

WASHINGTON STATE BOARD OF ACCOUNTANCY

Minutes of the Regular Meeting of the Board

Time and Place of Meeting	9:04 a.m. – 2:23 p.m. Thursday, April 29, 2010 The Doubletree Hotel Seattle Airport, Cascade 11 18740 International Boulevard SeaTac, Washington
Attendance	Gerald F. Ryles, Chair Donald F. Aubrey, CPA, Vice-Chair Lauren C. Jassny, Secretary Robin A. Clark, CPA, Board Member Robert G. Hutchins, Public Board Member Edwin G. Jolicoeur, CPA, Board Member Emily R. Rollins, CPA, Board Member Ronald D. Sabado, CPA, Board Member Laurie J. Tish, CPA, Board Member Bruce L. Turcott, Assistant Attorney General Richard C. Sweeney, CPA, Executive Director Thomas J. Sadler, CPA, Deputy Director Cheryl M. Sexton, Executive Assistant
Call to Order	Gerald Ryles, Chair, called the meeting to order at 9:04 a.m.
Consent Agenda	<u>Minutes of the January 28, 2010, Regular Board Meeting</u> – The Board approved the minutes with a correction to note that Emilly Rollins abstained from consideration of the minutes of the October 22, 2009 and the November 24, 2009 Board meetings. <u>Request Review Committee Report</u> – The Board unanimously approved this report.
Status of the Request for Proposal for Review of Board and Agency Policies and Procedures	Robert Hutchins summarized the status of the Request for Proposals (RFP) for Performance Review. The Office of Financial Management (OFM) granted a preliminary exemption to the legislature's freeze on personal service contracts for this RFP based on a preliminary cost estimate of \$150,000. The Task Force composing of Board Members, Robert Hutchins, Lauren Jassny, and Laurie Tish evaluated the two responses/proposals to the RFP and ultimately awarded the contract to Zwilling Greek Zwilling & Knecht PC, a law firm from Phoenix, Arizona. Felecia Rotellini is the contract manager. The contract is a maximum price contract of \$226,863. The Task Force is waiting for review and approval of the contract and freeze exemption by OFM.

Comprehensive Rule Review

The Executive Director presented draft comprehensive rule revisions including reordering and grouping. The modifications:

- Reorganize the structure of the rules grouping like functions
- Includes language from policy into rule eliminating the need to state rule in policy
- Use similar wording for similar items
- Address online services
- Include several new or replaced rules
- Eliminate the AICPA ethics course as a requirement for licensure allowing for the Board to provide an ethics course.

Prior to exposure to stakeholders, the Executive Director asked Board members to review the proposed modifications and evaluate for review/discussion by the Board at its meeting in July for anticipated hearing in October.

Proposed Restated Board Policies

The Executive Director proposed restated Board policies to correlate to the proposed changes to Board rules and eliminate procedure from policy for the Board's discussion. The Executive Director proposed adding the following new policy:

- Proposed Rule-Making Principles

And, eliminating the following policies:

- 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
- 2002-4 International Reciprocity
- 2003-3 Interstate Reciprocity
- 2006-001 Directions to Staff
- Administrative Policy 24 Brief Adjudicative Proceedings

The intent of the proposal was 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 Executive Director will bring the proposed restated policies back to the Board for consideration when the Board considers the modifications to the rules and stakeholder comments.

Need for Education/Exam Task Force

The AICPA and NASBA are moving towards the international administration of the Uniform CPA Examination. International testing brings many issues regarding education qualifications to take the CPA exam. The Board nominated Robin Clark and Ronald Sabado to a special task force to include educators to monitor developments in examination and education and report to the Board for a minimum of one year. The Board will revisit the need for the task force annually.

NASBA

Laurie Tish provided the Board with an update on National Association of State Boards of Accountancy's (NASBA) activities. She provided the Board with NASBA's State Board Relevance and Effectiveness Committee's position paper on self-governing state boards of accountancy and advised the Board she is serving on the search committee to find a replacement for David Costello who plans to retire January 1, 2012.

Legal Counsel's Report

The Board's legal counsel reported on developments regarding administrative procedure. The Attorney General's Office is preparing Frequently Asked Questions related to new legislation requiring two-day notice to small business to cure violation of a state law or agency rule. The Attorney General's Office is also drafting an orientation for respondents faced with administrative proceedings.

Chair's Report

Committee Assignments

The Board appointed Emily Rollins as co-chair of the Board Quality Assurance Review (QAR) committee.

Upcoming Disciplinary Hearings

The Chair advised the Board of a disciplinary hearing scheduled for June 14, 2010, and the need to schedule a hearing in another case. Board staff will solicit members for availability.

Compliance Assurance Oversight Committee

Committee Chair Fred Shanafelt presented the Committee's annual report to the Board. The Board thanked Fred and his committee members for their work on this committee.

