



BOARD MEETING AGENDA

Date, Time: Friday, July 31, 2020 – 9:00 a.m.
Location: Microsoft Teams Meeting
Notices: 9:00 a.m. Rules Hearing

Chair Introductions

PUBLIC RULE- MAKING HEARING

Attachments at page(s):

- 1. Public Rule-Making Hearing Script 9-10
- 2. Rules Under Consideration
 - a. WAC 4-30-080 How do I apply for an initial individual CPA license?..... 11-17
 - b. Foreign Reciprocity 18-26
 - 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?

3. Written Stakeholder Comments

BOARD MEETING AGENDA

- 4. Introduction of New Board Member
- 5. Rules Review
 - a. Board’s deliberation on proposed rules considered at the public rule-making hearing. See listing above under Public Rule-Making Hearing – Item 2
- 6. Minutes – April 24, 2020, Board Meeting..... 27-35
- 7. NASBA Update
 - a. AICPA Proposed Revised Interpretation on Records Requests 36-45
 - b. Remote Proctoring for the CPA Exam
 - c. Update on CPA Evolution
- 8. Legal Counsel’s Report
 - a. Washington State Board of Accountancy Disciplinary Process..... 46-89

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 7-1-1 or 1-800-833-6388 (TTY) - 1-800-833-6385 (Telebraille)
 PO Box 9131, Olympia, WA 98507-9131 (TTY and Telebraille service nationwide by Washington Relay
 Phone: 360-664-9191 Email: kirsten.donovan@acb.wa.gov www.washingtonrelay.com)

- 9. Chair’s Report
 - a. NASBA Regional Meeting Thank You
 - b. NASBA Annual Meeting Reminder
 - c. Brief Adjudicative Proceeding (BAP) Process90
 - d. Committee/Task Force Reports

- 10. Committee/Task Force Reports
 - a. Executive – Mark Hugh, CPA, Chair
 - b. Peer Review Oversight Committee – Jacqueline Meucci, CPA, Chair
 - c. Request Oversight Committee – Joel Cambern, Public Member, Chair 91
 - d. Scholarship Oversight Committee – Brian R. Thomas, CPA, Chair 92
 - e. Title Reform Task Force – Mark Hugh, CPA, Chair

- 11. Executive Director’s Report
 - a. Budget Status Report 93-95
 - b. IT Modernization Update
 - c. CPE Extension Requests for Renewals
 - d. Other Matters as Needed

- 12. Enforcement Report
 - a. Quarterly Enforcement and Resolved Complaint Reports..... 96-97
 - b. CPE Deficiencies 98-116
 - c. Basis for Sanctions, Fines, and Costs

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

- 14. 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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PO Box 9131, Olympia, WA 98507-9131	(TTY and Telebraille service nationwide by Washington Relay
Phone: 360-664-9191 Email: kirsten.donovan@acb.wa.gov	www.washingtonrelay.com)

**WASHINGTON STATE
BOARD OF ACCOUNTANCY
BOARD MEETING – JULY 31, 2020
SUMMARY**

Date and Time: Friday, July 31, 2020 - 9:00 a.m.
Location: Microsoft Teams Meeting
Notices: 9:00 a.m. Rules Hearing

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 advise the Board Chair now, and your name will be added to the public input roster.

July 31, 2020 - 9:00 a.m. – PUBLIC RULE-MAKING HEARING

Rules Hearing - At 9:00 a.m. the Board will hold its scheduled rules hearing to obtain public input on the proposed changes to three Board rules. Individuals wishing to comment must advise the Board Chair, and your name will be added to the rule-making public input roster.

1. **Public Rule-Making Hearing Outline** – The script the Chair will use as a guide during the hearing is at **pages 9-10** of the meeting materials.

2. **Rules Under Consideration** –

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

See **pages 11-13** for the CR-102, Proposed Rule Making Notice, and **pages 14-16** for the CR-102 continuance filed for hearing location change.

Page 17 contains the filing for the proposed changes to the rule. The changes: (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; and (2) rename the rule.

The Executive Director will provide a summary of the proposed changes to the rule during the rules hearing.

Foreign Reciprocity

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?

See **pages 18-20** for the CR-102, Proposed Rule Making Notice, and **pages 21-23** for the CR-102 continuance filed for hearing location change.

Pages 24- 26 contain the filing for the proposed changes to the rules. The changes: (1) Rename the rules; (2) add requirements from board policy into the rules; and (3) specify the requirements for foreign reciprocity licensure.

The Executive Director will provide a summary of the proposed changes to the rules during the rules hearing.

3. Written Stakeholder Comments

No written stakeholder comments were received.

July 31, 2020 – BOARD MEETING

4. Introduction of New Board Member

5. Rules Review

a. Board deliberation on the proposed rule considered at the public rule-making hearing.

**WAC 4-30-080 How do I apply for an initial individual CPA license?
– Page 17**

The Executive Director is prepared to summarize the proposed changes to the rule and answer any questions for the Board during deliberation.

Does the Board wish to:

- **Adopt the rule as proposed; or**
- **Adopt the rule with minor changes that do not change the general subject matter of the proposed rule; or**
- **Amend the rule proposal and set another rules hearing date; or**
- **Withdraw the rule proposal?**

Effective date: If the Board decides to adopt the rule, the Board must determine the effective date. Rules generally become effective 31 days after filing. The Executive Director recommends making the rule effective January 1, 2021.

Does the Board wish to make the rule effective:

- **31 days after filing;**
- **January 1, 2021: or**
- **Another date?**

Foreign Reciprocity -- These two rules are dependent on one and other and will be considered together. **Pages 24-26**

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?

The Executive Director is prepared to summarize the proposed changes to the rules and answer any questions for the Board during deliberation.

Does the Board wish to:

- **Adopt the rules as proposed; or**
- **Adopt the rules with minor changes that do not change the general subject matter of the proposed rules; or**
- **Amend the rule proposals and set another rules hearing date; or**
- **Withdraw the rule proposals?**

Effective date: If the Board decides to adopt the rules, the Board must determine the effective date. Rules generally become effective 31 days after filing. The Executive Director recommends making the rules effective in 31 days.

Does the Board wish to make the rules effective:

- **31 days after filing;**
- **January 1, 2021: or**
- **Another date?**

6. Minutes – April 24, 2020

Board staff presents the draft minutes of the April 24, 2020, Board meeting on **Pages 27-35** for the Board's consideration.

Does the Board approve the minutes as drafted?

7. NASBA Update

- a. **AICPA Proposed Revised Interpretation on Records Requests – Pages 36-45**
- b. **Remote Proctoring for the CPA Exam**
- c. **Update on CPA Evolution**

8. Legal Counsel's Report

- a. **Washington State Board of Accountancy Disciplinary Process**

Pages 46-89 contain the slide deck of the presentation.

The board's legal counsel and executive director will present and lead the discussion.

9. Chair's Report

- a. **NASBA Regional Meeting Thank You**
- b. **NASBA Annual Meeting Reminder**
- c. **Brief Adjudicative Proceeding (BAP) Process**

Page 90 contains the rule regarding the BAP process -- WAC 4-30-028 What rules govern the proceedings before the board?

- d. **Committee/Task Force Reports**

10. Committee/Task Force Reports

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

Mark will give a verbal report.

Board Meeting Summary – July 31, 2020

- b. Peer Review Oversight Committee** – Chair: Jacqueline Meucci, CPA; Members: Mark Hugh, CPA; Joel Cambern, Public Member; Carol A. Morgan, CPA

Jackie will give a verbal report.

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

Page 91 contains a report on the 2nd quarter approvals and denials from the committee.

Joel will give a verbal report.

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

Page 92 contains the committee's July 2020 report.

Brian will give a verbal report.

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

Mark will give a verbal report.

11. Executive Director's Report

a. Budget Status

Pages 93-95 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 June 30, 2020.

- b. IT Modernization Project Update** – The Deputy Director will give a verbal report.

c. CPE Extension Requests for Renewal

d. Other Matters as Needed

12. Enforcement Report

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

a. Quarterly Enforcement and Resolved Complaint Reports – **pages 96-97**

Board Meeting Summary – July 31, 2020

b. CPE Deficiencies

Pages 98-116 contain the slide deck of the presentation.

c. Basis for Sanctions, Fines, and Costs

13. Executive and/or Closed Session with Legal Counsel

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

14. 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
RULES HEARING OUTLINE
JULY 31, 2020**

Presiding officer read or paraphrase BOLD type entries

Italics are explanatory notes to presiding officer

Opening statement:

The Board of Accountancy rules hearing is now in session. The date is Friday, July 31, 2020. The time is _____. My name is Mark Hugh. I am Chair of the Board of Accountancy.

Copies of the rule proposals are available in the Board packet materials online at www.acb.wa.gov. If you would like to testify, please let me know now and your participation at this hearing will be added to the Rules Hearing attendance roster.

Have Board Members, legal counsel, and staff in attendance introduce themselves.

Explain hearing sequence and ground rules as follows:

The hearing will be conducted as follows:

- 1. I will identify the rules presented for testimony and present a brief statement for each proposal.**
- 2. I will use the attendance roster to invite testimony on the proposal. When you give testimony, please:**
 - State your name and organization if you speak for a group**
 - Limit your testimony to the rule proposal currently before the Board**
 - After you testify, please remain available for questions, and**
 - If you are testifying from text, please provide a copy by email to Kirsten Donovan, Board Clerk at Kirsten.donovan@acb.wa.gov.**

Testimony is limited to 10 minutes for each speaker.

- 3. When the testimony is complete the hearing will be closed. The Board will consider the proposed rule changes at its Board meeting later today.**

The rule proposals concern:

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

Mark Hugh, the Board Chair, will present a brief statement for each proposal. *Mark presents the statement.*

The rule proposals have been identified. We will now move to the testimony.

1. TESTIMONY FROM ATTENDANCE ROSTER

Ask for testimony from the audience according to the order on the attendance roster. After testimony is complete you will invite questions from the Board members.

Will (name of individual) please present testimony?

When the testimony is complete you may ask questions of the individual.

2. OTHER TESTIMONY

*After all persons on the attendance roster have testified, ask if others wish to testify. **Is there anyone who wishes to testify that has not had the opportunity?***

3. CLOSING STATEMENT:

Thank you for your testimony.

