

# WASHINGTON STATE BOARD OF ACCOUNTANCY

## Minutes of a Regular Meeting of the Board

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| <b>Time and Place of Meeting</b>                        | 9:10 am – 1:35 pm Friday, April 17, 2015<br>Columbia Basin College – Pasco Campus<br>Room L102, Library Building<br>2600 N. 20 <sup>th</sup> Avenue<br>Pasco, Washington 99301   |
| <b>Attendance</b>                                       | Donald F. Aubrey, CPA, Chair, Board Member<br>Lauren C. Jassny, Vice Chair, Public Board Member (arrived at 9:22 am)<br>Elizabeth D. Masnari, CPA, Board Member<br>Edwin G. Jolicoeur, CPA, Board Member<br>Thomas G. Neill, CPA, Board Member<br>Favian Valencia, Public Board Member<br>Richard C. Sweeney, CPA, Executive Director<br>Jennifer Sciba, Deputy Director<br>Charles E. Satterlund, CPA, Director of Investigations<br>Kirsten Donovan, Board Clerk   |
| <b>Call to Order</b>                                    | Board Chair, Don Aubrey, called the regular meeting of the Board to order at 9:10 am.<br><br>The Board Chair excused the absences of Karen Saunders, CPA, Secretary, Board Member; Emily Rollins, CPA, Board Member; and Bruce Turcott, AAG, Legal Counsel.  |
| <b>Minutes – January 30, 2015 Regular Board Meeting</b> | The Board approved the minutes of the January 30, 2015 Board meeting as presented.   |
| <b>Board Policies – Annual Review</b>                   | The Board completed its annual review of all Board policies.<br><br>The Board voted to retain the following policies with no revisions: <ul style="list-style-type: none"><li>• 2002-1 Substantially Equivalent Jurisdictions</li><li>• 2002-2 Expert Witness Services</li><li>• 2002-4 International Reciprocity</li><li>• 2003-1 Safe Harbor Report Language for Use by Non-CPAs</li><li>• 2004-2 Exam Applicant Disability Documentation and Testing Modification Guidelines</li><li>• 2011-1 Principles Underlying Board Rules</li><li>• 2015-1 Board Member Travel and Attendance at Group Gatherings</li></ul> |

## Minutes, April 17, 2015, Regular Board Meeting

The Board discussed taking action on the following policies at the July 2015 Board meeting:

- 2000-1 Continuing Professional Education and Licensing Requirements

The Executive Director will draft a policy revision to add “with the exception of Washington Ethics and Regulations courses” to the section concerning no pre-approval of programs.

- 2004-1 Sanction and Penalty Guidelines

The Executive Director will present a proposed standard cost recovery process. No revisions to the policy are required.

- 2011-2 Interim Policy Guidelines Pending Rule Changes

The Executive Director will draft a policy revision for review.

- 2012-1 Social Media

The policy will be further discussed for revision after additional research is conducted.

### **Social Media Report**

Favian Valencia provided a social media report and led the discussion. Topics included:

- Facebook and Twitter as a possible medium for attracting the younger generation.
- LinkedIn
- Maintaining a conservative focus when/if the Board revises its current policy.
- Communication brunch at the NASBA Western Regional Meeting as a resource for additional information and other state Board’s experiences.

### **NASBA Update**

Rich Jones, President and CEO of the Washington Society of CPAs (WSCPAs), reported on the activities of the NASBA Boards and Societies Committee.

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Ed Jolicoeur, CPA, Pacific Regional Director for the National Association of State Boards of Accountancy (NASBA), reported on the following NASBA activities:

- ALD – 50 Boards now participating.
- Exposure drafts will be forthcoming from various committees.
- Practice monitoring.
- Nominations for Board of Directors – recommendations due by May 28, 2015 – Ed requests to be recommended for his second term as Pacific Regional Director.
- Participation on NASBA committees is encouraged.
- Western Regional Meeting – June 18-19 in Coronado, CA.

The Board unanimously voted to recommend Ed Jolicoeur for Pacific Regional Director. The Executive Director will prepare the letter of recommendation.

### **Client Confidentiality and the Cloud**

The Executive Director reported on cloud computing privacy issues as it relates to WAC 4-30-050 and led a discussion on the topic. The primary areas of concern are:

- Who owns the data?
- Encryption

The Executive Director will draft a paper to present for approval at the July Board meeting.

