

WASHINGTON STATE BOARD OF ACCOUNTANCY

Minutes of a Regular Meeting of the Board

Time and Place of Meeting	9:00 a.m. – 11:50 a.m. Friday, January 18, 2019 DoubleTree by Hilton Seattle Airport Evergreen 4 18740 International Blvd Seattle, WA 98188
Attendance	<u>Board Members</u> Mark Hugh, CPA, Chair, Board Member Thomas G. Neill, CPA, Vice Chair, Board Member Joel Cambern, Secretary, Public Member (arrived 9:06 a.m.) Elizabeth D. Masnari, CPA, Board Member Rajib Doogar, Public Member Brian R. Thomas, CPA, Board Member <u>Staff and Advisors</u> Charles E. Satterlund, CPA, Executive Director Bruce Turcott, Assistant Attorney General, Board Advisor Jennifer Sciba, Deputy Director Taylor Shahon, CPA, Lead Investigator Kirsten Donovan, Board Clerk
Call to Order	Board Chair, Mark Hugh, called the regular meeting of the Board to order at 9:00 a.m. The Board Chair excused the absences of Karen R. Saunders, CPA, and Jacqueline Meucci, CPA.
Introduction of New Board Member	The Executive Director reported that the Governor's Office has not yet officially selected a new Board Member. The announcement is expected soon.
Minutes – October 19, 2018, Annual Board Meeting	The Board approved the minutes of the October 19, 2018, Board meeting as presented.
Delegations of Authority	The Board reviewed the following delegations with staff proposed changes which incorporated Plain Talk principles: <ul style="list-style-type: none">• Charges, Subpoenas, Negotiate Settlement• Administrative Notices of Non-Compliance/Administrative Sanctions• CPE Waiver Extension Requests/Request Review Committee

- Quality Assurance Oversight/Review of Publicly Available Professional Work
- CR-101 Filing

The Board voted unanimously to revise the delegations as presented.

Chair's Report

Greeting as New Chair

The Board Chair greeted everyone at the meeting for the first time as the new Board Chair.

2019 – Year in Preview

The Board Chair reported that the Board will have a busy year with:

- Potential firm licensing changes in legislation
- Changes to the CPE Rules currently being considered

Potential Rule Updates and Request for Other Topics

The Board Chair stated that other potential rule changes to consider include:

- Title Use
- Peer Review

Guests from the AICPA State Advocacy Team

Julia Woislaw and James Cox from the AICPA State Advocacy Team attended the meeting. Julia reported to the Board on occupational licensing reform/deregulation:

- 34 states introduced legislation last year
- Raising awareness is key, as the legislation tends to talk in broad terms about licensing and regulation
- Learned professions like CPAs get lumped in with professions like hair braiding
- Building coalitions is necessary
- CPA mobility is at risk

NASBA Update

The Executive Director reported on the NASBA Annual Meeting held October 28-31, 2018 in Scottsdale, AZ. Topics included:

- Second pathway to become a CPA

- Data analytics and IT pathway
- Educational component may be different
- Tom Neill advised that the UAA statute may need to be updated if the second pathway is adopted
- FTC presentation on the North Carolina dental decision and their thoughts on boards and commissions' limiting of competition
- Continuous CPA Exam testing
- FBI / IRS cyber challenges presentation
- Declining Exam revenues
- NOCLAR – Tom Neill reported that this is moving very slowly
- Legal brief with Noel Allen
- Executive Director committee meeting will be held by phone conference

The Board Chair and Executive Director encouraged NASBA meeting participation at either the regional or annual meetings. Attendees are provided the opportunity to broaden their view by learning about national trends.

Legal Counsel's Report

Bruce Turcott, the Board's legal counsel, reported that:

- The legislative session just convened
- He will be monitoring for bills that affect the Board

Executive Committee

The Chair reported that the meeting agenda was discussed during the committee teleconference.

Compliance Assurance Oversight Committee

Tom Neill reported on:

- Firewalls between peer review committee and the Board
- PRIMA
- Corrective action plans seem to have gone from educational to punitive

The Peer Review Task Force was created. Tom Neill will serve as the task force chair. Rajib Doogar, Jackie Meucci, Charles Satterlund, and Jennifer Sciba will serve as task force members.