The Board will deliberate on the oral and written testimony and the proposed rules later today during its regular Board meeting. The Board's decision regarding the proposed rules will be posted to the Board's rule making section of the website and reflected in the meeting minutes. Thank you all for your participation. The time is **XX:XX, and this hearing is now closed.**



PROPOSED RULE MAKING

CR-102 (December 2017) (Implements RCW 34.05.320) Do NOT use for expedited rule making

CODE REVISER USE ONLY

OFFICE OF THE CODE REVISER
STATE OF WASHINGTON
FILED

DATE: May 06, 2020

TIME: 10:26 AM

WSR 20-10-104

Agency: Board of Accountancy

- Original Notice
- Supplemental Notice to WSR _____
- Continuance of WSR _____

- Preproposal Statement of Inquiry was filed as WSR 20-04-089 ; or
- Expedited Rule Making--Proposed notice was filed as WSR _____; or
- Proposal is exempt under RCW 34.05.310(4) or 34.05.330(1); or
- Proposal is exempt under RCW _____.

Title of rule and other identifying information: (describe subject) WAC 4-30-080 How do I apply for an initial individual CPA license?

Hearing location(s):

Date:	Time:	Location: (be specific)	Comment:
July 31, 2020	9:00 A.M.	Hilton Garden Inn Spokane Airport Granite Room 9015 West SR Highway 2 Spokane, WA 99224	

Date of intended adoption: July 31, 2020 (Note: This is NOT the effective date)

Submit written comments to:

Name: Kirsten Donovan, Rules Coordinator
 Address: P.O. Box 9131
 Olympia, WA 98507
 Email: Kirsten.donovan@acb.wa.gov
 Fax: 360-664-9190
 Other:
 By (date) July 29, 2020

Assistance for persons with disabilities:

Contact Kirsten Donovan, Rules Coordinator
 Phone: 360-664-9191
 Fax: 360-664-9190
 TTY: 771
 Email: Kirsten.donovan@acb.wa.gov
 Other:
 By (date) July 29, 2020

Purpose of the proposal and its anticipated effects, including any changes in existing rules: 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.

Reasons supporting proposal: See purposes above

Statutory authority for adoption: RCW 18.04.055

Statute being implemented: RCW 18.04.055

Is rule necessary because of a:

Federal Law?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Federal Court Decision?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
State Court Decision?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

If yes, CITATION:

Agency comments or recommendations, if any, as to statutory language, implementation, enforcement, and fiscal matters:

Name of proponent: (person or organization) Board of Accountancy

<input type="checkbox"/> Private
<input type="checkbox"/> Public
<input checked="" type="checkbox"/> Governmental

Name of agency personnel responsible for:

	Name	Office Location	Phone
Drafting:	Charles E. Satterlund, CPA	711 Capitol Way S Suite 400 Olympia, WA 98501	(360) 586-0785
Implementation:	Charles E. Satterlund, CPA	711 Capitol Way S Suite 400 Olympia, WA 98501	(360) 586-0785
Enforcement:	Charles E. Satterlund, CPA	711 Capitol Way S Suite 400 Olympia, WA 98501	(360) 586-0785

Is a school district fiscal impact statement required under RCW 28A.305.135? Yes No

If yes, insert statement here:

The public may obtain a copy of the school district fiscal impact statement by contacting:

Name:
Address:
Phone:
Fax:
TTY:
Email:
Other:

Is a cost-benefit analysis required under RCW 34.05.328?

Yes: A preliminary cost-benefit analysis may be obtained by contacting:

Name:
Address:
Phone:
Fax:
TTY:
Email:
Other:

No: Please explain: The Board of Accountancy is not a listed agency in RCW 34.05.328(5)(a)(i).

Regulatory Fairness Act Cost Considerations for a Small Business Economic Impact Statement:

This rule proposal, or portions of the proposal, **may be exempt** from requirements of the Regulatory Fairness Act (see chapter 19.85 RCW). Please check the box for any applicable exemption(s):

This rule proposal, or portions of the proposal, is exempt under RCW 19.85.061 because this rule making is being adopted solely to conform and/or comply with federal statute or regulations. Please cite the specific federal statute or regulation this rule is being adopted to conform or comply with, and describe the consequences to the state if the rule is not adopted.

Citation and description:

This rule proposal, or portions of the proposal, is exempt because the agency has completed the pilot rule process defined by RCW 34.05.313 before filing the notice of this proposed rule.

This rule proposal, or portions of the proposal, is exempt under the provisions of RCW 15.65.570(2) because it was adopted by a referendum.

This rule proposal, or portions of the proposal, is exempt under RCW 19.85.025(3). Check all that apply:

- RCW 34.05.310 (4)(b) (Internal government operations)
- RCW 34.05.310 (4)(c) (Incorporation by reference)
- RCW 34.05.310 (4)(d) (Correct or clarify language)
- RCW 34.05.310 (4)(e) (Dictated by statute)
- RCW 34.05.310 (4)(f) (Set or adjust fees)
- RCW 34.05.310 (4)(g) ((i) Relating to agency hearings; or (ii) process requirements for applying to an agency for a license or permit)

This rule proposal, or portions of the proposal, is exempt under RCW ____.

Explanation of exemptions, if necessary:

COMPLETE THIS SECTION ONLY IF NO EXEMPTION APPLIES

If the proposed rule is **not exempt**, does it impose more-than-minor costs (as defined by RCW 19.85.020(2)) on businesses?

- No Briefly summarize the agency's analysis showing how costs were calculated. No additional costs are imposed on CPA license applicants from the removal of this requirement.
- Yes Calculations show the rule proposal likely imposes more-than-minor cost to businesses, and a small business economic impact statement is required. Insert statement here:

The public may obtain a copy of the small business economic impact statement or the detailed cost calculations by contacting:

Name:
 Address:
 Phone:
 Fax:
 TTY:
 Email:
 Other:

Date: 5/6/2020

Name: Charles E. Satterlund, CPA

Title: Executive Director

Signature:





PROPOSED RULE MAKING

CR-102 (December 2017) (Implements RCW 34.05.320) Do NOT use for expedited rule making

CODE REVISER USE ONLY

OFFICE OF THE CODE REVISER
STATE OF WASHINGTON
FILED

DATE: June 23, 2020

TIME: 9:44 AM

WSR 20-14-023

Agency: Board of Accountancy

- Original Notice
- Supplemental Notice to WSR _____
- Continuance of WSR 20-10-104

- Preproposal Statement of Inquiry was filed as WSR ; or
- Expedited Rule Making--Proposed notice was filed as WSR _____; or
- Proposal is exempt under RCW 34.05.310(4) or 34.05.330(1); or
- Proposal is exempt under RCW _____.

Title of rule and other identifying information: (describe subject) WAC 4-30-080 How do I apply for an initial individual CPA license?

Hearing location(s):

Date:	Time:	Location: (be specific)	Comment:
July 31, 2020	9:00 A.M.	Microsoft Teams Meeting The link to join the meeting is available on the Board's website at: https://acb.wa.gov/next-board-meeting . Or Join by phone at 1-360-726-3322.	The hearing location was changed from a physical location to a virtual meeting. Any questions on how to attend can be directed to Kirsten Donovan, Board Clerk by email at Kirsten.donovan@acb.wa.gov or by phone at 360-664-9191.

Date of intended adoption: July 31, 2020 (Note: This is NOT the effective date)

Submit written comments to:

Name: Kirsten Donovan, Rules Coordinator
 Address: P.O. Box 9131
 Olympia, WA 98507
 Email: Kirsten.donovan@acb.wa.gov
 Fax: 360-664-9190
 Other:
 By (date) July 29, 2020

Assistance for persons with disabilities:

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 TTY: 771
 Email: Kirsten.donovan@acb.wa.gov
 Other:
 By (date) July 29, 2020

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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.

Reasons supporting proposal: See purposes above

Statutory authority for adoption: RCW 18.04.055

Statute being implemented: RCW 18.04.055

Is rule necessary because of a:

Federal Law? Yes No
Federal Court Decision? Yes No
State Court Decision? Yes No

If yes, CITATION:

Agency comments or recommendations, if any, as to statutory language, implementation, enforcement, and fiscal matters:

Name of proponent: (person or organization) Board of Accountancy Private
 Public
 Governmental

Name of agency personnel responsible for:

	Name	Office Location	Phone
Drafting:	Charles E. Satterlund, CPA	711 Capitol Way S Suite 400 Olympia, WA 98501	(360) 586-0785
Implementation:	Charles E. Satterlund, CPA	711 Capitol Way S Suite 400 Olympia, WA 98501	(360) 586-0785
Enforcement:	Charles E. Satterlund, CPA	711 Capitol Way S Suite 400 Olympia, WA 98501	(360) 586-0785

Is a school district fiscal impact statement required under RCW 28A.305.135? Yes No

If yes, insert statement here:

The public may obtain a copy of the school district fiscal impact statement by contacting:

Name:

Address:

Phone:

Fax:

TTY:

Email:

Other:

Is a cost-benefit analysis required under RCW 34.05.328?

Yes: A preliminary cost-benefit analysis may be obtained by contacting:

Name:

Address:

Phone:

Fax:

TTY:
Email:
Other:

No: Please explain: The Board of Accountancy is not a listed agency in RCW 34.05.328(5)(a)(i).

Regulatory Fairness Act Cost Considerations for a Small Business Economic Impact Statement:

This rule proposal, or portions of the proposal, **may be exempt** from requirements of the Regulatory Fairness Act (see chapter 19.85 RCW). Please check the box for any applicable exemption(s):

This rule proposal, or portions of the proposal, is exempt under RCW 19.85.061 because this rule making is being adopted solely to conform and/or comply with federal statute or regulations. Please cite the specific federal statute or regulation this rule is being adopted to conform or comply with, and describe the consequences to the state if the rule is not adopted.

Citation and description:

This rule proposal, or portions of the proposal, is exempt because the agency has completed the pilot rule process defined by RCW 34.05.313 before filing the notice of this proposed rule.

This rule proposal, or portions of the proposal, is exempt under the provisions of RCW 15.65.570(2) because it was adopted by a referendum.

