



BOARD MEETING AGENDA

Date, Time: Friday, January 29, 2021 – Board Meeting – 9:00 a.m.
Location: Microsoft Teams Meeting
Notices: None

Chair Introductions

BOARD MEETING AGENDA

1. Minutes – October 16, 2020, Annual Board Meeting.....7-14
2. Delegations of Authority – Annual Review
 - a. DA-001 Investigations, Subpoenas, Charges, Emergency Action, and Settlement
Negotiations 15-16
 - b. DA-002 Request Oversight and Appeal of Denials..... 17-18
 - c. DA-003 Quality Assurance Oversight 19-20
 - d. DA-004 CR-101 Filing21
3. Board Policy Review
 - a. 2003-1 Safe Harbor Language for Use by Non-CPAs 22-23
 - b. 2020-2 Public Officials and Public Employees.....24
4. Chair’s Report
 - a. Greetings as New Chair
 - b. 2021—Year in Preview
5. NASBA Update
6. Legal Counsel’s Report
7. Committee/Task Force Reports
 - a. Executive Committee – Joel Cambern, Public Member, Chair
 - b. Peer Review Oversight Committee – Jacqueline Meucci, CPA, Chair
 - c. Request Oversight Committee – Thomas Sawatzki, Public Member, Chair25
 - d. Scholarship Oversight Committee – Carol Morgan, CPA, Chair
 - e. Title Reform Task Force – Mark Hugh, CPA, Chair
 - f. Succession Task Force – Joel Cambern, Public Member, Chair

The Board of Accountancy schedules all public meetings at barrier free sites. Persons who need special assistance, such as enlarged type materials, please contact the Board’s Americans with Disabilities Act contact person:

<p>Kirsten Donovan, Washington State Board of Accountancy PO Box 9131, Olympia, WA 98507-9131 Phone: 360-664-9191 Email: Kirsten.donovan@acb.wa.gov</p>	<p>7-1-1 or 1-800-833-6388 (TTY) - 1-800-833-6385 (Telebraille) (TTY and Telebraille service nationwide by Washington Relay www.washingtonrelay.com)</p>
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- 8. Executive Director’s Report
 - a. Budget Status Report 26-28
 - b. IT Modernization Project Update
 - c. State Auditor’s Office (SAO) Audit
 - d. ED Transition Issues
 - e. Other Matters as Needed

- 9. Enforcement Report
 - a. Quarterly Enforcement and Resolved Complaint Reports 29-30
 - b. Brief Adjudicative Proceeding (BAP) Process Review.....31

- 10. Executive and/or Closed Sessions with Legal Counsel

- 11. Public Input - The public has an opportunity to address its concerns and the Board has an opportunity to ask questions of the public. Individual speakers will be provided 10 minutes each.

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**WASHINGTON STATE
BOARD OF ACCOUNTANCY
BOARD MEETING – JANUARY 29, 2021
SUMMARY**

Date and Time: Friday, January 29, 2021 - 9:00 a.m.

Location: Microsoft Teams Meeting

Notices: None

Chair’s Opening Announcements: The purpose of the Board meeting is for the Board to accomplish its business. After the Board completes its discussion of an agenda item, if appropriate, I will ask if anyone in the audience wishes to comment. As a reminder, individuals attending the meeting may participate only after recognition by the Chair. If you plan to address the Board on other matters during the public input section of the agenda, please sign the public input roster.

January 29, 2021 – BOARD MEETING

1. Minutes – October 16, 2020

Board staff presents the draft minutes of the October 16, 2020, Annual Board meeting on **Pages 7-14** for the Board’s consideration.

Does the Board approve the minutes as drafted?

Does the Board authorize the use of their electronic signatures on file for the signing of the approved meeting minutes?

2. Delegations of Authority – Annual Review

Pages 15-21 contain the 2020 delegations for review. Staff reviewed and proposes no revisions to delegations other than date and signature of the Board Chair.

a. DA-001 Investigations, Subpoenas, Charges, Emergency Action, and Settlement Negotiations – Pages 15-16

Does the Board wish to revise, retain, or revoke this delegation?

b. DA-002 Request Oversight and Appeal of Denials – Pages 17-18

Does the Board wish to revise, retain, or revoke this delegation?

c. DA-003 Quality Assurance Oversight – Pages 19-20

Does the Board wish to revise, retain, or revoke this delegation?

d. DA-004 CR-101 Filing – Page 21

Does the Board wish to revise, retain, or revoke this delegation?

Does the Board Chair authorize the use of his electronic signature on file for the signing of the Delegations of Authority?

3. Board Policy Review

a. 2003-1 Safe Harbor Language for Use by Non-CPAs

Pages 22-23 contain the draft of a proposed revision to the policy which updates a reference to an RCW subsection.

Does the Board approve this revision to the policy?

