

# WASHINGTON STATE BOARD OF ACCOUNTANCY

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

<b>Time and Place of Meeting</b>	9:00 am – 1:15 pm Friday, October 30, 2015 Crowne Plaza Seattle Airport Queen Anne Room 17338 International Boulevard SeaTac, Washington
<b>Attendance</b>	Donald F. Aubrey, CPA, Chair, Board Member Karen R. Saunders, CPA, Secretary, Board Member Elizabeth D. Masnari, CPA, Board Member Emily R. Rollins, CPA, Board Member Thomas G. Neill, CPA, Board Member Favian Valencia, Public Member James R. Ladd, Public Member Bruce L. Turcott, Assistant Attorney General, Board Advisor (arrived at 11:10 am) Jennifer Sciba, Deputy Director Charles E. Satterlund, CPA, Director of Investigations Kirsten Donovan, Board Clerk
<b>Call to Order</b>	Board Chair, Don Aubrey, called the annual meeting of the Board to order at 9:00 am.  The Board Chair excused the absences of Lauren C. Jassny, Public Member, Edwin G. Jolicoeur, CPA, Member, and Richard C. Sweeney, CPA, Executive Director.
<b>AICPA State Regulation and Legislation Team</b>	Guest speaker, Steve McConnel, consultant with the AICPA, reported on major profession initiatives currently being worked on by the State Regulation and Legislation Team. The team's purpose is to support state boards in ways that add value to the services received from NASBA and the AICPA. Topics included: <ul style="list-style-type: none"><li>• Definition of attest</li><li>• Firm mobility</li><li>• CPE reciprocity</li><li>• 2017 CPA Exam changes</li><li>• DOL referrals</li></ul>
<b>Minutes – July 31, 2015 Regular Board Meeting</b>	The Board approved the minutes of the July 31, 2015, regular Board meeting with one correction for a typographical error.

**Chair's Report**

Election of 2016 Officers – The Chair presented the following slate of officers to serve during 2016:

- Chair – Thomas G. Neill, CPA
- Vice Chair – Elizabeth D. Masnari, CPA
- Secretary – James R. Ladd

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

2016 Board Meeting Schedule – The Board established the following schedule for the 2016 Board meetings:

- January 29, 2016 – University of Washington - Bothell
- April 19, 2016 – Evergreen Plaza Building - Olympia
- July 29, 2016 – North Seattle College - Seattle
- October 28, 2016 – Washington State University - Pullman

Committee Appointments for 2016 – The Board made the following committee appointments for 2016:

- Compliance Assurance Oversight Committee  
Chair:  
Karen R. Saunders, CPA  
Members:  
Edwin G. Jolicoeur, CPA
- Legislative Review Committee  
Chair:  
Favian Valencia  
Member:  
Donald F. Aubrey, CPA
- Quality Assurance Committee  
Chair:  
Thomas G. Neill, CPA  
Member:
- Request Review Committee  
Chair:  
Elizabeth D. Masnari, CPA  
Member:  
Karen R. Saunders, CPA

## Minutes, October 30, 2015, Annual Board Meeting

- State Ethics Compliance Committee  
Ethics Advisor:  
James R. Ladd
- Qualifications Committee:  
Chair:  
Emily R. Rollins, CPA  
Members:  
Elizabeth D. Masnari, CPA
- Performance Review and Succession Committee  
Chair:  
Emily R. Rollins, CPA  
Members:  
Lauren C. Jassny  
Donald F. Aubrey, CPA
- Client Record Task Force  
The Board voted unanimously to dissolve the task force.
- Social Media Task Force  
Chair:  
Favian Valencia  
Members:  
Donald F. Aubrey, CPA  
Jennifer Sciba

### **NASBA Update**

Don Aubrey reported on the 2015 annual NASBA meeting held in Dana Point, CA from October 25-28. Topics included:

- CGMA designation
- Competency based education

Don also discussed the Board coordinating with NASBA for the production of a video, which will be an introduction to the Board. The video will be used for licensees and outreach. A script for the video will be presented at the January Board meeting for approval.

### **Rules Revisions Discussions**

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

The Chair removed this discussion item from the agenda.

WAC 4-30-060 What are the education requirements to qualify to apply for the CPA examination?

Tom Neil presented the Qualifications Committee proposed changes to the rule and led the discussion.

The Board directed staff to file the CR-101 with the Office of the Code Reviser for review at the Board's January meeting.

WAC 4-30-062 How do I apply for the CPA examination?

Don Aubrey presented the Executive Director's proposed change due to an apparent error in the sentence structure in the Rule.

The Board directed staff to file the CR-101 with the Office of the Code Reviser for review at the Board's January meeting.

WAC 4-30-010 Definitions

Don Aubrey led the discussion on the Executive Director's proposed changes to the rule. Action on the Executive Director's proposed changes was deferred until the January meeting. Legal counsel will review the changes and advise the Board.

**Policy Updates and Discussions**

2004-1 Sanction and Penalty Guidelines

Jennifer Sciba presented the Executive Director's proposed changes to the policy and led the discussion.

The Board voted unanimously to amend the policy as revised.

2011-2 Interim Policy Guidelines Pending Rule Changes

Jennifer Sciba presented the Executive Director's proposed changes to the policy and led the discussion.

The Board voted unanimously to amend the policy as revised.

#### 2012-1 Social Media

Favian Valencia reported on the Social Media task force's meeting held October 23, 2015. Favian reported that they are moving forward carefully with the potential policy change due to public records concerns. The task force defined the target audience as current licensees and potential CPAs. Favian said that the Board website already meets requirements for reporting information, however social media would go above and beyond. The goal would be to engage with the younger population.

