WASHINGTON STATE BOARD OF ACCOUNTANCY

Unapproved Draft - Minutes of an Annual Meeting of the Board – Unapproved Draft

Time and Place of Meeting	9:00 a.m. – 2:08 p.m. Friday, October 24, 2014 Crowne Plaza Seattle Airport Queen Anne Room 17338 International Boulevard SeaTac, Washington
Attendance	Emily R. Rollins, CPA, Chair, Board Member Karen R. Saunders, CPA, Vice Chair, Board Member (left at 1:15 p.m.) Elizabeth D. Masnari, CPA, Secretary, Board Member Donald F. Aubrey, CPA, Board Member Lauren C. Jassny, Public Board Member Thomas G. Neill, CPA, Board Member Favian Valencia, Public Board Member Bruce L. Turcott, Assistant Attorney General, Board Advisor Richard C. Sweeney, CPA, Executive Director Jennifer Sciba, Deputy Director Charles E. Satterlund, CPA, Director of Investigations Keith Schuster, CPA, Executive Risk Management Advisor Kirsten Donovan, Board Clerk
Public Rule-Making Hearing	The Board held a public rule-making hearing from 9:01 a.m. to 9:10 a.m. The Board Chair presided. The rules under consideration were: • WAC 4-30-088 - What is the effect on a Washington individual licensee or CPA-Inactive certificateholder in the armed forces, reserves, or National Guard if the individual receives orders to deploy for active military duty? • WAC 4-30-140 - What are the authority, structure, and processes for investigations and sanctions? The Executive Director presented a brief statement for each rule being considered. The Board received no written comments.
Call to Order	Board Chair, Emily Rollins, called the annual meeting of the Board to order at 9:10 a.m.

The Board Chair excused the absences of Gerald F. Ryles, Public Board Member and Edwin G. Jolicoeur, CPA, Member. The Board Chair excused the early departure of Karen R. Saunders, CPA, Member.

Rules Review

WAC 4-30-088 What is the effect on a Washington individual licensee or a CPA-Inactive certificateholder in the armed forces, reserves, or National Guard if the individual receives orders to deploy for active military duty?

The Board voted unanimously to adopt the rule as proposed. The Board voted for an implementation date 31 days after filing.

WAC 4-30-140 What are the authority, structure, and processes for investigations and sanctions?

The Board voted unanimously to adopt the rule as proposed. The Board voted for an implementation date 31 days after filing.

Policy Review

The Executive Director presented the proposed changes to Board Policy 2004-1, Sanction and Penalty Guidelines.

The Board voted unanimously to revise the policy as proposed. The revised policy effective date is October 24, 2014.

Minutes – July 24, 2014 Regular Board Meeting

The Board approved the minutes of the July 24, 2014, regular Board meeting as presented.

Chair's Report

Election of 2015 Officers – The Chair presented the following slate of officers to serve during 2015:

- Chair – Donald F. Aubrey, CPA
- Vice Chair – Lauren C. Jassny
- Secretary – Karen R. Saunders, CPA

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

2015 Board Meeting Schedule – The Board established the following schedule for the 2015 Board meetings:

- January 30, 2015 – SeaTac Area
- April 17, 2015 – TBD
- July 31, 2015 – TBD
- October 30, 2015 – SeaTac Area

The Board suggested that one meeting be held in Eastern Washington with the location still to be determined.

