

## ANNUAL BOARD MEETING AGENDA

**Date, Time:** Friday, October 28, 2022 – Annual Board Meeting – 9:00 a.m.

**Location:** Hybrid Meeting (*In person and virtual*)

*In person:* Capitol Event Center

Chehalis A & B Rooms

6005 Tye Drive SW

Tumwater, WA 98512

*Virtual:* Microsoft Teams Meeting

**Notices:** None

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- 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.

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

Kirsten Donovan, Board Clerk  
PO Box 9131, Olympia, WA 98507-9131  
Phone: 360-664-9191 Email: [kirsten.donovan@acb.wa.gov](mailto: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](http://www.washingtonrelay.com))

**WASHINGTON STATE  
BOARD OF ACCOUNTANCY  
ANNUAL BOARD MEETING – OCTOBER 28, 2022  
SUMMARY**

**Date and Time:** **Friday, October 28, 2022 - 9:00 a.m.**

**Location:** Hybrid Meeting (*In person and virtual*)  
*In person:* Capitol Event Center  
Chehalis A & B Rooms  
6005 Tye Drive SW  
Tumwater, WA 98512  
*Virtual:* 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 and you did not add your name to the public input roster when you entered, please advise the Board Chair. We will add your name to the public input roster now.

**Chair Introductions:** Board Members, legal counsel, and Board staff in attendance will introduce themselves.

**1. Minutes – July 29, 2022, Board Meeting**

Board staff presents the draft minutes of the July 29, 2022, Board meeting at **pages 9-19** for the Board's consideration.

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

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

**2. Board Orientation**

Mark Hugh will report on the Board training slides at **Pages 20-55**.

**3. Chair’s Report**

**Page 56** contains the memo, Proposed Board Officers for Calendar Year 2023.

**a. Election of Officers for Calendar Year 2023**

The Board must vote in officers for calendar year 2023:

Chair \_\_\_\_\_

Vice Chair \_\_\_\_\_

Secretary \_\_\_\_\_

The newly elected officers will assume their duties on January 1, 2023.

**b. Board Meeting Schedule and Locations for Calendar Year 2023** - Board meeting dates are set by Board rule as the last Friday of the month in the months of January, April, July, and October, or as otherwise determined by the Board. Board staff with direction from the Board Chair has selected the following meeting dates and locations:

- January 27, 2023 – SeaTac Area
- April 28, 2023 – SeaTac Area
- July 21, 2023 – Pasco, WA, Holiday Inn Express & Suites
- October 20, 2023 – Tumwater, WA, Capitol Event Center

The 2023 Board meetings will be hybrid with options to attend in-person or virtually through Microsoft Teams.

**Does the Board approve the selected dates and locations?**

**c. Committee Chair and Member Appointments for Calendar Year 2023**

The Board adopted a governance structure that includes the Executive Committee consisting of the Board officers and four other committees/task forces. The Board needs to appoint chairs and members for each of the four committees/task forces at its annual meeting. The current committees/task forces and members are listed.

**Page 57** contains a copy of the 2022 committee and task force spreadsheet for reference.

**Peer Review Oversight Committee (PROC)**

Chair: \_\_\_\_\_

Members: \_\_\_\_\_

Current Members:

Jackie Meucci, CPA, Committee Chair

Mark Hugh, CPA

Brooke Stegmeier, CPA

Non-board Volunteers:

Robert Loe, CPA

Laura Lindal, CPA

**Request Oversight Committee (ROC)**

Chair: \_\_\_\_\_

Member: \_\_\_\_\_

Current Members:

Tom Sawatzki, CPA, Committee Chair

Brian Thomas, CPA

Brooke Stegmeier, CPA

**Scholarship Oversight Committee (SOC)**

Chair: \_\_\_\_\_

Member: \_\_\_\_\_

Current Members:

Kate Dixon, Public Member, Committee Chair

Brian Thomas, CPA

Jackie Meucci, CPA

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

Chair: \_\_\_\_\_

Member: \_\_\_\_\_

Current Members:

Mark Hugh, CPA, Committee Chair

Brian Thomas, CPA

Brooke Stegmeier, CPA

Tom Sawatzki, CPA

**4. Rules Review**

- a. **WAC 4-30-060** What are the education requirements to qualify to apply for the CPA examination?

**Page 58** contains a copy of the CR-101 filed with the Office of the Code Reviser.

**Pages 59-64** contain a draft copy of the proposed changes to the rule.

The Executive Director will lead a discussion on the proposed changes.

**Does the Board wish to direct staff to:**

- **File the CR-102 as written (or with minor changes) for this proposal and schedule a public rule-making hearing in conjunction with the Board's January meeting; or**
- **Amend the rule proposal for consideration at the Board's January meeting; or**
- **Withdraw the rule proposal?**

## **5. NASBA Update**

The Executive Director will provide an update of NASBA activities.

## **6. Legal Counsel's Report**

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

## **7. Executive Director's Report**

### **a. Budget Status**

**Pages 65-67** 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 September 30, 2022.

### **b. Pro-Equity Anti-Racism (PEAR) Plan**

On March 21, 2022, Governor Jay Inslee signed into effect Executive Order 22-04 (EO 22-04) which is available in **Pages 68-74**. In the Governor's words from EO 22-04, Washington is a state where all are welcomed and will have the opportunity to thrive regardless of race, ethnicity, creed, color, national origin, citizenship or immigration status, sex, honorably discharged veteran or military status, sexual orientation, or the presence of sensory, mental, or physical disability.

**Pages 75-96** contain the Board's 2022 PEAR Strategic Action Plan filed with the Office of Equity.

The Executive Director will present and lead the discussion.

**c. Residency of Washington Licensees**

**Page 97** contains the 2022 Residency of Washington Licensees report.

**8. Continuing Professional Education (CPE)**

The Executive Director and Deputy Director will present and lead the discussion on potential changes to allowable CPE credit increments. The CPE report is available at **pages 98-99**.

**9. Committee/Task Force Reports**

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

**Page 100** contains the 2022 Quality Assurance Review (QAR) Results Report.

**Pages 101-103** contain the PROC Report on peer review alternatives. **Pages 104-110** contain the PROC Report on peer review background and trends from April 11, 2019, for informational purposes.

Mark will give a verbal report.

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

**Page 111** contains a report on the 3<sup>rd</sup> 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; Brooke Stegmeier, CPA; Tom Sawatzki, CPA

**Pages 112-113** contain the BARC Report and the Outstanding Fees – Survey Results.

**Pages 114-177** contain draft copies of the revised rules and two new rules.

Mark will give a verbal report.

**Does the Board wish to direct staff to:**

- **File the CR-102 as written (or with minor changes) for this proposal and schedule a public rule-making hearing in conjunction with the Board’s January meeting; or**
- **Amend the rule proposal for consideration at the Board’s January meeting; or**
- **Withdraw the rule proposal?**

## **10. Enforcement Report**

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

**Pages 178-179** contain the October 2022 Enforcement Reports.

**11. Executive and/or Closed Sessions with Legal Counsel** - The Board's legal counsel requests the agenda for regular Board meetings contain a placeholder item identifying the Board and legal counsel may enter into an 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** 9:00 a.m. – 1:00 p.m. Friday, July 29, 2022  
Microsoft Teams Meeting

**Attendance**

Board Members  
Rajib Doogar, Chair, Public Member  
Brooke Stegmeier, CPA, Vice Chair, Board Member  
Jacqueline Meucci, CPA, Secretary, Board Member (left at 12:01 p.m.)  
Mark Hugh, CPA, Board Member  
Brian R. Thomas, CPA, Board Member  
Kate Dixon, Public Member  
Thomas P. Sawatzki, CPA, Board Member  
Scott S. Newman, Public Member  
Tonia L. Campbell, CPA, Board Member

Staff and Advisors  
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

**Call to Order** Board Chair called the meeting of the Board to order at 9:00 a.m.

**Minutes – April 29, 2022, Board Meeting** The Board approved the minutes of the April 29, 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.

**Rules Review** The Board Chair presented the Semi-annual Rules Development Agenda – July through December 2022 to the Board.

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

The Acting Executive Director noted that the rules listed are those associated with the Board/AICPA Rules Clarification (BARC) task force's work.

**NASBA Update** Nancy J. Corrigan, CPA, Pacific Regional Director, NASBA, and Daniel J. Dustin, CPA, Vice President, State Board Relations, NASBA provided an update on the following NASBA activities:

- Reminder of NASBA annual meeting October 30 – November 2, 2022, in San Diego, CA
- Diversity/Board Member diversity
- Support of Accounting STEM Pursuit Act federal legislation
- CPA Pipeline – Engaging with academics and students in your jurisdiction
- CPA Evolution dates
  - Exam blueprint exposed for public comment through 9/30/2022
  - Exam blueprint finalized January 2023
  - New Exam launches January 2024
- CPA Evolution possible rule changes
  - Date of score release for calculation of conditional credit for Exam sections passed
  - Extend conditional credit for sections passed as of January 1, 2024, an additional 18 months
- EvolutionofCPA.org
- NASBA's 3-pronged approach for supporting state boards in response to NC Dental board case
- Principal place of business
  - Disparity of views and changing work environments are making this an important issue
  - UAA definition of principal place of business can be confusing
  - Mobility mantra – No Notice, No Fee, No Escape – adds another element to the conversation
- Criminal conviction legislation – deregulation tools
  - Good moral character
  - Criminal convictions directly related to occupation or profession
  - Passage of time
  - Expungement of disciplinary violations

A question-and-answer session followed the presentation with discussion on the following topics:

- Conformity of Board Rules to the AICPA Code of Professional Conduct with exceptions – specifically, withholding records for outstanding fees
- Elimination of good character requirement
- Accountancy as STEM – how is that classification earned
- How to entice more students into the CPA profession – cost benefits for students
- Peer review
- Closing of Spokane Prometric Center

The Board Chair thanked Nancy and Dan for their contribution and time.

### **Chair's Report**

The Board Chair, Rajib Doogar, reported the following:

- No update available on the Executive Director position vacancy
- NASBA Western Regional meeting attendance
- Mark has kept him apprised of the BARC task force's work

Rajib asked that Board Members bring to him any items that they believe he should be looking into.

### **Legal Counsel's Report**

Leo Roinila, the Board's legal counsel, had nothing to report.

### **Principal Place of Business**

Mark Hugh presented the PowerPoint, Principal Place of Business. The core issue is – does a Washington resident who works as a CPA need a Washington CPA license? Topics included:

- Why now?
  - Remote work has brought the issue to the forefront
  - Efforts to create uniformity among boards for licensee and firm mobility have created definitions that may not fit well in the remote work environment
  - Public protection is predicated on the Board's ability to restrict, sanction, or revoke a Washington CPA license
- Washington State Board of Accountancy Uniqueness
  - Non-resident licensing is allowed – Only 60% of Washington licensees are residents of the state
  - Firm licensing requirements are less restrictive than in other states
    - Firm license required only if performing or offering to perform attest or compilation services
    - Most other states require a firm license if the firm:
      - Performs attest or compilation services
      - Is comprised of more than a single owner
      - Assumes or uses the designation CPA or other words that indicate the firm is composed of CPAs
- Definitions
  - "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.
  - "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, corporate governance, personal financial planning, business valuation, litigation support, and educational.

- “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)
- “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.
- “Principal place of business” means the office location designated by the licensee for purposes of substantial equivalency and reciprocity.
- “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.
- No individual may “hold out” in Washington unless the individual:
  - Holds a valid Washington CPA license
  - Qualifies for 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)
- Interstate mobility – “No notice”, “No fee”, “No escape”
  - 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.
  - 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.

- 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”?
- NASBA is working with boards on clarifying definitions in the Uniform Accountancy Act (UAA).

Board Members, staff, and others brought up the following points during the discussion following the presentation:

- How will this affect licensing and revenue?
- Can the process be manipulated?
- Be wary of unintended consequences from any decisions made
- Perhaps residency rather than principal place of business needs to be the standard for licensing requirement
- Be cautious of up-ending mobility
- National assistance will help
- Gaps in public protection created
- Public listing of Board sanctions against individuals not licensed in Washington

The Board directed staff to respond to email and phone inquiries by recommending that individuals living in our state, but working exclusively for an out-of-state firm or clients, obtain a Washington CPA license.

### **Education Requirement for CPA Exam**

The Board Chair advised that there is a national movement towards a 120-hour requirement to sit for the Uniform CPA Examination (CPA Exam).

The Acting Executive Director led the discussion on changing our 150-hour education requirement to sit for the CPA Exam to a 120-hour

requirement, noting that licensure would still require 150 hours of education. She suggested the following reasons for making the change:

- Washington is only one of 8 remaining states requiring 150 hours of college education to sit for the CPA Exam
- Many applicants go to another state to sit for the CPA Exam before coming to our state to get their initial CPA license
- Applications submitted with the transfer of CPA Exam scores require additional staff time – education must be reviewed since it has not been reviewed for meeting our education requirements before sitting for the CPA Exam
- CPA Exam Services (CPAES) has agreed to review the additional education for Washington Exam candidates prior to application for licensure if we change to the 120-hour requirement
- NASBA International Evaluation Services (NIES) evaluations – 14-15% of our initial license applicants must have re-evaluations done since they sat for the Exam as a candidate of another jurisdiction
- Washington would be more desirable to Exam candidates if the requirement to sit was at 120 hours
- Removes barriers – CPA pipeline

Board Members brought up the following points during the discussion:

- Reduction of cost to applicants
- Reduces staff time needed to review/process applications
- Reduces barriers
- Processes in place for holding scores while additional 30 hours of education are completed
- Is 120 hours for licensure being considered? – 120 hours of education is not enough to develop a CPA
- Does CPA Evolution address this?

The Board voted unanimously to start the rule making process to change the education rule to require 120 hours of college education to sit for the CPA Exam. Board staff will file the CR-101.

**Executive Committee**

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

**Peer Review Oversight Committee (PROC)**

Jackie Meucci reported that the committee continues to review the peer review reports as they come in. The committee will have a broader report for the October Board meeting.

**Request  
Oversight  
Committee (ROC)**

Tom Sawatzki reported:

Firm Names: *Approved:*

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

Late Fee Waiver Requests

Late Fee Waiver Requests were received between 05/01/2022 and 06/30/2022.

The Board received 10 late fee waiver requests:

- Approved – 2
- Denied – 8

**Scholarship  
Oversight  
Committee (SOC)**

Kate Dixon reported distribution of the scholarship checks to the award winners has begun.

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

Mark Hugh presented the BARC Suggested WAC Revisions report and led the discussion on the proposed revisions. Mark reported the following:

- Recap from April Board meeting
  - Current Board ethics rules adopted the AICPA rules with exceptions
  - Goal is to make the rules more clear
  - Parallel format was agreed upon

- In the report the yellow high-lighted areas are the exceptions to the AICPA rules
- Client records were not fully decided at the last meeting, so those areas still need updating/suggested revisions
- Policy 2003-1 Safe Harbor Language was not added to these rules, since these rules are specific to CPAs and CPA-Inactive Certificate holders. Possibly another rule could be created at a later time to address this long-standing policy.
- Mark is asking that Board Members send him any comments on the rule edits suggested by the BARC task force

The Board directed staff to file the CR-101 for the ethics and prohibited practice rules to begin the rule making process, noting that there is no need to rush these rules. The Board can take its time with the revisions.

Tom Sawatzki recognized Mark and the task force for the hard work that went into the revisions. Tom stated that he wants feedback from the CPA community regarding the client records/unpaid fees issue.

The Acting Executive Director advised that she will send a notice to licensees requesting feedback.

## **Acting Executive Director's Report**

### Budget Status Report

The Acting Executive Director, Jennifer Sciba, 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 June 30, 2022.

Jennifer reported that based on agency needs no supplemental budget requests will be submitted this year.

Expenses will increase this year, as travel to NASBA conferences and in-person Board meetings will begin after a 2-year interruption due to COVID-19.

### CPA Evolution Transition Recommendation from NASBA

Jennifer presented the NASBA CPA Evolution Transition Recommendation Letter. She would like to accept the recommendation to extend Exam section scores during the transition period to the new Exam. Any candidate with Uniform CPA Examination credit(s) on January 1, 2024, will have such credit(s) extended to June 30, 2025.

The Board agreed with the recommendation.



