



Reflections in Oyster Light

He who overcomes others is strong, but he who overcomes himself is mighty.

Lou Tzu – Chinese Philosopher 500 BC

Winter is almost here, and we round the corner on another year. Here in Washington State the steady rain returns and the sky becomes a half lit slab of oyster gray. It is this implacable weather that challenges the newcomers to our state especially if they hail from sunnier climates, which is just about every other place in the lower forty eight.

For me, the years pass much more quickly these days, but in winter, time seems to slow just a bit. In the quiet of the evening, as the rain drums on the roof, I like to build a fire and reflect on the year that is passing, and on the one to come.

I recently hit the four year mark in my service to the Washington State Board and ten months into my post as Executive Director. I asked myself what is my big take-a-way from my experience these last four years? The answer has been right at the forefront of my mind for some time now, and it is this:

The best thing that you can do for yourself, your family, your practice, or your community is to take personal responsibility for your actions and decisions.

When I joined the Board I came from the Washington State Department of Health having served as their internal auditor for the preceding eight years. I had dealt with disputes before, I felt ready. However, as I began to investigate cases for the Board, I found that I had not anticipated the level of conflict that CPAs can get into with their clients. I had no idea that some CPAs would make the decisions that they sometimes do in response to these conflicts.

Likewise, I had no idea how some clients would take advantage of CPAs, and to foist blame for their own inattention, inexperience in business, or poor decision making. While maybe only technically at fault, it is the CPA that gets cast in the role of the sacrificial lamb.

The common theme in most of these situations is cognitive dissonance on the part of one or both parties. The participants in the dispute fail to see the situation as it exists and to take responsibility for their respective actions. In doing so, they bypass possible resolution before the situation devolves into a complaint to the Board.

Any of you who work in regulatory enforcement know what I am talking about when it seems that too often the agency grabs hold of a live wire when trying to resolve these cases. Investigators become the path of least resistance for the parties to express their anger if disappointed by the outcome of a disciplinary matter.

This circuitry of misery has common and recurring components:

- The absent business owner
- The CPA who lapses into unprofessional behavior either through anger, frustration, inattention, or substance abuse
- The egocentric who unwittingly, but diligently, works against their own best interests
- The angry party to a divorce or estate dispute
- The inexperienced professional or business owner who overreaches or has unrealistic expectations
- The “social worker” CPA who was just trying to help
- The CPA who fails to complete their CPE (this one really drives me nuts)

At the NASBA Annual meeting in early November, it was Carlos Johnson, past NASBA Board Chair, who stated “that ours is a learned profession.” He was primarily speaking to the point that there is a considerable body of knowledge that CPAs need to master in order to be true professionals. However, I think some thought needs to be given to the idea that a true professional is also a master of themselves.

Perfection is not the goal so much as to maintain a continued pulse of battle as we struggle with our shortcomings. Though exhausting, this self-awareness is an important key to ethical conduct, and it is ethics that is the mortar that builds value in our private practices, our client businesses, our communities, our government, and most importantly ourselves.

In closing, as we gather over the holidays with family and friends; try to steal away a quiet moment or two to look within and reflect on your ethical obligations, client’s trust, and public trust afforded to you simply by holding the title CPA.

Charles E. Satterlund, CPA
Executive Director

In This Edition

A Message from the Board Chair	2
Office Closures.....	2
Attention: Calling All CPA Applicants.....	3
The CPA Exam Beginning April 1, 2017.....	3
Tips for a Stress Free Renewal	4
From the Information Technology Team	4
2017 Board Meeting Schedule	4
Number of Credentials 1999-2016	5
Washington CPA Exam Performance Summary: Washington	5

**WA STATE BOARD OF ACCOUNTANCY
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Thomas G. Neill, CPA - Chair
Elizabeth D. Masnari, CPA - Vice Chair
James R. Ladd, CPA - Secretary

CPA Members:

Mark Hugh, CPA
Emily Rollins, CPA
Karen R. Saunders, CPA

Public Members:

Joel Cambern
Rajib Doogar
Favian Valencia

OFFICE CLOSURES

Monday, December 26, 2016
Day after Christmas Day

Monday, January 2, 2017
New Year's Day Observed

Monday, January 16, 2017
Martin Luther King, Jr. Day

Monday, February 20, 2017
Presidents' Day

Monday, May 29, 2017
Memorial Day

Tuesday, July 4, 2017
Independence Day

**HELP US, HELP YOU,
ANY SUGGESTIONS?**

Please send your suggestions to
customerservice@cpaboard.wa.gov.



