

# Board of Accountancy

## WASHINGTON STATE

Winter Edition 2014



### EXECUTIVE DIRECTOR'S CORNER

Richard Sweeney, CPA  
Executive Director

#### *An Ode to "Boomers" You have made us "Proud"*

As the year has ended, it's time to reflect  
Did you complete CPE or merely neglect  
Did you try to extend or decide to wait  
Face CPE audit, then a sanction you hate  
Decisions and judgments, pile ceiling to floor  
GAAP and Tax, so many more  
Clients asking "can you do more"  
No rest for the weary, should you head for the door

These questions seem small and seemingly trite  
Regulators stand ready with all their might  
You can "stay the course," not head for the door  
You are more valued than ever before

Life is a journey, you can continue the ride  
'Till nothing is left but your personal pride  
But, if your pride's enough and the time is right  
Your legacy remains, forever in sight

For those who follow, a word to the wise  
A path to success not only devise  
But listen to mentors, the beacons of pride  
The pride of others is your legacy's guide

**May Your Holiday Season be Safe and Joyful**

### *In This Edition*

|  |   |
|--|---|
| 5 Ways to Beat Stress.....                 | 2 |
| Board Investigations - What to Expect..... | 2 |
| New Washington State Ethics Exam .....     | 3 |
| Between a Rock and a Hard Place.....       | 4 |
| CPE Requirements for Individuals.....      | 5 |
| Pop Quiz.....                              | 6 |
| WBOA's Community Outreach .....            | 6 |
| What happens in PLR stays in PLR.....      | 7 |
| Changes to the Board Rules.....            | 8 |

A MEMBER OF

# NASBA

## A MESSAGE FROM THE BOARD CHAIR

*"If you think it's expensive to hire a professional to do the job, wait until you hire an amateur."*

- Red Adair



December brings the conclusion of my term as your Board Chair. When reflecting upon the past two years, I am proud of the leadership the Board has demonstrated to overcome challenges and continue making advancements for the profession. From conducting investigations to imposing disciplinary actions to envisioning the role and requirements of the CPA of the future, all the members of the Board and Agency use their varied experiences and set aside self-interest to provide effective and efficient results.

Among the many accomplishments to be proud of, we have been very good stewards of your fees and operated with such efficiency that the Agency finds itself with a sizable fund balance. We believe it is good governance for the Agency to maintain solid reserves to provide the financial wherewithal for potential significant investigations and litigation. The state legislature views the reserves as an attractive additional funding source for Kindergarten through 12th grade public education to help fulfill the State Supreme Court's 2012 *McCleary* order. In a collaborative effort between the Washington Society of CPAs and the Board, we have considered potential alternatives to fulfill both the spirit of the ruling and our responsibility to the profession. Our efforts are ongoing, but may prove unfruitful due to the magnitude of the basic education funding shortfall. Ultimately, I trust that as citizens of this great state, we all will be supportive of the outcome.

Regardless of the legislature's decision on our reserves, the Washington State Board of Accountancy stands well-poised for the future with dedicated Board members and Agency staff. We will continue to enhance our procedures and research educational advancements to thoughtfully consider potential changes to our foundational and continuing education requirements. Above all, we remain committed to our mandate to protect the public and promote the profession.

As we head into the holiday season and CPAs' busiest time of the year, I wish you good health and the strength to stand up for your convictions. Please reach out to the Board regarding anything we can do to be of service.

Thank you for all you do to promote the profession,

Emily R. Rollins, CPA  
Board Chair

**WA STATE BOARD OF ACCOUNTANCY  
BOARD MEMBERS:**

*We would like to thank our 2014 Board Members for the excellent service they provided while in their positions.*

**Positions still in effect until  
December 31, 2014**

*Officers:*

Emily R. Rollins, CPA - Chair  
Karen R. Saunders, CPA - Vice-Chair  
Elizabeth Deak Masnari, CPA - Secretary

*CPA Members:*

Donald F. Aubrey, CPA  
Edwin G. Jolicoeur, CPA  
Thomas G. Neill, CPA

*Public Members:*

Robert G. Hutchins  
(Term expired: June 30, 2014)  
Lauren C. Jassny  
Gerald F. Ryles  
Favian Valencia  
(Appointed: June 23, 2014)

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*We would like to welcome our 2015 members. We look forward to the service they will provide while in their positions.*

