

BOARD MEETING AGENDA

Date, Time: Friday, July 30, 2021 – 9:00 a.m.

Location: Microsoft Teams Meeting

Notices: None

Chair Introductions

Attachments at page(s):

1. Minutes – April 30, 2021, Board Meeting..... 7-13
2. Rules Review
 - a. Semi-annual Rules Development Agenda 14
 - b. WAC 4-30-028 What rules govern the proceedings before the board? 15-18
 - c. WAC 4-30-062 Applying to take the CPA examination 19-24
3. NASBA Update
4. The Future of the Profession and the Profession of the Future
5. Chair’s Report
6. Legal Counsel’s Report
7. State Auditor’s Office (SAO) Audit Results 25-31
8. Committee/Task Force Reports
 - a. Executive Committee – Joel Cambern, Public Member, Chair
 - b. Peer Review Oversight Committee (PROC) – Jacqueline Meucci, CPA, Chair
 - c. Request Oversight Committee (ROC) – Tom Sawatzki, CPA, Chair 32
 - d. Scholarship Oversight Committee (SOC) – Carol Morgan, CPA, Chair
 - e. CPA Exam Remote Proctoring Task Force – Rajib Doogar, Public Member, Chair
9. Executive Director’s Report 33-37
10. Washington State Board of Accountancy Disciplinary Process 38-64
11. Enforcement Report
 - a. Quarterly Enforcement and Resolved Complaint Reports..... 65-66

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

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

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

12. 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.
13. Executive and/or Closed Sessions with Legal Counsel

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(TTY and Telebraille service nationwide by Washington Relay
www.washingtonrelay.com)**

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

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

Notices: None

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

July 30, 2021 – BOARD MEETING

1. Minutes – April 30, 2021

Board staff presents the draft minutes of the April 30, 2021, Board meeting at **Pages 7-13** for the Board's consideration.

Does the Board approve the minutes as drafted?

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

2. Rules Review

a. Semi-annual Rules Development Agenda – July through December 2021

A copy of the agenda filed with the Office of the Code Reviser is provided at **page 14**.

The agenda is informational for the public, and the noted dates of anticipated activity are estimates.

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

Pages 15-18 contain a draft copy of the proposed changes to the rule.

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

Does the Board wish to:

- **File the CR-101 to begin the rule-making process; or**
- **Leave the rule as it is?**

c. WAC 4-30-062 Applying to take the CPA examination.

Page 19 contains a copy of the CR-101 filed with the Office of the Code Reviser.

Pages 20-24 contain a draft of the proposed revisions to the rule, which align the rule with the National Association of State Boards of Accountancy (NASBA).

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

Does the Board wish to direct staff to:

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

3. NASBA Update

The Executive Director will provide an update on NASBA activities.

4. The Future of the Profession and the Profession of the Future

Rajib Doogar will present and lead the discussion.

5. Chair's Report

6. Legal Counsel's Report

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

7. State Auditor’s Office (SAO) Audit Results

Pages 25-31 contain a copy of the report.

The Executive Director will provide a summary.

8. Committee/Task Force Reports

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

Joel will give a verbal report.

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

Jackie will give a verbal report.

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

Page 32 contains a report on the 2nd quarter approval and denials from the committee.

Tom will give a verbal report.

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

Carol will give a verbal report.

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

Rajib will give a verbal report.

9. Executive Director’s Report – Pages 33-37

10. Washington State Board of Accountancy Disciplinary Process

Pages 38-64 contain the slide deck of the presentation.

The Executive Director and the Board’s legal counsel, will present and lead the discussion.

11. Enforcement Report

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

Pages 65-66 contain the July 2021 Enforcement Reports.

12. 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.

13. Executive and/or Closed Session with Legal Counsel

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

WASHINGTON STATE BOARD OF ACCOUNTANCY

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

Time and Place of Meeting 9:00 a.m. – 11:45 a.m. Friday, April 30, 2021
Microsoft Teams Meeting

Attendance Board Members
Joel Cambern, Chair, Public Member
Rajib Doogar, Vice Chair, Public Member
Jacqueline Meucci, CPA, Secretary, Board Member (arrived 9:15)
Mark Hugh, CPA, CPA, Board Member
Brian R. Thomas, CPA, Board Member
Kate Dixon, Public Member
Carol A. Morgan, CPA, Board Member
Thomas P. Sawatzki, CPA, Board Member
Brooke Stegmeier, CPA, Board Member

Staff and Advisors
Dave Trujillo, CPA, Executive Director
Jennifer Sciba, Deputy Director
Michelle Carr, Assistant Attorney General, Board Advisor
Taylor Shahon, CPA, Lead Investigator
Kirsten Donovan, Board Clerk
Tia Landry, Data Systems Administrator

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

Minutes – January 29, 2021, Board Meeting The Board approved the minutes of the January 29, 2021, Board meeting as presented.

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:

- 2003-1 Safe Harbor Report Language for Use by Non-CPAs
- 2015-1 Board Member Travel and Attendance at Group Gatherings
- 2017-1 Investigative and Disciplinary Process
- 2017-2 Publication and Disclosure of Disciplinary Actions
- 2020-1 Peer Review
- 2020-2 Public Officials and Public Employees

The Board voted unanimously to retain the following policy with a revision for a typographical error:

- 2004-1 Administrative Violations Guidelines

Policy 2020-2 Public Officials and Public Employees

The Board Chair advised that the Board is still waiting for the Attorney General (AG) formal opinion on “Does the Board have disciplinary authority, for violations of the Public Accountancy Act and Board rules, over a Certified Public Accountant licensee who is an employee of a state agency, for acts performed within the scope of employment?”

Once the opinion is received the Board will discuss at a future meeting if any revisions to the policy are needed.

NASBA Update

Tom Neill, CPA provided a report on the following NASBA activities:

- Evolution of CPA with a focus on redesign of the CPA Exam
- Peer review
 - Shortage/limited pool of peer reviewers
 - Fewer firms offering attest services
 - Changes in standards – higher bar with changes
- Non-compliance with Laws and Regulations (NOCLAR) – UAA committee reinterpretation and the potential impact to Board Rules

Legal Counsel’s Report

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

Chair’s Report

Cross Border Legislation – Canada Initiative

The Chair advised that the RCW changes enacted by HB 2468 – British Columbia Accountants – Attest and Compilation Services are scheduled to sunset on June 30, 2023.