A MESSAGE FROM THE BOARD CHAIR

CERTIFIED PUBLIC ACCOUNTANT, THE PUBLIC INTEREST, AND CLIENT RECORDS



One of the primary foundational concepts of our licensure, as found in the Public Accountancy statute for the State of Washington (RCW 18.04.015(1)(b) and in our Rules (WAC 4-30-020) is the protection of the public interest. While the phrase "public interest" is not specifically defined in our statutes or rules, the general definition is "the welfare or well-being of the general public; commonwealth". So by extension, if we hold the title "CPA" one of our obligations is to protect the welfare or well-being of the general public. Makes sense.

Where I most commonly see this concept left by the proverbial roadside is in the area of client records. Board Rules clearly define what client records are, paraphrased from WAC 4-30-051(1) below:

- a. Client provided records are accounting or other records belonging to the client that were provided to the licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner and employees of such persons by or on behalf of the client.
- b. Client records prepared by the licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner are accounting or other records that the licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner and employees of such persons was engaged to prepare for the client.
- c. Supporting records are information not reflected in the client's books and records that are otherwise not available to the client with the result that the client's financial information is incomplete.
- d. Licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner working papers include, but are not limited to, audit programs, analytical review schedules, statistical sampling results, analyses, and schedules prepared by the client at the request of the licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner and employees of such persons.

The key issue to note in the above definitions, is this: if a client has provided information to the CPA, has engaged the CPA to prepare certain records, or where the CPA has prepared records all of which could be construed to be part of the clients original accounting records, then, in general, it is the obligation of the CPA to return those records to the client upon request. And even if the client has not paid for services, the records cannot be withheld (WAC 4-30-051(4)) This mandate holds for all types of records, whether they are to support a tax return or merely the underlying supporting documentation for the clients general ledger.

I often receive calls from both clients and CPA firms asking for clarification of the above rule. The reason for these calls is that a CPA is refusing to either return records received from the client, or records that the CPA prepared for which the client has paid for in the past – regardless of the type of service performed. And often the client needs these records so that their overall accounting records can be complete. This type of situation often results in the client or successor CPA filing a complaint against the prior CPA.

In my opinion it is critical that CPAs remember that withholding records without appropriate justification does not help the client – and therefore, by extension, does not protect the public. This type of behavior often leaves the client without their underlying accounting, tax or other records that they need to continue their operations, often resulting in additional time and expense. It often then requires the successor CPA to spend more time than would otherwise be necessary had the predecessor CPA complied with the rules enumerated in WAC 4-30-051. At the end of the day the client and often the successor CPA are the parties harmed. In the process, the title "CPA" has also been damaged.

When we encounter situations such as this, it is important to take a step back and consider what our obligations are given the role that we are in. It is important to try to keep whatever emotions may be in play out of the equation in determining how we might respond. Whether we are in the role of the client, the predecessor CPA or the successor CPA, we need to remember that we are all members of the "public"- so we need to protect all of the parties involved, keeping in mind our obligation to protect the "public interest."



ATTENTION: CALLING ALL CPA APPLICANTS!

**WA STATE BOARD OF ACCOUNTANCY
BOARD STAFF:**

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Executive Director

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Michelle Tuscher
Chief Information Officer

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Taylor Shahon
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Kirsten Donovan
Confidential Records Manager

Anthony Manfre
Communications Specialist

CPA SCHOLARSHIPS AWARDED

In 2015 the legislature passed Substitute Senate Bill 5534, which established and funded the Certified Public Accounting Scholarship Program. The purpose of this scholarship program is to increase the number of students pursuing the certified public accounting license in Washington State.

To date, forty-five students have each been awarded a \$5,000 scholarship.

If you know of any eligible students that want to pursue the CPA profession, please direct them to the overview page of the [Washington CPA Foundation Scholarship](#). Or, if you have questions, please contact the Foundation by email at foundation@wscpa.org.

This year's application deadline is February 14, 2017.