Request Review Committee

Elizabeth Masnari reported:

Firm Names: *Approved:*

SEATTLE TAX AND ACCOUNTING CPA'S, PLLC
JARBOE ACCOUNTING SOLUTIONS, PLLC

NORTHWEST ACCOUNTING & CONSULTING LLC
POULSBO CPA PLLC
RASMUSSEN TAX & ACCOUNTING
BRIAN PATRICK CPA TAX & ACCOUNTING SOLUTIONS PC
RIGHTERY ACCOUNTING & TAX, PLLC
FIAT PROFESSIONAL SERVICES CPA
MILESTONE CPA LLC
CBS TAX & ACCOUNTING, LLC

Professional/Educational Organization - Recognition Requests:
During the 4th quarter 2018, the Board received and approved a request for recognition as an educational organization for purposes of obtaining list requests from:

- Kitsap Community Foundation

Domestic or Foreign Education Credential Evaluation Services – Applications: During the 4th quarter 2018, the Board did not receive any requests for recognition of domestic or international education credential evaluation services.

CPE Extension Requests: CPE Extension Requests were received between 11/01/2018 and 12/31/2018.

A total of 46 requests were received:

- 6 requests were for hours 16 or under:
 - 3 – Approved
 - 2 – Denied
 - 1 – Withdrawn
- 40 requests were for hours 17 or over:
 - 28 – Approved
 - 12 – Denied

**State Ethics
Compliance
Committee**

Brian Thomas had nothing to report.

**Qualifications
Committee**

Rajib Doogar had nothing to report.

**Performance
Review and
Succession
Committee**

Joel Cambern had nothing to report.

**WSCPA
Education Fund
Committee**

Elizabeth Masnari had nothing to report.

CPE Task Force

Tom Neill and Mark Hugh presented a summary of the Washington CPE proposed changes, a summary of the changes of the CPE Model Rules, and a table comparing the changes. The major changes include:

- “Nano learning”, web-based CPE in one fifth of an hour increments, will be an allowable CPE format, but total number of nano learning credits are limited to 10%, no more than 12 of the 120 hours in any three-year reporting cycle.
- No more than 60 hours of CPE credit in the aggregate will be allowed in any three-year cycle for service on the Board, Board committees, or peer review committees; first time instructor/developer of a CPE course; and authorship of published articles, books, and other publications relevant to maintaining or improving professional competence.
- A CPA must complete a minimum of 20 hours of CPE in each year of the three-year reporting cycle; however, Board service, first time instructor developer, or authorship of published materials will not count towards the 20 hour minimum.
- Currently, non-technical CPE, subjects such as personal development and practice management, cannot exceed more than 24 hours in any three-year reporting cycle, but under the redrafted rules, non-technical CPE credits are limited to no more than 60 of the 120 hours in any three-year reporting cycle.
- The “prelapsed reinstatement” process will be eliminated and incorporated into the Remedial Resolution process for first time administrative violations. “Prelapsed reinstatement” has been a process for licensees who fail to obtain required CPE during their calendar year reporting period and who also did not request an extension before the December 31 end of their reporting period.
- CPE reciprocity will be allowed for Washington licensees who are residents of other states.

Rules Review

Semi-Annual Rules Development Agenda

The Board Chair presented the Semi-Annual Rules Development Agenda that was filed with the Office of the Code Reviser for January through June 2019.

WAC 4-30-010 Definitions

The Executive Director presented and led the discussion on a draft revision of the rule which adds a definition for nano learning.

The Board directed staff to revise the rule draft to include “a minimum of” before “two final assessment questions.”

WAC 4-30-132 What are the program standards for CPE?

The Executive Director presented and led the discussion on a draft revision of the rule which will incorporate aspects of the Uniform Accountancy Act (UAA) CPE model rules, reorganize the CPE requirements between the various CPE rule sections for clarity, and rename the rule.

The CPE Task Force will review the chart of technical and non-technical subjects and will adjust if necessary.

WAC 4-30-133 Limitations on continuing professional education (CPE) credit

The Executive Director presented a draft and led the discussion on a proposed new rule which will incorporate aspects of the Uniform Accountancy Act (UAA) CPE model rules and reorganize the CPE requirements between the various CPE rule sections for clarity.

