

BOARD MEETING AGENDA

Date, Time: Friday, July 29, 2022 – 9:00 a.m.

Location: Microsoft Teams Meeting

Notices: None

Chair Introductions

Attachments at page(s):

1. Minutes – April 29, 2022, Board Meeting..... 7-17
2. Semi-annual Rules Development Agenda 18-19
3. NASBA Update
 - a. Nancy J. Corrigan, CPA, Pacific Regional Director, NASBA, and Daniel J. Dustin, CPA, Vice President, State Board Relations, NASBA
4. Chair’s Report
5. Legal Counsel’s Report
6. Principal Place of Business..... 20-35
7. Education Requirement for CPA Exam..... 36-37
8. Committee/Task Force Reports
 - a. Executive Committee – Rajib Doogar, Public Member, Chair
 - b. Peer Review Oversight Committee (PROC) – Jacqueline Meucci, CPA, Chair
 - c. Request Oversight Committee (ROC) – Tom Sawatzki, CPA, Chair 38
 - d. Scholarship Oversight Committee (SOC) – Kate Dixon, Chair
 - e. Board/AICPA Rules Clarification Task Force (BARC) – Mark Hugh, CPA, Chair39-67
9. Acting Executive Director’s Report
 - a. Budget Status Report 68-70
 - b. CPA Evolution Transition Recommendation from NASBA..... 71-72
 - c. Renewal Update 73-74
10. Enforcement Report
 - a. Quarterly Enforcement and Resolved Complaint Reports..... 75-76

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
PO Box 9131, Olympia, WA 98507-9131
Phone: 360-664-9191 Email: kirsten.donovan@acb.wa.gov

7-1-1 or 1-800-833-6388 (TTY) - 1-800-833-6385 (Telebraille)
(TTY and Telebraille service nationwide by Washington Relay
www.washingtonrelay.com)

11. Executive and/or Closed Sessions with Legal Counsel
12. Public Input - The public has an opportunity to address its concerns and the Board has an opportunity to ask questions of the public. Individual speakers will be provided 10 minutes each.

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

Date and Time: Friday, July 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 the Board Clerk will add you to the public input roster.

July 29, 2022 – BOARD MEETING

1. Minutes – April 29, 2022

Board staff presents the draft minutes of the April 29, 2022, Board meeting at **Pages 7-17** 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. Rules Review

a. Semi-annual Rules Development Agenda – July through December 2022

A copy of the agenda filed with the Office of the Code Reviser is provided at **pages 18-19**.

The agenda is informational for the public, and the noted dates of anticipated activity are estimates.

3. NASBA Update

Nancy J. Corrigan, CPA, Pacific Regional Director, NASBA, and Daniel J. Dustin, CPA, Vice President, State Board Relations, NASBA will provide an update on NASBA activities.

4. Chair's Report

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. Principal Place of Business

Pages 20-35 contain the PowerPoint slides for Principal Place of Business.

Mark Hugh will present and lead the discussion.

7. Education Requirement for CPA Exam

Pages 36-37 contain the 150-hour requirement for CPA exam memo and a map of the hours required to sit for the CPA exam by state.

Jennifer Sciba will present and lead the discussion.

8. 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: Jackie Meucci, CPA; Members: Mark Hugh, CPA; Brooke Stegmeier, CPA

Jackie will give a verbal report.

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

Page 38 contains a report on the 2nd 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 Thomas, CPA; Jackie Meucci, CPA

Kate will give a verbal report.

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

Pages 39-67 contain the BARC Suggested WAC Revisions report.

Mark will give a verbal report.

9. Acting Executive Director's Report

- a. **Budget Status Report**

Pages 68-70 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 June 30, 2022.

- b. **CPA Evolution Transition Recommendation from NASBA**

Pages 71-72 contain the NASBA recommendation letter.

- c. **Renewal Update**

Pages 73-74 contain the Renewal Report with renewal and CPE extension totals for the 2022 renewal cycle.

10. Enforcement Report

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

Pages 75-76 contain the July 2022 Enforcement Reports.

11. 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.

12. 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

Time and Place of Meeting	9:01 a.m. – 12:47 p.m. Friday, April 29, 2022 Microsoft Teams Meeting
Attendance	<u>Board Members</u> Rajib Doogar, Chair, Public Member Brooke Stegmeier, CPA, Vice Chair, Board Member (arrival at 9:09 a.m.) Mark Hugh, CPA, Board Member Brian R. Thomas, CPA, Board Member Thomas P. Sawatzki, CPA, Board Member Scott S. Newman, Public Member Tonia L. Campbell, CPA, Board Member <u>Staff and Advisors</u> Jennifer Sciba, Acting Executive Director Taylor Shahon, CPA, Lead Investigator Leo Roinila, Assistant Attorney General, Board Advisor Kirsten Donovan, Board Clerk Tia Landry, Data and Systems Administrator The Board Chair excused the absences of Board Members, Kate Dixon, Public Member, and Jacqueline Meucci, CPA.
Call to Order	Board Chair, Rajib Doogar, called the meeting of the Board to order at 9:01 a.m. Acting Executive Director, Jennifer Sciba, announced that former Executive Director, Dave Trujillo, CPA, retired effective April 12, 2022. The Governor’s Office is taking applications for the Executive Director position. The Board Chair and Acting Executive Director recognized Dave for a job well done and his impact on the Board during his time with the Board.
Minutes – January 28, 2022, Board Meeting	The Board approved the minutes of the January 28, 2022, Board meeting as presented. The Board approved the use of their electronic signatures on file at the Board office for the signing of the meeting minutes.
State Auditor’s Office	Scott Woelfle, CPA, Director of Quality Assurance and Innovation, and Kelly Collins, CPA, CFE, Director of Local Audit, presented the PowerPoint, An Overview of State Auditor’s Office. The presentation included:

- State Auditor's Office background
 - Established in 1889
 - Part of the Executive Branch
 - The State Auditor position is separately elected
 - Current State Auditor is Pat McCarthy, who has the distinction of being the first woman elected to the position
- Types of work performed
 - Accountability audits
 - Financial audits
 - Federal audits
 - Whistleblower investigations
 - Fraud investigations
 - Unauditable governments
 - Other engagements
 - Performance audits
 - Cybersecurity audits
- Who audits the auditor?
 - Government Auditing Standards (GAO), also known as Yellowbook, establishes the National State Auditors Association as the auditor of the State Auditor's Office
- Online tools
 - Website – www.sao.wa.gov – designed with the user in mind

The Board Chair thanked Scott and Kelly for presenting at the meeting.

Board Policies Annual Review

The Board completed its annual review of all Board policies.

The Board voted unanimously to retain the following policies with no revisions:

- 2003-1 Safe Harbor Report Language for Use by Non-CPAs
- 2004-1 Administrative Violations Guidelines
- 2015-1 Board Member Travel and Attendance at Group Gatherings
- 2017-1 Investigative and Disciplinary Process
- 2017-2 Publication and Disclosure of Disciplinary Actions
- 2020-1 Peer Review
- 2020-2 Public Officials and Public Employees

Mark Hugh asked if Policy 2003-1 should be incorporated into Board Rule, since it has been around for nearly 20 years. The Board may discuss this more at a later date.

Tom Sawatzki asked if the passage of the CPA-Inactive legislation affects any of the policies. The Acting Executive Director stated that the

legislation changes date is July 1, 2024. Potential policy changes will be reviewed at that time.

