

# WASHINGTON STATE BOARD OF ACCOUNTANCY

## Minutes of the Annual Meeting of the Board

<b>Time and Place of Meeting</b>	9:09 a.m. – 1:55 p.m. Thursday, October 22, 2009 The Doubletree Hotel Seattle Airport, Cascade 11 18740 International Boulevard SeaTac, Washington
<b>Attendance</b>	Edwin G. Jolicoeur, CPA, Chair Gerald F. Ryles, Vice-Chair Laurie J. Tish, CPA, Secretary Donald F. Aubrey, CPA, Board Member Robin A. Clark, CPA, Board Member Lauren C. Jassny, Public Board Member Ronald D. Sabado, CPA, Board Member Mary M. Tennyson, Senior Assistant Attorney General Thomas J. Sadler, CPA Deputy Director Diane M. Bren, CPA, Assistant Director of Operations and Investigations Cheryl M. Sexton, Executive Assistant
<b>Call to Order</b>	Edwin G. Jolicoeur, Chair, called the meeting to order at 9:09 a.m.
<b>Consent Agenda</b>	The Board unanimously approved the following items on the consent agenda as presented: <ul style="list-style-type: none"><li>• Minutes of the July 28, 2009, Regular Board Meeting</li><li>• Minutes of the September 25, 2009, Special Board Meeting</li><li>• October 2, 2009, Special Board Meeting</li><li>• Request Review Committee Report</li></ul>
<b>NASBA/AICPA Presentation</b>	Ken Bishop, Senior Vice President and Director of CPA Examination Operations, with the National Association of State Boards of Accountancy (NASBA) made a presentation to the Board regarding the joint efforts of the American Institute of CPAs (AICPA) and NASBA towards the international administration of the Uniform CPA Examination. Eleven states examine a material number of international candidates. International administration of the CPA examination will provide candidates with the ability to sit in home countries. It is projected that phase one of the international administration of the examination will be launched in Japan in August 2010.
<b>NASBA - Update</b>	Laurie Tish and Thomas Sadler provided the Board with updates from NASBA. Laurie reported that the Uniform Accountancy Act Committee is currently discussing misleading/fictitious CPA firm names. A joint NASBA/AICPA CPA Firm Name Study Group has issued a white paper on the topic.

Ken Bishop conveyed that NASBA is pleased with the award of the contract to provide administration of the CPA exam for Washington applicants to CPA Examination Services.

The Chair commended Thomas Sadler for his service as NASBA's 2008-09 Chair.

**Reinstatement**

Gordon H. Flattum – Petition for Reconsideration – Senior Assistant Attorney General, Mary Tennyson, presented Gordon H. Flattum's petition for reconsideration of the Board's September 29, 2009, order denying his application for the reinstatement of his CPA license. The Board reconfirmed that Mr. Flattum's March 8, 1993, conviction was related to public accounting and that he had not met the requirements of the original revocation order to qualify for reinstatement, and denied Mr. Flattum's petition.

Andrew Dressler III – License Reinstatement Application – The Assistant Director of Investigations, Diane Bren, presented Andrew Dressler's application for the reinstatement of his CPA license. The Board resolved to reinstate Mr. Dressler's CPA license without probationary status as of October 22, 2009.

**Policy Review  
– 2002-4  
International  
Reciprocity**

The Deputy Director presented proposed revisions to the Board's Policy 2002-4 International Reciprocity. NASBA and the AICPA, operating jointly as the U.S. International Qualifications Appraisal Board (U.S. IQAB), completed a thorough study of the Chartered Accountant credential issued by the New Zealand Institute of Chartered Accountants and on August 12, 2009, recommended that boards consider adopting the Mutual Recognition Agreement between US IQAB and the New Zealand Institute of Chartered Accountants.

The Board accepted the modification to the policy as submitted to incorporate the New Zealand Institute of Chartered Accountant with a Certificate of Public Practice credential for purposes of granting a license under RCW 18.04.183.

**Rules Review –  
Public Records**

The Board tabled consideration of revisions to WAC 4-25-520 and Policy 2000-2 Public Inquiries.