The Board directed staff to clarify subsection 6(c) by changing “Board service” to “Service on the Washington state board of accountancy (Board)”.

WAC 4-30-134 What are the continuing professional education (CPE) requirements for individuals?

The Executive Director presented and led the discussion on a draft revision of the rule which will incorporate aspects of the Uniform Accountancy Act (UAA) CPE model rules, reorganize the CPE requirements between the various CPE rule sections for clarity, and rename the rule.

The Board had no revisions to the draft.

WAC 4-30-136 How do I report my CPE to the board?

The Executive Director presented and led the discussion on a draft revision of the rule which will simplify the rule language and rename the rule.

The Board had no revisions to the draft.

WAC 4-30-138 What documentation must I retain to support my eligibility for CPE credit?

The Executive Director presented and led the discussion on a draft revision of the rule which will simplify the rule language and rename the rule.

The Board had no revisions to the draft.

The Board directed staff to file the CR-101 for the rules discussed above (WAC 4-30-010, 4-30-132, 4-30-133, 4-30-134, 4-30-136, and 4-30-138) with the Office of the Code Reviser filings as a group, as the rules are dependent on one another. The Board directed staff to add the rules as an agenda item to the April Board meeting for further discussion.

WAC 4-30-062 How do I apply to take the CPA examination?

The Executive Director presented the CR-101 filing and a draft revision of the rule which intends to accommodate the development of a continuously available examination process.

The Executive Director led the discussion on the proposed changes.

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

**Executive
Director's
Report**

Budget Status

The Executive Director presented the Allotment Expenditure/Revenue BTD Flexible Report, the Certified Public Accountants' Account Fund Balance, and the CPA Scholarship Transfer Account Fund Balance for transactions through December 28, 2018.

Peer Review Oversight Committee (PROC) Appointment

The Executive Director reported that Laura G. Lindal, CPA, has agreed to serve on the PROC. Laura briefly introduced herself to the Board. The Board thanked Laura for taking on this role.

The Executive Director presented a copy of Ms. Lindal's PROC appointment acceptance letter received from the Washington Society of Certified Public Accountants (WSCPAC), who administer the peer review program. The Board voted unanimously to authorize Ms. Lindal's signing of the letter.

Legislation in Progress

The Executive Director reported that the agency led bill, HB 1208, on firm licensing has bipartisan support.

Dismissed Case Review

Brian Thomas completed the October dismissed case review. Joel Cambern volunteered to complete the next review.

Meeting with CPABC in December 18, 2018

The Executive Director reported that the meeting with CPABC was productive and the British Columbians are looking to partially reciprocate firm mobility.

Other Matters as Needed

The Executive Director reported:

- Positions for 2 CPA Board Members will open in June 2019
- IT Initiatives
 - Electronic Content Management (ECM) – Board staff is going paperless. Staff will have training on the new system later this month.
 - Decision package for the new licensing system was submitted and was added to the Governor's budget, which must be approved by the legislature.
 - New phone system will be implemented.
- Annual report to the Governor is due in February
- No staff issues to report
- New mission statement will be brought to the Board for approval soon
- PROC meeting report handout

Enforcement Report

Taylor Shahon, Lead Investigator, presented the Enforcement report:

- Annual Report for January 1, 2018 through December 31, 2018
- Quarter Report for October 1, 2018 through December 31, 2018

Taylor Shahon reported on the Center for Public Trust (CPT) Ethics course for disciplinary cases.

- Enforcement is considering requiring completion of this course instead of a Board approved Washington ethics course for cases involving ethical issues.
- The course contains 3 modules and a 4th module specific to Washington could be added – Taylor has completed the first module and feels that the course is beneficial.
- The course cost of \$250 is paid by the respondent to NASBA.
- NASBA supplies monthly reports of course completion making monitoring of sanctions easier.
- Consulting Board Member (CBM) could decide whether the course should be included as a sanction in the Consent Agreement.
- 10 State Boards are currently using this course.

Executive and/or Closed Session with Legal Counsel

No executive or closed sessions with legal counsel held.

Public Input

Members of the public provided input throughout the meeting.

Adjournment

The Board meeting adjourned at 11:50 a.m.

Secretary

Chair

Vice-Chair

Member

Member

Member

Member

Member

Member