NASBA Update

Jennifer Sciba, Acting Executive Director, provided a report on the NASBA activities:

- NASBA Western Regional Meeting in Colorado Springs, CO, June 7-9, 2022
- Executive Directors and Board Staff Conference attended virtually April 25-27, 2022, with the following discussion topics:
 - CPA Pipeline
 - Reduction of education requirements for CPA Exam candidates to 120 hours. Only 8 states, including Washington, have not adopted this change. CPA licensure still requires 150 hours of education.
 - CPA Evolution transition policy being worked on – Implementation for new CPA Exam is January 2024

The Board Chair and Mark Hugh encouraged other Board Members to attend the Western Regional meeting.

Legal Counsel's Report

Leo Roinila, the Board's legal counsel, reported that the Governor signed Senate Bill 5519 into law on March 17, 2022. More information on the RCW changes will follow later in the meeting.

Chair's Report

The Chair reported that he is working closely with the Acting Executive Director on establishing in-person Board meetings and in-person attendance at NASBA conferences.

Peer Review Program Update

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

- Julie Phipps, who has run the peer review program for the WSCPAs for the past 25 years or so, is retiring in May 2023
- Hayden Williams, the CPA on staff for the program, is retiring a couple months after Julie
- WSCPAs is looking for a new administrator for our Board's peer review program
- The state society programs considered were Nevada, Minnesota, Oregon, and Colorado

- Factors considered were pricing, experience of staff, experience of CPA on staff, succession plan, and enthusiasm for customer care
- The Colorado Society of CPA (COCPA) program was chosen
- A seamless one-year, transition process is anticipated

The Acting Executive Director added the following:

- Praised Julie and Hayden for the great job they have done, noting that they have left big shoes to fill
- Met with Jill Turner, Peer Review Coordinator, with the COCPA and believes this is a good fit for the Board
- Many states have peer review administered by other states' societies
- Julie will facilitate the transition for those firms already enrolled in the Board's peer review program

Mark Hugh, Rajib Doogar, and Tom Sawatzki thanked Julie, Hayden, and Kimberly for administering the program for us all these years and for finding a new administrator for the Board.

Mark also thanked Robert Loe and Laura Lindell for their volunteer service on the Peer Review Oversight Committee. They will continue to serve as the Board's link in the quality control process through attendance at the Report Acceptance Body (RAB) meetings with the COCPA peer review program.

CPE Review Update

The Acting Executive Director provided an update and led the discussion on CPE review and the back-to-back CPE extension requests process.

- Board Rules related to CPE were revamped in 2020 to add:
 - Nano learning
 - 20-hour minimum annual CPE requirement
 - CPE reciprocity
 - CPE extensions for all who request – no longer limited to individual hardships; however, individuals cannot request CPE extensions in consecutive CPE reporting periods (no back-to-back extensions)
- 2022 is the first year CPE reporting required through the CPE Tracker, which is causing more CPE extensions than ever before
- Real time CPE audits are now being conducted
- 2023 is the first potential year for individuals to request back-to-back CPE extensions
 - Staff's process will be to deny the renewal application, since Board rule does not allow for back-to-back

extensions and the individual did not meet the CPE requirement for renewal

- With denied applications the individual has the right to appeal through a Brief Adjudicative Proceeding (BAP) – potentially Board Members will have more of these reviews to complete than they have done in the past
- Individuals who do not choose to go through the BAP process or have the decision to deny the renewal upheld through the BAP process can apply for reinstatement after their license lapses on July 1

2021 CPE Audit Results

The Acting Executive Director presented and reported on the 2021 CPE Audit Results report.

- 303 individuals chosen for the random audit
 - 262 passed
 - 23 were granted CPE extensions
 - 4 were excused
 - 14 failed

Executive Committee

The Chair reported that the committee discussed the Board meeting agenda during their teleconference.

Peer Review Oversight Committee (PROC)

Mark Hugh reported that a presentation on the peer review process is available by contacting him or on the Board's website through the April 26, 2019, Board meeting agenda for anyone who would like more information.

Request Oversight Committee (ROC)

Tom Sawatzki reported:

Firm Names: *Approved:*

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

Professional/Educational Organization – Recognition Requests

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

Tom advised that the committee member assigned for reviews is still rotated monthly.

**Scholarship
Oversight
Committee (SOC)**

Brian Thomas presented the Initial Data on 2022 WA CPA Foundation Scholarship Awardees report.

- Scholarships awarded:
 - Graduate Scholars (\$10,000) – 30
 - Undergraduate Scholars (\$5,000) – 44
 - Total scholarship amount tentatively awarded – \$520,000
- 17 universities with at least one scholarship winner
- Diversity statistics:
 - Asian American – 12 scholarship winners (18%)
 - Black – 7 scholarship winners (10%)
 - Hispanic – 6 scholarship winners (9%)
 - Middle Eastern – 2 scholarship winners (3%)
 - Other/More than 1 – 5 scholarship winners (8%)
 - White – 35 scholarship winners (52%)
 - Unidentified – 7 scholarship winners (9%)

Brian deferred to Kimberly Scott, WSCPA President & CEO, for additional comments. Kimberly reported:

- The report totals are the overall totals for the Washington CPA Foundation. The scholarships awarded with the Board's funding were:
 - 50 overall – 30 graduate and 20 undergraduate
 - 14 colleges represented
- Background for Board funds for scholarships
 - McCleary Act for education funding – the legislature was going to sweep the Board's fund balance to the general fund for K-12 education funding
 - WSCPA suggested using the funds for college scholarships for the advancement of the CPA profession
 - Legislation was passed which took \$3 million from the Board's fund balance for these scholarships
 - The Washington CPA Foundation administers the scholarship program
 - The money is to be dispersed over a 20-year period which is currently in year 5
- Direct lines to 27 colleges to promote the scholarship program
- Percentage of scholarships awarded closely matches the percentage of applications received per college
- Review process:
 - Filters to eliminate bias
 - 2-3 rounds of reviews
 - 6-8 reviewers for each application

- Scholarships awarded based on:
 - Merit initially
 - Passion for the profession – determined by essay question responses
 - Financial component as well – determined by essay question responses
- WSCPA has rolled out scholarship program for community colleges/associate degrees – Board funds will not go to this program

**Board/AICPA
Rules
Clarification Task
Force (BARC)**

Mark Hugh reported the task force is a collaboration between the task force Board Members and Board staff members. The task force met and reviewed the 11 professional conduct Board Rules, the AICPA Code of Professional Conduct (AICPA Code), and the differences between them. Mark presented the task force’s BARC recommendations report and led the discussion on:

- Options to clarify Washington rules
 - Eliminating all 11 professional conduct rules and replacing them with a new rule containing only the exceptions to the AICPA Code
 - 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
- The BARC recommended the parallel alignment, and along with this alignment:
 - A standing Board committee to monitor proposed changes to the AICPA Code and interpretations by the AIPCA in exposure drafts
 - Revised Board rules to have identical titles to the AICPA Code rules
 - Simplified language in the Board rules to improve readability
- Rule exceptions noted in the report, specifically client records
 - The Board rule currently does not allow for withholding of records for unpaid fees while the AICPA Code does allow this
 - Should the Board change the rule to align with the AICPA Code?

The Board agreed upon the parallel alignment for revising the rules. After discussion the Board Members wished to hold off on a decision on unpaid fees and withholding of client records. The BARC will begin drafting rule revisions with both options, which the Board will discuss at a later time.

Acting Executive Director's Report

Budget Status Report

The Acting Executive Director presented the Allotment Expenditure/Revenue BTD Flexible Report, the Certified Public Accountant's Account Fund Balance, and the CPA Scholarship Transfer Account Fund Balance for transactions through March 31, 2022.

