



# Board of Accountancy

*Report to the Governor*

## 2022

For the year ending December 31, 2022

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Rajib Doogar  
*Board Chair*

Michael J. Paquette, CPA  
*Executive Director*

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**This document contains the Annual Report to the Governor of the Agency's activities as required by RCW 18.04.045(6). This report includes background information, successes and challenges, budget, and other information about agency activities.**

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## Introduction

This report is intended to fulfill the requirement of RCW 18.04.045 and serves as the Washington State Board of Accountancy's annual report to the Governor of Washington State. In addition, this report is available to the public upon request.

Our Authority derives from the Public Accountancy Act RCW 18.04 and Board Rules WAC 4-30.

The Board is a non-general fund agency, so does not draw from the general fund. The Board is funded by revenue for initial licensing, renewing of licenses and CPA firm licensing.

Any questions regarding this report should be directed to Michael J. Paquette, CPA, Executive Director at [mike.paquette@acb.wa.gov](mailto:mike.paquette@acb.wa.gov) or (360) 485-1659.

## Our Mission

We serve the public by promoting the reliability of financial information issued by Certified Public Accountants or their firms and by regulating the qualification, conduct, and substantial equivalency of Certified Public Accountants.

## Our Purpose RCW 18.04.015

(1) It is the policy of this state and the purpose of this chapter: (a) To promote the dependability of information which is used for guidance in financial transactions or for accounting for or assessing the status or performance of commercial and noncommercial enterprises, whether public, private, or governmental; and (b) To protect the public interest by requiring that: (i) Persons who hold themselves out as licensees or certificate holders conduct themselves in a competent, ethical, and professional manner; (ii) A public authority be established that is competent to prescribe and assess the qualifications of certified public accountants, including certificate holders who are not licensed for the practice of public accounting; (iii) Persons other than licensees refrain from using the words "audit," "review," and "compilation" when designating a report customarily prepared by someone knowledgeable in accounting; (iv) A public authority be established to provide for consumer alerts and public protection information to be published regarding persons or firms who violate the provisions of chapter 294, Laws of 2001 or board rule and to provide general consumer protection information to the public; and (v) The use of accounting titles likely to confuse the public be prohibited.

## 2022 Summary

Washington State Board of Accountancy (Board) operated throughout 2022 within Governor Inslee's COVID-19 restrictions and state agency re-entry guidelines, until October 31<sup>st</sup> when the restrictions ended.

Due to future changes in how Washington's peer review program is implemented, the Board began looking at potential changes at its Annual Board meeting in October.

The agency's financial position is solid. Revenue has been strong and expenditures somewhat less than expected due to minimal travel costs. The agency is projected to underspend its Biennium 2021-23 allotments and is projected to end the biennium with approximately \$3.1 million in its operating account. As a reminder, the beginning biennium 21-23 balance was about \$3.0 million.

### Pro-Equity and Anti-Racism (PEAR)

The Board of Accountancy is working to embed the Pro-Equity Anti-Racism (PEAR) framework outlined in Executive Order 22-04 in all agency decision making and actions.

We believe strongly in the Governor's mission to create an anti-racist state where all are welcomed and can thrive regardless of race, ethnicity, creed, color, national origin, citizenship or immigration status, sex, honorably discharged veteran or military status, sexual orientation, or the presence of sensory, mental, or physical disability.

Our goal is to create a culture that centers pro-equity, racial justice, access, and belonging for all. We are committed to reframing our agency to work in a way that reduces disparities and improves equitable and just outcomes for everyone now and in the future.

## The People We Serve

The Washington State Board of Accountancy serves all the State's citizens. The Board licenses and regulates CPAs, CPA firms, non-licensee owners of CPA firms, and CPA-Inactive certificate holders.

In addition, CPAs licensed in our state can practice in other states through individual and firm mobility. Approximately one fifth of our licensee population obtained and maintain their Washington state license while remaining residents of other countries outside the USA. These individuals reside primarily in Pacific Rim countries. The Washington State Board of Accountancy is proud of its part in maintaining this connection to our international neighbors.