If approved, does the Board Chair authorize the use of his electronic signature on file for the signing of Policy 2003-1?

b. 2020-2 Public Officials and Public Employees

Page 24 contains the policy revisions suggested by Scott Woelfle, CPA, of the Washington State Auditor, and the comments of the Board's AAG advisers regarding the suggestions.

The Executive Director will lead the discussion on the suggested revisions.

Does the Board wish to revise the policy for any (or all) of the suggested edits or retain the policy as is?

4. Chair's Report

a. Greetings as New Chair

b. 2021 – Year in Preview

5. **NASBA Update**

The Executive Director will provide a report on NASBA activities.

6. **Legal Counsel's Report**

The Board's legal counsel requests the agenda for regular Board meetings contain a placeholder item allowing for legal counsel to report on any current issues related to the Board's activities and/or Washington State law such as: the Administrative Procedures Act, Open Public Meetings Act, Public Disclosure requirements, etc.

7. **Committee/Task Force Reports**

- a. Executive** – Chair: Joel Cambern, Public Member; Vice Chair: Rajib Doogar, Public Member; Secretary: Jacqueline Meucci, CPA

Joel will give a verbal report.

- b. Peer Review Oversight Committee** – Chair: Jacqueline Meucci, CPA; Members: Mark Hugh, CPA; Carol A. Morgan, CPA; Brooke Stegmeier, CPA

Jackie will give a verbal report.

- c. Request Oversight Committee** – Chair: Thomas P. Sawatzki, CPA Members: Brian R. Thomas, CPA; Brooke Stegmeier, CPA

Page 25 contains a report on the 4th quarter approvals and denials from the committee.

Tom will give a verbal report.

- g. Scholarship Oversight Committee** – Chair: Carol A. Morgan, CPA; Members: Brian R. Thomas, CPA; Jacqueline Meucci, CPA; Kate Dixon, Public Member;

Carol will give a verbal report.

- h. Title Reform Task Force** – Chair: Mark Hugh, CPA; Members: Rajib Doogar, Public Member; Kate Dixon, Public Member; Thomas P. Sawatzki, CPA

Mark will give a verbal report.

- i. Succession Task Force** – Chair: Joel Cambern, Public Member; Members: Brian R. Thomas, CPA; Kate Dixon, Public Member; Carol A. Morgan, CPA

Joel will give a verbal report.

8. Executive Director’s Report

a. Budget Status

Pages 26-28 contain 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 through December 31, 2020.

b. Licensing Modernization Project Update

c. State Auditor’s Office (SAO) Audit

d. ED Transition Issues

e. Other Matters as Needed

9. Enforcement Report

Taylor Shahon, CPA, Lead Investigator, will provide a verbal report on investigations.

a. Quarterly Enforcement and Resolved Complaint Reports

Pages 29-30 contain the Quarterly Enforcement Report for October 1, 2020 through December 31, 2020 and the Resolved Complaint Report for periods January 2020 to December 2020 and January 2019 to December 2019.

b. Brief Adjudicative Proceeding (BAP) Process Review – Page 31

10. Executive and/or Closed Session with Legal Counsel

The Board's legal counsel requests the agenda for regular Board meetings contain a placeholder item identifying that the Board and legal counsel may enter into executive or closed session when determined appropriate.

11. Public Input

Board meeting time has been set aside to ensure the public has an opportunity to address its concerns, and the Board has an opportunity to ask questions of the public. Individual speakers will be provided 10 minutes each.

WASHINGTON STATE BOARD OF ACCOUNTANCY

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

Time and Place of Meeting 9:00 a.m. – 11:52 a.m. Friday, October 16, 2020
Microsoft Teams Meeting

Attendance Board Members
Mark Hugh, CPA, Chair, Board Member
Rajib Doogar, Vice Chair, Public Member
Joel Cambern, Secretary, Public Member
Brian R. Thomas, CPA, Board Member
Jacqueline Meucci, CPA, Board Member
Kate Dixon, Public Member
Carol A. Morgan, CPA, Board Member
Thomas P. Sawatzki, CPA, Board Member
Brooke Stegmeier, CPA, Board Member (left at 10:30 a.m.)

Staff and Advisors
Charles E. Satterlund, CPA, Executive Director
Michelle Carr, Assistant Attorney General, Board Advisor
Jennifer Sciba, Deputy Director
Taylor Shahon, CPA, Lead Investigator
Kirsten Donovan, Board Clerk
Tia Landry, Data and Systems Administrator

Call to Order Board Chair, Mark Hugh, called the annual meeting of the Board to order at 9:00 a.m.

Minutes – July 31, 2020 Board Meeting The Board approved the minutes of the July 31, 2020, Board meeting as presented.

Chair’s Report Election of 2021 Officers – The Chair presented the following slate of officers to serve during 2021:

- Chair – Joel Cambern, Public Member
- Vice Chair – Rajib Doogar, Public Member
- Secretary – Jackie Meucci, CPA

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

The Executive Director thanked the out-going Chair for his contributions and commitment while serving as the Chair.

