

# Board of Accountancy

## WASHINGTON STATE

Winter Edition 2019



*Remembering our Past, Reflecting on our Present, and Ready for our Future*

## MATHEMATICS, MY MUSE



My muse has been reluctant to inspire me these past few weeks, but nonetheless, I owed a column for the newsletter by the hard deadline. Here are some disparate thoughts as we close the year and begin another.

There has been a great deal done by NASBA and the AICPA in recent months to address the evolution of the profession i.e., preparing CPAs for the impact of technology on the practice of public accounting. It seems that NASBA/AICPA are on a track to change the approach to the exam, but more developments will be forthcoming in the months ahead. This doesn't affect current licensees, but the impact of new technology will be far reaching. Keep your ear to the ground. Strive to remain current.

The Washington Board has a more open approach to access to the profession than some other jurisdictions. For instance, a verifying CPA does not necessarily have to be a direct supervisor to vouch for an applicant's required experience. We allow individuals from other countries to sit for the exam and obtain a Washington CPA license. Year before last, we made it possible for British Columbia Canadian Chartered Professional Accounting firms to complete audits of component entities of Canadian companies, and just this year ratcheted down our firm licensing requirements. We are proud of our bent towards providing opportunity, right-sizing regulation, and our connection to the wider world. I don't see this changing.

Last year the Legislature approved funding for a new licensing system. Our staff has been very busy defining

business processes and developing a plan to enhance service to our licensees. IT projects are always stress inducing, but I have every confidence in our team's ability to pull this off.

Lastly, we saw the departure of long-term Board Members, Elizabeth Masnari, CPA and Karen Saunders, CPA, as they completed their terms this year. Both were very involved and cared deeply about the profession. My sincere thanks to both of them.

I am always stumping for participation on the Board and keep a cadre of qualified applicants on strip alert to meet anticipated or unexpected vacancies. Again, being ready, willing, and able to serve on the Board is service to the people of Washington State and our profession. Hats off to these folks!

We added two new Board Members this year, Thomas Sawatski, CPA and Carol Morgan, CPA. Both have already displayed keen interest and involvement with the Board. Welcome.

We pilot always into an unknown future, and one cannot accomplish anything meaningful without taking some risks. Happy holidays and a very happy new year to all.

Charles Satterlund, CPA  
Executive Director

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## WA STATE BOARD OF ACCOUNTANCY BOARD MEMBERS

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## HELP US, HELP YOU, ANY SUGGESTIONS?

Please send your suggestions to  
[customerservice@acb.wa.gov](mailto:customerservice@acb.wa.gov).



# A MESSAGE FROM THE BOARD CHAIR

## *The Secret Code*

**By Mark Hugh, CPA, Board Chair**

As Chair of the Washington Accountancy Board, I am using my sole executive rule making authority (of which I have none), to issue Board Chair Order 0001 (which you do not have to follow).

My order is, when you meet another CPA in 2020, the official greeting, official response, and secret code word, are all: *annual minimum*.

**First CPA: Annual minimum.**

**Second CPA: Annual minimum?**

**First CPA: Annual minimum!**

Effective January 1, 2020, there are two minimum continuing professional educational (CPE) requirements, an individual must complete of a minimum of 120 CPE credit hours within their three-year CPE reporting period AND a minimum of 20 CPE credit hours during each calendar year included in the three-year CPE reporting period. That latter requirement, an annual minimum, is new in 2020.

There are two reasons the Board felt it was important to establish an annual minimum requirement for CPE.

First, it is the national standard in Uniform Accountancy Act model rules. Because all CPA licensing in the United States is inherently local and determined on a state by state basis, adhering more closely to national model standards, when appropriate, increases the ability of Washington CPAs to reside and/or practice freely in other states without any unusual restrictions on their Washington license by that other state.

Second, and most importantly, a foundational principle of a CPA is competency. This is both a professional benefit and a regulatory requirement, as competence builds trust in professional services performed by CPAs and also protects the public.

It is December, and like other CPE instructors, I am in a whirlwind of teaching CPE throughout the state. Every December, I meet CPAs who are having the worst December of their lives, because they waited until the last month of their 36-month, three-year CPE reporting period to take all 120 credit hours of CPE.

I guarantee that I will meet some of them this year. And, a few of them will be tax practitioners. Has a tax practitioner who has not taken any CPE in the last three calendar years missed any important federal tax changes? Federal tax reform in 2018, perhaps? Has a tax practitioner who has not taken any CPE in the last three calendar years missed any important state tax changes? The U.S. Supreme Court's Wayfair decision in 2018 and tax law changes in 45 states, perhaps?

