

Board of Accountancy

WASHINGTON STATE

July 2022

Sustaining The Public Service Identity of the CPA

Rajib Doogar, Board Chair



When I tell people I teach accounting, I get one of two responses. The first is a polite smile followed by silence (or a valiant attempt at a change of topic). The more frequent response, though, is a genuine interest in what teaching accountants involves, and frequently an anecdote about their own experience with accounting or with an accountant. Everybody,

it seems, knows an accountant and - for the most part - appreciates what accountants do. And, more often than not, by accountant they really mean "CPA", a point to which I will come back later.

I enjoy telling people what I do because these conversations expand my understanding of the connections between the art and science of accounting and life in contemporary society. For one thing, this enables me to better connect with and motivate new cohorts of students. Equally valuable, though, it recalibrates my experience from running my own accounting practice decades ago. The services that accountants provide, the contexts and technologies with which they have to deal, and the tools they use today are unimaginably different from what I knew and could do back then.

However, the attributes that the public associates with public accounting and public accountants are seemingly immutable and transcultural: competence grounded in knowledge and experience, commitment to independence of judgement, and a sense of public service, beyond the narrow concerns of self, pelf, and client retention. What I have learned from these conversations is that accounting really is everywhere and

touches everyone's lives: accounting and accountability is the glue that holds our society together.

This perspective also animates the State of Washington's Public Accountancy Act (RCW 18.04) which states that "It is the policy of this state and the purpose of this chapter 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 non-commercial enterprises, whether public private or governmental, and to protect the public interest by requiring that persons who hold themselves out as licensees or certificate holders conduct themselves in a competent, ethical and professional manner ... "

The Act clearly recognizes the economic and societal value of accounting information and the logic that the production and dissemination of high-quality accounting information requires both specialized knowledge, skills, experience, and expertise, and, committed, competent, and ethical practitioners to give it the requisite bite. To sustain this process, it installs a licensing and disciplinary regime that enables licensees to credibly identify as educated, experienced, conscientious, and ethical professionals who serve the public interest by providing dependable information.

The time and effort invested in studying, absorbing, and learning to applying specialized knowledge (exam), and keeping that knowledge current and relevant to remain licensed (CPE) are substantial but critical to the credibility of the Board's licensees. Further, licensees may only accept engagements they are competent to perform and must exercise independence of judgement at all times. Whether they are paid for their time or work pro bono, their judgement, opinions, and advice must [continued on page 2](#)

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SUSTAINING THE PUBLIC SERVICE IDENTITY OF THE CPA

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always be those of a disinterested neutral and objective third party. These restrictions are both economically costly and not always endearing to clients. Finally, as licensees, in everything they do, CPAs are subject to a system of discipline that holds them to these high, and personally costly, expectations.

I firmly believe that the public perception of “accountants” (read CPAs) as independent experts serving the public interest rests on licensee compliance with the twin tandem of professional standards and Board rules, and, of being subject to professional and Board disciplinary processes.

While the significant investment required to become a licensee is critical to differentiate CPAs from other providers, it is also increasingly a deterrent to new entrants. The ability of the profession to understand and serve the needs of all of society requires recruiting entrants from a true diversity of backgrounds: To serve everyone, everyone must be included. The Board has long been committed to this and in 2022 Board-provided funds administered by the Washington CPA Foundation will support over \$500,000 in grants to 70+ students at 17 Washington colleges and Universities. If these recipients are representative of where the profession is headed, the future is bright. See for yourself by visiting the Foundation’s Scholarship page (<https://www.wscpa.org/about/foundation/scholarship-winners>.)

The rest of this newsletter provides updates on various facets of the professional environment that the board and staff track and engage with, and the disciplinary and other actions we undertake. I welcome your input on how we are doing.



Professional Conduct Board Rule Changes

As part of revising existing Board rules for the new CPA Inactive status, the Board is considering further revisions to its eleven rules on professional conduct.

For its rules on professional conduct, Washington adopts the AICPA Code of Professional Conduct and its interpretations with exceptions. Over many years, the Board has created a series of parallel rules to the AICPA code, that while mimicking the AICPA, can be incomplete when compared to the AICPA rules and contain no exceptions.

The Board is proposing to clarify its rules to more closely follow the language of the AICPA Code and clearly identify the adoption of AICPA interpretations and any exceptions. By creating clarity and simplicity, the Board hopes its rules on professional conduct will be easier to follow and apply for both Washington CPAs and the public.

The Board expects to circulate discussion drafts among licensees, the public, and stakeholder groups in late summer 2022.