2021 Board Meeting Schedule – The Board established the following schedule for the 2021 Board meetings:

- January 29, 2021 – Virtual Meeting
- April 30, 2021 – Virtual Meeting
- July 30, 2021 – Virtual Meeting
- October 29, 2021 – Virtual Meeting

The meetings will be moved to in-person meeting locations if it becomes safe to do so.

Committee Appointments for 2021

The Board made the following committee appointments for 2021:

- Peer Review Oversight Committee
Chair:
Jackie Meucci , CPA
Members:
Carol Morgan, CPA
Mark Hugh, CPA
Brooke Stegmeier, CPA
Non-Board Volunteers:
Robert Loe, CPA
Laura Lindal, CPA
- Request Oversight Committee
Chair:
Tom Sawatzki, CPA
Members:
Brian Thomas, CPA
Brooke Stegmeier, CPA
- Scholarship Oversight Committee
Chair:
Carol Morgan, CPA
Members:
Brian Thomas, CPA
Jackie Meucci, CPA
Kate Dixon, Public Member
- Title Reform Task Force
Chair:
Mark Hugh, CPA
Members:
Rajib Doogar, Public Member
Kate Dixon, Public Member
Tom Sawatzki, CPA

- Succession Task Force
Chair:
Joel Cambern, Public Member
Members:
Brian Thomas, CPA
Carol Morgan, CPA
Kate Dixon, Public Member

NASBA Annual Meeting Reminder

The Board Chair advised the Board that the NASBA Annual meeting is scheduled to be held virtually from November 2-4, 2020.

Licensee Geographic Location

The Board Chair advised the Board of its credentialed population by country and state.

Board Policy Review

Proposed New Board Policy – 2020-2 Public Officials and Public Employees

The Executive Director presented a draft and led the discussion on the proposed new policy. The Washington State Public Accountancy Act generally does not apply to government officials and employees. The purpose of this policy is to explain both the application and the limitations of this exception.

Scott Woelfle from the Office of the Washington State Auditor asked that the Board consider revisions to 3 sections of the policy. The Board Chair asked Mr. Wolfle to provide his comments in writing for further discussion with the Attorney General's office.

The Board voted unanimously to adopt the policy as written.

The Board will revisit the policy after receiving the Attorney General's opinion (discussed later in the meeting).

2002-4 International Reciprocity

The Executive Director led the discussion on retiring the policy. The information in the policy has already been incorporated into the Board Rules.

The Board voted unanimously to retire the policy.

Washington State Executive Ethics Board – Board Member Training

Kate Reynolds, Executive Director, Washington State Executive Ethics Board, conducted state ethics training, while answering questions throughout the training.

ACB Request for Attorney General Formal Opinion

Michelle Carr, AAG, explained the AG formal opinion process to the Board.

The Board Chair led the discussion on the request for AG formal opinion on:

“Does the Board have disciplinary authority, for violations of the Public Accountancy Act and Board rules, over a Certified Public Accountant licensee who is an employee of a state agency, for acts performed within the scope of employment?”

The Board voted unanimously to submit the request as drafted.

Legal Counsel’s Report

Michelle Carr, the Board’s legal counsel, had nothing to report.

The Executive Director informed the Board that a long-standing lawsuit against the Board has been dismissed.

NASBA Update

The Executive Director reported on the following:

- Remote testing/proctoring for the CPA Exam
- NASBA has scheduled in person meetings for 2021

Tom Neill, CPA, NASBA Ethics Committee Member and AICPA UAA Committee Chair, advised the Board on the following:

- NASBA has approved the UAA Model Rules changes – the AICPA must now consider the changes
- The potential changes to client records are of particular interest
- Non-compliance with laws and regulations (NOCLAR) is still moving along slowly
- CPA responses to COVID concerns raised by clients – PPP loans and stimulus checks

Executive Director’s Report

Budget Status 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, 2020.

Legislative Update

The Executive Director reported:

- Title reform bill has been entered into the Bill Analysis and Tracking System (BATS)
- Two legislators have been contacted about sponsoring the bill and he is waiting to hear back from them
- The hope is for the bill to be considered in this legislative session, but it may have to wait for the next session
- The bill process will change due to COVID concerns

Retirement

The Executive Director reported that he will be submitting a letter of resignation to the Governor's Office for retirement at the end of January 2021.

IT Modernization Project Update

The Deputy Director reported:

- The project is ahead of schedule and should be completed by December 2020
- The licensing system will be down for one week in December while the new system is being implemented
- Board approved Washington Ethics course authors will now submit their courses for approval through the new system
- The system includes a more robust CPE Tracker and licensees will be required to list their completed CPE starting with the 2021 renewal

The Board Chair requested that staff present a walk-through of the new system at the January Board meeting.