**Positions effective January 1, 2015**

*Officers:*

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

*CPA Members:*

Emily R. Rollins, CPA  
Edwin G. Jolicoeur, CPA  
Elizabeth Deak Masnari, CPA  
Thomas G. Neill, CPA

*Public Members:*

Gerald F. Ryles  
Favian Valencia



## 5 WAYS TO BEAT STRESS

- 1. Crank up the tunes**  
Music has always been a great way to relieve stress. Your favorite jam can help put things into perspective and you will feel more at peace. It is the perfect time to turn up those holiday classics for a relaxing and stress free environment.
- 2. Laugh**  
Have some fun during this hectic holiday season. Laughing improves blood flow and the health of your heart. It is also a great way to decrease tension.
- 3. Get some fresh air**  
Take some time to enjoy the outdoors if you are stuck in an office all day. Spending time outside will improve your mood and help you relax.
- 4. Take a deep breath**  
Lock your computer, turn off your phone and breathe. Deep breathing counters the effects of stress by slowing the heart rate and lowering blood pressure.
- 5. Don't over schedule**  
We all have a tendency to fill our plates full of appointments, meetings, and holiday functions, but remember don't overwhelm yourself. Spend a day with your family and friends and forget all about your stressful schedule.

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## BOARD INVESTIGATIONS - WHAT TO EXPECT

On October 24, 2014, the Board amended WAC 4-30-140 What are the authority, structure, and processes for investigations and sanctions? The new amendment memorializes the investigation and complaint processes by incorporating much of Board Policy 2004-1. Effective November 29, 2014, this rule change allows CPAs, members of the public, and anyone interested a clear way to understand the methodology of the Board's complaint procedures.

The primary goal of this process is to determine whether, by clear, cogent, and convincing evidence that a violation of either RCW 18.04 or Title 4 WAC occurred – and if so, how to reach the most effective fair, remedial conclusion.



# MEET OUR AGENCY!



**Front Row: Hillary Mojittie, Jennifer Sciba, Tia Landry, Lori Mickelson**

**Middle Row: Taylor Shahon, Richard Sweeney, Kirsten Donovan, Keith Schuster**

**Back Row: Charles Satterlund, Kelly Wulfekuhle**

## WA STATE BOARD OF ACCOUNTANCY BOARD STAFF:

Richard C. Sweeney, CPA  
Executive Director

Jennifer Sciba  
Deputy Director

Charles Satterlund, CPA, CIA  
Director of Investigations

Keith B. Schuster, CPA, DFE  
Executive Risk Management Advisor

Lori Mickelson  
Management Analyst

Tia Landry  
Information Technology Specialist

Taylor Shahon  
Special Assistant

Kelly Wulfekuhle  
Administrative Assistant

Kirsten Donovan  
Special Assistant

Hillary Mojittie  
Communications Specialist

## A REFLECTION ON THE FIRST YEAR OF THE NEW WASHINGTON STATE ETHICS EXAM

We would like to thank all of our 2014 applicants for their patience while this new course has been implemented.

We have received great feedback from our applicants about the Washington State Ethics and Regulations of New CPAs Exam. The Exam is intended to test the applicant's comprehension and application of the rules and regulations in Washington State.

As we move forward, we would like to find the best ways to assist our applicants who may be having difficulty with the Exam. We have put together some quick tips on ways to help you successfully pass the Exam:

1. Utilize the Board's website ([www.cpaboard.wa.gov](http://www.cpaboard.wa.gov)).
  - We have found that it gives more explanation to the interpretation of rules and how they apply to the process.
2. Choose the best time of day for you.
  - Select a time when your coffee has kicked in and you're fresh and ready to tackle the day.
  - Try and select a time when you will not have any distractions and can simply review the materials while answering the questions.
3. With each new question clear your mind.
  - Though you may feel like you have seen the question before, either in another test or earlier in the same test, act as though it is the first time you have ever seen the question.
  - Read the question very carefully and even out loud to help you consider the answer. Many questions are written redundantly with just one word being the difference between question 1 and question 2, and that one word could change the answer from true to false or false to true.
4. The test does not simply recite a portion of the rule directly into a question.
  - The test was created to identify if you can practically apply the Washington State Board of Accountancy Rules and Regulations.
5. Per the Executive Director's directive, Board staff will not be able to provide you with:
  - The specific question numbers you missed.
  - The answers to missed questions.
  - Feedback regarding a question directly from the Exam.

