

WASHINGTON STATE BOARD OF ACCOUNTANCY

Minutes of the Regular Meeting of the Board

- Time and Place of Meeting** 9:08 a.m. – 2:08 p.m. Monday, April 25, 2011
Washington State Criminal Justice Training Commission
Classroom # C-226
19010 First Ave So
Burien, Washington
- Attendance** Donald F. Aubrey, CPA, Chair
Robert G. Hutchins, Vice Chair, Public Board Member
Lauren C. Jassny, Secretary, Public Board Member
Edwin G. Jolicoeur, CPA, Board Member
Elizabeth D. Masnari, CPA, Board Member
Emily R. Rollins, CPA, Board Member
Gerald F. Ryles, Public Board Member
Laurie J. Tish, CPA, Board Member
Bruce L. Turcott, Assistant Attorney General
Thomas J. Sadler, CPA, Deputy Director
Cheryl M. Sexton, Executive Assistant
- Call to Order** Donald Aubrey, Chair, called the regular meeting of the Board to order at 9:08 a.m.
- Consent Agenda** The Board approved the following items on the consent agenda:
- Minutes of the January 27, 2011, Regular Board Meeting
 - Request Review Committee Report
- Motions for Entry of Order on Default** Richard H. Mullen - The Executive Director presented a Motion for Entry of Order on Default and related documents in the matter of Richard H. Mullen to the Board. The Board entered Findings of Fact, Conclusions of Law and Default Order suspending Mr. Mullen's CPA certificate and individual and firm licenses to practice public accounting as a CPA for ten years.
- Weng Hong Ao, CPA-Inactive - The Executive Director presented a Motion for Entry of Order on Default and related documents in the matter of Weng Hong Ao to the Board. The Board entered Findings of Fact, Conclusions of Law and Default Order suspending Weng Hong Ao's CPA-Inactive certificate for three years.

Board Policies Review

The Executive Director reviewed all of the Board's policies for consistency with recent revisions to Title 4 WAC with the intention to:

1. Not duplicate that which is in statute or rule to avoid conflicting provisions within the regulatory framework
2. Eliminate procedural guidance to the maximum extent possible
3. Eliminate information that is not useful for decision making or definitive for constituents

The Board reviewed the proposed changes and adopted the following policies as revised effective April 25, 2011:

- 2000-1 Continuing Professional Education
- 2002-1 Substantial Equivalency Jurisdictions
- 2002-2 Expert Witness Services
- 2002-4 International Reciprocity
- 2004-1 Sanction and Penalty Guidelines
- 2004-2 Exam Applicant Disability Documentation

The Board did not act on the following policy. The policy is therefore retained:

- 2003-1 Safe Harbor Report Language for Use by Non-CPAs

The Board adopted the following new policies as drafted effective April 25, 2011:

- 2011-1 Principles Underlying Board Rules (to replace WAC 4-25-610)
- 2011-2 Interim Policy Guidelines Pending Rule Changes

The Board retired the following policies:

- 1998-1 Education
- 2000-2 Public Inquiries
- 2000-3 Quality Assurance Review Program
- 2001-1 Compensation Arrangements
- 2001-2 Experience
- 2002-3 Responding to Inquiries Regarding Enrolled Agents, Accredited Business Accountants, Accredited Tax Preparers, Accredited Tax Advisors, and Certified Financial Planners

- 2003-2 CPA Examination
- 2003-3 Interstate Reciprocity
- 2006-001 Directions to Staff

The Board asked that the Executive Director add a revision history to each policy in the future and recommended the policies be brought to the Board annually for review.

Delegations of Authority

The Board reviewed proposed minor changes to the following delegations to reflect current practice and current staffing. The Board approved the following delegations as revised effective April 25, 2011:

- Executive Director, Richard C. Sweeney – *Subpoena, deposition, and other powers when conducting investigations*
- Deputy Director – *Subpoena, deposition, and other powers when conducting investigations*
- CPE Waiver Extension Requests/Request Review Committee
 - Delegated solely to Executive Director:
 - *CPE Waiver Extension Requests due to individual hardship, including but not limited to, financial hardship, critical illness, or active military deployment for up to 16 credit hours*
 - *Review of Publicly Available Professional Work*
 - Delegated to Executive Director with Concurrence of a Board member:
 - *CPE Waiver Extension Requests due to individual hardship, including but not limited to, financial hardship, critical illness, or active military deployment over 16 credit hours*
 - *Firm Names*
 - *Professional/Education Organization Recognition Requests*
 - *Late Fee Waiver Requests where individual hardship is a factor*
- QAR Remedial Actions/Review of Publicly Available Professional Work – Delegated to the Executive Director with concurrence of one Board member.