Executive Committee

The Board Chair reported that the committee members met by phone and discussed the agenda content and the new Board policy.

Peer Review Oversight Committee

Jackie Meucci reported on the committee's activities for the 3rd quarter 2020:

- A request was received from NASBA to provide an annual PROC Report for Washington. Plan to provide an annual

report for 2020 in early 2021 summarizing activity for the year.

- Executive Director and PROC Chair attended the AICPA's Review Board Open Session meeting on August 20, 2020, where the primary topic of discussion was around difficulties and delays due to the pandemic and the need to extend deadlines.
- Executive Director and PROC Chair scheduled meeting with PROC volunteers to discuss the current situation with peer review amid the delays and other difficulties associated with the pandemic and any other issues our PROC volunteers are experiencing with the Report Acceptance Bodies (RABs).
- No review of peer review reports since July 29.
- No reports from PROC representatives since July 29.

**Request
Oversight
Committee**

Joel Cambern reported on the 3rd quarter 2020 approval and denials from the committee:

Firm Names: *Approved:*

CAPITAL REMIX PLLC
BAILEY CPA, LLC
MASON ACCOUNTING
DIWAN ACCOUNTING LLP

Professional/Educational Organization - Recognition Requests

During the 3rd quarter 2020, the Board received three requests for recognition as an educational organization for purposes of obtaining list requests with the following actions:

Denied:

Pacific Financial Advisors, Inc.

Approved:

American CPE, Inc.
The Society for Financial Awareness (SOFA)

Domestic or Foreign Education Credential Evaluation Services – Applications

During the 3rd quarter 2020, the Board did not receive any requests for recognition of domestic or international education credential evaluation services.

Scholarship Oversight Committee

Brian Thomas presented the Projected Fund Balance and Estimated Expenses for Administering Washington State Certified Public Accounting Scholarship Program – for the Year Ending September 30, 2021.

Brian reported that he had reviewed the final agreement between the Washington State Board of Accountancy (ACB) and the Washington CPA Foundation (Foundation) regarding the Certified Public Accounting Scholarship Program. He provided the final agreement to the other committee members by email. He reported on the following points from the agreement:

- Expires in 20 years or once the funds are gone, whichever comes first, with a renewal clause
- Establishes a \$25,000 yearly administration fee for the program payable to the Foundation by ACB
- Program fiscal year is September 30

Title Reform Task Force

Title reform was covered in the Executive Director section. Mark Hugh added the hope is for the bill to be considered in the upcoming 2021 legislative session, or if not, then the 2022 legislative session. Reform is needed for uniformity in titles amongst the states.

Succession Task Force

Joel Cambern reported that the task force is in a holding pattern until the Executive Director job announcement is posted.

Enforcement Report

Enforcement Reports

Taylor Shahon, CPA, Lead Investigator, presented:

- Quarterly Enforcement Report for July 1, 2020 through September 30, 2020
- Resolved Complaint Report for periods October 2019 through September 2020 and October 2018 through October 2019

Taylor reported:

- Complaints were relatively quiet for the quarter
- Increased phone call volume potentially related to COVID
- Current pattern of complaint and phone calls involve:
 - Clients being unable to get in contact with their CPAs
 - Late or non-filing of tax returns
 - Payment disputes
 - Non-CPAs

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

No executive or closed sessions with legal counsel held.

Public Input

The Board received public input throughout the meeting.

Adjournment

The meeting adjourned at 11:52 a.m.

Secretary

Chair

Vice Chair

Member

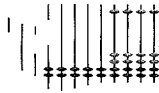
Member

Member

Member

Member

Member



Board of Accountancy

WASHINGTON STATE

Delegation of Authority

Number: DA-001

**Title: Investigations, Subpoenas, Charges, Emergency Action,
and Settlement Negotiations**

I, Mark Hugh, Chair of the Washington State Board of Accountancy (“Board”), acting under authorization by a Board vote, delegate to the Executive Director of the Board the authority to:

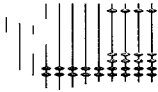
- (a) Investigate alleged violations of chapter 18.04 RCW, chapter 4-30 WAC, or chapter 34.05 RCW, to include issuing subpoenas to compel the attendance of witnesses and require the production of documents, administering oaths or affirmations to witnesses appearing before the Board, taking testimony, and requiring that documentary evidence be submitted.
- (b) Sign, issue, and withdraw Statements of Charges, which seek to suspend, revoke, reprimand, discipline, or impose a fine upon a certified public accountant licensee, a CPA-inactive certificate holder, a licensed CPA firm, a CPA Examination or license applicant, a nonlicensee firm owner, or an unlicensed individual or firm using the CPA title.
- (c) Sign, issue, and withdraw Statements of Intent to Deny, which refuse to issue, reinstate, or renew a certified public accountant license, a CPA-inactive certificate, a CPA firm license, or a nonlicensee firm owner registration.
- (d) Apply to the appropriate court for an order enjoining any acts or practices which constitute, or will constitute, a violation of chapter 18.04 RCW under RCW 18.04.360.
- (e) Issue an order staying the practice rights or use of the restricted title in situations requiring agency action due to an immediate danger to the public health, safety, or welfare. The order will initiate an emergency adjudicative proceeding under RCW 34.05.479.
- (f) Negotiate settlement proposals during investigations of alleged violations of chapter 18.04 RCW or chapter 4-30 WAC. Such proposals are subject to consulting Board member concurrence prior to submission to the Board for consideration.
- (g) Issue Remedial Resolutions and execute voluntary settlements including monetary terms in accordance with the guidelines in Board Policy 2004-1.

This delegation is made under the authority of RCW 18.04.045, 18.04.295, and 18.04.305.

DATED this 31st day of January 2020.

A handwritten signature in black ink, appearing to read 'Mark Hugh', written over a horizontal line.

Mark Hugh, CPA
Chair, Washington State Board of Accountancy



Board of Accountancy

WASHINGTON STATE

Delegation of Authority

Number: DA-002

Title: Request Oversight and Appeal of Denials

I, Mark Hugh, Chair of the State of Washington Board of Accountancy (“Board”), acting under authorization by a Board vote, delegate the following authority:

1. Request Oversight Committee - To the Executive Director with concurrence of one member of the Request Oversight Committee to approve or deny:
 - a) **Firm Names** for compliance with the requirements of RCW 18.04.345 and chapter 4-30 WAC to ensure the Board that the firm name is not deceptive or misleading.
 - b) **Professional/Education Organizations Recognition Requests** for purposes of obtaining lists of individual CPA licensees, CPA-Inactive certificateholders, or nonlicensee firm owners under RCW 42.56.070(8) and chapter 4-30 WAC.
 - c) **Late Fee Waiver Requests** where individual hardship including, but not limited to, financial hardship, critical illness, or active military deployment is a factor under chapter 4-30 WAC.
 - d) **Domestic or foreign education credential evaluation services** applications for approval under chapter 4-30 WAC.

2. Appeal of Denials of Requests for Lists of Individuals – To one member of the Request Oversight Committee not involved in the original review of the request under delegation 2(c) of this delegation, to review and uphold or overturn denials of requests for lists of individuals under RCW 42.56.520. This Request Oversight Committee member shall complete the review by the end of the second business day following the denial. The Committee member’s decision is the final action the Board will take on the matter for purposes of judicial review.

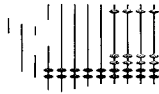
The Executive Director will report all actions taken under this delegation of authority at each quarterly Board meeting to assist the Board in evaluating whether this delegation should be rescinded or modified.

This delegation is made under the authority of RCW 18.04.045 and 42.56.070(8).

DATED this 31st day of January 2020.



Mark Hugh, CPA
Chair, Washington State Board of Accountancy



Board of Accountancy

WASHINGTON STATE

Delegation of Authority

Number: DA-003

Title: Quality Assurance Oversight

I, Mark Hugh, Chair of the State of Washington Board of Accountancy (“Board”), acting under authorization by a Board vote, delegate the following authority:

1. **Quality Assurance Oversight** - To the Executive Director, with concurrence of one member of the Board’s Peer Review Oversight Committee, to take those actions deemed appropriate under chapter 4-30 WAC for any CPA firm:

- That has unresolved matters relating to the peer review process or that has not complied with, or acted in disregard of the peer review requirements; and
- When issues with a peer review may warrant further action.

To implement this delegation, the Executive Director may execute Respondent Agreements, including one or any combination of the actions deemed appropriate after concurrence of one member of the Board’s Peer Review Oversight Committee. These actions may include requiring the firm/practitioner to:

- Develop and implement quality control procedures to provide reasonable assurance that similar occurrences will not occur in the future.
- Engage a Board-approved licensee to conduct a Board-prescribed on-site field review of the firm’s work product and practices to provide a more in-depth review of the practitioner’s work, previously taken continuing professional education, library and other practice support tools, knowledge, abilities, and system of quality control.
- Submit all or specified categories of its compilation, audit, review, or other attest working papers and reports to a preapproved independent practitioner review prior to issuance.
- Obtain continuing education courses in specific areas.

Uncooperative CPA firms or CPA firms requiring more than one oversight will be subject to investigation and appropriate Board action.

This delegation does not include matters that require Board action such as acceptance of voluntary practice restriction.

2. **Review of Publicly Available Professional Work** – To the Executive Director to review publicly available professional work of licensees under RCW 18.04.045(8) and chapter 4-30 WAC.