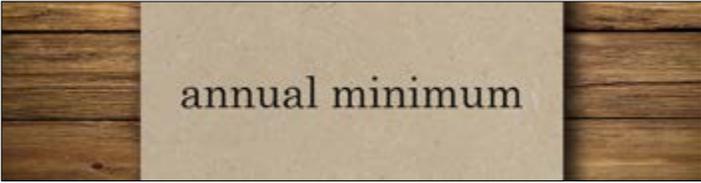
So, they have pretty much missed everything in the prior 35 months, and yet were providing professional services the entire time.

I met the same CPAs in December three years ago, when they were having the second worst December of their lives, by waiting until the last month of their 36-month, three-year CPE reporting period to take all 120 credit hours of CPE.

This is not just a tax practitioner issue, the same problem occurs with CPAs both in industry and in all disciplines in public practice.



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## BOARD CHAIR (CONTIUNED)

For almost all of us, the new annual 20 hour minimum will not be an issue. As a group, CPAs are educated, conscientious, and dedicated professionals and most of us already exceed any required minimums for CPE. And, Washington’s flexible rules for CPE allow many formats of education to qualify, including nontechnical classes, industry conferences, in-house education, and starting in 2020, nano-learning.

However, starting in 2020, we all need to pay a little more attention on an annual basis to our total CPE hours, to make sure that in the interim years of our 36-month, three-year CPE reporting cycle, we meet the 20 CPE credit hour annual minimum. And, since this is a new requirement, it is important we remind other CPAs about the new annual minimum as well.

So, I will see you in the New Year, and when we meet, remember the code:

*Annual minimum.*



## DISCIPLINARY ACTIONS

In accordance with ACB Policy 2017-2, the Board makes available the following disciplinary actions. Additional details are accessible through the licensee search found at <https://acb.wa.gov/>.

### Eugene Ng (Ng)

July 8, 2019

The Board entered into a Consent Agreement with Ng. The Board found sufficient evidence that Ng failed to meet the CPE requirements for renewal.

## WASHINGTON COUNTS 2020

### Why the Census Is Important

Once every 10 years, the U.S. Constitution requires a full count of the population to reapportion seats in the U.S. House of Representatives. That exercise — the U.S. Census — begins in mid- March 2020. Washington is working hard to ensure the state’s residents are fully counted.

For the first time, the primary method of response to the census will be electronic. The U.S. Census Bureau expects at least 70% of the population will complete census forms online.

### Why is the census important?

Census results drive decisions that will affect economic investments in our state and our representation in Congress until 2031.

Census results determine congressional representation and the number of our Electoral College votes and are used to draw boundaries for state and local election districts. In the last census, Washington gained one seat in Congress, bringing our total to 10.

The federal government also uses census numbers to distribute more than \$800 billion to states, counties, and cities for education and health programs, highways,

roads and bridges, water and sewage systems, and other projects vital to our health and well-being. Nonprofits and businesses use the data to help determine where to build health care facilities, child care and senior centers, grocery stores, and new factories.



In 2016, Washington received \$16.7 billion of these funds — or \$2,319 per person, including:

- Nearly \$700 million in bridge and highway maintenance and construction
- \$8.5 billion for health programs
- \$2.4 billion for education
- \$1.2 billion for housing
- \$550 million for rural assistance programs

Based on these numbers, the state would lose up to \$5.8 million for every 100 households missed, which would affect its ability to adequately support children, veterans, senior citizens, and low-income families.

It’s important to participate in the census to help fund our state and our citizens. Let’s add it to our New Year’s resolutions for 2020!

# COMMON DISCIPLINARY VIOLATIONS

The Board receives and reviews around one hundred complaints each year. These complaints are often submitted by current or former clients, but may also be generated by the Board for failure to meet licensing requirements. Below are four common complaints that result in Board discipline.

## 1. Practice of public accounting with a lapsed CPA license or CPA-Inactive certificate.

In order to use the title “CPA,” and to offer or perform audits, reviews, or compilations, an individual must hold an active CPA license. A “CPA” license requires triannual renewal and satisfaction of CPE requirements. “CPA” is not a lifelong designation issued by the Board. [RCW 18.04.345](#)

## 2. Failure to undergo peer review.

A firm must enroll in peer review before issuing an audit, report, or compilation, or other service subject to Statements on Standards for Attestation Engagements. Every firm that is required to participate in a peer review program must have a peer review in accordance with the peer review program standards. [WAC 4-30-130](#)

