

WASHINGTON STATE BOARD OF ACCOUNTANCY

Minutes of the Annual Meeting of the Board

Time and Place of Meeting	9:07 a.m. –1:13 p.m. Tuesday, October 23, 2012 The Doubletree Hotel Seattle Airport Cascade 12 18740 International Boulevard SeaTac, Washington
Attendance	Donald F. Aubrey, CPA, Chair, Board Member Robert G. Hutchins, Vice Chair, Public Board Member Edwin G. Jolicoeur, CPA, Board Member Elizabeth D. Masnari, CPA, Board Member Thomas G. Neill, CPA, Board Member Gerald F. Ryles, Public Board Member Emily Rollins, CPA, Board Member Karen R. Saunders, CPA, Board Member Bruce L. Turcott, Assistant Attorney General, Board Adviser (Arrived at approximately 9:12 a.m.) Elizabeth Lagerberg, Assistant Attorney General, Board Prosecutor (Arrived at approximately 9:12 a.m.) Richard C. Sweeney, CPA, Executive Director Jennifer Sciba, Deputy Director Charles E. Satterlund, CPA, Director of Investigations Lisa Zolman, Director of IT and Data Communications Cheryl M. Sexton, Board Clerk
Call to Order	Donald Aubrey, Chair, called the annual meeting of the Board to order at 9:07 a.m.
Consent Agenda	The Board approved the following items on the consent agenda: <ul style="list-style-type: none">• Minutes of the July 26, 2012, Regular Board Meeting• Request Review Committee Report
Delegation of Authority – Director of Investigations	The Executive Director presented a delegation of authority to the Board to allow the Director of Investigations to conduct investigations including the authority to administer oaths or affirmations to witnesses, subpoena witnesses and compel their attendance, take testimony, and require submission of documentary evidence in the course of investigation. Effective October 1, 2012, Charles E. Satterlund, CPA, CIA, filled the agency's Director of Investigations position.

The Board voted to accept the delegation as presented. The Chair will sign the delegation on the Board's behalf.

**Board Policy--2002-1
Substantially
Equivalent
Jurisdictions**

The Board adopted changes to Section II of the Board's Policy 2002-1 to accept the National Association of State Boards of Accountancy (NASBA) recognition of states that do not currently meet the 150 semester hour education requirement but have passed legislation prior to January 1, 2012, to implement the 150 semester hour education requirement as substantially equivalent for purposes of exercising practice privileges.

**2011-2 Interim
Policy Guidelines
Pending Rule
Changes**

The Board amended Policy 2011-2 to eliminate the portion of the policy that was automatically superseded when the Board incorporated that portion of the policy into WAC 4-30-132(8)(a) Interactive Self-study.

Social Media

Presentation

Lisa Zolman, Director of IT and Data Communications, presented information to the Board concerning social media.

Policy 2012-1 Social Media

After discussion the Board directed staff to develop for Board consideration a framework to present a conservative one-way platform/plan to implement communication via social media. The Board adopted Policy 2012-1 Social Media to establish the Board's position and guidelines regarding the proper business use of social media by employees.

Rules Review

WAC 4-30-022 What is the board's meeting schedule and how are officers elected?

The Board determined this rule did not require any changes at this time.

WAC 4-30-050 What are the requirements concerning records and clients confidential information?

The Board directed staff to begin the rule-making process to amend WAC 4-30-050 to clarify that licensees who prepare federal income tax returns in accordance with IRS rules do not violate confidential client information requirements.

WAC 4-30-134 What are the CPE requirements for individuals?

The Board directed staff to begin the rule-making process to amend WAC 4-30-134 to allow licensees the option of taking an AICPA based ethics course, the current Washington rules ethics course, or other professionally based ethics courses on subsequent license renewals.

The Board plans to hold a public rule-making hearing on these proposals in conjunction with its January 2013 meeting.

NASBA Update

Update - The Executive Director provided the Board with an update on NASBA activities including:

- The licensing of foreign firms performing audits in the US
- Lisa Zolman's reappointment to NASBA's Accountancy Licensee Database (ALD) Committee
- The Executive Director's appointment to NASBA's State Board Relevance and Effectiveness Committee
- The prosecuting AAG's planned attendance at NASBA's Annual Conference for State Board Legal Counsel in March 2013

Vice Chair Nominations – Ed Jolicoeur reported that Walter Davenport will be running for the 2013-2014 NASBA vice chair position. The Board voted to endorse Walter Davenport for the NASBA vice chair position and directed the Executive Director to write a letter after NASBA's Annual Meeting and confirmation of Mr. Davenport's candidacy.

Legal Counsel's Report

Bruce Turcott, the Board's legal counsel, provided the Board with an update on outstanding litigation. The West matter is fully briefed. The court will decide the matter without oral argument in December.

The Executive Director complimented Bruce on his brief.

Chair's Report

2013 Board Meeting Schedule - The Board established the following schedule for the 2013 Board meetings:

- January 22, 2013, Tuesday - SeaTac area
- April 23, 2013, Tuesday - SeaTac area
- July 23, 2013, Tuesday – SeaTac area

- October 22, 2013, Tuesday – SeaTac area

Election of 2013 Officers - The Chair presented the following slate of officers to serve during 2013:

- Chair – Emily Rollins, CPA
- Vice Chair – Karen Saunders, CPA
- Secretary – Elizabeth Masnari, CPA

No other nominations were made. The Board cast a unanimous vote for the slate of officers as presented.

