

# WASHINGTON STATE BOARD OF ACCOUNTANCY

## Minutes of an Annual Meeting of the Board

<b>Time and Place of Meeting</b>	9:00 a.m. – 11:42 a.m. Friday, October 19, 2018 J.A. Cherberg Building, Capital Campus Senate Hearing Room 3 304 15 <sup>th</sup> Avenue SW Olympia, WA 98501
<b>Attendance</b>	<u>Board Members</u> Karen R. Saunders, CPA, Chair, Board Member Elizabeth D. Masnari, CPA, Vice Chair, Board Member Mark Hugh, CPA, Secretary, 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 Jennifer Sciba, Deputy Director Taylor Shahon, CPA, Lead Investigator Kirsten Donovan, Board Clerk
<b>Call to Order</b>	Board Chair, Karen Saunders, called the annual meeting of the Board to order at 9:00 a.m.  The Board Chair excused the absence of Favian Valencia, Public Member.
<b>Minutes – July 19, 2018 Regular Board Meeting and August 15, 2018 Special Board Meeting</b>	The Board approved the minutes of the July 19, 2018, regular Board meeting with minor edits.  The Board approved the minutes of the August 15, 2018, special Board meeting as presented.
<b>Chair’s Report</b>	<u>Election of 2019 Officers</u> – The Chair presented the following slate of officers to serve during 2019: <ul style="list-style-type: none"><li>• Chair – Mark Hugh, CPA</li><li>• Vice Chair – Thomas G. Neill, CPA</li><li>• Secretary – Joel Cambern, Public Member</li></ul>

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No other nominations were made. The Board cast a unanimous vote for the slate of officers presented.

2019 Board Meeting Schedule – The Board established the following schedule for the 2019 Board meetings:

- January 18, 2019 – DoubleTree by Hilton Hotel Seattle Airport – Seattle
- April 26, 2019 – DoubleTree by Hilton Hotel Seattle Airport – Seattle
- July 26, 2019 – Hilton Garden Inn Spokane Airport – Spokane
- October 18, 2019 – Capitol Event Center – Tumwater

Committee Appointments for 2019 – The Board made the following committee appointments for 2019:

- Compliance Assurance Oversight Committee  
Chair:  
Thomas G. Neill, CPA  
Members:  
Karen R. Saunders, CPA  
Joel Cambern, Public Member  
Jacqueline Meucci, CPA
- Legislative Review Committee  
The committee was disbanded. If legislative matters arise in the future which require special Board attention, the committee can be reestablished at that time.
- Request Review Committee  
Chair:  
Elizabeth D. Masnari, CPA  
Members:  
Joel Cambern, Public Member  
Brian R. Thomas, CPA
- State Ethics Compliance Committee  
Ethics Advisor:  
Brian R. Thomas, CPA
- Qualifications Committee:  
Chair:  
Rajib Doogar, Public Member  
Members:

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Elizabeth D. Masnari, CPA  
Jacqueline Meucci, CPA  
Mark Hugh, CPA

- Performance Review and Succession Committee  
Chair:  
Joel Cambern, Public Member  
Member:  
Brian R. Thomas, CPA
- Social Media Task Force  
The task force was disbanded.
- WSCPA Education Fund Committee  
Chair:  
Elizabeth D. Masnari, CPA  
Members:  
Thomas G. Neill, CPA  
Jacqueline Meucci, CPA
- CPE Task Force  
Chair:  
Mark Hugh, CPA  
Members:  
Rajib Doogar, Public Member  
Thomas G. Neill, CPA

**Rules Review**

The Executive Director presented the following Rule drafts and led the discussion on the proposed revisions.

WAC 4-30-010 Definitions

The revision adds a definition for “nano learning.”

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

The revisions 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.

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

The proposed new rule 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.

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

The revisions 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.

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

The revisions simplify the rule language and rename the rule.

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

The revisions simplify the rule language, remove the information and reference related to a retired Board policy, and rename the rule.

The Executive Director advised that the Rules are still a work in progress and that no filings have been done with the Office of the Code Reviser. He asked that Board Members, the meeting participants, and other stakeholders review the drafts and provide feedback or suggestions directly to him. Depending on the feedback received, the first filing with the Code Reviser could come as early as January 2019.

Rules review will be added as an agenda item for the next Board meeting. The Executive Director will prepare and send an outline of the changes to the Board Members, and Tom Neill will map the revisions against the Uniform Accountancy Act (UAA) CPE model rules prior to the next meeting.

The Board Members requested that the Board Clerk provide a “clean” copy of the proposed revisions for review to go along with one showing the edit mark-ups.

**NASBA Update**

The Executive Director reported on the following topics:

- NASBA proposal to implement continuous CPA Exam testing
  - Would eliminate testing windows
  - Would eliminate the requirement to wait for the next testing window to retake a section

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- Would require changes to WAC 4-30-062, How do I apply to take the CPA examination?, if the Board chooses to implement continuous testing, when/if NASBA does
- New pathway to CPA discussion was deferred until the annual NASBA meeting

The Board Chair advised that Rajib Doogar has been designated the authority to vote on her behalf at the NASBA Annual Meeting.

### **Executive Director's Report**

#### Current Budget Report and Appropriation Request for Electronic Content Management

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 September 28, 2018.

The Executive Director reported on the state of operations:

- The fund balance continues to grow
- 20% of licensees live outside of the United States

#### Update on IT Projects

The Executive Director reported:

- The Electronic Content Management (ECM) system is moving forward and will include enforcement functionality. Implementation of the system may come as early as the end of the year or early next year.
- A decision package has been submitted for a new licensing system.

