WASHINGTON STATE BOARD OF ACCOUNTANCY

Minutes of a Meeting of the Board

Time and Place of Meeting	9:01 a.m. – 11:32 a.m. Friday, April 24, 2026 Microsoft Teams Meeting or if unable to attend virtually: 711 Capitol Way S Suite 400 Olympia, WA 98501
Attendance	Board Members Thomas P. Sawatzki, CPA, Chair Brooke Stegmeier, CPA, Vice Chair Scott S. Newman, Public Member, Secretary Brian R. Thomas, CPA Kate Dixon, Public Member Tonia L. Campbell, CPA Angela Bever, CPA Thomas Dingus, CPA Rica Herrera, Public Member Staff and Advisors Cindy Kay, CPA, Executive Director Jennifer Sciba, Deputy Director Jacob Dishion, Assistant Attorney General, Board Advisor Taylor Shahon, CPA, Lead Investigator Kirsten Donovan, Board Clerk Tia Landry, Data and Systems Administrator The Board Chair excused the Executive Director at 10:01 a.m. to attend another commitment.
Call to Order – Board Meeting	Board Chair, Tom Sawatzki, CPA, called the meeting to order at 9:01 a.m. Board Members, Board staff, and legal counsel introduced themselves.

Legal Counsel's Report	This section was moved up in the meeting from its planned time slot in the agenda.
	
	The Board's AAG legal advisor and the Executive Director presented and led the discussion on the PowerPoint, "Washington State Board of Accountancy Disciplinary Process". The information covered was:
	
	• Legislative Intent – RCW 18.04.015
	  ○ Promote the dependability of financial information and support confidence.
	  ○ Protect the public through regulation.
	  ○ CPAs must be competent, ethical, professional, and

qualified.
    - Only CPAs are authorized to use certain terms.
    - Requires mechanisms to inform the public about violations.
- Board Authority – RCW 18.04.045
    - Made up of 9 Board members – 6 CPAs and 3 public members – appointed by the Governor.
    - Submit an annual report on agency activities to the Governor.
    - Create various committees to support the Board's mission.
    - Investigate alleged violations.
    - Review publicly available CPA work on a random basis (compliance is an expectation and is not complaint-driven only).
    - Enter into stipulated agreements and orders.
- Unlicensed Practice – RCW 18.04.345
    - Only CPAs can perform certain defined services.
    - Only CPAs can use the CPA title.
    - Certain services require a CPA firm license.
- CPA Disciplinary Actions – RCW 18.04.295
    - The Board has broad authority over licensee conduct.
        - Actions involving dishonesty, fraud, negligence, or deceit.
        - Violations of Chapter 18 RCW, Board Rules, and rules of professional conduct.
        - Fraud or deceit used to obtain a license.
        - Conviction of a crime.
        - Action by another state board
        - Failure to:
            - Cooperate with the Board.
            - Furnish documents requested or ordered by the Board.
            - Provide a complete explanation to the Board.
            - Respond to Board inquiries.
            - Comply with a Board Order.
    - Failure by a non-licensee owner of a licensed firm to comply with the Public Accountancy Act and Board Rules.
    - False advertising – RCW 18.04.380.
    - Quality Assurance Review (QAR) requirements are not met.
    - Continuing Professional Education (CPE) requirements are not met.
    - Unprofessional conduct by licensees.
- Disciplinary Process
    - Board Policy 2017-1, Investigative and Disciplinary Processes, includes:
        - Authority and delegation.

