting profession in the United States and the accounting professions of other General Agreement on Trade Services (GATS) signatory countries. Through mutual recognition agreements (MRA), covered individuals will have similar provisions within each reciprocal country.

(2) ~~(Your)~~ The foreign accounting credential may be accepted in partial satisfaction of licensing requirements if:

(a) ~~(You met)~~ The foreign issuing body's education, examination, and ethical requirements ~~(used to qualify its domestic candidates)~~ are equivalent to the requirements for licensure in this state;

(b) ~~(Your)~~ The foreign accounting credential is valid and in good standing at the time ~~(you apply)~~ of application for a Washington state license; and

(c) The foreign issuing body granting ~~(your)~~ the foreign accounting credential permits Washington CPAs an equivalent opportunity to receive the foreign accounting credential by reciprocity.

~~((d) You demonstrate satisfactory experience within the eight years prior to submitting your application in public accounting or other experience meeting the requirements of RCW 18.04.105 (1)(d).~~

~~The board will, by policy, identify acceptable foreign accounting credentials and acknowledge reciprocal agreements with bodies granting foreign accounting credentials.~~

~~(3) The board may require a qualifying examination(s) to determine if you possess adequate knowledge of U.S. practice standards and the board's regulations. The board will, by policy, specify the form of qualifying examination(s) and passing grade(s).~~

~~(4) You must:~~

~~(a) Meet the CPE requirements of WAC 4-30-134 for subsequent renewal of an initial license issued pursuant to the board's authority; and~~

~~(b) Achieve and document a passing grade of ninety percent or better on a course covering the complete content of the AICPA Code of Professional Conduct.~~

~~(5) If you hold a Washington state CPA license or certificate issued through the foreign reciprocity provisions of the act, you must notify the board of any investigations undertaken, or sanctions imposed, by a foreign credentialing body against your foreign credential within thirty days of your receiving notice that an investigation has begun or a sanction was imposed.~~

~~(6) If you hold a Washington state license or certificate issued through the foreign reciprocity provisions of the act, you must notify the board within thirty days if your foreign license, permit, or certificate has lapsed or otherwise becomes invalid.)~~ (3) The board requires a qualifying examination to determine if the individual pos-

sesses adequate knowledge of United States practice standards and the board's regulations.

(a) The board adopts the International Qualifications Examination (IQEX) prepared and graded by the AICPA as the appropriate examination to test the knowledge of the subject matter unique to the United States, as determined by the AICPA in cooperation with NASBA, of those applicants holding an accounting credential issued by professional credentialing institutes that have established current MRAs with IQAB.

(b) The board will continue to recognize passing grades from the predecessor Canadian Chartered Accountant Uniform CPA Qualification Examination (CAQEX).

(c) The board accepts IQEX grades from examinations administered by other state boards of accountancy or by NASBA.

(d) The board sets the passing score for the IQEX and CAQEX at 75.

AMENDATORY SECTION (Amending WSR 10-24-009, filed 11/18/10, effective 12/19/10)

**WAC 4-30-102 ((How do I apply for an)) Initial Washington state license requirements for application through foreign reciprocity((?)).**

(1) To apply for an initial Washington state CPA license through foreign reciprocity, you must:

(a) Hold a license in a foreign country that meets the requirements of WAC 4-30-100 and request verification of licensure from the issuing professional accounting organization. The verification must be sent directly to the board from the issuing organization.

(b) Pass an examination meeting the requirements of WAC 4-30-100. You must request from NASBA that verification of exam score be sent directly to the board.

(c) Demonstrate, through completion and submission of the board's experience affidavit, satisfactory experience in public accounting or other experience meeting the requirements of RCW 18.04.105 (1)(d) within the eight years prior to submitting an application for licensure.

(d) Meet the CPE requirements in WAC 4-30-134.

(e) Achieve a passing grade of ninety percent or better on a course covering the complete content of the AICPA Code of Professional Conduct and submit the course completion certificate.

(2) You must provide all required information, documents, and fees to the board either by making application through the board's on-line application system or on a form provided by the board upon request. You must provide all requested information, documents, and fees to the board before the application will be evaluated.

(3) Upon assessment of your qualifications and approval of your application, your license status will be posted in the board's licensee database and, therefore, made publicly available for confirmation. A hard copy of your license can be provided upon request.

(4) You may not use the title CPA until your status has been posted to the board's licensee database and, therefore, made available to the public.

(5) Your Washington state CPA license will expire on June 30 of the third calendar year following the calendar year of initial licensure.



~~((You may not use the title CPA until your status has been posted to the board's licensee database and, therefore, made available to the public.))~~ (6) You must meet the CPE requirements of WAC 4-30-134 for subsequent renewal of an initial license.

