

WASHINGTON STATE BOARD OF ACCOUNTANCY

Minutes of a Meeting of the Board

Time and Place of Meeting	9:08 a.m. – 4:05 p.m. Tuesday, April 21, 2009 The Doubletree Hotel Seattle Airport, Cascade 13 Room 18740 International Boulevard SeaTac, Washington
Attendance	Edwin G. Jolicoeur, CPA, Chair Gerald F. Ryles, Vice-Chair Donald F. Aubrey, CPA, Board Member Robin A. Clark, CPA, Board Member Robert G. Hutchins, Public Board Member Lauren C. Jassny, Public Board Member Mark W. Pearson, CPA, Board Member Mary M. Tennyson, Senior Assistant Attorney General Richard C. Sweeney, CPA, Executive Director Diane M. Bren, CPA, Assistant Director of Operations and Investigations Cheryl M. Sexton, Executive Advisor
Call to Order	Edwin G. Jolicoeur, Chair, called the meeting to order at 9:08 a.m.
Consent Agenda	The Board unanimously approved the following items on the consent agenda as presented: <ul style="list-style-type: none">• Minutes of the January 27, 2009, regular Board Meeting• Request Review Committee Report
Rules Review	<p><u>WAC 4-25-530</u> - The Board held a public rule-making hearing prior to the Board meeting on April 21, 2009, at 9:02 a.m. The Board received no public testimony or written comment. The Board reviewed the proposed changes to rule WAC 4-25-530 and voted unanimously to adopt the rule proposal with an effective date of August 1, 2009.</p> <p><u>WAC 4-25-830(1)(a) and (7)</u> – Staff proposed changes to WAC 4-25-830 to clarify continuing professional education (CPE) requirements for individuals applying for a license via reciprocity.</p> <p><u>WAC 4-25-831</u> – Staff proposed changes to WAC 4-25-831 to:</p> <ul style="list-style-type: none">• Clarify in subsection (8) that credit for self-study CPE is allowed for initial licensure as well as for renewal• Correct a reference in subsection (12). Subsection 12 refers to subsection (9) in WAC 4-25-830 that no longer exists. The correct reference should be to WAC 4-25-830(8).

- Align the language with WAC 4-25-830 that refers to “extensions” and with the current practice for imposing sanctions

Staff also advised the Board of questions from CPAs regarding the definition of “interactive” vs. “non-interactive.” The Board determined the definitions do not need to be changed. An interactive course provides continuous feedback ensuring the individual actually completes the entire course. Otherwise, an individual completing a non-interactive course can skip to the test at the end of the course without reviewing or completing the entire course and not obtain the full educational benefit.

The Board directed staff to file a CR-102 for public hearing in conjunction with its regular meeting in July revising:

- WAC 4-25-830 as amended to clarify that requests for extension must be submitted no later than December 31 of the year preceding the year of renewal
- WAC 4-25-831 as drafted

Reinstatement General Discussion – The Executive Director outlined the current process staff follows when processing an application for reinstatement after suspension or revocation. The Executive Director pointed out how statute and rule changes complicate the evaluation of reinstatement applications. The Board provided direction to staff when to refer reinstatement of suspended/revoked applicants to the Board.

The Executive Director presented the following reinstatement applications and requests for modification of prior Board orders. The Board went into closed session following the presentation to discuss the applications/requests from 11:02 a.m. until 11:55 a.m.

Gordon H. Flattum – The Board resolved to deny Mr. Flattum’s application for reinstatement due to lack of good character. Board Member, Mark Pearson, recused himself from considering Mr. Flattum’s request.

George D. Gehrett – The Board tabled consideration of Mr. Gehrett’s application and request for modification of the prior Board order until the Board’s July meeting. The Executive Director will contact Mr. Gehrett and advise him of his options.

Richard H. Dennison – The Board rejected Mr. Dennison’s request for consideration of a reinstatement application as premature and indicated the Board would have difficulty with the acceptability of a future reinstatement application when considering good character.

NASBA

Regional Director Nomination

Laurie Tish asked the Board for a letter of support/nomination for her bid for regional director. Vice-Chair Gerald Ryles led the discussion and presented a draft letter for the Board's consideration. Ed Jolicoeur, as a member of NASBA's nominating committee, abstained from discussions. The Board unanimously resolved to recommend Laurie for Pacific Regional Director.

Western Regional Meeting – NASBA is paying for Ed Jolicoeur and Laurie Tish to attend the Western Regional meeting. The Executive Director will ask the Office of Financial Management (OFM) for exception to the out-of-state travel restriction to allow the Executive Director and Robert Hutchins to travel to the regional meeting on NASBA scholarship.

Update

Rich Jones, President and CEO of the Washington Society of CPAs (WSCPAs), updated the Board on the status of mobility legislation throughout the nation.

Ed Jolicoeur reported that the Nominating Committee nominated Michael Daggett for NASBA Vice-Chair for 2009-2010.

**Legal
Counsel's
Report**

The Board's legal counsel, Mary M. Tennyson, Senior Assistant Attorney General advised the Board of the challenges the Attorney General's office faces when advising Board staff on public records compliance in light of current court cases.

The Executive Director reported the agency is in the process of revising its records retention schedules. Once the Secretary of State Records Committee approves the schedules, the agency will move its e-mail into the Department of Information Services (DIS) vault. This decision is not intended to deny public access to agency records, but to manage e-mail.

Chair's Report

Board Officers Meeting

The Board officers met with the Executive Director on April 14, 2009.

**Compliance
Assurance
Oversight
Committee**

Mark Pearson attended the Compliance Assurance Oversight Committee's meeting on April 20, 2009. The Committee discussed the approach for its first meeting on May 5, 2009, to witness and perform due diligence of the peer review process by the WSCPAs's peer review committee.

