



REGULAR BOARD MEETING AGENDA

Date, Time: Friday, April 26, 2019 – Regular Board Meeting – 9:00 a.m.
Location: DoubleTree by Hilton Hotel Seattle Airport
 Cascade Room 13
 18740 International Blvd
 Seattle, WA 98188
 (206) 277-7589
Notices: 9:00 a.m. Rules Hearing

Chair Introductions

PUBLIC RULE- MAKING HEARING

- 1. Public Rule-Making Hearing ScriptA
- 2. Rule Under Consideration
 - a. WAC 4-30-062 How do I apply to take the CPA examination? B

REGULAR MEETING AGENDA

- 1. Rule Review
 - a. Board’s deliberation on proposed rule considered at the public rule-making hearing.
See listing above under Public Rule-Making Hearing – Item 2
- 2. Minutes – January 18, 2019, Regular Board Meeting C
- 3. Board Policy – Annual Review
 - a. 2002-2 Expert Witness ServicesD
 - b. 2002-4 International ReciprocityE
 - c. 2003-1 Safe Harbor Report Language for Use by Non-CPAsF
 - d. 2004-1 Administrative Violations Guidelines.....G
 - e. 2012-1 Social MediaH
 - f. 2015-1 Board Member Travel and Attendance at Group GatheringsI
 - g. 2017-1 Investigative and Disciplinary ProcessJ
 - h. 2017-2 Publication and Disclosure of Disciplinary ActionsK
- 4. NASBA Update
- 5. Legal Counsel’s Report
- 6. Chair’s Report

The Board of Accountancy schedules all public meetings at barrier free sites. Persons who need special assistance, such as enlarged type materials, please contact the Board’s Americans with Disabilities Act contact person:
 Kirsten Donovan, Washington State Board of Accountancy 7-1-1 or 1-800-833-6388 (TTY) - 1-800-833-6385 (Telebraille)
 PO Box 9131, Olympia, WA 98507-9131 (TTY and Telebraille service nationwide by Washington Relay
 Phone: 360-664-9191 Email: kirsten.donovan@acb.wa.gov www.washingtonrelay.com)

- 7. Committee/Task Force Reports
 - a. Executive – Mark Hugh, CPA, Chair - *Verbal Report*
 - b. Compliance Assurance Oversight – Thomas G. Neill, CPA, Chair – *Verbal Report*L
 - c. Request Review – Elizabeth D. Masnari, CPA, Chair – *Verbal Report*.....M
 - d. State Ethics Compliance – Brian R. Thomas, CPA, Ethics Advisor – *No Report*
(Reported annually at October Board meeting)
 - e. Qualifications – Rajib Doogar, Public Member, Chair – *No Report*
 - f. Performance Review and Succession – Joel Cambern, Public Member, Chair – *No Report*
 - g. WSCPA Education Fund – Elizabeth D. Masnari, CPA, Chair – *Verbal Report*.....N
 - h. CPE Task Force – Mark Hugh, CPA, Chair – *Verbal Report*
 - i. Peer Review Task Force – Thomas G. Neill, CPA, Chair – *Verbal Report*

- 8. Peer Review DiscussionO

- 9. Rules Review
 - a. Preproposal Statement of Inquiry, CR-101 Filing.....P
 - b. Summary of CPE ChangesQ
 - c. WAC 4-30-010 DefinitionsR
 - d. WAC 4-30-132 What are the program standards for CPE?.....S
 - e. WAC 4-30-133 Limitations on continuing professional education (CPE) credit.....T
 - f. WAC 4-30-134 What are the continuing professional education (CPE) requirements
 for individuals?U
 - g. WAC 4-30-136 How do I report my CPE to the board?V
 - h. WAC 4-30-138 What documentation must I retain to support my eligibility for CPE
 credit?.....W

- 10. Executive Director’s Report
 - a. Budget Status ReportX
 - b. Firm Licensing Bill HB 1208 Update
 - c. Annual Report to the GovernorY
 - d. New Board Member Search
 - e. Other Matters as Needed

- 11. Enforcement Report.....Z

- 12. Executive and/or Closed Sessions with Legal Counsel

- 13. 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.



**WASHINGTON STATE
BOARD OF ACCOUNTANCY
REGULAR BOARD MEETING – APRIL 26, 2019
SUMMARY**

Date and Time: Friday, April 26, 2019 - 9:00 a.m.
Location: DoubleTree by Hilton Hotel Seattle Airport
Cascade Room 13
18740 International Blvd
Seattle, WA 98188
(206) 277-7589

Notices: 9:00 a.m. Rules Hearing

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

April 26, 2019 - 9:00 a.m. - PUBLIC RULE-MAKING HEARING

Rules Hearing - At **9:00 a.m.** the Board will hold its scheduled rules hearing to obtain public input on the proposed changes to one Board rule. Individuals wishing to comment must sign the rule-making public input roster by the door.

1. **Public Rule-Making Hearing Outline** - See **Tab A** for the script the Chair will use as a guide during the hearing.
2. **Rule Under Consideration –**

WAC 4-30-062 How do I apply to take the CPA examination?

Tab B contains the CR-102, Proposed Rule Making Notice, with the proposed changes to the rule. The changes rename the rule and accommodate the development of a continuously available examination process.

The Executive Director will provide a summary of the proposed changes to the rule during the rules hearing.

No written stakeholder comments were received.

April 26, 2019 – REGULAR BOARD MEETING

1. Rules Review

a. Board deliberation on proposed rule considered at the public rule-making hearing

- **WAC 4-30-062 How do I apply to take the CPA examination? – *Tab B***

The Executive Director is prepared to summarize the proposed changes to the rule or answer any questions for the Board during deliberation.

Does the Board wish to:

- **Adopt the rule as proposed?; or**
- **Adopt the rule with minor changes that do not change the general subject matter of the proposed rule?; or**
- **Amend the rule proposal and set another rules hearing date?; or**
- **Withdraw the rule proposal?**

Effective date: If the Board decides to adopt the rule, the Board must determine the effective date. Rules generally become effective 31 days after filing. The Executive Director recommends making the rule effective 31 days after filing.

Does the Board wish to make the rule effective:

- **31 Days after filing?; or**
- **January 1, 2020?; or**
- **Another date?**

2. Minutes – January 18, 2019

Board staff presents the draft minutes of the January 18, 2019, regular Board meeting at ***Tab C*** for the Board's consideration.

Does the Board approve the minutes as drafted?

3. Board Policies – Annual Review

The Board annually reviews the Board Policies at the April Board meeting. ***Tabs D through K*** contain the current Board Policies.

- a. **2002-2 Expert Witness Services – Tab D** – No changes proposed.

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

- b. **2002-4 International Reciprocity – Tab E** – No changes proposed.

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

- c. **2003-1 Safe Harbor Report Language for Use by Non-CPAs – Tab F** – No changes proposed.

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

- d. **2004-1 Administrative Violations Guidelines – Tab G** – No changes proposed.

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

- e. **2012-1 Social Media – Tab H** – No changes proposed.

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

- f. **2015-1 Board Member Travel and Attendance at Group Gatherings - Tab I** – No changes proposed.

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

- g. **2017-1 Investigative and Disciplinary Process – Tab J** – No changes proposed.

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

- h. **2017-2 Publication and Disclosure of Disciplinary Actions – Tab K** – No changes proposed.

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

4. NASBA Update

The Executive Director will report on the NASBA 37th Annual Conference for Executive Directors and Board Staff held March 26-28, 2019, in San Antonio, TX.

5. Legal Counsel's Report

6. Chair's Report

7. Committee/Task Force Reports

- a. Executive** – Chair: Mark Hugh, CPA; Vice Chair: Thomas G. Neill, CPA;
Secretary: Joel Cambern, Public Member

Mark will give a verbal report.

- b. Compliance Assurance Oversight** – Chair: Thomas G. Neill, CPA; Members:
Karen R. Saunders, CPA; Joel Cambern, Public Member; Jacqueline
Meucci, CPA

Tab L contains the 2018 CPE Audit and the 2018 Random CPE Audit Results
Reports.

Tom will give a verbal report.

- c. Request Review** – Chair: Elizabeth D. Masnari, CPA; Members: Joel Cambern,
Public Member; Brian R. Thomas, CPA

Tab M contains a report on the 1st quarter approval and denials from the
committee.

Elizabeth will give a verbal report.

The Board Chair will solicit a volunteer to replace the outgoing committee chair.

- d. State Ethics Compliance** – Ethics Advisor: Brian R. Thomas, CPA

Brian has nothing to report. He will report at the October Board meeting.

- e. Qualifications** – Chair: Rajib Doogar, Public Member; Members: Elizabeth D.
Masnari, CPA; Jacqueline Meucci, CPA; Mark Hugh, CPA

Rajib has nothing to report.

- f. Performance Review and Succession** -- Chair: Joel Cambern, Public Member;
Member: Brian R. Thomas, CPA

Joel has nothing to report.

- g. WSCPA Education Fund** – Chair: Elizabeth D. Masnari, CPA; Members: Thomas G. Neill, CPA; Jacqueline Meucci, CPA

Tab N contains the report, Accounting of Receipts and Disbursements -- Washington State Certified Public Accounting Scholarship Program for the Program Year Ending September 30, 2018.

Elizabeth will have a verbal report.

The Board Chair will solicit a volunteer to replace the outgoing committee chair.

- h. CPE Task Force** – Chair: Mark Hugh, CPA; Members: Rajib Doogar, Public Member; Thomas G. Neill, CPA

Mark will have a verbal report.

- i. Peer Review Task Force** – Chair: Thomas G. Neill, CPA; Members: Rajib Doogar, Public Member; Jacqueline Meucci, CPA; Charles E. Satterlund, CPA, Executive Director; Jennifer Sciba, Deputy Director

Tom will have a verbal report.

8. Peer Review Discussion

Tab O contains a Peer Review Summary and slides of the PowerPoint presentation, “Peer Review Background and Trends – Washington State Board of Accountancy”

The Board Chair will lead the presentation and discussion.

9. Rules Review

- a. Preproposal Statement of Inquiry, CR-101 Filing**

Tab P contains the CR-101 filed with the Office of the Code Reviser for WACs 4-30-010, 4-30-132, 4-30-133, 4-30-134, 4-30-136, and 4-30-138.

- b. Summary of CPE Changes**

Tab Q contains a summary of the proposed changes to the CPE and definition rules.

- c. WAC 4-30-010 Definitions**

Tab R contains a draft revision of the rule which adds a definition for nano learning.

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

d. WAC 4-30-132 What are the program standards for CPE?

Tab S contains a draft revision of the rule which will incorporate aspects of the Uniform Accountancy Act (UAA) CPE model rules, reorganize the CPE requirements between the various CPE rule sections for clarity, and rename the rule.

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

e. WAC 4-30-133 Limitations on continuing professional education (CPE) credit

Tab T contains a draft of a proposed new rule which will incorporate aspects of the Uniform Accountancy Act (UAA) CPE model rules and reorganize the CPE requirements between the various CPE rule sections for clarity.

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

f. WAC 4-30-134 What are the continuing professional education (CPE) requirements for individuals?

Tab U contains a draft revision of the rule which will incorporate aspects of the Uniform Accountancy Act (UAA) CPE model rules, reorganize the CPE requirements between the various CPE rule sections for clarity, and rename the rule.

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

g. WAC 4-30-136 How do I report my CPE to the board?

Tab V contains a draft revision of the rule which will simplify the rule language and rename the rule.

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

h. WAC 4-30-138 What documentation must I retain to support my eligibility for CPE credit?

Tab W contains a draft revision of the rule which will simplify the rule language, remove the information and reference related to a retired board policy, and rename the rule.

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

For the Rules discussed above (WAC 4-30-010, 4-30-132, 4-30-133, 4-30-134, 4-30-136, and 4-30-138) the Office of the Code Reviser filings will be done as a group, as the Rules are dependent on one another.

Does the Board wish to direct staff to:

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

10. Executive Director’s Report

a. Budget Status Report

Tab X contains the Allotment Expenditure/Revenue BTD Flexible Report, the Certified Public Accountant’s Account Fund Balance, and the CPA Scholarship Transfer Account Fund Balance for transactions through March 29, 2019.

b. Firm Licensing Bill HB 1208 Update

c. Annual Report to the Governor

Tab Y contains the 2018 Annual Report to the Governor of the Agency’s activities.

d. New Board Member Search

e. Other Matters as Needed

11. Enforcement Report

Tab Z contains the Enforcement Report for January 1, 2019, through March 31, 2019.

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

12. Executive and/or Closed Session with Legal Counsel

The Board’s Legal Counsel requests the agenda for regular Board meetings contain a placeholder item identifying the Board and Legal Counsel may enter into executive or closed session when determined appropriate.

13. 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
RULES HEARING OUTLINE
APRIL 26, 2019**

Presiding officer read or paraphrase BOLD type entries

Italics are explanatory notes to presiding officer

Opening statement:

The Board of Accountancy rules hearing is now in session. The date is Friday, April 26, 2019. The time is _____. My name is Mark Hugh. I am Chair of the Board of Accountancy.

Copies of the rule proposal are available at the back of the room. If you have not already done so, please register your attendance at this hearing on the attendance roster at the back of the room. Please indicate on the roster whether you wish to testify.

Have Board Members, legal counsel, and staff in attendance introduce themselves.

Explain hearing sequence and ground rules as follows:

The hearing will be conducted as follows:

- 1. I will identify the rules presented for testimony and present a brief statement for each proposal.**
- 2. I will use the attendance roster to invite testimony on the proposal. When you give testimony, please:**
 - Stand**
 - State your name and organization if you speak for a group**
 - Limit your testimony to the rule proposal currently before the Board.**
 - After you testify, please remain standing for questions, and**
 - If you are testifying from text, please provide a copy to Board staff.**

Testimony is limited to 10 minutes for each speaker.

- 3. When the testimony is complete the hearing will be closed. The Board will consider the proposed rule changes at its Board meeting later today.**

The rule proposal concerns:

WAC 4-30-062 How do I apply to take the CPA examination?

Mark Hugh, the Board Chair, will present a brief statement for each proposal. *Mark presents the statement.*

The rule proposals have been identified. We will now move to the testimony.

1. TESTIMONY FROM ATTENDANCE ROSTER

Ask for testimony from the audience according to the order on the attendance roster. After testimony is complete you will invite questions from the Board members.

Will (name of individual) please come forward to present testimony?

When the testimony is complete you may ask questions of the individual.

2. OTHER TESTIMONY

*After all persons on the attendance roster have testified, ask if others wish to testify. **Is there anyone who wishes to testify that has not had the opportunity?***

3. CLOSING STATEMENT:

Thank you for your testimony.

The Board will deliberate on the oral and written testimony and the proposed rules later today during its regular Board meeting. All participants will be notified in writing of the Board's decision regarding the proposed rules. Thank you all for your participation. This hearing is now closed.



PROPOSED RULE MAKING

CR-102 (December 2017) (Implements RCW 34.05.320)

Do NOT use for expedited rule making

CODE REVISER USE ONLY

OFFICE OF THE CODE REVISER
STATE OF WASHINGTON
FILED

DATE: January 29, 2019
TIME: 11:50 AM

WSR 19-04-044

Agency: Board of Accountancy

- Original Notice
- Supplemental Notice to WSR _____
- Continuance of WSR _____

- Preproposal Statement of Inquiry was filed as WSR 18-18-002 ; or
- Expedited Rule Making--Proposed notice was filed as WSR _____; or
- Proposal is exempt under RCW 34.05.310(4) or 34.05.330(1); or
- Proposal is exempt under RCW _____.

Title of rule and other identifying information: (describe subject) WAC 4-30-062 How do I apply to take the CPA examination?

Hearing location(s):

Date:	Time:	Location: (be specific)	Comment:
April 26, 2019	9:00 A.M.	DoubleTree by Hilton Seattle Airport 18740 International Blvd Seattle, WA 98188	

Date of intended adoption: April 26, 2019 (Note: This is NOT the effective date)

Submit written comments to:

Name: Kirsten Donovan, Rules Coordinator
 Address: P.O. Box 9131
 Olympia, WA 98507
 Email: Kirsten.donovan@acb.wa.gov
 Fax: 360-664-9190
 Other:
 By (date) April 24, 2019

Assistance for persons with disabilities:

Contact Kirsten Donovan, Rules Coordinator
 Phone: 360-664-9191
 Fax: 360-664-9190
 TTY: 771
 Email: Kirsten.donovan@acb.wa.gov
 Other:
 By (date) April 24, 2019

Purpose of the proposal and its anticipated effects, including any changes in existing rules: The board of accountancy proposes amending WAC 4-30-062 to: (1) Rename the rule (2) ACB works with its partner organizations including the National Association of State Boards of Accountancy (NASBA) and the AICPA to administer the CPA examination. The intent of this rule change is to accommodate the development of a continuously available examination process. Continuous testing will provide more flexibility and convenience for those individuals who seek licensure as CPAs in the state of Washington

Reasons supporting proposal: See purposes above

Statutory authority for adoption: RCW 18.04.055

Statute being implemented: RCW 18.04.055

Is rule necessary because of a:

Federal Law?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Federal Court Decision?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
State Court Decision?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

If yes, CITATION:

Agency comments or recommendations, if any, as to statutory language, implementation, enforcement, and fiscal matters:

Name of proponent: (person or organization) Board of Accountancy

<input type="checkbox"/> Private
<input type="checkbox"/> Public
<input checked="" type="checkbox"/> Governmental

Name of agency personnel responsible for:

	Name	Office Location	Phone
Drafting:	Charles E. Satterlund, CPA	711 Capitol Way S Suite 400 Olympia, WA 98501	(360) 586-0785
Implementation:	Charles E. Satterlund, CPA	711 Capitol Way S Suite 400 Olympia, WA 98501	(360) 586-0785
Enforcement:	Charles E. Satterlund, CPA	711 Capitol Way S Suite 400 Olympia, WA 98501	(360) 586-0785

Is a school district fiscal impact statement required under RCW 28A.305.135? Yes No

If yes, insert statement here:

The public may obtain a copy of the school district fiscal impact statement by contacting:

Name:
Address:
Phone:
Fax:
TTY:
Email:
Other:

Is a cost-benefit analysis required under RCW 34.05.328?