Board staff has found an interesting item of note. In 2022, the Board's licensed population totaled 22,600 CPAs; of those, 13,104 were in Washington, 2,932 were in Japan, 1,177 were in China and Hong Kong, 1,750 were in South Korea, with the remainder in other states and countries. In 2022, licensees in Washington declined by 182; however, licensees in locations other than Washington increased by 442. This demonstrates the Board's regulation of a

credential that is increasingly seen as a “worldwide” professional designation with 58% of its licensees declaring residency in Washington and 42% in other countries and states.

## Board Members and Staff

### Board Members

The Board is composed of nine members appointed by the Governor to serve three-year terms.

At year end, our Board members are:

Rajib Doogar, Public Member, Chair  
Brooke Stegmeier, CPA Member, Vice Chair  
Jacqueline Meucci, CPA, Member, Secretary  
Brian R. Thomas, CPA, Member  
Mark Hugh, CPA, Member  
Thomas P. Sawatzki, CPA, Member  
Kathryn Dixon, Public, Member  
Scott S. Newman, Public, Member  
Tonia L. Campbell, CPA, Member

### Staff Members

During 2022, Executive Director, David Trujillo, CPA, retired and Michael Paquette, CPA joined the agency as its newest executive director.

The Board staff are currently composed of nine employees:

Michael Paquette, CPA, Executive Director (new in 2022)  
Jennifer Sciba, Deputy Director  
Lori Mickelson, Chief Administrative Officer  
Tia Landry, Data and Systems Administrator  
Taylor Shahon, CPA, Lead Investigator  
Kelly Wulfekuhle, Lead Solutions Analyst  
Kirsten Donovan, Operations Manager  
Isaac Ross, Licensing Specialist  
Tim Taylor, Customer Service Specialist

The Board has also added a temporary office assistant to facilitate operations during the renewal period.

## Strategic Plan

In addition to abiding by the Governor's COVID-19 emergency proclamation, plans, procedures and entering the workplace in 2022 in accordance with the Governor's re-entry guidelines, the agency's Strategic Plan includes the following priorities and goals:

### Strategic Priorities

- Serve the public by promoting the reliability of financial information issued by Certified Public Accountants or their firms and by regulating the qualification, conduct, and substantial equivalency of Certified Public Accountants.
- Provide outstanding customer service.
- Protect and maintain the security of private personal information that is in the custody of the Board.
- Implement the Public Accountancy Act, Board Rules, and Board Policies in a fair and equitable manner.
- Maintain compliance with all other required statutes and rules affecting the agency.
- Strive to be an organization that focuses on the well-being and safety of employees through training, process improvements, and ensuring a secure workplace.

### Goals

- Strive to improve the ease of constituent access to, and the user-friendly nature of, information related to Board and Agency functions, processes, and actions.
- Protect and maintain the security of private personal information that is in the custody of the agency.
- Maintain a robust enforcement effort that responds to complaints in a timely and appropriate manner and completes investigations within agency standards.
- Embed the values of diversity, equity, and inclusion in all aspects of our agency.

## State Board of Accountancy Agency Summary

### BITD as of December 2022 Fund 02J

Category	BI Allotment	BITD Allotment	BITD Expenditures	BITD Variance
<b>Salaries and Wages</b>	1,647,927	1,226,839	1,175,612	51,227
<b>Employee Benefits</b>	547,781	404,107	405,526	(1,419)
<b>Professional Service Contracts</b>	324,000	243,000	195,999	47,001
<b>Goods and Services</b>	1,880,620	1,413,572	1,179,061	234,511
<b>Travel</b>	66,672	50,004	22,568	27,436
<b>Capital Outlays</b>	30,000	22,500	2,122	20,378
<b>Sum:</b>	4,497,000	3,360,022	2,980,888	379,134

### Revenue Received

The agency is not funded through the general fund; the agency receives its revenue from CPA license fees and applicant exam administrative fees. The agency can also recoup costs associated with the investigative process, but fines are contributed directly to the state general fund.

