

WASHINGTON STATE BOARD OF ACCOUNTANCY

Minutes of a Meeting of the Board

Time and Place of Meeting	9:10 a.m. – 12:22 p.m. Friday, April 26, 2024 Radisson Hotel Seattle Airport San Juan Rooms 2&3 18118 International Blvd Seattle, WA 98188 or by Microsoft Teams Meeting
Attendance	<u>Board Members</u> Kate Dixon, Public Member, Chair Thomas P. Sawatzki, CPA Member, Vice Chair Brooke Stegmeier, CPA Member, Secretary Mark Hugh, CPA Member Rajib Doogar, Public Member Brian R. Thomas, CPA Member Jacqueline Meucci, CPA Member Scott S. Newman, Public Member Tonia L. Campbell, CPA Member <u>Staff and Advisors</u> Michael Paquette, CPA, Executive Director Jennifer Sciba, Deputy Director Leo Roinila, Assistant Attorney General, Board Advisor Taylor Shahon, CPA, Lead Investigator Kirsten Donovan, Board Clerk Tia Landry, Data and Systems Administrator
Call to Order – Board Meeting	Board Chair, Kate Dixon called the meeting to order at 9:10 a.m. Technical difficulties caused a late meeting start. Board Members and staff introduced themselves.
Minutes – January 26, 2024, Board Meeting	The Board approved the minutes of the January 26, 2024, Board meeting. The Board Members attending virtually authorized the use of their electronic signatures for the signing of the meeting minutes.
Minutes – March 8, 2024, Special Board Meeting	The Board approved the minutes of the March 8, 2024, Special Board meeting. Jackie Meucci and Scott Newman abstained from the vote as they were unable to attend the Special Board meeting.

**Board Policies
Annual Review**

Mark Hugh asked that the annual review be tabled until the July Board meeting, as the policies could then reflect the statute changes going into effect on June 6, 2024.

The Board voted unanimously to table the review until the July Board meeting.

NASBA Update

The Executive Director reported on the 42nd Annual Conference for Executive Directors and Board Staff and the 29th Annual Conference for Board of Accountancy Legal Counsel held March 25-27, 2024, in Nashville, TN.

- The discussions primarily centered around the Professional Licensure Task Force update.
- AAGs Leo Roinila and Elizabeth Lagerberg attended the legal counsel conference.

The Executive Director reported the upcoming NASBA conferences are as follows:

- Western Regional Meeting, June 25-27, 2024, in Omaha, NE.
- 117th Annual Meeting, October 27-30, 2024, in Orlando, FL.

**Legal Counsel's
Report**

Leo Roinila, the Board's legal counsel, had nothing to report.

Chair's Report

National Accounting Pipeline Group (NPAG) Update

Tom Neill, CPA and Kimberly Scott, President & CEO WSCPA presented a PowerPoint on NPAG activities.

- 4 different national groups currently working on the pipeline issue.
 - National Pipeline Advisory Group
 - AICPA Pipeline Acceleration Plan
 - NASBA's Professional Licensure Task Force
 - AAA Pipeline Symposium Stakeholders and Workgroups
- Research review on the pipeline was initially difficult due to a lack of data.
- NPAG activities since October 2023
 - Developed a slate of potential strategies to attract more people to careers in accounting, based on 3rd party research, polls, forums, and member discussions.
 - Launched a national survey asking the entire accounting profession to weigh in (open through May 2024).
 - Launched a student survey to get the unique perspective on the most effective strategies for attraction, licensure, and

retention (open through early May).

- Concepts being considered:
 - Tell a compelling story.
 - Address the cost and time of education.
 - Make the academic experience more engaging.
 - Provide better support to CPA Exam candidates.
 - Enhance employee experience.
 - Expand paths for the under-represented.
- Modernize the CPA license – nothing is off the table as NPAG brainstorms - keep an open mind.
 - Education.
 - Internships.
 - Different paths to licensure – multiple ways into the profession.
 - Competency based learning.
 - Fully competency-based license.
- NPAG intends to have a draft report done by mid-May, after the survey results are reviewed. The official report is expected to be completed in July 2024.
- Some jurisdictions may not initially be on board with changes. The hope is all jurisdictions will envision the same endpoint no matter how we get there.
- Data reviewed is on the NPAG website and survey results will be posted as well.