The Acting Executive Director reported that she spoke with Paul Bitar, CPA, Senior Financial Consultant with Small Agency Financial Services (SAFS), who said that the agency is in excellent financial condition. Licensing revenue is up and is expected to be 5% higher than projected.

Senate Bill 5519

The Acting Executive Director reported on the passage of Senate Bill 5519. The bill:

- Eliminates the CPA-Inactive certificate credential
- Adds inactive as a status for a CPA license
- Has an effective date of June 9, 2022, but the changes to the inactive credential and status become effective on July 1, 2024

The Acting Executive Director thanked the WSCPA for running the legislation and working with the Board.

2021 Board of Accountancy Report to Governor

The Acting Executive Director presented the Board of Accountancy's Annual Report to the Governor of the agency's activities for the year ending December 31, 2021.

Mark Hugh stated that he appreciates staff for their work, especially now while being down two full-time employees. The Acting Executive Director stated that the Board hopes to have a new Executive Director soon, and a new staff position is being considered with the possibility of some reorganization of duties amongst the current staff.

Enforcement Report

Taylor Shahon, CPA, Lead Investigator, presented:

- Quarterly Enforcement Report for January 1, 2022, through March 31, 2022
- Resolved Complaint Report for periods April 2021 through March 2022 and April 2020 through March 2021

Taylor reported on the following enforcement activities:

- The Acting Executive Director knows the enforcement processes well, so things are running smoothly while awaiting a new Executive Director
- Thanks to all Consulting Board Members (CBM) for their case reviews – all cases are looked at by a CBM before closure
- Current complaints are mostly related to use of title or records

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

No executive or closed sessions were held.

Public Input

Jeremy Saladino of the Washington Association of Accountants and Tax Professionals (WAATP) thanked the Board for holding the meetings virtually, as this makes attending easier. He volunteered his services, if wanted, in helping to rewrite the Safe Harbor language into Board rule. He also thanked the Acting Executive Director for agreeing to speak at the WAATP annual meeting in June. Earlier in the Teams chat he added: Thank you all for retaining the Safe Harbor Language – this is an important policy to many professionals across the state.

Kenneth Smith added to the Teams chat: PUBLIC COMMENT “(in absentia - I am unable to remain for the rest of the meeting): I wish to sincerely thank the Board for having the presentation today from the State Auditor's Office (SAO).

In order to have a balanced assessment, I now request that the Board schedule a presentation to hear from those who are served/concerned about the accounting services provided by SAO (such as city councils, county commissioners, CFOs of audited entities, School Board Directors, Think Tanks, etc).

In many ways, I believe your primary duty is to those served by accountants, and secondly to those who provide accounting.”

Mark Ruzicka added this public comment to the Teams chat stating that he did not have access to a microphone:

“Thank you to the Chair.

Re: BARC/SAC – I would like to express my concurrence with Mark Hugh's limitation of the scope of any rules/standards monitoring committee because AICPA is the overarching guide code of conduct and is prerequisite (in most instances) to other standard setters.

Re: Client records – If a client has not paid an agreed fee for agreed deliverables, then I do not understand how they should have a right to

such deliverables. CPA has incurred costs in producing these documents.”

Adjournment

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

Secretary

Chair

Vice-Chair

Member

Member

Member

Member

Member

Member



STATE OF WASHINGTON
Board of Accountancy
 PO Box 9131 • Olympia WA 98507-9131
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OFFICE OF THE CODE REVISER
 STATE OF WASHINGTON
 FILED
DATE: June 06, 2022
TIME: 11:20 AM
WSR 22-13-033

Semi-Annual Rules Development Agenda
 July 2022 through December 2022

The Washington State Board of Accountancy’s semi-annual, rules development agenda follows for publication in the Washington State register under RCW 34.05.314.

This agenda is for information purposes, and the noted dates of anticipated activity are estimates. Additional rule development activity not on the agenda may occur as conditions warrant.

If you have questions about this rule development agenda, please contact:

Jennifer Sciba, Acting Executive Director
 PO Box 9131
 Olympia, WA 98507-9131
 Phone: (360) 586-0952; Email: Jennifer.sciba@acb.wa.gov

WAC Citation	Subject Matter	Anticipated Activity Dates		
		Preproposal (CR-101)	Proposed (CR-102) or Expedited (CR-105)	Permanent (CR-103)
WAC 4-30-040	What are the requirements concerning integrity and objectivity?	March 2022	November 2022	February 2023
WAC 4-30-042	When is independence required?	March 2022	November 2022	February 2023
WAC 4-30-044	What restrictions govern commissions, referral, and contingent fees?	March 2022	November 2022	February 2023
WAC 4-30-046	What are the requirements concerning competence?	March 2022	November 2022	February 2023
WAC 4-30-048	Compliance is required with which rules, regulations and professional standards?	March 2022	November 2022	February 2023
WAC 4-30-050	Records and clients confidential information.	March 2022	November 2022	February 2023
WAC 4-30-051	Client records.	March 2022	November 2022	February 2023
WAC 4-30-052	What acts are considered discreditable?	March 2022	November 2022	February 2023
WAC 4-30-054	What are the limitations on advertising and other forms of solicitation?	March 2022	November 2022	February 2023

WAC 4-30-056	What are the limitations regarding individual and firm names?	March 2022	November 2022	February 2023
WAC 4-30-058	Does the board authorize the use of any other titles or designations?	March 2022	November 2022	February 2023



Jennifer Sciba
Acting Executive Director

Principal Place of Business

WASHINGTON STATE BOARD OF ACCOUNTANCY

Why now?

- Remote work has surfaced a long simmering issue
 - An issue of licensing and out-of-state individuals holding out in Washington
 - Efforts over the last fifteen years to create uniformity among boards for licensees and firms to operate across state lines (“mobility”) have created definitions that may not fit well in a fluid remote work world
 - The greatest power the Washington Board has to protect the Washington public and modify the behavior of an individual licensee is the ability to restrict, sanction, or revoke a Washington CPA license
- Our discussion today
 - Washington definitions
 - Washington rules for mobility for individuals and firms
 - A common understanding of the current laws and rules
 - A consensus on any needed clarifications, whether through the Legislature, Board rules, or policies

Washington is somewhat unique

- Washington allows nonresident individuals to be licensed in Washington when they are practicing elsewhere leading to only 60% of all Washington licensees being residents of the state
- Washington's firm licensing rules are less restrictive than other states, since 2019 a firm license is only required for firms that perform attest or compilation services, but not other services
- Almost all other states have broader firm licensing rules requiring a firm to be licensed if it:
 - Performs attest or compilation services, or
 - Offers any services to clients and is comprised of more than a single owner, or
 - Merely assumes or uses the designation "certified public accountant" or "CPA" or any other title, designation, words, letters, abbreviation, sign, card, or device tending to indicate that the firm is composed of certified public accountants or CPAs

“Holding out”

- Holding out" means any representation to the **public** by the use of restricted titles by a person or firm that the person or firm holds a license and that the person or firm offers to perform any **professional services** to the **public** as a licensee. RCW 18.04.025(9)
- “Professional services” include all services requiring accountancy or related skills that are performed for a **client, an employer, or on a volunteer basis**
- These services include, but are not limited to accounting, audit and other attest services, tax, bookkeeping, management consulting, financial management, corporate governance, personal financial planning, business valuation, litigation support, and educational. ET Section 0.400.40

“The practice of public accountancy”

- The "practice of public accounting" means performing or offering to perform by a person or firm holding itself out, for a **client or potential client**:
 - One or more kinds of services involving the use of accounting or auditing skills, including the issuance of "reports"
 - One or more kinds of management advisory, or consulting services, or the preparation of tax returns, or the furnishing of advice on tax matters. RCW 18.04.025(18)
 - The "practice of public accounting" shall not include practices by persons or firms not required to be licensed as a CPA. RCW 18.04.025(18)