Kimberly Scott, President and CEO, Washington Society of Certified Public Accountants (WSCPAs), reported that originally the bill was intended to be reciprocal between Chartered Professional Accountants - British Columbia (CPABC) and the Washington State Board of Accountancy, but CPABC did not pass their bill. She suggests reaching out to Lori Mathison, President and CEO, CPABC, to see if they are attempting to move forward with the reciprocal bill. The goal would be to have the reciprocal bill in place and not allow our bill to sunset.

Executive Committee

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

Peer Review Oversight Committee

Jackie Meucci reported on first quarter 2021 activities:

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

Request Oversight Committee

Tom Sawatzki reported:

Firm Names: Approved:

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

Professional/Educational Organization – Recognition Requests

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

Scholarship Oversight Committee

Carol Morgan reported the scholarship winner statistics:

- 505 applications submitted with 130 final applications (only students in WA colleges or universities are eligible, which eliminated the majority of the applications)
- 92 selection committee members
- 17 colleges represented
- \$501,000 in scholarships awarded
- 81 scholarship recipients
 - 32 Master's at \$8,000; 49 undergrad/5th year at \$5,000
 - 59 from the Board's scholarship fund; 32 Master's and 27 undergrad
- 3.83 Average GPA
- 37% of recipients identified as diverse
- 69% reported as female

A new platform for application submittal was implemented.

Succession Task Force

Joel Cambern reported the task force is dissolved, as the new Executive Director was appointed by the Governor.

CPA Exam Remote Proctoring Task Force

Rajib Doogar reported and led the discussion on CPA Exam remote proctoring. Discussion topics included:

- Need for remote proctoring to prevent breakdown of testing due to circumstances like the pandemic
- NASBA seeking acceptance from all state boards
- June pilot exam
 - Board will participate in the pilot Exam
 - Pilot exam not open to international candidates or individuals needing ADA accommodations
- Protecting standards, safeguards, and integrity of the Exam
- Expansion of remote proctoring beyond a situation like the pandemic – example: candidates in remote locations

Executive and/or Closed Session with Legal Counsel

An executive session was held from 10:25 a.m. – 10:55 a.m. regarding litigation or potential litigation under RCW 42.30.110(1)(i).

Data Security and Safeguards

The Deputy Director reported on the Board’s data security and safeguards:

- Cybersecurity Office monitors/sets specific requirements
- Modern technology – new licensing system
- Reduced footprint of personally identifiable information (PII) collected from CPAs
- Payment card industry (PCI) compliance with fee payments
- Annual data security training for staff
- IT staff up-to-date and knowledgeable with requirements

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, 2021.

The agency is in good shape. The biennium projection for revenue is expected to be \$184k greater than anticipated, while expenditures are projected to be \$281k less than anticipated.

2021 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, 2020.

The Executive Director advised he may refine the Board's mission, values, and strategic priorities.

2020 CPE Audit Results

The Deputy Director presented and led the discussion on the 2020 CPE Audit report.

IT Modernization Update

The Deputy Director reported:

- Staff did a great job testing during the build of the new system
- New system went live March 31, 2021
- New system was implemented early and under budget
- Agency received recognition from the Office of Chief Information Officer (OCIO) for a successful implementation
- Working on revision requests and warranty items

The Executive Director recognized staff for a job well done.

Brian Thomas suggested that the Board send out multiple notices to CPAs letting them know of the changes in the online licensing system.

Other Matters as Needed

The Executive Director reported on the following:

- NASBA Executive Director and Legal Counsel Meeting
 - Meeting topics included: CPA evolution, peer review, investigations, remote testing, and digital access.
 - Recognized Taylor Shahon for his participation on a two-person panel.
- Workplace reentry planning
- 2021 annual risk register
- iCoop Plan – Continuity of Operations Plan
- Washington State Office of Equity – Director Karen A. Johnson, PhD will meet with all agencies to receive feedback for a 5-year equity strategic plan. Feedback from Board Members will be sought as well. The current plan runs through 2021.
- Possible 2022 legislation
- Pending AGO opinion
- Results of the State Auditor's Office (SAO) Audit – doing very well
- Licensee search – <https://data.wa.gov/browse> – is being utilized. For all categories and all data sets this page ranks number 8 of

2997 website pages tracked by the state for the number of times it is accessed.

Enforcement Report

Taylor Shahon, CPA, Lead Investigator, presented:

- Quarterly Enforcement Report for January 1, 2021 through March 31, 2021
- Resolved Complaint Report for periods April 2020 through March 2021 and April 2019 through April 2020

Taylor reported on the following enforcement activities:

- Majority of complaints received involve the inability to contact their CPA or services being slow or late.
- Greater number of cases are dismissed without action, as CPAs and the clients have been able to work things out on their own.
- Case load is below 25.
- New licensing system has the potential to bring more disciplinary or remedial action, as CPAs are now asked on their renewal application if they are offering or performing attest services, and if they answer yes are they associated with a CPA firm.
- Discussions at the NASBA meeting revealed that working remotely has not affected enforcement staff as much as it has for some other Boards.

Public Input

Kenneth Smith, PhD, was unable to attend the full meeting but provided the following comments by email which the Executive Director read for the record.

AGENDA ITEM 2.g

Comment 1 – Request the Board consider asking the Legislature/Governor to add the phrase “, except when engaging in the practice of public accounting” to the exception in RCW 18.04.350(1).

Comment 2 – Request the Board engage in outreach to many public groups to discuss how the public would like the Board to oversee the provision of the practice of public accounting for state and local governmental entities.

AGENDA ITEM 10

Please have your Quarterly Board meetings video recorded and available to the public on your website.

Adjournment

The Board meeting adjourned at 11:45 a.m.

Secretary

Chair

Vice-Chair

Member

Member

Member

Member

Member

Member



STATE OF WASHINGTON
BOARD OF ACCOUNTANCY
PO Box 9131 • Olympia, Washington 98507-9131
(360) 753-2585 • FAX (360) 664-9190 • www.cpaboard.wa.gov

Semi-Annual Rules Development Agenda
July 2021 through December 2021

The Washington State Board of Accountancy's semi-annual, rules development agenda follows for publication in the Washington State register pursuant to RCW 34.05.314.

