

WASHINGTON STATE BOARD OF ACCOUNTANCY

Minutes of a Regular Meeting of the Board

Time and Place of Meeting	9:00 a.m. – 12:45 p.m. Friday, July 26, 2019 Hilton Garden Inn Spokane Airport Granite Room 9015 West Highway 2 Spokane, WA 99224
Attendance	<u>Board Members</u> Mark Hugh, CPA, Chair, Board Member Thomas G. Neill, CPA, Vice Chair, Board Member Joel Cambern, Secretary, Public Member Rajib Doogar, Public Member Brian R. Thomas, CPA, Board Member Jacqueline Meucci, CPA, Board Member (left at 12:00 p.m.) Kate Dixon, Public Member (left at 12:30 p.m.) Carol A. Morgan, CPA, Board Member Thomas P. Sawatzki, CPA, Board Member <u>Staff and Advisors</u> Charles E. Satterlund, CPA, Executive Director Bruce Turcott, Assistant Attorney General, Board Advisor (left at 12:00 p.m.) Jennifer Sciba, Deputy Director Taylor Shahon, CPA, Lead Investigator Kirsten Donovan, Board Clerk
Public Rule-Making Hearing	The Board held a public rule-making hearing from 9:01 a.m. to 9:07 a.m. The Board Chair presided. The Board proposed to amend: <ul style="list-style-type: none">• WAC 4-30-010 Definitions The proposed change adds a definition for nano learning to the rule.• WAC 4-30-132 What are the program standards for CPE? The proposed changes 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.• WAC 4-30-133 Reporting periods, carry-forward/back, and limitations on continuing professional education (CPE) credit. The proposed new rule incorporates aspects of the Uniform Accountancy Act (UAA) CPE model rules and reorganizes the

CPE requirements between the various CPE rule sections for clarity.

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

The proposed changes 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.

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

The proposed changes simplify the rule language and rename the rule.

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

The proposed changes simplify the rule language, remove the information and reference related to a retired board policy, and rename the rule.

The Executive Director presented a brief statement on each rule.

The Board did not receive any written comments regarding the proposed rule changes.

No public input was received during the hearing.

Call to Order

Board Chair, Mark Hugh, called the regular meeting of the Board to order at 9:07 a.m.

Introduction of New Board Members

The Board Chair reported that the Governor's Office appointed Carol A. Morgan, CPA and Thomas P. Sawatzki, CPA as the newest Board Members. The Board and staff welcomed Carol and Tom to the Board.

Rules Review

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

- WAC 4-30-010 Definitions

The Board voted unanimously to adopt the rule with minor changes that do not change the general subject matter of the proposed rule.

The Board changed “.2” to “0.2” in the nano learning definition to ensure that the decimal is not missed.

The Board voted for an implementation date of January 1, 2020.

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

The Board voted unanimously to adopt the rule with minor changes that do not change the general subject matter of the proposed rule.

The Board changed “.2” to “0.2” for nano learning credit in subsection (2)(a) to ensure that the decimal is not missed.

The Board voted for an implementation date of January 1, 2020.

- WAC 4-30-133 Reporting periods, carry-forward/back, and limitations on continuing professional education (CPE) credit.

The Board voted unanimously to adopt the rule with minor changes that do not change the general subject matter of the proposed rule.

The Board added “the sum of” and punctuation for clarity in subsection (6)(b).

The Board voted for an implementation date of January 1, 2020.

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

The Board voted unanimously to adopt the rule with minor changes that do not change the general subject matter of the proposed rule.

The Board adjusted the limitations on non-technical subject CPE hours a licensee can complete in their first CPE reporting period after conversion from a CPA-Inactive Certificateholder to a CPA license. The non-technical subject hours limit for an individual whose license is issued during the first calendar year of their CPE reporting period increased from 16 hours to 40 hours in subsection (2)(b)(i). For an individual who converted during the second year of their CPE reporting period the limit increased from 8 hours to 20 hours in subsection (2)(b)(ii). These changes reflect and retain the ratio of allowable non-technical subject hours to overall CPE hours authorized by the new rule changes.

The Board voted for an implementation date of January 1, 2020.

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

The Board voted unanimously to adopt the rule as proposed. The Board voted for an implementation date of January 1, 2020.

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

The Board voted unanimously to adopt the rule as proposed. The Board voted for an implementation date of January 1, 2020.

Semi-annual Rules Development Agenda

The Executive Director presented the agenda for July through December 2019 filed with the Office of the Code Reviser.

The agenda is informational for the public, and the noted dates of anticipated activity are estimates.

WAC 4-30-130 What are the quality assurance review (QAR) requirements for licensed CPA firms?

The Executive Director presented the Peer Review Task Force Report, the CR-101 filing, and a draft revision of the rule and led the discussion on the proposed changes. The changes will:

- Rename the rule
- Eliminate the thirty day notification requirement for peer review
- Require participation in the AICPA Facilitated State Board Access (FSBA) program
- Correct reference numbers to various WAC sections and subsections where the numbers have changed or been eliminated.

The Board directed staff to file the CR-102 with minor changes to the draft revision and schedule a public rule-making hearing in conjunction with the Board's October meeting.

