

**BOARD MEETING AGENDA**

**Date, Time:** Friday, April 29, 2022 – Board Meeting – 9:00 a.m.  
**Location:** Microsoft Teams Meeting  
**Notices:** None

Chair Introductions

**BOARD MEETING AGENDA**

Attachments at page(s):

- 1. Minutes – January 28, 2022, Board Meeting..... 8-15
- 2. State Auditor’s Office Overview
- 3. Board Policy – Annual Review
  - a. 2003-1 Safe Harbor Report Language for Use by Non-CPAs ..... 16-17
  - b. 2004-1 Administrative Violations Guidelines..... 18-19
  - c. 2015-1 Board Member Travel and Attendance at Group Gatherings ..... 20
  - d. 2017-1 Investigative and Disciplinary Process ..... 21-22
  - e. 2017-2 Publication and Disclosure of Disciplinary Actions ..... 23
  - f. 2020-1 Peer Review ..... 24-25
  - g. 2020-2 Public Officials and Public Employees..... 26-27
- 4. NASBA Update
- 5. Legal Counsel’s Report
- 6. Chair’s Report
- 7. Peer Review Program Update
- 8. CPE Review Process Update ..... 28
- 9. 2021 CPE Audit Results ..... 29
- 10. Committee/Task Force Reports
  - a. Executive Committee – Rajib Doogar, Public Member, Chair
  - b. Peer Review Oversight Committee (PROC) – Mark Hugh, CPA, Member

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, Washington State Board of Accountancy	7-1-1 or 1-800-833-6388 (TTY) - 1-800-833-6385 (Telebraille)
PO Box 9131, Olympia, WA 98507-9131	(TTY and Telebraille service nationwide by Washington Relay
Phone: 360-664-9191 Email: kirsten.donovan@acb.wa.gov	www.washingtonrelay.com)

- c. Request Oversight Committee (ROC) – Tom Sawatzki, CPA, Chair ..... 30
- d. Scholarship Oversight Committee (SOC) – Brian Thomas, CPA, Member ..... 31
- e. Board/AICPA Rules Clarification Task Force (BARC) – Mark Hugh, CPA, Chair.....32-56

11. Acting Executive Director’s Report

- a. Budget Status Report .....57-59
- b. Senate Bill 5519..... 60-107
- c. 2021 Board of Accountancy Report to the Governor ..... 108-117

12. Enforcement Report

- a. Quarterly Enforcement and Resolved Complaint Reports ..... 118-119

13. Executive and/or Closed Sessions with Legal Counsel

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

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<b>Phone: 360-664-9191 Email: <a href="mailto:kirsten.donovan@acb.wa.gov">kirsten.donovan@acb.wa.gov</a></b>	<b><a href="http://www.washingtonrelay.com">www.washingtonrelay.com</a>)</b>

**WASHINGTON STATE  
BOARD OF ACCOUNTANCY  
BOARD MEETING – APRIL 29, 2022  
SUMMARY**

**Date and Time:** Friday, April 29, 2022 - 9:00 a.m.  
**Location:** Microsoft Teams Meeting

**Notices: None**

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

**April 29, 2022 – BOARD MEETING**

**1. Minutes – January 28, 2022**

Board staff presents the draft minutes of the January 28, 2022, Board meeting at **Pages 8-15** for the Board's consideration.

**Does the Board approve the minutes as drafted?**

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

**2. State Auditor's Office**

Scott Woelfle, CPA, Director of Quality Assurance and Innovation, will provide an overview of the Washington State Auditor's Office.

**3. Board Policies – Annual Review**

The Board annually reviews the Board Policies at the April Board meeting. **Pages 16-27** contain the current Board Policies.

**a. 2003-1 Safe Harbor Report Language for Use by Non-CPAs – Pages 16-17**

No changes proposed.

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

**b. 2004-1 Administrative Violations Guidelines – Pages 18-19**

No changes proposed.

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

**c. 2015-1 Board Member Travel and Attendance at Group Gatherings -  
Page 20**

No changes proposed.

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

**d. 2017-1 Investigative and Disciplinary Process – Pages 21-22**

No changes proposed.

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

**e. 2017-2 Publication and Disclosure of Disciplinary Actions – Page 23**

No changes proposed.

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

**f. 2020-1 Peer Review – Pages 24-25**

No changes proposed.

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

**g. 2020-2 Public Officials and Public Employees – Pages 26-27**

No changes proposed.

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

**4. NASBA Update**

The Acting Executive Director will provide a NASBA update.

**5. 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.

**6. Chair's Report**

**7. Peer Review Program Update**

Washington Society of Certified Public Accountants (WSCPAs) representatives – Kimberly Scott, President & CEO; Hayden Williams, Chief Financial Officer; and Julie Phipps, Manager of Practice Quality – will provide an update on the Peer Review Program.

**8. CPE Review Update**

**Page 28** contains the Continuing Professional Education Update report. The Acting Executive Director will provide an update and lead the discussion on CPE review and the back-to-back CPE extension requests process.

**9. 2021 CPE Audit Results**

**Page 29** contains the 2021 CPE Audit Report.

The Acting Executive Director will report of the 2021 CPE audit results.

**10. Committee/Task Force Reports**

- a. **Executive Committee** – Chair: Rajib Doogar, Public Member; Vice Chair: Brooke Stegmeier, CPA; Secretary: Jacqueline Meucci, CPA

Rajib will give a verbal report.

- b. **Peer Review Oversight Committee (PROC)** – Chair: Jacqueline Meucci, CPA; Members: Mark Hugh, CPA; Brooke Stegmeier, CPA

Mark will give a verbal report.

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

**Page 30** contains a report on the 1st quarter approval and denials from the committee.

Tom will give a verbal report.

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

**Page 31** contains the SOC committee report.

Brian will give a verbal report.

- e. **Board/AICPA Rules Clarification Task Force (BARC)** – Chair: Mark Hugh, CPA; Members: Brian R. Thomas, CPA; Brooke Stegmeier, CPA; Thomas P. Sawatzki, CPA

**Pages 32-56** contain the BARC committee report.

Mark will give a verbal report.

## 11. Acting Executive Director's Report

- a. **Budget Status Report**

**Pages 57-59** contain the Allotment Expenditure/Revenue BTD Flexible Report, the Certified Public Accountant's Account Fund Balance, and the CPA Scholarship Transfer Account Fund Balance for transactions through March 31, 2022.

- b. **Senate Bill 5519**

**Pages 60-107** contain the Final Bill Report and Senate Bill 5519.

The Acting Executive Director will report on the passage of Senate Bill 5519.

- c. **2021 Board of Accountancy Report to the Governor**

**Pages 108-117** contain the Board of Accountancy's Report to the Governor of the agency's activities for the year ending December 31, 2021.

## **12. Enforcement Report**

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

**Pages 118-119** contain the Quarterly Enforcement Report for January 1, 2022, through March 31, 2022, and the Resolved Complaint Report for periods April 2021 to March 2022 and April 2020 to April 2021.

## **13. Executive and/or Closed Session with Legal Counsel**

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

## **14. Public Input**

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

# WASHINGTON STATE BOARD OF ACCOUNTANCY

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

<b>Time and Place of Meeting</b>	9:08 a.m. – 11:53 a.m. Friday, January 28, 2022 Microsoft Teams Meeting
<b>Attendance</b>	<u>Board Members</u> Rajib Doogar, Chair, Public Member Brooke Stegmeier, CPA, Vice Chair, Board Member Mark Hugh, CPA, Board Member Brian R. Thomas, CPA, Board Member Kate Dixon, Public Member Thomas P. Sawatzki, CPA, Board Member Scott S. Newman, Public Member Tonia L. Campbell, CPA, Board Member  The Board Chair excused the absence of Jacqueline Meucci, CPA, Secretary, Board Member.  <u>Staff and Advisors</u> Dave Trujillo, 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
<b>Public Rule-Making Hearing</b>	The Board held a public rule-making hearing from 9:18 a.m. to 9:23 a.m. The Board Chair presided. The Board proposed to amend: <ul style="list-style-type: none"><li>• WAC 4-30-028 What rules govern the proceedings before the board?</li></ul> The proposed changes reformat the title, add an RCW reference, remove an outdated section, and add a Board decision to which this rule applies so that the process is more efficient.  The Executive Director presented a brief statement on the rule.  The Board did not receive any written comments regarding the proposed rule changes.  No public input was received during the hearing.



**Call to Order** Board Chair, Rajib Doogar, called the meeting of the Board to order at 9:23 a.m.

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

- WAC 4-30-028 What rules govern the proceedings before the board?

The Board voted to adopt the rule as proposed. Scott Newman abstained from the vote.

The Board voted for an implementation date 31 days after filing.

Semi-annual Rules Development Agenda – January through June 2022

The Executive Director presented the Semi-annual Rules Development agenda filed with the Office of the Code Reviser noting that if passed CPA-Inactive legislation will require rule changes for the listed Board Rules.

Thomas Neill, CPA, NASBA Ethics Committee Member, AICPA UAA Committee Chair, suggested the Board update WAC 4-30-050 for changes related to non-compliance with laws and regulations (NOCLAR) as well, when making the changes related to CPA-Inactive legislation.

**Minutes –  
October 29,  
2021, Annual  
Board Meeting**

Kenneth Smith, PhD. advised the Board that he did not feel the public input section of the minutes fully reflected his input.

The Board approved the minutes of the October 29, 2021, Annual Board meeting with an addition to the public input section. Scott Newman abstained from the vote.

The Board approved the use of their electronic signatures on file at the Board office for the signing of the meeting minutes.

**Delegations of  
Authority**

Board staff reviewed and proposed no revisions to the delegations other than the Board Chair’s name, date, and signature of the Board Chair.

The Board unanimously approved the following delegations for 2022.

- DA-001 Investigations, Subpoenas, Charges, Emergency Action, and Settlement Negotiations
- DA-002 Request Oversight and Appeal of Denials
- DA-003 Quality Assurance Oversight
- DA-004 CR-101 Filing

The Board Chair authorized the use of his electronic signature on file with the Board for the signing of the Delegations of Authority.

### **Chair's Report**

Rajib Doogar, stated that he is delighted to be the new Chair and appreciates the support of the other Board Members. The Chair stated that for his 2022 agenda he asked the Executive Director to:

- Review certain Board processes to include possible mapping/charting
- Review relationships with vendors

### **NASBA Update**

The Chair reported that he attended the NASBA Annual Meeting, and he has asked for clarification on the basis to their conclusions regarding CPA Evolution and the new CPA Examination. He would like to know whose viewpoints are being included in the conversations. Universities/academia input should be considered.

The Executive Director said he was pretty sure NASBA would say that academia input was received. The AICPA and NASBA established four joint task forces that included subject matter experts from the academic community. Task force work culminated in June 2021 in an AICPA hosted event in which it was reported that over 2,000 people participated.

The Executive Director will report on the Board's relationship with NASBA to include the economic/financial aspects and will present the report at the April Board meeting.

The Executive Director reported that the 114<sup>th</sup> NASBA Annual Meeting was held virtually November 2-3, 2021. Topics included:

- Adopting a new strategic plan
- Diversity, equity, and inclusion (DEI)
- CPA pipeline
- CPA evolution

### **AICPA/Board Rules Clarification**

Mark Hugh reported he and the Executive Director held discussions regarding bringing the Board Rules closer in line with the AICPA Code of Professional Conduct. When the Board

adopted the AICPA Code of Professional Conduct, it did so with exceptions. He noted that the Board Rules often use the AICPA language.

He requested the Board consider the exceptions. If the Board decides to update the Board Rules, the Board Rule revisions could be accomplished at the same time as the revisions related to CPA-Inactive legislation.

He suggested any remaining exceptions could be listed in a new Board Rule, Board exceptions to the AICPA Code of Professional Conduct, to make the exceptions clear to CPAs.

Other Board Members responded positively to the suggestions. The Board/AICPA Rules Clarification (BARC) Task Force was created with the following: Chair: Mark Hugh; Members: Tom Sawatzki, Brian Thomas, and Brooke Stegmeier.

**Legal Counsel's Report**

Leo Roinila, the Board's legal counsel, introduced himself and provided his background. The Chair welcomed Leo and said he was looking forward to working with him.

**Executive Committee**

The Chair reported that the meeting agenda was discussed during the committee's virtual meeting.

**Peer Review Oversight Committee (PROC)**

Mark Hugh reported the Washington Society of Certified Public Accountants (WSCPAs) will discontinue their peer review program. The WSCPAs is working with the Board to find a replacement peer review program that is well suited to our Board. The other program will most likely be run by another state's Society of CPAs.

**Request Oversight Committee (ROC)**

Tom Sawatzki reported on the 4th quarter 2021 approval and denials from the committee:

Firm Names: *Approved:*

- Front Leaning Rest PLLC
- NW Unger CPA PLLC
- ALISA NA CPAS & ADVISORS
- CAPSTONE CERTIFIED PUBLIC ACCOUNTANTS LLC
- Hayes McColloch & Vickerman CPA Group PLLC

Professional/Educational Organization - Recognition Requests:  
During the 4th quarter 2021, the Board received one request for recognition as an educational organization for purposes of obtaining list requests.

Approved: Blue Mountain Community Foundation

Tom advised the three committee members rotate the review assignments monthly. He advised he is a trustee on the Board of Blue Mountain Community Foundation but was not involved in the approval of that organization's recognition, nor did he even know they had filed a recognition request until he reviewed the committee report.

**Scholarship Oversight Committee (SOC)**

Kate Dixon reported:

- Scholarship applications are being accepted until February 14, 2022
- Review team of 66 individuals will undergo training on February 11, 2022

Kimberly Scott, WSCPA President and CEO, advised the master's degree program scholarships awarded are increasing to \$10,000. She stated that the scholarship program does so much in bringing new, high-quality individuals into the profession.

Brian Thomas stated he has been a reviewer for 3 years and finds it a very humbling experience. He encourages Board Member participation.

The Chair stated that staff should provide new Board Members, Scott Newman and Tonia Campbell, with a list of committees and the committee functions.

**Executive Director's Report**

The Executive Director reported on the following:

Board Items

New Board Members have been appointed since the release of his Executive Director Report and the Board packet. He welcomed Scott Newman, Public Member, and Tonia Campbell, CPA Member to the Board. Scott and Tonia introduced themselves and provided their backgrounds.

Legislation

Companion bills, HB 1648 and SB 5519, were both voted out of their respective committees with due pass recommendations. The bills discontinue the CPA-Inactive Certificate. The term is not used in the same way by other state Boards, so it can be confusing to the public. Individuals will now only hold a CPA license. A license

can now be in an inactive status.

The WSCPA led the legislative request. The Executive Director requested Board Members to take a formal vote to support the bills. The Board Members voted unanimously in support of the bills. He will follow-up with a letter of support to the legislative committee chairs.

### Budget Status

The agency is in excellent financial condition. Per Board Member request he will expand the budget report to include visuals for future meetings.

Revenue is higher than projected, while expenditures are less than projected. The agency has seen an increase in initial licensing revenue as our CPA population grew at a greater rate than normal. Expenditures were lower based largely on the travel ban due to COVID-19. Quarterly Board meetings, national meetings, and conferences have been held virtually instead of in person.

### CPE Tracker

Initial response to the 100% CPE reporting requirement was frustration. Full CPE reporting is standard practice amongst state Boards. CPAs seem to be softening some after using the CPE Tracker. A major complaint was the inability to upload courses from other sources (Excel spreadsheet, etc.). The agency is looking into the upload possibility, but it might not be possible due to IT security concerns.

Board Members shared their experiences with using the CPE Tracker which were positive once getting past the initial concern.

## **Enforcement Report**

### Enforcement Reports:

Taylor Shahon, CPA, Lead Investigator, presented:

- Quarterly Enforcement Report for October 1, 2021, through December 21, 2021
- Resolved Complaint Report for periods January 2021 through December 2021 and January 2020 through December 2020

Taylor reported on the following enforcement activities:

- CPE audit failures are no longer an enforcement issue. They are handled by denial of the renewal application and the Brief Adjudicative Proceeding (BAP) process.
- Incoming complaints have been quiet. CPAs seem to be doing a better job of keeping open communication lines with their clients.
- Thank you to all Consulting Board Members (CBM) for their work on investigation cases.

Taylor explained that selecting a CBM for a case is done randomly unless the case involves a certain expertise/specialty. Then a specific Board Member will be selected. CBM assignments are balanced between Board Members as much as possible.

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

No executive or closed sessions with legal counsel were held.

**Public Input**

Kenneth Smith, PhD. stated he is here on behalf of others. He believes the law has a loophole that allows for no professional oversight for local government audits. The State Auditor's Office performs approximately 2,000 of these audits annually. He asserted that no one is protecting individuals who are affected by these audits.

He would like for the Board to do something to close this loophole, as people are at risk and the Board is not doing anything about it.

He also requested the Board add an agenda item to a future meeting with guest speakers concerning this issue.

**Adjournment**

The Board meeting adjourned at 11:53 a.m.

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Secretary

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Chair

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Vice-Chair

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Member

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Member

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Member

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Member

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Member

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Member



# 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**

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## **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

**Approved:**

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**Mark Hugh, CPA, Chair**

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

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## **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 guidelines to be mandatory; nor does the Board wish to exclude or limit other sanctions or considerations in other disciplinary action.

## **Guiding Principles:**

These guidelines 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 cost recovery. All terms must be satisfied within 90 days of service unless otherwise specified. Failure to comply with the terms may result in commencement of formal disciplinary action.

**Washington State Board of Accountancy**  
**Board Policy Number: 2004-1**

1.	Use of a restricted title with a lapsed credential.	<ul style="list-style-type: none"> <li>• \$500 fine</li> <li>• Obtain a license or cease use of title</li> </ul>
2.	Failure to obtain a firm license by a firm who offers or performs attest services or compilations	<ul style="list-style-type: none"> <li>• \$1,500 fine</li> <li>• Completion of Board approved Washington State Ethics course</li> </ul>
3.	Use of title(s) in violation of RCW 18.04.345(5) by an un-credentialed individual.	<ul style="list-style-type: none"> <li>• \$1,500 fine</li> </ul>
4.	Failure to provide records in compliance with WAC 4-30-051, so long as the failure does not result in client financial harm.	<ul style="list-style-type: none"> <li>• \$1,500 fine</li> <li>• Completion of Board approved Washington State Ethics course</li> </ul>
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"> <li>• \$750 fine</li> <li>• Completion of Board approved Washington State Ethics course</li> </ul>

**Non-Administrative Violations:**

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 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

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### **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

**Approved:** \_\_\_\_\_  
**Mark Hugh, CPA, Chair**

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## **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:**

All consent agreements must be signed by the respondent, and approved by a 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.

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

**Complainant Recourse:**

The Board shall not reopen complaints closed after review by the Executive Director and a Board member. If a complainant disagrees with the closure of a complaint, they may submit a 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 costs through the case resolution process. Investigative costs may include, but are not limited to, staff time, travel, legal costs, and cost of contractors.

Effective: July 28, 2017  
Revised: 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

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### **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



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# Washington State Board of Accountancy

**Policy Number:** 2020-1  
**Title:** Peer Review  
**Revised:** April 24, 2020

**Approved:**

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**Mark Hugh, CPA, Chair**

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## **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.

In addition, this policy is intended to inform the wider CPA firm community about the Board's approach to evaluating and responding to the results of peer reviews.

## **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 reports for which the results are pass with deficiencies (PWD) or fail. Board staff will make all files available electronically for the Board member's review.