(7) You must notify the board within thirty days if your foreign license, permit, or certificate has lapsed or otherwise becomes invalid.

OFM

1650 - State Board of Accountancy

Allotment Expenditure/Revenue BTD Flexible

Report Number: AEF04  
Biennium: 2021

As of Fiscal Month: Mar FY1

Date Run: Mar 31, 2020 11:50PM  
Transactions Through: Mar 31, 2020 8:00PM

Account: 02J Allotment Content: Approved & Adjusted Estimated Revenue Content: Approved & Adjusted Expenditure Content: Cash, Accr(all)  
Revenue Content: Cash, Accr(all)

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

	BTD Allotment	BTD Disbursement	BTD Accrual	BTD Encumbrance	BTD Variance	Biennium Remaining
<b>By Account/Expenditure Authority</b>						
02J - Certified Public Accountants' Acct						
030 - Salaries and Expenses	1,334,538	1,185,521.95	0.00	0.00	149,016.05	2,418,478.05
<b>Total for Agency</b>	<b>1,334,538</b>	<b>1,185,521.95</b>	<b>0.00</b>	<b>0.00</b>	<b>149,016.05</b>	<b>2,418,478.05</b>
<b>By Account/Expenditure Authority</b>						
<b>By Object</b>						
A - Salaries and Wages	568,579	538,009.48	0.00	0.00	30,569.52	1,011,031.52
B - Employee Benefits	203,831	196,399.03	0.00	0.00	7,431.97	358,349.97
C - Professional Service Contracts	86,778	9,975.98	0.00	0.00	76,802.02	221,432.02
E - Goods and Services	439,098	411,769.15	0.00	0.00	27,328.85	760,360.85
G - Travel	25,002	29,368.31	0.00	0.00	(4,366.31)	37,303.69
J - Capital Outlays	11,250	0.00	0.00	0.00	11,250.00	30,000.00
<b>Total for Agency</b>	<b>1,334,538</b>	<b>1,185,521.95</b>	<b>0.00</b>	<b>0.00</b>	<b>149,016.05</b>	<b>2,418,478.05</b>
<b>By Object</b>						

Fund

Balance As Of:	<input type="text" value="3/31/2020"/>	Show Balances As Of:	<input type="text" value="03/31/2020"/> <input type="checkbox"/>
Book Balance:	<input type="text" value="2,905,656.32"/>	<input type="button" value="Retrieve"/>	
Outstanding Warrants:	<input type="text" value="620.00"/>		
Cash Balance:	<input type="text" value="2,906,276.32"/>		

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

Fund

Balance As Of:	<input type="text" value="3/31/2020"/>	Show Balances As Of:	<input type="text" value="03/31/2020"/> <input type="button" value="v"/>
Book Balance:	<input type="text" value="200,000.00"/>	<input type="button" value="Retrieve"/>	
Outstanding Warrants:	<input type="text" value="0.00"/>		
Cash Balance:	<input type="text" value="200,000.00"/>		

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"/>

## 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.

## 2019 CPE Pre-Audit

- The 2019 CPE Pre-Audit concluded on June 30, 2019
- 511 Individuals were included in the Pre-Audit
  - 402 Passed
  - 104 Lapsed or Retired
  - 5 Failed
    - 3 double counted WA Ethics
    - 1 Short CPE 16 hours or less (13 hours)
    - 1 Short CPE 17 hours or more (120 hours)

.....

- 432 Licensees
  - 334 Passed
  - 93 Lapsed or Retired
  - 5 Failed
- 78 Certificate holders
  - 68 Passed
  - 10 Lapsed or Retired
- 1 Non-Licensee CPA Firm Holder
  - 1 Lapsed or Retired

## 2019 Random CPE Audit Results

- The 2019 CPE Audit concluded on November 07, 2019
- 132 Individuals were included in the Random Selection
  - 119 Passed
  - 13 Failed
    - 7 Short CPE under 16 hours
    - 4 Short CPE 17 hours or more
    - 2 Failed to Respond(FTR)

.....

