

WASHINGTON STATE BOARD OF ACCOUNTANCY

Minutes of a Regular Meeting of the Board

Time and Place of Meeting	9:00 a.m. – 12:00 p.m. Friday, April 26, 2019 DoubleTree by Hilton Hotel Seattle Airport Cascade Room 13 18740 International Blvd Seattle, WA 98188
Attendance	<u>Board Members</u> Mark Hugh, CPA, Chair, Board Member Thomas G. Neill, CPA, Vice Chair, Board Member Joel Cambern, Secretary, Public Member Karen R. Saunders, CPA, Board Member Elizabeth D. Masnari, CPA, Board Member Rajib Doogar, Public Member Brian R. Thomas, CPA, Board Member Jacqueline Meucci, CPA, Board Member Kate Dixon, Public Member <u>Staff and Advisors</u> Charles E. Satterlund, CPA, Executive Director Bruce Turcott, Assistant Attorney General, Board Advisor Jennifer Sciba, Deputy Director Taylor Shahon, CPA, Lead Investigator Caitlin Upshall, Communication Specialist
Introduction of New Board Member	The Executive Director reported that the Governor's Office has appointed Kate Dixon as the newest public Board Member. The Board and staff welcomed Kate to the Board.
Public Rule-Making Hearing	The Board held a public rule-making hearing from 9:02 a.m. to 9:06 a.m. The Board Chair presided. The Board proposed to amend: <ul style="list-style-type: none">• WAC 4-30-062 – How do I apply to take the CPA examination? The Executive Director presented a brief statement on the rule. The Board did not receive any written comments regarding the proposed rule change.
Call to Order	Board Chair, Mark Hugh, called the regular meeting of the Board to order at 9:06 a.m.
Rules Review	<u>WAC 4-30-062</u> How do I apply to take the CPA examination? The Board voted unanimously to adopt the rule as proposed. The Board voted for an implementation date 31 days after filing.

**Minutes –
January 18, 2019,
Regular Board
Meeting**

The Board approved the minutes of the January 18, 2019, Board meeting as presented.

**Board Policies
Annual Review**

The Board completed its annual review of all Board policies.

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

- 2002-2 Expert Witness Services
- 2002-4 International Reciprocity
- 2003-1 Safe Harbor Report Language for Use by Non-CPAs
- 2004-1 Administrative Violations Guidelines
- 2012-1 Social Media
- 2015-1 Board Member Travel and Attendance at Group Gatherings
- 2017-1 Investigative and Disciplinary Process
- 2017-2 Publication and Disclosure of Disciplinary Actions

NASBA Update

The Executive Director reported on the following topics from the NASBA 37th Annual Conference for Executive Directors and Board Staff held March 26-28, 2019, in San Antonio, TX:

- Second pathway to CPA
 - NASBA received feedback against creating a second CPA Exam
 - Now considering counting data analytics as business administration credits
- CPA and cannabis industry in Washington State
- New threats to testing security
- Americans with Disabilities Act (ADA)
- NASBA International Education Services (NIES) Transcript evaluations
- Update on anti-regulatory efforts
- Substantial equivalence break-out session regarding experience requirement

Tom Neill reported on Uniform Accountancy Act (UAA) committee work:

- Continuous Exam testing was approved with a 2020 window for implementation
- NOCLAR
- Attest experience requirement for signing attest reports or delegating assignments to other CPA staff – committee to vote in next three weeks

The Board Chair encouraged everyone to attend the NASBA Western Regional Meeting in Salt Lake City from June 18-20.

Legal Counsel's Report

Bruce Turcott, the Board's legal counsel, reported that the legislative session will end Sunday, April 28, 2019.

The Board Chair advised that the Board will go into an executive session at the end of the meeting.

Chair's Report

Farewell to Board Members

The Chair presented plaques of appreciation to Karen Saunders and Elizabeth Masnari and thanked them for their service to the Board and the profession. Karen and Elizabeth's Board service will end June 2019.

Executive Committee

The Chair reported that he 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 2018 Continuing Professional Education (CPE) Audit.

The Deputy Director advised of the new CPE audit timeline for both random and prelapsd reinstatement audits.

Request Review Committee

Elizabeth Masnari reported:

Firm Names: Approved:

STRAIGHT ARROW TAX, P.S
TWIN SUMMIT ACCOUNTING AND TAX SERVICES
NEXSTEP ACCOUNTING LLC
KAWASAKI TAX AND CONSULTING, PLLC
M&VW CPAS, PLLC
THE CPA GROUP PLLC
THRIVE, A CERTIFIED PUBLIC ACCOUNTING FIRM
DME CPA GROUP PC
DAVIDSON TAX & ACCOUNTING, INC
O'LEARY'S TAX SERVICE, LTD.
NORTH PACIFIC CPAS PLLC
THE E-CPA GROUP, PLLC
REGAL PLLC
SAFE HARBOR RESOLUTION, PLLC
BLACK SHEEP ACCOUNTANTS, LLC
GARABEY FINANCIAL SOLUTIONS
INSPIRE ADVISORS & CERTIFIED PUBLIC ACCOUNTANTS, P.S

Professional/Educational Organization – Recognition Requests

During the first quarter of 2019, the Board did not receive any requests for recognition of an educational organization for purposes of obtaining list requests.

Joel Cambern was selected to replace out-going chair, Elizabeth Masnari.

State Ethics Compliance Committee

Brian Thomas had nothing to report. The committee will report at the October 2019 Board meeting.