The Board discussed the proposed changes and directed staff to revise the following delegation for the Board's

consideration at its July Board meeting:

- Administrative Notices of Non-Compliance and Respondent Agreements - Delegated to the Executive Director with concurrence of one Board member

The Board agreed with the Executive Director's recommendation that the delegations be brought to the Board annually for review.

**Continuing
Professional
Education (CPE)
Issues**

CPE Deficiencies – Strategy - At its July 2010 meeting, the Board provided the following directive to staff:

- Applicants for renewal that self-report continuing professional education (CPE) deficiency during renewal have six months until June 30 of the renewal year to obtain the required CPE. The applicants must pay the \$480 reinstatement fee and carry deficient CPE back to the CPE reporting period for that renewal. The applicants are subject to CPE audit.
- After June 30 or if the CPE deficiency is not self-reported, staff is to follow the Board's delegation related to the issuance of Administrative Notices of Noncompliance and related guidelines for those deficient up to and including 16 hours. For those individuals deficient 17 hours and above refer to Enforcement.

The Board directed staff to follow the *2010-2011 Interim Policy Guidance* associated with Policy 2011-2.

Board Approved Ethics Courses – Board staff provided the Board with the following to facilitate Board member audit of Board approved ethics and regulation courses:

- A listing of all ethics and regulations courses currently approved by the Board
- A calendar showing when Board approved ethics and regulation courses will be provided during 2011.
- A proposed checklist to use when auditing a Board approved ethics and regulation course

The Executive Director asked Board members to contact Board staff to arrange for any audit.

The Washington Society of CPAs provided correct contact information for their approved course.

Board Committee Structure

The Executive Director advised the Board of the recommendations he made to the Performance Review Task Force regarding restructuring the Board's committee structure including oversight of the Executive Director and the agency's performance.

NASBA

NASBA's Nominating Committee is asking boards to submit their recommendations for next year's Nominating Committee Members, Directors-at-Large and Regional Directors. Recommendations are due to the Committee by May 27, 2011.

Ed Jolicoeur advised the Board he is a member of NASBA's Nominating Committee. He recused himself and left the meeting room during the entire presentation and discussion of this agenda item.

Director-at-Large - The Board supports the nomination of Laurie Tish for the NASBA position.

Pacific Regional Director – The Board supports the nomination of Raymond Johnson of Oregon for the NASBA position.

The Board directed the Executive Director to prepare letters of recommendation to NASBA's Nominating Committee for the Chair's review and signature.

Legal Counsel's Report

Bruce Turcott, the Board's legal counsel, provided the Board with an update on outstanding litigation and recent legislation.

Chair's Report

The Chair reported that Karen Saunders may have scheduling conflicts for the July 14, 2011, meeting. The Chair asked staff to contact Karen and set a new date if necessary.

Compliance Assurance Oversight Committee

Committee chair Fred Shanafelt had nothing to report for this meeting.

Education Exam Task Force

Task Force leader Robin Clark reported that the task force has not yet met. They hope to meet with the Board liaison shortly. Ms. Clark recently met with CPA Examination Services and reported that many of the problems that plagued the early computerized exam seem to be handled and the exam is becoming almost routine. The Executive

Director reported that the AICPA Board of Examiners welcomes this task force's participation.

**Legislative
Liaison
Committee**

Committee chair Ed Jolicoeur had nothing to report for this meeting.

**Performance
Review Task
Force**

Task Force leader Ed Jolicoeur reported the task force has met twice. The task force includes members from outside the Board: Judy Love, WSCPA Director of Advocacy, and Bea Nahon, CPA. The Task Force's goal is to prioritize and evaluate the recommendations and observations contained in the consultant's July 2010 report and make recommendations to the Board. The Task Force plans to talk to the consultants.

