

**ANNUAL BOARD MEETING AGENDA**

**Date, Time:** Friday, October 29, 2021 – Annual Board Meeting – 9:00 a.m.  
**Location:** Microsoft Teams Meeting  
**Notices:** 9:00 a.m. Rules Hearing

Vice Chair Introductions

**PUBLIC RULE- MAKING HEARING**

Attachments at page(s):

- 1. Public Rule-Making Hearing Script ..... 10-11
- 2. Rules Under Consideration
  - a. WAC 4-30-062 Applying to take the CPA examination ..... 12-16
- 3. Written Stakeholder Comments

**ANNUAL MEETING AGENDA**

- 4. Rules Review
  - a. Board’s deliberation on proposed rules considered at the public rule-making hearing.  
See listing above under Public Rule-Making Hearing – Item 2
  - b. WAC 4-30-028 What rules govern the proceedings before the board? ..... 17-20
- 5. Minutes – July 30, 2021, Board Meeting ..... 21-27
- 6. Vice Chair’s Report
  - a. Election of Officers for Calendar Year 2022
  - b. Board Meeting Schedule and Locations for Calendar Year 2022
  - c. Committee Chair and Member Appointments for Calendar Year 2022 .....28
- 7. NASBA Update
  - a. Colleen Conrad, CPA, Executive Vice President and Chief Operating Officer, NASBA
- 8. Attorney General of Washington Formal Opinion ..... 29-32
  - a. Board Policy 2020-2 Public Officials and Public Employees ..... 33-34
- 9. Legal Counsel’s Report

The Board of Accountancy schedules all public meetings at barrier free sites. Persons who need special assistance, such as enlarged type materials, please contact the Board's Americans with Disabilities Act contact person:

Kirsten Donovan, Washington State Board of Accountancy  
PO Box 9131, Olympia, WA 98507-9131  
Phone: 360-664-9191 Email: kirsten.donovan@acb.wa.gov

7-1-1 or 1-800-833-6388 (TTY) - 1-800-833-6385 (Telebraille)  
(TTY and Telebraille service nationwide by Washington Relay  
www.washingtonrelay.com)

10. Executive Director’s Report ..... 35-37

- a. Budget Status
- b. Non-Compliance with Laws and Regulations (NOCLAR)
- c. Peer Review
- d. Continuing Professional Education (CPE)
- e. Residency of Board Licensees .....38

11. Committee/Task Force Reports

- a. Executive Committee – Rajib Doogar, Public Member, Vice Chair
- b. Peer Review Oversight Committee – Jacqueline Meucci, CPA, Chair ..... 39
- c. Request Oversight Committee – Tom Sawatzki, CPA, Chair ..... 40
- d. Scholarship Oversight Committee – Brian Thomas, CPA, Member..... 41-42
- e. CPA Exam Remote Proctoring Task Force – Rajib Doogar, Public Member, Chair

12. Enforcement Report

- a. Quarterly Enforcement and Resolved Complaint Reports..... 43-44

13. Executive and/or Closed Sessions with Legal Counsel

14. Public Input - The public has an opportunity to address its concerns and the Board has an opportunity to ask questions of the public. Individual speakers will be provided 10 minutes each.

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<b>PO Box 9131, Olympia, WA 98507-9131</b>	<b>(TTY and Telebraille service nationwide by Washington Relay</b>
<b>Phone: 360-664-9191 Email: kirsten.donovan@acb.wa.gov</b>	<b>www.washingtonrelay.com)</b>

**WASHINGTON STATE  
BOARD OF ACCOUNTANCY  
ANNUAL BOARD MEETING – OCTOBER 29, 2021  
SUMMARY**

**Date and Time:** Friday, October 29, 2021 - 9:00 a.m.  
**Location:** Microsoft Teams Meeting  
**Notices:** None

**Vice Chair's Opening Announcements:** The purpose of the Board meeting is for the Board to accomplish its business. After the Board completes its discussion of an agenda item, if appropriate, I will ask if anyone in the audience wishes to comment. As a reminder, individuals attending the meeting may participate only after recognition by the Chair. If you plan to address the Board on other matters during the public input section of the agenda, please advise the Board Chair now, and your name will be added to the public input roster.

**OCTOBER 29, 2021 - 9:00 a.m. – PUBLIC RULE-MAKING HEARING**

**Rules Hearing** - At 9:00 a.m. the Board will hold its scheduled rules hearing to obtain public input on the proposed changes to one Board rule. Individuals wishing to comment must advise the Board Chair now, and your name will be added to the rule-making public input roster.

**1. Public Rule-Making Hearing Outline** – The script the Chair will use as a guide during the hearing is at **pages 10-11** of the meeting materials.

**2. Rules Under Consideration** –

**WAC 4-30-062 Applying to take the CPA examination.**

See **pages 12-14** for the CR-102, Proposed Rule Making Notice.

**Pages 15-16** contain the filing for the proposed changes to the rule. The changes align the rule with the National Association of State Boards of Accountancy (NASBA).

The Executive Director will provide a summary of the proposed changes to the rule during the rules hearing.

**3. Written Stakeholder Comments** – None were received by the time the Board meeting packet was posted to the website. If any are received by the written comment deadline of October 27, 2021, they will be provided during the Rules Hearing.

**October 29, 2021 – ANNUAL BOARD MEETING**

**4. Rules Review**

- a. **Board deliberation on the proposed rule considered at the public rule-making hearing.**

**WAC 4-30-062 Applying to take the CPA examination. – Pages 12-16**

The Executive Director is prepared to summarize the proposed changes to the rule and answer any questions for the Board during deliberation.

**Does the Board wish to:**

- **Adopt the rule as proposed; or**
- **Adopt the rule with minor changes that do not change the general subject matter of the proposed rule; or**
- **Amend the rule proposal and set another rules hearing date; or**
- **Withdraw the rule proposal?**

**Effective date:** If the Board decides to adopt the rule, the Board must determine the effective date. Rules generally become effective 31 days after filing. The Executive Director recommends making the rule effective 31 days after filing.

**Does the Board wish to make the rule effective:**

- **31 days after filing;**
- **January 1, 2022; or**
- **Another date?**

- b. **WAC 4-30-028 What rules govern the proceedings before the board?**

**Page 17** contains a copy of the CR-101 filed with the Office of the Code Reviser.

**Pages 18-20** contain a draft copy of the proposed changes to the rule.

The Executive Director will lead a discussion on the proposed changes.

**Does the Board wish to direct staff to:**

- **File the CR-102 as written (or with minor changes) for this proposal and schedule a public rule-making hearing in conjunction with the Board's January meeting; or**
- **Amend the rule proposal for consideration at the Board's January meeting; or**
- **Withdraw the rule proposal?**

**5. Minutes – July 30, 2021, Board Meeting**

Board staff presents the draft minutes of the July 30, 2021, Board meeting at **pages 21-27** for the Board’s consideration.

**Does the Board approve the minutes as drafted?**

**Does the Board authorize the use of their electronic signatures on file for the signing of the approved meeting minutes?**

**6. Vice Chair’s Report**

**a. Election of Officers for Calendar Year 2022**

The Board must vote in officers for calendar year 2022:

Chair \_\_\_\_\_

Vice Chair \_\_\_\_\_

Secretary \_\_\_\_\_

The newly elected officers will assume their duties on January 1, 2022.

**b. Board Meeting Schedule and Locations for Calendar Year 2022** - Board meeting dates are set by Board rule as the last Friday of the month in the months of January, April, July, and October or as otherwise determined by the Board. Board staff with direction from the Board Vice Chair has selected the following meeting dates and locations:

- January 28, 2022 – Virtual Meeting
- April 29, 2022 – Virtual Meeting
- July 29, 2022 – Virtual Meeting
- October 28, 2022 – Virtual Meeting

Board meeting locations will change to physical sites if it becomes safe to do so.

**Does the Board approve the selected dates and locations?**

**NASBA Meeting Schedule for Calendar Year 2022 (for reference)**

- April 25-27, 2022 Annual Conference for Executive Directors and Board Staff, Clearwater Beach, FL
- June 7-9, 2022 – Western Regional Meeting, Colorado Springs, CO
- June 27-29, 2021 – Eastern Regional Meeting, White Sulphur Springs, WV

**c. Committee Chair and Member Appointments for Calendar Year 2022**

The Board adopted a governance structure that includes the Executive Committee consisting of the Board officers and four other committees/task forces. The Board needs to appoint chairs and members for each of the four committees/task forces at its annual meeting. The current committees/task forces and members are listed.