In response to the report, particularly the competence based only aspect, Board Members expressed the following:

- Objective evaluation may be difficult. Potentially have an oral component for evaluation.
- Potential decision within the next 5 years. This Board will need to do what is best for Washington regardless of what other jurisdictions are doing.
- May put an end to reciprocity and mobility as jurisdictions may adopt changes or not and on a different timeline.
- Reducing education and/or experience requirements will take serious thought.
- Think of it as changing pieces to the puzzle.

Update on the Professional Licensure Task Force (PLFT)

Kimberly Scott provided an update on PLFT activities, which included:

- Task force established in October with 2 meetings held so far.
- Rapid response directive needed, due to Minnesota's alternate pathway legislation expected in 2025 which allows for 120 hours

- of education and 2 years of experience.
- NASBA says that Minnesota pathway is off the table for NASBA.
- PLFT report is expected to be presented at the NASBA regional meetings.

Executive Committee

The Chair reported that the committee meets monthly now with Board staff to bring ideas and feedback for the quarterly meeting agenda.

Peer Review Oversight Committee (PROC)

Mark Hugh presented and led the discussion on the committee report, Excluding Compilations from Peer Review.

- The PROC is pivoting from the previously recommended peer review alternative program path.
- The committee now recommends that compilations be excluded from peer review.
- 8 other jurisdictions exclude compilations of any type from peer review.
- Survey was sent to 5 of the 8 jurisdictions and found that the peer review alternative program was far more restrictive than excluding compilations.
- A firm license would still be required for firms providing compilation services.
- No additional burden would be placed on Board staff.
- Peer review would still be required for AICPA members who provide compilation services.
- Board Rule, WAC 4-30-130, would need revision to allow for the exclusion.
- The PROC suggests creating a Board Policy, which would include recommendations for compilation CPE and professional liability insurance.

The Board unanimously approved the recommendation and instructed staff to file the CR-101 to start the rule-making process for WAC 4-30-130.

Request Oversight Committee (ROC)

Scott Newman reported on the committee's 1st quarter activities.

Request Oversight Committee Report – April 2024:

- Firm Names Approved:

Sequim CPA PS
Counter Culture CPA
M4 Consulting LLC
The SH Group PS
Caliber Audit & Attest, LLP

WWC, P.C
Chelan Valley CPAs
DZA PLLC

- Professional/Educational Organization – Recognition Requests

During the first quarter 2024, the Board did not receive any requests for recognition of an educational organization for purposes of obtaining list requests.

Firm Naming Conventions Report

Scott reported and led the discussion on the Firm Naming Conventions report.

- The ROC is finding a shift from owner names to more unique and marketable firm names.
- A unique name does not make it non-compliant with the Board Rule.
- The ROC found no reason to change the rule at this time.
- More complex names will be reviewed by the full committee.

Scholarship Oversight Committee (SOC)

Tonia Campbell presented the Washington CPA Foundation – 2024 Pre-Intake Scholarship Winner Data report. She reported:

- 49 scholarships were awarded from Board of Accountancy funds:
 - Master's program (\$10,000/scholarship) – 31
 - Bachelor's program (\$5,000/scholarship) – 18
- 68% of scholarship winners were female; 30% male; and 2% transgender/unknown.
- 16 colleges were represented with at least one scholarship winner. The University of Washington and Gonzaga University were the top recipients.
- Diversity of Winners:
 - Asian/Asian-American – 25.7%
 - Black/African American – 5.4%
 - Hispanic/Latino/Spanish – 9.5%
 - Caucasian/White – 40.5%
 - Other – 9.5%
 - NA – 5.4%
 - Multiracial – 1%
 - Middle Eastern/North African – 1%
 - Prefer not to answer – 1%

Kimberly Scott advised:

- The Board's scholarship fund balance on February 1, 2024, was \$1,980,000.
- Scholarship marketing is done at as many schools as possible.
- The WSCPA employs one full-time staff member for this purpose.
- The Scholarship Foundation meeting will be held on May 17 with scholarship winners in attendance. Board Members and staff are invited. A scholarship winner reception will also be held in Spokane.

**Board/AICPA
Rules Committee
(BARC)**

Brooke Stegmeier deferred to Mark Hugh to present the Recommendations for 2024 Rule Revisions report.

