

# WASHINGTON STATE BOARD OF ACCOUNTANCY

## Minutes of a Meeting of the Board

**Time and Place of Meeting** 9:00 a.m. – 12:49 p.m. Friday, July 21, 2023  
Holiday Inn Express & Suites  
Chardonnay/Semillon/Riesling Rooms  
4525 Convention Place  
Pasco, WA 99301  
or by Microsoft Teams Meeting

**Attendance** Board Members  
Brian R. Thomas, CPA, Chair  
Mark Hugh, CPA, Vice Chair  
Kate Dixon, Public Member, Secretary  
Rajib Doogar, Public Member  
Jacqueline Meucci, CPA  
Thomas P. Sawatzki, CPA  
Brooke Stegmeier, CPA  
Scott S. Newman, Public Member  
Tonia L. Campbell, CPA

Staff and Advisors  
Michael Paquette, CPA, Executive Director  
Jennifer Sciba, Deputy Director  
Leo Roinila, Assistant Attorney General, Board Advisor  
Kirsten Donovan, Board Clerk  
Tia Landry, Data and Systems Administrator

**Call to Order – Board Meeting** Board Chair, Brian Thomas, CPA, called the meeting to order at 9:00 a.m. Board Members, staff, and legal counsel introduced themselves.

**Public Rule-Making Hearing** The Board held a public rule-making hearing from 9:05 a.m. to 9:10 a.m. The Board Chair presided. The Board proposed to amend:

- WAC 4-30-022 What is the board's meeting schedule and how are officers elected?

The proposed revisions provide guidance for resignations, vacancies, and removal of board officers and rename the rule.

The Executive Director presented a brief statement on the rule.

No written comments were received, and no public input was received during the hearing.

**Call to Order –  
Board Meeting**

The Board Chair called the regular Board meeting back to order at 9:10 a.m.

**Rules Review**

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

- WAC 4-30-022 What is the board’s meeting schedule and how are officers elected?

The Board voted unanimously to adopt the rule as proposed.

The Board voted for an effective date of 31 days after filing.

Rules Review/Discussion

Rules Alignment for CPA-Inactive Certificateholder Legislation

- WAC 4-30-010 Definitions.
- WAC 4-30-020 What are the authority for and the purpose of the Board’s rules?
- WAC 4-30-028 Rules governing the formal adjudicative proceedings and the brief adjudicative proceedings before the board.
- WAC 4-30-030 What are the requirements for communicating with the board and staff?
- WAC 4-30-032 Do I need to notify the board if I change my address?
- WAC 4-30-034 Must I respond to inquiries from the board?
- WAC 4-30-036 What enforcement actions must be reported to the board?
- WAC 4-30-038 Fees.
- WAC 4-30-082 How does a CPA-Inactive certificate holder apply for licensure?
- WAC 4-30-084 Converting from certificate to license. – New Section
- WAC 4-30-088 What is the effect on a Washington individual licensee or CPA-inactive certificateholder in the armed forces, reserves, or National Guard if the individual receives orders to deploy for active military duty?
- WAC 4-30-094 How do I renew my individual license, CPA-inactive certificate, or registration as a resident nonlicensee firm owner?
- WAC 4-30-104 How do I renew a Washington CPA-Inactive certificate and/or license granted through foreign reciprocity? – Repealed Section

- WAC 4-30-120 I am a CPA-Inactive certificate holder--Prior to July 1, 2001, I held a license--How do I apply to return to my previous status as a licensee?
- WAC 4-30-122 If I retire my license or CPA-Inactive certificate, how do I apply to renew my license or CPA-Inactive certificate out of retirement?
- WAC 4-30-124 How do I reinstate a lapsed individual license, CPA-inactive certificate, or registration as a resident nonlicensee firm owner?
- WAC 4-30-126 How do I reinstate a revoked or suspended license, CPA-inactive certificate, or registration as a resident nonlicensee firm owner?
- WAC 4-30-134 Continuing professional education (CPE) requirements.
- WAC 4-30-136 Reporting continuing professional education (CPE) to the board.
- WAC 4-30-142 What are the bases for the board to impose discipline?

The Executive Director led the discussion on the proposed changes.

The intent of the proposed changes is to:

- Ensure consistency with the Public Accountancy Act (RCW 18.04) for legislation passed (SB5519) on March 17, 2022, with an effective date of July 1, 2024
- Remove references to certificate holders
- Allow the remaining population of certificate holders to transition to a CPA license in an inactive status and provide the opportunity for the certificate holders to become fully licensed
- Create a new inactive license status
- Align Board laws with other CPA jurisdictions
- Rename some rule sections

The Board directed staff to file the CR-102 with minor changes for the proposals and schedule a public rule-making hearing in conjunction with the Board's October meeting. The vote was 8 yay votes and 1 nay vote.

