

WASHINGTON STATE BOARD OF ACCOUNTANCY

Minutes of a Meeting of the Board

Time and Place of Meeting	9:00 a.m. – 10:46 a.m. Friday, January 29, 2021 Microsoft Teams Meeting
Attendance	<u>Board Members</u> Joel Cambern, Chair, Public Member Rajib Doogar, Vice Chair, Public Member Jacqueline Meucci, CPA, Secretary, Board Member Mark Hugh, CPA, CPA, Board Member Brian R. Thomas, CPA, Board Member Carol A. Morgan, CPA, Board Member Thomas P. Sawatzki, CPA, Board Member Brooke Stegmeier, CPA, Board Member <u>Staff and Advisors</u> Charles E. Satterlund, CPA, Executive Director Michelle Carr, Assistant Attorney General, Board Advisor Jennifer Sciba, Deputy Director Taylor Shahon, CPA, Lead Investigator Kirsten Donovan, Board Clerk Tia Landry, Data and Systems Administrator
Call to Order	Board Chair, Joel Cambern, called the meeting of the Board to order at 9:00 a.m.
Minutes – October 16, 2020, Annual Board Meeting	The Board approved the minutes of the October 16, 2020, Annual 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.
Delegations of Authority	Board staff reviewed and proposed no revisions to the delegations other than the date and signature of the Board Chair. The Board unanimously approved the following delegations for 2021. <ul style="list-style-type: none">• DA-001 Investigations, Subpoenas, Charges, Emergency Action, and Settlement Negotiations• DA-002 Request Oversight and Appeal of Denials• DA-003 Quality Assurance Oversight• DA-004 CR-101 Filing

The Board Chair authorized the use of his electronic signature on file with the Board for the signing of the Delegations of Authority.

Board Policy Review

2003-1 Safe Harbor Language for Use by Non-CPAs

Board staff proposed a minor change to the policy to update a reference to an RCW subsection.

The Board voted unanimously to approve the revision.

The Board Chair authorized the use of his electronic signature on file with the Board for the signing of the revised policy.

2020-2 Public Officials and Public Employees

The Executive Director led the discussion on revisions suggested by Scott Woelfle, CPA, Washington State Auditor's Office, and the comments of the Board's AAG advisors regarding the suggestions.

The Board chose to make no revisions to the policy at this time, as the request for Attorney General (AG) formal opinion is still in process. Once the AG opinion is received the Board will revisit the matter.

Chair's Report

Greetings as the New Chair

The Board Chair thanked Mark Hugh for his work as the previous Board Chair.

2021 – Year in Preview

The Board Chair reported on the following:

- Changing business and tax environment
- Supporting staff when needed
- Building on what Mark started:
 - Board Member engagement
 - Continuous communication of committees and task forces

NASBA Update

The Executive Director reported on NASBA activities.

- Education accreditation rules being considered – institutional accreditation instead of national or regional accreditation.
- Changes to WAC 4-30-060 may be necessary to accommodate the potential changes – if necessary a task force will be formed.
- Evolution of the CPA Exam – this may also require rule changes.
- Remote proctoring of the CPA Exam – the discussion concerned the need for remote proctoring in emergency situations such as the COVID pandemic. NASBA would like feedback from the Board.

The CPA Exam Remote Proctoring Task Force was formed.

Chair – Rajib Doogar

Members – Brian Thomas and Carol Morgan

The task force will have a presentation at the April Board meeting.

Legal Counsel's Report

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

The Executive Director reported the closure of the litigation matter and release of the legal hold.

Executive Committee

The Chair reported that the meeting agenda was discussed during the committee's virtual meeting.

Peer Review Oversight Committee

Jackie Meucci reported that 4th quarter was quiet. NASBA is requesting a 2020 Annual Peer Review Oversight Committee (PROC) Report. The WSCPA has provided the information for the report.

Request Oversight Committee

Tom Sawatzki reported the committee met by phone. The committee members decided they will rotate monthly to complete the reviews.

Firm Names: *Approved:*

CLARE ACCOUNTING GROUP LLC
ASSURE CPA, LLC
YAKIMA CPA GROUP
LAKESIDE CPA PLLC
A. HARDER CPA
EVERGREEN ACCOUNTING PLLC

COMMENCEMENT BAY CPA PLLC
REAL-TIME ACCOUNTING SERVICES, LLC
FODENCO LLC
BOOKSMART WA
EASTSIDE ACCOUNTANTS

Professional/Educational Organization - Recognition Requests:
During the 4th quarter 2020, the Board did not receive any requests for recognition as an educational organization for purposes of obtaining list requests.

Domestic or Foreign Education Credential Evaluation Services – Applications: During the 4th quarter 2020, the Board did not receive any requests for recognition of domestic or international education credential evaluation services.