**Legal  
Counsel's  
Report**

The Board's legal counsel, Mary M. Tennyson, Senior Assistant Attorney General (AAG), reported that a global settlement through mediation had been reached in all matters in dispute between the Board and D. Edson Clark. Ms. Tennyson reported she would be working with staff for compliance with the settlement. The one and one half days of mediation are confidential.

Ms. Tennyson reported the transition of AAG assignments:

- Bruce Turcott, AAG, will serve as the Board's legal advisor.
- Jacqueline DB Walker will serve as the AAG for prosecution.

Board Members thanked Mary for her years of service and Robert Hutchins for his role in mediation.

Bruce Turcott joined the Board for lunch and provided his bio to Board members.

## **Chair's Report**    Election of 2010 Officers

The Chair presented the following slate of officers to serve during 2010:

- Chair – Gerald F. Ryles
- Vice-Chair – Donald F. Aubrey, CPA
- 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, 2010.

### 2010 Board Meeting Locations and Dates

The Board established the following schedule for the 2010 Board meetings:

- January 28, 2010, Thursday - SeaTac
- April 29, 2010, Thursday - SeaTac
- July 29, 2010, Thursday – SeaTac
- October 29, 2010, Friday – SeaTac

### Committee Assignments

Mark Pearson resigned from service as a Board member. Ronald Sabado volunteered to serve as the interim co-chair of the Quality Assurance Review (QAR) Committee. The Board recognized Mark Pearson's contribution during his term on the Board.

### Review/Evaluation of Processes, Activities, Controls

The Board resolved to appoint a task force of the Board to engage a qualified independent consultant(s), selected through the RFP (Request for Proposals) process, to perform a review of the agency and board policies, procedures, roles and responsibilities.

The Board appointed Laurie Tish, Lauren Jassny, and Robert Hutchins to serve on the task force directing the process, interfacing with the AAG, and providing a link between the Board and staff.

**Compliance Assurance Oversight Committee**

Thomas Sadler, Deputy Director, provided a verbal report to the Board for Committee Chair, Fred Shanafelt.

**CPA Exam Liaison Committee**

Robin Clark, Committee Chair, reported that CPA Examination Services (CPAES), a division of NASBA, was the successful bidder in response to the Board's Request for Proposal to provide administration of the CPA exam for Washington applicants. Once the contract is finalized, it will become effective January 1, 2010.

WAC 4-25-530 Fees - Proposed Amendment

The CPAES proposal included new administrative fees for exam candidates. Therefore, it is necessary that the Board revise the fees it charges for the administration of the CPA exam beginning January 1.

The Board directed staff to file a CR-102 – Proposed Rule Making with the Code Reviser's office for hearing in Olympia on November 24, 2009, at 9:00 a.m. The Board will hold a special meeting by telephone to conduct the rules hearing, consider any testimony, and deliberate on the proposal.

The Board tabled any change to the fees charged for quality assurance review (QAR) pending advice from the AAG.

**CPE Committee**

No report.

**Education Rule Review Committee**

No report.

**Legislative Liaison Committee**

No report.

**Outreach Committee**

No report.

**Qualifications Committee**

No report.

**Quality Assurance Review (QAR) Committee**

The Assistant Director of Operations and Investigations, Diane Bren, presented a status report for the Board's 2009 QAR program as of August 21, 2009.

**Request  
Review  
Committee**

The following report was approved under the consent agenda:

CPE Extensions – During the third quarter of 2009, the Board received two extension requests where the CPE deficiency was more than 16 CPE credit hours. The Executive Director and a Consulting Board Member have not taken action on these requests.

Firm Names – The Executive Director and a Consulting Board member approved the following firm names during the third quarter of 2009.

- CPA, Business/Tax Consultant, PLLC
- Acell, PA

Late Fee Waivers – During the third quarter of 2009, the Board received no late fee waiver requests.

Professional/Education Organization – Recognition Requests – Since the July 2009 Board meeting, the Board received one request for recognition. The Executive Director and a Consulting Board Member from the Request Review Committee *recognized* the following as educational organizations for purposes of obtaining lists of individual CPAs:

- Asset Planning & Management, Inc.