Mark Hugh opposed moving forward with the rule changes as proposed. He suggested it was the duty of the Board to make broader changes to the rules rather than limiting them in scope to only changes necessary for the CPA-Inactive certificate legislation.

**Minutes – April 28, 2023, Board Meeting**

The Board approved the minutes of the April 28, 2023, Board meeting as drafted.

The Board Members attending virtually authorized the use of their electronic signatures for the signing of the meeting minutes.

**NASBA Update**

The Executive Director provided a report on NASBA activities:

- Topics from the Western Regional meeting included:
  - CPA Exam testing window – many jurisdictions are changing to a 30-month rolling period for passing all Exam sections
  - Potential changes to the 150-hour education rule for licensure
    - Will this affect mobility
    - Will this affect substantial equivalency
- Upcoming NASBA Annual meeting – October 29 – November 1 in New York City

**Legal Counsel’s Report**

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

**Chair’s Report**

CPA Evolution Timeline

The Board Chair presented the NASBA 2023 Timeline (key dates). Brian called attention to the black-out period from December 15, 2023, through January 9, 2024, while the new Exam is being implemented.

Conditional Credit Extension

The Board Chair advised that conditional credit for any non-expired scores as of January 1, 2024, will be given by NASBA/CPAES. The Board approved enactment of this clause in July 2022. The scores will remain valid through June 30, 2025.

Alternate Pathways to Educational Requirement

The Board Chair presented Pathways to Licensure, NASBA slides from the 2023 regional meetings. The slides contained different models for pathways to licensure.

**Executive Committee**

The Chair reported that the committee met and discussed the meeting agenda. Additionally, it discussed the potential for allocating more scholarship funds should there be excess Board funds..

**Peer Review Oversight Committee (PROC)**

Mark Hugh presented and discussed the Peer Review Alternatives report.

- Request for Information (RFI) seeking proposals for limited scope peer review program

- Posted on Board website, Washington’s Electronic Business Solutions (WEBS) portal, and emailed to other interested or represent qualified parties
- Only one question received and no other comments
- Board-administrated program is not wanted
- Committee will explore other options – one may be a limited waiver for CPAs performing specific services for specific clients

Robert Loe, CPA, reported on the following:

- Transition of the peer review program to the Colorado Society of CPAs (COCPA) complete
  - Stated that the staff at COCPA is capable, knowledgeable, conscientious, and well-qualified to run the program
- 2 Report Acceptance Body (RAB) meetings attended under COCPA program
- Concerns regarding firms not taking certain engagements and dropping out of the peer review program

**Request  
Oversight  
Committee (ROC)**

Scott Newman reported:

Firm Names: *Approved:*

PwC US Business Advisory  
PwC US Group LLP  
PwC US Tax LLP  
North Cascades CPA PLLC

Professional/Educational Organization – Recognition Requests

During the second quarter 2023, the Board did not receive any requests for recognition of an educational organization for purposes of obtaining list requests.

Late Fee Waiver Requests

Late Fee Waiver Requests were received between 05/01/2023 and 06/30/2023.

The Board received 2 late fee waiver requests:

- Approved – 1 due to an IT issue
- Denied – 1

**Scholarship Oversight Committee (SOC)**

Tonia Campbell reported:

- Checks for scholarship recipients are being generated next week
- Review of potentially funding additional scholarships, while being mindful of maintaining adequate funds for enforcement/legal actions
- The Foundation Scholarship did a post-award survey about First Generation College Student and found:
  - 36.1% of students self-identified as first-generation college student
  - 62.5% did not identify as a first generation
  - 1.6% reported unknown

Monette Anderson, Washington CPA Foundation Executive Director, added that the surveys are done post reward in hopes that the individuals will be more willing to share the information. Monette stated that the Foundation continues their commitment to a diverse scholarship candidate pool.

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

Brooke Stegmeier presented the BARC report covering:

Acts Discreditable

Brooke presented the AICPA Professional Ethics Executive Committee (PEEC) Proposal for Acts Discreditable Language Change – Exposure Draft. The updates expand acts discreditable to the profession to include sharing CPE test questions and falsifying attendance. These potential updates do not conflict with Board Rules.

Residency and Principal Place of Business

Brooke advised that residency and principal place of business were discussed at a previous Board meeting, and the Board decided to wait on national guidance. These topics are seemingly not a priority at the national level, so the committee revisited them. The BARC is considering recommending the requirement for Washington State licensure if the CPA is both a resident and holding out to practice in Washington State.