**PWD – or Sequential PWDs:**

The Board member and ED will review the peer review report for any unusual facts or troubling trends. Board staff will follow up to ensure that corrective action, as recommended by the AE/RAB, is completed by the firm.

Referral for discipline is unlikely for PWD results.

**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.

However, if the firm is dropped or terminated from the peer review program as a result of two sequential fails, the disciplinary process noted above will be undertaken.

If the two sequential fails have the same root cause, 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 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**

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## **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.

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**Washington State Board of Accountancy**  
**Board Policy Number: 2020-2**

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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.

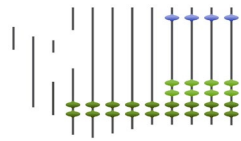
Even when a public employee who is a licensed CPA is “at work” they may commit violations of the Public Accountancy Act. For example, criminal activity even if performed while “at work” would not be part of the public employee’s job duties and therefore, the CPA would be subject to enforcement. Likewise, 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



## Continuing Professional Education Update

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**Purpose** - The purpose of this memorandum is to remind the Board of changes in the Continuing Professional Education (CPE) rules and where the changes have brought us.

**Background** – The Board created a three member CPE Task Force in 2017 to consider changes to rules resulting from recommendations by the National Association of State Boards of Accountancy (NASBA). The task force also found that the 8% CPE compliance failure rate and the number of CPAs that did not meet CPE compliance for two consecutive CPE reporting periods was unacceptable. More so because the majority of those that failed were within 16 CPE hours of compliance.

Throughout 2018, the task force met and considered changes that culminated in a presentation to the Board at the January 2019 public meeting. In short, the task force recommended adoption of changes to be consistent NASBA and the recently revised Uniform Accountancy Act model rules, while still maintaining certain longstanding Washington differences from the model rules. Board rules were changed in July 2019 and effective soon thereafter. As part of those changes, the Board added to rule that anyone can request a CPE extension. Prior to this, extensions were ONLY granted in cases of individual hardship. The change (WAC 04-30-134) was effective in January 2020 and helped those renewing by offering an extension to any that needed it without a restriction. However, it only allowed one (1) CPE extension in any two (2) consecutive CPE reporting periods (six-year period) effectively prohibiting back-to-back CPE extensions. In 2020, 332 CPE extensions were approved.

**2022 Update** —The required 100% CPE reporting through the Board’s CPE tracker function and the ability for staff to review CPE compliance in real time have made a positive difference. Specifically, as of March 28, 2022, 4,654 renewal applications have been received. While the number of licensees receiving the CPE extension has increased, the CPE audit failure rate has decreased.

This is good news and staff believes that CPE compliance rate will continue through the remainder of the renewal period.

**Beyond 2022** – Next year, will test changes made to the CPE extension rule(s) because it will be the first consecutive CPE reporting period since the extension modification(s) were put into place. Only then will we see how many of the 332 extensions authorized in 2020 become back-to-back.

WAC 04-30-134 (4)(b) does not permit back-to-back CPE extension requests. The process for handling these requests will be to deny the renewal application, and the individual will have the opportunity to go through the Brief Adjudicative Proceeding (BAP) process. If the individual foregoes the BAP process or the Board Member completing the BAP review upholds Board staff’s decision to deny the renewal application, the individual will have the option to apply for reinstatement after the lapse of their credential.

## 2021 Random CPE Audit Results

- 303 Individuals were included in the random selection
  - 276 Licensees
  - 25 Certificate holders
  - 2 Non-Licensee Firm Owners

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- 262 Passed
  - 236 Licensees
  - 25 Certificate holders
  - 1 Non-Licensee Firm Owners
- 23 Extension Request submitted pre-new system launch
  - 22 Licensees
  - 1 Non-Licensee Firm Owners
- 4 Excused (All Licensees)
  - 3 CPE Reciprocity
  - 1 Medical (added to the 2024 audit)
- 14 Failed (All Licensees)
  - 10 Failed to provide documentation for their claimed CPE
  - 4 Failed to respond to all notices of audit

## **Request Oversight Committee Report April 2022**

Tom Sawatzki, CPA, Chair

During the first quarter 2022, the Executive Director and a Consulting Board Member from the Request Oversight Committee took the following action:

### **Approved Firm Names:**

Hornstein Solutions  
Ritz Tax & Accounting, Inc  
Pinnacle Financial Services, PLLC  
TK & Associates

### **Professional/Educational Organization – Recognition Requests**

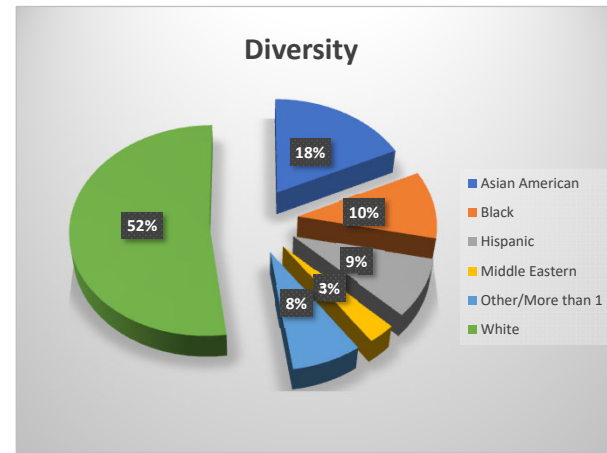
During the first quarter in 2022, the Board did not receive any requests for recognition as an educational organization or professional association for purposes of obtaining list requests.

## Initial Data on 2022 WA CPA Foundation Scholarship Awardees

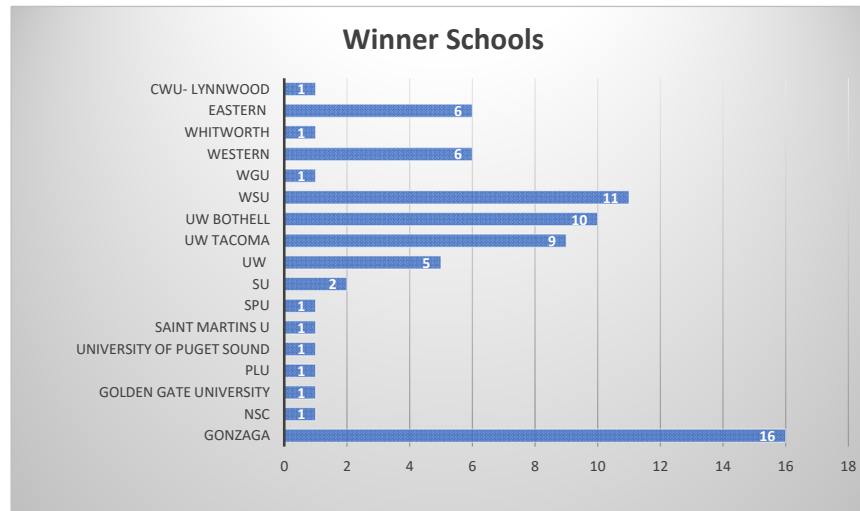
Graduate Scholars (\$10,000 scholarships)      30  
 Undergrad Scholars (\$5,000 scholarships)      44      Total scholarships tentatively awarded: \$520K

Ethnicity	Undergrad	Grad	TOTAL	Percent
Asian American	7	5	12	18%
Black	3	4	7	10%
Hispanic	4	2	6	9%
Middle Eastern	0	2	2	3%
Other/More than 1	4	1	5	8%
White	21	14	35	52%
Unidentified*	5	2	7	9%
	44	30	74	

\*not included in graph; percentage reflects percent of total applicants independent of other diversity totals



Winner Schools	Number
Gonzaga	16
NSC	1
Golden Gate University	1
PLU	1
University of Puget Sound	1
Saint Martins U	1
SPU	1
SU	2
UW	5
UW Tacoma	9
UW Bothell	10
WSU	11
WGU	1
Western	6
Whitworth	1
Eastern	6
CWU- Lynnwood	1
	74



This data expected to change as we solicit data from intake forms, as well as managing students who withdraw and awarding to alternates

To: Washington State Board of Accountancy

From: Board AICPA Rules Clarification (BARC) Task Force (Mark Hugh, Brian Thomas, Tom Sawatzki, Brooke Stegmeier, Dave Trujillo, Jennifer Sciba, Taylor Shahon)

Re: BARC recommendations

Date: April 29, 2022

Since the last Board meeting, the BARC reviewed the eleven Board professional conduct rules, the AICPA Code of Professional Conduct, and exceptions between the two sets of rules.

The BARC found Board rules were redundant with AICPA rules, had confusing titles, at times were incomplete, and in some instances, inconsistent with the Revised Code of Washington (RCW).

The BARC considered two options to clarify Washington rules:

- Eliminating all eleven rules and replacing them with a single new rule containing Board exceptions to the AICPA Code; or
- Having a parallel set of Board rules limited to just the AICPA rule, noting that the Board adopts the AICPA Code and interpretations, and listing any exceptions as part of the parallel rule.

Although a minimalist approach with a single Board rule was appealing, the BARC concluded that the best solution that would provide the most visible and clearest guidance for the Board, licensees, and the agency, was the second option, parallel rules to the AICPA rules.

There was also concern about the impact of a minimalist rule on the disciplinary process. With a minimalist rule, it might create confusion over the Board's authority or actions, whether the Board was applying Washington laws and rules, or the rules of a private nonprofit professional organization.

An example of the recommended changes would be to the Board's rule for "Competence", which is the current equivalent to the AICPA's "General Standards" rule.



The AICPA rule notes:

**1.300.001 General Standards Rule**

.01 A member shall comply with the following standards and with any interpretations thereof by bodies designated by Council:

- a. Professional Competence. Undertake only those professional services that the member or the member's firm can reasonably expect to be completed with professional competence.
- b. Due Professional Care. Exercise due professional care in the performance of professional services.
- c. Planning and Supervision. Adequately plan and supervise the performance of professional services.
- d. Sufficient Relevant Data. Obtain sufficient relevant data to afford a reasonable basis for conclusions or recommendations in relation to any professional services performed.

Although the Board separately adopts the entirety of the AICPA Code, the Board equivalent rule has a different title and only contains a portion of the AICPA rule:

**4-30-046**

**What are the requirements concerning competence?**

Licensees, CPA-Inactive certificate holders, nonlicensee firm owners, and employees of such persons must not undertake to perform any professional service unless such persons can reasonably expect to complete the service with professional competence.

Oregon Board rules follow a parallel rule format with adoption of interpretations and their rule for General Standards notes:

**Rule 801-030-0010**

**General and Technical Standards**

(1) General Standards. Licensees shall comply with the following general standards.

(a) Professional Competence. Licensees shall undertake only those professional services that the licensee or the licensee's firm can reasonably expect to be completed with professional competence.

(b) Due Professional Care. Licensees shall exercise due professional care in the performance of professional services.

(c) Planning and Supervision. Licensees shall plan and supervise the performance of professional services.

(d) Sufficient Relevant Data. Licensees shall obtain sufficient relevant data to afford a reasonable basis for conclusions or recommendations in relation to any professional services performed.

(e) The Board adopts the General Standards and the compliance with the General Standards sections of the AICPA Code of Professional Conduct. The AICPA interpretations and definitions of these sections are adopted as non-exclusive guidance to licensees, prospective licensees, the board, and members of the public.

As part of a parallel alignment with the AICPA Code, the BARC also recommends:

- A standing Board committee will be created to monitor proposed changes to the AICPA Code and any interpretations by the AICPA in exposure drafts, and both educate the Board about any impending changes, as well as recommend adoption or exception.
- All revised Board rules have identical titles to the parallel AICPA rules, which makes it a simple process for any user to locate the parallel AICPA rule through the use of Google or any other search engine.
- To simplify the language in the parallel Board rules and improve readability, use the term "licensee" throughout but add a section to the Board's rule on definitions, WAC 4-30-010, for the purpose of the Board's

rules on professional conduct, WAC 4-30-040 through WAC 4-30-058, “licensee” is deemed to include licensees, CPA-Inactives, and non-licensee firm owners.

Revised parallel rules would specifically address any exceptions to the AICPA Code. Therefore, the BARC reviewed the exceptions currently in Board rules and makes the following recommendations and suggestions:

- WAC 4-30-044 is the Board rule on commissions, referral, and contingent fees, the equivalent of the AICPA rule on “Fees and Other Forms of Remuneration”. The Board rule prohibits certain fee arrangements during the period a licensee performs compilations, the AICPA rule contains the same prohibition but only if the compilation discloses a lack of independence. For the Board rule, this is an issue of a non-waivable conflict of interest, for the AICPA this is an issue of independence. The BARC recommends consistency with the AICPA rule.
- The same Board rule contains detailed client disclosure and consent requirements, the AICPA rule only requires written consent but not detailed disclosure. The BARC recommends retaining the more detailed disclosure as an exception in the Board rule.
- WAC 4-30-048 is the Board rule on standards that apply to licensees and the AICPA Code is adopted in the middle of a lengthy list in section (11). The BARC recommends that the AICPA Code reference is moved to the start of the list and/or separately emphasized. In addition, the Board rule refers to the AICPA “Professional Code of Conduct” rather than the “Code of Professional Conduct” and references AICPA ethics rulings, the latter eliminated in 2015 as part of an AICPA codification.
- The same Board rule is a combination of two AICPA rules, Compliance with Standards and the rule for Accounting Principles. Consistent with the recommendation of having identical titles to the AICPA rules, this rule should be divided in two.
- WAC 4-30-050 is the Board rule on client confidential information. It allows the successor in interest to a deceased CPA to contract with a responsible custodian to securely store the deceased CPA’s records until such time clients have consented to transfer the deceased CPA’s records.

The BARC recommends retaining this language as an exception in the Board rule, and adding incapacitation or the disappearance of the CPA.

- The same rule prohibits disclosure of client information except for instances of legal processes (subpoenas, summons) or by the standards of the profession (peer reviews, regulatory investigations), but the AICPA rule is broader, including “by law”. The Board rule is more restrictive than the AICPA rule and is also more restrictive than RCW 18.04.405 which like the AICPA rule, allows disclosure if required by law. The BARC recommends consistency with both the AICPA rule and the RCW.
- WAC 4-30-051 is the Board rule on client records and is based upon an AICPA interpretation “Records Requests”, not an AICPA rule. It separates “Client Records Prepared by the CPA” (i.e., QuickBooks data files, depreciation schedules) from “Supporting Records” (i.e., adjusting journal entries) but the AICPA interpretation combines these as “Member Prepared Records”. The BARC recommends consistency with the AICPA interpretation.
- The same Board rule contains requirements for licensees to provide records electronically and is more emphatic and detailed than the AICPA interpretation. The BARC recommends retaining the language in the Board rule as an exception to the AICPA interpretation.
- The same Board rule contains the requirement that a licensee cannot withhold client records prepared by the CPA and supporting records in exchange for outstanding fees. However, the AICPA interpretation does allow a CPA to withhold these records (but not client original documents) over outstanding fees. Over time most states have adopted the AICPA rule that allows the withholding of records over outstanding fees. In addition, RCW 18.04.390 addresses client records and does not state whether client records can (or cannot) be withheld over outstanding fees. The BARC recommends the Board discuss whether it should change this rule to be consistent with the AICPA interpretation and a majority of other Boards or retain an exception to the AICPA interpretation.
- WAC 4-30-056 is the Board rule on firm names and in addition to the AICPA rule, the Board rule contains requirements for approval of firm names in certain instances and examples of misleading names. The BARC

recommends retaining these requirements and examples as exceptions to the AICPA rule.

- In addition, since the Board’s 2019 legislation that eliminated firm licensing requirements for firms that do not perform attest on compilation services, the BARC recommends further exceptions and examples WAC 4-30-056 that clarify that both licensed and unlicensed firms are subject to the restrictions on firm names, and further examples of misleading firm names for firms that have non-CPA owners.
- WAC 4-30-058 is the Board rule on other authorized titles and designations. This rule is required by statute as RCW 18.04.350 (14) notes “The board shall by rule allow the use of other titles by any person regardless of whether the person has been granted a certificate or holds a license under this chapter if the person using the titles or designations is authorized at the time of use by a nationally recognized entity sanctioning the use of board authorized titles.”. The BARC recommends simplifying this rule to mimic the language of the statute and to cross reference other allowed or prohibited titles already in the RCW, such as “accountant” or “enrolled agent”.

**Washington State Board of Accountancy  
Board AICPA Rules Clarification Task Force**

**Board AICPA Rule Differences**

Board rules contain a subsection with 11 rules on professional conduct:

- 4-30-040      What are the requirements concerning integrity and objectivity?
- 4-30-042      When is independence required?
- 4-30-044      What restrictions govern commissions, referral, and contingent fees?
- 4-30-046      What are the requirements concerning competence?
- 4-30-048      Compliance is required with which rules, regulations and professional standards?
- 4-30-050      Records and clients confidential information.
- 4-30-051      Client records.
- 4-30-052      What acts are considered discreditable?
- 4-30-054      What are the limitations on advertising and other forms of solicitation?
- 4-30-056      What are the limitations regarding individual and firm names?
- 4-30-058      Does the board authorize the use of any other titles or designations?

The AICPA Code of Professional Conduct has 10 rules:

- Integrity and Objectivity
- Independence
- General Standards
- Compliance with Standards
- Accounting Principles
- Acts Discreditable
- Fees and Other Forms of Remuneration
- Advertising and Other Forms of Solicitation
- Confidential Client Information
- Form of Organization and Name

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Each AICPA rule can have up to three different citations, as the AICPA Code is divided into three parallel codes with four parts:

- “0”, a preface, for all members.
- Part 1, for members in public practice.
- Part 2, for members in business.
- Part 3, for other members such as members who are retired or unemployed.

Citations that start with “0” are from the preface and apply to all members, citations that start with “1” are for members in public practice, citations that start with “2” are for members in business, and citations that start with “3” are for other members.

In 2015, the code, interpretations, and ethics rulings were codified into a single code of rules and interpretations, available in an online database at;<https://pub.aicpa.org/codeofconduct/Ethics.aspx>

The following compares Board rules to the AICPA rules, noting any redundancies, exceptions, and notes specific professional conduct rules in the RCW.

Note that eliminating any of these rules may also require edits to WAC 4-30-010, the Board’s rule containing definitions.

## **4-30-040**

### **What are the requirements concerning integrity and objectivity?**

When offering or performing services, licensees, CPA-Inactive certificate holders, nonlicensee firm owners, and employees of such persons must:

- Remain honest and objective;
- Not misrepresent facts;
- Not subordinate their judgment to others; and
- Remain free of conflicts of interest unless such conflicts are specifically permitted by board rule or professional standards listed in WAC [4-30-048](#).

If the language of the professional standards listed in WAC [4-30-048](#) differ from or conflict with specific board rules, board rules prevail.

### ***Comments***

*All but the last sentence is redundant with the AICPA rule. The last sentence is redundant with WAC 4-30-048.*

*WAC 4-30-142, not being considered for clarification, has examples of bases for the Board to impose discipline and contains some examples of non-waivable conflicts of interest, such as self-dealing as a trustee and borrowing money from a client.*



## **4-30-042**

### **When is independence required?**

When performing professional services for which a report expressing assurance is prescribed by professional standards, licensees, as defined in WAC [4-30-010](#), CPA-Inactive certificate holders, nonlicensee firm owners, and employees of such persons must evaluate and maintain their independence so that opinions, reports, conclusions, and judgments will be impartial and viewed as impartial by parties expected to rely on any report expressing assurance by such persons. Such persons are required:

(1) To comply with all applicable independence rules, regulations, and the AICPA code of conduct as referenced in and required by WAC [4-30-048](#); and

(2) To decline engagements for which a report expressing assurance is prescribed by professional standards when such persons have a relationship that could lead a reasonable and foreseeable user to conclude that such persons are not independent.

