

WASHINGTON STATE BOARD OF ACCOUNTANCY

Minutes of a Meeting of the Board

Time and Place of Meeting 9:08 a.m. – 11:53 a.m. Friday, January 28, 2022
Microsoft Teams Meeting

Attendance Board Members
Rajib Doogar, Chair, Public Member
Brooke Stegmeier, CPA, Vice Chair, Board Member
Mark Hugh, CPA, Board Member
Brian R. Thomas, CPA, Board Member
Kate Dixon, Public Member
Thomas P. Sawatzki, CPA, Board Member
Scott S. Newman, Public Member
Tonia L. Campbell, CPA, Board Member

The Board Chair excused the absence of Jacqueline Meucci, CPA, Secretary, Board Member.

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

Public Rule-Making Hearing The Board held a public rule-making hearing from 9:18 a.m. to 9:23 a.m. The Board Chair presided. The Board proposed to amend:

- WAC 4-30-028 What rules govern the proceedings before the board?

The proposed changes reformat the title, add an RCW reference, remove an outdated section, and add a Board decision to which this rule applies so that the process is more efficient.

The Executive Director presented a brief statement on the rule.

The Board did not receive any written comments regarding the proposed rule changes.

No public input was received during the hearing.

Call to Order Board Chair, Rajib Doogar, called the meeting of the Board to order at 9:23 a.m.

Rules Review Board Deliberation on Proposed Rule Considered at the Public Rule-making Hearing

- WAC 4-30-028 What rules govern the proceedings before the board?

The Board voted to adopt the rule as proposed. Scott Newman abstained from the vote.

The Board voted for an implementation date 31 days after filing.

Semi-annual Rules Development Agenda – January through June 2022

The Executive Director presented the Semi-annual Rules Development agenda filed with the Office of the Code Reviser noting that if passed CPA-Inactive legislation will require rule changes for the listed Board Rules.

Thomas Neill, CPA, NASBA Ethics Committee Member, AICPA UAA Committee Chair, suggested the Board update WAC 4-30-050 for changes related to non-compliance with laws and regulations (NOCLAR) as well, when making the changes related to CPA-Inactive legislation.

**Minutes –
October 29,
2021, Annual
Board Meeting**

Kenneth Smith, PhD. advised the Board that he did not feel the public input section of the minutes fully reflected his input.

The Board approved the minutes of the October 29, 2021, Annual Board meeting with an addition to the public input section. Scott Newman abstained from the vote.

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

**Delegations of
Authority**

Board staff reviewed and proposed no revisions to the delegations other than the Board Chair's name, date, and signature of the Board Chair.

The Board unanimously approved the following delegations for 2022.

- DA-001 Investigations, Subpoenas, Charges, Emergency Action, and Settlement Negotiations
- DA-002 Request Oversight and Appeal of Denials
- DA-003 Quality Assurance Oversight
- DA-004 CR-101 Filing

The Board Chair authorized the use of his electronic signature on file with the Board for the signing of the Delegations of Authority.

Chair's Report

Rajib Doogar, stated that he is delighted to be the new Chair and appreciates the support of the other Board Members. The Chair stated that for his 2022 agenda he asked the Executive Director to:

- Review certain Board processes to include possible mapping/charting
- Review relationships with vendors

NASBA Update

The Chair reported that he attended the NASBA Annual Meeting, and he has asked for clarification on the basis to their conclusions regarding CPA Evolution and the new CPA Examination. He would like to know whose viewpoints are being included in the conversations. Universities/academia input should be considered.

The Executive Director said he was pretty sure NASBA would say that academia input was received. The AICPA and NASBA established four joint task forces that included subject matter experts from the academic community. Task force work culminated in June 2021 in an AICPA hosted event in which it was reported that over 2,000 people participated.

The Executive Director will report on the Board's relationship with NASBA to include the economic/financial aspects and will present the report at the April Board meeting.

The Executive Director reported that the 114th NASBA Annual Meeting was held virtually November 2-3, 2021. Topics included:

- Adopting a new strategic plan
- Diversity, equity, and inclusion (DEI)
- CPA pipeline
- CPA evolution

AICPA/Board Rules Clarification

Mark Hugh reported he and the Executive Director held discussions regarding bringing the Board Rules closer in line with the AICPA Code of Professional Conduct. When the Board

adopted the AICPA Code of Professional Conduct, it did so with exceptions. He noted that the Board Rules often use the AICPA language.

He requested the Board consider the exceptions. If the Board decides to update the Board Rules, the Board Rule revisions could be accomplished at the same time as the revisions related to CPA-Inactive legislation.

He suggested any remaining exceptions could be listed in a new Board Rule, Board exceptions to the AICPA Code of Professional Conduct, to make the exceptions clear to CPAs.

Other Board Members responded positively to the suggestions. The Board/AICPA Rules Clarification (BARC) Task Force was created with the following: Chair: Mark Hugh; Members: Tom Sawatzki, Brian Thomas, and Brooke Stegmeier.

Legal Counsel's Report

Leo Roinila, the Board's legal counsel, introduced himself and provided his background. The Chair welcomed Leo and said he was looking forward to working with him.