## 3. Failure to meet Continuing Professional Education (CPE) requirements.

CPE requirements include completing CPE and providing satisfactory documentation to the Board if your CPE is audited. If you fail to complete the CPE and provide satisfactory documentation, you may fail the CPE audit and be subject to action by the Board. Your CPE cannot be verified without proper documentation, so maintaining accurate records is both a requirement and a benefit. Please note that our CPE rules are changing January 1, 2020. [WAC 4-30-134](#)



## 4. Failure to provide client records.

Our rule stresses the importance of client records and when those records must be provided to the client upon request. It is critical to be familiar with the requirements surrounding client records and sensitive to the needs of the client. Failure to provide required records within the forty-five day window may be a violation. [WAC 4-30-051](#)

Compliance with these rules aligns with the Board’s purpose of ensuring that licensees are qualified, informed, and meeting the expectations of the profession.



## HELLO, HELLO...WHERE ARE YOU?

The Board cannot stress enough how important it is that you keep us informed of your current contact information. The Board recently sent CPE Rule Change letters to all licensees and licensed firms. More than 1,200 of those letters contained incorrect addresses and had to be rerouted or were unable to be sent at all.

We do our best to send out reminders – especially when it is your renewal period – and other helpful information, such as this newsletter. If we don’t have your correct contact information, you will not receive this information.

Board Rule, [WAC 4-30-032](#), requires that you notify us of address changes within 30 days. Equally as important is notifying us of an email change, since we are now sending information by email more often than by mail.

In our records, we need your current:

- Address
- Email
- Phone number

Please log into your Secure Access Washington (SAW) account to check your contact information and do updates, if necessary. Then, remember to update your information each time you move, change your email, or change your phone number. You can also do the updates by email, fax, or good, old-fashioned mail. Our contact information is available on our website: [www.acb.wa.gov](http://www.acb.wa.gov) and... it’s always up-to-date.

# NANO LEARNING

On January 1, 2020, new rules regarding continuing professional education (CPE) will come into effect. One of the biggest rule changes is that the Board will begin accepting nano learning for CPE credit.

This can be a confusing type of CPE, especially for CPAs who haven't taken a nano learning course before. Here are some of the most common questions we have received:

## What is nano learning?

Nano learning is a stand-alone CPE course that is a minimum of 10 minutes (0.2 credit hours) and less than 50 minutes (1.0 credit hours) long. It consists of electronic self-study with a stated learning objective and a minimum of two final assessment questions

## Is it required?

Nano learning is not required; it is optional.

## How much can I take?

You may take up to 12 CPE credit hours of nano learning



during your reporting period.

## Does my Washington State Board approved ethics course count as nano learning?

No. All of our approved ethics courses are longer than one hour, so none of them will be considered nano learning.

# HAVE A HOLLY, JOLLY RENEWAL SEASON!!!

Here we are – that time of year again. We know you are thinking of the holiday season. Well, you may also need to be thinking about your renewal. If your credential expiration date is June 30, 2020, your renewal is just around the corner.

In between your holiday plans and meals, you need to make sure you have completed your CPE by December 31. We sent CPE reminders by mail and by email in October, but if you didn't make sure your CPE was in order then, you need to do it now. Time is almost up!

We will send renewal reminder letters at the end of December. You will be able to celebrate the New Year by completing your online renewal application starting January 1, 2020. You must complete it no later than April 30, 2020, to avoid the late fee. Don't wait until April though – we all know that tax time is your busiest time of

year, so get your renewal out of the way early in the year.



If you are unsure of your expiration date, please check online or with us. Just because you don't get our reminders doesn't mean you aren't up for renewal. If we don't have your current contact information, you will not receive our notices. Plus, we all know that mail can get lost or misplaced; and email can go to your junk mail or your spam settings may not allow it to come through. While we try to be

helpful, ultimately, it is up to you to know when your CPE reporting period ends and your license is up for renewal.

We are here to help with any questions you may have. You can call us at 360-753-2586 or email us at [customerservice@acb.wa.gov](mailto:customerservice@acb.wa.gov).

Happy holidays and renewal!



## 2020 CONTINUING PROFESSIONAL EDUCATION (CPE) RULE CHANGES

At the Public Rules Hearing held July 26, 2019, the Board approved changes to five rules and adopted one new rule. The purpose of the rule changes was to incorporate aspects of the Uniform Accountancy Act (UAA) CPE model rules and reorganize the CPE requirements between the various CPE rule sections for clarity. The rule changes are effective January 1, 2020. The rules affected are:

- WAC 4-30-010 Definitions.
- WAC 4-30-132 Qualifying continuing professional education (CPE) activities.
- WAC 4-30-133 Reporting periods, carry-forward/back, and limitations on continuing professional education (CPE) credit. (New rule)
- WAC 4-30-134 Continuing professional education (CPE) requirements.
- WAC 4-30-136 Reporting continuing professional education (CPE) to the board.
- WAC 4-30-138 Continuing professional education (CPE) documentation requirements.