**Page 28** contains a copy of the 2021 committee and task force spreadsheet for reference.

**Peer Review Oversight Committee (PROC)**

Chair: \_\_\_\_\_

Members: \_\_\_\_\_

Current Members:

Jackie Meucci, CPA, Committee Chair

Mark Hugh, CPA

Brooke Stegmeier, CPA

Non-board Volunteers:

Robert Loe, CPA

Laura Lindal, CPA

**Request Oversight Committee (ROC)**

Chair: \_\_\_\_\_

Member: \_\_\_\_\_

Current Members:

Tom Sawatzki, CPA, Committee Chair

Brian Thomas, CPA

Brooke Stegmeier, CPA

**Scholarship Oversight Committee (SOC)**

Chair: \_\_\_\_\_

Member: \_\_\_\_\_

Current Members:

Brian Thomas, CPA, Committee Chair

Jackie Meucci, CPA

Kate Dixon, Public Member

**CPA Exam Remote Proctoring Task Force**

Chair: \_\_\_\_\_

Member: \_\_\_\_\_

Current Members:

Rajib Doogar, Public Member, Committee Chair  
Brian Thomas, CPA

**7. NASBA Update**

- a. Colleen Conrad, CPA, Executive Vice President and Chief Operating Officer, NASBA**

**8. Attorney General of Washington Formal Opinion**

A copy of the Attorney General of Washington Formal Opinion, AGO 2021 No. 5, is available in **pages 29-32** of the meeting materials.

The Executive Director and Mark Hugh will provide a summary and lead the discussion on the opinion.

- a. Board Policy 2020-2 Public Officials and Public Employees**

**Pages 33-34** contain a draft of the proposed revisions to the policy. The Executive Director will lead the discussion on the proposed changes.

**Does the Board wish to revise, retain, or retire this policy?**

**9. Legal Counsel's Report**

The Board's legal counsel requests the agenda for regular Board meetings contain a placeholder item allowing for Legal Counsel to report on any current issues related to the Board's activities and/or Washington State law such as: the Administrative Procedures Act, Open Public Meetings Act, Public Disclosure requirements, etc.

**10. Executive Director's Report – Pages 35-37**

- a. Budget Status**
- b. Non-Compliance with Laws and Regulations (NOCLAR)**
- c. Peer Review**

- d. **Continuing Professional Education (CPE)**
- e. **Residency of Board Licensees**

**Page 38** contains a chart of the number of licensee per location.

## 11. Committee/Task Force Reports

- a. **Executive Committee** – Vice Chair: Rajib Doogar, Public Member; Secretary: Jackie Meucci, CPA

Rajib will give a verbal report.

- b. **Peer Review Oversight Committee** – Chair: Jackie Meucci, CPA; Members: Mark Hugh, CPA; Brooke Stegmeier, CPA

**Page 39** contains the 2021 Quality Assurance Review (QAR) Results report.

Jackie will give a verbal report.

- c. **Request Oversight Committee** – Chair: Tom Sawatzki, CPA; Members: Brian Thomas, CPA; Brooke Stegmeier, CPA

**Page 40** contains a report on the 3<sup>rd</sup> quarter approval and denials from the committee.

Tom will give a verbal report.

- d. **Scholarship Oversight Committee** – Members: Brian Thomas, CPA; Jackie Meucci, CPA; Kate Dixon, Public Member

**Pages 41-42** contain the Scholarship Oversight Committee report and the Projected Fund Balance for the WA Certified Public Accounting Scholarship Program report – for the Year Ending September 30, 2022.

Brian will give a verbal report.

- e. **CPA Exam Remote Proctoring Task Force** – Chair: Rajib Doogar, Public Member; Members: Brian Thomas, CPA

Rajib will give a verbal report.

## 12. Enforcement Report

Taylor Shahon, CPA, Lead Investigator, will provide a verbal report on investigations.

- a. **Quarterly Enforcement and Resolved Complaint Reports – Pages 43-44**



- 13. Executive and/or Closed Sessions with Legal Counsel** - The Board's legal counsel requests the agenda for regular Board meetings contain a placeholder item identifying the Board and legal counsel may enter into executive or closed session when determined appropriate.
  
- 14. Public Input** - Board meeting time has been set aside to ensure the public has an opportunity to address its concerns, and the Board has an opportunity to ask questions of the public. Individual speakers will be provided 10 minutes each.

**WASHINGTON STATE BOARD OF ACCOUNTANCY  
RULES HEARING OUTLINE  
OCTOBER 29, 2021**

**Presiding officer read or paraphrase BOLD type entries**

*Italics are explanatory notes to presiding officer*

*Opening statement:*

**The Board of Accountancy rules hearing is now in session. The date is Friday, October 29, 2021. The time is \_\_\_\_\_. My name is Rajib Doogar. I am the Vice Chair of the Board of Accountancy.**

**Copies of the rule proposals are available in the Board packet materials online at [www.acb.wa.gov](http://www.acb.wa.gov). If you would like to testify, please let me know now, and your participation at this hearing will be added to the Rules Hearing attendance roster.**

*Have Board Members, legal counsel, and staff in attendance introduce themselves.*

*Explain hearing sequence and ground rules as follows:*

**The hearing will be conducted as follows:**

- 1. I will identify the rules presented for testimony and present a brief statement for each proposal.**
- 2. I will use the attendance roster to invite testimony on the proposal. When you give testimony, please:**
  - State your name and organization if you speak for a group**
  - Limit your testimony to the rule proposal currently before the Board**
  - After you testify, please remain available for questions, and**
  - If you are testifying from text, please provide a copy by email to Kirsten Donovan, Board Clerk at [Kirsten.donovan@acb.wa.gov](mailto:Kirsten.donovan@acb.wa.gov).**

**Testimony is limited to 10 minutes for each speaker.**

- 3. When the testimony is complete the hearing will be closed. The Board will consider the proposed rule changes at its Board meeting later today.**

**The rule proposals concern:**

- WAC 4-30-062 Applying to take the CPA examination.**

**Dave Trujillo, Executive Director, will present a brief statement for the proposal.**

*Dave presents the statement.*

**The rule proposal has been identified. We will now move to the testimony.**

**1. TESTIMONY FROM ATTENDANCE ROSTER**

*Ask for testimony from the audience according to the order on the attendance roster. After testimony is complete you will invite questions from the Board members.*

**Will (name of individual) please present testimony?**

*When the testimony is complete you may ask questions of the individual.*

**2. OTHER TESTIMONY**

*After all persons on the attendance roster have testified, ask if others wish to testify. **Is there anyone who wishes to testify that has not had the opportunity?***

**3. CLOSING STATEMENT:**

**Thank you for your testimony.**

**The Board will deliberate on the oral and written testimony and the proposed rules later today during its Board meeting. The Board's decision regarding the proposed rules will be posted to the Board's rule making section of the website and reflected in the meeting minutes. Thank you all for your participation. The time is \_\_\_\_\_, and this hearing is now closed.**



# PROPOSED RULE MAKING

## CR-102 (December 2017) (Implements RCW 34.05.320)

Do NOT use for expedited rule making

CODE REVISER USE ONLY

OFFICE OF THE CODE REVISER  
STATE OF WASHINGTON  
FILED

DATE: August 10, 2021

TIME: 2:36 PM

WSR 21-17-057

Agency: Board of Accountancy

- Original Notice
- Supplemental Notice to WSR \_\_\_\_\_
- Continuance of WSR \_\_\_\_\_

- Preproposal Statement of Inquiry was filed as WSR 21-12-106 ; or
- Expedited Rule Making--Proposed notice was filed as WSR \_\_\_\_\_; or
- Proposal is exempt under RCW 34.05.310(4) or 34.05.330(1); or
- Proposal is exempt under RCW \_\_\_\_\_.

Title of rule and other identifying information: (describe subject) WAC 4-30-062 Applying to take the CPA examination.