Independence is not required when performing a compilation engagement provided the report discloses a lack of independence.

### ***Comments***

*Redundant with the AICPA rule.*

*The sentence numbered (2) is redundant with the AICPA Code's Conceptual Framework, which requires that all standards be reviewed as met in both fact and appearance, appearance being in the eyes of a reasonable and informed party.*

#### **4-30-044**

### **What restrictions govern commissions, referral, and contingent fees?**

For the purposes of this section, the term "licensed firm" includes any affiliated entity(ies) and the term "firm owner" includes the owner(s) of any affiliated entity(ies).

(1) Licensees and/or their employees must not for a commission recommend or refer to a client any product or service, or for a commission recommend or refer any product or service to be supplied by a client, or receive a commission, when such persons perform **compilation**, or other professional services for which a report expressing assurance is prescribed by professional standards for that client. This prohibition applies:

(a) During the period in which such persons are engaged to perform professional services for which a report expressing assurance is prescribed by professional standards; and

(b) During the period covered by any information for which a report expressing assurance is prescribed by professional standards and a report was issued by such persons.

(2) Licensees and/or their employees must also not:

(a) Perform for a contingent fee any professional services for, or receive such a fee from a client for whom such persons perform **compilation**, or other professional services for which a report expressing assurance is prescribed by professional standards; or

(b) Prepare an original or amended tax return or claim for a tax refund for a contingent fee for any client.

(3) The prohibition against contingent fees applies:

(a) During the period in which such persons are engaged to perform professional services for which a report expressing assurance is prescribed by professional standards; and

(b) During the period covered by any information for which a report expressing assurance is prescribed by professional standards and a report was issued by such persons.

(4) Fees are not considered contingent if fixed by courts or other public authorities, or, in tax matters, if determined based on the results of judicial proceedings or the findings of governmental agencies. Fees may vary depending, for example, on the complexity of services rendered.

(5) Any person subject to board rules who is not prohibited by this section from performing services for, or receiving a commission, referral or contingent fee and who are paid or expect to be paid accordingly must disclose that fact to any person or entity to whom such persons recommend or refer a product or service to which the **commission, referral or contingent fee relates in the manner prescribed below:**

(a) **Disclose the arrangement in writing and in advance of client acceptance;**

(b) **Disclose the method of calculating the fee or amount of fee;**

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**Page 6**

(c) Specify the licensee's, CPA-Inactive certificate holder's, or nonlicensee firm owner's role as the client's advisor; and

(d) Obtain the client's consent to the fee arrangement in writing.

(6) Nothing in this rule shall be interpreted to preclude licensees, as defined in WAC [4-30-010](#), CPA-Inactive certificate holders, or nonlicensee firm owners from purchasing, selling, or merging all or a portion of a licensed firm or affiliated entity or to require disclosure to clients of terms or payments made or received pursuant to the purchase, sale, or merger.

***Comments***

*Redundant with the AICPA rule except for the highlighted language.*

*The AICPA Code notes the time period prohibition applies to compilations if the compilation does not disclose a lack of independence. The Board rule applies to all compilations regardless. For the AICPA, this is an issue of independence, for the Board rule it is a non-waivable conflict of interest.*

*The AICPA rule requires disclosure, but the Board rule is more specific about the necessary elements of any disclosure.*

**4-30-046**

**What are the requirements concerning competence?**

Licensees, CPA-Inactive certificate holders, nonlicensee firm owners, and employees of such persons must not undertake to perform any professional service unless such persons can reasonably expect to complete the service with professional competence.

***Comments***

*Redundant with the AICPA rule and highly incomplete, as the Board rule only addresses one of four elements of the AICPA rule, which are competence, using due professional care, adequately planning and supervising services, and obtaining sufficient data.*

**4-30-048**

**Compliance is required with which rules, regulations and professional standards?**

Licensees, including out-of-state individuals exercising practice privileges in this state under RCW [18.04.350](#)(2) and out-of-state firms permitted to offer or render certain professional services in this state under the conditions prescribed in RCW [18.04.195](#) (1)(b), CPA-Inactive certificate holders, CPA firms, nonlicensee firm owners, and employees of such persons must comply with rules, regulations, and professional standards promulgated by the appropriate bodies for each service undertaken. However, if the requirements found in the professional standards listed in this section differ from the requirements found in specific board rules, board rules prevail.

Authoritative bodies include, but are not limited to, the Securities and Exchange Commission (SEC); the Public Company Accounting Oversight Board (PCAOB); the Financial Accounting Standards Board (FASB); the Governmental Accounting Standards Board (GASB); the Cost Accounting Standards Board (CASB); the Federal Accounting Standards Advisory Board (FASAB); the U.S. Governmental Accountability Office (GAO); the Federal Office of Management and Budget (OMB); the Internal Revenue Service (IRS); the American Institute of Certified Public Accountants (AICPA), and federal, state, and local audit, regulatory and tax agencies.

Such standards include:

- (1) Statements on Auditing Standards and related Auditing Interpretations issued by the AICPA;
- (2) Statements on Standards for Accounting and Review Services and related Accounting and Review Services Interpretations issued by the AICPA;
- (3) Statements on Governmental Accounting and Financial Reporting Standards issued by GASB;
- (4) Statements on Standards for Attestation Engagements and related Attestation Engagements Interpretations issued by AICPA;
- (5) Statements of Financial Accounting Standards and Interpretations, and Staff Positions issued by FASB, together with those Accounting Research Bulletins and Accounting Principles Board Opinions which are not superseded by action of the FASB;
- (6) Statement on Standards for Consulting Services issued by the AICPA;
- (7) Statements on Quality Control Standards issued by the AICPA;
- (8) Statements on Standards for Tax Services and Interpretation of Statements on Standards for Tax Services issued by the AICPA;
- (9) Statements on Responsibilities in Personal Financial Planning Practice issued by the AICPA;
- (10) Statements on Standards for Litigation Services issued by the AICPA;

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(11) Professional Code of Conduct issued by the AICPA including interpretations and ethics rulings;

(12) Governmental Auditing Standards issued by the U.S. Governmental Accountability Office;

(13) AICPA Industry Audit and Accounting Guides;

(14) SEC Rules, Concept Releases, Interpretative Releases, and Policy Statements;

(15) Standards issued by the PCAOB; and

(16) IRS Circular 230;

(17) Any additional national or international standards recognized by the AICPA, PCAOB, SEC and/or GAO.

If the professional services are governed by standards not included in subsections (1) through (17) of this section, individuals and firms including persons exercising practice privileges under RCW [18.04.350](#)(2) who offer or render professional services in this state or for clients located in this state and the firms rendering professional services in this state or for clients located in this state through such qualifying individuals must:

(a) Maintain documentation of the justification for the departure from the standards listed in subsections (1) through (17) of this section;

(b) Determine and document what standards are applicable; and

(c) Demonstrate compliance with the applicable standards.

***Comments***

*Not redundant but the reference to the adoption of the AICPA Code of Professional Conduct is buried as item (11) and should potentially be moved to item (1).*

*Note (11) includes AICPA ethics rulings, but these were eliminated with the codification of the AICPA Code in 2015.*

*The rule notes Board rules prevail over other standards, but as the RCW contains some statutes on professional conduct, it may be best to state both the RCW and Board rules prevail.*

## **4-30-050**

### **Records and clients confidential information.**

(1) **Client:** The term "client" as used throughout WAC 4-30-050 and [4-30-051](#) includes former and current clients. For purposes of this section, a client relationship has been formed when confidential information has been disclosed by a prospective client or another authorized person in an initial interview to obtain or provide professional services.

(2) **Sale or transfer of client records:** No statement, record, schedule, working paper, or memorandum, including electronic records, may be sold, transferred, or bequeathed without the consent of the client or another authorized person.

(3) **Disclosure of client confidential records and client relationships:**

(a) Confidential client communication or information: Licensees, CPA-Inactive certificate holders, nonlicensee firm owners, and employees of such persons must not without the specific consent of the client or another authorized person disclose any confidential communication or information pertaining to the client obtained in the course of performing professional services.

(b) Licensees, CPA-Inactive certificate holders, nonlicensee firm owners, and employees of such persons who have provided records to a client or another authorized person are not obligated to provide such records to other individuals associated with the client.

(c) When a licensee, CPA-Inactive certificate holder, nonlicensee firm owner, or employee is engaged to prepare a married couple's joint tax return, both spouses are considered to be clients, even if the licensee, CPA-Inactive certificate holder, nonlicensee firm owner, or employee was engaged by one spouse and deals exclusively with that spouse.

Accordingly, if the married couple is undergoing a divorce and one spouse directs the licensee, CPA-Inactive certificate holder, nonlicensee firm owner, or employee to withhold joint tax information from the other spouse, the licensee, CPA-Inactive certificate holder, nonlicensee firm owner, or employee shall provide the information to both spouses, in compliance with this rule. The licensee, CPA-Inactive certificate holder, nonlicensee firm owner, or employee should consider reviewing the legal implications of such disclosure with an attorney and any responsibilities under any applicable tax performance standards promulgated by the United States Department of Treasury, Internal Revenue Service.

This rule also applies to confidential communications and information obtained in the course of professional tax compliance services unless state or federal tax laws or regulations require or permit use or disclosure of such information.

Consents may include those requirements of Treasury Circular 230 and IRC Sec. 7216 for purposes of this rule, provided the intended recipients are specifically and fully identified by full name, address, and other unique identifiers.

(4) **Disclosing information to third-party service providers:** Licensees, CPA-Inactive certificate holders, or nonlicensee firm owners must do one of the following before disclosing confidential client information to third-party service providers:

(a) Enter into a contractual agreement with the third-party service provider to assist in providing the professional services to maintain the confidentiality of the information and provide a reasonable assurance that the third-party service provider has appropriate procedures in place to prevent the unauthorized release of confidential information to others. The nature and extent of procedures necessary to obtain reasonable assurance depends on the facts and circumstances, including the extent of publicly available information on the third-party service provider's controls and procedures to safeguard confidential client information; or

(b) Obtain specific consent from the client before disclosing confidential client information to the third-party service provider.

(5) Disclosure of client records in the course of a firm sale, or transfer upon death of a licensee, CPA-Inactive certificate holder, or nonlicensee firm owner.

A licensee, CPA-Inactive certificate holder, or nonlicensee firm owner, or the successor in interest of a deceased licensee, CPA-Inactive certificate holder, or nonlicensee firm owner, that sells or transfers all or part of a practice to another person, firm, or entity (successor firm) and will no longer retain ownership in the practice must do all of the following:

(a) Submit a written request to each client subject to the sale or transfer, requesting the client's consent to transfer its files to the successor firm or other entity and notify the client that its consent may be presumed if it does not respond to the licensee, CPA-Inactive certificate holder, or nonlicensee firm owner's request within a period of not less than ninety days, unless prohibited by law. The licensee, CPA-Inactive certificate holder, or nonlicensee firm owner, or successor in interest of a deceased firm owner, should not transfer any client files to the successor firm until either the client's consent is obtained or the ninety days has lapsed, whichever is shorter. The licensee, CPA-Inactive certificate holder, or nonlicensee firm owner must retain evidence of consent, whether obtained from the client or presumed after ninety days.

(b) It is permissible for the successor in interest of a deceased licensee, CPA-Inactive certificate holder, or nonlicensee firm owner to contract with a responsible custodian to securely store client records until such time as consent or transfer has been obtained.

(6) This rule does not:

(a) Affect in any way the obligation of those persons to comply with a lawfully issued subpoena or summons;

(b) Prohibit disclosures in the course of a quality review of a licensee's attest, compilation, or other reporting services governed by professional standards;

(c) Preclude those persons from responding to any inquiry made by the board or any investigative or disciplinary body established by local, state, or federal law or recognized by the board as a professional association; or



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Page 12**

(d) Preclude a review of client information in conjunction with a prospective purchase, sale, or merger of all or part of the professional practice of public accounting of any such persons.

***Comments***

*There is a separate RCW on confidentiality, RCW 18.04.405 which allows broader exemptions if required by “law, legal process, the standards of the profession”.*

*A redundant mashup of the AICPA rule and separate AICPA interpretations on disclosing information to clients (divorcing couples), disclosure of information to third parties (service providers), disclosing information from previous engagements (prior clients), and IRS Section 7216.*

*The highlighted language was added in 2018 to provide guidance when a practicing CPA passes away and is not addressed in the AICPA Code. An AICPA interpretation under acts discreditable addresses the discontinuance of a practice, but not the death of a licensee.*

#### 4-30-051

##### Client records.

(1) The following terms are defined below solely for use with this section:

(a) **Client provided records** are accounting or other records belonging to the client that were provided to the licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner and employees of such persons by or on behalf of the client.

(b) **Client records prepared by the licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner** are accounting or other records (for example, tax returns, general ledgers, subsidiary journals, and supporting schedules such as detailed employee payroll records and depreciation schedules) that the licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner and employees of such persons was engaged to prepare for the client.

(c) **Supporting records** are information not reflected in the client's books and records that are otherwise not available to the client with the result that the client's financial information is incomplete. For example, supporting records include adjusting, closing, combining or consolidating journal entries (including computations supporting such entries), that are produced by the licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner and employees of such persons during an engagement.

(d) **Licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner working papers** include, but are not limited to, audit programs, analytical review schedules, statistical sampling results, analyses, and schedules prepared by the client at the request of the licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner and employees of such persons.

(2) When a client or former client (client) makes a request for client-provided records, client records prepared by the licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner, or supporting records that are in the custody or control of the licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner that have not previously been provided to the client, the licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner should respond to the client's request as follows:

(a) Client provided records in the licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner custody or control must be returned to the client.

(b) Client records prepared by the licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner must be provided to the client, except that client records prepared by the licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner may be withheld if the preparation of such records is not complete.

(c) Supporting records relating to a completed and issued work product must be provided to the client.

(d) Persons subject to this subsection developing and maintaining such records, or schedules should make a reasonable effort to provide the required information and data to the client in a format useable by the client to avoid the cost to the client of

duplicate reentry of individual transaction or other information into the client's or successor custodian's recordkeeping system.

(3) The licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner is not required to convert records that are not in electronic format to electronic format. However, if the client requests records in a specific format and the licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner was engaged to prepare the records in that format, the client's request should be honored.

(4) In responding to a records request, it is not permissible for a licensee, CPA-Inactive certificate holder, or nonlicensee firm owner to supplant a client record originally created in an electronic format with one converted to a nonelectronic format, such as a hard copy or a dissimilar electronic format unusable to the client.

(5) Licensees, CPA-Inactive certificate holders, nonlicensee firm owners, and/or employees of such persons must not refuse to return or provide records indicated in subsection (1)(a), (b), and (c) of this section including electronic documents, pending client payment of outstanding fees.

(6) Once the licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner and employees of such persons has complied with the requirements in subsection (2) of this section, he or she is under no ethical obligation to comply with any subsequent requests to again provide such records or copies of such records. However, if subsequent to complying with a request, a client experiences a loss of records due to a natural disaster or an act of war, the licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner should comply with an additional request to provide such records.

(7) Licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner working papers are the licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner property and need not be provided to the client under provisions of this section; however, such requirements may be imposed by state and federal statutes and regulations, and contractual agreements.

(8) In connection with any request for client-provided records, client records prepared by the licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner and employees of such persons, or supporting records, the licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner may:

(a) Charge the client a reasonable fee for the time and expense incurred to retrieve and copy such records and require that such fee be paid prior to the time such records are provided to the client;

(b) Provide the requested records in any format usable by the client;

(c) Make and retain copies of any records returned or provided to the client.

(9) Where a licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner is required to return or provide records to the client, the licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner should comply with the client's request as soon as practicable but, absent extenuating circumstances, no later than forty-five days after the request is made. The fact that the statutes of the state in which the licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner practices grants

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the licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner a lien on certain records in his or her custody or control does not relieve the licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner of his or her obligation to comply with this section.

(10) A licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner is under no obligation to retain records for periods that exceed applicable professional standards, state and federal statutes and regulations, and contractual agreements relating to the service(s) performed.

(11) Audit and review record retention requirements: For a period of seven years after a licensee concludes an audit or review such persons must retain the following records and documents, including electronic records unless hard copies of such exist:

- (a) Records forming the basis of the audit or review;
- (b) Records documenting audit or review procedures applied;
- (c) Records documenting evidence obtained including financial data, analyses, conclusions, and opinions related to the audit or review engagement; and
- (d) Records documenting conclusions reached by the licensee in the audit or review engagement.

***Comments***

*There is a separate RCW on client records, RCW 18.04.390 which does not address whether client records may be withheld based upon outstanding fees.*

*This rule is based on the AICPA acts discreditable interpretation on record requests and is generally redundant except for the highlighted language. The record retention requirements are in RCW 18.04.390.*

*The AICPA rule combines into a single definition, “member-prepared records,” the Board’s definitions of “client records prepared by the CPA” and “supporting records.”*

**4-30-052**

**What acts are considered discreditable?**

Licensees, CPA-Inactive certificate holders, nonlicensee firm owners, and employees of such persons must not:

(1) Commit, **or allow others to commit in their name**, any act that reflects adversely on their fitness to represent themselves as a CPA, CPA-Inactive certificate holder, CPA firm, or a firm owner;

(2) Seek to obtain clients by the use of coercion, intimidation or harassing conduct; or

(3) **Permit others to carry out on their behalf, either with or without compensation, acts which violate the rules of conduct.**

***Comments***

*Redundant except for the highlighted language.*

*The prohibition on obtaining clients by coercion or harassment is in the AICPA rule on advertising and other forms of solicitation.*

## **4-30-054**

### **What are the limitations on advertising and other forms of solicitation?**

Licensees, CPA-Inactive certificate holders, nonlicensee firm owners, and employees of such persons must not make false, fraudulent, misleading, deceptive or unfair statements or claims regarding their services. Examples of such statements or claims include, but are not limited to, statements or claims which:

- (1) Contain a misrepresentation of fact;
- (2) Fail to make full disclosure of relevant facts;
- (3) Imply your professional services are of an exceptional quality, which is not supported by verifiable facts;
- (4) Create false expectations of favorable results;
- (5) Imply educational or professional attainments, specialty designations, or licensing recognition not supported in fact; or
- (6) Represent that professional services will be performed for a stated fee when this is not the case, or do not disclose variables that may reasonably be expected to affect the fees that will be charged.

[Statutory Authority: RCW [18.04.055](#)(2). WSR 10-24-009, recodified as § 4-30-054, filed 11/18/10, effective 12/19/10; WSR 08-18-016, § 4-25-660, filed 8/25/08, effective 9/25/08; WSR 05-01-137, § 4-25-660, filed 12/16/04, effective 1/31/05; WSR 02-04-064, § 4-25-660, filed 1/31/02, effective 3/15/02; WSR 00-11-072, § 4-25-660, filed 5/15/00, effective 6/30/00. Statutory Authority: RCW [18.04.055](#). WSR 93-22-090, § 4-25-660, filed 11/2/93, effective 12/3/93.]

### ***Comments***

*Redundant with the AICPA rule and its interpretations.*

**4-30-056**

**What are the limitations regarding individual and firm names?**

A firm name that does not consist of the name(s) of one or more present or former owners must be approved in advance by the board as not being deceptive or misleading.