        - Guiding principles.
        - Complaint intake.
        - Approval and review.
        - Complainant recourse.
        - Cost recovery.
    - WAC 4-30-140, Disciplinary authority and process, contains:
        - Responses to formal complaints.
        - Is the complaint within Board's authority?
        - Investigation incident report is completed.
        - Case is closed if there is insufficient evidence.
        - ED and Consulting Board Member (CBM) review the incident report.
        - Cases with violations will include a settlement discussion.
        - Statement of Charges (SOC) begins formal process.
        - Licensee can respond to the SOC and request a hearing.
        - Board may issue a final Order based on the hearing.
    - Board Policy 2004-1, Administrative Violations Delegation and Process for Remedial Resolution, includes:
        - Remedial resolutions.
        - Informal settlement.
        - First time administrative violations.
        - Selected offenses laid out in easy-to-read format.
        - At any time, the respondent can refuse remedial resolution and request a formal Board hearing.
- Adjudication Process
    - The team consists of the:
        - ED and investigation staff
        - CBM
        - Prosecuting Assistant Attorney General (AAG)
    - Administrative Violations
        - First time use of the restricted title.
        - Attest services without holding a firm license.
        - Failure to provide records.
        - Failure to inform the Board of compliance issues.
    - Consent Agreements
        - Alternative to formal hearing.
        - Board policy encourages a negotiated settlement.
            - Faster results.
            - Saves resources.
            - Enhances compliance.
        - Settlement may be reached at any time in a case.
        - Initial terms of settlement identified by ED in consultation with CBM.
        - Customized terms of resolution.

        - Terms may be self-enforcing, such as “stayed suspension” conditioned on compliance with conditions.
        - Negotiations may involve a settlement conference with the respondent.
        - Negotiated terms are designed to correct deficiency.
    - Statement of Charges
        - Proposed Consent Agreement offered to the respondent either before or when the SOC is served.
        - At any time, the ED may issue a SOC which begins the formal hearing process under the Administrative Procedures Act.
        - The respondent can answer the SOC and request a formal hearing. The response is due within 20 days.
        - No response or a late response may result in default.
        - A default can be vacated for good cause.
- Hearing Process Overview
    - Applicable law
        - Chapter 34.05 RCW, Administrative Procedures Act.
        - Chapter 10-08 WAC, Model Rules of Procedure.
    - The Presiding Officer is typically the Board Chair.
    - Other participants are Board Members, ED, Board staff, prosecuting and Board advisor AAGs, respondent and counsel, if represented, and witnesses.
    - Prehearing conference (PHC)
        - Used to set a hearing date and filing dates for exhibits and witness lists, and other procedural matters.
    - Order of proceedings
        - Opening statements.
        - Presentation of prosecution case.
        - Respondent/attorney rebuttal.
        - Board questions to witnesses.
        - Closing arguments.
    - Evidence – RCW 34.05.452
        - The presiding officer rules on objections to admissibility (assisted by the AAG advisor).
        - Admissible evidence.
            - “Evidence on which reasonably prudent people are accustomed to rely in the conduct of their affairs”
            - Hearsay.
        - Non-admissible evidence.
            - Irrelevant, immaterial, or unduly repetitious.
            - Privileged.
    - Deliberation
        - Done in a closed session.

        - Prosecution must prove case by a preponderance of the evidence.
        - Based only on evidence presented in hearing.
        - Board decision results in Findings of Fact, Conclusions of Law, and Final Order.
- Potential Sanctions – RCS 18.04.295
    - Reprimand.
    - Revocation, suspension, refusal to issue/renew/reinstate license.
    - Fines ($30k per violation maximum).
    - Investigative and legal costs.
    - Restitution.
    - Conditions precedent to renewal.
    - Limitation on practice.
    - Remedial education / CPE, ethics courses.
    - Corrective action.
    - Monitoring of practice.
    - Probation (stayed suspension).
    - “Other corrective action.”
- Review of Order
    - Request for reconsideration.
        - 10 days to file.
        - Board reviews request.
    - Judicial review.
        - 30 days to file.
        - Superior or Appeals Court reviews record – no new evidence.
- Unlicensed Practice Cases
    - ED may:
        - Negotiate a Consent Agreement.
        - If no settlement is reached, serve a SOC.
    - Prosecuting AAG may:
        - Seek injunctive relief in Superior Court – RCW 18.04.360.
    - ED may refer to the county prosecutor – RCW 18.04.370 (second violation must be referred).
- Brief Adjudicative Proceedings Process – WAC 4-30-028
    - A Board Member serves as the presiding officer.
    - Document review only – no witnesses.
    - Presiding officer issues the initial Order.
    - If not appealed, the Order becomes the final Order.
    - If appealed, the Vice Chair or designee conducts an administrative review and issues the final Order.
- General Precautions for All Adjudications
    - Ex parte communication is any substantive communication between the respondent of Board prosecution staff and the Board regarding an action pending before the Board.