## Renewal Update

Jennifer reported on the 2022 renewal period:

- Renewal Totals
  - CPA licenses – 6633
  - CPA-Inactive Certificates – 318
  - Non-licensee Firm Owners – 18
  - CPA Firms -- 531
- CPE Extension Requests
  - CPA licenses – 937
  - CPA-Inactive Certificates – 22
  - Non-licensee Firm Owners – 2

## October Board Meeting

Jennifer advised the Board that the October 28, 2022, Board meeting will be held in-person at the Capitol Event Center in Tumwater, WA. The meeting will be hybrid and available virtually through Microsoft Teams, as well.

Masks will be required for those attending in person.

## **Enforcement Report**

Taylor Shahon, CPA, Lead Investigator, presented:

- Quarterly Enforcement Report for April 1, 2022, through June 30, 2022
- Twelve-Month Lookback for July 1, 2021, through June 30, 2022
- Resolved Complaint Report for periods July 2021 through June 2022 and July 2020 through June 2021

Taylor reported on the following enforcement activities:

- Open caseload numbers:
  - Beginning of the quarter – 22
  - End of the quarter – 12
- Fewer complaints were submitted in 2020-2021 but are picking back up in 2022
- Records are still a main subject of complaints
- Phone calls related to principal place of business have increased
- A website page for posting disciplinary actions for non-licensed individuals is currently being considered

Taylor thanked the Board Members who served as a Consulting Board Member (CBM) for their responsiveness to his requests.

**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 Jennifer for presenting at the WAATP annual meeting.

Shad Luedke, CPA, emailed public comment. "Please consider changing your rules to allow CPE reporting in other than half hour (0.5) increments. Most of E&Y's CPE classes end with earned CPE credits in 0.2 increments. 1.2, 1.8, and 2.2 earned credits are common. The differences may seem small and insignificant, but they add up. In my case, for example, your requirement that I round down to the nearest 0.5 increment results in me losing 16% of my earned credits. Thank you for the consideration."

The Board asked that the CPE rule be added as an agenda topic to the October Board meeting for further discussion.

**Adjournment**

The Board meeting adjourned at 1:00 p.m.

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Secretary

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Chair

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Vice-Chair

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Member

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Member

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Member

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Member

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Member

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Member

To: Washington State Board of Accountancy  
From: Mark Hugh, CPA Member  
Re: Board training materials  
Date: October 28, 2022

As part of appointment to the Board, a variety of trainings are required of new Board members, both in general Washington State service (Open Public Meetings, Ethics in Public Service, etc.) and Board specific training by the executive director and the attorney general's office about the agency, its staff, interacting with the agency, and the role of the two assistant attorney generals assigned to the Board.

However, there has not been an orientation or training specific to the Board itself and the duties and responsibilities of being a Board member. Therefore, as part of a goal of sharing institutional knowledge among Board members, I created an orientation for new Board members.

This orientation does not replace any other trainings and is instead intended to supplement them with information about Board structure and operations, Washington authorities, and the role of Board members in the enforcement process.

These materials have been reviewed by Leo Roinila, Brian Thomas, Jennifer Sciba, Taylor Shahon, and former Board member Tom Neill. Brooke Stegmeier, Tonia Campbell, and Scott Newman served as a focus group for the presentation. Everyone provided appreciated and valuable input.

The slides are attached for your information only but will not be presented at the October 2022 Board meeting.

# WSBOA Board Training

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WASHINGTON STATE BOARD OF ACCOUNTANCY

## Today's topics

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- The Washington State Board of Accountancy
  - Board structure, officers, and committees
  - Board member fiduciary duties
  - Ethics in public service
- Washington Board authorities
  - Washington laws and administrative rules
  - National professional conduct rules
- Board members and enforcement
  - Consulting Board Members (CBM)
  - First time administrative violations
  - Brief Adjudicated Proceeding (BAP) appeals process
  - Hearings before the Board

## Getting oriented to Board service

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- As part of appointment to the Board, a variety of trainings are required
- Washington general government service training:
  - The Open Public Meetings Act. Chapter 42.30 RCW
  - The Public Records Act. Chapter 42.56 RCW
  - The Ethics in Public Service Act. Chapter 42.52 RCW
- Board service specific orientation:
  - Board training by the executive director and the attorney general's office about the agency, its staff, interacting with the agency, and the role of the two assistant attorney generals assigned to the Board
  - Board training by the Board (this training) about the Board, Board meetings, Washington authorities, and Board participation in the discipline process

## Board name and structure

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- Externally known as the Washington State Board of Accountancy, the board is internally called the “Board of Accountancy” or “ACB”
- The Board is comprised of nine members, each is appointed by the Governor for three-year terms
- Six of the Board members are CPAs licensed and practicing in Washington State continuously for the previous ten years
- Three of the Board members are public members who are qualified to judge whether the qualifications, activities, and professional practice of those regulated by the Board conform to standards to protect the public interest
- Board members are term limited to three, three-year successive terms, partial terms do not count against the three-term limit



## Board operations

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- The Board is a consumer protection and occupational licensing agency
- The Governor appoints the executive director who becomes a member of the Governor's cabinet
- The Washington State Attorney General's Office assigns two assistant attorney generals to the Board, one as advisor to the Board and one for prosecutions
- The Board operates as a collaboration between the executive director, staff, the Board, and the Office of the Attorney General
- **The Board annually delegates certain enforcement and other powers to its committees and the executive director at the January Board meeting**
- The operations of the Board are funded solely by fees and the Board receives no budgetary allocation from the state's general fund

## Board policies

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- The Board also creates and publishes Board policies as informative, but non authoritative guidance
  - 2003-1, Safe Harbor Report Language for Use by Non-CPAs
  - 2004-1, Administrative Violation Guidelines
  - 2015-1, Board Member Travel and Attendance at Group Meetings
  - 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
- **The Board annually reviews its policies at the April Board meeting**

## Board officers

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- **Regular board meetings are on the last Friday of the month in the months of January, April, July, and the Board holds an annual meeting on the last Friday of October**
- At the annual meeting, the Board elects the chair, vice chair, and secretary from its members, and the newly elected officers assume the duties of their offices on January 1 following the annual board meeting
- Board officers serve a term of one year in a given office and can be reelected for one additional term, but generally serve a year in order to create opportunities for other Board members to serve as officers
- The chair presides at all meetings and in the event of the chair's absence or inability to act, the vice chair presides
- The Board determines the duties of the officers
- Officers are proposed based on a combination of seniority, committee leadership, and industry engagement such as NASBA attendance

## Board committees and task forces

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- The Board uses a limited number of standing committees and forms task forces for non-recurring issues and projects
- **Committee assignments are determined annually at the October Board meeting**
- Each committee selects a chair and is limited to no more than four Board members to avoid a quorum and the Open Public Meetings Act
- Current committees are:
  - The Executive Committee (EC)
  - The Peer Review Oversight Committee (PROC)
  - The Request Oversight Committee (ROC)
  - The Scholarship Oversight Committee (SOC)
  - The Board AICPA Rules Committee (BARC)

## The Executive Committee (EC)

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- The EC is comprised of the chair, the vice chair, and the secretary
- The EC, with the executive director, creates the agenda for Board meetings including preparing advance materials for the Board packet so Board discussions at meetings can be thoughtful, informed, and meetings are a wise use of Board time and public resources
- The EC is also responsible for:
  - Working with the executive director to identify emerging and strategic issues for Board input and discussion
  - Succession planning and recruiting future officers from Board members
  - Engaging current Board members and training new Board members
  - Working with the executive director to recruit qualified new Board members when openings are forecasted or available

## Peer Review Oversight Committee (PROC)

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- The PROC administers the Board's quality review program for licensed firms that perform attest or compilation services
- The AICPA Peer Review program has been adopted by states including Washington as their required regulatory quality review program
- Because peer review is a confidential AICPA program, the PROC reviews sanitized reports from Board volunteers who attend meetings of state society peer review program administrators, and report any observations or concerns to the Board
- The PROC also reviews peer review reports on specific firms that pass with deficiencies, or fail peer review

## Request Oversight Committee (ROC)

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- The ROC administers various requests required by Board rule on a timely basis between Board meetings
- Washington rules require that any firm name that does not contain the name of a current or former owner be approved in advance by the Board
- To make determinations on timely basis, the Board in January delegates this authority during the year to ROC, whose members, in concurrence with the executive director, approves or denies requests
- The ROC reports to the Board at each meeting the names of firms it has approved and well as other requests such as use of the licensee database by other organizations
- The ROC also approves or denies late fee waiver requests

## Scholarship Oversight Committee (SOC)

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- The SOC administers the Certified Public Accounting Scholarship Program which was created by in 2015
- In 2015, the Legislature created the scholarship program and the Board contracted with the Washington CPA Foundation to administer Board funded scholarships for students enrolled at accredited Washington based colleges or universities, with a declared major in accounting, entering their junior year or higher
- In 2021, this program granted \$390,000 to 60 candidates, 27 \$5,000 scholarships to undergraduate/fifth year students and 32 \$8,000 scholarships to Master level students
- The SOC and the WSCPA annually report program activities to the full Board



## Board AICPA Rules Committee (BARC)

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- The BARC was created in 2022 to more closely align the ten Board professional conduct rules with the ten AICPA professional conduct rules
- On an on-going basis, the BARC monitors AICPA exposure drafts on proposed changes to the AICPA code and new AICPA interpretations, other than on issues of independence
- The BARC educates at Board meetings about the AICPA code and interpretations and any proposed changes, so the Board can be both informed about the code, any changes, and identify any exceptions to the AICPA code that should be added to existing Board rules

## Format of Board meetings

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- During the meeting, the chair follows a written script to ensure all agenda items are adequately addressed
- Board votes follow Robert's Rule of Order
  - The person holding the floor calls for a motion
  - The motion is made, stating the motion
  - The motion is seconded
  - The chair restates the motion
  - The motion is open for discussion
  - At the end of the discussion the chair calls for individual Board votes, whether in favor, opposed, or abstain
  - The chair announces the result of the vote

## Residency of Washington licensees

State/country	October 2020	October 2021	October 2022	Percent
Washington	13,400	13,286	13,104	58%
Other US States	2,830	3,076	3,181	14%
Japan	2,220	2,542	2,932	13%
China and Hong Kong	1,190	1,193	1,177	5%
South Korea	690	905	1,075	5%
Other Countries	530	570	671	3%
Canada	380	408	464	2%
<b>Totals</b>	<b>21,240</b>	<b>21,980</b>	<b>22,604</b>	<b>100%</b>

## Board fiduciary duties

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- Board members have a fiduciary duty to the organizations they serve
  - The duty of care describes the level of competence that is expected of a board director and is commonly expressed as the duty of "care that an ordinarily prudent person would exercise in a like position and under similar circumstances." This means that a board director owes the duty to exercise reasonable care when he or she makes a decision as a steward of the organization.
  - The duty of loyalty is a standard of faithfulness; a board member must give undivided allegiance when making decisions affecting the organization
  - The duty of obedience requires a board of directors to be faithful to the organization's mission. They are not permitted to act in a way that is inconsistent with the central goals of the organization

## The Ethics in Public Service Act

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- The conduct of all Board members acting in their official capacity is subject to the Washington Ethics in Public Service Act of Chapter 42.52 RCW
  - The standard of stewardship requires that public officials have a duty to conserve public resources and funds against misuse and abuse
  - The standard of integrity requires public officials should not place themselves under any financial or other obligation to outside individuals or organizations that might influence them in the performance of official duties
  - The standard of objectivity means that public officials must place the public interest before any private interest or outside obligation, choices need to be made on the merits
  - The standard of selflessness means public officials should not make decisions to gain financial or other benefits for themselves, their family, or their friends
  - The standard of transparency means public officials must practice open and accountable government. They should be as open as possible about their decisions and actions, while protecting truly confidential information

## The Executive Ethics Board

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- The Executive Ethics Board (EEB) enforces the Ethics in Public Service Act
- The EEB has jurisdiction over statewide elected officials and state employees in the executive branch; including boards and commissions and institutions of higher education
- The EEB also provides in-person and online training to state agencies, and advisory options, as well as information on specific enforcement actions on its website, [ethics.wa.gov](http://ethics.wa.gov)
- **The Ethics in Public Service Act's rules, especially in regarding to gifts and use of public resources are stringent, and therefore Board members should not accept, for example, prizes at NASBA raffles**
- Contact information for the EEB is available on its website

## Washington Board authorities

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- The authorities
  - The Revised Code of Washington (“RCW”) is the compilation of all permanent laws now in force, and the Public Accountancy Act is Chapter 18.04 RCW
  - The Board creates administrative rules in the Washington Administrative Code (“WAC”), and Board rules are in Title 4 WAC
- Where to find them
  - Laws and rules are available on either the Board’s website or the Legislature’s website at [www.leg.wa.gov](http://www.leg.wa.gov)
  - Board policies are available on its website at [www.acb.wa.gov](http://www.acb.wa.gov)
  - Definitions for Board rules are in a separate rule, WAC 4-30-010

## Other organizations/resources

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- There are 55 boards of accountancy (include DC and US territories) in the U.S. Because state boards of accountancy are governmental consumer protection agencies, the location of the individual or enterprise consumer determines laws and rules that apply
- The Uniform Accountancy Act (UAA) is a model licensing law developed to provide a uniform approach to regulation of accounting and is jointly owned and modified by the NASBA and the AICPA
- The Washington Society of CPAs (WSCPAs) is a private nonprofit organization that promotes the value of the CPA credential
- The Washington Association of Accounting and Tax Professionals (WAATP) is an organization of accounting and tax professionals



## Professional standards

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- The Board operates as a consumer protection and occupational licensing organization and does not set professional standards
- Instead, the Board adopts the professional standards of a variety of standard setting organizations in WAC 4-30-048
- It is the duty of the licensee, as part of Board required competence, to identify the correct professional standards that apply to any professional service and follow them
- The Board has many rules governing initial licensing, continuing competence, renewal, and for its rules for professional conduct, it adopts the ten rules of the AICPA Code of Professional Conduct and applicable AICPA interpretations of those rules

## AICPA rules for professional conduct

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- The American Institute of Certified Public Accountants (AICPA) is the world's largest association representing the accounting profession, with over 428,000 members in 130 countries
- The AICPA is an independent significant professional standard setter for many areas of practice, including auditing, accounting, tax, and consulting
- The AICPA writes expansive interpretations of its rules for professional conduct, applying them to different factual situations
- **Board members should familiarize themselves with the ten rules of the AICPA Code of Professional Conduct and its interpretations, at <https://pub.aicpa.org/codeofconduct/Ethics.aspx>**
- AICPA independence interpretations are professional standards, not rules of conduct, and therefore Board familiarity is not required

## AICPA/Board rules application

Rule	Public Practice for Clients	Business or Inactive	Retired or Unemployed
Integrity and objectivity	Yes	Yes	No
Independence	Yes	No	No
General standards	Yes	Yes	No
Compliance with standards	Yes	Yes	No
Accounting principles	Yes	Yes	No
Acts discreditable/misconduct	Yes	Yes	Yes
Fees and remuneration	Yes	No	No
Advertising	Yes	No	No
Confidential information	Yes	Yes	Yes
Form of organization/name	Yes	No	No

## NASBA, another national organization

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- The National Association of State Boards of Accountancy (NASBA) serves as a forum for the 55 boards of accountancy
- State boards are dues paying members of NASBA and state board members are called delegates
- NASBA's mission is to enhance the effectiveness of state boards, by identifying current and emerging issues affecting state boards of accountancy, and serving as a forum for an exchange of ideas
- NASBA is a vendor to state boards and receives almost all its gross income from licensing services provided to state boards
- **Board members are encouraged to attend at least one of two annual NASBA meetings, the regional spring meeting and annual fall meeting**
- **NASBA offers a day of new Board member training the day before its spring meeting in the same location**

## Enforcement

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- The Board investigates approximately 100 complaints a year
- Enforcement activities are driven primarily by complaints received from the public; however, the findings of federal, state, or other disciplinary entities may serve as the basis of a complaint with the Board
- Enforcement is a balancing act between the right of citizens to complain to the government and the due process rights of respondents. Not every complaint has merit and will be dismissed unless there is clear, cogent, and convincing evidence of a violation
- Any violation of the Public Accountancy Act is considered a misdemeanor and in some cases, a Class C felony

