

WASHINGTON STATE BOARD OF ACCOUNTANCY

Minutes of a Regular Meeting of the Board

Time and Place of Meeting 9:00 a.m. – 12:01 p.m. Friday, July 31, 2020
Microsoft Teams Meeting

Attendance

Board Members

Mark Hugh, CPA, Chair, Board Member
Rajib Doogar, Vice Chair, Public Member (called in at 10:22 a.m.)
Joel Cambern, Secretary, Public Member
Brian R. Thomas, CPA, Board Member
Jacqueline Meucci, CPA, Board Member
Kate Dixon, Public Member
Carol A. Morgan, CPA, Board Member
Thomas P. Sawatzki, CPA, Board Member
Brooke Stegmeier, CPA, Board Member

Staff and Advisors

Charles E. Satterlund, CPA, Executive Director
Bruce Turcott, Assistant Attorney General, Board Advisor
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

Public Rule-Making Hearing

The Board held a public rule-making hearing from 9:04 a.m. to 9:14 a.m. The Board Chair presided. The Board proposed to amend:

- WAC 4-30-080 How do I apply for an initial individual CPA license?

The proposed changes eliminate the initial licensing requirement to achieve and document a passing grade of ninety percent or better on a board-approved initial course covering the Washington State Public Accountancy Act, related board rules, and board policies and rename the rule.

Foreign Reciprocity

- WAC 4-30-100 What are the rules governing reciprocity for accountants from foreign countries?
- WAC 4-30-102 How do I apply for an initial Washington state license through foreign reciprocity?

The proposed changes rename the rules, add requirements from board policy into the rules, and specify the requirements for foreign reciprocity licensure.

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 9:14 a.m.

Rules Review

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

- WAC 4-30-080 How do I apply for an initial individual CPA license?

The Board voted unanimously to adopt the rule as proposed.

The Board voted for an implementation date of January 1, 2021.

Foreign Reciprocity – These two rules are dependent on each other and were considered together.

- WAC 4-30-100 What are the rules governing reciprocity for accountants from foreign countries?
- WAC 4-30-102 How do I apply for an initial Washington state license through foreign reciprocity?

The Board voted unanimously to adopt the rules as proposed.

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

Minutes – April 24, 2020, Board Meeting

The Board approved the minutes of the April 24, 2020, Board meeting with a minor change to the meeting end time.

NASBA Update

AICPA Proposed Revised Interpretation on Records Requests

Tom Neill, CPA, NASBA Ethics Committee Member and AICPA UAA Committee Chair, advised the Board on the following areas of particular interest from the exposure draft:

- When a client makes a request for client-provided records, the member should return those records in the member's custody or control to the client. Such client-provided records cannot be withheld regardless of nonpayment of fees. Further, although the member may charge the client a reasonable fee for the time and expense incurred to retrieve, copy, and ship such records, the client-provided records may not be withheld or delayed due to non-payment of such fees.
- In fulfilling a request for client-provided records member-prepared records, or a member's work products, or the member's copy of client-provided records previously provided to the client (as referenced in paragraph .08), the member may
 - a. charge the client a reasonable fee for the time and expense incurred to retrieve and, copy and ship such records and require that the client pay the fee before the member provides makes the records available to the client.
 - b. provide make the requested records available in any format usable by the client. However, the member is not required to convert records that are not in electronic format to electronic format. If the client requests records in a specific format and the records are available in such format within the member's custody and control, the client's request should be honored. In addition, the member is not required to provide make formulas available to the client with formulas, unless the formulas support the client's underlying accounting or other records or the member was engaged to provide make such formulas available as part of a completed work product.
 - c. make and retain copies of any records that the member returned or provided to the client.

Tom advised the committee is looking into client portal access to records as a potential area of concern.

The Board Chair noted Board Rule changes will not be necessary if the proposal is adopted.

Remote Proctoring for the CPA Exam

The Executive Director advised he was on a NASBA led Executive Director call during which remote proctoring of the CPA Exam was discussed. Many EDs expressed concern over the prospect of cheating on the Exam. The remote proctoring will be discussed at the NASBA annual meeting.

Update on CPA Evolution

The Board Chair advised CPA Evolution was discussed at the NASBA Western Regional Meeting. NASBA will be moving forward with their plan which may require Board Rule changes to the education rule once the changes are implemented.

Legal Counsel's Report

Bruce Turcott, the Board's legal counsel, and the Executive Director presented and led the discussion on the PowerPoint, Washington State Board of Accountancy Disciplinary Process.

Introduction of New Board Member

The Board Chair reported the Governor appointed Brooke Stegmeier, CPA as the newest Board Member. Brooke said she was looking forward to working with the Board.

The Board and staff welcomed Brooke to the Board.

Chair's Report

Farewell to Legal Counsel

The Chair and Executive Director thanked out-going AAG Bruce Turcott for all of his work throughout his years as the Board's legal counsel. The Chair stated he is looking forward to working with in-coming AAG Michelle Carr.

Bruce stated he enjoyed all of his time working with the Board.

NASBA Regional Meeting Thank You

The Chair thanked the Board Members who were able to attend the meeting, which was held virtually. He stated the meeting was very interesting, as always, and encouraged attendance whenever possible.

NASBA Annual Meeting Reminder

The Chair reminded the Board Members and staff that the 113th NASBA Annual Meeting will be held virtually November 2-4, 2020.

