

WASHINGTON STATE BOARD OF ACCOUNTANCY

Minutes of the Regular Meeting of the Board

Time and Place of Meeting	9:04 a.m. – 3:33 p.m. Thursday, July 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 Robert G. Hutchins, Public Board Member Edwin G. Jolicoeur, CPA, Board Member Elizabeth D. Masnari, CPA Emily R. Rollins, CPA, Board Member Karen R. Saunders, 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. and welcomed Karen Saunders, CPA, and Elizabeth Masnari, CPA, to the Board. Governor Gregoire appointed Karen and Elizabeth to the Board effective June 10, 2010.
Administrative Issues	The Chair advised Board Members of legislation that became effective July 1, 2010. The legislation prohibits any boards from holding meeting in private facilities without a waiver from the Office of Financial Management. Board staff is looking for public meeting space for future Board meetings and hearings.
Consent Agenda	The Board unanimously approved the following items on the consent agenda: <ul style="list-style-type: none">• Minutes of the April 29, 2010 Board Meeting with one correction• Request Review Committee Report
Independent Review of Board and Agency Policies and Procedures – Status Report	Robert Hutchins led the discussion of the Zwillingier Greek Zwillingier & Knecht PC, review of Board and agency policies and procedures. The Office of Financial Management (OFM) approved the contract and an exemption to the legislature's freeze on personal service contracts. The consultants prepared a draft summary report which was provided to Board members prior to the Board meeting. Mr. Hutchins reported the consultants were very thorough. Board members provided input regarding the draft summary report. Comments were relayed to the consultant. The consultant plans to provide a draft report to the Board via e-mail on August 2, 2010.

Mr. Hutchins will circulate the draft to Board Members for comment. The contractor expects to deliver the report of the Board's policies, practices and procedures to the Board the following week. This report will become a component of the final report for the legislature.

The consultant advised Mr. Hutchins that they can easily supplement their report to provide the legislature with an evaluation of the efficacy, economy, and accountability of merging the Board into the Department of Licensing. The consultant will provide the Board with an estimate as an amendment to the request for proposal.

The Executive Director advised the Board that the legislature's requirement for such an evaluation will have an economic impact on the agency's budget requiring a supplemental budget.

Rich Jones, Executive Director of the Washington Society of CPAs (WSCPAs) provided the Board with an update regarding the proposed merger legislation from the WSCPAs's point of view. The WSCPAs will provide the Board with reports and recommendations from two of its committees. The committees are collecting stakeholder input and evaluating the Board's organization, structure, and enforcement practices.

**Education
Evaluator –
Education
Credential
Evaluation
Service
(EDUCES)**

The Executive Director presented a request from Education Credential Evaluation Service (EDUCES) for recognition as an evaluator of education obtained outside of the United States. The Board resolved to recognize EDUCES as a foreign education evaluation service in addition to the recognition as an U.S. education evaluation service.

**Acceptability of
Electronic
Transcripts**

The Board resolved to accept official transcripts transmitted electronically directly from education institutions.

**Motions for
Entry of Order
on Default**

Lance M. Avery - The Executive Director presented a Motion for Entry of Order on Default and related documents in the matter of Lance M. Avery to the Board. The Board entered Findings of Fact, Conclusions of Law and Default Order revoking Mr. Avery's CPA certificate and eligibility to register, renew or reinstate his individual or firm licenses to practice public accounting as a CPA.

Scott Cobb, CPA-Inactive - The Executive Director presented a Motion for Entry of Order on Default and related documents in the matter of Scott Cobb to the Board. The Board entered Findings of Fact, Conclusions of Law and Default Order

revoking Mr. Cobb's CPA-Inactive certificate and eligibility to obtain an individual license to practice public accounting as a CPA or a CPA firm license for three years.

**Appeal of
Denial of
Request for a
List of
Individual CPAs
– Northwest
Capital
Conservers, Inc.**

The Board resolved to uphold the Executive Director's denial of a request from Northwest Capital Conservers, Inc. for a list of individual CPAs. The Board directed Board staff to refund the \$75 fee.

**Delegation of
Authority**

In January 2006, the Board delegated, in part, authority to the Executive Director with concurrence of one member of the Request Review Committee to review and approve or deny requests for recognition as professional associations or educational organizations for purposes of obtaining lists of individual CPAs.

The Board accepted the proposed revisions to the delegation to provide a mechanism for timely handling review of decisions denying recognition and ultimately lists of individual CPAs.

**CPE
Deficiencies –
Strategy**

The Board provided the following directive to staff:

- Applicants for renewal that self-report continuing professional education (CPE) deficiency during renewal have six months until June 30 of the renewal year to obtain the required CPE. The applicants must pay the \$480 reinstatement fee and carry deficient CPE back to the CPE reporting period for that renewal. The applicants are subject to CPE audit.
- After June 30 or if the CPE deficiency is not self-reported, staff is to follow the Board's delegation related to the issuance of Administrative Notices of Noncompliance and related guidelines for those deficient up to and including 16 hours. For those individuals deficient 17 hours and above refer to Enforcement.

**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.

The Board reviewed and revised critical rule changes that may have significant impact on stakeholders. The Board directed the Executive Director to go forth with the proposed rule-making as revised for hearing on or before October 29th. The Board directed staff to provide Board members, the WSCPA, and the Washington Association of Accountants with a copy of the proposed rule changes simultaneously with filing with the Code Reviser.