Committee Appointments for 2013 – The Board made the following committee appointments for 2013:

- Compliance Assurance Oversight Committee
Chair:
Edwin Jolicoeur, CPA
Members:
Nina Gerbic, CPA
Christine Bogard, CPA
- Legislative Liaison Committee
Chair:
Karen Saunders, CPA
Member:
Gerald Ryles
- Quality Assurance Committee
Chair:
Thomas Neill, CPA
Members:
Elizabeth Masnari, CPA
Robert Speicher, CPA
- Request Review Committee
Chair:
Karen Saunders, CPA
Member:
Gerald Ryles
- State Ethics Compliance Committee
Ethics Advisor:
Thomas Neill, CPA

Executive Committee

The Executive Director reported that he met with the Chair and Vice Chair on October 18. Their discussion included:

- Slate of Board officers for 2013
- Social media
- Succession plan for Board members
- Limiting the number of foreign education evaluation services recognized by the Board
- Governor's transition documents

- Governance Structure – Review of agency activities

Compliance Assurance Oversight Committee

The Compliance Assurance Oversight Committee had nothing to report for this meeting.

Education Exam Task Force

The activities of the Education Exam Task Force are on hold.

Ethics Committee

The Ethics Committee had nothing to report for this meeting.

Legislative Liaison Committee

The Legislative Liaison Committee had nothing to report for this meeting.

Quality Assurance Committee

2012 QAR Desk Review - Committee co-Chair Emily Rollins provided the Board with:

- QAR Statistics – 2012 Cycle as of September 13, 2012
- QAR Historical Grades
- QAR Historical Grade Review
- Five-Year Comparative Statistics

The QAR Committee will hold its annual meeting on Monday, November 5 at the Board's office.

Lisa Zolman, Director of IT and Data Communication reported that the agency's online services application for firm renewal was updated to implement the Board's new peer review requirements.

CPE Audit - The 2012 audit of continuing professional education (CPE) is underway. The committee will provide the Board with final results at the January meeting.

The Chair advised that NASBA is about a year away from being able to assist Board in 100% audit of CPE.

Request Review Committee

The following report was approved under the consent agenda:

During the 3rd quarter 2012, the Executive Director and a Consulting Board Member from the Request Review Committee took the following action:

CPE extensions exceeding 16 CPE credit hours - No activity during 3rd quarter 2012. All CPE extension requests were due on or before December 31, 2011.

Firm Names - Approved:

- Cho & Associates, CPA PLLC
- Gallina Merrill Carlson LLP
- Integrity First Certified Public Accountants LLC
- Martinelli & Associates CPAS, Inc.
- Mueller & Partin CPAS and Forensic Economist
- Schelert Campbell & Company Inc. P.S.
- SSAE 16 Professionals, LLP
- The Business Guides CPA PC Inc.

Late Fee Waivers - No activity during 3rd quarter 2012.

Professional/Educational Organization - Recognition Requests - During the 3rd quarter 2012, the Board did not receive any requests for recognition as an educational organization or professional association for purposes of obtaining a list of individual CPAs.

Domestic or Foreign Education Credential Evaluation Services – Applications - During the 3rd quarter 2012, the Board received one request for recognition as an international education credential evaluation service. Board staff is currently evaluating the request.

Executive Director's Report

2013 Renewal Cycle Communication Plan – The Executive Director presented the 2013 renewal cycle communication plan developed by Board staff. Emily Rollins expressed her satisfaction with the recently mailed postcard reminder.

Appreciation – With the transfer of the Board's Quality Assurance Review (QAR) effective January 1, the Board no longer requires a committee to oversee the desk review of financial statement reports. Co-Chair Emily Rollins thanked the committee members for their dedicated service. Staff prepared a certificate of appreciation for each committee member:

- Chris Bogard, CPA
- Nina Gerbic, CPA
- James Holder, CPA

- Martin Oreschnigg, CPA
- Robert Speicher, CPA
- David Stiefel, CPA

The Board Chair and the QAR Committee co-Chair signed the certificates on behalf of the entire Board. The Executive Director plans to approach these individuals for interest in serving in other capacities.

Governor's Transition Documents -

Budget – The Executive Director provided the Board with his responses to requests for briefing from the Governor's Transition Team and the Incoming Agency Administration Team.

Government Management, Accountability & Performance

(GMAP) - The Executive Director reported on the agency's GMAP measures. The agency is currently seeking to redesign the agency's database. The redesign will allow staff to obtain better statistics on the agency's performance. The proposed contract is for \$175,000 with a projected December 2013 completion date.

Implementation of Board's Performance Review Task

Force Recommendations – The Executive Director reported the agency is waiting for an email vaulting solution from the Department of Enterprise Services.

Investigation Statistics/Investigations & Administrative Sanctions

The Executive Director, provided the following reports to the Board:

- Case Status Report for the period ended September 30, 2012
- Investigations Results/Statistics through September 30, 2012, as posted on the Board's web site
- Investigation Statistics January 1990 through September 30, 2012

WBOA-News – As of October 16, 2012, 1799 individuals have subscribed. This is a net increase of 7 individuals since July 18, 2012. The Executive Director reported that WBOA-News will be reconfigured with communication using social media.

Public Input

Three individuals from Japan representing Abitus Inc. attended the meeting. Abitus Inc. is a firm involved with

providing training and CPE to allow Japanese citizens to obtain and maintain a US CPA license.
Mr. Toyoaki Miwa, US CPA, CIA, President, spoke briefly to the Board concerning their visit.

Adjournment

The Board adjourned at 1:13 p.m.