The primary concern is ensuring that the conversation can be restricted to one-way, which will allow the Board to put out information without response from the public.

Tests will be performed by Board staff on Facebook and LinkedIn to verify that only one-way conversation is viable. The outcome of the test will be reported at the January meeting.

#### Policy to Consider Fee Reductions

Don Aubrey led the discussion on a potential policy to consider fee reductions.

The Board directed staff to draft a policy for review at the January meeting. The policy should include a cash management schedule and explain the reason a policy is necessary.

#### Board of Accountancy Outreach

Don Aubrey led the discussion on a potential policy for Board of Accountancy outreach.

Board Members agreed that outreach through attending and/or participation in WSCPA committee and chapter meetings is a good starting point. Board

staff will monitor the WSCPA website for activities and email the Board Members.

Board members will report all outreach participation at the next Board meeting and to the Board Clerk for recording.

**Consent Agreement Discussion**

Don Aubrey led the discussion on the Consent Agreement process.

The current process of voting by email will continue. However, when Board Members report substantive questions on a case to the Board Clerk, the Board Clerk will inform the Board Members that the vote will be tabled until the next Board meeting. The case will be discussed in a closed session at the meeting and a vote will be taken at that time.

**Client Confidentiality and the Cloud**

Don Aubrey led a discussion on Cloud data storage and the potential violation of the RCW. Cloud data storage should be disclosed in the engagement letter to prevent the violation.

The Board is waiting for guidance from the AICPA on the issue.

Don Aubrey and Tom Neill will draft a reminder of the importance of engagement letters for the WSCPA to disseminate to their members.

**Executive Committee**

Don Aubrey reported that he met with the Deputy Director, and the Secretary on October 22, 2014 by teleconference. Their discussion included:

- The Board Meeting Agenda

**Compliance Assurance Oversight Committee**

Don Aubrey advised that Ed Jolicoeur had nothing to report.

**Legislative Review Committee**

Don Aubrey reported that he, Tom Neill, Rick Sweeney, and Jennifer Sciba will be meeting with WSCPA officials on November 11<sup>th</sup> to identify what issues will be brought up for legislation this coming year.

**Quality Assurance  
Committee**

Tom Neill reported on the 2015 QAR results.

**Request Review  
Committee**

Karen Saunders reported on the 3rd quarter 2015 approval and denials from the committee:

Firm Names: Approved:

- UPSIID, LLC
- BAS PARTNERS LLC
- RSM US LLP
- THREE OAKS FINANCIAL, LLC
- ASSURE PROFESSIONAL, LLC
- KREISCHER MILLER
- BECKER ACCOUNTING SOLUTIONS, LLC
- USTAXCENTRAL PLLC
- COLUMBIA BASIN CPAS LLC
- FUTCHER GROUP
- BFBA, LLP
- HONEST CPAS
- THE AMERICAN AUDITORS GROUP, LLC
- PITCH CPA, LLC
- ARTESIAN CPA, LLC
- LIGHTHOUSE ASSOCIATES, PLLC

Professional/Educational Organization - Recognition

Requests: During the 3<sup>rd</sup> quarter 2015, 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 3<sup>rd</sup> quarter 2015, the Board did not receive any requests for recognition of domestic or international education credential evaluation services.

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<b>State Ethics Compliance Committee</b>	Don Aubrey reported for Lauren Jassny on the state ethics compliance checklists which were completed by Board staff.
<b>Qualifications Committee</b>	Tom Neill had nothing to report.
<b>Performance Review and Succession Committee</b>	Emily Rollins had nothing to report.
<b>Client Record Task Force</b>	Tom Neill had nothing to report.
<b>Social Media Task Force</b>	Favian Valencia had nothing to report.
<b>Director of Investigations Report</b>	<p><u>Investigation Statistics/Investigations &amp; Administrative Sanctions:</u> Charles Satterlund, CPA, Director of Investigations provided the following report to the Board:</p> <ul style="list-style-type: none"><li>• Enforcement Report: July 1, 2015 through September 30, 2015</li></ul> <p>Charles Satterlund reported on:</p> <ul style="list-style-type: none"><li>• Tri-Cities Business Connection outreach</li><li>• Case load under control</li></ul>
<b>Amendment to Delegation of Authority D-201 – Authority to Conduct Investigations</b>	<p>The Chair reported on the proposed changes to Delegation of Authority D-201 - Authority to Conduct Investigations.</p> <p>The Board voted unanimously to amend the delegation as proposed.</p>
<b>Executive Director's Report</b>	<p>Jennifer Sciba and Don Aubrey reported on a Board Member evaluation proposal. Objective data only will be collected and reported to the Governor.</p> <p>The Performance Review and Succession committee will draft the proposal and present it at the January Board meeting.</p>

**Legal Counsel's Report**

Bruce Turcott, the Board's legal counsel reported on:

- The Supreme Court ruling in favor of the FTC against the North Carolina Dental Board for violation of anti-trust laws. Our Board must be cautious of anti-competitive behavior when taking action against non-CPAs.
- Open government manual was just reviewed and revised. It is available on the Attorney General's website.
- State Supreme Court in a case against the Pierce County Prosecutor ruled that state business conducted on private cell phones is subject to the Public Records Act.

**Executive and/or Closed Sessions 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 meeting adjourned at 1:15 pm.

Minutes, October 30, 2015, Annual Board Meeting

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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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Member

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Member

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Member

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Member

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Member