

WASHINGTON STATE BOARD OF ACCOUNTANCY

Minutes of the Regular Meeting of the Board

- Time and Place of Meeting** 9:09 a.m. – 2:33 p.m. Friday, October 29, 2010
Washington State Criminal Justice Training Commission
Classroom # C-220
19010 First Ave So
Burien, Washington
- Attendance** Gerald F. Ryles, Chair, Public Board Member
Donald F. Aubrey, CPA, Vice-Chair, Board Member
Lauren C. Jassny, Secretary, Public Board Member
Robert G. Hutchins, Public Board Member
Edwin G. Jolicoeur, CPA, Board Member
Elizabeth D. Masnari, CPA, Board Member
Emily R. Rollins, CPA, Board Member
Karen R. 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
- Rules Hearing** The Board held a public rule-making hearing from 9:09 a.m. to 11:00 a.m. The Board proposed to amend and decodify chapter 4-25 WAC, add five new sections, and repeal one section.
- The Executive Director presented the rule-making proposals categorized as follows :
- New rules
 - Substantively modified rules
 - Non-substantive structural changes
- Board Member, Donald Aubrey, presented new section WAC 4-30-051. Mr. Aubrey explained this proposal was the result of a task force review initiated by the Executive Director. The proposal brings the Board's rule into alignment with the American Institute's (AICPA's) Rule 501.
- Written Testimony
In addition to written comments received prior to the hearing, the Board received written comments from the following participants at the hearing:
- Thomas Neill, CPA
 - Washington Society of CPAs (Richard Jones, CPA)
 - Washington Association of Accountants (Gerald Miller)
 - Jerry Gintz

Oral Testimony

The Board heard oral testimony on the rules under consideration from the following participants:

- Thomas Neill, CPA, of Finney, Neill and Company PS
- Gerald Miller, Washington Association of Accountants
- Rich Jones, CPA, President and CEO, Washington Society of CPAs
- Jerry Gintz, Accountant
- Gary Smith, Independent Business Association

The Board Chair announced that the Board would deliberate on the oral and written testimony and the proposed rules during its regularly scheduled Board meeting later in the day. All participants will be notified in writing of the Board's decision regarding the proposed rules.

Call to Order

Gerald Ryles, Chair, called the annual meeting of the Board to order at 11:19 a.m.

Rules Review

The Board deliberated on the public testimony (written and oral) received on the proposed rules under consideration.

After discussion, the Board voted to adopt the proposed rules as published in the CR-102 with the exception of WAC 4-25-640, WAC 4-25-670, and WAC 4-30-051.

The Board will consider all written and oral testimony regarding WAC 4-25-640, WAC 4-25-670, and WAC 4-30-051. If revisions are determined to be necessary and the revisions are substantial, the Board will file a supplemental notice with the code reviser, and reopen any revised proposals for public comment.

Donald Aubrey asked that Board Members provide him with any feedback regarding electronic records.

Performance Review Status Report

Robert Hutchins provided a brief status summary regarding the Performance Review. He advised the Board that the prior contract awarded to Zwillinger Greek Zwillinger & Knecht PC (Zwillinger) was amended to engage Zwillinger to prepare a supplemental report, referred to as the "Merger Report." The Office of Financial Management (OFM) approved the amended contract on September 29, 2010. The Merger Report will evaluate whether a merger of the Board into the Department of Licensing would more likely than not produce a Board that will

operate more economically, and with greater accountability to the public and to licensees, than is currently the case. A draft Merger Report is due to the Board and the Department of Licensing for comment on November 15, 2010. The final Merger Report is due to be delivered to the appropriate committees of the legislature by December 1, 2010.

Chair's Report Election of 2011 Officers

The Chair presented the following slate of officers to serve during 2011:

- Chair – Donald F. Aubrey, CPA
- Vice-Chair – Robert G. Hutchins
- Secretary – Lauren Jassny

No other nominations were made from the floor. The Board cast a unanimous vote for the slate of officers as presented. The new officers will assume their duties January 1, 2011.

