

WASHINGTON STATE BOARD OF ACCOUNTANCY

Minutes of a Regular Meeting of the Board

Time and Place of Meeting	9:00 a.m. – 1:15 p.m. Tuesday, April 19, 2016 Evergreen Plaza Second Floor Conference Room 711 Capitol Way South Olympia, Washington
Attendance	Thomas G. Neill, CPA, Chair, Board Member Elizabeth D. Masnari, CPA, Vice Chair, Board Member James R. Ladd, Secretary, Public Member Emily R. Rollins, CPA, Board Member Donald F. Aubrey, CPA, Board Member Lauren C. Jassny, Public Member Edwin G. Jolicoeur, CPA, Board Member Favian Valencia, Public Member Bruce L. Turcott, Assistant Attorney General, Board Adviser Charles E. Satterlund, CPA, Executive Director Jennifer Sciba, Deputy Director Kirsten Donovan, Board Clerk
Public Rule-Making Hearing	<p>The Board held a public rule-making hearing from 9:01 a.m. to 9:10 a.m. The Board Chair presided. The Board proposed to amend:</p> <ul style="list-style-type: none">• WAC 4-30-060 – What are the education requirements to qualify to apply for the CPA examination? <p>The Executive Director presented a brief statement.</p> <p>No written comments were received.</p> <ul style="list-style-type: none">• WAC 4-30-062 How do I apply to take the CPA examination? <p>The Executive Director presented a brief statement.</p> <p>No written comments were received.</p>
Call to Order	<p>Board Chair, Tom Neill, called the regular meeting of the Board to order at 9:10 a.m.</p> <p>The Board Chair excused the absence of Karen Saunders, CPA, Board Member.</p>

Rules Review

WAC 4-30-060 What are the education requirements to qualify to apply for the CPA examination?

The Board voted unanimously to adopt the rule with minor changes that do not change the general subject matter of the proposed rule. The Board voted for an implementation date 31 days after filing.

WAC 4-30-062 How do I apply to take the CPA examination?

The Board voted unanimously to adopt the rule with minor changes that do not change the general subject matter of the proposed rule. The Board voted for an implementation date 31 days after filing.

Minutes – January 29, 2016, Regular Board Meeting

The Board approved the minutes of the January 29, 2016, Board meeting as presented.

Board Policies Annual Review

The Board completed its annual review of all Board policies.

The Board voted to retain the following policies with no revisions:

- 2000-1 Continuing Professional Education and Licensing Requirements
- 2002-1 Substantially Equivalent Jurisdictions
- 2002-2 Expert Witness Services
- 2002-4 International Reciprocity
- 2003-1 Safe Harbor Report Language for Use by Non-CPAs
- 2004-1 Sanction and Penalty Guidelines
- 2004-2 Exam Applicant Disability Documentation and Testing Modification Guidelines
- 2011-1 Principles Underlying Board Rules
- 2011-2 Interim Policy Guidelines Pending Rule Changes
- 2012-1 Social Media
- 2015-1 Board Member Travel and Attendance at Group Gatherings

Minutes, April 19, 2016, Regular Board Meeting

The following policies may be considered at future meetings:

- 2002-4 International Reciprocity
- 2003-1 Safe Harbor Report Language for Use by Non-CPAs
- 2004-1 Sanction and Penalty Guidelines

NASBA Update

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

- Use of title project
- Education accreditation
- Implementation of the new CPA Examination
- Western Regional meeting being held in Denver, CO, June 22-24
- Ed intends on running for the Pacific Regional Director position for a third and final term

The Executive Director reported on the following topics from the Executive Director Conference:

- AICPA – Designation Chartered Global Management Accountant (CGMA)
- Education Accreditation

Rules Review

House Bill ESHB 2433 – Firm Mobility

The Board Chair led the discussion on the new law and the related necessary changes to WAC 4-30-010, WAC 4-30-034, WAC 4-30-058, WAC 4-30-090, WAC 4-30-110, WAC 4-30-112, WAC 4-30-114, WAC 4-30-130, WAC 4-30-140, and WAC 4-30-142.

The Board directed staff to file the CR-101 with the Office of the Code Reviser for the affected rules.

The Board scheduled a special meeting to be held by teleconference on June 8, 2016, at 1:30 p.m. The meeting will address the proposed revisions to the rules and the potential filing of the CR-102.

WAC 4-30-010 Definitions

Don Aubrey provided a handout with revised definitions for “Breach of Fiduciary Responsibilities/Duties” and “Fiduciary responsibility/duty” and led the discussion on the proposed revisions. The handout was added to the Board packet materials to replace the original materials contained in the Board packet. The revisions included adding definitions for:

- Fiduciary duty
- Breach of fiduciary duty

The Board directed staff to include minor changes to the current proposed revisions with the CR-102 filing for the revisions related to the passing of ESHB 2433.

WAC 4-30-142 What are the bases for the board to impose discipline?

The Executive Director presented the CR-101 draft, and Don Aubrey led the discussion on the proposed revisions. The revision added language to WAC 4-30-142(5)(h) to include not issuing an asset distribution report not containing all the disclosures outlined in RCW 11.96a.070 under the description of discharging a trustee’s duties in a negligent manner of breaching one’s fiduciary duties.

The Board directed staff to include minor changes to the current proposed revisions with the CR-102 filing for the revisions related to the passing of ESHB 2433.