### Hearing location(s):

Date:	Time:	Location: (be specific)	Comment:
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October 29, 2021	9:00 A.M.	Microsoft Teams Meeting  The link to join the meeting will be available on the Board's website approximately 2 weeks before the hearing date at: <a href="https://acb.wa.gov/next-board-meeting">https://acb.wa.gov/next-board-meeting</a> . A phone number will be provided as well in case you are unable to attend by Teams meeting.	
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Date of intended adoption: October 29, 2021 (Note: This is **NOT** the effective date)

### Submit written comments to:

Name: Kirsten Donovan, Rules Coordinator

Address: P.O. Box 9131  
Olympia, WA 98507

Email: [Kirsten.donovan@acb.wa.gov](mailto:Kirsten.donovan@acb.wa.gov)

Fax: 360-664-9190

Other:

By (date) October 27, 2021

### Assistance for persons with disabilities:

Contact Kirsten Donovan, Rules Coordinator

Phone: 360-664-9191

Fax: 360-664-9190

TTY: 771

Email: [Kirsten.donovan@acb.wa.gov](mailto:Kirsten.donovan@acb.wa.gov)

Other:

By (date) October 27, 2021

**Purpose of the proposal and its anticipated effects, including any changes in existing rules:** The board of accountancy proposes amending :  
WAC 4-30-062 to align the Board Rule with the National Association of State Boards of Accountancy (NASBA).

**Reasons supporting proposal:** See purposes above

**Statutory authority for adoption:** RCW 18.04.055

**Statute being implemented:** RCW 18.04.055

**Is rule necessary because of a:**

Federal Law?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Federal Court Decision?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
State Court Decision?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

If yes, CITATION:

**Agency comments or recommendations, if any, as to statutory language, implementation, enforcement, and fiscal matters:**

**Name of proponent:** (person or organization) Board of Accountancy

<input type="checkbox"/> Private
<input type="checkbox"/> Public
<input checked="" type="checkbox"/> Governmental

**Name of agency personnel responsible for:**

	Name	Office Location	Phone
Drafting:	David Trujillo, CPA	711 Capitol Way S Suite 400 Olympia, WA 98501	(360) 664-9268
Implementation:	David Trujillo, CPA	711 Capitol Way S Suite 400 Olympia, WA 98501	(360) 664-9268
Enforcement:	David Trujillo, CPA	711 Capitol Way S Suite 400 Olympia, WA 98501	(360) 664-9268

**Is a school district fiscal impact statement required under RCW 28A.305.135?**  Yes  No

If yes, insert statement here:

The public may obtain a copy of the school district fiscal impact statement by contacting:

Name:  
Address:  
Phone:  
Fax:  
TTY:  
Email:  
Other:

**Is a cost-benefit analysis required under RCW 34.05.328?**

Yes: A preliminary cost-benefit analysis may be obtained by contacting:

Name:  
Address:  
Phone:  
Fax:

TTY:  
Email:  
Other:

No: Please explain: The Board of Accountancy is not a listed agency in RCW 34.05.328(5)(a)(i).

**Regulatory Fairness Act Cost Considerations for a Small Business Economic Impact Statement:**

This rule proposal, or portions of the proposal, **may be exempt** from requirements of the Regulatory Fairness Act (see chapter 19.85 RCW). Please check the box for any applicable exemption(s):

This rule proposal, or portions of the proposal, is exempt under RCW 19.85.061 because this rule making is being adopted solely to conform and/or comply with federal statute or regulations. Please cite the specific federal statute or regulation this rule is being adopted to conform or comply with, and describe the consequences to the state if the rule is not adopted.

Citation and description:

This rule proposal, or portions of the proposal, is exempt because the agency has completed the pilot rule process defined by RCW 34.05.313 before filing the notice of this proposed rule.

This rule proposal, or portions of the proposal, is exempt under the provisions of RCW 15.65.570(2) because it was adopted by a referendum.

This rule proposal, or portions of the proposal, is exempt under RCW 19.85.025(3). Check all that apply:

RCW 34.05.310 (4)(b)  
(Internal government operations)

RCW 34.05.310 (4)(e)  
(Dictated by statute)

RCW 34.05.310 (4)(c)  
(Incorporation by reference)

RCW 34.05.310 (4)(f)  
(Set or adjust fees)

RCW 34.05.310 (4)(d)  
(Correct or clarify language)

RCW 34.05.310 (4)(g)  
((i) Relating to agency hearings; or (ii) process requirements for applying to an agency for a license or permit)

This rule proposal, or portions of the proposal, is exempt under RCW \_\_\_\_\_.

Explanation of exemptions, if necessary:

**COMPLETE THIS SECTION ONLY IF NO EXEMPTION APPLIES**

If the proposed rule is **not exempt**, does it impose more-than-minor costs (as defined by RCW 19.85.020(2)) on businesses?

No Briefly summarize the agency's analysis showing how costs were calculated. No additional costs are associated with these changes for CPA examination candidates.

Yes Calculations show the rule proposal likely imposes more-than-minor cost to businesses, and a small business economic impact statement is required. Insert statement here:

The public may obtain a copy of the small business economic impact statement or the detailed cost calculations by contacting:

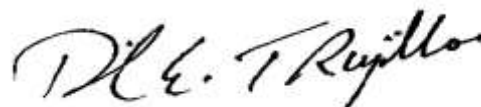
Name:  
Address:  
Phone:  
Fax:  
TTY:  
Email:  
Other:

Date: 8/11/2021

Name: David Trujillo, CPA

Title: Executive Director

Signature:



**WAC 4-30-062 Applying to take the CPA examination.** (1) **Application process and due dates:** Your application to take the CPA examination must be submitted to the board's examination administrator. Applicants must submit all required information, documents, and fees to complete their application within sixty days of the date their application is submitted to the board's examination administrator. Your application is not considered complete until all of the following are provided:

- Complete application information and requested documents;
- Fee(s).

(2) **Fee refund and forfeiture:** Upon submission of your application to the examination administrator, no portion of the board's administrative fee is refundable. Upon the examination administrator's authorization to test, no portion of the total exam fee (both administrative fee and section fee(s)) is refundable. If you fail to meet the board's scheduling or admission requirements, you forfeit all of the exam fee(s) and you must reapply to take the section(s) of the exam.

(3) **Notice of admittance to the examination or denial of your application:** You must contact the approved test provider to schedule the time and location for your examination. The notice of eligibility to take the examination is called a Notice to Schedule (NTS), the NTS will be valid for one taking of the examination within the six months following the date of the NTS.

Notice of a denial of your application, or notice of your eligibility to take the examination will be sent to you by the examination administrator.

(4) **Examination content and grading:** The CPA examination shall test the knowledge and skills required for performance as an entry-level certified public accountant. The examination shall include the subject areas of accounting and auditing and related knowledge and skills as the board may require. (~~The examination will consist of the following four sections: Auditing and attestation; financial, accounting and reporting; regulation; and business environment and concepts.~~) The board may accept the advisory grading services of the American Institute of Certified Public Accountants.

(5) **Examination process:**

(a) **Conditions for examinations held prior to January 1, 2004:** Contact a customer service representative at customerservice@acb.wa.gov or by phone at 360-753-2586.

(b) **For examinations taken after December 31, 2003:** The board uses all parts of the uniform CPA examination and the advisory grading services of the American Institute of Certified Public Accountants.

(i) To satisfy the examination requirement for a license you must have achieved a score of seventy-five on all (~~four~~) sections of the examination within a rolling eighteen-month period.

(ii) You may take the required (~~four~~) sections individually and in any order. Credit for any section(s) taken and passed after December 31, 2003, will be valid for eighteen months from the actual date you successfully passed any particular section of the examination.

(iii) You must pass all (~~four~~) sections of the examination within a rolling eighteen-month period, which begins on the date that the first section(s) is passed. A section is considered passed on the

date that you took the exam section and not the date that your grade is released.

(iv) You may not retake a failed section(s) in the same examination window. An examination window refers to a three-month period in which candidates have an opportunity to take the examination (comprised of two months in which the examination is available to be taken and one month in which the examination will not be offered while routine maintenance is performed and the examination is refreshed).

(v) If the board determines that the examination system changes necessary to eliminate the test window limitations have been implemented, (iv) of this subsection will no longer be effective, and a candidate can retake a test section once their grade for any previous attempt of that same section has been released.