This agenda is for information purposes, and the noted dates of anticipated activity are estimates. Additional rule development activity not on the agenda may occur as conditions warrant.

If you have questions about this rule development agenda, please contact:

David Trujillo, CPA, Executive Director
PO Box 9131, Olympia, WA 98507-9131
Phone: (360) 664-9268; Fax: (360) 664-9190; Email: Dave.Trujillo@acb.wa.gov

WAC Citation	Subject Matter	Current activity		
		Preproposal (CR-101)	Proposed (CR-102) or Expedited (CR-105)	Permanent (CR-103)
WAC 4-30-028	What rules govern the proceedings before the board?	August 2021	November 2021	February 2022
WAC 4-30-062	Applying to take the CPA examination.	June 2021	August 2021	November 2021

David Trujillo, CPA
Executive Director

OFFICE OF THE CODE REVISER
STATE OF WASHINGTON
FILED
DATE: June 02, 2021
TIME: 10:04 AM
WSR 21-12-105

WAC 4-30-028 ~~What r~~Rules governing the formal adjudicative proceedings and the brief adjudicative 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~~adjudicative proceedings in and before the board are governed by the Administrative Procedures Act, chapter 34.05 RCW, and 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 d~~Denials of initial individual license applications, renewals, or applications for reinstatement;
- (2) ~~Staff d~~Denials of CPA-Inactive certificate renewals or applications for reinstatement;
- ~~(3) Staff denials of practice privilege reinstatements;~~

(43) ~~Staff-d~~Denials of initial resident nonlicensee firm owner registration applications, renewals, or applications or requests for reinstatement;

(54) ~~Staff-d~~Denials of initial firm license applications, renewals, and amendments;

(65) ~~Staff-d~~Denials of exam applications; and

(76) ~~A proposed-License~~ suspensions or lifts of stays of suspensions arising from violations of statute, rule or Board Order that are based upon documentary evidence such as failure to pay fees, fines, or costs due to the Board; failure to meet CPE requirements; failure to perform requirements contained in a Board Order; imposition of sanctions or orders related to the practice of accounting by a federal or state agency, or professional standard-setting entity; or 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.]



PREPROPOSAL STATEMENT OF INQUIRY

CR-101 (October 2017) (Implements RCW 34.05.310)

Do **NOT** use for expedited rule making

CODE REVISER USE ONLY

OFFICE OF THE CODE REVISER
STATE OF WASHINGTON
FILED

DATE: June 02, 2021

TIME: 10:09 AM

WSR 21-12-106

Agency: Board of Accountancy

Subject of possible rule making: WAC 4-30-062 Applying to take the CPA examination.

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

Reasons why rules on this subject may be needed and what they might accomplish: The intent of this rule change is to align the Board Rule with the National Association of State Board of Accountancy.

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

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

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

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

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

Additional comments:

Date: June 2, 2021

Name: David Trujillo, CPA,

Title: Executive Director

Signature:

WAC 4-30-062 Applying to take the CPA examination. (1)

Application process and due dates: Your application to take the CPA examination must be submitted to the board's examination administrator. Applicants must submit all required information, documents, and fees to complete their application within sixty days of the date their application is submitted to the board's examination administrator. Your application is not considered complete until all of the following are provided:

- Complete application information and requested documents;
- Fee(s).

(2) **Fee refund and forfeiture:** Upon submission of your application to the examination administrator, no portion of the board's administrative fee is refundable. Upon the examination administrator's authorization to test, no portion of the total exam fee (both administrative fee and section fee(s)) is refundable. If you fail to meet the board's scheduling or admission requirements, you forfeit all of the exam fee(s) and you must reapply to take the section(s) of the exam.

(3) **Notice of admittance to the examination or denial of your application:** You must contact the approved test provider to

schedule the time and location for your examination. The notice of eligibility to take the examination is called a Notice to Schedule (NTS), the NTS will be valid for one taking of the examination within the six months following the date of the NTS.

Notice of a denial of your application, or notice of your eligibility to take the examination will be sent to you by the examination administrator.

(4) **Examination content and grading:** The CPA examination shall test the knowledge and skills required for performance as an entry-level certified public accountant. The examination shall include the subject areas of accounting and auditing and related knowledge and skills as the board may require. ~~The examination will consist of the following four sections: Auditing and attestation; financial, accounting and reporting; regulation; and business environment and concepts.~~ The board may accept the advisory grading services of the American Institute of Certified Public Accountants.

(5) **Examination process:**

(a) **Conditions for examinations held prior to January 1, 2004:** Contact a customer service representative at customerservice@acb.wa.gov or by phone at 360-753-2586.

(b) **For examinations taken after December 31, 2003:** The board uses all parts of the uniform CPA examination and the advisory grading services of the American Institute of Certified Public Accountants.

(i) To satisfy the examination requirement for a license you must have achieved a score of seventy-five on all four sections of the examination within a rolling eighteen-month period.

(ii) You may take the required four sections individually and in any order. Credit for any section(s) taken and passed after December 31, 2003, will be valid for eighteen months from the actual date you successfully passed any particular section of the examination.

(iii) You must pass all four sections of the examination within a rolling eighteen-month period, which begins on the date that the first section(s) is passed. A section is considered

passed on the date that you took the exam section and not the date that your grade is released.

(iv) You may not retake a failed section(s) in the same examination window. An examination window refers to a three-month period in which candidates have an opportunity to take the examination (comprised of two months in which the examination is available to be taken and one month in which the examination will not be offered while routine maintenance is performed and the examination is refreshed).

(v) If the board determines that the examination system changes necessary to eliminate the test window limitations have been implemented, (iv) of this subsection will no longer be effective, and a candidate can retake a test section once their grade for any previous attempt of that same section has been released.

(vi) In the event you do not pass all four sections of the examination within the rolling eighteen-month period, credit for any section(s) passed prior to the eighteen-month period will expire and you must retake any expired section.