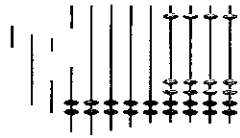
The Executive Director will report all actions taken under this delegation of authority at each quarterly Board meeting to assist the Board in evaluating whether this delegation should be rescinded or modified.

This delegation is made under the authority of RCW 18.04.045.

DATED this 31st day of January 2020.



Mark Hugh, CPA
Chair, Washington State Board of Accountancy



Board of Accountancy
WASHINGTON STATE

Delegation of Authority

Number: DA-004

Title: CR-101 Filing

I, Mark Hugh, Chair of the State of Washington Board of Accountancy (“Board”), acting under authorization by a Board vote, delegate to the Executive Director the authority to:

File CR-101s with the Office of the Code Reviser to begin the rule-making process for revisions of current rules and proposed new rules.

This delegation is made under the authority of RCW 18.04.045 and RCW 18.04.055.

DATED this 31st day of January 2020.

Mark Hugh, CPA
Chair, Washington State Board of Accountancy



Washington State Board of Accountancy

Policy Number: 2003-1

Title: Safe Harbor Report Language for Use by Non-CPAs*

Revised: ~~October 17, 2013~~ January 29, 2021*

Effective: ~~January 31, 2003~~

Approved: _____
Emily R. Rollins, CPA, Joel Cambern, Chair

~~*This policy rescinds and supersedes any previous Board policy.~~

Purpose:

RCW 18.04.350 (~~4011~~) states that persons or firms composed of persons not holding a license under RCW 18.04.215 (i.e., non-CPAs) may offer or render certain services to the public, including the preparation of financial statements and written statements describing how such financial statements were prepared, provided they do not:

- Designate any written statement as an “audit report,” “review report,” or “compilation report,”
- Issue any written statement which purports to express or disclaim an opinion on financial statements which have been audited, and
- Issue any written statement which expresses assurance on financial statements which have been reviewed.

In April of 1989, the Board approved two alternatives as “safe harbor” report language for use by non-CPAs. Non-CPAs may use the language in the following paragraphs without challenge by the Board as a violation of RCW 18.04.345. The words “audited,” “reviewed,” “compiled,” or “compilation” may not be inserted or substituted for the language found in the letters.

CPA-Inactive certificate holders may not use the ‘CPA-Inactive’ title when performing or offering accounting, tax, tax consulting, management advisory, or similar services to the public. As such, CPA-Inactive certificate holders are prohibited from using the safe harbor report language concurrent with the CPA-Inactive title.

Safe harbor report language Sample #1:

The accompanying balance sheet of ABC Company, as of December 31, 1988 and related statement of income for the year then ended have been prepared by me (us).

These statements have been prepared from information furnished by management (owner), and accordingly, I do not express any assurance on them.

Safe harbor report language Sample #2:

The accompanying balance sheet of ABC Company, as of December 31, 1988 and related statement of income for the year then ended have been prepared by me (us).

My engagement was limited to presenting in the form of financial statements information that is the representation of management (owner), and accordingly, I do not express any assurance on them.

Effective: January 31, 2003

Revised: October 17, 2013

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Suggested changes from Scott Woelfle, CPA, Office of the Washington State Auditor are in black print.

AAG Board adviser's comments are in red print.

- Page 1, second paragraph – The first sentence references RCW 18.04.345 and specifically mentions “attest and compilation services”. However, The last sentence uses the phrase “preparing audits”, which is more limited in scope and does not include other common attest engagements, including agreed-upon procedures. Therefore, the paragraph would be more consistent throughout by continuing to refer to attest engagements.

We defer to the CPAs on the use of these technical accounting terms.

- Page 1, third paragraph – The use of the words “may not” in the second sentence is inconsistent with understanding of RCW 18.04.350(12) expressed in the policy and the penultimate paragraph on page 2, in particular. The words “does not” would be more consistent. Also, adding the word “normal” to “course of their employment” in that sentence would be consistent with that other paragraph, as well.

For the reasons previously discussed, we suggest not to make this change.

- Page 2, first paragraph – The phrase “...or in failing to report that they had been sanctioned by another public agency” seems to refer to WAC 4-30-036 related to self-reporting these matters. If that is the case, the sentence could refer to that WAC provision. Further, if this is intended to reference “performing accountancy work outside of the office” in the prior paragraph, then this paragraph could be linked thereto by adding a phrase like “...for the accountancy work mentioned above.”

This suggested language would provide additional clarity and the Board may want to consider adding it to the policy.