This rule proposal, or portions of the proposal, is exempt under RCW 19.85.025(3). Check all that apply:

- | | |
|---|--|
| <input type="checkbox"/> RCW 34.05.310 (4)(b)
(Internal government operations) | <input type="checkbox"/> RCW 34.05.310 (4)(e)
(Dictated by statute) |
| <input type="checkbox"/> RCW 34.05.310 (4)(c)
(Incorporation by reference) | <input type="checkbox"/> RCW 34.05.310 (4)(f)
(Set or adjust fees) |
| <input type="checkbox"/> RCW 34.05.310 (4)(d)
(Correct or clarify language) | <input type="checkbox"/> RCW 34.05.310 (4)(g)
((i) Relating to agency hearings; or (ii) process requirements for applying to an agency for a license or permit) |

This rule proposal, or portions of the proposal, is exempt under RCW _____.

Explanation of exemptions, if necessary:

COMPLETE THIS SECTION ONLY IF NO EXEMPTION APPLIES

If the proposed rule is **not exempt**, does it impose more-than-minor costs (as defined by RCW 19.85.020(2)) on businesses?

- No Briefly summarize the agency's analysis showing how costs were calculated. No additional costs are imposed on CPA license applicants from the removal of this requirement.
- Yes Calculations show the rule proposal likely imposes more-than-minor cost to businesses, and a small business economic impact statement is required. Insert statement here:

The public may obtain a copy of the small business economic impact statement or the detailed cost calculations by contacting:

Name:
Address:
Phone:
Fax:
TTY:
Email:
Other:

Date: 6/23/2020

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.



PROPOSED RULE MAKING

CR-102 (December 2017) (Implements RCW 34.05.320) Do NOT use for expedited rule making

CODE REVISER USE ONLY

OFFICE OF THE CODE REVISER
STATE OF WASHINGTON
FILED

DATE: May 06, 2020

TIME: 10:28 AM

WSR 20-10-106

Agency: Board of Accountancy

- Original Notice
- Supplemental Notice to WSR _____
- Continuance of WSR _____

- Preproposal Statement of Inquiry was filed as WSR 20-06-031 ; or
- Expedited Rule Making--Proposed notice was filed as WSR _____; or
- Proposal is exempt under RCW 34.05.310(4) or 34.05.330(1); or
- Proposal is exempt under RCW _____.

Title of rule and other identifying information: (describe subject) 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?

Hearing location(s):

Date:	Time:	Location: (be specific)	Comment:
July 31, 2020	9:00 A.M.	Hilton Garden Inn Spokane Airport Granite Room 9015 West SR Highway 2 Spokane, WA 99224	

Date of intended adoption: July 31, 2020 (Note: This is NOT the effective date)

Submit written comments to:

Name: Kirsten Donovan, Rules Coordinator
 Address: P.O. Box 9131
 Olympia, WA 98507
 Email: Kirsten.donovan@acb.wa.gov
 Fax: 360-664-9190
 Other:
 By (date) July 29, 2020

Assistance for persons with disabilities:

Contact Kirsten Donovan, Rules Coordinator
 Phone: 360-664-9191
 Fax: 360-664-9190
 TTY: 771
 Email: Kirsten.donovan@acb.wa.gov
 Other:
 By (date) July 29, 2020

Purpose of the proposal and its anticipated effects, including any changes in existing rules: 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.

Reasons supporting proposal: See purposes above			
Statutory authority for adoption: RCW 18.04.055			
Statute being implemented: RCW 18.04.055			
Is rule necessary because of a:			
Federal Law?		<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Federal Court Decision?		<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
State Court Decision?		<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If yes, CITATION:			
Agency comments or recommendations, if any, as to statutory language, implementation, enforcement, and fiscal matters:			
Name of proponent: (person or organization) Board of Accountancy			<input type="checkbox"/> Private <input type="checkbox"/> Public <input checked="" type="checkbox"/> Governmental
Name of agency personnel responsible for:			
	Name	Office Location	Phone
Drafting:	Charles E. Satterlund, CPA	711 Capitol Way S Suite 400 Olympia, WA 98501	(360) 586-0785
Implementation:	Charles E. Satterlund, CPA	711 Capitol Way S Suite 400 Olympia, WA 98501	(360) 586-0785
Enforcement:	Charles E. Satterlund, CPA	711 Capitol Way S Suite 400 Olympia, WA 98501	(360) 586-0785
Is a school district fiscal impact statement required under RCW 28A.305.135?			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If yes, insert statement here:			
The public may obtain a copy of the school district fiscal impact statement by contacting:			
Name:			
Address:			
Phone:			
Fax:			
TTY:			
Email:			
Other:			
Is a cost-benefit analysis required under RCW 34.05.328?			
<input type="checkbox"/> Yes: A preliminary cost-benefit analysis may be obtained by contacting:			
Name:			
Address:			
Phone:			
Fax:			
TTY:			
Email:			
Other:			
<input checked="" type="checkbox"/> No: Please explain: The Board of Accountancy is not a listed agency in RCW 34.05.328(5)(a)(i).			

Regulatory Fairness Act Cost Considerations for a Small Business Economic Impact Statement:

This rule proposal, or portions of the proposal, **may be exempt** from requirements of the Regulatory Fairness Act (see chapter 19.85 RCW). Please check the box for any applicable exemption(s):

This rule proposal, or portions of the proposal, is exempt under RCW 19.85.061 because this rule making is being adopted solely to conform and/or comply with federal statute or regulations. Please cite the specific federal statute or regulation this rule is being adopted to conform or comply with, and describe the consequences to the state if the rule is not adopted.

Citation and description:

This rule proposal, or portions of the proposal, is exempt because the agency has completed the pilot rule process defined by RCW 34.05.313 before filing the notice of this proposed rule.

This rule proposal, or portions of the proposal, is exempt under the provisions of RCW 15.65.570(2) because it was adopted by a referendum.

This rule proposal, or portions of the proposal, is exempt under RCW 19.85.025(3). Check all that apply:

- RCW 34.05.310 (4)(b) (Internal government operations)
- RCW 34.05.310 (4)(c) (Incorporation by reference)
- RCW 34.05.310 (4)(d) (Correct or clarify language)
- RCW 34.05.310 (4)(e) (Dictated by statute)
- RCW 34.05.310 (4)(f) (Set or adjust fees)
- RCW 34.05.310 (4)(g) ((i) Relating to agency hearings; or (ii) process requirements for applying to an agency for a license or permit)

This rule proposal, or portions of the proposal, is exempt under RCW ____.

Explanation of exemptions, if necessary:

COMPLETE THIS SECTION ONLY IF NO EXEMPTION APPLIES

If the proposed rule is **not exempt**, does it impose more-than-minor costs (as defined by RCW 19.85.020(2)) on businesses?

- No Briefly summarize the agency's analysis showing how costs were calculated. No additional costs are imposed on CPA license applicants from the changes to the rules.
- Yes Calculations show the rule proposal likely imposes more-than-minor cost to businesses, and a small business economic impact statement is required. Insert statement here:

The public may obtain a copy of the small business economic impact statement or the detailed cost calculations by contacting:

Name:
 Address:
 Phone:
 Fax:
 TTY:
 Email:
 Other:

Date: 5/6/2020

Name: Charles E. Satterlund, CPA

Title: Executive Director

Signature:





PROPOSED RULE MAKING

CR-102 (December 2017) (Implements RCW 34.05.320) Do NOT use for expedited rule making

CODE REVISER USE ONLY

OFFICE OF THE CODE REVISER
STATE OF WASHINGTON
FILED

DATE: June 23, 2020

TIME: 9:43 AM

WSR 20-14-022

Agency: Board of Accountancy

- Original Notice
- Supplemental Notice to WSR _____
- Continuance of WSR 20-10-106

- Preproposal Statement of Inquiry was filed as WSR _____; or
- Expedited Rule Making--Proposed notice was filed as WSR _____; or
- Proposal is exempt under RCW 34.05.310(4) or 34.05.330(1); or
- Proposal is exempt under RCW _____.

Title of rule and other identifying information: (describe subject) 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?

Hearing location(s):

Date:	Time:	Location: (be specific)	Comment:
July 31, 2020	9:00 A.M.	Microsoft Teams Meeting The link to join the meeting is available on the Board's website at: https://acb.wa.gov/next-board-meeting . Or Join by phone at 1-360-726-3322.	The hearing location was changed from a physical location to a virtual meeting. Any questions on how to attend can be directed to Kirsten Donovan, Board Clerk by email at Kirsten.donovan@acb.wa.gov or by phone at 360-664-9191.

Date of intended adoption: July 31, 2020 (Note: This is **NOT** the effective date)

Submit written comments to:

Name: Kirsten Donovan, Rules Coordinator
 Address: P.O. Box 9131
 Olympia, WA 98507
 Email: Kirsten.donovan@acb.wa.gov
 Fax: 360-664-9190
 Other:
 By (date) July 29, 2020

Assistance for persons with disabilities:

Contact Kirsten Donovan, Rules Coordinator
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Reasons supporting proposal: See purposes above

Statutory authority for adoption: RCW 18.04.055

Statute being implemented: RCW 18.04.055

Is rule necessary because of a:

Federal Law? Yes No
Federal Court Decision? Yes No
State Court Decision? Yes No

If yes, CITATION:

Agency comments or recommendations, if any, as to statutory language, implementation, enforcement, and fiscal matters:

Name of proponent: (person or organization) Board of Accountancy Private
 Public
 Governmental

Name of agency personnel responsible for:

	Name	Office Location	Phone
Drafting:	Charles E. Satterlund, CPA	711 Capitol Way S Suite 400 Olympia, WA 98501	(360) 586-0785
Implementation:	Charles E. Satterlund, CPA	711 Capitol Way S Suite 400 Olympia, WA 98501	(360) 586-0785
Enforcement:	Charles E. Satterlund, CPA	711 Capitol Way S Suite 400 Olympia, WA 98501	(360) 586-0785

Is a school district fiscal impact statement required under RCW 28A.305.135? Yes No

If yes, insert statement here:

The public may obtain a copy of the school district fiscal impact statement by contacting:

Name:

Address:

Phone:

Fax:

TTY:

Email:

Other:

Is a cost-benefit analysis required under RCW 34.05.328?

Yes: A preliminary cost-benefit analysis may be obtained by contacting:

Name:

Address:

Phone:

Fax:

TTY:
Email:
Other:

No: Please explain: The Board of Accountancy is not a listed agency in RCW 34.05.328(5)(a)(i).

