

# WASHINGTON STATE BOARD OF ACCOUNTANCY

## Minutes of a Regular Meeting of the Board

<b>Time and Place of Meeting</b>	9:01 a.m. – 11:48 a.m. Friday, April 20, 2018 Everett Community College Jackson Center, Senate Room, JKC 106 2000 Tower Street Everett, WA 98201
<b>Attendance</b>	<u>Board Members</u> Karen R. Saunders, CPA, Chair, Board Member Elizabeth D. Masnari, CPA, Vice Chair, Board Member James R. Ladd, CPA, Secretary, Board Member Emily R. Rollins, CPA, Board Member (arrived at 10:50 a.m.) Thomas G. Neill, CPA, Board Member Rajib Doogar, Public Member Mark Hugh, CPA, Board Member  <u>Staff and Advisors</u> Charles E. Satterlund, CPA, Executive Director Jennifer Sciba, Deputy Director Kirsten Donovan, Board Clerk Taylor Shahon, Lead Investigator
<b>Call to Order</b>	Board Chair, Karen Saunders, called the regular meeting of the Board to order at 9:01 a.m.  The Board Chair excused the absences of Bruce Turcott, Assistant Attorney General, Board Advisor, Favian Valencia, Public Member, and Joel Cambern, Public Member.
<b>Minutes – January 26, 2018, Regular Board Meeting</b>	The Board approved the minutes of the January 26, 2018, Board meeting as presented.
<b>Board Policies Annual Review</b>	The Board completed its annual review of all Board policies.  The Board voted unanimously to retain the following policies with no revisions: <ul style="list-style-type: none"><li>• 2002-2 Expert Witness Services</li><li>• 2002-4 International Reciprocity</li><li>• 2003-1 Safe Harbor Report Language for Use by Non-CPAs</li><li>• 2004-1 Administrative Violations Guidelines</li><li>• 2012-1 Social Media</li><li>• 2015-1 Board Member Travel and Attendance at Group Gatherings</li></ul>

- 2017-1 Investigative and Disciplinary Process
- 2017-2 Publication and Disclosure of disciplinary Actions

#### Board Policy 2002-1, Substantially Equivalent Jurisdictions

The Executive Director led the discussion on the policy. The information contained in the policy has been incorporated into Board Rule.

The Board voted unanimously to retire Board Policy 2002-1, Substantially Equivalent Jurisdictions, effective immediately.

#### Board Policy 2004-2, Exam Applicant Disability Documentation and Testing Modification Guidelines

The Executive Director led the discussion on the policy. The Board's Exam administrator, CPA Exam Services (CPAES), adheres to the American's with Disabilities Act (ADA) to ensure that the Board's Exam candidates are provided modifications as required. The policy is no longer needed, as CPAES coordinates these services for Washington State CPA Exam candidates.

The Board voted unanimously to retire Board Policy 2004-2, Exam Applicant Disability Documentation and Testing Modification Guidelines, effective immediately.

#### Board Policy 2011-2 Interim Policy Guidelines Pending Rule Changes

The Executive Director led the discussion on the policy. Electronic transcripts are now common practice in the course of business making the policy obsolete.

The Board voted unanimously to retire Board Policy 2011-2, Interim Policy Guidelines Pending Rule Changes, effective immediately.

#### Board Policy 2011-1 Principles Underlying Board Rules

Tom Neill led the discussion on the policy. Some Members felt that all the material within the policy is contained in the AICPA Code of Professional Conduct and that the policy could potentially be retired. Another Member felt that the policy should be kept, as it succinctly outlines the Board's principles for developing and implementing Board Rules.

The Board voted unanimously to retain the policy without revisions. However, the Board directed staff to review the policy to determine if

everything in the policy is in either the AICPA Code of Professional Conduct or Board Rule. Depending on staff's findings the policy may be reviewed again at a future Board meeting.

**NASBA Update** Dan Dustin, CPA, NASBA Vice President, State Board Relations, provided an update on NASBA activities to include:

- NASBA Tools and Services
- Uniform CPA Exam
- Firm Mobility
- CPE – Blended and Nano Learning Programs
- UAA Committee
- Horizon Issue – Data Analytics and Big Data
- AICPA-NASBA Joint Projects
- Code of Conduct
- CPE Reciprocity
- CPT Ethics Training: An Enforcement Option
- Diversity

**Chair's Report** Farewell to Board Members

The Chair presented plaques of appreciation to Emily Rollins and Jim Ladd and thanked them for their service to the Board and the profession. Emily and Jim's Board service will end June 2018.

**Executive Committee** The Chair reported that she and the other committee members had a teleconference to discuss the Board meeting agenda.

**Compliance Assurance Oversight Committee** Tom Neill reported on the results of the 2017 Continuing Professional Education (CPE) Audit. The Board found the percentage of CPE audit failures alarming and questioned whether staff should be auditing a larger percentage of credentialed individuals in the random sample. Staff will review the CPE audit procedures before the next audit.

Tom Neill led the discussion on peer review procedures regarding peer reviews which receive a pass with deficiency (PWD) or fail grade. Currently, staff is requesting copies of the Matters for Further Consideration (MFC) and Findings for Further Consideration (FFC) from firms receiving a PWD or fail. Staff reviews the MFCs and FFCs to determine if they believe that the Board should do anything beyond the peer review corrective action plan. This could include additional discipline or practice restriction.

