

REGULAR BOARD MEETING AGENDA

Date, Time: Friday, January 26, 2018 – Regular Board Meeting – 9:00 a.m.
Location: Green River College
 Emerald City Room
 12401 SE 320th Street
 Auburn, WA 98092
 (253) 833-9111
Notices: 9:00 a.m. Rules Hearing

Chair Introductions

PUBLIC RULE-MAKING HEARING – 9:00 a.m.

Attachments at tab:

- 1. Public Rule-Making Hearing Script A
- 2. Rules Under Consideration
 - a. Proposed Rule Making – CR-102..... B
 - b. WAC 4-30-010 Definitions C
 - c. WAC 4-30-024 What public records are available?.....D
 - d. WAC 4-30-038 Fees E
 - e. WAC 4-30-050 What are the requirements concerning records and clients confidential information?..... F
 - f. WAC 4-30-051 What are the requirements concerning client records, including response to requests by clients and former clients for records?G
 - g. WAC 4-30-140 What are the authority, structure, and processes for investigations and sanctions?.....H
- 3. Written Stakeholder Comments..... I

REGULAR MEETING AGENDA

- 1. Rules Review
 - a. Board’s deliberation on proposed rules considered at the public rule-making hearing. See listing above under Public Rule-Making Hearing – Item 2
- 2. Minutes – October 27, 2017, Annual Board Meeting.....J
- 3. Delegations of Authority – Annual Review
 - a. Charges, Subpoenas, Negotiate Settlements.....K

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: kirstend@cpaboard.wa.gov www.washingtonrelay.com)

- b. Administrative Notices of Non-Compliance/Administrative Sanctions.....L
 - c. CPE Waiver Extension Requests; Firm Names; Professional/Education Organizations Recognition Requests; Late Fee Waiver Requests; Domestic or Foreign Education Credential Evaluation Services RequestsM
 - d. Quality Assurance Review (QAR) Program Remedial Actions/Review of Publicly Available Professional Work.....N
 - e. CR-101 FilingO
4. Chair’s Report
 - a. Peer Review Discussion
 5. NASBA Update
 6. Legal Counsel’s Report
 7. Board Member Participation SummaryP
 8. Committee/Task Force Reports
 - a. Executive – Karen Saunders, CPA, Chair - *Verbal Report*
 - b. Compliance Assurance Oversight – Karen Saunders, CPA, Chair – *No Report*
 - c. Legislative Review – Favian Valencia, Chair – *No Report*
 - d. Quality Assurance – Thomas Neill, CPA, Chair –*Verbal Report*
 - e. Request Review – Elizabeth Masnari, CPA, Chair – *Verbal Report*.....Q
 - f. State Ethics Compliance – James Ladd, Ethics Advisor – *No Report*
 - g. Qualifications – Emily Rollins, CPA, Chair – *No Report*
 - h. Performance Review and Succession – Emily Rollins, CPA, Chair – *Verbal Report*
 - i. Social Media – Favian Valencia, Chair – *No Report*
 - j. WSCPA Education Fund – Elizabeth Masnari, CPA, Chair – *Verbal Report*R
 - k. CPE Task Force – Rajib Doogar, Mark Hugh, CPA, and Tom Neill, CPA – *Verbal Report*
 9. Executive Director’s Report
 - a. Budget StatusS
 - b. Governor Statement on the Marijuana IndustryT
 - c. Brief Discussion on WAC 4-30-110
 - d. Semi-annual Rule Making Agenda.....U
 - e. PCAOB and SEC Orders and How We Deal with Them
 - f. Dismissed Case Review
 - g. Other Matters as Needed
 10. Enforcement ReportV
 11. Executive and/or Closed Sessions with Legal Counsel
 12. Public Input - The public has an opportunity to address its concerns and the Board has an opportunity to ask questions of the public. Individual speakers will be provided 10 minutes each.

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**WASHINGTON STATE BOARD OF ACCOUNTANCY
RULES HEARING OUTLINE
JANUARY 26, 2018**

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, January 26, 2018. The time is _____. My name is Karen Saunders. 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 4-30-010 Definitions

WAC 4-30-024 What public records are available?

WAC 4-30-038 Fees

WAC 4-30-050 What are the requirements concerning records and clients confidential information?

WAC 4-30-051 What are the requirements concerning client records, including response to requests by clients and former clients for records?

WAC 4-30-140 What are the authority, structure, and processes for investigations and sanctions?

