

WASHINGTON STATE BOARD OF ACCOUNTANCY

Unapproved Draft - Minutes of a Meeting of the Board – Unapproved Draft

Time and Place of Meeting 9:00 a.m. – 11:45 a.m. Friday, April 30, 2021
Microsoft Teams Meeting

Attendance Board Members
Joel Cambern, Chair, Public Member
Rajib Doogar, Vice Chair, Public Member
Jacqueline Meucci, CPA, Secretary, Board Member (arrived 9:15)
Mark Hugh, CPA, CPA, Board Member
Brian R. Thomas, CPA, Board Member
Kate Dixon, Public Member
Carol A. Morgan, CPA, Board Member
Thomas P. Sawatzki, CPA, Board Member
Brooke Stegmeier, CPA, Board Member

Staff and Advisors
Dave Trujillo, CPA, Executive Director
Jennifer Sciba, Deputy Director
Michelle Carr, Assistant Attorney General, Board Advisor
Taylor Shahon, CPA, Lead Investigator
Kirsten Donovan, Board Clerk
Tia Landry, Data Systems Administrator

Call to Order Board Chair, Joel Cambern, called the meeting of the Board to order at 9:00 a.m.

Minutes – January 29, 2021, Board Meeting The Board approved the minutes of the January 29, 2021, Board meeting as presented.

The Board approved the use of their electronic signatures on file at the Board office for the signing of the meeting minutes.

Board Policies Annual Review The Board completed its annual review of all Board policies.

The Board voted unanimously to retain the following policies with no revisions:

- 2003-1 Safe Harbor Report Language for Use by Non-CPAs
- 2015-1 Board Member Travel and Attendance at Group Gatherings
- 2017-1 Investigative and Disciplinary Process
- 2017-2 Publication and Disclosure of Disciplinary Actions
- 2020-1 Peer Review
- 2020-2 Public Officials and Public Employees

The Board voted unanimously to retain the following policy with a revision for a typographical error:

- 2004-1 Administrative Violations Guidelines

Policy 2020-2 Public Officials and Public Employees

The Board Chair advised that the Board is still waiting for the Attorney General (AG) formal opinion on “Does the Board have disciplinary authority, for violations of the Public Accountancy Act and Board rules, over a Certified Public Accountant licensee who is an employee of a state agency, for acts performed within the scope of employment?”

Once the opinion is received the Board will discuss at a future meeting if any revisions to the policy are needed.

NASBA Update

Tom Neill, CPA provided a report on the following NASBA activities:

- Evolution of CPA with a focus on redesign of the CPA Exam
- Peer review
 - Shortage/limited pool of peer reviewers
 - Fewer firms offering attest services
 - Changes in standards – higher bar with changes
- Non-compliance with Laws and Regulations (NOCLAR) – UAA committee reinterpretation and the potential impact to Board Rules

Legal Counsel’s Report

Michelle Carr, the Board’s legal counsel, had nothing to report.

Chair’s Report

Cross Border Legislation – Canada Initiative

The Chair advised that the RCW changes enacted by HB 2468 – British Columbia Accountants – Attest and Compilation Services are scheduled to sunset on June 30, 2023.

Kimberly Scott, President and CEO, Washington Society of Certified Public Accountants (WSCPAs), reported that originally the bill was intended to be reciprocal between Chartered Professional Accountants - British Columbia (CPABC) and the Washington State Board of Accountancy, but CPABC did not pass their bill. She suggests reaching out to Lori Mathison, President and CEO, CPABC, to see if they are attempting to move forward with the reciprocal bill. The goal would be to have the reciprocal bill in place and not allow our bill to sunset.

Executive Committee

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

Peer Review Oversight Committee

Jackie Meucci reported on first quarter 2021 activities:

- Annual PROC report for Washington provided to NASBA
- Review of 9 Peer Review documents (includes the peer review report, firm’s response, and acceptance letter). Reviewed by Peer Review Coordinator, Executive Director, and Consulting Board Member (member of PROC). In all cases, there was agreement with the Peer Review Committee’s actions
- No reports from PROC representatives

Request Oversight Committee

Tom Sawatzki reported:

Firm Names: Approved:

CLICKPNW
TAMARACK TAX AND CONSULTING LLC
JOHN LOWE ACCOUNTING - CPA FIRM

Professional/Educational Organization – Recognition Requests

During the first quarter 2021, the Board did not receive any requests for recognition of an educational organization for purposes of obtaining list requests.

Scholarship Oversight Committee

Carol Morgan reported the scholarship winner statistics:

- 505 applications submitted with 130 final applications (only students in WA colleges or universities are eligible, which eliminated the majority of the applications)
- 92 selection committee members
- 17 colleges represented
- \$501,000 in scholarships awarded
- 81 scholarship recipients
 - 32 Master’s at \$8,000; 49 undergrad/5th year at \$5,000
 - 59 from the Board’s scholarship fund; 32 Master’s and 27 undergrad
- 3.83 Average GPA
- 37% of recipients identified as diverse
- 69% reported as female

A new platform for application submittal was implemented.