The Executive Director asked the Board for their thoughts on the current procedures and what changes, if any, they want made.

The Board decided to request MFCs and FFCs for all system reviews which received a grade of fail.

The Board will review these MFCs and FFCs for possible Board action against the firm beyond the peer review corrective action plan.

**Legislative  
Review  
Committee**

The committee had nothing to report.

**Request Review  
Committee**

Elizabeth Masnari reported:

Firm Names: *Approved:*

FROST & COMPANY, PLLC  
FRIND & ALLEN CPAS PLLC  
CEDAR RIVER ACCOUNTING & TAX  
GORAYA ACCOUNTING & TAX SERVICES, CPA PLLC  
KEVIN R. BONNER, CPA, CFP®, PLLC  
SIMPLE SUMS ACCOUNTING, PLLC  
EMERALD NW CPA  
LAKESIDE CPA  
HDW TAX SERVICES  
ON THE POINT TAX  
ROBERTSON CONSULTING LLC  
GRESHAM FINANCIAL  
TERRY CAFFEY CPA, PLLC  
PNW FINANCIAL CONCIERGE LLC

Professional/Educational Organization – Recognition Requests

During the first quarter of 2018, the Board received and approved the following requests for recognition of an educational organization for purposes of obtaining list requests.

- Clark County Bar Association
- King County Bar Association
- ACE Seminars

Domestic or Foreign Education Credential Evaluation Services –  
Applications

During the first quarter of 2018, the Board did not receive any requests for recognition of domestic or international education credential evaluation services.

**State Ethics Compliance Committee**

Jim Ladd had nothing to report.

**Qualifications Committee**

Emily Rollins had nothing to report.

**Performance Review and Succession Committee**

Emily Rollins reported that the committee has revamped the Executive Director Performance Review. She would like the survey made available to the Board Members, Board staff, and select stakeholders through Survey Monkey.

The Deputy Director will coordinate with Emily to make this happen.

**Social Media Committee**

The committee had nothing to report.

**WSCPA Education Fund Committee**

Elizabeth Masnari reported that she has received the 2018-2019 Scholarship Winners report from the WSCPA. She asked Kimberly Scott, WSCPA President and CEO, to comment. Kimberly reported:

- 55 scholarship winners
- 14 different schools are represented
- Reception for the winners will be held on May 17, and Board Members and staff are invited to attend

**CPE Task Force**

The task force members reported:

- They will have a report for the July Board meeting regarding the differences in CPE requirements between the Board Rules and the CPE Model Rules
- CPE reciprocity will be added to the task force's agenda for review and consideration

**Executive Director's Report**

Budget and Results of Appropriations Request for Electronic Content Management (ECM) System

The Executive Director presented the Allotment Expenditure/Revenue LTD Flexible Report, the Certified Public Accountant's Account Fund

Balance, and the CPA Scholarship Transfer Account Fund Balance for transactions through March 30, 2018.

The Executive Director reported that the appropriation request for the ECM system was approved. Board staff is currently reviewing systems.

### Significant Bills

The Executive Director reported that SB 5928, regarding the marijuana industry and professionals including CPAs, passed. The Board's guidance statement on the website will be updated to reflect the changes.

The Executive Director also reported that HB 2468 regarding CPA firm mobility with British Columbia passed.

### Peer Review Issues Discussion – Implications for Enforcement

This subject was discussed during the Compliance Assurance Oversight Committee section of the agenda.

### Dismissed Case Review – Report and Assignment of Board Member for May/June 2018

Rajib Doogar reviewed the past quarter's dismissed cases. He commented that the Enforcement team has done an excellent job in organizing the case files for review.

Mark Hugh will complete the dismissed case review for the next quarter.

### Board Member Recruitment

The Executive Director reported that three individuals have applied for the two Board Member positions that are opening in June. Charles will meet with each applicant. The Governor ultimately makes the Board Member appointments.

### Other Issues

The Executive Director reported:

- The agency hired a new staff member, Caitlin Upshall
- The 2017 Executive Director's Report was submitted to the Governor
- Topics at the NASBA Executive Director's Conference included:

- NOCLAR
- Pathways to CPA
- Executive Director Committee – Charles became a member
- Kelly Wicker from the Governor’s Office visited the Board’s office – all staff has been invited to the State Employee Recognition Reception at the Governor’s Mansion

**Enforcement Report**

Taylor Shahon provided the following report to the Board:

- Enforcement Report – Quarter Report (January 1, 2018 through March 31, 2018)

Taylor Shahon reported on enforcement activities for the first quarter 2018:

- Complaint form updated – this has led to a reduction in the number of complaints received for which the agency has no jurisdiction
- Caseload update – down to 9 cases since the last report at the end of March
- Non-response to Board inquiries has become an issue

**Executive and/or Closed Session with Legal Counsel**

No executive or closed sessions with legal counsel held.

**Public Input**

Various members of the public provided input throughout the meeting.

**Adjournment**

The Board meeting adjourned at 11:48 p.m.

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Secretary

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Chair

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Vice-Chair

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