

# WASHINGTON STATE BOARD OF ACCOUNTANCY

## Minutes of a Meeting of the Board

<b>Time and Place of Meeting</b>	9:00 a.m. – 12:14 p.m. Friday, January 31, 2025 Radisson Hotel Seattle Airport San Juan Rooms 2&3 18118 International Blvd Seattle, WA 98188 or by Microsoft Teams Meeting
<b>Attendance</b>	<u>Board Members</u> Tonia L. Campbell, CPA, Chair Thomas P. Sawatzki, CPA, Vice Chair Brooke Stegmeier, CPA, Secretary Brian R. Thomas, CPA Kate Dixon, Public Member Scott S. Newman, Public Member (not present between 11:00 - 11:45 a.m. – excused) Cindy Kay, CPA  <u>Staff and Advisors</u> Jennifer Sciba, Acting Director Lisa Petersen, Assistant Attorney General, Board Advisor Taylor Shahon, CPA, Lead Investigator Kirsten Donovan, Board Clerk Tia Landry, Data and Systems Administrator  The absence of Rajib Doogar, Public Member, was excused.
<b>Call to Order – Board Meeting</b>	Board Chair, Tonia Campbell, CPA, called the meeting to order at 9:00 a.m. Board Members, Board staff, and legal counsel introduced themselves.
<b>Public Rule-Making Hearing</b>	The Board held a public rule-making hearing from 9:02 a.m. to 9:09 a.m. with the Board Chair presiding. The Board proposed adopting one new rule and revising one rule.  <b><u>WAC 4-30-057 Restrictions on CPA-inactive and CPA-retired. (New Rule)</u></b>  The new rule is intended to: <ul style="list-style-type: none"><li>• Provide guidance on CPA-inactive and CPA-retired allowable and prohibited activities.</li><li>• Provide guidance on restricted title use.</li></ul> The Acting Director provided a summary of the proposed new rule.

No written comments were received.

Public input was received during the hearing from:

- Tom Neill, CPA, suggested that “professional” be added before services in the phrase “to perform or offer to perform services” in subsection (11).
- Mark Hugh, CPA, agreed with Tom’s suggestion.

**WAC 4-30-058 Other authorized titles.**

The proposed changes:

- Remove subsection (6) related to the use of the CPA-retired designation, as this information is included in the proposed new rule, WAC 4-30-057.

The Acting Director provided a summary of the proposed changes.

No written comments were received, and no public input was received during the hearing.

**Call to Order –  
Board Meeting**

Board Chair, Tonia Campbell, CPA, called the regular Board meeting back to order at 9:09 a.m.

**Rules Review**

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

- **WAC 4-30-057 Restrictions on CPA-inactive and CPA-retired. (New Rule)**

The Board voted unanimously to adopt the rule with one minor change. The word “professional” will be added before services in the phrase “to perform or offer to perform services” in subsection (11).

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

- **WAC 4-30-058 Other authorized titles.**

The Board voted unanimously to adopt the rule as written.

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

Semi-annual Rules Development Agenda – January through June 2025

The Acting Director presented the Semi-annual Rules Development Agenda filed with the Office of the Code Reviser.

Rules Under Initial Review

- **WAC 4-30-090 Practice privileges.**

The Acting Director provided a summary of the proposed rule changes which update and clarify out-of-state individuals qualifying for practice privileges. The changes allow for individuals licensed in other U.S. jurisdictions under additional pathways for licensure to qualify for practice privileges in our state.

Much of the discussion centered around subsection (1)(b): “At the time of licensure, was required to show evidence of having obtained at least a minimum of a baccalaureate degree, passed the Uniform CPA Exam, and has at least one year of experience.”

Discussion points included:

- Adding “relevant” to the experience component, as it may be too broad as written.
- Other states’ legislation seems to be most concerned with the bachelor’s degree and CPA Exam components and less concerned with the experience component.
- Adding an accounting concentration to the education component.
- AICPA Section 5 concerns initial licensure while Section 23 concerns practice privilege and mobility. Section 23 presumes the CPA meets section 5 requirements for licensure.
- Preferred broad base oversight – less restriction allowing for more open practice privileges. Perhaps subsection (1)(b) isn’t needed at all.
- Subsection (1)(b) is a “guardrail” section which safeguards against another Board adopting legislation which would be contrary to our public protection mission.
- Once the changes have been implemented, the rule may have to be revisited again within the next 5 years or so after other jurisdictions have completed legislation for additional pathways to licensure.

