

WASHINGTON STATE BOARD OF ACCOUNTANCY

Minutes of the Regular Meeting of the Board

Time and Place of Meeting	9:02 a.m. – 1:30 p.m. Thursday, July 14, 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 Thomas G. Neill, CPA, Board Member Emily R. Rollins, CPA, Board Member (Arrived at approximately 9:45 a.m.) Gerald F. Ryles, Public Board Member Karen G. Saunders, 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, Board Staff Lori M. Mickelson, Fiscal Manager, Board Staff Kelly Wulfekuhle, Customer Service Specialist, Board Staff George F. Shanafelt, CPA, Chair, Compliance Assurance Oversight Committee
Call to Order	Donald Aubrey, Chair, called the regular meeting of the Board to order at 9:02 a.m.
Welcome New Board Member	The Board Chair welcomed new Board Member Thomas G. Neill, CPA, to the Board. Governor Gregoire appointed Tom to the Board effective June 10, 2011.
Consent Agenda	The Board approved the following items on the consent agenda: <ul style="list-style-type: none">• Minutes of the April 25, 2011, Regular Board Meeting• Request Review Committee Report
Motions for Entry of Order on Default – Richard Charles Cornwell	The Executive Director presented a Motion for Entry of Order on Default and related documents to the Board in the matter of Richard Charles Cornwell. The Board entered Findings of Fact, Conclusions of Law and Default Order suspending Mr. Cornwell's CPA certificate and individual license to practice public accounting for five years. Prior to and as a condition of reinstatement, Mr. Cornwell must submit a complete

reinstatement application with appropriate fee(s), document the satisfactory completion of qualifying continuing professional education (CPE) required for reinstatement, pay a \$3,000 fine, reimburse the Board \$1,000 for investigative and legal costs, satisfy any other requirements imposed by the Board, and not violate the Public Accountancy Act or Board rules.

**Appendix A –
to Delegations
of Authority
for
Administrative
Notices of
Non-
Compliance
and
Respondent
Agreements
Misleading
Firm Names –
Proposed
Revisions to
UAA and
Model Rules**

The Executive Director presented proposed revisions to Appendix A of the Board's delegation to the Executive Director with concurrence of one Board Member to issue administration notices on non-compliance and respondent agreements. The Executive Director highlighted proposed changes to # 9 and # 14. The Board approved the appendix as revised with the understanding that the Executive Director and Consulting Board Member may use their discretion when imposing any administrative sanction.

The Executive Director reported on proposed revisions to the Uniform Accountancy Act (UAA) and the UAA Model Rules regarding guidelines as to what are and what are not misleading CPA firm names. Current Board rules address misleading firm names but do not specifically address networks and network firms so other rules such as the AICPA's Interpretation No. 101-17 apply. The agency is currently under a rule moratorium. The Executive Director believes the issues will resurface.

Ed Jolicoeur reported that he currently serves on the UAA Joint Task Force that is tasked with defining attest services.

**NASBA
Update**

The Executive Director provided the Board with an update on National Association of State Boards of Accountancy (NASBA) activities including the Relevance and Effectiveness Committee's work concerning the independence of accountancy boards.

**Legal
Counsel's
Report**

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

Chair's Report

The Chair reported on:

- A meeting with Legislative Representative Luis Moscoso
- A meeting with a representative from the Governor's office
- Changes to Circular 230 concerning Preparer Tax Identification Number (PTIN) registration

- Future Board member training on disciplinary procedures at the January 2012 Board meeting.

**Compliance
Assurance
Oversight
Committee**

Committee Chair Fred Shanafelt provided an annual report on oversight of the AICPA Peer Review Program for the period February 1, 2010, through May 31, 2011.

**Education
Exam Task
Force**

Washington State Legislation - The Education/Examination Task Force identified emerging issues related to educational qualifications to take the CPA examination including legislation passed by the 2011 Washington State Legislature concerning accelerated baccalaureate degrees and postsecondary credit opportunities for high school students. The Board directed the Task Force to analyze the emerging education issues including:

- The impact of the recent legislation
- The content of current academic course materials including those materials provided online and whether that content is adequate to satisfy current Board rule
- The 120 semester hour requirement vs. the 150 semester hour requirement

The Board asked the Task Force to, report back to the Board with recommended changes to Board rules, if necessary.

Foreign Education Evaluation Issues –Board staff has concerns that evaluations by recognized educational evaluation services are inconsistent and contrary to Board rule. The Board directed the Executive Director to work with evaluators by whatever means deemed necessary to advise the evaluation services of the Board's education rules and required adherence.