Yes: A preliminary cost-benefit analysis may be obtained by contacting:
Name:
Address:
Phone:
Fax:
TTY:
Email:
Other:

No: Please explain: The Board of Accountancy is not a listed agency in RCW 34.05.328(5)(a)(i).

Regulatory Fairness Act Cost Considerations for a Small Business Economic Impact Statement:

This rule proposal, or portions of the proposal, **may be exempt** from requirements of the Regulatory Fairness Act (see chapter 19.85 RCW). Please check the box for any applicable exemption(s):

This rule proposal, or portions of the proposal, is exempt under RCW 19.85.061 because this rule making is being adopted solely to conform and/or comply with federal statute or regulations. Please cite the specific federal statute or regulation this rule is being adopted to conform or comply with, and describe the consequences to the state if the rule is not adopted.

Citation and description:

This rule proposal, or portions of the proposal, is exempt because the agency has completed the pilot rule process defined by RCW 34.05.313 before filing the notice of this proposed rule.

This rule proposal, or portions of the proposal, is exempt under the provisions of RCW 15.65.570(2) because it was adopted by a referendum.

This rule proposal, or portions of the proposal, is exempt under RCW 19.85.025(3). Check all that apply:

- RCW 34.05.310 (4)(b) (Internal government operations)
- RCW 34.05.310 (4)(c) (Incorporation by reference)
- RCW 34.05.310 (4)(d) (Correct or clarify language)
- RCW 34.05.310 (4)(e) (Dictated by statute)
- RCW 34.05.310 (4)(f) (Set or adjust fees)
- RCW 34.05.310 (4)(g) ((i) Relating to agency hearings; or (ii) process requirements for applying to an agency for a license or permit)

This rule proposal, or portions of the proposal, is exempt under RCW ____.

Explanation of exemptions, if necessary:

COMPLETE THIS SECTION ONLY IF NO EXEMPTION APPLIES

If the proposed rule is **not exempt**, does it impose more-than-minor costs (as defined by RCW 19.85.020(2)) on businesses?

- No Briefly summarize the agency's analysis showing how costs were calculated. _____
- Yes Calculations show the rule proposal likely imposes more-than-minor cost to businesses, and a small business economic impact statement is required. Insert statement here:

The public may obtain a copy of the small business economic impact statement or the detailed cost calculations by contacting:

- Name:
- Address:
- Phone:
- Fax:
- TTY:
- Email:
- Other:

Date: January 29, 2019

Name: Charles E. Satterlund, CPA

Title: Executive Director

Signature:



WAC 4-30-062 ((How do I apply)) Applying to take the CPA examination((?)). (1) **Application process and due dates:** Your application to take the CPA examination must be submitted to the board's examination administrator. Applicants must submit all required information, documents, and fees to complete their application within sixty days of the date their application is submitted to the board's examination administrator. Your application is not considered complete until all of the following are provided:

- Complete application information and requested documents;
- Fee(s).

(2) **Fee refund and forfeiture:** Upon submission of your application to the examination administrator, no portion of the board's administrative fee is refundable. Upon the examination administrator's authorization to test, no portion of the total exam fee (both administrative fee and section fee(s)) is refundable. If you fail to meet the board's scheduling or admission requirements, you forfeit all of the exam fee(s) and you must reapply to take the section(s) of the exam.

(3) **Notice of admittance to the examination or denial of your application:** You must contact the approved test provider to schedule the time and location for your examination. The notice of eligibility to take the examination is called a Notice to Schedule (NTS), the NTS will be valid for one taking of the examination within the six months following the date of the NTS.

Notice of a denial of your application, or notice of your eligibility to take the examination will be sent to you by the examination administrator.

(4) **Examination content and grading:** The CPA examination shall test the knowledge and skills required for performance as an entry-level certified public accountant. The examination shall include the subject areas of accounting and auditing and related knowledge and skills as the board may require. The examination will consist of the following four sections: Auditing and attestation; financial, accounting and reporting; regulation; and business environment and concepts. The board may accept the advisory grading services of the American Institute of Certified Public Accountants.

(5) **Examination process:**

(a) **Conditions for examinations held prior to January 1, 2004:** Contact a customer service representative at customerservice@acb.wa.gov or by phone at 360-753-2586.

(b) **For examinations taken after December 31, 2003:** The board uses all parts of the uniform CPA examination and the advisory grading services of the American Institute of Certified Public Accountants.

(i) To satisfy the examination requirement for a license you must have achieved a score of seventy-five on all four sections of the examination within a rolling eighteen-month period.

(ii) You may take the required four sections individually and in any order. Credit for any section(s) taken and passed after December 31, 2003, will be valid for eighteen months from the actual date you successfully passed any particular section of the examination.

(iii) You must pass all four sections of the examination within a rolling eighteen-month period, which begins on the date that the first section(s) is passed. A section is considered passed on the date that

you took the exam section and not the date that your grade is released.

(iv) You may not retake a failed section(s) in the same examination window. An examination window refers to a three-month period in which candidates have an opportunity to take the examination (comprised of two months in which the examination is available to be taken and one month in which the examination will not be offered while routine maintenance is performed and the examination is refreshed).

(v) If the board determines that the examination system changes necessary to eliminate the test window limitations have been implemented, (iv) of this subsection will no longer be effective, and a candidate can retake a test section once their grade for any previous attempt of that same section has been released.

(vi) In the event you do not pass all four sections of the examination within the rolling eighteen-month period, credit for any section(s) passed prior to the eighteen-month period will expire and you must retake any expired section.

WASHINGTON STATE BOARD OF ACCOUNTANCY

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

Time and Place of Meeting	9:00 a.m. – 11:50 a.m. Friday, January 18, 2019 DoubleTree by Hilton Seattle Airport Evergreen 4 18740 International Blvd Seattle, WA 98188
Attendance	<u>Board Members</u> Mark Hugh, CPA, Chair, Board Member Thomas G. Neill, CPA, Vice Chair, Board Member Joel Cambern, Secretary, Public Member (arrived 9:06 a.m.) Elizabeth D. Masnari, CPA, Board Member Rajib Doogar, Public Member Brian R. Thomas, CPA, Board Member <u>Staff and Advisors</u> Charles E. Satterlund, CPA, Executive Director Bruce Turcott, Assistant Attorney General, Board Advisor Jennifer Sciba, Deputy Director Taylor Shahon, CPA, Lead Investigator Kirsten Donovan, Board Clerk
Call to Order	Board Chair, Mark Hugh, called the regular meeting of the Board to order at 9:00 a.m. The Board Chair excused the absences of Karen R. Saunders, CPA, and Jacqueline Meucci, CPA.
Introduction of New Board Member	The Executive Director reported that the Governor’s Office has not yet officially selected a new Board Member. The announcement is expected soon.
Minutes – October 19, 2018, Annual Board Meeting	The Board approved the minutes of the October 19, 2018, Board meeting as presented.
Delegations of Authority	The Board reviewed the following delegations with staff proposed changes which incorporated Plain Talk principles: <ul style="list-style-type: none">• Charges, Subpoenas, Negotiate Settlement• Administrative Notices of Non-Compliance/Administrative Sanctions• CPE Waiver Extension Requests/Request Review Committee

- Quality Assurance Oversight/Review of Publicly Available Professional Work
- CR-101 Filing

The Board voted unanimously to revise the delegations as presented.

Chair's Report Greeting as New Chair

The Board Chair greeted everyone at the meeting for the first time as the new Board Chair.

2019 – Year in Preview

The Board Chair reported that the Board will have a busy year with:

- Potential firm licensing changes in legislation
- Changes to the CPE Rules currently being considered

Potential Rule Updates and Request for Other Topics

The Board Chair stated that other potential rule changes to consider include:

- Title Use
- Peer Review

Guests from the AICPA State Advocacy Team

Julia Woislaw and James Cox from the AICPA State Advocacy Team attended the meeting. Julia reported to the Board on occupational licensing reform/deregulation:

- 34 states introduced legislation last year
- Raising awareness is key, as the legislation tends to talk in broad terms about licensing and regulation
- Learned professions like CPAs get lumped in with professions like hair braiding
- Building coalitions is necessary
- CPA mobility is at risk

NASBA Update The Executive Director reported on the NASBA Annual Meeting held October 28-31, 2018 in Scottsdale, AZ. Topics included:

- Second pathway to become a CPA

- Data analytics and IT pathway
- Educational component may be different
- Tom Neill advised that the UAA statute may need to be updated if the second pathway is adopted
- FTC presentation on the North Carolina dental decision and their thoughts on boards and commissions' limiting of competition
- Continuous CPA Exam testing
- FBI / IRS cyber challenges presentation
- Declining Exam revenues
- NOCLAR – Tom Neill reported that this is moving very slowly
- Legal brief with Noel Allen
- Executive Director committee meeting will be held by phone conference

The Board Chair and Executive Director encouraged NASBA meeting participation at either the regional or annual meetings. Attendees are provided the opportunity to broaden their view by learning about national trends.

Legal Counsel's Report

Bruce Turcott, the Board's legal counsel, reported that:

- The legislative session just convened
- He will be monitoring for bills that affect the Board

Executive Committee

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

Compliance Assurance Oversight Committee

Tom Neill reported on:

- Firewalls between peer review committee and the Board
- PRIMA
- Corrective action plans seem to have gone from educational to punitive

The Peer Review Task Force was created. Tom Neill will serve as the task force chair. Rajib Doogar, Jackie Meucci, Charles Satterlund, and Jennifer Sciba will serve as task force members.

Request Review Committee

Elizabeth Masnari reported:

Firm Names: *Approved:*

SEATTLE TAX AND ACCOUNTING CPA'S, PLLC
JARBOE ACCOUNTING SOLUTIONS, PLLC

NORTHWEST ACCOUNTING & CONSULTING LLC
POULSBO CPA PLLC
RASMUSSEN TAX & ACCOUNTING
BRIAN PATRICK CPA TAX & ACCOUNTING SOLUTIONS PC
RIGHTERY ACCOUNTING & TAX, PLLC
FIAT PROFESSIONAL SERVICES CPA
MILESTONE CPA LLC
CBS TAX & ACCOUNTING, LLC

Professional/Educational Organization - Recognition Requests:
During the 4th quarter 2018, the Board received and approved a request for recognition as an educational organization for purposes of obtaining list requests from:

- Kitsap Community Foundation

Domestic or Foreign Education Credential Evaluation Services – Applications: During the 4th quarter 2018, the Board did not receive any requests for recognition of domestic or international education credential evaluation services.

CPE Extension Requests: CPE Extension Requests were received between 11/01/2018 and 12/31/2018.

A total of 46 requests were received:

- 6 requests were for hours 16 or under:
 - 3 – Approved
 - 2 – Denied
 - 1 – Withdrawn
- 40 requests were for hours 17 or over:
 - 28 – Approved
 - 12 – Denied

**State Ethics
Compliance
Committee**

Brian Thomas had nothing to report.

**Qualifications
Committee**

Rajib Doogar had nothing to report.

**Performance
Review and
Succession
Committee**

Joel Cambern had nothing to report.

**WSCP
Education Fund
Committee**

Elizabeth Masnari had nothing to report.

CPE Task Force

Tom Neill and Mark Hugh presented a summary of the Washington CPE proposed changes, a summary of the changes of the CPE Model Rules, and a table comparing the changes. The major changes include:

- “Nano learning”, web-based CPE in one fifth of an hour increments, will be an allowable CPE format, but total number of nano learning credits are limited to 10%, no more than 12 of the 120 hours in any three-year reporting cycle.
- No more than 60 hours of CPE credit in the aggregate will be allowed in any three-year cycle for service on the Board, Board committees, or peer review committees; first time instructor/developer of a CPE course; and authorship of published articles, books, and other publications relevant to maintaining or improving professional competence.
- A CPA must complete a minimum of 20 hours of CPE in each year of the three-year reporting cycle; however, Board service, first time instructor developer, or authorship of published materials will not count towards the 20 hour minimum.
- Currently, non-technical CPE, subjects such as personal development and practice management, cannot exceed more than 24 hours in any three-year reporting cycle, but under the redrafted rules, non-technical CPE credits are limited to no more than 60 of the 120 hours in any three-year reporting cycle.
- The “prelapsed reinstatement” process will be eliminated and incorporated into the Remedial Resolution process for first time administrative violations. “Prelapsed reinstatement” has been a process for licensees who fail to obtain required CPE during their calendar year reporting period and who also did not request an extension before the December 31 end of their reporting period.
- CPE reciprocity will be allowed for Washington licensees who are residents of other states.

Rules Review

Semi-Annual Rules Development Agenda

The Board Chair presented the Semi-Annual Rules Development Agenda that was filed with the Office of the Code Reviser for January through June 2019.

WAC 4-30-010 Definitions

The Executive Director presented and led the discussion on a draft revision of the rule which adds a definition for nano learning.

The Board directed staff to revise the rule draft to include “a minimum of” before “two final assessment questions.”

WAC 4-30-132 What are the program standards for CPE?

The Executive Director presented and led the discussion on a draft revision of the rule which will incorporate aspects of the Uniform Accountancy Act (UAA) CPE model rules, reorganize the CPE requirements between the various CPE rule sections for clarity, and rename the rule.

The CPE Task Force will review the chart of technical and non-technical subjects and will adjust if necessary.

WAC 4-30-133 Limitations on continuing professional education (CPE) credit

The Executive Director presented a draft and led the discussion on a proposed new rule which will incorporate aspects of the Uniform Accountancy Act (UAA) CPE model rules and reorganize the CPE requirements between the various CPE rule sections for clarity.

The Board directed staff to clarify subsection 6(c) by changing “Board service” to “Service on the Washington state board of accountancy (Board)”.

WAC 4-30-134 What are the continuing professional education (CPE) requirements for individuals?

The Executive Director presented and led the discussion on a draft revision of the rule which will incorporate aspects of the Uniform Accountancy Act (UAA) CPE model rules, reorganize the CPE requirements between the various CPE rule sections for clarity, and rename the rule.

The Board had no revisions to the draft.

WAC 4-30-136 How do I report my CPE to the board?

The Executive Director presented and led the discussion on a draft revision of the rule which will simplify the rule language and rename the rule.

The Board had no revisions to the draft.

WAC 4-30-138 What documentation must I retain to support my eligibility for CPE credit?

The Executive Director presented and led the discussion on a draft revision of the rule which will simplify the rule language and rename the rule.

The Board had no revisions to the draft.

The Board directed staff to file the CR-101 for the rules discussed above (WAC 4-30-010, 4-30-132, 4-30-133, 4-30-134, 4-30-136, and 4-30-138) with the Office of the Code Reviser filings as a group, as the rules are dependent on one another. The Board directed staff to add the rules as an agenda item to the April Board meeting for further discussion.

WAC 4-30-062 How do I apply to take the CPA examination?

The Executive Director presented the CR-101 filing and a draft revision of the rule which intends to accommodate the development of a continuously available examination process.

The Executive Director led the discussion on the proposed changes.

The Board directed staff to file the CR-102 as written for this proposal and schedule a public rule-making hearing in conjunction with the Board's April meeting.

**Executive
Director's
Report**

Budget Status

The Executive Director presented the Allotment Expenditure/Revenue BTD Flexible Report, the Certified Public Accountants' Account Fund Balance, and the CPA Scholarship Transfer Account Fund Balance for transactions through December 28, 2018.

Peer Review Oversight Committee (PROC) Appointment

The Executive Director reported that Laura G. Lindal, CPA, has agreed to serve on the PROC. Laura briefly introduced herself to the Board. The Board thanked Laura for taking on this role.

The Executive Director presented a copy of Ms. Lindal's PROC appointment acceptance letter received from the Washington Society of Certified Public Accountants (WSCPAC), who administer the peer review program. The Board voted unanimously to authorize Ms. Lindal's signing of the letter.

Legislation in Progress

The Executive Director reported that the agency led bill, HB 1208, on firm licensing has bipartisan support.

Dismissed Case Review

Brian Thomas completed the October dismissed case review. Joel Cambern volunteered to complete the next review.

Meeting with CPABC in December 18, 2018

The Executive Director reported that the meeting with CPABC was productive and the British Columbians are looking to partially reciprocate firm mobility.

Other Matters as Needed

The Executive Director reported:

- Positions for 2 CPA Board Members will open in June 2019
- IT Initiatives
 - Electronic Content Management (ECM) – Board staff is going paperless. Staff will have training on the new system later this month.
 - Decision package for the new licensing system was submitted and was added to the Governor's budget, which must be approved by the legislature.
 - New phone system will be implemented.
- Annual report to the Governor is due in February
- No staff issues to report
- New mission statement will be brought to the Board for approval soon
- PROC meeting report handout

Enforcement Report

Taylor Shahon, Lead Investigator, presented the Enforcement report:

- Annual Report for January 1, 2018 through December 31, 2018
- Quarter Report for October 1, 2018 through December 31, 2018

Taylor Shahon reported on the Center for Public Trust (CPT) Ethics course for disciplinary cases.