- The Licensing and Regulation Committee (LARC) will be working on possible additional pathways to licensure for Washington.

After extensive discussion, the Board directed staff to file the CR-102 as written for the rule proposal and to schedule a public rule-making hearing in conjunction with the Board's April meeting.

**Washington  
State Executive  
Ethics Board –  
Board Member  
Training**

Kate Reynolds, Executive Director, Washington State Executive Ethics Board, conducted training on the Ethics in Public Service Act (RCW 42.52) and answered questions throughout the training. The training included:

- The Ethics in Public Service Act holds state employees accountable to the public for:
  - Access to confidential information.
  - Use of equipment and technology.
  - Use of time.
  - Use of position.
- The Washington State Executive Ethics Board functions include:
  - Advisory opinions.
  - Policy review.
  - Enforcement component.
  - Training.
- Complaints and the resulting investigations are primarily received from:
  - The public.
  - Agency referrals.
  - The State Auditor's Office Whistleblower Program.
  - Coworkers.
- Conflicts of interest – These arise when what you do in your private life overlaps with your state duties. Conflicts of interest may arise from:
  - Private business transactions.
  - Volunteer activities.
  - Professional and personal activities.
- Manage a potential conflict of interest early – don't wait until you have already completed the action – using the following measures:
  - Disclose the potential conflict of interest to the appropriate individuals for advice.
  - Abstain from actions where a conflict of interest exists.
  - Prepare a screening memo outlining the plan to address the conflict (ex. will not vote on an order,

- will not participate in vendor selection for a contract, etc.).
  - Follow agency procedures and policies.
  - Review the Washington State Executive Ethics Board's Model Rules, Advisory Opinions 96-09 and 96-09A for assistance with appropriate actions or strategies.
- Special Privileges – You may not use your state position to secure special privileges or to grant exemptions to benefit yourself, family members, and other persons. This includes but is not limited to:
  - Hiring situations.
  - Access to information.
  - State funding.
- Records – Confidential information obtained through your job duties and position cannot be:
  - Disclosed to an unauthorized person.
  - Used for personal or private benefit.
  - Withheld when the information should be disclosed – this is for public records requests.
- Gifts – defined as anything of economic value.
  - The gift rule prohibits accepting anything with a \$50 value or a \$20 value if working with federal funds.
  - Exceptions to the gift rule include:
    - Items from family members.
    - Promotional items.
    - Gifts between coworkers.
    - Tokens of appreciation or wall plaques/desk items.
    - Food at a hosted reception.
  - Section 4 employee determination is through the following:
    - You are employed by a regulatory agency.
    - Your agency regulates or contracts with the person giving the gift.
    - You participated in regulatory or contractual matters with that person.
  - Section 4 employees:
    - May accept promotional items, tokens of appreciation, and food at hosted receptions.
    - Cannot accept travel expenses, plants or flowers, or food and beverages.
- Use of State Resources – Requirements when the use is not for official job duties:
  - Must be of little or no cost to the state.
  - Must not interfere with job duties.

- Use must be brief and infrequent.
- Must not support your private business.
- Must not support an outside organization.
- Must not compromise the security or integrity of state property, information, or software.
- Must not be for political use.
  - Do not use state resources, including time.
  - Do not use title or position for political campaigns unless you use a disclaimer.
- Contact information for the Executive Ethics Board staff was provided for any questions that may come up in the future.

The Acting Director thanked Kate Reynolds for her time and the training.

**Minutes –  
October 18,  
2024, Annual  
Board Meeting**

The Board approved the minutes of the October 18, 2024, Annual Board meeting with one edit which changed “CPA” to “Public Member” on page 1 in the Call to Order section.

The Board Members attending virtually authorized the use of their electronic signatures for the signing of the meeting minutes.

**Delegations of  
Authority**

The Executive Committee and Board staff reviewed the delegations for possible revisions. All approved delegations were revised for the Board Chair’s name, signature, and signature date.

The Board unanimously approved the following delegations for 2025.

- **DA-001 Investigations, Subpoenas, Charges, Emergency Action, and Settlement Negotiations**

Revisions included:

- Removing “CPA-inactive certificate holder” throughout, as that credential has been retired.
- Rewording section (g) to reflect previous changes to referenced Board Policy 2004-1.