## Enforcement for government employees

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- The Public Accountancy Act does not apply to a CPA serving as a public official or a public employee in the performance of his or her duties. RCW 18.04.350(12)
- CPAs serving as public officials or public employees are subject to the Act for actions outside the normal performance of their duties, such as licensing renewal, CPE, and acts of fraud, lack of good character, or malfeasance
- Actions outside the normal performance of duties would also include part time work outside of government service or serving as a volunteer on a nonprofit board. Board Policy 2020-2 and AGO 2021 Opinion No. 5

## First time administrative violations

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- In cases of certain first-time administrative violations, the Board will assess fines, fees, costs, and other penalties through the “Remedial Resolution” process, which is not considered Board discipline and the issue is neither published nor reportable as a Board disciplinary event
- The process is described in Board Policy 2004-1
- The process includes:
  - Use of a restricted title with a lapsed license/certificate
  - Failure to obtain a firm license by a firm required to do so
  - Use of title(s) by an un-credentialed individual
  - Failure to provide records, so long as the failure does not result in client financial harm

## First time failures to notify the Board

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- Remedial resolution for first-time failures to notify the Board are available for:
  - Failure to timely inform the Board of an individual's change in address within 30 days
  - Failure to timely inform the Board of a change in the physical address of a firm's main office or branch offices within 30 days
  - Failure to respond to Board requests for information or documents within 20 days
  - Failure to timely inform the Board of orders or sanctions imposed by the SEC, PCAOB, IRS, or another state board of accountancy within 30 days
  - Failure to timely inform the Board of charges filed by the SEC, IRS, PCAOB, another state board of accountancy or a federal or state taxing, insurance or securities regulatory body within 30 days



## Other first-time notification failures

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- Remedial resolution for first-time failures to notify the Board also available for:
  - Failure to timely inform the Board of any investigations undertaken or sanctions imposed by a foreign credentialing body against a foreign credential within 30 days
  - Failure to timely inform the Board of changes to firm legal form, dissolution, changes in resident managers or owners, changes in branch or main office location, changes in firm name, or noncompliance with firm ownership requirements, within 90 days
  - Failure to timely inform the Board that a foreign license, permit, or certificate has lapsed or otherwise becomes invalid

## Board investigations

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- The enforcement process reflects both the collaborative structure of the Board and the final administrative disciplinary authority of the Board
- The executive director works with staff, a Consulting Board Member (CBM), and a prosecuting assistant attorney general during the enforcement process
- Other than the CBM, no other Board members are involved during the investigation to preserve the impartiality and objectivity of the Board in the event of an administrative hearing
- Most, if not all, disciplinary cases are resolved through informal consent agreements, settlement, rather than hearings
- A majority of the Board, excluding the CBM, must vote in favor of any consent agreement

## Hearings before the Board

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- If settlement is not reached, the executive director issues a Statement of Charges against the respondent, the case is referred to the prosecuting assistant attorney general, and a hearing is scheduled for prosecution
- Hearings before the Board are subject to the state's Administrative Procedures Act: testimony is sworn, there is discovery, the rules of evidence apply, the Board is presented by the Attorney General's office, and the CPA may only be represented by himself or herself or an attorney, and after the Board order, the respondent has 30 days to appeal the Board's order to Superior Court
- The Board chair is the presiding officer over all scheduled hearings and therefore the Board chair does not participate in the discipline process as a CBM

## Brief adjudicative proceedings (BAP)

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- For certain appeals, the Board has adopted a process called a brief adjudicative proceeding (BAP):
  - Staff denials of initial individual license applications, renewals, or applications for reinstatement
  - Staff denials of initial resident nonlicensee firm owner registration applications, renewals, or applications or requests for reinstatement
  - Staff denials of initial firm license applications, renewals, and amendments
  - Staff denials of exam applications
  - A proposed suspension as a result of a determination by a lending agency of nonpayment or default on a federally or state-guaranteed student loan or service conditional scholarship
  - Lifts of stays of suspension from a Board order

## The BAP process

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- To appeal a decision, a request for a BAP appeal must be submitted, in writing, to the Board within 30 days after the decision by Board staff is posted in the U.S. Mail
- The Board chair will appoint one member of the Board other than the vice chair as the presiding officer for the BAP appeal
- The presiding officer renders a decision either upholding or overturning the denial, and if dissatisfied with the order, in the BAP appeal, an appeal may be made to the Board's vice chair, or designee
- The vice chair, or designee, considers the appeal and either upholds or overturns the BAP order, and the BAP orders and orders from appeals of BAP orders are prepared by the attorney general's office

## An effective Board member and steward

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- Be prepared for Board meetings by reviewing the Board packet in advance of the meeting, so discussions at the Board meetings can be thoughtful and informed
- Participate actively in your committee and if possible, in industry events such as NASBA regional and/or annual meetings (CPE for CPA members)
- Participate proactively upon request in the discipline process both as a CBM and as a BAP hearing officer
- Respect the structure of the Board as a collaboration with the executive director, staff, the attorney general's office, and relationships with Board allies such as the NASBA and the WSCPA
- Promote Board service to other potential future members

## More information and resources

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- Laws and rules are available on either the Board's website or the Legislature's website at [www.leg.wa.gov](http://www.leg.wa.gov)
- Board policies are available on its website at [www.acb.wa.gov](http://www.acb.wa.gov)
- The AICPA Code of Professional Conduct and its interpretations are at <https://pub.aicpa.org/codeofconduct/Ethics.aspx>
- The executive director and staff can be contacted by phone or email
- The chair, the vice chair, and the secretary can be contacted by phone or email
- Note all emails through the state system are considered public records subject to disclosure

To: Washington State Board of Accountancy

From: Rajib Doogar, Public Member  
Mark Hugh, CPA Member

Re: Proposed Board officers for calendar year 2023

Date: October 28, 2022

Every October at its annual meeting, the Board elects its officers for the next calendar year and for 2023, the proposed slate of officers is:

Brian Thomas, CPA Member, Chair  
Mark Hugh, CPA Member, Vice Chair  
Kate Dixon, Public Member, Secretary

Officers serve one-year terms and may be elected to the same position for a second term.

Officers are proposed based upon a combination of willingness to serve, appointment seniority, prior Board committee leadership, and industry knowledge from participation in events such as NASBA regional or annual meetings.

As part of Board succession planning, it is preferred that in the future, Board members who serve a term as vice chair would also be willing to serve as chair in the subsequent year. Mark Hugh is term limited from serving as chair again, and Kate Dixon has expressed an interest in serving as 2024 chair. Tom Sawatzki has expressed an interest in serving as 2024 vice chair and 2025 chair.



## Washington State Board of Accountancy 2022 Committees and Task Forces

Member	Term Expires	Executive Committee	Peer Review Oversight Committee (PROC)	Request Oversight Committee (ROC)	Scholarship Oversight Committee (SOC)	Board/AICPA Rules Clarification Task Force (BARC)
Rajib Doogar	2025	Chair				
Brooke Stegmeier, CPA	2023	Vice Chair	Member	Member		Member
Jacqueline Meucci, CPA	2024	Secretary	Chair		Member	
Mark Hugh, CPA	2025		Member			Chair
Brian R. Thomas, CPA	2024			Member	Member	Member
Kate Dixon	2023				Chair	
Thomas P. Sawatzki, CPA	2025			Chair		Member
Scott S. Newman	2025					
Tonia L. Campbell	2025					

### Nonboard Volunteers

Robert Loe	N/A		Member			
Laura Lindal	N/A		Member			



# PREPROPOSAL STATEMENT OF INQUIRY

## CR-101 (October 2017) (Implements RCW 34.05.310)

Do **NOT** use for expedited rule making

CODE REVISER USE ONLY

OFFICE OF THE CODE REVISER  
STATE OF WASHINGTON  
FILED

DATE: August 02, 2022

TIME: 10:59 AM

WSR 22-16-094

**Agency:** Board of Accountancy

**Subject of possible rule making:** WAC 4-30-060 What are the education requirements to qualify to apply for the CPA examination?

**Statutes authorizing the agency to adopt rules on this subject:** RCW 18.04.055

**Reasons why rules on this subject may be needed and what they might accomplish:** The intent of this rule change is to change the number of college credits required to sit for the CPA examination.

**Identify other federal and state agencies that regulate this subject and the process coordinating the rule with these agencies:** None

**Process for developing new rule (check all that apply):**

- Negotiated rule making
- Pilot rule making
- Agency study
- Other (describe)

**Interested parties can participate in the decision to adopt the new rule and formulation of the proposed rule before publication by contacting:**

Name: Kirsten Donovan, Rules Coordinator	(If necessary) Name:
Address: Washington State Board of Accountancy PO Box 9131 Olympia, WA 98507-9131	Address:
Phone: 360-664-9191	Phone:
Fax: 360-664-9190	Fax:
TTY: 1-800-833-6388	TTY:
Email: Kirsten.donovan@acb.wa.gov	Email:
Web site: <a href="https://acb.wa.gov/">https://acb.wa.gov/</a>	Web site:
Other:	Other:

Additional comments:

**Date:** August 2, 2022

**Name:** Jennifer Sciba,

**Title:** Acting Executive Director

**Signature:**

WAC 4-30-060 ~~What are the education requirements to qualify to apply for the CPA examination?~~ Education Requirements.

(1) **Education requirements to sit for the exam:** ~~Effective July 1, 2000, t~~To apply for the CPA examination you must have completed:

(a) At least one hundred ~~fifty~~twenty semester hours (~~two~~one hundred ~~twenty-five~~eighty quarter hours) of college education, including;

(b) A baccalaureate or higher degree; and

(c) An accounting major or concentration as defined as at least:

(i) Twenty-four semester hours (thirty-six quarter hours) or the equivalent in accounting subjects of which at least fifteen semester hours must be at the upper level or graduate level (an upper level course is defined as a course that frequently carries completion of a lower level course(s) as a prerequisite); and

(ii) Twenty-four semester hours (thirty-six quarter hours) or the equivalent in business administration subjects at the undergraduate or graduate level.

(2) Education requirements to apply for a CPA license: To apply for the CPA License you must have completed:

(a) At least one hundred fifty semester hours (two hundred twenty-five quarter hours) of college education, including;

(b) A baccalaureate or higher degree; and

(c) An accounting major or concentration as defined as at least:

(i) Twenty-four semester hours (thirty-six quarter hours) or the equivalent in accounting subjects of which at least fifteen semester hours must be at the upper level or graduate level (an upper level course is defined as a course that frequently carries completion of a lower level course(s) as a prerequisite); and

(ii) Twenty-four semester hours (thirty-six quarter hours) or the equivalent in business administration subjects at the undergraduate or graduate level.

~~**One hundred eighty-day provision:** If you expect to meet the education requirements of this section within one hundred eighty days following the examination, you will be eligible to take the CPA examination provided you submit a signed Certificate of Enrollment from the educational institution in which you are enrolled stating that you will meet the board's education requirements within one hundred eighty days following the day you first sit for any one section of the examination. If you apply for the exam using the one hundred eighty-day provision, then within two hundred ten days of first sitting for any section of the exam, you must provide the examination administrator complete documentation demonstrating that you met the board's education requirements within one hundred eighty days of first sitting for any one section of the exam. If you do not provide such documentation within the required two hundred ten-day time period, your exam score(s) will not be released and you will not be given credit for any section(s) of the examination. Applicants failing to provide such documentation must reapply as a first-time applicant.~~

(3) **Education obtained outside the United States:** If you obtained all or a portion of your education outside the United States you must have your education evaluated by a board approved foreign education credential evaluation service. The board will establish the criteria for board approval of foreign education credential evaluation services. The board does not provide education credential evaluation services.

(4) **Semester versus quarter hours:** As used in these rules, a "semester hour" means the conventional college semester hour. Your quarter hours will be converted to semester hours by multiplying them by two-thirds.

(5) **Accreditation standards:** For purposes of this rule, the board will recognize colleges and universities which are accredited in accordance with (a) through (c) of this subsection.

(a) The college or university must be accredited at the time your education was earned by a regionally or nationally accrediting agency recognized by the board.

(b) If an institution was not accredited at the time your education was earned but is so accredited at the time your

application is filed with the board, the institution will be deemed to be accredited for the purpose of (a) of this subsection provided that it:

(i) Certifies that your total educational program would qualify the applicant for graduation with a baccalaureate degree during the time the institution has been accredited; and

(ii) Furnishes the board satisfactory proof, including college catalogue course numbers and descriptions, that the preaccrediting courses used to qualify you for a concentration in accounting are substantially equivalent to postaccrediting courses.

(c) If your degree was received at an accredited college or university as defined by (a) or (b) of this subsection, but the educational program which was used to qualify you for a concentration in accounting included courses taken at nonaccredited institutions, either before or after graduation, such courses will be deemed to have been taken at the accredited institution from which your degree was received, provided the accredited institution either:

(i) Has accepted such courses by including them in its official transcript; or

(ii) Certifies to the board that it will or would accept such courses for credit toward graduation.

(6) **Alternative to accreditation:** If you graduated from a degree-granting institution that was not accredited at the time your degree was received or at the time your application was filed, you will be deemed to be a graduate of an accredited college or university if a credentials evaluation service approved by the board certifies that your degree is equivalent to a degree from an accredited college or university as defined in subsection (5) of this section. The board does not provide education credential evaluation services.

[Statutory Authority: RCW 18.04.055, 18.04.105. WSR 16-10-018, § 4-30-060, filed 4/22/16, effective 5/23/16. Statutory Authority: RCW 18.04.055(5), 18.04.105(1). WSR 10-24-009, amended and recodified as § 4-30-060, filed 11/18/10, effective 12/19/10; WSR 05-01-137, § 4-25-710, filed 12/16/04, effective 1/31/05; WSR 02-04-064, § 4-25-710, filed 1/31/02, effective 3/15/02. Statutory Authority: RCW 18.04.055(5). WSR 95-20-065, § 4-25-710, filed 10/3/95, effective 11/3/95; WSR 93-12-071, § 4-25-710, filed 5/27/93, effective 7/1/93.]



1650 - State Board of Accountancy

Allotment Expenditure/Revenue RTD Flexible

Report Number: AEF04

Biennium: 2023

As of Fiscal Month: Sep FY2

Date Run: Sep 30, 2022 11:59PM

Account: 02J

Allotment Content: Approved & Adjusted

Estimated Revenue Content: Approved & Adjusted

Transactions Through: Sep 30, 2022 8:00PM

Revenue Content: Cash, Acct(all)

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



By Account/Expenditure Authority	Allotment		Accrual		Encumbrance		Variance		Biennium Remaining
	RTD	Disbursement	RTD	BTD	RTD	BTD	RTD	BTD	
02J - Certified Public Accountants' Acct	2,791,831	2,402,075.42	(1,956.21)	0.00	391,711.79	2,096,880.79			
<b>Total for Agency</b>	<b>2,791,831</b>	<b>2,402,075.42</b>	<b>(1,956.21)</b>	<b>0.00</b>	<b>391,711.79</b>	<b>2,096,880.79</b>			
<b>By Account/Expenditure Authority</b>									
<b>By Object</b>									
A - Salaries and Wages	1,016,547	961,808.00	0.00	0.00	54,739.00	686,119.00			
B - Employee Benefits	332,312	322,867.76	0.00	0.00	9,444.24	224,913.24			
C - Professional Service Contracts	202,500	154,670.19	0.00	0.00	47,829.81	169,329.81			
E - Goods and Services	1,180,052	950,874.50	(1,956.21)	0.00	231,133.71	931,701.71			
G - Travel	41,670	10,402.13	0.00	0.00	31,267.87	56,269.87			
J - Capital Outlays	18,750	1,452.84	0.00	0.00	17,297.16	28,547.16			
<b>Total for Agency</b>	<b>2,791,831</b>	<b>2,402,075.42</b>	<b>(1,956.21)</b>	<b>0.00</b>	<b>391,711.79</b>	<b>2,096,880.79</b>			
<b>By Object</b>									

Fund

Balance As Of:	<input type="text" value="9/30/2022"/>	Show Balances As Of:	<input type="text" value="09/30/2022"/>
Book Balance:	<input type="text" value="3,753,939.24"/>	<input type="button" value="Retrieve"/>	
Outstanding Warrants:	<input type="text" value="330.00"/>		
Cash Balance:	<input type="text" value="3,754,269.24"/>		

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

Fund

Balance As Of:	<input type="text" value="9/30/2022"/>	Show Balances As Of:	<input type="text" value="09/30/2022"/> 
Book Balance:	<input type="text" value="150,000.00"/>		
Outstanding Warrants:	<input type="text" value="0.00"/>		
Cash Balance:	<input type="text" value="150,000.00"/>		