Individual licenses are required

- No individual may **hold himself or herself out** to the public or assume or use the designation "certified public accountant" or "CPA" or any other title, designation, words, letters, abbreviation, sign, card, or device tending to indicate that the individual is a certified public accountant or CPA unless:
 - The individual qualifies for **practice privileges**; or
 - Holds a valid Washington license. RCW 18.04.345(2)
- “Practice privileges,” allow an out-of-state CPA or out-of-state firm to temporarily enter a state to hold out or practice public accounting but are not the equivalent of a license

CPA interstate mobility

- All CPA licensing, as consumer protection, is inherently local and the location of the individual or enterprise consumer determines the ethical and administrative standards that apply
- Providing professional services in person, by mail, telephone, or electronic means in any state or U.S. territory requires practice privileges in that state or U.S. territory
- In 2008 Washington adopted uniform national standards for individuals and in 2016, uniform national standards for firms
- These standards used a “no notice”, “no fee”, “no escape” methodology, while the out-of-state CPA or firm did not have to notify the local board, by virtue of providing services in the state, they automatically consented to jurisdiction of the local board

Benefits of mobility and uniformity

- For the public
 - Removing state boundaries creates more consumer choices to choose a CPA or firm to serve their individual and business needs
 - Removing local boundaries creates more price competition among providers
 - A state board's ability to discipline is based on the consumer location, whether contact is physical or electronic, rather than where a license is issued
- For licensees and firms
 - Licensees and firms are free to serve clients or employers in other states physically, electronically, or otherwise, which expands markets for services
 - As an ethical violation in the state in which the consumer of professional services is based, whether client or employer, is also considered a violation in the state which issued the CPA license, uniform individual or firm mobility creates less risk of a chance of an inadvertent administrative violation in the state in which the consumer is based

Statutory practice privileges

- Practice privileges allow an individual whose **principal place of business** is outside of Washington to not be required to have a Washington license to **hold out** or **practice public accountancy** in Washington. RCW 18.04.350(2)
- A firm that does not have an office in this state but offers or renders attest or compilation services in this state is not required to have a firm license, among other requirements, if performed by an **individual with practice privileges** under RCW 18.04.350(2). RCW 18.04.195(1)(a)(ii)
- **“Principal place of business” means the office location designated by the licensee for purposes of substantial equivalency and reciprocity. RCW 18.04.025(19)**
- **“Substantial equivalency” and “reciprocity” means the requirements for obtaining an CPA license in the other state are the equivalent of Washington, or the other state will issue a CPA license based upon a valid Washington license. RCW 18.04.350 and RCW 18.04.180**

Parsing practice privileges

- The exception for individual and firm licensing allows:
 - An individual;
 - Holding out in Washington;
 - With a valid CPA license from any other substantially equivalent state;
 - To designate an office;
 - And if the office is not in Washington, the individual...
 - “...shall have all the privileges of licensees of this state without the need to obtain a license...” RCW 18.04.350(2)
- The exceptions for firm licensing for attest and compilation services are contingent upon the individual performing services having practice privileges in this state

WAC 4-30-090, the Board rule

- *“Must an out-of-state individual holding a license from another state apply and obtain a Washington state license to hold out and practice in Washington state?”*
- *“No. Out-of-state individuals holding valid licenses to practice public accounting issued by a substantially equivalent state, may hold out and practice within Washington state and/or provide public accounting services in person, by mail, telephone, or electronic means to clients residing in Washington state without notice or payment of a fee.*
- *An individual who qualifies for practice privileges under RCW 18.04.350(2), and who performs any attest service described in RCW 18.04.010(1) may only do so through a firm that has obtained a license under RCW 18.04.195 and 18.04.215 or that meets the requirements for an exception from the firm licensure requirements under RCW 18.04.195 (1)(a)(iii)(A) through (D) or (b).”*
- **The rule substitutes “out-of-state” for the principal place of business requirement of RCW 18.04.350(2)**

Legislative intent in 2008

- *To clarify the legislative intent of chapter 294, Laws of 2001, reduce the administrative licensing burden on certified public accountants licensed in any substantially equivalent jurisdiction, and facilitate consumer choice, the legislature intends to eliminate the requirement for **out-of-state certified public accountants** to notify the Washington state board of accountancy of intent to practice and pay a fee...*
- *...The requirement for notification will be replaced with "consent to automatic jurisdiction," which clarifies the legal disciplinary authority of the Washington state board of accountancy over **out-of-state certified public accountants practicing in Washington state**. This allows the board to more efficiently protect consumers while facilitating practice **mobility** and consumer choice*

Case studies

- Case study 1: A single office CPA firm based in Portland serves clients in Vancouver, Washington, either in person or by electronic means, and all employees and owners of the firm are Oregon licensees and Oregon residents
- *An out-of-state firm serving clients in Washington from an out-of-state location using only out-of-state individuals would qualify for practice privileges, despite both holding out and practicing public accounting in Washington*

Case studies

- Case study 2: The same single office CPA firm based in Portland hires a Washington resident employee, who commutes to the Portland office, and the Washington resident employee only has an Oregon CPA license
- *The Washington based employee is holding out in Oregon when they serve Oregon clients*
- *If the Washington based employee serves Washington clients, they are holding out in Washington, if they designate the Portland office as a principal place of business, is a Washington license required?*
- *If the Washington based employee volunteers as a treasurer for their children's school PTSA in Washington, they are holding out in Washington and unless they can designate an out-of-state office as a principal place of business, a Washington license is required*

Case studies

- Case study 3: A CPA moves to Washington and remotely serves their California high-tech employer from Washington and they only have a California license
- *The Washington based employee is holding out in California when they serve their employer in California, but as they are not holding out in Washington, no Washington license is required*
- Case study 4: A CPA moves to Washington and remotely serves their California based high-tech employer, at both the California and Washington operations of the employer, and they only have a California license
- *The Washington based employee is holding out in California and Washington and if they designate the California office as a principal place of business, is a Washington license required?*

For Board discussion

- Other boards are facing the same issues and NASBA will be working with boards to clarify definitions in the Uniform Accountancy Act
- Questions
 - Is “out-of-state” a synonym for “principal place of business”, or is “out-of-state ” a prerequisite for “principal place of business”?
 - Can a Washington resident be considered an “out-of-state” individual for practice privilege purposes and not obtain a Washington license?
 - What does it mean for an individual to “designate” an office location?
 - Must an individual affirmatively designate an office location to qualify?
 - Can a designated office location be either physical or virtual?
 - Are the homes of remote workers considered “office locations”?

To: Washington State Board of Accountancy
From: Mark Hugh, CPA Member
Jennifer Sciba, Acting Executive Director
Re: The 150-hour requirement for the CPA exam
Date: July 29, 2022

WAC 4-30-060 is the Board's rule on educational requirements to apply for the CPA exam. Since January 1, 2000, it has required at least 150 semester hours of college education to apply for the exam as a Washington applicant.

As a bachelor's degree requires 120 semester hours of education, many CPA exam applicants will supplement their bachelor's degree with additional college courses to reach 150 semester hours, or alternatively obtain a master's degree before applying for the exam as a Washington applicant.

The 150-hour rule has been codified in the Uniform Accountancy Act (UAA), Section 5(c) and has over time been adopted by all 55 state boards for the purposes of uniformity and ensuring interstate mobility for their license holders in other states. The co-owners of the UAA, the American Institute of Certified Public Accountants (AICPA) and the National Association of State Boards of Accountancy (NASBA) are staunch defenders of the 150-hour rule.