Please contact Kirsten Donovan for any comments at kirsten.donovan@acb.wa.gov





Changes Coming to Peer Review Administration in Washington

For more than 25 years Julie Phipps has administered the Peer Review Program for Washington CPA firms on behalf of the American Institute of CPAs (AICPA). Julie plans to retire in May 2023, and the WSCPA has made the decision to outsource the administration of the Peer Review Program to the Colorado Society of CPAs (COCPA) starting May 1, 2023.

Following several discussions with the WSCPA Peer Review Committees and staff, and after evaluating the many challenges the organization would face in order to continue administering the program, the WSCPA determined that this is the right time to outsource the administration of the program. "It was not any easy decision," said Hayden Williams, CPA, "but COCPA administers an outstanding program and will serve Washington firms very well."

During the next year, the WSCPA will communicate directly with all Washington firms enrolled in the Peer Review Program and provide details regarding the transition. At this time, there is no impact on firms or peer reviews scheduled for the next 12 months.

If you have any questions, please contact Julie Phipps at (425) 586-1132 or jphipps@wscpa.org or Hayden Williams, CFO, at (425) 586-1134 or hwilliams@wscpa.org.

CPA-Inactive Legislation Passed

On March 17, 2022, Governor Inslee signed Senate Bill 5519 into law. The purpose of this legislation is to:

- Move the remaining CPA-Inactive Certificate holders to an inactive licensee status to remove the confusion surrounding the CPA-Inactive designation
- Sync the Washington regulatory approach to CPA title use with that of most other US jurisdictions
- Make the CPA-Inactive status available to all licensees

As of June 30, 2021, the Board no longer issued certificates and individuals could only obtain a license to practice public accounting in Washington. There were approximately 8,000 individuals who held a certificate at that time and were able to use the designation CPA-Inactive Certificate Holder. Throughout the years these individuals have either converted to a licensee, continued to renew their certificate, allowed their certificate to lapse, or retired their certificate. Approximately 750 individuals are current certificate holders.

There has been confusion amongst individuals who are certificate holders, the public, and other state boards regarding the use of title in conjunction with providing services that are included in the definition of public accounting. The intent is to provide a uniform definition across state boards for the use of the title CPA-Inactive.

In addition, we receive many inquiries from Washington CPAs asking to place their license in an inactive status, without having to lapse or retire. Many other state boards have an option for licensees to become inactive. All CPA Inactive Certificate holders whose certificates are not in an active status by July 1, 2024, will only have the option to apply as a new licensee after that date.

By The Numbers

For those of you that like numbers (and who doesn't), here are our numbers as of June 30, 2022.

Washington State's credentialed population:

CPA Licenses	22,410
CPA-Inactive Certificateholders	764
CPA Firms	1,786
Non-Licensee Firm Owners	101

Fun fact: International licensees account for 27% of our CPAs.

Disciplinary Actions

In accordance with ACB Policy 2017-2, the Board makes available the following disciplinary actions. Additional details are accessible through the licensee search found at <https://acb.wa.gov/>.

Brylie Broos, CPA

February 4, 2022

The Board entered into a Consent Agreement with Brylie Broos. The Board found sufficient evidence that Brylie Broos failed to comply with WAC 4-30-034, WAC 4-30-048, WAC 4-30-051, and WAC 4-30-142.

Dwayne Normandeau, CPA

February 10, 2022

The Board entered into a Consent Agreement with Dwayne Normandeau. The Board found sufficient evidence that Dwayne Normandeau failed to comply with WAC 4-30-130.

Donald Bell, CPA

March 10, 2022

The Board entered into a Consent Agreement with Donald Bell. The Board found sufficient evidence that Donald Bell failed to comply with WAC 4-30-130.



CPE Each and Every Year – 20-hour Minimum Annual Requirement

Here we are again – post-renewal time for the 2022 renewal crowd. You made it! You are renewed for another 3 years – nicely done! But just because your renewal is complete, doesn't mean that your business with the Board is done for the year. Remember you must complete at least 20 hours of CPE by the end of the year. This goes for all licensed CPAs – not just those of you who renewed this year. The minimum annual CPE requirement is 20 hours per year with an overall requirement of 120 hours, including a Washington State Board approved ethics course. Keep in mind, instruction credit hours for a qualifying CPE or college course do not qualify towards the minimum annual requirement, nor do CPE hours earned for authorship of published articles, books, or other publications relevant to the profession. While these hours may count towards your overall CPE requirement, your minimum annual requirement must be met as a student of a program qualifying for CPE credit.