Scholarship Oversight Committee

Carol Morgan presented the Accounting of Receipts and Disbursements - Washington State Certified Public Accounting Scholarship Program for the Year Ending September 30, 2020, and the WBOA Certified Public Accounting Scholarships listing.

The current fund balance is \$2.6 million, and 55 scholarships were awarded in 2020.

Kimberly Scott, WSCPA President and CEO, reported:

- 2021 scholarship applications are being taken now with a due date of February 16, 2021.
- Currently 253 applications have been submitted with 33 colleges being represented. Both of those numbers are up from last year.
- Application reviews will begin approximately February 20, 2021.
- 84 reviewers will conduct the 3-part review process.
- The intent is at least six reviewers look at each application; the elimination of bias in the process is a goal.

Title Reform Task Force

Mark Hugh reported the legislation and the Board rule drafts have been written, but legislation cannot be introduced until next year at the earliest.

The task force dissolved and will reform when necessary.

Succession Task Force

Joel Cambern reported interviews for the new Executive Director are being conducted by the Governor's Office.

**Executive
Director's
Report**

Budget Status

The Executive Director presented the Allotment Expenditure/Revenue BTD Flexible Report, the Certified Public Accountants' Account Fund Balance, and the CPA Scholarship Transfer Account Fund Balance for transactions through December 31, 2020.

He reported the agency is in good shape and the budget is in a surplus. He also noted WATech expenditures are growing exponentially from the price the agency was originally quoted. The new ED will need to keep a close eye on this.

The Deputy Director reported IT costs are growing, as software licenses are often charged on a monthly or yearly basis now rather than buying the software program outright.

Licensing Modernization Project Update

The Deputy Director reported the project was initially approved in 2019 with a June 30, 2021 completion date. Staff hoped to have the new licensing system implemented by December 2020, but that turned out to be overly optimistic. The new, anticipated implementation timeframe is the second quarter 2021.

She stated she appreciates staff's efforts in testing especially during the busy, renewal season.

The Executive Director stated that there have been some challenges, but success is expected.

State Auditor's Office (SAO) Audit

The Executive Director reported the agency's last audit was 10 years ago. A preliminary meeting was held, and the audit should start in February 2021. Much of the audit will take place at Small Agency Financial Services (SAFS). The agency will be on a 4-year audit cycle going forward.

ED Transition Issues

The Executive Director reported Jennifer Sciba will serve as Acting Director until the new Executive Director is appointed. He expects a smooth transition.

Other Matters as Needed

The Executive Director reported on:

- Capitol Campus protests
- Teleworking – only 1-2 staff members in the office for a limited time each day, which is expected to last until at least June 2021
- Remote working has been successful and may be offered to staff even after the pandemic

Enforcement Report

Enforcement Reports:

Taylor Shahon, CPA, Lead Investigator, presented:

- Quarterly Enforcement Report for October 1, 2020 through December 31, 2020
- Resolved Complaint Report for periods January 2020 through December 2020 and January 2019 through December 2019

Taylor reported on the following enforcement activities:

- Workload remaining constant
- Communication issues because of COVID-19 are the primary type of complaints

Brief Adjudicative Proceeding (BAP) Process Review

Taylor reviewed the BAP process for the Board Members. Recent changes in enforcement have led to more denials of applications and individuals requesting reviews of those denials.

Public Input

The Board received the following public input.

Ken Smith – He has concerns that the RCW has been misinterpreted when it comes to public officials and public employees. He suggests that the Board do public outreach to stakeholder groups concerning this RCW section and Board Policy 2020-2, Public Officials and Public Employees.

Tom Neill – He stated that the cross border statute sunsets in 2023 unless the Board takes further action. The Executive Director noted that reciprocity from Canada has not been forthcoming as was originally agreed upon, but he still believes

that allowing Canadian CPAs to work in Washington is good for business.

Tom reported on the following NASBA issues:

- Diversity, Equity, and Inclusion (DEI) and CPA Exam candidates is a focus for NASBA.
- Non-compliance with Laws and Regulations (NOCLAR) issue will be re-exposed with potential implementation in summer 2021.
- Access to the CPA Exam – education requirement may be reduced to 120 hours to sit for the Exam with the current 150 hour requirement remaining for licensure.

He would be happy to assist with any Board Rule changes that may be required if the changes are implemented.

Jeremy Saladino – He thanked the Board for the Safe Harbor Language Policy on behalf of Washington Association of Accounting and Tax Professionals (WAATP). He also thanked the Executive Director for his work with WAATP.

Executive and/or Closed Session with Legal Counsel No executive or closed sessions with legal counsel were held.

Adjournment The Board meeting adjourned at 10:46 a.m.

Secretary

Chair

Vice-Chair

Member

Member

Member

Member

Member

Member