However, the 150-hour rule has long been controversial among state boards, so much that in order to reduce barriers to the profession, many state boards have adopted provisions that allow applicants to sit for the CPA exam with only 120 semester hours of college education while still requiring 150 hours for licensure.

As this point, Washington is only one of eight states that has maintained the 150-hour rule to sit for the CPA exam, leaving it as an outlier compared to the requirements to apply for the exam in other states.

Staff has noticed an increasing number of individuals applying for an initial CPA license with Washington after sitting for the CPA exam in another jurisdiction.

HOURS REQUIRED TO SIT FOR THE CPA EXAM

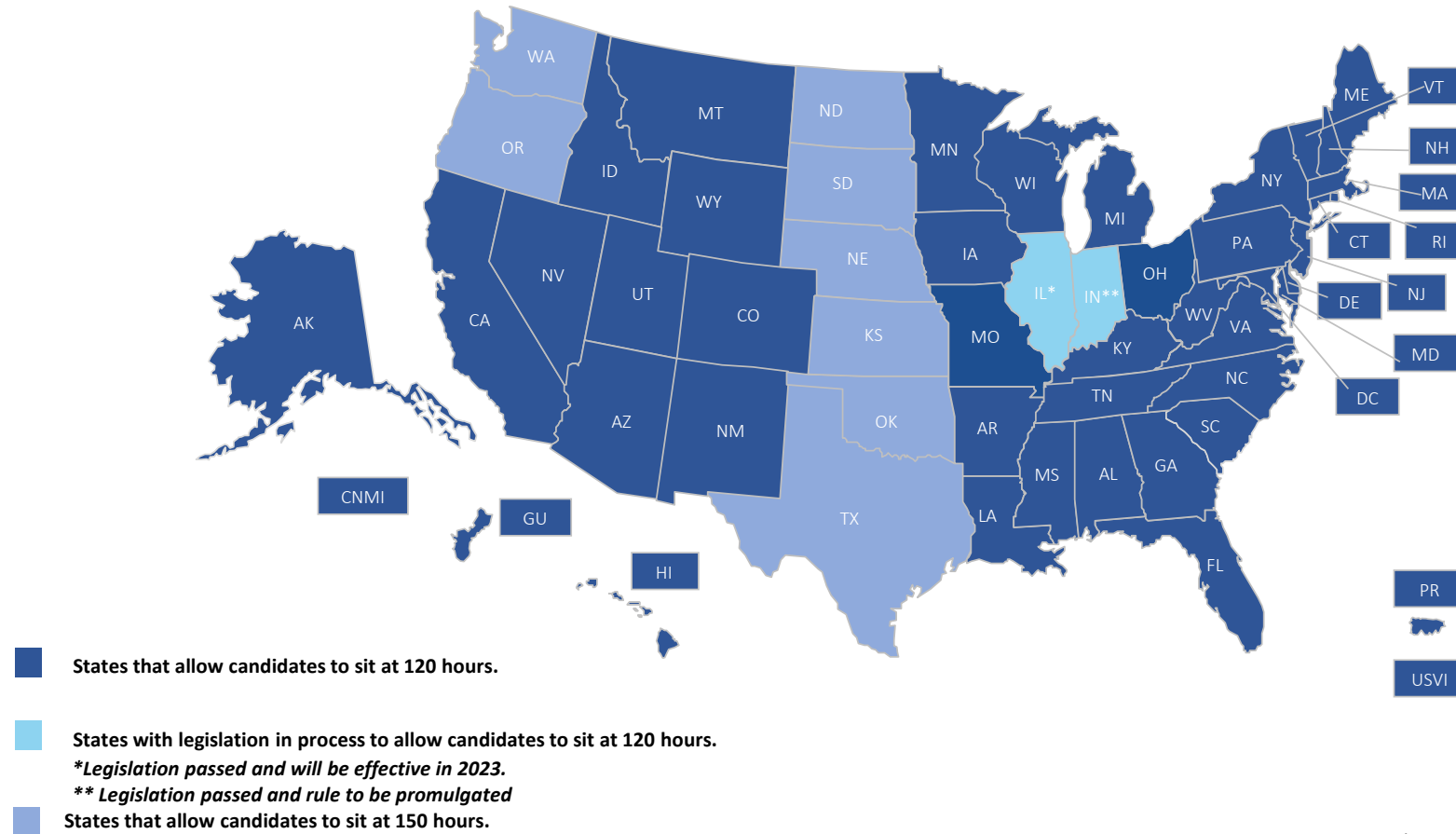


Image provided by Texas Society of CPAs

Request Oversight Committee Report July 2022

Tom Sawatzki, CPA, Chair

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

Approved Firm Names:

Deranleau CPA, PLLC
PH CPA LLC
Ray Curry CPA PS Inc.
DG Accounting Professionals, LLC
Gold Creek CPA
SilverLake CPA, LLC
RF Company CPA's, P.S
Tricia Delles, CPA
Wersen Nonprofit CPAs LLC
Apella Services, LLC
Forvis LLP

Professional/Educational Organization – Recognition Requests

During the second 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.

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

Suggested WAC Revisions

The following suggested WAC revisions reflect the parallel construction discussed between revised WAC rules and the AICPA Code of Professional Conduct.

- Exceptions to the AICPA code carried over from the old WAC rules are generally highlighted in yellow.
- Portions of the WAC rule for definitions are included in the revisions to include “professional services” as well as eliminate some redundant definitions now adopted from the AICPA code.
- The revised rules reflect the legislative revision eliminating the CPA-Inactive Certificate Holder status and replacing it with a CPA-inactive licensee status.
- Individuals holding an inactive license may not practice public accounting (offer services to clients). RCW 18.04.350 (1). Certain rules only apply to those practicing public accounting, and therefore CPA-inactives are excluded from these rules: Independence, Contingent Fees, Commissions and Referral Fees, Confidential Client Information, Advertising and Other Forms of Solicitation, and Form of Organization and Name.

Also attached is information on:

- Recent complaint history over record requests and outstanding fees.
- A copy of existing WAC rules before any clarification.

WAC 4-30-010 Definitions

~~"Affiliated entity" means any entity, entities or persons that directly or indirectly through one or more relationships influences or controls, is influenced or controlled by, or is under common influence or control with other entities or persons. This definition includes, but is not limited to, parents, subsidiaries,~~

~~investors or investees, coinvestors, dual employment or management in joint ventures or brother-sister entities....~~

~~"Authorized person" means a person who is designated or has held out as the client's representative, such as a general partner, tax matters partner, majority shareholder, spouse, agent, or apparent agent...~~

~~"Commissions and referral fees" are compensation arrangements where the primary contractual relationship for the product or service is not between the client and licensee, as defined in this section, CPA-Inactive certificate holder, nonlicensee firm owner of a licensed firm, or a person affiliated with a licensed firm; and~~

~~(a) Such persons are not primarily responsible to the client for the performance or reliability of the product or service; or~~

~~(b) Such persons add no significant value to the product or service; or~~

~~(c) A third party instead of the client pays the persons for the products or services....~~

~~"Contingent fees" are fees established for the performance of any service pursuant to an arrangement in which no fee will be charged unless a specified finding or result is attained, or in which the amount of the fee is otherwise dependent upon the finding or result of such service....~~

~~"Professional Services" include all services requiring accountancy or related skills that are performed for a client, an employer, or on a volunteer basis. These services include, but are not limited to accounting, audit and other attest services, tax, bookkeeping, management consulting, financial management, corporate governance, personal financial planning, business valuation, litigation support, educational, and those services for which standards are promulgated by the appropriate body for each service undertaken....~~

~~"Referral fees" see definition of "commissions and referral fees" in this section.~~

WAC 4-30-040 Integrity and Objectivity

(1) In the performance of any professional service, a licensee shall maintain objectivity and integrity, shall be free of conflicts of interest, and shall not knowingly misrepresent facts or subordinate his or her judgment to others.