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This rule proposal, or portions of the proposal, is exempt under RCW 19.85.025(3). Check all that apply:

- | | |
|---|--|
| <input type="checkbox"/> RCW 34.05.310 (4)(b)
(Internal government operations) | <input type="checkbox"/> RCW 34.05.310 (4)(e)
(Dictated by statute) |
| <input type="checkbox"/> RCW 34.05.310 (4)(c)
(Incorporation by reference) | <input type="checkbox"/> RCW 34.05.310 (4)(f)
(Set or adjust fees) |
| <input type="checkbox"/> RCW 34.05.310 (4)(d)
(Correct or clarify language) | <input type="checkbox"/> RCW 34.05.310 (4)(g)
((i) Relating to agency hearings; or (ii) process requirements for applying to an agency for a license or permit) |

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- No Briefly summarize the agency's analysis showing how costs were calculated. No additional costs are imposed on CPA license applicants from the changes to the rules.
- Yes Calculations show the rule proposal likely imposes more-than-minor cost to businesses, and a small business economic impact statement is required. Insert statement here:

The public may obtain a copy of the small business economic impact statement or the detailed cost calculations by contacting:

Name:
Address:
Phone:
Fax:
TTY:
Email:
Other:

Date: 6/23/2020

Name: Charles E. Satterlund, CPA

Title: Executive Director

Signature:



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(~~(r)~~) (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.

WASHINGTON STATE BOARD OF ACCOUNTANCY

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

Time and Place of Meeting 9:00 a.m. – 10:55 p.m. Friday, April 24, 2020
Skype Conference

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
Michelle Carr, Assistant Attorney General
Jennifer Sciba, Deputy Director
Taylor Shahon, CPA, Lead Investigator
Kirsten Donovan, Board Clerk

Call to Order Board Chair, Mark Hugh, called the meeting of the Board to order at 9:00 a.m.

Minutes – January 31, 2020, Board Meeting The Board approved the minutes of the January 31, 2020, Board meeting with minor edits to the public input section. The Board approved the use of their electronic signatures on file at the Board office for the signing of the meeting minutes.

Board Policies Annual Review The Board completed its annual review of all Board policies.

The Board voted unanimously to retain the following policies with no revisions:

- 2002-4 International Reciprocity
- 2003-1 Safe Harbor Report Language for Use by Non-CPAs
- 2015-1 Board Member Travel and Attendance at Group Gatherings
- 2017-2 Publication and Disclosure of Disciplinary Actions

The Board voted unanimously to revise the following policies:

- 2004-1 Administrative Violations Guidelines

- 2017-1 Investigative and Disciplinary Process
- 2020-1 Peer Review

Board Policy 2004-1 was revised to simplify the CPE deficiency process and to align the policy with the firm licensing RCW changes. The Administrative Violation and Remedial Resolution Terms chart was updated to reflect these changes.

The Executive Director and Deputy Director advised the Board on the new process for CPE deficiencies found during the CPE audit. The process entails denying the renewal application as incomplete and lapsing the license rather than issuing a Board Order with penalties for lack of CPE. The new process was implemented per the direction of AAG legal counsel and aligns with WAC 4-30-028 for Board staff denials of incomplete applications.

Board Policy 2017-1 was updated with a minor edit to the Approval and Review section. The Complainant Recourse section was updated to reflect the current process.

Board Policy 2020-1 Peer Review was revised to edit the WAC number referenced in the policy.

The Board voted unanimously to retire the following policies:

- 2002-2 Expert Witness Services
- 2012-1 Social Media

Board Policy 2002-2 was retired, as the information contained in the policy is all included in either the Board Rules or the Public Accountancy Act.

Board Policy 2012-1 was retired, as the policy was made into an administrative policy.

The Board suggested the possible creation of a Board Policy which speaks to the Board's communication strategy to include who speaks publicly for the Board and how information is disseminated to credential holders and the public at large. The communication strategy topic will be added to the July Board meeting agenda.

The Board Chair authorized the use of his electronic signature on file at the Board office for the signing of the revised policies.

NASBA Update

The Executive Director reported that the in-person NASBA Executive Directors and Board Staff Conference was cancelled and held virtually

due to COVID-19. The following topics were covered during the virtual conference:

- Legal presentation by Brie Allen
- Uniform Accountancy Act (UAA) presentation by Tom Neill
- Link for the entire conference available
- Western Regional Conference in June will be held virtually

Tom Neil reported on the following UAA topics:

- NOCLAR – the Professional Ethics Executive Committee (PEEC) NOCLAR Task Force is getting closer to issuing its final revisions to the NOCLAR Interpretation. It is hammering out some final corrections to the wording, with the goal of getting the revised version to the full PEEC later this summer.
- As part of the NOCLAR process, there has been a request made to the Auditing Standards Board to revise the auditing professional standards, thereby allowing the predecessor auditor to communicate a NOCLAR to the successor auditor. This change in professional standards would then allow communication of confidential client information. Currently 52 of 55 licensing jurisdictions' statute and/or rules would allow this as it is under the guise of compliance with standards.

Legal Counsel's Report

Bruce Turcott, AAG reported that he is transitioning out as the Board's legal adviser. He will remain with the Attorney General's Office. Michelle Carr, AAG, will take over the role and will be working closely with Bruce during the quarter-long, transition period. Michelle stated that she looks forward to working with everyone.

The Board Chair and the Executive Director voiced their appreciation to Bruce for all of his help throughout the years as the Board's legal adviser. They welcomed Michelle and stated that they look forward to working with her as well.

Bruce Turcott also reported:

- Lawsuits against Board members are defended by the Attorney General's Office upon request
- Possible disciplinary process review at the July board meeting

Chair's Report

Farewell to Board Member

The Chair thanked Tom Neill for his dedicated service to the Board and the profession. He stated that Tom is an incredible resource who makes

everything he is involved in better. Tom’s Board service will end June 2020.

The Executive Director mirrored the Chair’s comments adding that he appreciated Tom’s professionalism and excellent advice.

Tom stated that he would be happy to remain a resource after his service on the Board has ended.

NASBA Western Regional Virtual Meeting 2020

The Chair encouraged participation at the regional meeting noting that the national meeting was well attended. He stated that he prefers the Regional meetings.

Board Meeting – July 31, 2020

The Chair stated that the July Board meeting is currently slated to be held in Spokane. Staff will keep everyone posted if the meeting needs to be changed to a virtual meeting.

He expects an in-person meeting, if held, will run longer than usual as the April meeting was condensed to accommodate the virtual format. He asked everyone to plan accordingly when making their travel arrangements.

Accounting Scandals

Mark advised that media sources are reporting potentially numerous accounting scandals may occur in the next couple of years.

Executive Committee

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

Peer Review Oversight Committee

Jackie Meucci has nothing to report.

Request Oversight Committee

Joel Cambern reported:

Firm Names: Approved:

- 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 first quarter of 2020, the Board did not receive any requests for recognition of an educational organization for purposes of obtaining list requests.

Scholarship Oversight Committee

Brian Thomas reported he spoke with Monette Anderson, WSCPA, Director of Membership, regarding the scholarship fund. Preliminary numbers include:

- 81 scholarship winners -- 55 of which are from the Board's scholarship fund
- 17 colleges represented
- Scholarship amounts -- \$5,000 for undergraduates and \$8,000 for graduate students
- 30% of recipients self-identified as diverse and 64% reported as female

The Board Chair suggested a newsletter article about the scholarship program be included in the Board's July newsletter.

Title Reform Task Force

The Board Chair presented the Board with the task force's status of title reform memo. He stated changes to the CPA-Inactive title are needed to better align with the other Boards.

The Executive Director reported the draft to the RCW is in good shape and he is looking for bill sponsorship. Contact with the Governor's Policy Office has been delayed due to COVID-19. WSCPA or agency led legislation is still being considered.

Rules Review

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

The Executive Director presented a draft of the proposed revisions to the rule and led the discussion. The proposed revisions will: 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.

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

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.

Foreign Reciprocity

- 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?

WAC 4-30-100 and 4-30-102 were considered together.

The Executive Director presented a draft of the proposed revisions to the rules and led the discussion. The proposed revisions will: 1) Rename the rule sections; 2) Add requirements from Board Policy into the rules; 3) Specify the requirements for foreign reciprocity licensure.

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

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.

Executive Director's Report

Budget Status Report

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

He reported efforts with the Office of Financial Management (OFM) to get a reduction in the WATech IT support invoice were unsuccessful. The agency is required to pay the full bill which was significantly higher this year than it has been in previous cycles due to WATech's restructuring of fees allocated to the agency.

The Executive Director reported he is closely watching if revenue is affected by COVID-19. A budget reduction is required for every state agency. He is working on reducing expenditures without a reduction in staff which is currently operating with one less full-time employee than allocated. Reduced travel due to the COVID-19 virus will help decrease expenditures.

2019 CPE Audit Results

The Executive Director presented and reported on the 2019 CPE Audit report. He stated that the failure rate remains around 10%.

CPE Deficiency Process

The topic was discussed in the Board Policy section of the meeting.

IT Modernization Update

The Deputy Director reported that the licensing system project is on schedule for completion by the end of the year. Currently, we are in the Design Phase with an expected completion date in June. Then we will move into the Build Phase. Things are running smoothly even in the current situation with everyone working from home. Meetings are being held virtually or by teleconference.

Meeting with the Executive Ethics Board (EEB) Executive Director

The Executive Director reported that the following topics were discussed during their meeting:

- Board Member travel – because of the Board’s Section 4 regulatory relationship with NASBA, NASBA cannot pay for Board member travel for committee work. The Board will pay for travel for these trips.
- NASBA meetings – Board members are able to attend NASBA galas at these meeting; however, they should not participate in raffles or drawings. If a prize is won, it must be given back or donated. Attendees have the option to leave once a raffle or drawing begins as prizes are only awarded to individuals who are present.

2020 Executive Director Annual Report

The Executive Director presented the Board of Accountancy’s Annual Report to the Governor of the agency’s activities for the year ending December 31, 2019.

Retirement Announcement

The Executive Director reported that he will retire at the end of January 2021.

The Board Members expressed their gratitude for his service to the agency and the public, stated he will be missed, and raised questions about succession. The Executive Director advised that the Deputy Director can skillfully manage the agency if a successor is not in place at the time of his retirement.