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





## EXECUTIVE ORDER 22-04

### IMPLEMENTING THE WASHINGTON STATE PRO-EQUITY ANTI-RACISM (PEAR) PLAN & PLAYBOOK

**WHEREAS**, the Legislature and I created the Washington State Office of Equity ("Office of Equity") in April 2020 to: (1) promote access to equitable opportunities and resources that reduce disparities and improve outcomes statewide across state government consistent with [RCW 43.06D.020](#); (2) support executive branch state agencies and executive branch boards and commissions ("state agencies") in our commitment to be an anti-racist government system; (3) partner with state employees and communities to develop the state's comprehensive equity strategic plan and outcome measures designed to bridge opportunity gaps and reduce disparities; and (4) publish and report the effectiveness of agency programs on reducing disparities using input from the communities served by those programs; and

**WHEREAS**, in December 2020, I declared that Washington will be an anti-racist state and committed to take actions that hold our state to that commitment. Washington is a state where all are welcomed and will have the opportunity to thrive regardless of race, ethnicity, creed, color, national origin, citizenship or immigration status, sex, honorably discharged veteran or military status, sexual orientation, or the presence of sensory, mental, or physical disability; and

**WHEREAS**, determinants of equity are the driving factors that impact the overall quality of life for all Washingtonians. King County established the following 14 determinants of equity: economic justice, state and local practices, jobs and job training, justice

systems and laws, health and human services, food systems, environment and natural resources, community and public service, transportation and mobility, community and economic development, and housing and home ownership, early childhood development, and education. I agree that these are appropriate determinants of equity and would also add digital access and literacy. By adding digital access and literacy, which is an issue creating additional divides and gaps between Washingtonians, the state has identified 15 determinants of equity. Eliminating disparities in terms of access, practices and procedures, quality of services, and programs in these 15 determinants of equity correlate to better outcomes for people and a Washington where all can thrive; and

**WHEREAS**, the Office of Equity gathered the collective wisdom of thousands of community members, state employees, board and commission members, state employees, a host of partners across many sectors, and members of all branches of state government to co-create the state's inaugural five-year Washington State Pro-Equity Anti-Racism (PEAR) Plan & Playbook ("PEAR Plan & Playbook"), Washington's approach for achieving pro-equity and social justice across state government. The PEAR Plan & Playbook is designed to bridge opportunity gaps and reduces disparities so everyone in Washington flourishes and achieves their full potential; and

**WHEREAS,** the PEAR Plan & Playbook establishes a unified vision of equity for state government, mission, values, and goals, and contains a step-by-step playbook for developing, implementing, and embedding PEAR into every government action across state government. It reflects both how we do our daily work and who we are at our core – public servants with a shared desire for promoting equity, justice, access, and belonging for the people we serve and our colleagues who serve them; and

**WHEREAS,** the PEAR Equity Impact Review (EIR) framework describes a five-step process that blends numerical data and descriptive, community narrative data to inform agency planning, decision-making, and implementation of actions that achieve equitable access to opportunities and resources that reduce disparities and improve equitable outcomes statewide. Conducting an EIR is necessary prior to proposing changes to agency policies, programs, and practices. Our people and environment are both healthy and flourish when we work together with those experiencing inequities to ensure that everyone employed or served by state government is treated with fairness, dignity, honor, and respect; and

**WHEREAS,** the PEAR framework identifies priority investment in the 15 determinants of equity to achieve outcomes that benefit all tribes, communities, and employees of Washington’s ecosystem, and calls for investing more of our state’s resources “upstream” to address root causes where the needs are greatest to ensure that individuals in underserved communities have their basic needs met long term in Washington’s ecosystem; and

**NOW, THEREFORE,** I, Jay Inslee, Governor of the state of Washington, by virtue of the power vested in me by the Constitution and statutes of the state of Washington, do hereby order and direct as follows:

1. The Washington State Office of Equity (Office of Equity) is charged with the implementation of Executive Order (EO) 22-04. The Office of Equity will be required to:

- a. Communicate the PEAR Plan & Playbook to state agencies in an effective and accessible way.
- b. Provide templates, toolkits, consultation, guidance, technical assistance, and training necessary for state agencies to develop, implement, and measure the effectiveness of their pro-equity, racial justice, access, and belonging strategic action plans. This support will include:
  - Developing a form (format, content, and frequency) that will serve as each agency's strategic action plan.
  - Creating statewide and agency-specific process and outcome measures to show performance, using outcome-based methodology to determine the effectiveness of agency programs and services on reducing disparities.
  - Convening a team of employees and communities to determine whether the performance measures established accurately measure the effectiveness of agency programs and services in the communities served.
  - Creating an online dashboard to publish statewide and agency-specific plans, performance measures, and outcomes.
  - Establishing a process to report on each agency's performance and a process for each agency to respond.

- c. Establish- procedures to hold agencies accountable, which may include conducting performance reviews related to agency compliance with Office of Equity performance measures.
  - d. Convene a team of employees and communities impacted by state programs and services to develop and publish a report for each agency detailing whether the agency has met the performance measures established and the effectiveness of agency programs and services on reducing disparities, including the agency's strengths and accomplishments, areas for continued improvement, and areas for corrective action.
  - e. Post statewide and agency-specific plans performance measures and outcomes and Equity Office agency performance review reports on the dashboard, by September 30, 2023, and every year thereafter.
  - f. Beginning in 2022, develop and submit an annual report to the Legislature and me by October 31, detailing an overview of agency compliance with the Office of Equity's standards and performance measures per RCW 43.06D.040(1)(e)(2).
  - g. Fulfill all other duties consistent RCW 43.06D.040.
2. All state agencies are charged with the implementation of Executive Order (EO) 22-04. The agency leader is responsible and accountable for achieving agency PEAR outcomes, and these duties include but are not limited to:
- a. Developing, implementing, and reporting on progress of the PEAR Strategic Action Plan.
  - b. Gathering data, helping to improve communications, and updating (or recommending, where required) policies, and educating employees about ways to create a PEAR culture.
  - c. Establishing and delegating authority to the PEAR Team, reporting directly to executive leadership, comprised of agency executive leaders, the agency equity officer, employees, and external customers, partners, and experts for key business lines to assist the agency leader in achieving these goals.



- d. Providing agency PEAR Team's contact information to the Office of Equity by **April 30, 2022**.
- e. Partnering with individuals, groups, and communities impacted by agency programs or services to complete an initial EIR by **August 1, 2022**, to determine agency baseline.
- f. Based on the results of the EIR, completing a PEAR Strategic Action Plan Template due to the Office of Equity by **September 1, 2022**; updated plans are due every year thereafter.
- g. Implementing agency PEAR Strategic Action Plans, beginning **September 1, 2022**.
- h. Preparing and submitting a PEAR Annual Performance Report to the Office of Equity by **September 1, 2023**, and every year thereafter.
- i. Utilizing quarterly performance review process as best practice to monitor progress towards agency PEAR Strategic Action Plan goals.
- j. Preparing and submitting a response to reports published by the Office of Equity on the agency's PEAR Strategic Action Plan performance. The agency's response must include the agency's progress on performance, the agency's action plan to address areas for improvement and corrective action, and a timeline for the action plan per RCW 43.06D.040(1)(e)(ii).
- k. Providing executive-level support and resources needed to fulfill requirements under this Executive Order.
- l. Requesting and receiving consultation, guidance, technical assistance, and training from the Office of Equity as needed to implement this Executive Order.

All state agencies will be evaluated under the framework set by the PEAR Plan & Playbook. I will hold all leaders of state agencies accountable for the effectiveness of your services and programs on reducing disparities, using input from the communities served by your organizations; however, as is true of all Executive Orders, nothing in this Order creates a private right of action. The Office of Equity will be resourced to develop and deliver technical assistance, consultation, and capacity- building services to assist you every step of the way.

I am excited to roll up my sleeves alongside you, today, to create a PEAR ecosystem in Washington state – one that bears fruits of peace, prosperity, and possibility for all, now and for generations to come.

I invite other statewide elected officials, institutions of higher education, agencies of the judiciary, agencies of the Legislature, and other boards and commissions to follow the provisions of this Executive Order.

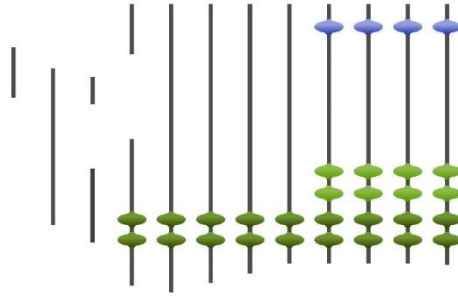
This Order is effective immediately. Signed and sealed with the official seal of the state of Washington on this 21st day of March, AD, Two Thousand and Twenty-Two, at Olympia, Washington.

By:

\_\_\_\_\_/s/\_\_\_\_\_  
Jay Inslee, Governor

BY THE GOVERNOR:

\_\_\_\_\_/s/\_\_\_\_\_  
Secretary of State



# Board of Accountancy

WASHINGTON STATE

## **2022 PEAR Strategic Action Plan**

Board of Accountancy (ACB)

Presented by:  
The ACB Pro-Equity Anti-Racism (PEAR) Team  
Acting Executive Director: Jennifer Sciba

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## **Contact Information**

Washington State Board of Accountancy (ACB)  
Jennifer Sciba, Acting Executive Director  
(360) 586-0952  
jennifer.sciba@acb.wa.gov

## **PEAR Team Information**

**Has your Agency/Department/Board/Commission established your complete PEAR Team (Executive Order 22-04 Section 2c)?** In progress

The Board of Accountancy's purpose is to promote the dependability of financial and other information used by providers of capital when assessing the status and performance of those seeking financial resources.

**To accomplish our purpose, the agency is responsible for ensuring that credentialed persons are:**

- Initially qualified
- Remain qualified
- Perform competently and
- Held publicly accountable for the quality of their professional services

**With this purpose in mind the PEAR team determined that our impacted communities consist of CPAs, potential CPAs, and the public they serve. Within these communities the impacted groups include:**

- Senior citizens
- Individuals with English as a second language
- People with disabilities

**Other groups impacted by one of our key business lines include:**

- Job applicants
- Potential employees

The impacted groups listed are not all inclusive. The groups are limited to the ones specifically addressed in our PEAR service line investments for this Strategic Action Plan.

We requested PEAR team participation by CPAs, potential CPAs, and the public through our website. Additionally, we included a request for participation to CPAs through our semi-annual newsletter. We received several responses requesting additional information. Unfortunately, we did not receive any follow up from those individuals.

We also reached out directly to professional accounting associations with limited interest.

### **PEAR Team Members:**

#### **Agency Executive Leaders:**

- Jennifer Sciba / [jennifer.sciba@acb.wa.gov](mailto:jennifer.sciba@acb.wa.gov)

#### **Agency Equity Officer:**

- Jennifer Sciba / [jennifer.sciba@acb.wa.gov](mailto:jennifer.sciba@acb.wa.gov)

#### **Employees:**

- Lori Mickelson / [lori.mickelson@acb.wa.gov](mailto:lori.mickelson@acb.wa.gov)
- Kirsten Donovan / [kirsten.donovan@acb.wa.gov](mailto:kirsten.donovan@acb.wa.gov)
- Isaac Ross / [isaac.ross@acb.wa.gov](mailto:isaac.ross@acb.wa.gov)

#### **Board Members:**

- Tonia Campbell / [tonia.campbell@acb.wa.gov](mailto:tonia.campbell@acb.wa.gov)
- Rajib Doogar / [rajib.doogar@acb.wa.gov](mailto:rajib.doogar@acb.wa.gov)

#### **External Customers:**

At this time, we have not had any external customers join our team. However, we are actively seeking input and feedback from these individuals through our website posting, agency partners, and the newsletter.

#### **Agency Partners:**

- Alphonso Alexander / [aalexander@nasba.org](mailto:aalexander@nasba.org) / National Association of State Boards of Accountancy (NASBA)
- Greg Schieferstein / [greg.schieferstein@brpels.wa.gov](mailto:greg.schieferstein@brpels.wa.gov) / Board of Registration for Professional Engineers and Land Surveyors (BRPELS)

#### **Experts for Key Business Lines:**

- Lori Mickelson / [lori.mickelson@acb.wa.gov](mailto:lori.mickelson@acb.wa.gov)

- Kirsten Donovan / kirsten.donovan@acb.wa.gov
- Isaac Ross / isaac.ross@acb.wa.gov

Subject matter experts (SME) will participate as needed.

## **Baseline Equity Impact Review (EIR) Completion**

**Has your Agency/Department/Board/Commission completed the Baseline Equity Impact Review (EIR) of your agency's key business lines to determine where the needs are greatest?** Complete

The PEAR Team completed this work on August 5, 2022. The information contained in the EIR was completed with thorough discussions over many Microsoft Teams meetings. Each PEAR team member attended as many meetings as possible, and their contributions were insightful, valuable, and thought provoking.

While our EIR was completed with as much detail and accuracy as possible, we determined that some modifications were needed while completing our PEAR Strategic Action Plan. Accordingly, our EIR will not match up exactly with our PEAR Strategic Action Plan.

Our EIR is available for review if requested.

## **PEAR Readiness Checklist**

**Has your Agency/Department/Board/Commission completed all PEAR Readiness Steps below?**

- Agency leader and all PEAR Team members attend a PEAR Team Orientation Session hosted by the Office of Equity or watch the recordings. Complete
- Agency leader and PEAR Team members meet to debrief the PEAR Team Orientation Session and discuss next steps. Complete
- Create an agency Pro-Equity Anti-Racism (PEAR) Statement signed by the agency leader outlining the agency's commitment to implementing Executive Order 22-04 and expectations for employees. In progress – expected completion date is October 1, 2022
- Create a video of the agency leader and PEAR Team sharing information about the agency's PEAR Statement. In progress -- expected completion date is October 31, 2022
- Establish a stand-alone agency administrative policy that outlines the agency's roles and responsibilities for implementing Executive Order 22-04. In progress -- expected completion date is October 1, 2022

## **PEAR Service Line Investments**

### **PEAR Service Line Investment 1**

**Agency Key Business Line(s):** Human Resources

**PEAR Service Line where the needs are greatest:** Workforce Equity

**PEAR Service Line Priority where the needs are greatest:** Build a Culture of Pro-Equity, Access, Racial Justice, and Belonging

Job applicants and potential employees – Our goal is to create a recruitment process that:

- Provides for a diverse and inclusive applicant pool
- Eliminates unconscious and conscious bias in the interview process

**PEAR Service Line Investment 1 Description - Summarize the policies, processes, practices, and procedures related to this investment:** Equity Impact Reviews (EIRs) on Recruitment Processes

As a small agency, we rely on Washington State Department of Enterprise Services Small Agency Human Resources (Small Agency HR) for our recruitment process. Small Agency HR helps us prepare our job listing descriptions, posts our job listings on careers.wa.gov, screens the received applications, and forwards the applications which meet the requirements.

#### **What disparities do you seek to decrease or eliminate with this investment?**

Our investment seeks to reduce or eliminate the exclusion of applications from impacted groups and reduce unconscious/conscious bias in the interviewing process.

The 2017-2021 data provided by the State Small Agency Human Resources recruitment team indicates that white/Caucasian applicants account for the majority of applications submitted for our job postings.

The Board of Accountancy is a small agency with only 11 allocated full-time employee positions. Currently, our 8 employees consist of the following demographics: 3 white males, 4 white females, and 1 Asian female.



**Which people groups and/or places, with the greatest need, does this investment focus on?**

This investment will focus on job applicants and potential employees.

While we have limited staff turnover, when new positions become available in the future, we are committed to having a diverse applicant pool from which to find the best candidate. A diversity and equity lens will be used when considering qualified candidates.

**Did your agency consult with tribal governments and Recognized American Indian Organizations (RAIOs)? How does this investment address the consultation they provided? Indicate N/A if not applicable.**

Unfortunately, no not prior to completing this report. However, we recently received a list of Washington tribes, some of which have contacts for the Finance/CFO leaders. Our goal is to reach out to tribal governments and recognized American Indian Organizations (RAIOs) moving forward.

**What did impacted communities/employees/other interested parties identify as the root causes of the disparities? How will your investment address the root causes?**

Based on PEAR team conversations and consultations to date, the identified root causes of disparities are systemic exclusionary processes and unconscious and/or conscious biases embedded in the states hiring practices that may adversely affect impacted communities.