**Rule Review  
Task Forces**

QAR  
See Meeting with Board Officers below.

Experience

Robin Clark reported on the conclusions from an October 1, 2009, meeting between Robin Clark, Thomas Sadler, Diane Bren and Judy Love from the WSCPA, to further discuss experience affidavits and requirements for verifying CPAs. Robin also presented a draft proposal for changes to the Board's experience rule, WAC 4-25-730.

The Board directed the Experience Task Force to reevaluate the verifying CPA and fee issues, activate the Experience Committee, and bring a revised form with the next revised rule proposal. Robin volunteered to serve on the Experience Committee.

**Executive  
Director's  
Report**

The Executive Director could not attend the meeting for personal reasons.

CPE Extensions (16 hours and under) – During 3rd quarter 2009, the Board received no requests for extension of time to complete CPE of 16 hours and under.

Investigation Statistics/Investigations & Administrative Sanctions

The Assistant Director of Investigations, Diane Bren, presented the following reports to the Board:

- Investigation Statistics January 1990 through September 30, 2009
- 2009 Third Quarter Closed Investigations & Administrative Sanctions
- 2006-2009 Closed Investigations & Administrative Sanctions for Each Calendar Year
- 2006-2009 Closed Investigations & Administrative Sanctions for the Third Quarter for Each Year

Meeting with Board Officers

The Executive Director met with Board officers on October 21, 2009. Board Chair, Ed Jolicoeur, reported:

- Applicability of QAR to non-financial statement engagements where a report is required by professional standards – The officers clarified that agreed-upon procedures fall under the definition of attest services. Firms should be licensed and undergo QAR.
- Rules review – With the exception of necessary rule-making, the officers agreed with an overall strategy of a comprehensive review of all Board rules and policies upon receipt of the results of the special review/evaluation of the agency and Board's processes, activities, and controls.
- Engagement reviews – The officers clarified that staff should accept engagement reviews on compilations and reviews under the revised peer review standards.
- Working towards rule amendments to facilitate:
  - Requiring all firms providing audit work to undergo peer review
  - The Washington Society of CPAs' (WSCPA) willingness to perform system peer review of non members.
- The officers agreed with the Executive Director's acceptance of California's recognition of an applicant's graduation from a Canadian institution for the Certified General Accountant credential as equivalent to a U.S. bachelor's degree for purposes of taking the CPA exam.
- Dual residency and licensure – The officers' consensus was that the individual needs to be licensed where the individual practices.

WBOA-News – As of October 16, 2009, 1,461 individuals have subscribed. This is a net increase of 35 individuals since July 22, 2009 – 2.5%.

**Public Input**

The Board heard public input from Wright Noel, Attorney at Law; Roland Thompson, Executive Director of Allied News; and

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Kurt Olson, Attorney for D. Edson Clark. Mr. Olson provided the Board with a copy of Allied Law Group's request for investigation of the Executive Director Richard Sweeney, and Director of Investigations Thomas Sadler submitted to the State Auditor's Office on June 12, 2009

**Executive Session with Legal Counsel**

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

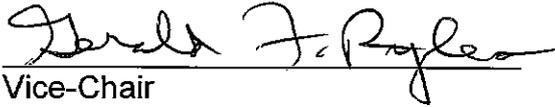
**Adjournment**

The Board adjourned at 1:55 p.m.

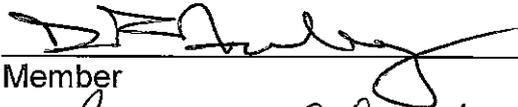


Chair

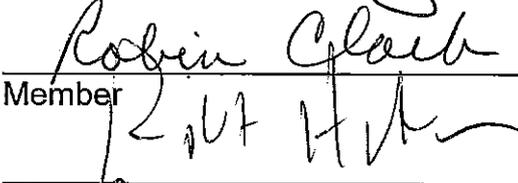
Secretary \_\_\_\_\_



Vice-Chair



Member



Member



Member



Member

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Member