- Enforcement is considering requiring completion of this course instead of a Board approved Washington ethics course for cases involving ethical issues.
- The course contains 3 modules and a 4th module specific to Washington could be added – Taylor has completed the first module and feels that the course is beneficial.
- The course cost of \$250 is paid by the respondent to NASBA.
- NASBA supplies monthly reports of course completion making monitoring of sanctions easier.
- Consulting Board Member (CBM) could decide whether the course should be included as a sanction in the Consent Agreement.
- 10 State Boards are currently using this course.

Executive and/or Closed Session with Legal Counsel

No executive or closed sessions with legal counsel held.

Public Input

Members of the public provided input throughout the meeting.

Adjournment

The Board meeting adjourned at 11:50 a.m.

Secretary

Chair

Vice-Chair

Member

Member

Member

Member

Member

Member



Washington State Board of Accountancy

Policy Number: 2002-2
Title: Expert Witness Services
Revised: April 25, 2011*

Approved: 
Donald F. Aubrey, CPA, Chair

*This policy rescinds and supersedes any previous Board or Committee policy.

Purpose:

To provide guidance to CPAs regarding the licensing or notification requirements for performing expert witness engagements in the state of Washington.

I. Requirements for CPAs Licensed by the Washington Board of Accountancy

Expert witness services may be performed by a licensed CPA using the title "CPA" in organizations other than CPA firms.

II. Requirements for Washington State CPA-Inactive Certificate holders

CPA-Inactive certificate holders may use the title CPA-Inactive when performing or offering to perform expert witness services *unless the service is related to the following or similar activities, skills, or services:*

- Accounting
- Auditing including the issuance of "audit reports," "review reports," or "compilation reports" on financial statements,
- Management advisory,
- Consulting services,
- Preparing of tax returns, or
- Furnishing advice on tax matters.

CPA-Inactive certificate holders who testify on another matter (not related to the services, skills, or activities identified above) may use the title "CPA-Inactive" as mandated by RCW 18.04.105 provided they advise the court

that they hold a Washington state CPA-Inactive certificate and they do not hold a Washington state CPA license to practice public accountancy.

Nothing in this policy is intended to preclude an individual from testifying as a witness to relevant evidence in other than an expert witness capacity.

Effective: January 25, 2002

*Revised: October 17, 2008; April 27, 2007; December 31, 2004




Washington State Board of Accountancy

Policy Number: 2002-4

Title: International Reciprocity*

Revised: April 26, 2012*

Approved: 
Donald F. Aubrey, CPA, Chair

*This policy rescinds and supersedes any previous Board policy.

Purpose:

To facilitate international reciprocity for professional accountants by recognizing accounting credentials issued by the accounting professions of other countries; specifying reciprocal arrangements for individuals holding a professional accounting designation of other countries seeking a Washington State license; adopting a qualifying examination and passing score; and setting experience standards.

Statutory authority: RCW 18.04.183

- I. **Recognized credentials** - The National Association of State Boards of Accountancy (NASBA) and the American Institute of Certified Public Accountants (AICPA) have jointly established the United States International Qualifications Appraisal Board (IQAB) to eliminate impediments to reciprocity. IQAB serves as the link between the accounting profession in the United States and the accounting profession in GATS (General Agreement on Trade in Services) signatory countries and seeks mutual recognition of accounting qualifications.

The Board recognizes the international accounting credentials issued by the professional bodies that have established current mutual recognition agreements (MRA) with IQAB for purposes of issuing a Washington State CPA license under the international reciprocity provision of RCW 18.04.183. The professional bodies holding mutual recognition agreements may be found at <http://www.nasba.org/international/mra>.

- II. **International Qualifications Examination (IQEX)**

The Board requires that individuals applying for a CPA license based on international reciprocity complete a qualifying examination. The Board:

- A. Adopts the International Qualifications Examination (IQEX) prepared and graded by the AICPA as the appropriate examination to test the knowledge of subject

matter unique to the United States, as determined by the AICPA in cooperation with NASBA, of those applicants holding an accounting credential issued by professional credential institutes that have established current mutual recognition agreements (MRA) with IQAB. The Board will continue to recognize passing grades from the predecessor Canadian Chartered Accountant Uniform CPA Qualification Examination (CAQEX).

- B. Accepts International Qualifications Examination (IQEX) grades from examinations administered by other state boards of accountancy or by the National Association of State Boards of Accountancy.
- C. Sets the passing score for the IQEX (and its CAQEX predecessor) at 75.

Effective: October 25, 2002

*Revised: April 25, 2011; October 22, 2009; October 17, 2008; July 30, 2004



Washington State Board of Accountancy

Policy Number: 2003-1

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

Revised: October 17, 2013*

Effective: January 31, 2003

Approved:



Emily R. Rollins, CPA, Chair

*This policy rescinds and supersedes any previous Board policy.

Purpose:

RCW 18.04.350 (10) states that persons or firms composed of persons not holding a license under RCW 18.04.215 (i.e., non-CPAs) may offer or render certain services to the public, including the preparation of financial statements and written statements describing how such financial statements were prepared, provided they do not:

- Designate any written statement as an "audit report," "review report," or "compilation report,"
- Issue any written statement which purports to express or disclaim an opinion on financial statements which have been audited, and
- Issue any written statement which expresses assurance on financial statements which have been reviewed.

In April of 1989, the Board approved two alternatives as "safe harbor" report language for use by non-CPAs. Non-CPAs may use the language in the following paragraphs without challenge by the Board as a violation of RCW 18.04.345. The words "audited," "reviewed," "compiled," or "compilation" may not be inserted or substituted for the language found in the letters.

CPA-Inactive certificate holders may not use the 'CPA-Inactive' title when performing or offering accounting, tax, tax consulting, management advisory, or similar services to the public. As such, CPA-Inactive certificate holders are prohibited from using the safe harbor report language concurrent with the CPA-Inactive title.

Safe harbor report language Sample #1:

The accompanying balance sheet of ABC Company, as of December 31, 1988 and related statement of income for the year then ended have been prepared by me (us).

These statements have been prepared from information furnished by management (owner), and accordingly, I do not express any assurance on them.

Safe harbor report language Sample #2:

The accompanying balance sheet of ABC Company, as of December 31, 1988 and related statement of income for the year then ended have been prepared by me (us).

My engagement was limited to presenting in the form of financial statements information that is the representation of management (owner), and accordingly, I do not express any assurance on them.



Washington State Board of Accountancy

Policy Number: 2004-1

Title: Administrative Violations Guidelines

Revised: July 28, 2017

Approved: Thomas G. Neill, CPA
Thomas G. Neill, CPA, Chair

*This policy rescinds and supersedes any previous Board policy.

Purpose:

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

Authority and Delegation:

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

Guiding Principles:

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

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

	Administrative Violation:	Remedial Resolution terms:
1.	Use of a restricted title with a lapsed license/certificate.	<ul style="list-style-type: none">• \$500 fine• Obtain a license or cease use of title

2.	Failure to obtain a firm license by a firm required to do so.	<ul style="list-style-type: none"> • \$750 fine (\$1,500 if attest services were offered to or performed for a client in Washington State) • Completion of Board approved Washington State Ethics course
3.	Use of title(s) in violation of RCW 18.04.345(5) by an un-credentialed individual.	<ul style="list-style-type: none"> • \$1,500 fine
4.	Failure to provide records in compliance with WAC 4-30-051, so long as the failure does not result in client financial harm.	<ul style="list-style-type: none"> • \$1,500 fine • Completion of Board approved Washington State Ethics course
5.	Failure to timely inform the Board of matters in compliance with WAC 4-30-030, or to respond to a request for administrative information or documentation.	<ul style="list-style-type: none"> • \$750 fine • Completion of Board approved Washington State Ethics course
6.	<p>CPE deficiencies up to 60 CPE hours in total, including Washington ethics, may be addressed through Remedial Resolution.</p> <p>CPE deficiencies exceeding 60 CPE hours in total, including Washington ethics, will result in disciplinary action.</p>	<ul style="list-style-type: none"> • \$250 fine for failure to complete the required CPE in ethics and regulations in Washington State ("Washington ethics") • \$150 fine for deficiencies up to and including 16 CPE credit hours, not including Washington ethics • \$100 additional fine for deficiencies over 16 hours but not exceeding 60 hours, not including Washington ethics • Completion of qualifying course(s) to satisfy the CPE deficiency. The course(s) shall be applied to the deficient period, and may not be recounted in another period • Inclusion in the next CPE audit

Non-Administrative Violations:

Misconduct that is not listed above are acts that the Board finds too significant to be handled through a Remedial Resolution. The Executive Director may open an investigation into the alleged conduct. Board Policy 2017-1 provides guidance on the Board's investigative and disciplinary process.

Effective: October 29, 2004

*Revised: July 28, 2017; October 24, 2014; April 23, 2013; April 26, 2012; April 25, 2011; October 17, 2008; April 28, 2006; January 28, 2005



Washington State Board of Accountancy

Policy Number: 2012-1

Title: Social Media

Effective: April 23, 2013

Approved: *Emily R. Rollins CPA, Chair*
Emily R. Rollins, CPA, Chair

PURPOSE:

To establish the Board's position and guidelines regarding the proper business use of social media by employees or by contractors performing work for the Board. Social media is used by the Board primarily as a communication tool and sometimes as an investigative tool.

DEFINITIONS:

Social media refers to any interactive Web-based technologies used for social networking and for sharing, discussing and/or developing content. Types of social media include, but are not limited to, blogs, video- or photo-sharing sites, and social-networking sites. Examples of social-media sites include, but are not limited to, YouTube, Flickr, Twitter, Facebook, and LinkedIn.

Social networking refers to the use of social media for building online communities and/or communicating with groups of individuals.

EMPLOYEE USE:

I. Permitted Use

- Board employees must receive, from the Executive Director, prior approval to use social media for Board related business.
- After being approved by the Executive Director, employees may use social media in the workplace only for approved agency purposes – under no circumstances is social media for personal use allowed.

- At this time, the Board's communication manager, under the direction of the Board's Executive Director, will be the person permitted to communicate through social media on behalf of the Board.
- Board employees shall not set-up a social media account for agency purposes unless approved in advance under this policy.
- Approved Board employees who engage in social media for agency purposes shall not engage in unlawful or prohibited conduct.
- Failure to abide by this policy established for use of social media or participation in any activity inconsistent with the Board's values and mission may result in appropriate disciplinary action.

II. Personal Use

- Board employees should not use personal social media accounts to transact agency business, or to post privileged or confidential material. Content posted on personal social media sites should never be attributed to, or appear to be endorsed by or to have originated from, the Board.
- Board employees should never use their work e-mail account or password in conjunction with a personal social media site.
- Work equipment and resources, including paid work time, must not be used to access personal social media accounts.

III. Records and Privacy Guidelines

The Internet is an unsecured publicly accessible network. Board employees should have no expectation of privacy in the use of Internet resources. Owners of Internet sites commonly monitor usage activity and those activities may be disclosed to any number of parties.

- Information used for publication via social media will follow the general and/or agency's approved retention schedule.
- The Board reserves the right to monitor Internet usage at such times and in such circumstances as appropriate.
- Social media shall not be used to distribute privileged or confidential material.




Washington State Board of Accountancy

Policy Number: 2015-1

Title: Board Member Travel and Attendance at Group Gatherings

Adopted: January 30, 2015

Approved:



Donald F. Aubrey, CPA, Chair

Purpose:

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

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

Policy:

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

It is the policy of this Board that:

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



Washington State Board of Accountancy

Policy Number: 2017-1

Title: Investigative and Disciplinary Processes

Adopted: July 28, 2017

Approved: Thomas Neill, CPA
Thomas G. Neill, CPA, Chair

Purpose:

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

Authority and Delegation:

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

Guiding Principles:

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

Complaint Intake:

The enforcement activities are driven primarily by complaints received from the public; however, the findings of federal, state, or other disciplinary entities may serve as the basis

of a complaint with the Board. The Executive Director may also initiate an investigation following an observation of a potential violation by Board staff.

Charging and Administrative Review:

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

Approval and Review:

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

As part of the ongoing investigative and disciplinary process, all complaints closed without action taken are reviewed on a regular basis by a Board member.

Complainant Recourse:

If a complainant disputes the closure of a case that has not been reviewed by a CBM, the Executive Director may request a CBM to review the case file. The CBM and the Executive Director may agree to re-open the complaint if there is sufficient basis for a violation. If the CBM concurs with the closure, then the complaint will remain closed, and any allegations will not be reconsidered without new material evidence.

Cost Recovery:

The Board has the power to recover investigative costs through the case resolution process. Investigative costs may include, but are not limited to, staff time, travel, legal costs, and cost of contractors.

Effective: July 28, 2017

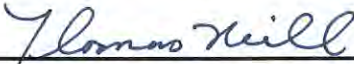


Washington State Board of Accountancy

Policy Number: 2017-2

Title: Publication and Disclosure of Disciplinary Actions

Adopted: October 27, 2017

Approved: 
Thomas G. Neill, CPA, Chair

Purpose:

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

Guiding Principles:

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

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

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

Effective: October 27, 2017

2018 CPE Audit

- The 2018 CPE Audit concluded on January 7, 2019
- 341 Individuals were included in the Audit
 - 310 Passed
 - 31 Failed
 - 22 Short CPE under 16 hours
 - 4 Short CPE 17 hours or more
 - 5 Failed to Respond to the Board



- 311 Licensees
 - 283 Passed
 - 28 Failed
- 27 Certificate holders
 - 25 Passed
 - 2 Failed
- 3 Non-Licensee CPA Firm Holder
 - 2 Passed
 - 1 Failed

2018 Random CPE Audit Results

- The 2018 CPE Audit concluded on January 7, 2019
- 125 Individuals were included in the Random Selection
 - 115 Passed
 - 2 were allowed to Lapse rather than submit their Audit
 - 8 Failed
 - 4 Short CPE under 16 hours
 - 3 Short CPE 17 hours or more
 - 1 Failed to Respond(FTR)

.....

- 124 Licensees
 - 115 Passed
 - 2 Lapsed
 - 7 Failed
- 1 Certificate holders
 - 1 Failed-FTR

Request Review Committee Report April 2019

Elizabeth Masnari, CPA, Chair

During the first quarter 2019, the Executive Director and a Consulting Board Member from the Request Review Committee took the following action:

Approved Firm Names:

STRAIGHT ARROW TAX, P.S
TWIN SUMMIT ACCOUNTING AND TAX SERVICES
NEXSTEP ACCOUNTING LLC
KAWASAKI TAX AND CONSULTING, PLLC
M&VW CPAS, PLLC
THE CPA GROUP PLLC
THRIVE, A CERTIFIED PUBLIC ACCOUNTING FIRM
DME CPA GROUP PC
DAVIDSON TAX & ACCOUNTING, INC
O'LEARY'S TAX SERVICE, LTD.
NORTH PACIFIC CPAS PLLC
THE E-CPA GROUP, PLLC
REGAL PLLC
SAFE HARBOR RESOLUTION, PLLC
BLACK SHEEP ACCOUNTANTS, LLC
GARABEY FINANCIAL SOLUTIONS
INSPIRE ADVISORS & CERTIFIED PUBLIC ACCOUNTANTS, P.S

Professional/Educational Organization – Recognition Requests

During the 1st quarter in 2019, the Board did not receive any requests for recognition of an educational organization for purposes of obtaining list requests.

Accounting of Receipts and Disbursements
Washington State Certified Public Accounting Scholarship Program
For the Program Year Ending September 30, 2018

January 1, 2018

Beginning Fund Balance	\$ 3,126,268
------------------------	--------------

Receipts

Dividend and Interest Income	\$ 37,735
------------------------------	-----------

Unrealized Gains/Losses	\$ 108,865
-------------------------	------------

Total Receipts	<u>\$ 146,600</u>
----------------	-------------------

Disbursements

WBOA Certified Public Accounting Scholarships (55 - \$5,000 scholarships awarded) - See next page for detail	\$ (275,000)
---	--------------

Management Fees	\$ (9,356)
-----------------	------------

Total Disbursements	<u>\$ (284,356)</u>
---------------------	---------------------

9/30/2018 (Program Year)

Ending Fund Balance	<u><u>\$ 2,988,512</u></u>
---------------------	----------------------------

WBOA Certified Public Accounting Scholarships

Scholarship Recipients	Scholarship Amount	University
Svetlana Ageyev	\$ 5,000	Western Washington University
Nicole Dowding	\$ 5,000	Seattle University
Katherine Joens	\$ 5,000	Washington State University - Pullman
Erin Thomason	\$ 5,000	Washington State University - Vancouver
Gurchharan Bir	\$ 5,000	University of Washington
Xiangyan Wang	\$ 5,000	University of Washington
Vivian Chin	\$ 5,000	University of Washington
Ramsey Outob	\$ 5,000	University of Washington
Yong Tong Huang	\$ 5,000	Seattle University
Leslie Simpson	\$ 5,000	St. Martins University
Luting Yao	\$ 5,000	University of Washington â€” Bothell
Anthony Chen	\$ 5,000	Washington State University - Pullman
Olivia Bratcher	\$ 5,000	Washington State University - Pullman
Chase Ronderos	\$ 5,000	Gonzaga University
Sai Yang	\$ 5,000	University of Washington
Aileen Duong	\$ 5,000	Gonzaga University
Seeyoun Seong	\$ 5,000	University of Washington â€” Bothell
Nathan Bagley	\$ 5,000	Washington State University - Pullman
Ryan Curtis	\$ 5,000	Western Washington University
Steven Whitman	\$ 5,000	University of Washington
Yue Yang Chan	\$ 5,000	University of Washington
Yankuba Faal	\$ 5,000	Central Washington University - Lynnwood
Lynn Chaffee	\$ 5,000	University of Washington
Amber Ackley	\$ 5,000	Central Washington University - Lynnwood
Tianna Helm	\$ 5,000	Gonzaga University
Akilah Johnson	\$ 5,000	Washington State University - Vancouver
Levi Detrich	\$ 5,000	Whitworth University
Andrew Stearns	\$ 5,000	University of Washington
Valerie Patrick	\$ 5,000	Central Washington University â€” Ellensburg
Josephine Schultz	\$ 5,000	Whitworth University
Jackson Njoroge	\$ 5,000	Central Washington University â€” Des Moines
Alexandria Ott	\$ 5,000	University of Washington
Anh Phan	\$ 5,000	Seattle University
Ashley Do	\$ 5,000	Seattle University
Daniel Duran	\$ 5,000	Western Washington University
DeAnn Iman	\$ 5,000	University of Washington - Tacoma
Jennifer Lo	\$ 5,000	University of Washington
Teresa Hsu	\$ 5,000	Seattle University
Chante Riley	\$ 5,000	Centralia College
Caedyn Kimble	\$ 5,000	Seattle University
Kate Monteith	\$ 5,000	Central Washington University â€” Ellensburg
Katie Layman	\$ 5,000	University of Washington â€” Bothell
Emily Schmidt	\$ 5,000	Gonzaga University
Ethan Reiniger	\$ 5,000	Bellevue College
Mason Villarma	\$ 5,000	Gonzaga University
Caitlyn Aune	\$ 5,000	Washington State University - Pullman

Nathan Schuler	\$	5,000	University of Washington
Sunshine Camille Arcilla	\$	5,000	University of Washington
Medie Luzemba	\$	5,000	University of Washington " Bothell
Megan Myers	\$	5,000	University of Washington
NOAH HOLMES	\$	5,000	University of Washington
John Wollam	\$	5,000	Washington State University - Vancouver
Vladislav Rudenko	\$	5,000	University of Washington
Jordan Cain	\$	5,000	Whitworth University
Claire Kerbs	\$	5,000	University of Washington - Tacoma

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 (WSCPAs).