Getting your first CPA license or receiving a CPA license through reciprocity can be exciting, especially when you consider all the hard work and education you have to complete just to pass the CPA Exam. Unfortunately, the Exam is just one step towards reaching your dream. We are more than happy to assist you with your final hurdles towards receiving the coveted title of Washington State CPA.

All of us here at the Washington State Board of Accountancy are well versed in initial licensing requirements and are happy to answer any questions you may have. For guidance please check our website at <http://cpaboard.wa.gov>.

If you still have questions or need clarification, we can be reached by phone at (360) 753-2586 or by email at customerservice@cpaboard.wa.gov.

We look forward to helping you reach your goal and achieve your dream of becoming a Certified Public Accountant.

THE CPA EXAM BEGINNING APRIL 1, 2017



SECTIONS

- Auditing and Attestation (AUD)
- Business Environment and Concepts (BEC)
- Financial Accounting and Reporting (FAR)
- Regulation (REG)



TESTING TIME

- AUD = 4 Hours
- BEC = 4 Hours
- FAR = 4 Hours
- REG = 4 Hours

Exam content, skills and representative tasks provided in **Exam Blueprints**.

CONTENT BREAKDOWN



- AUD = 72 MCQ, 9 TBS
- BEC = 62 MCQ, 5 TBS, 3 WCT
- FAR = 66 MCQ, 9 TBS
- REG = 76 MCQ, 9 TBS

*MCQ = Multiple Choice Question
TBS = Task-Based Simulation
WCT = Written Communication Tasks*



BREAKS

15-minute standardized break (does not count against testing time). Optional breaks still permitted.

FROM THE INFORMATION TECHNOLOGY TEAM

There is so much information; there is so much misinformation; there is so much to know. I am grateful I took the required accounting courses in college: This did not make me a SME (stands for - subject matter expert - and is pronounced 'Smee', like the pirate in Peter Pan). I'm thankful there is a trusted place I can turn to for accounting information. I like knowing about CPAs, and the Boards, and NASBA. I'm glad I don't have to figure out whether my web search for accounting related material returned legitimate content – there are trusted resources for accounting information to which I can turn.

In the same way, there are resources for IT (Information Technology) security that I trust and would like to share with you. Both are excellent resources for you and your team in the office or at home!

StaySafeOnline.org is powered by the National Cyber Security Alliance and they offer a list of free security check-ups and tools for your devices; visit <http://staysafeonline.org/stay-safe-online/free-security-check-ups/>. Check out the other content the site offers. Stay Safe Online is a federal government based educational program/resource.

SecuringtheHuman.SANS.org Securing the Human offers training developed by SANS. One of the reasons I like to share this site is that the contributors to the 'OUCH!' Newsletters very nicely explain the IT phrases you may hear and wonder about. For instance: Ransomware – https://securingthehuman.sans.org/newsletters/ouch/issues/OUCH-201608_en.pdf and Internet of Things (IoT) - https://securingthehuman.sans.org/newsletters/ouch/issues/OUCH-201605_en.pdf. And one of my favorites Passphrases - https://securingthehuman.sans.org/newsletters/ouch/issues/OUCH-201504_en.pdf.

In the same way I look to CPAs, the Boards, and NASBA for trusted accounting information; my hope is that in sharing these IT security sites with you, you have a trusted place to search for content to make your IT world more secure. Protect your data as well as the data of those who trust you with their information. Secure the Human and Stay Safe Online.

Michelle Tuscher, CIO



TIPS FOR A STRESS-FREE RENEWAL

- Complete your required CPE by December 31, 2016.
- Make sure you are able to log in to your Secure Access Washington (SAW) account before the renewal period opens.
- Update your contact information.
- Have a copy of your Board approved Washington ethics course completion certificate handy when completing your application; you must enter the information on the application.
- Submit your online renewal application between January 1 and April 30 to avoid the late fee.
- Keep in mind that the volume of emails and phone calls to our office increases tremendously at this time of year; contact us early in the renewal cycle if at all possible.
- Review our [Pre-Lapsed Reinstatement \(PLR\)](#) page if you will not have your CPE completed before the end of your CPE reporting period.