- **DA-002 Request Oversight and Appeal of Denials**

Revisions included:

- Removing “CPA-inactive certificate holder” throughout, as that credential has been retired.
- **DA-004 CR-101 Filing**

No revisions were made to the delegation.

The Board unanimously voted to revoke the following delegation for 2025.

- DA-003 Quality Assurance Oversight

The delegation is no longer needed, as Board Policy 2020-1, Peer Review, outlines the peer review process.

### **Chair’s Report**

The Board Chair thanked Kate Dixon for her service in the Board Chair position last year. She appreciated her leadership and collaborative spirit.

She also thanked Mark Hugh, CPA, for his service to the Board which ended December 31, 2024. The Acting Director presented an appreciation plaque to Mark.

The Acting Director and Board Members echoed the Board Chair’s sentiments to both Kate and Mark.

### **NASBA Update**

The Acting Director provided an update on NASBA activities.

#### Upcoming NASBA Conference Dates

- Executive Director/Legal Conference – March 25-27 – Clearwater Beach, FL
- Western Regional Meeting – June 17-19 – New Orleans, LA
- Eastern Regional Meeting – June 24-26 – Philadelphia, PA
- 118<sup>th</sup> Annual Meeting – October 26-29 – Chicago, IL

The Acting Director will be attending the Executive Director/Legal Conference in March.

#### AICPA/NASBA UAA Exposure Draft Update

The Acting Director provided background for the proposed changes.

- Section 5 draft changes regard a competency-based experience pathway to licensure.
- Section 23 draft changes focus on substantial equivalency for jurisdictions with additional pathways to licensure.

The Acting Director asked Tom Neill, CPA, Uniform Accountancy Act (UAA) Committee Chair for the AICPA, to report on the committee's activities. Tom advised:

- The UAA Committee is comprised of 10 members – 5 from NASBA and 5 from the AICPA.
- The drafting process was contentious with NASBA and the AICPA at odds.
- Over 190 comment letters were received during the comment period – most of the opposition expressed was related to:
  - The inclusion of NASBA and NQAS references in Section 23.
  - The “competency” based experience model in Section 5.
- No draft language for re-exposure is available currently.

Kimberly Scott, President & CEO, WSCPA, advised the Board:

- 36 states currently have already or are going to advance legislation for additional pathways to licensure and/or practice privilege/automatic mobility.
- NASBA is opposed to automatic mobility.
- NASBA wants their experience program included in the UAA language.
- In conversations with CPAs, she and Tom have found that the majority are in favor of additional pathways to licensure, but there is some pushback.

The Acting Director stated education requirement terminology seems to be moving away from credit hours to degrees earned.

#### Qualifications for Licensure

The Acting Director reported on the national shift towards additional pathways to licensure. Potential pathways for the Board to consider include:



Pathway 1

1. Education requirement – Baccalaureate degree with an accounting concentration or equivalent that meets the education requirement specified in Board Rule.
2. Examination – Pass the Uniform CPA Examination.
3. Experience – Two years of experience consisting of a minimum of 24 months and 4,000 hours, which must be verified by an active CPA licensee who has held their license for a minimum of 5 years.

Pathway 2

1. Education requirement – Master's degree, which includes the accounting education requirements specified in Board Rule.
2. Examination – Pass the Uniform CPA Examination.
3. Experience – One year of experience consisting of a minimum of 12 months and 2,000 hours, which must be verified by an active CPA licensee who has held their license for a minimum of 5 years.

Pathway 3 (current)

1. Education requirement – Baccalaureate degree with an accounting concentration or equivalent that meets the education requirement specified in Board Rule.
2. Additional college credits to reach 150 total credit hours.
3. Examination – Pass the Uniform CPA Examination.
4. Experience – One year of experience consisting of a minimum of 12 months and 2,000 hours, which must be verified by an active CPA licensee who has held their license for a minimum of 5 years.

The Licensing and Regulation Committee (LARC) will be reviewing the pathways above, which may have changes, and potential rule changes.

**Legal Counsel's Report**

Lisa Petersen, AAG, Board legal counsel, had nothing to report.

**Executive Committee**

The Chair reported that the committee met and discussed the Board meeting agenda.

**Peer Review Oversight Committee (PROC)**

The Acting Director reported:

- The committee had a heavy workload this past year. She thanked the committee members for their hard work noting that next year's workload will be lighter.