**Quality Assurance
Review (QAR)
Committee**

Committee co-chair Emily Rollins advised the Board:

2011 QAR Desk Review - 582 CPA firms are included in the 2011 QAR. The 2011 desk review is scheduled for June 8 and 9, 2011, at Highline Community College with 17 team captains and 23 reviewers. Webinar training is scheduled for June 1.

2010 CPE Audit – Staff included 190 individuals in the 2010 CPE audit. Of those, 176 individuals satisfactorily documented completion of their CPE requirements, 11 individuals could not satisfactorily document completion of their CPE requirements, two individuals failed to respond, and 1 individual is still attempting to collect documentation.

The Executive Director commended Ms. Rollins for her contributions to the Board's QAR program.

**Request Review
Committee**

The following report was approved under the consent agenda:

CPE Extensions – All CPE extension requests were due on or before December 31, 2010. Staff treated any extension requests received during 1st quarter 2011 as self-reported CPE deficiencies and subject to reinstatement.

Firm Names – The Executive Director and a Consulting Board member approved the following firm names during 1st quarter 2011:

- Action Tax, LLC
- Anderson Accounting Services

- Blue Sky Accounting, LLC
- Brightline CPAs and Associates, Inc.
- Building on Tax & Accounting
- Hearthstone CPA Group PS
- Kwon's Accounting Co
- Raincity CPA
- Regal Street CPA
- SAS 70 CPA, Inc.
- Tri-Cities CPA PLLC

The Committee met by telephone on March 15, 2011, to consider several questions concerning firm names reported the Committee's conclusions to the Board.

Late Fee Waivers – During 1st quarter 2011, the Board received no late fee waiver requests.

Professional/Educational Organization – Recognition Requests – During the 1st quarter 2011, the Board did not receive any requests for recognition as an educational organization or professional association for purposes of obtaining a list of individual CPAs.

**Executive
Director's Report**

In the Executive Director's absence, the Deputy Director reported:

CPE Deficiencies - During the 1st quarter 2011, 57 individuals self-reported CPE deficiencies during renewal. Of those, 25 have already cured the deficiency and paid the reinstatement fee.

Budget – The Executive Director reported on the status of the agency's proposed 2011-2013 budget. The Chair reported that the Governor's office acknowledged the Board's letter to the Governor regarding the proposed \$1 million sweep of the CPA fund balance.

Investigation Statistics/Investigations & Administrative Sanctions

The Deputy Director provided the following reports to the Board:

- Case Status Report through March 31, 2011
- Investigation Results/Statistics through March 31, 2011, as published on the Board's web site
- Investigation Statistics January 1990 through March 31, 2011

The Executive Director reported investigation statistics in the future will provide the Board with the number of cases that are classified as "public interest" and the number classified as "administrative."

Renewal Cycle and Online Services – The Deputy Director provided the Board with the following renewal statistics:

Individuals

1110 renewing online – 98%
23 renewing via paper
575 still to renew – 34%

Firms

127 renewing online – 96%
5 renewing via paper
102 still to renew – 44%

To date using the online application, the agency has collected in revenue:

ACH = \$947,485 – 50%
AMX = \$183,151 – 10%
Mas = \$194,766 – 10%
Vis = \$553,236 – 29%
Total = \$1,878,638

Online services recently added invoicing capabilities.

Meeting with Board Officers – The Executive Director reported he met with Board officers during the week prior to the meeting.

WBOA-News – As of April 15, 2011, 1668 individuals have subscribed. This is a net increase of 66 individuals since January 20, 2011 – 4.1%.

Public Input

Rich Jones, CEO, of the Washington Society of CPAs (WSCPAs) announced that the WSCPAs was awarding the John L O'Brien Life-Time Achievement Award to Edwin Jolicoeur, CPA, and Board Member.

Recognition of Laurie Tish

The Board recognized Laurie Tish for her 12 years of service on the Board.

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Adjournment

The Board adjourned at 2:08 p.m.