To address root causes for this investment we will be more proactive in the recruitment process including but not limited to the following:

- Reviewing and updating the hiring practices with the State Small Agency Human Resources recruitment team
- Increasing distribution of job announcements – not only through career.wa.gov
- Reviewing and updating position description/job requirements with an inclusive lens
- Reviewing and updating internal interview procedures
- Reviewing and updating questions used during interview process
- Requiring individuals sitting on interview panels and making hiring decisions to take additional training regarding biases and diversity, equity, and inclusion

**How does your investment address concerns and priorities identified by impacted communities/employees/other interested parties?**

Our investment is expected to ensure that the hiring process is more equitable and available to everyone. Diversity in staff and leadership is expected to be attractive for potential applicants when considering accepting a position with us.

**How will/could your investment increase or decrease benefits for communities/employees/other interested parties? Increase or decrease burdens? How will your agency identify and minimize any unintended harms?**

The benefit of our investment is expected to be a more diverse and inclusive applicant pool which could result in a more diverse staff. Updating the position descriptions and job postings can be expected to open job opportunities for impacted groups.

Potential burdens could include increased staff time devoted to reviewing more applications and conducting more interviews, and potentially increased agency costs for training and job postings.

Feedback from the Small Agency HR recruitment team, staff who conducts interviews, and potential applicants will notify us of unintended harm by the investments we implemented. If notified or discovered, we will review the issue and act accordingly.

**PEAR Determinants of Equity supported by this investment:**

- Equity in State & Local Practices
- Equity In Jobs & Job Training

**PEAR Determinants of Equity Group(s) [Community Support Systems (Trunk), Family Support Systems (Branches), Community Infrastructure (Root System), Government Practices (Soil & Nutrients)] supported by this investment:**

- Equity in Government Policies, Practices, People and Systems (Soil & Nutrients)
- Equity in Community Infrastructure (Root System)

**Desired PEAR Outcome(s):**

Our desired PEAR outcome is to have a highly diverse workforce. Additionally, we want to offer employment opportunities to individuals who have been under-represented or excluded.

**PEAR Habit(s) needed to achieve desired PEAR Outcomes:**

- **Relatable Workforce** – Create a more diverse workforce (measured by attributes, such as but not limited to, race, ethnicity, gender, sexual orientation, and disability status) to be more responsive to the needs of our employees and the communities we regulate and serve, including CPAs, potential CPAs, and the public.
- **Continuous Workforce Development** – Provide biases and diversity, equity, and inclusion training to current employees who participate in the interview and selection process.

**PEAR Service Line Investment Lead or Team - Who is responsible for leading the actions?**

Lori Mickelson

**Collaboration needs - Who does the agency need to collaborate with to make the investment?**

To be successful we will need to collaborate with Small Agency HR, agency managers, supervisors, and employees.

**What are the potential barriers, challenges, and/or risks of this investment?**

The potential barriers, challenges, and/or risks include:

- Business Resource Groups (BRG) will not be notified of lower-level positions according to Small Agency HR
- Time restraints for posting to outside sources
- Low turnover of current employees creates less opportunity to hire a more diverse workforce

**Solution(s) identified to address resource needs and barriers/challenges/risks:**

Potential solutions will include:

- Keeping an open mind on where we can advertise new job posting
- Planning for agency needs
- Be prepared, educated, and ready to act. Our window of opportunity is limited, so when we can hire a new employee, we will ensure we are following our PEAR Strategic Action Plan

**PEAR Service Line Investment Start Date:** 9/1/2022

**PEAR Service Line Investment Target End Date:** 9/1/2023 (ongoing for several recruitments)

**PEAR Performance Measure(s) - What measures will be used to determine effectiveness of investments? Were these measures informed by impacted communities/employees/interested parties? Choose a minimum of 1 outcome measure and 1 process measure for each investment.**

Small Agency HR, employees, and Board Members determined these measures.

**Outcome Measure:**

Increase in the number of applicants from impacted communities responding to job postings.

**Process Measures:**

The number of individuals who participate in the hiring process completing the additional training regarding biases and diversity, equity, and inclusion.

The number of changes made reflecting a PEAR lens to hiring practices, position description/job requirements, internal interview procedures, and questions used during the interview process.

The number of job listings posted to sources outside of careers.wa.gov

**PEAR Goals - What exactly will your agency achieve in the first 3 months after investment start date? Were these goals informed by impacted communities/employees/interested parties? Choose 1 goal for each outcome and process measure.**

**Outcome Measure 1 Quarter 1 Goal:**

We are committed to having a diverse applicant pool from which to find the best candidates. Due to limited staff turnover, we cannot determine if we will have an open recruitment to measure this goal in the first quarter.

**Process Measure 1 Quarter 1 Goal:**

25% of staff who participated in the hiring process will complete training regarding biases and diversity, equity, and inclusion.

Staff will review one section of the second process measure noted above. We will update the internal interview procedure and note the number of changes made.

Until we have an open recruitment, we will not be able to measure this goal.

**What data sources will your agency use to measure success? Consider data sources created by impacted communities/employees/other interested parties if available.**

Small Agency HR will provide demographic information about job applicants. Board staff will provide internal measure data regarding completed trainings and the number of changes made to

hiring practices, position description/job requirements, internal interview procedures, and questions used during the interview process.

**Describe the plan to partner, share, listen, adjust, and learn with impacted communities/employees/other interested parties during investment implementation:**

Our plan is to work with Small Agency HR to find ways to obtain feedback from the job applicants and potential applicants.

**Describe the plan to partner, share, listen, adjust, and learn with impacted communities/employees/other interested parties during investment evaluation:**

We will analyze and evaluate our investment with input from Small Agency HR to determine if our process measures created a diverse applicant pool. We will adjust as needed.

## **PEAR Service Line Investment 2**

**Agency Key Business Line(s):** Communications

**PEAR Service Line where the needs are greatest:** Public Communications and Education

**PEAR Service Line Priority where the needs are greatest:** Update and Apply Language Standards

Users of our website and written and visual communications – Our goal is to improve communication access and inclusive and equitable representation for:

- Individuals with English as a second language (ESL)
- Populations with enhanced visual and auditory needs
- Impacted communities

**PEAR Service Line Investment 2 Description - Summarize the policies, processes, practices, and procedures related to this investment:** Digital Equity Conditions

As a small agency, we rely on Department of Enterprise Services, WaTech for our website design and platform. Content updates are done internally by our Data and Systems Administrator. Our online licensing system is operated on the Salesforce platform. We provide the content.

**What disparities do you seek to decrease or eliminate with this investment?**

Our investment seeks to improve auditory, visual, and linguistic accessibility on our website, in our licensing system, and within our written and visual communications, while ensuring an inclusive and equitable representation for all.

**Which people groups and/or places, with the greatest need, does this investment focus on?**

Currently, 28% of our CPAs are non-U.S. individuals. Therefore, our initial investment will focus on improving accessibility for ESL populations, as well as populations with enhanced visual and auditory needs, and diverse identities.

**Did your agency consult with tribal governments and Recognized American Indian Organizations (RAIOs)? How does this investment address the consultation they provided? Indicate N/A if not applicable.**

Unfortunately, no not prior to completing this report. However, we recently received a list of Washington tribes, some of which have contacts for the Finance/CFO leaders. Our goal is to reach out to tribal governments and recognized American Indian Organizations (RAIOs) moving forward.

**What did impacted communities/employees/other interested parties identify as the root causes of the disparities? How will your investment address the root causes?**

Based on PEAR team conversations and consultations to date, the principle causes of disparity are potential accessibility issues with the website and under-representation of impacted communities identified above.

To address root causes for this investment, we will update our communications by:

- Adding additional language options
- Reviewing website for accessibility through WaTech and update as needed
- Providing for the use of translation services
- Providing visual and auditory tools
- Ensuring graphics and photos are representative of diverse groups
- Adding diversity, equity, and inclusion information in our communications

**How does your investment address concerns and priorities identified by impacted communities/employees/other interested parties?**

Our investment is expected to ensure that our communications are accessible, representative, and inclusive for all.

**How will/could your investment increase or decrease benefits for communities/employees/other interested parties? Increase or decrease burdens? How will your agency identify and minimize any unintended harms?**

The benefit of our investment is expected to be improved communication with impacted communities making it easier to do business with us. Additionally, our intent is to foster a sense of inclusion and belonging with this investment.

A decreased benefit may be discomfort caused by the use of enhanced language options and characterizations such as gender sensitive terminology to communities who do not share Washington's Pro-Equity Anti-Racism (PEAR) values.

Unintended harm for employees may be responses from individuals, who do not share Washington's PEAR values, regarding diversity, equity, and inclusion information in our communications.

**PEAR Determinants of Equity supported by this investment:**

- Equity in State & Local Practices
- Equity in Justice Systems & Laws
- Digital Equity

**PEAR Determinants of Equity Group(s) [Community Support Systems (Trunk), Family Support Systems (Branches), Community Infrastructure (Root System), Government Practices (Soil & Nutrients)] supported by this investment:**

- Equity in Government Policies, Practice, People and Systems (Soil and Nutrients)
- Equity and Community Infrastructure (Root System)

**Desired PEAR Outcome(s):**

Our desired PEAR outcome is inclusive communications encompassing written, verbal, and visual elements, including but not limited to our website, emails, phone calls, and newsletters.

**PEAR Habit(s) needed to achieve desired PEAR Outcomes:**

- Community-Centered Tools – Ensure our website has the tools needed and accessibility features that allow all users to obtain the information they are seeking.
- Communication Standards – Use plain talk language in all communications and make translations services available.

**PEAR Service Line Investment Lead or Team - Who is responsible for leading the actions?**

- Kirsten Donovan
- Isaac Ross

**Collaboration needs - Who does the agency need to collaborate with to make the investment?**

To be successful we will need to collaborate with WaTech, agency managers, employees, and impacted communities.



**What are the potential barriers, challenges, and/or risks of this investment?**

The potential barriers, challenges, and/or risks include:

- Locating and identifying a translation service for each communication method
- Feeling comfortable in our responses to feedback from individuals who do not share Washington’s PEAR values

**Solution(s) identified to address resource needs and barriers/challenges/risks:**

Potential solutions will include:

- Reaching out to WaTech to discuss our needs for accessibility and their capabilities of providing this resource for our website
- Reaching out to other agencies who utilize translation services for their recommendations
- Providing resources to staff on how to respond to individuals who do not share Washington’s PEAR values

**PEAR Service Line Investment Start Date:** 9/1/2022

**PEAR Service Line Investment Target End Date:** 9/1/2023

**PEAR Performance Measure(s) - What measures will be used to determine effectiveness of investments? Were these measures informed by impacted communities/employees/interested parties? Choose a minimum of 1 outcome measure and 1 process measure for each investment.**

Employees and Board Members determined these measures.

**Outcome Measure:**

We will analyze the responses from the surveys attached to email correspondence, newsletter, and on the website.

**Process Measures:**

Increase the number of visual and auditory resources available on our website and increase the number of languages available through online translation services.

Monitor responses to our PEAR and diversity, equity, and inclusion communications.

**PEAR Goals - What exactly will your agency achieve in the first 3 months after investment start date? Were these goals informed by impacted communities/employees/interested parties? Choose 1 goal for each outcome and process measure.**

**Outcome Measure 1 Quarter 1 Goal:**

Our goal is to increase the language options available on the website by 100%.

**Process Measure 1 Quarter 1 Goal:**

Add different language options to the website.

Design and validate a survey to obtain input from impacted communities on the improvements that would provide them the highest value. This process is expected to involve consultations with impacted communities as well as principal communities who the agency serves.

**What data sources will your agency use to measure success? Consider data sources created by impacted communities/employees/other interested parties if available.**

Information Technology (IT) staff will provide the number of languages available on our website.

**Describe the plan to partner, share, listen, adjust, and learn with impacted communities/employees/other interested parties during investment implementation:**

Our plan is to obtain feedback from impacted communities and other interested parties through the use of our surveys and adjust as needed.

**Describe the plan to partner, share, listen, adjust, and learn with impacted communities/employees/other interested parties during investment evaluation:**

We will analyze and evaluate our investment to determine if our process measures have created inclusive communications. We will adjust as needed.

## **PEAR Service Line Investment 3**

**Agency Key Business Line(s):** Public Protection

**PEAR Service Line where the needs are greatest:** Leadership, Operations, and Services

**PEAR Service Line Priority where the needs are greatest:** Relational Partnerships

Users of CPAs and accounting services, including senior, lower-income, English as a second language (ESL), and small business communities – Our goal is to educate and provide resources that:

- Provide outreach to communities to share information regarding the difference between CPAs and accountants
- Provide information through email, phone calls, and our website for alternate resources when we are unable to help
- Promote education and provide resources by encouraging CPAs to participate in community investment through investing time in community centers and providing educational workshops

**PEAR Service Line Investment 3 Description - Summarize the policies, processes, practices, and procedures related to this investment:** Equity Impact Reviews (EIRs) on public protection

Public protection is an important part of our mission; as such, one powerful tool is to educate members of the community and provide resources to make informed decisions.

In the past, we have held outreach events to share the purpose and scope of the Board, and CPAs in the community. When we held events for CPA firms or organizations, the response was positive. However, the attendance at the events held for the public was minimal.

Currently, our website has information regarding consumer protection, the Board's authority over CPAs and non-CPAs, and additional resources.

**What disparities do you seek to decrease or eliminate with this investment?**

Our investment seeks to reduce or eliminate the confusion among impacted communities including senior, lower-income, ESL, and small business communities on which agencies, organizations, or authorities have jurisdiction and can provide assistance.

**Which people groups and/or places, with the greatest need, does this investment focus on?**

This investment will focus on impacted communities including senior, lower-income, ESL, and small business communities.

**Did your agency consult with tribal governments and Recognized American Indian Organizations (RAIOs)? How does this investment address the consultation they provided? Indicate N/A if not applicable.**

Unfortunately, no not prior to completing this report. However, we recently received a list of Washington tribes, some of which have contacts for the Finance/CFO leaders. Our goal is to reach out to tribal governments and recognized American Indian Organizations (RAIOs) moving forward.

**What did impacted communities/employees/other interested parties identify as the root causes of the disparities? How will your investment address the root causes?**

Based on PEAR team conversations and consultations to date, the identified root causes of disparities are a lack of suitably tailored information, education, and resources for impacted communities.

To address root causes for this investment, we will actively promote public protection education which includes but is not limited to:

- Partnering with other organizations to extend our outreach to provide education and resources regarding the Board’s role and purpose
- Promoting the use of the licensee search tool regarding license status and disciplinary actions
- Responding to emails and phone calls with alternate resources when we are unable to assist
- Encouraging CPAs to invest their time in community education and volunteer work

**How does your investment address concerns and priorities identified by impacted communities/employees/other interested parties?**

Our investment is expected to expand our outreach and better protect the public through education and resources.

**How will/could your investment increase or decrease benefits for communities/employees/other interested parties? Increase or decrease burdens? How will your agency identify and minimize any unintended harms?**

The benefit of our investment is expected to enhance and expand outreach to communities not currently well-informed about the Board's role and responsibilities.

Potential burdens could include difficulties in identifying and communicating with our impacted communities.

We will identify unintended harms primarily through feedback from impacted communities, partner organizations, or internal observation. We will then review the issues identified and make adjustments as needed.

**PEAR Determinants of Equity supported by this investment:**

- Equity in State and Local Practices
- Community and Public Safety

**PEAR Determinants of Equity Group(s) [Community Support Systems (Trunk), Family Support Systems (Branches), Community Infrastructure (Root System), Government Practices (Soil & Nutrients)] supported by this investment:**

- Equity in Government Policies, Practices, People and Systems (Soil & Nutrients)
- Equity and Family Support Systems (Branches)

**Desired PEAR Outcome(s):**

Our desired PEAR outcome is improved outreach activities to address the root causes of disparities as detailed above, providing education and resources that result in a better protected, more informed, and well equipped public when dealing with the accounting profession.

**PEAR Habit(s) needed to achieve desired PEAR Outcomes:**

- Equity Impact Reviews (EIRs) – Using the PEAR determinants of equity to provide education, outreach, and resources to impacted communities.
- Trust – Engage with impacted communities to build safe and lasting relationships

**PEAR Service Line Investment Lead or Team - Who is responsible for leading the actions?**

- Kirsten Donovan
- Isaac Ross
- Lori Mickelson

Subject matter experts (SME) will participate as needed.