Misleading or deceptive firm names are prohibited. The following are examples of misleading firm names. The board does not intend this listing to be all inclusive. The firm name:

- (1) Implies it is a legal entity when it is not such an entity (as by the use of the designations "P.C.," "P.S.," "Inc. P.S.," or "L.L.C.");
- (2) Implies the existence of a partnership when one does not exist;
- (3) Includes the name of a person who is neither a present nor a past owner of the firm; or
- (4) Implies educational or professional attainments, specialty designations, or licensing recognition not supported in fact.

A licensee may not operate under an alias, a firm name, title, or "DBA" that differs from the firm name that is registered with the board. A CPA or a CPA-Inactive certificate holder may not use the title in association with a name that is not registered with the board.

***Comments***

*RCW 18.04.345(6) contains requirements that no DBA's be allowed.*

*The balance is redundant with the AICPA rule except for the highlighted language, which provides a requirement for Board approval and examples of misleading names.*

**4-30-058**

**Does the board authorize the use of any other titles or designations?**

Yes. RCW 18.04.350(14), Practices not prohibited, authorizes the board to allow the use of other titles (designations) if the individual using the title or designation is authorized at the time of use by a nationally recognized entity sanctioning the use of board authorized titles or designations. Accordingly, the board authorizes the use of the following titles and designations:

(1) Designations or titles authorized by the American Institute of Certified Public Accountants (AICPA);

(2) Designations or titles authorized by the Accreditation Council for Accountancy and Taxation located in Alexandria, Virginia, or its successor:

- "Accredited Business Accountant" or "ABA";
- "Accredited Tax Preparer" or "ATP"; and
- "Accredited Tax Advisor" or "ATA."

(3) Designations or titles authorized by the Certified Financial Planner Board of Standards in Denver, Colorado, or its successor:

- "Certified Financial Planner" or "CFP."

These authorized designations relate to title use only, are not limited to individuals who have held or are holding a license or certificate under the act, and do not authorize these other designated individuals to use the title "certified public accountant" or "CPA," or "CPA-inactive."

The board further authorizes the use of the designation "CPA retired" in this state by those individuals who, upon notice to the board to retire a license, meet the following criteria:

- Has reached sixty years of age and holds an active license in good standing; or
- At any age, has held an active license in good standing, not suspended or revoked, to practice public accounting in any state for a combined period of not less than twenty years.

***Comments***

*No parallel rule in the AICPA Code.*

*CPA Retired will be incorporated into statute with the new CPA Inactive status.*

*Certified Management Accountant (CMA) is not technically an allowed title, although generally not enforced by the Board.*



OFM

1650 - State Board of Accountancy

Allotment Expenditure/Revenue RTD Flexible

Report Number: AEF04

Biennium: 2023

As of Fiscal Month: Mar FY1

Date Run: Mar 31, 2022 11:59PM

Account: 021

Allotment Content: Approved & Adjusted

Estimated Revenue Content: Approved & Adjusted

Transactions Through: Mar 31, 2022 8:00PM

Revenue Content: Cash, Accr(All)

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

By Account/Expenditure Authority	Allotment		Disbursement		Accrual		Encumbrance		Variance		Biennium Remaining
	RTD	BTD	RTD	BTD	RTD	BTD	RTD	BTD	RTD	BTD	
021 - Certified Public Accountants' Acct											
030 - Salaries and Expenses	1,659,730	1,343,140.23	(3,250.00)		0.00		319,839.77		3,098,109.77		
<b>Total for Agency</b>	<b>1,659,730</b>	<b>1,343,140.23</b>	<b>(3,250.00)</b>		<b>0.00</b>		<b>319,839.77</b>		<b>3,098,109.77</b>		
<b>By Account/Expenditure Authority</b>											
<b>By Object</b>											
A - Salaries and Wages	604,784	570,440.81	0.00		0.00		34,343.19		1,048,486.19		
B - Employee Benefits	195,406	187,287.41	0.00		0.00		8,118.59		353,493.59		
C - Professional Service Contracts	121,500	108,358.66	0.00		0.00		13,141.34		215,641.34		
E - Goods and Services	701,788	477,053.35	(3,250.00)		0.00		227,984.65		1,383,816.65		
G - Travel	25,002	0.00	0.00		0.00		25,002.00		66,672.00		
J - Capital Outlays	11,250	0.00	0.00		0.00		11,250.00		30,000.00		
<b>Total for Agency</b>	<b>1,659,730</b>	<b>1,343,140.23</b>	<b>(3,250.00)</b>		<b>0.00</b>		<b>319,839.77</b>		<b>3,098,109.77</b>		

Fund

Balance As Of:	<input type="text" value="3/31/2022"/>	Show Balances As Of:	<input type="text" value="03/31/2022"/>
Book Balance:	<input type="text" value="3,877,134.38"/>	<input type="button" value="Retrieve"/>	
Outstanding Warrants:	<input type="text" value="1.00"/>		
Cash Balance:	<input type="text" value="3,877,135.38"/>		

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

Fund

Balance As Of:	<input type="text" value="4/5/2022"/>	Show Balances As Of:	<input type="text" value="03/31/2022"/>
Book Balance:	<input type="text" value="150,000.00"/>	<input type="button" value="Retrieve"/>	
Outstanding Warrants:	<input type="text" value="0.00"/>		
Cash Balance:	<input type="text" value="150,000.00"/>		

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

# FINAL BILL REPORT

## SB 5519

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C 85 L 22  
Synopsis as Enacted

**Brief Description:** Replacing an inactive certificate status with an inactive license designation.

**Sponsors:** Senators Dozier, Mullet, Brown, Gildon, Rivers, Wilson, J. and Wilson, L..

**Senate Committee on Business, Financial Services & Trade**  
**House Committee on Consumer Protection & Business**

**Background:** The Public Accountancy Act (Act) governs the practice of accounting in Washington. Under the Act, both accountants and accounting firms must be licensed to hold themselves out as certified public accountants (CPAs). The Board of Accountancy (Board) issues licenses, adopts rules, conducts investigations, administers an examination, and otherwise implements the Act.

CPAs and CPA firms perform various services that, depending on the service, must meet certain professional standards. The Board conducts a quality assurance review (QAR) program to review the work of licensees and out-of-state CPAs with practice privileges in Washington. Out-of-state CPAs and CPA firms licensed in their home state may perform attest and compilation services for people and businesses in Washington, subject to certain requirements, such as consenting to jurisdiction in Washington.

Licensees. The Board issues three year licenses to individuals contingent on the individual meeting certain standards adopted by the Board concerning education, experience in the field of accounting, and whether certain competencies have been met through their experience as determined by a verifying CPA. To maintain a license at renewal, a CPA must meet a 120- hour continuing professional education (CPE) requirement.

Certificate Holders. A certificate holder holds a certificate as a CPA who has not become a licensee, has maintained CPE requirements, and who does not practice public accounting. While statute permits the Board to grant certificates, the Board has not issued a certificate since 2003.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.*

Substantially Equivalent. Substantially equivalent is a term used throughout the Act, and is used in reference to determine whether an individual certified as a public accountant by another jurisdiction has comparable training and experience relative to the requirements maintained by the Board in the state of Washington.

**Summary:** Sunsets the Terms Certificate and Certificate Holder by June 30, 2024. A process is created to sunset the term certificate by June 30, 2024. Until June 30, 2024, a certificate is defined as an alternative license type that indicates the certificate holder has passed the CPA examination, but has not had their experience verified by a verifying CPA. Beginning July 1, 2024, a Board issued certificate will no longer be recognized as a form of license. Individuals with certificates that are current and still valid on June 30, 2024, will be automatically converted to a licensee in an inactive status. If the individual wants to activate their license, they must apply to the Board and meet various requirements.

Creates an Inactive License Designation for Licensed Certified Public Accountants. Licensees that have their license in good standing, may request to have their license placed on inactive status. Once in inactive status, the licensee is prohibited from practicing as a CPA. They must continue to pay the licensing fee and comply with CPE requirements to maintain their inactive status. An inactive licensee must complete a Board approved ethics course for CPE during a three-year period to maintain an inactive license.

Defines the Terms Substantial Equivalency and Substantially Equivalent. The terms "substantial equivalency" and "substantially equivalent" are defined to mean the education, examination, and experience requirements contained in statutes and administrative rules in another jurisdiction are comparable to or exceed the requirements of the Board.

**Votes on Final Passage:**

Senate	49	0
House	98	0

**Effective:** June 9, 2022  
June 30, 2023 (Sections 8, 10, 15, and 17)

CERTIFICATION OF ENROLLMENT

**SENATE BILL 5519**

67th Legislature  
2022 Regular Session

Passed by the Senate January 19, 2022  
Yeas 49 Nays 0

\_\_\_\_\_  
**President of the Senate**

Passed by the House March 4, 2022  
Yeas 98 Nays 0

\_\_\_\_\_  
**Speaker of the House of  
Representatives**

Approved

\_\_\_\_\_  
**Governor of the State of Washington**

CERTIFICATE

I, Sarah Bannister, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **SENATE BILL 5519** as passed by the Senate and the House of Representatives on the dates hereon set forth.

\_\_\_\_\_  
**Secretary**

FILED

**Secretary of State  
State of Washington**

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**SENATE BILL 5519**

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Passed Legislature - 2022 Regular Session

**State of Washington**

**67th Legislature**

**2022 Regular Session**

**By** Senators Dozier, Mullet, Brown, Gildon, Rivers, J. Wilson, and L. Wilson

Prefiled 12/08/21. Read first time 01/10/22. Referred to Committee on Business, Financial Services & Trade.

1 AN ACT Relating to replacing an inactive certificate status with  
2 an inactive license designation; amending RCW 18.04.015, 18.04.025,  
3 18.04.055, 18.04.065, 18.04.105, 18.04.180, 18.04.195, 18.04.195,  
4 18.04.215, 18.04.215, 18.04.295, 18.04.320, 18.04.335, 18.04.345,  
5 18.04.345, 18.04.350, 18.04.350, 18.04.370, 18.04.405, and 18.04.430;  
6 providing an effective date; and providing an expiration date.

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

8 **Sec. 1.** RCW 18.04.015 and 2001 c 294 s 1 are each amended to  
9 read as follows:

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

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

16 (b) To protect the public interest by requiring that:

17 (i) Persons who hold themselves out as licensees (~~or certificate~~  
18 ~~holders~~)) conduct themselves in a competent, ethical, and  
19 professional manner;

20 (ii) A public authority be established that is competent to  
21 prescribe and assess the qualifications of certified public

1 accountants (~~(, including certificate holders who are not licensed for~~  
2 ~~the practice of public accounting)~~);

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

6 (iv) A public authority be established to provide for consumer  
7 alerts and public protection information to be published regarding  
8 persons or firms who violate the provisions of chapter 294, Laws of  
9 2001 or board rule and to provide general consumer protection  
10 information to the public; and

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

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

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



1 except as otherwise specifically restricted or limited by chapter  
2 234, Laws of 1983.

3 **Sec. 2.** RCW 18.04.025 and 2016 c 127 s 1 are each amended to  
4 read as follows:

5 Unless the context clearly requires otherwise, the definitions in  
6 this section apply throughout this chapter.

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

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

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

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

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

17 (2) "Board" means the board of accountancy created by RCW  
18 18.04.035.

19 (3) "Certificate" means ~~((a certificate as a certified public  
20 accountant issued prior to July 1, 2001, as authorized under the  
21 provisions of this chapter.~~

22 ~~(4) "Certificate holder" means the holder of a certificate as a  
23 certified public accountant who has not become a licensee, has  
24 maintained CPE requirements, and who does not practice public  
25 accounting.~~

26 ~~(5))~~ an alternative license type issued by the board indicating  
27 that the certificate holder had passed the CPA examination, but has  
28 not verified the certificate holder's experience and was not fully  
29 licensed as a certified public accountant to practice public  
30 accounting. The board must allow renewal of certificates until June  
31 30, 2024, at which time any then current and valid certificates  
32 automatically convert to a CPA license in an inactive status. As of  
33 July 1, 2024, board-issued certificates are no longer a recognized  
34 form of licensure.

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

37 ~~((+6+))~~ (5) "Compilation" means providing a service to be  
38 performed in accordance with statements on standards for accounting  
39 and review services that is presenting in the form of financial

1 statements, information that is the representation of management  
2 (owners) without undertaking to express any assurance on the  
3 statements.

4 ~~((+7))~~ (6) "CPE" means continuing professional education.

5 ~~((+8))~~ (7) "Firm" means a sole proprietorship, a corporation, or  
6 a partnership. "Firm" also means a limited liability company formed  
7 under chapter 25.15 RCW.

8 ~~((+9))~~ (8) "Holding out" means any representation to the public  
9 by the use of restricted titles as set forth in RCW 18.04.345 by a  
10 person or firm that the person or firm holds a license under this  
11 chapter and that the person or firm offers to perform any  
12 professional services to the public as a licensee. "Holding out"  
13 shall not affect or limit a person or firm not required to hold a  
14 license under this chapter from engaging in practices identified in  
15 RCW 18.04.350.

16 ~~((+10))~~ (9) "Inactive" means the ~~((certificate is in an inactive  
17 status because a person who held a valid certificate before July 1,  
18 2001, has not met the current requirements of licensure and has been  
19 granted inactive certificate holder))~~ status of a license that is  
20 prohibited from practicing public accounting. A person holding an  
21 inactive license may apply to the board to return the license to an  
22 active status through an approval process established by the board.

23 ~~((+11))~~ (10) "Individual" means a living, human being.

24 ~~((+12))~~ (11) "License" means a license to practice public  
25 accountancy issued to an individual under this chapter, or a license  
26 issued to a firm under this chapter.

27 ~~((+13))~~ (12) "Licensee" means the holder of a license to  
28 practice public accountancy issued under this chapter.

29 ~~((+14))~~ (13) "Manager" means a manager of a limited liability  
30 company licensed as a firm under this chapter.

31 ~~((+15))~~ (14) "NASBA" means the national association of state  
32 boards of accountancy.

33 ~~((+16))~~ (15) "Peer review" means a study, appraisal, or review  
34 of one or more aspects of the attest or compilation work of a  
35 licensee or licensed firm in the practice of public accountancy, by a  
36 person or persons who hold licenses and who are not affiliated with  
37 the person or firm being reviewed, including a peer review, or any  
38 internal review or inspection intended to comply with quality control  
39 policies and procedures, but not including ~~((the "quality assurance~~

1 ~~review" under subsection (20) of this section)~~ a quality assurance  
2 review.

3 ~~((17))~~ (16) "Person" means any individual, nongovernmental  
4 organization, or business entity regardless of legal form, including  
5 a sole proprietorship, firm, partnership, corporation, limited  
6 liability company, association, or not-for-profit organization, and  
7 including the sole proprietor, partners, members, and, as applied to  
8 corporations, the officers.

9 ~~((18))~~ (17) "Practice of public accounting" means performing or  
10 offering to perform by a person or firm holding itself out to the  
11 public as a licensee, for a client or potential client, one or more  
12 kinds of services involving the use of accounting or auditing skills,  
13 including the issuance of "reports," or one or more kinds of  
14 management advisory, or consulting services, or the preparation of  
15 tax returns, or the furnishing of advice on tax matters. "Practice of  
16 public accounting" shall not include practices that are permitted  
17 under the provisions of RCW 18.04.350(10) by persons or firms not  
18 required to be licensed under this chapter.

19 ~~((19))~~ (18) "Principal place of business" means the office  
20 location designated by the licensee for purposes of substantial  
21 equivalency and reciprocity.

22 ~~((20))~~ (19) "Quality assurance review" means a process  
23 established by and conducted at the direction of the board of study,  
24 appraisal, or review of one or more aspects of the attest or  
25 compilation work of a licensee or licensed firm in the practice of  
26 public accountancy, by a person or persons who hold licenses and who  
27 are not affiliated with the person or firm being reviewed.

28 ~~((21))~~ (20) "Report," when used with reference to any attest or  
29 compilation service, means an opinion, report, or other form of  
30 language that states or implies assurance as to the reliability of  
31 the attested information or compiled financial statements and that  
32 also includes or is accompanied by any statement or implication that  
33 the person or firm issuing it has special knowledge or competence in  
34 the practice of public accounting. Such a statement or implication of  
35 special knowledge or competence may arise from use by the issuer of  
36 the report of names or titles indicating that the person or firm is  
37 involved in the practice of public accounting, or from the language  
38 of the report itself. "Report" includes any form of language which  
39 disclaims an opinion when such form of language is conventionally  
40 understood to imply any positive assurance as to the reliability of

1 the attested information or compiled financial statements referred to  
2 and/or special competence on the part of the person or firm issuing  
3 such language; and it includes any other form of language that is  
4 conventionally understood to imply such assurance and/or such special  
5 knowledge or competence. "Report" does not include services  
6 referenced in RCW 18.04.350 (10) or (11) provided by persons not  
7 holding a license under this chapter as provided in RCW  
8 18.04.350(14).

9 ~~((+22))~~ (21) "Review committee" means any person carrying out,  
10 administering or overseeing a peer review authorized by the reviewee.

11 ~~((+23))~~ (22) "Rule" means any rule adopted by the board under  
12 authority of this chapter.

13 ~~((+24))~~ (23) "Sole proprietorship" means a legal form of  
14 organization owned by one person meeting the requirements of RCW  
15 18.04.195.

16 ~~((+25))~~ (24) "State" includes the states of the United States,  
17 the District of Columbia, Puerto Rico, Guam, the United States Virgin  
18 Islands, and the Commonwealth of the Northern Mariana Islands at such  
19 time as the board determines that the Commonwealth of the Northern  
20 Mariana Islands is issuing licenses under the substantially  
21 equivalent standards in RCW 18.04.350(2)(a).

22 (25) "Substantial equivalency" or "substantially equivalent"  
23 means a determination by the board or its designee that the  
24 education, examination, and experience requirements contained in the  
25 statutes and administrative rules of another jurisdiction are  
26 comparable to or exceed the education, examination, and experience  
27 requirements contained in this chapter or that an individual CPA's  
28 education, examination, and experience qualifications are comparable  
29 to or exceed the education, examination, and experience requirements  
30 contained in this chapter. In ascertaining substantial equivalency  
31 and substantially equivalent as used in this chapter the board shall  
32 take into account the qualifications without regard to the sequence  
33 in which experience, education, or examination requirements were  
34 attained.

