

# Board of Accountancy Washington State



## REGULAR BOARD MEETING AGENDA

**Date, Time:** Monday, July 22, 2013 – Regular Board Meeting – 9:00 a.m.

**Location:** The Doubletree Hotel Seattle Airport - Cascade 12 Room  
18740 International Boulevard, SeaTac, Washington  
(206) 246-8600

### Notices:

Chair Introductions/Special Notices

### PUBLIC RULE-MAKING HEARING – 9:00 a.m.

Attachments at tab:

1. Public Rule-Making Hearing Script.....A
2. Rule Under Consideration - WAC 4-30-134 What are the CPE requirements for individuals?.....B
3. Written Stakeholder Comments.....C

### REGULAR MEETING AGENDA

1. Rules Review
  - a. Board Deliberation on proposed rules considered at public rule-making hearing - See listing above under Public Rule-Making Hearing – Item 2.
  - b. WAC 4-30-070 What are the experience requirements in order to obtain a CPA license? and WAC 4-30-080 How do I apply for an initial individual CPA license? .....D
2. Minutes – April 23, 2013, Regular Board Meeting .....E
3. Board Policies
  - a. 2003-1 Safe Harbor Report Language for Use by Non-CPAs .....F
  - b. 2000-1 Continuing Professional Education .....G
4. Motion for Entry of Order on Default - ACB-1367 – Myrtle M. Parent, CPA..... H
5. AICPA Changes to Code of Conduct .....I

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**WASHINGTON STATE  
BOARD OF ACCOUNTANCY  
REGULAR BOARD MEETING – July 22, 2013  
SUMMARY**

**Day, time, location, special notices:**

Meeting: **Monday, July 22, 2013 - 9:00 a.m.**  
Location: **The Doubletree Hotel Seattle Airport**  
Cascade 12  
18740 International Boulevard  
Seattle, Washington  
(206) 246-8600

**Notices:**

**Chair's Opening  
Announcements:**

The purpose of the Board meeting is for the Board to accomplish its business. After the Board completes its discussion of an agenda item, if appropriate, I will ask if anyone in the audience wishes to comment. As a reminder, individuals attending the meeting may participate only after recognition by the Chair. If you plan to address the Board during the public input section of the agenda, please sign the sign-up sheet.

**JULY 22, 2013 - 9:00 A.M. - PUBLIC RULE-MAKING HEARING**

**Rules Hearing** - At **9:00 a.m.** the Board will hold its scheduled rules hearing to obtain public input on the proposed changes to one Board rule.

1. **Public Rule-Making Hearing Outline** - See **Tab A** for the script the Chair will use as a guide during the hearing.
2. **Rule Under Consideration - WAC 4-30-134 What are the CPE requirements for individuals?**

The Executive Director will provide a summary of the proposed changes for the rule during the rules hearing.

The proposed change will allow licensees the option of taking an AICPA based ethics course or the current Washington rules ethics course on subsequent license renewals.

See **Tab B** for the CR-102, Notice of Proposed Rule Making that includes the proposed changes to the rule.

3. **Written Stakeholder Comments**

See **Tab C** for copies of written comments received from three individuals prior to

the mailing of the agenda package. Staff will provide any additional comments received before the rule-making hearing to each Board member via email and in hard copy at the Board meeting for your reference and convenience.

**JULY 22, 2013 – REGULAR MEETING OF THE BOARD**

**1. Rules Review**

- a. Board Deliberation on proposed rules considered at public rule-making hearing - *Tab B*** contains the CR-102 filings including the proposed changes to WAC 4-30-134 What are the CPE requirements for individuals?

The Executive Director is prepared to summarize the changes to the rule or answer any questions for the Board during deliberation.

**Please note:** A reference to the Board's rules on ethics and prohibited practice in subsection (6)(d)(iv)(D) should read: WAC 4-30-040 through 4-30-**058** . . . This has been misstated since the recodification from WAC 4-25-830 in 2010. Now is a good opportunity to fix this error.