### **Chair's Report**

Potential Statute and Rules Revisions: The Board Chair led a discussion on potential revisions to:

- License renewal cycle (RCW 18.04.215)
  - The Board found no need for revisions at this time.
- Elimination of CPA-Inactive status (RCW 18.04.105)
  - The Board is leaning towards setting a date for elimination of the status and determining the best method to accomplish this either through rule or statute. Additional discussions will follow.

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- Timeframe for licensure after passing the CPA Exam (RCW 18.04.105)
  - The Board discussed establishing an expiration date for Exam scores to be consistent with surrounding states. Further discussions will follow.
- Education review for initial license applicants who passed the Exam as an out-of-state candidate (WAC 4-30-080)
  - The Board found no need for revisions at this time.
- CPE annual requirement (WAC 4-30-134)
  - The Board found no need for revisions at this time.

Washington Rules and Statutes Compared to Model Rules and UAA: The Board Chair asked that Board Members review the report for discussion at the July Board meeting.

Supreme Court Decision - Noel Allen's Review: The Board Chair reported on the North Carolina State Board of Dental Examiners case.

Recap of Vancouver Trip: The Board Chair reported on the trip to Vancouver, BC for the signing of the Memorandum of Understanding and Cooperation and recognition ceremony.

**Executive Committee**

Don Aubrey reported that the committee met by teleconference on April 6, 2015 to discuss the Board meeting agenda.

**Compliance Assurance Oversight Committee**

Ed Jolicoeur reported that Deidra Roberts will attend the PROC summit.

**Legislative Liaison Committee**

Rich Jones reported on current legislation:

- The PI statute passed exempting CPAs and CPA firms from the PI licensing requirement.
- Higher education accounting scholarships bill passed both the Senate and the House and is currently awaiting the Governor's approval.

**Quality Assurance Committee**

Tom Neill had nothing to report.

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**Request Review  
Committee**

Don Aubrey reported:

Firm Names: *Approved:*

Seattle Public Accounting  
Lewis Group CPAs, P.C.  
US&CO Certified Public Accountants PLLC  
DC Accounting & Tax Services, Inc.  
KCHM, LLC  
VWC, P.S.  
Hongxin Accounting and Financial, LLC  
Turquoise Tax Advisory  
Principled Estates and Trusts

Professional/Educational Organization - Recognition

Requests: During the 1st quarter 2015, the Board did not receive any requests for recognition as an educational organization for purposes of obtaining a list of individual CPAs.

Domestic or Foreign Education Credential Evaluation

Services – Applications: During the 1st quarter 2015, the Board did not receive any requests for recognition of domestic or international education credential evaluation services.

**State Ethics  
Compliance Committee**

Lauren Jassny had nothing to report.

**Qualifications  
Committee**

Tom Neill had nothing to report.

**Performance Review  
and Succession  
Committee**

Emily Rollins had nothing to report.

**Client Record Task  
Force**

Tom Neill had nothing to report.

**Executive Director's  
Report**

Cash Flows with Funds Sweep: The Executive Director stated that he believes we will know the amount of the fund sweep in time for the July Board meeting. The Executive Director will prepare a proposal for a renewal fee reduction

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related to a proposed minimum fund balance required if fees are collected in excess of that balance.

Use of Titles – Foreign Designations under MOUC: The Executive Director reported that the use of title issue for British Columbia CPAs will need to be addressed and updated in the statute.

**Director of Investigations' Report**

Investigation Statistics/Investigations & Administrative Sanctions: Charles Satterlund, CPA, Director of Investigations, provided the following report to the Board:

- Enforcement Report: January 1, 2015 through March 31, 2015

Charles Satterlund reported on the following issues:

- Engagement letters - their importance should be promoted on the website and in the newsletter.
- Comfort letters – still receiving many phone calls related to these letters.

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

No executive or closed sessions with legal counsel held.

**Upcoming Board Meeting Agenda Items**

The Board Chair reported that these topics will be included as agenda items for the July Board meeting:

- The AAG, Bruce Turcott, presentation on investigation process.
- NASBA foreign education.
- Education rule review.
- Client record succession.

**Public Input**

The Board received input from representatives of the WSCPA throughout the meeting.

**Adjournment**

The Board meeting adjourned at 1:35 pm.

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Secretary

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Chair

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Vice-Chair

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Member

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Member

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