(2) For the purposes of this rule, "licensees" includes licensees, licensees

with an inactive status, CPA firms, non-licensee firm owners, employees of such persons, out-of-state individuals with practice privileges 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.

WAC 4-30-042 Independence

(1) A licensee in public practice shall be independent in the performance of professional services as required by standards promulgated by the appropriate body for each service undertaken.

(2) For the purposes of this rule, "licensees" includes licensees, CPA firms, non-licensee firm owners, employees of such persons, out-of-state individuals with practice privileges 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.

WAC 4-30-044 Contingent Fees

(1) A licensee in public practice shall not:

(a) Perform for a contingent fee any professional services for, or receive such a fee from a client for whom the licensee or the licensee's firm performs,

(i) An audit or review of a financial statement; or

(ii) A compilation of a financial statement when the licensee expects, or reasonably might expect, that a third party will use the financial statement and the licensee's compilation report does not disclose a lack of independence; or

(iii) An examination of prospective financial information; or

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

(2) The prohibition above applies during the period in which the licensee or licensee's firm is engaged to perform any of the services listed above and the period covered by any historical financial statements involved in any such listed services.

(3) Except as stated in the next sentence, a contingent fee is a fee established for the performance of any service pursuant to an arrangement in which no fee will be charged unless a specified finding or result is attained, or in which the amount of the fee is otherwise dependent upon the finding or result of

such service. Solely for purposes of this rule, fees are not regarded as being 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.

(4) A licensee's fees may vary depending, for example, on the complexity of services rendered.

(5) Any licensee who is not prohibited by this rule from performing services for a contingent fee must:

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

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

(c) Specify the licensee's role as the client's advisor; and

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

(6) For the purposes of this rule, "licensees" includes licensees, CPA firms, non-licensee firm owners, employees of such persons, out-of-state individuals with practice privileges 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.

WAC 4-30-045 (NEW RULE NUMBER) Commission and Referral Fees

(1) A licensee in public practice shall 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 the licensee or licensee's firm also performs for that client

(a) An audit or review of a financial statement; or

(b) A compilation of a financial statement when the licensee expects, or reasonably might expect, that a third party will use the financial statement and the licensee's compilation report does not disclose a lack of independence; or

(c) An examination of prospective financial information.

(2) This prohibition applies during the period in which the licensee is engaged to perform any of the services listed above and the period covered by any historical financial statements involved in such listed services.

(3) Any licensee who is not prohibited by this rule from performing services for, or receiving a commission or referral fee must:

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

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

(c) Specify the licensee's role as the client's advisor; and

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

(4) For the purposes of this rule, "licensees" includes licensees, CPA firms, non-licensee firm owners, employees of such persons, out-of-state individuals with practice privileges 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.

Comment:

Previous WAC rule was mashup of two AICPA rules, now broken into separate rules for purposes of parallel construction.

WAC 4-30-046 General Standards

(1) Licensees shall comply with the following general standards:

(a) Professional Competence. 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. 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.

(2) For the purposes of this rule, "licensees" includes licensees, licensees with an inactive status, CPA firms, non-licensee firm owners, employees of such persons, out-of-state individuals with practice privileges 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.

WAC 4-30-048 Compliance with Standards

(1) A licensee who performs professional services shall comply with standards promulgated by the appropriate body for each service undertaken.

(2) Authoritative bodies include, but are not limited to, the American Institute of Certified Public Accountants (AICPA), its Code of Professional Conduct, its definitions, and interpretations, and other AICPA standards; the Internal Revenue Code (IRC); the Internal Revenue Service (IRS); and federal, state, and local audit, regulatory and tax agencies; 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); and the Federal Office of Management and Budget (OMB).

(3) However, if the requirements found in the professional standards differ from the requirements found in specific board rules, board rules prevail.

(4) For the purposes of this rule, "licensees" includes licensees, licensees with an inactive status, CPA firms, non-licensee firm owners, employees of such persons, out-of-state individuals with practice privileges 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.

Comments:

Added the AICPA Code of Professional Conduct and other behavioral standards at the start of the list, and reordered financial accounting standards to the latter part of the paragraph. Added the Internal Revenue Code, as tax preparation is regulated by Congress and representation before the IRS is regulated by the IRS.

WAC 4-30-049 (NEW RULE NUMBER) Accounting Principles

(1) A licensee shall not (a) express an opinion or state affirmatively that the financial statements or other financial data of any entity are presented in

conformity with generally accepted accounting principles or (b) state that he or she is not aware of any material modifications that should be made to such statements or data in order for them to be in conformity with generally accepted accounting principles, if such statements or data contain any departure from an accounting principle promulgated by bodies appropriate to the service undertaken to establish such principles that has a material effect on the statements or data taken as a whole. If, however, the statements or data contain such a departure and the licensee can demonstrate that due to unusual circumstances the financial statements or data would otherwise have been misleading, the licensee can comply with the rule by describing the departure, its approximate effects, if practicable, and the reasons why compliance with the principle would result in a misleading statement.

(2) For the purposes of this rule, "licensees" includes licensees, licensees with an inactive status, CPA firms, non-licensee firm owners, employees of such persons, out-of-state individuals with practice privileges 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.

Comment:

Previous WAC rule was mashup of two AICPA rules, now broken into separate rules for purposes of parallel construction.

WAC 4-30-050 Confidential Client Information

(1) A licensee in public practice shall not disclose any confidential client information without the specific consent of the client.

(2) This rule does not:

- (a) Affect in any way the obligation of those persons to comply with a disclosure required by law or 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

(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.

(3) It is permissible for the successor in interest of a deceased or incapacitated licensee to contract with a responsible custodian to securely store client records until such time as consent to transfer records has been obtained.

(4) For the purposes of this rule, "licensees" includes licensees, CPA firms, non-licensee firm owners, employees of such persons, out-of-state individuals with practice privileges 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.

Comment:

Disclosure by "law" or "legal process" are both allowed under RCW 18.04.405. This adopts NOCLAR into Washington rules. Adding incapacitation to records storage safe harbor.

~~WAC 4-30-051 Client records~~

Comment:

This rule is being deleted, as the content is covered by AICPA interpretations under the "Acts Discreditable" Rule.

WAC 4-30-052 Acts Discreditable

(1) A licensee shall not commit an act discreditable to the profession.

(2) Records requests.

(a) To the extent a licensee maintains electronic records, and those records must be provided to a client under applicable professional standards, a licensee must provide those records electronically to the client. In responding to a records request, it is not permissible for a licensee 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.

(c) Licensees must not refuse to return or provide records, including

electronic documents, pending client payment of outstanding fees.

(3) For the purposes of this rule, "licensees" includes licensees, licensees with an inactive status, CPA firms, non-licensee firm owners, employees of such persons, out-of-state individuals with practice privileges 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.

Comment:

Subsection (2)(c) related to outstanding fees and is consistent with the current WAC rule but is inconsistent with the rule adopted by most states.

WAC 4-30-054 Advertising and Other Forms of Solicitation

(1) A licensee in public practice shall not seek to obtain clients by advertising or other forms of solicitation in a manner that is false, misleading, or deceptive. Solicitation by the use of coercion, over-reaching, or harassing conduct is prohibited.

(2) For the purposes of this rule, "licensees" includes licensees, CPA firms, non-licensee firm owners, employees of such persons, out-of-state individuals with practice privileges 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.