**Does the Board wish to:**

- **Adopt the rule as proposed?; or**
- **Adopt the rule with minor changes that do not change the general subject matter of the proposed rule?; or**
- **Amend the rule proposal and set another rules hearing date?; or**
- **Withdraw the rule proposal?**

**Effective date:** If the Board decides to adopt the rule, the Board must allow determine the effective date. Rules generally become effective 31 days after filing. The Executive Director recommends making the rule effective January 1, 2014, to allow program sponsors time to revise their courses and obtain Board approval.

**Does the Board wish to make the rule effective:**

- **31 days after filing?; or**
- **January 1, 2014?; or**

- b. WAC 4-30-070 What are the experience requirements in order to obtain a CPA license? and WAC 4-30-080 How do I apply for an initial individual CPA license? – *Tab D***

At its April 23, 2013, meeting the Board discussed revisions to the rules to transfer “knowledge of the Public Accountancy Act and Board rules” from

the experience competencies (WAC 4-30-070) to WAC 4-30-080. The Board directed staff to begin the rule-making process and include in the Board's July meeting agenda.

**Tab D** contains a draft CR-102 filing including the changes to the text of the rules for the Board's review. Due to the timing of the Board's meeting and the required filing of a Preproposal Statement of Inquiry (CR-101), the Board could not hold a hearing on this proposal at this meeting.

If necessary, the Executive Director will lead the discussion.

**Does the Board wish to direct staff to file the CR-102 as drafted and schedule a rules hearing in conjunction with its October 17, 2013, annual meeting?**

**2. Minutes – April 23, 2013 – Tab E**

Board staff presents the draft minutes of the April 23, 2013, regular Board meeting at **Tab E** for the Board's consideration.

**Does the Board approve the minutes as drafted?**

**3. Board Policies**

**a. 2003-1 Safe Harbor Report Language for Use by Non-CPAs – Tab F**

At its April 23, 2013, meeting the Board tabled discussion of this policy until its July 2013 meeting. The Executive Director indicated he would make inquiries of the Washington Association of Accountants and the Independent Business Association.

**Tab F** contains the Board's current policy.

The Executive Director will lead the discussion.

**Does the Board wish to revise, retain or retire this policy?**

**b. 2000-1 Continuing Professional Education – Tab G**

In January 2012, the AICPA and NASBA revised the Statement on Standards for Continuing Professional Education (CPE) Programs. The revisions include computation of CPE credit for self-study learning activities using a prescribed word count formula. The Board's CPE rules do not currently include this computation.

At its last meeting the Board directed staff to draft an interim policy to allow word count as an approach for interactive and noninteractive self-study CPE offered by sponsors other than the AICPA or NASBA.

**Tab G** contains draft revisions to the Board's policy 2000-1 Continuing Professional Education for the Board's consideration.

**Does the Board wish to revise this policy as drafted?**

**4. Motion for Entry of Order on Default - ACB-1367 Myrtle M. Parent, CPA**

**Tab H** contains copies of records relating to Myrtle M. Parent, CPA, and her failure to respond to a Statement of Charges served on her on April 8, 2013. The copies include:

- Motion for Entry of Findings of Fact, Conclusions of Law, and Default Order
- Declaration of Richard C. Sweeney
- Various Exhibits
- Draft Findings of Fact, Conclusions of Law and Default Order

The Executive Director will present the State's case to the Board.

Don Aubrey is the Consulting Board Member and will not participate in discussions.

**Does the Board wish to enter a default order against Ms. Parent?**

**5. AICPA Changes to Code of Conduct – Tab I**

The AICPA Professional Ethics Executive Committee is requesting comments on the proposed revised AICPA Code of Conduct. Comments are due by August 15, 2013.

At its April 23, 2013, meeting, the Board Chair asked staff to include the exposure draft on the Board's July meeting agenda. Tom Neill and the Executive Director will summarize.