Karen Saunders, the Board Chair, will present a brief statement for each proposal. *Karen 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 (October 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: November 15, 2017

TIME: 10:04 AM

WSR 17-23-092

Agency: Board of Accountancy

Original Notice

Supplemental Notice to WSR _____

Continuance of WSR _____

Preproposal Statement of Inquiry was filed as WSR 17-17-014 ; 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)

Amending chapters: WAC 4-30-010 Definitions; WAC 4-30-024 What public records are available?; WAC 4-30-038 Fees; WAC 4-30-050 What are the requirements concerning records and clients confidential information?; WAC 4-30-051 What are the requirements concerning client records, including response to requests by clients and former clients for records?; WAC 4-30-140 What are the authority, structure, and processes for investigations and sanctions?

Hearing location(s):

Date: **Time:** **Location:** (be specific) **Comment:**

January 26, 2018	9:00 a.m.	Green River College Emerald City Room 12401 SE 320 th Street Auburn, WA 98092	
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Date of intended adoption: January 26, 2018 (Note: This is **NOT** the **effective** date)

Submit written comments to:

Name: Kirsten Donovan, Board Clerk
Address: P.O. Box 9131, Olympia, WA 98507
Email: kirstend@cpaboard.wa.gov
Fax: (360) 664-9190
Other:
By (date) January 24, 2018

Assistance for persons with disabilities:

Contact Kirsten Donovan
Phone: (360) 664-9191
Fax: (360) 664-9190
TTY: 711
Email: kirstend@cpaboard.wa.gov
Other:
By (date) January 24, 2018

Purpose of the proposal and its anticipated effects, including any changes in existing rules:

The board of accountancy proposes amending: WAC 4-30-010 to add a definition for authorized person to the section; WAC 4-30-024 and 4-30-038 to rename and better conform the sections to: (1) Recent changes in the law concerning public records; (2) model rules recommended by the attorney general's office (chapter 44-14 WAC); and (3) current agency practices; WAC 4-30-050 and 4-30-051 to rename and incorporate aspects of the AICPA Code of Professional Conduct into the sections; WAC 4-30-140 to rename, clarify, and simplify the section by allowing for the establishment of policies to define the responsibilities, process, and procedures for performing investigations and resolving disciplinary matters.

Reasons supporting proposal: See purposes above.

Statutory authority for adoption: RCW 18.04.055; chapter 304, Laws of 2017.

Statute being implemented: RCW 18.04.055; chapter 304, Laws of 2017.

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 Satterlund	711 Capitol Way S Suite 400 Olympia, WA 98501	(360) 586-0785
Implementation:	Board of Accountancy	711 Capitol Way S Suite 400 Olympia, WA 98501	(360) 753-2586
Enforcement:	Board of Accountancy	711 Capitol Way S Suite 400 Olympia, WA 98501	(360) 753-2586

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)(e)
(Dictated by statute)

RCW 34.05.310 (4)(c)
(Incorporation by reference)

RCW 34.05.310 (4)(f)
(Set or adjust fees)

RCW 34.05.310 (4)(d)
(Correct or clarify language)

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: November 15, 2017

Name: Charles Satterlund

Title: Executive Director

Signature:



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:

~~((1))~~ **"Act"** means the Public Accountancy Act codified as chapter 18.04 RCW.

~~((2))~~ **"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.

~~((3))~~ **"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.

~~((4))~~ **"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.

~~((5))~~ **"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.

~~((6))~~ **"Audit," "review," and "compilation"** are terms reserved for use by licensees, as defined in ~~((subsection (30) of))~~ this section.

~~((7))~~ **"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.

~~((8))~~ **"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.

((9)) **"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.

((10)) **"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.

((11)) **"Client"** means the person or entity that retains a licensee, as defined in ((subsection (30) of)) 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.

((12)) **"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 ((subsection (30) of)) 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.

((13)) **"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.

((14)) **"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.

((15)) **"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).

((16)) **"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.

((17)) **"CPE"** means continuing professional education.

((18)) **"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.

((19)) **"Firm"** means a sole proprietorship, a corporation, or a partnership. "Firm" also means a limited liability company or partner-

ship formed under chapters 25.15 and 18.100 RCW and a professional service corporation formed under chapters 23B.02 and 18.100 RCW.

((+20+)) **"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.

((+21+)) **"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.

((+22+)) **"Generally accepted auditing standards"** (GAAS) are guidelines and procedures, promulgated by the AICPA, for conducting individual audits of historical financial statements.

((+23+)) **"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.

((+24+)) **"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.

((+25+)) **"Individual"** means a living, human being.