Enforcement Report

Enforcement Reports:

Taylor Shahon, CPA, Lead Investigator, presented:

- Quarterly Enforcement Report for January 1, 2020 through March 31, 2020
- Resolved Complaint Report for periods April 2019 through March 2020 and April 2018 through April 2019

Taylor reported on the following enforcement activities:

- CPE deficiency process change will remove burden from staff and licensees
- Complaints related to COVID-19 include: inability to contact CPA and work not being performed
- CPAs are being responsive to contact from the enforcement team
- Caseload is remaining manageable

Public Input

Ken Smith, PhD, thanked the Board for the time to participate and provided the following comments:

- Disappointed that Board Members contact information is not publicly available -- public records request had to be submitted to obtain the information
- Indicated additional concerns with audits conducted by the State Auditor's Office
- Expressed possible issues with an inactive CPA from another state providing services here and to which jurisdiction's laws are they held accountable
- Requested formal Board discussion with public outreach concerning audits of Washington municipalities and state government
- Suggested removing the word "governmental" in RCW 18.04.015(1)(a), if the Board is not going to provide any oversight

Adjournment

The Board meeting adjourned at 10:55 p.m.

Secretary

Chair

Vice-Chair

Member

Member

Member

Member

Member

Member

To: Washington Accountancy Board
From: Mark Hugh
Re: AICPA proposed revised interpretation on records requests
Date: July 16, 2020

Client records and client record requests require extreme caution by licensees and thorough understanding and compliance with Board rules. Former clients may not be gracious in their requests of the predecessor CPA or may owe outstanding fees, and predecessor CPAs often respond to these requests in a passive aggressive fashion. This results in frequent complaints to the Board and disciplinary action of the predecessor CPA.

The AICPA's Professional Ethics Division is proposing a revision to the AICPA's interpretation on client record requests, specifically when client records can be withheld for outstanding fees. The AICPA's revised interpretation continues to allow that copies of client provided records may be withheld for outstanding fees, but clarifies that the original documents may not and must be returned to the client regardless if outstanding fees are due.

A copy of the proposal is attached, and this change will most likely be a topic of conversation at upcoming NASBA meetings.

About half the states strictly adopt the AICPA Code without exception: Alaska, Arizona, Delaware, Idaho, Illinois, Indiana, Iowa, Louisiana, Maine, Michigan, Minnesota, Mississippi, Missouri, Montana, New Hampshire, New Jersey, New Mexico, North Dakota, Rhode Island, South Carolina, South Dakota, Utah, Virginia, and Wisconsin.

A smaller group of states, but including larger population states, do not adopt the AICPA Code: Alabama, Arkansas, California, Connecticut, the District of Columbia, Florida, Hawaii, Kentucky, Maryland, Massachusetts, Nebraska, New York, and West Virginia.

An even smaller group of states, including Washington, partially adopt the AICPA Code: Colorado, Kansas, Nevada, North Carolina, Ohio, Oregon, Pennsylvania, Tennessee, Texas, Vermont, Washington, and Wyoming.

Washington existing rule, WAC 4-30-051, is already consistent with the revised interpretation, it does not allow the withholding of client provided records for outstanding fees, unless the client provided records have been previously provided to the client.



Exposure draft

Proposed revised interpretation

Records Requests

AICPA Professional Ethics Division
May 1, 2020

Comments are requested by September 30, 2020

Prepared by the AICPA Professional Ethics Executive Committee for comments from those interested in independence, behavioral, and technical standards matters. Please address comments to Ethics-ExposureDraft@aicpa-cima.com

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May 1, 2020

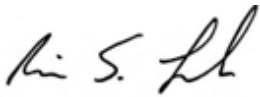
This exposure draft contains an important proposal for review and comment by the AICPA's membership and other interested parties regarding a pronouncement for possible adoption by the Professional Ethics Executive Committee (PEEC). The text and an explanation of the proposed pronouncement are included in this exposure draft.

After the exposure period is concluded and PEEC has evaluated the comments, PEEC may decide to publish the revised interpretation.

Your comments are an important part of the standard-setting process; please take this opportunity to comment. Responses must be received at the AICPA by September 30, 2020. All written replies to this exposure draft will become part of the public record of the AICPA and will be available at www.aicpa.org/peecprojects. PEEC will consider comments at its subsequent meetings.

Please email comments to Ethics-ExposureDraft@aicpa.com.

Sincerely,



Brian S. Lynch, Chair
Professional Ethics Executive Committee



Toni Lee-Andrews, Director, CPA, PFS, CGMA
Professional Ethics Division

Professional Ethics Executive Committee (2019–2020)

Brian S. Lynch, *Chair*

J. Coalter Baker

Chris Cahill

Tom Campbell

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Anna Dourdourkas

Anika Heard

Kelly Hunter

Sharon Jensen

Jennifer Kary

Martin Levin

Jeff Lewis

William McKeown

Jim Newhard

Stephanie Saunders

Lewis Sharpstone

Lisa Snyder

Peggy Ullmann

Doug Warren

Larry Wojcik

Records Requests Task Force

Peggy Ullmann, *Chair*

Martin Levin

Jeff Lewis

George Dietz

Stephanie Saunders

Ethics division task force staff

April Sherman, CPA, CGMA, Manager

Aradhana Aggarwal, CPA, Manager

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Explanation of the proposed revisions

The Professional Ethics Executive Committee (PEEC) is exposing for comment revisions to the interpretation “Records Requests” (ET sec. 1.400.200)¹ under the “Acts Discreditable Rule” (ET sec. 1.400.001). PEEC believes the proposed revisions will help members better understand their ethical responsibilities with respect to requests for records.

Proposed revisions

The extant interpretation requires that client-provided records² in the member’s custody or control be returned to the client upon request (par. .06) but then permits withholding such records if the client does not pay for the time and expense the member charges to retrieve and copy client-provided records (par. .11).

Though PEEC continues to agree that withholding for payment of these fees should be permitted, the proposal clarifies that it was PEEC’s intent to permit it only with respect to copies of client-provided records a member previously provided to the client. Withholding is not permitted when responding to a client’s initial request for these records to be returned. The proposed revisions to clarify PEEC’s intent are reflected in paragraphs .06 and .11 of this exposure draft.

The extant interpretation is silent about whether a member can charge for shipping fees. PEEC believes the shipping fees should be treated similarly to copying and retrieval fees, as the shipping fees represent an additional cost of providing records to clients. Paragraphs .06 and .11a are revised to add shipping fees.

The extant interpretation requires members to return or to provide member-prepared records and work products in certain situations. Questions have arisen about whether members would be in compliance with the interpretation if they made this information *available* to the client (for example, picked up, portal). PEEC believes making this information (as well as the member’s copy of client-provided records previously provided to the client) *available* to the client would satisfy the member’s ethical responsibility under this interpretation even though this could result in placing some responsibility on the client. Paragraphs .03, .04, .07, .08, .09, .10, .11 and .12 of this exposure draft are revised to reflect this position.

The extant interpretation requires the provision of a member’s work products only to a beneficiary (paragraph .03). However, PEEC believes it inadvertently overlooked extending this requirement to member-prepared records and, as such, proposes adding member-prepared records to paragraph .03 to correct this oversight.

NASBA

Prior to PEEC’s proposal, the National Association of State Boards of Accountancy (NASBA) surveyed state boards of accountancy regarding the boards’ rules related to the treatment of copying, retrieval, and shipping fees incurred by licensees in complying with records requests. Responses were varied among those boards that have not adopted the AICPA Code of Professional Conduct. Accordingly, PEEC made no revisions based upon the responses, as paragraph .05 of the extant interpretation already alerts members to their responsibility to comply with the rules of their respective state boards of accountancy when such rules are more restrictive.

Effective date

PEEC believes that some members may need time to implement the proposed revisions. As such, PEEC recommends that the interpretation be effective 60 days after publication in the *Journal of Accountancy*.

Request for comments

PEEC welcomes comments on all aspects of the proposed revisions, including the proposed effective date.

¹ All ET sections can be found in AICPA *Professional Standards*.

² Client-provided records are accounting or other records, including hardcopy and electronic reproductions of such records, belonging to the client that were provided to the member by, or on behalf of, the client.

Text of proposed revised interpretation “Records Requests”

(Additions appear in ***boldface italic*** and deletions in ~~strikethrough~~.)

1.400.200 Records Requests

Terminology

- .01 The following terms are defined here solely for use with this interpretation:
- a. A client includes current and former clients.
 - b. A member means the member or the member's firm.
 - c. Client-provided records are accounting or other records, including hardcopy and electronic reproductions of such records, belonging to the client that were provided to the member by, or on behalf of, the client.
 - d. Member-prepared records are accounting or other records that the member was not specifically engaged to prepare and that are not in the client's books and records or are otherwise not available to the client, thus rendering the client's financial information incomplete. Examples include adjusting, closing, combining, or consolidating journal entries (including computations supporting such entries) and supporting schedules and documents that the member proposed or prepared as part of an engagement (for example, an audit).
 - e. Member's work products are deliverables set forth in the terms of the engagement, such as tax returns.
 - f. Working papers are all other items prepared solely for purposes of the engagement and include items prepared by the
 - i. member, such as audit programs, analytical review schedules, and statistical sampling results and analyses.
 - ii. client at the request of the member and reflecting testing or other work done by the member.

Applicability

- .02 When a person or entity engages a member to perform professional services (engaging entity) with respect to or for the benefit of another person or entity, the member will be considered in compliance with the requirements of this interpretation related to client-provided records if the member returns these records to the person or entity that gave the records to the member.
- .03 When an engaging entity engages a member to perform professional services for the benefit of another person or entity (beneficiary), the member will be considered in compliance with the requirements of this interpretation related to ***member-prepared records and a member's work products*** if the member ~~provides~~ ***makes*** such ~~work products~~ ***records and work products available*** to the beneficiary. For example, if a company engages a member to perform personal tax services for the benefit of its executives, the member would be in compliance with the interpretation if the member ~~provided~~ ***made*** the tax returns ***available*** to the executives (see the [“Confidential Client Information Rule”](#) [1.700.001]).
- .04 When an engaging entity engages a member to perform professional services with respect to another entity that is not the beneficiary of the professional services, absent an agreement stating otherwise, the member would be in compliance with the requirements of this interpretation related to a member's work products if the member ~~provided~~ ***made*** such

work products **available** to the engaging entity. For example, if a company engaged a *member* to value the assets of another company for a possible acquisition, absent an agreement stating otherwise, the *member* would be in compliance with this interpretation if the *member* provided **made** the valuation report **available** only to the engaging entity.