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.

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

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.

Peer Review

Background and Trends

WASHINGTON STATE BOARD OF ACCOUNTANCY

Table of contents

- ▶ Peer review definitions and acronyms
- ▶ Types of peer reviews
- ▶ Possible peer review ratings and further practice monitoring
- ▶ Washington 2018 statistics on peer review
- ▶ Confidentiality and the peer review process
- ▶ WSBOA purpose, requirements, and corrective actions for peer review
- ▶ Trends in peer review
- ▶ Board considerations for the future

Peer review definitions and acronyms

- ▶ **AICPA**, the American Institute of CPAs
- ▶ **PRB**, the AICPA's Peer Review Board that administers peer review
- ▶ **NPRC**, the AICPA's National Peer Review Committee that reviews and accepts peer reviews of firms that provide services to public companies
- ▶ **AE**, a state CPA society or group of state societies that locally administers the program
- ▶ **WSCP**, the Washington Society of CPAs, the Washington Board's AE for peer review

More definitions and acronyms

- ▶ **AE's Peer Review Committee**, a local body of the AE that reviews and accepts peer reviews performed under AICPA standards
- ▶ **RAB**, a local Report Acceptance Body that may be delegated a portion of the report acceptance function from the AE's Peer Review Committee
- ▶ **PROC**, a Board's Peer Review Oversight Committee that attends meetings of the AE's committees and boards to monitor the peer review process
- ▶ **PRIMA**, the AICPA's Peer Review Integrated Management System, a document management and reporting system for peer review
- ▶ **FSBA**, Facilitated State Board Access, discretionary Board access to PRIMA

Types of peer reviews

- ▶ **Peer review** is a form of practice monitoring and a 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
- ▶ **System reviews** are a more comprehensive review and required for firms that perform audits or other similar engagements
- ▶ **Engagement reviews** are a less comprehensive review and for firms that do not perform audits or other similar engagements but do perform other accounting work including reviews and compilations

Peer review ratings

- ▶ **Pass**, which results in no additional practice monitoring outside of the normal peer review process
- ▶ **Pass with deficiencies (PWD)**, which results in Board notification and additional firm internal practice monitoring, such as internal inspections and internal post issuance reviews as determined by the reviewer and the report acceptance body or committee
- ▶ **Fail**, which results in Board notification and additional firm internal practice monitoring, such as internal inspections and internal post issuance reviews as determined by the reviewer and the report acceptance body

Washington 2018 peer review statistics

- ▶ Overall reviews accepted by the WSCPA as AE: 175
- ▶ Types of accepted reviews: 66 system reviews and 109 engagement reviews
- ▶ Ratings of PWD: 12 system reviews and 17 engagement reviews
- ▶ Ratings of fail: 9 system reviews and 10 engagement reviews
- ▶ 2018 reviews with PWD or fail that received PWD or fail on prior review: 5
 - ▶ 2018 reviews with PWD on current and prior review: 3
 - ▶ 2018 reviews with fail on current and PWD on prior: 1
 - ▶ 2018 reviews with PWD on current and fail on prior: 1

Confidentiality and peer reviews

- ▶ In 1988, the AICPA committed to its members that all materials generated through its peer review program are confidential, unless voluntarily submitted by the member to a Board
- ▶ Boards do not have access to documents on PRIMA, unless the reviewed firm gives the Board access through PRIMA's FSBA program
- ▶ The Board's PROC must maintain confidentiality from the Board of all discussions and materials presented at the meeting of any AE, the AE's Peer Review Committee, or RAB

The Board's purpose for peer review

- ▶ The Public Accountancy Act notes a key purpose is to promote the dependability of information which is used for guidance in financial transactions or accounting (RCW 18.04.015(1)(a))
- ▶ The Act notes it protects the public by requiring persons who hold themselves out as CPAs must conduct themselves in a competent, ethical, and professional manner (RCW 18.04.015(b)(i))
- ▶ The Act notes the Board may by rule implement a quality assurance program as a means to monitor firms' quality of practice and compliance with professional standards (RCW 18.04.055(9))

Washington requirements for peer review

- ▶ All firms offering and/or performing attest, compilation, or other assurance services are required to have a firm license and are required participate in a Board-approved peer review program as a condition of renewing a firm license every three years
- ▶ 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 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

Board intervention in peer review

- ▶ 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

Board potential corrective actions

- ▶ Require the firm to develop quality control procedures
- ▶ Require the completion of specific courses or types of continuing education
- ▶ Require that the reviewed firm submit all or specified categories of its compilation or attest working papers and reports to a third party preissuance evaluation
- ▶ Require the reviewed firm to engage a third party to conduct an on-site field review of the firm's work product and practices
- ▶ Initiate an investigation

Current trends in peer review

- ▶ AICPA peer reviews are now more detail oriented and stringent, leading to an increase in ratings of pass with deficiencies and fails
- ▶ With mandatory reporting within 30 days to the Board of *potential* ratings of pass with deficiencies or fail, the Board is inserted into the process earlier even though designed to be a confidential process until completion
- ▶ Third party firms are concerned about their own liability and now unwilling to perform pre-issuance reviews

More trends in peer review

- ▶ Aging pool of peer reviewers combined with more risk and demanding standards reduces available reviewers and increases cost
- ▶ Practice restrictions in smaller communities would potentially harm the public by reducing access to required attest, compilation, and assurance services
- ▶ More uncompromising standards and increased cost accelerates the existing problems of firms misrepresenting types of services performed on license renewals to avoid required peer reviews

Board considerations

- ▶ Peer review is changing nationally and will continue to change for several years
- ▶ At what point should Board involve itself in a peer review with potentially less than a pass rating, is the current 30 day notification appropriate, should it be earlier, or should the process run its course?
- ▶ What is the appropriate action for fail ratings?
- ▶ What is the appropriate action for prior and current fails, “double fails”?
- ▶ FSBA is optional under current Board rules, should it be mandatory?



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: January 28, 2019

TIME: 12:24 PM

WSR 19-04-028

Agency: Board of Accountancy

Subject of possible rule making: WAC 4-30-010 Definitions; WAC 4-30-132 What are the program standards for CPE?; WAC 4-30-133 Limitations on continuing professional education (CPE); WAC 4-30-134 What are the continuing professional education (CPE) requirements for individuals?; WAC 4-30-136 How do I report my CPE to the board?; WAC 4-30-138 What documentation must I retain to support my eligibility for CPE credit?

Statutes authorizing the agency to adopt rules on this subject: For each WAC is RCW 18.04.055

Reasons why rules on this subject may be needed and what they might accomplish: The board of accountancy proposes amending :
WAC 4-30-010 to add a definition for nano learning to the section.
WAC 4-30-132 and 4-30-134 to incorporate aspects of the Uniform Accountancy Act (UAA) CPE model rules, reorganize the CPE requirements between the various CPE rule sections for clarity, and rename the rule.
WAC 4-30-136 to simplify the rule language and rename the rule.
WAC 4-30-138 to simplify the rule language, remove the information and reference related to a retired board policy, and rename the rule.
The board of accountancy proposes adoption of new rule:
WAC 4-30-133 to incorporate aspects of the Uniform Accountancy Act (UAA) CPE model rules and reorganize the CPE requirements between the various CPE rule sections for clarity.

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
Address: Washington State Board of Accountancy
PO Box 9131
Olympia, WA 98507-9131
Phone: 360-664-9191
Fax: 360-664-9190
TTY: 1-800-833-6388
Email: Kirsten.donovan@acb.wa.gov
Web site: <https://acb.wa.gov/>
Other:

(If necessary)

Name:
Address:
Phone:
Fax:
TTY:
Email:
Web site:
Other:

Additional comments:

Date: January 28, 2019	Signature:
Name: Charles E. Satterlund, CPA,	
Title: Executive Director	

To: Washington State Board of Accountancy
From: CPE Task Force
Re: Summary of proposed Washington CPE changes
Date: January 18, 2019

As a result of meetings of the CPE Task Force, it was recommended to a) adopt several changes to Washington's CPE rules consistent with new national CPE standards, and b) rewrite Washington's CPE rules to be more consistent with revised Uniform Accountancy Act model rules, while still maintaining unique and longstanding Washington differences from the model rules.

The revisions created the need to rewrite most of Washington's CPE rules to make the rules more clearly divided into discrete subjects.

The major changes adopted from previous Washington CPE rules are:

- "Nano learning", web-based CPE in one fifth of an hour increments, will be an allowable CPE format, but total number of nano learning credits are limited to 10%, no more than 12 of the 120 hours in any three-year reporting cycle.
- No more than 60 hours of CPE credit in the aggregate will be allowed in any three-year cycle for service on the Board, Board committees, or peer review committees; first time instructor/developer of a CPE course; and authorship of published articles, books, and other publications relevant to maintaining or improving professional competence.
- A CPA must complete a minimum of 20 hours of CPE in each year of the three-year reporting cycle, however Board service, first time instructor developer, or authorship of published materials will not count towards the 20 hour minimum.
- Currently, non-technical CPE, subjects such as personal development and practice management, cannot exceed more than 24 hours in any three-year reporting cycle, but under the redrafted rules, non-technical CPE credits are limited to no more than 60 of the 120 hours in any three-year reporting cycle.
- The "prelapsed renewal" process will be eliminated and incorporated into the Remedial Resolution process for first time administrative violations. "Prelapsed renewal" has been a process for licensees who fail to obtain required CPE during their calendar year reporting period and who also did not request an extension before the December 31 end of their reporting period.
- CPE reciprocity will be allowed for Washington licensees who are residents of other states.

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 (.2 CPE credit hours) consisting of electronic self-study with a stated learning objective and 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.

"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 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 4-30-132 Qualifying continuing professional education

(CPE) activities

(1) CPE activities are learning opportunities that contribute directly to an individual's knowledge, ability, and/or competence to perform his or her professional responsibilities. CPE activities should:

(a) Address the individual's current and future work environment, current knowledge and skills, and desired or needed knowledge and skills to meet future opportunities and/or professional responsibilities; and

(b) Maintain knowledge of current ethical and other regulatory requirements.

(2) An activity qualifies as acceptable CPE, under RCW 18.04.215, if it follows one of the following formats:

(a) **Nano learning format** - as defined in WAC 4-30-010. A nano learning course shall be considered a qualifying activity once a minimum of ten minutes (.2 credit hours) but less than fifty minutes (1.0 credit hours) has been completed; or

(b) **Formal learning format** - defined herein, as a formal activity of learning that is:

- A minimum of fifty minutes of continuous instruction in length with participants signing in to record attendance;
- If the program exceeds four credit hours, participants must also sign out; and
- Attendees are provided a certificate of completion.

(3) **Formal learning formats can include:**

- (a) Professional, technical, or education sessions of national, state, and local organizations and their chapters;
- (b) Programs of other organizations (accounting, industrial, professional, etc.);
- (c) Formal employer education programs;
- (d) Dinner, luncheon, and breakfast meetings which are structured as formal education programs;
- (e) Undergraduate and graduate courses taken after initial licensure: For both undergraduate and graduate courses one quarter credit equals 10 CPE credit hours and one semester credit equals 15 CPE credit hours.;
- (f) Interactive and non-interactive self-study programs;
- (g) Instructor/developer of a college or university course;

(h) Instructor/developer of a CPE course;

(i) Authorship of published articles, books, and other publications relevant to maintaining or improving professional competence;

(j) Group study;

(k) Service on the Washington state board of accountancy, the board's committees, or volunteer service on one of the board approved peer review committees;

(l) CPE credit may not be claimed for CPA examination review courses; and

(m) You may not claim CPE credit for preparing for or taking a credential examination unless you complete a formal review course and receive a certificate of completion meeting the requirements of WAC 4-30-138.

(4) Formats other than those listed may be approved by the executive director provided you can demonstrate they contribute to your professional competence.

(5) **Subject areas:** Activities relating to the following subjects are acceptable for all formats provided they follow the standards of this section:

(a) **Technical subjects include:**

- (i) Auditing standards or procedures;
- (ii) Compilation and review of financial statements;
- (iii) Financial statement preparation and disclosures;
- (iv) Attestation standards and procedures;
- (v) Projection and forecast standards or procedures;
- (vi) Accounting and auditing;
- (vii) Management advisory services;
- (viii) Personal financial planning;
- (ix) Taxation;
- (x) Management information services;
- (xi) Budgeting and cost analysis;
- (xii) Asset management;
- (xiii) Professional ethics;
- (xiv) Specialized areas of industry;
- (xv) Human resource management;
- (xvi) Economics;
- (xvii) Business law;
- (xviii) Mathematics, statistics, and quantitative applications in business;

- (xix) Business management and organization;
 - (xx) General computer skills, computer software training, information technology planning and management; and
 - (xxi) Negotiation or dispute resolution courses;
- (b) **Nontechnical subjects include:**
- (i) Communication skills;
 - (ii) Interpersonal management skills;
 - (iii) Leadership and personal development skills;
 - (iv) Client and public relations;
 - (v) Practice development;
 - (vi) Motivational and behavioral courses; and
 - (vii) Speed reading and memory building.
- (6) Subjects other than those listed above may be acceptable provided you can demonstrate they contribute to your professional competence.

(7) Washington state board approved ethics

Courses must meet the following requirements:

- (a) The content of the course must be specific to the laws and rules applicable to the regulatory framework in Washington state including the administrative requirements for an

individual's initial and continued use of restricted titles in this state;

(b) All CPE authors must submit course materials for this course to the executive director of the board for approval prior to delivery of the content for credit;

(c) The ethics and regulations course materials must cover all of the following topics, and instructors of approved courses must substantially address these topics in their presentations:

(i) General level information on the AICPA Code of Conduct.

(ii) General level information on the Public Accountancy Act, the board's rules, policies, including recent or pending changes therein, and the rule-making process.

(iii) Emphasis must be placed on key differences between Washington state law (chapter 18.04 RCW), this board's rules (Title 4 WAC), and the AICPA Code of Conduct.

(iv) Detailed information on the following:

(A) WAC 4-30-026 How can I contact the board?

(B) WAC 4-30-032 Do I need to notify the board if I change my address?

(C) WAC 4-30-034 Must I respond to inquiries from the board?

(D) WAC 4-30-040 through 4-30-058 Ethics and prohibited practices, including related board policies, if any.

(E) WAC 4-30-130 Series – Continuing competency, including related board policies, if any.

(F) WAC 4-30-142 What are the bases for the board to impose discipline?

(G) Other topics or information as defined by board policy;

(d) The course must also include case study scenarios demonstrating how to comply with the relevant provisions of the AICPA Code of Conduct and the board's statutory or regulatory framework when faced with ethical situations that might occur when offering or performing a specific type of professional service in the practice of public accounting or as a professionally regulated person not in the practice of public accounting; and

(e) At least sixty percent of the course material content, presentation time, and commentary must include general level information on the Public Accountancy Act, the board's rules and policies, including recent or pending changes thereto, variances of key differences between Washington state law (chapter 18.04

RCW), the board's rules (Title 4 WAC), and the AICPA Code of Conduct, and scenarios demonstrating the different compliance outcomes that might result because the board's rules prevail when the board's rules vary from the AICPA Code of Professional Conduct and/or related official AICPA interpretations.

Limits on total hours that can be earned during any single renewal cycle for specified formats are detailed in WAC 4-30-133.

[Statutory Authority: RCW 18.04.055(7) and 18.04.215(5). WSR 12-17-053, § 4-30-132, filed 8/10/12, effective 9/10/12. WSR 10-24-009, amended and recodified as § 4-30-132, filed 11/18/10, effective 12/19/10. Statutory Authority: RCW 18.04.055(7) and 18.04.215. WSR 09-17-044, § 4-25-831, filed 8/11/09, effective 9/11/09. Statutory Authority: RCW 18.04.055(7), 18.04.215(5). WSR 05-01-137, § 4-25-831, filed 12/16/04, effective 1/31/05; WSR 01-22-036, § 4-25-831, filed 10/30/01, effective 12/1/01. Statutory Authority: RCW 18.04.055 and 18.04.105(8). WSR 99-23-046, § 4-25-831, filed 11/15/99, effective 1/1/00.]