#### Firm Licensing Bill Update

The Executive Director reported that the firm licensing bill has been submitted. He is working closely with the Governor's office throughout the process. Legislative sponsors are still needed.

#### CPE Audit Sampling Plan

The Executive Director presented the Attributes Sampling Plan for CPE Audit used to determine the number of random individuals chosen for the audit.

He advised that the audit numbers will now be reported in two groups – random and prelapsd reinstatement (PLR). Random audit failure rates have appeared to be higher when including the PLR individuals in the sample. PLR individuals fail at a much higher rate than the randomly chosen individuals. The new reporting should provide a clearer picture of the CPE audit results.

#### Peer Review Oversight Committee (PROC) Appointment

The Executive Director reported that Robert Loe, CPA, has agreed to serve as the PROC Chair. Robert briefly introduced himself to the Board. The Board thanked Robert for taking on this role.

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

Robert Loe and Board staff will recruit other members to assist on the committee.

#### Peer Review Referral to Enforcement for Double Fails

The Executive Director reported that he is reviewing Policy 2004-1 for possible revision which will authorize the Executive Director to use remedial action in peer review double fails. If a revised policy is drafted, the Executive Director will bring the revision to the Board for their review and vote.

#### New Public Board Member Search

The Executive Director reported that Favian Valencia, Public Member, has resigned from the Board effective December 31, 2018. Favian has served on the Board for four years, but has found that he is no longer able to commit the time necessary for Board functions. The Executive Director and Board expressed gratitude for Favian's service.

The search for a new Public Board Member has begun. The Executive Director asked the Board Members to direct anyone they know who may be interested in the position to the Board's website or the Governor's website for additional information.

CPA-Retired Designation and CPA-Inactive Certificateholder Status

The Executive Director reported that confusion exists over this designation and this status. He would like to reopen the discussion on these two topics at a later date.

Agency Finances

Paul Bitar, CPA, Small Agency Financial Services (SAFS) Budget Analyst reported:

- The agency is in good financial condition
- The fund balance is building
- The fund balance is expected to increase until the new licensing system is purchased (if approved by the legislature)
- A fund sweep could potentially occur

**Executive Committee**

The Board Chair reported that she spoke with the committee members by phone. She reported that the conversation related to the selection of the 2019 officers and committee structure.

**Compliance Assurance Oversight Committee**

Tom Neill presented the 2018 Quality Assurance Review (QAR) Results Report and led the discussion.

**Legislative Review Committee**

The committee had nothing to report.

**Request Review Committee**

Elizabeth Masnari reported on the 3rd quarter 2018 approval and denials from the committee:

Firm Names: *Approved:*

DRAGONFLY 360, INC  
PETERSON NW CPA INC  
MAKING CENTS, INC  
TWH CPA LLC  
VEGA TAX SERVICES  
ACCOUNTOLOGY PLLC  
BERUSH CPA, PS  
SOUND PAYROLL LLC

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Professional/Educational Organization - Recognition Requests:

During the 3<sup>rd</sup> quarter 2018, the Board received one request for recognition as an educational organization for purposes of obtaining list requests.

- American Center for Continuing Professional Education, Inc.

Domestic or Foreign Education Credential Evaluation Services –

Applications: During the 3<sup>rd</sup> quarter 2018, the Board did not receive any requests for recognition of domestic or international education credential evaluation services.

**State Ethics  
Compliance  
Committee**

Joel Cambern reported that he reviewed the annual state ethics compliance checklists completed by Board staff. No matters were reported that require further attention or action. He did note that he was very encouraged by the amount of volunteer service staff members reported and completed.

**Qualifications  
Committee**

Rajib Doogar had nothing to report.

**Performance  
Review and  
Succession  
Committee**

Joel Cambern had nothing to report.

**Social Media  
Task Force**

The task force had nothing to report.

**WSCPA  
Education  
Fund**

Elizabeth Masnari presented the Projected Fund Balance and Estimated Expenses for Administering Washington State Certified Public Accounting Scholarship Program – for the Year Ending September 30, 2019.

Monette Anderson, WSCPA Manager of Student Initiatives, reported on the program and applications. The scholarship application deadline for the upcoming year is February 14, 2019.

**CPE Task  
Force**

The committee members reported during the Rules Review section of the agenda.

**Legal  
Counsel's  
Report**

Bruce Turcott, the Board's legal counsel, had nothing to report.



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**Enforcement Report** Taylor Shahon presented the Enforcement Report for July 1, 2018 through September 30, 2018.

Taylor reported that current enforcement issues include:

- Questions regarding CPA (Canada) title use in context outside of accounting
- CPE audit failures for double-counting courses used to complete the PLR process – the enforcement team is considering requiring that failing individuals complete a specific CPE course through the remedial resolution process
- Procedural change for enforcement – the enforcement team began sending the Statement of Charges and a Consent Agreement together. This measure has resulted in significant time savings.
- Recruitment for the dismissed case review for the fourth quarter – Joel Cambern volunteered to complete the review

**Public Input** No public input received.

**Executive and/or Closed Sessions with Legal Counsel** An executive session was held from 11:30 - 11:42 a.m. regarding litigation or potential litigation under RCW 42.30.110(1)(i).

**Adjournment** The meeting adjourned at 11:42 a.m.

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Secretary

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Chair

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Vice Chair

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Member

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Member

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Member

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Member

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Member

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Member