

BOARD MEETING AGENDA

Date, Time: Friday, April 26, 2024 – 9:00 a.m.
Location: Radisson Hotel Seattle Airport
San Juan Rooms 2&3
18118 International Blvd
Seattle, WA 98188
or by Microsoft Teams Meeting

Notices: None

Chair Introductions

BOARD MEETING AGENDA

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 - a. Budget Status 110-112
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- 8. Enforcement Report
 - a. Quarterly Enforcement and Resolved Complaint Reports 146-147
 - b. Disciplinary Statistics in Comparison with Other Boards 148-149
 - c. Complaint/Investigation Section of Website
- 9. Executive and/or Closed Sessions with Legal Counsel
- 10. 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.

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:

Kirsten Donovan, Board Clerk
PO Box 9131, Olympia, WA 98507-9131
Phone: 360-664-9191 Email: kirsten.donovan@acb.wa.gov
7-1-1 or 1-800-833-6388 (TTY) - 1-800-833-6385 (Telebraille)
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**WASHINGTON STATE
BOARD OF ACCOUNTANCY
BOARD MEETING – APRIL 26, 2024
SUMMARY**

Date and Time: Friday, April 26, 2024 - 9:00 a.m.
Location: Radisson Hotel Seattle Airport
San Juan Rooms 2&3
18118 International Blvd
Seattle, WA 98188
or by Microsoft Teams Meeting

Notices: None

Chair’s Opening Announcements: The Board of Accountancy Quarterly Board meeting is now in session. The date is Friday, April 26, 2024. The time is ____.

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, or if attending by Teams meeting advise me now in the Teams chat, and your name will be added to the public input roster.

Chair Introductions: My name is Kate Dixon, Public Member; I am the Chair of the Board of Accountancy. (Have the Board Members introduce themselves - both those in person and virtually - then staff, and then Leo Roinila, AAG, Board Advisor).

April 26, 2024 – BOARD MEETING

1. Minutes

a. January 26, 2024, Board Meeting

Board staff presents the draft minutes of the January 26, 2024, Board meeting at **Pages 9-24** for the Board’s consideration.

Does the Board approve the minutes as drafted?

Do the Board Members attending virtually authorize the use of their electronic signatures on file at the Board office for the signing of the approved meeting minutes?

b. March 8, 2024, Special Board Meeting

Board staff presents the draft minutes of the March 8, 2024, Special Board meeting at **Pages 25-26** for the Board's consideration.

Does the Board approve the minutes as drafted?

Do the Board Members attending virtually authorize the use of their electronic signatures on file at the Board office for the signing of the approved meeting minutes?

2. Board Policy – Annual Review

The Board annually reviews the Board Policies at the April Board meeting. **Pages 27-39** contain the current Board Policies when no changes are proposed or the draft Board Policies when changes are proposed.

a. 2003-1 Safe Harbor Report Language for Use by Non-CPAs – Pages 27-28

No changes proposed.

Does the Board wish to revise, retain, or retire this policy?

b. 2004-1 Administrative Violations Guidelines – Pages 29-31

The Executive Director will report on the proposed revisions.

The proposed revisions include:

- Addition of a citations column which provides the RCW or WAC reference for the violation committed.
- Increases in some fine amounts.
- Verbiage changes for clarity.

Does the Board wish to revise, retain, or retire this policy?

c. 2015-1 Board Member Travel and Attendance at Group Gatherings – Page 32

No changes proposed.

Does the Board wish to revise, retain, or retire this policy?

d. 2017-1 Investigative and Disciplinary Processes – Pages 33-34

The Executive Director will report on the proposed revisions.

The proposed revisions include:

- Removing the Charging and Administrative Review section.
- Adding Consulting Board Member (CBM) review for all complaints.
- Verbiage changes for clarity.

Does the Board wish to revise, retain, or retire this policy?

e. 2017-2 Publication and Disclosure of Disciplinary Actions – Page 35

No changes proposed.

Does the Board wish to revise, retain, or retire this policy?

f. 2020-1 Peer Review – Pages 36-37

No changes proposed.

Does the Board wish to revise, retain, or retire this policy?

g. 2020-2 Public Officials and Public Employees – Pages 38-39

No changes proposed.

Does the Board wish to revise, retain, or retire this policy?

3. NASBA Update

a. 42nd Annual Conference for Executive Directors and Board Staff / 29th Annual Conference for Board of Accountancy Legal Counsel

The Executive Director will provide an update on NASBA activities.

4. 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.

5. Chair's Report

- a. **National Accounting Pipeline Group (NPAG) Update – Speakers, Tom Neill, CPA and Kimberly Scott, President & CEO WSCPA**

Pages 40-49 contain a PowerPoint presentation from the National Pipeline Advisory Group (NPAG).

- b. **Update on the Professional Licensure Task Force (PLFT)**

Pages 50-86 contain the Update from the Professional Licensure Task Force (PLTF) presented at the NASBA Executive Directors Conference.

Kimberly Scott will provide an update on PLFT activities.

6. Committee/Task Force Reports

- a. **Executive Committee** – Chair: Kate Dixon, Public Member; Vice Chair: Thomas P. Sawatzki, CPA; Secretary: Brooke Stegmeier, CPA

Kate will give a verbal report.

- b. **Peer Review Oversight Committee (PROC)** – Chair: Mark Hugh, CPA; Members: Kate Dixon, Public Member; Thomas P. Sawatzki, CPA; Non-Board Volunteers: Robert Loe, CPA; Laura Lindal, CPA; Tom Neill, CPA

Pages 87-105 contain the Excluding Compilations from Peer Review report.

Mark will give a verbal report.

- c. **Request Oversight Committee (ROC)** – Chair: Scott Newman, Public Member; Members: Rajib Doogar, Public Member; Tonia Campbell, CPA

Page 106 contains a report on the 1st quarter approval and denials from the committee.

Page 107 contains the Firm Naming Convention report.

Scott will give a verbal report.

- d. **Scholarship Oversight Committee (SOC)** – Chair: Tonia Campbell, CPA; Members: Kate Dixon, Public Member; Jacqueline Meucci, CPA; Thomas P. Sawatzki, CPA

Tonia will give a verbal report.

- e. **Board/AICPA Rules Committee (BARC)** – Chair: Brooke Stegmeier, CPA; Members: Brian Thomas, CPA; Mark Hugh, CPA; Scott Newman, Public Member

Pages 108-109 contain the Recommendations for 2024 Rule Revisions report.

Brooke will give a verbal report.

- f. **Licensing and Regulation Committee (LARC)** – Chair: Rajib Doogar, Public Member; Members: Kate Dixon, Public Member; Tonia Campbell, CPA; Non-Board Volunteers: Tom Neill, CPA; Kimberly Scott; Mike Nelson

Rajib will give a verbal report.

7. Executive Director's Report

a. Budget Status

Pages 110-112 contain the Allotment Expenditure/Revenue LTD Flexible Report, the Certified Public Accountant's Account Fund View, and the CPA Scholarship Transfer Account Fund View for transactions through March 29, 2024.

b. Legislative Update

Pages 113-145 contain House Bill 1920, which was signed by the Governor on March 7, 2024. The changes to the Public Accountancy go into effect on June 6, 2024.

8. Enforcement Report

a. Quarterly Enforcement and Resolved Complaint Reports

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

Pages 146-147 contain the Enforcement Reports:

- Quarterly Report – January 1, 2024, through March 31, 2024
- Twelve-Month Lookback – April 1, 2023, through March 31, 2024
- All Complaints – Resolved with and without discipline for periods April 2023 to March 2024 and April 2022 to March 2023.
- CBM Report – January 1, 2024, through March 31, 2024

b. Disciplinary Statistics in Comparison with Other Boards

Pages 148-149 contain the Washington Disciplinary Stats Compared with Other Jurisdictions report.

c. Complaint/Investigation Section of Website

Taylor will present the complaint/investigation section of the Board's website.

9. 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 executive or closed session when determined appropriate.

10. 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.

Meeting Closing - Thank you all for your participation. The time is _____, and this quarterly Board meeting is now closed.

WASHINGTON STATE BOARD OF ACCOUNTANCY

Unapproved Draft - Minutes of a Meeting of the Board – Unapproved Draft

Time and Place of Meeting	9:01 a.m. – 12:47 p.m. Friday, January 26, 2024 Radisson Hotel Seattle Airport San Juan Rooms 2&3 18118 International Blvd Seattle, WA 98188 or by Microsoft Teams Meeting
Attendance	<u>Board Members</u> Kate Dixon, Public Member, Chair Thomas P. Sawatzki, CPA Member, Vice Chair Brooke Stegmeier, CPA Member, Secretary Mark Hugh, CPA Member Rajib Doogar, Public Member Brian R. Thomas, CPA Member Jacqueline Meucci, CPA Member Scott S. Newman, Public Member (not present between 10:00 - 11:00 a.m. - excused) Tonia L. Campbell, CPA Member <u>Staff and Advisors</u> Michael Paquette, CPA, Executive Director Jennifer Sciba, Deputy Director Leo Roinila, Assistant Attorney General, Board Advisor Taylor Shahon, CPA, Lead Investigator Kirsten Donovan, Board Clerk Tia Landry, Data and Systems Administrator
Public Rule-Making Hearing	The Board held a public rule-making hearing from 9:04 a.m. to 9:16 a.m. The Board Chair presided. The Board proposed to amend: <ul style="list-style-type: none">• Rules alignment for CPA-Inactive Legislation Passed<ul style="list-style-type: none">○ WAC 4-30-010 Definitions.○ WAC 4-30-020 What are the authority for and the purpose of the Board's rules?○ WAC 4-30-028 Rules governing the formal adjudicative proceedings and the brief adjudicative proceedings before the board.○ WAC 4-30-030 What are the requirements for communicating with the board and staff?○ WAC 4-30-032 Do I need to notify the board if I change my address?○ WAC 4-30-034 Must I respond to inquiries from the board?

- WAC 4-30-036 What enforcement actions must be reported to the board?
- WAC 4-30-038 Fees.
- WAC 4-30-082 How does a CPA-Inactive certificate holder apply for licensure?
- WAC 4-30-084 Converting from certificate to license. (New section)
- WAC 4-30-088 What is the effect on a Washington individual licensee or CPA-inactive certificate holder in the armed forces, reserves, or National Guard if the individual receives orders to deploy for active military duty?
- WAC 4-30-094 How do I renew my individual license, CPA-Inactive certificate, or registration as a resident nonlicensee firm owner?
- WAC 4-30-104 How do I renew a Washington CPA-Inactive certificate and/or license granted through foreign reciprocity? (Repealed section)
- WAC 4-30-120 I am a CPA-Inactive certificate holder – Prior to July 1, 2001, I held a license – How do I apply to return to my previous status as a licensee?
- WAC 4-30-122 If I retire my license or CPA-Inactive certificate, how do I apply to renew my license or CPA-Inactive certificate out of retirement?
- WAC 4-30-124 How do I reinstate a lapsed license, CPA-Inactive certificate, or registration as a resident nonlicensee firm owner?
- WAC 4-30-126 How do I reinstate a revoked or suspended license, CPA-Inactive certificate, or registration as a resident nonlicensee firm owner?
- WAC 4-30-134 Continuing professional education (CPE) requirements.
- WAC 4-30-136 Reporting continuing professional education (CPE) to the board.
- WAC 4-30-142 What are the bases for the board to impose discipline?

The proposed revisions:

- Ensure consistency with the Public Accountancy Act (RCW 18.04) for legislation passed (SB5519) on March 17, 2022, with an effective date of July 1, 2024.
- Remove references to certificate holders.
- Allow the remaining population of certificate holders to transition to a CPA license in an inactive status and

provide the opportunity for the certificate holders to become fully licensed.

- Create a new inactive license status.
- Align Board rules with other CPA jurisdictions.
- Rename some of the rules.

The Executive Director provided a summary of the proposed rule changes.

No written comments were received, and no public input was received during the hearing.

Call to Order

Board Chair, Kate Dixon, Public Member, called the meeting of the Board to order at 9:16 a.m.

Rules Review

Board Deliberation on Proposed Rules Considered at the Public Rule-making Hearing

- Rules Alignment for CPA-Inactive Certificateholder Legislation
 - WAC 4-30-010 Definitions.
 - WAC 4-30-020 What are the authority for and the purpose of the Board's rules?
 - WAC 4-30-028 Rules governing the formal adjudicative proceedings and the brief adjudicative proceedings before the board.
 - WAC 4-30-030 What are the requirements for communicating with the board and staff?
 - WAC 4-30-032 Do I need to notify the board if I change my address?
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- WAC 4-30-136 Reporting continuing professional education (CPE) to the board.
- WAC 4-30-142 What are the bases for the board to impose discipline?

The Board considered the Rules as a group and voted unanimously to adopt the rules as proposed.

The Board voted for an effective date of July 1, 2024, consistent with SB 5519.

Semi-annual Rules Development Agenda – January through June 2024

The Executive Director presented the Semi-annual Rules Development agenda filed with the Office of the Code Reviser. All Board Rules listed were for the rules alignment for CPA-Inactive Certificateholder legislation covered at the public rules hearing.

**Minutes –
October 20,
2023, Annual
Board Meeting**

The Board approved the minutes of the October 20, 2023, Annual Board meeting.

The Board Members attending virtually authorized the use of their electronic signatures for the signing of the meeting minutes.

**Minutes –
December 8,
2023, Special
Board Meeting**

The Board approved the minutes of the December 8, 2023, Special Board meeting.

The Board Members attending virtually authorized the use of their electronic signatures for the signing of the meeting minutes.

**Delegations of
Authority**

The Executive Committee and Board staff reviewed the delegations for possible revisions. All delegations were revised for the signature date, and the Board Chair’s name and signature.

The Board discussed adding expiration dates to the delegations, but decided against expiration dates. If an annual review could not be completed timely, Board staff would still be able to operate under the existing delegations which do not include expiration dates.

The Board unanimously approved the following delegations for 2024.

- DA-001 Investigations, Subpoenas, Charges, Emergency Action, and Settlement Negotiations
- DA-003 Quality Assurance Oversight
- DA-004 CR-101 Filing

The Board unanimously approved the following delegation for 2024 with a minor edit for an outdated subsection number.

- DA-002 Request Oversight and Appeal of Denials

Chair’s Report

The Board Chair reported that the Executive Committee met, and they are expecting and looking forward to a busy year. They appreciate the vote of confidence and support extended to them.

NASBA Update

The Executive Director provided an update on NASBA activities.

Professional Licensing Task Force

The Executive Director presented the NASBA Professional Licensure Task Force Concept Exposure – Equivalent Licensure Model and led the discussion. The NASBA task force is considering a structured experiential learning program.

- The program would provide for education, documented experience, and other elements that would provide an equivalent path to licensure without the need for a fifth year to complete the 150 hours of required education.
- The program would require that the existing baccalaureate degree, accounting hour, and business administration hour requirements be met.
- If implemented, legislative and rule changes would be required in some jurisdictions.
- NASBA will further develop the potential program after receiving feedback.

NASBA's question to the Board and other stakeholders is:

Do you believe that the Professional Licensure Task Force should continue to focus its discussions on an equivalent path to licensure that defines a structured professional program that would qualify an individual for licensure as a CPA?

The deadline date for comments and recommendations is March 31, 2024.

Kimberly Scott, President & CEO, WSCPA, advised that the WSCPA will be responding to NASBA's request for comment with a focus on unintentional bias, decreased expenses, reducing barriers, and the program not addressing a potential change to a 120-hour education requirement.

The Executive Director stated that the Board has important decisions to make in the near future.

- Are we open to this program or other alternate pathways?
- Will we keep our education requirement at 150 hours?
- If we change or if other jurisdictions change, how does this affect substantial equivalency?

He asked that the Board Members weigh in with their thoughts.

Mark Hugh's points included:

- NASBA is the driver of this, but we as well as other jurisdiction Boards have a voice.
- Frustration with being chained to other states through NASBA, mobility, and those in control of the UAA.
- Our concern is Washington citizens and what's best for them.

- Supports a move to 120 hours to roll back the 150-hour requirement, which has existed for the last twenty years.
- The extra educational hours are unnecessary when CPAs are already dedicated to life-long learning through CPE.

Brian Thomas's points included:

- His desire to take a wait and see approach. Would like to see how it plays out nationally rather than taking the lead.
- Agreed with another Board Member that we need to be careful with these decisions.

Scott Newman's points included:

- Other international jurisdictions have already adopted similar pathways – international models: Ireland and Scotland.
- Questions regarding the criteria being considered for NASBA's task force program.
- Believes it is an interesting concept, but the application of the program may be difficult to manage and monitor.

Rajib Doogar's points included:

- Agrees with the practical points.
- States must protect the interests of their citizens.
- Concerned of the potential signal that lowering the standards may not reflect that we are trying to attract the best and the brightest into the profession.
- Economics should not drive this decision.
- Attempt to lower standards for economic reasons.
- Mobility may not survive changes.
- Currently 3-year baccalaureate degree programs are available – where is the line.
- Our Board does not need to follow other jurisdictions.
- The issue is hugely complex, and the wrong decision could lead to the undoing of the profession.
- Expressed caution is needed when making these decisions.

Tonia Campbell's points included:

- The intent is good - reducing barriers is important.
- Managing the program may be problematic.
- Open to alternate pathways, since currently the additional 30 hours of education can be anything.

- Questions if this model is the solution.
- More discussion is needed regarding mobility for those practicing in our state on a temporary basis vs those who are residents.

Brooke Stegmeier's points included:

- NASBA's looking into options is great.
- Would like the education requirement changed to 120 hours.
- Sensitive to others' arguments but is behind a move to 120 hours.

Jackie Meucci's points included:

- Initial reaction is that she is open to the program.
- Re-introduces the apprenticeship model.
- Has concerns on governing the program.
- Is there data supporting that the 150-hour requirement is better than the 120-hour education requirement.

Tom Sawatzki's points included:

- Would like the education requirement changed to 120 hours.
- Encourages NASBA and the AICPA to keep looking into other alternatives.
- Learning on the job provides value, perhaps more value than college courses at times.
- The rubric decided on may not cover everything.
- The competence requirement is still in place, so if a CPA does not have the knowledge to perform an engagement they cannot.
- Forward looking – removes barriers and opens the pipeline.
- Open to further discussion – where do we draw the line.

Kate Dixon's points included:

- Would consider the education requirement changed to 120 hours.
- This program helps initially open the pipeline for individuals.
- Individuals then have years to add experience, education, and other contributing factors to their growth in the profession.

Deputy Director, Jennifer Sciba added:

- Mobility issues will arise if jurisdictions adopt different requirements.
- The Oregon Board is considering going to a 120-hour education requirement.
- For a reciprocal license the substantial equivalency method would no longer apply. Other methods of reciprocity may still apply for licensure.
- We will have to consider whether we will allow CPAs from jurisdictions with different requirements for licensure to practice under mobility.

Kimberly Scott, President & CEO, WSCPA, noted that the legislation being considered in the current session will allow for Board Rule changes regarding experience without additional changes to the RCW.

Upcoming Conferences

- 42nd Annual Conference for Executive Directors and Board Staff – March 25-27, 2024, Nashville, TN
- 29th Annual Conference for Board of Accountancy Legal Counsel – March 25-27, 2024, Nashville, TN
- Eastern Regional Meeting – June 4-6, 2024, Louisville, KY
- Western Regional Meeting – June 25-27, 2024, Omaha, NE
- 117th NASBA Annual Meeting – October 27-30, 2024, Orlando, FL

Legal Counsel's Report

Leo Roinila, the Board's legal counsel, reported on:

FinCen Reporting

Beneficial Ownership Information (BOI) report requirements began January 2024. The reports must be filed with Financial Crimes Enforcement Network (FinCen).

We are receiving questions from CPAs as to whether they can file these reports or would it be considered the practice of law. The Board cannot answer this question. A decision will need to come from the Washington State Supreme Court or the federal government.

FinCen has informally said anyone can file. We should wait for an interpretation of law before providing guidance. Currently no granted authority for CPAs exists in the law.

Mark Hugh noted that many firms are electing not to file BOIs because of the risk and uncertainty surrounding the issue.

Kimberly Scott advised the WSCPA is responding to inquiries by advising the CPA check with their insurance carrier to see if they will be covered.

Executive Committee

The Chair reported that the committee has begun organizing for the year.

Peer Review Oversight Committee (PROC)

Mark Hugh presented the Peer Review Waiver Pilot Program report. The peer review waiver program is intended for Washington firms who only provide compilation services for Washington clients.

Mark reported that the committee:

- Fleshed out program requirements.
- Plans to engage with firms/focus groups to get feedback to see if there is an interest in this program.
- Will begin a multi-year pilot program if a positive response is received.

The PROC envisions the program requirements will include:

- Professional liability insurance.
- Prequalification through specified CPE.
- Continuing competency through specified CPE.
- Annual reporting to the Board.
- Triennial review by the Board.
- Annual participation fees.

Tom Sawatzki thanked Mark for his work in putting together the committee's report.

Mark mentioned that the committee members are seeking feedback from Board Members who are not on the committee.

Board Member discussion topics included:

- Additional CPE requirements for those in the program.
- Prequalification to garner this exception.
- Self-study CPE not qualifying.

