

# WASHINGTON STATE BOARD OF ACCOUNTANCY

## Minutes of a Regular Meeting of the Board

<b>Time and Place of Meeting</b>	9:00 a.m. – 11:55 a.m. Thursday, July 19, 2018 Yakima Valley College Parker Room, Building 8 S 16 <sup>th</sup> Avenue & Nob Hill Blvd Yakima, Washington 98902
<b>Attendance</b>	<u>Board Members</u> Karen R. Saunders, CPA, Chair, Board Member Elizabeth D. Masnari, CPA, Vice Chair, Board Member Thomas G. Neill, CPA, Board Member Rajib Doogar, Public Member Joel Cambern, Public Member Brian R. Thomas, CPA, Board Member Jacqueline Meucci, CPA, Board Member  <u>Staff and Advisors</u> Charles E. Satterlund, CPA, Executive Director Bruce L. Turcott, Assistant Attorney General, Board Advisor Elizabeth Lagerberg, Assistant Attorney General, Board Prosecutor Jennifer Sciba, Deputy Director Kirsten Donovan, Board Clerk Taylor Shahon, CPA, Lead Investigator
<b>Call to Order</b>	Board Chair, Karen Saunders, called the regular meeting of the Board to order at 9:00 a.m.  The Board Chair excused the absences of Favian Valencia, Public Member, and Mark Hugh, CPA, Board Member.
<b>Minutes – April 20, 2018, Regular Board Meeting</b>	The Board approved the minutes of the April 20, 2018, Board meeting as presented.
<b>Chair’s Report</b>	<u>Introduction of New Board Members</u>  The Board Chair introduced new Board Members, Brian R. Thomas, CPA, and Jacqueline Meucci, CPA, and welcomed them to the Board.  <u>Expedited Rule Making</u>  This process allows for rule changes in limited circumstances without the requirement to hold a public rule making hearing -- provided that no public objections are received.

The Board Chair presented the CR-105 filings and drafts of the following Board Rules which are currently in the expedited rule making process:

- WAC 4-30-072 What are the responsibilities of a verifying CPA?

The suggested rule change corrects the misspelling of the word “knowledgeable” in the rule. If Board staff receives no public objections, the rule change will be adopted August 7, 2018.

- WAC 4-30-026 How can I contact the board?

The suggested rule change updates the Board’s email address, the website URL, and the TTY phone number. If Board staff receives no public objections, the rule change will be adopted August 21, 2018.

The Deputy Director advised the Board that staff has two additional CR-105s to file:

- WAC 4-30-024 Public Records

The suggested rule change updates the Board’s website URL. If Board staff receives no public objections, the rule change will be adopted October 2, 2018.

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

The suggested rule change updates the Board’s customer service email address. If Board staff receives no public objections, the rule change will be adopted October 2, 2018.

The Board voted unanimously to authorize the filings.

## **NASBA**

The Executive Director discussed the following NASBA activities from the Western Regional meeting held June 26-28 in Lake Tahoe, CA:

- New pathway to CPA
- NOCLAR
- Deregulation
- Combining Eastern and Western Regional meeting
- Laurie Tish’s election to NASBA Vice-Chair

- CPA Exam testing
- Crypto-currency presentation
- Sexual harassment policies and Boards of Accountancy
- Legal report – NC Dental Board fallout

**Legal Counsel’s Report**

Executive Director, Charles Satterlund, CPA, Bruce Turcott, AAG, and Elizabeth Lagerberg, AAG, delivered the PowerPoint presentation, *Complaints, Investigations, and the Adjudicative Process*.

**Review of Board Policy 2011-1**

Board Policy 2011-1 Principles Underlying Board Rules

The Executive Director made a recommendation that the policy be retired and led the subsequent discussion. The Executive Director intends to incorporate sections of the policy into a Board mission statement.

The Board voted unanimously to retire the policy.

**Executive Committee**

The Board Chair reported that she and the Vice Chair had a teleconference to discuss the Board meeting agenda.

The Chair solicited a volunteer to serve as the Secretary. Mark Hugh was nominated and seconded. The Board voted unanimously to elect Mark as the new Secretary.

**Compliance Assurance Oversight Committee**

The Deputy Director reported that staff will begin requesting documentation from firms that receive a peer review rating of pass with a deficiency or fail on system reviews. The firm must submit the Matters for Further Consideration (MFC) and Findings for Further Consideration (FFC) reports for Board review to determine if the Board should take any disciplinary action.

**Legislative Review Committee**

The Board Chair advised that the committee had nothing to report.