Committee Appointments for 2015 – The Board made the following committee appointments for 2015:

- Compliance Assurance Oversight Committee
  Chair:
  Edwin G. Jolicoeur, CPA
  Members:
  Nina Gerbic, CPA
  Deidra Roberts, CPA
- Legislative Review Committee
  Chair:
  Donald F. Aubrey, CPA
  Member:
  Favian Valencia
- Quality Assurance Committee
  Chair:
  Thomas G. Neill, CPA
  Member:
  Robert Speicher, CPA
- Request Review Committee
  Chair:
  Karen R. Saunders, CPA
  Member:
  Elizabeth D. Masnari, CPA
- State Ethics Compliance Committee
  Ethics Advisor:
  Lauren C. Jassny
- Qualifications Committee:
  Chair:
  Thomas G. Neill, CPA
  Members:

Elizabeth D. Masnari, CPA
Emily R. Rollins, CPA

- Performance Review and Succession Committee
  Chair:
  Emily R. Rollins, CPA
  Members:
  Gerald F. Ryles
  Lauren C. Jassny
  Donald F. Aubrey, CPA

NASBA Update

Don Aubrey reported on the 2015 annual NASBA meeting dates.

Executive Committee

Emily Rollins reported that she met with the Executive Director, the Vice Chair, and the Secretary on October 8, 2014 in Renton. Their discussion included:

- The Board Meeting Agenda
- Potential Slate of Officers for 2015
- The Fund Balance Sweep
- The Default Order Process
- The Washington State – British Columbia Cross Border Enforcement Agreement
- The 2015 Board Meeting Schedule and Locations

Compliance Assurance Oversight Committee

Ed Jolicoeur had nothing to report.

Legislative Review Committee

Don Aubrey had nothing to report.

Quality Assurance Committee

Tom Neill had nothing to report.

Request Review Committee

Karen Saunders reported on the 3rd quarter 2014 approval and denials from the committee:

Firm Names: *Approved*:

- BATES, CARTER & CO, LLP
- CK & ASSOCIATES, CPA, PLLC
- SOUND ACCOUNTING & TECHNOLOGY LLC
- COUNT ON THAT, LLC

- SANCHEZ CPA AND ADVISORS LLC
- BLUE AFRA ACCOUNTING
- NEW HORIZONS CPA TAXES & ACCOUNTING, INC
- INSERO & COMPANY CPAS, P.C.
- RUSSELL TAX AND ACCOUNTING FIRM
- ARONSON LLC
- WARREN AVERETT, LLC
- CHITALEY ASSOCIATES
- CASCADIA TJ CPA PC
- SHINDEL, ROCK & ASSOCIATES P.C

Professional/Educational Organization - Recognition Requests: During the 3rd quarter 2014, the Board did not receive any requests for recognition of an educational organization for purposes of obtaining list requests.

Domestic or Foreign Education Credential Evaluation Services – Applications: During the 3rd quarter 2014, the Board did not receive any requests for recognition of domestic or international education credential evaluation services.

State Ethics Compliance Committee

Lauren Jassny reported on the state ethics compliance checklists completed by Board staff.

Qualifications Committee

Tom Neill reported that a modification of WAC 4-30-060, What are the education requirements to qualify to apply for the CPA examination?, will be forthcoming in January 2015.

Performance Review and Succession Committee

Emily Rollins reported the following:

- Feedback from the Executive Director Evaluation was provided to the Executive Director.
- The Board desires to communicate with the Governor's office prior to a successor to the Executive Director being chosen.

Director of Investigations Report

Investigation Statistics/Investigations & Administrative Sanctions: Charles Satterlund, CPA, Director of Investigations provided the following report to the Board:

- Enforcement Report: July 1, 2014 through September 30, 2014

Charles Satterlund reported that conflicts of interest issues have been increasing.

Amendment to Delegation of Authority D-201 – Authority to Conduct Investigations

The Executive Director reported on the proposed changes to Delegation of Authority D-201 - Authority to Conduct Investigations.

The Board voted unanimously to amend the delegation as proposed.

Motion for Entry of Board Order – Wei Dong – ACB-1377

The Executive Director presented the Board Order for ACB-1377 – Wei Dong.

The Board voted unanimously to adopt the Board Order as written.

Motion for Entry of Default Order – Amy C. Morrin – ACB-1388

The Executive Director presented the Default Order for ACB-1388 – Amy C. Morrin.

