

WASHINGTON STATE BOARD OF ACCOUNTANCY

Minutes of a Regular Meeting of the Board

Time and Place of Meeting	9:00 am – 11:52 am Friday, January 31, 2014 The Doubletree Hotel Seattle Airport Cascade 13 18740 International Boulevard SeaTac, Washington
Attendance	Emily R. Rollins, CPA, Chair, Board Member Karen R. Saunders, CPA, Vice Chair, Board Member Elizabeth D. Masnari, CPA, Secretary, Board Member Robert G. Hutchins, CPA, Board Member Lauren C. Jassny, Board Member (Departed 11:00 am) Edwin G. Jolicoeur, CPA, Board Member Thomas G. Neill, CPA, Board Member Gerald F. Ryles, Board Member Bruce L. Turcott, Assistant Attorney General, Board Adviser Richard C. Sweeney, CPA, Executive Director Jennifer Sciba, Deputy Director Charles E. Satterlund, CPA, Director of Investigations Tia Landry, Enforcement Administrator Mosar Asmath, Forms and Records Analyst Kirsten Donovan, Board Clerk
Call to Order	Board Chair, Emily Rollins, called the regular meeting of the Board to order at 9:00 am. The Board Chair excused the absence of Donald F. Aubrey, CPA, Board Member. Mr. Aubrey provided the Board Chair with detailed updates in preparation for this planned absence. The Board Chair excused the pre-requested early departure of Lauren C. Jassny, Board Member.
Minutes – October 17, 2013 Annual Board Meeting	The Board approved the minutes of the October 17, 2013, annual Board meeting as presented.
Rules Review	<u>WAC 4-30-130 What are the quality assurance review (QAR) requirements for licensed CPA firms?</u> The Executive Director led a discussion on the proposed rule change. The change will include the Board initiating a monitoring process beginning on the 31 st day after the reviewed firm is notified by the peer reviewer that such

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person is proposing a grade of pass with deficiency or fail.

The Board directed staff to file a CR-102 and schedule a public rule-hearing in conjunction with the Board's April meeting.

New Rule Consideration

The Executive Director led a discussion on the new proposed rule regarding military personnel and spouses.

The Board directed staff to begin the rule-making process for a new rule regarding active and inactive military personnel and military spouses.

NASBA Nominations and Board Support

NASBA Vice-Chair: The Board Chair led a discussion on the submission of a letter to the nomination committee for the 2014-2015 NASBA Vice-Chair. The Board unanimously voted to support Janice L. Gray, CPA. The Board directed the Executive Director to draft a letter of support for Board approval.

NASBA Director-at-Large: The Board Chair led a discussion on the NASBA Director-at-Large position. The Board unanimously voted to support Laurie Tish, CPA. The Board directed the Executive Director to draft a letter of support for Board approval.

Board Response to Firm Mobility Proposal

The Board approved the draft letter submitted by the Board Chair and Executive Director.

The Board directed staff to submit the letter by close of business January 31, 2014.

NASBA Update

Emily Rollins provided the Board with an update on NASBA activities concerning firm mobility, on behalf of Don Aubrey, Pacific Regional Director for the National Association of State Boards of Accountancy (NASBA), who was unable to attend.

Legal Counsel's Report

Bruce Turcott, the Board's legal counsel, reported on his office's new Open Government Assistant Attorney General, Nancy Krier.

Chair's Report

The Board's Chair reported on:

The Review of Dismissed Cases: The Board Chair reviewed dismissed cases in the Olympia office in November 2013.

Quarterly reviews by a Board member will be performed, preferably before the Board meetings following the end of each calendar quarter.

Elizabeth Masnari volunteered to complete the first quarter review for 2014.

Edwin Jolicoeur volunteered to complete the second quarter review for 2014.

Financial Accounting Standards Board (FASB) Rules for Private Companies: The Board Chair discussed FASB's new Accounting Standards Updates, allowing alternative approaches to account for goodwill and interest rate swaps developed by the Private Company Council (PCC). She acknowledged that practitioners will need to consider the emerging variances in rules between private and public companies and the implications for private companies that may someday be designated as a "public business entity".

Executive Committee

The Board Officers met with the Executive Director via telephone on January 17, 2014. The Chair reported that the executive committee meeting topics were all discussed at different times during the Board meeting.

The Chair requested an update on the fraudulent transcript issue. Jennifer Sciba, Deputy Director, advised that NASBA was taking the lead on the issue.