**Request Review Committee**

Elizabeth Masnari reported:

Firm Names: *Approved:*

NORTH KITSAP ACCOUNTING  
ACCOUNTABILITY RESOURCES SAN JUAN ISLAND LLC  
W&K CPA, LLP  
NORTH PACIFIC TAX & ACCOUNTING

TURQUOISE TAX ADVISORY, LLC  
COUNTER COLUMN ACCOUNTING  
HONGXIN CPA FIRM

Professional/Educational Organization – Recognition Requests

During the 2nd quarter of 2018, the Board did not receive any requests for recognition of an educational organization for purposes of obtaining list requests.

Domestic or Foreign Education Credential Evaluation Services – Applications

During the 2nd quarter of 2018, the Board did not receive any requests for recognition of domestic or international education credential evaluation services.

Late Fee Waiver Requests

Late Fee Waiver Requests were received between 05/01/2018 and 06/30/2018.

The Board received 3 late fee waiver requests, and all were approved.

**State Ethics Compliance Committee**

The Board Chair solicited a volunteer to serve as the Ethics Advisor.

Joel Cambern volunteered and was appointed as the new Ethics Advisor.

**Qualifications Committee**

The Board Chair solicited volunteers to serve as the committee chair and members.

Rajib Doogar volunteered and was appointed to serve as the committee chair. Elizabeth Masnari remained as a member on the committee, and Jackie Meucci volunteered and was appointed to serve on the committee.

**Performance Review and Succession Committee**

Joel Cambern reported that the Executive Director performance review was updated by narrowing down the evaluation. The review went out to Board Members, Board staff, and other stakeholders through Survey Monkey. He stated that the results were positive, and he looks forward to going over the results with the Executive Director soon.

The Board Chair solicited volunteers to serve as the committee chair and members.

Joel Cambern volunteered and was appointed to serve as the committee chair. Brian Thomas volunteered and was appointed to serve on the committee.

**Social Media Committee**

The Board Chair advised that the committee had nothing to report.

**WSCPA Education Fund Committee**

Elizabeth Masnari provided background information of the fund and its establishment for the new Board Members.

**CPE Task Force**

Tom Neill and the Executive Director reported that the committee met to discuss revising the Board rules related to CPE due to UAA changes.

The following items are being considered for changes:

- Definition for nano-learning
- CPE reciprocity
- Annual CPE requirement of a minimum of 20 hours (triannual requirement would remain 120 hours)

The Executive Director provided reports on the CPE audit failure rates in response to concern from Board Members about the CPE Audit Report at the prior meeting. The reports compared the failure rate for individuals in the audit due to PLR in the prior reporting period vs. the random sample failure rate. The failure rate for PLR individuals is much higher and skews the overall failure rate.

He also reported that changes to the random sample pull and CPE reporting requirements may be forthcoming.

**Executive Director's Report**

Budget Status

The Executive Director presented the Allotment Expenditure/Revenue BTD Flexible Report, the Certified Public Accountant's Account Fund Balance, and the CPA Scholarship Transfer Account Fund Balance for transactions run through June 30, 2018.

Legislative Efforts for 2019 – Discussion of Firm Licensing

The Executive Director led the discussion on possible changes to firm licensing requirements. The intended legislation will be by agency request and will require that only firms offering/performing attest and compilation services hold a CPA firm license.

The effect on revenue is expected to be minimal. The intended action demonstrates that the Board has taken a serious look at its regulations in the current atmosphere of deregulation.

Email Consent Agreement Voting Discussion

The Executive Director led the discussion on the current process of voting by email. No changes in the process are being implemented. Board staff will continue to send out the votes by email and will only bring specific cases to the next Board meeting if the Board Members have questions (which are not resolved). The Board Members would then be able to discuss the case prior to voting.

Dismissed Case Review – Report and Assignment of Board Member for August/September 2018

Mark Hugh reviewed the past quarter’s dismissed cases.

Tom Neill will complete the dismissed case review for the next quarter.

**Enforcement Report** Taylor Shahon provided the following report to the Board:

- Enforcement Report – Quarter Report (April 1, 2018 through June 30, 2018)

Taylor Shahon reported on enforcement activities for the second quarter 2018:

- Inclusion of Board Orders in the newsletter per Board Policy 2017-2
- Clarification that administrative sanctions guidelines are followed as outlined in Board Policy 2004-1

**Public Input** No public input was received.

**Executive and/or Closed Session with Legal Counsel** An executive session was held from 11:32 - 11:41 a.m. regarding litigation or potential litigation under RCW 42.30.110(1)(i).

A closed session was held from 11:42 - 11:53 a.m. regarding an adjudicative proceeding under chapter 34.05 RCW, which is not subject to the Open Public Meeting Act under RCW 42.30.140(3).

**Adjournment**            The Board meeting adjourned at 11:55 a.m.

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Secretary

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Vice-Chair

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