35 **Sec. 3.** RCW 18.04.055 and 2019 c 71 s 1 are each amended to read  
36 as follows:

37 The board may adopt and amend rules under chapter 34.05 RCW for  
38 the orderly conduct of its affairs. The board shall prescribe rules

1 consistent with this chapter as necessary to implement this chapter.  
2 Included may be:

3 (1) Rules of procedure to govern the conduct of matters before  
4 the board;

5 (2) Rules of professional conduct for all licensees(~~7~~  
6 ~~certificate holders,~~) and nonlicensee owners of licensed firms, in  
7 order to establish and maintain high standards of competence and  
8 ethics including rules dealing with independence, integrity,  
9 objectivity, and freedom from conflicts of interest;

10 (3) Rules specifying actions and circumstances deemed to  
11 constitute holding oneself out as a licensee in connection with the  
12 practice of public accountancy;

13 (4) Rules specifying the manner and circumstances of the use of  
14 the titles "certified public (~~accountant" and "CPA," by holders of~~  
15 ~~certificates who do not also hold licenses)~~ accountant," "CPA,"  
16 "CPA-inactive," and "CPA-retired" by holders of a license under this  
17 chapter;

18 (5) Rules specifying the educational requirements to take the  
19 certified public accountant examination;

20 (6) Rules designed to ensure that licensees' "reports" meet the  
21 definitional requirements for that term as specified in RCW  
22 18.04.025;

23 (7) Requirements for CPE to maintain or improve the professional  
24 competence of licensees as a condition to maintaining their license  
25 (~~and certificate holders as a condition to maintaining their~~  
26 ~~certificate under RCW 18.04.215));~~

27 (8) Rules governing firms issuing or offering to issue attest or  
28 compilation reports or providing public accounting services as  
29 defined in RCW 18.04.025 using the title "certified public  
30 accountant" or "CPA" including, but not limited to, rules concerning  
31 their style, name, title, and affiliation with any other  
32 organization, and establishing reasonable practice and ethical  
33 standards to protect the public interest;

34 (9) The board may by rule implement a quality assurance review  
35 program as a means to monitor licensees' quality of practice and  
36 compliance with professional standards. The board may exempt from  
37 such program, licensees who undergo periodic peer reviews in programs  
38 of the American Institute of Certified Public Accountants, NASBA, or  
39 other programs recognized and approved by the board;

1 (10) The board may by rule require licensed firms to obtain  
2 professional liability insurance if in the board's discretion such  
3 insurance provides additional and necessary protection for the  
4 public;

5 (11) Rules specifying the experience requirements in order to  
6 qualify for a license;

7 ~~((Rules specifying the requirements for certificate holders  
8 to qualify for a license under this chapter which must include  
9 provisions for meeting CPE and experience requirements prior to  
10 application for licensure;~~

11 ~~(13))~~ Rules specifying the registration requirements, including  
12 ethics examination and fee requirements, for resident nonlicensee  
13 partners, shareholders, and managers of licensed firms;

14 ~~((14))~~ (13) Rules specifying the ethics CPE requirements for  
15 ~~((certificate holders))~~ an individual with an inactive license and  
16 owners of licensed firms, including the process for reporting  
17 compliance with those requirements;

18 ~~((15))~~ (14) Rules specifying the experience and CPE  
19 requirements for licensees offering or issuing reports; and

20 ~~((16))~~ (15) Any other rule which the board finds necessary or  
21 appropriate to implement this chapter.

22 **Sec. 4.** RCW 18.04.065 and 2015 c 215 s 6 are each amended to  
23 read as follows:

24 The board shall set its fees at a level adequate to pay the costs  
25 of administering this chapter. All fees for licenses, registrations  
26 of nonlicensee partners, shareholders, and managers of licensed  
27 firms, renewals of licenses, renewals of registrations of nonlicensee  
28 partners, shareholders, and managers of licensed firms, ~~((renewals of  
29 certificates,))~~ reinstatements of lapsed licenses, ~~((reinstatements  
30 of lapsed certificates,))~~ reinstatements of lapsed registrations of  
31 nonlicensee partners, shareholders, and managers of licensed firms,  
32 practice privileges under RCW 18.04.350, and delinquent filings  
33 received under the authority of this chapter shall be deposited in  
34 the certified public accountants' account created by RCW 18.04.105.  
35 Appropriation from such account shall be made only for the cost of  
36 administering the provisions of this chapter or for the purpose of  
37 administering the certified public accounting scholarship program  
38 created in chapter 28B.123 RCW.

1           **Sec. 5.** RCW 18.04.105 and 2016 c 127 s 3 are each amended to  
2 read as follows:

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

5           (a) Who is of good character. Good character, for purposes of  
6 this section, means lack of a history of dishonest or felonious acts.  
7 The board may refuse to grant a license on the ground of failure to  
8 satisfy this requirement only if there is a substantial connection  
9 between the lack of good character of the applicant and the  
10 professional and ethical responsibilities of a licensee and if the  
11 finding by the board of lack of good character is supported by a  
12 preponderance of evidence. When an applicant is found to be  
13 unqualified for a license because of a lack of good character, the  
14 board shall furnish the applicant a statement containing the findings  
15 of the board and a notice of the applicant's right of appeal;

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

18           (c) Who has passed an examination;

19           (d) Who has had one year of experience which is gained:

20           (i) Through the use of accounting, issuing reports, management  
21 advisory, financial advisory, tax, tax advisory, or consulting  
22 skills;

23           (ii) While employed in government, industry, academia, or public  
24 practice; and

25           (iii) Meeting the competency requirements in a manner as  
26 determined by the board to be appropriate and established by board  
27 rule; and

28           (e) Who has paid appropriate fees as established by rule by the  
29 board.

30           (2) The examination described in subsection (1)(c) of this  
31 section shall test the applicant's knowledge of the subjects of  
32 accounting and auditing, and other related fields the board may  
33 specify by rule. The time for holding the examination is fixed by the  
34 board and may be changed from time to time. The board shall prescribe  
35 by rule the methods of applying for and taking the examination,  
36 including methods for grading examinations and determining a passing  
37 grade required of an applicant for a license. The board shall to the  
38 extent possible see to it that the grading of the examination, and  
39 the passing grades, are uniform with those applicable to all other  
40 states. The board may make use of all or a part of the uniform

1 certified public accountant examination and advisory grading service  
2 of the American Institute of Certified Public Accountants and may  
3 contract with third parties to perform administrative services with  
4 respect to the examination as the board deems appropriate to assist  
5 it in performing its duties under this chapter. The board shall  
6 establish by rule provisions for transitioning to a new examination  
7 structure or to a new media for administering the examination.

8 (3) The board shall charge each applicant an examination fee for  
9 the initial examination or for reexamination. The applicable fee  
10 shall be paid by the person at the time he or she applies for  
11 examination, reexamination, or evaluation of educational  
12 qualifications. Fees for examination, reexamination, or evaluation of  
13 educational qualifications shall be determined by the board under  
14 this chapter ((18.04—RCW)). There is established in the state  
15 treasury an account to be known as the certified public accountants'  
16 account. All fees received from candidates to take any or all  
17 sections of the certified public accountant examination shall be used  
18 only for costs related to the examination.

19 (4) ~~((Persons who on June 30, 2001, held valid certificates  
20 previously issued under this chapter shall be deemed to be  
21 certificate holders, subject to the following:~~

22 ~~(a) Certificate holders may, prior to June 30, 2006, petition the  
23 board to become licensees by documenting to the board))~~ Individuals  
24 whose certificates are current and valid on June 30, 2024, will  
25 automatically be converted to a licensee in an inactive status. To  
26 activate a license and become an active licensee, the individual must  
27 apply to the board to activate his or her license and must meet the  
28 following requirements:

29 (a) For applications to activate, the licensees must submit to  
30 the board documentation that they have gained one year of experience  
31 through the use of accounting, issuing reports, management advisory,  
32 financial advisory, tax, tax advisory, or consulting skills, without  
33 regard to the eight-year limitation set forth in (b) of this  
34 subsection, while employed in government, industry, academia, or  
35 public practice.

36 ~~(b) ((Certificate holders who do not petition to become licensees  
37 prior to June 30, 2006, may after that date petition the board to  
38 become licensees by documenting))~~ For applications submitted to the  
39 board before January 1, 2024, the individual must provide  
40 documentation to the board that they have one year of experience



1 acquired within eight years prior to applying for a license through  
2 the use of accounting, issuing reports, management advisory,  
3 financial advisory, tax, tax advisory, or consulting skills in  
4 government, industry, academia, or public practice.

5 ~~(c) ((Certificate holders who petition the board pursuant to (a)~~  
6 ~~or (b) of this subsection must also meet))~~ Meet competency  
7 requirements in a manner as determined by the board to be appropriate  
8 and established by board rule.

9 ~~(d) ((Any certificate holder petitioning the board pursuant to~~  
10 ~~(a) or (b) of this subsection to become a licensee must submit))~~  
11 Submit to the board satisfactory proof of having completed an  
12 accumulation of one hundred twenty hours of CPE during the thirty-six  
13 months preceding the date of filing the petition.

14 ~~(e) ((Any certificate holder petitioning the board pursuant to~~  
15 ~~(a) or (b) of this subsection to become a licensee must pay))~~ Pay the  
16 appropriate fees established by rule by the board.

17 ~~(5) ((Certificate holders shall comply with the prohibition~~  
18 ~~against the practice of public accounting in RCW 18.04.345.~~

19 ~~(6) Persons who on June 30, 2001, held valid certificates~~  
20 ~~previously issued under this chapter are deemed to hold inactive~~  
21 ~~certificates, subject to renewal as inactive certificates, until they~~  
22 ~~have petitioned the board to become licensees and have met the~~  
23 ~~requirements of subsection (4) of this section. No individual who did~~  
24 ~~not hold a valid certificate before July 1, 2001, is eligible to~~  
25 ~~obtain an inactive certificate.~~

26 ~~(7) Persons deemed to hold inactive certificates under subsection~~  
27 ~~(6) of this section shall comply with the prohibition against the~~  
28 ~~practice of public accounting in subsection (8)(b) of this section~~  
29 ~~and RCW 18.04.345, but are not required to display the term inactive~~  
30 ~~as part of their title, as required by subsection (8)(a) of this~~  
31 ~~section until renewal. Certificates renewed to any persons after June~~  
32 ~~30, 2001, are inactive certificates and the inactive certificate~~  
33 ~~holders are subject to the requirements of subsection (8) of this~~  
34 ~~section.~~

35 ~~(8) Persons holding an inactive certificate:~~

36 ~~(a) Must use or attach the term "inactive" whenever using the~~  
37 ~~title CPA or certified public accountant or referring to the~~  
38 ~~certificate, and print the word "inactive" immediately following the~~  
39 ~~title, whenever the title is printed on a business card, letterhead,~~  
40 ~~or any other document, including documents published or transmitted~~

1 through electronic media, in the same font and font size as the  
2 title; and

3 ~~(b) Are prohibited from practicing public accounting))~~  
4 Individuals who did not hold a valid certificate on the conversion  
5 date of June 30, 2024, and who wish to apply for a license must apply  
6 as a new licensee and meet the requirements under subsection (1) of  
7 this section for initial licensure.

8 (6) Any licensee in good standing may request to have his or her  
9 license placed on inactive status. All licensees in inactive status,  
10 including those who converted from certificate to a license, are  
11 subject to the following conditions:

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

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

14 (c) The licensee must comply with the applicable CPE  
15 requirements;

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

18 **Sec. 6.** RCW 18.04.180 and 2004 c 159 s 3 are each amended to  
19 read as follows:

20 (1) The board shall issue a license to a holder of a certificate/  
21 valid license issued by another state that entitles the holder to  
22 practice public accountancy, provided that:

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

25 (b) The applicant meets the CPE requirements of RCW  
26 18.04.215(~~(+5)~~) (4);

27 (c) The applicant meets the good character requirements of RCW  
28 18.04.105(1) (a); and

29 (d) The applicant passed the examination required for issuance of  
30 his or her certificate or license with grades that would have been  
31 passing grades at that time in this state and meets all current  
32 requirements in this state for issuance of a license at the time  
33 application is made; or at the time of the issuance of the  
34 applicant's license in the other state, met all the requirements then  
35 applicable in this state; or has three years of experience within the  
36 five years immediately preceding application or had five years of  
37 experience within the ten years immediately preceding application in  
38 the practice of public accountancy that meets the requirements  
39 prescribed by the board.

1 (2) The board may accept NASBA's designation of the applicant as  
2 substantially equivalent to national standards as meeting the  
3 requirement of subsection (1)(d) of this section.

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

10 **Sec. 7.** RCW 18.04.195 and 2019 c 71 s 2 are each amended to read  
11 as follows:

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

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

16 (i) Any firm with an office in this state performing or offering  
17 to perform attest services as defined in RCW 18.04.025(1) or  
18 compilations as defined in RCW 18.04.025(~~(+6)~~) (5); or

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

22 (A) Complies with the qualifications described in subsection  
23 (3)(c), (4)(a), or (5)(c) of this section;

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

27 (C) Performs such services through an individual with practice  
28 privileges under RCW 18.04.350(2); and

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

31 (b) A chartered professional accounting firm registered in the  
32 Canadian province of British Columbia may provide compilation or  
33 attest services in accordance with RCW 18.04.350(15) without  
34 obtaining a Washington state CPA firm license.

35 (c) A firm that is not subject to the requirements of subsection  
36 (1)(a) of this section may perform compilation services described in  
37 RCW 18.04.025(~~(+6)~~) (5) and other nonattest professional services  
38 while using the title "CPA" or "CPA firm" in this state without a  
39 license issued under this section only if:

1 (i) The firm performs such services through an individual with  
2 practice privileges under RCW 18.04.350(2); and  
3 (ii) The firm can lawfully do so in the state where said  
4 individuals with practice privileges have their principal place of  
5 business.

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

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

16 (b) Each resident individual in charge of an office located in  
17 this state shall hold and renew a license to practice under RCW  
18 18.04.105 and 18.04.215; and

19 (c) The licensed firm must meet requirements established by rule  
20 by the board.

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

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

31 (b) Each resident individual in charge of an office in this state  
32 shall hold and renew a license to practice under RCW 18.04.105 and  
33 18.04.215;

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

1 (d) The licensed firm must meet requirements established by rule  
2 by the board.

3 (4) A corporation that performs or offers to perform attest or  
4 compilation services as defined in RCW 18.04.025 is required to  
5 obtain a license under subsection (1) of this section((+7+))1 shall  
6 license as a firm every three years with the board((+7+))1 and shall  
7 meet the following requirements:

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

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

21 (c) Each resident individual in charge of an office located in  
22 this state shall hold and renew a license under RCW 18.04.105 and  
23 18.04.215;

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

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

35 (f) The licensed firm must meet requirements established by rule  
36 by the board.

37 (5) A limited liability company that performs or offers to  
38 perform attest or compilation services as defined in RCW 18.04.025 is  
39 required to obtain a license under subsection (1) of this

1 section((~~17~~)), shall license as a firm every three years with the  
2 board, and shall meet the following requirements:

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

8 (b) Each resident manager or member in charge of an office  
9 located in this state shall hold and renew a license under RCW  
10 18.04.105 and 18.04.215;

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

18 (d) The licensed firm must meet requirements established by rule  
19 by the board.

20 (6) Application for a license as a firm with an office in this  
21 state shall be made upon the affidavit of the proprietor or  
22 individual designated as managing partner, member, or shareholder for  
23 Washington. This individual shall hold a license under RCW 18.04.215.

24 (7) In the case of a firm licensed in another state and required  
25 to obtain a license under subsection (1)(a)(iii) of this section, the  
26 application for the firm license shall be made upon the affidavit of  
27 an individual who qualifies for practice privileges in this state  
28 under RCW 18.04.350(2) who has been authorized by the applicant firm  
29 to make the application. The board shall determine in each case  
30 whether the applicant is eligible for a license.

31 (8) The board shall be given notification within ninety days  
32 after the admission or withdrawal of a partner, shareholder, or  
33 member engaged in this state in the practice of public accounting  
34 from any partnership, corporation, or limited liability company so  
35 licensed.

36 (9) Licensed firms that fall out of compliance with the  
37 provisions of this section due to changes in firm ownership, after  
38 receiving or renewing a license, shall notify the board in writing  
39 within ninety days of its falling out of compliance and propose a  
40 time period in which they will come back into compliance. The board

1 may grant a reasonable period of time for a firm to be in compliance  
2 with the provisions of this section. Failure to bring the firm into  
3 compliance within a reasonable period of time, as determined by the  
4 board, may result in suspension, revocation, or imposition of  
5 conditions on the firm's license.

6 (10) Fees for the license as a firm and for notification of the  
7 board of the admission or withdrawal of a partner, shareholder, or  
8 member shall be determined by the board. Fees shall be paid by the  
9 firm at the time the license application form or notice of admission  
10 or withdrawal of a partner, shareholder, or member is filed with the  
11 board.

12 (11) Nonlicensee owners of licensed firms are:

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

15 (b) Required to be an individual;

16 (c) Required to be of good character, as defined in RCW  
17 18.04.105(1)(a), and an active individual participant in the licensed  
18 firm or affiliated entities as these terms are defined by board rule;  
19 and

20 (d) Subject to discipline by the board for violation of this  
21 chapter.

22 (12) Resident nonlicensee owners of licensed firms are required  
23 to meet:

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

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

27 (13)(a) Licensed firms must notify the board within thirty days  
28 after:

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

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

37 (iii) The licensed firm is notified that it has been charged with  
38 a violation of law that could result in the suspension or revocation  
39 of the firm's license by a federal or other state agency, as  
40 identified by board rule, related to the firm's professional license,

1 practice rights, or violation of ethical or technical standards  
2 established by board rule.

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

9 **Sec. 8.** RCW 18.04.195 and 2019 c 71 s 3 are each amended to read  
10 as follows:

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

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

15 (i) Any firm with an office in this state performing or offering  
16 to perform attest services as defined in RCW 18.04.025(1) or  
17 compilations as defined in RCW 18.04.025(~~(+6)~~) (5); or

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

21 (A) Complies with the qualifications described in subsection  
22 (3)(c), (4)(a), or (5)(c) of this section;

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

26 (C) Performs such services through an individual with practice  
27 privileges under RCW 18.04.350(2); and

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

30 (b) A firm that is not subject to the requirements of subsection  
31 (1)(a) of this section may perform compilation services described in  
32 RCW 18.04.025(~~(+6)~~) (5) and other nonattest professional services  
33 while using the title "CPA" or "CPA firm" in this state without a  
34 license issued under this section only if:

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

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



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

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

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

14 (c) The licensed firm must meet requirements established by rule  
15 by the board.

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

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

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

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

36 (d) The licensed firm must meet requirements established by rule  
37 by the board.

38 (4) A corporation that performs or offers to perform attest or  
39 compilation services as defined in RCW 18.04.025 is required to  
40 obtain a license under subsection (1) of this section(~~(and)~~), shall

1 license as a firm every three years with the board(~~(+)~~), and shall  
2 meet the following requirements:

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

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

16 (c) Each resident individual in charge of an office located in  
17 this state shall hold and renew a license under RCW 18.04.105 and  
18 18.04.215;

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

27 (e) The corporation shall comply with any other rules pertaining  
28 to corporations practicing public accounting in this state as the  
29 board may prescribe; and

30 (f) The licensed firm must meet requirements established by rule  
31 by the board.

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

37 (a) At least one member of the limited liability company shall  
38 hold a license under RCW 18.04.105 and 18.04.215, or, in the case of  
39 a limited liability company that must obtain a license pursuant to

1 subsection (1)(a)(iii) of this section, be a licensee of another  
2 state who meets the requirements in RCW 18.04.350(2);

3 (b) Each resident manager or member in charge of an office  
4 located in this state shall hold and renew a license under RCW  
5 18.04.105 and 18.04.215;

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

13 (d) The licensed firm must meet requirements established by rule  
14 by the board.

15 (6) Application for a license as a firm with an office in this  
16 state shall be made upon the affidavit of the proprietor or  
17 individual designated as managing partner, member, or shareholder for  
18 Washington. This individual shall hold a license under RCW 18.04.215.

19 (7) In the case of a firm licensed in another state and required  
20 to obtain a license under subsection (1)(a)(iii) of this section, the  
21 application for the firm license shall be made upon the affidavit of  
22 an individual who qualifies for practice privileges in this state  
23 under RCW 18.04.350(2) who has been authorized by the applicant firm  
24 to make the application. The board shall determine in each case  
25 whether the applicant is eligible for a license.

26 (8) The board shall be given notification within ninety days  
27 after the admission or withdrawal of a partner, shareholder, or  
28 member engaged in this state in the practice of public accounting  
29 from any partnership, corporation, or limited liability company so  
30 licensed.