**Request
Oversight
Committee
(ROC)**

Tonia Campbell reported on the 4th quarter 2023 approval and denials from the committee:

Firm Names: *Approved:*

Madrona Financial & CPAs
Safstrom CPAs & Advisors, PLLC
Eastside Tax PLLC
Kofmehl Associates LLC
RJI Ramirez Jimenez International CPA's
SingerLewak LLP
The Akopyan Group, CPAs P.S.
In Balance CPA Group PLLC
In the Know CPA PLLC

Professional/Educational Organization - Recognition Requests:

During the 4th quarter 2023, the Board received requests for recognition as an educational organization for purposes of obtaining list requests from the following:

Becker Professional Education – Approved
IRG Publications – Approved

The Executive Director stated that a shift has occurred in firm names.

- Formerly firm names usually included the owner's name – prestige with CPA name in firm name.
- Currently firm names are turning more towards marketing names – CPAs do not want their name attached to the firm in case of a sale of the firm.

The committee will present a report at the April Board meeting on the potential impact of revising firm naming conventions in the Board Rules.

**Scholarship
Oversight
Committee
(SOC)**

Tonia Campbell presented the Accounting of Receipts and Disbursements WSCPA Scholarship Program for the Program Year Ending September 30, 2023, report, and the WBOA Certified Public Accounting Scholarships report. Tonia advised:

- \$400,000 in scholarships awarded from Board funds.

- Recognized the WSCPA and Monette Anderson for the great work they do with this program.
- February 14, 2024, is the scholarship application deadline.
- 75 volunteers are completing application review.

Kimberly Scott, WSCPA President and CEO, advised:

- The Foundation awarded \$550,000 in scholarships overall. This included \$2,000 scholarships at the associate degree level.
- The Board’s scholarship fund balance is \$1,980,000 thanks to a good market.
- Scholarships are merit and passion based.
- A minimum of 6 reviewers assess each application with the goal of eliminating bias as much as possible.
- The WSCPA works with every college and university, but a passionate educator typically drives some schools to have more applicants and thus more scholarship winners.
- The Foundation reception for this year’s scholarship winners is May 17, 2024. Board Members and staff are invited to attend.

**Board/AICPA
Rules
Committee
(BARC)**

Brooke Stegmeier presented the January 2024 BARC report. The report included:

Combination of ARC and BARC – Mark will cover later in the ARC report.

Corporate Transparency Act – Covered by Leo in the Legal Counsel report. Kimberly Scott added the WSCPA asked the Washington State Supreme Court to rule on this issue, but they declined until a case is before them.

ESOP Ownership – No further information available.

NASBA Professional Licensure Task Force – Discussed in the Executive Director’s report. More discussion is needed.

**Licensing and
Regulation
Committee
(LARC)**

The Executive Director reported, if passed, current legislation will lead to many Board Rule changes. The LARC is looking at the affected rules and other rules related to licensing. The committee is meeting quarterly for now.

**Administrative
Rules
Clarification**

Mark Hugh presented the January 2024 ARC report. The task force met once and decided, since the committee members were all the same, the BARC would take over as a “special project” the

Task Force (ARC)

Board Rules review. The BARC will bring a road map of the proposed rule changes to the April Board meeting.

The ARC Task Force was dissolved.

Executive Director's Report

The Executive Director reported on the following:

Budget Status

- The Board's Senior Financial Consultant/Budget Analyst, Paul Bitar, left his position, and the Board has been assigned a new Senior Financial Consultant, Ian Shelley.
- The Board is in a financially fit position.
- For the next biennium's budget, we expect that the Board will need to draw on its fund balance.
- A decision package has been submitted for \$300,000 to cover an increase in IT license fees. This request is for an allocation/spending authority of our existing funds.

Pro Equity Anti Racism (PEAR) Update

The Executive Director reported:

- The Board now has a complete PEAR team consisting of 2 Board Members, 5 staff members, and 4 public members.
- The first meeting of the full team was held this month.
- The meeting was a review of work completed by the internal team and thoughts and ideas from the complete team for moving forward.

Legislative Session

The Executive Director reported:

- HB1920 and SB 5887, which are mirror bills, were the first bills to go before committees.
- The WSCPA filed the bills for legislation. The changes include amending the experience requirement language to be determined by the Board. This allows the Board to set the requirements in Board Rule, as is currently done with the education and examination requirements. Additional changes cleaned up existing language.
- The Executive Director and Lisa Thatcher, WSCPA lobbyist, testified before the committees. The committee members had no questions.
- Both bills passed.

- We are waiting for the bills to be scheduled for the full House and Senate.
- If passed, one of the bills will be dropped and the remaining bill will go to the Governor's office.

Enforcement Report

Enforcement Reports:

Taylor Shahon, CPA, Lead Investigator, presented:

- Quarterly Enforcement Report for October 1, 2023, through December 31, 2023
- Twelve-Month Lookback Report for January 1, 2023, through December 31, 2023
- Resolved Complaint Report for periods January 2023 through December 2023 and January 2022 through December 2022
- CBM Report for October 1, 2023, through December 31, 2023

Taylor reported on the following enforcement activities:

- Currently, the Board has 16 open complaints.
- Complaints are primarily records and communications issues.
- We are receiving fewer complaints, as the new complaint form:
 - Filters out complaints that are not under our jurisdiction.
 - Sets realistic expectations of what authority we have and the possible results of the complaint. For example, we are not able to set a sanction requiring repayment/payment to the complainant.
- The complaints web page is revised as needed according to customer inquiries.

The Board asked Taylor to look at the complaint vs license population for other Boards, and then report the results at the next Board meeting.

Additionally, Taylor will show and report on the enforcement section of the website.

Public Input

The Board received no public input.

Executive and/or Closed Session with Legal Counsel A Board held a closed session for the deliberation of a proposed Consent Order. The session time was from 12:01-12:47 p.m.

Adjournment The Board meeting adjourned at 12:47 p.m.

Board Member

Board Member

Board Member

Board Member

Board Member

Board Member

Board Member

Board Member

Board Member

WASHINGTON STATE BOARD OF ACCOUNTANCY

Unapproved Draft - Minutes of a Special Meeting of the Board – Unapproved Draft

Time and Place of Meeting	2:01 p.m. – 2:44 p.m. Friday, March 8, 2024 – Special Meeting Microsoft Teams Meeting
Attendance	<u>Board Members</u> Kate Dixon, Public Member, Chair Thomas P. Sawatzki, CPA, Vice Chair (arrived at 2:05 p.m.) Brooke Stegmeier, CPA, Secretary Mark Hugh, CPA Rajib Doogar, Public Member Brian R. Thomas, CPA Tonia L. Campbell, CPA <u>Staff and Advisors</u> Michael Paquette, CPA, Executive Director Jennifer Sciba, Deputy Director Leo Roinila, Assistant Attorney General, Board Advisor Elizabeth Lagerberg, Assistant Attorney General, Board Prosecutor Taylor Shahon, CPA, Lead Investigator Kirsten Donovan, Board Clerk
Call to Order	Board Chair, Kate Dixon, called the special meeting of the Board to order at 2:01 p.m.
Executive and/or Closed Session with Legal Counsel	The Board held a closed session for the deliberation of a proposed Consent Order, ACB-1559. The closed session was held from 2:05 p.m. to 2:42 p.m. Board Chair, Kate Dixon, reopened the public meeting at 2:43 p.m.
Board Action on Consent Order ACB-1559	A motion was made and seconded to modify the language of ACB-1559 to make the \$15,000 fine payable at the time of reapplication for licensure. The Board voted unanimously in favor of the revision with the Consulting Board Member (CBM) abstaining from the vote. The Board will resume negotiations with the proposed changes.

Public Input

No public input was received.

Adjournment

The Board meeting adjourned at 2:44 p.m.

Member

Member

Member

Member

Member

Member

Member

Member

Member



Washington State Board of Accountancy

Policy Number: 2003-1

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

Revised: January 29, 2021

Approved:

Joel Cambern, Chair

Purpose:

RCW 18.04.350 (11) 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



Washington State Board of Accountancy

Policy Number: 2004-1

Title: Administrative Violations Guidelines

Revised: ~~April 24, 2020~~ April 26, 2024

Approved: Mark Hugh, CPA Kate Dixon, Chair

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

Purpose:

The purpose of this policy is to authorize the Washington State Board of Accountancy's (Board) Executive Director to resolve certain violations through a Remedial Resolution resulting in an administrative process of voluntary settlements without Board approval.

Authority and Delegation:

The Board delegates to the Executive Director the authority to administer Remedial Resolutions. The Board does not intend ~~these the~~ guidelines in this policy to be mandatory; ~~nor~~ does the Board wish to exclude or limit other sanctions or considerations in other disciplinary action.

Guiding Principles:

~~These guidelines~~ This policy will be used when the Executive Director has sufficient evidence of an administrative violation. These guidelines only apply to first time administrative violations; repeat or non-administrative violations shall be subject to the Board's formal disciplinary process. At any time, the respondent may refuse the Remedial Resolution and request a formal hearing before the Board in accordance with the Administrative Procedure Act RCW 34.05.

A Remedial Resolution is an informal settlement between the Executive Director on behalf of the Board and the respondent ~~and must be signed by both parties~~. As part of the Remedial Resolution, the Executive Director may ~~include recover investigative and legal costs recovery~~. All terms must be satisfied within ~~90-30~~ days of service unless otherwise specified. Failure to comply with the terms may result in commencement of formal disciplinary action.

	<u>Administrative Violation:</u>	<u>Remedial Resolution terms:</u>	<u>Citation(s)</u>
1.	Use of a restricted title with a lapsed credential.	<ul style="list-style-type: none"> • \$1,000 <u>500</u>-fine • Obtain a license or <u>Cease use of title <u>while not licensed to do so</u></u> 	RCW 18.04.345
2.	Failure to obtain a firm license by a firm who offers or performs attest services or compilations	<ul style="list-style-type: none"> • \$1,500 fine • <u>Completion of Board approved Washington State Ethics course</u> • <u>Comply with requirements under RCW 18.04.195(1)(a)</u> 	RCW 18.04.195 (1)(a)
3.	Use of <u>First time</u> Use of title(s) in violation of RCW 18.04.345(5) by an un-credentialed individual.	<ul style="list-style-type: none"> • \$2,000 <u>1,500</u>-fine 	RCW 18.04.345
4.	Failure to provide records in compliance with WAC 4-30-051 <u>applicable standards</u> , so long as the failure does not result in client financial harm.	<ul style="list-style-type: none"> • \$1,500 fine • Completion of Board approved Washington State Ethics course 	WAC 4-30-052
5.	Failure to timely inform the Board of matters in compliance with WAC 4-30-030, or to respond to a request for administrative information or documentation.	<ul style="list-style-type: none"> • \$750 fine • Completion of Board approved Washington State Ethics course 	WAC 4-30-030

Non-Administrative Violations:

~~The Executive Director may pursue formal disciplinary action in accordance with the Administrative Procedures Act 34.05 RCW for Misconduct that is not listed above-are acts that the Board finds too significant to be handled through a Remedial Resolution. The Executive Director may open an investigation into the alleged conduct. Board Policy 2017-1 provides guidance on the Board's investigative and disciplinary process.~~

Effective: October 29, 2004

*Revised: [April 26, 2024](#); April 24, 2020; July 28, 2017; October 24, 2014; April 23, 2013; April 26, 2012; April 25, 2011; October 17, 2008; April 28, 2006; January 28, 2005




Washington State Board of Accountancy

Policy Number: 2015-1

Title: Board Member Travel and Attendance at Group Gatherings

Adopted: January 30, 2015

Approved:



Donald F. Aubrey, CPA, Chair

Purpose:

To ensure the continuity of the Board's authority to take legal action in the event of unexpected travel challenges or other events while some or all Board members are in group travel status.

To ensure that no Board actions occur at social, business, or professional gatherings attended by a quorum of Board members.

Policy:

Board members may periodically travel or congregate together at social, business, or professional meetings. A quorum of voting Board members is required for the Board to conduct its business.

It is the policy of this Board that:

1. No more than three Board members shall travel together in a common vehicle or on a common carrier to ensure that any required Board action would be legally binding in the event of unexpected travel challenges or other events while some or all Board members are in travel status and not present to vote.
2. The Open Public Meetings Act of this state is designed to promote transparency when boards and commissions conduct public business. Board business or recommended Board actions shall not be discussed as a group if a quorum or more of Board members attend social, business, or professional gatherings.



Washington State Board of Accountancy

Policy Number: 2017-1

Title: Investigative and Disciplinary Processes

Revised: ~~April 24, 2020~~ April 26, 2024

Approved: Mark Hugh, CPA Kate Dixon, Chair

Purpose:

The purpose of this policy is to further define and make available the Washington State Board of Accountancy's (Board) investigative and disciplinary process against Washington State licensees, or persons holding out as certified public accountants (Respondents) as described in chapter 18.04 RCW.

Authority and Delegation:

The Board's authority to conduct investigations and enforce administrative discipline derives from Chapter 18.04 RCW (Public Accountancy Act) and chapter 34.05 RCW (the Administrative Procedures Act). The Board has delegated the responsibility for conducting such investigations to the Executive Director per RCW 18.04.045(7) and WAC 4-30-140. The Executive Director may work with staff, a Consulting Board Member (CBM), a contractor, and the Prosecuting Assistant Attorney General during the enforcement process so that the Board members may remain impartial and objective in the event of an administrative hearing.

Guiding Principles:

The Board seeks to resolve disciplinary cases in a fair and equitable manner, and recognizes that administrative hearings are costly, time consuming, and delay resolution. Therefore, the Board seeks to resolve most disciplinary cases through informal consent agreements in accordance with the Administrative Procedures Act ~~34.05 RCW (APA)~~. Furthermore, the Board seeks respondent participation in the development of settlements in order to encourage future compliance, foster professional development, and advance the profession.

Complaint Intake:

The enforcement activities are driven primarily by complaints received from the public; however, the findings of federal, state, or other disciplinary entities may serve as the basis of a complaint with the Board. The Executive Director may also initiate an investigation following an observation of a potential violation ~~by Board staff~~.

Charging and Administrative Review:

~~If resolution through settlement is not reached, the Executive Director may issue a Statement of Charges against the respondent, as outlined in WAC 4-30-140.~~

Approval and Review:

As part of the ongoing investigative and disciplinary process, all complaints are reviewed by a CBM. The CBM is recused from any Board vote.

~~All consent agreements must be signed by the respondent, and approved by a majority vote of the Board. ~~Any CBM involved with the case is recused from voting.~~ If approved by the Board, the consent agreement becomes effective and binding once served on the respondent, signed by the respondent and Board Chair or designee, and served upon the respondent.~~

~~As part of the ongoing investigative and disciplinary process, all complaints are reviewed by a Board member.~~

Complainant Recourse:

The Board shall not reopen closed complaints ~~closed after review by the Executive Director and a Board member~~ CBM. If a complainant disagrees with the closure of a complaint, they may submit a new complaint ~~using the Board's complaint form with new allegations and/or~~ new material evidence. ~~Complaints with allegations already reviewed may not be investigated without new material evidence.~~

Cost Recovery:

The Board has the power to recover investigative and legal costs through the ~~case resolution-disciplinary~~ process by RCW 18.04.295. Investigative and legal costs may include, but are not limited to, ~~staff time, travel~~ costs, ~~legal costs,~~ costs associated with an administrative hearing, and cost of contractors.

Effective: July 28, 2017

Revised: April 26, 2024; April 24, 2020




Washington State Board of Accountancy

Policy Number: 2017-2

Title: Publication and Disclosure of Disciplinary Actions

Adopted: October 27, 2017

Approved: 
Thomas G. Neill, CPA, Chair

Purpose:

The Washington State Board of Accountancy's (Board) purpose is, in part, to protect the public interest. The Board is also required to comply with the Public Records Act Chapter 42.56 RCW. To help achieve this purpose, the Board shall make accessible disciplinary actions taken by the Board.

Guiding Principles:

All disciplinary actions taken by the Board shall be published through the Board's licensee search, and through the Board's newsletter in summary. For the purposes of this policy, disciplinary actions may include, but are not limited to, board orders issued at an administrative hearing, default orders, negotiated consent agreements, and emergency temporary cease and desist orders.

All disciplinary actions are subject to the Public Records Act and may be provided in response to a request in accordance with WAC 4-30-024. The Board shall post any public safety notices on its website immediately.

The Board shall maintain updated disciplinary data through the National Association of State Boards of Accountancy (NASBA) in order to provide current licensee information to the public. NASBA maintains CPAverify.org to provide public access license statuses.

Effective: October 27, 2017



Washington State Board of Accountancy

Policy Number: 2020-1
Title: Peer Review
Revised: April 28, 2023

Approved: 

Brian R. Thomas, CPA, Chair

Purpose:

The purpose of this policy is to clearly define the Board's process and procedures for interacting with licensed firms who are required under WAC 4-30-130 to undergo peer review and to report the results using the AICPA's Facilitated State Board Access (FSBA) database at the time of their firm license renewal.

Guiding Principles:

The Board believes remediation is the fundamental goal of peer review. In the majority of instances where deficiencies are discovered through the peer review process, corrective action and follow through by the Administering Entity (AE) and/or Review Acceptance Body (RAB) should be allowed to proceed.

In certain instances the Board may impose a practice restriction or other measures through its disciplinary process when deemed appropriate.

Process for Dropped or Terminated Firms:

The AICPA notifies the state boards when an AICPA member has been dropped or terminated from the peer review program.

Board staff will access FSBA to routinely review the list of firms that have been dropped or terminated from peer review. Per WAC 4-30-130, licensed firms who have provided attest or compilation services and who have been dropped or terminated from peer review by the AICPA must notify the Board. Board staff will generate reports detailing dropped firms and follow up with firms that have not reported.

Firms that have been dropped or terminated from peer review, have not responded to a board inquiry per WAC 4-30-034, and remain out of compliance will be referred to the Board's disciplinary process.

Board Evaluation of the Results of Peer Review:

One member of the Board's Peer Review Oversight Committee and the Executive Director (ED) will review all failed reports. Board staff will make all files available electronically for the Board member's review.

Fails and/or Sequential Fails:

If there is one instance of a fail, the Board member and ED will review the peer review report for unusual facts or troubling trends, especially if the prior peer review was a PWD. Board staff will follow up to ensure that corrective action, as recommended by the AE/RAB, is completed by the firm.

If a firm has two sequential fail reports over two renewal periods, a Board member and ED will evaluate the two fail reports to determine if the same topic is at issue in both periods. If not, Board staff will follow up to ensure that corrective action, as recommended by the AE/RAB, is completed by the firm.

If the firm is dropped or terminated from the peer review program, the disciplinary process noted above will be undertaken. The Board will determine what action is appropriate under the circumstances. Options, beyond the corrective action, include but are not limited to the following:

- Required remedial training through Consent Agreement
- Practice restriction through Consent Agreement or Board Order
- Discipline including fine and/or firm license revocation through Consent Agreement or Board Order

Effective: January 31, 2020
Revised: April 28, 2023; April 24, 2020



Washington State Board of Accountancy

Policy Number: 2020-2

Title: Public Officials and Public Employees

Adopted: October 29, 2021

Approved:

Rajib Doogar, Vice Chair

Purpose:

The Washington Public Accountancy Act generally does not apply to government officials and employees. The Act provides “Nothing in this chapter prohibits any act of or the use of any words by a public official or a public employee in the performance of his or her duties.” RCW 18.04.350(12). The purpose of this policy is to explain both the application and the limitations of this exception.

Guiding Principles:

The Board has authority over licensees to revoke or suspend licenses, impose conditions on practice and to impose fines for a variety of causes under RCW 18.04.295 and RCW 18.04.345. However, that authority is limited by RCW 18.04.350(12) for actions performed by public employees in the normal course of their duties.

Public employees are not required to be licensed as CPAs. While RCW 18.04.345 prohibits a person from offering attest or compilation services without a license, RCW 18.04.350(12) creates a specific exception for public employees. Therefore, a non-licensed public employee is not prohibited from preparing audits as long as it within the scope of their employment.

A public employee who is a licensed CPA is still subject to ethics rules and standards for professional conduct under the Act. Under RCW 18.04.350(12), the Board does not have the authority to judge the quality of performance or judgement of a public employee in course of their employment. However, if the public employee is a licensed CPA, the Public Accountancy Act provides additional standards and rules of professional conduct that accompany that license, regardless of employment, and the Board has the duty to uphold those standards and rules.

Many of the requirements, and potential violations under Chapter 18.04 RCW and Chapter 4-30 WAC are not related to the performance of job duties. For example, neither obtaining or renewing a CPA license, nor performing accountancy work outside of the office are part of a public employee’s job duties and violations associated with those activities are subject to Board action.

A public employee who is a licensed CPA would be subject to Board enforcement action for committing fraud or deceit in renewing their CPA license, or in failing to report that they had been sanctioned by another public agency. In addition, a public employee CPA who refused to cooperate with the Board in its investigation of a case would be in violation of the Act.

Even when a public employee who is a licensed CPA is “at work” they may commit violations of the Public Accountancy Act. For example, criminal activity even if performed while “at work” would not be part of the public employee’s job duties and therefore, the CPA would be subject to enforcement. Likewise, it can be argued that engaging in acts of fiscal dishonesty, fraud, or self-dealing would not be included in the public employee’s job duties.

