

WASHINGTON STATE BOARD OF ACCOUNTANCY

Minutes of a Regular Meeting of the Board

Time and Place of Meeting	9:03 a.m. – 2:00 p.m. Friday, July 29, 2016 North Seattle College 9600 College Way North, Room CC1161 Seattle, Washington 98103
Attendance	<u>Board Members</u> Thomas G. Neill, CPA, Chair, Board Member Elizabeth D. Masnari, CPA, Vice Chair, Board Member James R. Ladd, CPA, Secretary, Board Member Emily R. Rollins, CPA, Board Member Karen R. Saunders, CPA, Board Member Favian Valencia, Public Member Rajib Doogar, Public Member Mark Hugh, CPA, Board Member Joel Cambern, Public Member <u>Staff and Advisors</u> Charles E. Satterlund, CPA, Executive Director (left at 12:52) Bruce Turcott, Assistant Attorney General, Board Advisor (left at 12:52) Jennifer Sciba, Deputy Director Kirsten Donovan, Board Clerk
Public Rule-Making Hearing	The Board held a public rule-making hearing from 9:08 a.m. to 9:30 a.m. The Board Chair presided. The Board proposed to amend: <ul style="list-style-type: none">• WAC 4-30-010 – Definitions• WAC 4-30-034 Must I respond to inquiries from the board?• WAC 4-30-058 Does the board authorize the use of any other titles or designations?• WAC 4-30-090 Must an out-of-state individual holding a license from another state apply and obtain a Washington state license to hold out and practice in Washington state?• WAC 4-30-110 What are the allowable legal forms of organization and ownership for a CPA firm?

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- WAC 4-30-112 Must a firm holding a license from another state apply and obtain a Washington state license to hold out and practice in Washington state?
- WAC 4-30-114 How do I apply for and maintain a firm license?
- WAC 4-30-130 What are the quality assurance review (QAR) requirements for licensed CPA firms?
- WAC 4-30-142 What are the bases for the board to impose discipline?

The Board Chair presented a brief statement on each rule.

No written comments were received.

**WSCPA 2015-2016
Special Award**

The Washington Society of Certified Public Accountants (WSCPA) presented Jennifer Sciba, Deputy Director, with the WSCPA 2015-2016 Special Award for dedication to the CPA profession in Washington State.

Call to Order

Board Chair, Tom Neill, called the regular meeting of the Board to order at 9:35 a.m.

Rules Review

The Board discussed the rule revisions in the CR-102 filing as one group.

WAC 4-30-010 Definitions

WAC 4-30-034 Must I respond to inquiries from the board?

WAC 4-30-058 Does the board authorize the use of any other titles or designations?

WAC 4-30-090 Must an out-of-state individual holding a license from another state apply and obtain a Washington state license to hold out and practice in Washington state?

WAC 4-30-110 What are the allowable legal forms of organization and ownership for a CPA firm?

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WAC 4-30-114 How do I apply for and maintain a firm license?

WAC 4-30-130 What are the quality assurance review (QAR) requirements for licensed CPA firms?

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

The Board voted unanimously to adopt the rules as proposed, except WAC 4-30-142 which the Board voted to adopt 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 – April 19, 2016, Regular Board Meeting

The Board approved the minutes of the April 19, 2016, Board meeting with an edit to the Rules Review section regarding WAC 4-30-010.

Minutes – June 8, 2016, Special Board Meeting

The Board approved the minutes of the June 8, 2016, Board meeting as presented.

Chair's Report

Welcome to New Board Members

Tom welcomed the new Board Members, Rajib Doogar, Mark Hugh, and Joel Cambern. Each new Board Member introduced himself and spoke about his background.

Overview of Rules Concerning Conflict of Interest

- WAC 4-30-040 What are the requirements concerning integrity and objectivity?
- WAC 4-30-048 Compliance is required with which rules, regulations and professional standards?

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- IRS Circular 230
- AICPA Code of Professional Conduct 1.110.010

The discussion included waivers, the timing of waivers, and defining conflict of interest.

Jim Ladd and Rajib Doogar agreed to draft a proposed definition of conflict of interest to be considered at the October Board meeting.

Interaction with the Public

The Board Chair led the discussion on the importance of Board Members refraining from discussing enforcement cases with anyone except (1) Board staff if you are acting as the Consulting Board Member or (2) with each other at a Hearing during the deliberation process.