Please review and familiarize yourself with the rules in their entirety. You can do this now on the Board’s website at [www.acb.wa.gov](http://www.acb.wa.gov) in the Board Rule Making section. After January 1, 2020, you can review the changes in the Board Rules. The major changes to the rules are:

*A definition for nano learning has been added to WAC 4-30-010.*

- Nano learning is a stand-alone continuing professional education (CPE) course that is a minimum of ten minutes (0.2 CPE credit hours) consisting of electronic self-study with a stated learning objective and a minimum of two final assessment questions.
- The total number of nano learning credits allowed in any three-year CPE reporting period is 12 hours.

*A CPA must complete a minimum of 20 hours of CPE in each year of the three-year reporting cycle.*

- Board service, first time instructor developer, or authorship of published materials will not count towards the 20 hour minimum.
- For the next few renewal cycles an overlap between the CPE rules in effect before December 31, 2019 and after January 1, 2020 may exist. Please see the following chart for the minimum annual CPE requirements for those years.

*No more than 60 hours of CPE credit in the aggregate will be allowed in any three-year CPE reporting period for:*

- First time instructor/developer of a CPE course or college/university course.
- Authorship of published articles, books, and other publications relevant to maintaining or improving

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Minimum CPE Hours Required per Year for Renewal Effective January 1, 2020 Overall 120 Hour Requirement Remains in Effect						
Renewal Year	CPE Reporting Year					
	2017	2018	2019	2020	2021	2022
2020	N/A	N/A	N/A			
2021		N/A	N/A	20		
2022			N/A	20	20	
2023				20	20	20

# 2020 CONTINUING PROFESSIONAL EDUCATION (CPE) RULE CHANGES

- professional competence.
- Service on the Board, Board committees, or peer review committees.

## Limitations on non-technical subject CPE increase to 60 hours per CPE reporting period.

- Examples of non-technical subjects include leadership, personal development skills, and practice development.

## CPE extension requests are no longer limited to cases of individual hardship.

- Any individual who fails to complete the required CPE by the end of their CPE reporting period can request an extension prior to their expiration date.
- An individual is only allowed one CPE extension in any two consecutive CPE reporting periods (six year period).

- Extension requests will be accepted from January 1 through June 30 of the renewal cycle.
- The self-reported deficiency (or prelapsd reinstatement) process has been eliminated.

## CPE reciprocity will be allowed for Washington licensees who are residents of other states.

- Nonresident licensees shall demonstrate compliance with the CPE renewal requirements of the state of their principal place of business.
- If their state has no CPE requirements for renewal, the nonresident licensee must comply with all CPE requirements for Washington.

If you have any questions, please contact the Board by email at [customerservice@acb.wa.gov](mailto:customerservice@acb.wa.gov) or by phone at 360-753-2586.

# 2020 BOARD MEETING SCHEDULE

Board meetings are open to the public, and your participation is valued and encouraged. We post the meeting agendas to the website approximately two weeks prior to a scheduled meeting. You are able to provide your thoughts on any agenda item; plus you have the opportunity to speak on any topic during the public input section at the end of the meeting.

January 31, 2020      DoubleTree by Hilton Hotel  
Seattle Airport  
Cascade Room 13  
18740 International Boulevard  
Seattle, WA 98188

April 24, 2020      DoubleTree by Hilton Hotel  
Seattle Airport  
Cascade Room 13  
18740 International Boulevard  
Seattle, WA 98188



July 31, 2020      Hilton Garden Inn Spokane Airport  
Granite Room  
9015 West SR Highway 2  
Spokane, WA 99224

October 16, 2020      Capitol Event Center  
Lewis and Mason Rooms  
6005 Tye Drive SW  
Tumwater, WA 98512

All meetings start promptly at 9:00 a.m. Hope to see you there!

# DIVERSITY OF ACCOUNTING STUDENTS UP

The AICPA reports that in the 2017-2018 academic year, racial/ethnic diversity among accounting graduates has increased, including a 7 percentage point rise in the number of Hispanic or Latino accounting graduates. *2019 Trends in the Supply of Accounting Graduates and the Demand for Public Accounting Recruits* has been released by the AICPA <https://www.aicpa.org/content/dam/aicpa/interestareas/accountingeducation/newsandpublications/downloadabledocuments/2019-trends-report.pdf>.