31 (9) Licensed firms that fall out of compliance with the  
32 provisions of this section due to changes in firm ownership, after  
33 receiving or renewing a license, shall notify the board in writing  
34 within ninety days of its falling out of compliance and propose a  
35 time period in which they will come back into compliance. The board  
36 may grant a reasonable period of time for a firm to be in compliance  
37 with the provisions of this section. Failure to bring the firm into  
38 compliance within a reasonable period of time, as determined by the  
39 board, may result in suspension, revocation, or imposition of  
40 conditions on the firm's license.

1 (10) Fees for the license as a firm and for notification of the  
2 board of the admission or withdrawal of a partner, shareholder, or  
3 member shall be determined by the board. Fees shall be paid by the  
4 firm at the time the license application form or notice of admission  
5 or withdrawal of a partner, shareholder, or member is filed with the  
6 board.

7 (11) Nonlicensee owners of licensed firms are:

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

10 (b) Required to be an individual;

11 (c) Required to be of good character, as defined in RCW  
12 18.04.105(1)(a), and an active individual participant in the licensed  
13 firm or affiliated entities as these terms are defined by board rule;  
14 and

15 (d) Subject to discipline by the board for violation of this  
16 chapter.

17 (12) Resident nonlicensee owners of licensed firms are required  
18 to meet:

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

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

22 (13)(a) Licensed firms must notify the board within thirty days  
23 after:

24 (i) Sanction, suspension, revocation, or modification of their  
25 professional license or practice rights by the securities exchange  
26 commission, internal revenue service, or another state board of  
27 accountancy;

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

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

38 (b) The board must adopt rules to implement this subsection and  
39 may also adopt rules specifying requirements for licensees to report  
40 to the board sanctions or orders relating to the licensee's practice

1 of public accounting or violation of ethical or technical standards  
2 entered against the licensee by a nongovernmental professionally  
3 related standard-setting entity.

4 **Sec. 9.** RCW 18.04.215 and 2018 c 224 s 5 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 certificate holders meeting the requirements of RCW  
10 18.04.105(4)).~~

11 ~~(e))~~ To firms under RCW 18.04.195, meeting the requirements of  
12 RCW 18.04.205.

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

19 ~~(3) ((An inactive certificate is renewed every three years with  
20 renewal subject to the requirements of ethics CPE and the payment of  
21 fees, prescribed by the board. Failure to renew the inactive  
22 certificate shall cause the inactive certificate to lapse and be  
23 subject to reinstatement. The board shall adopt rules providing for  
24 fees and procedures for renewal and reinstatement of inactive  
25 certificates.~~

26 ~~(4))~~ A license is issued every three years with renewal subject  
27 to requirements of CPE and payment of fees, prescribed by the board.  
28 Failure to renew the license shall cause the license to lapse and  
29 become subject to reinstatement. Persons holding a lapsed license are  
30 prohibited from using the title ~~(("CPA" or "certified public  
31 accountant."))~~ "CPA," "certified public accountant," "CPA-inactive,"  
32 or "CPA-retired." Persons holding a lapsed license are prohibited  
33 from practicing public accountancy. The board shall adopt rules  
34 providing for fees and procedures for issuance, renewal, and  
35 reinstatement of licenses.

36 ~~((5))~~ (4) The board shall adopt rules providing for CPE for  
37 active or inactive licensees ~~((and certificate holders))~~. The rules  
38 shall:

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

5 (b) Provide that an individual with an inactive license must  
6 verify to the board that he or she has completed a board-approved  
7 ethics course for CPE during the last three-year period to maintain  
8 the inactive license;

9 (c) Establish CPE requirements; and

10 ~~((e))~~ (d) Establish when new licensees shall verify that they  
11 have completed the required CPE.

12 ~~((f))~~ (5) A certified public accountant who holds a license  
13 issued by another state, and applies for a license in this state, may  
14 practice in this state from the date of filing a completed  
15 application with the board, until the board has acted upon the  
16 application provided the application is made prior to holding out as  
17 a certified public accountant in this state and no sanctions or  
18 investigations, deemed by the board to be pertinent to public  
19 accountancy, by other jurisdictions or agencies are in process.

20 ~~((g))~~ (6)(a) A licensee shall submit to the board satisfactory  
21 proof of having completed an accumulation of one hundred twenty hours  
22 of CPE recognized and approved by the board during the preceding  
23 three years. Failure to furnish this evidence as required shall make  
24 the license lapse and subject to reinstatement procedures, unless the  
25 board determines the failure to have been due to retirement or  
26 reasonable cause.

27 (b) The board in its discretion may renew a ~~((certificate or))~~  
28 license despite failure to furnish evidence of compliance with  
29 requirements of CPE upon condition that the applicant follow a  
30 particular program of CPE. In issuing rules and individual orders  
31 with respect to CPE requirements, the board, among other  
32 considerations, may rely upon guidelines and pronouncements of  
33 recognized educational and professional associations, may prescribe  
34 course content, duration, and organization, and may take into account  
35 the accessibility of CPE to licensees ~~((and certificate holders))~~ and  
36 instances of individual hardship.

37 ~~((h))~~ (7) Fees for renewal or reinstatement of ~~((certificates~~  
38 ~~and))~~ licenses in this state shall be determined by the board under  
39 this chapter. Fees shall be paid by the applicant at the time the  
40 application form is filed with the board. The board, by rule, may

1 provide for proration of fees for licenses (~~(or certificates)~~) issued  
2 between normal renewal dates.

3 ~~((9))~~ (8)(a) Licensees(~~(, certificate holders,)~~) and  
4 nonlicensee owners must notify the board within thirty days after:

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

9 (ii) Sanction or order against the licensee(~~(, certificate  
10 holder,)~~) or nonlicensee owner by any federal or other state agency  
11 related to the licensee's practice of public accounting or the  
12 licensee's(~~(, certificate holder's,)~~) or nonlicensee owner's  
13 violation of ethical or technical standards established by board  
14 rule; or

15 (iii) The licensee(~~(, certificate holder,)~~) or nonlicensee owner  
16 is notified that he or she has been charged with a violation of law  
17 that could result in the suspension or revocation of a license (~~(or  
18 certificate)~~) by a federal or other state agency, as identified by  
19 board rule, related to the licensee's(~~(, certificate holder's,)~~) or  
20 nonlicensee owner's professional license, practice rights, or  
21 violation of ethical or technical standards established by board  
22 rule.

23 (b) The board must adopt rules to implement this subsection and  
24 may also adopt rules specifying requirements for licensees(~~(,   
25 certificate holders,)~~) and nonlicensee owners to report to the board  
26 sanctions or orders relating to the licensee's practice of public  
27 accounting or the licensee's(~~(, certificate holder's,)~~) or  
28 nonlicensee owner's violation of ethical or technical standards  
29 entered against the licensee(~~(, certificate holder,)~~) or nonlicensee  
30 owner by a nongovernmental professionally related standard-setting  
31 entity.

32 ~~((10))~~ (9) A chartered professional accounting firm registered  
33 in the Canadian province of British Columbia and its owners and  
34 employees that provide compilation or attest services in accordance  
35 with RCW 18.04.350(15) are not required to obtain a CPA firm license  
36 or individual CPA licenses and will not be subject to license fees.

37 **Sec. 10.** RCW 18.04.215 and 2003 c 290 s 2 are each amended to  
38 read as follows:

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

1 (a) To persons meeting the requirements of RCW 18.04.105(1),  
2 18.04.180, or 18.04.183.

3 ~~((To certificate holders meeting the requirements of RCW  
4 18.04.105(4).~~

5 ~~(e))~~ To firms under RCW 18.04.195, meeting the requirements of  
6 RCW 18.04.205.

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

13 ~~((An inactive certificate is renewed every three years with  
14 renewal subject to the requirements of ethics CPE and the payment of  
15 fees, prescribed by the board. Failure to renew the inactive  
16 certificate shall cause the inactive certificate to lapse and be  
17 subject to reinstatement. The board shall adopt rules providing for  
18 fees and procedures for renewal and reinstatement of inactive  
19 certificates.~~

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

30 ~~((5))~~ (4) The board shall adopt rules providing for CPE for  
31 active or inactive licensees and certificate holders. The rules  
32 shall:

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

37 (b) Provide that an individual with an inactive license must  
38 verify to the board that he or she has completed a board-approved  
39 ethics course for CPE during the last three-year period to maintain  
40 the inactive license;



1        (c) Establish CPE requirements; and  
2        ~~((e))~~ (d) Establish when new licensees shall verify that they  
3 have completed the required CPE.

4        ~~((6))~~ (5) A certified public accountant who holds a license  
5 issued by another state, and applies for a license in this state, may  
6 practice in this state from the date of filing a completed  
7 application with the board, until the board has acted upon the  
8 application provided the application is made prior to holding out as  
9 a certified public accountant in this state and no sanctions or  
10 investigations, deemed by the board to be pertinent to public  
11 accountancy, by other jurisdictions or agencies are in process.

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

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

29        ~~((8))~~ (7) Fees for renewal or reinstatement of ~~((certificates~~  
30 ~~and))~~ licenses in this state shall be determined by the board under  
31 this chapter. Fees shall be paid by the applicant at the time the  
32 application form is filed with the board. The board, by rule, may  
33 provide for proration of fees for licenses ~~((or certificates))~~ issued  
34 between normal renewal dates.

35        ~~((9))~~ (8)(a) Licensees ~~((, certificate holders,))~~ and  
36 nonlicensee owners must notify the board within thirty days after:

37        (i) Sanction, suspension, revocation, or modification of their  
38 professional license or practice rights by the securities exchange  
39 commission, internal revenue service, or another state board of  
40 accountancy;

1 (ii) Sanction or order against the licensee(~~(, certificate~~  
2 ~~holder,)~~) or nonlicensee owner by any federal or other state agency  
3 related to the licensee's practice of public accounting or the  
4 licensee's(~~(, certificate holder's,)~~) or nonlicensee owner's  
5 violation of ethical or technical standards established by board  
6 rule; or

7 (iii) The licensee(~~(, certificate holder,)~~) or nonlicensee owner  
8 is notified that he or she has been charged with a violation of law  
9 that could result in the suspension or revocation of a license (~~(or~~  
10 ~~certificate)~~) by a federal or other state agency, as identified by  
11 board rule, related to the licensee's(~~(, certificate holder's,)~~) or  
12 nonlicensee owner's professional license, practice rights, or  
13 violation of ethical or technical standards established by board  
14 rule.

15 (b) The board must adopt rules to implement this subsection and  
16 may also adopt rules specifying requirements for licensees(~~(, certificate holders,)~~) and nonlicensee owners to report to the board  
17 sanctions or orders relating to the licensee's practice of public  
18 accounting or the licensee's(~~(, certificate holder's,)~~) or  
19 nonlicensee owner's violation of ethical or technical standards  
20 entered against the licensee(~~(, certificate holder,)~~) or nonlicensee  
21 owner by a nongovernmental professionally related standard-setting  
22 entity.  
23

24 **Sec. 11.** RCW 18.04.295 and 2004 c 159 s 4 are each amended to  
25 read as follows:

26 The board shall have the power to: Revoke, suspend, or refuse to  
27 issue, renew, or reinstate a license (~~(or certificate)~~); impose a  
28 fine in an amount not to exceed thirty thousand dollars plus the  
29 board's investigative and legal costs in bringing charges against a  
30 certified public accountant, (~~(a certificate holder,)~~) a licensee, a  
31 licensed firm, an applicant, a non-CPA violating the provisions of  
32 RCW 18.04.345, or a nonlicensee holding an ownership interest in a  
33 licensed firm; may impose full restitution to injured parties; may  
34 impose conditions precedent to renewal of a (~~(certificate or a)~~)  
35 license; or may prohibit a nonlicensee from holding an ownership  
36 interest in a licensed firm, for any of the following causes:

37 (1) Fraud or deceit in obtaining a license, or in any filings  
38 with the board;

1 (2) Dishonesty, fraud, or negligence while representing oneself  
2 as a nonlicensee owner holding an ownership interest in a licensed  
3 firm(~~(r)~~) or a licensee(~~(, or a certificate holder)~~);

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

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

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

8 (a) The laws of this state;

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

12 (c) Federal law;

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

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

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

22 (8) Failure to maintain compliance with the requirements for  
23 issuance, renewal, or reinstatement of a (~~(certificate or)~~) license,  
24 or to report changes to the board;

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

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

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

31 (c) Failure to respond to subpoenas issued by the board, whether  
32 or not the recipient of the subpoena is the accused in the  
33 proceeding;

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

36 (11) Failure to comply with an order of the board.

37 **Sec. 12.** RCW 18.04.320 and 1986 c 295 s 13 are each amended to  
38 read as follows:

1 In the case of the refusal, revocation, or suspension of a  
2 (~~certificate or a~~) license by the board under the provisions of  
3 this chapter, such proceedings and any appeal therefrom shall be  
4 taken in accordance with the administrative procedure act, chapter  
5 34.05 RCW.

6 **Sec. 13.** RCW 18.04.335 and 2001 c 294 s 16 are each amended to  
7 read as follows:

8 (1) Upon application in writing and after hearing pursuant to  
9 notice, the board may:

10 (a) Modify the suspension of, or reissue (~~a certificate or~~) a  
11 license to, an individual whose (~~certificate or~~) license has been  
12 revoked or suspended; or

13 (b) Modify the suspension of, or reissue a license to a firm  
14 whose license has been revoked, suspended, or which the board has  
15 refused to renew.

16 (2) In the case of suspension for failure to comply with a  
17 support order under chapter 74.20A RCW, if the person has continued  
18 to meet all other requirements for reinstatement during the  
19 suspension, reissuance of a (~~certificate or a~~) license shall be  
20 automatic upon the board's receipt of a release issued by the  
21 department of social and health services stating that the individual  
22 is in compliance with the order.

23 **Sec. 14.** RCW 18.04.345 and 2019 c 71 s 5 are each amended to  
24 read as follows:

25 (1) Except when performing services as an employee or owner of a  
26 firm that performs or offers to perform attest or compilation  
27 services as defined in RCW 18.04.025 in accordance with RCW  
28 18.04.350(15), no individual may assume or use the designation  
29 "certified public accountant-inactive" or "CPA-inactive" or any other  
30 title, designation, words, letters, abbreviation, sign, card, or  
31 device tending to indicate that the individual is a certified public  
32 accountant-inactive or CPA-inactive unless the individual holds a  
33 (~~certificate~~) license in an inactive status. Individuals holding  
34 only (~~a certificate~~) an inactive license may not practice public  
35 accounting.

36 (2) No individual may hold himself or herself out to the public  
37 or assume or use the designation "certified public accountant" or  
38 "CPA" or any other title, designation, words, letters, abbreviation,

1 sign, card, or device tending to indicate that the individual is a  
2 certified public accountant or CPA unless the individual qualifies  
3 for the privileges authorized by RCW 18.04.350(2) or holds a license  
4 under RCW 18.04.105 and 18.04.215, or is providing compilation or  
5 attest services as an employee or owner of a firm operating in  
6 accordance with RCW 18.04.350(15).

7 (3) No firm with an office in this state may perform or offer to  
8 perform attest services as defined in RCW 18.04.025(1) or compilation  
9 services as defined in RCW 18.04.025(~~(+6)~~) (5) unless the firm is  
10 licensed under RCW 18.04.195 and all offices of the firm in this  
11 state are maintained and registered under RCW 18.04.205. This  
12 subsection does not limit the services permitted under RCW  
13 18.04.350(10) by persons not required to be licensed under this  
14 chapter, nor does it prohibit compilation or attest services  
15 performed in accordance with RCW 18.04.350(15).

16 (4) No firm may perform the services defined in RCW 18.04.025(1)  
17 in this state unless the firm is licensed under RCW 18.04.195, renews  
18 the firm license as required under RCW 18.04.215, and all offices of  
19 the firm in this state are maintained and registered under RCW  
20 18.04.205. This subsection does not prohibit services performed in  
21 accordance with RCW 18.04.350(15).

22 (5) Except when performing services as an employee or owner of a  
23 firm operating in accordance with RCW 18.04.350(15), no individual,  
24 partnership, limited liability company, or corporation offering  
25 public accounting services to the public may hold himself, herself,  
26 or itself out to the public, or assume or use along, or in connection  
27 with his, hers, or its name, or any other name the title or  
28 designation "certified accountant," "chartered accountant," "licensed  
29 accountant," "licensed public accountant," "public accountant," or  
30 any other title or designation likely to be confused with "certified  
31 public accountant" or any of the abbreviations "CA," "LA," "LPA," or  
32 "PA," or similar abbreviations likely to be confused with "CPA."

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

36 (7) Except when performing services as an employee or owner of a  
37 firm operating in accordance with RCW 18.04.350(15), no individual  
38 with an office in this state may sign, affix, or associate his or her  
39 name or any trade or assumed name used by the individual in his or  
40 her business to any report prescribed by professional standards

1 unless the individual holds a license to practice under RCW 18.04.105  
2 and 18.04.215, a firm holds a license under RCW 18.04.195, and all of  
3 the individual's offices in this state are registered under RCW  
4 18.04.205.

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

9 (a) Qualifies for the practice privileges authorized by RCW  
10 18.04.350(2);

11 (b) Is licensed under RCW 18.04.105 and 18.04.215, and all of the  
12 individual's offices in this state are maintained and registered  
13 under RCW 18.04.205; or

14 (c) Is performing services as an employee or owner of a firm in  
15 accordance with the provisions of RCW 18.04.350(15).

16 (9) No individual, partnership, limited liability company, or  
17 corporation not holding a license to practice under RCW 18.04.105 and  
18 18.04.215, or firm not licensed under RCW 18.04.195 or firm not  
19 registering all of the firm's offices in this state under RCW  
20 18.04.205, or not qualified for the practice privileges authorized by  
21 RCW 18.04.350(2), or not operating in accordance with the provisions  
22 of RCW 18.04.350(15), may hold himself, herself, or itself out to the  
23 public as an "auditor" with or without any other description or  
24 designation by use of such word on any sign, card, letterhead, or in  
25 any advertisement or directory.

26 (10) For purposes of this section, because individuals practicing  
27 using practice privileges under RCW 18.04.350(2) are deemed  
28 substantially equivalent to licensees under RCW 18.04.105 and  
29 18.04.215, every word, term, or reference that includes the latter  
30 shall be deemed to include the former, provided the conditions of  
31 such practice privilege, as set forth in RCW 18.04.350 (4) and (5)  
32 are maintained.

33 (11) Notwithstanding anything to the contrary in this section, it  
34 is not a violation of this section for a firm that does not hold a  
35 valid license under RCW 18.04.195 and that does not have an office in  
36 this state to use the title "CPA" or "certified public accountant" as  
37 part of the firm's name and to provide its professional services in  
38 this state, and licensees and individuals with practice privileges  
39 may provide services on behalf of such firms so long as it complies  
40 with the requirements of RCW 18.04.195(1). An individual or firm

1 authorized under this subsection to use practice privileges in this  
2 state must comply with the requirements otherwise applicable to  
3 licensees in this section.

4 **Sec. 15.** RCW 18.04.345 and 2019 c 71 s 6 are each amended to  
5 read as follows:

6 (1) No individual may assume or use the designation "certified  
7 public accountant-inactive" or "CPA-inactive" or any other title,  
8 designation, words, letters, abbreviation, sign, card, or device  
9 tending to indicate that the individual is a certified public  
10 accountant-inactive or CPA-inactive unless the individual holds a  
11 ~~((certificate))~~ license in an inactive status. Individuals holding  
12 only ~~((a certificate))~~ an inactive license may not practice public  
13 accounting.