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CPA Exam Liaison Committee	No report.
CPE Committee	Ronald Sabado, Committee Chair, reminded Board members that the Board monitors Board approved ethics courses. He asked members to send observations to Board staff.
Education Rule Review Committee	No report.
Experience Committee	No report.
Legislative Liaison Committee	The Executive Director reported that SB 6425 and HB 2917, Transferring the Board of Accountancy to the Department of Licensing, died in Government Operations & Elections during regular session. By resolution, the bills were reintroduced and retained in their present status during special session.
Outreach Committee	No report.
Quality Assurance Review (QAR) Committee	Board staff mailed 804 QAR Status forms to licensed CPA firms on January 8, 2010.
Request Review Committee	<p>The following report was approved under the consent agenda:</p> <p><u>CPE Extensions</u> – As of January 1, 2010, the Board did not accept extension requests.</p> <p><u>Firm Names</u> – The Executive Director and a Consulting Board member approved the following firm names during 1st Quarter 2010:</p> <ul style="list-style-type: none">• Shamballa Centre• Hansen NvO, PS• Hidden Lake Management LLC• Turner Warner Hwang & Conrad AC• Turquoise Financial Advisory• NW Pacific CPA, LLC• Farm, Ranch & Home Accounting, PC• Nth Degree CPAs, PLLC• Numeric CPA

- Nonprofit Audit Services, LLC
- Sno Valley CPA
- JE Tax Services, Inc
- RF Associates LLC
- Aspen Financial Services, Inc., PS
- J.H. Cohn LLP
- E.L.F. Enterprises, Inc., PS
- KGB Consulting, Inc., P.S.
- 415 Group
- Erickson Wealth and Tax Management CPA, PS

Late Fee Waivers – During 1st quarter 2010, the Board received no late fee waiver requests.

Professional/Educational Organization – Recognition Requests – During the 1st quarter 2010, the Board received one request for recognition as an educational organization or professional association for purposes of obtaining a list of individual CPAs. The Executive Director and a Consulting Board Member from the Request Review Committee took the following action:

Recognized: None

Denied: Schwabe, Williamson & Wyatt, Attorneys at Law

**Rule Review
Task Forces**

QAR, Electronic Records, Experience

Each task force completed its assigned task and provided rule revisions included with the draft comprehensive rule revisions presented by the Executive Director.

**Executive
Director's
Report**

CPE Deficiencies - All CPE extension requests for the January 1, 2007, through December 31, 2009, reporting period were due on or before December 31, 2009, per Board rule WAC 4-25-830 (8). On-line renewal and the requirement to enter the specific WA ethics CPE course completed, found many individuals who did not meet the CPE requirements. After consulting with two Board members, the Executive Director took the following action for individuals reporting CPE deficiencies:

Approved: 15

Administrative Sanctions: 154

Certificate holder advised to obtain CPE and reinstate: 87

Referred to Enforcement: 13

Over 16 hours: 11

Additional issues: 2

Pending: 6

Budget – The Executive Director provided the Board with an update on the status of the agency's budget. The Board discussed the budget for Attorney General services. Board members suggested tracking legal expenses for cost recovery purposes.

Discussion regarding Board Committees – At the Board's January 28, 2010 meeting, the Executive Director suggested that the Board evaluate its committee structure to ensure emerging issues are regularly and timely addressed at the Board level through active Board or advisory committees. The Executive Director presented a proposal that included a listing of Board committees to eliminate or merge. The Board will consider the Executive Director's proposal at its July 2010 meeting.

Investigation Statistics/Investigations & Administrative Sanctions
The Executive Director provided the following reports to the Board:

- Investigation Statistics January 1990 through March 31, 2010
- 2010 First Quarter Closed Investigations & Administrative Sanctions
- 2007-2010 Closed Investigations & Administrative Sanctions for Each Calendar Year
- 2007-2010 Closed Investigations & Administrative Sanctions for the First Quarter for Each Year

Legislation Impacting Agency Operations – The Executive Director deferred to the assistant attorney general's update.

Litigation – The Executive Director reported on outstanding litigation against the Board.

Meeting with Board Officers - The Executive Director met with Board officers by telephone on April 27, 2010.

Status of On-Line Services – The Executive Director reported a 90% participation rate.

WBOA-News – As of April 23, 2010, 1,560 individuals have subscribed. This is a net increase of 28 individuals since January 22, 2010 – 1.8%.

Other – The Executive Director asked the Board for guidance regarding the administration of Board rule 4-25-830(7)

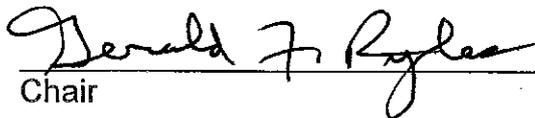
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Reciprocity CPE. If a practitioner licensed in a substantially equivalent state meets the CPE requirements of the other state is the individual deemed to have met this state's CPE requirements? Board Members preferred to follow a phase-in schedule.

Public Input During the course of the meeting, the Board heard public input from Judy Love and Rich Jones representing the Washington Society of CPAs (WSCPAs).

Executive Session with Legal Counsel The Board did not meet in Executive Session with Legal Counsel.

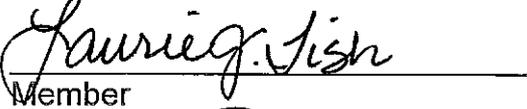
Adjournment The next Board meeting is scheduled for July 29, 2010. The Board adjourned at 2:23 p.m.

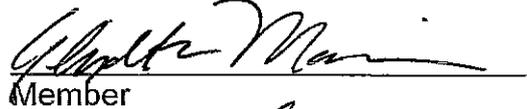

Chair

Secretary

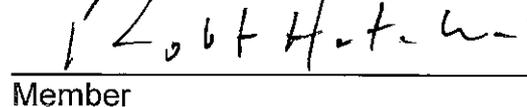

Vice-Chair


Member


Member


Member


Member


Member

Member