Brief Adjudicative Proceeding (BAP) Process

The Chair advised he will begin a practice of delegating these reviews to different Board Members for more balanced assignments.

Committee/Task Force Reports

The Chair advised he would like to start the tradition of the committee and task force chairs reporting at every meeting.

A Succession Task Force was formed with the following members:

Chair: Joel Cambern, Public Member

Members: Brian Thomas, CPA; Carol Morgan, CPA; Kate Dixon, Public Member

The task force will work in an advisory role to the Governor's Office, if requested, for the appointment of the new Executive Director.

Executive Committee

The Chair reported he and the other committee members had a teleconference to discuss the Board meeting agenda.

Peer Review Oversight Committee

Jackie Meucci reported the committee did not meet, but she reviewed peer review reports with the Executive Director and the Deputy Director in April. Jackie advised that Robert Loe and Laura Lindel, members of the peer review oversight committee, reported the peer review process through the WSCPA is operating as it is supposed to be.

Request Oversight Committee

Joel Cambern reported:

Firm Names: *Approved:*

SQUAREUP TAX DBA SQUAREUP CPA
TEDDY ACCOUNTING AND TAX SERVICES
REESE TAX & ACCOUNTING
BAKER TILLY US, LLP

Professional/Educational Organization – Recognition Requests

During the second quarter of 2020, the Board received one request for recognition as an educational organization for purposes of obtaining list requests. The request from Halfmoon Education, Inc. was approved.

Domestic or Foreign Education Credential Evaluation Services – Applications

During the 2nd quarter 2020, 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, 2020 and June 30, 2020. The Board received 13 requests – 10 were approved due to COVID-19 related issues, and 3 were approved due to other reasons.

Scholarship Oversight Committee

Brian Thomas reported:

- Checks for this year's scholarships are currently being mailed in order to meet fall tuition deadlines
- Budget for next year's scholarships will be presented to the Board at the October meeting
- The application process will go live in early fall

Brian advised WSCPA magazine has profiles of this year's scholarship recipients included.

He also suggested the Board Members consider becoming scholarship reviewers, as it is a rewarding experience.

Title Reform Task Force

Mark Hugh reported the Board is moving forward with the title reform plan for legislation next session, if possible. A rules rewrite for the potentially affected Board Rules was drafted.

Executive Director's Report

Resignation

The Executive Director reported he will submit his letter of resignation next month for retirement in January 2021.

He stated the job announcement will be crafted and the recruitment will be handled by the Governor's Office. The Succession Task Force may have an opportunity to provide input in the process.

Budget Status

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 2020.

He reported all state agencies have been tasked with reducing expenditures by 15%.

COVID-19 has not caused a decline in the Board's revenue so far.

The agency will submit a decision package to reduce small agency IT desk top support services.

Mandatory Furloughs

The Executive Director reported the agency is subject to the State employee furloughs ordered by the Governor. The agency furloughed

one day a week in July and will furlough one day a month at least through November 2020.

Upcoming scheduled furlough days:

- August 24, 2020
- September 28, 2020
- October 12, 2020
- November 2, 2020

IT Modernization Project Update

The Deputy Director reported:

- New licensing system on track for release in December 2020
- Currently finishing Epic 1, Core Configuration, of 6 scheduled epics
- All staff is participating in the testing process

CPE Extension Requests for Renewal

The Deputy Director reported:

- 3,694 individual license renewals for 2020
- 332 CPE extension requests under the new CPE Rules
- The Board will need to establish procedures prior to the 2023 renewal period for individuals requesting back-to-back CPE extensions which are not allowed per the new CPE rules

Enforcement Report

Enforcement Reports

Taylor Shahon, CPA, Lead Investigator, presented:

- Quarterly Enforcement Report for April 1, 2020 through June 30, 2020
- Resolved Complaint Report for periods July 2019 through June 2020 and July 2018 through July 2019

Taylor reported that the caseload remains manageable. Common complaints for the quarter are taxes not being completed on time and records not being provided.

Basis for Sanctions, Fines, and Costs

Taylor reported that sanctions, fines, and costs are:

- Considered with the Consulting Board Member (CBM) who works

in isolation with staff

- Established based on consistency with historic cases
- Implemented from Board Policy 2004-1 guidelines

CPE Deficiencies

Taylor Shahon presented and led the discussion on the PowerPoint, CPE Deficiencies – and what to do about it.

Executive and/or Closed Session with Legal Counsel

No executive or closed session with legal counsel held.

Public Input

Ken Smith, PhD, thanked the Board for the opportunity to speak and provided the following comments:

- He is here on behalf of tens of thousands of individuals. Their concern/complaint is regarding State Auditor audits, and in particular one audit of a local government entity involving hundreds of millions of dollars.
- His request from the April Board meeting for formal Board discussion with public outreach concerning audits of Washington municipalities and state government has not yet been addressed. Additionally, his request to consider engaging in the process of fixing the RCW section regarding “governmental” and protecting the public interest has not been addressed.
- He stated the State Auditor does practice public accounting, but a submitted complaint against the auditor was not investigated by the Board because of its interpretation of RCW 18.04.350.12. He requests the Board ask for a detailed analysis of other states and their laws regarding State Auditors and reviews of their practice of public accounting.
- He found the State Auditor has an “audit dispute process”, but the process is not set up to help stakeholders of Washington government.

Adjournment

The Board meeting adjourned at 12:01 p.m.

Secretary

Chair

Vice-Chair

Member

Member

Member

Member

Member

Member