[Statutory Authority: RCW 18.04.055. WSR 19-10-080, § 4-30-062, filed 5/1/19, effective 6/1/19; WSR 18-21-034, § 4-30-062, filed 10/8/18, effective 11/8/18. Statutory Authority: RCW 18.04.055, 18.04.105. WSR 16-10-019, § 4-30-062, filed 4/22/16, effective 5/23/16. Statutory Authority: RCW 18.04.105(2). WSR 10-24-009, amended and recodified as § 4-30-062, filed 11/18/10, effective 12/19/10; WSR 05-01-137, § 4-25-720, filed 12/16/04, effective 1/31/05; WSR 03-17-041, § 4-25-720, filed 8/15/03, effective 9/30/03. Statutory Authority: RCW 18.04.055(5) and 18.04.105(2). WSR 02-04-064, § 4-25-720, filed 1/31/02, effective 3/15/02. Statutory Authority: RCW 18.04.055. WSR 93-12-070, § 4-25-720, filed 5/27/93, effective 7/1/93.]



Office of the Washington State Auditor
Pat McCarthy

Accountability Audit Report

State Board of Accountancy

For the period July 1, 2016 through June 30, 2020

Published June 3, 2021

Report No. 1028386



Find out what's new at SAO
by scanning this code with
your smartphone's camera



**Office of the Washington State Auditor
Pat McCarthy**

June 3, 2021

Dave Trujillo
Executive Director
State Board of Accountancy
Olympia, Washington

Report on Accountability

Thank you for the opportunity to work with you to promote accountability, integrity and openness in government. The Office of the Washington State Auditor takes seriously our role of providing state and local governments with assurance and accountability as the independent auditor of public accounts. In this way, we strive to help government work better, cost less, deliver higher value and earn greater public trust.

Independent audits provide essential accountability and transparency for Board operations. This information is valuable to management, the governing body and public stakeholders when assessing the government's stewardship of public resources.

Attached is our independent audit report on the Board's compliance with applicable requirements and safeguarding of public resources for the areas we examined. We appreciate the opportunity to work with your staff and value your cooperation during the audit.

Sincerely,

Pat McCarthy
State Auditor
Olympia, WA

Americans with Disabilities

In accordance with the Americans with Disabilities Act, we will make this document available in alternative formats. For more information, please contact our Office at (564) 999-0950, TDD Relay at (800) 833-6388, or email our webmaster at webmaster@sao.wa.gov.

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AUDIT RESULTS

Results in brief

This report describes the overall results and conclusions for the areas we examined. In those selected areas, Board operations complied, in all material respects, with applicable state laws, regulations, and its own policies, and provided adequate controls over the safeguarding of public resources.

In keeping with general auditing practices, we do not examine every transaction, activity, policy, internal control, or area. As a result, no information is provided on the areas that were not examined.

About the audit

This report contains the results of our independent accountability audit of the State Board of Accountancy from July 1, 2016 through June 30, 2020.

Management is responsible for ensuring compliance and adequate safeguarding of public resources from fraud, loss or abuse. This includes the design, implementation and maintenance of internal controls relevant to these objectives.

This audit was conducted under the authority of RCW 43.09.310, which requires the Office of the Washington State Auditor to examine the financial affairs of all state agencies. Our audit involved obtaining evidence about the Board's use of public resources, compliance with state laws and regulations and its own policies and procedures, and internal controls over such matters. The procedures performed were based on our assessment of risks in the areas we examined.

Based on our risk assessment for the years ended June 30, 2020, 2019, 2018 and 2017, the areas examined were those representing the highest risk of fraud, loss, abuse, or noncompliance. We examined the following areas during this audit period:

- CPA Licensing – CPE Credit Monitoring
- Cash-receipting – Licenses and fees
- Accounts Payable – General disbursements, EFT disbursements
- Payroll

RELATED REPORTS

Financial

We also perform an annual audit of the statewide basic financial statements, as required by state law (RCW 43.09.310). Our opinion on these financial statements is included in the Comprehensive Annual Financial Report (CAFR) prepared by and available from the Office of Financial Management.

The CAFR reflects the financial activities of all funds, organizations, institutions, agencies, departments and offices that are part of the state's reporting entity. That report is issued by the Office of Financial Management in December of each year and can be found at www.ofm.wa.gov.

A summary of the audit for the period ending June 30, 2020, can be found at <https://www.sao.wa.gov/about-audits/about-state-government-audits/>.

Federal programs

In accordance with the Single Audit Act, we annually audit major federal programs administered by the state of Washington. Rather than perform a single audit of each agency, we audit the state as a whole. The results of that audit are published in a report issued by the Office of Financial Management in March of each year.

INFORMATION ABOUT THE BOARD

The Washington State Board of Accountancy licenses and regulates Certified Public Accountants (CPAs), CPA-Inactive certificate holders, CPA firms, Non-licensee CPA firm owners, and the practice of public accountancy in Washington State. The Board's mission is to promote the dependability of information which is used for guidance in financial transactions or for accounting for or assessing the status or performance of commercial and noncommercial enterprises, whether public, private or governmental and to protect the public interest.

The Board itself is comprised of nine members, each appointed by the Governor. Six of the Board Members are Certified Public Accountants licensed and practicing in Washington State continuously for the previous 10 years. Three of the Board Members are public members who are qualified to judge whether the qualifications, activities and professional practice of those regulated by the Board conform to standards to protect the public interest. At least one of the public members must represent the interests of clients of individuals and firms licensed under the Public Accountancy Act.

The Agency is led by an Executive Director who is appointed by the Governor and is also a licensed CPA. The Executive Director is responsible for Agency operations and investigations as well as its nine employees. The Agency is a non-general fund agency and licensing fees are the Agency's main source of revenue. The Agency's 2019-2021 Operating Budget is \$5,473,354.

Contact information related to this report	
Address:	State Board of Accountancy 711 Capitol Way S. - MS 43110 P.O. Box 9131 Olympia, WA 98507-9131
Contact:	Jennifer Sciba, Deputy Director
Telephone:	(360) 586-0952
Website:	https://acb.wa.gov/

Information current as of report publish date.

Audit history

You can find current and past audit reports for the State Board of Accountancy at <http://portal.sao.wa.gov/ReportSearch>.

ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the Washington State Constitution and is part of the executive branch of state government. The State Auditor is elected by the people of Washington and serves four-year terms.

We work with state agencies, local governments and the public to achieve our vision of increasing trust in government by helping governments work better and deliver higher value.