WAC 4-30-056 Form of Organization and Name

(1) A licensee may practice public accounting only in a form of organization permitted by law or regulation.

(2) 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.

(3) 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:

(a) 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.");

(b) Implies the existence of a partnership when one does not exist;

(c) Includes the name of a person who is neither a present nor a past owner of the firm;

(d) Implies educational or professional attainments, specialty designations, or licensing recognition not supported in fact; or

(e) Includes the terms "& Company", "& Associate", or "Group", but the firm does not include, in addition to the named partner, shareholder, owner, or member, at least one other unnamed partner, shareholder, owner, member, or staff employee.

(4) Licensed firms and unlicensed firms.

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

(b) A firm not required to be licensed may not operate under an alias, a firm name, title, or "DBA" that differs from the firm name that is registered with the secretary of state and/or the department of revenue.

(5) For the purposes of this rule, "licensees" includes licensees, CPA firms, non-licensee firm owners, employees of such persons, out-of-state individuals with practice privileges 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.

Comments:

Subsection (3)(e) is not in the current WAC rule but was added from the NASBA model rule. Subsection (4) separates old paragraph (4) into licensed and unlicensed firms (reflecting 2019 legislation) and for unlicensed firms, adding conformity with other state registration requirements, and mirroring language in the RCW.

WAC 4-30-058 Other Authorized Titles

(1) The board allows the use of other titles by any person regardless of whether the person has been granted a certificate or holds a license 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.

(2) Nothing in this chapter prohibits the use of the title "accountant" by any person regardless of whether the person holds a license under this chapter.

(3) Nothing in this chapter prohibits the use of the title "enrolled agent" or the designation "EA" by any person regardless of whether the person holds a

license under this chapter if the person is properly authorized at the time of use to use the title or designation by the Internal Revenue Service (IRS).

- (4) The board also authorizes titles and designations authorized by:
 - (a) The American Institute of Certified Public Accountants (AICPA);
 - (b) The Association of International Certified Professional Accountants (AICPA);
 - (c) The Institute of Management Accounts (IMA);
 - (d) The Accreditation Council for Accountancy and Taxation; and
 - (e) Certified Financial Planner Board of Standards (CFP Board).
- (5) These authorized designations relate to title use only, are not limited to individuals who have held or are holding a license under the act, and do not authorize these other designated individuals to use the title "certified public accountant" or "CPA," or "CPA-inactive."

Comments:

Not a rule in the AICPA code, a Board rule is required by the RCW. Subsections (1), (2), and (3) are in RCW 18.04.350. Subsection (4)(b) is the AICPA's new joint venture that issues the CGMA title; and subsection (4)(c) is the CMA title, which has not previously technically been an allowed title in Washington.

Hi Mark,

Due to records retention periods, I can't pull all the specifics. Since Jan 1 2020, we have closed 12 complaints primarily related to records requests. If I recall correctly, one or two related to outstanding fees, but didn't cause a violation: failure to provide

- (1) certain requested records that were requested,
- (2) related to completed work (or were original records),
- (3) within forty-five days, *and*
- (4) due to outstanding fees.

We have not had a complaint where the only issue at contention was a refusal to provide records due to fees.

Most of the records complaints fall into one (or more) of these buckets:

- The work was not complete but the client wants those records.
- Forty-five days have not elapsed.
- The client never sent a records request, or did not send a clear records request.
- The client wanted a copy of the tax prep file, or QuickBooks ledger, etc., but the CPA was not engaged to prepare those.

I hope that helps with what you're getting to.

Taylor Shahon, CPA (he/him/his)
Lead Investigator
Washington State Board of Accountancy

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

Current Board Rules

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

The AICPA Code of Professional Conduct, interpretations, and ethics rulings are codified into a single code of rules and interpretations, available in an online database at;<https://pub.aicpa.org/codeofconduct/Ethics.aspx>

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.

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.

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;

(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.

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.

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;

(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.

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.

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

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.

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.

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.

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.

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.

1650 - State Board of Accountancy
Allotment Expenditure/Revenue BTD Flexible

Report Number: AEF04 Date Run: Jun 30, 2022 11:59PM
 Biennium: 2023 As of Fiscal Month: Jun FY1 Transactions Through: Jun 30, 2022 8:00PM
 Account: 02J Allotment Content: Approved & Adjusted Estimated Revenue Content: Approved & Adjusted Expenditure Content: Cash, Acct(All)
 Revenue Content: Cash, Acct(All)

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

	Allotment		Disbursement		Accrual		Encumbrance		Variance		Biennium Remaining
	BTD	BTD	BTD	BTD	BTD	BTD	BTD	BTD	BTD		
By Account/Expenditure Authority											
02J - Certified Public Accountants' Acct											
030 - Salaries and Expenses	2,212,456	1,792,932.87	(3,250.00)	0.00	422,773.13	2,707,317.13					
Total for Agency	2,212,456	1,792,932.87	(3,250.00)	0.00	422,773.13	2,707,317.13					
By Account/Expenditure Authority											
By Object											
A - Salaries and Wages	806,711	766,634.37	0.00	0.00	40,076.63	881,292.63					
B - Employee Benefits	260,599	247,156.49	0.00	0.00	13,442.51	300,624.51					
C - Professional Service Contracts	162,000	130,432.15	0.00	0.00	31,567.85	193,567.85					
E - Goods and Services	934,810	639,364.53	(3,250.00)	0.00	298,695.47	1,244,505.47					
G - Travel	33,336	9,345.33	0.00	0.00	23,990.67	57,326.67					
J - Capital Outlays	15,000	0.00	0.00	0.00	15,000.00	30,000.00					
Total for Agency	2,212,456	1,792,932.87	(3,250.00)	0.00	422,773.13	2,707,317.13					
By Object											

Fund

Balance As Of:	7/6/2022	Show Balances As Of:	07/06/2022
Book Balance:	4,182,381.75	<input type="button" value="Retrieve"/>	
Outstanding Warrants:	330.00		
Cash Balance:	4,182,711.75		

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

Fund

Balance As Of:	6/30/2022	Show Balances As Of:	06/30/2022
Book Balance:	150,000.00	<input type="button" value="Retrieve"/>	
Outstanding Warrants:	0.00		
Cash Balance:	150,000.00		

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



National Association of State Boards of Accountancy

150 Fourth Avenue North ♦ Suite 700 ♦ Nashville, TN 37219-2417 ♦ Tel 615/880-4200 ♦ Fax 615/880/4290 ♦ Web www.nasba.org

June 1, 2022

Dear Executive Director:

Upon the launch of the new CPA Examination in January 2024, it is anticipated some candidates with conditional credit may possibly be negatively impacted by limited opportunities to test and also by delays in score reporting.

The CBT Administration Committee and the Executive Directors Committee strongly recommend that transitioning policies regarding credit extensions be consistent among all boards to reduce confusion and shifting candidate application behaviors based upon differing board policies. Because questions have been raised regarding credit extension policies during transition, the Committees are recommending the following credit extension policy:

Any candidate with Uniform CPA Examination credit(s) on January 1, 2024 will have such credit(s) extended to June 30, 2025.

The recommendation is based on the following goals and objectives:

- Minimizes candidate disruption
- Easy to understand, communicate and implement
- Minimize risk to the public protection
- Minimize impact to the candidate pipeline
- Support and promote the new CPA Evolution model
- Minimize changes to state board statute/rules
- Be uniformly accepted by all Boards of Accountancy

It should also be noted that during the conversion from the paper-and-pencil examination to the computerized examination in 2004, similar extensions of credits were granted.