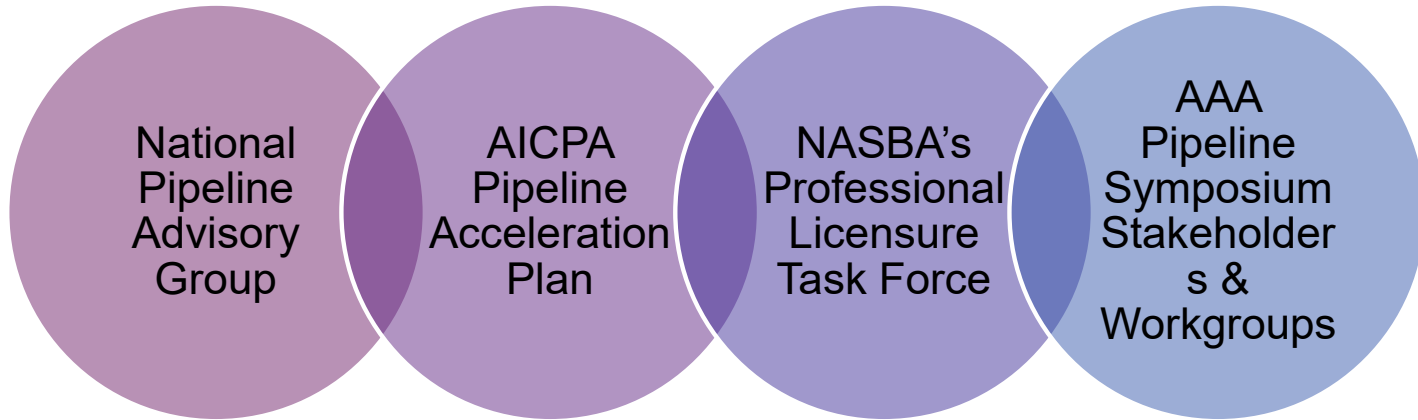
However, for actions in the normal course of their duties by public employees, even licensed CPAs, it is up to the employing public agency to determine whether the performance of a public employee is satisfactory. In that situation, by Washington law, the Board has no disciplinary authority over that agency and that employee.

This exception is not unique to Washington. Reviewing the legislative history of RCW 18.04.350(12), it is in Washington law because the legislature modeled it upon the Uniform Accountancy Act, the national model licensing law developed to provide a uniform approach to regulation of the accounting profession.

For further discussion see Attorney General Opinion (AGO) 2021 No.5.

Effective: October 16, 2020
Revised: October 29, 2021

■ Distinct but complementary pipeline efforts underway

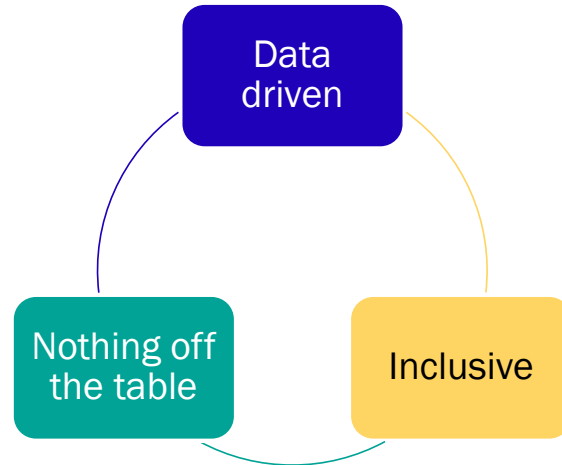


National Pipeline Advisory Group

Since October, NPAG has:

- Developed a slate of potential strategies to attract more people to careers in accounting, based on 3rd party research, polls, forums, and member discussions
- Launched a national survey asking the entire accounting profession to weigh in (open thru May).
- Launched a student survey to get the unique perspective on the most effective strategies for attraction, licensure and retention (open thru early May).

Key core values



A few of the many concepts being considered



Tell a more compelling story

Awareness campaign to enhance the image of accounting
Best practices for accounting careers awareness program



Address the cost and time of education

CPA Exam prep counts toward college credit
Modernizing licensure to future-proof the license



Make the academic experience more engaging

Revamp intro to accounting
Creating a pull through versus weed out approach



Provide better support to CPA exam candidates

Allow students to take Exam sections immediately after coursework
Offer paid time off to study for the Exam



Enhance employee experience


Offer competitive salaries
Commit to manageable workloads



Expand paths for the under-represented

Help transition students from community college to 4-year
Scale up college immersion programs

National Pipeline Advisory Group



**Deep dive:
How do we best
modernize and future-
proof the CPA license
assuring its ongoing
value?**

Key Questions as We Look to Modernize CPA License

- Are we thinking about one route or more broadly?
- Are we solving for entry or those already with experience?
- Are we solving for making someone fit for practice or the cost of the license?

- What data do we have/need to show that the intended candidate would be more likely to use the new model(s) over current paths?

Changes in academia seem to be on the horizon



The Push for a 3-Year Bachelor's Degree

Representatives from a dozen colleges met at Georgetown University last week to discuss three-year bachelor's degree pilot programs. Their ambitions are grand, but the future is uncertain.

Indiana CAPITAL CHRONICLE

Bill to expand Indiana college credit and degree options heads to governor's desk

The sweeping legislation – amended in the final days of the session – intends to get more Hoosiers credentialed.

The Washington Post

Momentum builds behind a three-year degree to lower college costs

Skepticism about the cost and duration of a higher education drives a need for speed

Forbes

Has The Time For Three-Year College Degrees Finally Arrived?

Shifts in educational preferences are happening

Please think about your ideal situation; if there were no obstacles or limitations, what would/did you most want your child to do immediately after he or she finishes/finished high school?

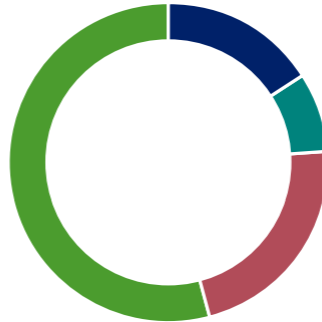
% Among all parents

54%
Four-year college

16%
Non-college training programs

8%
Two-year college

22%
All other pathways



"Non-college training programs" and "All other pathways" are composite groups. For a complete listing of all data by subcategory, please see the appendix.

Sources: [Carnegie/Gallup](#)

**National Pipeline
Advisory Group**



What if?

We could **modernize the licensure system** while still protecting the public and CPA brand.

Pathways were developed that provide **equitable access** to all potential candidates.

Licensure had a built-in methodology for transparent and **ongoing evaluation**.

Licensure could align with **how business is done now** while being nimble and adaptable.

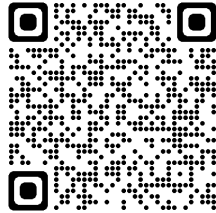
Questions any solution must answer ...

- Why would someone choose this route?
- What does this route achieve that current paths do not?
- What is the profile of the person who would choose this and the employer that would sponsor it?
- What are the costs / benefits to the employer / candidates / public?
- Who bears the cost of the program?
- What costs would deter candidates and employers from this route?
- What would this mean for mobility?
- How does it impact the public perception of CPAs as a graduate and/or advanced profession?

Takeaway: Be heard through the pipeline surveys

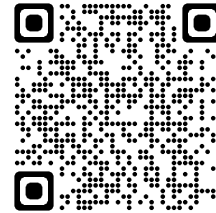
National survey

The **entire profession** can take this survey – including CPAs, accountants, educators, and other stakeholders.



Student survey

A separate survey was developed for current college **students studying accounting or business.**



Visit accountingpipeline.org to learn more.

UPDATE FROM THE PROFESSIONAL LICENSURE TASK FORCE

Stephanie Saunders

Bill Treacy

Dan Dustin

NASBA Executive Directors Conference
March 26, 2024

PLTF ACTIVITIES

OUTREACH AND FEEDBACK

BOA
Members
and
Executive
Directors

AACSB

State
Society
Government
Relations
Staff

NASBA
State
Society
Relations
Committee

AICPA NPAG
Substantial
Equivalency
work group

JOINT WORK GROUP

- Establish a joint Work Group
- Continue to develop SPP
- Work on national standards for SPP
- Work on UAA language
- Report back to PLTF
- Report back to BOAs and other stakeholders

UPDATE: CONCEPT EXPOSURE

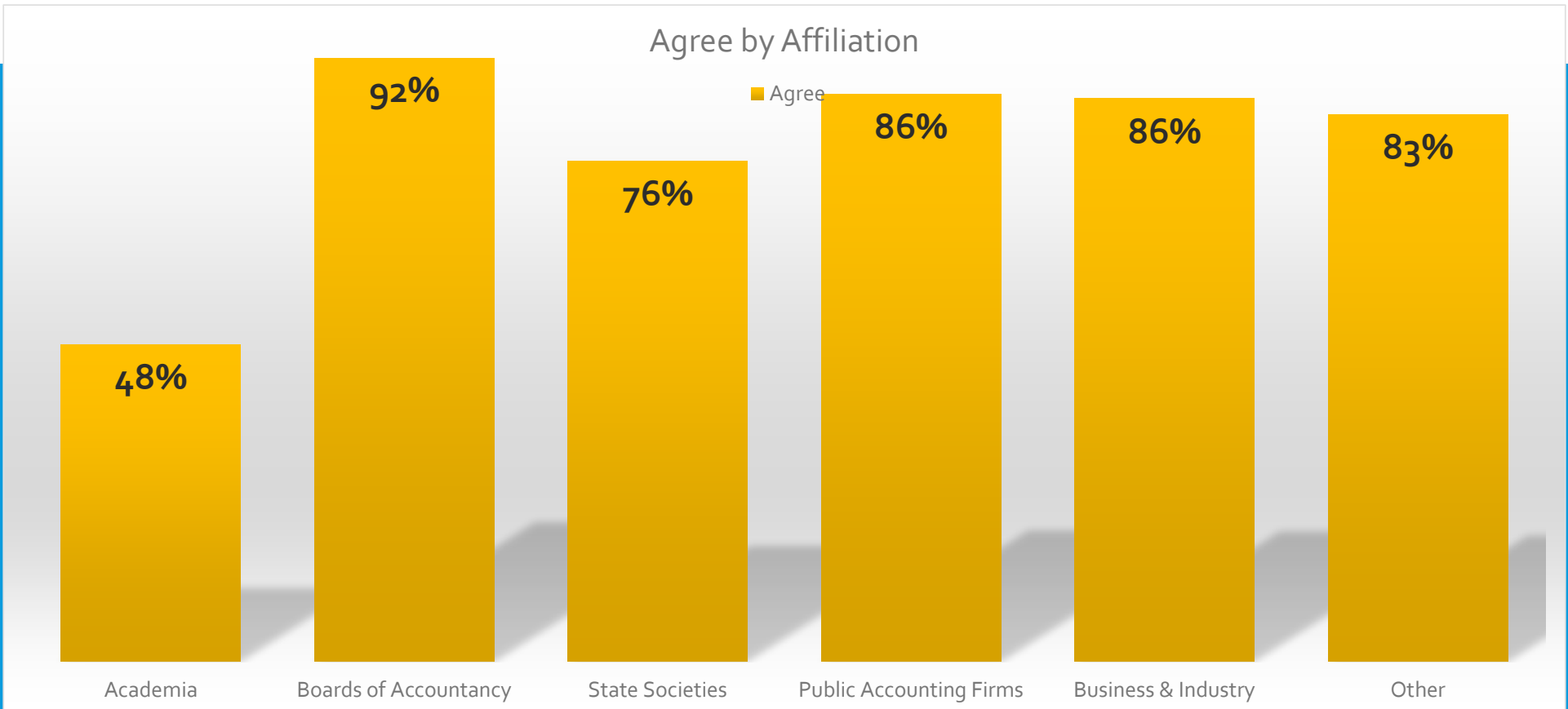
CONCEPT EXPOSURE

Question: Do you believe that the Professional Licensure Task Force should continue to focus its discussions on an equivalent path to licensure that defines a structured professional program that would qualify an individual for licensure as a CPA?



Comments requested by March 31, 2024

FEEDBACK THROUGH MARCH 25, 2024



March 25, 2024

SPP PRINCIPLES & CONCEPTS

TASK FORCE PRINCIPLES

- Establish an equivalent pathway in the UAA
- Protects the public interest
- Cost effective
- Maintains rigor (minimum competencies of a newly licensed CPA)
- Available to firms and businesses of all sizes
- Defines minimum timeframe to complete
- Establishes an evaluation process to assess completion of program

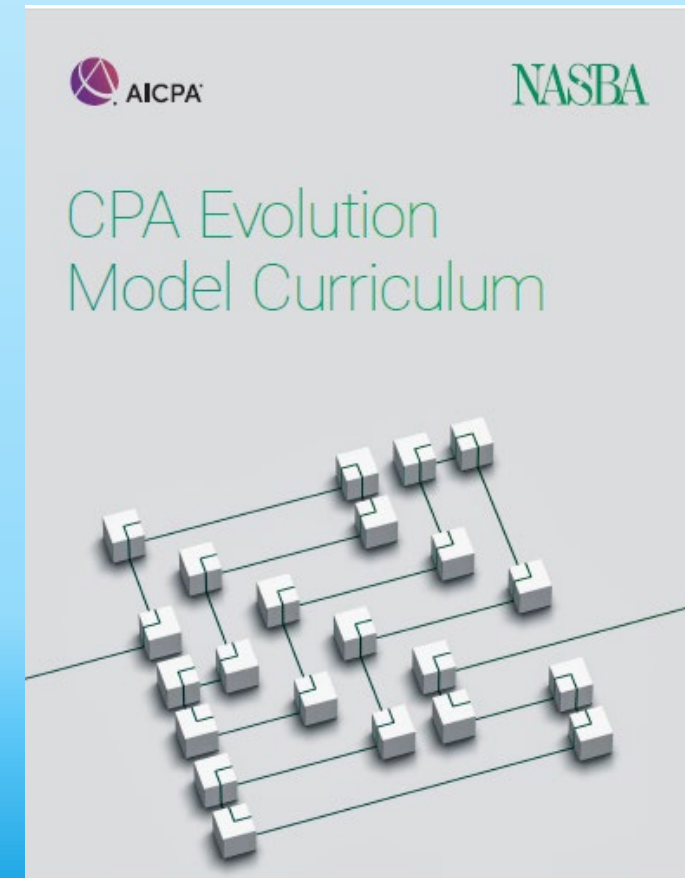
SPP CONCEPTS

- **Higher Order Skills**
- **Competencies**
- **Application to Public Accounting or Inclusive of B&I and Government**
- **Firm Training Programs**
- **Length of Program, including Hours or Years**
- **SPP count toward education and experience**
- **Evidence of and measuring competencies**
- **Who verifies and signs-off on SPP completion**

A SAMPLE MODEL

CPA EVOLUTION MODEL CURRICULUM

Section	Modules	Learning Objectives
Accounting & Data Analytics	9	172
Audit & Accounting Information Systems	15	163
Tax	12	136
Business Analysis & Reporting	10	153
Information Systems & Controls	5	61
Tax Compliance & Planning	14	181



A POSSIBLE SPP MODEL

- **Develop an experience rubric using the CPA Evolution Model Curriculum**
- **Broadly constructed to allow flexibility**
- **Self assessment**
- **Periodic assessment by the individual and CPA supervisor**
- **Flexibility on when modules are completed**

A POSSIBLE SPP MODEL

- **NASBA creates Uniform Automatic Tracking System**
- **Houses the learning rubric**
- **Individual applies for exam**
- **Education is verified by BOA or CPAES**
- **Individual obtains unique Identifier through exam app.**
- **Individual uses the unique ID to register in SPP**
- **CPA supervisor registers to use Automatic Tracking System**
- **System allows CPA supervisor to link to Individual**

HOW IT MIGHT WORK: NEW EMPLOYEE - TAX PRACTICE

- Individual chooses from among 26 modules and 317 learning objectives in Tax Practice
- Individual completes self assessment
- CPA supervisor signs off on self assessment
- Individual works in tax area and periodically completes assessments, reviewed and signed-off by CPA supervisor
- BOAs have ability to verify completion of SPP program

HOW IT MIGHT WORK: NEW EMPLOYEE - TAX PRACTICE

Foundational Tax Areas

Section 3: Tax Core

- 42 Module 1: Responsibilities in Tax Practice
- 42 Module 2: Methods of Taxation
- 42 Module 3: Federal Tax Procedures
- 43 Module 4: Legal Duties and Responsibilities
- 44 Module 5: Acquisition and Disposition of Assets
- 45 Module 6: Federal Taxation of Individuals
- 47 Module 7: C Corporations
- 48 Module 8: S Corporations
- 49 Module 9: Partnerships
- 50 Module 10: Limited Liability Companies
- 50 Module 11: Tax-Exempt Organizations
- 51 Module 12: Technology and Digital Acumen

Higher Order Tax Areas

Section 3: Tax Compliance and Planning (TCP) Discipline

- 73 Module 1: Individual Tax Fundamentals and Tax Planning
- 75 Module 2: Acquisition, Use and Disposition of Assets
- 76 Module 3: Tax Accounting Methods
- 77 Module 4: Federal Taxation of Entities
- 78 Module 5: C Corporations
- 79 Module 6: S Corporations
- 80 Module 7: Partnerships
- 83 Module 8: Tax Planning for Entities
- 84 Module 9: Trusts
- 85 Module 10: Tax-Exempt Organizations
- 85 Module 11: Multijurisdictional Tax Basics
- 86 Module 12: Technology
- 86 Module 13: Tax Research
- 87 Module 14: Personal Financial Advisory Services

HOW IT MIGHT WORK: NEW EMPLOYEE - TAX PRACTICE

Module 1: Responsibilities in Tax Practice

Topic 1: Internal Revenue Code and regulations related to tax return preparers

Summary	Estimated Hours	Suggested course(s)
Recall and apply the regulations governing practice before the Internal Revenue Service (IRS).	3-4	TAX
Learning objective(s):		
1. Recall the regulations governing practice before the IRS.		
2. Apply the regulations governing practice before the IRS given a specific scenario.		
3. Identify tax return preparers.		
4. Recognize situations that would result in federal tax return preparer penalties.		
5. Apply potential federal tax return preparer penalties given a specific scenario.		
6. Explain the responsibilities of the payer vs. the tax preparer and that preparer is responsible for results of technology usage.		
7. Describe the purpose and key elements of the Circular 230 and the Statements on Standards for Tax Services.		

1. Individual chooses Module 1: Responsibilities on Tax Practice
2. Individual is trained and completes a variety of tax returns during “busy season”.
3. Individual learns about Circular 230
4. CPA supervisor considers learning objectives in Module 1 and assesses Individual’s learning based on rubric criteria

HOW IT MIGHT WORK: NEW EMPLOYEE - TAX PRACTICE

Sample Rubric

Scoring and Scale	Beginner (1-2)	Developing (3-4)	Proficient (5-6)	Advanced (7-8)
Criteria				
Topic 1: Internal Revenue Code and Regulations				
1. Recall Regulations Governing Practice Before the IRS	Struggles to recall regulations governing practice before the IRS, often missing key details or misinterpreting requirements.	Demonstrates some ability to recall regulations governing practice before the IRS, though may require prompts or reminders for certain aspects.	Recalls regulations governing practice before the IRS accurately, demonstrating a solid understanding of their purpose and application.	Recalls regulations governing practice before the IRS proficiently, with clear explanations of key requirements and implications for tax practice.
2. Application of Regulations to Specific Scenarios	Struggles to apply regulations governing practice before the IRS to specific scenarios, often misunderstanding or misapplying requirements.	Demonstrates some ability to apply regulations governing practice before the IRS to specific scenarios, though may require assistance or guidance to ensure accuracy.	Applies regulations governing practice before the IRS to specific scenarios accurately, demonstrating a solid understanding of their implications for tax practice.	Applies regulations governing practice before the IRS to specific scenarios proficiently, with clear explanations of the rationale behind application and potential outcomes.

Example of a Rubric

Step 1: Individual self-assesses

Step 2: Experiential learning occurs as work is performed

Step 3: Individual updates self-assessment

Step 4: CPA Supervisor updates assessment based on work performed

Step 5: Credit earned as Learning criteria and Modules are completed once acceptable to CPA supervisor

HOW IT MIGHT WORK: NEW EMPLOYEE - GENERALIST

- Individual chooses from among the six sections to identify the Modules that reflect their areas of practice
- Individual completes self assessment
- CPA supervisor signs off on self assessment
- Individual works in all areas of practice and periodically completes assessments, reviewed and signed-off by CPA supervisor
- BOAs have ability to verify completion of SPP program

HOW IT MIGHT WORK: NEW EMPLOYEE - GENERALIST

Foundational A&A Areas

Section 1: Accounting and Data Analytics Core

- 8 Module 1: Financial Statements
- 10 Module 2: Select Financial Statement Accounts
- 14 Module 3: Select Financial Statement Transactions and Events
- 16 Module 4: Financial Statement Analysis and Metrics
- 16 Module 5: Financial Statements and Select Transactions for Not-For-Profit (NFP) Entities
- 18 Module 6: Financial Statements and Select Transactions for State and Local Governments
- 19 Module 7: Critical Thinking
- 19 Module 8: Financial Data Analytics
- 21 Module 9: Digital Acumen

Foundational Tax Areas

Section 3: Tax Core

- 42 Module 1: Responsibilities in Tax Practice
- 42 Module 2: Methods of Taxation
- 42 Module 3: Federal Tax Procedures
- 43 Module 4: Legal Duties and Responsibilities
- 44 Module 5: Acquisition and Disposition of Assets
- 45 Module 6: Federal Taxation of Individuals
- 47 Module 7: C Corporations
- 48 Module 8: S Corporations
- 49 Module 9: Partnerships
- 50 Module 10: Limited Liability Companies
- 50 Module 11: Tax-Exempt Organizations
- 51 Module 12: Technology and Digital Acumen

HOW IT MIGHT WORK: NEW EMPLOYEE - GENERALIST

Module 5: Financial Statements and Select Transactions for Not-For-Profit (NFP) Entities

Topic 1: Statement of financial position

Summary

Recall purpose and objectives and prepare a statement of financial position for nongovernmental, NFP, and be able to make necessary adjustments.