WAC 4-30-132 What are the program standards for CPE? (1)

Qualifying program: A program qualifies as acceptable CPE for purposes of RCW 18.04.215(5) if it is a formal program of learning which contributes to the CPA's professional knowledge and competence. A formal program means:

- The program is at least fifty minutes in length;
- Attendance is recorded;
- Participants sign in to confirm attendance and, if the program is greater than four credit hours, participants sign out during the last hour of the program; and
- Attendees are provided a certificate of completion.

(2) **Undergraduate and graduate courses:** A graduate or undergraduate course qualifies for CPE credit if it meets the standards in subsections (1) and (5) of this section. For both undergraduate and graduate courses one quarter credit equals 10 CPE credit hours and one semester credit equals 15 CPE credit hours.

(3) **Committee meetings:** Generally, CPE credit is not allowed for attending committee meetings. A meeting qualifies for CPE

credit only if it meets the standards in subsections (1) and (5) of this section.

(4) **CPE credit hours for volunteer service on the board and its committees and volunteer service on board approved peer review committees:** You may receive up to sixty-four hours of technical CPE credit each calendar year for actual time spent on board, board committee, or board approved peer review committee activities including actual time you spend preparing for committee meetings.

(5) **Subject areas:** Programs dealing with the following general subject areas are acceptable so long as they meet the standards in subsection (1) of this section:

(a) **Technical subjects include:**

- (i) Auditing standards or procedures;
- (ii) Compilation and review of financial statements;
- (iii) Financial statement preparation and disclosures;
- (iv) Attestation standards and procedures;
- (v) Projection and forecast standards or procedures;
- (vi) Accounting and auditing;
- (vii) Management advisory services;

- (viii) Personal financial planning;
 - (ix) Taxation;
 - (x) Management information services;
 - (xi) Budgeting and cost analysis;
 - (xii) Asset management;
 - (xiii) Professional ethics (other than those programs used to satisfy the requirements of WAC 4-30-134(3));
 - (xiv) Specialized areas of industry;
 - (xv) Human resource management;
 - (xvi) Economics;
 - (xvii) Business law;
 - (xviii) Mathematics, statistics, and quantitative applications in business;
 - (xix) Business management and organization;
 - (xx) General computer skills, computer software training, information technology planning and management; and
 - (xxi) Negotiation or dispute resolution courses;
- (b) **Nontechnical subjects include:**
- (i) Communication skills;
 - (ii) Interpersonal management skills;

- (iii) Leadership and personal development skills;
- (iv) Client and public relations;
- (v) Practice development;
- (vi) Motivational and behavioral courses; and
- (vii) Speed reading and memory building.

Subjects other than those listed above may be acceptable provided you can demonstrate they contribute to your professional competence. You are solely responsible for demonstrating that a particular program contributes to your professional competency.

(6) **Group programs:** You may claim CPE credit for group programs such as the following so long as the program meets the standards in subsections (1) and (5) of this section:

(a) Professional education and development programs of national, state, and local accounting organizations;

(b) Technical sessions at meetings of national, state, and local accounting organizations and their chapters;

(c) Formal in-firm education programs;

(d) Programs of other organizations (accounting, industrial, professional, etc.);

(e) Dinner, luncheon, and breakfast meetings which are structured as formal educational programs;

(f) Firm meetings for staff and/or management groups structured as formal education programs. Portions of such meetings devoted to communication and application of general professional policy or procedure may qualify, but portions devoted to firm administrative, financial and operating matters generally will not qualify.

(7) **CPE credit:** CPE credit is allowable only for those programs taken in time periods after the first CPA license is issued pursuant to the authority of the board under chapter 18.04 RCW. Credit is not allowed for programs taken to prepare an applicant for the ethics examination as a requirement for initial licensure. CPE credit is given in half-hour increments only after the first full CPE credit hour has been earned. A minimum of fifty minutes constitutes one CPE credit hour and, after the first fifty-minute segment has been earned, twenty-five minutes constitutes one-half CPE credit hour. For example:

- Twenty-five minutes of continuous instruction counts as zero CPE credit hour if that instruction is the first CPE course taken;

- Fifty minutes of continuous instruction counts as one CPE credit hour; and

- Seventy-five minutes of continuous instruction counts as one and one-half CPE credit hours.

Attendees obtain CPE credit only for time spent in instruction; no credit is allowed for preparation time unless the attendee is the discussion leader for the particular CPE segment or program.

(8) **Self-study programs:** Credit for self-study programs is allowed for reporting purposes on the date you completed the program as established by the evidence of completion provided by the program sponsor.

(a) **Interactive self-study programs:** Interactive means electronic or other delivery formats for delivery of CPE in which feedback is provided during the study of the material in a manner to validate the individual's understanding of the material. The amount of credit allowed for interactive self-

study is that which is recommended by the program sponsor on the basis of the average completion time under appropriate "field tests." In order to claim CPE credit for interactive self-study programs, you must obtain evidence of satisfactory completion of the course from the program sponsor. Self-study CPE courses registered with the National Association of State Boards of Accountancy (NASBA) as a Quality Assurance Service (QAS) sponsor may be accepted as interactive.

(b) **Noninteractive self-study programs:** The amount of credit allowed for noninteractive self-study is one-half the average completion time as determined by the program sponsor on the basis of appropriate "field tests." To claim CPE credit for noninteractive self-study programs, you must obtain evidence of satisfactory completion of the course from the program sponsor.

(9) **Instructor, discussion leader, or speaker:** If you serve as an instructor, discussion leader or speaker at a program which meets the standards in subsections (1) and (5) of this section, the first time you present the program you may claim CPE credit for both preparation and presentation time. One hour of credit is allowed for each fifty minutes of instruction.

Additionally, you may claim credit for actual preparation time up to two times the presentation hours. No credit is allowed for subsequent presentations. A maximum of seventy-two CPE credit hours are allowed for preparation and presentation during each CPE reporting period.

(10) **Published articles, books:** You may claim CPE credit for published articles and books, provided they contribute to your professional competence. Credit for preparation of such publications may be claimed on a self-declaration basis for up to thirty hours in a CPE reporting period. In exceptional circumstances, you may request additional credit by submitting the article(s) or book(s) to the board with an explanation of the circumstances that justify a greater credit. The amount of credit awarded for a given publication will be determined by the board.

(11) **Carry-forward:** CPE credit hours you complete during one CPE reporting period cannot be carried forward to the next period.

(12) **Carry-back:** As specified in WAC 4-30-134(8), CPE credit hours you complete during one CPE reporting period can be

carried back to the previous reporting period only after the board has approved your extension request or has required the carry-back as part of sanctions for failure to complete required CPE.

(13) **Credential examination:** CPE credit may not be claimed for CPA examination review courses. You may not claim CPE credit for preparing for or taking a credential examination unless you complete a formal review course and receive a certificate of completion meeting the requirements of WAC 4-30-138. CPE credit may not be claimed for CPA examination review courses.

[Statutory Authority: RCW 18.04.055(7) and 18.04.215(5). WSR 12-17-053, § 4-30-132, filed 8/10/12, effective 9/10/12. WSR 10-24-009, amended and recodified as § 4-30-132, filed 11/18/10, effective 12/19/10. Statutory Authority: RCW 18.04.055(7) and 18.04.215. WSR 09-17-044, § 4-25-831, filed 8/11/09, effective 9/11/09. Statutory Authority: RCW 18.04.055(7), 18.04.215(5). WSR 05-01-137, § 4-25-831, filed 12/16/04, effective 1/31/05; WSR 01-22-036, § 4-25-831, filed 10/30/01, effective 12/1/01. Statutory Authority: RCW 18.04.055 and 18.04.105(8). WSR 99-23-046, § 4-25-831, filed 11/15/99, effective 1/1/00.]

What are the program standards for (CPE) activities? (

(1) 1) CPE activities are learning opportunities that contribute directly to an individual's knowledge, ability, and/or competence to perform his or her professional responsibilities. CPE activities should:

(a) Address the individual's current and future work environment, current knowledge and skills, and desired or needed knowledge and skills to meet future opportunities and/or professional responsibilities; and

(b) Maintain knowledge of current ethical and other regulatory requirements.

(2) An activity qualifies as acceptable CPE, under RCW 18.04.215, if it follows one of the following formats:

(a) **Nano learning format** - as defined in WAC 4-30-010. A nano learning course shall be considered a qualifying activity once a minimum of ten minutes (.2 credit hours)but less than fifty minutes (1.0 credit hours) has been completed; or

(b) **Formal learning format** - defined herein, as a formal activity of learning that is:

Commented [DK(1)]: New

Formatted: List Paragraph, Indent: Left: 0", First line: 0.38", Numbered + Level: 1 + Numbering Style: 1, 2, 3, ... + Start at: 1 + Alignment: Left + Aligned at: 0.4" + Indent at: 0.9"

Commented [DK(2)]: New

Formatted: Font: Bold

Formatted: Font: Bold

~~Qualifying program: A program qualifies as acceptable CPE for purposes of RCW 18.04.215(5) if it is a formal program of learning which contributes to the CPA's professional knowledge and competence. A formal program means:~~

~~• The program is A minimum of at least fifty minutes of continuous instruction in length with participants signing in to record attendance;~~

~~• Attendance is recorded;~~

~~• Participants sign in to confirm attendance and, i If the program is greater than exceeds four credit hours, participants must also sign out during the last hour of the program; and~~

• Attendees are provided a certificate of completion.

~~(23) Formal learning formats can include:~~

~~(a) Professional, technical, or education sessions of national, state, and local organizations and their chapters;~~

~~(b) Programs of other organizations (accounting, industrial, professional, etc.);~~

~~(c) Formal employer education programs;~~

Formatted: Indent: First line: 0"

Formatted: Font: Bold

Formatted: Indent: First line: 0.5"

(d) Dinner, luncheon, and breakfast meetings which are structured as formal education programs;

(e) Undergraduate and graduate courses taken after initial licensure: ~~A graduate or undergraduate course qualifies for CPE credit if it meets the standards in subsections (1) and (5) of this section.~~ For both undergraduate and graduate courses one quarter credit equals 10 CPE credit hours and one semester credit equals 15 CPE credit hours.;

(f) Interactive and non-interactive self-study programs;

(g) Instructor/developer of a college or university course;

(h) Instructor/developer of a CPE course;

(i) Authorship of published articles, books, and other publications relevant to maintaining or improving professional competence;

(j) Group study;

~~(3) **Committee meetings:** Generally, CPE credit is not allowed for attending committee meetings. A meeting qualifies for CPE credit only if it meets the standards in subsections (1) and (5) of this section.~~

Formatted: Font: Not Bold

Formatted: Indent: First line: 0.5", Tab stops: 0.94", Left

Formatted: Indent: First line: 0.5"

Commented [DK(3)]: Moved up in this section

~~(4k) CPE credit hours for volunteer s~~Service on the Washington state board of accountancy, ~~and its~~the board's committees, ~~and or~~ volunteer service on one of the board approved peer review committees;

Formatted: Font: Not Bold

Formatted: Font: Not Bold

~~;~~ ~~You may receive up to sixty four hours of technical CPE credit each calendar year for actual time spent on board, board committee, or board approved peer review committee activities including actual time you spend preparing for committee meetings.~~

Commented [DK(4)]: Limits moved to new WAC 4-30-133

Formatted: Font: Not Bold

(l) CPE credit may not be claimed for CPA examination review courses; and

Commented [DK(5)]: Moved up from below in this section

(m) You may not claim CPE credit for preparing for or taking a credential examination unless you complete a formal review course and receive a certificate of completion meeting the requirements of WAC 4-30-138.

(4) ~~Formats~~ other than those listed may be approved by the executive director provided you can demonstrate they contribute to your professional competence.

Commented [DK(6)]: New

(5) **Subject areas:** ~~Programs dealing with~~Activities relating to the following ~~general~~subject~~s~~ areas are acceptable for all

~~formats so long as they meet provided they follow~~ the standards
~~in subsection (1)~~ of this section:

(a) **Technical subjects include:**

- (i) Auditing standards or procedures;
- (ii) Compilation and review of financial statements;
- (iii) Financial statement preparation and disclosures;
- (iv) ~~Attestation standards and procedures;~~
- (v) Projection and forecast standards or procedures;
- (vi) ~~Accounting and auditing;~~
- (vii) Management advisory services;
- (viii) Personal financial planning;
- (ix) Taxation;
- (x) Management information services;
- (xi) Budgeting and cost analysis;
- (xii) Asset management;
- (xiii) Professional ethics ~~(other than those programs used to satisfy the requirements of WAC 4-30-134(3))~~;
- (xiv) Specialized areas of industry;
- (xv) Human resource management;
- (xvi) Economics;

(xvii) Business law;

(xviii) Mathematics, statistics, and quantitative applications in business;

(xix) Business management and organization;

(xx) General computer skills, computer software training, information technology planning and management; and

(xxi) Negotiation or dispute resolution courses;

(b) **Nontechnical subjects include:**

(i) Communication skills;

(ii) Interpersonal management skills;

(iii) Leadership and personal development skills;

(iv) ~~Client and public relations;~~

(v) Practice development;

(vi) ~~Motivational and behavioral courses; and~~

(vii) Speed reading and memory building.

(6) Subjects other than those listed above may be acceptable provided you can demonstrate they contribute to your professional competence. ~~You are solely responsible for demonstrating that a particular program contributes to your professional competency.~~

~~(67)~~ Washington state board approved ethics

Courses must meet the following requirements:

(a) The content of the course must be specific to the laws and rules applicable to the regulatory framework in Washington state including the administrative requirements for an individual's initial and continued use of restricted titles in this state;

(b) All CPE authors must submit course materials for this course to the executive director of the board for approval prior to delivery of the content for credit;

(c) The ethics and regulations course materials must cover all of the following topics, and instructors of approved courses must substantially address these topics in their presentations:

(i) General level information on the AICPA Code of Conduct.

(ii) General level information on the Public Accountancy Act, the board's rules, policies, including recent or pending changes therein, and the rule-making process.

(iii) Emphasis must be placed on key differences between Washington state law (chapter 18.04 RCW), this board's rules (Title 4 WAC), and the AICPA Code of Conduct.

(iv) Detailed information on the following:

(A) WAC 4-30-026 How can I contact the board?

(B) WAC 4-30-032 Do I need to notify the board if I change my address?

(C) WAC 4-30-034 Must I respond to inquiries from the board?

(D) WAC 4-30-040 through 4-30-058 Ethics and prohibited practices, including related board policies, if any.

(E) WAC 4-30-130 Series-Continuing competency, including related board policies, if any.

(F) WAC 4-30-142 What are the bases for the board to impose discipline?

(G) Other topics or information as defined by board policy:

(d) The course must also include case study scenarios demonstrating how to comply with the relevant provisions of the AICPA Code of Conduct and the board's statutory or regulatory framework when faced with ethical situations that might occur when offering or performing a specific type of professional service in the practice of public accounting or as a professionally regulated person not in the practice of public accounting; and

(e) At least sixty percent of the course material content, presentation time, and commentary must include general level information on the Public Accountancy Act, the board's rules and policies, including recent or pending changes thereto, variances of key differences between Washington state law (chapter 18.04 RCW), the board's rules (Title 4 WAC), and the AICPA Code of Conduct, and scenarios demonstrating the different compliance outcomes that might result because the board's rules prevail when the board's rules vary from the AICPA Code of Professional Conduct and/or related official AICPA interpretations.

Limits on total hours that can be earned during any single renewal cycle for specified formats are detailed in WAC 4-30-133.

