

Board of Accountancy

WASHINGTON STATE

Summer Edition 2020



The Times, They are a Changin'

Some time ago ACB staff began planning in earnest for the possibility of a major earthquake and made sure that everyone had the equipment they needed to work remotely. But, as you all know, a different set of seismic events have shaken things up.

When the pandemic hit and the Governor issued the stay at home order, we were pretty much ready to go. In the interim, we have maintained service to our licensees and been able to perform our mission.

I am very proud of the crew here at ACB and their work during this period of crisis. Olympia as the State Capitol has seen its share of the outrage. There have been protests. People with guns in the Capitol building protesting the stay at home order, and more significantly the outrage over the death of George Floyd and other people of color at the hands of law enforcement.

I cannot communicate how strongly I feel the weight of this moment in our country's history. The feeling is palpable, the very air vibrates with an energy unlike anything I have experienced. It's probably safe to say many of you are feeling this too.

Lots of bad things happened in the 60's. There was the Vietnam War. I remember seeing tanks on the news rolling through neighborhoods during riots in Detroit and then there was Kent State. There were the assassinations of JFK, Martin Luther King, and Bobby Kennedy. Seattle in the early 70's was in its own semi-depression and President Nixon resigned. We have been here before, but not quite in this same way, and not all at once.

As a state agency head, and member of the Governor's

small agency cabinet, I can report to you that all of our staff have attended training regarding the racial inequities in our country. This is difficult work. Our history is infused with both the glorious and the appalling. The time is long past due for action to solve a problem that has been willfully ignored.

As professionals and community leaders, the very ethical core of our profession calls upon us as CPAs to lend our voice to the call for action. This isn't a political issue, it is rather a very clear moral imperative.

Charles Satterlund, CPA
Executive Director



MANDATORY FURLOUGHS

The Board's office will be closed one day a week in July due to mandatory furloughs. We will be closed on the following days:

- July 2, 2020
- July 6, 2020
- July 13, 2020
- July 20, 2020

We will also be closed one day in August, September, October, and November. The date is yet to be determined. Please check our website for all updates.

We apologize for any inconvenience. Stay healthy, stay safe.

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**WA STATE BOARD OF ACCOUNTANCY
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Rajib Doogar– Vice Chair
Joel Cambern– Secretary

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Jacqueline Meucci, CPA
Carol A. Morgan, CPA
Thomas P. Sawatzki, CPA
Brooke Stegmeier, CPA

Public Member:

Kate Dixon

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Kirsten Donovan
Confidential Records Manager

Anthony Manfre
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**HELP US, HELP YOU,
ANY SUGGESTIONS?**

Please send your suggestions to
customerservice@acb.wa.gov.

A MESSAGE FROM THE BOARD CHAIR

Maintaining Professional Health

By Mark Hugh, CPA, Board Chair



Mark Hugh

We are all trying to stay safe and healthy in these dangerous times. And these are dangerous times too for professionals and advisors. COVID-19 has created unprecedented economic turmoil and a torrent of new legal and regulatory standards. As important as it is to review new laws, rules, and standards, it is just as important during turbulent times to review the health of our professional relationships.

When times are troubled, those troubles can flow into the Board's complaint process. Most complaints are from reasonable members of the public about CPAs who created harm or are dishonest. However, annually there are complaints filed by unreasonable and angry members of the public looking to blame a CPA for their personal or financial troubles. In these instances, the greatest mistake made by the CPA was choosing to serve that particular person in the first place.

So, be thoughtful about who you serve. And remember to reevaluate any relationship after it has begun if there are signs a professional relationship could be troublesome on an ongoing basis. This is more important than ever in challenging and anxious times.

My suggestion would be to evaluate all professional relationships using the two laws of online dating.

The first law of online dating is if anyone appears to be trouble initially, run.

Accept clients or employment with those who have good character and a good reputation. In advance, search online databases for history of bankruptcy, criminality, or litigation. Avoid troubled businesses, such as those in collections and with a history of nonfiling. Avoid those with a history of changing financial employees or advisors frequently. And avoid industries with high cash sales and poor history of compliance such as small restaurants, small retailers, and small automotive dealers.

The second law of online dating is almost anyone can hold it together and appear normal for two months before they start falling apart. After two months, if trouble appears, run.

After working together, if a CPA realizes that the other party lacks good character, a CPA should not hesitate to end the relationship. End relationships with parties that do not provide sufficient information, limit factual inquiries through spoon feeding, or misrepresent facts, and any relationship that is unwilling to follow your professional judgement. And end relationships when a conflict of interest arises rather than rely upon waivers, informed consent, or other safeguards.