- Must promptly disclose even inadvertent ex parte communication to all parties.

Minutes – January 30, 2026, Board Meeting

The Board approved the January 30, 2026, Board meeting minutes as drafted.

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

Board Policies Annual Review

The Board completed its annual review of the Board policies. All policies will be annually updated for the date and signature of the Board Chair starting in 2026. Prior convention was to only update with a new date and signature when the policy was revised.

- 2003-1 Safe Harbor Report Language for Use by Non-CPAs

  The Board voted unanimously to update the policy with minor wording changes.

- 2004-1 Administrative Violations Delegation and Process for Remedial Resolution

  The Board voted unanimously to update the policy with additional wording added to the “Purpose” section.

- 2015-1 Board Member Travel and Attendance at Group Gatherings

  The Board voted unanimously to update the policy with minor wording changes.

- 2017-1 Investigative and Disciplinary Processes

  The Board voted unanimously to update the policy with the rewrite of the “Complaint Intake” section. A minor change to the proposed draft was made as well. The proposed sentence – “Dismissed complaints are closed unless new, material evidence is submitted.” Was changed to “Dismissed complaints are closed unless material new evidence is submitted by the complainant.”

- 2017-2 Publication and Disclosure of Disciplinary Actions

  The Board voted unanimously to retain the policy with no revisions.

- 2020-1 Peer Review

The Board voted unanimously to retain the policy with no revisions.

The Board Chair authorized the use of his electronic signature for the signing of the Board Policies.

NASBA Update

The Deputy Director reported on the 2026 NASBA Executive Directors and Legal Counsel Conference. The Executive Director attended the conference in person, and the Deputy Director attended virtually. The following were the main topics of conversation at the conference.

- PEEC Exposure Draft for Alternate Practice Structure (APS) – NASBA requested that Boards provide a letter sharing concerns on the complexity of the issues and ambiguity of how to regulate APS. NASBA is requesting continued dialogue with Boards.
- Principal place of business.
    - For mobility purposes this may need to be defined.
    - Is this where the CPA or clients reside?
- Ethics matters in peer review – AICPA discussed a new process for reviewing technical audit and attest (A&A) cases and independence cases. AICPA will review all A&A and independence cases in the peer review program. This will shift from an individual to the firm being reviewed and enhance remedial resolution. States requiring Facilitated State Board Access (FSBA), will be able to see the results of those peer reviews, corrective actions, etc.
- CPE standards are being looked at by NASBA and the AICPA who created a task force to review and recommend CPE requirements for relevance and effectiveness.
- NASBA Western Regional Meeting – June 23-25, 2026, in Park City, UT.
    - All new Board Members, Angela Bever, Tom Dingus, and Rica Herrera, will attend the meeting including the new Board Member Orientation.
    - Board Members, Kate Dixon and Brooke Stegmeier, and the Deputy Director will also attend.

Chair's Report / Executive Committee

The Board Chair combined the Executive Committee and Chair's Reports.

The Board Chair reported that the Executive Committee meets monthly to discuss upcoming NASBA and AICPA topics

The Board Chair presented the AICPA Exposure Draft Response signed by the Board Chair and Executive Director. The exposure draft addresses proposed revisions related to alternative practice structures

(APS).

The letter stated further clarification is needed regarding:

- The mechanisms for state board oversight and enforcement.
- The criteria and processes for determining and validating independence within APS models.
- The extent to which definitional and application uniformity across jurisdictions can be achieved and maintained.

The response will be emailed to the AICPA Professional Ethics Executive Committee today, April 24, 2026.

Peer Review Oversight Committee (PROC)

Scott Newman reported:

- The committee met on March 9, 2026, and discussed alternate practice structure (APS).
- They determined that the AICPA is directly responsible for oversight, and there is no current need for rule changes.
- The committee will continue to monitor progress and proposes no action at this time.