Qualifications Committee

Rajib Doogar had nothing to report.

Performance Review and Succession Committee

Joel Cambern had nothing to report.

WSCPAs Education Fund Committee

Elizabeth Masnari asked WSCPAs President and CEO, Kimberly Scott, to report on scholarship activities. Kimberly Scott reported on:

- Accounting of receipts and disbursements for the program for year ending September 30, 2018
- Scholarship recipients for this year
- 2019 Scholarship Winner Statistics (full program)
- Scholarship recipient dinner will be held May 15, 2019, from 6:00 – 8:00 p.m. at the WSCPAs. Board Members and staff are encouraged to attend
- Elizabeth Masnari has been nominated to the WSCPAs Foundation Board. Her position on the WSCPAs Foundation Board will begin after her position on the Board of Accountancy ends.

Jacqueline Meucci was selected to replace out-going chair, Elizabeth Masnari.

CPE Task Force

Mark Hugh reported:

- CPE draft rules have not changed since the prior meeting
- Rule review is coming later in the meeting

Peer Review Task Force

Tom Neill reported:

- The task force has not met but individuals from the task force have done research
- They will meet as a group and will have a report for the next Board meeting

Peer Review Discussion

The Board Chair delivered the PowerPoint presentation, “Peer Review Background and Trends – Washington State Board of Accountancy” and led the discussion on peer review.

Julie Phipps, WSCPA, and Robert Loe, CPA, Peer Review Oversight Committee (PROC) Chair, assisted with the discussion and questions.

Rules Review

The Board Chair read the summary of CPE changes from the Board packet materials.

WAC 4-30-010 Definitions

The Board Chair presented and led the discussion on a draft revision of the rule which adds a definition for nano learning.

The Board had no revisions to the draft.

WAC 4-30-132 What are the program standards for CPE?

The Board Chair presented and led the discussion on a draft revision of the rule which will incorporate aspects of the Uniform Accountancy Act (UAA) CPE model rules, reorganize the CPE requirements between the various CPE rule sections for clarity, and rename the rule.

The Board provided two revisions to the draft. One adds, “,which shall be approved by the Board,” to subsection (7)(a). The second one removes “taken after initial licensure” from subsection (3)(e).

WAC 4-30-133 Limitations on continuing professional education (CPE) credit

The Board Chair presented a draft and led the discussion on a proposed new rule which will incorporate aspects of the Uniform Accountancy Act (UAA) CPE model rules and reorganize the CPE requirements between the various CPE rule sections for clarity.

The Board had no revisions to the draft.

WAC 4-30-134 What are the continuing professional education (CPE) requirements for individuals?

The Executive Director presented and led the discussion on a draft revision of the rule which will incorporate aspects of the Uniform Accountancy Act (UAA) CPE model rules, reorganize the CPE requirements between the various CPE rule sections for clarity, and rename the rule.

The Board had no revisions to the draft.

WAC 4-30-136 How do I report my CPE to the board?

The Executive Director presented and led the discussion on a draft revision of the rule which will simplify the rule language and rename the rule.

The Board had no revisions to the draft.

WAC 4-30-138 What documentation must I retain to support my eligibility for CPE credit?

The Executive Director presented and led the discussion on a draft revision of the rule which will simplify the rule language and rename the rule.

The Board provided one revision that removes “taken after initial licensure” from subsection (1)(c) of the draft.

The Board directed staff to file the CR-102 with the Office of the Code Reviser with the change noted above and to schedule a public rule-making hearing in conjunction with the Board’s July meeting for all reviewed rules.

**Peer Review
Oversight
Committee
(PROC) Report**

Robert Loe, PROC Chair, provided the Board with a report from the January 29, 2019, meeting of the System Report Acceptance Body (RAB).

**Executive
Director’s Report**

Budget Status Report

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 29, 2019.

Firm Licensing House Bill (HB) 1208 Update

The Executive Director reported that HB 1208 passed. Agency revenue is expected to decrease as fewer CPA firms will have a licensing

requirement.

Annual Report to the Governor

The Executive Director advised the Board that the 2018 Annual Report was submitted to the governor's office.

Rajib Doogar suggested that we include Board outreach in future reports. He also mentioned that he and his University of Washington - Bothell graduate students attended the Governor's bill signing for HB 1208.

New Board Member Search

The Executive Director thanked Karen Saunders and Elizabeth Masnari for their service to the Board and the profession.

The Executive Director reported that six Board Member applications have been received.

He reminded the Board that members can serve up to three full terms. Three members are due for reappointments in June 2019. If they wish to remain on the Board, they must reapply before the conclusion of their term.

Enforcement Report

Taylor Shahon provided the following report to the Board:

- Enforcement Report – Quarter Report (January 1, 2019 through March 31, 2019)

Taylor Shahon reported on enforcement activities for the first quarter 2019:

- Caseload update – 8 cases – mostly concerning CPE audit issues
- Larger cases have concluded
- Kate Dixon volunteered to complete the next dismissed case review

Public Input

Two members of the public provided input at the conclusion of the meeting.

Executive and/or Closed Session with Legal Counsel

An executive session was held from 11:47 a.m. – 11:59 a.m. regarding litigation or potential litigation under RCW 42.30.110(1)(i).

Adjournment

The Board meeting adjourned at 12:00 p.m.

Secretary

Chair

Vice-Chair

Member

Member

Member

Member

Member

Member