CPAs as a group are educated, conscientious, and dedicated professionals. We are desirable advisors, employees, volunteers, and business partners. No one enters the profession intending to create public harm. But it is always our decision whom we work with, and we should choose thoughtfully and be vigilant about our initial choices and reviewing the health of our professional relationships.

RECENT BOARD MEMBER CHANGES

Thomas G. Neill, CPA has completed his service to the Board. On behalf of the Executive Director, Board Members, and Board staff, thank you for your years of service and dedication to the profession.

Governor Jay Inslee appointed Brooke Stegmeier, CPA to serve on the Board. Welcome to the Board, Brooke. Your commitment to serving the profession is much appreciated.



DON'T FORGET

The new 20-hour CPE rule for 2020

CPE AT A GLANCE

20

Minimum CPE hours
per year

120

Total CPE hours
per reporting period

On January 1, 2020, new rules regarding continuing professional education (CPE) came into effect. One of the biggest changes is that individuals holding an active CPA license are now required to complete a minimum of 20 hours of CPE per year. This starts in 2020 and is not retroactive. Active licensees still need to complete a total of 120 hours of CPE, including a Board approved ethics course, within their total reporting period, but should plan their CPE so they're earning at least 20 hours each year.

Another big change that came into effect on January 1, 2020, is that the Board will begin accepting nano learning for CPE credit. Nano learning is a stand-alone CPE course that is a minimum of 10 minutes (0.2 credit hours) and less than 50 minutes (1.0 credit hours) long. It consists of electronic self-study with a stated learning objective and a minimum of two final assessment questions. It is optional, not required, and CPAs may take up to 12 hours of nano learning for CPE purposes per CPE reporting period.

VIRTUAL BOARD MEETING - JULY 31, 2020

The Board meets quarterly to conduct its business. Typically, these meetings are in-person events. However, because of COVID-19 we have switched to virtual meetings for the time being. Our April Board meeting was held virtually, and everything ran smoothly. We will do the same for the July Board meeting, including the smooth part, hopefully.

We will post information to access the meeting on our website, <https://acb.wa.gov>, once it becomes available.

The [meeting agenda](#) is available through the website, along with agendas and minutes from previous meetings.

July Board Meeting Details

Meeting date: Friday, July 31, 2020

Meeting start time: 9:00 a.m.

Meeting place: Your computer, tablet, or smart phone



While we miss seeing everyone in person, this virtual format should allow for more people to attend, since the meeting is brought directly to you. We hope to see you (figuratively) there.

ELI WATTS SELLS AWARD FOR 2019

The American Institute of CPAs (AICPA) announced the winners of the 2019 Elijah Watt Sells Award. The Elijah Watt Sells Award program was established by the AICPA in 1923 to recognize outstanding performance on the CPA Examination.

The award is given to candidates who have obtained a cumulative average score above 95.50 across all four sections of the Uniform CPA Examination, completed testing during the 2019



calendar year, and passed all four sections of the Examination on their first attempt.

An approximate total of 75,000 individuals sat for the Examination in 2019, with 137 candidates meeting the criteria to receive the Elijah Watt Sells Award.

The Board would like to congratulate Chelsea A. Zybach, a Washington State Candidate, who received the 2019 Elijah Watt Sells award.



DISCIPLINARY ACTIONS

In accordance with ACB Policy 2017-2, the Board makes available the following disciplinary actions. Additional details are accessible through the licensee search found at <https://acb.wa.gov/>.

James Howell

January 6, 2020

The Board entered into a Consent Agreement with Mr. Howell. The Board found sufficient evidence that Mr. Howell failed to comply with the Board's quality assurance requirements, and an order of the Board.

Sara Dickinson

February 27, 2020

The Board entered into a Consent Agreement with Ms. Dickinson. The Board found sufficient evidence that Ms. Dickinson held out as a CPA with a lapsed license, and failed to apply safeguards to eliminate or reduce a self-interest threat.

David McLeod

March 12, 2020

The Board entered into a Consent Agreement with Mr. McLeod. The Board found sufficient evidence that Mr. McLeod failed to remain honest and objective and not misrepresent facts, failed to take appropriate safeguards to reduce or eliminate significant self-interest threats, and committed an act of negligence, fraud, dishonesty, or other act that reflects adversely on his fitness to represent himself as a CPA.

Shawn Mattingly

April 14, 2020

The Board entered into a Consent Agreement with Ms. Mattingly. The Board found sufficient evidence that Ms. Mattingly failed to properly maintain due care.

Thomas Harris

April 23, 2020

The Board entered into a Consent Agreement with Mr. Harris. The Board found sufficient evidence that Mr. Harris failed to enroll in peer review prior to performing audit services, and failed to undergo a required peer review.