**Legislative
Liaison
Committee**

Committee Chair Ed Jolicoeur reported that pending legislation might be considered if the Board determines this is the time to present agency request legislation for the 2013 Legislative Session regarding diagnostic medical information and financial information (including estate distribution plans) provided to the Board by complainants and regulated individuals related to matters before the Board. The Executive Director will circulate draft legislation to Board members for consideration at a special meeting of the Board. Agency request legislation is due to the Governor's office in September.

A joint task force consisting of representatives from the Washington Society of CPAs (WSCPA) and the Board is going to look into a "CPA retired" status and possible changes to the Public Accountancy Act or Board rules. Ed Jolicoeur and

Tom Neill volunteered to represent the Board. Ed offered to serve as chair.

**Performance
Review Task
Force**

Task Force Leader Ed Jolicoeur reported that the task force has made a lot of progress. Ed visited the Olympia Board office on June 1 and the task force met on June 27. The Task Force's goal is make a report with recommendations to the Board at its October 13, 2011, meeting.

**Quality
Assurance
Review (QAR)
Committee**

2011 QAR Desk Review – Committee Chair Emily Rollins reported on the Board's annual desk review held June 8 and 9, 2011, at Highline Community College in Des Moines. Emily provided the Board with initial statistics and Emily reported that 22 reports did not include the revised reporting language required by SSARS #19 or included the revised reporting language prematurely. Reviewers did not have any other comments for six of those reports. The Board determined those reports should be graded "acceptable with comments."

2010 CPE Audit – Committee Chair Emily Rollins presented expanded statistics to the Board providing the Board with historical information for CPE audit. Emily reported that 120 individuals will be included in the 2011 CPE audit – 100 randomly selected and 20 included due to enforcement or extension request follow-up.

**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 2nd 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 2nd quarter 2011:

- 501CPAS LLC
- Allied Financial & Tax Services Inc.
- Arise Business Solutions, LLC, A Certified Public Accounting Firm
- Dixon Hughes Goodman LLP
- Fairwood CPA Services Inc. P.S.
- Fairwood CPA Services PLLC
- Fairwood Financial Services David A. Williams, CPA, CFP
- Fairwood Financial Services, PLLC
- Geffen Mesher & Co PC

- Jim Douthitt Consulting Services
- Lenning & Co. Inc.
- Mazars LLP
- Muckley Financial Services LLC
- Myers, Brettholtz & Company, PA
- RJG, A Professional Corporation

Late Fee Waivers – During 2nd quarter 2011, the Board received two QAR late fee waiver requests. The Executive Director and a consulting board Member approved them.

Professional/Educational Organization – Recognition Requests – During the 2nd quarter 2011, the Board received one request from Clemson University 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 approved the request.

**Executive
Director's
Report**

Budget Update – The Executive Director reported:

- Authorization to Hire – The Office of Financial Management (OFM) and the Department of Personnel (DOP) have given the Executive Director authorization to hire an administrative assistant to the Executive Director to serve as the agency's public records officer and to develop recommendations for agency reorganization and plan for succession.
- Enforcement Budget – The Executive Director provided the Board an Allocable costs to Investigations, Enforcement, Sanction Monitoring, and Resolution Schedule. The agency is spending approximately 20% of its budget on enforcement.

Investigation Statistics/Investigations & Administrative Sanctions

The Executive Director provided the following reports to the Board:

- Case Status Report through June 30, 2011
- Investigation Results/Statistics through June 30, 2011, as published on the Board's web site
- Investigation Statistics January 1990 through June 30, 2011

The Executive Director reported that the above statistics do not include all administrative sanctions imposed.

Definitions for Types of Violations – The Executive Director presented Agency Classification of Investigation Recommended by the Executive Director for the Board's consideration. The

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Executive Director recommends classifying investigations as:

- Potential or Immediate Public Harm Investigations
- Pending Investigations
- Compliance Investigations

Renewal Cycle and Online Services – The Executive Director provided the Board with renewal statistics including the fact that 98% of the 2011 renewal applications received were through the online service system rather than paper.

Meeting with Board Officers – The Executive Director and Board Officers did not meet prior to the meeting. The Board's Chair visited the Board's office on July 8, 2011.

WBOA-News – As of July 8, 2011, 1685 individuals have subscribed. This is a net increase of 17 individuals since April 15, 2011 – 1%.

Public Input Judy Love with the Washington Society of CPAs (WSCPAs) provided input throughout the meeting.

Adjournment The Board adjourned at 1:30 p.m.