(vi) In the event you do not pass all (~~four~~) sections of the examination within the rolling eighteen-month period, credit for any section(s) passed prior to the eighteen-month period will expire and you must retake any expired section.





# PREPROPOSAL STATEMENT OF INQUIRY

## CR-101 (October 2017) (Implements RCW 34.05.310)

Do **NOT** use for expedited rule making

CODE REVISER USE ONLY

OFFICE OF THE CODE REVISER  
STATE OF WASHINGTON  
FILED

DATE: August 10, 2021

TIME: 9:21 AM

WSR 21-17-048

**Agency:** Board of Accountancy

**Subject of possible rule making:** WAC 4-30-028 What rules govern the proceedings before the board?

**Statutes authorizing the agency to adopt rules on this subject:** RCW 18.04.055

**Reasons why rules on this subject may be needed and what they might accomplish:** The intent of this rule change is to clarify how the Board enforces the sanctions contained in board orders.

**Identify other federal and state agencies that regulate this subject and the process coordinating the rule with these agencies:** None

**Process for developing new rule (check all that apply):**

- Negotiated rule making
- Pilot rule making
- Agency study
- Other (describe)

**Interested parties can participate in the decision to adopt the new rule and formulation of the proposed rule before publication by contacting:**

	(If necessary)
Name: Kirsten Donovan, Rules Coordinator	Name:
Address: Washington State Board of Accountancy PO Box 9131 Olympia, WA 98507-9131	Address:
Phone: 360-664-9191	Phone:
Fax: 360-664-9190	Fax:
TTY: 1-800-833-6388	TTY:
Email: Kirsten.donovan@acb.wa.gov	Email:
Web site: <a href="https://acb.wa.gov/">https://acb.wa.gov/</a>	Web site:
Other:	Other:

Additional comments:

**Date:** August 10, 2021

**Name:** David Trujillo, CPA,

**Title:** Executive Director

**Signature:**

WAC 4-30-028 ~~What r~~Rules governing the formal adjudicative proceedings and the brief adjudicative proceedings before the board.? Except where they are inconsistent with the rules in this chapter and subject to additional rules that the board may adopt from time to time, ~~practice and procedure~~adjudicative proceedings in and before the board are governed by the Administrative Procedures Act, chapter 34.05 RCW, and the uniform procedural rules codified in the Washington Administrative Code, chapter 10-08 WAC.

For certain types of decisions, the board has adopted an appeal process authorized by RCW 34.05.482 through 34.05.494 which is called a brief adjudicative proceeding. Decisions to which this appeal process will be applied are:

- (1) ~~Staff d~~Denials of initial individual license applications, renewals, or applications for reinstatement;
- (2) ~~Staff d~~Denials of CPA-Inactive certificate renewals or applications for reinstatement;
- ~~(3) Staff denials of practice privilege reinstatements;~~

(43) ~~Staff-d~~Denials of initial resident nonlicensee firm owner registration applications, renewals, or applications or requests for reinstatement;

(54) ~~Staff-d~~Denials of initial firm license applications, renewals, and amendments;

(65) ~~Staff-d~~Denials of exam applications; ~~and~~

(76) A proposed suspension as a result of a determination by a lending agency of nonpayment or default on a federally or state-guaranteed student loan or service conditional scholarship; ~~and~~

(7) Lifts of stays of suspension from a Board Order.

To appeal a decision you must submit your request for a brief adjudicative proceeding, **in writing**, to the board **within thirty days** after the decision by board staff is posted in the U.S. mail. The board chair or the board vice chair, if the board chair is unavailable, will appoint one member of the board as the presiding officer for brief adjudicative proceedings. The presiding officer renders a decision either upholding or overturning the denial. This decision, called an order, will be provided to you at the last address you furnished to the board.

If you are dissatisfied with the order in the brief adjudicative proceeding, you may appeal to the board's vice chair, or designee. This appeal process is called an administrative review. Your appeal must be received by the board, **orally or in writing, within twenty-one days** after the brief adjudicative proceedings order is posted in the U.S. mail. The vice chair, or designee, considers your appeal and either upholds or overturns the brief adjudicative proceeding order. The vice chair's, or designee's, decision, also called an order, will be provided to you at the last address you furnished to the board.

[Statutory Authority: RCW 18.04.055(1), 34.05.220, and 34.05.482. WSR 10-24-009, amended and recodified as § 4-30-028, filed 11/18/10, effective 12/19/10; WSR 08-18-016, § 4-25-540, filed 8/25/08, effective 9/25/08; WSR 05-01-137, § 4-25-540, filed 12/16/04, effective 1/31/05; WSR 02-04-064, § 4-25-540, filed 1/31/02, effective 3/15/02. Statutory Authority: RCW 18.04.055(1) and 34.05.482. WSR 00-11-070, § 4-25-540, filed 5/15/00, effective 6/30/00; WSR 98-12-022, § 4-25-540, filed 5/27/98, effective 6/27/98. Statutory Authority: RCW 18.04.055. WSR 93-12-074, § 4-25-540, filed 5/27/93, effective 7/1/93.]

# WASHINGTON STATE BOARD OF ACCOUNTANCY

## Unapproved Draft - Minutes of a Regular Meeting of the Board – Unapproved Draft

<b>Time and Place of Meeting</b>	9:00 a.m. – 12:17 p.m. Friday, July 30, 2021 Microsoft Teams Meeting
<b>Attendance</b>	<u>Board Members</u> Rajib Doogar, Vice Chair, Public Member Jacqueline Meucci, CPA, Secretary, Board Member Mark Hugh, CPA, CPA, Board Member Brian R. Thomas, CPA, Board Member Kate Dixon, Public Member Carol A. Morgan, CPA, Board Member Thomas P. Sawatzki, CPA, Board Member (arrived at 9:27 a.m.) Brooke Stegmeier, CPA, Board Member  <u>Staff and Advisors</u> David Trujillo, 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  The Vice Chair excused Board Chair, Joel Cambern’s absence.
<b>Call to Order</b>	Board Vice Chair, Rajib Doogar, called the meeting of the Board to order at 9:00 a.m.
<b>Executive Director Opening</b>	The Executive Director welcomed all to the meeting and reported the following: <ul style="list-style-type: none"><li>• Jackie Meucci and Brian Thomas have been reappointed to the Board for another term ending June 9, 2024.</li><li>• Colleen Conrad, CPA, Executive VP and Chief Operating Officer (COO), NASBA, will report at the October Board meeting.</li><li>• Exam Remote Proctoring Task Force will remain in place until the program is fully ready to implement.</li><li>• Legislation review:<ul style="list-style-type: none"><li>○ CPA-Inactive certificate holder legislation still in process.</li><li>○ Discussions with British Columbia colleagues to address next steps regarding legislation sun-setting June 30, 2023.</li></ul></li></ul>
<b>Minutes – April 30, 2021, Board Meeting</b>	The Board approved the minutes of the April 30, 2021, Board meeting as presented.

## **Rules Review**

### Semi-Annual Rules Development Agenda

The Executive Director presented the Semi-Annual Rules Development Agenda that was filed with the Office of the Code Reviser for July through December 2021. He provided background information on the rule-making process.

#### Discussion on Potential Revision to Rules

- WAC 4-30-028 What rules govern the proceedings before the board?

The Executive Director presented a draft of the rule and led the discussion on the proposed revisions.

Board Members found the draft language unclear. The Executive Director will edit the draft for further discussion.

The Board directed staff to file the CR-101 to begin the rule-making process and add the rule as an agenda item to the next Board meeting.

- WAC 4-30-062 Applying to take the CPA examination.

The Executive Director presented the CR-101 filing and a draft of the rule, and led the discussion on the proposed revisions.

The Board directed staff to file the CR-102 with the edit to the draft language, which removes the word “four” to allow for possible changes to the number of Exam sections without causing the need for a rule change, and schedule a public rule-making hearing in conjunction with the Board’s October meeting.

## **NASBA Update**

The Executive Director reported on the following NASBA activities:

- Mobility – Individual mobility is authorized in all but 2 jurisdictions, while firm mobility is not as unified.
- CPE Reciprocity – 34 jurisdictions have full CPE reciprocity.
- CPA Evolution – Updated CPA Exam in process which will include a technology discipline. Gap analysis indicates the need for a CPA Evolution Model Curriculum to support accounting programs.
- NASBA Annual Meeting will be held in person/virtually October 31 to November 3 in San Diego. In person attendees must be vaccinated. We are still unsure if travel will be authorized for state business.
- Education gaps through the eyes of NASBA and the AICPA article included in our July newsletter.