WAC 4-30-050 What are the requirements concerning records and clients confidential information?

The Board Chair led the discussion on revisions to the rule requesting that Board Members begin considering potential changes.

WAC 4-30-051 What are the requirements concerning client records, including response to requests by clients and former clients for records?

Minutes, April 19, 2016, Regular Board Meeting

The Board Chair led the discussion on revisions to the rule requesting that Board Members begin considering potential changes.

Board Member Participation Summary

The Board Chair led the discussion on the Board Member Participation Summary. The summaries are to be completed annually for the October Board meeting.

Legal Counsel's Report

Bruce Turcott, the Board's legal counsel, reported on:

- Revisions to the Open Public Meetings Act, which increased the penalties for violations

Chair's Report

AICPA – NASBA UAA Update

Changes to Model Rules discussed at the Ft. Lauderdale conference:

- International pathway
- SSARS 21
- Continuing education
- Peer review

The Role of a Consulting Board Member (CBM)

- Review case/investigation file
- Discussion with other Board Member not allowed
- Brief Adjudicative Process (BAP) discussed

New Board Member Training in July

- Investigation process training to take place at July meeting
- Open Public Meetings Act training available online

Farewell to Board Members

Tom thanked Ed Jolicoeur, Don Aubrey, and Lauren Jassny for their commitment, contribution, and time dedicated to the Board throughout their years of service.

Charles also thanked the outgoing Board Members for all of their help.

Minutes, April 19, 2016, Regular Board Meeting

Executive Committee The Chair reported that the following topic was discussed during the committee teleconference:

- The Board meeting agenda

Compliance Assurance Oversight Committee Ed Jolicoeur reported on the Peer Review Oversight Committee's 2015 Annual Report.

Legislative Review Committee Favian Valencia had nothing to report.

Quality Assurance Committee Tom Neill reported on the results of the 2015 Continuing Professional Education (CPE) Audit.

Request Review Committee Elizabeth Masnari reported:

Firm Names: *Approved:*

Access Accounting and Tax Services PS
Long Enterprises, PLLC
Burt Tax & Accounting, Inc.
Fruci & Associates II, PLLC
H&M Associates, PLLC
Harris Accounting Associates PLLC
LTSP, Inc.
PKF O'Connor Davies, LLP
M E Bravos CPA
US&CO CPA's – WA, PLLC DBA US&CO Certified
Public Accountants PLLC

Professional/Educational Organization - Recognition Requests: During the 1st quarter 2016, the Board did not receive any requests for recognition of an educational organization for purposes of obtaining list requests.

Domestic or Foreign Education Credential Evaluation Services – Applications: During the 1st quarter 2016, the Board did not receive any requests for recognition of domestic or international education credential evaluation services.

Minutes, April 19, 2016, Regular Board Meeting

**State Ethics
Compliance
Committee**

Jim Ladd had nothing to report.

**Qualifications
Committee**

Emily Rollins had nothing to report.

**Performance Review
and Succession
Committee**

Emily Rollins requested that the committee schedule a meeting to review the performance review report.

**Social Media
Committee**

Favian Valencia had nothing to report.

**WSCPA Education
Fund Committee**

Elizabeth Masnari reported that the committee is scheduled to meet on May 10, 2016 with the Washington Society of CPAs (WSCPA).

**Executive Director's
Report**

Biennium to Date Expenditures

The Executive Director presented the Allotment Expenditure/Revenue BTD Flexible report.

Enforcement

- Two classified employees make up the enforcement team
- The case load is currently down to 19 cases

Peer Review

- Risk to the public exists from firms with failures and pass with deficiency results
- Looking at discipline for firms with repeat failures

Board Member Appointments and Reappointments

- Three open positions for appointments – multiple applications have been submitted to the Governor's office
- Two Board Members up for reappointment – applications must be completed by May 30, 2016

Scholarship Foundation and Governance

- Process is currently unknown
- Details still being sorted out

Minutes, April 19, 2016, Regular Board Meeting

Investigations Report	<u>AICPA and CGMA</u> The Executive Director expressed concerns over the use of the CGMA title. <u>Investigation Statistics/Investigations & Administrative Sanctions:</u> The Executive Director presented the following report to the Board: <ul style="list-style-type: none"><li data-bbox="699 562 1404 632">• Enforcement Report: January 1, 2016, through March 31, 2016
Public Input	The Board received input from representatives of the WSCPA throughout the meeting. Kimberly Scott reported on the WSCPA scholarships. <ul style="list-style-type: none"><li data-bbox="699 821 1105 852">• 311 applications received<li data-bbox="699 856 1081 888">• 172 qualified applicants<li data-bbox="699 892 1084 924">• 46 scholarships granted<li data-bbox="699 928 1078 959">• 16 schools represented<li data-bbox="699 963 1190 995">• 3.83 GPA average of recipients<li data-bbox="699 999 1304 1083">• \$175,000 distributed from WBOA funds transferred to the scholarship fund
Executive and/or Closed Session with Legal Counsel	A closed session was held regarding adjudicative proceedings which are not subject to the Open Public Meeting Act under RCW 42.30.140(3). James Ladd recused himself from the discussion.
Adjournment	The Board meeting adjourned at 1:15 p.m.

Minutes, April 19, 2016, Regular Board Meeting

Secretary

Chair

Vice-Chair

Member

Member

Member

Member

Member

Member