- 124 Licensees
  - 111 Passed
  - 11 Failed
  - 2 FTR
- 8 Certificate holders
  - 8 Passed



# Board of Accountancy

## *Report to the Governor*

# 2019

For the year ending December 31, 2019

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Mark Hugh, CPA  
*Board Chair*

Charles E. Satterlund, CPA  
*Executive Director*

*April 3, 2020*

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**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.**



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## 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 Charles Satterlund, CPA, Executive Director at [Charles.Satterlund@acb.wa.gov](mailto:Charles.Satterlund@acb.wa.gov) or (360) 586-0785.*

## 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  
Thomas Neill, CPA, Member  
Brian Thomas, CPA, Member  
Carol Morgan, CPA, Member  
Tom Sawatzki, CPA, Member  
Jacqueline Meucci, CPA, Member  
Katherine Dixon, Public 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 2019 Fund O2J

Category	BI Allotment	BITD Allotment	BITD Expenditure	BITD Variance
<b>Salaries and Wages</b>	1,549,041	378,475	379,944	(1,469)
<b>Employee Benefits</b>	554,749	135,770	135,385	385
<b>Professional Service Contracts</b>	231,408	57,852	7,861	49,991
<b>Goods and Services</b>	1,172,130	290,749	294,924	(4,175)
<b>Travel</b>	66,672	16,668	26,666	(9,998)
<b>Capital Outlays</b>	30,000	7,500	0	7,500
<b>Sum:</b>	3,604,000+	887,014	844,780	42,234*

\* In the current biennium, as of December 31, 2019, the agency had underspent its allotments by \$42,234. The current biennium covers the time period from July 1, 2019 to June 30, 2021.

+ The agency's appropriation is \$3,631,000, but only \$3,604,000 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 2015 to 2019, the agency recorded the receipt of the following revenues:

Fund	Major Source	Source	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015
<b>001 - General Fund</b>	04 - States Charges & Miscellaneous Revenue	05 - Fines, Forfeits and Seizures	\$20,050	\$18,500	\$25,975	\$52,035	\$21,950
<b>02J - Certified Public Accountants' Acct</b>	02 - Licenses, Permits, and Fees	01 - Accountants	\$2,286,140	\$2,186,935	\$1,508,316	\$2,229,925	\$2,145,235

## 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.

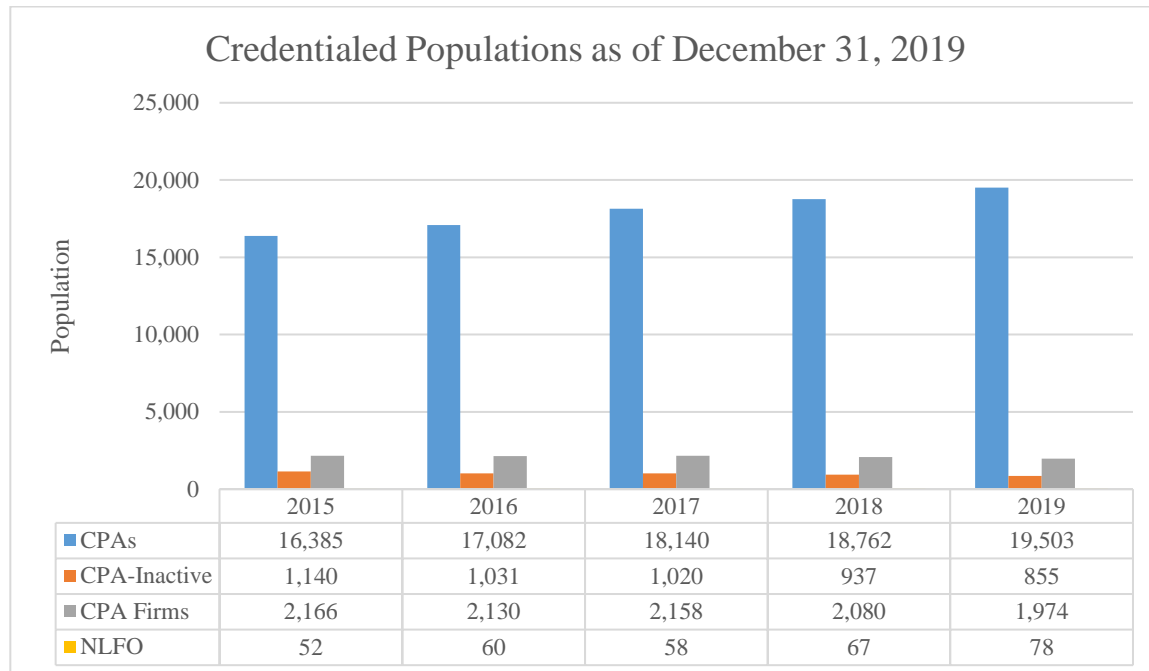
## Washington Management Service (WMS) positions - allocated versus filled