**Tab I** contains the Exposure Draft.

**Does the Board wish to provide comments to the AICPA Professional Ethics Executive Committee on this Exposure Draft?**

**6. NASBA**

- Update** - Don Aubrey, Pacific Regional Director for NASBA, will provide a verbal update on NASBA activities.
- Western Regional Meeting** – Ed, Don, Tom and Rick attended NASBA's

Western Regional meeting from June 5 through 7, 2013, in New Orleans, Louisiana. They will report.

**c. Other**

**7. Legal Counsel's Report**

The Board's legal counsel requests the agenda for regular Board meetings contain a placeholder item allowing for Legal Counsel to report on any current issues related to the Board's activities and/or Washington state law such as: the Administrative Procedures Act, Open Public Meetings Act, Public Disclosure requirements, etc.

**8. CHAIR'S REPORT**

The Board's Chair requests the agenda for regular Board meetings contain a placeholder item allowing for the Chair to report on any current issues related to the Board's activities. The Chair wishes to discuss:

- a. Acknowledge Cheryl Sexton's years of service and contributions to the Board.
- b. Key Issues at the Regional Meeting.
- c. Recognition to the WSCPA regarding its legislative efforts this past session.
- d. Other

**9. Committee/Task Force Reports**

**a. Executive – Board Officers.**

The Board officers met with the Executive Director via telephone on July 12, 2013. The Chair will report.

**b. Compliance Assurance Oversight – Chair: Edwin Jolicoeur, CPA; Members:**

Ed will report.

**c. Legislative Review – Chair: Karen Saunders, CPA; Member: Gerald Ryles.**

Karen will report.

- d. **Quality Assurance** – Chair: Thomas Neill, CPA; Members: Elizabeth Masnari, CPA and Robert Speicher, CPA

Tom will report.

- e. **Request Review** – Chair: Karen Saunders, CPA; Member: Gerald Ryles

Karen presents the Request Review Committee report at **Tab J** for the Board's review.

- f. **State Ethics Compliance** – Ethics Advisor: Thomas Neill, CPA; Ex-officio Liaison: Richard Sweeney, CPA

Tom will report.

**10. Executive Director's Report**

- a. **Budget Review** - The Executive Director will report.

- b. **Executive Director and Board Members Reappointments** – The Executive Director will report.

- c. **Lean Government Overview** – The Executive Director will report.

- d. **Implementation of Performance Review Task Force Recommendations** – The Executive Director will report.

- e. **Investigation**

- i. **Statistics/Investigations & Administrative Sanctions – Tab K** contains the following:

- Complaint Status Report for the period ended June 30, 2013
- Investigation Statistics January 2003 through June 30, 2013
- Historical Case Status Report January 1, 2011 through December 31, 2012

Charles Satterlund, CPA, Director of Investigations, will report and lead the discussion.

- ii. **Hot Topics – Federal Referrals including “Pass” through AICPA**

Licensees are self-reporting enforcement actions by the AICPA. The AICPA is receiving referrals from federal agencies, conducting investigations, and imposing sanctions.

Charles Satterlund, CPA, Director of Investigations, will report and lead the discussion.

- f. **IT Integration** – The Executive Director will report.
  - g. **Renewal** – The Executive Director will report.
  - h. **Staffing** – The Executive Director will report.
  - i. **Other**
11. **Executive and/or Closed Session with Legal Counsel** - The Board's Legal Counsel requests the agenda for regular Board meetings contain a placeholder item identifying the Board and Legal Counsel may enter into executive or closed session when determined appropriate.
12. **Public Input** - Board meeting time has been set aside to ensure the public has an opportunity to address its concerns and the Board has an opportunity to ask questions of the public. Individual speakers will be provided 10 minutes each with a maximum of three speakers at each Board meeting. *(Chair: Note the sign-up sheet will be set out at the start of the Board meeting.)*