

# WASHINGTON STATE BOARD OF ACCOUNTANCY

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

<b>Time and Place of Meeting</b>	9:03 am – 11:42 am Friday, October 28, 2016 Washington State University - Pullman Compton Union Building Senate Room / Room 204 1500 NE Terrell Mall Pullman, WA 99163
<b>Attendance</b>	<u>Board Members</u> Thomas G. Neill, CPA, Chair, Board Member Elizabeth D. Masnari, CPA, Vice Chair, Board Member Karen R. Saunders, CPA, Board Member Favian Valencia, Public Member Rajib Doogar, Public Member Mark Hugh, CPA, Board Member Joel Cambern, Public Member  <u>Staff and Advisors</u> Charles E. Satterlund, CPA, Executive Director Bruce L. Turcott, Assistant Attorney General, Board Advisor Jennifer Sciba, Deputy Director Taylor Shahon, Lead Investigator Kirsten Donovan, Board Clerk
<b>Call to Order</b>	Board Chair, Tom Neill, called the annual meeting of the Board to order at 9:03 am.  The Board Chair excused the absences of Emily R. Rollins, CPA, Board Member, and James R. Ladd, CPA, Secretary, Board Member.
<b>Minutes – July 29, 2016 Regular Board Meeting</b>	The Board approved the minutes of the July 29, 2016, regular Board meeting as presented.
<b>Chair's Report</b>	<u>Election of 2017 Officers –</u> The Chair presented the following slate of officers to serve during 2017: <ul style="list-style-type: none"><li>• Chair – Thomas G. Neill, CPA</li><li>• Vice Chair – Elizabeth D. Masnari, CPA</li><li>• Secretary – James R. Ladd, CPA</li></ul> No other nominations were made. The Board cast a unanimous vote for the slate of officers presented.

2017 Board Meeting Schedule – The Board established the following schedule for the 2017 Board meetings:

- January 27, 2017 – Highline Community College – Des Moines
- April 28, 2017 – Central Washington University - Ellensburg
- July 28, 2017 – State Capitol, Senate Hearing Room #3 - Olympia
- October 27, 2017 – University of Washington - Bothell

Committee Appointments for 2017 – The Board made the following committee appointments for 2017:

- Compliance Assurance Oversight Committee  
Chair:  
Karen R. Saunders, CPA
- Legislative Review Committee  
Chair:  
Favian Valencia, Public Member  
Member:  
Mark Hugh, CPA
- Quality Assurance Committee  
Chair:  
Thomas G. Neill, CPA  
Member:  
Joel Cambern, Public Member
- Request Review Committee  
Chair:  
Elizabeth D. Masnari, CPA  
Member:  
Karen R. Saunders, CPA
- State Ethics Compliance Committee  
Ethics Advisor:  
James R. Ladd, CPA
- Qualifications Committee:  
Chair:  
Emily R. Rollins, CPA  
Members:  
Elizabeth D. Masnari, CPA  
Rajib Doogar, Public Member

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- Performance Review and Succession Committee  
Chair:  
Emily R. Rollins, CPA  
Member:  
Joel Cambern, Public Member
- Social Media Committee  
Chair:  
Favian Valencia, Public Member  
Member:  
Jennifer Sciba, Deputy Director
- WSCPA Education Fund Committee  
Chair:  
Elizabeth D. Masnari, CPA  
Member:  
Favian Valencia, Public Member

### Cross Border Initiative with Canada

The Board Chair reported that he, Board staff, NASBA, the AICPA, Canadian officials, and representatives from the Washington Society of CPAs (WSCPA) have been working closely on a cross border initiative regarding firm licensing. The review of the statutes and rules of both entities for obstacles has been the main focus. Another meeting is scheduled for next week in Austin at the NASBA annual meeting.

The Executive Director added that he has had a conversation with the Governor regarding this initiative as well.

### Discussion of WAC 4-30-051 and AICPA Code of Professional Conduct 1.400.200

The Board Chair led the discussion on the following items in the AICPA Code of Professional Conduct 1.400.200 as they relate to WAC 4-30-051:

- Definition of working papers
- Definition of electronic working papers
- 1.400.200.06 – providing records to other individuals associated with the client

He asked the Board Members to consider if they wish to revise WAC 4-30-051 to more closely reflect the definitions of the AICPA and to address the issue of providing records to other individuals associated with the client.

An agenda item for further discussion on this topic will be added to the January Board meeting.

RCW 18.04.295(5) – The Role of the Consulting Board Member (CBM) and Grounds for Discipline

This agenda item was tabled and may be added to a future meeting.

**NASBA Update**

Tom Neill reported on the following topics:

- Cross border work
- CPE standards

**NASBA and AICPA Revisions to the Statement on Standards for Continuing Professional Education (CPE) Programs (Standards)**

The Board Chair led the discussion on the revisions to the Standards and their relationship to Board Policy 2000-1, Continuing Professional Education and Licensing Requirements. The revisions to the Standards has caused Board Policy 2000-1 to no longer reflect the CPE requirements in Board Rule, WAC 4-30-132.