Estimated
Hours

2-4

Suggested
course(s)**

INT; GVT/NFP

Learning objective(s):

1. Recall the purpose and objectives of the statement of financial position for a nongovernmental, not-for-profit entity.
2. Prepare a statement of financial position for a nongovernmental, not-for-profit entity from a trial balance and supporting documentation.
3. Calculate net asset balances for a nongovernmental, not-for-profit entity and prepare journal entries.
4. Adjust the statement of financial position for a nongovernmental, not-for-profit entity to correct identified errors.

1. Individual chooses from among all sections
2. This includes the section on Accounting & Data Analytics Module 5: Financial Statements and Select Transactions for NFP Entities
3. Individual is trained and completes attestation work in NFP industry
4. Individual learns about NFP accounting & Reporting
5. CPA supervisor considers learning objectives in Module 5 and assesses Individual's learning based on rubric criteria

HOW IT MIGHT WORK: NEW EMPLOYEE - GENERALIST

Sample Rubric

Module 5: Financial Statements and Select Transactions for Not-For-Profit (NFP) Entities					
Scoring and Scale	Beginner (1-2)	Developing (3-4)	Proficient (5-6)	Advanced (7-8)	Expert (9-10)
Criteria					
Topic 1: Statement of Financial Position					
1. Recall Purpose and Objectives of the Statement of Financial Position	Struggles to recall the purpose and objectives of the statement of financial position for a nongovernmental, not-for-profit entity, demonstrating limited understanding of its significance.	Demonstrates some ability to recall the purpose and objectives of the statement of financial position, though may provide incomplete or inaccurate explanations.	Recalls the purpose and objectives of the statement of financial position accurately, demonstrating a solid understanding of its role in presenting the financial position of NFP entities.	Recalls the purpose and objectives of the statement of financial position proficiently, with clear explanations of its importance in financial reporting for NFP entities.	Recalls the purpose and objectives of the statement of financial position expertly, providing comprehensive insights into its significance and implications for NFP entities.
2. Prepare Statement of Financial Position from Trial Balance	Struggles to prepare a statement of financial position for a nongovernmental, not-for-profit entity from a trial balance and supporting documentation, often making errors in classification or presentation.	Demonstrates some ability to prepare a statement of financial position, though may require assistance or guidance to ensure accuracy and completeness.	Prepares a statement of financial position for a nongovernmental, not-for-profit entity accurately, demonstrating a solid understanding of classification requirements and presentation formats.	Prepares a statement of financial position proficiently, with clear organization and accurate representation of financial information, reflecting a thorough understanding of classification principles.	Prepares a statement of financial position expertly, demonstrating mastery of classification principles and presentation techniques, with comprehensive and well-organized financial information.

Example of a Rubric

Step 1: Individual self-assesses

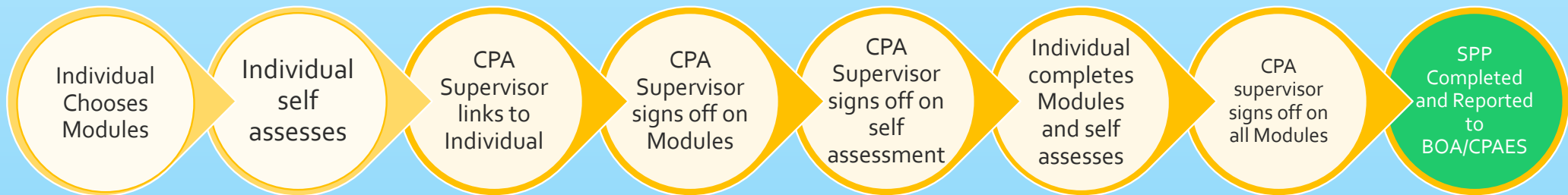
Step 2: Experiential learning occurs as work is performed

Step 3: Individual updates self-assessment

Step 4: CPA Supervisor updates assessment based on work performed

Step 5: Credit earned as Learning criteria and Modules are completed once acceptable to CPA supervisor

IN SUMMARY:



DISCUSSION

INITIAL THOUGHTS

How does this proposed experiential model differ from the prior pathways used by many boards that included a baccalaureate degree (with less than 150-semester hours) and two years' experience?

The SPP would define specific competencies based on CPA Evolution Model Curriculum. The individual would identify and obtain the competencies within the SPP with verification attested to by a licensed CPA upon completion of Modules.

INITIAL THOUGHTS

Could an individual with a bachelor's degree and 129 semester hour complete the program in less time?

Not as currently designed. The SPP is a two-year program. An individual with more than 120-semester hours of education could participate in SPP for two years. As an alternative, Individuals with between 120 semester hours and 150 semester hours of credit could choose another pathway such as ELE to meet the 150-hour education requirement.

INITIAL THOUGHTS

What additional pathways or concepts did the Task Force consider and why were they discarded, if any?

Other models considered by NASBA staff included learning obtained through military training, staff training courses provided through third-party organizations, including CPE providers; CPA Exam preparation courses, and programs that might be assessed by third party organizations. All would be complex to implement and were deemed to not meet the core principles of being cost effective and scalable to firms of all sizes.

INITIAL THOUGHTS

How might the size of a given firm affect its ability to participate in a structured professional program (SPP)?

Participation in the program would not be limited by firm or business size. The only limitation would be that the individual has applied for the CPA Exam and has met the jurisdiction's education requirements to sit for the CPA Exam and has a CPA supervisor who will periodically assess competencies during the program.

INITIAL THOUGHTS

Will the SPP be limited to public accounting firms or include other options (e.g., military experience or private industry), and how would this work?

The SPP would not be limited to public accounting firms and would include business & industry, including employment in government provided the individual is performing work that meets the requirements of the program. Participation is based on completing a jurisdiction's minimum education requirements for sitting for the CPA Exam and having a CPA supervisor to perform periodic assessments while participating in the program.

INITIAL THOUGHTS

Would the SPPs be individualized based on the experience, education, and/or skills of the participant? For example, will the length of the of the SPP differ between a participant who has 120-semester hours and one with 140-semester hours?

The SPP is designed so that the individual obtains the equivalent 30-semester hours of experiential learning over a 2-year period. If an individual is short 10-semester hours to meet the 150-semester hour requirement, the individual could choose to take additional coursework from a college or university, obtain those hours through ELE, or participate in the 2-year SPP.

INITIAL THOUGHTS

Will the focus of the competencies gained during the SPP be limited to accounting or will they include soft skills such as written and verbal skills? How will soft skills be defined, and what portion of the competencies will soft skills comprise?

The intent of the SPP is for the CPA supervisor to assess an individual's competencies in accounting and soft skills. Modules will include competencies based on soft skills.

INITIAL THOUGHTS

How much will the SPP cost, and will firms, or applicants, or both pay?

Under the current Model, NASBA would incur the cost of creating and maintaining the automated tracking system as part of its mission spending. As defined in this model, there would be no cost to the individual or the employer.

INITIAL THOUGHTS

Will participation in a SPP also qualify as experience toward the 12-month experience requirement for licensure?

The SPP is designed as a 2-year program. It is anticipated that participation in the SPP program would also qualify as experience toward the 12-month experience requirement for licensure.

INITIAL THOUGHTS

Would each state be responsible for approving each SPP and, if so, how will equivalency be maintained?

SPP is designed as a stand-alone program that would not need approval at the individual level. Once a jurisdiction amends their statutes and/or rules, individuals could register for the program based on the admission criteria: meet the minimum education requirements to sit for the CPA Exam in their jurisdiction and be admitted to the CPA Exam.

INITIAL THOUGHTS

Would there be minimum qualifications for CPA Supervisors?

Preliminary task force discussions have centered on including in the national standards a minimum number of years post-licensure experience to qualify an individual as a CPA Supervisor. Discussions have also focused on providing training materials to CPA Supervisors who would attest to an individual having met the competencies within SPP.

INITIAL THOUGHTS

Would there be a transition period for those who are currently employed but lack the 150-semester hours for licensure?

The task force discussed developing transition language that would provide those who are currently employed with a way to participate in SPP during the transition period from adoption of SPP as an equivalent pathway in the UAA and adoption of SPP in a jurisdiction.

ADDITIONAL DISCUSSION

To: Washington State Board of Accountancy

From: Peer Review Oversight Committee (PROC) (Kate Dixon, Tom Sawatzki, Mark Hugh, Laura Lindal, Robert Loe, Mike Paquette, Jennifer Sciba, Tom Neill)

Re: Excluding compilations from peer review

Date: April 26, 2024

At the January 2024 Board meeting, the PROC detailed its recommendations for a Washington developed peer review alternative program for compilations.

Since that meeting, we have become aware that eight other states exclude compilations from any type of peer review process: four states larger than Washington (Florida, New York, Pennsylvania, and Illinois) and four states smaller than Washington (Oklahoma, Maine, Kansas, and Alaska). Florida excludes reviews as well as compilations.

The PROC surveyed five of the states in the group (see attached survey results).

The PROC Washington program discussed in January included the following requirements: professional liability insurance; prequalification through specified CPE; continuing competency through specified CPE, annual reporting to the Board; triennial review by the Board, and annual participation fees.

These requirements are far more restrictive than any of these other states. Therefore, the PROC recommends, rather than create an alternative to peer review, that the Board exclude compilations from peer review consistent with these other states.

Note that licensees or firms that perform compilations would still be required to have a firm license (a current requirement) and would file a firm license renewal every three years with the Board. And, similar to the other states, although not a state board requirement, AICPA peer review is still required for compilations performed by AICPA members and AICPA member firms by virtue of the contractual membership relationship between the member, the firm, and the AICPA.

In addition, the PROC suggests creating a Board Policy statement regarding the exclusion for compilations, with recommendations for amounts of compilation CPE and professional liability insurance.

Any exclusion would require amendment to WAC 4-30-130(10), the Board's rule on quality assurance review for licensed firms.

WSBOA
Survey of Compilation Exclusions
April 2024

Questions

New York

1. Confirming that the state does indeed exempt compilations from peer review.

This is correct. A firm does not need to be enrolled in the PR program if their highest level of service is compilations.

2. Are there any other exempted reports in the state (for example, Florida and reviews)?

We do not have any exempted reports. If the state agency requires a modified report (outside of the GAAP), we would consider that attest and they need to be enrolled. We have a lot of cost reports for state agencies in NY. Not sure if this is what you are asking but what came to mind.

WSBOA
Survey of Compilation Exclusions
April 2024

Questions

New York

3. Any special requirements for CPE (for example, Oklahoma has a four-hour compilation CPE requirement)?

Any licensee who supervises a compilation engagement or signs or authorizes someone to sign an accountant's report on financial statements of a client for such compilation engagements shall: a. have completed at least 40 hours of continuing education in the area of accounting, auditing or attest during the prior three calendar years or in the calendar year in which the service is performed; and b. have maintained the level of education, experience and professional conduct required by generally accepted professional standards as described in paragraph (7) of this subdivision, relating to the compilation services performed;

4. Any requirements for professional liability insurance?

No. We do not address that matter at all in our law/regulations.

**WSBOA
Survey of Compilation Exclusions
April 2024**

Questions

New York

5. Is there any special administrative reporting to the Board required by firms utilizing the exemption?

Yes on their renewal and annual form that is signed under penalties and perjury, they must declare that they are exempt from the program:

6. Are there enforcement issues related to the exemption, or complaints about firms using the exemption?

Firms get caught all of the time that are doing attestation services but are not enrolled in the program. A lot of them relate to the cost reports mentioned in #2 above. New York City also has some peculiar forms that are for tax certiorari and require a specific real property tax audit report. A lot of firms believe these service are not a "real" attestation service. However, we do consider it an attestation and work through the Society on their training through their peer review to get the message out in public space.

**WSBOA
Survey of Compilation Exclusions
April 2024**

Questions

New York

7. Was the exemption created at the request of the Board, or other parties?

Our exemption is by review of the board office staff upon firm renewal and annual statements. It is in the law that we can exempt the firm.

8. Anything else we should think about?

WSBOA
Survey of Compilation Exclusions
April 2024

Questions

Oklahoma

1. Confirming that the state does indeed exempt compilations from peer review.

As long as that is the highest form of attest service the firm performs, we do not require peer review for compilations.

2. Are there any other exempted reports in the state (for example, Florida and reviews)?

No, we require peer review for all other levels of attest engagements.

WSBOA
Survey of Compilation Exclusions
April 2024

Questions

Oklahoma

3. Any special requirements for CPE (for example, Oklahoma has a four-hour compilation CPE requirement)?

Yes. They must complete four hours of compilation CPE each year. It must be compilation only. If it is a dual subject course such as Compilation and Review, the number of hours that can count is half of the total awarded.

4. Any requirements for professional liability insurance?

We do not have any requirements for professional liability insurance.

WSBOA
Survey of Compilation Exclusions
April 2024

Questions

Oklahoma

5. Is there any special administrative reporting to the Board required by firms utilizing the exemption?

In their renewal, they must notate whether they do compilations, and we have a CPE category specifically for that. We check weekly to make sure that all individuals who indicate they do compilations show completed compilation CPE for the year prior.

6. Are there enforcement issues related to the exemption, or complaints about firms using the exemption?

No, we have not had any issues.

WSBOA
Survey of Compilation Exclusions
April 2024

Questions

Oklahoma

7. Was the exemption created at the request of the Board, or other parties?

The reason it was excluded is lost to memory. We know that we added the CPE requirement because peer review wasn't required, and we had reports that quality was shoddy back in 2011.

8. Anything else we should think about?

We have not had any complaints other than from registrants. They complain that the standards do not change much from year to year so it can feel unnecessary.

WSBOA
Survey of Compilation Exclusions
April 2024

Questions

Florida

1. Confirming that the state does indeed exempt compilations from peer review.

In Florida, preparing compilations is not considered practicing public accounting. Compilations are not part of our definition of practicing public accounting. Our rules specifically say: Statements, affidavits, or signatures of preparers required on tax returns and reports issued in connection with a compilation of financial statements are not “expressions of opinion” even though compilations do provide a level of assurance.

2. Are there any other exempted reports in the state (for example, Florida and reviews)?

So we don’t really identify them as “exempted”.

WSBOA
Survey of Compilation Exclusions
April 2024

Questions

Florida

3. Any special requirements for CPE (for example, Oklahoma has a four-hour compilation CPE requirement)?

The CPE requirements are the same for all active Florida CPAs, regardless of the type practice or not practicing at all.

4. Any requirements for professional liability insurance?

*We require a firm to have a minimum of \$50,000 equity or professional liability insurance- per owner to a maximum of \$2,000,000.
Alternatively, the firm can have an irrevocable letter of credit.
Alternatively, the owners can execute a waiver on the limitation of liability approved by the Board. (I have never seen this done.)*

WSBOA
Survey of Compilation Exclusions
April 2024

Questions

Illinois

1. Confirming that the state does indeed exempt compilations from peer review.

That is correct. Because compilations are not a licensed service in Illinois (that is, they do not need to be performed by a licensed or registered CPA), firms or sole practitioners that perform only compilations are not required to undergo peer review. Caveat: If those same firms or sole practitioners had an individual or individuals there were members of the AICPA, they would be required to undergo peer review for AICPA membership purposes only, not for state licensing or registration purposes.

2. Are there any other exempted reports in the state (for example, Florida and reviews)?

Yes. Because Illinois only requires a CPA license for assurance provided in connection with a financial statement (i.e., audits or reviews of historical financial statements or examinations of prospective financial statements), firms performing only other types of attest engagements (e.g., agreed-upon procedures, SSAE engagement not involving a financial statement), they are not required to undergo a peer review. Caveat: Again, if those same firms or sole practitioners had an individual or individuals there were members of the AICPA, they would be required to undergo peer review for AICPA membership purposes only, not for state licensing or registration purposes.

WSBOA
Survey of Compilation Exclusions
April 2024

Questions

Illinois

3. Any special requirements for CPE (for example, Oklahoma has a four-hour compilation CPE requirement)?	<i>Compilations are outlined as an accountancy activity and therefore subject to the same CPE requirements as all other accountancy activities.</i>
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4. Any requirements for professional liability insurance?	<i>No</i>
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WSBOA
Survey of Compilation Exclusions
April 2024

Questions

Illinois

5. Is there any special administrative reporting to the Board required by firms utilizing the exemption?

No, those firms or sole practitioners are not really exercising an exemption. They're just not performing the type or types of services required to be performed by a licensed CPA.

6. Are there enforcement issues related to the exemption, or complaints about firms using the exemption?

WSBOA
Survey of Compilation Exclusions
April 2024

Questions	Illinois
7. Was the exemption created at the request of the Board, or other parties?	<i>My understanding is that it goes back a number of years (30+) and was at the request of the Independent Accountants Association of Illinois.</i>
8. Anything else we should think about?	<i>No</i>

WSBOA
Survey of Compilation Exclusions
April 2024

Questions

Pennsylvania

1. Confirming that the state does indeed exempt compilations from peer review.

An accountancy firm is eligible for an exemption from the peer review requirement in Pennsylvania if the firm does not accept attestation engagements, other than a compilation.

2. Are there any other exempted reports in the state (for example, Florida and reviews)?

Section 8.9 (g) of the CPA Law identifies three exemptions to the peer review requirement in Pennsylvania.

** Under Section 8.9(g)(1), a firm is exempt from peer review if the firm has undergone a peer review conducted in another state or foreign jurisdiction within 3 years before the date of application for initial or renewal licensure in the Commonwealth of Pennsylvania; the out-of-state peer review must meet the requirements of Section 8.9 (c) (1) and (2) of the CPA Law.*

** Under Section 8.9 (g)(2), a firm would be exempt from peer review if, during the preceding 2 years, the firm has not accepted or performed any attestation engagements other than a compilation.*

** Under Section 8.9 (g)(3), a firm would be exempt from peer review if the peer review administering agency granted the firm an extension for reasons of personal health, military service or other good cause.*

WSBOA
Survey of Compilation Exclusions
April 2024

Questions

Pennsylvania

3. Any special requirements for CPE (for example, Oklahoma has a four-hour compilation CPE requirement)?

Although there are no requirements specific to compilations, there are special CPE requirements for CPA's who perform attest services under section 11.63 of the Board's regulations, and CPA's who supervise attest services under section 11.23a of the Board's regulations

4. Any requirements for professional liability insurance?

No

WSBOA
Survey of Compilation Exclusions
April 2024

Questions

Pennsylvania

5. Is there any special administrative reporting to the Board required by firms utilizing the exemption?

Yes. Someone who is claiming an exemption must identify the basis for the exemption (e.g. whether claiming exemption under section 8.9(g)(1), (2), or (3) of the CPA Law) on their initial or renewal application for licensure. The applicant must provide the required documentation supporting the exemption. For applicants claiming exemption under section 8.9(g)(1) of the CPA Law, the Board must verify the date of acceptance and period covered by the firm’s most recently accepted peer review through a secure website provided by the entity administering the peer review. For applicants claiming exemption under section 8.9(g)(2), there is a verification form that the applicant completes which verifies that, during the preceding 2 years, the firm has not accepted or performed any attestation engagements other than a compilation. For applicants claiming exemption under section 8.9(g)(3) of the CPA Law, the firm must provide the board a copy of a grant of an extension (for reasons of personal health, military service or other good cause) from the peer review administering organization within 30 days of receipt.

6. Are there enforcement issues related to the exemption, or complaints about firms using the exemption?

If there is a concern as to whether a firm really meets the requirements for an exemption, those matters can be referred to the Professional Compliance Office (PCO) for review and possible investigation. PCO refers matters that require investigation to the Bureau of Investigation and Enforcement (BEI). Investigators from BEI work with the Department of State’s Prosecution Division to determine whether a disciplinary matter should come before the Board by the filing of an Order to Show Case (OSC) or a Consent Agreement and Order (CAO).

WSBOA
Survey of Compilation Exclusions
April 2024

Questions

Pennsylvania

7. Was the exemption created at the request of the Board, or other parties?

The exemptions were created by the state legislature. The 2022 amendments to the CPA Law, including matters concerning peer review, were supported by the PICPA, a state professional accountancy association.

8. Anything else we should think about?

Request Oversight Committee Report April 2024

Scott Newman, Chair

During the first quarter 2024, the Executive Director and a Consulting Board Member from the Request Oversight Committee took the following action:

Approved Firm Names:

Sequim CPA PS
Counter Culture CPA
M4 Consulting LLC
The SH Group PS
Caliber Audit & Attest, LLP
WWC, P.C
Chelan Valley CPAs
DZA PLLC

Professional/Educational Organization – Recognition Requests

During the first quarter in 2024, the Board did not receive any requests for recognition as an educational organization or professional association for purposes of obtaining list requests.