Executive Committee

The Chair reported that the meeting agenda was discussed during the committee's virtual meeting.

Peer Review Oversight Committee (PROC)

Mark Hugh reported the Washington Society of Certified Public Accountants (WSCPAs) will discontinue their peer review program. The WSCPAs is working with the Board to find a replacement peer review program that is well suited to our Board. The other program will most likely be run by another state's Society of CPAs.

Request Oversight Committee (ROC)

Tom Sawatzki reported on the 4th quarter 2021 approval and denials from the committee:

Firm Names: *Approved:*

Front Leaning Rest PLLC
NW Unger CPA PLLC
ALISA NA CPAS & ADVISORS
CAPSTONE CERTIFIED PUBLIC ACCOUNTANTS LLC
Hayes McColloch & Vickerman CPA Group PLLC

Professional/Educational Organization - Recognition Requests:
During the 4th quarter 2021, the Board received one request for recognition as an educational organization for purposes of obtaining list requests.

Approved: Blue Mountain Community Foundation

Tom advised the three committee members rotate the review assignments monthly. He advised he is a trustee on the Board of Blue Mountain Community Foundation but was not involved in the approval of that organization's recognition, nor did he even know they had filed a recognition request until he reviewed the committee report.

**Scholarship
Oversight
Committee
(SOC)**

Kate Dixon reported:

- Scholarship applications are being accepted until February 14, 2022
- Review team of 66 individuals will undergo training on February 11, 2022

Kimberly Scott, WSCPA President and CEO, advised the master's degree program scholarships awarded are increasing to \$10,000. She stated that the scholarship program does so much in bringing new, high-quality individuals into the profession.

Brian Thomas stated he has been a reviewer for 3 years and finds it a very humbling experience. He encourages Board Member participation.

The Chair stated that staff should provide new Board Members, Scott Newman and Tonia Campbell, with a list of committees and the committee functions.

**Executive
Director's
Report**

The Executive Director reported on the following:

Board Items

New Board Members have been appointed since the release of his Executive Director Report and the Board packet. He welcomed Scott Newman, Public Member, and Tonia Campbell, CPA Member to the Board. Scott and Tonia introduced themselves and provided their backgrounds.

Legislation

Companion bills, HB 1648 and SB 5519, were both voted out of their respective committees with due pass recommendations. The bills discontinue the CPA-Inactive Certificate. The term is not used in the same way by other state Boards, so it can be confusing to the public. Individuals will now only hold a CPA license. A license

can now be in an inactive status.

The WSCPA led the legislative request. The Executive Director requested Board Members to take a formal vote to support the bills. The Board Members voted unanimously in support of the bills. He will follow-up with a letter of support to the legislative committee chairs.

Budget Status

The agency is in excellent financial condition. Per Board Member request he will expand the budget report to include visuals for future meetings.

Revenue is higher than projected, while expenditures are less than projected. The agency has seen an increase in initial licensing revenue as our CPA population grew at a greater rate than normal. Expenditures were lower based largely on the travel ban due to COVID-19. Quarterly Board meetings, national meetings, and conferences have been held virtually instead of in person.

CPE Tracker

Initial response to the 100% CPE reporting requirement was frustration. Full CPE reporting is standard practice amongst state Boards. CPAs seem to be softening some after using the CPE Tracker. A major complaint was the inability to upload courses from other sources (Excel spreadsheet, etc.). The agency is looking into the upload possibility, but it might not be possible due to IT security concerns.

Board Members shared their experiences with using the CPE Tracker which were positive once getting past the initial concern.

Enforcement Report

Enforcement Reports:

Taylor Shahon, CPA, Lead Investigator, presented:

- Quarterly Enforcement Report for October 1, 2021, through December 21, 2021
- Resolved Complaint Report for periods January 2021 through December 2021 and January 2020 through December 2020

Taylor reported on the following enforcement activities:

- CPE audit failures are no longer an enforcement issue. They are handled by denial of the renewal application and the Brief Adjudicative Proceeding (BAP) process.
- Incoming complaints have been quiet. CPAs seem to be doing a better job of keeping open communication lines with their clients.
- Thank you to all Consulting Board Members (CBM) for their work on investigation cases.

Taylor explained that selecting a CBM for a case is done randomly unless the case involves a certain expertise/specialty. Then a specific Board Member will be selected. CBM assignments are balanced between Board Members as much as possible.

**Executive and/or
Closed Session
with Legal
Counsel**

No executive or closed sessions with legal counsel were held.

Public Input

Kenneth Smith, PhD. stated he is here on behalf of others. He believes the law has a loophole that allows for no professional oversight for local government audits. The State Auditor's Office performs approximately 2,000 of these audits annually. He asserted that no one is protecting individuals who are affected by these audits.

He would like for the Board to do something to close this loophole, as people are at risk and the Board is not doing anything about it.

He also requested the Board add an agenda item to a future meeting with guest speakers concerning this issue.

Adjournment

The Board meeting adjourned at 11:53 a.m.

Secretary

Chair

Vice Chair

Member

Member

Member

Member

Member

Member