**Collaboration needs - Who does the agency need to collaborate with to make the investment?**

To be successful we will need to collaborate with CPAs, impacted communities, the Washington Society of CPAs (WSCPAs), the National Association of State Boards of Accountancy (NASBA), the Washington Association of Accountants and Tax Professionals (WAATP), community centers that support seniors and impacted communities, and any other organization that we can identify.

**What are the potential barriers, challenges, and/or risks of this investment?**

The potential barriers, challenges, and/or risks include:

- Identifying and communicating with impacted communities
- Finding the best methods for effectively communicating with impacted communities
- Finding CPAs willing to donate their time and services to volunteer for community investment
- Expanding disclosures and information disseminated in our outreach efforts may result in unintended consequences.

**Solution(s) identified to address resource needs and barriers/challenges/risks:**

Potential solutions will include:

- Partner with the WSCPAs, agencies, and other associations for help in identifying impacted groups, as well as CPAs and other professionals willing to volunteer
- Input from Board Members

**PEAR Service Line Investment Start Date:** 9/1/2022

**PEAR Service Line Investment Target End Date:** 9/1/2023

**PEAR Performance Measure(s) - What measures will be used to determine effectiveness of investments? Were these measures informed by impacted communities/employees/interested parties? Choose a minimum of 1 outcome measure and 1 process measure for each investment.**

Employees and Board Members determine these measures.

**Outcome Measure:**

An increase in the amount of education and resource opportunities made available to impacted communities through volunteer efforts.

**Process Measures:**

The total volunteer hours invested in community education and volunteer work related to accounting.

**PEAR Goals - What exactly will your agency achieve in the first 3 months after investment start date? Were these goals informed by impacted communities/employees/interested parties? Choose 1 goal for each outcome and process measure.**

**Outcome Measure 1 Quarter 1 Goal:**

Gather a baseline of those who are volunteering their services to impacted communities.

**Process Measure 1 Quarter 1 Goal:**

Notify all licensees of our PEAR outreach efforts through multiple means of communication and request information on their volunteer activities.

**What data sources will your agency use to measure success? Consider data sources created by impacted communities/employees/other interested parties if available.**

Our plan is to utilize internal measure data, survey responses, number of mailings, and outreach events.

**Describe the plan to partner, share, listen, adjust, and learn with impacted communities/employees/other interested parties during investment implementation:**

Our plan is to gather feedback from surveys and other outreach efforts.

**Describe the plan to partner, share, listen, adjust, and learn with impacted communities/employees/other interested parties during investment evaluation:**

We will analyze and evaluate our investment with input from impacted communities to determine if our process measures created a better protected, more informed, and well-equipped public. We will adjust as needed.



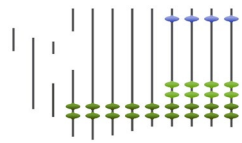
To: Washington State Board of Accountancy  
 From: Mark Hugh, CPA Member  
 Re: Residency of Washington licensees  
 Date: October 28, 2022

Every October for my Board approved ethics class, I update my course materials for the residency of Washington licensees. The following is the data for the last three years:

State/country	October 2020	October 2021	October 2022	Percent
Washington	13,400	13,286	13,104	58%
Other US States	2,830	3,076	3,181	14%
Japan	2,220	2,542	2,932	13%
China	1,190	1,193	1,177	5%
South Korea	690	905	1,075	5%
Other Countries	530	570	671	3%
Canada	380	408	464	2%
<b>Totals</b>	<b>21,240</b>	<b>21,980</b>	<b>22,604</b>	<b>100%</b>

The number of Washington licensees continues to decline and is more than offset by strong growth in Japan and South Korea.

If the trend of declining Washington resident licensees continues (63% in 2020, 60% in 2021, and 58% in 2022), in a few years the majority of Washington licensees will be nonresidents.



# Board of Accountancy

WASHINGTON STATE

To: Washington State Board of Accountancy  
From: Jennifer Sciba, Deputy Director  
Re: Continuing Professional Education (CPE)  
Date: October 28, 2022

At the July Board meeting, the Board received public input regarding the current CPE rule which only allows CPE credit to be earned in half-hour (0.5) increments after the first hour is earned. The Board's current practice is to round CPE credits earned in other increments down to the nearest half hour. The Board has been asked to allow CPE credit to be earned in increments other than half hours, as rounding down may cause CPAs to lose multiple CPE credit hours.

The Board directed staff to include the topic as an agenda item for the October Board meeting.

The following addresses CPE courses over one hour only. Nano learning is covered separately in WAC 4-30-010, Definitions.

### **What other Boards are doing:**

- CPE credit earned in half hour increments only – 21
- CPE earned in 10-minute (.2) and half hour (.5) increments – 19
- CPE earned in 5-minute (.1) increments – 1
- CPE in .25, .5, and .75 hour increments – 1
- CPE is earned in any amounts – 2
- CPE is earned in whole hours only – 1
- CPE rules are vague – 10

### **What are our options:**

- Ten-minute increments (1.2, 1.4, etc.)
- Ten-minute increments, while including .25, .5, and .75 (1.2, 1.25, 1.4, etc.)
- Five-minute increments (1.1, 1.2, etc.)
- Five-minute increments, while including .25, .5, and .75 (1.1, 1.25, 1.3, etc.)
- Hundredth hour increments (1.1, 1.25, 2.36, etc.)

### **What staff is seeing during CPE reviews:**

- International big firms and LinkedIn Learning – hundredths of hours
- Many providers – use .25, .5, and .75
- Some CPAs are rounding their credits up rather than down when entering the CPE into the CPE Tracker

**Current rule language per WAC 4-30-133(2)**

CPE credit is given in half-hour increments only after the first full CPE credit hour has been earned except for nano learning.

A minimum of fifty minutes of continuous instruction constitutes one CPE credit hour and after the first fifty-minute segment has been earned, twenty-five minutes constitutes one-half CPE credit hour.

**Recommendation for rule language**

Board staff recommends changing the rule to allow for 5-minute increments (1.1, 1.2; etc.), as this reflects what we are seeing from some national CPE providers and some of the larger CPA firms. This prevents material losses in CPE credit from rounding down to the nearest half hour.

Recommended rule language:

CPE credit is given in increments of tenths of an hour after the first full hour has been earned except for nano learning.

A minimum of fifty minutes of continuous instruction constitutes one CPE credit hour and after the first fifty-minute segment has been earned, five minutes constitutes one tenths of a CPE credit hour.

CPE credit earned is rounded down to the nearest tenth of an hour.

# Quality Assurance Review Results

Year	Peer Review				Sub Total	Enforcement	Limited Scope Exemption	Total Participation
	Pass	Pass W/ Deficiencies	Fail	Peer Review Extension Request				
2016	212	20	20	0	252	4	371	627
2017	73	7	5	0	85	0	250	335
2018	248	27	20	0	295	2	401	698
2019	142	22	15	0	179	1	371	551
2020	54	2	3	0	59	2	279	338
2021	173	19	9	0	201	1	309	511
2022	104	13	2	20	139	0	351	490
2023					0			0
2024					0			0

To: Washington State Board of Accountancy

From: Peer Review Oversight Committee (PROC) (Jackie Meucci, Brooke Stegmeier, Mark Hugh, Laura Lindal, Robert Loe, Mike Paquette, Jennifer Sciba)

Re: Peer review alternatives

Date: October 28, 2022

For the last few years, the Board has continued to monitor with concern the issues surrounding the AICPA peer review program and especially the impact on smaller firms in Washington. As the program has continued to become more stringent, it creates a variety of consumer protection issues, including:

- Smaller firms are abandoning this work and lack of attest, compilation, or assurance service providers, especially in smaller communities, harms the public by reducing access to required services.
- Lack of competition among providers creates higher prices for services.
- An aging pool of peer reviewers combined with more risk and demanding standards is reducing the available reviewers and increasing the cost of peer review.
- More uncompromising standards and increased costs accelerates the existing problem of firms misrepresenting types of services performed on license renewals to avoid required peer reviews, despite performing attest, compilation, or assurance services.

In 2019, the Board formed a Peer Review Task Force and a summary of the peer review process and concerns from that task force is attached.

Since 2019, issues with the AICPA program have continued to accelerate, and national partners such as the AICPA and NASBA have shown no interest in any much-needed reforms to address concerns from state boards and consumer protection issues.

Before adopting the AICPA program as its mandatory quality review program, approximately ten years ago, the Board operated an alternative process, called the Quality Assurance Review (QAR) or “desk review” process.

Smaller firms could elect out of the AICPA program and participate in the Board's QAR process. Collaborating with teams of volunteers, the Board would review the work of these firms, and for substandard reports, issue a letter of comment or propose remedial action for deficiencies, such as development of quality control procedures, requiring specific types of CPE, and requiring pre-issuance review by another firm.

The QAR process was run internally by the Board and resource intensive. Therefore, effective January 1, 2011, the Board required all firms issuing audit reports to undergo the AICPA program, and subsequently on January 1, 2013, that requirement was expanded to all firms providing attest, compilation, and other assurance services and the QAR program was eliminated.

The QAR program was also phased out as Washington adopted uniform national standards for firm mobility from the Uniform Accountancy Act, which allows out-of-state firms to perform attest, compilation, or other assurance services in Washington without requiring a Washington firm license.

To protect the public and preserve the ability of smaller firms to provide needed services in Washington, the PROC recommends the Board consider a program similar to the QAR process but instead outsourced to a third-party nonprofit administrator.

Elements of the program could include:

- The program could be limited to Washington firms that only provide review or compilation services to Washington domiciled clients. Washington firms that provided any audits would be required to use the AICPA program. Similarly, to not impact national firm mobility standards, Washington firms that provided review or compilation services to clients domiciled in other states would still be required to use the AICPA program.
- The program could consider other factors not considered in the AICPA program such as whether the firm has professional liability insurance. Professional liability insurance not only protects the public in case of public harm, but a relationship with a professional liability insurance carrier provides a firm access to a large variety of free internal quality control resources.

- The program could focus more on the quality of the work presented to the public, rather than minor errors in documentation that do not impact the quality of the statements. These minor errors are a significant finding in the AICPA program, for example peer reviewers are citing lack of revenue recognition documentation in audits of nonprofits with no revenue at all.

The PROC recommends exploring this concept in more detail.

Other state boards are in the same position as the Washington Board and have expressed interest in an alternative to the AICPA program. We believe a well-structured and appropriately limited program would receive significant support and participation by other state boards.

To: Washington State Board of Accountancy  
From: WSBOA Peer Review Task Force  
Re: Peer review background and trends  
Date: April 11, 2019

As a result of meetings of the Peer Review Task Force, we believed it would be useful to provide the Board with background information regarding peer review and emerging trends, in order to make any future Board level discussions as productive as possible.

***Washington requirements for peer review***

Generally, all firms in Washington offering and/or performing attest, compilation, or other assurance services are required to have a firm license. To monitor the quality of their work, these firms are required participate in a Board-approved peer review program as a condition of renewing a firm license every three years.

“Peer review” is a form of practice monitoring and means a study, appraisal, or review of one or more aspects of the professional work of a firm that issues attest, compilation, or other assurance reports by a CPA or firm who is not affiliated with the firm being reviewed.

Board-approved peer review programs include the inspection processes of the Public Company Accounting Oversight Board (PCAOB), peer review programs administered by the American Institute of CPAs (AICPA), and peer review programs administered by the Washington Society of CPAs (WSCPA).

As part of renewing its license, a firm must certify whether the firm does or does not perform attest, compilation, or other assurance services. If the firm does perform these services, it is subject to peer review requirements and must provide the name of the approved peer review program in which the firm is enrolled, the period covered by the firm's most recent peer review, and certify the result of the firm's most recent peer review.

As part of the certification, the firm must provide or provide access to the peer review report issued; the firm's letter of response to the peer review (if any); the letter of acceptance from the peer review program; the recommended action letter from the peer review program (if any); a letter from the firm to the Board describing corrective actions



taken by the firm that relate to recommendations of the peer review program; and other information.

### ***The AICPA peer review program***

In 1977, the AICPA created its peer review program, a voluntary program of quality control for member firms performing attest, compilation, or other assurance services. In 1988, AICPA members approved a bylaw change that made the peer review program mandatory for member firms every three years. Since that time, most state boards, including Washington, have adopted the AICPA program as a practice monitoring program for firm licensing.

The program is administered by the AICPA Peer Review Board (PRB) and its National Peer Review Committee (NPRC) in cooperation with a state CPA society or group of state CPA societies that elect to participate as administering entities (AEs).

NPRC directly administers the peer review of firms that perform public company work subject to PCAOB standards. For private companies, approximately 500 firms in Washington participate in the AICPA peer review program administered by the WSCPA as AE.

Boards do not have automatic access to AICPA peer review results. Due to a 1988 commitment to its members to maintain confidentiality of peer review materials generated through the program, the AICPA supports voluntary, but not mandatory, submissions of a licensee's peer review results to a state board.

There are two types of AICPA peer reviews: system reviews and engagement reviews. System reviews focus on a firm's system of quality control and engagement reviews focus on work performed on selected engagements. System reviews are more comprehensive and required for firms that perform audits or other similar engagements. Firms undergoing engagement reviews do not perform audits or other similar engagements but do perform other accounting work including reviews and compilations.

There are three ratings as a result of a peer review: *pass*, *pass with deficiencies* (PWD), or *fail*.

For system reviews, *pass* means that the system is appropriately designed and being complied with by the firm in all material respects. *Pass with deficiencies*, means the system is designed and being complied with appropriately by the firm in all material respects, except in certain situations that are explained in detail in the peer review report. *Fail* means the peer reviewer has determined that the firm's system is not suitably

designed or being complied with, and the reasons why are explained in detail in the report.

For engagement reviews, *pass* means the peer reviewer has concluded that nothing came to his or her attention that the firm's work was not performed and reported on in conformity with applicable professional standards in all material respects. *Pass with deficiencies* means the reviewer concludes that nothing came to his or her attention that the work was not performed and reported on in conformity with applicable professional standards in all material respects, except in certain situations that are explained in detail in the report. *Fail* means the reviewer concludes that as a result of the situations described in the report, the work was not performed or reported on in conformity with applicable professional standards in all material respects.

The AICPA requires peer reviewers use a web-based tool to manage the peer review process and submit documents, called the Peer Review Integrated Management Application (PRIMA). Due to the requirement to maintain confidentiality, state boards do not have access to the result of any peer review on PRIMA, unless the reviewed firm grants them access to PRIMA using a program called Facilitated State Board Access (FSBA).

When completed, the peer review is submitted to the AE's peer review committee for acceptance. The committee may delegate a portion of the report acceptance function to Report Acceptance Bodies (RABs). The majority of the members of a RAB should possess the qualifications to manage and conduct peer reviews.

For ratings of pass with deficiencies or fail and depending on the deficiencies and the firm's response to findings, the AE's peer review committee or RAB may require further additional practice monitoring procedures, including internal inspection programs and internal post issuance reviews.

Firms that disagree with the results of their peer review or additional practice monitoring may appeal the results within the AE and/or within the AICPA.

### ***Most common peer review deficiencies***

In the AICPA's General Audit Risk Alert for 2018, it noted the most common peer review deficiencies:

1. Failure to date the auditor's report appropriately.
2. Failure to adequately document sampling methodology.
3. Failure to include audit documentation that contains sufficient competent evidence to support the firm's opinion on the financial statements.
4. Failure to update the auditor's report for the clarified auditing standards.
5. Failure to appropriately address fraud considerations.
6. Failure to appropriately document planning procedures relating to risk assessment and the linkage of risks to the procedures performed.
7. Failure to communicate or document required communications with those charged with governance.
8. Failure to obtain appropriate management representation letters.

Depending on the severity and the frequency in engagements during a peer review, these could result in a rating of either pass with deficiencies or a rating of fail.

### ***Recent data on Washington peer reviews***

Approximately 500 firms in Washington participate in the AICPA peer review program administered by the WSCPA. The WSCPA has two RABs, one for system reviews and one for engagement reviews. During 2018, 175 reviews were accepted.