During the period of fiscal years 2018 to 2022, the agency recorded the receipt of the following revenues:

### Board of Accountancy Revenue by Fiscal Year

	Major Source	Source	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018
<b>001 - General Fund</b>	04 - States Charges & Miscellaneous Revenue	05 - Fines, Forfeits and Seizures	\$6,000	\$36,230	\$29,800	\$20,050	\$18,500
<b>02J - Certified Public Accountants' Acct</b>	02 - Licenses, Permits, and Fees	01 - Accountants	\$2,492,070	\$2,294,870	\$1,706,330	\$2,286,140	\$2,186,935

## FTEs allocated/FTEs used

Our agency staff is authorized (and funded) for a total of ten (10) full time equivalent employees (FTEs). By leveraging the experience of our current staff, we are successfully operating with nine (9) FTEs. This reserve capacity allows the agency to remain agile in reacting to unexpected workloads.

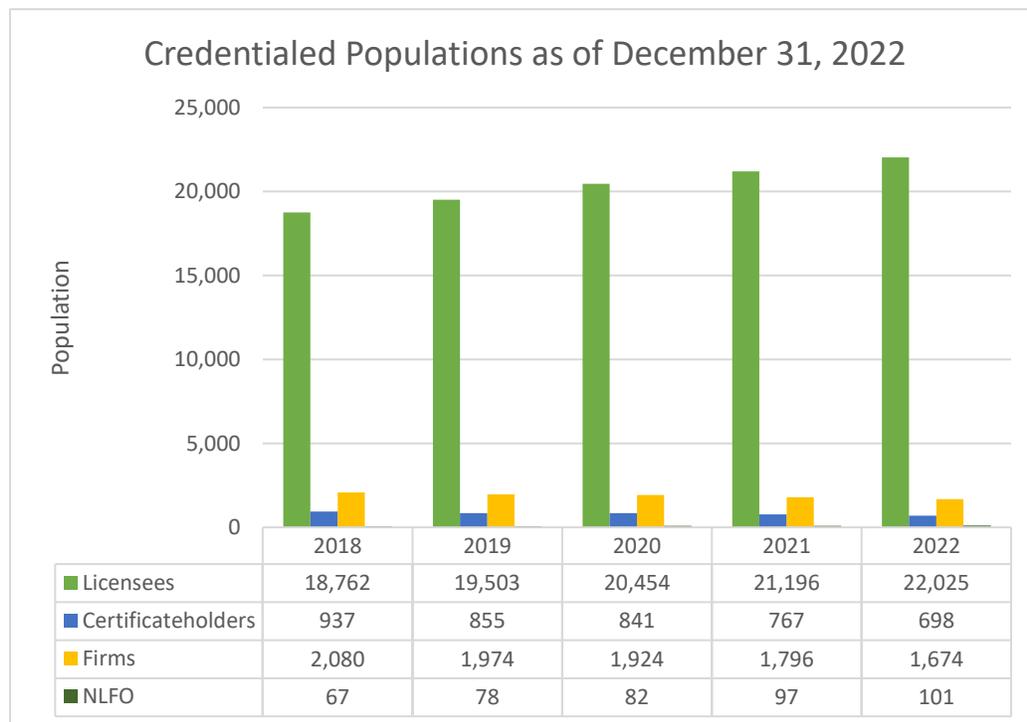
## Washington Management Service (WMS) positions - allocated versus filled

To minimize the growth of middle management, the agency strives to find classified positions that suit our operational requirements. Our agency is allocated for two WMS positions, but currently utilizes only one. Unless there is a sound rationale to fill the second WMS position, we will strive to remain within our authorized number of WMS positions.