In fulfilling our mission to provide citizens with independent and transparent examinations of how state and local governments use public funds, we hold ourselves to those same standards by continually improving our audit quality and operational efficiency, and by developing highly engaged and committed employees.

As an agency, the State Auditor's Office has the independence necessary to objectively perform audits, attestation engagements and investigations. Our work is designed to comply with professional standards as well as to satisfy the requirements of federal, state and local laws. The Office also has an extensive quality control program and undergoes regular external peer review to ensure our work meets the highest possible standards of accuracy, objectivity and clarity.

Our audits look at financial information and compliance with federal, state and local laws for all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits and cybersecurity audits of state agencies and local governments, as well as state whistleblower, fraud and citizen hotline investigations.

The results of our work are available to everyone through the more than 2,000 reports we publish each year on our website, www.sao.wa.gov. Additionally, we share regular news and other information via an email subscription service and social media channels.

We take our role as partners in accountability seriously. The Office provides training and technical assistance to governments both directly and through partnerships with other governmental support organizations.

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- Main telephone:
(564) 999-0950
- Toll-free Citizen Hotline:
(866) 902-3900
- Email:
webmaster@sao.wa.gov

Request Oversight Committee Report July 2021

Tom Sawatzki, CPA, Chair

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

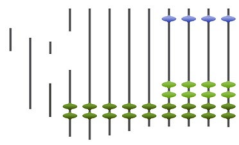
Firm Names: *Approved:*

Poulsbo CPA PLLC
G S Steel PLLC
Sound Forensic Economics
ART CPA Solutions, LLC
On The Point Tax
Buller Accounting

Professional/Educational Organization – Recognition Requests – During the 2nd quarter of 2021, the Board did not receive any request for recognition of an educational organization for purposes of obtaining a list request.

Late Fee Waiver Requests – Late Fee Waiver Requests were received between 05/01/2021 and 06/30/2021.

The Board received and approved 20 late fee waiver requests due to technical issues with the new online system.



To: Board Members - Washington State Board of Accountancy

From: Dave Trujillo, CPA, Executive Director

Re: July Executive Director's Report

Date: July 12, 2021

A hearty welcome all visitors and attendees to our July 2021, Board meeting.

Thank You: I want to extend a big thank you to ACB staff as they worked long hours to complete the transition to our new licensing system. A transition sorely needed. I'd like to extend a big thank you to our licensees as they renew their CPA credentials and to the new applicants beginning their CPA journey. We really do appreciate your patience and understanding during this licensing system transition. Finally, I'd like to extend a big thank you to the dedicated professionals at the Department of Enterprise Services and Office of Financial Management. Our ability to remain a small agency with a big mission is directly related to their good work.

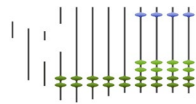
Board Items:

- Jacqueline Meucci has been reappointed to the Board effective June 10, 2021 for a term ending June 9, 2024.
- Brian Thomas has been reappointed to the Board effective June 10, 2021 for a term ending June 9, 2024.
- Colleen K. Conrad, CPA, Executive VP and Chief Operating Office, NASBA, has agreed to attend our October Board meeting to provide an update on the changes to remote testing and the UAA.
- Exam Proctoring Task Force will remain in place until NASBA, AICPA, Prometric declare the program is fully ready to implement.

Potential Legislation:

- We are planning to work with stakeholders for legislation that will end the credential CPA-Inactive certificate holder. This will allow licensees to utilize the status of Inactive and will align the Board's classification of Inactive with that of other state boards.
- We are in discussions with our British Columbia, Canada colleagues to address next steps, if any, on the legislation that will sunset on June 30, 2023.

State Audit – While we just completed an Accountability Audit that found no reportable findings, we received word that we will be subject to an examination as part of State's Other Post-Employment Benefits (OPEB) Schedule audit. The Office of Financial Management (OFM) contracted the State Auditor's Office (SAO) to verify the data used to estimate OPEB balances and to allocate OPEB balances by state agency. This will include a check of our payroll with tests related to benefit eligibility.



Budget Status:

- As of June 23, 2021, the agency remains in good financial shape.
- Projected revenue is \$3,695,004. Combining actual revenues through May 2021 and revenues expected in June 2021 means that we are likely to end the fiscal year with revenues \$268,699 greater than expected for total revenue of \$3,963,703.
- Projected expenses are \$3,759,000. Combining actual expenses through May 2021 and expenses expected in June 2021 means that we are likely to finish the fiscal year with expenses \$272,763 less than expected for total expenses of \$3,486,237.
- We are expected to end the fiscal period with a fund balance of almost \$3M. Utilizing our beginning fund balance of \$4,215,288, adding revenues of \$3,963,703 less expenses (\$3,486,237) and our operating transfer (\$1,742,000), we are projected to end the fiscal year with a \$2,950,754 fund balance. This is excellent news given that we went live with our IT modernized licensing system April 1 and the related expenditures have been incurred.

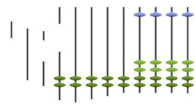
BI 19-21	Actual	Projected	Projected	Projected
Revenue Allotments	Revenues through FM 23 May-2021	FM 24 Jun-2021	Rev. Total	Variance
3,695,004	3,873,355	90,348	3,963,703	268,699
3,695,004	3,873,355	90,348	3,963,703	268,699

BI19-21	Actual	Projected	Projected	Projected
Expense Allotments	Expenses through FM 23 May-2021	FM 24 Jun-2021	Exp. Total	Variance
1,510,042	1,466,469	65,220	1,531,689	(21,647)
545,748	520,793	23,467	544,260	1,488
231,408	13,095	488	13,582	217,826
1,375,130	1,314,659	40,683	1,355,342	19,788
66,672	29,921	1,027	30,948	35,724
30,000	416	10,000	10,416	19,584
3,759,000	3,345,353	140,885	3,486,237	272,763

BI 19-21	Actual	Projected	Projected	Projected
Operating Transfers	Operating transfers through FM 23 May-2021	FM 24 Jun-2021	Op. Trans. Total	Variance
(1,742,000)	(1,742,000)		(1,742,000)	0
(1,742,000)	(1,742,000)	0	(1,742,000)	0