NASBA

Laurie Tish and Thomas Sadler provided the Board with an update on National Association of State Boards of Accountancy's (NASBA) activities.

Legal Counsel's Report

The Board's legal counsel reported on recent litigation.

Chair's Report

No report.

Committee Structure and Assignments

The Board evaluated its committee structure to ensure emerging issues are regularly and timely addressed at the Board level through active Board or advisory committees. The Board took the following action:

- CPA Exam Liaison: Don Aubrey Chair to liaison with Robin Clark and Ron Sabado serving on the Education and Examination Task force.
- CPE: Fold the duties of this committee under the Quality Assurance Review (QAR) committee
- Education Rule Committee: Fold the duties of this committee under the QAR committee
- Experience Committee: Fold the duties of this committee under the QAR committee
- Investigation and Enforcement Committee: Tabled. The Executive Director will obtain board member input and bring back for Board's consideration at its October meeting.
- Outreach Committee: Eliminate
- Quality Assurance Review Committee: Emily Rollins, Chair, Edwin Jolicoeur and Elizabeth Masnari, members
- Request Review Committee: Karen Saunders, Chair, Laurie Tish and Gerald Ryles, members.

Minutes, July 29, 2010, Regular Board Meeting

Compliance Assurance Oversight Committee Committee Chair Fred Shanafelt had nothing to report for this meeting. He and his committee members are attending Report Acceptance Bodies (RAB) meetings (one committee member at each meeting).

Education Exam Task Force Committee member, Robin Clark and Ron Sabado had nothing to report at this meeting. They expect to report something by the October meeting.

Legislative Liaison Committee No report.

Quality Assurance Review (QAR) Committee The Executive Director reported for committee co-chair Emily Rollins. He provided the Board with a status report for the Board's 2010 QAR program as of July 15, 2010, and advised that of the 141 reports submitted for review, 30 were initially graded as "unacceptable." The QAR committee plans to meet on August 19 to review licensee responses to the findings.

Request Review Committee The following report was approved under the consent agenda:

CPE Extensions – As of January 1, 2010, the Board did not accept extension requests.

Firm Names – The Executive Director and a Consulting Board member approved the following firm names during 2nd Quarter 2010:

- Mueller Accounting Solutions, LLC
- Eagle Harbor CPA, PLLC
- Contineo Compliance PLLC
- Financial Forensics, LLC
- Regal Certified Public Accounting

Late Fee Waivers – During 2nd quarter 2010, the Board received 40 late fee waiver requests. The Executive Director took the following action:

Approved:
Individuals: 29
Firm – 2
QAR - 8

Denied:
Individuals: 1

Professional/Educational Organization – Recognition Requests – During the 2nd quarter 2010, the Board received three requests 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:

- Mckenzie Chase Management, Inc.
- *Employer Resources Northwest*

Denied: NW Capital Conservers, Inc.

**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. The Executive Director took the following action for individuals reporting CPE deficiencies:

Failure to complete ethics CPE: 195
Administrative Sanctions: 123
Renewed without prejudice action pending: 72

Failure to complete the required 120 CPE hours: 24
16 hours and under:
Administrative Sanctions: 2
Over 16 hours:
Renewed without prejudice and referred to
Enforcement: 22

Investigation Statistics/Investigations & Administrative Sanctions

The Executive Director provided the following reports to the Board:

- Investigation Statistics January 1990 through June 30, 2010
- 2010 Second Quarter Closed Investigations & Administrative Sanctions
- 2010 Closed Investigations & Administrative Sanctions through 2nd Quarter
- 2007-2010 Closed Investigations & Administrative Sanctions for the First Quarter for Each Year
- 2007-2010 Closed Investigations & Administrative Sanctions for Each Calendar Year

Board members expressed a need for more informative investigation statistics especially for those cases involving public harm and the time to bring the cases to resolution. The

Minutes, July 29, 2010, Regular Board Meeting

Executive Director will provide the Board with expanded statistics at the next meeting.

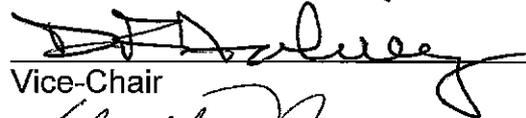
WBOA-News – As of July 20, 2010, 1,578 individuals have subscribed. This is a net increase of 18 individuals since April 23, 2010 – 1.2%.

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

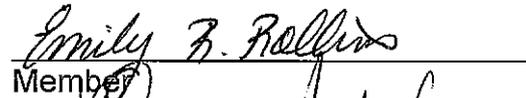
Executive Session with Legal Counsel The Board did not meet in Executive Session with Legal Counsel.

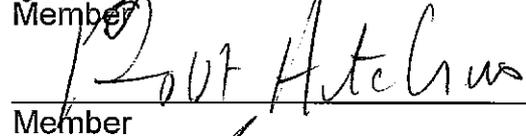
Adjournment The next Board meeting is scheduled for October 29, 2010. The Board adjourned at 3:33 p.m.


Chair


Vice-Chair


Member


Member


Member


Member


Member

Member

Secretary