((+26+)) **"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.

((+27+)) **"Interactive self-study program"** means a CPE program that provides feedback throughout the course.

((+28+)) **"IRS"** means Internal Revenue Service.

((+29+)) **"License"** means a license to practice public accounting issued to an individual or a firm under the act or the act of another state.

((+30+)) **"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).

((+31+)) **"Manager"** means a manager of a limited liability company licensed as a firm under the act.

((+32+)) **"NASBA"** means the National Association of State Boards of Accountancy.

((+33+)) **"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.

((+34+)) **"PCAOB"** means Public Company Accounting Oversight Board.

((35)) **"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 (~~subsection (38) of~~) this section.

((36)) **"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.

((37)) **"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.

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

((39)) **"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.

((40)) **"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.

((41)) **"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.

((42)) **"Referral fees"** see definition of "commissions and referral fees" in ((~~subsection (12) of~~)) this section.

((43)) **"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).

((44)) **"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.

((45)) **"Rules of professional conduct"** means rules adopted by the board to govern the conduct of licensees, as defined in ((~~subsection (30) of~~)) 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).

((46)) **"SEC"** means the Securities and Exchange Commission.

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

((48)) **"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).

((49)) **"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.

((50)) **"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.

((51)) **"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.

WAC 4-30-024 ((What)) Public records ((are available?)). All public records of the agency are available for public inspection and copying pursuant to these rules and applicable state law (chapter 42.56 RCW), as follows:

(1) **Hours for inspection of records.** Public records are available for inspection and copying during normal business hours of the office of the Washington State Board of Accountancy at 711 Capitol Way S., Suite 400, Olympia, Washington, Monday through Friday, 8:00 a.m. to 5:00 p.m., excluding legal holidays. Records must be inspected at the agency's office when the requestor has been notified of the availability of the requested documents and an appointment is made with the public records officer.

(2) **Records index.** An index of public records, consisting of the retention schedules applicable to those records, is available to members of the public at the agency's office.

(3) **Organization of records.** The agency maintains its records in a reasonably organized manner. The agency will take reasonable actions to protect records from damage and disorganization. A requestor shall not take original records from the agency's office. A variety of records are also available on the agency's web site at www.cpaboard.wa.gov. Requestors are encouraged to view the documents available on the web site prior to submitting a public records request.

(4) Making a request for public records.

(a) Any person wishing to inspect or obtain copies of public records should make the request in writing by letter, fax, or email addressed to the public records officer. **Written requests must include the following information:**

- Date of the request;
- Name of the requestor;
- Address of the requestor and other contact information, including telephone number and any email address;
- Clear identification of the public records requested to permit the public records officer or designee to identify and locate the records.

(b) The public records officer may also accept requests for public records by telephone or in person. If the public records officer or designee accepts an oral or telephone request, he or she will confirm receipt of the request and the details of the records requested, in writing, to the requestor.

(c) If the requests received in (a) or (b) of this subsection are not sufficiently clear to permit the public records officer to identify the specific records requested, the public records officer will request clarification from the requestor in writing.

(d) If the requestor wishes to have copies of the records made instead of simply inspecting them, he or she should make that preference clear in the request ~~((and make arrangements to make payment for the copies of the records prior to delivery or provide a deposit of the estimated copy costs provided by the agency upon request prior to the copies being made))~~. Copies will be made by the agency's public records officer or designee. ~~((Costs for copying are fifteen cents per page, except that there is no charge for the first fifty pages of records included in any request by one requestor.))~~

(e) When fulfilling public records requests the agency will perform its public records responsibilities in the most expeditious manner consistent with the agency's need to fulfill its other essential functions.

(f) By law, certain records and/or specific content of any specific record or document may not be subject to public disclosure. Accordingly, a reasonable time period may occur between the date of the request and the ability of the public records officer to identify, locate, retrieve, remove content not subject to disclosure, prepare a redaction log that includes the specific exemption, a brief explanation of how the exemption applies to the records or portion of the records being withheld, and produce the records for inspection and/or copying. The requestor will be kept informed of the expected delivery timetable.

(g) If the request includes a large number of records, the production of the records for the requestor may occur in installments. The requestor will be informed, in writing, of the agency's anticipated installment delivery timetable.

(h) In certain instances the agency may notify affected third parties to whom the record relates. This notice allows the affected third party to seek an injunction within fifteen days from the date of the written notice. The notice further provides that release of the records to the requestor will be honored unless timely injunctive relief is obtained by the affected third party on or before the end of the fifteen-day period.