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

21 (3) No firm with an office in this state may perform or offer to  
22 perform attest services as defined in RCW 18.04.025(1) or compilation  
23 services as defined in RCW 18.04.025~~((+6))~~ (5) unless the firm is  
24 licensed under RCW 18.04.195 and all offices of the firm in this  
25 state are maintained and registered under RCW 18.04.205. This  
26 subsection does not limit the services permitted under RCW  
27 18.04.350(10) by persons not required to be licensed under this  
28 chapter.

29 (4) No firm may perform the services defined in RCW 18.04.025(1)  
30 in this state unless the firm is licensed under RCW 18.04.195, renews  
31 the firm license as required under RCW 18.04.215, and all offices of  
32 the firm in this state are maintained and registered under RCW  
33 18.04.205.

34 (5) No individual, partnership, limited liability company, or  
35 corporation offering public accounting services to the public may  
36 hold himself, herself, or itself out to the public, or assume or use  
37 along, or in connection with his, hers, or its name, or any other  
38 name the title or designation "certified accountant," "chartered  
39 accountant," "licensed accountant," "licensed public accountant,"

1 "public accountant," or any other title or designation likely to be  
2 confused with "certified public accountant" or any of the  
3 abbreviations "CA," "LA," "LPA," or "PA," or similar abbreviations  
4 likely to be confused with "CPA."

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

8 (7) No individual with an office in this state may sign, affix,  
9 or associate his or her name or any trade or assumed name used by the  
10 individual in his or her business to any report prescribed by  
11 professional standards unless the individual holds a license to  
12 practice under RCW 18.04.105 and 18.04.215, a firm holds a license  
13 under RCW 18.04.195, and all of the individual's offices in this  
14 state are registered under RCW 18.04.205.

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

19 (a) Qualifies for the practice privileges authorized by RCW  
20 18.04.350(2); or

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

24 (9) No individual, partnership, limited liability company, or  
25 corporation not holding a license to practice under RCW 18.04.105 and  
26 18.04.215, or firm not licensed under RCW 18.04.195 or firm not  
27 registering all of the firm's offices in this state under RCW  
28 18.04.205, or not qualified for the practice privileges authorized by  
29 RCW 18.04.350(2), may hold himself, herself, or itself out to the  
30 public as an "auditor" with or without any other description or  
31 designation by use of such word on any sign, card, letterhead, or in  
32 any advertisement or directory.

33 (10) For purposes of this section, because individuals practicing  
34 using practice privileges under RCW 18.04.350(2) are deemed  
35 substantially equivalent to licensees under RCW 18.04.105 and  
36 18.04.215, every word, term, or reference that includes the latter  
37 shall be deemed to include the former, provided the conditions of  
38 such practice privilege, as set forth in RCW 18.04.350 (4) and (5)  
39 are maintained.



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

12 **Sec. 16.** RCW 18.04.350 and 2018 c 224 s 2 are each amended to  
13 read as follows:

14 (1) Nothing in this chapter prohibits any individual not holding  
15 a license and not qualified for the practice privileges authorized by  
16 subsection (2) of this section from serving as an employee of a firm  
17 licensed under RCW 18.04.195 and 18.04.215. However, the employee  
18 shall not issue any report as defined in this chapter, on the  
19 information of any other persons, firms, or governmental units over  
20 his or her name.

21 (2) An individual whose principal place of business is not in  
22 this state shall be presumed to have qualifications substantially  
23 equivalent to this state's requirements and shall have all the  
24 privileges of licensees of this state without the need to obtain a  
25 license under RCW 18.04.105 if the individual:

26 (a) Holds a valid license as a certified public accountant from  
27 any state that requires, as a condition of licensure, that an  
28 individual:

29 (i) Have at least one hundred fifty semester hours of college or  
30 university education including a baccalaureate or higher degree  
31 conferred by a college or university;

32 (ii) Achieve a passing grade on the uniform certified public  
33 accountant examination; and

34 (iii) Possess at least one year of experience including service  
35 or advice involving the use of accounting, attest, compilation,  
36 management advisory, financial advisory, tax, or consulting skills,  
37 all of which was verified by a licensee; or

38 (b) Holds a valid license as a certified public accountant from  
39 any state that does not meet the requirements of (a) of this

1 subsection, but such individual's qualifications are substantially  
2 equivalent to those requirements. Any individual who passed the  
3 uniform certified public accountant examination and holds a valid  
4 license issued by any other state prior to January 1, 2012, may be  
5 exempt from the education requirements in (a)(i) of this subsection  
6 for purposes of this section.

7 (3) Notwithstanding any other provision of law, an individual who  
8 qualifies for the practice privilege under subsection (2) of this  
9 section may offer or render professional services, whether in person  
10 or by mail, telephone, or electronic means, and no notice, fee, or  
11 other submission shall be provided by any such individual. Such an  
12 individual shall be subject to the requirements of subsection (4) of  
13 this section.

14 (4) Any individual licensee of another state exercising the  
15 privilege afforded under subsection (2) of this section and the firm  
16 that employs that licensee simultaneously consent, as a condition of  
17 exercising this privilege:

18 (a) To the personal and subject matter jurisdiction and  
19 disciplinary authority of the board;

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

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

25 (d) To the appointment of the state board which issued the  
26 certificate or license as their agent upon whom process may be served  
27 in any action or proceeding by this state's board against the  
28 certificate holder or licensee.

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

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

1 complaint made by the board of accountancy of another state or  
2 jurisdiction.

3 (7) Nothing in this chapter prohibits a licensee, a licensed  
4 firm, any of their employees, or persons qualifying for practice  
5 privileges by this section from disclosing any data in confidence to  
6 other certified public accountants, quality assurance or peer review  
7 teams, partnerships, limited liability companies, or corporations of  
8 certified public accountants or to the board or any of its employees  
9 engaged in conducting quality assurance or peer reviews, or any one  
10 of their employees in connection with quality or peer reviews of that  
11 accountant's accounting and auditing practice conducted under the  
12 auspices of recognized professional associations.

13 (8) Nothing in this chapter prohibits a licensee, a licensed  
14 firm, any of their employees, or persons qualifying for practice  
15 privileges by this section from disclosing any data in confidence to  
16 any employee, representative, officer, or committee member of a  
17 recognized professional association, or to the board, or any of its  
18 employees or committees in connection with a professional  
19 investigation held under the auspices of recognized professional  
20 associations or the board.

21 (9) Nothing in this chapter prohibits any officer, employee,  
22 partner, or principal of any organization:

23 (a) From affixing his or her signature to any statement or report  
24 in reference to the affairs of the organization with any wording  
25 designating the position, title, or office which he or she holds in  
26 the organization; or

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

29 (10) Nothing in this chapter prohibits any person or firm  
30 composed of persons not holding a license under this chapter from  
31 offering or rendering to the public bookkeeping, accounting, tax  
32 services, the devising and installing of financial information  
33 systems, management advisory, or consulting services, the preparation  
34 of tax returns, or the furnishing of advice on tax matters, or  
35 similar services, provided that persons, partnerships, limited  
36 liability companies, or corporations not holding a license who offer  
37 or render these services do not designate any written statement as a  
38 report as defined in RCW 18.04.025(~~(+21)~~) (20) or use any language  
39 in any statement relating to the financial affairs of a person or

1 entity which is conventionally used by licensees in reports or any  
2 attest service as defined in this chapter.

3 (11) 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 the preparation of financial  
6 statements, or written statements describing how such financial  
7 statements were prepared, provided that persons, partnerships,  
8 limited liability companies, or corporations not holding a license  
9 who offer or render these services do not designate any written  
10 statement as a report as defined in RCW 18.04.025(~~((+21+))~~) (20), do  
11 not issue any written statement that purports to express or disclaim  
12 an opinion on financial statements that have been audited, and do not  
13 issue any written statement that expresses assurance on financial  
14 statements that have been reviewed. The board may prescribe, by rule,  
15 language for the written statement describing how such financial  
16 statements were prepared for use by persons not holding a license  
17 under this chapter.

18 (12) Nothing in this chapter prohibits any act of or the use of  
19 any words by a public official or a public employee in the  
20 performance of his or her duties.

21 (13) Nothing contained in this chapter prohibits any person who  
22 holds only a valid (~~((certificate))~~) license in an inactive status from  
23 assuming or using the designation "certified public accountant-  
24 inactive" or "CPA-inactive" or any other title, designation, words,  
25 letters, sign, card, or device tending to indicate the person is (~~((a~~  
26 ~~certificate holder))~~) in an inactive status, provided, that such  
27 person does not perform or offer to perform for the public one or  
28 more kinds of services involving the use of accounting or auditing  
29 skills, including issuance of reports or of one or more kinds of  
30 management advisory, financial advisory, consulting services, the  
31 preparation of tax returns, or the furnishing of advice on tax  
32 matters.

33 (14) Nothing in this chapter prohibits the use of the title  
34 "accountant" by any person regardless of whether the person (~~((has~~  
35 ~~been granted a certificate or))~~) holds a license under this chapter.  
36 Nothing in this chapter prohibits the use of the title "enrolled  
37 agent" or the designation "EA" by any person regardless of whether  
38 the person (~~((has been granted a certificate or))~~) holds a license  
39 under this chapter if the person is properly authorized at the time  
40 of use to use the title or designation by the United States

1 department of the treasury. The board shall by rule allow the use of  
2 other titles by any person regardless of whether the person ((has  
3 ~~been granted a certificate or~~)) holds a license under this chapter if  
4 the person using the titles or designations is authorized at the time  
5 of use by a nationally recognized entity sanctioning the use of board  
6 authorized titles.

7 (15) Nothing in this chapter prohibits any firm holding a license  
8 or registration as a chartered professional accounting firm in the  
9 Canadian province of British Columbia from performing any of the  
10 following services: (a) An attest or compilation engagement of a  
11 business entity operating in Washington state that is the  
12 consolidated, subsidiary, or component entity of another entity that  
13 is operating in Canada who acts as the issuer of the report; or (b) a  
14 stand-alone attest or compilation engagement of a wholly or majority-  
15 owned subsidiary and/or component of an entity that is operating in  
16 Canada.

17 **Sec. 17.** RCW 18.04.350 and 2016 c 127 s 7 are each amended to  
18 read as follows:

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

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

31 (a) Holds a valid license as a certified public accountant from  
32 any state that requires, as a condition of licensure, that an  
33 individual:

34 (i) Have at least one hundred fifty semester hours of college or  
35 university education including a baccalaureate or higher degree  
36 conferred by a college or university;

37 (ii) Achieve a passing grade on the uniform certified public  
38 accountant examination; and

1 (iii) Possess at least one year of experience including service  
2 or advice involving the use of accounting, attest, compilation,  
3 management advisory, financial advisory, tax, or consulting skills,  
4 all of which was verified by a licensee; or

5 (b) Holds a valid license as a certified public accountant from  
6 any state that does not meet the requirements of (a) of this  
7 subsection, but such individual's qualifications are substantially  
8 equivalent to those requirements. Any individual who passed the  
9 uniform certified public accountant examination and holds a valid  
10 license issued by any other state prior to January 1, 2012, may be  
11 exempt from the education requirements in (a)(i) of this subsection  
12 for purposes of this section.

13 (3) Notwithstanding any other provision of law, an individual who  
14 qualifies for the practice privilege under subsection (2) of this  
15 section may offer or render professional services, whether in person  
16 or by mail, telephone, or electronic means, and no notice, fee, or  
17 other submission shall be provided by any such individual. Such an  
18 individual shall be subject to the requirements of subsection (4) of  
19 this section.

20 (4) Any individual licensee of another state exercising the  
21 privilege afforded under subsection (2) of this section and the firm  
22 that employs that licensee simultaneously consent, as a condition of  
23 exercising this privilege:

24 (a) To the personal and subject matter jurisdiction and  
25 disciplinary authority of the board;

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

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

31 (d) To the appointment of the state board which issued the  
32 certificate or license as their agent upon whom process may be served  
33 in any action or proceeding by this state's board against the  
34 certificate holder or licensee.

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

1 (6) A licensee of this state offering or rendering services or  
2 using their CPA title in another state shall be subject to  
3 disciplinary action in this state for an act committed in another  
4 state for which the licensee would be subject to discipline for an  
5 act committed in the other state. Notwithstanding RCW 18.04.295 and  
6 this section, the board shall cooperate with and investigate any  
7 complaint made by the board of accountancy of another state or  
8 jurisdiction.

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

19 (8) Nothing in this chapter prohibits a licensee, a licensed  
20 firm, any of their employees, or persons qualifying for practice  
21 privileges by this section from disclosing any data in confidence to  
22 any employee, representative, officer, or committee member of a  
23 recognized professional association, or to the board, or any of its  
24 employees or committees in connection with a professional  
25 investigation held under the auspices of recognized professional  
26 associations or the board.

27 (9) Nothing in this chapter prohibits any officer, employee,  
28 partner, or principal of any organization:

29 (a) From affixing his or her signature to any statement or report  
30 in reference to the affairs of the organization with any wording  
31 designating the position, title, or office which he or she holds in  
32 the organization; or

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

35 (10) Nothing in this chapter prohibits any person or firm  
36 composed of persons not holding a license under this chapter from  
37 offering or rendering to the public bookkeeping, accounting, tax  
38 services, the devising and installing of financial information  
39 systems, management advisory, or consulting services, the preparation  
40 of tax returns, or the furnishing of advice on tax matters, or

1 similar services, provided that persons, partnerships, limited  
2 liability companies, or corporations not holding a license who offer  
3 or render these services do not designate any written statement as a  
4 report as defined in RCW 18.04.025(~~(+21+)~~) (20) or use any language  
5 in any statement relating to the financial affairs of a person or  
6 entity which is conventionally used by licensees in reports or any  
7 attest service as defined in this chapter.

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

23 (12) Nothing in this chapter prohibits any act of or the use of  
24 any words by a public official or a public employee in the  
25 performance of his or her duties.

26 (13) Nothing contained in this chapter prohibits any person who  
27 holds only a valid (~~(certificate)~~) license in an inactive status from  
28 assuming or using the designation "certified public accountant-  
29 inactive" or "CPA-inactive" or any other title, designation, words,  
30 letters, sign, card, or device tending to indicate the person is (~~(a~~  
31 ~~certificate holder)~~) in an inactive status, provided, that such  
32 person does not perform or offer to perform for the public one or  
33 more kinds of services involving the use of accounting or auditing  
34 skills, including issuance of reports or of one or more kinds of  
35 management advisory, financial advisory, consulting services, the  
36 preparation of tax returns, or the furnishing of advice on tax  
37 matters.

38 (14) Nothing in this chapter prohibits the use of the title  
39 "accountant" by any person regardless of whether the person (~~(has~~  
40 ~~been granted a certificate or)~~) holds a license under this chapter.



1 Nothing in this chapter prohibits the use of the title "enrolled  
2 agent" or the designation "EA" by any person regardless of whether  
3 the person (~~has been granted a certificate or~~) holds a license  
4 under this chapter if the person is properly authorized at the time  
5 of use to use the title or designation by the United States  
6 department of the treasury. The board shall by rule allow the use of  
7 other titles by any person regardless of whether the person (~~has  
8 been granted a certificate or~~) holds a license under this chapter if  
9 the person using the titles or designations is authorized at the time  
10 of use by a nationally recognized entity sanctioning the use of board  
11 authorized titles.

12 **Sec. 18.** RCW 18.04.370 and 2004 c 159 s 5 are each amended to  
13 read as follows:

14 (1) Any person who violates any provision of this chapter shall  
15 be guilty of a crime, as follows:

16 (a) Any person who violates any provision of this chapter is  
17 guilty of a misdemeanor, and upon conviction thereof, shall be  
18 subject to a fine of not more than thirty thousand dollars, or to  
19 imprisonment for not more than six months, or to both such fine and  
20 imprisonment.

21 (b) Notwithstanding (a) of this subsection, any person who uses a  
22 professional title intended to deceive the public, in violation of  
23 RCW 18.04.345, having previously entered into a stipulated agreement  
24 and order of assurance with the board, is guilty of a class C felony,  
25 and upon conviction thereof, is subject to a fine of not more than  
26 thirty thousand dollars, or to imprisonment for not more than two  
27 years, or to both such fine and imprisonment.

28 (c) Notwithstanding (a) of this subsection, any person whose  
29 license (~~or certificate~~) was suspended or revoked by the board and  
30 who uses the CPA professional title intending to deceive the public,  
31 in violation of RCW 18.04.345, having previously entered into a  
32 stipulated agreement and order of assurance with the board, is guilty  
33 of a class C felony, and upon conviction thereof, is subject to a  
34 fine of not more than thirty thousand dollars, or to imprisonment for  
35 not more than two years, or to both fine and imprisonment.

36 (2) With the exception of first time violations of RCW 18.04.345,  
37 subject to subsection (3) of this section whenever the board has  
38 reason to believe that any person is violating the provisions of this  
39 chapter it shall certify the facts to the prosecuting attorney of the

1 county in which such person resides or may be apprehended and the  
2 prosecuting attorney shall cause appropriate proceedings to be  
3 brought against such person.

4 (3) The board may elect to enter into a stipulated agreement and  
5 orders of assurance with persons in violation of RCW 18.04.345 who  
6 have not previously been found to have violated the provisions of  
7 this chapter. The board may order full restitution to injured parties  
8 as a condition of a stipulated agreement and order of assurance.

9 (4) Nothing herein contained shall be held to in any way affect  
10 the power of the courts to grant injunctive or other relief as above  
11 provided.

12 **Sec. 19.** RCW 18.04.405 and 2001 c 294 s 22 are each amended to  
13 read as follows:

14 (1) A licensee(~~(, certificate holder,)~~) or licensed firm, or any  
15 of their employees shall not disclose any confidential information  
16 obtained in the course of a professional transaction except with the  
17 consent of the client or former client or as disclosure may be  
18 required by law, legal process, the standards of the profession, or  
19 as disclosure of confidential information is permitted by RCW  
20 18.04.350 ~~((+3))~~ (7) and ~~((+4))~~ (8), 18.04.295~~((+8))~~ (9),  
21 18.04.390, and this section in connection with quality assurance, or  
22 peer reviews, investigations, and any proceeding under chapter 34.05  
23 RCW.

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

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

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

12 **Sec. 20.** RCW 18.04.430 and 1997 c 58 s 811 are each amended to  
13 read as follows:

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

23 NEW SECTION. **Sec. 21.** Sections 7, 9, 14, and 16 of this act  
24 expire June 30, 2023.

25 NEW SECTION. **Sec. 22.** Sections 8, 10, 15, and 17 of this act  
26 take effect June 30, 2023.

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# Board of Accountancy

*Report to the Governor*

# 2021

For the year ending December 31, 2021

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Rajib Doogar  
*Board Vice Chair*

David E. Trujillo, CPA  
*Executive Director*

*March 9, 2022*

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**This document contains the Annual Report to the Governor of the Agency's activities as required by RCW 18.04.045(6). This report includes background information, successes and challenges, budget, and other information about agency activities.**

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## Introduction

This report is intended to fulfill the requirement of RCW 18.04.045 and serves as the Washington State Board of Accountancy's annual report to the Governor of Washington State. In addition, this report is available to the public upon request. Our licensed population continues to increase.

Our Authority derives from the Public Accountancy Act RCW 18.04 and Board Rules WAC 4-30.

The Board is a non-general fund agency, so does not draw from the general fund.

Any questions regarding this report should be directed to David E. Trujillo, CPA, Executive Director at [dave.trujillo@acb.wa.gov](mailto:dave.trujillo@acb.wa.gov) or (360) 664-9268.