Your verifying CPA can be a valuable resource for questions regarding Board Rules and Regulations. For more information regarding this Exam, please [click here](#).



# BETWEEN A ROCK AND A HARD PLACE

## PART TWO OF "STAYING OUT OF TROUBLE"

By Charles Satterlund, CPA, Director of Investigations and Taylor Shahon, Special Assistant

### 2015 BOARD MEETING SCHEDULE

The Board conducts meetings four times per year. The purpose of the Board meeting is for the Board to conduct its business. However, to encourage citizen participation, the Board meeting agenda specifically includes a public input section.

For 2015, we have broadened our horizons to provide the opportunity for individuals outside of the local Seattle area to attend a Board meeting. All meetings start promptly at 9:00 am.

The 2015 meeting dates and locations are as follows:

#### January 30, 2015

Crowne Plaza Seattle Airport – Queen Anne Room  
17338 International Boulevard  
Seattle, WA 98188

#### April 17, 2015

Columbia Basin College – Pasco Campus – Room L102, Library Building  
2600 N. 20th Avenue  
Pasco, WA 99301

#### July 31, 2015

Washington State University Vancouver  
14204 NE Salmon Creek Avenue  
Vancouver, WA 98686

#### October 30, 2015

Crowne Plaza Seattle Airport – Queen Anne Room  
17338 International Boulevard  
Seattle, WA 98188

We encourage your attendance and participation at the Board meetings. Hope to see you there!

From our perch here at the Board's Enforcement Office we see a lot of problems within CPA practices that could have easily been avoided. Conflicts of interest are sometimes slow to develop, and turn on subtle shifts in the CPAs' relationship to clients. Most CPAs seem to apprehend the intent of independence rules governing attest engagements; however, tax clients pose some additional challenges.

Two common scenarios include:

- Two clients involve themselves in a private business deal and the CPA agrees to serve both of them.
- A married couple is seeking what appears to be an amicable divorce, and want you to stay on as their family CPA.

In both of these situations the CPA is faced with simultaneous considerations of sustaining the practice, keeping the relationship with established clients, adherence to professional standards, and Board rules on independence.

The subtle and dangerous thought is "I can probably make this work." Well maybe.

Also possible is that the newly minted business partners find that the realities of running a business are challenging, and this evolves into a dispute. Some communication or action with the CPA is seen as favorable to one party over the other.

Or, that the amicable divorce turns out to be not so amicable, and some communication or action with the CPA is seen as favorable to one party over the other.

The result is a complaint to the Board, and all you were trying to do is be helpful.

Board Rule WAC 4-30-040 What are the requirements concerning integrity and objectivity states the following:

***Remain free of conflicts of interest unless such conflicts are specifically permitted by board rule or professional standards listed in WAC 4-30-048.***

Failure to comply with this rule is basis for the Board to impose discipline, under WAC 4-30-142(9). Therefore, it is critical to be sensitive to these issues.

A conflict of interest exists when two or more parties have opposing interests and a desire for different outcomes. This includes situations in which multiple clients have opposing interests, or when the CPA and a client or clients have opposing interests.

Such conflicts can arise at any time: before providing services, during the performance of services, or after the completion of services. It is the responsibility of the CPA to be conscious of potential conflicts at all times.

When confronted with such a situation, the CPA must make a decision. The surest way to avoid a conflict is to tactfully disengage from the client(s), especially if accusations and emotions rise.

# CPE REQUIREMENTS FOR INDIVIDUALS

*Are you up for renewal of your CPA or CPA Firm License?*

*How about you Non-licensee Firm Owners?*

*We know there are still a few of you out there; CPA-Inactive Certificateholders... is it time for you to renew?*

[Click HERE to find out.](#)

If you are due for renewal, please log into your WBOA Online Services through your Secure Access Washington (SAW) account beginning January 1, 2015.

In order to renew your CPA license, CPA-Inactive certificate, or your registration as a Non-licensee firm owner, you must complete the required CPE by December 31, 2014.

**LICENSEE:** A licensed CPA is required to complete 120 hours of Continuing Professional Education. The 120 hours must include an approved 4-hour course in Washington State Ethics. Only pre-approved ethics courses will be accepted. *Please note: If you hold a CPA License, you CANNOT convert to a CPA-Inactive Certificateholder. This is no longer an option!*

**CPA-INACTIVE CERTIFICATEHOLDER:** For you few that are grandfathered in as a CPA-Inactive Certificateholder, your requirement is to complete an approved 4-hour course in Washington State Ethics. Only pre-approved ethics courses will be accepted.