<b>Additional Practice Monitoring</b>	<b>System Reviews</b>	<b>Engagement Reviews</b>	<b>Total</b>
Without additional practice monitoring	45	82	127
With additional practice monitoring	21	27	48
<b>Total</b>	<b>66</b>	<b>109</b>	<b>175</b>

Peer Reviewer Ratings	System Reviews	Engagement Reviews	Total
Pass	45	82	127
Pass with deficiencies	12	17	29
Fail	9	10	19
Total	66	109	175

Of 2018 reviews that received a rating of pass with deficiencies or lower, only five had received a rating of pass with deficiencies or lower on their prior peer review. Two 2018 system reviews received the rating of pass with deficiencies on both their current and prior peer reviews. Of engagement reviews, one failed their current peer review and received a rating of pass with deficiencies on their prior peer review; one received a rating of pass with deficiencies on both their current and prior peer reviews; and one received a current rating of pass with deficiencies and had failed their prior peer review.

Due to the confidentiality required under the program, the Board has no knowledge of which firms failed their peer review until the firm self-reports its failed peer review to the Board.

### ***Board oversight of the peer review process***

To establish oversight of the quality review process, a state board appoints a Peer Review Oversight Committee (PROC). The PROC assumes responsibility for independent oversight of the administration, application of established standards, qualification of reviewers, and quality control process of any provider of peer review services, inspection services or other examination of practice quality standards adopted by the board.

The purpose of the PROC is to provide reasonable assurance that the AE is complying with the administrative procedures acceptable to the board, reviews are being conducted in accordance with established standards of any board approved programs, results of reviews are evaluated in a consistent manner, peer review information is provided to firms and reviewers by AEs in an accurate and timely manner, and the board is advised on any other matters related to the peer review program.

A PROC establishes by agreement a relationship with the AE for attendance at all meetings of the AE's peer review committee or RABs. Attendance is integral to the oversight of the program because the PROC must hear the deliberations and considerations made by the AE.

The PROC presents an annual report to its board relative to the results of its independent oversight of the program. A board uses this report as a basis for continued reliance on the AE's program.

In no case shall the PROC report any matters to its board that could divulge the identity of a practice unit or licensee. All information obtained by the PROC is confidential.

Washington's PROC was relatively inactive in 2018 due to the departure of its two previous members in late 2017. However, during the year two new members were recruited and during late 2018 the PROC resumed its duties of oversight of the AE.

### ***Board reporting requirements and potential action***

Washington Board rules require that a firm must notify the Board within 30 days of the date the peer reviewer advises the firm that a grade of pass with deficiencies or fail will be recommended. The notification must include the details of any required corrective action plan being recommended by the peer reviewer, and the planned date the firm would intend to complete such remedial action or actions if the proposed corrective action plan is approved by the appropriate peer review acceptance committee.

As a result of peer review deficiencies, the Board may require the firm to develop quality control procedures to provide reasonable assurance that similar occurrences will not occur in the future; require the successful completion of specific courses or types of continuing education as specified by the Board; require that the reviewed firm submit all or specified categories of its compilation or attest working papers and reports to a preissuance evaluation performed by a Board-approved licensee in a manner and for a duration prescribed by the Board; require the reviewed firm to engage a board-approved licensee to conduct a Board-prescribed on-site field review of the firm's work product and practices or perform other investigative procedures to assess the degree or pervasiveness of nonconforming work product; or initiate an investigation.

### ***Trends in peer review***

As a result of well publicized failure of attest services, in particular Department of Labor reviews of employee benefit plan audits, the AICPA has made many changes to its peer review program. Peer reviews are now more detail oriented with more focus on the processes of the firm and quality control. Peer reviewers describe the new standards as more demanding and, in some cases, punitive.

With increased pressure from the AICPA to be more stringent, peer reviewers are more cautious and willing to give a rating of pass with deficiencies for weaknesses that under

prior standards, would have been considered shortcomings that did not impact the overall rating. This may result in additional practice monitoring and creates a more adversarial relationship and conflict between the firm, the peer reviewer, and the AE which accepts the report.

In addition, as Board rules require mandatory 30-day reporting to the Board of *potential* scores of pass with deficiencies or fail, this increasingly inserts the Board into the peer review process before it is completed, and regardless that the process is designed to be confidential until completion and the firm license renewal process has begun.

In the past, on occasion Board has required firms that failed the quality review process to have preissuance reviews by other Board-approved independent firms or licensees. However, with increased pressure from the AICPA to be more exacting and inflexible, independent firms and licensees are concerned about their own professional liability and are now unwilling to serve as preissuance reviewers.

The population of qualified peer reviewers are aging and with public accounting less attractive to young CPA's, it is more difficult for firms to find qualified peer reviewers. More demanding standards combined with increased professional risk will further decrease the pool of available peer reviewers, as well as increase the fees charged by remaining peer reviewers.

As an option, the Board could impose practice restrictions or suspend firm licenses for failed peer reviews. Increased fail ratings would lead to an increased number of firms with practice restrictions or suspended licenses, but in smaller markets and communities with few licensed firms, this may lead to less access for the public to necessary attest, compilation, and other assurance services.

All firms licensed in Washington state offering and/or performing attest, compilation, or other assurance services are required to have a firm license and participate in peer review. A continuing problem that will only accelerate with more uncompromising peer review standards and increasing costs will be smaller firms that avoid required peer review by misrepresenting on their license applications that they do not perform attest, compilation, or other assurance services, when in fact they do perform such services.

## **Request Oversight Committee Report October 2022**

Tom Sawatzki, CPA, Chair

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

### **Approved Firm Names:**

Accelerate Wealth CPAs, PLLC  
WithumSmith+Brown  
Friedman LLP

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

During the third 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.

To: Washington State Board of Accountancy

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

Re: BARC report

Date: October 28, 2022

Since the last Board meeting, the BARC sent a survey to all licensees regarding whether revised Board rules should keep the existing exception that certain workpapers cannot be withheld for outstanding fees, or alternatively, confirm to the AICPA interpretation that allows those workpapers to be withheld for outstanding fees.

The results of the survey responses are attached. There was overwhelming support for both the idea of allowing certain records to be withheld for outstanding fees, and for conformity to the AICPA Code of Professional Conduct in general. Therefore, the BARC has eliminated the Board's exception, which was under the Acts Discreditable rule.

The survey was only sent to licensees, not the public, but the latter will have the opportunity to comment as part of the rule making process.

Also attached are copies of all ten existing Board rules for professional conduct redlined for all proposed changes. It is hoped at its October 2022 meeting, the Board will approve the publication of these rules as part of the formal rule making process (CR102) for public hearing and potential adoption at the January 2023 Board meeting.

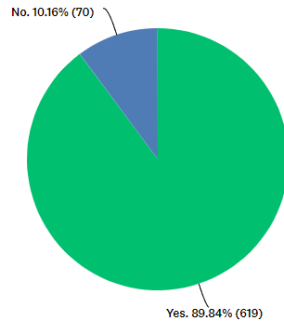


# Outstanding Fees – Survey Results

The Board received 689 responses to its survey.

Should the Board change from its current rules, and follow the AICPA rule allowing the withholding of the following in exchange for outstanding fees: co...

Answered: 689 Skipped: 0



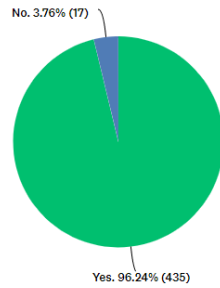
ACB Outstanding Fees

🔍 (0)

The following charts break down the results based on respondent demographics.

Respondent's principal place of business is in Washington.

Answered: 452 Skipped: 0

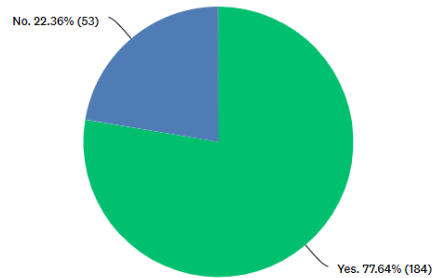


ACB Outstanding Fees

🔍 (1)

Respondent's principal place of business is not in Washington.

Answered: 237 Skipped: 0

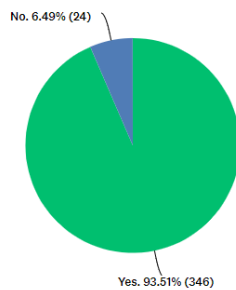


ACB Outstanding Fees

🔍 (1)

Respondent is in the practice of public accounting.

Answered: 370 Skipped: 0

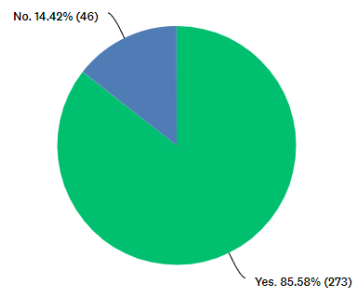


ACB Outstanding Fees

🔍 (1)

Respondent is not in the practice of public accounting.

Answered: 319 Skipped: 0



ACB Outstanding Fees

🔍 (1)

**WAC 4-30-010 Definitions.** For purposes of these rules the following terms have the meanings indicated unless a different meaning is otherwise clearly provided in these rules:

**"Act"** means the Public Accountancy Act codified as chapter 18.04 RCW.

**"Active individual participant"** means an individual whose primary occupation is at the firm or affiliated entity's business. An individual whose primary source of income from the business entity is provided as a result of passive investment is not an active individual participant.

~~**"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.~~

**"Applicant"** means an individual who has applied:

- (a) To take the national uniform CPA examination;

(b) For an initial individual license, an initial firm license, or initial registration as a resident nonlicensee owner;

(c) To renew an individual license, a CPA-Inactive certificate, a CPA firm license, or registration as a resident nonlicensee firm owner;

(d) To reinstate an individual license, a CPA-Inactive certificate, registration as a resident nonlicensee firm owner, or practice privileges.

**"Attest"** means providing the following services:

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

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

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

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

**"Audit," "review,"** and **"compilation"** are terms reserved for use by licensees, as defined in this section.

~~**"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.~~

**"Board"** means the board of accountancy created by RCW 18.04.035.

**"Breach of fiduciary responsibilities/duties"** means when a person who has a fiduciary responsibility or duty acts in a manner adverse or contrary to the interests of the person to whom they owe the fiduciary responsibility or duty. Such actions would include profiting from their relationship without the express informed consent of the beneficiary of the fiduciary relationship, or engaging in activities that represent a conflict of interest with the beneficiary of the fiduciary relationship.

**"Certificate"** means a certificate as a CPA-Inactive issued in the state of Washington prior to July 1, 2001, as authorized by the act, unless otherwise defined in rule.

**"Certificate holder"** means the holder of a valid CPA-Inactive certificate where the individual is not a licensee and is prohibited from practicing public accounting.

**"Client"** means the person or entity that retains a licensee, as defined in this section, a CPA-Inactive certificate holder, a nonlicensee firm owner of a licensed firm, or an entity affiliated with a licensed firm to perform professional services through other than an employer/employee relationship.

~~"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.~~

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

~~**"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.~~

**"CPA"** or **"certified public accountant"** means an individual holding a license to practice public accounting under chapter 18.04 RCW or recognized by the board in the state of Washington, including an individual exercising practice privileges pursuant to RCW 18.04.350(2).

**"CPA-Inactive"** means an individual holding a CPA-Inactive certificate recognized in the state of Washington. An individual

holding a CPA-Inactive certificate is prohibited from practicing public accounting and may only use the CPA-Inactive title if they are not offering accounting, tax, tax consulting, management advisory, or similar services to the public.

**"CPE"** means continuing professional education.

**"Fiduciary responsibility/duty"** means a relationship wherein one person agrees to act solely in another person's interests. Persons having such a relationship are fiduciaries and the persons to whom they owe the responsibility are principals. A person acting in a fiduciary capacity is held to a high standard of honesty and disclosure in regard to a principal. Examples of fiduciary relationships include those between broker and client, trustee and beneficiary, executors or administrators and the heirs of a decedent's estate, and an officer or director and the owners of the entity.

**"Firm"** means a sole proprietorship, a corporation, or a partnership. "Firm" also means a limited liability company or partnership formed under chapters 25.15 and 18.100 RCW and a professional service corporation formed under chapters 23B.02 and 18.100 RCW.

**"Firm mobility"** means an out-of-state firm that is not licensed by the board and meets the requirements of RCW 18.04.195 (1) (a) (iii) (A) through (D) exercising practice privileges in this state.

**"Generally accepted accounting principles"** (GAAP) is an accounting term that encompasses the conventions, rules, and procedures necessary to define accepted accounting practice at a particular time. It includes not only broad guidelines of general application, but also detailed practices and procedures. Those conventions, rules, and procedures provide a standard by which to measure financial presentations.

**"Generally accepted auditing standards"** (GAAS) are guidelines and procedures, promulgated by the AICPA, for conducting individual audits of historical financial statements.

**"Holding out"** means any representation to the public by the use of restricted titles as set forth in RCW 18.04.345 by a person that the person holds a license or practice privileges under the act and that the person offers to perform any professional services to the public. "Holding out" shall not



affect or limit a person not required to hold a license under the act from engaging in practices identified in RCW 18.04.350.

**"Inactive"** means the individual held a valid certificate on June 30, 2001, has not met the current requirements of licensure and has been granted CPA-Inactive certificate holder status through the renewal process established by the board. A CPA-Inactive may not practice public accounting nor may the individual use the CPA-Inactive title if they are offering accounting, tax, tax consulting, management advisory, or similar services to the public.

**"Individual"** means a living, human being.

**"Independence"** means an absence of relationships that impair a licensee's impartiality and objectivity in rendering professional services for which a report expressing assurance is prescribed by professional standards.

**"Interactive self-study program"** means a CPE program that provides feedback throughout the course.

**"IRS"** means Internal Revenue Service.

**"License"** means a license to practice public accounting issued to an individual or a firm under the act or the act of another state.

**"Licensee"** means an individual or firm holding a valid license to practice public accounting issued under the act, 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) (a) and (b).

**"Manager"** means a manager of a limited liability company licensed as a firm under the act.

**"Nano learning"** is a stand-alone continuing professional education (CPE) course that is a minimum of ten minutes (0.2 CPE credit hours) consisting of electronic self-study with a stated learning objective and a minimum of two final assessment questions.

**"NASBA"** means the National Association of State Boards of Accountancy.

**"Nonlicensee firm owner"** means an individual, not licensed in any state to practice public accounting, who holds an ownership interest in a firm permitted to practice public accounting in this state.

**"PCAOB"** means Public Company Accounting Oversight Board.

**"Peer review"** means a study, appraisal, or review of one or more aspects of the attest or compilation work of a licensee or licensed firm in the practice of public accounting, by a person or persons who hold licenses and who are not affiliated with the person or firm being reviewed, including a peer review, or any internal review or inspection intended to comply with quality control policies and procedures, but not including the "quality assurance review" under this section.

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

**"Practice privileges"** are the rights granted by chapter 18.04 RCW to a person who:

- (a) Has a principal place of business outside of Washington state;
- (b) Is licensed to practice public accounting in another substantially equivalent state;
- (c) Meets the statutory criteria for the exercise of privileges as set forth in RCW 18.04.350(2) for individuals or RCW 18.04.195 (1)(b) for firms;
- (d) Exercises the right to practice public accounting in this state individually or on behalf of a firm;
- (e) Is subject to the personal and subject matter jurisdiction and disciplinary authority of the board in this state;
- (f) Must comply with the act and all board rules applicable to Washington state licensees to retain the privilege; and
- (g) Consents to the appointment of the issuing state board of another state as agent for the service of process in any action or proceeding by this state's board against the certificate holder or licensee.

**"Principal place of business"** means the office location designated by the licensee for purposes of substantial equivalency and reciprocity.

"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 services undertaken.

**"Public practice"** or the **"practice of public accounting"** means performing or offering to perform by a person or firm holding itself out to the public as a licensee, or as an individual exercising practice privileges, 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," or one or more kinds of management advisory, or

consulting services, or the preparation of tax returns, or the furnishing of advice on tax matters. The "practice of public accounting" shall not include practices that are permitted under the provisions of RCW 18.04.350(10) by persons or firms not required to be licensed under the act.

**"Quality assurance review or QAR"** is the process, established by and conducted at the direction of the board, to study, appraise, or review one or more aspects of the audit, compilation, review, and other professional services for which a report expressing assurance is prescribed by professional standards of a licensee or licensed firm in the practice of public accounting, by a person or persons who hold licenses and who are not affiliated with the person or firm being reviewed.