Bruce Turcott, the Board's legal counsel, advised on when it is necessary for a Board Member's recusal from a case when a respondent is known to the Board Member.

NASBA Update

The Board Chair and Executive Director reported on the NASBA Western Regional Meeting held June 22-24, 2016 in Denver, CO. Topics included:

- Exam changes
- Changes in the Peer Review Program

Jim Ladd attended the New Accountancy Board Member Orientation and highly recommended it to the new Board Members.

The Board Chair added that NASBA is currently discussing the topic of a cross-border firm mobility pilot-test program with Canada.

Legal Counsel's Report

Complaints, Investigations, and the Adjudicative Process

Charles Satterlund and Bruce Turcott co-presented a PowerPoint overview of the investigation and adjudicative process.

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Indemnification of Board Members

- What statutes or rules cover Washington State Board Members
- Impact of the North Carolina Dental Board case

Bruce stated that a PowerPoint presentation regarding anti-trust issues will follow at a future Board meeting.

He also advised that if a lawsuit is brought against a Board Member that he or she should submit a request for defense to the Attorney General's Office.

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

- The Board meeting agenda

Compliance Assurance Oversight Committee Karen Saunders had nothing to report.

Legislative Review Committee Favian Valencia had nothing to report.

He asked for a volunteer to become a member of the committee. Mark Hugh replaces Don Aubrey as a member of the committee.

Quality Assurance Committee Tom Neill had nothing to report.

Request Review Committee Elizabeth Masnari reported:

Firm Names: *Approved:*

Right CPA LLC
TJ CPA PC
J K Baerwald, CPA
ALP Tax & Accounting Services, Inc
Sanneson LLC
Whatcom CPA Group PLLC
Trans-Pacific Accounting and Business Consulting, LLC
Viridian CPA LLC
CIL Consulting Inc

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Keene.cpa, PS
KWC Tax, LLC
EKL Accounting Solutions, PLLC

Professional/Educational Organization - Recognition Requests: During the 2nd quarter 2016, the Board approved the University of Washington School of Law for recognition as an educational organization for purposes of obtaining list requests.

Domestic or Foreign Education Credential Evaluation Services – Applications: During the 2nd quarter 2016, the Board did not receive any requests for recognition of domestic or international education credential evaluation services.

Late Fee Waiver Requests – Late Fee Waiver Requests were received between 05/01/2016 and 06/30/2016.

A Total of 9 Requests were Received

- 6 requests for an Individual CPA License
 - 6 Request Approved
 - 0 Requests Denied
- 1 requests for a CPA-Inactive Certificateholder
 - 1 Requests Approved
 - 0 Requests Denied
- 2 requests for a CPA Firm License
 - 2 Requests Approved
 - 0 Requests Denied

**State Ethics
Compliance
Committee**

Jim Ladd had nothing to report.

**Qualifications
Committee**

Emily Rollins had nothing to report.

Rajib Doogar is added as a member of the committee.

**Performance Review
and Succession
Committee**

Emily Rollins reported that the survey to evaluate Executive Director performance is being reworked into three areas:

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- Public protection
- Operational
- Communication/effectiveness with Board

Joel Cambern replaces Lauren Jassny and Don Aubrey as a member of the committee.

Social Media Committee

Favian Valencia had nothing to report.

WSCPAs Education Fund Committee

Elizabeth Masnari had nothing to report.

Executive Director's Report

AICPA Peer Review Consolidation

The Board Chair asked Rich Jones, CPA, President and CEO of the WSCPAs, to give an overview of the proposed consolidation. The Board Chair led the discussion of the proposal.

The Board directed staff to prepare a comment letter for the AICPA Peer Review Program by September 15, 2016. The letter will be distributed by email to the Board Members. A date will be determined for review by teleconference.

Agency Enterprise Risk Management (ERM) Efforts to Respond to Governor's Executive Order

The Deputy Director advised the Board of the agency's efforts.

Communicating Investigation Process on the Website

The Deputy Director advised that staff is currently working on updates to the website.

Current Budget Report

The Deputy Director presented the Allotment Expenditure/Revenue BTD Flexible report for transactions run through June 30, 2016.

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**Investigations
Report**

Investigation Statistics/Investigations & Administrative Sanctions: The Board Chair presented the following report to the Board:

- Enforcement Report: April 1, 2016, through June 30, 2016.

**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 2:00 p.m.

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Secretary

Chair

Vice-Chair

Member

Member

Member

Member

Member

Member