Thomas Neill, CPA, NASBA Ethics Committee Member and AICPA UAA Committee Chair, former Board Member, advised the Board on the following:

- A new set of auditing standards for quality control in exposure draft review. The changes are projected to affect small firms. The potential changes may cause the need for a Board rule change.
- NOCLAR is back in the picture with a new committee.
- UAA is looking into how to address barriers to entry into the profession.

**The Future of the Profession and the Profession of the Future**

Rajib Doogar presented the PowerPoint, Preparing for the Future, and led the discussion. Discussion points included:

- How the profession is changing?
- How is the public protection and licensing landscape changing as a result?
- What should be on the Board's radar screen?
- Demand for accounting is exploding
- Scope of accounting itself is being redefined
- Measurement and assurance require ever-expanding toolkits, skill sets, and judgment
- Profession keenly aware that it must respond to these needs or risk being displaced by other, better-adapted, service providers
- These changes have implications for Boards – both WBOA and in general
- Who are they?
- Generalizations/mischaracterizations worth avoiding/rethinking
- Alternative view: Is it sufficiently attractive for these folks to become and remain CPAs?
- What new demands for public protection are likely to emerge as the scope of professional services and licensee attributes evolve?
- What Board policies and processes will need to change? Which have already modified/are in process? Which have not yet been taken up?

All Board Members, the Executive Director, and many in the audience participated in the discussion.

**Chair's Report**

The Vice Chair had nothing to report.

**Legal Counsel's Report**

Michelle Carr, the Board's legal counsel, reported that she has taken a position out-of-state and her last day as the Board adviser will be August 13, 2021.

The Vice Chair and the Executive Director expressed gratitude for her help and advice during her time as the Board's legal adviser and wished her well in her new position.

**State Auditor's  
Office (SAO)  
Audit Results**

The Executive Director summarized the audit results:

- SAO audit report completed in June 2021.
- Board operations complied in all material respects with applicable state laws and regulations, with Board policies and procedures, and provided adequate controls over the safeguarding of public resources.
- The final report is available in this Board agenda packet, on the SAO's website, and on the Board's website.

Carol Morgan commended staff for their participation and attention to detail in the audit and results.

Public comment came from Ken Smith who stated that there is potential conflict of interest in the SAO overseeing the regulatory authority for CPAs.

The Vice Chair stated that the Board will seek legal advice regarding the suggested conflict.

The Executive Director advised that the Board is subject to SAO audit due to state law.

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

The Vice Chair had nothing to report.

Jackie Meucci reported the third quarter was quiet for the committee.

**Request  
Oversight  
Committee  
(ROC)**

Tom Sawatzki reported:

Firm Names: *Approved:*

Poulsbo CPA PLLC  
G S Steel PLLC  
Sound Forensic Economics  
ART CPA Solutions, LLC  
On The Point Tax  
Buller Accounting



Professional/Educational Organization – Recognition Requests

During the second quarter of 2021, the Board received no requests for recognition as an educational organization for purposes of obtaining list requests.

Late Fee Waiver Requests

Late Fee Waiver Requests were received between May 1, 2021 and June 30, 2021. The Board received and approved 20 requests due to technical issues with the new online licensing system.

**Scholarship Oversight Committee (SOC)**

Carol Morgan reported the third quarter was quiet for the committee.

Kimberly Scott, President and CEO of the WSCPA, commented the scholarship application acceptance period will open in the fall for next year's scholarships.

**CPA Exam Remote Proctoring Task Force**

Brian Thomas advised that the task force met by Teams meeting and reported the following:

- Colleen Conrad, CPA, NASBA COO, will report at the October Board meeting.
- Pilot testing has been postponed with no proposed start date set.

**Executive Director's Report**

The Executive Director presented on various topics throughout the meeting. He directed everyone to the July Executive Director's Report in the Board meeting agenda packet for additional information on those topics and others.

**Washington State Board of Accountancy Disciplinary Process**

The Executive Director and the Board's legal adviser presented and led the discussion on the Board's disciplinary process. The information covered included:

- Legislative intent
- Board authority
- Unlicensed practice
- Actions
- Adjudication
- Hearing process
- Potential sanctions
- Review of order
- Brief adjudicative proceedings
- Emergency actions
- Precautions

**Enforcement Report**

Enforcement Reports

Taylor Shahon, CPA, Lead Investigator, presented:

- Quarterly Enforcement Report for April 1, 2021 through June 30, 2021
- Resolved Complaint Report for periods July 2020 through June 2021 and July 2019 through July 2020

Taylor reported on the following enforcement activities:

- Third quarter was relatively quiet – 7 new complaints.
- Complaints continue to be primarily regarding:
  - Communications/Inability to contact CPA.
  - Late tax return filing.

**Public Input**

Thomas Sawatzki, CPA, Board Member, requested an agenda item regarding Prometric Centers be added to the October Board meeting. He wants to ensure the equitable treatment of candidates taking the CPA Exam.

Kenneth Smith, PhD, stated the following:

- The RCW contains a legislative dead end for oversight of local governments. This was brought to the Board's attention 2 years ago with no resolution.
- The Attorney General's formal opinion on the matter has still not been completed.
- Board meetings should be recorded with the video posted to the website.
- The Board is not meeting its obligation to protect the public.

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

No executive or closed session with legal counsel held.

**Adjournment**

The Board meeting adjourned at 12:17 p.m.

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Secretary

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Chair

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Vice-Chair

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Member

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Member

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Member

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Member

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Member

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Member

**Washington State Board of Accountancy  
2021 Committees and Task Forces**

<b>Member</b>	<b>Term Expires</b>	<b>Executive Committee</b>	<b>Peer Review Oversight Committee</b>	<b>Request Oversight Committee</b>	<b>Scholarship Oversight Committee</b>	<b>Title Reform Task Force</b>	<b>Succession Task Force</b>	<b>CPA Exam Remote Proctoring Task Force</b>	
						Dissolved January 2021	Dissolved April 2021	Established January 2021	
Joel Cambern	2022	Chair					Chair		Resigned September 2021
Rajib Doogar	2022	Vice Chair				Member		Chair	
Jacqueline Meucci, CPA	2024	Secretary	Chair		Member				
Mark Hugh, CPA	2022		Member			Chair			
Brian R. Thomas, CPA	2024			Member	Member		Member	Member	
Kate Dixon	2023				Member	Member	Member		
Carol A. Morgan, CPA	2022		Member		Chair		Member	Member	Resigned September 2021
Thomas P. Sawatzki, CPA	2022			Chair		Member			
Brooke Stegmeier, CPA	2023		Member	Member					
<b>Nonboard Volunteers</b>									
Robert Loe	N/A		Member						
Laura Lindal	N/A		Member						

**BOARD OF ACCOUNTANCY—STATE AUDITOR—Authority Of Board Of Accountancy To Discipline An Employee Of The State Auditor For Actions Taken During The Scope Of Employment**

**The Accountancy Board likely lacks the authority to discipline a certified public accountant employed by the State Auditor for acts taken within the scope of employment, because the Washington State Public Accountancy Act excludes from its scope any act or the use of any words by a public official or public employee in the scope of employment.**

September 21, 2021

The Honorable Mark Hugh, CPA  
Chair, Washington State Board of Accountancy  
PO Box 9131  
Olympia, WA 98507

Cite As:  
AGO 2021 No. 5

Dear Chair Hugh:

By letter previously acknowledged, you have requested our opinion on one question, which we paraphrase as follows:

**Does the Washington State Board of Accountancy have disciplinary authority for violations of the Washington Public Accountancy Act and Board rules over a Certified Public Accountant licensee who is an employee of a state agency for acts performed within the scope of employment?**

### **BRIEF ANSWER**

Probably not. The Washington Public Accountancy Act does not explicitly exclude public officials or public employees acting in the course of their employment from the Board of Accountancy’s jurisdiction. But the Act does expressly not prohibit “any act of or the use of any words by a public official or a public employee in the performance of his or her duties.” RCW 18.04.350(12). Consistent with the Board’s interpretation of this statute, we conclude that it precludes the Board from taking action tantamount to “prohibit[ing]” a public employee or official from acting in the course of their official duties, which would include discipline. The legislature could provide more express direction as to the Board’s jurisdiction with respect to public employees that could change this analysis.