Mark commented the BARC is pivoting on previous plans to reorganize and clarify all Board Rules. The task was determined too large for timely completion. The BARC will work on revisions for rules related to the legislative changes going into effect June 6, 2024, and other rules deemed to be time sensitive. All rules will be reviewed in the future. The report included:

- 22 Board Rules recommended for revision and 1 new Board Rule.
- Rule revisions fell under these categories with some rules falling into multiple categories.
 - RCW updates for 2024 legislation (19 rules).
 - CPA-inactive status and use of the CPA retired title (two rules).
 - Client records information more accessible to non-CPA consumers (one rule).
 - Revising basis for the Board to impose discipline and moving any exceptions into the professional conduct rules (12 rules).
 - Revising the Quality Assurance Review rule for PROC recommended removal of compilations (one rule).
 - Responding to a petition from the public to update Board rules for gender neutral pronouns (five rules).
- The committee plans to provide drafts of the proposed rule changes to Board Members prior to the July Board meeting.
- The committee plans to present more information on CPA inactive and the retired status rules at the July Board meeting.

The Board directed staff to file the CR-101 to begin the rule making process for the rules listed in the report.

Licensing and Regulation Committee (LARC)

Rajib Doogar led the discussion on the principal place of business issue. Topics included:

- If a CPA lives in Washington, do they have to hold a license in Washington?
- A non-practicing CPA living here may experience issues even if they don't use the CPA title. Individuals in the community may know they are a CPA and accept advice based on that knowledge.
- Guidance from NASBA has not been as forthcoming as suggested some time ago.
- Different Boards are addressing different things with the topic. The issue is no closer to being resolved.

Tom Neill advised that the UAA is putting a task force together to revisit the issue. He advises caution before moving forward with any changes until we have more information.

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 View, and the CPA Scholarship Transfer Account Fund View for transactions through March 29, 2024. The Executive Director reported:

- The agency is in great financial position.
- Supplemental budget for IT licensing fees was approved and funded.
- Underspent \$400,000 for the biennium to date; however, the supplemental budget funds will be spent before the end of the biennium.
- IT costs and staff wages expected to reduce the fund balance.
- Scholarship administrative account has a \$100,000 balance. We annually pay \$25,000 for administration of the scholarship fund. Once the fund is depleted the Board will pay the fee out of its general budget.

Legislative Update

The Executive Director presented House Bill 1920, signed by the Governor on March 7, 2024. The changes to the Public Accountancy Act go into effect on June 6, 2024.

Enforcement Report

Quarterly Enforcement and Resolved Complaint Reports

Taylor Shahon, CPA presented the following reports:

- Quarterly Report – January 1, 2024, through March 31, 2024
- Twelve-Month Lookback – April 1, 2023, through March 31, 2024
- All Complaints – Resolved with and without discipline for periods April 2023 to March 2024 and April 2022 to March 2023.
- CBM Report – January 1, 2024, through March 31, 2024

Taylor reported the following on enforcement activities:

- 15 complaints received in February.
- Complaints included timely tax filing, records, and fees.

Disciplinary Statistics in Comparison with Other Boards

Taylor presented and led the discussion on the report, Washington Disciplinary Stats Compared with Other Jurisdictions.

Staff sent a poll to other boards which asked:

- On average, how many complaints does your board receive per year?
- On average, how many complaints result in disciplinary action per year?
- How many licensees does your board have?
- Does your board make disciplinary actions available through a website or newsletter for consumers?

The Board received 24 responses. Using the data that was comparable to our process found that our complaint intake and disciplinary actions are consistent with other jurisdictions.

Complaint/Investigation Section of Website

Taylor presented the complaint/investigation section of the Board's website to the Board Members.

The Board Members thanked Taylor for guiding them through the website stating that the website is clear and informative.

Executive and/or Closed Session with Legal Counsel

No executive or closed sessions were held.

Public Input

The Board received public input from the following:

Jeremy Saladino, Washington Association of Accounting and Tax Professionals (WAATP) thanked Kimberly and Tom for their presentation saying that it was very informative. WAATP members are looking forward to the outcome. Jeremy also thanked the PROC stating they are looking forward to the Board Rule revision regarding compilation exclusion from peer review.

Adjournment

The Board meeting adjourned at 12:22 p.m.

Member

Member

Member

Member

Member

Member

Member

Member

Member