Request Oversight Committee Report January 2021

Joel Cambern, Chair

During the fourth quarter 2020, the Executive Director and a Consulting Board Member from the Request Oversight Committee took the following action:

Firm Names: *Approved:*

CLARE ACCOUNTING GROUP LLC
ASSURE CPA, LLC
YAKIMA CPA GROUP
LAKESIDE CPA PLLC
A. HARDER CPA
EVERGREEN ACCOUNTING PLLC
COMMENCEMENT BAY CPA PLLC
REAL-TIME ACCOUNTING SERVICES, LLC
FODENCO LLC
BOOKSMART WA
EASTSIDE ACCOUNTANTS

Professional/Educational Organization – Recognition Requests – During the fourth quarter in 2020, the Board did not receive any requests for recognition of an educational organization for purposes of obtaining list requests.

1650 - State Board of Accountancy

Allotment Expenditure/Revenue BTD Flexible

Report Number: AEF04

Biennium: 2021

As of Fiscal Month: Dec FY2

Transactions Through: Dec 31, 2020 8:00PM

Date Run: Dec 31, 2020 11:50PM

Account: 021

Allotment Content: Approved & Adjusted

Estimated Revenue Content: Approved & Adjusted

Expenditure Content: Cash, Acct(all)

Revenue Content: Cash, Acct(all)

(For a complete listing of all input parameter values, please see the last page of the report)

By Account/Expenditure Authority	Allotment		Disbursement		Accrual		Encumbrance		Variance		Biennium Remaining	
	BTD	BTD	BTD	BTD	BTD	BTD	BTD	BTD	BTD	BTD	BTD	BTD
021 - Certified Public Accountants' Acct												
030 - Salaries and Expenses	2,815,620	2,513,934.74	(6,138.12)	0.00	307,823.38	1,251,203.38						
Total for Agency	2,815,620	2,513,934.74	(6,138.12)	0.00	307,823.38	1,251,203.38						
By Account/Expenditure Authority												
By Object												
A - Salaries and Wages	1,131,518	1,097,605.84	0.00	0.00	33,912.16	412,436.16						
B - Employee Benefits	407,736	400,502.66	0.00	0.00	7,233.34	145,245.34						
C - Professional Service Contracts	173,556	12,202.23	0.00	0.00	161,353.77	219,205.77						
E - Goods and Services	1,030,306	973,703.30	(6,138.12)	0.00	62,740.82	407,564.82						
G - Travel	50,004	29,920.71	0.00	0.00	20,083.29	36,751.29						
J - Capital Outlays	22,500	0.00	0.00	0.00	22,500.00	30,000.00						
Total for Agency	2,815,620	2,513,934.74	(6,138.12)	0.00	307,823.38	1,251,203.38						
By Object												

Fund

Balance As Of:	12/31/2020	Show Balances As Of:	12/31/2020 <input type="checkbox"/>
Book Balance:	2,320,101.65	<input type="button" value="Retrieve"/>	
Outstanding Warrants:	1,650.00		
Cash Balance:	2,321,751.65		

Fund Code:	02J
Fund Name:	CERTIFIED PUBLIC ACCOUNTANTS' ACCT
Fund Type:	SPECIAL REVENUE FUNDS (BA)
Treasury Type:	Treasury (1)
Budget Type:	Appropriated (A)
Roll-Up Fund:	CENTRAL ADMIN AND REGULATORY FUND (FBD)
Agency:	STATE BOARD OF ACCOUNTANCY (1650)
Statute:	18.04.105
GAAP Fund Type:	SPECIAL REVENUE FUNDS (B)
Active:	Active
DOT Fund:	No

Fund

Balance As Of:	12/31/2020	Show Balances As Of:	12/31/2020 <input type="checkbox"/>
Book Balance:	175,000.00	<input type="button" value="Retrieve"/>	
Outstanding Warrants:	0.00		
Cash Balance:	175,000.00		

Fund Code:	20D
Fund Name:	CPA SCHOLARSHIP TRANSFER ACCOUNT
Fund Type:	SPECIAL REVENUE FUNDS (BA)
Treasury Type:	Treasury Trust (2)
Budget Type:	Nonappropriated/Nonallotted (N)
Roll-Up Fund:	HIGHER EDUCATION FUND (FBG)
Agency:	STATE BOARD OF ACCOUNTANCY (1650)
Statute:	28B.123.050
GAAP Fund Type:	SPECIAL REVENUE FUNDS (B)
Active:	Active
DOT Fund:	No

Board of Accountancy Washington State Enforcement Report

<u>Quarterly Report (Oct 01, 2020 through Dec 31, 2020)</u>			
Complaint Workload			
	Received in Previous Period	Received in Report Period	Total
Complaints Open	19	12	31
Closed with No Action	(8)	(2)	(10)
Closed with Action Taken	(1)	0	(1)
Complaints at End of Period	10	10	20
Details of Complaint Closures			
	Administrative	Public Harm	Total
No Action Taken	0	10	10
Revocation, Suspension, Restriction	0	0	0
Fines, costs, and other sanctions	1	0	1
Remedial Resolution (Policy 2004-1)	0	0	0
Total Closed	1	10	11