**RESIDENT NON-LICENSEE FIRM OWNER:** A Resident Non-licensee Firm Owner is required to complete an approved 4-hour course in Washington State Ethics. Only pre-approved ethics courses will be accepted.



## ARE YOU CUTTING IT CLOSE TO THE CPE DEADLINE?

### CPE EXTENSION REQUESTS

The Board may provide limited extensions to the CPE requirements for reasons of individual hardship including, but not limited to, financial hardship, critical illness, or active military deployment.

Your CPE extension request must be submitted on the approved form by December 31, 2014.

### CHANGE TO EVALUATION SERVICES

Effective October 1, 2014, the Board began accepting only education evaluation reports from NASBA International Evaluation Services (NIES). In an effort to offer "one-stop service" to our applicants for examination or licensure, the Washington State Board of Accountancy approved a recommendation to limit Board recognized evaluation services to only one provider.

## HOW TO . . .

[Create an Online Service Account Through Secure Access Washington](#)

[Log back into your SAW account](#)

[Update your SAW profile](#)

[Update your Board \(WBOA\) profile](#)

[Find the List of Board Approved Ethics Courses](#)

## USEFUL LINKS ON OUR WEBSITE

Looking for something on our website? Here are two commonly visited links from our website:

### Approved Ethics and Regulations Courses

Board approved ethics and regulations courses with specific application to the practice of public accounting in Washington State:

<http://cpaboard.wa.gov/individual-licensing/continuing-professional-education-cpe/approved-ethics-and-regulations-courses>

### Study Guide for Washington Ethics Test for CPA Applicants

Applicants for initial licensing in Washington State are required to successfully complete a test on "Ethics and Regulation in Washington State" with a grade of 90% or higher as part of the initial licensing requirements.

<http://cpaboard.wa.gov/sites/default/files/WashingtonStateEthicsforCPAApplicants.pdf>

# POP QUIZ

## FIRST CPE REPORTING PERIOD

How well do you understand the first CPE reporting window for a new CPA? Test your knowledge.

1. An individual obtains their CPA License December 10, 2012. What is their first CPE Reporting period?
  - a. January 1, 2012 to December 31, 2014
  - b. December 10, 2012 to December 10, 2015
  - c. December 10, 2012 to December 31, 2014
  - d. December 10, 2012 to June 30, 2015
2. An individual obtains their CPA License June 1, 2014. What is their CPE Reporting period?
  - a. June 1, 2014 to December 31, 2016
  - b. June 1, 2014 to June 30, 2017
  - c. January 1, 2014 to December 31, 2016
  - d. June 1, 2014 to June 1, 2017
3. An individual obtains their CPA License January 25, 2015. What is their CPE Reporting period?
  - a. January 1, 2015 to December 31, 2017
  - b. January 25, 2015 to June 30, 2018
  - c. January 25, 2015 to January 25, 2018
  - d. January 25, 2015 to December 31, 2017

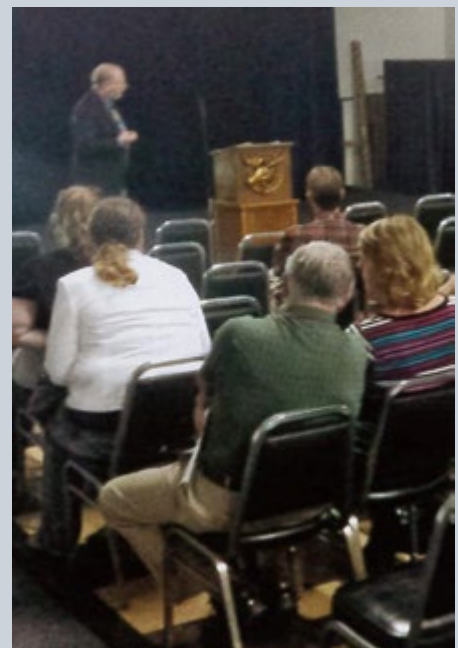
Answers: (1) c (2) a (3) d

## WBOA's Community Outreach

As a consumer protection Agency, our goal is to reach out to the community and provide basic financial protection tips and educate the public on the role of our Agency.

On July 22, 2014, we visited Yelm, Washington, to offer a presentation on "Financial Self-Preservation." We appreciated the warm welcome we received and the opportunity to share our story.