2017 BOARD MEETING SCHEDULE

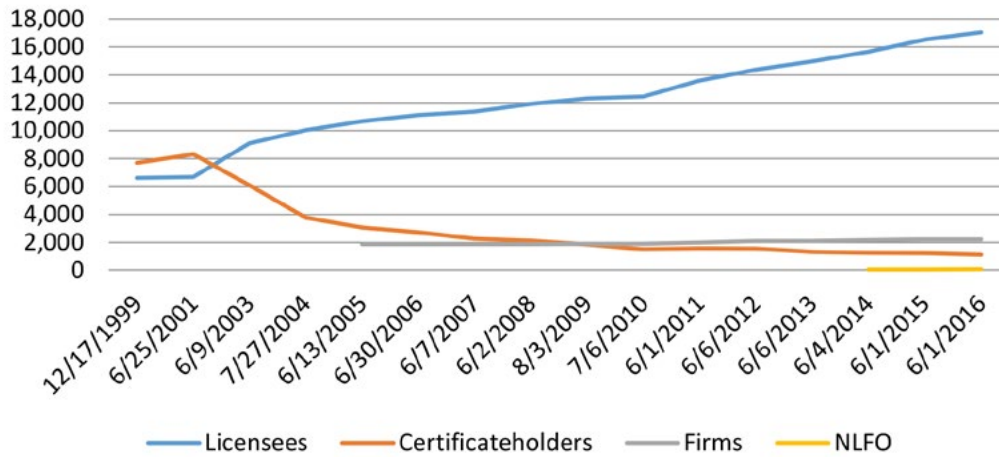
The Board holds quarterly meetings to conduct its business. To encourage citizen participation the Board meeting agenda specifically includes a public input section.

The 2017 meeting dates and locations are as follows:

January 27, 2017	Highline Community College 2400 S. 240th Street Des Moines, WA 98198
April 28, 2017	Central Washington University Barge Hall, Board of Trustees Conference Room 412 400 East University Way Ellensburg, WA 98926
July 28, 2017	J.A. Cherberg Building, Capitol Campus Senate Hearing Room 3 304 15th Ave SW Olympia, WA 98501
October 27, 2017	University of Washington Bothell Collaboratory in the Beardslee Building 18807 Beardslee Blvd., UWBB205 Bothell, WA 98011

All meetings start promptly at 9:00 am. We encourage your attendance and participation at the Board meetings. Hope to see you there!

Number of Credentials 1999-2016



FUN FACTS

January 1 through December 1, 2016

1,282

Number of issued CPA Licenses
Washington State Board of Accountancy

825

Number of issued CPA Licenses
that reside in Washington State

457

Number of issued CPA Licenses
that reside outside of Washington State

WASHINGTON CPA EXAM PERFORMANCE SUMMARY: 2016 Q-3

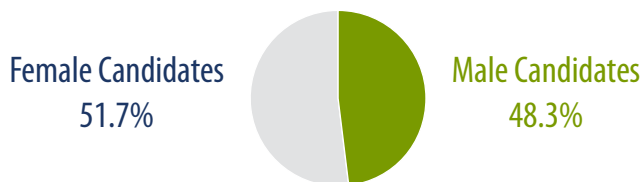
OVERALL PERFORMANCE

Unique Candidates	1,490	Sections/Candidate	1.40
New Candidates	435	Pass Rate	50.5%
Total Sections	2,086	Average Score	72.1
Passing 4th Section	249		

JURISDICTION RANKINGS (1 TO 53)

Candidates	Sections
12	12
22	23
Pass Rate	Avg Score

DEMOGRAPHICS



AVERAGE AGE

30.7

AGE RANK

45

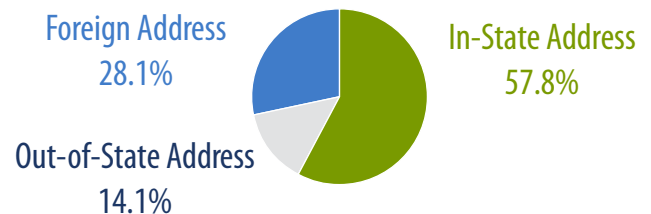
SECTION PERFORMANCE

	Sections	Score	% Pass
First-Time	1,257	72.8	56.3%
Re-Exam	829	71.0	41.9%
AUD	577	70.8	42.6%
BEC	489	74.7	57.7%
FAR	576	70.7	49.3%
REG	444	72.7	54.5%

EXAM TYPE BY PERCENT



RESIDENCY



DEGREE TYPE