### **BACKGROUND**

The legislature created the Washington State Board of Accountancy in 1983 as part of its adoption of the Washington Public Accountancy Act (WPAA). Substitute H.B. 646, 48th Leg.,

Reg. Sess., § 4 (1983). The WPAA “establishes the [B]oard as the licensing and disciplinary agency for certified public accountants (CPA), CPA-Inactive certificate holders, CPA firms, and owners of CPA firms.” WAC 4-30-020. According to the Board, its purpose is to “[p]romote the dependability of financial and other information used by providers of capital when assessing the status and performance of those seeking financial resources” by ensuring that persons licensed as CPAs are “[i]nitially qualified, [r]emain qualified, [p]erform competently and [h]eld publicly accountable for the quality of their professional services[.]”<sup>1</sup>

The Board has authority to revoke or suspend CPA licenses, impose conditions on practice, and to impose fines for a variety of causes under RCW 18.04.295 and .345. That authority is subject to RCW 18.04.350(12), which provides that “[n]othing in this chapter prohibits any act of or the use of any words by a public official or a public employee in the performance of his or her duties.”

In October 2020, the Board passed Policy No. 2020-2, titled *Public Officials and Public Employees*.<sup>2</sup> The policy sets out the Board’s position on its authority to enforce the WPAA and its rules in light of RCW 18.04.350(12). The Board has adopted a position that its authority over public employees who are licensed CPAs extends to ethical violations, failures to abide by licensure requirements, and activities outside the scope of employment, but not to “the quality of performance or judgement of a public employee in course of their employment.” Policy No. 2020-2, at 1 [*sic*]. According to the policy, conduct of licensed state employees that would fall within the Board’s purview include acts of fraud or deceit in renewing a CPA license, failure to report a sanction issued by a public agency, failure to cooperate with a Board investigation, and acts of fiscal dishonesty, fraud, and self-dealing. Policy No. 2020-2, at 2. The policy recognizes that public employees are not required to be licensed as CPAs and disavows authority to discipline public employees who are not licensed as CPAs when performing their official duties. Policy No. 2020-2, at 1.

Your opinion request seeks guidance on whether the Board has disciplinary authority for violations of the WPAA and Board rules over a CPA employed by a state agency for acts performed within the scope of employment.

### ANALYSIS

For the reasons discussed more fully below, we conclude that the Board most likely lacks authority to discipline publicly-employed CPAs for acts performed within the scope of employment. Note that this analysis expresses no opinion on whether Board Policy No. 2020-2 properly distinguishes between conduct that falls within and outside the scope of employment.

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<sup>1</sup> <https://acb.wa.gov/about-us/boards-purpose> (last visited Sept. 17, 2021).

<sup>2</sup> <https://acb.wa.gov/sites/default/files/2020-2PublicOfficialsandPublicEmployees.pdf>.

## ATTORNEY GENERAL OF WASHINGTON

The Honorable Mark Hugh

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When interpreting a statute, a court’s fundamental objective is to “ascertain and carry out the legislature’s intent.” *Arborwood Idaho, L.L.C. v. City of Kennewick*, 151 Wn.2d 359, 367, 89 P.3d 217 (2004). If a statute is unambiguous, its meaning is to be derived from the language of the statute alone. *In re Residence of Eaton*, 110 Wn.2d 892, 898, 757 P.2d 961 (1988). If, however, the intent of the statute is not clear from the language of the statute by itself, the court may resort to tools of statutory construction to derive a statute’s meaning. *Dep’t of Transp. v. State Emps.’ Ins. Bd.*, 97 Wn.2d 454, 458, 645 P.2d 1076 (1982). Courts determining the plain meaning of a statute may also consider “related statutes or other provisions in the same act that disclose legislative intent.” *In re Pers. Restraint Petition of McWilliams*, 182 Wn.2d 213, 217, 340 P.3d 223 (2014).

Beginning with the plain language, the statute provides that “[n]othing in this chapter prohibits any act of or the use of any words by a public official or a public employee in the performance of his or her duties.” RCW 18.04.350(12). Because your question is concerned with acts that constitute the performance of official duties, the issue becomes whether a Board disciplinary action would “prohibit” such conduct.

The plain meaning of a nontechnical statutory term may be discerned from its dictionary definition. *Columbia Riverkeeper v. Port of Vancouver USA*, 188 Wn.2d 421, 435, 395 P.3d 1031 (2017). Merriam-Webster defines “prohibit” as: “to forbid by authority” and “to prevent from doing something[.]”<sup>3</sup> The WPAA contains numerous requirements that a CPA must observe, as do the Board’s rules—all of which are promulgated pursuant to authority granted by the WPAA. *E.g.*, RCW 18.04.345 (listing various prohibited practices); WAC 4-30-046 (requiring licensees to act with “professional competence” when providing professional services). A Board disciplinary action to enforce the WPAA or its own rules can result in revocation of licensure, a fine up to \$30,000, or other penalties. RCW 18.04.295. Accordingly, an act taken within the scope of public employment that runs afoul of the WPAA or Board rules could reasonably be said to be “forbidden by authority” and therefore prohibited for purposes of RCW 18.04.350(12).

Under a plain read of RCW 18.04.350(12), then, the WPAA (and by extension, Board rules) cannot impede any act taken by a public employee that is within the scope of employment. It follows that the Board cannot discipline a public employee for such acts, which are effectively not prohibited by the WPAA. And although the legislative purpose of the WPAA includes “protect[ing] the public interest” by requiring that CPAs “conduct themselves in a competent, ethical, and professional manner,” RCW 18.04.015(1)(b)(i), a statement of legislative intent is not substantive law and cannot be used to override unambiguous statutory language, *State v. D.H., D.B.*, 102 Wn. App. 620, 627, 9 P.3d 253 (2000).

Even if the statute were ambiguous on the question, the same result would follow using tools of statutory construction. One such rule provides that “[s]tatutes must be interpreted and construed so that all the language used is given effect, with no portion rendered meaningless or

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<sup>3</sup> *Prohibit*, Merriam-Webster.com, <https://www.merriam-webster.com/dictionary/prohibit> (last visited Sept. 17, 2021).

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superfluous.” *Spokane County v. Dep’t of Fish & Wildlife*, 192 Wn.2d 453, 458, 430 P.3d 655 (2018) (quoting *Whatcom County v. City of Bellingham*, 128 Wn.2d 537, 546, 909 P.2d 1303 (1996)). RCW 18.04.350(12) would serve no apparent purpose if the WPAA were construed to permit the Board to discipline a publicly-employed CPA for acts taken within the scope of employment; such a result could be achieved without the inclusion of RCW 18.04.350(12). Further, an agency’s interpretation of an ambiguous statute is accorded great weight, provided it does not conflict with the statute. *Pub. Util. Dist. 1 of Pend Oreille Cnty. v. Dep’t of Ecology*, 146 Wn.2d 778, 790, 51 P.3d 744 (2002). Here, the Board has expressly interpreted RCW 18.04.350(12) to divest it of authority “to judge the quality of performance or judgement of a public employee in course of their employment” while allowing it to discipline for matters it considers to be outside the scope of employment. Board Policy No. 2020-2, at 1 [*sic*]. This agency interpretation of RCW 18.04.350(12) is consistent with the conclusion reached by this opinion. As noted, however, the legislature may provide more express direction that could change this analysis.

We trust that the foregoing will be useful to you.



ROBERT W. FERGUSON  
*Attorney General*

*s/ Gregory K. Ziser*

GREGORY K. ZISER  
*Assistant Attorney General*  
360-534-4862

wro





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# Washington State Board of Accountancy

**Policy Number:** 2020-2

**Title:** Public Officials and Public Employees

**Adopted:** ~~October 16, 2020~~ October 29, 2021

**Approved:** \_\_\_\_\_  
~~Mark Hugh, CPA, Rajib Doogar, Vice~~

**Chair**

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## **Purpose:**

The Washington Public Accountancy Act generally does not apply to government officials and employees. The Act provides “Nothing in this chapter prohibits any act of or the use of any words by a public official or a public employee in the performance of his or her duties.” RCW 18.04.350(12). The purpose of this policy is to explain both the application and the limitations of this exception.