2011 Board Meeting Locations and Dates

Board rule (WAC 4-25-510) provides that Board meetings begin at 9:00 a.m. on the last Friday of the month in the months of January, April, July, and October or as otherwise determined by the Board. The Board directed Board staff to poll all Board members for availability to establish the 2011 Board meeting schedule.

The Executive Director advised the Board of his election as chair to the National Association of State Boards of Accountancy's (NASBA's) Executive Director's Committee. Other than his absence from the Board's office, his service on this committee will have no financial impact on the agency. The Executive Director takes vacation when committee participation requires travel.

**Consent
Agenda**

The Board unanimously approved the following items on the consent agenda:

- Minutes of the July 29, 2010 Board Meeting
- Request Review Committee Report

**Roy A. Lentz –
Request for
Modification
Revocation
Order**

Roy A. Lentz asked that the Board suspend the remaining time limitations contained in the Stipulation and Agreed Order he entered into with the Board on April 12, 2004. In addition to other things, the order requires Mr. Lentz to serve at least nine years and six months of the revocation before the Board will consider an application of the CPA examination. Under those

terms, Mr. Lentz would not be allowed to apply for the exam until October 12, 2013. Mr. Lentz personally presented his request to the Board.

Executive Session with Legal Counsel

The Board went into Executive Session with legal counsel from approximately 12:48 p.m. until 1:18 p.m. At approximately 1:25 p.m., the Board reconvened and announced the Board's decision to defer Mr. Lentz' request to the January 2011 Board meeting.

NASBA

Donald Aubrey reported on the Annual National Association of State Boards of Accountancy (NASBA) meeting in San Antonio, Texas October 24 through 27.

Thomas Sadler provided the Board with an update on NASBA activities. He also thanked the Board for all the support the Board provided throughout his 15-year service with NASBA.

Legal Counsel's Report

The Board's legal counsel reported on recent litigation and on a recent court case related to public records.

The Board asked Board staff to again provide Board Members with legal counsel's most recent litigation hold notice and the agency's administrative policy on records retention.

Compliance Assurance Oversight Committee

Committee Chair Fred Shanafelt had nothing to report for this meeting. He and his committee members continue to observe Report Acceptance Bodies (RAB) meetings and reviews seem to be progressing.

Education Exam Task Force

No report.

Legislative Liaison Committee

No report.

Quality Assurance Review (QAR) Committee

Committee co-chair Emily Rollins presented the statistics for the Board's 2010 QAR program as of October 15, 2010.

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 3rd Quarter 2010:

- Vincent S Poon, CPA
- New Paradigm Financial Group, LLC
- Wipfli LLP
- Blue Stone Accounting LLC
- The Nilson Group
- Business Resource Center Inc
- C & L Professional Services Group Inc., P.S.

Late Fee Waivers – No activity during 3rd quarter 2010

Professional/Educational Organization – Recognition Requests – During the 3rd quarter 2010, the Board received one request 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:

- Advantage Accounting Seminars

Denied:

None

**Executive
Director's
Report**

CPE Deficiencies - Individuals renewing their credential in 2010 reported any CPE deficiencies prior to June 30th or their credential lapsed. There was nothing to report for the period July 1, 2010, through September 30, 2010.

New processes – The Executive Director reported on new processes for communicating with licensees and certificate holders. He asked if there is something better the agency can do to communicate to its stakeholders. The Executive Director will provide Board Members with the Texas "Pathways" script.

Coordination of Enforcement Recommendations and Actions – The Executive Director reported on steps the agency is taking to coordinate enforcement recommendations and actions.

Investigation Statistics/Investigations & Administrative Sanctions
The Executive Director provided the following reports to the Board:

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- Case Status Report through September 30, 2010
- Investigation Statistics January 1990 through September 30, 2010

The Executive Director will provide enforcement statistics from other state boards at the January 2011 Board meeting.

Meeting with Board Officers – The Executive Director reported on his meeting with Board officers and Robert Hutchins on Monday, October 4, 2010.

WBOA-News – As of October 18, 2010, 1,602 individuals have subscribed. This is a net increase of 24 individuals since July 20, 2010 – 1.5%.

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.

Adjournment

The Board adjourned at 2:33 p.m.