Bill Frazier

May 5, 2020

The Board entered a Default Order against Mr. Frazier. The Board found sufficient evidence that Mr. Frazier held out as a CPA when not licensed to do so.

Miriam Temple

May 19, 2020

The Board entered a Default Order against Ms. Temple. The Board found sufficient evidence that Ms. Temple held out as a CPA with a lapsed license.

Christie Cardwell

June 10, 2020

The Board entered into a Consent Agreement with Ms. Cardwell. The Board found sufficient evidence that Ms. Cardwell committed an act of negligence, fraud, or dishonesty, or other act reflecting adversely on her fitness to represent herself as a CPA, and had her right to practice before a state or federal agency suspended or revoked.

CPA Exam Performance Summary: 2020 Q-1 Washington

Overall Performance

Unique Candidates	1,117
New Candidates	270
Total Sections	1,348
Passing 4th Section	155
Sections / Candidates	1.21
Pass Rate	51.78%
Average Score	71.98

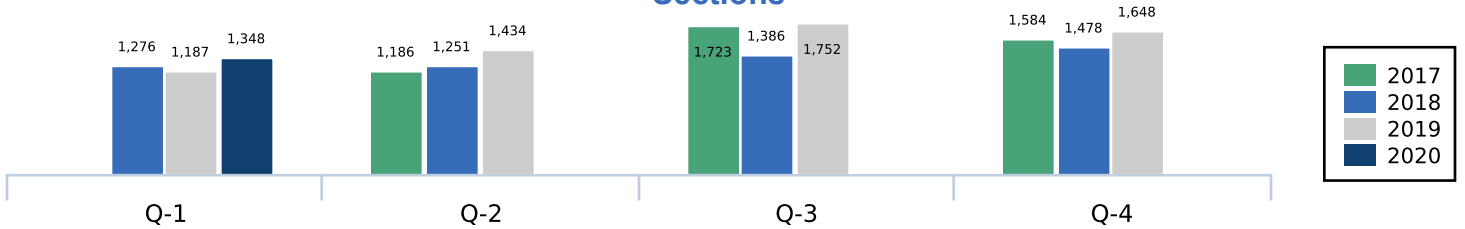
Section Performance

	Sections	Score	% Pass
First-Time	365	69.8	52.6%
Re-Exam	972	72.95	51.75%
AUD	357	71.23	46.22%
BEC	325	75.30	58.77%
FAR	406	70.05	48.03%
REG	260	71.88	56.54%