## Performance

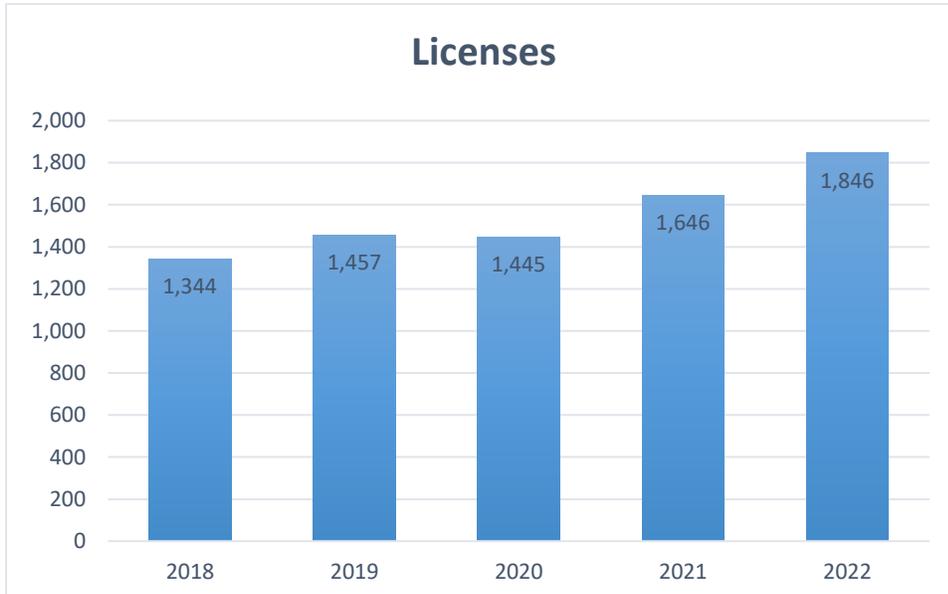
### Credentialed Population

The Board’s credentialed population continues to grow. The following chart shows the total number of licensees CPAs, CPA-Inactive certificate holders, CPA firms, and Nonlicensee owners of CPA firms (NLFO) for last five calendar years:



## New Licensees

The total number of new licensees who obtained their license in Washington State in the past five calendar years also continues to grow as show by the chart below:



## Enforcement

The Board continued its enforcement of the Public Accountancy Act throughout the pandemic. The average number of calendar days needed to resolve a case in 2022 dropped to 68 from 106 but remains above pre-pandemic levels due to several factors:

1. The need for the new executive director to familiarize himself with the Board's investigative process,
2. COVID-19 related impacts on licensees, licensee firms and their staff,
3. Extended time follow-up and/or response times granted by the enforcement team to both complainants and respondents in light of pandemic-related disruptions.

Year	2022	2021	2020	2019
<b>Cases received during year</b>	81	46	64	89
<b>Cases resolved during year</b>	87	45	60	87
<b>Average age in days, of resolved cases</b>	68	106	77	19
<b>No. of cases at end of year</b>	16	20	31	16

## Regulatory Actions

### CPA Inactive Legislation

The Board will begin the rulemaking process due to the elimination of CPA-Inactive Certificateholder in statute.

### Board AICPA Review Committee (BARC)

The committee worked towards rationalizing rules and better articulation of differences between AICPA and Board Rules to make it easier for licensees to remain compliant. The committee continues to meet to review the new AICPA rules and the effect on Board rules.

### CPA Exam Education Rule

The Board is considering changing the education requirement to sit for the exam to further reduce barriers to entry.

### Board Governance

Implementation of formal processes to rotate Board Members through Committee assignments to ensure continuity in Board leadership.

## The Way Forward in 2023

The Washington State Board of Accountancy is continuously working to find new opportunities to improve service and maintain our public protection mission.

**Amending Rules** - Revising Board rules to be more efficient for applicants, licensees, and staff. Clarifying several rules to align with the AICPA Code of Professional conduct and listing Washington specific exceptions. Moving the education requirement from 150 to 120 semester hours to allow candidates the ability to sit for the exam sooner and prior to obtaining the 150 semester hours for licensure.

**Peer Review** - The AICPA's Peer Review program was established many years ago for the purpose of improving the quality of accounting, auditing, and attestation services performed by CPAs. This program is administered by the Washington Society of CPAs (WSCPAs) and the Board participates via our sanctioned Peer Review Oversight Committee which includes Board Members and volunteer Board Representatives. Due to upcoming changes, WSCPAs will no longer be our administering entity. On May 1, 2023, the Colorado State Society of CPAs will administer the peer review program for Washington.

**Risk Management** - Considering agency risk in a holistic manner. This includes actively participating in the state's Enterprise Risk Management System, looking at national and

international events impacting the profession of public accounting such as the planned changes to the Uniform Accountancy Act (2024), CPA Evolution (2024), and the implementation of the AICPA's Peer Review in our state (2023). This also includes planning for a Cascadia subduction zone level event and ensuring our continuity of operations plan is current and effective.

## Thank You

Thank you for taking the time to learn more about the Washington State Board of Accountancy. If you have any questions, please do not hesitate to contact us, or visit our website at:

<https://acb.wa.gov/>