## **Guiding Principles:**

The Board has authority over licensees to revoke or suspend licenses, impose conditions on practice and to impose fines for a variety of causes under RCW 18.04.295 and RCW 18.04.345. However, that authority is limited by RCW 18.04.350(12) for actions performed by public employees in the normal course of their duties.

Public employees are not required to be licensed as CPAs. While RCW 18.04.345 prohibits a person from offering attest or compilation services without a license, RCW 18.04.350(12) creates a specific exception for public employees. Therefore, a non-licensed public employee is not prohibited from preparing audits as long as it within the scope of their employment.

A public employee who is a licensed CPA is still subject to ethics rules and standards for professional conduct under the Act. Under RCW 18.04.350(12), the Board may not have the authority to judge the quality of performance or judgement of a public employee in course of their employment. However, if the public employee is a licensed CPA, the Public Accountancy Act provides additional standards and rules of professional conduct that accompany that license, regardless of employment, and the Board has the duty to uphold those standards and rules.

Many of the requirements, and potential violations under Chapter 18.04 RCW and Chapter 4-30 WAC are not related to the performance of job duties. For example, neither obtaining or renewing a CPA license, nor performing accountancy work outside of the office are part of a public employee’s job duties and violations associated with those activities are subject to Board action.

A public employee who is a licensed CPA would be subject to Board enforcement action for committing fraud or deceit in renewing their CPA license, or in failing to report that they had been sanctioned by another public agency. In addition, a public employee CPA who refused to cooperate with the Board in its investigation of a case would be in violation of the Act.

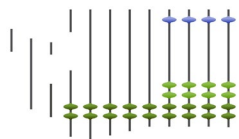
Even when a public employee who is a licensed CPA is “at work” they may commit violations of the Public Accountancy Act. For example, criminal activity even if performed while “at work” would not be part of the public employee’s job duties and therefore, the CPA would be subject to enforcement. Likewise, it can be argued that engaging in acts of fiscal dishonesty, fraud, or self-dealing would not be included in the public employee’s job duties.

However, for actions in the normal course of their duties by public employees, even licensed CPAs, it is up to the employing public agency to determine whether the performance of a public employee is satisfactory. In that situation, by Washington law, the Board has no disciplinary authority over that agency and that employee.

This exception is not unique to Washington. Reviewing the legislative history of RCW 18.04.350(12), it is in Washington law because the legislature adopted it from the Uniform Accountancy Act, the national model licensing law developed to provide a uniform approach to regulation of the accounting profession. Currently 26 states, including Washington, have adopted similar exceptions.

[For further discussion see Attorney General Opinion \(AGO\) 2021 No.5.](#)

Effective: October 16, 2020  
Revised: October 29, 2021



To: Board Members - Washington State Board of Accountancy

From: Dave Trujillo, CPA, Executive Director

Re: October Executive Director's Report

Date: October 07, 2021

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### Welcome

- To all regular attendees and new visitors to our October 29, 2021, Annual Board meeting.
- To Isaac Ross, our newest staff member. He will be heavily involved in our communications. Isaac's first day was September 16, and he onboarded with us while working remotely. He is enthusiastic, and we are happy he is starting his full-time state career with us.
- To NASBA Representative Colleen K. Conrad, CPA, Executive VP and Chief Operating Officer. Colleen will provide an update on changes to remote testing and the Uniform Accountancy Act.

### Thank You

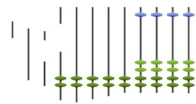
- To Tracy Sanford, our CPAOnline Licensing Modernization Project Manager. The project was completed on time and under budget. Tracy's last day with us was September 30<sup>th</sup>. Thank you for a job well done!

### Board Items

- Joel Cambern and Carol Morgan, CPA both resigned from the Board effective the end of September. Their service to the Board, Washington CPAs, and the citizens of Washington has been exemplary. We thank them for their time, their energy, their commitment, their positive approach, and their enthusiastic attitude. They will be missed.
- We are working with the Governor's Office to fill the two vacancies as quickly as possible.
- Board Member, Brooke Stegmeier, was recently the recipient of the Washington State Society of CPA's 2021 Outstanding Volunteer Leader Award. Brooke, well deserved. Congratulations.
- The Board received AGO Opinion 2021 No. 5. As a result, staff has made some minor edits to Board Policy 2020-2 which we will bring forward to the Board for review.

### Budget Status

- As of September 21, 2021, we enter the beginning of the fiscal year in good shape. Based on allotments, we anticipate the agency will be fiscally healthy this biennium and the agency is likely to maintain a healthy fund balance.
- 2022 fiscal year revenue through August is \$174,705 and expenditures were \$259,243 or \$84,538 greater than revenue. This brings our fund balance 2022 fiscal year end fund balance to \$2,9094,870, down from our 2021 fiscal year close closing balance of \$2,997,004. It is normal for our expenditures to exceed revenues the months immediately following a renewal period.



- For next report, there will be more data and we will share spending authority and fund balance projections.

#### Non-Compliance with Laws and Regulations (NOCLAR)

- In short, CPAs are prohibited from divulging client or employer information without consent. Yet, in certain circumstances, if a CPA becomes aware of a client's non-compliance with laws and rules, the established NOCLAR framework may require such disclosure. This latest iteration has been in effect since June 2017. Additionally, in January of this year, the AICPA's Auditing and Standards Board voted to expose for public comment a proposed Statement on Auditing Standards "Communication with Predecessor Auditor Regarding Fraud and Noncompliance with Laws and Regulations." This exposure draft is to align with the Professional Ethics Executive Committee's exposure of proposed revisions to the AICPA Code of Professional Conduct regarding NOCLAR. With the NOCLAR interpretation getting closer to being re-issued, staff is looking at our own Board rules to see if modification is needed to clearly say disclosure is allowed when complying with professional standards.

#### Peer Review

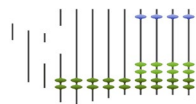
- The AICPA's Peer Review program was established many years ago for the purpose of improving the quality of accounting, auditing, and attestation services performed by CPAs. In our state, this program is administered by the Washington Society of CPAs. We are engaged with Society leadership on this topic and what it might look like if another State were to administer the program for us. Other states are considering similar changes.

#### Continuing Professional Education (CPE)

- Very challenging has been the ongoing problem of licensees who represent (at renewal) that they have completed their CPE requirements but cannot provide supporting documentation. Every reporting period, five to ten percent of licensees are audited by staff. A number of audited licensees typically report that they have completed CPE; however, those licensees cannot produce the required documentation. This becomes problematic and can become a licensure issue too. Using the Board's CPE Tracker, will help prevent this. Once licensees become used to interacting with this function, they will always know their CPE status. Beginning in 2022, use of the CPE Tracker function will be required and, one day in the future, Board staff will be looking for 100% CPE compliance. The goal of 100% CPE compliance by CPAs is a major effort by the Board.

#### Residency of Board Licensees:

- In October 2020, the Board's CPA population totaled 21,240 licensees; of these, 13,400 were in Washington, 2,200 were in Japan, 1,190 were in China and Hong Kong, 690 were in South Korea, and the others were in other states and countries. In 2021, licensees in Washington declined by 114 to 13,286; however, licensees in locations other than Washington increased by 854 to bring the overall total to 21,980, This demonstrates the Board's regulation of a credential



that is increasingly seen as a “worldwide” professional designation with 60% of our 2021 licensees in Washington, 20% in Asia and 20% in other countries and states.

#### Potential Legislation:

- We are working with the Society and other stakeholders for the 2022 legislation that will end the credential CPA-Inactive certificate holder. Recall, this will allow licensees to utilize the status of Inactive and will align the Board's status of Inactive with that of other state boards of accountancy.

#### COVID Response

- Governor Inslee has taken unprecedented action by requiring his workforce to be fully vaccinated for COVID-19. The vaccination is now a requirement for state employment, regardless of job function. This order envelops most state employees, most state board / commission members, and most contractors engaged in doing work for the state. The vaccination deadline is October 18. The overall impact to state operations and services will not be fully known until after the deadline passes and the final attrition tally is cast. Large and small agencies are bracing for the impact and planning accordingly. Board staff will do our very best to ensure impacts to agency daily operations are minimized.