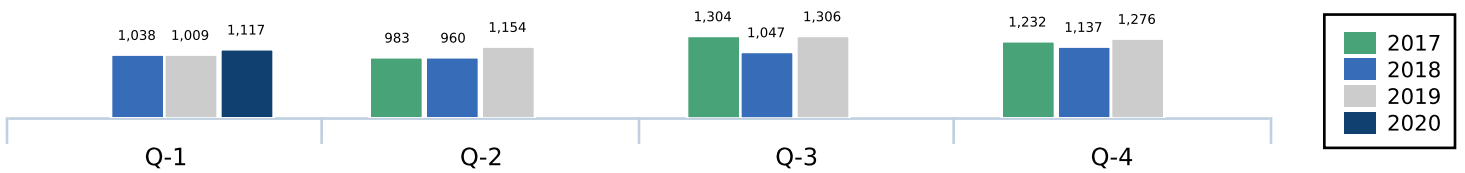
Jurisdiction Ranking

Candidates	Sections
7	7
27	25
Pass Rate	Avg Score

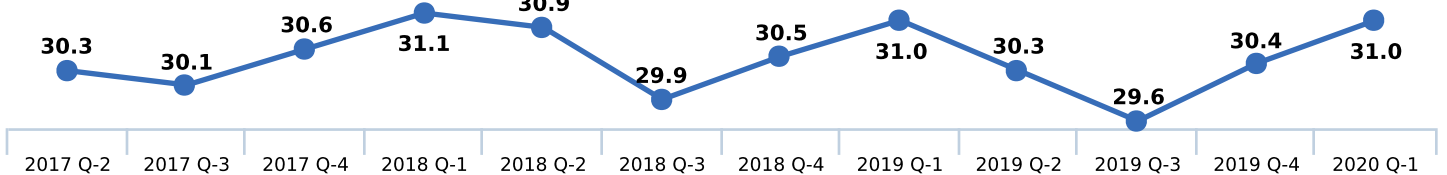
Sections



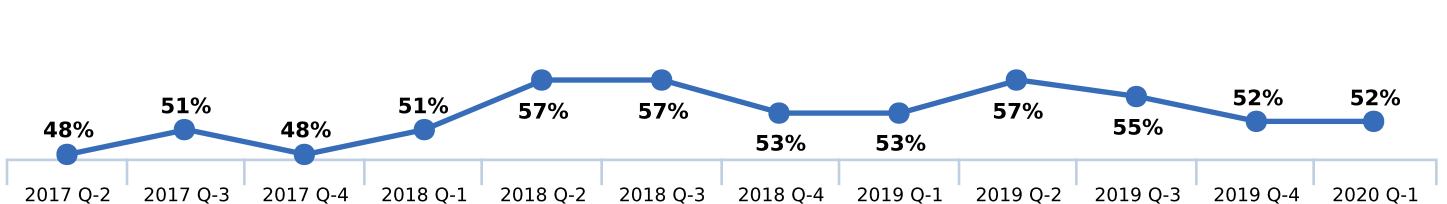
Candidates



Average Age



% Pass



CPA Exam Performance Summary: 2020 Q-1

Washington

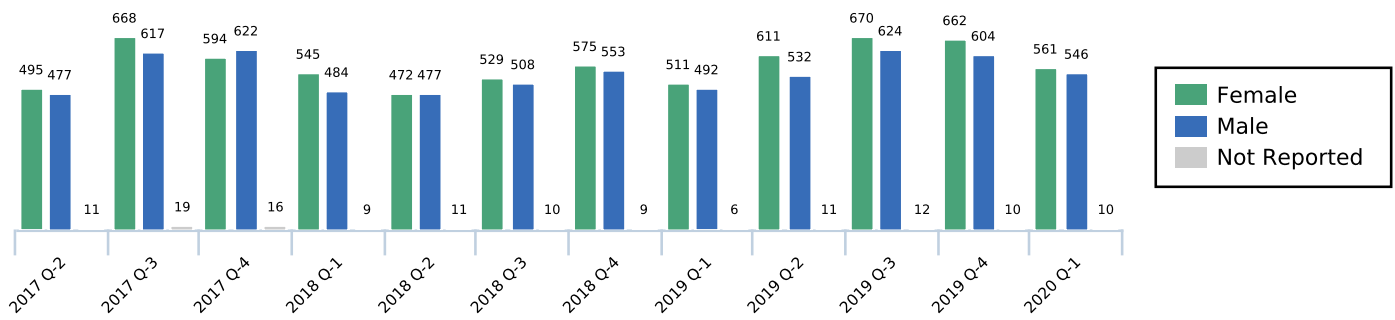
Degree Type

	Candidates	% Total
Bachelor's Degree	777	69.6%
Advanced Degree	265	23.7%
Enrolled / Other	75	6.7%

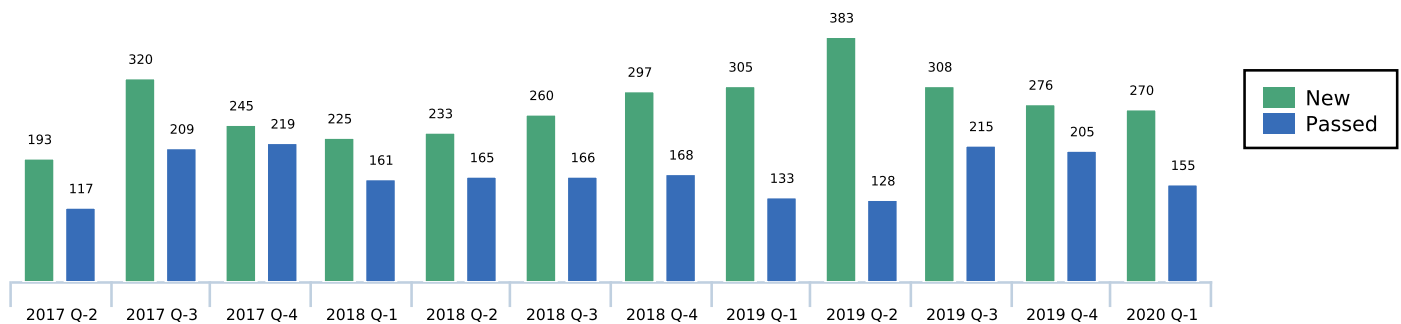
Residency

	Candidates	% Total
In-State Address	623	55.77%
Out-of-State Address	181	16.2%
Foreign Address	313	28.02%

Gender



New Candidates vs Candidates Passing 4th Section



Notes:

1. The data used to develop this report was pulled from NASBA's Gateway System, which houses the Uniform CPA Examination's Application and Performance information for all 55 jurisdictions.
2. The demographic data related to age, gender, and degree type is provided by the individual candidates and may not be 100% accurate.
3. Some jurisdictions do not require candidates to report certain demographic data nor complete surveys gathering such data on a voluntary basis.

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