Firm Licensing Rule Changes Needed Due to the Passage of HB 1208

- WAC 4-30-056 What are the limitation regarding individual and firm names?
- WAC 4-30-110 What are the allowable legal forms of organization and ownership requirements for a CPA firm?

- WAC 4-30-112 Must a firm holding a license from another state apply and obtain a Washington state license to hold out and practice in Washington state?
- WAC 4-30-114 How do I apply for and maintain a firm license?

The Executive Director led the discussion on the proposed changes.

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

The Board established the Firm Rule Task Force with Tom Neill, Mark Hugh, and Tom Sawatzki as members.

Minutes – April 26, 2019, Regular Board Meeting

The Board approved the minutes of the April 26, 2019, Board meeting as presented.

NASBA Update

The Executive Director reported on the following topics from the NASBA Western Regional Meeting held June 18-20, 2019, in Salt Lake City, UT:

- CPA Evolution of the profession
- Peer review
- Experience requirements for attest
- Deregulation
- Mobility/substantial equivalence

The Board Chair encouraged everyone to attend the NASBA Annual Meeting in Boston, Massachusetts being held October 27-30, 2019. Mark stated that the NASBA meetings are a great, interesting experience with a lot of information sharing.

Tom Neill reported on the UAA committee meeting. A task force was created to look at the experience model. Whether attest experience should be required for everyone is being considered. The task force is expected to meet in the September timeframe. Tom also noted that NOCLAR is being discussed again.

CPA Evolution Discussion and NASBA/AICPA Request for Comment

The Board Chair presented and led the discussion on the PowerPoint – CPA Evolution: Trends in Education and Licensure.

The Board Chair presented the NASBA/AICPA CPA Evolution: Request for Input letter.

The Board members will submit comments to the Executive Director by email, and he will work with Mark Hugh and Tom Neill to create a response for submission before the August 2, 2019 deadline.

Legal Counsel's Report

Bruce Turcott, the Board's legal counsel, had nothing to report.

Chair's Report

The Chair had nothing to report.

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 had nothing to report.

Request Review Committee

Joel Cambern reported:

Firm Names: *Approved:*

TERIE ELLIS CONSULTING PLLC
TRAIL CPA CORPORATION
NORTH PACIFIC TAX & ACCOUNTING
SOLID CHOPS ACCOUNTING LLC
LAKE STEVENS TAX SERVICE
ASPEN FINANCIAL & TAX SERVICES, INC
ALTUM LLP
ENCOMPASS TAX SOLUTIONS PLLC

Professional/Educational Organization – Recognition Requests

During the second quarter of 2019, the Board received one request for recognition as an educational organization for purposes of obtaining list requests. The request from Accounting Broker Acquisition Group was denied.

Domestic or Foreign Education Credential Evaluation Services –

Applications: During the 2nd quarter 2019, the Board did not receive any requests for recognition of domestic or international education credential evaluation services.

Late Fee Waiver Requests

Late Fee Waiver Requests were received between May 1, 2019 and June 30, 2019. The Board received six requests – One was approved, and five were denied.

**State Ethics
Compliance
Committee**

Brian Thomas had nothing to report.

**Qualifications
Committee**

Rajib Doogar reported that the committee took a preliminary look at Chartered Accountant education for possible acceptance towards the education requirement. The Board agreed to move forward with the review.

**Performance
Review and
Succession
Committee**

Joel Cambern had nothing to report.

**WSCP
Education Fund
Committee**

Jacqueline Meucci had nothing to report.

CPE Task Force

Mark Hugh reported that the task force had completed its assigned activities and is disbanded.

**Peer Review Task
Force**

Peer review was covered as a separate agenda item. Tom Neill had nothing further to report.

**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 Balance, and the CPA Scholarship Transfer Account Fund Balance for transactions through June 2019.

CPA-Inactive Certificateholders – Consideration for Legislative Changes

The Executive Director reported that staff will make a legislative effort to eliminate the CPA-Inactive Certificateholder credential type. The credential causes confusion with the public and other state Boards who use the terms certificate and license interchangeably. The plan is to add an inactive status to the CPA license credential, which is more in line with other state Boards' practices.

Due to time constraints a special Board meeting may be called to obtain Board approval for the submission of legislation once it has been drafted.

Military Rule Discussion – WAC 4-30-088

The Executive Director briefly discussed possible changes to the rule. More discussion will come on the topic.

Board Member Recruitment and Retention

The Executive Director reported that he has received interest from possible CPA and Public Board Members for Board positions when positions become available.

Enforcement Report

Taylor Shahon provided the following reports to the Board:

- Quarterly Enforcement Report for April 1, 2019 through June 30, 2019
- Twelve-month Lookback Reports for July 1, 2018, through June 30, 2019

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

- Implementation of online complaint form
- Conflict of interest complaints
- Inquiries on records retention

Public Input

Kimberly Scott, WSCPA President and CEO, provided input throughout the meeting.

Executive and/or Closed Session with Legal Counsel

No executive or closed session with legal counsel held.

Adjournment

The Board meeting adjourned at 12:45 p.m.

Secretary

Chair

Vice-Chair

Member

Member

Member

Member

Member

Member