Interpretation

- .05 Members must comply with the rules and regulations of authoritative regulatory bodies, such as the member's state board(s) of accountancy, when the member performs services for a client and is subject to the rules and regulations of such regulatory bodies. For example, a member's state board(s) of accountancy may not permit a member to withhold certain records, even though fees are due to the member for the work performed. Failure to comply with the more restrictive provisions of the applicable regulatory body's rules and regulations concerning the return of certain records would constitute a violation of this interpretation.
- .06 ~~The member should return client-provided records in the member's custody or control to the client at the client's request.~~ **When a client makes a request for client-provided records, the member should return those records in the member's custody or control to the client. Such client-provided records cannot be withheld regardless of nonpayment of fees. Further, although the member may charge the client a reasonable fee for the time and expense incurred to retrieve, copy, and ship such records, the client-provided records may not be withheld or delayed due to non-payment of such fees.**
- .07 Unless a member and the client have agreed to the contrary, when a client makes a request for member-prepared records or a member's work products that are in the member's custody or control and that have not previously been provided to the client, the member should respond to the client's request as follows:
 - a. The member should ~~provide~~ **make available to the client** member-prepared records relating to a completed and issued work product ~~to the client~~, except that such records may be withheld if fees are due to the member for that specific work product.
 - b. Member's work products should be ~~provided~~ **made available** to the client, except that such work products may be withheld
 - i. if fees are due to the member for the specific work product;
 - ii. if the work product is incomplete;
 - iii. if for purposes of complying with professional standards (for example, withholding an audit report due to outstanding audit issues); or
 - iv. if threatened or outstanding litigation exists concerning the engagement or member's work.
- .08 Once a member has complied with these requirements, he or she is under no ethical obligation to
 - a. comply with any subsequent requests to again ~~provide~~ **make** records or copies of records described in [paragraphs .03–.04](#) **available to the client**. However, if subsequent to complying with a request, a client experiences a loss of records due to a natural disaster or an act of war, the member should comply with an additional request to provide **(or make available)** such records.
 - b. retain records for periods that exceed applicable professional standards, state and federal statutes and regulations, and contractual agreements relating to the service performed. [Prior reference: paragraph .02 of ET section 501]
- .09 A member who has provided **(or made available)** records to an individual designated or held out as the client's representative, such as the general partner, majority shareholder,

- or spouse, is not obligated to provide **or make** such records **available** to other individuals associated with the client. [Prior reference: paragraphs .377–.378 of ET section 591]
- .10 Working papers are the member's property, and the member is not required to ~~provide~~ **make** such information **available** to the client. However, state and federal statutes and regulations and contractual agreements may impose additional requirements on the member.
- .11 In fulfilling a request for ~~client-provided records~~ member-prepared records, ~~or a member's work products,~~ **or the member's copy of client-provided records previously provided to the client (as referenced in paragraph .08)**, the member may
- a. charge the client a reasonable fee for the time and expense incurred to retrieve ~~and,~~ copy **and ship** such records and require that the client pay the fee before the member ~~provides~~ **makes** the records **available** to the client.
 - b. ~~provide~~ **make** the requested records **available** in any format usable by the client. However, the member is not required to convert records that are not in electronic format to electronic format. If the client requests records in a specific format and the records are available in such format within the member's custody and control, the client's request should be honored. In addition, the member is not required to ~~provide~~ **make formulas available to** the client ~~with formulas,~~ unless the formulas support the client's underlying accounting or other records or the member was engaged to ~~provide~~ **make** such formulas **available** as part of a completed work product.
 - c. make and retain copies of any records that the member returned or provided to the client.
- .12 A member who is required to return or ~~provide~~ **make** records **available** to the client should comply with the client's request as soon as practicable but, absent extenuating circumstances, no later than 45 days after the request is made.
- .13 The fact that the statutes of the state in which the member practices grant the member a lien on certain records in his or her custody or control does not relieve the member of his or her obligation to comply with this interpretation. [Prior reference: paragraph .02 of ET section 501]
- .14 A member would be considered in violation of the "[Acts Discreditable Rule](#)" [1.400.001] if the member does not comply with the requirements of this interpretation.

Washington State Board of Accountancy Disciplinary Process

April 2020

COMPLAINTS, INVESTIGATIONS, and the ADJUDICATIVE PROCESS

Legislative Intent

- It is the policy of this state . . . to protect the public interest by requiring that:
 - Persons who hold themselves out as licensees or certificate holders conduct themselves in a competent, ethical, and professional manner . . .
 - The use of accounting titles likely to confuse the public be prohibited.
- RCW 18.04.015(1)

Board Authority for Investigation and Discipline

- Chapter 18.04 RCW
Public Accountancy Act
- Chapter 4-30 WAC
Board Rules
- Board has sole jurisdiction
 - Exhaustion of administrative remedies
- No time limit on bringing prosecutions

Scope of Authority

- Licensed CPAs
- Licensed CPA firms
- Individual and firm license applicants
- Unlicensed individuals and firms practicing or offering to practice public accountancy or using CPA title in Washington

Types of Disciplinary Actions

- Unprofessional conduct by licensees
- Unlicensed practice by non-licensees
- Peer Review deficiencies
- CPE deficiencies

COMPLAINTS and INVESTIGATIONS

Basis for Disciplinary Action

RCW 18.04.295; WAC 4-30-142

- Violation of Public Accountancy Act
- Violation of rules of professional conduct adopted by the Board
- Fraud or deceit in obtaining license or in filings with the Board
- Dishonesty, fraud, or negligence of licensee, certificate holder, or non-licensee owner of licensed firm

Basis for Disciplinary Action, cont'd

- Conviction of a crime or act constituting a crime under state or federal law
- Disciplinary actions by other jurisdictions
- Suspension or revocation of right to practice public accounting before a state or federal agency
- Not maintaining qualifications for licensure

Basis for Disciplinary Action, cont'd

- Failure to respond to Board subpoenas, failure to cooperate with Board investigation
- Failure by non-licensee owner of licensed firm to comply with accountancy act and rules
- Failure to comply with Board order
- False advertising—RCW 18.04.380

Unlicensed Practice

RCW 18.04.345

- Use of CPA title
- Failure to obtain CPA firm license
- Late renewal or nonrenewal

Prosecution Team Members

- Executive Director
 - Investigation staff
- Consulting Board Member
- Prosecuting Assistant Attorney General

Complaint Processing

Board Policy 2017-1

- Investigative team reviews all complaints to determine if allegations are within Board's authority
- ED may
 - Dismiss
 - Assign to investigator

Complaint Processing, cont'd

- Dismissal if
 - No jurisdiction (not within Board authority)
 - No basis for investigation
 - Exempt from investigation by Board policy (e.g., fee disputes)
- Close file, notify complainant Board will not investigate

Investigations

WAC 4-30-140

- Complainant notified in writing complaint will be investigated
- Lead Investigator handles investigation
- Copy of complaint to respondent in most cases, response requested
- Determine investigative plan

Investigations, cont'd

- Lead Investigator reports findings to ED
- ED works with Consulting Board Member (CBM) to determine if investigation produces sufficient evidence of violation
- If at any time ED and CBM determine insufficient evidence, ED may dismiss complaint and close file without further action

Post-Investigation Actions

- For some first-time violations, Board Policy 2004-1 authorized ED (with CBM concurrence) to negotiate remedial resolution
- For other violations, (with CBM concurrence) serve Statement of Charges (SOC) / enter settlement negotiations
- Disciplinary process shall proceed in a timely manner in keeping with circumstances of individual case

the ADJUDICATIVE PROCESS

Screening

- Prosecution team members (Board staff, CBM, prosecuting AAG) may not discuss cases with other Board members or AAG Advisor, and vice versa
 - May discuss procedural status

Statements of Charges

- Proposed Consent Agreement offered to respondent when Statement of Charges served or before SOC served
- At any time, ED may issue SOC, which begins formal hearing process, under Administrative Procedure Act
- Respondent has opportunity to answer SOC and request formal hearing

Consent Agreements

- Alternative to formal hearing
- Board policy encourages negotiated settlement
 - Faster results
 - Saves resources
 - Enhances compliance
- Settlement may be reached at any time in a case

CAS, cont'd

- Initial terms of settlement identified by ED in consultation with CBM
- Customized terms of resolution
- Terms may be self-enforcing, such as “stayed suspension” conditioned on compliance with conditions

CAs, cont'd

- Negotiations may involve settlement conference with respondent
- ED (and Prosecuting AAG, if SOC served) negotiate terms that protect the public interest—CBM authorizes

CAs

Board Action

- Consent Agreement presented to Board (except CBM) for approval by meeting or email voting (if presented by email, any Board member may request it placed on meeting agenda)
- If disapproved, revised CA may be re-negotiated.
- If Board disapproves and revised agreement cannot be reached, hearing held.