March 4, 2024

To: Washington State Board of Accountancy

From: Request Oversight Committee
(Scott Newman, Tonia Campbell, Rajib Doogar, Mike Paquette, Jennifer Sciba)

RE: Firm Naming Convention

The committee met to discuss firm naming conventions. There has been a shift from the traditional way CPA firms use to name themselves. Previously, CPA firm names would include the name of owners and/or partners or accounting terms. We are starting to see more unique or marketable names for firms being requested as firms apply for licenses. As such, some names have required more analysis than we have had to do in the past.

Related rules are limited. Washington RCWs and WACs align with Uniform Accountancy Act (UAA) and many other jurisdictions stating firm names cannot be misleading or deceptive. The committee realizes that firm owners may be using unique names to market their firms.

The ROC discussed the limited nature of the rules, their intent and possible impacts of rule changes. Upon evaluation, the ROC is not recommending pursuit of any rule changes at this time. Rule changes could cause undue harm to firms that already are using some unique names.

After review of UAA and NASBA information regarding firm names, the committee decided that the current RCWs and WACs are sufficient to provide public protection without undue restriction to firms.

We expect this trend to continue and are informing the Board so that when unusual names are presented the Board knows that they were fully vetted. Moving forward, the committee will meet if there are unique names that assigned committee member believes further discussion is needed.

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To: Washington State Board of Accountancy

From: Board AICPA Rules Committee (BARC) (Brooke Stegmeier, Brian Thomas, Mark Hugh, Scott Newman, Mike Paquette, Jennifer Sciba)

Re: Recommendations for 2024 rules revisions

Date: April 26, 2024

At the January 2024 Board meeting, the BARC proposed creating a plan for reorganizing and clarifying all the Board's rules for presentation to the Board no later than the April 2024 Board meeting.

However, due to the volume of revisions already required for 2024, that plan proved unrealistic. Therefore, the BARC is recommending revising the plan to work on only the rule revisions that are required during 2024 and leave other rules to be amended in later years.

While there is overlap in some of the rules to be revised, the 2024 BARC recommended changes are:

- RCW updates for 2024 legislation (19 rules).
- CPA-inactive status and use of the CPA retired title (two rules).
- Client records information more accessible to non-CPA consumers (one rule).
- Revising basis for the Board to impose discipline and moving any exceptions into the professional conduct rules (12 rules).
- Revising the Quality Assurance Review rule for any PROC recommended removal of compilations (one rule).
- Responding to a petition from the public to update Board rules for gender neutral pronouns (five rules).

A matrix of the impacted rules is attached.

The BARC anticipates circulating discussion drafts of most of these rules to Board members in advance of the July meeting. Exceptions would be for rules that will require substantive Board discussion, such as any PROC recommended changes and rules for use of the CPA-inactive status and use of the CPA-retired title.

WSBOA
2024 BARC Recommended Rule Revisions
April 2024

Number	Current Title	2024 Legislation	Inactive/Retired Guidance	Consumer Record Guidance	Discipline Guidance	PROC and Compilations	Pronouns
4-30-010	Definitions.	Yes					
4-30-024	Public records.						Yes
4-30-034	Responding to board inquiries.	Yes					
4-30-040	Integrity and objectivity.	Yes			Yes		Yes
4-30-042	Independence.	Yes			Yes		
4-30-044	Contingent fees.	Yes			Yes		
4-30-045	Commission and referral fees.	Yes			Yes		
4-30-046	General standards.	Yes			Yes		
4-30-048	Compliance with standards.	Yes			Yes		
4-30-049	Accounting principles.	Yes			Yes		Yes
4-30-050	Confidential client information.	Yes			Yes		
4-30-052	Acts discreditable.	Yes		Yes	Yes		
4-30-054	Advertising and other forms of solicitation.	Yes			Yes		
4-30-056	Form of organization and name.	Yes			Yes		
4-30-058	Other authorized titles.		Yes				
4-30-XXX	New rule: CPA-inactive status/CPA-retired designation		Yes				
4-30-070							
	What are the experience requirements in order to obtain a CPA license?	Yes					
4-30-090	Must an out-of-state individual holding a license from another state apply and obtain a Washington state license to hold out and practice in Washington state?	Yes					
4-30-112	In state and out-of-state firm licensing requirements.	Yes					
4-30-114	How do I apply for and maintain a firm license?	Yes					
4-30-130							
	Quality assurance review (QAR) requirements for licensed CPA firms.	Yes				Yes	
4-30-132	Qualifying continuing professional education (CPE) activities.						Yes
4-30-142	Disciplinary actions.	Yes			Yes		Yes

1650 - State Board of Accountancy

Allotment Expenditure/Revenue BTD Flexible

Report Number: AEF04

Date Run: Mar 31, 2024 11:58PM

Biennium: 2025

As of Fiscal Month: Mar FY1

Transactions Through: Mar 29, 2024 8:00PM

Account: 02J

Allotment Content: Approved & Adjusted

Estimated Revenue Content: Approved & Adjusted

Expenditure Content: Cash, Accr(all)

Revenue Content: Cash, Accr(all)

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

	BTD Allotment	BTD Disbursement	BTD Accrual	BTD Encumbrance	BTD Variance	Biennium Remaining
By Account/Expenditure Authority						
02J - Certified Public Accountants' Acct						
030 - Salaries and Expenses	1,786,231	1,354,133.90	(250.00)	0.00	432,347.10	3,416,116.10
Total for Agency	1,786,231	1,354,133.90	(250.00)	0.00	432,347.10	3,416,116.10
By Account/Expenditure Authority						
By Object						
A - Salaries and Wages	619,811	572,402.58	0.00	0.00	47,408.42	1,084,071.42
B - Employee Benefits	210,795	193,115.57	0.00	0.00	17,679.43	363,022.43
C - Professional Service Contracts	76,500	70,574.50	0.00	0.00	5,925.50	133,425.50
E - Goods and Services	847,320	501,192.35	(250.00)	0.00	346,377.65	1,770,465.65
G - Travel	24,155	15,411.64	0.00	0.00	8,743.36	46,168.36
J - Capital Outlays	7,650	1,437.26	0.00	0.00	6,212.74	18,962.74
Total for Agency	1,786,231	1,354,133.90	(250.00)	0.00	432,347.10	3,416,116.10
By Object						

Fund View

Fund
02J - CERTIFIED PUBLIC ACCOUNTANTS' ACCT

Fund Type
BA - SPECIAL REVENUE FUNDS

Agency
1650 - STATE BOARD OF ACCOUNTANC

Budget Type
A - Appropriated

GAAP Fund Type
B - SPECIAL REVENUE FUNDS

Rollup Fund
FBD - CENTRAL ADMIN AND REGULATORY FU

Treasury Type
Treasury

Statute
18.04.105

Status
Active

TALS Only
No

DOT Fund
No

Mar 2024 

Balance Date ↓	Cash Balance	Book Balance	Outstd. Warrants
03/31/2024	4,070,791.30	4,065,353.24	5,438.06
03/30/2024	4,070,791.30	4,065,353.24	5,438.06
03/29/2024	4,070,791.30	4,065,353.24	5,438.06
03/28/2024	4,058,871.30	4,053,433.24	5,438.06
03/27/2024	4,052,466.30	4,047,028.24	5,438.06
03/26/2024	4,031,256.30	4,025,338.24	5,918.06
03/25/2024	4,030,236.30	4,024,318.24	5,918.06
03/24/2024	4,055,969.96	4,050,051.90	5,918.06
03/23/2024	4,055,969.96	4,050,051.90	5,918.06
03/22/2024	4,055,969.96	4,050,051.90	5,918.06
03/21/2024	4,058,127.73	4,057,417.73	710.00
03/20/2024	4,047,842.73	4,047,132.73	710.00
03/19/2024	4,038,332.73	4,037,622.73	710.00
03/18/2024	4,008,482.73	4,007,772.73	710.00
03/17/2024	4,003,552.73	4,002,842.73	710.00
03/16/2024	4,003,552.73	4,002,842.73	710.00
03/15/2024	4,003,552.73	4,002,842.73	710.00
03/14/2024	3,989,772.73	3,989,062.73	710.00
03/13/2024	3,974,902.73	3,974,192.73	710.00
03/12/2024	3,992,261.62	3,991,551.62	710.00
03/11/2024	3,984,701.62	3,983,991.62	710.00
03/10/2024	4,008,599.50	4,007,889.50	710.00
03/09/2024	4,008,599.50	4,007,889.50	710.00
03/08/2024	4,008,599.50	4,007,889.50	710.00
03/07/2024	4,003,473.80	4,002,763.80	710.00
03/06/2024	3,994,033.80	3,993,323.80	710.00
03/05/2024	3,983,873.80	3,983,163.80	710.00
03/04/2024	3,999,500.72	3,981,968.80	17,531.92
03/03/2024	3,968,875.72	3,951,343.80	17,531.92
03/02/2024	3,968,875.72	3,951,343.80	17,531.92
03/01/2024	3,968,875.72	3,951,343.80	17,531.92

Fund View

Fund
 20D - CPA SCHOLARSHIP TRANSFER ACCOU
 Fund Type
 BA - SPECIAL REVENUE FUNDS
 Agency
 1650 - STATE BOARD OF ACCOUNTANC
 Budget Type
 N - Nonappropriated/Nonallotted
 GAAP Fund Type
 B - SPECIAL REVENUE FUNDS
 Rollup Fund
 FBG - HIGHER EDUCATION FUND

Treasury Type
 Treasury Trust
 Status
 28B.123.050
 Status
 Active
 TALS Only
 No
 DOT Fund
 No

Mar 2024 

Balance Date ↓	Cash Balance	Book Balance	Outstd. Warrants
03/31/2024	100,000.00	100,000.00	0.00
03/30/2024	100,000.00	100,000.00	0.00
03/29/2024	100,000.00	100,000.00	0.00
03/28/2024	100,000.00	100,000.00	0.00
03/27/2024	100,000.00	100,000.00	0.00
03/26/2024	100,000.00	100,000.00	0.00
03/25/2024	100,000.00	100,000.00	0.00
03/24/2024	100,000.00	100,000.00	0.00
03/23/2024	100,000.00	100,000.00	0.00
03/22/2024	100,000.00	100,000.00	0.00
03/21/2024	100,000.00	100,000.00	0.00
03/20/2024	100,000.00	100,000.00	0.00
03/19/2024	100,000.00	100,000.00	0.00
03/18/2024	100,000.00	100,000.00	0.00
03/17/2024	100,000.00	100,000.00	0.00
03/16/2024	100,000.00	100,000.00	0.00
03/15/2024	100,000.00	100,000.00	0.00
03/14/2024	100,000.00	100,000.00	0.00
03/13/2024	100,000.00	100,000.00	0.00
03/12/2024	100,000.00	100,000.00	0.00
03/11/2024	100,000.00	100,000.00	0.00
03/10/2024	100,000.00	100,000.00	0.00
03/09/2024	100,000.00	100,000.00	0.00
03/08/2024	100,000.00	100,000.00	0.00
03/07/2024	100,000.00	100,000.00	0.00
03/06/2024	100,000.00	100,000.00	0.00
03/05/2024	100,000.00	100,000.00	0.00
03/04/2024	100,000.00	100,000.00	0.00
03/03/2024	100,000.00	100,000.00	0.00
03/02/2024	100,000.00	100,000.00	0.00
03/01/2024	100,000.00	100,000.00	0.00

CERTIFICATION OF ENROLLMENT

HOUSE BILL 1920

Chapter 13, Laws of 2024

68th Legislature
2024 Regular Session

PUBLIC ACCOUNTANCY ACT—VARIOUS PROVISIONS

EFFECTIVE DATE: June 6, 2024

Passed by the House January 29, 2024
Yeas 96 Nays 0

LAURIE JINKINS

**Speaker of the House of
Representatives**

Passed by the Senate February 22,
2024
Yeas 48 Nays 0

DENNY HECK

President of the Senate

Approved March 7, 2024 11:18 AM

JAY INSLEE

Governor of the State of Washington

CERTIFICATE

I, Bernard Dean, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **HOUSE BILL 1920** as passed by the House of Representatives and the Senate on the dates hereon set forth.

BERNARD DEAN

Chief Clerk

FILED

March 7, 2024

**Secretary of State
State of Washington**

HOUSE BILL 1920

Passed Legislature - 2024 Regular Session

State of Washington

68th Legislature

2024 Regular Session

By Representatives Robertson, Reeves, Ryu, and Graham

Prefiled 12/11/23. Read first time 01/08/24. Referred to Committee on Consumer Protection & Business.

1 AN ACT Relating to modifying the public accountancy act; amending
2 RCW 18.04.015, 18.04.025, 18.04.105, 18.04.180, 18.04.183, 18.04.195,
3 18.04.205, 18.04.215, 18.04.295, 18.04.345, 18.04.350, 18.04.380,
4 18.04.390, 18.04.405, and 18.04.430; and decodifying RCW 18.04.910
5 and 18.04.911.

6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

7 **Sec. 1.** RCW 18.04.015 and 2022 c 85 s 1 are each amended to read
8 as follows:

9 ~~((1))~~ It is the policy of this state and the purpose of this
10 chapter:

11 ~~((a))~~ (1) To promote the dependability of information which is
12 used for guidance in financial transactions or for accounting for or
13 assessing the status or performance of commercial and noncommercial
14 enterprises, whether public, private or governmental; and

15 ~~((b))~~ (2) To protect the public interest by requiring that:

16 ~~((i))~~ (a) Persons who hold themselves out as licensees conduct
17 themselves in a competent, ethical, and professional manner;

18 ~~((ii))~~ (b) A public authority be established that is competent
19 to prescribe and assess the qualifications of certified public
20 accountants;

1 ~~((+iii))~~ (c) Persons other than licensees refrain from using the
2 words "audit," "review," and "compilation" when designating a report
3 customarily prepared by someone knowledgeable in accounting;

4 ~~((+iv))~~ (d) A public authority be established to provide for
5 consumer alerts and public protection information to be published
6 regarding persons or firms who violate the provisions of chapter 294,
7 Laws of 2001 or board rule and to provide general consumer protection
8 information to the public; and

9 ~~((+v))~~ (e) The use of accounting titles likely to confuse the
10 public be prohibited. However as of June 30, 2024, an individual
11 holding a CPA-inactive certificate must be designated as a licensee
12 with an inactive status.

13 ~~((2) The purpose of chapter 294, Laws of 2001 is to make
14 revisions to chapter 234, Laws of 1983 and chapter 103, Laws of 1992
15 to: Fortify the public protection provisions of chapter 294, Laws of
16 2001; establish one set of qualifications to be a licensee; revise
17 the regulations of certified public accountants; make revisions in
18 the ownership of certified public accounting firms; assure to the
19 greatest extent possible that certified public accountants from
20 Washington state are substantially equivalent with certified public
21 accountants in other states and can therefore perform the duties of
22 certified public accountants in as many states and countries as
23 possible; assure certified public accountants from other states and
24 countries have met qualifications that are substantially equivalent
25 to the certified public accountant qualifications of this state; and
26 clarify the authority of the board of accountancy with respect to the
27 activities of persons holding licenses and certificates under this
28 chapter. It is not the intent of chapter 294, Laws of 2001 to in any
29 way restrict or limit the activities of persons not holding licenses
30 or certificates under this chapter except as otherwise specifically
31 restricted or limited by chapter 234, Laws of 1983 and chapter 103,
32 Laws of 1992.~~

33 ~~(3) A purpose of chapter 103, Laws of 1992, revising provisions
34 of chapter 234, Laws of 1983, is to clarify the authority of the
35 board of accountancy with respect to the activities of persons
36 holding certificates under this chapter. Furthermore, it is not the
37 intent of chapter 103, Laws of 1992 to in any way restrict or limit
38 the activities of persons not holding certificates under this chapter
39 except as otherwise specifically restricted or limited by chapter
40 234, Laws of 1983.)~~

1 **Sec. 2.** RCW 18.04.025 and 2022 c 85 s 2 are each amended to read
2 as follows:

3 Unless the context clearly requires otherwise, the definitions in
4 this section apply throughout this chapter.

5 (1) "Attest" means providing the following services:

6 (a) Any audit or other engagement to be performed in accordance
7 with the statements on auditing standards;

8 (b) Any review of a financial statement to be provided in
9 accordance with the statements on standards for accounting and review
10 services;

11 (c) Any engagement to be performed in accordance with the
12 statements on standards for attestation engagements; and

13 (d) Any engagement to be performed in accordance with the public
14 company accounting oversight board auditing standards.

15 (2) "Board" means the board of accountancy created by RCW
16 18.04.035.

17 (3) "Certificate" means an alternative license type issued by the
18 board indicating that the certificate holder had passed the CPA
19 examination, but has not verified the certificate holder's experience
20 and was not fully licensed as a certified public accountant to
21 practice public accounting. The board must allow renewal of
22 certificates until June 30, 2024, at which time any then current and
23 valid certificates automatically convert to a CPA license in an
24 inactive status. As of July 1, 2024, board-issued certificates are no
25 longer a recognized form of licensure.

26 (4) "Certified public accountant" or "CPA" means a person holding
27 a certified public accountant license or certificate.

28 (5) "Compilation" means providing a service to be performed in
29 accordance with statements on standards for accounting and review
30 services that is presenting in the form of financial statements,
31 information that is the representation of management (owners) without
32 undertaking to express any assurance on the statements.

33 (6) "CPE" means continuing professional education.

34 (7) "Firm" or "CPA firm" means a sole proprietorship, a
35 corporation, ~~((or))~~ a partnership, or any other form of organization
36 issued a license under RCW 18.04.195. "Firm" or "CPA firm" also means
37 a limited liability company formed under chapter 25.15 RCW.

38 (8) "Holding out" means any representation to the public by the
39 use of restricted titles as set forth in RCW 18.04.345 by a person or
40 firm that the person or firm holds a license under this chapter and

1 that the person or firm offers to perform any professional services
2 to the public as a licensee. "Holding out" shall not affect or limit
3 a person or firm not required to hold a license under this chapter
4 from engaging in practices identified in RCW (~~18.04.350~~) 18.04.345.

5 (9) "Inactive" means the status of a license that is prohibited
6 from practicing public accounting. A person holding an inactive
7 license may apply to the board to return the license to an active
8 status through an approval process established by the board.

9 (10) "Individual" means a living, human being.

10 (11) "License" means a license to practice public accountancy
11 issued to an individual under this chapter, or a license issued to a
12 firm under this chapter.

13 (12) "Licensee" means the holder of a license to practice public
14 accountancy issued under this chapter.

15 (13) "Manager" means a manager of a limited liability company
16 licensed as a firm under this chapter.

17 (14) "NASBA" means the national association of state boards of
18 accountancy.

19 (15) "Peer review" means a study, appraisal, or review of one or
20 more aspects of the attest or compilation work of a licensee or
21 licensed firm in the practice of public accountancy, by a person or
22 persons who hold licenses and who are not affiliated with the person
23 or firm being reviewed, including a peer review, or any internal
24 review or inspection intended to comply with quality control policies
25 and procedures, but not including a quality assurance review.

26 (16) "Person" means any individual, nongovernmental organization,
27 or business entity regardless of legal form, including a sole
28 proprietorship, firm, partnership, corporation, limited liability
29 company, association, or not-for-profit organization, and including
30 the sole proprietor, partners, members, and, as applied to
31 corporations, the officers.

32 (17) "Practice of public accounting" means performing or offering
33 to perform by a person or firm holding itself out to the public as a
34 licensee, for a client or potential client, one or more kinds of
35 services involving the use of accounting or auditing skills,
36 including the issuance of "reports," or one or more kinds of
37 management advisory, or consulting services, or the preparation of
38 tax returns, or the furnishing of advice on tax matters. "Practice of
39 public accounting" shall not include practices that are permitted

1 under the provisions of RCW (~~(18.04.350(10))~~) 18.04.345(9)(b) by
2 persons or firms not required to be licensed under this chapter.

3 (18) "Practice privilege" means an authorization permitting the
4 practice of public accounting in Washington under RCW 18.04.350.

5 (19) "Principal place of business" means the office location
6 designated by the licensee for purposes of substantial equivalency
7 and reciprocity.

8 (~~(19)~~) (20) "Quality assurance review" means a process
9 established by and conducted at the direction of the board of study,
10 appraisal, or review of one or more aspects of the attest or
11 compilation work of a licensee or licensed firm in the practice of
12 public accountancy, by a person or persons who hold licenses and who
13 are not affiliated with the person or firm being reviewed.

14 (~~(20)~~) (21) "Report," when used with reference to any attest or
15 compilation service, means an opinion, report, or other form of
16 language that states or implies assurance as to the reliability of
17 the attested information or compiled financial statements and that
18 also includes or is accompanied by any statement or implication that
19 the person or firm issuing it has special knowledge or competence in
20 the practice of public accounting. Such a statement or implication of
21 special knowledge or competence may arise from use by the issuer of
22 the report of names or titles indicating that the person or firm is
23 involved in the practice of public accounting, or from the language
24 of the report itself. "Report" includes any form of language which
25 disclaims an opinion when such form of language is conventionally
26 understood to imply any positive assurance as to the reliability of
27 the attested information or compiled financial statements referred to
28 and/or special competence on the part of the person or firm issuing
29 such language; and it includes any other form of language that is
30 conventionally understood to imply such assurance and/or such special
31 knowledge or competence. "Report" does not include services
32 referenced in RCW (~~(18.04.350(10) or (11))~~) 18.04.345(9)(b) and (c)
33 provided by persons not holding a license under this chapter as
34 provided in RCW (~~(18.04.350(14))~~) 18.04.345(2)(b).