The two committees will take up the issue of addressing how new candidates testing in 2024 could be impacted by limited testing opportunities and score delays later this year and make further recommendations to the Boards.

We urge you to adopt the above recommendation. If you have any questions, please contact either of us, or Patricia Hartman, NASBA Director of Client Services (615-880-4273 or phartman@nasba.org). Pat and other NASBA senior staff are available to attend your Board meetings virtually over the coming months to answer questions and provide further background information regarding the recommendation of the Committees if that would be helpful.

Also, please let Pat know if your Board will adopt the recommended policy, as she will be tracking status of this matter for all Boards and reporting it periodically to you. Our intent is to share this information widely, along with testing and score release calendars for 2024 later in 2022, so it is preferable that each Board doesn't announce their policy decision until such time as the broad release. NASBA will communicate the timing the announcements with the Boards before they are published.

Thank you for your consideration of this matter.

Sincerely,

Nancy J. Corrigan

Nancy J. Corrigan, CPA
Chair, CBT Administration Committee
nancy.corrigan@cba.ca.gov
916-561-1711

Kent A. Absec

Kent A. Absec
Chair, Executive Directors Committee
kent.absec@dopl.ida.gov
208-334-2615

cc: Colleen Conrad, COO and EVP, NASBA
Patricia Hartman, Director of Client Services, NASBA

Credential statuses

Credential	Renewed	Lapsed/Dissolved	Retired	Total
CPA License	6633	718	369	7720
CPA-Inactive	318	55	24	397
Nonlicensee Firm Owner	18	6		24
CPA Firm	531	126		657
Total	7500	905	393	8798

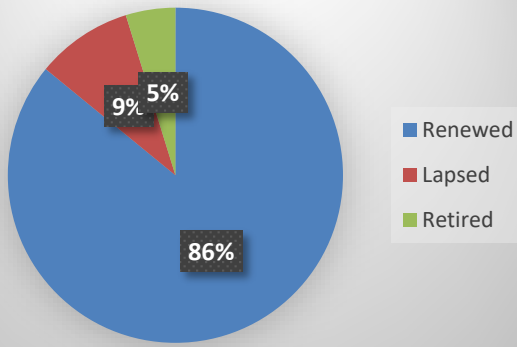
CPE Extension Requests

Credential	Count
CPA License	937
CPA-Inactive	22
Nonlicensee Firm Owner	2
Total	961

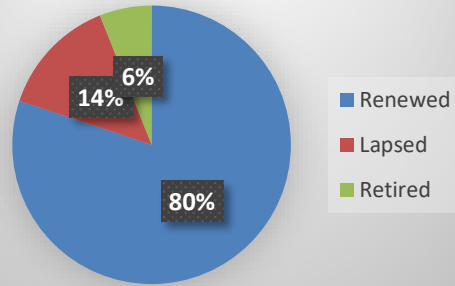
CPE Deficiency Reason

Reason	Count
Missed Reporting Period Only	359
Missed Annual Requirement Only	307
Missed Both	295
Total	961

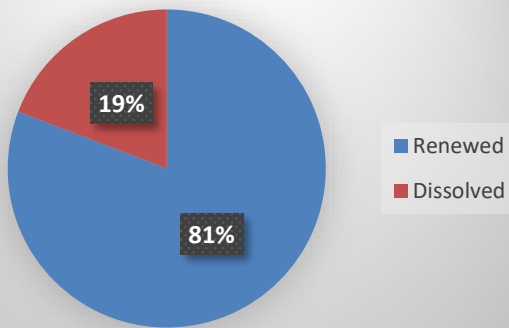
CPA License



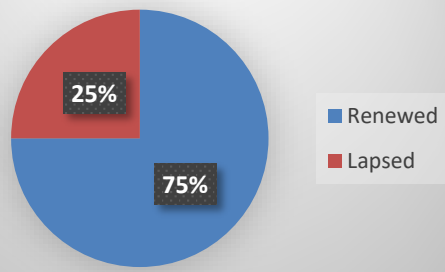
CPA Inactive Certificateholder



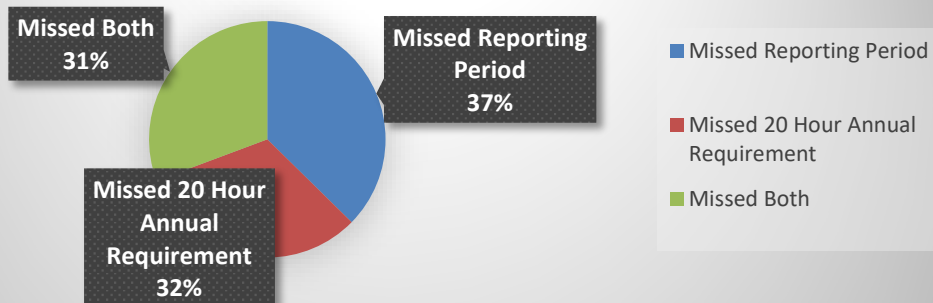
CPA Firm



Non-licensee Firm Owner (NLFO)



CPE Extension Requests



Board of Accountancy

Washington State

Enforcement Report

<u>Quarterly Report (Apr 01, 2022 through Jun 30, 2022)</u>			
Complaint Workload			
	Received in Previous Period	Received in Report Period	Total
Complaints Open	21	25	46
Closed with No Action	(16)	(8)	(24)
Closed with Action Taken	0	0	0
Complaints at End of Period	5	17	22
Details of Complaint Closures			
Closed Disposition	Administrative	Public Harm	Total
No Action Taken	0	24	24
Revocation, Suspension, Restriction	0	0	0
Fines, costs, and other sanctions	0	0	0
Remedial Resolution (Policy 2004-1)	0	0	0
Total Closed	0	24	24

<u>Twelve-Month Lookback (Jul 01, 2021 through Jun 30, 2022)</u>			
Complaint Workload			
	Received in Previous Period	Received in Report Period	Total
Complaints Open	22	73	95
Closed with No Action	(15)	(52)	(67)
Closed with Action Taken	(6)	0	(6)
Complaints at End of Period	1	21	22
Details of Complaint Closures			
Closed Disposition	Administrative	Public Harm	Total
No Action Taken	0	67	67
Revocation, Suspension, Restriction	0	0	0
Fines, costs, and other sanctions	2	4	6
Remedial Resolution (Policy 2004-1)	0	0	0
Total Closed	2	71	73

Board of Accountancy Washington State

All complaints - resolved with and without discipline

	<u>Jul 2021 to Jun 2022</u>		<u>Jul 2020 to Jun 2021</u>	
	<i>All</i>	<i>Action Only</i>	<i>All</i>	<i>Action Only</i>
Public Harm				
Negligence - Attest related	1	0	2	0
Negligence, Disregard of standards	57	4	30	2
Use of Restricted Titles	8	0	5	0
Embezzlement, Theft, Breach of Fid. Duty	1	0	0	0
Breach of Confidentiality	0	0	0	0
Records Retention Causing Harm	4	0	3	2
Subtotal	71	4	40	4
Administrative				
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
Subtotal	2	2	2	1
Total	73	6	42	5

<u>Apr 01, 2022 through Jun 30, 2022</u>				
CBM Report				
	BAP	Action	No Action	Total
Rajib Doogar	0	0	0	0
Brooke Stegmeier	0	0	5	5
Jacqueline Meucci	0	0	0	0
Tonia Campbell	0	0	1	1
Kate Dixon	0	0	1	1
Mark Hugh	0	0	6	6
Scott Newman	0	0	3	3
Thomas Sawatzki	0	0	7	7
Brian Thomas	0	0	1	1
Total	0	0	24	24