Please contact us if you would like us to visit your organization to present Board related topics.



# WHAT HAPPENS IN PLR STAYS IN PLR

*Did you have a crazy action-packed CPE Cycle?*

*Was your workload so intense that you could blow out all the lights in Vegas?*

*Did you plan an all-nighter with your CPE for New Year's Eve, but didn't quite meet your requirements?*

While these are not reasons that would make you eligible for a CPE Extension, they do make you a great candidate for the PLR (Pre-Lapsed Reinstatement) process.

## WHAT IS PLR?

If an individual credential holder does not complete their CPE requirement by December 31, 2014, they are not eligible to apply for renewal of their credential.

The PLR Process was created to allow those individuals who did not meet their CPE requirements, and are therefore not eligible for renewal, to be able to reinstate their credential prior to their credential lapsing on June 30th.

## I WANT TO UTILIZE THE PLR PROCESS; WHAT DO I NEED TO DO?

Submit an e-mail to [customerservice@cpaboard.wa.gov](mailto:customerservice@cpaboard.wa.gov) with the following information:

- Name
- License number
- Notice that you would like to use the PLR process
- The date you expect to complete your deficient CPE hours

## THEN WHAT HAPPENS?

Once an e-mail has been received by the WBOA staff, we will open the opportunity for you to reinstate your credential. You will receive an email response with instructions on how to continue.

## WHAT DOES UTILIZING THE PLR PROCESS MEAN TO ME?

Once you have completed the deficient CPE, you may reinstate by following these steps:

- Complete the reinstatement application online with Secure Access Washington (SAW)
- Submit copies of your documentation of 120 hours of CPE to the Board's office.
- Pay the fee of \$480

By completing these steps prior to June 30th, you will be reinstated without the loss of privilege to use the title CPA.

*Please note: you will be automatically included in the CPE Audit at the end of your next renewal cycle to avoid unintentional double counting as a result of the carry back of the deficient CPE credits to the previous reporting period.*

## LICENSED THIS YEAR

January - November 20, 2014

857

Initial Licenses

212

Interstate  
and International  
Licenses

## CURRENT CREDENTIALLED

POPULATION (As of November 2014)

15,924

CPA Licenses

1,248

CPA-Inactive  
Certificateholders

2,181

CPA Firms

40

Non-License  
Firm Owners



## HAS YOUR FIRM RECEIVED A PEER REVIEW GRADE OF FAIL OR PASS WITH DEFICIENCIES?

Effective September 5, 2014, firms are required to notify the Board within 30 days of being advised that a peer review grade of pass with deficiencies or fail will be recommended.

### How do I notify the Board?

By submitting a letter to:

Washington State Board of Accountancy  
P.O. BOX 9131  
Olympia, WA 98507

### What should the letter include?

- List the potential grade
- List the deficiencies
- List the details of any required corrective action plan recommended by the peer reviewer
- List the planned date (or time period within which) the firm would intend to complete such remedial action or actions

# CHANGES TO THE BOARD RULES

## 2014 BOARD RULES (WAC 4-30) UPDATE

### RESULTS OF THE JULY 24, 2014 RULES HEARING

*Quality Assurance Review – WAC 4-30-130*

What are the quality assurance review (QAR) requirements for licensed CPA firms?

The Board amended this rule:

- To enhance public protection by specifying the timing and conditions under which a reviewed firm must notify the Board of disagreements on a proposed grade and/or fees charged for a firm's peer review;
- To clarify that withholding compensation for a peer review as a result of a disagreement about a proposed grade may result in Board action; and
- To clarify when the Board will take its own action to evaluate the subject firm's conformity with professional standards.

### RESULTS OF THE OCTOBER 24, 2014 RULES HEARING

*Investigation Process – WAC 4-30-140*

What are the authority, structure, and processes for investigations and sanctions?

The Board amended this rule:

- To expand authority, structure, and processes for investigations and sanctions to include the determination of a case, the detailed process of an investigation, and guidelines used for sanctioning.
- To incorporate the procedural provisions of the Board Policy 2004-1.

*Military – 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?

The Board amended this rule:

- To relieve military personnel deployed on active military duty and members of the state's National Guard called to duty by this state's governor from the requirements of renewal and payment of fees during a period of active duty and for a reasonable time thereafter.
- In addition, this rule conforms to the expedited permitting requirements of WAC 246-12-051 for military personnel and spouses relocated to Washington State.