~~**Group programs:** You may claim CPE credit for group programs such as the following so long as the program meets the standards in subsections (1) and (5) of this section:~~

~~(a) Professional education and development programs of national, state, and local accounting organizations;~~

~~(b) Technical sessions at meetings of national, state, and local accounting organizations and their chapters;~~

Commented [DK(8)]: New

Formatted: Font: Italic

Formatted: Font: Italic

Formatted: Indent: First line: 0.56"

Commented [DK(9)]: Moved up in this section

~~(c) Formal in firm education programs;~~

~~(d) Programs of other organizations (accounting, industrial, professional, etc.);~~

~~(e) Dinner, luncheon, and breakfast meetings which are structured as formal educational programs;~~

~~(f) Firm meetings for staff and/or management groups structured as formal education programs. Portions of such meetings devoted to communication and application of general professional policy or procedure may qualify, but portions devoted to firm administrative, financial and operating matters generally will not qualify.~~

~~(7) **CPE credit:** CPE credit is allowable only for those programs taken in time periods after the first CPA license is issued pursuant to the authority of the board under chapter 18.04 RCW. Credit is not allowed for programs taken to prepare an applicant for the ethics examination as a requirement for initial licensure. CPE credit is given in half hour increments only after the first full CPE credit hour has been earned. A minimum of fifty minutes constitutes one CPE credit hour and,~~

Commented [DK(10)]: Removed

Commented [DK(11)]: Moved to new WAC 4-30-133

~~after the first fifty minute segment has been earned, twenty-five minutes constitutes one-half CPE credit hour. For example:~~

- ~~• Twenty-five minutes of continuous instruction counts as zero CPE credit hour if that instruction is the first CPE course taken;~~

- ~~• Fifty minutes of continuous instruction counts as one CPE credit hour; and~~

- ~~• Seventy five minutes of continuous instruction counts as one and one half CPE credit hours.~~

~~Attendees obtain CPE credit only for time spent in instruction; no credit is allowed for preparation time unless the attendee is the discussion leader for the particular CPE segment or program.~~

~~(8) **Self study programs:** Credit for self study programs is allowed for reporting purposes on the date you completed the program as established by the evidence of completion provided by the program sponsor.~~

~~(a) **Interactive self study programs:** Interactive means electronic or other delivery formats for delivery of CPE in which feedback is provided during the study of the material in a~~

Commented [DK(12)]: Removed

Commented [DK(13)]: Moved to new WAC 4-30-133

Commented [DK(14)]: Moved to new WAC 4-30-133

Commented [DK(15)]: Moved up in this section and in new WAC 4-30-133

~~manner to validate the individual's understanding of the material. The amount of credit allowed for interactive self-study is that which is recommended by the program sponsor on the basis of the average completion time under appropriate "field tests." In order to claim CPE credit for interactive self-study programs, you must obtain evidence of satisfactory completion of the course from the program sponsor. Self-study CPE courses registered with the National Association of State Boards of Accountancy (NASBA) as a Quality Assurance Service (QAS) sponsor may be accepted as interactive.~~

~~(b) **Noninteractive self-study programs:** The amount of credit allowed for noninteractive self-study is one-half the average completion time as determined by the program sponsor on the basis of appropriate "field tests." To claim CPE credit for noninteractive self-study programs, you must obtain evidence of satisfactory completion of the course from the program sponsor.~~

~~(9) **Instructor, discussion leader, or speaker:** If you serve as an instructor, discussion leader or speaker at a program which meets the standards in subsections (1) and (5) of this section, the first time you present the program you may claim~~

Commented [DK(16): Moved up in this section

Commented [DK(17): Moved up in this section and to new WAC 4-30-133

~~CPE credit for both preparation and presentation time. One hour of credit is allowed for each fifty minutes of instruction. Additionally, you may claim credit for actual preparation time up to two times the presentation hours. No credit is allowed for subsequent presentations. A maximum of seventy two CPE credit hours are allowed for preparation and presentation during each CPE reporting period.~~

~~(10) **Published articles, books:** You may claim CPE credit for published articles and books, provided they contribute to your professional competence. Credit for preparation of such publications may be claimed on a self declaration basis for up to thirty hours in a CPE reporting period. In exceptional circumstances, you may request additional credit by submitting the article(s) or book(s) to the board with an explanation of the circumstances that justify a greater credit. The amount of credit awarded for a given publication will be determined by the board.~~

Commented [DK(18): Moved up in this section and to new WAC 4-30-133

~~(11) **Carry forward:** CPE credit hours you complete during one CPE reporting period cannot be carried forward to the next period.~~

Commented [DK(19): Moved to new WAC 4-30-133

~~(12) **Carry back:** As specified in WAC 4-30-134(8), CPE credit~~

Commented [DK(20): Moved to new WAC 4-30-133

~~hours you complete during one CPE reporting period can be carried back to the previous reporting period only after the board has approved your extension request or has required the carry back as part of sanctions for failure to complete required CPE.~~

~~(13) **Credential examination:** CPE credit may not be claimed~~

Commented [DK(21): Moved up in this section

~~for CPA examination review courses. You may not claim CPE credit for preparing for or taking a credential examination unless you complete a formal review course and receive a certificate of completion meeting the requirements of WAC 4-30-138. CPE credit may not be claimed for CPA examination review courses.~~

[Statutory Authority: RCW 18.04.055(7) and 18.04.215(5). WSR 12-17-053, § 4-30-132, filed 8/10/12, effective 9/10/12. WSR 10-24-009, amended and recodified as § 4-30-132, filed 11/18/10, effective 12/19/10. Statutory Authority: RCW 18.04.055(7) and 18.04.215. WSR 09-17-044, § 4-25-831, filed 8/11/09, effective 9/11/09. Statutory Authority: RCW 18.04.055(7), 18.04.215(5). WSR 05-01-137, § 4-25-831, filed 12/16/04, effective 1/31/05; WSR 01-22-036, § 4-25-831, filed 10/30/01, effective 12/1/01. Statutory Authority: RCW 18.04.055 and 18.04.105(8). WSR 99-23-046, § 4-25-831, filed 11/15/99, effective 1/1/00.]

NEW SECTION

WAC 4-30-133 Reporting periods, carry forward/back, and limitations on continuing professional education (CPE) credit

(1) **CPE reporting period** is a calendar year time period beginning in the calendar year a credential is first issued by this board and ending on December 31 of the subsequent third calendar year.

(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.

(3) **Carry-forward:** CPE credit hours you complete during one CPE reporting period cannot be carried forward to the next period.

(4) **Carry-back:** As specified in WAC 4-30-134, CPE credit hours you complete during one CPE reporting period cannot be carried back to the previous reporting period unless the board has approved a request for extension or has required the carry-back as part of sanctions for failure to complete required CPE.

(5) **Preparation time for CPE attendance:** Attendees obtain CPE credit only for time spent in instruction; no credit is allowed for preparation time unless the attendee is the discussion leader for the particular CPE segment or program.

(6) **Limitations on CPE Credit:** In any given three year renewal cycle, licensees are limited to the following upper limits of CPE credit for the following formats:

a) Nano learning, as defined in WAC 4-30-010, is limited to no more than 12 CPE credit hours out of the 120 CPE credit total as specified in WAC 4-30-134.

b) No more than 60 hours of CPE can be awarded to any licensee during the three year reporting period for:

i. Service on the Washington state board of accountancy or the board's committees or volunteer service on one of the board approved peer review committees

ii. First time instructor/developer of a college or university course

iii. First time instructor/developer of a CPE course

iv. Authorship of published articles, books, and other publications relevant to maintaining or improving professional competence

c) Board service including participation on an approved peer review committee, first time instructor/developer, or authorship of published materials will not count towards the minimum twenty credit hours of CPE required per WAC 4-30-134 during each of the three years of the CPE reporting period.

(7) Further Requirements and Clarifications:

a) **Self-study programs:** Credit for self-study programs is allowed for reporting purposes on the date you completed the program as established by the course completion certificate provided by the program sponsor.

i) **Interactive self-study programs:** Interactive means electronic or other delivery formats of CPE in which feedback is provided during the study of the material in a manner to validate the individual's understanding of the material. The amount of credit allowed for interactive self-study is that which is recommended and documented by the program sponsor on the basis of the average completion time under appropriate "field tests."

ii) **Non-interactive self-study programs:** The amount of credit allowed for non-interactive self-study is one-half the average completion time as determined and documented by the program sponsor on the basis of appropriate "field tests."

b) **Instructor, discussion leader, or speaker:** If you serve as an instructor, discussion leader, or speaker at a program which meets the standards of WAC 4-30-132, the first time you present the program you

may claim CPE credit hours for both preparation and presentation time. One hour of credit is allowed for each fifty minutes of instruction. Additionally, you may claim credit for actual preparation time up to two times the presentation hours. No credit is allowed for subsequent presentations of a course constituted of substantially the same material.

c) **Undergraduate and graduate courses**: For both undergraduate and graduate courses one semester credit equals 15 CPE credit hours and one quarter credit equals 10 CPE credit hours.

WAC 4-30-134 Continuing professional education (CPE)

requirements

(1) **Renewal**

(a) CPE requirements for renewal are pursuant to RCW 18.04.215(5).

(b) An individual seeking renewal shall assert in a manner acceptable to the board that they met all of the CPE requirements for renewal during their CPE reporting period ending December 31 of the year prior to their license expiration date.

(c) **CPA licensee**

(i) Completion of a minimum of one hundred twenty CPE credit hours within the three-year CPE reporting period;

(ii) Completion of a four credit hour Washington state board approved ethics course meeting the requirements of WAC 4-30-132;

(iii) Completion of a minimum of twenty CPE credit hours during each calendar year included in the three-year CPE reporting period. Restrictions on the type of CPE credit hours qualifying to meet the twenty credit hour minimum are specified in WAC 4-30-133; and

(iv) Completion of no more than sixty CPE credit hours in nontechnical subject areas as specified in WAC 4-30-132.

Exception: If the licensee qualifies for CPE reciprocity, see the CPE requirements under the provisions of WAC 4-30-134(7).

(d) **CPA-Inactive certificate holder or nonlicensee firm owner**

Completion of a four credit hour Washington state board approved ethics course meeting the requirements of WAC 4-30-132.

(2) **First renewal cycle**

(a) After license issuance:

(i) CPE credit is allowable only for those programs taken in time periods after the first CPA license is issued pursuant to the authority of the board under chapter 18.04 RCW.

(ii) Credit is not allowed for programs taken to prepare an applicant for the CPA examination or the AICPA ethics examination as a requirement for initial licensure.

(b) After conversion of a CPA-Inactive to a CPA license

(i) If your license was issued during the **first calendar year** of your CPE reporting period, you must have completed

eighty CPE credit hours which is limited to sixteen CPE credit hours in nontechnical subject areas and must include a four credit hour Washington state board approved ethics course meeting the requirements of WAC 4-30-132.

(ii) If your license was issued during the **second calendar year** of your CPE reporting period, you must have completed forty CPE credit hours which is limited to eight CPE credit hours in nontechnical subject areas and must include a four credit hour Washington state board approved ethics course meeting the requirements of WAC 4-30-132.

(iii) If your license was issued during the **third calendar year** of your CPE reporting period, you must have completed a four credit hour Washington state board approved ethics course meeting the requirements of WAC 4-30-132.

(3) Extension requests for renewal

(a) If an individual has failed to complete the required CPE as defined in WAC 4-30-134 by December 31 of the last year of their three-year CPE reporting period, the individual must notify the board prior to their expiration date to request an

extension of time to complete their CPE requirement by their expiration date.

(b) Credits earned during the interim period between January 1 and June 30 of the individual's renewal year that are used to meet the prior reporting period's CPE requirement will be carried back to the CPE reporting period ended December 31. These credits cannot be counted towards the requirement for the individual's current CPE reporting period.

(c) An individual is allowed only one CPE extension in any two consecutive CPE reporting periods (six year period).

(4) Failure to obtain required CPE for renewal

Under the following circumstances the board will serve notice that a license, CPA-Inactive certificate, or nonlicensee firm owner registration will lapse and the individual will have an opportunity to request a brief adjudicative proceeding:

(a) An individual who applied for renewal and failed to obtain the required CPE credit hours by December 31 of the last year of their CPE reporting period and failed to request an extension by their expiration date;

(b) An individual who applied for renewal and failed to obtain the required CPE credit hours by December 31 for the second time in any two consecutive CPE reporting periods; or

(c) An individual who applied for renewal and failed to obtain the necessary CPE credit hours by June 30 of their renewal year after submitting an extension request.

(5) Applications other than renewal

(a) For the following applications, you must have completed the requirements of this section within the thirty-six month period immediately preceding the date an application is submitted to the board; however, the completion of a four credit hour Washington state board approved ethics course must be within the six-month period immediately preceding the date your application and the CPE documentation are submitted to the board:

(i) You are applying to renew a license out of retirement;

(ii) You are a CPA-Inactive certificate holder applying for a license; or

(iii) You are applying for reinstatement of a lapsed, suspended, or revoked license.

|

(b) For the following applications, you must have completed a four credit hour Washington state board approved ethics course within the six-month period immediately preceding the date your application and the CPE documentation are submitted to the board:

(i) You are applying to renew a CPA-Inactive certificate out of retirement;

(ii) You are applying to reinstate a lapsed, suspended, or revoked CPA-Inactive certificate; or

(iii) You are applying to reinstate a lapsed, suspended, or revoked registration as a resident nonlicensee firm owner.

(6) Individuals operating under mobility

Licensees from other substantially equivalent US states or jurisdictions, eligible to exercise practice privileges under RCW 18.04.195, are exempt from the CPE requirements of this section provided that they have met the CPE requirements of the state in which they are licensed.

(7) CPE Reciprocity

(a) A nonresident licensee seeking renewal of a license in this state shall be determined to have met the CPE requirements

|

of this rule by meeting the CPE requirements for renewal of a license in the state in which the licensee's principal place of business is located.

(b) Nonresident applicants for renewal shall demonstrate compliance with the CPE renewal requirements of the state in which the licensee's principal place of business is located by signing a statement on the renewal application of this state.

(c) If the state of residence has no CPE requirements for renewal, the nonresident licensee must comply with all CPE requirements for this state.

[Statutory Authority: RCW 18.04.065 and 18.04.215(5). WSR 14-04-086, § 4-30-134, filed 2/3/14, effective 3/6/14. Statutory Authority: RCW 18.04.055 (7), (14), 18.04.215(5). WSR 13-17-094, § 4-30-134, filed 8/20/13, effective 1/1/14. Statutory Authority: RCW 18.04.055(7), 18.04.215(5). WSR 11-07-070, § 4-30-134, filed 3/22/11, effective 4/22/11; WSR 10-24-009, amended and recodified as § 4-30-134, filed 11/18/10, effective 12/19/10. Statutory Authority: RCW 18.04.055(7) and 18.04.215. WSR 09-17-044, § 4-25-830, filed 8/11/09, effective 9/11/09. Statutory Authority: RCW 18.04.055(7), 18.04.215(5). WSR 08-18-016, § 4-25-830, filed 8/25/08, effective 9/25/08; WSR 05-01-137, § 4-25-830, filed 12/16/04, effective 1/31/05; WSR 02-04-

|

064, § 4-25-830, filed 1/31/02, effective 3/15/02. Statutory Authority: RCW 18.04.055(7), 18.04.104(8), 18.04.215(4). WSR 00-11-077, § 4-25-830, filed 5/15/00, effective 6/30/00. Statutory Authority: RCW 18.04.055(7), 18.04.215(4) and 18.04.105(8). WSR 99-23-045, § 4-25-830, filed 11/15/99, effective 1/1/00.]

DRAFT

WAC 4-30-134 What are the continuing professional education (CPE) requirements for individuals? (1) Qualifying continuing professional education (CPE) must:

(a) Contribute to the professional competency in the individual's area(s) of professional practice or relative to the individual's current work place job functions;

(b) Maintain knowledge of current ethical and other regulatory requirements; and

(c) Be completed by individuals during any board specified CPE reporting period. A CPE reporting period is a calendar year time period beginning in the calendar year a credential is first issued by this board and ending on December 31st of the subsequent third calendar year; for example, if your license was issued any time during calendar year one (2013), the CPE reporting period ends on December 31st of calendar year three (2015).

(2) General CPE requirements for renewal of valid credentials:

(a) A licensee must complete a total of 120 CPE hours, including four CPE credit hours in ethics meeting the

requirements of subsection (6) of this section. The total 120 CPE hour requirement is limited to no more than 24 CPE credit hours in nontechnical subject areas.

(b) A CPA-Inactive certificate holder or a resident nonlicensee firm owner must complete four CPE credit hours in ethics meeting the requirements of subsection (6) of this section.

(c) Individuals eligible to exercise practice privileges are exempt from the CPE requirements of this section.

(3) **Exceptions to the general CPE requirements:** CPE requirements for the initial CPE renewal period **after conversion of a CPA-Inactive certificate to a Washington state license:**

(a) If your license was issued during the first calendar year of your CPE reporting period, you must have completed 80 CPE credit hours which is limited to 16 CPE credit hours in nontechnical subject areas and must include four CPE credit hours in ethics meeting the requirements of subsection (6) of this section prior to December 31st of the calendar year following the calendar year in which your license was initially issued.

(b) If your license was issued during the second calendar year of your CPE reporting period, you must have completed 40 CPE credit hours which is limited to 8 CPE credit hours in nontechnical subject areas and must include four CPE credit hours in ethics meeting the requirements of subsection (6) of this section.

(c) If your license was issued during the third calendar year of your CPE reporting period, you must have completed four CPE credit hours in ethics meeting the requirements of subsection (6) of this section.

(4) For the following circumstances, you must have completed the requirements of subsection (2)(a) of this section within the thirty-six-month period immediately preceding the date an application is submitted to the board; however, the four CPE hours in ethics meeting the requirements of subsection (6) of this section must be completed within the six-month period immediately preceding the date your application and the CPE documentation is submitted to the board:

(a) You are applying to reactivate a license out of retirement; or

(b) You are a CPA-Inactive certificate holder applying for a license; or

(c) You want to return to your previously held status as a licensee; or

(d) You are applying for reinstatement of a lapsed, suspended, or revoked license.

(5) For the following circumstances, you must have completed the four CPE hours in ethics meeting the requirements of subsection (6) of this section within the six-month period immediately preceding the date your application and the CPE documentation is submitted to the board:

(a) You are applying to reactivate a CPA-Inactive certificate out of retirement; or

(b) You are applying to reinstate a lapsed, suspended, or revoked CPA-Inactive certificate, or registration as a resident nonlicensee firm owner.

(6) CPE in ethics and regulation:

(a) During each CPE reporting period **after initial licensing** all individuals licensed in this state, including nonresident and individuals from foreign countries who received initial

Washington state licenses by reciprocity, CPA-Inactive certificate holders, and individuals initially recognized as resident nonlicensee firm owners are required to complete four qualifying CPE credit hours in approved ethics and regulations in Washington state.

(b) The content of the course must be specific to the laws and rules applicable to the regulatory framework in Washington state including the administrative requirements for an individual's initial and continued use of restricted titles in this state.

(c) All CPE authors must submit course materials for this course to the executive director of the board for approval prior to delivery of the content for credit.

(d) The ethics and regulations course materials must cover all of the following topics, and instructors of approved courses must substantially address these topics in their presentations:

(i) General level information on the AICPA Code of Conduct.