Request Oversight Committee (ROC)

Brian Thomas presented the *Request Oversight Committee Report, April 2026* with the committee approvals and denials for Q1 2026:

Approved Firm Names:

Fiducia Accounting & Business Services, P.S
R&D Financial Services LLC
TranerSmith Wealth Management
Accountability CPA
Tang Advisory

Professional/Educational Organization – Recognition Requests:

During Q1 2026, the Board did not receive any requests for recognition as an educational organization for purposes of obtaining list requests.

Scholarship Oversight Committee (SOC)

Rica Herrera asked Kimberly Scott, President and CEO, Washington Society of Certified Public Accountants (WSCPA), to report on scholarship activities. Kimberly reported:

- The written report will be available for the next Board meeting.
- Scholarship recipients are currently being notified.
- Scholarships awarded from Board funds:

  - 35 - $5,000 undergraduate scholarship winners (10 of those went to individuals from underrepresented groups).
  - 30 - $10,000 master's degree scholarship winners.
- Scholarship reception is being held June 2 from 5:00-8:00 p.m. All Board Members and staff are invited to attend.
- In total, from all Washington CPA Foundation funds, $600,000 in scholarships were awarded.
- No other state has a similar program.

Board/AICPA Rules Committee (BARC)

Brooke Stegmeier reported the BARC is tracking several issues. The hope is to gather more information on all issues at the NASBA Western Regional meeting in June.

- NASBA response to PEEC's exposure draft related to APS.
- Monitoring developments in other states on regulating PE ownership of CPA firms.
- Cheap / freelance audits without verification (digital seals for authentication are a potential solution).
- Security audits - digital "check the box" bypassing audit standards is an emerging concern.

The BARC expects to have quite a bit of work to do in the next quarter.

Brooke Stegmeier presented the *Washington Active Licensee Residency* report. Brooke reported:

- License Distribution
  - Washington resident – 49%
  - Other states – 15%
  - International – 36%
- Top International Countries
  - Japan – 4,532 licensees; 17.6%
  - South Korea – 1,557 licensees; 6.1%
  - Canada – 717 licensees; 2.8%
  - China – 619 licensees; 2.4%
  - India – 596 licensees; 2.3%
  - Hong Kong – 450 licensees; 1.8%
  - Australia – 107 licensees; 0.4%
  - All others – 684 licensees; 2.7%
- Top Other States
  - California – 774 licensees; 3.0%
  - Texas – 373 licensees; 1.5%
  - Oregon – 365 licensees; 1.4%
  - New York – 220 licensees; 0.9%
  - Idaho – 186 licensees; 0.7%

- New Jersey – 176 licensees; 0.7%
- Arizona – 141 licensees; 0.5%
- All others – 1,624 licensees; 6.3%

The BARC will develop this data further and take up the residency issue, as needed.

Executive Director's Report

Budget Status Report

The Deputy Director presented the December 2025, January 2026, and February 2026 budget reports and the CPA Scholarship Transfer Account Fund View for transactions through February 28, 2026.

The Deputy Director reported the following:

- $221,000 operating surplus to date.
- $4,753,000 expected expenses by June 30, 2027.
- $4,802,000 spending authority.
- 2026 fund sweep of $575,000.
  - The Executive Director wrote a letter opposing the fund sweep, but the funds were taken anyway.

Enforcement Report

Taylor Shahon presented the April 2026 Enforcement Report and reported on enforcement activities.

- The enforcement report has been updated to break down the violations by WAC citation. He appreciates the feedback on improving the report.
- Complaint issues:
  - This quarter included 2 time-consuming complaints.
  - Failure to file tax returns was the main complaint.
  - Use of the restricted title is trending up.

Executive and/or Closed Session with Legal Counsel

No executive or closed sessions were held.

Public Input

The Board received public input from the following:

- Jeremy Saladino commented through the Teams chat, "As public comment I would like to thank the Board for continuing the Safe Harbor Language on behalf of WAATP and our members that are accountants and not CPAs. Thanks again."

Adjournment

The Board meeting adjourned at 11:32 a.m.

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