**Compliance
Assurance Oversight
Committee**

Edwin Jolicoeur reported on the November 26, 2013 committee meeting and the discussion of peer reviews in process. Julie Phipps, WSCPA Manager of Practice Quality, will be issuing the report for the WSCPA.

Julie Phipps advised that 2012 Annual Oversight Report is now available to the WSCPA website.

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**Legislative Liaison
Committee**

Don Aubrey had nothing to report.

**Quality Assurance
Committee**

Tom Neill reported on the 2013 CPE audit. The Board discussed changes in future CPE audit reports.

The Board directed staff to include audit figures for all audits including self-reported/pre-lapsed reinstatement audits in subsequent CPE audit reports.

**Request Review
Committee**

Karen Saunders reported:

Firm Names: Approved:

K & J Accounting

Schwartz, Giannini, Lantsberger & Adamson

Yeadon & Co. CPAs, LLC

New Wave Financial Services, Inc

Meyer & Company CPAs PS

Berman & Company, P.A.

Bong Hillberg Lewis Fischesser LLP

Cynthia S. Dyck, CPA, MBA

Teuscher Ruf & Walpole LLC

Olympus Accounting Services LLC

Tombari Port Advisors, PLLC

Holthouse Carlin & Van Trigt LLP

Account Sense PLLC

Kobori Tax & Accounting, PLLC

Sarna & Company, Certified Public Accountants

Joseph Albert Lichtman Jr CPA A California Professional Corporation

Olympic Tax And Business Consulting, LLC

Advocate Accounting, LLC

Pyramid Financial + Tax, PLLC

Myers and Stauffer LC

The Rieke Irwin Group, PS Inc

Professional/Educational Organization - Recognition

Requests: During the 4th quarter 2013, 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.

Domestic or Foreign Education Credential Evaluation Services – Applications: During the 4th quarter 2013, the Board did not receive any requests for recognition of domestic or international education credential evaluation services.

CPE Extension Requests

A Total of 28 Requests were received

- 6 requests were for hours 16 or under
 - 6 requests were approved
- 22 requests were for hours 17 or over
 - 15 requests were approved
 - 2 requests were withdrawn due to completion of hours prior to 12/31/2013
 - 5 requests were denied and set to the pre-lapsed status for reinstatement

**State Ethics
Compliance
Committee**

Tom Neill had nothing to report.

**Qualifications
Committee**

Tom Neill had nothing to report.

**Executive Director
Evaluation and
Succession Task
Force**

Executive Director Evaluation: Robert Hutchins reported that Executive Director evaluations were sent to the Board members, Board staff, and the WSCPA. Not all responses have been received. All responses from Board staff have been received, for which Mr. Hutchins thanked Jennifer Sciba, Deputy Director, for facilitating.

Robert Hutchins requests that everyone who has yet to complete the evaluation do so as soon as possible.

A full report will follow once all evaluations have been submitted.

Succession: Robert Hutchins led a discussion concerning possible Board input into candidate selection for the next Executive Director, when the time arises. Mr. Hutchins will summarize key attributes and qualifications for the Board's consideration at a future meeting.

Executive Director's Report

Budget Review: The Executive Director provided the Board with an update on the agency's budget.

Public Records – Management Strategies: The Executive Director reported on building a public records grid and the possible use of redaction software.

Annual Report to the Governor: The Executive Director reported on the annual report to the governor and making changes to the report going forward.

Development in Education/ Student Apprenticeships: The Executive Director reported on student apprenticeships with Saint Martin's University students. Currently one apprentice is working on identifying links/ partnerships between United States colleges and universities and foreign universities.

Other projects will include a series of videos for the Washington State Board of Accountancy website.

Director of Investigations Report

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

- Investigation Statistics January 2003 through December 31, 2013.
- Case Status Report for the period ended December 31, 2013
- Investigations Results/Statistics through December 31, 2013

International Issues: Charles Satterlund discussed issues related to international enforcement.

Investigative Resources: Charles Satterlund discussed issues in dealing with the application of investigative resources and prioritizing the investigative effort in light of some complex cases that the Board's Enforcement office is dealing with. Gerald Ryles stated that the Board had a responsibility to deal with all complaints regardless

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of complexity or size of the entity involved.

Board Orders: The enforcement team will be taking on the task of follow-up on Board Orders.

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

No executive or closed sessions with legal counsel held.

Public Input

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

Adjournment

The Board meeting adjourned at 11:52 am.