Hearing Process

Prehearing Conference

- Administrative Procedure Act applies
 - Ch. 34.05 RCW
 - Ch. 10-08 WAC (rules of procedure)
- Presiding Officer appointed (Board Chair)
- Prehearing conference by phone
 - Scheduling, deadlines, procedural matters, simplification of issues—WAC 10-08-130
 - Prehearing order issued

Hearing Participants

- Quorum of the Board (5), who have not been involved in the investigation.
- AAG Advisor
- AAG Prosecutor
- ED and staff
- Respondent and legal counsel, if any
- Witnesses for both parties
- Court reporter
- General public (only deliberations can be in closed session)

Default

- Licensee must timely respond to SOC and request hearing within 20 days
- No response, or untimely response, is default
- Motion for default presented to Board
- Board issues default order imposing sanctions
- Respondent who fails to appear at hearing may move to vacate default within 7 days—needs to show good cause

Hearing Process

Hearing—RCW 34.05.449

- Quorum (except CBM) and Advisor AAG
- Presiding Officer regulates proceedings
 - To extent necessary for full disclosure of all relevant facts and issues . . . afford to all parties opportunity to respond, present evidence and argument, conduct cross-examination, and submit rebuttal evidence

Hearing Process

Order of Proceedings

- Opening statements
- Prosecutor AAG has burden of proving facts to support charges
 - Direct, cross, redirect, recross examinations
- Respondent (or attorney) refutes charges
 - Repeat order of testimony above
- Board may ask questions of witnesses
- Closing statements

Hearing Process

Evidence—RCW 34.05.452

- Presiding officer rules on objections to admissibility (assisted by AAG advisor)
- Evidence that is admissible:
 - “[E]vidence on which reasonably prudent people are accustomed to rely in the conduct of their affairs”
 - Hearsay
- Evidence that is not admissible:
 - Irrelevant, immaterial, or unduly repetitious
 - Privileged

Hearing Process

Deliberation

- In closed session, Board deliberates based on appropriate standard of evidence
 - Preponderance of evidence (or clear, cogent and convincing evidence)
- Decision of Board must be based only on evidence presented in hearing, no other evidence
- Board issues Findings of Fact, Conclusions of Law and Final Order

Sanctions

RCW 18.04.295

- Revocation
- Suspension
- Refusal to issue, renew, or reinstate license
- Reprimand
- Fines up to \$30,000 per violation
- Investigative and legal costs
- Restitution
- Conditions precedent to renewal

Sanctions, cont'd

RCW 18.04.295

- Limitation on practice
- Remedial Education
- CPE, Ethics courses
- Corrective Action
- Monitoring of practice
- Probation (e.g., stayed suspension)
- “Other corrective action”

Board Order

- Final order is signed by Presiding Officer
- Board Clerk serves Final Order (and all hearing notices and orders)
- Respondent may ask for reconsideration within 10 days, based on errors in order

Judicial Review

- Board order is final agency action
- Respondent may appeal to superior court within 30 days
- Judicial review is based on record compiled during hearing—no new evidence
- Standard of judicial review—RCW 34.05.570
 - Was Board's order supported by substantial evidence? (sufficient to persuade a fair-minded person of the truth of the proposition)
 - Were there errors of law?

Compliance Monitoring

- Terms of orders (including agreed orders) that identify performance expectations of respondent are noted
- Executive Director and staff review compliance with orders
- Superior court has jurisdiction to enforce a Board order converted to judgment

Unlicensed Practice Cases

- ED may
 - Negotiate Consent Agreement—RCW 18.04.370
 - If no settlement, serve Statement of Charges
- Prosecuting AAG may seek injunctive relief in superior court—RCW 18.04.360
- ED may refer to county prosecutor—RCW 18.04.370 (must refer if second violation)

Brief Adjudicative Proceedings (BAPs)

- In appropriate circumstances hearing is in form of BAP
- BAP may only be used for review of types of decisions authorized in WAC 4-30-028, for example:
 1. Denial of individual or firm license, renewal, or application for reinstatement
 2. Denial of exam application

BAPs, cont'd

- BAP conducted by Board member
- BAP reviews documents only—no witnesses
- BAP Presiding Officer issues Initial Order
- If appealed, Vice-chair or designee conducts administrative review and issues Final Order

Emergency Action

- If immediate danger to public health, safety, or welfare requiring immediate agency action—RCW 34.05.479
- Board issues Order effective immediately
- Order contains findings of fact, conclusions of law, and reasons for emergency

Emergency Action, cont'd

- Orders with immediate effect may be used only in emergency situations because respondent not given prior hearing
- Expedited hearing must be offered on justification for emergency

GENERAL PRECAUTIONS FOR ALL ADJUDICATIONS

Precautions

- Ex parte communication (any substantive communication between respondent or Board prosecution staff and Board regarding an action pending before the Board) – if occurs even inadvertently must be promptly disclosed to all parties
- Confidentiality (do not discuss with anyone other than Board members hearing the case)

Questions and Answers

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WAC 4-30-028 What rules govern the proceedings before the board?

Except where they are inconsistent with the rules in this chapter and subject to additional rules that the board may adopt from time to time, practice and procedure in and before the board are governed by the uniform procedural rules codified in the Washington Administrative Code, chapter 10-08 WAC.

For certain types of decisions, the board has adopted an appeal process authorized by RCW 34.05.482 through 34.05.494 which is called a brief adjudicative proceeding. Decisions to which this appeal process will be applied are:

(1) Staff denials of initial individual license applications, renewals, or applications for reinstatement;

(2) Staff denials of CPA-Inactive certificate renewals or applications for reinstatement;

(3) Staff denials of practice privilege reinstatements;

(4) Staff denials of initial resident nonlicensee firm owner registration applications, renewals, or applications or requests for reinstatement;

(5) Staff denials of initial firm license applications, renewals, and amendments;

(6) Staff denials of exam applications; and

(7) A proposed suspension as a result of a determination by a lending agency of nonpayment or default on a federally or state-guaranteed student loan or service conditional scholarship.

To appeal a decision you must submit your request for a brief adjudicative proceeding, **in writing**, to the board **within thirty days** after the decision by board staff is posted in the U.S. mail. The board chair or the board vice chair, if the board chair is unavailable, will appoint one member of the board as the presiding officer for brief adjudicative proceedings. The presiding officer renders a decision either upholding or overturning the denial. This decision, called an order, will be provided to you at the last address you furnished to the board.

If you are dissatisfied with the order in the brief adjudicative proceeding, you may appeal to the board's vice chair, or designee. This appeal process is called an administrative review. Your appeal must be received by the board, **orally or in writing, within twenty-one days** after the brief adjudicative proceedings order is posted in the U.S. mail. The vice chair, or designee, considers your appeal and either upholds or overturns the brief adjudicative proceeding order. The vice chair's, or designee's, decision, also called an order, will be provided to you at the last address you furnished to the board.

[Statutory Authority: RCW 18.04.055(1), 34.05.220, and 34.05.482. WSR 10-24-009, amended and recodified as § 4-30-028, filed 11/18/10, effective 12/19/10; WSR 08-18-016, § 4-25-540, filed 8/25/08, effective 9/25/08; WSR 05-01-137, § 4-25-540, filed 12/16/04, effective 1/31/05; WSR 02-04-064, § 4-25-540, filed 1/31/02, effective 3/15/02. Statutory Authority: RCW 18.04.055(1) and 34.05.482. WSR 00-11-070, § 4-25-540, filed 5/15/00, effective 6/30/00; WSR 98-12-022, § 4-25-540, filed 5/27/98, effective 6/27/98. Statutory Authority: RCW 18.04.055. WSR 93-12-074, § 4-25-540, filed 5/27/93, effective 7/1/93.]

Request Oversight Committee Report July 2020

Joel Cambern, Chair

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

Firm Names: *Approved:*

SQUAREUP TAX DBA SQUAREUP CPA
TEDDY ACCOUNTING AND TAX SERVICES
REESE TAX & ACCOUNTING
BAKER TILLY US, LLP

Professional/Educational Organization – Recognition Requests – During the 2nd quarter of 2020, the Board received one request for recognition of an educational organization for purposes of obtaining list requests. The request was approved for:

- Halfmoon Education, Inc.

Domestic or International Education Credential Evaluation Services – During the 2nd quarter of 2020, the Board did not receive any requests for recognition of domestic or international education credential evaluation services.

Late Fee Waiver Requests – Late Fee Waiver Requests were received between 05/01/2020 and 06/30/2020.

The Board received 13 late fee waiver requests:

- 10 requests approved due to COVID-19
- 3 requests approved due to other reasons



Scholarship Oversight Committee
Board Report
July 2020

Committee Chair: Brian R. Thomas, CPA
Members: Jacqueline Meucci, CPA
Kate Dixon, Public Member
Carol A. Morgan, CPA

- Checks for this year's scholarships are currently being mailed in order to meet fall tuition deadlines
- Budget for next year's scholarships will be presented to the Board at the October meeting
- The application process will go live in early fall

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

Report Number: AEP04

Biennium: 2021

As of Fiscal Month: Jun FY1

Date Run: Jun 30, 2020 11:50PM

Account: 02J

Allotment Content: Approved & Adjusted

Estimated Revenue Content: Approved & Adjusted

Transactions Through: Jun 30, 2020 8:00PM

Revenue Content: Cash, Acct(all)

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

	RTD	RTD	RTD	RTD	RTD	RTD	Biennium
	Allotment	Disbursement	Accrual	Encumbrance	Variance	Remaining	

By Account/Expenditure Authority

021 - Certified Public Accountants' Acct	1,871,008	1,582,782.85	(2,000.00)	0.00	290,225.15	2,225,217.15
030 - Salaries and Expenses	1,871,008	1,582,782.85	(2,000.00)	0.00	290,225.15	2,225,217.15

Total for Agency

By Account/Expenditure Authority

A - Salaries and Wages	759,133	728,960.30	0.00	0.00	30,172.70	820,080.70
B - Employee Benefits	270,988	264,366.48	0.00	0.00	6,621.52	289,382.52
C - Professional Service Contracts	115,704	10,180.98	0.00	0.00	105,523.02	221,227.02
E - Goods and Services	676,847	549,354.38	(2,000.00)	0.00	129,492.62	827,775.62
G - Travel	33,336	29,920.71	0.00	0.00	3,415.29	36,751.29
J - Capital Outlays	15,000	0.00	0.00	0.00	15,000.00	30,000.00
Total for Agency	1,871,008	1,582,782.85	(2,000.00)	0.00	290,225.15	2,225,217.15

By Object

Fund

Balance As Of:	6/30/2020	Show Balances As Of:	06/30/2020
Book Balance:	2,955,720.42	<input type="button" value="Retrieve"/>	
Outstanding Warrants:	1,545.00		
Cash Balance:	2,957,265.42		

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

Fund

Balance As Of:	6/30/2020	Show Balances As Of:	06/30/2020
Book Balance:	200,000.00	<input type="button" value="Retrieve"/>	
Outstanding Warrants:	0.00		
Cash Balance:	200,000.00		

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

Board of Accountancy

Washington State

Enforcement Report

<u>Quarterly Report (Apr 01, 2020 through Jun 30, 2020)</u>			
Complaint Workload			
	Received in Previous Period	Received in Report Period	Total
Complaints Open	17	16	33
Closed with No Action	(8)	(8)	(16)
Closed with Action Taken	(6)	0	(6)
Complaints at End of Period	3	8	11
Details of Complaint Closures			
Closed Disposition	Administrative	Public Harm	Total
No Action Taken	0	16	16
Revocation, Suspension, Restriction	0	2	2
Fines, costs, and other sanctions	0	4	4
Remedial Resolution (Policy 2004-1)	0	0	0
Total Closed	0	22	22