The Board voted unanimously to suspend Board Policy 2000-1.

WAC 4-30-132, What are the program standards for CPE, will be added as an agenda item to the January Board meeting. The Board will discuss possible revisions to the rule to more closely follow the revised Standards concerning nano-learning. Included in the discussion will be the UAA Model Rules concerning CPE.

**Executive Director's Report**

AICPA Peer Review Response Letter

The Executive Director presented a draft letter to the Board for approval for submission to the AICPA and NASBA.

The Board voted unanimously to approve the letter for submission as drafted.

Agency Enterprise Risk Management (ERM) Response to the Governor's Executive Order

The Executive Director advised that staff has already provided input regarding ERM. He will be sending information to the Board Members and request that they submit their input.

Strategic Plan – Agency Goals and Objectives

The Executive Director presented the 2017-2019 Biennium Strategic Plan to the Board. He asked that the Board Members review the plan and provide input.

Current Budget Report

The Executive Director presented the Allotment Expenditure/Revenue BTD Flexible Report, the Certified Public Accountant's Account Fund Balance, and the CPA Scholarship Transfer Account Fund Balance for transactions run through September 30, 2016.

Cultural Competency Training

The Executive Director advised that Board staff will be attending Cultural Competency Training on February 28, 2017. He invited Board Members to attend if they are able. Board staff will provide more details to the Board Members by email.

**Conflicts of Interest  
Definition  
Discussion**

Rajib Doogar led the discussion on a definition of conflict of interest. His research included reviewing WAC 4-30-040 and 4-30-048 as related to conflicts of interest. Additionally he reviewed the Bar Association's definition, which he determined was not completely applicable to the Board's purposes.

Conflicts of interest are situational and hard to define. The Board decided that a definition would be too confining and not cover every situation.

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- Executive Committee** Tom Neill reported that he spoke with the Vice Chair and the Secretary by phone. He has no issues to report.
- Compliance Assurance Oversight Committee** Karen Saunders had nothing to report.
- Legislative Review Committee** Favian Valencia had nothing to report.
- Quality Assurance Committee** Tom Neill reported on the 2016 QAR results.
- Request Review Committee** Elizabeth Masnari reported on the 3rd quarter 2016 approval and denials from the committee:

Firm Names: *Approved:*

- YK TAX & ACCOUNTING PLLC
- CHAIR SIX FINANCIAL PLANNING, PLLC
- (SN)2 LLC
- DOCTORS FINANCIAL SERVICES GROUP LLC
- THE COBALT GROUP INC
- NEW PARADIGM CFO, LLC
- BLUEBIRD, CPAS
- ACT RESOURCES, PLLC
- DN WEBB CPA
- GOODE CPA & ADVISORY OFFICE PC
- THE BEARDED CPA
- REDW LLC
- S D MAYER AND ASSOCIATES LLP
- NORTHWEST CPA SOLUTIONS LLC
- THOMAS SWANSON & ASSOCIATES, CPAS, PLLC

Professional/Educational Organization - Recognition Requests: During the 3<sup>rd</sup> quarter 2016, 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 2016, the Board did not receive any requests for recognition of domestic or international education credential evaluation services.

**State Ethics  
Compliance  
Committee**

Tom Neill reported for Jim Ladd on the state ethics compliance checklists which were completed by Board staff. No matters were reported that require further attention or action.

**Qualifications  
Committee**

Rajib Doogar reported that revisions to the education qualifications are being discussed. The committee is working closely with NASBA.

**Performance Review  
and Succession  
Committee**

Joel Cambern reported that the committee is working on revisions to the Executive Director Performance Evaluation.

**Social Media  
Committee**

Favian Valencia reported that he will have a report at the January Board meeting regarding an informational video for the Board website.

**WSCPA Education  
Fund**

Elizabeth Masnari presented the Projected Fund Balance – Washington State Certified Public Accounting Scholarship Program – for the Year Ending September 30, 2017.

**Legal Counsel's  
Report**

Bruce Turcott, the Board's legal counsel, had nothing to report. He did state that he has been working with the Board for ten years, originally as the Board's prosecuting Assistant Attorney General before taking on the role of the Board's legal advisor.

Rich Jones, CPA, President and CEO of the WSCPA, brought up the subject of indemnification of Board Members in light of the North Carolina Dental Board case. Bruce advised that training on the subject has been scheduled for the January Board meeting.

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**Investigation's Report**

Taylor Shahon presented the Enforcement Report for July 1, 2016 through September 30, 2016.

**Public Input**

The Board received input from Rich Jones of the WSCPA throughout the meeting.

Gary Bowe asked a multi-layered question regarding CPE. The Executive Director asked Gary to email the question to him so that he would be able to provide a more thorough response.

**Executive and/or Closed Sessions with Legal Counsel**

A closed session was held regarding adjudicative proceedings which are not subject to the Open Public Meeting Act under RCW 42.30.140(3).

**Adjournment**

The meeting adjourned at 11:42 am.

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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