Common Disciplinary Violations

The Board receives and reviews around one hundred complaints each year. Complaints are commonly submitted by clients, but may also be generated by the Board for failure to meet certain requirements. Below are a few types of complaints that result in Board discipline.

1. Practice of public accounting with a lapsed CPA license.

In order to use the title "CPA," and to offer or perform audits, reviews, or compilations, an individual must hold an active CPA license. A "CPA" license requires triannual renewal and satisfaction of CPE requirements. "CPA" is not a lifelong designation issued by the Board. [RCW 18.04.345](#)

2. Failure to undergo peer review.

A firm must enroll in peer review **before** issuing an audit, compilation, report, or other service subject to Statements on Standards for Attestation Engagements. Every firm that is required to participate in a peer review program must have a peer review in accordance with the peer review program standards. [WAC 4-30-130](#)

3. Failure to provide client records.

Our rule stresses the importance of client records and when those records must be provided to the client upon request. It is critical to be familiar with the requirements surrounding client records and sensitive to the needs of the client. Failure to provide required records as prescribed may be a violation. [WAC 4-30-051](#)

Compliance with these rules aligns with the Board's purpose of ensuring that licensees are qualified, informed, and meeting the expectations of the profession.



HELP WASHINGTON FLOURISH - Pro-Equity Anti-Racism (PEAR)

***An opportunity to make a meaningful
impact in the CPA profession***

Governor Jay Inslee signed Executive Order 22-04 which included creating The Washington State Office of Equity. The newly created Washington Office of Equity was established by the legislature because the population has become increasingly diverse. Marginalized communities do not have the same opportunities. Inequities based on race, ethnicity, gender, and the other characteristics continue to be pervasive and come at great economic and social cost.

The Washington State Board of Accountancy is looking to partner with empathy-centered, community volunteers to embed the PEAR framework in all agency decision making and actions.

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. Our goal is to create a culture that centers pro-equity, racial justice, access, and belonging.

The PEAR Team will be comprised of agency staff, external customers (CPAs), and key business partners. The team will meet weekly until September 1, 2022, for the purpose of completing a Board of Accountancy PEAR Strategic Action Plan.

If you are able to make the time commitment and want to provide the Board with your thoughts on making the CPA profession and the Board more equitable, diverse, and inclusive, please consider joining us.

If you would like to join our PEAR team or would like additional information, please email lori.mickelson@acb.wa.gov.

Lessons Learned -- 2022 Renewals with CPE Tracker

2022 was the first renewal period in which individuals renewing their CPA license were required to report their completed CPE through the Board's new CPE Tracker, which is located within the online licensing system.

Your colleagues using the required tracker for the first time this renewal learned:

- 1) First and foremost, don't forget about your 20-hour minimum annual CPE requirement. So many of you needed to request a CPE extension after not completing at least 20 hours of CPE in one or more years of your CPE reporting period. Keep in mind, if you used a CPE extension in 2020, you are not eligible for a CPE extension in 2023.
- 2) Log your CPE in the CPE Tracker throughout your reporting period. If you wait until after your CPE reporting period ends, you may not realize that you have missed part of your CPE requirement (i.e.: Washington State Board approved ethics course, minimum annual CPE requirement, etc.) and entering your CPE will take more time (at least it will seem this way if done all in one sitting).
- 3) Do not wait until the last minute to log your CPE and complete your renewal application. If you run into problems or have questions, you will not be able to reach us after 5:00 p.m. on June 30. The next day is too late – your license will already be lapsed.
- 4) Use the separate "Add WA Ethics" link to enter your Washington State Board approved ethics course. If you use the "Add CPE" link used for all other CPE, the tracker will not recognize that you have completed a required WA ethics course, and you will not be able to move passed the CPE section in the renewal application.
- 5) If you are requesting a CPE extension, or you are selected for the random CPE Audit, you must upload your course completion certificate (or other acceptable CPE documentation) to each course listing.
- 6) Everyone must log their CPE (enter each individual CPE course completed), we strongly advise attaching your certificate of completion at the time you log your courses. Only those who request a CPE extension, or are selected for the CPE Audit, are required to upload (attach) the course completion certificate to the course listing.

For those of you renewing in 2023 and 2024, this will be your first required CPE Tracker use. You have the advantage of lessons learned from your predecessors - take heed.

Learning new systems or ways of doing things can be difficult, but together we will get through it. It will become second nature soon enough. Plus, many of you really liked the new CPE Tracker the first time around.

If you have any questions about the CPE Tracker, please email us at customerservice@acb.wa.gov.