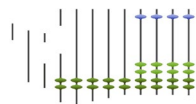
BI 19-21	Actual	Projected	Projected	Projected
Rev Allotments - Exp Allotments	Rev - Exp through FM 23 May-2021	FM 24 Jun-2021	end of BI 19-21	Variance
(1,805,996)	(1,213,998)	(50,537)	(1,264,535)	541,461
2,409,292	3,001,290	2,950,754	2,950,754	<-- Ending Fund Balance (projected)

*FM = Fiscal Month



Operations Updates:

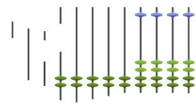
- **New Licensing System:**
 - License renewals were due June 30 and have been effectively processed by staff. As posted on our website in mid-May, we aware that a new system is change and for licensees that access the system once every three years, this change can be inconvenient. I am happy to report that the majority of renewing licensees successfully renewed without issue. I am also happy to report our notice to jump into the system early was heard and these licensees used that time to work out their particular issues before a renewing emergency occurred.
 - We are looking forward to implementation of the CPE Tracker function next year. This will encourage licensees to access the system more frequently as they track their CPE utilizing our system. This is expected to significantly reduce the number of CPE related Board actions. For all licensees, don't delay, get into CPE Tracker right now so that you become familiar with it before it is crunch time. I am.
- Combined Fund Drive - Kelly Wulfeuhle was reappointed as the agency's Combined Fund Drive (CFD) Campaign Leader. The annual CFD giving campaign runs from October through December and is administered in over 200 agencies and higher-education institutions. She will be busy helping hold fundraisers statewide to raise donations for charities in the CFD.
- Agency Safety – At our monthly staff meetings, we review safety plans and tips; hazards in our office and have staff review any potential hazards in the areas in which they work from home. We also re-entered our Interagency Agreement for Services with DES and OFM. This voluntary safety incentive program offered by L&I encourages improvements in the workplace. This program gives us the opportunity to earn a refund if injuries are prevented, losses are controlled, follow our written program, and actively work to prevent injuries, etc. As a result of our safe record, we received a refund of \$2,966.
- IT Modernization Project: - Our Quality Assurance Project contractor, Robert Smith, completed a Closeout Report dated May 28, 2001. Succinctly, Mr. Smith said the CPA Online Modernization project was a success; the project ended on time, on budget, and within scope. He added that other notable accomplishments included retiring the now legacy on-premise system; utilizing a modern and highly configurable software-as-a-service (SaaS); providing a highly requested feature, mobile access; providing a more modern user experience, for example, the ability to save and return later to finish and submit; adding completely new functions and features such as the CPE tracker; and allowing for more agency self-reliance considering maintenance and changes so far less reliance on custom development support. In short, the project had a successful outcome and there were some key observations of what led to good outcomes and improvements to consider for next time.
- Diversity Equity and Inclusion: All ACB staff met with representatives of the Governor's Office of Equity. This office is working to develop the state's five-year equity plan "To increase access



to equitable opportunities in order to bridge opportunities and reduce disparities to ensure everyone in Washington flourishes and achieves their full potential.” Equity collected feedback through July 9, 2021. As part of the feedback process, we met with the Karen A. Johnson, PhD (Dr. J.) and her team. In short, we outlined what we envisioned an organizational culture that centers equity and belonging to sustain workplace diversity. Examples of what that environment looked like to us included all persons feeling that they could be their authentic self without fear of being silenced, isolated, or being placed into a silo; that all ideas were thoughtfully considered, and that active inclusivity and equity conversations are part of the everyday environment; that there is a shared connection; and finally, the acknowledgement that not all state agencies operate the same and that we need help. We want to do the work but may struggle with know-how. After our meeting, Dr. J., sent us the following message. “Dear Dave and Team: Thank you for an incredible equity strategic planning listening session today. Very powerful!”

NASBA Update (a staff perspective) - NASBA has been focused on coming out of COVID and planning for what will be considered normal.

- Mobility - Individual Mobility exists in all but two jurisdictions with one anticipated to enact legislation soon to make this possible very soon. Firm Mobility is not so unified. Some jurisdictions do not require registration (WA), (ID). Some jurisdictions require registration (OR), (CA) and several jurisdictions are in the process of legislation related to this (HI). Jurisdictions updating the comprehensive definition of “Attest” mirrors Individual Mobility. There are two jurisdictions that have not adopted the updated “Attest” definition. Regarding Firm Ownership, all but three jurisdictions have adopted the simple majority of CPA ownership requirement. Of the three that have not, two have active legislation in process.
- Reciprocity - Thirty-four jurisdictions have Full CPE Reciprocity, 20 jurisdictions have no reciprocity, one jurisdiction has active legislation and one jurisdiction recently enacted Full CPE Reciprocity legislation that will be effective 12/15/2021.
- Regulatory reform – This continues to be a significant issue and often couched in the guise of licensing reform, sunseting existing regulations schemes, preventing new or expanded regulations, or eliminating barriers to Entry (WA '21 Legislation that failed).
- CPA Evolution – CPE Evolution is a combined NASBA and AICPA initiative aimed at evolving CPA licensure to reflect the skills and knowledge need in a technology-driven marketplace. In short, the new exam (ETA Jan. 2024) will consist of a strong core accounting, auditing, tax and a technology discipline. That discipline could be 1) Business Analysis and Reporting; 2) Information Systems and Controls; or 3) Tax Compliance and Planning. The top 100 public accounting firms reported the following skills and competencies needed by professional staff as 1) Digital Acumen; 2) Data Analysis; 3) IT Governance and Enterprise Risk Management; 4) IT General Controls and Cybersecurity; 5) System and Organization Controls; and 6) Information Process Controls. The resulting Gap analysis highlighted the need for development of a CPA Evolution Model Curriculum designed to support accounting programs as they bridge the gap.
- Ransomware continues to be the big threat in today’s environment. Some general info: 1) 85% of breaches involved a human element; 2) 61% of breaches involved credentials; 3) 22% of



breaches involved basic web application attacks; 4) most ransomware attacks are performed by organized crime; and 5) Windows operating system is targeted 90% of the time.