**"Reciprocity"** means board recognition of licenses, permits, certificates or other public accounting credentials of another jurisdiction that the board will rely upon in full or partial satisfaction of licensing requirements.

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

**"Report,"** when used with reference to any attest or compilation service, means an opinion, report, or other form of language that states or implies assurance as to the reliability of the attested information or compiled financial statements and that also includes or is accompanied by any statement or implication that the person or firm issuing it has special knowledge or competence in the practice of public accounting. Such a statement or implication of special knowledge or competence may arise from use by the issuer of the report of names or titles indicating that the person or firm is involved in the practice of public accounting, or from the language of the report itself. "Report" includes any form of language which disclaims an opinion when such form of language is conventionally understood to imply any positive assurance as to the reliability of the attested information or compiled financial statements referred to and/or special competence of the part of the person or firm issuing such language; and it includes any other form of language that is conventionally understood to imply such assurance and/or such special knowledge or competence. "Report" does not include services referenced in

RCW 18.04.350 (10) or (11) provided by persons not holding a license under this chapter as provided in RCW 18.04.350(14).

**"Representing oneself"** means having a license, practice privilege, certificate or registration that entitles the holder to use the title "CPA," "CPA-Inactive," or be a nonlicensee firm owner.

**"Rules of professional conduct"** means rules adopted by the board to govern the conduct of licensees, as defined in this section, while representing themselves to others as licensees. These rules also govern the conduct of CPA-Inactive certificate holders, nonlicensee firm owners, and persons exercising practice privileges pursuant to RCW 18.04.350(2).

**"SEC"** means the Securities and Exchange Commission.

**"Sole proprietorship"** means a legal form of organization owned by one person meeting the requirements of RCW 18.04.195.

**"State"** includes the states and territories of the United States, including the District of Columbia, Puerto Rico, Guam, and the United States Virgin Islands, and the Commonwealth of the Northern Mariana Islands at such time as the board determines that the Commonwealth of the Northern Mariana Islands



is issuing licenses under the substantially equivalent standards of RCW 18.04.350 (2) (a).

**"Statements on auditing standards (SAS)"** are interpretations of the generally accepted auditing standards and are issued by the Auditing Standards Board of the AICPA. Licensees are required to adhere to these standards in the performance of audits of financial statements.

**"Statements on standards for accounting and review services (SSARS)"** are standards, promulgated by the AICPA, to give guidance to licensees who are associated with the financial statements of nonpublic companies and issue compilation or review reports.

**"Statements on standards for attestation engagements (SSAE)"** are guidelines, promulgated by the AICPA, for use by licensees in attesting to assertions involving matters other than historical financial statements and for which no other standards exist.

[Statutory Authority: RCW 18.04.055. WSR 19-16-074, § 4-30-010, filed 7/31/19, effective 1/1/20. Statutory Authority: RCW 18.04.055 and 2017 c 304. WSR 18-04-071, § 4-30-010, filed 2/2/18, effective 3/5/18. Statutory Authority: RCW 18.04.055.

WSR 16-17-036, § 4-30-010, filed 8/9/16, effective 9/9/16.  
Statutory Authority: 18.04.055, 18.04.025, 18.04.350. WSR 10-24-009, amended and recodified as § 4-30-010, filed 11/18/10, effective 12/19/10. Statutory Authority: RCW 18.04.055, 18.04.025. WSR 08-18-016, § 4-25-410, filed 8/25/08, effective 9/25/08. Statutory Authority: RCW 18.04.055. WSR 05-01-137, § 4-25-410, filed 12/16/04, effective 1/31/05; WSR 03-24-033, § 4-25-410, filed 11/25/03, effective 12/31/03. Statutory Authority: RCW 18.04.055(16). WSR 02-04-064, § 4-25-410, filed 1/31/02, effective 3/15/02. Statutory Authority: RCW 18.04.055(11). WSR 01-11-124, § 4-25-410, filed 5/22/01, effective 6/30/01; WSR 98-12-020, § 4-25-410, filed 5/27/98, effective 6/27/98; WSR 94-23-071, § 4-25-410, filed 11/15/94, effective 12/16/94.]

~~WAC 4-30-040 What are the requirements concerning~~

~~integrity and objectivity? 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 judgement 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.~~

~~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~~

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~~• 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.~~

[Statutory Authority: RCW 18.04.055(2). WSR 10-24-009, amended and recodified as § 4-30-040, filed 11/18/10, effective 12/19/10; WSR 08-18-016, § 4-25-620, filed 8/25/08, effective 9/25/08; WSR 05-01-137, § 4-25-620, filed 12/16/04, effective 1/31/05; WSR 02-04-064, § 4-25-620, filed 1/31/02, effective 3/15/02; WSR 98-12-048, § 4-25-620, filed 5/29/98, effective 6/29/98. Statutory Authority: RCW 18.40.055 [18.04.055]. WSR 93-22-046, § 4-25-620, filed 10/28/93, effective 11/28/93.]

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**WAC 4-30-042 ~~When is independence required?~~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, 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.

~~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:~~

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~~(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.~~

[Statutory Authority: RCW 18.04.055(2). WSR 10-24-009, amended and recodified as § 4-30-042, filed 11/18/10, effective 12/19/10; WSR 08-18-016, § 4-25-622, filed 8/25/08, effective 9/25/08; WSR 03-24-034, § 4-25-622, filed 11/25/03, effective 12/31/03; WSR 98-12-049, § 4-25-622, filed 5/29/98, effective 6/29/98. Statutory Authority: RCW 18.40.055 [18.04.055]. WSR 93-22-046, § 4-25-622, filed 10/28/93, effective 11/28/93.]

**WAC 4-30-044 ~~What restrictions govern commissions,~~**

~~referral, and contingent fees?~~ **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) A licensee in public practice shall not:~~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) 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,~~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~~

(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. 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) 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. 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) 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. 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) ~~A licensee's 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~~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: 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) 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. 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.

[Statutory Authority: RCW 18.04.055(2). WSR 10-24-009, amended and recodified as § 4-30-044, filed 11/18/10, effective 12/19/10; WSR 08-18-016, § 4-25-626, filed 8/25/08, effective 9/25/08; WSR 05-01-137, § 4-25-626, filed 12/16/04, effective

1/31/05; WSR 02-04-064, § 4-25-626, filed 1/31/02, effective  
3/15/02; WSR 01-03-012, § 4-25-626, filed 1/5/01, effective  
2/5/01; WSR 98-12-055, § 4-25-626, filed 5/29/98, effective  
6/29/98.]

NEW SECTION

WAC 4-30-045 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.

**WAC 4-30-046 ~~What are the requirements concerning~~**

**competence?-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.

~~Licenseses, 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.~~

[Statutory Authority: RCW 18.04.055(2). WSR 10-24-009, recodified as § 4-30-046, filed 11/18/10, effective 12/19/10; WSR 08-18-016, § 4-25-630, filed 8/25/08, effective 9/25/08; WSR 05-01-137, § 4-25-630, filed 12/16/04, effective 1/31/05; WSR 02-04-064, § 4-25-630, filed 1/31/02, effective 3/15/02.  
Statutory Authority: RCW 18.40.055 [18.04.055]. WSR 93-22-046, § 4-25-630, filed 10/28/93, effective 11/28/93.]

WAC 4-30-048 ~~Compliance is required with which rules,~~

~~regulations and professional standards?~~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.

~~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.~~

[Statutory Authority: RCW 18.04.055(2). WSR 11-07-070, § 4-30-048, filed 3/22/11, effective 4/22/11; WSR 10-24-009, amended and recodified as § 4-30-048, filed 11/18/10, effective 12/19/10; WSR 08-18-016, § 4-25-631, filed 8/25/08, effective 9/25/08; WSR 05-01-137, § 4-25-631, filed 12/16/04, effective 1/31/05; WSR 02-04-064, § 4-25-631, filed 1/31/02, effective 3/15/02. Statutory Authority: RCW 18.04.055 (2) and (6). WSR 00-11-071, § 4-25-631, filed 5/15/00, effective 6/30/00. Statutory Authority: RCW 18.04.055(6). WSR 98-12-050, § 4-25-631, filed 5/29/98, effective 6/29/98. Statutory Authority: RCW 18.40.055 [18.04.055]. WSR 93-22-046, § 4-25-631, filed 10/28/93, effective 11/28/93.]

NEW SECTION

WAC 4-30-049 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 inconformity 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

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 Board AICPA Rules

(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.

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(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

~~(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.~~

~~(c) This rule does not:~~

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

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

~~(c) Preclude those persons from responding to any inquiry made by the board or any investigative or disciplinary body~~

~~established by local, state, or federal law or recognized by the board as a professional association; or~~

~~(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.~~

[Statutory Authority: RCW 18.04.055 and 2017 c 304. WSR 18-04-071, § 4-30-050, filed 2/2/18, effective 3/5/18. Statutory Authority: RCW 18.04.055(2), 18.04.405(1). WSR 13-04-011, § 4-30-050, filed 1/25/13, effective 2/25/13. Statutory Authority: RCW 18.04.055(2), 18.04.390 (4) (b), and 18.04.405(1). WSR 11-06-062, amended and recodified as § 4-30-050, filed 3/2/11, effective 4/2/11; WSR 08-18-016, § 4-25-640, filed 8/25/08, effective 9/25/08; WSR 05-01-137, § 4-25-640, filed 12/16/04, effective 1/31/05; WSR 03-24-033, § 4-25-640, filed 11/25/03, effective 12/31/03. Statutory Authority: RCW 18.04.055(2). WSR 02-22-082, § 4-25-640, filed 11/5/02, effective 12/31/02. Statutory Authority: RCW 18.40.055 [18.04.055]. WSR 93-22-046, § 4-25-640, filed 10/28/93, effective 11/28/93.]

~~WAC 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.~~

[Statutory Authority: RCW 18.04.055 and 2017 c 304. WSR 18-04-071, § 4-30-051, filed 2/2/18, effective 3/5/18. Statutory Authority: RCW 18.04.055(2), 18.04.390 (4) (b), and 18.04.405(1). WSR 11-06-062, § 4-30-051, filed 3/2/11, effective 4/2/11.]

**WAC 4-30-052 ~~What a~~Acts are considered ~~d~~Discreditable.?**

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

~~(1) A licensee shall not commit an act discreditable to the profession. 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) For the purposes of this rule, "licensees" includes licenseses, licenseses 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. Permit others to carry out on their behalf, either with or without compensation, acts which violate the rules of conduct.~~

[Statutory Authority: RCW 18.04.055(2). WSR 10-24-009, recodified as § 4-30-052, filed 11/18/10, effective 12/19/10; WSR 08-18-016, § 4-25-650, filed 8/25/08, effective 9/25/08; WSR 05-01-137, § 4-25-650, filed 12/16/04, effective 1/31/05; WSR 01-22-036, § 4-25-650, filed 10/30/01, effective 12/1/01. Statutory Authority: RCW 18.04.055. WSR 93-22-090, § 4-25-650, filed 11/2/93, effective 12/3/93.]

WAC 4-30-054 ~~What are the limitations on a~~Advertising and

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

~~(1) Contain a misrepresentation of fact;~~

~~(2) Fail to make full disclosure of relevant facts;~~



~~(3) Imply your professional services are of an exceptional quality, which is not supported by verifiable facts;~~

~~(4) Create false expectations of favorable results;~~

~~(5) Imply educational or professional attainments, specialty designations, or licensing recognition not supported in fact; or~~

~~(6) Represent that professional services will be performed for a stated fee when this is not the case, or do not disclose variables that may reasonably be expected to affect the fees that will be charged.~~

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

**WAC 4-30-056 ~~What are the limitations regarding individual and firm names?~~-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. ~~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.~~

[WSR 10-24-009, recodified as § 4-30-056, filed 11/18/10, effective 12/19/10. Statutory Authority: RCW 18.04.055 (4), (8) and 18.04.345(5). WSR 05-01-137, § 4-25-661, filed 12/16/04, effective 1/31/05. Statutory Authority: RCW 18.04.055(8). WSR 01-22-036, § 4-25-661, filed 10/30/01, effective 12/1/01; WSR 00-11-073, § 4-25-661, filed 5/15/00, effective 6/30/00. Statutory Authority: RCW 18.40.055 [18.04.055]. WSR 93-22-046, § 4-25-661, filed 10/28/93, effective 11/28/93.]

**WAC 4-30-058 ~~Does the board authorize the use of any other titles or designations?~~ 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. ~~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."~~

(6) 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:

• (a) Has reached sixty years of age and holds an active license in good standing; or

• (b) 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.

[Statutory Authority: RCW 18.04.055. WSR 16-17-036, § 4-30-058, filed 8/9/16, effective 9/9/16. Statutory Authority: RCW 18.04.350(13). WSR 12-10-085, § 4-30-058, filed 5/2/12, effective 6/2/12; WSR 10-24-009, recodified as § 4-30-058, filed 11/18/10, effective 12/19/10. Statutory Authority: RCW 18.04.350(9). WSR 02-17-051, § 4-25-930, filed 8/15/02, effective 9/15/02.]

# Board of Accountancy Washington State Enforcement Report

<b>Quarterly Report (Jul 01, 2022 through Sep 30, 2022)</b>			
<b>Complaint Workload</b>			
	Received in Previous Period	Received in Report Period	Total
Complaints Open	22	17	39
Closed with No Action	(15)	(2)	(17)
Closed with Action Taken	(3)	0	(3)
<b>Complaints at End of Period</b>	<b>4</b>	<b>15</b>	<b>19</b>
<b>Details of Complaint Closures</b>			
Closed Disposition	Administrative	Public Harm	Total
No Action Taken	0	17	17
Revocation, Suspension, Restriction	0	2	2
Fines, costs, and other sanctions	0	1	1
Remedial Resolution (Policy 2004-1)	0	0	0
<b>Total Closed</b>	<b>0</b>	<b>20</b>	<b>20</b>

<b>Twelve-Month Lookback (Oct 01, 2021 through Sep 30, 2022)</b>			
<b>Complaint Workload</b>			
	Received in Previous Period	Received in Report Period	Total
Complaints Open	15	83	98
Closed with No Action	(8)	(62)	(70)
Closed with Action Taken	(6)	(3)	(9)
<b>Complaints at End of Period</b>	<b>1</b>	<b>18</b>	<b>19</b>
<b>Details of Complaint Closures</b>			
Closed Disposition	Administrative	Public Harm	Total
No Action Taken	0	70	70
Revocation, Suspension, Restriction	0	2	2
Fines, costs, and other sanctions	2	5	7
Remedial Resolution (Policy 2004-1)	0	0	0
<b>Total Closed</b>	<b>2</b>	<b>77</b>	<b>79</b>

# Board of Accountancy Washington State

## All complaints - resolved with and without discipline

	<u>Oct 2021 to Sep 2022</u>		<u>Oct 2020 to Sep 2021</u>	
	<i>All</i>	<i>Action Only</i>	<i>All</i>	<i>Action Only</i>
<b>Public Harm</b>				
Negligence - Attest related	2	1	2	0
Negligence, Disregard of standards	58	5	40	2
Use of Restricted Titles	9	1	3	0
Embezzlement, Theft, Breach of Fid. Duty	1	0	0	0
Breach of Confidentiality	0	0	0	0
Records Retention Causing Harm	7	0	3	2
<u>Subtotal</u>	77	7	48	4
<b>Administrative</b>				
Peer Review	2	2	1	1
CPE - Deficient 16 hours or less	0	0	0	0
CPE - Deficient 17 hours or more	0	0	0	0
CPE - Deficient eligible WA ethics	0	0	0	0
CPE - Failure to respond to CPE audit	0	0	0	0
<u>Subtotal</u>	2	2	1	1
<b>Total</b>	<b>79</b>	<b>9</b>	<b>49</b>	<b>5</b>

<u>Jul 01, 2022 through Sep 30, 2022</u>				
<b>CBM Report</b>				
	<b>BAP</b>	<b>Action</b>	<b>No Action</b>	<b>Total</b>
Rajib Doogar	0	0	0	0
Brooke Stegmeier	0	0	2	2
Jacqueline Meucci	0	0	0	0
Tonia Campbell	0	0	1	1
Kate Dixon	0	0	4	4
Mark Hugh	0	0	0	0
Scott Newman	0	0	0	0
Thomas Sawatzki	0	1	10	11
Brian Thomas	0	0	0	0
<b>Total</b>	<b>0</b>	<b>1</b>	<b>17</b>	<b>18</b>