Tom Neill advised that the AICPA UAA committee is still talking about the topics and that holding out is not embedded in the Model Rules. Tom recommends caution with moving forward.

Board Members requested that the BARC:

- Review the RCW for potential changes that may need to be completed first
- Consider defining “holding out”

The topics are going to be further reviewed by the BARC.

WAC 4-30-056 Form of organization and name.

Brooke presented a draft of the proposed rule change. The change will add language back which was removed when the ethics and prohibited practice rule sections were revised.

The intent of the proposed changes is to establish licensee name use parameters. A subsection is added which reads: A licensee may not operate under an alias or title that differs from the name that is registered with the board.

The Board directed staff to file the CR-102 as written for this proposal and schedule a public rule-making hearing in conjunction with the Board's October meeting.

**Window  
Extension  
Recommendation  
Committee  
(WERC)**

Kate Dixon presented the WERC report which summarizes the committee's May 26 and July 6 meetings.

Kate stated the WERC recommends a 36-month Exam window which embeds a 6-month extension since the Board does not give extensions to the Exam window. Discussed items included:

- Why not a longer window
  - Other jurisdictions with a shorter window may not consider our Exam candidates for initial licensure
  - Motivation to complete the Exam timely may be gone at longer periods
  - WSCPA poll found that membership is generally not in favor of a longer window
- Washington will be the outlier at 36 months with no extensions – other jurisdictions are mainly going to 30 months with possible extensions
- The change will not apply retroactively to expired scores

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

Kate presented a draft of proposed rule changes. The intent of the proposed changes is to:

- Extend the time period (testing window) in which all sections of the CPA examination must be passed to 36 months
- Eliminate outdated subsections which no longer apply after the implementation of continuous testing

The Board directed staff to file the CR-102 as written for this proposal and schedule a public rule-making hearing in conjunction with the Board's October meeting.

The committee was disbanded with the completion of their objective to bring an Exam testing window recommendation to the full Board.

## **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 June 30, 2023. The Executive Director reported:

- End of budget biennium – \$300k underspent
- Expenses will increase next year for travel, IT licensing fees, and statewide employee raises
- Fund will not continue to build
- Scholarship funding must come from the legislature
  - Rajib asked for a projection of resources/amount available for scholarships

### 2023 Renewal and CPE Extension Request Report

The Executive Director presented and led the discussion on the 2023 Renewal and CPE Extension Request report.

### Potential Legislation

The Executive Director reported that the WSCPA will potentially bring changes to the Public Accountancy Act, RCW 18.04, to the legislature in 2024.

## **Enforcement Report**

Taylor Shahon, CPA, Lead Investigator, presented the following reports:

- Quarterly Report – April 1, 2023, through June 30, 2023
- Twelve-Month Lookback – July 1, 2022, through June 30, 2023
- All Complaints – Resolved with and without discipline for periods July 2022 to June 2023 and July 2021 to June 2022.
- CBM Report – April 1, 2023, through June 30, 2023

Taylor reported on the following enforcement activities:

- Enforcement is running smoothly
- Many complaints received for the quarter were not within the Board's jurisdiction and the complainants were directed to the



- appropriate authorities
- Thank you to all CBMs
- Rule changes to the ethics and prohibited practice sections allows enforcement staff to direct individuals to the AICPA Code

**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:

Sarah Funk, CPA, stated she was happy we addressed the Exam window extension issue so quickly. She would have liked to have seen an even longer window; however, she believes the Board is doing the right thing with bringing a 36-month window to rule making which goes beyond the nationally recommended testing window.

Randy Fenich, CPA, stated that the meeting was fascinating. He is in favor of the Board's decision to go to rule making with a 36-month Exam window, although he would rather the time be unlimited. Randy also addressed the pipeline issue stating that enrollment in the Washington State University Carson School of Business accounting program is down 45% from 2021 to 2022.

Kimberly Scott, WSCPA President & CEO, advised that the AICPA has created an alternate pathways advisory panel on which she and Tom Neill, CPA will serve. One of the things they will be looking at is internship for education. She is hopeful that the advisory panel will have a recommendation by May 2024.

Tom Neill, CPA, added that the advisory panel will possibly consider state level mutual recognition agreements (MRA).

Atarah, CPA Exam candidate, stated she would like the Board to consider extensions to the Exam testing window as one of her scores will expire prior to the rule change. She will lose credit because of only 2-3 months in timing.

**Adjournment**

The Board meeting adjourned at 12:49 p.m.

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Member

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