35 (~~(21)~~) (22) "Review committee" means any person carrying out,
36 administering or overseeing a peer review authorized by the reviewee.

37 (~~(22)~~) (23) "Rule" means any rule adopted by the board under
38 authority of this chapter.

39 (~~(23)~~) ~~"Sole proprietorship" means a legal form of organization~~
40 ~~owned by one person meeting the requirements of RCW 18.04.195.)~~

1 (24) "State" includes the states of the United States, the
2 District of Columbia, Puerto Rico, Guam, the United States Virgin
3 Islands, and the Commonwealth of the Northern Mariana Islands at such
4 time as the board determines that the Commonwealth of the Northern
5 Mariana Islands is issuing licenses under the (~~substantially~~
6 ~~equivalent~~) substantial equivalency standards in RCW
7 18.04.350(~~(+2)~~) (1)(a).

8 (25) "Substantial equivalency" (~~(or "substantially equivalent")~~)
9 means a determination by the board or its designee that the
10 education, examination, and experience requirements contained in the
11 statutes and administrative rules of another jurisdiction are
12 comparable to or exceed the education, examination, and experience
13 requirements contained in this chapter or that an individual CPA's
14 education, examination, and experience qualifications are comparable
15 to or exceed the education, examination, and experience requirements
16 contained in this chapter. In ascertaining substantial equivalency
17 (~~(and substantially equivalent)~~) as used in this chapter the board
18 shall take into account the qualifications without regard to the
19 sequence in which experience, education, or examination requirements
20 were attained.

21 **Sec. 3.** RCW 18.04.105 and 2022 c 85 s 5 are each amended to read
22 as follows:

23 (1) A license to practice public accounting shall be granted by
24 the board to any person:

25 (a) Who is of good character. Good character, for purposes of
26 this section, means lack of a history of dishonest or felonious acts.
27 The board may refuse to grant a license on the ground of failure to
28 satisfy this requirement only if there is a substantial connection
29 between the lack of good character of the applicant and the
30 professional and ethical responsibilities of a licensee and if the
31 finding by the board of lack of good character is supported by a
32 preponderance of evidence. When an applicant is found to be
33 unqualified for a license because of a lack of good character, the
34 board shall furnish the applicant a statement containing the findings
35 of the board and a notice of the applicant's right of appeal;

36 (b) Who has met the educational standards established by rule as
37 the board determines to be appropriate;

38 (c) Who has passed an examination;

1 (d) Who has (~~had one year of experience~~) met the experience
2 requirements established by rule by the board as it deems
3 appropriate, which is gained:

4 (i) Through the use of accounting, issuing reports, management
5 advisory, financial advisory, tax, tax advisory, or consulting
6 skills;

7 (ii) While employed in government, industry, academia, or public
8 practice; and

9 (iii) Meeting the competency requirements in a manner as
10 determined by the board to be appropriate and established by board
11 rule; and

12 (e) Who has paid appropriate application fees as established by
13 rule by the board.

14 (2) The examination described in subsection (1)(c) of this
15 section shall test the applicant's knowledge of the subjects of
16 accounting and auditing, and other related fields the board may
17 specify by rule. The time for holding the examination is fixed by the
18 board and may be changed from time to time. The board shall prescribe
19 by rule the methods of applying for and taking the examination,
20 including methods for grading examinations and determining a passing
21 grade required of an applicant for a license. The board shall to the
22 extent possible see to it that the grading of the examination, and
23 the passing grades, are uniform with those applicable to all other
24 states. The board may make use of all or a part of the uniform
25 certified public accountant examination and advisory grading service
26 of the American Institute of Certified Public Accountants and may
27 contract with third parties to perform administrative services with
28 respect to the examination as the board deems appropriate to assist
29 it in performing its duties under this chapter. The board shall
30 establish by rule provisions for transitioning to a new examination
31 structure or to a new media for administering the examination.

32 (3) The board shall charge each applicant an examination fee for
33 the initial examination or for reexamination. The applicable fee
34 shall be paid (~~by the person~~) at the time (~~he or she~~) an
35 individual applies for examination, reexamination, or evaluation of
36 educational qualifications. Fees for examination, reexamination, or
37 evaluation of educational qualifications shall be determined by the
38 board under this chapter. There is established in the state treasury
39 an account to be known as the certified public accountants' account.
40 All fees received from candidates to take any or all sections of the

1 certified public accountant examination shall be used only for costs
2 related to the examination.

3 (4) Individuals whose certificates are current and valid on June
4 30, 2024, will automatically be converted to a licensee in an
5 inactive status. To activate a license and become an active licensee,
6 the individual must apply to the board to activate ~~((his or her))~~ the
7 license and ~~((must meet the following requirements))~~:

8 (a) For applications to activate, the licensees must submit to
9 the board documentation that they have gained one year of experience
10 through the use of accounting, issuing reports, management advisory,
11 financial advisory, tax, tax advisory, or consulting skills, without
12 regard to the eight-year limitation set forth in (b) of this
13 subsection, while employed in government, industry, academia, or
14 public practice~~((-))~~;

15 (b) For applications submitted to the board before January 1,
16 2024, the individual must provide documentation to the board that
17 they have one year of experience acquired within eight years prior to
18 applying for a license through the use of accounting, issuing
19 reports, management advisory, financial advisory, tax, tax advisory,
20 or consulting skills in government, industry, academia, or public
21 practice~~((-))~~;

22 (c) Meet competency requirements in a manner as determined by the
23 board to be appropriate and established by board rule~~((-))~~;

24 (d) Submit to the board satisfactory proof of having completed an
25 accumulation of one hundred twenty hours of CPE during the thirty-six
26 months preceding the date of filing the petition~~((-))~~;

27 (e) Pay the appropriate fees established by rule by the board.

28 (5) Individuals who did not hold a valid certificate on the
29 conversion date of June 30, 2024, and who wish to apply for a license
30 must apply as a new licensee and meet the requirements under
31 subsection (1) of this section for initial licensure.

32 (6) ~~((Any licensee))~~ Licensees in good standing may request to
33 have ~~((his or her))~~ their license placed on inactive status. All
34 licensees in inactive status, including those who converted from
35 certificate to a license, are subject to the following conditions:

36 (a) The licensee is prohibited from practicing public accounting;

37 (b) The licensee must pay a renewal fee to maintain this status;

38 (c) The licensee must comply with the applicable CPE
39 requirements;

1 (d) The licensee is subject to the requirements of this chapter
2 and the rules adopted by the board.

3 **Sec. 4.** RCW 18.04.180 and 2022 c 85 s 6 are each amended to read
4 as follows:

5 (1) The board shall issue a license to a holder of a valid
6 certificate(~~(/valid)~~) or license issued by another state that
7 entitles the holder to practice public accountancy, provided that:

8 (a) Such state makes similar provision to grant reciprocity to a
9 holder of a valid certificate or license in this state;

10 (b) The applicant meets the CPE requirements of RCW 18.04.215(4);

11 (c) The applicant meets the good character requirements of RCW
12 18.04.105(1) (a); and

13 (d) The applicant passed the examination required for issuance of
14 (~~(his or her)~~) a certificate or license with grades that would have
15 been passing grades at that time in this state and meets all current
16 requirements in this state for issuance of a license at the time
17 application is made; or at the time of the issuance of the
18 applicant's license in the other state, met all the requirements then
19 applicable in this state; or has three years of experience within the
20 five years immediately preceding application or had five years of
21 experience within the ten years immediately preceding application in
22 the practice of public accountancy that meets the requirements
23 prescribed by the board.

24 (2) The board may accept NASBA's designation of the applicant as
25 (~~(substantially equivalent)~~) having substantial equivalency to
26 national standards as meeting the requirement of subsection (1)(d) of
27 this section.

28 (3) A licensee who has been granted a license under the
29 reciprocity provisions of this section shall notify the board within
30 thirty days if the license or certificate issued in the other
31 jurisdiction has lapsed or if the status of the license or
32 certificate issued in the other jurisdiction becomes otherwise
33 invalid.

34 **Sec. 5.** RCW 18.04.183 and 2001 c 294 s 9 are each amended to
35 read as follows:

36 The board shall grant a license as a certified public accountant
37 to a holder of a permit, license, or certificate issued by a foreign
38 country's board, agency, or institute, provided that:

1 (1) The foreign country where the foreign permit, license, or
2 certificate was issued is a party to an agreement on trade with the
3 United States that encourages the mutual recognition of licensing and
4 certification requirements for the provision of covered services by
5 the parties under the trade agreement;

6 (2) Such foreign country's board, agency, or institute makes
7 similar provision to allow a person who holds a valid license issued
8 by this state to obtain such foreign country's comparable permit,
9 license, or certificate;

10 (3) The foreign permit, license, or certificate:

11 (a) Was duly issued by such foreign country's board, agency, or
12 institute that regulates the practice of public accountancy; and

13 (b) Is in good standing at the time of the application; and

14 (c) Was issued upon the basis of educational, examination,
15 experience, and ethical requirements (~~(substantially equivalent)~~)
16 that have substantial equivalency currently or at the time of
17 issuance of the foreign permit, license, or certificate to those in
18 this state;

19 (4) The applicant has within the thirty-six months prior to
20 application completed an accumulation of one hundred twenty hours of
21 CPE as required under RCW 18.04.215(~~(+5)~~) (4). The board shall
22 provide for transition from existing to new CPE requirements;

23 (5) The applicant's foreign permit, license, or certificate was
24 the type of permit, license, or certificate requiring the most
25 stringent qualifications if, in the foreign country, more than one
26 type of permit, license, or certificate is issued. This state's board
27 shall decide which are the most stringent qualifications;

28 (6) The applicant has passed a written examination or its
29 equivalent, approved by the board, that tests knowledge in the areas
30 of United States accounting principles, auditing standards,
31 commercial law, income tax law, and Washington state rules of
32 professional ethics; and

33 (7) The applicant has within the eight years prior to applying
34 for a license under this section, demonstrated, in accordance with
35 the rules issued by the board, (~~(one year of)~~) public accounting
36 experience, within the foreign country where the foreign permit,
37 license, or certificate was issued, equivalent to the experience
38 required under RCW 18.04.105(1)(d) or such other experience or
39 employment which the board in its discretion regards as
40 (~~(substantially equivalent)~~) having substantial equivalency.

1 The board may adopt by rule new CPE standards that differ from
2 those in subsection (4) of this section or RCW 18.04.215 if the new
3 standards are consistent with the CPE standards of other states so as
4 to provide to the greatest extent possible, consistent national
5 standards.

6 A licensee who has been granted a license under the reciprocity
7 provisions of this section shall notify the board within thirty days
8 if the permit, license, or certificate issued in the other
9 jurisdiction has lapsed or if the status of the permit, license, or
10 certificate issued in the other jurisdiction becomes otherwise
11 invalid.

12 **Sec. 6.** RCW 18.04.195 and 2022 c 85 s 8 are each amended to read
13 as follows:

14 (1) The board shall grant or renew licenses to practice as a CPA
15 firm to applicants that demonstrate their qualifications therefore in
16 accordance with this section.

17 (a) The following must hold a license issued under this section:

18 (i) Any firm with an office in this state performing or offering
19 to perform attest services as defined in RCW 18.04.025(1) or
20 compilations as defined in RCW 18.04.025(5); or

21 (ii) Any firm that does not have an office in this state but
22 offers or renders attest services described in RCW 18.04.025 in this
23 state, unless it meets each of the following requirements:

24 (A) Complies with the qualifications described in subsection
25 (~~((3)(c), (4)(a), or (5)(c))~~) (2)(a) of this section;

26 (B) Meets the board's quality assurance review program
27 requirements authorized by RCW 18.04.055(9) and the rules
28 implementing such section;

29 (C) Performs such services through an individual with practice
30 privileges under RCW 18.04.350(~~((2))~~); and

31 (D) Can lawfully do so in the state where said individuals with
32 practice privileges have their principal place of business.

33 (b) A firm that is not subject to the requirements of
34 (~~subsection (1)~~) (a) of this subsection may perform compilation
35 services described in RCW 18.04.025(5) and other nonattest
36 professional services while using the title "CPA" or "CPA firm" in
37 this state without a license issued under this section only if:

38 (i) The firm performs such services through an individual with
39 practice privileges under RCW 18.04.350(~~((2))~~); and

1 (ii) The firm can lawfully do so in the state where said
2 individuals with practice privileges have their principal place of
3 business.

4 ~~(2) ((A sole proprietorship that performs or offers to perform
5 attest or compilation services as defined in RCW 18.04.025 is
6 required to obtain a license under subsection (1) of this section and
7 shall license, as a firm, every three years with the board.~~

8 ~~(a) The sole proprietor shall hold and renew a license to
9 practice under RCW 18.04.105 and 18.04.215, or, in the case of a sole
10 proprietorship that must obtain a license pursuant to subsection
11 (1)(a)(iii) of this section, be a licensee of another state who meets
12 the requirements in RCW 18.04.350(2);~~

13 ~~(b) Each resident individual in charge of an office located in
14 this state shall hold and renew a license to practice under RCW
15 18.04.105 and 18.04.215; and~~

16 ~~(c) The licensed firm must meet requirements established by rule
17 by the board.~~

18 ~~(3)) A ((partnership)) CPA firm that performs or offers to
19 perform attest or compilation services as defined in RCW 18.04.025 is
20 required to obtain a license under subsection (1) of this section,
21 shall license as a firm every three years with the board, and shall
22 meet the following requirements:~~

23 ~~(a) ((At least one general partner of the partnership shall hold
24 and renew a license to practice under RCW 18.04.105 and 18.04.215,
25 or, in the case of a partnership that must obtain a license pursuant
26 to subsection (1)(a)(iii) of this section, be a licensee of another
27 state who meets the requirements in RCW 18.04.350(2);~~

28 ~~(b) Each resident individual in charge of an office in this state
29 shall hold and renew a license to practice under RCW 18.04.105 and
30 18.04.215;~~

31 ~~(c) At least a simple majority of the ownership of the licensed
32 firm in terms of financial interests and voting rights of all
33 partners or owners shall be held by persons who are licensees or
34 holders of a valid license issued under this chapter or by another
35 state. The principal partner of the partnership and any partner
36 having authority over issuing reports shall hold a license under this
37 chapter or issued by another state; and~~

38 ~~(d) The licensed firm must meet requirements established by rule
39 by the board.~~

1 ~~(4) A corporation that performs or offers to perform attest or~~
2 ~~compilation services as defined in RCW 18.04.025 is required to~~
3 ~~obtain a license under subsection (1) of this section, shall license~~
4 ~~as a firm every three years with the board, and shall meet the~~
5 ~~following requirements:~~

6 ~~(a) At least a simple majority of the ownership of the licensed~~
7 ~~firm in terms of financial interests and voting rights of all~~
8 ~~shareholders or owners shall be held by persons who are licensees or~~
9 ~~holders of a valid license issued under this chapter or by another~~
10 ~~state and is principally employed by the corporation or actively~~
11 ~~engaged in its business. The principal officer of the corporation and~~
12 ~~any officer or director having authority over issuing reports shall~~
13 ~~hold a license under this chapter or issued by another state;~~

14 ~~(b) At least one shareholder of the corporation shall hold a~~
15 ~~license under RCW 18.04.105 and 18.04.215, or, in the case of a~~
16 ~~corporation that must obtain a license pursuant to subsection~~
17 ~~(1)(a)(iii) of this section, be a licensee of another state who meets~~
18 ~~the requirements in RCW 18.04.350(2);~~

19 ~~(c) Each resident individual in charge of an office located in~~
20 ~~this state shall hold and renew a license under RCW 18.04.105 and~~
21 ~~18.04.215;~~

22 ~~(d) A written agreement shall bind the corporation or its~~
23 ~~shareholders to purchase any shares offered for sale by, or not under~~
24 ~~the ownership or effective control of, a qualified shareholder, and~~
25 ~~bind any holder not a qualified shareholder to sell the shares to the~~
26 ~~corporation or its qualified shareholders. The agreement shall be~~
27 ~~noted on each certificate of corporate stock. The corporation may~~
28 ~~purchase any amount of its stock for this purpose, notwithstanding~~
29 ~~any impairment of capital, as long as one share remains outstanding;~~

30 ~~(e) The corporation shall comply with any other rules pertaining~~
31 ~~to corporations practicing public accounting in this state as the~~
32 ~~board may prescribe; and~~

33 ~~(f) The licensed firm must meet requirements established by rule~~
34 ~~by the board.~~

35 ~~(5) A limited liability company that performs or offers to~~
36 ~~perform attest or compilation services as defined in RCW 18.04.025 is~~
37 ~~required to obtain a license under subsection (1) of this section,~~
38 ~~shall license as a firm every three years with the board, and shall~~
39 ~~meet the following requirements:~~

1 ~~(a) At least one member of the limited liability company shall~~
2 ~~hold a license under RCW 18.04.105 and 18.04.215, or, in the case of~~
3 ~~a limited liability company that must obtain a license pursuant to~~
4 ~~subsection (1)(a)(iii) of this section, be a licensee of another~~
5 ~~state who meets the requirements in RCW 18.04.350(2);~~

6 ~~(b) Each resident manager or member in charge of an office~~
7 ~~located in this state shall hold and renew a license under RCW~~
8 ~~18.04.105 and 18.04.215;~~

9 ~~(c) At least a simple majority of the ownership of the licensed~~
10 ~~firm in terms of financial interests and voting rights of all owners~~
11 ~~shall be held by persons who are licensees or holders of a valid~~
12 ~~license issued under this chapter or by another state. The principal~~
13 ~~member or manager of the limited liability company and any member~~
14 ~~having authority over issuing reports shall hold a license under this~~
15 ~~chapter or issued by another state; and~~

16 ~~(d) The licensed firm must meet requirements established by rule~~
17 ~~by the board.~~

18 (6)) A simple majority of the ownership of the firm, in terms of
19 financial interests and voting rights of all partners, officers,
20 shareholders, members, or managers, shall hold and renew a license to
21 practice under RCW 18.04.105 and 18.04.215, or be a licensee of
22 another state who meets the requirements in RCW 18.04.350;

23 (b) All owners of a CPA firm, including nonlicensee owners, must
24 comply with rules promulgated by the board;

25 (c) The principal member, manager, officer, or partner of a CPA
26 firm having authority over issuing reports shall hold a license under
27 this chapter or be a licensee of another state who meets the
28 requirements in RCW 18.04.350; and

29 (d) Compliance with the requirements of RCW 18.04.205.

30 (3) Application for a license as a firm with an office in this
31 state shall be made upon the affidavit of ((the proprietor or
32 individual designated as managing partner, member, or shareholder for
33 Washington. This individual shall hold)) an individual holding a
34 license under RCW 18.04.215.

35 ((+7)) (4) In the case of a firm licensed in another state and
36 required to obtain a license under subsection (1)(a)((+iii)) (ii) of
37 this section, the application for the firm license shall be made upon
38 the affidavit of an individual who qualifies for practice privileges
39 in this state under RCW 18.04.350((+2)) who has been authorized by

1 the applicant firm to make the application. The board shall determine
2 in each case whether the applicant is eligible for a license.

3 ~~((+8+))~~ (5) The board shall be given notification within ninety
4 days after the admission or withdrawal of a partner, shareholder, or
5 member engaged in this state in the practice of public accounting
6 from any partnership, corporation, or limited liability company so
7 licensed.

8 ~~((+9+))~~ (6) Licensed firms that fall out of compliance with the
9 provisions of this section due to changes in firm ownership, after
10 receiving or renewing a license, shall notify the board in writing
11 within ninety days of its falling out of compliance and propose a
12 time period in which they will come back into compliance. The board
13 may grant a reasonable period of time for a firm to be in compliance
14 with the provisions of this section. Failure to bring the firm into
15 compliance within a reasonable period of time, as determined by the
16 board, may result in suspension, revocation, or imposition of
17 conditions on the firm's license.

18 ~~((+10+))~~ (7) Fees for the license as a firm and for notification
19 of the board of the admission or withdrawal of a partner,
20 shareholder, or member shall be determined by the board. Fees shall
21 be paid by the firm at the time the license application form or
22 notice of admission or withdrawal of a partner, shareholder, or
23 member is filed with the board.

24 ~~((+11) Nonlicensee owners of licensed firms are))~~ (8) Any CPA
25 firm licensed under this chapter may include nonlicensee owners
26 provided that the nonlicensee owner is:

27 (a) Required to fully comply with the provisions of this chapter
28 and board rules;

29 (b) Required to be an individual;

30 (c) Required to be of good character, as defined in RCW
31 18.04.105(1)(a), and an active individual participant in the licensed
32 firm or affiliated entities as these terms are defined by board rule;
33 and

34 (d) Subject to discipline by the board for violation of this
35 chapter.

36 ~~((+12+))~~ (9) Resident nonlicensee owners of licensed firms are
37 required to meet:

38 (a) The ethics examination, registration, and fee requirements as
39 established by the board rules; and

40 (b) The ethics CPE requirements established by the board rules.