- Robert Loe has rolled off the committee. The Acting Director noted that he will be missed and thanked him for his service to the Board over many years.
- The committee focus for this year will be failed peer review reports.

**Request  
Oversight  
Committee  
(ROC)**

Brian Thomas reported on the approval and denials from the committee for the 4th quarter of 2024:

Approved Firm Names:

Counting Consultants, Inc  
BLACKWATER OAK, P.S.  
Bilotta & Company, CPAs, LLC.  
Hargrave & Associates, PLLC  
Basin Tax & Accounting PLLC  
Larson Gross Assurance PLLC

Professional/Educational Organization – Recognition Requests:

During the 4th quarter of 2024, the Board did not receive any requests for recognition as an educational organization for purposes of obtaining list requests.

**Scholarship  
Oversight  
Committee  
(SOC)**

Cindy Kay presented the following:

- Accounting of Receipts and Disbursements WSCPA Scholarship Program for the Program Year Ending September 30, 2024, report.
- Scholarship recipient listing.
- Washington CPA Foundation Portfolio Management Program – September 2024, investment report.

Kimberly Scott, WSCPA President and CEO, stated approximately 300-350 applicants begin the application process with about 200 finished applications in the end.

The Board Members thanked Kimberly Scott for the informative investment report and for her work with the program.

**Board/AICPA  
Rules  
Committee  
(BARC)**

Brooke Stegmeier reported the BARC committee work for the quarter consisted of a rule change review of WAC 4-30-090, Practice privileges, covered earlier in the meeting.

**Licensing and  
Regulation  
Committee  
(LARC)**

Kate Dixon reported:

- The 3 pathways presented earlier in the meeting are a good starting point for committee discussions.
- The first committee meeting will be in February with discussions including:
  - The objectives of the State of Washington.
  - Consideration for unique approaches from other jurisdictions.
- Kate requested that non-LARC committee Board Members submit feedback for LARC consideration.

**Acting Director's  
Report**

The Acting Director reported on the following:

Budget Status

- The state deficit is between \$10-12 billion.
- Governor Bob Ferguson is requiring agencies to cut 6% of expenditures, which includes 50% of out-of-state travel and 25% of in-state travel.
- The agency is already running very lean – first cuts will come from travel and training.
- NASBA participation is important but must be reduced due to the travel reduction requirements.

Board Meeting Location Update

The Acting Director reported:

- The July and October Board meetings will now be held virtually only. Board Members and staff will all be attending through Teams meeting.
- The agency is required to provide a space to view the Teams meeting for those who are unable to attend virtually. The Board office conference room will be made available.

Accountability Audit Results Report

The Acting Director presented the Office of the Washington State Auditor Accountability Audit Report for the State Board of Accountancy for period July 1, 2020, through June 30, 2024. The Acting Director reported:

- The audit results were good.
- Specific audited items were:
  - Accounts receivable with a focus on late fee

waivers.

- CPE monitoring.
- Payroll and leave buyouts.
- Accounts payable.

## **Enforcement Report**

### Enforcement Reports:

Taylor Shahon, CPA, Lead Investigator, presented the January 2025 enforcement reports:

- Quarterly Report – October 1, 2024, through December 31, 2024
- Twelve-Month Lookback – January 1, 2024, through December 31, 2024
- All Complaints – Resolved with or without discipline for periods January 2024 through December 2024 and January 2023 through December 2023
- CBM Report – October 1, 2024, through December 31, 2024

Taylor thanked all Board Members serving as consulting Board Members (CBMs) and reported on the following enforcement activities:

- Everything is running smoothly in enforcement with a fair number of cases wrapped up. The current caseload stands at 17 open cases.
- The bigger cases have been completed recently.
- Recent complaints have been primarily for non-responsiveness and using the title with a lapsed license.

Kate Dixon asked Taylor about trends or his thoughts related to artificial intelligence (AI). So far, the Board has not seen any complaints in this area, but he would not be surprised to see complaints in the future. CPAs uploading clients' information into an AI tool with no protection may result in privacy/confidentiality complaints, as the information may be publicly available.

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

No executive or closed sessions were held.

**Public Input**

The Board received public input from:

Sarah Funk thanked the Acting Director and the LARC for their work in modernizing CPA licensure requirements. Sarah also mentioned that she recently went through a CPE audit, and the Board staff was very helpful, and the CPE Tracker was easy to use.

**Adjournment**

The Board meeting adjourned at 12:14 p.m.

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