Upcoming Staff Projects or Items:

1. Plotting out a staff view of what the agency will face in the next 2,3,5,7 years
2. Updating the Agency's Risk Register
3. Practicing and enhancing the agency's iCoop Plan
4. The annual Agency Contracts Report is due to DES October 31, 2021
5. Various IT Certification's are due in September and December 2021
6. Prepare the Agency's annual report

End of Report

Washington State Board of Accountancy Disciplinary Process

**Presented by
David Trujillo, ACB
Michelle Carr, ATG**
(Revised 7/15/2021)

July 2021

Information Covered

- Legislative Intent
- Board Authority
- Unlicensed Practice
- Actions
- Process
- Adjudication
- Hearing Process
- Potential Sanctions
- Review of Order
- Unlicensed Practice
- Brief Adjudicative Proceedings
- Emergency Actions
- Precautions

Legislative Intent RCW 18.04.015



- Promote dependability of financial Information
- Public is Protected
- CPAs must be competent, ethical, professional and qualified
- Only CPAs are authorized to use certain terms
- CPAs subject to protection alerts
- CPAs must refrain from using their title in a confusing manner
- Establish qualifications and ensure such qualifications are substantially equivalent to other states

Board Authority RCW 18.04.045



- Board make up
- Annual report of activities with governor
- Arrange for volunteer assistance as needed to perform its duties
- Investigate alleged violations the chapter
- May review publicly available CPA work on a random basis
- Enter into stipulated agreements and orders

Unlicensed Practice

RCW 18.04.345

- Only CPAs can perform certain defined services
- Cannot use CPA title when not a CPA
- Cannot perform certain services without a CPA firm license



Actions 18.04.295



- Revoke, suspend, or refuse to issue, renew or reinstate
- Impose a fine in an amount not to exceed \$30K plus costs
- May impose conditions precedent to renewal

Actions cont'd

- Fraud or deceit to get a license
- Dishonesty, fraud or negligence
- Violation of the chapter or rules
- Conviction of a crime
- Action by another State Board
- Failure to:
 - Cooperate with Board
 - Furnish documents requested or ordered by the Board
 - Failure to provide complete explanation to the Board
 - Failure to respond to the Board
 - Failure to comply with Board Order
- Failure by non-licensee owner of licensed firm to comply with accountancy act and rules
- False advertising—RCW 18.04.380

Actions cont'd


- QAR Requirements
- CPE Requirements
- Unprofessional conduct by licensees



Board Policy 2017-1



Washington State Board of Accountancy

Policy Number: 2017-1
Title: Investigative and Disciplinary Processes
Revised: April 24, 2020
Approved: 
Mark Hugh, CPA, Chair

Purpose:

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

Authority and Delegation:

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

Guiding Principles:

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

- Authority and Delegation
- Guiding Principles
- Complaint Intake
- Charging and Administrative Review
- Approval and Review
- Complainant Recourse
- Cost Recovery

WAC 4.30.140

- Responses to formal complaints
- Is complaint within Board's authority
- Close if not sufficient evidence
- Most cases - first step is to enter into a settlement negotiation.
- Statement of Charges (SOC) begins formal process
- Licensee's opportunity to respond to SOC and request Admin hearing
- Board may issue a final order as a result of that admin hearing

Investigations

- Complainant notified
- Lead Investigator handles investigation and determines course of action
- A copy of the complaint is provided to the respondent
- Lead Investigator reports findings
- Investigative team is experienced.
- ACB Director and a Consulting Board Member (CBM) review investigative findings.



Board Policy 2004-1

- Remedial Resolutions
- Informal Settlement
- First time administrative violations
- Selected offenses laid out in easy to read format
- At any time, the Respondent can refuse Remedial Resolution and can request a formal hearing before the Board



Washington State Board of Accountancy

Policy Number: 2004-1

Title: Administrative Violations Guidelines

Revised: April 24, 2020

Approved:

A handwritten signature in blue ink, appearing to read "Mark Hugh".

Mark Hugh, CPA, Chair

*This policy rescinds and supersedes any previous Board policy.

Purpose:

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

Authority and Delegation:

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

Guiding Principles:

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

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

ADJUDICATIVE PROCESS

Team

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

Adjudication

Court Hearing

Consideration of evidence

Argumentation

Final Decision



Adjudicative Process

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
- 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
- Negotiations may involve settlement conference with respondent
- Negotiated terms are designed to correct deficiency.

Adjudicative Process

Statement of Charges

Statement 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

Response to SOC

- 20 days
- No/late response = default
- Default vacated for good cause

Hearing Process Overview



- Applicable Law
 - Ch. 34.05 RCW
 - Ch. 10-08 WAC (rules of procedure)
- Presiding Officer (Board Chair)
- Participants
 - Board Members, ED, Staff, AAGs, Respondent/Counsel, Witnesses

Hearing Process

Order of Proceedings

- Opening statements
- Presentation of prosecution case
- Respondent (or attorney) rebuttal
- Board questions to witnesses
- Closing arguments



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

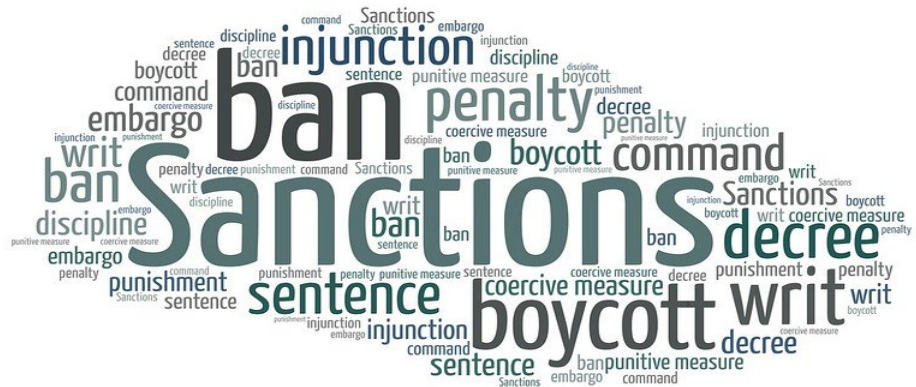
Deliberation

- Closed session
- Prosecution must prove case by a preponderance of the evidence
- Based only on evidence presented in hearing
- Board decision results in Findings of Fact, Conclusions of Law and Final Order