1 (~~(13)~~) (10)(a) Licensed firms must notify the board within
2 thirty days after:

3 (i) Sanction, suspension, revocation, or modification of their
4 professional license or practice rights by the securities exchange
5 commission, internal revenue service, or another state board of
6 accountancy;

7 (ii) Sanction or order against the licensee or nonlicensee firm
8 owner by any federal or other state agency related to the licensee's
9 practice of public accounting or violation of ethical or technical
10 standards established by board rule; or

11 (iii) The licensed firm is notified that it has been charged with
12 a violation of law that could result in the suspension or revocation
13 of the firm's license by a federal or other state agency, as
14 identified by board rule, related to the firm's professional license,
15 practice rights, or violation of ethical or technical standards
16 established by board rule.

17 (b) The board must adopt rules to implement this subsection and
18 may also adopt rules specifying requirements for licensees to report
19 to the board sanctions or orders relating to the licensee's practice
20 of public accounting or violation of ethical or technical standards
21 entered against the licensee by a nongovernmental professionally
22 related standard-setting entity.

23 **Sec. 7.** RCW 18.04.205 and 2019 c 71 s 4 are each amended to read
24 as follows:

25 (1) Each office established or maintained in this state for the
26 purpose of offering to issue or issuing reports in this state shall
27 register with the board under this chapter every three years.

28 (2) (~~Each office~~) The practice of public accounting in each
29 office of a CPA firm established or maintained in this state shall
30 (~~be~~) take place under the direct supervision of a resident licensee
31 holding a license under RCW 18.04.105 and 18.04.215, except that the
32 supervisory requirements of this subsection shall not preclude a
33 nonlicensee from being in charge of a CPA firm.

34 (3) The board shall by rule prescribe the procedure to be
35 followed to register and maintain offices established in this state
36 for the purpose of offering to issue or issuing attest or compilation
37 reports.

1 (4) Fees for the registration of offices shall be determined by
2 the board. Fees shall be paid by the applicant at the time the
3 registration form is filed with the board.

4 **Sec. 8.** RCW 18.04.215 and 2022 c 85 s 10 are each amended to
5 read as follows:

6 (1) Three-year licenses shall be issued by the board:

7 (a) To persons meeting the requirements of RCW 18.04.105(1),
8 18.04.180, or 18.04.183.

9 (b) To firms under RCW 18.04.195, meeting the requirements of RCW
10 18.04.205.

11 (2) The board shall, by rule, provide for a system of license
12 renewal and reinstatement. Applicants for renewal or reinstatement
13 shall, at the time of filing their applications, list with the board
14 all states and foreign jurisdictions in which they hold or have
15 applied for certificates, permits or licenses to practice.

16 (3) A license is issued every three years with renewal subject to
17 requirements of CPE and payment of fees, prescribed by the board.
18 Failure to renew the license shall cause the license to lapse and
19 become subject to reinstatement. Persons holding a lapsed license are
20 prohibited from using the title "CPA," "certified public accountant,"
21 "CPA-inactive," or "CPA-retired." Persons holding a lapsed license
22 are prohibited from practicing public accountancy. The board shall
23 adopt rules providing for fees and procedures for issuance, renewal,
24 and reinstatement of licenses.

25 (4) The board shall adopt rules providing for CPE for active or
26 inactive licensees and certificate holders. The rules shall:

27 (a) Provide that an active licensee shall verify to the board
28 that (~~he or she~~) the licensee has completed at least an
29 accumulation of one hundred twenty hours of CPE during the last
30 three-year period to maintain the active license;

31 (b) Provide that an individual with an inactive license must
32 verify to the board that (~~he or she~~) the inactive licensee has
33 completed a board-approved ethics course for CPE during the last
34 three-year period to maintain the inactive license;

35 (c) Establish CPE requirements; and

36 (d) Establish when new licensees shall verify that they have
37 completed the required CPE.

38 (5) A certified public accountant who holds a license issued by
39 another state, and applies for a license in this state, may practice

1 in this state from the date of filing a completed application with
2 the board, until the board has acted upon the application provided
3 the application is made prior to holding out as a certified public
4 accountant in this state and no sanctions or investigations, deemed
5 by the board to be pertinent to public accountancy, by other
6 jurisdictions or agencies are in process.

7 (6) (a) A licensee shall submit to the board satisfactory proof of
8 having completed an accumulation of one hundred twenty hours of CPE
9 recognized and approved by the board during the preceding three
10 years. Failure to furnish this evidence as required shall make the
11 license lapse and subject to reinstatement procedures, unless the
12 board determines the failure to have been due to retirement or
13 reasonable cause.

14 (b) The board in its discretion may renew a license despite
15 failure to furnish evidence of compliance with requirements of CPE
16 upon condition that the applicant follow a particular program of CPE.
17 In issuing rules and individual orders with respect to CPE
18 requirements, the board, among other considerations, may rely upon
19 guidelines and pronouncements of recognized educational and
20 professional associations, may prescribe course content, duration,
21 and organization, and may take into account the accessibility of CPE
22 to licensees and instances of individual hardship.

23 (7) Fees for renewal or reinstatement of licenses in this state
24 shall be determined by the board under this chapter. Fees shall be
25 paid by the applicant at the time the application form is filed with
26 the board. The board, by rule, may provide for proration of fees for
27 licenses issued between normal renewal dates.

28 (8) (a) Licensees and nonlicensee owners must notify the board
29 within thirty days after:

30 (i) Sanction, suspension, revocation, or modification of their
31 professional license or practice rights by the securities exchange
32 commission, internal revenue service, or another state board of
33 accountancy;

34 (ii) Sanction or order against the licensee or nonlicensee owner
35 by any federal or other state agency related to the licensee's
36 practice of public accounting or the licensee's or nonlicensee
37 owner's violation of ethical or technical standards established by
38 board rule; or

39 (iii) The licensee or nonlicensee owner is notified that (~~he or~~
40 ~~she has~~) they have been charged with a violation of law that could

1 result in the suspension or revocation of a license by a federal or
2 other state agency, as identified by board rule, related to the
3 licensee's or nonlicensee owner's professional license, practice
4 rights, or violation of ethical or technical standards established by
5 board rule.

6 (b) The board must adopt rules to implement this subsection and
7 may also adopt rules specifying requirements for licensees and
8 nonlicensee owners to report to the board sanctions or orders
9 relating to the licensee's practice of public accounting or the
10 licensee's or nonlicensee owner's violation of ethical or technical
11 standards entered against the licensee or nonlicensee owner by a
12 nongovernmental professionally related standard-setting entity.

13 **Sec. 9.** RCW 18.04.295 and 2022 c 85 s 11 are each amended to
14 read as follows:

15 The board shall have the power to: Revoke, suspend, or refuse to
16 issue, renew, or reinstate a license; impose a fine in an amount not
17 to exceed thirty thousand dollars plus the board's investigative and
18 legal costs in bringing charges against a certified public
19 accountant, a licensee, a licensed firm, an applicant, a non-CPA
20 violating the provisions of RCW 18.04.345, or a nonlicensee holding
21 an ownership interest in a licensed firm; may impose full restitution
22 to injured parties; may impose conditions precedent to renewal of a
23 license; or may prohibit a nonlicensee from holding an ownership
24 interest in a licensed firm, for any of the following causes:

25 (1) (~~Fraud~~) Dishonesty, fraud, or deceit in obtaining a
26 license, or in any filings with the board;

27 (2) Dishonesty, fraud, or negligence while representing oneself
28 as a nonlicensee owner holding an ownership interest in a licensed
29 firm or a licensee;

30 (3) A violation of any provision of this chapter;

31 (4) A violation of a rule of professional conduct promulgated by
32 the board under the authority granted by this chapter;

33 (5) Conviction of a crime or an act constituting a crime under:

34 (a) The laws of this state;

35 (b) The laws of another state, and which, if committed within
36 this state, would have constituted a crime under the laws of this
37 state; or

38 (c) Federal law;

1 (6) Cancellation, revocation, suspension, or refusal to renew the
2 authority to practice as a certified public accountant by any other
3 state for any cause other than failure to pay a fee or to meet the
4 requirements of CPE in the other state;

5 (7) Suspension or revocation of the right to practice matters
6 relating to public accounting before any state or federal agency;

7 For purposes of subsections (6) and (7) of this section, a
8 certified copy of such revocation, suspension, or refusal to renew
9 shall be prima facie evidence;

10 (8) Failure to maintain compliance with the requirements for
11 issuance, renewal, or reinstatement of a license, or to report
12 changes to the board;

13 (9) Failure to cooperate with the board by:

14 (a) Failure to furnish any papers or documents requested or
15 ordered by the board;

16 (b) Failure to furnish in writing a full and complete explanation
17 covering the matter contained in the complaint filed with the board
18 or the inquiry of the board;

19 (c) Failure to respond to subpoenas issued by the board, whether
20 or not the recipient of the subpoena is the accused in the
21 proceeding;

22 (10) Failure by a nonlicensee owner of a licensed firm to comply
23 with the requirements of this chapter or board rule; (~~and~~)

24 (11) Failure to comply with an order of the board;

25 (12) Performance of any fraudulent act while holding a license or
26 privilege issued under this chapter; and

27 (13) Making any false or misleading statement or certification,
28 in support of an application for a license filed by another.

29 **Sec. 10.** RCW 18.04.345 and 2022 c 85 s 15 are each amended to
30 read as follows:

31 (1) (a) No individual may assume or use the designation "certified
32 public accountant-inactive" or "CPA-inactive" or any other title,
33 designation, words, letters, abbreviation, sign, card, or device
34 tending to indicate that the individual is a certified public
35 accountant-inactive or CPA-inactive unless the individual holds a
36 license in an inactive status. Individuals holding only an inactive
37 license may not practice public accounting.

38 (b) Nothing contained in this chapter prohibits any person who
39 holds only a valid license in an inactive status from assuming or

1 using the designation "certified public accountant-inactive" or "CPA-
2 inactive" or any other title, designation, words, letters, sign,
3 card, or device tending to indicate the person is in an inactive
4 status, provided, that such person does not perform or offer to
5 perform for the public one or more kinds of services involving the
6 use of accounting or auditing skills, including issuance of reports
7 or of one or more kinds of management advisory, financial advisory,
8 consulting services, the preparation of tax returns, or the
9 furnishing of advice on tax matters.

10 (2)(a) No individuals may hold (~~himself or herself~~) themselves
11 out to the public or assume or use the designation "certified public
12 accountant" or "CPA" or any other title, designation, words, letters,
13 abbreviation, sign, card, or device tending to indicate that the
14 individual is a certified public accountant or CPA unless the
15 individual qualifies for the privileges authorized by RCW
16 18.04.350(~~(+2)~~) or holds a license under RCW 18.04.105 and
17 18.04.215.

18 (b) Nothing in this chapter prohibits the use of the title
19 "accountant" by any person regardless of whether the person holds a
20 license under this chapter. Nothing in this chapter prohibits the use
21 of the title "enrolled agent" or the designation "EA" by any person
22 regardless of whether the person holds a license under this chapter
23 if the person is properly authorized at the time of use to use the
24 title or designation by the United States department of the treasury.
25 The board shall by rule allow the use of other titles by any person
26 regardless of whether the person holds a license under this chapter
27 if the person using the titles or designations is authorized at the
28 time of use by a nationally recognized entity sanctioning the use of
29 board-authorized titles.

30 (c) Nothing in this chapter prohibits any individual not holding
31 a license and not qualified for the practice privileges authorized by
32 RCW 18.04.350 from serving as an employee of a firm licensed under
33 RCW 18.04.195 and 18.04.215. However, the employee shall not issue
34 any report, as defined in this chapter, on the information of any
35 other persons, firms, or governmental units over the employee's name.

36 (3)(a) No firm with an office in this state may perform or offer
37 to perform attest services as defined in RCW 18.04.025(1) or
38 compilation services as defined in RCW 18.04.025(5) unless the firm
39 is licensed under RCW 18.04.195 and all offices of the firm in this
40 state are maintained and registered under RCW 18.04.205. This

1 subsection does not limit the services permitted under ((RCW
2 18.04.350(10))) subsection(9)(b) of this section by persons not
3 required to be licensed under this chapter.

4 (b) Nothing in this subsection prohibits any act of or the use of
5 any words by a public official or a public employee in the execution
6 of their duties when performing services as described in RCW
7 18.04.025 (1) and (5).

8 (4)(a) No firm may perform the services defined in RCW
9 18.04.025(1) in this state unless the firm is licensed under RCW
10 18.04.195, renews the firm license as required under RCW 18.04.215,
11 and all offices of the firm in this state are maintained and
12 registered under RCW 18.04.205.

13 (b) Nothing in this subsection prohibits any act of or the use of
14 any words by a public official or a public employee in the execution
15 of their duties when performing services as described in RCW
16 18.04.025(1).

17 (5) No individuals, partnership, limited liability company, or
18 corporation offering public accounting services to the public may
19 hold ((~~himself, herself,~~) themselves or itself out to the public, or
20 assume or use along, or in connection with ((~~his, hers,~~) their or
21 its name, or any other name the title or designation "certified
22 accountant," "chartered accountant," "licensed accountant," "licensed
23 public accountant," "public accountant," or any other title or
24 designation likely to be confused with "certified public accountant"
25 or any of the abbreviations "CA," "LA," "LPA," or "PA," or similar
26 abbreviations likely to be confused with "CPA."

27 (6) No licensed firm may operate under an alias, a firm name,
28 title, or "DBA" that differs from the firm name that is registered
29 with the board.

30 (7)(a) No individual with an office in this state may sign,
31 affix, or associate ((~~his or her~~) the individual's name or any trade
32 or assumed name used by the individual in ((~~his or her~~) the person's
33 business to any report prescribed by professional standards unless
34 the individual holds a license to practice under RCW 18.04.105 and
35 18.04.215, a firm holds a license under RCW 18.04.195, and all of the
36 individual's offices in this state are registered under RCW
37 18.04.205.

38 (b) Nothing in this chapter prohibits any officer, employee,
39 partner, or principal of any organization:

1 (i) From affixing the person's signature to any statement or
2 report in reference to the affairs of the organization with any
3 wording designating the position, title, or office which the
4 individual holds in the organization; or

5 (ii) From using the position, title, or office held by the
6 individual in such organization to describe the individual.

7 (8) No individual licensed in another state may sign, affix, or
8 associate a firm name to any report prescribed by professional
9 standards, or associate a firm name in conjunction with the title
10 certified public accountant, unless the individual:

11 (a) Qualifies for the practice privileges authorized by RCW
12 18.04.350(~~(+2)~~); or

13 (b) Is licensed under RCW 18.04.105 and 18.04.215, and all of the
14 individual's offices in this state are maintained and registered
15 under RCW 18.04.205.

16 (9)(a) No individuals, partnership, limited liability company,
17 (~~(or)~~) corporation, or firm not holding a license to practice under
18 RCW 18.04.105 and 18.04.215, or firm not licensed under RCW 18.04.195
19 or firm not registering all of the firm's offices in this state under
20 RCW 18.04.205, or not qualified for the practice privileges
21 authorized by RCW 18.04.350(~~(+2)~~), may hold (~~(himself, herself,)~~)
22 themselves or itself out to the public as an "auditor" with or
23 without any other description or designation by use of such word on
24 any sign, card, letterhead, or in any advertisement or directory.

25 (~~(+10)~~) (b) Nothing in this chapter prohibits any person or firm
26 composed of persons not holding a license under this chapter from
27 offering or rendering to the public bookkeeping, accounting, tax
28 services, the devising and installing of financial information
29 systems, management advisory, or consulting services, the preparation
30 of tax returns, or the furnishing of advice on tax matters, or
31 similar services, provided that persons or firms not holding a
32 license who offer or render these services do not designate any
33 written statement as a report as defined in RCW 18.04.025 or use any
34 language in any statement relating to the financial affairs of a
35 person or entity which is conventionally used by licensees in reports
36 or any attest service as defined in this chapter.

37 (c) Nothing in this chapter prohibits any person or firm composed
38 of persons not holding a license under this chapter from offering or
39 rendering to the public the preparation of financial statements, or
40 written statements describing how such financial statements were

1 prepared, provided that persons or firms not holding a license who
2 offer or render these services do not designate any written statement
3 as a report as defined in RCW 18.04.025, do not issue any written
4 statement that purports to express or disclaim an opinion on
5 financial statements that have been audited, and do not issue any
6 written statement that expresses assurance on financial statements
7 that have been reviewed. The board may prescribe, by rule, language
8 for the written statement describing how such financial statements
9 were prepared for use by persons not holding a license under this
10 chapter.

11 (d) Nothing in this subsection (9) prohibits any act of or the
12 use of any words by a public official or a public employee in the
13 performance of the person's duties as such.

14 (10)(a) Nothing in this chapter prohibits a licensee, a licensed
15 firm, any of their employees, or persons qualifying for practice
16 privileges under RCW 18.04.350 from disclosing any data in confidence
17 to other certified public accountants, quality assurance or peer
18 review teams, partnerships, limited liability companies, or
19 corporations of certified public accountants or to the board or any
20 of its employees while engaged in conducting quality assurance or
21 peer reviews, or any one of their employees in connection with
22 quality or peer reviews of that accountant's accounting and auditing
23 practice conducted under the auspices of recognized professional
24 associations.

25 (b) Nothing in this chapter prohibits a licensee, a licensed
26 firm, any of their employees, or persons qualifying for practice
27 privileges under RCW 18.04.350 from disclosing any data in confidence
28 to any employee, representative, officer, or committee member of a
29 recognized professional association, or to the board, or any of its
30 employees or committees in connection with a professional
31 investigation held under the auspices of recognized professional
32 associations or the board.

33 (11) A licensee of this state offering or rendering services or
34 using their CPA title in another state shall be subject to
35 disciplinary action in this state for an act committed in another
36 state for which the licensee would be subject to discipline for an
37 act committed in the other state. Notwithstanding RCW 18.04.295 and
38 this section, the board shall cooperate with and investigate any
39 complaint made by the board of accountancy of another state or
40 jurisdiction.

1 (12) For purposes of this section, because individuals practicing
2 using practice privileges under RCW 18.04.350(~~(+2)~~) are deemed
3 (~~(substantially equivalent)~~) to have substantial equivalency to
4 licensees under RCW 18.04.105 and 18.04.215, every word, term, or
5 reference that includes the latter shall be deemed to include the
6 former, provided the conditions of such practice privilege, as set
7 forth in RCW 18.04.350 (~~(+4)~~) (3) and (~~(+5)~~) (4) are maintained.

8 (~~(+11)~~) (13) Notwithstanding anything to the contrary in this
9 section, it is not a violation of this section for a firm that does
10 not hold a valid license under RCW 18.04.195 and that does not have
11 an office in this state to use the title "CPA" or "certified public
12 accountant" as part of the firm's name and to provide its
13 professional services in this state, and licensees and individuals
14 with practice privileges may provide services on behalf of such firms
15 so long as it complies with the requirements of RCW 18.04.195(1). An
16 individual or firm authorized under this subsection to use practice
17 privileges in this state must comply with the requirements otherwise
18 applicable to licensees in this section.

19 **Sec. 11.** RCW 18.04.350 and 2022 c 85 s 17 are each amended to
20 read as follows:

21 (1) (~~(Nothing in this chapter prohibits any individual not~~
22 ~~holding a license and not qualified for the practice privileges~~
23 ~~authorized by subsection (2) of this section from serving as an~~
24 ~~employee of a firm licensed under RCW 18.04.195 and 18.04.215.~~
25 ~~However, the employee shall not issue any report as defined in this~~
26 ~~chapter, on the information of any other persons, firms, or~~
27 ~~governmental units over his or her name.~~

28 ~~(2)~~) An individual whose principal place of business is not in
29 this state shall be presumed to have qualifications (~~(substantially~~
30 ~~equivalent)~~) having substantial equivalency to this state's
31 requirements and shall have all the privileges of licensees of this
32 state without the need to obtain a license under RCW 18.04.105 if the
33 individual:

34 (a) Holds a valid license or certificate as a certified public
35 accountant from any state or jurisdiction of the United States that
36 requires, as a condition of licensure, that an individual(~~(+~~

37 ~~(i) Have at least one hundred fifty semester hours of college or~~
38 ~~university education including a baccalaureate or higher degree~~
39 ~~conferred by a college or university;~~

1 ~~(ii) Achieve a passing grade on the uniform certified public~~
2 ~~accountant examination; and~~

3 ~~(iii) Possess at least one year of experience including service~~
4 ~~or advice involving the use of accounting, attest, compilation,~~
5 ~~management advisory, financial advisory, tax, or consulting skills,~~
6 ~~all of which was verified by a licensee)) meets requirements which~~
7 ~~have substantial equivalency to those requirements set forth by the~~
8 ~~board for licensees of this state; or~~

9 (b) Holds a valid license or certificate as a certified public
10 accountant from any state ~~((that does not meet the requirements of~~
11 ~~(a) of this subsection, but such individual's qualifications are~~
12 ~~substantially equivalent to those requirements)) or jurisdiction of~~
13 ~~the United States whose licensing requirements do not meet the~~
14 ~~requirements of (a) of this subsection, but the individual's~~
15 ~~qualifications have substantial equivalency to the requirements of~~
16 ~~this state.~~ Any individual who passed the uniform certified public
17 accountant examination and holds a valid license issued by any other
18 state prior to January 1, 2012, may be exempt from the education
19 requirements in (a) ~~((+i))~~ of this subsection for purposes of this
20 section.