<u>Twelve-Month Lookback (Jul 01, 2019 through Jun 30, 2020)</u>			
Complaint Workload			
	Received in Previous Period	Received in Report Period	Total
Complaints Open	8	92	100
Closed with No Action	(5)	(68)	(73)
Closed with Action Taken	(3)	(14)	(17)
Complaints at End of Period	0	10	10
Details of Complaint Closures			
Closed Disposition	Administrative	Public Harm	Total
No Action Taken	9	63	72
Revocation, Suspension, Restriction	0	5	5
Fines, costs, and other sanctions	1	4	5
Remedial Resolution (Policy 2004-1)	7	0	7
Total Closed	17	72	89

Board of Accountancy Washington State

All complaints - resolved with and without discipline

	<u>Jul 2019 to Jun 2020</u>		<u>Jul 2018 to Jul 2019</u>	
	<i>All</i>	<i>Action Only</i>	<i>All</i>	<i>Action Only</i>
Public Harm				
Negligence - Attest related	6	3	2	1
Negligence, Disregard of standards	54	2	36	6
Use of Restricted Titles	4	2	11	3
Embezzlement, Theft, Breach of Fid. Duty	3	2	2	2
Breach of Confidentiality	0	0	0	0
Records Retention Causing Harm	6	0	4	0
<u>Subtotal</u>	73	9	55	12
Administrative				
Peer Review	2	0	0	0
CPE - Deficient 16 hours or less	4	4	9	6
CPE - Deficient 17 hours or more	4	1	7	5
CPE - Deficient eligible WA ethics	3	3	19	19
CPE - Failure to respond to CPE audit	3	0	0	0
<u>Subtotal</u>	16	8	35	30
Total	89	17	90	42

<u>Apr 01, 2020 through Jun 30, 2020</u>				
CBM Report				
	BAP	Action	No Action	Total
Mark Hugh	2	0	0	2
Rajib Doogar	0	0	4	4
Joel Cambern	0	1	0	1
Brian Thomas	0	0	3	3
Jacqueline Meucci	0	1	0	1
Kate Dixon	0	0	6	6
Carol Morgan	0	1	0	1
Thomas Sawatzki	0	2	2	4
Brooke Stegmeier	0	0	0	0
Thomas Neill (former)	0	1	0	1
None	0	0	1	1
Total	2	6	16	24

Remediation for CPE Deficiencies



Retrospective Review



Prospective Review



Brief Adjudicative Proceedings



Summary



Questions?

We will look at...

- ⑩ The Issues
- ⑩ The Resolutions
- ⑩ The Time

Retrospective Review

The Issue

- Each renewal period, a CPA must complete 120 hours of CPE. In their application, the CPA attests they have completed 120 hours of CPE. *WAC 4-30-134(1)(b) and (c)*
- If selected for the CPE audit, individuals are required to provide certificates and/or documentation for all 120 hours of claimed CPE. *WAC 4-30-136*
- If the CPA cannot provide sufficient documentation, then they are deemed to have failed the CPE audit, and not meet the qualifications for renewal. *WAC 4-30-134(4)*
- ***Note: These requirements may differ for CPA-Inactive certificateholders and nonlicensee firm owners.***



The Resolutions



CPE Under 60 Hours.
For CPE deficiencies under 60 hours, the Board authorized the Executive Director to impose a Remedial Resolution, which would assess a fine, cost recovery, and make-up of the deficient courses. *Board Policy 2004-1.*



CPE Over 60 Hours.
CPE deficiencies of over 60 hours do not qualify for Remedial Resolutions. For these matters, the Executive Director would issue a Statement of Charges and proposed Consent Agreement, and resolve it through discipline.



Failure to Respond.
If the individual fails to respond, then the Executive Director would issue a Statement of Charges and proposed Consent Agreement, and attempt to resolve through discipline. This generally results in a default order.



The Time

- These processes involved many involved parties.
- Remedial Resolution: Respondent, Executive Director, Deputy Director, Lead Investigator, Enforcement Administrator.
- Statement of Charges and Consent Agreement: Respondent, Executive Director, Deputy Director, Lead Investigator, Enforcement Administrator, Consulting Board Member, Assistant Attorney General.
 - If this proceeds to a hearing: Board Clerk, all Board members, second Assistant Attorney General.

Retrospective Review

High level...

- **The Issue:**
The CPA failed to satisfy the requirements for renewal, which might include deficient CPE and/or failure to respond.
- **The Resolutions:**
The resolution method for these issues ranged from a Remedial Resolution, all the way to a potential Board hearing.
- **The Time:**
The amount of time involved in even the simplest CPE deficiencies is considerable. For more complicated cases, such as those that move to a default hearing, the involved time and number of parties becomes significant.

We will look at...

- ⑩ Statute and rule
- ⑩ Lapsing a license
- ⑩ Due process

Prospective Review

Statute and rule

- RCW 18.04.215(7)
 - A licensee shall submit to the board satisfactory proof of having completed... CPE... Failure to furnish this evidence as required shall make the license lapse and subject to reinstatement procedures, unless the board determines the failure to have been due to retirement or reasonable cause.
- WAC 4-30-134(4)
 - Under the following circumstances the board will serve notice that a license... will lapse and the individual will have an opportunity to request a brief adjudicative proceeding:
 - (a) An individual who applied for renewal and failed to obtain the required CPE credit hours by December 31st of the last year of their CPE reporting period and failed to request an extension by their expiration date;
 - (b) An individual who applied for renewal and failed to obtain the required CPE credit hours by December 31st for the second time in any two consecutive CPE reporting periods; or
 - (c) An individual who applied for renewal and failed to obtain the necessary CPE credit hours by June 30th of their renewal year after submitting an extension request.



Lapsing a license

By statute and rule...

If a CPA does not meet the renewal requirements either by (1) failing to submit appropriate CPE documents, or (2) failing to take the required CPE, then the individual CPA license shall lapse.

The staff takes exceptional efforts to contact and work with individuals throughout the CPE audit process.

The time from the notice of CPE audit to its conclusion, for such failures, is approximately ***three months.***

The individual is given due process throughout the CPE audit and throughout the follow-up process.

The decision to deny the renewal application begins at the staff level.

RCW 18.04.215(7) does provide an exception for those who **failed to furnish documents** due to reasonable cause, which may be judged on a case-by-case basis, such as matters of military deployment, medical conditions. However, the process to request exceptions for **failing to complete CPE** is through an extension request.

Due process

1. The CPE audit, the individual is unable to provide sufficient CPE documentation.
2. The individual is notified of the staff's intent to deny the application. The individual is informed about their right to appeal.
3. The individual has 30 days from the date of notice to appeal the decision.
 1. If an appeal is filed: A *brief adjudicative proceeding* (WAC 4-30-028) is held. Details on later slides.
 2. If an appeal is not filed: The license shall lapse on the later of...
 1. 30 days after the date of the notice.
 2. The individual's July 1 expiration date.

14th Amendment

"...nor shall any State deprive any person of life, liberty, or property, without due process of law; nor deny to any person within its jurisdiction the equal protection of the laws."

Prospective Review

High level...

- **Statute and rule:**
The Board has an established foundation to lapse an individual's license for failure to meet renewal requirements.
- **Lapsing a license:**
There is considerable lead time for the individual to comply with the requirements, if possible, or otherwise be aware of the proceedings.
- **Due process:**
Most important to this entire process is that the individual is afforded appropriate due process.

We will look at...

- ⑩ The What and Why
- ⑩ The How and When
- ⑩ The Who and After

Brief Adjudicative Proceeding (BAP)

The What and Why

- WAC 4-30-028 defines the Board's brief adjudicative proceeding process. This gives the individual due process to appeal staff decisions.
- This in effect is like a mini-hearing based on the documents. A presiding officer (the Board Chair or a designee) will ultimately decide whether to uphold or overturn the staff decision to deny the license.
- If the individual is dissatisfied with the outcome, they can appeal the decision. The vice-chair becomes the presiding officer in this phase, and will ultimately decide whether to concur with the previous presiding officer's decision, or overturn it.



The How and When

1. Board staff mails a notice to the individual that they intend to deny the renewal application.
2. The individual has 30 days to request a BAP in writing. If they do not, then their license shall lapse, and there is no further recourse available.
3. If the individual does request a BAP, then staff will coordinate with the presiding officer, whom may consult with the Assistant Attorney General, to render a decision.
4. If the individual wishes to appeal the presiding officer's decision, they must request an appeal orally or in writing within 21 days.
5. There is no further recourse available through the Board at an administrative level.



The Who and After

- Involved parties
 - No BAP: The staff and the individual.
 - BAP: Board clerk, the individual, presiding officer, and AAG.
 - BAP appeal: Board clerk, the individual, vice-chair, and AAG.
- If the BAP result overturns the staff decision, then the application will no longer be denied, and the individual can renew.
- If the application remains denied, then the individual's license shall lapse.
 - If they wish to obtain their license again, they must submit a reinstatement application. This requires documentation for 120 hours of CPE within a retrospective, 36-month window. This ensures the individual is compliant and current with their CPE.



Brief Adjudicative Proceeding (BAP)

High level...

- **The What and Why:**
Board rule establishes the process for the BAP and its importance for due process.
- **The How and When:**
There are specific timings should the individual wish to appeal the decision.
- **The Who and After:**
There are relatively few people and little time involved in this process than the resolutions previously pursued. If denied, the individual always has the option to reinstate their license.

Summary

- **Previously, discipline.**
CPAs who failed the CPE audit were previously disciplined.
- **RCW and WAC.**
The new process of lapsing individuals that fail the CPE audit is aligned with the process set forth in RCW and WAC.
- **Simplified.**
This process becomes simpler for staff, individuals, and the Board. It saves significant time and money for all parties. It becomes clearer to communicate. This is also clearer for consumers – all licensees that are active should be compliant with CPE at that time.
- **CPE matters.**
Individuals still must complete all required CPE. Individuals that are deficient will not hold an active license.

Questions?

- ⑩ The process?
- ⑩ Brief adjudicative proceedings?
- ⑩ RCW and WAC?

The End