Potential Sanctions

RCW 18.04.295

- Reprimand
- Revocation, Suspension, Refusal to issue/renew/reinstate license
- Fines (\$30k per violation max)
- Investigative and legal costs
- Restitution
- Conditions precedent to renewal
- Limitation on practice
- Remedial Education
- CPE, Ethics courses
- Corrective Action
- Monitoring of practice
- Probation (e.g., stayed suspension)
- “Other corrective action”



Review of Order



- Request for reconsideration
 - 10 days to file
 - Board reviews request
- Judicial review
 - 30 days to file
 - Superior Court reviews record
 - no new evidence

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 “BAP”

- Alternative to formal hearing
- Appropriate for:
 - Denial of individual or firm license, renewal, or application for reinstatement
 - Denial of exam application



Brief Adjudicative Proceedings

Process

- Presiding Officer = Board member
- Document review only—no witnesses
- Presiding Officer issues Initial Order
- If not appealed, order becomes Final Order
- If appealed, Vice-chair or designee conducts administrative review and issues Final Order

Emergency Action RCW 34.05.479



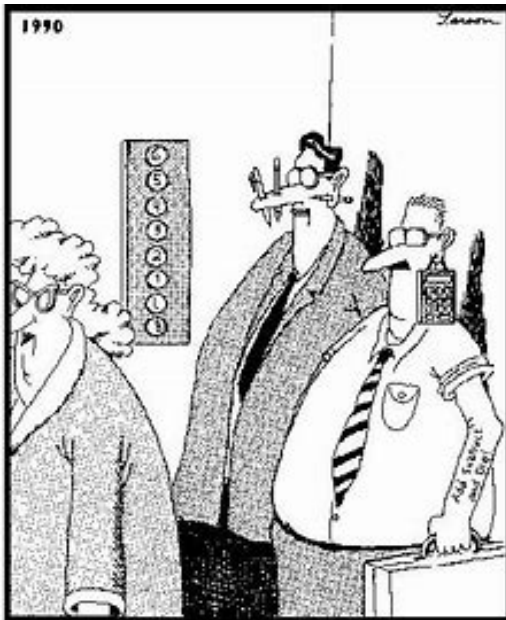
- Immediate danger to public health, safety, or welfare requiring immediate agency action
- Only in emergency situations because respondent not given prior hearing
- Order effective immediately
- Expedited hearing must be offered on justification for emergency

GENERAL PRECAUTIONS FOR ALL ADJUDICATIONS

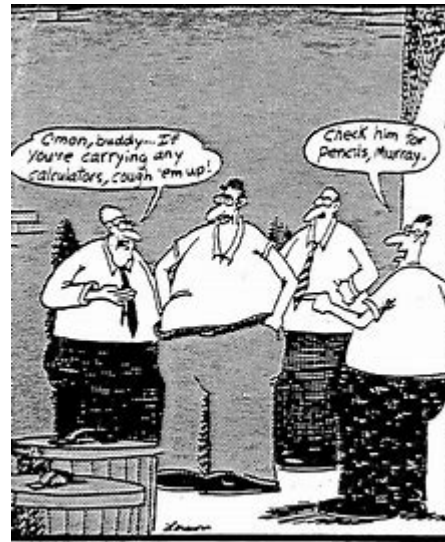
- Ex parte communication
 - any substantive communication between respondent or Board prosecution staff and Board regarding an action pending before the Board
 - Must promptly disclose even inadvertent ex parte communication to all parties
- Confidentiality



Questions / Thank You



Punk accountants



Accountant street gangs



Board of Accountancy Washington State Enforcement Report

<u>Quarterly Report (Apr 01, 2021 through Jun 30, 2021)</u>			
Complaint Workload			
	Received in Previous Period	Received in Report Period	Total
Complaints Open	25	7	32
Closed with No Action	(8)	0	(8)
Closed with Action Taken	(2)	0	(2)
Complaints at End of Period	15	7	22
Details of Complaint Closures			
Closed Disposition	Administrative	Public Harm	Total
No Action Taken	0	8	8
Revocation, Suspension, Restriction	0	0	0
Fines, costs, and other sanctions	0	2	2
Remedial Resolution (Policy 2004-1)	0	0	0
Total Closed	0	10	10

<u>Twelve-Month Lookback (Jul 01, 2020 through Jun 30, 2021)</u>			
Complaint Workload			
	Received in Previous Period	Received in Report Period	Total
Complaints Open	11	53	64
Closed with No Action	(7)	(29)	(36)
Closed with Action Taken	(3)	(3)	(6)
Complaints at End of Period	1	21	22
Details of Complaint Closures			
Closed Disposition	Administrative	Public Harm	Total
No Action Taken	1	35	36
Revocation, Suspension, Restriction	0	0	0
Fines, costs, and other sanctions	1	5	6
Remedial Resolution (Policy 2004-1)	0	0	0
Total Closed	2	40	42

Board of Accountancy Washington State

All complaints - resolved with and without discipline

	<u>Jul 2020 to Jun 2021</u>		<u>Jul 2019 to Jun 2020</u>	
	<i>All</i>	<i>Action Only</i>	<i>All</i>	<i>Action Only</i>
Public Harm				
Negligence - Attest related	2	0	6	3
Negligence, Disregard of standards	30	2	54	2
Use of Restricted Titles	5	0	4	2
Embezzlement, Theft, Breach of Fid. Duty	0	0	3	2
Breach of Confidentiality	0	0	0	0
Records Retention Causing Harm	3	3	6	0
<u>Subtotal</u>	40	5	73	9
Administrative				
Peer Review	2	1	2	0
CPE - Deficient 16 hours or less	0	0	4	4
CPE - Deficient 17 hours or more	0	0	4	1
CPE - Deficient eligible WA ethics	0	0	3	3
CPE - Failure to respond to CPE audit	0	0	3	0
<u>Subtotal</u>	2	1	16	8
Total	42	6	89	17

<u>Apr 01, 2021 through Jun 30, 2021</u>				
CBM Report				
	BAP	Action	No Action	Total
Mark Hugh	0	0	1	1
Rajib Doogar	0	0	1	1
Joel Cambern	0	0	0	0
Brian Thomas	0	0	0	0
Jacqueline Meucci	0	0	0	0
Kate Dixon	0	2	1	3
Carol Morgan	0	0	1	1
Thomas Sawatzki	0	0	2	2
Brooke Stegmeier	0	0	2	2
Total	0	2	8	10