(ii) General level information on the Public Accountancy Act, the board's rules, policies, including recent or pending changes therein, and the rule-making process.

(iii) Emphasis must be placed on key differences between Washington state law (chapter 18.04 RCW), this board's rules (Title 4 WAC), and the AICPA Code of Conduct.

(iv) Detailed information on the following:

(A) WAC 4-30-026 How can I contact the board?

(B) WAC 4-30-032 Do I need to notify the board if I change my address?

(C) WAC 4-30-034 Must I respond to inquiries from the board?

(D) WAC 4-30-040 through 4-30-058 Ethics and prohibited practices, including related board policies, if any.

(E) WAC 4-30-130 Series—Continuing competency, including related board policies, if any.

(F) WAC 4-30-142 What are the bases for the board to impose discipline?

(G) Other topics or information as defined by board policy.

(e) The course must also include case study scenarios demonstrating how to comply with the relevant provisions of the AICPA Code of Conduct and the board's statutory or regulatory framework when faced with ethical situations that might occur when offering or performing a specific type of professional

service in the practice of public accounting or as a professionally regulated person not in the practice of public accounting.

(f) At least sixty percent of the course material content, presentation time, and commentary must include general level information on the Public Accountancy Act, the board's rules and policies, including recent or pending changes thereto, variances of key differences between Washington state law (chapter 18.04 RCW), the board's rules (Title 4 WAC), and the AICPA Code of Conduct, and scenarios demonstrating the different compliance outcomes that might result because the board's rules prevail when the board's rules vary from the AICPA Code of Professional Conduct and/or related official AICPA interpretations.

(7) CPE extension requests:

(a) In order to renew your license, CPA-Inactive certificate, or registration as a resident nonlicensee firm owner, you must complete the required CPE by December 31st of the calendar year preceding the calendar year of your renewal unless you can demonstrate your failure to meet the CPE requirements was due to reasonable cause.

(b) The board may provide limited extensions to the CPE requirements for reasons of individual hardship including, but not limited to, financial hardship, critical illness, or active military deployment. You must request such an extension in writing by December 31st of the calendar year preceding the calendar year of your renewal. The request must include justification for the request and identify the specific CPE you plan to obtain to correct your CPE deficiency.

(c) A form useful for this purpose is available from the board's web site or will be provided to you upon request.

(8) Self-reported deficiencies:

(a) If you fail to file a timely request for extension but you self-report a CPE deficiency to the board during the renewal period January 1st through June 30th of the renewal year, you will be permitted to continue to use the restricted title during the renewal period provided you:

(i) Submit to the board, in writing, the specific CPE plan to obtain to correct the CPE deficiency on or before June 30th of the renewal year;

(ii) Timely complete the CPE sufficient to correct the deficiency;

(iii) Timely submit certificates of completion for the subject CPE taken to the board; and

(iv) Pay the fee for reinstatement of a lapsed credential on or before June 30th of the renewal year.

(b) CPE deficiencies taken by June 30th of the renewal year under this subsection will be carried back to the reporting period ending on December 31st of the preceding calendar year and be subject to CPE audit in the next renewal period to ensure that inadvertent double counting does not occur.

[Statutory Authority: RCW 18.04.065 and 18.04.215(5). WSR 14-04-086, § 4-30-134, filed 2/3/14, effective 3/6/14. Statutory Authority: RCW 18.04.055 (7), (14), 18.04.215(5). WSR 13-17-094, § 4-30-134, filed 8/20/13, effective 1/1/14. Statutory Authority: RCW 18.04.055(7), 18.04.215(5). WSR 11-07-070, § 4-30-134, filed 3/22/11, effective 4/22/11; WSR 10-24-009, amended and recodified as § 4-30-134, filed 11/18/10, effective 12/19/10. Statutory Authority: RCW 18.04.055(7) and 18.04.215. WSR 09-17-044, § 4-25-830, filed 8/11/09, effective 9/11/09. Statutory Authority: RCW 18.04.055(7), 18.04.215(5). WSR 08-18-016, § 4-25-830, filed 8/25/08, effective 9/25/08; WSR 05-01-137, § 4-25-830, filed 12/16/04, effective 1/31/05; WSR 02-04-

064, § 4-25-830, filed 1/31/02, effective 3/15/02. Statutory Authority: RCW 18.04.055(7), 18.04.104(8), 18.04.215(4). WSR 00-11-077, § 4-25-830, filed 5/15/00, effective 6/30/00. Statutory Authority: RCW 18.04.055(7), 18.04.215(4) and 18.04.105(8). WSR 99-23-045, § 4-25-830, filed 11/15/99, effective 1/1/00.]

WAC 4-30-134 ~~What are the e~~Continuing professional

education (CPE) requirements ~~for individuals?~~ (1) ~~Qualifying~~

Commented [DK(1)]: Moved to WAC 4-30-132

~~continuing professional education (CPE) must:~~

~~(a) Contribute to the professional competency in the individual's area(s) of professional practice or relative to the individual's current work place job functions;~~

~~(b) Maintain knowledge of current ethical and other regulatory requirements; and~~

~~(c) Be completed by individuals during any board specified CPE reporting period. A CPE reporting period is a calendar year time period beginning in the calendar year a credential is first issued by this board and ending on December 31st of the subsequent third calendar year; for example, if your license was issued any time during calendar year one (2013), the CPE reporting period ends on December 31st of calendar year three (2015).~~

Commented [DK(2)]: Moved to new WAC 4-30-133

(2) ~~General CPE requirements for r~~Renewal of valid credentials:

(a) CPE requirements for renewal are pursuant to RCW

18.04.215(5).

(b) An individual seeking renewal shall assert in a manner

acceptable to the board that they met all of the CPE requirements for renewal during their CPE reporting period ending December 31 of the year prior to their license expiration date.

(c) CPA licensee

(i) ~~must complete~~ Completion of a minimum~~a total~~ of ~~120~~one hundred twenty CPE ~~hours~~credit hours within the three-year CPE reporting period~~;~~~~including~~

(ii) Completion of a four credit hour Washington state board approved ethics course meeting the requirements of WAC 4-30-132~~;CPE credit hours in ethics meeting the requirements of subsection (6) of this section. The total 120 CPE hour requirement is limited to~~

(iii) Completion of a minimum of twenty CPE credit hours during each calendar year included in the three-year CPE reporting period. Restrictions on the type of CPE credit hours

Commented [DK(3)]: New

Commented [DK(4)]: New

Formatted: Font: Bold

Formatted: Indent: First line: 0.44"

Commented [DK(5)]: New

Formatted: List Paragraph, Indent: Left: 0", First line: 0.44", Numbered + Level: 1 + Numbering Style: i, ii, iii, ... + Start at: 3 + Alignment: Left + Aligned at: 0.4" + Indent at: 1.15"

qualifying to meet the twenty credit hour minimum are specified in WAC 4-30-133; and

(iv) Completion of no more than ~~24~~sixty CPE credit hours in nontechnical subject areas as specified in WAC 4-30-132.

Exception: If the licensee qualifies for CPE reciprocity, see the CPE requirements under the provisions of WAC 4-30-134(7).

~~(d)~~ **A CPA-Inactive certificate holder or a resident nonlicensee firm owner** ~~must complete~~ Completion of a ~~four CPE~~ credit hours Washington state board approved ethics course meeting the requirements of WAC 4-30-132. in ethics meeting the requirements of subsection (6) of this section.

~~(e)~~ Individuals ~~eligible to exercise practice privileges are exempt from the CPE requirements of this section.~~

~~(3)~~ **First renewal cycle** ~~Exceptions to the general CPE requirements:~~

(a) After license issuance:

Commented [DK(6)]: New

Formatted: Font: Bold

Formatted: Indent: First line: 0"

Commented [DK(7)]: Moved within section to subsection (5)

Formatted: Font: Bold

Formatted: Font: Not Bold

(i) CPE credit is allowable only for those programs taken in time periods after the first CPA license is issued pursuant to the authority of the board under chapter 18.04 RCW.

Formatted: Indent: First line: 0.5"

(ii) Credit is not allowed for programs taken to prepare an applicant for the CPA examination or the AICPA ethics examination as a requirement for initial licensure.

Formatted: Font: Not Bold

~~(b) CPE requirements for the initial CPE renewal period~~
~~After conversion of a CPA-Inactive certificate to a Washington state CPA license.~~

Formatted: Font: Not Bold

(ia) If your license was issued during the **first calendar year** of your CPE reporting period, you must have completed ~~80~~ **eighty** CPE credit hours which is limited to ~~16~~ **sixteen** CPE credit hours in nontechnical subject areas and must include a ~~four CPE credit hours~~ Washington state board approved ethics course in ethics meeting the requirements of WAC 4-30-132. ~~subsection (6) of this section prior to December 31st of the calendar year following the calendar year in which your license was initially issued.~~

Formatted: Font: Bold

(iib) If your license was issued during the **second calendar year** of your CPE reporting period, you must have completed ~~40~~

Formatted: Font: Bold

forty CPE credit hours which is limited to ~~8~~ eight CPE credit hours in nontechnical subject areas and must include a ~~four~~ CPE credit hours ~~Washington state board approved~~ in ethics course meeting the requirements of ~~subsection (6) of this section~~ WAC 4-30-132.

(iiie) If your license was issued during the third calendar year of your CPE reporting period, you must have completed a four ~~CPE~~ credit hours ~~Washington state board approved~~ in ethics course meeting the requirements of WAC 4-30-132. ~~subsection (6) of this section.~~

Formatted: Font: Bold

(3) Extension requests for renewal

Commented [DK(8): Incorporates both self-reported deficiencies and extension requests

(a) If an individual has failed to complete the required CPE as defined in WAC 4-30-134 by December 31 of the last year of their three-year CPE reporting period, the individual must notify the board prior to their expiration date to request an extension of time to complete their CPE requirement by their expiration date.

Formatted: Font: Bold

(b) Credits earned during the interim period between January 1 and June 30 of the individual's renewal year that are used to meet the prior reporting period's CPE requirement will be

carried back to the CPE reporting period ended December 31.

These credits cannot be counted towards the requirement for the individual's current CPE reporting period.

(c) An individual is allowed only one CPE extension in any two consecutive CPE reporting periods (six year period).

(4) Failure to obtain required CPE for renewal

Under the following circumstances the board will serve notice that a license, CPA-Inactive certificate, or nonlicensee firm owner registration will lapse and the individual will have an opportunity to request a brief adjudicative proceeding:

(a) An individual who applied for renewal and failed to obtain the required CPE credit hours by December 31 of the last year of their CPE reporting period and failed to request an extension by their expiration date;

(b) An individual who applied for renewal and failed to obtain the required CPE credit hours by December 31 for the second time in any two consecutive CPE reporting periods; or

(c) An individual who applied for renewal and failed to obtain the necessary CPE credit hours by June 30 of their renewal year after submitting an extension request.

Formatted: Font: Bold

Formatted: Font: Bold

(5) Applications other than renewal

(a) For the following ~~applicationseircumstances~~, you must have completed the requirements of ~~subsection (2)(a) of this section~~ within the thirty-six-month period immediately preceding the date an application is submitted to the board; however, the completion of a four creditCPE hours Washington state board approved in ethics course meeting the requirements of subsection (6) of this section must be ~~completed~~ within the six-month period immediately preceding the date your application and the CPE documentation ~~isare~~ submitted to the board:

(~~ai~~) You are applying to ~~reactivate~~ renew a license out of retirement; ~~or~~

(~~bii~~) You are a CPA-Inactive certificate holder applying for a license; or

~~(c) You want to return to your previously held status as a licensee; or~~

(~~aiii~~) You are applying for reinstatement of a lapsed, suspended, or revoked license.

(~~5b~~) For the following ~~circumstances~~ applications, you must have completed ~~the a four CPE credit hours Washington state~~

Formatted: Font: Bold

Formatted: Font: Bold

Formatted: Font: Bold

Formatted: Indent: First line: 0.5"

~~board approved in ethics course meeting the requirements of subsection (6) of this section~~ within the six-month period immediately preceding the date your application and the CPE documentation ~~is~~ are submitted to the board:

(~~a~~i) You are applying to ~~reactivate~~ renew a CPA-Inactive certificate out of retirement; ~~or~~

(~~b~~ii) You are applying to reinstate a lapsed, suspended, or revoked CPA-Inactive certificate; ~~or~~

~~(iii) You are applying to reinstate a lapsed, suspended, or revoked~~ registration as a resident nonlicensee firm owner.

(6) Individuals operating under mobility

Licensees from other substantially equivalent US states or jurisdictions, eligible to exercise practice privileges under RCW 18.04.195, are exempt from the CPE requirements of this section provided that they have met the CPE requirements of the state in which they are licensed.

(7) CPE Reciprocity

(a) A nonresident licensee seeking renewal of a license in this state shall be determined to have met the CPE requirements of this rule by meeting the CPE requirements for renewal of a

Formatted: Font: Bold

Commented [DK(9)]: New

Formatted: Font: Bold

license in the state in which the licensee's principal place of business is located.

(b) Nonresident applicants for renewal shall demonstrate compliance with the CPE renewal requirements of the state in which the licensee's principal place of business is located by signing a statement on the renewal application of this state.

(c) If the state of residence has no CPE requirements for renewal, the nonresident licensee must comply with all CPE requirements for this state.

~~(6) CPE in ethics and regulation.~~

Commented [DK(10): Moved to WAC 4-30-132

~~(a) During each CPE reporting period after initial licensing all individuals licensed in this state, including nonresident and individuals from foreign countries who received initial Washington state licenses by reciprocity, CPA Inactive certificate holders, and individuals initially recognized as resident nonlicensee firm owners are required to complete four qualifying CPE credit hours in approved ethics and regulations in Washington state.~~

~~(b) The content of the course must be specific to the laws and rules applicable to the regulatory framework in Washington~~

~~state including the administrative requirements for an individual's initial and continued use of restricted titles in this state.~~

~~(c) All CPE authors must submit course materials for this course to the executive director of the board for approval prior to delivery of the content for credit.~~

~~(d) The ethics and regulations course materials must cover all of the following topics, and instructors of approved courses must substantially address these topics in their presentations:~~

~~(i) General level information on the AICPA Code of Conduct.~~

~~(ii) General level information on the Public Accountancy Act, the board's rules, policies, including recent or pending changes therein, and the rule-making process.~~

~~(iii) Emphasis must be placed on key differences between Washington state law (chapter 18.04 RCW), this board's rules (Title 4 WAC), and the AICPA Code of Conduct.~~

~~(iv) Detailed information on the following:~~

~~(A) WAC 4-30-026 How can I contact the board?~~

~~(B) WAC 4-30-032 Do I need to notify the board if I change my address?~~

~~(C) WAC 4-30-034 Must I respond to inquiries from the board?~~

~~(D) WAC 4-30-040 through 4-30-058 Ethics and prohibited practices, including related board policies, if any.~~

~~(E) WAC 4-30-130 Series Continuing competency, including related board policies, if any.~~

~~(F) WAC 4-30-142 What are the bases for the board to impose discipline?~~

~~(G) Other topics or information as defined by board policy.~~

~~(e) The course must also include case study scenarios demonstrating how to comply with the relevant provisions of the AICPA Code of Conduct and the board's statutory or regulatory framework when faced with ethical situations that might occur when offering or performing a specific type of professional service in the practice of public accounting or as a professionally regulated person not in the practice of public accounting.~~

~~(f) At least sixty percent of the course material content, presentation time, and commentary must include general level information on the Public Accountancy Act, the board's rules and policies, including recent or pending changes thereto, variances~~

~~of key differences between Washington state law (chapter 18.04 RCW), the board's rules (Title 4 WAC), and the AICPA Code of Conduct, and scenarios demonstrating the different compliance outcomes that might result because the board's rules prevail when the board's rules vary from the AICPA Code of Professional Conduct and/or related official AICPA interpretations.~~

~~(7) **CPE extension requests:**~~

~~(a) In order to renew your license, CPA Inactive certificate, or registration as a resident nonlicensee firm owner, you must complete the required CPE by December 31st of the calendar year preceding the calendar year of your renewal unless you can demonstrate your failure to meet the CPE requirements was due to reasonable cause.~~

~~(b) The board may provide limited extensions to the CPE requirements for reasons of individual hardship including, but not limited to, financial hardship, critical illness, or active military deployment. You must request such an extension in writing by December 31st of the calendar year preceding the calendar year of your renewal. The request must include~~

Commented [DK(11): Moved to subsection (3)]

~~justification for the request and identify the specific CPE you plan to obtain to correct your CPE deficiency.~~

~~(c) A form useful for this purpose is available from the board's web site or will be provided to you upon request.~~

~~(8) **Self-reported deficiencies:**~~

~~(a) If you fail to file a timely request for extension but you self-report a CPE deficiency to the board during the renewal period January 1st through June 30th of the renewal year, you will be permitted to continue to use the restricted title during the renewal period provided you:~~

~~(i) Submit to the board, in writing, the specific CPE plan to obtain to correct the CPE deficiency on or before June 30th of the renewal year;~~

~~(ii) Timely complete the CPE sufficient to correct the deficiency;~~

~~(iii) Timely submit certificates of completion for the subject CPE taken to the board; and~~

~~(iv) Pay the fee for reinstatement of a lapsed credential on or before June 30th of the renewal year.~~

Commented [DK(12): Moved to subsection (3)]

~~(b) CPE deficiencies taken by June 30th of the renewal year under this subsection will be carried back to the reporting period ending on December 31st of the preceding calendar year and be subject to CPE audit in the next renewal period to ensure that inadvertent double counting does not occur.~~

[Statutory Authority: RCW 18.04.065 and 18.04.215(5). WSR 14-04-086, § 4-30-134, filed 2/3/14, effective 3/6/14. Statutory Authority: RCW 18.04.055 (7), (14), 18.04.215(5). WSR 13-17-094, § 4-30-134, filed 8/20/13, effective 1/1/14. Statutory Authority: RCW 18.04.055(7), 18.04.215(5). WSR 11-07-070, § 4-30-134, filed 3/22/11, effective 4/22/11; WSR 10-24-009, amended and recodified as § 4-30-134, filed 11/18/10, effective 12/19/10. Statutory Authority: RCW 18.04.055(7) and 18.04.215. WSR 09-17-044, § 4-25-830, filed 8/11/09, effective 9/11/09. Statutory Authority: RCW 18.04.055(7), 18.04.215(5). WSR 08-18-016, § 4-25-830, filed 8/25/08, effective 9/25/08; WSR 05-01-137, § 4-25-830, filed 12/16/04, effective 1/31/05; WSR 02-04-064, § 4-25-830, filed 1/31/02, effective 3/15/02. Statutory Authority: RCW 18.04.055(7), 18.04.104(8), 18.04.215(4). WSR 00-11-077, § 4-25-830, filed 5/15/00, effective 6/30/00. Statutory Authority: RCW 18.04.055(7), 18.04.215(4) and 18.04.105(8). WSR 99-23-045, § 4-25-830, filed 11/15/99, effective 1/1/00.]