The Executive Director reported that acceptance of an operating agreement between the Board and the WSCPAs for state oversight

of the peer review program is almost complete. The agreement covers acceptance process, confidentiality, reporting, and funding. Mary Tennyson asked to review the document.

The Board will discuss large firm peer review oversight at its July meeting.

**CPA Exam
Liaison
Committee**

No report.

**CPE
Committee**

No report.

**Education
Rule Review
Committee**

No report.

**Legislative
Liaison
Committee**

The Executive Director reported on the status of the following legislation:

Technical Correction – Senate Bill 5434; House Bill 1518
Governor signed this legislation on April 16, 2009.

Confidential Records – Senate Bill 5435; House Bill 1573
The Senate Committee on Labor and Commerce & Consumer Protection did not take action on this bill and the bill died.

Estate Distribution Documents – Substitute Senate Bill 5343;
House Bill 1331;
Governor signed this legislation on April 16, 2009.

Prevent or Reduce Owner-Occupied Foreclosure Program
(PROOF) – Engrossed Senate Bill 6033

This legislation seems to be progressing. If the Governor signs the legislation, Lauren Jassny and Gerald Ryles volunteered to serve as a non-voting representative of the Board on the PROOF oversight committee.

**Outreach
Committee**

No report.

**Qualifications
Committee**

No report.

Quality Assurance Review (QAR) Committee

Mark Pearson, QAR Committee Co-Chair, reported that the Committee recommends moving review of audit reports from the Board's current Quality Assurance Review (QAR) process to a peer review process. The Committee will review the Board rule WAC 4-25-820 and make recommendations to the Board. The AAG advised the Public Accountancy Act authorizes the Board to have a QAR program at the direction of the Board.

Request Review Committee

The following report was approved under the consent agenda:

CPE Extensions – Since the January 2009 Board meeting, the Board received 16 extension requests where the CPE deficiency was more than 16 CPE credit hours. The Executive Director and a Consulting Board Member took the following action:

Approved: 5

Denied and Referred to Enforcement: 11

Firm Names – The Executive Director and a Consulting Board member approved the following firm names since the January 2009 Board meeting.

1. Schafer, Tschopp, Whitcomb, Mitchell & Sheridan, LLP
2. Interactive Accounting Solutions
3. NWCPA
4. Izabal, Bernaciak & Company
5. Spectrum CPA Group, LLP
6. Pinnacle Tax & Accounting Services
7. Kristine T. Nelson, CPA MPACC

Late Fee Waivers – The Board did not receive any late fee waiver requests since the January 2009 Board meeting.

Professional/Education Organization – Recognition Requests – Since the January 2009 Board meeting, the Board received two requests for recognition. The Executive Director and a Consulting Board Member from the Request Review Committee *recognized* the following as educational organizations for purposes of obtaining lists of individual CPAs:

1. Government Finance Officers Association
2. Idaho Society of Certified Public Accountants
- 3.

Rule Review Task Forces

QAR
See QAR Committee report above.

Electronic Records

Donald Aubrey reported that the Task Force recommends splitting WAC 4-25-640 into two rules and presented draft language to the Board. Don request Board members provide him with any input suggestions. The Board will include these drafts changes in its comprehensive rule review to ensure consistency and accuracy.

Experience

Robin Clark had no report. She plans to meet with Board staff soon.

**Executive
Director's
Report**

Meeting With Board Officers

The Executive Director gave an overview of topics covered at the April 14, 2009, meeting with Board officers.

CPE Extensions (16 hours and under) – Since the January Board meeting, the Board received 40 requests for extension of time to complete CPE of 16 hours and under. The Executive Director took the following action:

Approved: 10

Denied: 30

Referred to Enforcement for 100% non compliance: 5

Administrative Sanctions: 25

Weather related CPE extensions are not included in the above.

Investigation Management Report – The Executive Director provided the following to the Board:

- 2009 First Quarter Closed Investigations & Administrative Sanctions
- 2006-2009 Closed Investigations & Administrative Sanctions for Each Calendar Year
- 2006-2009 Closed Investigations & Administrative Sanctions for the First Quarter for Each Year
- Investigation Statistics January 1999 through March 2009

Rules Review

The Executive Director reported he is drafting revisions to WAC 4-25-540 to improve the Brief Adjudicative Proceeding process.

WBOA-News – As of April 21, 2009, 1,395 individuals have subscribed. This is a net increase of 34 individuals (2.5%) since January 27, 2009.

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Public Input During the meeting, the Board heard comments from Rich Jones representing the Washington Society of CPAs (WSCPAs) and Antonio Laliberte, CPA.

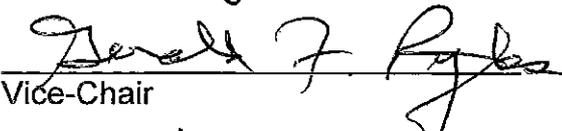
Executive Session with Legal Counsel At 3:20 p.m., the Board and legal counsel went into executive session to discuss pending and potential litigation. The Board did not take any action.

Adjournment The Board adjourned at 4:05 p.m.

Secretary



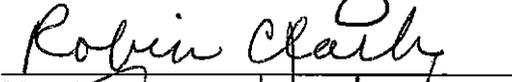
Chair



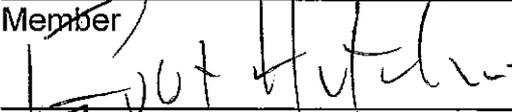
Vice-Chair



Member



Member



Member



Member

Member

Member