Succession Task Force

Joel Cambern reported the task force is dissolved, as the new Executive Director was appointed by the Governor.

CPA Exam Remote Proctoring Task Force

Rajib Doogar reported and led the discussion on CPA Exam remote proctoring. Discussion topics included:

- Need for remote proctoring to prevent breakdown of testing due to circumstances like the pandemic
- NASBA seeking acceptance from all state boards
- June pilot exam
 - Board will participate in the pilot Exam
 - Pilot exam not open to international candidates or individuals needing ADA accommodations
- Protecting standards, safeguards, and integrity of the Exam
- Expansion of remote proctoring beyond a situation like the pandemic – example: candidates in remote locations

Executive and/or Closed Session with Legal Counsel

An executive session was held from 10:25 a.m. – 10:55 a.m. regarding litigation or potential litigation under RCW 42.30.110(1)(i).

Data Security and Safeguards

The Deputy Director reported on the Board’s data security and safeguards:

- Cybersecurity Office monitors/sets specific requirements
- Modern technology – new licensing system
- Reduced footprint of personally identifiable information (PII) collected from CPAs
- Payment card industry (PCI) compliance with fee payments
- Annual data security training for staff
- IT staff up-to-date and knowledgeable with requirements

Executive Director’s Report

Budget Status Report

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 through March 31, 2021.

The agency is in good shape. The biennium projection for revenue is expected to be \$184k greater than anticipated, while expenditures are projected to be \$281k less than anticipated.

2021 Executive Director Annual Report

The Executive Director presented the Board of Accountancy’s Annual Report to the Governor of the agency’s activities for the year ending December 31, 2020.

The Executive Director advised he may refine the Board's mission, values, and strategic priorities.

2020 CPE Audit Results

The Deputy Director presented and led the discussion on the 2020 CPE Audit report.

IT Modernization Update

The Deputy Director reported:

- Staff did a great job testing during the build of the new system
- New system went live March 31, 2021
- New system was implemented early and under budget
- Agency received recognition from the Office of Chief Information Officer (OCIO) for a successful implementation
- Working on revision requests and warranty items

The Executive Director recognized staff for a job well done.

Brian Thomas suggested that the Board send out multiple notices to CPAs letting them know of the changes in the online licensing system.

Other Matters as Needed

The Executive Director reported on the following:

- NASBA Executive Director and Legal Counsel Meeting
 - Meeting topics included: CPA evolution, peer review, investigations, remote testing, and digital access.
 - Recognized Taylor Shahon for his participation on a two-person panel.
- Workplace reentry planning
- 2021 annual risk register
- iCoop Plan – Continuity of Operations Plan
- Washington State Office of Equity – Director Karen A. Johnson, PhD will meet with all agencies to receive feedback for a 5-year equity strategic plan. Feedback from Board Members will be sought as well. The current plan runs through 2021.
- Possible 2022 legislation
- Pending AGO opinion
- Results of the State Auditor's Office (SAO) Audit – doing very well
- Licensee search – <https://data.wa.gov/browse> – is being utilized. For all categories and all data sets this page ranks number 8 of

2997 website pages tracked by the state for the number of times it is accessed.

Enforcement Report

Taylor Shahon, CPA, Lead Investigator, presented:

- Quarterly Enforcement Report for January 1, 2021 through March 31, 2021
- Resolved Complaint Report for periods April 2020 through March 2021 and April 2019 through April 2020

Taylor reported on the following enforcement activities:

- Majority of complaints received involve the inability to contact their CPA or services being slow or late.
- Greater number of cases are dismissed without action, as CPAs and the clients have been able to work things out on their own.
- Case load is below 25.
- New licensing system has the potential to bring more disciplinary or remedial action, as CPAs are now asked on their renewal application if they are offering or performing attest services, and if they answer yes are they associated with a CPA firm.
- Discussions at the NASBA meeting revealed that working remotely has not affected enforcement staff as much as it has for some other Boards.

Public Input

Kenneth Smith, PhD, was unable to attend the full meeting but provided the following comments by email which the Executive Director read for the record.

AGENDA ITEM 2.g

Comment 1 – Request the Board consider asking the Legislature/Governor to add the phrase “, except when engaging in the practice of public accounting” to the exception in RCW 18.04.350(1).

Comment 2 – Request the Board engage in outreach to many public groups to discuss how the public would like the Board to oversee the provision of the practice of public accounting for state and local governmental entities.

AGENDA ITEM 10

Please have your Quarterly Board meetings video recorded and available to the public on your website.

Adjournment

The Board meeting adjourned at 11:45 a.m.

Secretary

Chair

Vice-Chair

Member

Member

Member

Member

Member

Member