21 ~~((+3))~~ (2) Notwithstanding any other provision of law, an
22 individual who qualifies for the practice privilege under
23 ~~((subsection (2) of))~~ this section may offer or render professional
24 services, whether in person or by mail, telephone, or electronic
25 means, and no notice, fee, or other submission shall be provided by
26 any such individual. Such an individual shall be subject to the
27 requirements of subsection ~~((+4))~~ (3) of this section.

28 ~~((+4))~~ (3) Any individual licensee of another state exercising
29 the privilege afforded under ~~((subsection (2) of))~~ this section and
30 the firm that employs that licensee simultaneously consent, as a
31 condition of exercising this privilege:

32 (a) To the personal and subject matter jurisdiction and
33 disciplinary authority of the board;

34 (b) To comply with this chapter and the board's rules;

35 (c) That in the event the license from the state of the
36 individual's principal place of business is no longer valid, the
37 individual will cease offering or rendering professional services in
38 this state individually and on behalf of a firm; and

39 (d) To the appointment of the state board which issued the
40 certificate or license as their agent upon whom process may be served

1 in any action or proceeding by this state's board against the
2 certificate holder or licensee.

3 ~~((5))~~ (4) An individual who qualifies for practice privileges
4 under ~~((subsection (2) of))~~ this section who performs any attest
5 service described in RCW 18.04.025(1) may only do so through a firm
6 which has obtained a license under RCW 18.04.195 and 18.04.215 or
7 which meets the requirements for an exception from the firm licensure
8 requirements under RCW 18.04.195(1) (a)(ii) or (b).

9 ~~((6) A licensee of this state offering or rendering services or
10 using their CPA title in another state shall be subject to
11 disciplinary action in this state for an act committed in another
12 state for which the licensee would be subject to discipline for an
13 act committed in the other state. Notwithstanding RCW 18.04.295 and
14 this section, the board shall cooperate with and investigate any
15 complaint made by the board of accountancy of another state or
16 jurisdiction.~~

17 ~~(7) Nothing in this chapter prohibits a licensee, a licensed
18 firm, any of their employees, or persons qualifying for practice
19 privileges by this section from disclosing any data in confidence to
20 other certified public accountants, quality assurance or peer review
21 teams, partnerships, limited liability companies, or corporations of
22 certified public accountants or to the board or any of its employees
23 engaged in conducting quality assurance or peer reviews, or any one
24 of their employees in connection with quality or peer reviews of that
25 accountant's accounting and auditing practice conducted under the
26 auspices of recognized professional associations.~~

27 ~~(8) Nothing in this chapter prohibits a licensee, a licensed
28 firm, any of their employees, or persons qualifying for practice
29 privileges by this section from disclosing any data in confidence to
30 any employee, representative, officer, or committee member of a
31 recognized professional association, or to the board, or any of its
32 employees or committees in connection with a professional
33 investigation held under the auspices of recognized professional
34 associations or the board.~~

35 ~~(9) Nothing in this chapter prohibits any officer, employee,
36 partner, or principal of any organization:~~

37 ~~(a) From affixing his or her signature to any statement or report
38 in reference to the affairs of the organization with any wording
39 designating the position, title, or office which he or she holds in
40 the organization; or~~

1 ~~(b) From describing himself or herself by the position, title, or~~
2 ~~office he or she holds in such organization.~~

3 ~~(10) Nothing in this chapter prohibits any person or firm~~
4 ~~composed of persons not holding a license under this chapter from~~
5 ~~offering or rendering to the public bookkeeping, accounting, tax~~
6 ~~services, the devising and installing of financial information~~
7 ~~systems, management advisory, or consulting services, the preparation~~
8 ~~of tax returns, or the furnishing of advice on tax matters, or~~
9 ~~similar services, provided that persons, partnerships, limited~~
10 ~~liability companies, or corporations not holding a license who offer~~
11 ~~or render these services do not designate any written statement as a~~
12 ~~report as defined in RCW 18.04.025(20) or use any language in any~~
13 ~~statement relating to the financial affairs of a person or entity~~
14 ~~which is conventionally used by licensees in reports or any attest~~
15 ~~service as defined in this chapter.~~

16 ~~(11) Nothing in this chapter prohibits any person or firm~~
17 ~~composed of persons not holding a license under this chapter from~~
18 ~~offering or rendering to the public the preparation of financial~~
19 ~~statements, or written statements describing how such financial~~
20 ~~statements were prepared, provided that persons, partnerships,~~
21 ~~limited liability companies, or corporations not holding a license~~
22 ~~who offer or render these services do not designate any written~~
23 ~~statement as a report as defined in RCW 18.04.025(20), do not issue~~
24 ~~any written statement that purports to express or disclaim an opinion~~
25 ~~on financial statements that have been audited, and do not issue any~~
26 ~~written statement that expresses assurance on financial statements~~
27 ~~that have been reviewed. The board may prescribe, by rule, language~~
28 ~~for the written statement describing how such financial statements~~
29 ~~were prepared for use by persons not holding a license under this~~
30 ~~chapter.~~

31 ~~(12) Nothing in this chapter prohibits any act of or the use of~~
32 ~~any words by a public official or a public employee in the~~
33 ~~performance of his or her duties.~~

34 ~~(13) Nothing contained in this chapter prohibits any person who~~
35 ~~holds only a valid license in an inactive status from assuming or~~
36 ~~using the designation "certified public accountant-inactive" or "CPA-~~
37 ~~inactive" or any other title, designation, words, letters, sign,~~
38 ~~card, or device tending to indicate the person is in an inactive~~
39 ~~status, provided, that such person does not perform or offer to~~
40 ~~perform for the public one or more kinds of services involving the~~

1 use of accounting or auditing skills, including issuance of reports
2 or of one or more kinds of management advisory, financial advisory,
3 consulting services, the preparation of tax returns, or the
4 furnishing of advice on tax matters.

5 ~~(14) Nothing in this chapter prohibits the use of the title~~
6 ~~"accountant" by any person regardless of whether the person holds a~~
7 ~~license under this chapter. Nothing in this chapter prohibits the use~~
8 ~~of the title "enrolled agent" or the designation "EA" by any person~~
9 ~~regardless of whether the person holds a license under this chapter~~
10 ~~if the person is properly authorized at the time of use to use the~~
11 ~~title or designation by the United States department of the treasury.~~
12 ~~The board shall by rule allow the use of other titles by any person~~
13 ~~regardless of whether the person holds a license under this chapter~~
14 ~~if the person using the titles or designations is authorized at the~~
15 ~~time of use by a nationally recognized entity sanctioning the use of~~
16 ~~board authorized titles.)~~ (5) An individual who qualifies for
17 practice privileges under this section who performs services for
18 which a firm license is required under RCW 18.04.195 and 18.04.215,
19 shall not be required to obtain licensure under RCW 18.04.105 and
20 18.04.215.

21 **Sec. 12.** RCW 18.04.380 and 2001 c 294 s 20 are each amended to
22 read as follows:

23 (1) The display or presentation by a person of a card, sign,
24 advertisement, or other printed, engraved, or written instrument or
25 device, bearing a person's name in conjunction with the words
26 "certified public accountant" or any abbreviation thereof shall be
27 prima facie evidence in any action brought under this chapter that
28 the person whose name is so displayed, caused or procured the display
29 or presentation of the card, sign, advertisement, or other printed,
30 engraved, or written instrument or device, and that the person is
31 holding ~~((himself or herself))~~ themselves out to be a licensee, a
32 certified public accountant, or a person holding a certificate under
33 this chapter.

34 (2) The display or presentation by a person of a card, sign,
35 advertisement, or other printed, engraved, or written instrument or
36 device, bearing a person's name in conjunction with the words
37 certified public accountant-inactive or any abbreviation thereof is
38 prima facie evidence in any action brought under this chapter that
39 the person whose name is so displayed caused or procured the display

1 or presentation of the card, sign, advertisement, or other printed,
2 engraved, or written instrument or device, and that the person is
3 holding (~~(himself or herself)~~) themselves out to be a certified public
4 accountant-inactive under this chapter.

5 (3) In any action under subsection (1) or (2) of this section,
6 evidence of the commission of a single act prohibited by this chapter
7 is sufficient to justify an injunction or a conviction without
8 evidence of a general course of conduct.

9 **Sec. 13.** RCW 18.04.390 and 2003 c 290 s 4 are each amended to
10 read as follows:

11 (1) In the absence of an express agreement between the licensee
12 or licensed firm and the client to the contrary, all statements,
13 records, schedules, working papers, and memoranda made by a licensee
14 or licensed firm incident to or in the course of professional service
15 to clients, except reports submitted by a licensee or licensed firm,
16 are the property of the licensee or licensed firm.

17 (2) No statement, record, schedule, working paper, or memorandum
18 may be sold, transferred, or bequeathed without the consent of the
19 client or (~~(his or her)~~) the client's personal representative or
20 assignee, to anyone other than one or more surviving partners,
21 members, managers, shareholders, or new partners, members, managers,
22 or (~~(new)~~) shareholders of the licensee, partnership, limited
23 liability company, or corporation, or any combined or merged
24 partnership, limited liability company, or corporation, or successor
25 in interest.

26 (3) A licensee shall furnish to the board or to (~~(his or her)~~)
27 the licensee's client or former client, upon request and reasonable
28 notice:

29 (a) A copy of the licensee's working papers or electronic
30 documents, to the extent that such working papers or electronic
31 documents include records that would ordinarily constitute part of
32 the client's records and are not otherwise available to the client;
33 and

34 (b) Any accounting or other records belonging to, or obtained
35 from or on behalf of, the client that the licensee removed from the
36 client's premises or received for the client's account; the licensee
37 may make and retain copies of such documents of the client when they
38 form the basis for work done by (~~(him or her)~~) the licensee.

1 (4) (a) For a period of seven years after the end of the fiscal
2 period in which a licensed firm concludes an audit or review of a
3 client's financial statements, the licensed firm must retain records
4 relevant to the audit or review, as determined by board rule.

5 (b) The board must adopt rules to implement this subsection,
6 including rules relating to working papers and document retention.

7 (5) Nothing in this section should be construed as prohibiting
8 any temporary transfer of workpapers or other material necessary in
9 the course of carrying out peer reviews or as otherwise interfering
10 with the disclosure of information pursuant to RCW 18.04.405.

11 **Sec. 14.** RCW 18.04.405 and 2022 c 85 s 19 are each amended to
12 read as follows:

13 (1) A licensee or licensed firm, or any of their employees shall
14 not disclose any confidential information obtained in the course of a
15 professional transaction except with the consent of the client or
16 former client or as disclosure may be required by law, legal process,
17 the standards of the profession, or as disclosure of confidential
18 information is permitted by RCW (~~(18.04.350 (7) and (8))~~)
19 18.04.345(10) (a) and (b), 18.04.295(9), 18.04.390, and this section
20 in connection with quality assurance, or peer reviews,
21 investigations, and any proceeding under chapter 34.05 RCW.

22 (2) This section shall not be construed as limiting the authority
23 of this state or of the United States or an agency of this state, the
24 board, or of the United States to subpoena and use such confidential
25 information obtained by a licensee, or any of their employees in the
26 course of a professional transaction in connection with any
27 investigation, public hearing, or other proceeding, nor shall this
28 section be construed as prohibiting a licensee or certified public
29 accountant whose professional competence has been challenged in a
30 court of law or before an administrative agency from disclosing
31 confidential information as a part of a defense to the court action
32 or administrative proceeding.

33 (3) The proceedings, records, and work papers of a review
34 committee shall be privileged and shall not be subject to discovery,
35 subpoena, or other means of legal process or introduction into
36 evidence in any civil action, arbitration, administrative proceeding,
37 or board proceeding and no member of the review committee or person
38 who was involved in the peer review process shall be permitted or
39 required to testify in any such civil action, arbitration,

1 administrative proceeding, or board proceeding as to any matter
2 produced, presented, disclosed, or discussed during or in connection
3 with the peer review process, or as to any findings, recommendations,
4 evaluations, opinions, or other actions of such committees, or any
5 members thereof. Information, documents, or records that are publicly
6 available are not to be construed as immune from discovery or use in
7 any civil action, arbitration, administrative proceeding, or board
8 proceeding merely because they were presented or considered in
9 connection with the quality assurance or peer review process.

10 **Sec. 15.** RCW 18.04.430 and 2022 c 85 s 20 are each amended to
11 read as follows:

12 The board shall immediately suspend the license of a person who
13 has been certified pursuant to RCW 74.20A.320 by the department of
14 social and health services as a person who is not in compliance with
15 a support order or a (~~residential or~~) visitation order. If the
16 person has continued to meet all other requirements for reinstatement
17 during the suspension, reissuance of the license (~~or certificate~~)
18 shall be automatic upon the board's receipt of a release issued by
19 the department of social and health services stating that the
20 licensee is in compliance with the order.

21 NEW SECTION. **Sec. 16.** The following sections are decodified:

- 22 (1) RCW 18.04.910 (Effective date—1983 c 234); and
23 (2) RCW 18.04.911 (Effective date—1986 c 295).

24 NEW SECTION. **Sec. 17.** If any provision of this act or its
25 application to any person or circumstance is held invalid, the
26 remainder of the act or the application of the provision to other
27 persons or circumstances is not affected.

Passed by the House January 29, 2024.
Passed by the Senate February 22, 2024.
Approved by the Governor March 7, 2024.
Filed in Office of Secretary of State March 7, 2024.

--- END ---

Board of Accountancy Washington State Enforcement Report

<u>Quarterly Report (Jan 01, 2024 through Mar 31, 2024)</u>			
Complaint Workload			
	Received in Previous Period	Received in Report Period	Total
Complaints Open	14	20	34
Closed with No Action	(6)	(4)	(10)
Closed with Action Taken	0	0	0
Complaints at End of Period	8	16	24
Details of Complaint Closures			
Closed Disposition	Administrative	Public Harm	Total
No Action Taken	0	10	10
Revocation, Suspension, Restriction	0	0	0
Fines, costs, and other sanctions	0	0	0
Remedial Resolution (Policy 2004-1)	0	0	0
Total Closed	0	10	10

<u>Twelve-Month Lookback (Apr 01, 2023 through Mar 31, 2024)</u>			
Complaint Workload			
	Received in Previous Period	Received in Report Period	Total
Complaints Open	12	51	63
Closed with No Action	(10)	(27)	(37)
Closed with Action Taken	(1)	(1)	(2)
Complaints at End of Period	1	23	24
Details of Complaint Closures			
Closed Disposition	Administrative	Public Harm	Total
No Action Taken	0	37	37
Revocation, Suspension, Restriction	0	0	0
Fines, costs, and other sanctions	0	0	0
Remedial Resolution (Policy 2004-1)	0	2	2
Total Closed	0	39	39

Board of Accountancy Washington State

All complaints - resolved with and without discipline

	<u>Apr 2023 to Mar 2024</u>		<u>Apr 2022 to Mar 2023</u>	
	<i>All</i>	<i>Action Only</i>	<i>All</i>	<i>Action Only</i>
Public Harm				
Negligence - Attest related	0	0	1	1
Negligence, Disregard of standards	29	0	59	2
Use of Restricted Titles	6	2	10	2
Embezzlement, Theft, Breach of Fid. Duty	1	0	1	0
Breach of Confidentiality	0	0	0	0
Records Retention Causing Harm	0	0	5	0
<u>Subtotal</u>	36	2	76	5
Administrative				
Peer Review	0	0	0	0
<u>Subtotal</u>	0	0	0	0
Total	36	2	76	5

<u>Jan 01, 2024 through Mar 31, 2024</u>				
CBM Report				
	BAP	Action	No Action	Total
Rajib Doogar	1	0	2	3
Brooke Stegmeier	1	0	1	2
Jacqueline Meucci	0	0	0	0
Tonia Campbell	0	0	3	3
Kate Dixon	0	0	0	0
Mark Hugh	1	0	0	1
Scott Newman	0	0	1	1
Thomas Sawatzki	0	0	0	0
Brian Thomas	0	0	1	1
Total	3	0	10	13

April 11, 2024

To: Washington State Board of Accountancy

From: Taylor Shahon, agency investigator

RE: Washington's disciplinary stats compared with other jurisdictions

Survey to all jurisdictions

The Board asked staff to compare Washington's population and disciplinary data with other boards of accountancy.

As the primary source for gathering data, we sent a quick poll to the other boards. We asked the following questions:

1. On average, how many complaints does your board receive per year?
2. On average, how many complaints result in disciplinary action per year?
3. How many licensees does your board have?
4. Does your board make disciplinary actions available through a website or newsletter for consumers?

Results from surveys

We received 24 responses. However, not all data was comparable to data available internally to us because:

- Some states included internally generated complaints, such as CPE deficiencies, in their data (or did not specify whether they were included).
- Some answers made the data appear less comparable, such as disciplinary counts higher than complaints received.
- Some counts from other states may be overstated due to including types of data that is not included in Washington's counts.
- Each state has their own definition of what constitutes disciplinary action, ranging from formal board orders to warning letters.

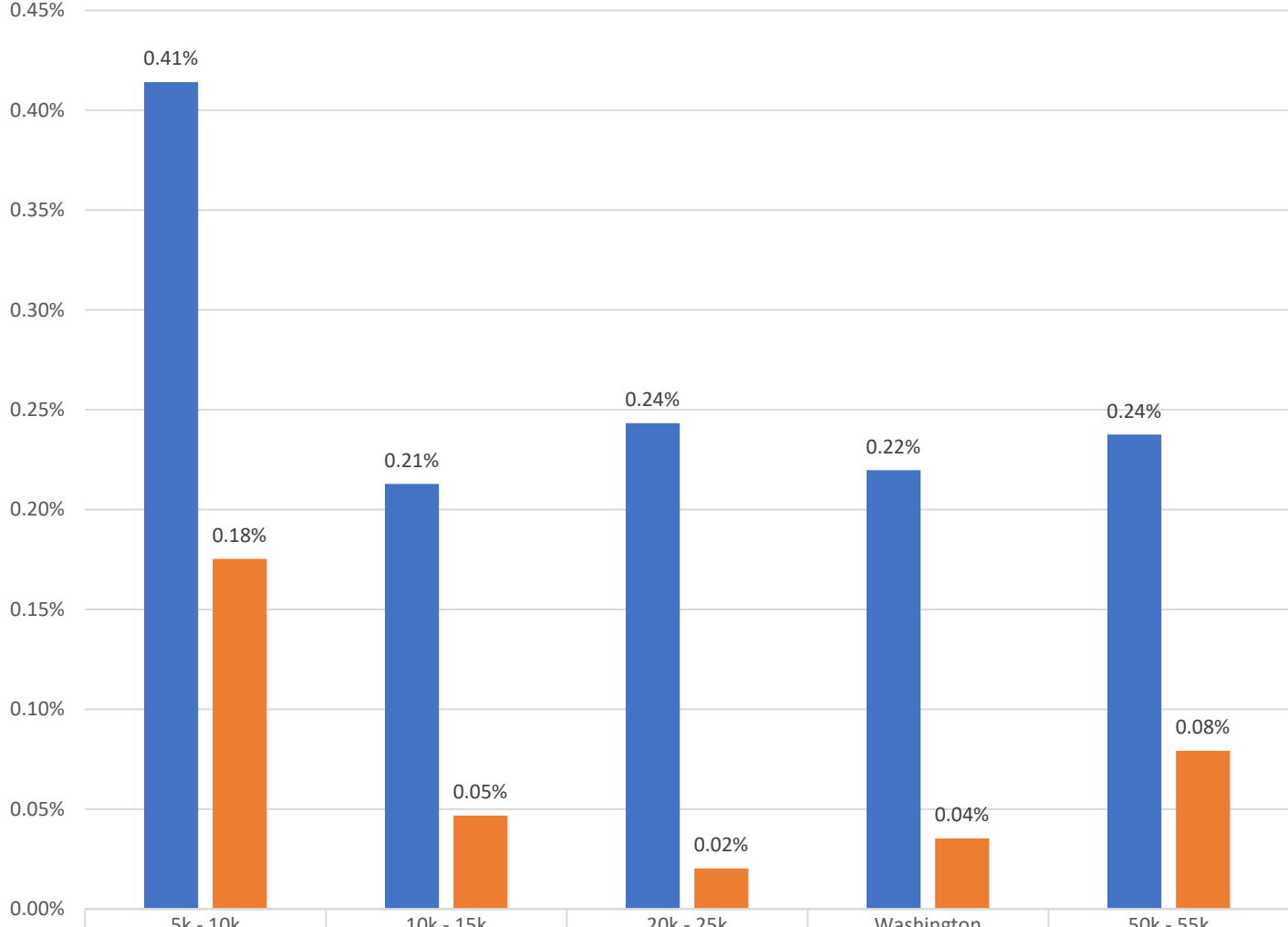
As a result, the chart utilizes the data from thirteen states including Washington that were most comparable based on the poll answers provided. The definition used for disciplinary action by Washington was formal action such as a board order.

Presenting the data

The data has been collected into a chart and grouped based on the population ranges of each of the twelve other jurisdictions. Average annual complaints and average annual disciplinary actions are presented as a percentage of that state's population.

When visualized, the data shows that Washington's complaint intake and disciplinary actions are approximately consistent with other jurisdictions.

Disciplinary Action by Boards (as reported by respondent boards)



■ Complaints Received as % of Population	0.41%	0.21%	0.24%	0.22%	0.24%
■ Discipline as % of Population	0.18%	0.05%	0.02%	0.04%	0.08%

■ Complaints Received as % of Population ■ Discipline as % of Population