The Board voted unanimously to adopt the Default Order as written.

Executive Director's Report

Request for Board Concurrence on Executive Director's Interpretation of Reinstatements of CPA-Inactive certificateholder status after June 30, 2006, RCW 18.04.105(4), WAC 4-30-122 (renew out of retirement), and WAC 4-30-124 (reinstatement of a lapsed Certificate)

The Executive Director advised that he will be drafting a formal request to the Attorney General's Office for a published written legal opinion on RCW 18.04.105(4) regarding the CPA-Inactive certificateholder status after June 30, 2006.

Update on Washington State – British Columbia Draft Enforcement Agreement and Draft FAQ

The Executive Director reported on his September meeting with British Columbia officials, members of the

WSCPA, and members of the AICPA regarding cross border enforcement and disciplinary actions. A Frequently Asked Questions (FAQ) list has been created and will be posted on the Board website once the questions have been vetted and revised.

Rich Jones, WSCPA, reported that Carlos Johnson, NASBA Chair, has remarked positively regarding the cross border cooperation and agreement.

Request for Board Concurrence for Quarterly Default Order Telephonic Hearings (if any default orders are put forth by the Executive Director)

The Executive Director led the discussion of quarterly Default Order Hearings to be held by teleconference call. Bruce Turcott, AAG, advised that these hearings are appropriate with proper notice of time and location for the public to attend.

Linkedin Strategy or Not

The Executive Director led the discussion concerning the use of Linkedin as a search tool to locate individuals for enforcement purposes. The Executive Director went on the record that he believes the use of Linkedin is not appropriate at this time due to public records concerns.

The Executive Director stated that he will explore the issue with other state Board Executives and Information Technology staff. He will report his findings with a recommendation at the January Board meeting.

Process Improvements

The Executive Director reported on the following process improvements:

- The new database platform will be put in operation on December 15, 2014.
- A second review of investigation documents will be conducted by Keith Schuster, CPA, Executive Risk Management Advisor, prior to Executive Director and Consulting Board Member review.

The Executive Director does not believe this will slow down the investigation process.

Budget

The Executive Director reported on the continued probability of a fund balance sweep.

The Board Chair went on record stating that she respectfully disagrees with a fund balance sweep, as the funds come directly from CPAs and by law are to be used to fund Board of Accountancy activities and processes. She added that while the State's requirement to fund education is worthy and vast, the Agency and Board should provide appropriate support to the Governor's office regarding the level of cash reserves necessary to continue to operate the Agency during years of lower fees as well as unexpected litigation.

Legal Counsel's Report

Bruce Turcott, the Board's legal counsel, presented the required Open Public Meetings Act training.

Bruce Turcott reported that a Supreme Court decision is forth coming for the North Carolina Board of Dental Examiners regarding an anti-trust lawsuit.

Executive and/or Closed Sessions with Legal Counsel

No executive or closed sessions with legal counsel held.

Public Input

Justine Watts and Jessica Voss of the foreign education evaluation service, Foreign Academic Credentials Service (FACS), presented an overview of their organization and requested that the Board reconsider the decision to use NASBA International Evaluation Services (NIES) as the sole provider of international credential evaluations.

In response Don Aubrey recommended that the foreign education evaluation service topic be added as an agenda item for the January Board meeting.

Rich Jones, CPA, Washington Society of CPAs

(WSCPA) President & CEO, reported on the WSCPA's activities related to the potential fund balance sweep including a proposal for accounting scholarships funded by the Board of Accountancy and administered through the WSCPA Foundation.

The Executive Director will formulate a letter, including statistics, regarding fund balance requirements to continue Board activities and operations. The letter will also include a request for outreach to high schools to promote the profession.

Adjournment

After thanking the current Board officers and committee chairs for their leadership this past year and for everyone's participation in the current Board meeting, the Chair adjourned the meeting at 2:08 p.m.

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Secretary

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Chair

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Vice-Chair

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Member

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