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

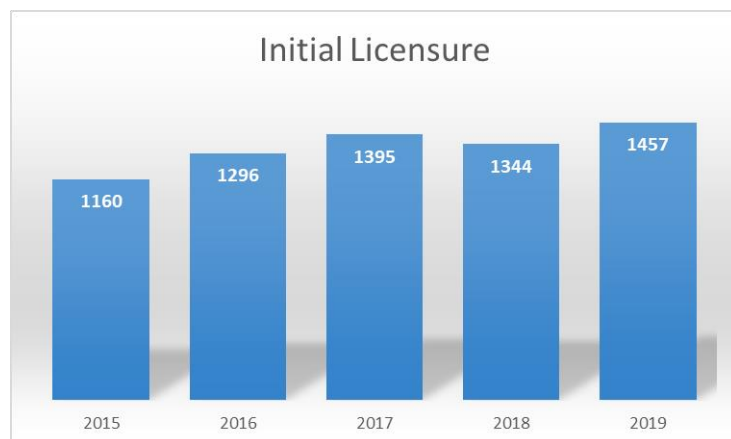
### Credentialed Population

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	2019	2018	2017	2016
<b>Cases received during year</b>	89	85	69	90
<b>Cases resolved during year</b>	87	89	71	98
<b>Average age in days, of resolved cases</b>	19	45	88	26
<b>No. of cases at end of year</b>	16	13	17	19

## 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 2019, the agency's decision package to replace the legacy CPAOnline professional licensing system was approved. The new licensing system is currently under development with an expected completion date in 2021.

Our legislative efforts:

HB 1208 was submitted to the legislature as agency request legislation, and was signed by the Governor in April 2019. The bill limited the need for a firm license to only those firms providing or offering to provide, attest or compilation services.

Amending our rules governing continuing professional education (CPE):

In 2019 the Board approved changes to our rules governing how the Board regulates CPE requirements to more closely align them with the Uniform Accountancy Act (UAA) model rules.

Our innovative use and implementation of information technology:

1. To ensure that the IT implementations are business solutions that have executive and stakeholder support.
2. To ensure that our systems are developed in support of the current and future business of the agency.
3. To meet executive orders, industry requirements, laws, policy requirements, and security standards.

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

<u>Quarterly Report (Jan 01, 2020 through Mar 31, 2020)</u>			
<b>Complaint Workload</b>			
	Received in Previous Period	Received in Report Period	Total
Complaints Open	16	20	36
Closed with No Action	(7)	(9)	(16)
Closed with Action Taken	(3)	0	(3)
<b>Complaints at End of Period</b>	<b>6</b>	<b>11</b>	<b>17</b>
<b>Details of Complaint Closures</b>			
Closed Disposition	Administrative	Public Harm	Total
No Action Taken	6	10	16
Revocation, Suspension, Restriction	0	3	3
Fines, costs, and other sanctions	0	0	0
Remedial Resolution (Policy 2004-1)	0	0	0
<b>Total Closed</b>	<b>6</b>	<b>13</b>	<b>19</b>

<u>Twelve-Month Lookback (Apr 01, 2019 through Mar 31, 2020)</u>			
<b>Complaint Workload</b>			
	Received in Previous Period	Received in Report Period	Total
Complaints Open	16	89	105
Closed with No Action	(10)	(58)	(68)
Closed with Action Taken	(6)	(14)	(20)
<b>Complaints at End of Period</b>	<b>0</b>	<b>17</b>	<b>17</b>
<b>Details of Complaint Closures</b>			
Closed Disposition	Administrative	Public Harm	Total
No Action Taken	11	57	68
Revocation, Suspension, Restriction	1	4	5
Fines, costs, and other sanctions	4	2	6
Remedial Resolution (Policy 2004-1)	9	0	9
<b>Total Closed</b>	<b>25</b>	<b>63</b>	<b>88</b>



## Board of Accountancy Washington State

### All complaints - resolved with and without discipline

	<u>Apr 2019 to Mar 2020</u>		<u>Apr 2018 to Apr 2019</u>	
	<i>All</i>	<i>Action Only</i>	<i>All</i>	<i>Action Only</i>
<b>Public Harm</b>				
Negligence - Attest related	2	0	3	1
Negligence, Disregard of standards	53	3	42	10
Use of Restricted Titles	3	0	9	3
Embezzlement, Theft, Breach of Fid. Duty	4	3	1	1
Breach of Confidentiality	0	0	1	0
Records Retention Causing Harm	2	0	4	0
<u>Subtotal</u>	64	6	60	15
<b>Administrative</b>				
Peer Review	2	0	1	1
CPE - Deficient 16 hours or less	6	5	7	5
CPE - Deficient 17 hours or more	7	3	4	3
CPE - Deficient eligible WA ethics	6	6	16	16
CPE - Failure to respond to CPE audit	3	0	0	0
<u>Subtotal</u>	24	14	28	25
<b>Total</b>	<b>88</b>	<b>20</b>	<b>88</b>	<b>40</b>