WAC 4-30-136 ~~How do I r~~Reporting my continuing professional education (CPE) to the board? In order to apply for renewal of your license, certificate, or registration as a resident non-licensee firm owner, you must satisfy the board's CPE and supporting documentation requirements.

The reporting of compliance with CPE requirements is concurrent with filing your renewal application. When you complete your application for renewal, you are required to certify that you complied with the board's CPE requirements as defined in WAC 4-30-134 and supporting documentation requirements as defined in WAC 4-30-138.

The board may verify through audits, ~~on a test basis,~~ compliance with CPE and supporting documentation requirements as certified during the renewal application process. As part of this audit the board may require additional information to demonstrate your compliance with the board's rules.

[Statutory Authority: RCW 18.04.055(7), 18.04.215(5). WSR 10-24-009, amended and recodified as § 4-30-136, filed 11/18/10, effective 12/19/10; WSR 01-22-036, § 4-25-832, filed 10/30/01, effective 12/1/01. Statutory Authority: RCW 18.04.055 and

18.04.105(8). WSR 99-23-047, § 4-25-832, filed 11/15/99,
effective 1/1/00.]

WAC 4-30-138 ~~What~~ Continuing professional education (CPE)

documentation requirements ~~must I retain to support my~~

~~eligibility for CPE credits?~~ (1) For each program for which you claim CPE credit you must retain documentation to support all of the following required information:

- (a) Program sponsor;
- (b) Title of program or description of content;
- (c) Date(s) attended;
- (d) Number of CPE credit hour(s);
- (e) Attendee name; and
- (f) Acceptable evidence of completion.

(2) Acceptable evidence supporting the requirements of subsection (1) of this section includes:

(a) For group programs, a certificate of course completion, ~~or other acceptable verification as defined by board policy~~, that is supplied by the program sponsor;

(b) For self-study programs, a certificate of course completion ~~completion~~ supplied by the program sponsor after satisfactory completion of a workbook or examination;

(c) For a university or college course taken after initial licensure, a ~~record of the grade you received~~ transcript indicating the completion of the course;

(d) For instruction credit, evidence obtained from the program sponsor of your having been the instructor or discussion leader at the program; or

(e) For published articles or books, evidence of publication.

(3) You are responsible for documenting your entitlement to the CPE credit you claim on your renewal form.

(4) You must retain the supporting documentation for CPE credit claimed for three years after the end of the CPE reporting period in which the credit was claimed.

[Statutory Authority: RCW 18.04.055(7), 18.04.215(5). WSR 10-24-009, recodified as § 4-30-138, filed 11/18/10, effective 12/19/10; WSR 01-22-036, § 4-25-833, filed 10/30/01, effective 12/1/01. Statutory Authority: RCW 18.04.055 and 18.04.105(8). WSR 99-23-048, § 4-25-833, filed 11/15/99, effective 1/1/00.]

1650 - State Board of Accountancy

Allotment Expenditure/Revenue BTD Flexible

Report Number: AEF04

Biennium: 2019

As of Fiscal Month: Mar FY2

Date Run: Mar 31, 2019 9:52AM

Account: 02J

Allotment Content: Approved & Adjusted

Estimated Revenue Content: Approved & Adjusted

Transactions Through: Mar 29, 2019 8:00PM

Revenue Content: Cash, Accr(all) (For a complete listing of all input parameter values, please see the last page of the report)

	BTB	BTB	BTB	BTB	BTB	BTB	BTB	BTB
	Allotment	Disbursement	Accrual	Encumbrance	Variance	Remaining		
By Account/Expenditure Authority								
02J - Certified Public Accountants' Acct								
030 - Salaries and Expenses	2,711,890	2,352,237.17	116.00	0.00	359,536.83	759,646.83		
Total for Agency	2,711,890	2,352,237.17	116.00	0.00	359,536.83	759,646.83		
By Account/Expenditure Authority								
By Object								
A - Salaries and Wages	1,138,562	1,134,140.51	0.00	0.00	4,421.49	175,821.49		
B - Employee Benefits	424,760	420,058.05	0.00	0.00	4,701.95	68,023.95		
C - Professional Service Contracts	8,753	66,898.97	0.00	0.00	(58,145.97)	(56,898.97)		
E - Goods and Services	1,067,184	660,221.34	116.00	0.00	406,846.66	560,618.66		
G - Travel	63,878	46,502.92	0.00	0.00	17,375.08	26,497.08		
J - Capital Outlays	8,753	24,415.38	0.00	0.00	(15,662.38)	(14,415.38)		
Total for Agency	2,711,890	2,352,237.17	116.00	0.00	359,536.83	759,646.83		

Fund

Balance As Of:	3/31/2019	Show Balances As Of:	03/31/2019
Book Balance:	4,060,456.84	<input type="button" value="Retrieve"/>	
Outstanding Warrants:	1,813.40		
Cash Balance:	4,062,270.24		

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

Fund

Balance As Of:	3/31/2019	Show Balances As Of:	03/31/2019
Book Balance:	225,000.00	<input type="button" value="Retrieve"/>	
Outstanding Warrants:	0.00		
Cash Balance:	225,000.00		

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



Board of Accountancy

Report to the Governor

2018

For the year ending December 31, 2018

Mark Hugh, CPA
Board Chair

Charles E. Satterlund, CPA
Executive Director

April 4, 2019

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

Contents

Introduction.....	2
Our Mission	2
Agency Mission Statement	2
The People we serve:	3
Board Members and Staff:	3
Board Members.....	3
Staff Members.....	4
Strategic Priorities.....	4
Use of Resources.....	5
State Board of Accountancy Agency Summary.....	5
Revenue Received.....	6
FTE’s allocated/FTEs Used	6
Washington Management Service (WMS) positions	6
Performance	7
Credentialed Population.....	7
New Licensees	7
Enforcement.....	8
The Way Forward:	8

Introduction

This report is intended to fulfill the requirement of RCW 18.04.045 and serves as the Washington State Board of Accountancy's annual report to the Governor of Washington State. In addition, this report is available to the general public upon request. Any questions regarding this report should be directed to Charles Satterlund, CPA, Executive Director at Charles.Satterlund@acb.wa.gov or (360) 586-0785

Our Mission

Agency Mission Statement

The statutory purpose of our agency is embodied in the Washington Public Accountancy Act RCW 18.04 and is further developed in rule Washington Administrative Code (WAC) 4-30.

Broadly speaking the mission of the agency is to:

1. Promote the reliability of financial and other information used by decision makers in all types of enterprises; and
2. Protect the public by ensuring that:
 - a. Only individuals initially qualified by education, examination, and experience and who possess good character are recognized for the practice of public accounting;
 - b. Only firms meeting the board's criteria for recognition are initially permitted to offer or perform professional public accounting services;
 - c. Individuals and firms recognized by the Board demonstrate continual competency, ethical behavior, and professionalism in the market place; and
 - d. Consumer alerts and public protection information is provided to the general public.

The People We Serve:

The Washington State Board of Accountancy serves all of the State's citizens in its public protection capacity. It does so by promoting the dependability of information which is used in financial transactions; and to protect the public by requiring that persons who hold themselves out as CPAs conduct themselves in a competent, ethical, and professional manner.

The Board licenses and regulates CPAs, CPA firms, Non CPA firm owners and CPA-Inactive certificate holders.

In addition, those licensed in our state are able to practice in other states through individual and firm mobility.

Approximately a fifth of our licensees obtained their license in Washington State and maintain the credential while remaining residents of other countries outside the USA. These individuals reside primarily in Pacific Rim countries. The Washington State Board of Accountancy is proud of its part in maintaining this connection to our international neighbors.

Board Members and Staff:

Board Members

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

- Mark Hugh, CPA, Board Chair
- Thomas Neill, CPA, Vice Chair
- Joel Cambern, Public Member, Secretary
- Brian Thomas, CPA, Member
- Karen Saunders, CPA, Member
- Elizabeth Masnari, CPA, Member
- Jacqueline Meucci, CPA, Member
- Rajib Doogar, Public Member
- Katherine Dixon, Public Member

Staff Members

The Board Staff are currently composed of ten employees:

- Charles Satterlund, CPA, Executive Director
- Jennifer Sciba, Deputy Director
- Lori Mickelson, Chief Administrative Officer
- Michelle Tuscher, Chief Information Officer
- Tia Landry, Data and Systems Administrator
- Taylor Shahon, CPA, Lead Investigator
- Kelly Wulfekuhle, Enforcement Administrator
- Kirsten Donovan, Confidential Records Manager
- Anthony Manfre, Licensing Specialist
- Caitlin Upshall, Communications Specialist

Strategic Priorities

Our agency priorities are:

- a) Provide outstanding customer service to our constituents, licensees, and applicants.
- b) Protect and maintain the security of private personal information that is in the custody of the agency.
- c) Implement the Public Accountancy Act & Board Rules in a fair and equitable manner, consistent with due process, as part of a continual effort to be a model of regulatory best practices.
- d) Maintain the frequency and geographic dispersal of Agency outreach efforts within the state.
- e) Guide the Agency in responding to the expanding international focus of Public Accountancy. Engage with other stakeholders and jurisdictions to craft a regulatory framework that is appropriate to an interconnected world economy.
- f) Ensure that the Agency is consistently striving to be an organization that focuses on the well-being and safety of the employees through training and process improvements.

Use of Resources

State Board of Accountancy Agency Summary

BITD as of December 2018 Fund O2J

Category	BI Allotment	BITD Allotment	BITD Expenditure	BITD Variance
Salaries and Wages	1,309,962	967,916	986,178	(18,262)
Employee Benefits	488,082	361,592	361,453	139
Goods and Other Services	1,220,956	913,428	533,780	379,658
Contracts	10,000	7,502	19,483	(11,981)
Travel	73,000	54,752	43,532	11,220
Capital Outlays	10,000	7,502	23,285	(15,783)
Sum:	3,112,000+	2,312,692	1,967,709	344,983

Revenue Received

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

During the period of fiscal years 2014 to 2018 the Board recorded the receipt of the following revenues:

BOARD OF ACCOUNTANCY REVENUE BY FISCAL YEAR							
Fund	Major Source	Source	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014
001 – General Fund	04 – State Charges & Miscellaneous Revenue	05 – Fines, Forfeits and Seizures	\$18,500	\$25,975.0	\$52,035	\$21,950	\$6,785
02J – Certified Public Accountants' Acct	02 – Licenses, Permits, and Fees	01 – Accountants	\$2,183,055	\$1,508,316	\$2,229,925	\$2,145,235	\$1,110,822

FTE's allocated/FTEs Used

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

Washington Management Service (WMS) positions - allocated versus filled

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

Performance

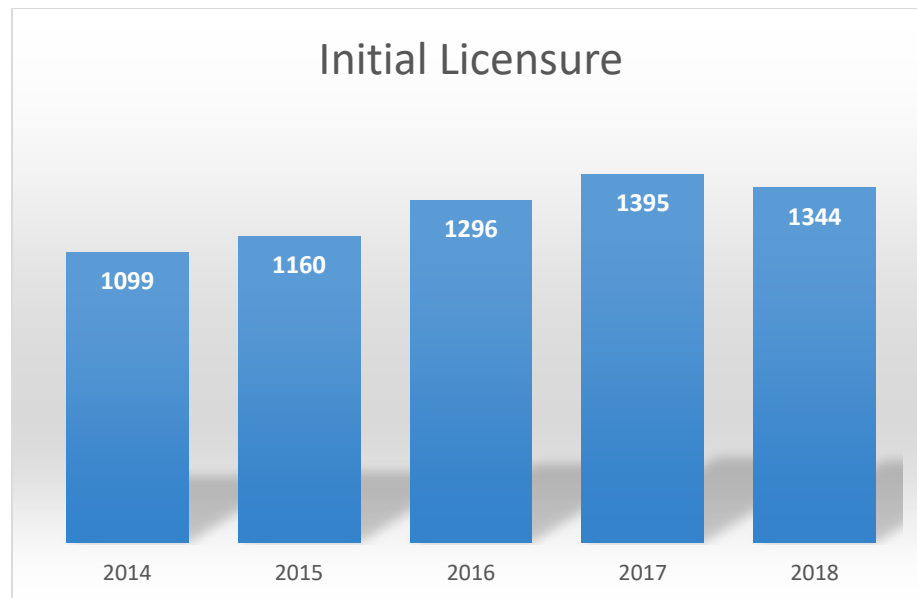
Credentialed Population

Total number of licensees CPAs, CPA-Inactive certificate holders, CPA Firms, Non CPA firm owners (NLFO) for last five calendar years:

Year	CPAs	CPA-Inactive	Firms	NLFO
2014	14,932	1,309	2,098	
2015	15,960	1,245	2,182	40
2016	16,385	1,140	2,166	52
2017	17,082	1,031	2,130	60
2018	18,140	1,020	2,158	58

New Licensees

Total number of new licensees in the past five calendar years.



Enforcement

Regarding our enforcement of the ethical and professional conduct elements of the Public Accountancy Act, we have reduced our backlog of disciplinary cases and shortened the time needed to resolve them.

Year	2018	2017	2016	2015
Cases received during year	85	69	90	128
Cases resolved during year	89	71	98	126
Average age in days, of resolved cases	45	88	26	41
Number of cases at end of year	13	17	19	27

The Way Forward:

The Washington State Board of Accountancy is continuously working to find new opportunities to improve service and maintain our public protection mission focus.

In 2018 the Agency sought funding to implement an electronics document management system and completed a decision package to update its licensing system.

Our legislative efforts:

HB 1208 was submitted to the legislature as agency request legislation, and was intended as a response to current thinking on regulatory reform. The bill would limit the need for a firm license to only those firms providing or offering to provide, attest or compilation services. If passed by the legislature, the Board will be implementing rules to clarify use of title requirements for those firms who will not require a license.

Amending our rules governing continuing professional education (CPE):

In 2018 we worked to redraft our rules governing how the Board regulates CPE requirements to more closely align them with the Uniform Accountancy Act (UAA) model rules. This effort is intended to help licensees meet the requirements of multiple jurisdictions and facilitate mobility within the industry.

Our international focus:

Washington State is the locus of international as well as national economic issues situated as it is on the Pacific Rim and bordering our neighbors in British Columbia Canada. In 2017 the legislature passed HB 2468 that provided limited practice privileges to Chartered Professional Accounting firms located in British Columbia. In 2018 we continued to engage with the Chartered Professional Accountant of British Columbia to seek reciprocity on our initiative prior to the scheduled sunset of this bill in 2022.

Our innovative use and implementation of technology:

Regarding our use of information technology, our priorities are:

- a) To ensure that our IT implementations are seen as business solutions and have executive and stakeholder support.
- b) To ensure that our systems are developed in support of the current and future business of the agency.
- c) To meet all executive orders, industry requirements, laws, policy requirements, and security standards.
- d) To leverage common use and collaboration.

We thank you for taking the time to learn more about the Washington State Board of Accountancy. If you have any questions, please do not hesitate to contact us or visit our website at: <https://acb.wa.gov/>

Board of Accountancy Washington State Enforcement Report

Quarterly Report (Jan 01, 2019 through Mar 31, 2019)			
Complaint Workload			
	Received in Previous Period	Received in Report Period	Total
Complaints Open	13	19	32
Closed with No Action	(3)	(8)	(11)
Closed with Action Taken	(5)	(3)	(8)
Complaints at End of Period	5	8	13
Details of Complaint Closures			
Closed Disposition	Administrative	Public Harm	Total
No Action Taken	3	8	11
Revocation, Suspension, Restriction	0	0	0
Fines, costs, and other sanctions	1	0	1
Remedial Resolution (Policy 2004-1)	6	1	7
Total Closed	10	9	19

Twelve-Month Lookback (Apr 01, 2018 through Mar 31, 2019)			
Complaint Workload			
	Received in Previous Period	Received in Report Period	Total
Complaints Open	20	81	101
Closed with No Action	(10)	(38)	(48)
Closed with Action Taken	(10)	(30)	(40)
Complaints at End of Period	0	13	13
Details of Complaint Closures			
Closed Disposition	Administrative	Public Harm	Total
No Action Taken	3	45	48
Revocation, Suspension, Restriction	1	5	6
Fines, costs, and other sanctions	1	9	10
Remedial Resolution (Policy 2004-1)	23	1	24
Total Closed	28	60	88