## Our Mission

We serve the public by promoting the reliability of financial information issued by Certified Public Accountants or their firms and by regulating the qualification, conduct, and substantial equivalency of Certified Public Accountants.

## Our Purpose RCW 18.04.015

(1) It is the policy of this state and the purpose of this chapter: (a) To promote the dependability of information which is used for guidance in financial transactions or for accounting for or assessing the status or performance of commercial and noncommercial enterprises, whether public, private, or governmental; and (b) To protect the public interest by requiring that: (i) Persons who hold themselves out as licensees or certificate holders conduct themselves in a competent, ethical, and professional manner; (ii) A public authority be established that is competent to prescribe and assess the qualifications of certified public accountants, including certificate holders who are not licensed for the practice of public accounting; (iii) Persons other than licensees refrain from using the words "audit," "review," and "compilation" when designating a report customarily prepared by someone knowledgeable in accounting; (iv) A public authority be established to provide for consumer alerts and public protection information to be published regarding persons or firms who violate the provisions of chapter 294, Laws of 2001 or board rule and to provide general consumer protection information to the public; and (v) The use of accounting titles likely to confuse the public be prohibited.

(2) The purpose of chapter 294, Laws of 2001 is to make revisions to chapter 234, Laws of 1983 and chapter 103, Laws of 1992 to: Fortify the public protection provisions of chapter 294, Laws of 2001; establish one set of qualifications to be a licensee; revise the regulations of certified public accountants; make revisions in the ownership of certified public accounting firms; assure to the greatest extent possible that certified public accountants from Washington state are substantially equivalent with certified public accountants in other states and can therefore perform the duties of certified public accountants in as many states and countries as possible; assure certified public accountants from other states and countries have met qualifications that

are substantially equivalent to the certified public accountant qualifications of this state; and clarify the authority of the board of accountancy with respect to the activities of persons holding licenses and certificates under this chapter. It is not the intent of chapter 294, Laws of 2001 to in any way restrict or limit the activities of persons not holding licenses or certificates under this chapter except as otherwise specifically restricted or limited by chapter 234, Laws of 1983 and chapter 103, Laws of 1992.

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

[2001 c 294 § 1; 1992 c 103 § 1; 1983 c 234 § 2.]

## 2021 Summary

Washington State Board of Accountancy (Board) operated throughout 2021 within Governor Inslee's COVID-19 restrictions and state agency re-entry guidelines.

In April, we completed our CPA Online Modernization. This project was the culmination of several years of work. It ended on time, on budget, and within scope. Throughout the year, licensees used the new system and successfully renewed without issue.

Due to future changes in how Washington's peer review program is implemented, the Board began looking at potential changes at its Annual meeting in October.

The agency's financial position is solid. Revenue has been strong and expenditures somewhat less than expected due to minimal travel costs. The agency is projected to underspend its Biennium 2021-23 allotments and is projected to end the biennium with approximately \$3.1 million in its operating account. As a reminder, the beginning biennium 21-23 balance was about \$3.0 million.

## The People We Serve

The Washington State Board of Accountancy serves all the State's citizens. The Board licenses and regulates CPAs, CPA firms, nonlicensee owners of CPA firms, and CPA-Inactive certificate holders.

In addition, CPAs licensed in our state can practice in other states through individual and firm mobility. Approximately one fifth of our licensee population obtained and maintain their Washington state license while remaining residents of other countries outside the USA. These individuals reside primarily in Pacific Rim countries. The Washington State Board of Accountancy is proud of its part in maintaining this connection to our international neighbors.

Board staff has found an interesting item of note. In 2020, the Board’s licensed population totaled 21,240 CPAs; of those, 13,400 were in Washington, 2,200 were in Japan, 1,190 were in China and Hong Kong, 690 were in South Korea, with the remainder from other states and countries. In 2021, licensees in Washington declined by 114 to 13,286; however, licensees in locations other than Washington increased by 854 to bring the overall total to 21,980, an increase of 790 licensees. This demonstrates the Board’s regulation of a credential that is increasingly seen as a “worldwide” professional designation with 60% of its licensees’ declaring residency in Washington and 40% located in other countries and states.

## Board Members and Staff

### Board Members

The Board is composed of nine members appointed by the Governor to serve three-year terms.

We ended the year with two vacant Board member positions.

At year end, our Board members are:

- Vacant, Public Member, Chair
- Rajib Doogar, Public Member, Vice Chair
- Jacqueline Meucci, CPA, Member, Secretary
- Brian R. Thomas, CPA, Member
- Mark Hugh, CPA, Member
- Thomas P. Sawatzki, CPA, Member
- Kathryn Dixon, Public Member
- Brooke Stegmeier, CPA, Member
- Vacant, CPA, Member

### Staff Members

During 2021, Executive Director, Charles Satterlund, CPA retired, and David Trujillo, CPA, joined the agency as the newest executive director.

The Board staff are currently composed of ten employees:

- David E. Trujillo, CPA, Executive Director (new in 2021)
- Jennifer Sciba, Deputy Director
- Vacant, Director of Investigations
- Lori Mickelson, Chief Administrative Officer
- Michelle Tuscher, Chief Information Officer
- Tia Landry, Data and Systems Administrator
- Taylor Shahon, CPA, Lead Investigator
- Kelly Wulfekuhle, Enforcement Administrator
- Kirsten Donovan, Confidential Records Manager
- Anthony Manfre, Licensing Specialist
- Isaac Ross, Communications Consultant (new in 2021)



## Strategic Priorities

In addition to abiding by the Governor’s COVID-19 emergency proclamation, plans and procedures and enter the workplace in 2022 in accordance with the Governor’s re-entry guidelines. The agency’s Strategic Plan 2021-23 includes the following:

1. Serve the public by promoting the reliability of financial information issued by Certified Public Accountants or their firms and by regulating the qualification, conduct, and substantial equivalency of Certified Public Accountants.
2. Provide outstanding customer service.
3. Protect and maintain the security of private personal information that is in the custody of the agency.
4. Implement the Public Accountancy Act and Board Rules and Board Policies in a fair and equitable manner.
5. Maintain compliance with all other required statutes and rules affecting the agency.
6. Strive to be an organization that focuses on the well-being and safety of the employees through training, process improvements, and a secure workplace.

## State Board of Accountancy Agency Summary

### BITD as of December 2021 Fund 02J

Category	BI Allotment	BITD Allotment	BITD Expenditures	BITD Variance
<b>Salaries and Wages</b>	1,618,927	402,857	401,926	931
<b>Employee Benefits</b>	540,781	130,213	128,410	1,803
<b>Professional Service Contracts</b>	324,000	81,000	92,302	(11,302)
<b>Goods and Services</b>	1,857,620	471,766	325,854	145,912
<b>Travel</b>	66,672	16,668	0	16,668
<b>Capital Outlays</b>	30,000	7,500	0	7,500
<b>Sum:</b>	4,438,000	1,110,004	948,491	161,513

\* In the current biennium, as of December 31, 2021, the agency had underspent its allotments by \$161,513. The current biennium covers the time period from July 1, 2021, to June 30, 2023.

## Revenue Received

The agency is not funded through the general fund; the agency receives its revenue from CPA license fees and applicant exam administrative fees. The agency can also recoup costs associated with the investigative process, but fines are contributed directly to the state general fund.

During the period of fiscal years 2017 to 2021, the agency recorded the receipt of the following revenues:

Board of Accountancy Revenue by Fiscal Year

	Major Source	Source	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017
<b>001 - General Fund</b>	04 - States Charges & Miscellaneous Revenue	05 - Fines, Forfeits and Seizures	\$36,230	\$29,800	\$20,050	\$18,500	\$25,975
<b>02J - Certified Public Accountants' Acct</b>	02 - Licenses, Permits, and Fees	01 - Accountants	\$2,294,870	\$1,706,330	\$2,286,140	\$2,186,935	\$1,508,316

## FTEs allocated/FTEs used

Our agency staff is authorized (and funded) for a total of eleven (11) full time equivalent employees (FTEs). Through leveraging the experience of our current staff, we are successfully operating with ten (10) FTEs. This reserve capacity allows the agency to remain agile in reacting to unexpected workloads.

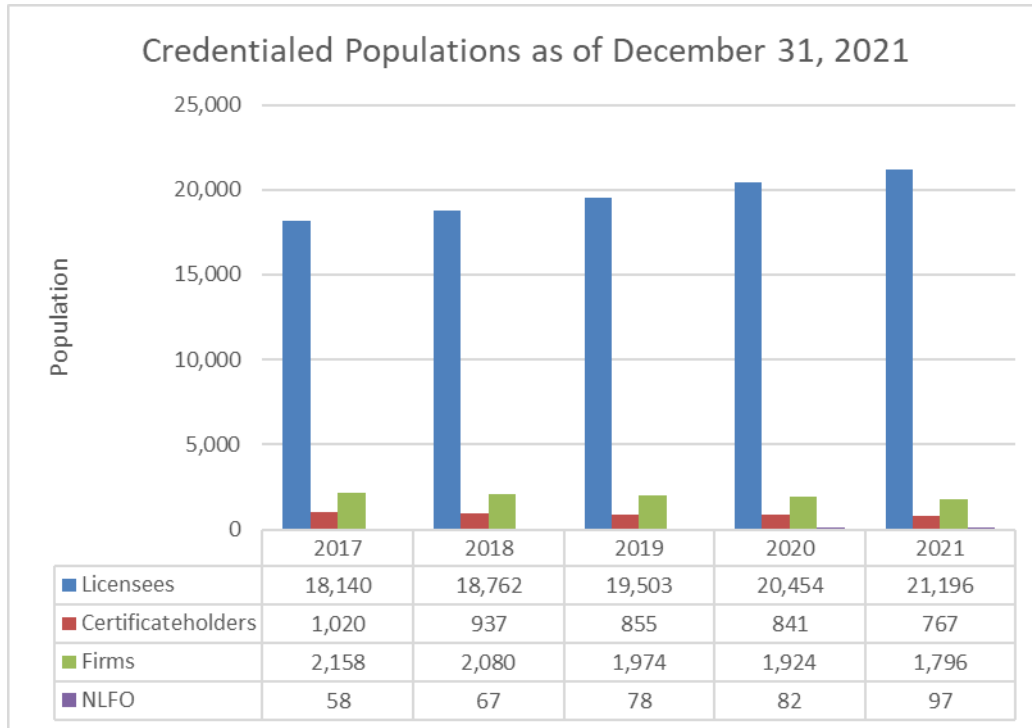
## Washington Management Service (WMS) positions - allocated versus filled

We understand the need to minimize the growth of middle management, and the agency strives to find classified positions that suit our operational requirements. Our agency is allocated for three WMS positions, but currently utilizes only two. Unless there is a sound need to fill the third WMS position, we will strive to remain well within our authorized number of WMS positions.

# Performance

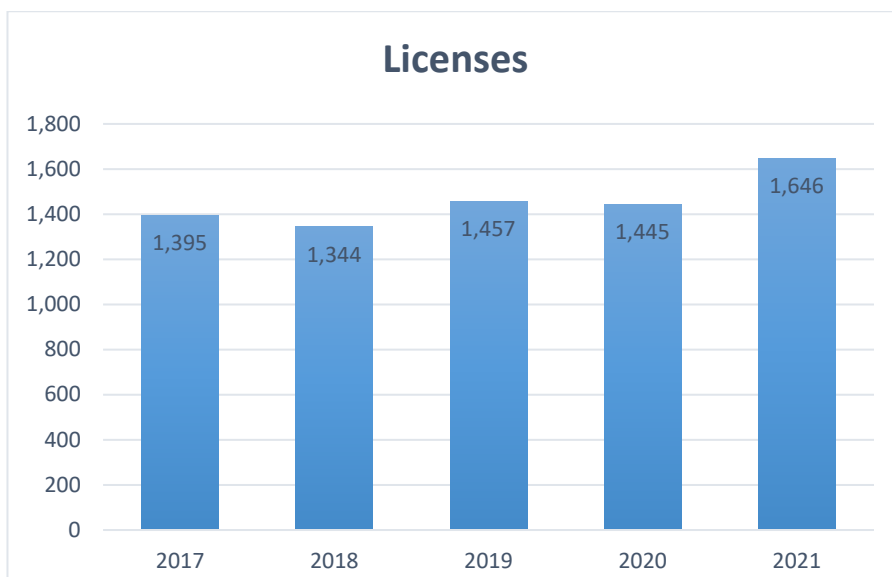
## Credentialed Population

Total number of licensees CPAs, CPA-Inactive certificate holders, CPA firms, and Nonlicensee owners of CPA firms (NLFO) for last five calendar years:



## New Licensees

Total number of new licensees who obtained their license in Washington State in the past five calendar years:



## Enforcement

The Board continued its enforcement of the Public Accountancy Act throughout the pandemic. The average age in days to resolve a case is based on calendar days and not business days.

The 2021 increase in the average age days to resolve cases is due to several factors:

1. The new executive director familiarized himself with the investigative process.
2. Complaints often involved licensees that were directly impacted by COVID-19 or had staffing shortages due to COVIN-19.
3. The enforcement team allowed for extended time when pursuing follow-up and / or clarifying questions from both the complainant and the respondent.
4. Several long-standing complaints were resolved in 2021.

Year	2021	2020	2019	2018
Cases received during year	46	64	89	85
Cases resolved during year	45	60	87	89
Average age in days, of resolved cases	106	77	19	45
No. of cases at end of year	20	31	16	13

## The Way Forward in 2022

The year is nearing its end; we hoped that the new year would allow us to return to pre-COVID conditions. Unfortunately, new variants continue to emerge and that return remains elusive. With the pandemic continuing into the new year, business uncertainty remains, and Board licensees and stakeholders continue to experience anxiety and concern. To that end, please know that Board staff will continue to look for ways to improve services, and while we are still abiding by Governor Inslee's re-entry guidelines, we have flexibility to schedule in-office meetings, if appropriate.

**Potential Legislation** - The Washington State Society of CPA's will propose legislation to change RCW 18.04 relative to those holding CPA-Inactive certificates issued by the Board. The change is to promote clarity, reduce confusion in accounting titles, and benefit all licensees. This provides the opportunity for another status to those CPAs that are not ready to retire their license. This also aligns our terminology and licensure status with other state and territory boards of accountancy. Board staff are supportive of this proposal. This will be a topic of the next Board meeting. Proposed language is expected to be introduced for the 2022 Legislative session.

**Amending Rules** - Amend the rules to be more efficient for applicants, licensees, and staff.

**Peer Review** - The AICPA's Peer Review program was established many years ago for the purpose of improving the quality of accounting, auditing, and attestation services performed by CPAs. In our state, this program is administered by the Washington Society of CPAs (WSCPA)

and the Board participates via our sanctioned Peer Review Oversight Committee which includes Board Members and volunteer Board Representatives. Due to upcoming changes envisioned, the Society will no longer be our state's administering entity and is looking at other states and their models for a solution; the Board will be an active participant in this search for a solution because it impacts Washington State licensees.

**Risk Management** - Consider agency risk in a holistic manner. This includes actively participating in the state's Enterprise Risk Management System, look at national and international events impacting the profession of public accounting such as the planned changes to the Uniform Accountancy Act (2024), CPA Evolution (2024), and the implementation of the AICPA's Peer Review in our state (2023). This also includes planning for a Cascadia subduction zone level event and ensuring our continuity of operations plan is current and effective,

**Continuing Professional Education (CPE) Tracker** - One aspect of licensing that continues to be an ongoing issue is the consistent percentage of licensees that represent on their renewal application that they have completed their CPE requirements, yet they are unable to provide supporting documentation. This averages about 7.5% of those audited by staff at renewal time. This is problematic and can become a licensure issue. This next year, will be the first renewal cycle requiring 100% CPE reporting through the tracker, and we expect that its use will reduce the deficient percentage, but that expectation won't be confirmed for at least three years due to the Board's three-year licensing cycle.

#### Thank You

Thank you for taking the time to learn more about the Washington State Board of Accountancy. If you have any questions, please do not hesitate to contact us, or visit our website at:

<https://acb.wa.gov/>

# Board of Accountancy

## Washington State

### Enforcement Report

<b>Quarterly Report (Jan 01, 2022 through Mar 31, 2022)</b>			
<b>Complaint Workload</b>			
	Received in Previous Period	Received in Report Period	Total
Complaints Open	21	25	46
Closed with No Action	(10)	(10)	(20)
Closed with Action Taken	(6)	0	(6)
<b>Complaints at End of Period</b>	<b>5</b>	<b>15</b>	<b>20</b>
<b>Details of Complaint Closures</b>			
Closed Disposition	Administrative	Public Harm	Total
No Action Taken	0	20	20
Revocation, Suspension, Restriction	0	0	0
Fines, costs, and other sanctions	2	4	6
Remedial Resolution (Policy 2004-1)	0	0	0
<b>Total Closed</b>	<b>2</b>	<b>24</b>	<b>26</b>

<b>Twelve-Month Lookback (Apr 01, 2021 through Mar 31, 2022)</b>			
<b>Complaint Workload</b>			
	Received in Previous Period	Received in Report Period	Total
Complaints Open	25	54	79
Closed with No Action	(17)	(34)	(51)
Closed with Action Taken	(8)	0	(8)
<b>Complaints at End of Period</b>	<b>0</b>	<b>20</b>	<b>20</b>
<b>Details of Complaint Closures</b>			
Closed Disposition	Administrative	Public Harm	Total
No Action Taken	0	51	51
Revocation, Suspension, Restriction	0	0	0
Fines, costs, and other sanctions	2	6	8
Remedial Resolution (Policy 2004-1)	0	0	0
<b>Total Closed</b>	<b>2</b>	<b>57</b>	<b>59</b>

# Board of Accountancy Washington State

## All complaints - resolved with and without discipline

	<u>Apr 2021 to Mar 2022</u>		<u>Apr 2020 to Mar 2021</u>	
	<i>All</i>	<i>Action Only</i>	<i>All</i>	<i>Action Only</i>
<b>Public Harm</b>				
Negligence - Attest related	1	0	6	3
Negligence, Disregard of standards	45	4	32	3
Use of Restricted Titles	6	0	8	2
Embezzlement, Theft, Breach of Fid. Duty	0	0	0	0
Breach of Confidentiality	0	0	0	0
Records Retention Causing Harm	5	2	6	0
<u>Subtotal</u>	57	6	52	8
<b>Administrative</b>				
Peer Review	2	2	2	1
CPE - Deficient 16 hours or less	0	0	0	0
CPE - Deficient 17 hours or more	0	0	0	0
CPE - Deficient eligible WA ethics	0	0	0	0
CPE - Failure to respond to CPE audit	0	0	0	0
<u>Subtotal</u>	2	2	2	1
<b>Total</b>	<b>59</b>	<b>8</b>	<b>54</b>	<b>9</b>

<u>Jan 01, 2022 through Mar 31, 2022</u>				
<b>CBM Report</b>				
	<b>BAP</b>	<b>Action</b>	<b>No Action</b>	<b>Total</b>
Mark Hugh	1	0	4	5
Rajib Doogar	0	0	1	1
Joel Cambern	0	0	7	7
Brian Thomas	1	6	0	7
Jacqueline Meucci	0	0	1	1
Kate Dixon	0	0	1	1
Carol Morgan	0	0	3	3
Thomas Sawatzki	0	0	2	2
Brooke Stegmeier	1	0	1	2
<b>Total</b>	<b>3</b>	<b>6</b>	<b>20</b>	<b>29</b>