#### NASBA

- In preparation for NASBA’s 114th Annual Meeting (Nov. 2-3), NASBA is requesting attendees pay close attention to the proposed amendments to NASBA’s Bylaws to ensure the spirit of Robert’s Rules of Order can be followed. It is hoped that proper preparation will adequate time for deliberation because debate from the floor during the 2021 Annual Business Meeting will be more difficult given the virtual format. NASBA requests any comments to the proposed Bylaws changes be submitted in advance to John Johnson, at [jjohnson@nasba.org](mailto:jjohnson@nasba.org), no later than October 22, 2021.

End of Report

## Washington State Board of Accountancy Residency of Licensees

	<u>October 2020</u>	<u>Change</u>	<u>October 2021</u>	<u>Percent</u>
Washington	13,400	(114)	13,286	60%
Japan	2,220	322	2,542	12%
Other US States	1,190	170	1,360	6%
China and Hong Kong	1,190	3	1,193	5%
South Korea	690	215	905	4%
California	670	(4)	666	3%
Other Countries	530	40	570	3%
Canada	380	28	408	2%
Oregon	330	16	346	2%
Texas	230	29	259	1%
Idaho	150	11	161	1%
New York	150	10	160	1%
Arizona	110	14	124	1%
<b>Totals</b>	<b>21,240</b>	<b>740</b>	<b>21,980</b>	<b>100%</b>

October 2020 Washington Resident Licensees	13,400
New Licenses Issued to Washington Residents	651
Washington Resident Lapses/Retirements	<u>(765)</u>
<b>October 2021 Washington Resident Licensees</b>	<b><u>13,286</u></b>

# Quality Assurance Review Results

Year	Peer Review	Pass	Pass W/ Deficiencies	Fail	Peer Review Extension Request	Sub Total	Enforcement	Limited Scope Exemption	Limited Scope Exemption	Total Participation
2013	36	7	5	0	48	0	Limited	91	139	
2014	9	5	0	0	14	0		8	22	
2015	289	33	15	0	337	1		399	737	
2016	212	20	20	0	252	4		371	627	
2017	73	7	5	0	85	0		250	335	
2018	234	26	21	6	287	3		415	705	
2019	135	19	12	29	195	0		375	570	
2020	61	4	3	5	73	2		279	352	
2021	143	14	5	40	202	0		308	510	
2022					0					0
2023					0					0
2024					0				0	

## Request Review Committee Report October 2021

Tom Sawatzki, CPA, Chair

During the third quarter 2021, the Executive Director and a Consulting Board Member from the Request Review Committee took the following action:

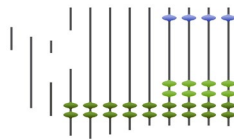
### **Approved Firm Names:**

Vankat Accounting Services  
Thrive CPA, PLLC  
Lower Columbia CPAs & Company, PLLC  
Capstone CPA  
Unswerving Consulting, P.C.  
Immaterial Consulting  
REGAL TAX USA PLLC  
Emerald City Accounting  
CPA Compilation Services

### **Professional/Educational Organization – Recognition Requests**

The Board did not receive any requests for recognition as an educational organization or professional association for purposes of obtaining list requests.





Scholarship Committee Report:

(Refer to the Projected Fund Balance for the Year ending September 30, 2022 report in the agenda packet.)

The Fund Balance on July 31, 2019 and July 31, 2020 was \$2.674M and \$2.554M, respectively. The report further states the Fund Balance as of July 31, 2021 is \$2.768M. This is significant because, due to investment returns, the fund increased by \$94k after eighteen months of Pandemic and two years of (~100) scholarship awards. Another item of note in the reports is that Expenditures are expected to increase to \$10,000 for Masters scholarships to be awarded in the coming year; the previous amount was \$8,000. The Fund Balance is projected to end at \$2.426M on September 30, 2022, demonstrating continued healthy scholarship operations.

Kudos to the team administering the WA CPA Scholarship Program!

**Projected Fund Balance**  
**Washington State Certified Public Accounting Scholarship Program**  
**For the Year Ending September 30, 2022**

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Beginning Fund Balance (as of July 31, 2021)	\$	2,768,078
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Revenues:

Passive Earnings from Investments (Assumes a 3% return)	\$	83,042
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Expenditures:

WBOA Certified Public Accounting Scholarships		
(25 \$5,000 scholarships will be awarded)	\$	(125,000)
(30 \$10,000 masters scholarships will be awarded)	\$	(300,000)

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Projected Fund Balance For the Year Ended 9/30/2022	\$	<u><u>2,426,120</u></u>
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Washington Society of CPAs (WSCPAs) Annual Administration Fee** to be reimbursed by the Washington State Board of Accountancy Annually	\$	25,000
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** Annual WSCPAs Estimated Expense to Administer WA CPA Scholarship Program	\$	27,103
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# Board of Accountancy Washington State Enforcement Report

<b>Quarterly Report (Jul 01, 2021 through Sep 30, 2021)</b>			
<b>Complaint Workload</b>			
	Received in Previous Period	Received in Report Period	Total
Complaints Open	22	8	30
Closed with No Action	(12)	(2)	(14)
Closed with Action Taken	(1)	0	(1)
<b>Complaints at End of Period</b>	<b>9</b>	<b>6</b>	<b>15</b>
<b>Details of Complaint Closures</b>			
Closed Disposition	Administrative	Public Harm	Total
No Action Taken	0	14	14
Revocation, Suspension, Restriction	0	0	0
Fines, costs, and other sanctions	0	0	0
Remedial Resolution (Policy 2004-1)	0	0	0
<b>Total Closed</b>	<b>0</b>	<b>14</b>	<b>14</b>

<b>Twelve-Month Lookback (Oct 01, 2020 through Sep 30, 2021)</b>			
<b>Complaint Workload</b>			
	Received in Previous Period	Received in Report Period	Total
Complaints Open	19	45	64
Closed with No Action	(11)	(31)	(42)
Closed with Action Taken	(6)	(1)	(7)
<b>Complaints at End of Period</b>	<b>2</b>	<b>13</b>	<b>15</b>
<b>Details of Complaint Closures</b>			
Closed Disposition	Administrative	Public Harm	Total
No Action Taken	0	42	42
Revocation, Suspension, Restriction	0	0	0
Fines, costs, and other sanctions	1	5	6
Remedial Resolution (Policy 2004-1)	0	0	0
<b>Total Closed</b>	<b>1</b>	<b>47</b>	<b>48</b>

# Board of Accountancy Washington State

## All complaints - resolved with and without discipline

	<u>Oct 2020 to Sep 2021</u>		<u>Oct 2019 to Sep 2020</u>	
	<i>All</i>	<i>Action Only</i>	<i>All</i>	<i>Action Only</i>
<b>Public Harm</b>				
Negligence - Attest related	2	0	5	3
Negligence, Disregard of standards	40	2	53	2
Use of Restricted Titles	3	1	7	2
Embezzlement, Theft, Breach of Fid. Duty	0	0	3	2
Breach of Confidentiality	0	0	0	0
Records Retention Causing Harm	3	3	5	0
<u>Subtotal</u>	48	6	73	9
<b>Administrative</b>				
Peer Review	1	1	2	0
CPE - Deficient 16 hours or less	0	0	2	2
CPE - Deficient 17 hours or more	0	0	4	1
CPE - Deficient eligible WA ethics	0	0	1	1
CPE - Failure to respond to CPE audit	0	0	3	0
<u>Subtotal</u>	1	1	12	4
<b>Total</b>	<b>49</b>	<b>7</b>	<b>85</b>	<b>13</b>

<u>Jul 01, 2021 through Sep 30, 2021</u>				
<b>CBM Report</b>				
	<b>BAP</b>	<b>Action</b>	<b>No Action</b>	<b>Total</b>
Mark Hugh	1	0	3	4
Rajib Doogar	0	0	1	1
Joel Cambern	0	0	0	0
Brian Thomas	1	0	2	3
Jacqueline Meucci	0	0	1	1
Kate Dixon	0	0	2	2
Carol Morgan	0	0	2	2
Thomas Sawatzki	0	0	1	1
Brooke Stegmeier	1	0	2	3
<b>Total</b>	<b>3</b>	<b>0</b>	<b>14</b>	<b>17</b>