<u>Twelve-Month Lookback (Jan 01, 2020 through Dec 31, 2020)</u>			
Complaint Workload			
	Received in Previous Period	Received in Report Period	Total
Complaints Open	16	64	80
Closed with No Action	(7)	(43)	(50)
Closed with Action Taken	(8)	(2)	(10)
Complaints at End of Period	1	19	20
Details of Complaint Closures			
	Administrative	Public Harm	Total
No Action Taken	7	43	50
Revocation, Suspension, Restriction	0	5	5
Fines, costs, and other sanctions	1	4	5
Remedial Resolution (Policy 2004-1)	0	0	0
Total Closed	8	52	60

Board of Accountancy Washington State

All complaints - resolved with and without discipline

	<u>Jan 2020 to Dec 2020</u>		<u>Jan 2019 to Dec 2019</u>	
	<i>All</i>	<i>Action Only</i>	<i>All</i>	<i>Action Only</i>
Public Harm				
Negligence - Attest related	4	3	2	0
Negligence, Disregard of standards	35	2	46	2
Use of Restricted Titles	7	2	7	1
Embezzlement, Theft, Breach of Fid. Duty	2	2	2	1
Breach of Confidentiality	0	0	0	0
Records Retention Causing Harm	5	0	2	0
<u>Subtotal</u>	53	9	59	4
Administrative				
Peer Review	3	1	1	0
CPE - Deficient 16 hours or less	0	0	10	7
CPE - Deficient 17 hours or more	1	0	7	3
CPE - Deficient eligible WA ethics	0	0	11	11
CPE - Failure to respond to CPE audit	3	0	0	0
<u>Subtotal</u>	7	1	29	21
Total	60	10	88	25

Apr 01, 2020 through Sep 30, 2020				
CBM Report				
	BAP	Action	No Action	Total
Mark Hugh	2	0	0	2
Rajib Doogar	0	0	5	5
Joel Cambern	0	1	0	1
Brian Thomas	0	0	3	3
Jacqueline Meucci	0	1	2	3
Kate Dixon	0	0	8	8
Carol Morgan	1	1	0	2
Thomas Sawatzki	0	2	4	6
Brooke Stegmeier	0	0	1	1
None	0	0	1	1
Total	3	6	24	33

Brief Adjudicative Proceedings (BAP) Process Review

When the Board denies a license application, an applicant has the opportunity to request a brief adjudicative proceeding (BAP) to contest the staff decision.

The BAP is presided over by the Board Chair or designee, and is often delegated to a designee. This presiding officer will review documentation available and the applicable rules, and decide whether to uphold or overturn the staff decision. The process does not involve a hearing, communication with the applicant, or anything beyond reviewing evidence. The presiding officer may consult with the Board's Assistant Attorney General.

The applicant may appeal the presiding officer's decision, at which point another review is performed, this time by the Vice Chair or designee.

The decision resulting from the BAP process, also known as an order, is written by the Assistant Attorney General and signed by the presiding officer.

WAC 4-30-028

Except where they are inconsistent with the rules in this chapter and subject to additional rules that the board may adopt from time to time, practice and procedure in and before the board are governed by the uniform procedural rules codified in the Washington Administrative Code, chapter 10-08 WAC.

For certain types of decisions, the board has adopted an appeal process authorized by RCW 34.05.482 through 34.05.494 which is called a brief adjudicative proceeding. Decisions to which this appeal process will be applied are:

- (1) Staff denials of initial individual license applications, renewals, or applications for reinstatement;
- (2) Staff denials of CPA-Inactive certificate renewals or applications for reinstatement;
- (3) Staff denials of practice privilege reinstatements;
- (4) Staff denials of initial resident nonlicensee firm owner registration applications, renewals, or applications or requests for reinstatement;
- (5) Staff denials of initial firm license applications, renewals, and amendments;
- (6) Staff denials of exam applications; and
- (7) A proposed suspension as a result of a determination by a lending agency of nonpayment or default on a federally or state-guaranteed student loan or service conditional scholarship.

To appeal a decision you must submit your request for a brief adjudicative proceeding, in writing, to the board within thirty days after the decision by board staff is posted in the U.S. mail. The board chair or the board vice chair, if the board chair is unavailable, will appoint one member of the board as the presiding officer for brief adjudicative proceedings. The presiding officer renders a decision either upholding or overturning the denial. This decision, called an order, will be provided to you at the last address you furnished to the board.

If you are dissatisfied with the order in the brief adjudicative proceeding, you may appeal to the board's vice chair, or designee. This appeal process is called an administrative review. Your appeal must be received by the board, orally or in writing, within twenty-one days after the brief adjudicative proceedings order is posted in the U.S. mail. The vice chair, or designee, considers your appeal and either upholds or overturns the brief adjudicative proceeding order. The vice chair's, or designee's, decision, also called an order, will be provided to you at the last address you furnished to the board.