(i) Requests for lists of credentialed individuals by educational organizations and professional associations:

In order to obtain a list of individuals under the provisions of RCW 42.56.070(9), educational organizations and professional associations must apply for and receive recognition by the board before requests will be honored. The requesting organization must provide sufficient information to satisfy the approving authority that the requested list of individuals is primarily for educational and professionally related uses. (~~Fees must be paid in advance before approved requests will be honored.~~)

Board forms are available on the board's web site or upon request for your use.

AMENDATORY SECTION (Amending WSR 14-04-086, filed 2/3/14, effective 3/6/14)

WAC 4-30-038 Fees. RCW 18.04.065 provides that the board shall set fees related to licensure at a level adequate to pay the costs of administering chapter 18.04 RCW. The board has established the following fee schedule:

- (1) Initial application for individual license, individual license through reciprocity, CPA firm license (sole proprietorships with no employees are exempt from the fee), or registration as a resident nonlicensee firm owner \$330
- (2) Renewal of individual license, CPA-Inactive certificate, CPA firm license (sole proprietorships with no employees are exempt from the fee), or registration as a resident nonlicensee firm owner \$230
- (3) Application for CPA-Inactive certificate holder to convert to a license \$0
- (4) Application for reinstatement of license, CPA-Inactive certificate, or registration as a resident nonlicensee owner \$480
- (5) Quality assurance review (QAR) program fee (includes monitoring reviews for up to two years)
 - Firm submits reports for review \$400
 - Firm submits a peer review report for review \$60
 - Firm is exempted from the QAR program because the firm did not issue attest reports \$0
- (6) Late fee * \$100
- (7) Amendment to firm license except for a change of firm address (there is no fee for filing a change of address) \$35
- (8) ~~((Copies of records, per page exceeding fifty pages \$0.15~~
- (9) ~~Listing of licensees, CPA-Inactive certificate holders, or registered resident nonlicensee firm owners \$75~~
- ~~(10)) Replacement CPA wall document \$50~~
- ~~((11)) Dishonored check fee (including, but not limited to, insufficient funds or closed accounts) \$35~~
- ~~((12)) CPA examination. Exam fees are comprised of section fees plus administrative fees. **The total fee is contingent upon which section(s) is/are being applied for and the number of sections being applied for at the same time.** The total fee is the section fee(s) for each section(s) applied for added to the administrative fee for the number of section(s) applied for.~~
- (10)

- (a) Section fees: Section fees for the computerized uniform CPA examination are set by third-party providers for the development and delivery of the exam. These fees are collected and retained by the third-party provider.
- (b) Administrative fees: Administrative fees for the qualification and application processes are set by a third-party provider. These fees are collected and retained by the third-party provider.

* The board may waive late filing fees for individual hardship including, but not limited to, financial hardship, critical illness, or active military deployment.

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

(2) **Sale or transfer of client records:** No statement, record, schedule, working paper, or memorandum, including electronic records, may be sold, transferred, or bequeathed without the consent of the client or ~~((his or her personal representative or assignee, to anyone other than one or more surviving partners, shareholders, or new partners or new shareholders of the licensee, partnership, limited liability company, or corporation, or any combined or merged partnership, limited liability company, or corporation, or successor in interest))~~ another authorized person.

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

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

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

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

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

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

Consents may include those requirements of Treasury Circular 230 and IRC Sec. 7216 for purposes of this rule, provided the intended re-

ipients are specifically and fully identified by full name, address, and other unique identifiers.

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

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

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

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

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

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

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

(6) This rule does not:

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

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

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

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

WAC 4-30-051 ((What are the requirements concerning)) Client records(, including response to requests by clients and former clients for records?). (1) The following terms are defined below solely for use with this section:

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

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

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

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

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

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

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

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

(d) Persons subject to this subsection developing and maintaining such records, or schedules should make a reasonable effort to provide the required information and data to the client in a format useable by the client to avoid the cost to the client of duplicate reentry of individual transaction or other information into the client's or successor custodian's recordkeeping system.

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

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

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

~~((5))~~ (6) Once the licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner and employees of such persons has complied with the requirements in subsection (2) of this section, he or she is under no ethical obligation to comply with any subsequent requests to again provide such records or copies of such records. However, if subsequent to complying with a request, a client experiences a loss of records due to a natural disaster or an act of war, the licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner should comply with an additional request to provide such records.

~~((6))~~ (7) Licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner working papers are the licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner property and need not be provided to the client under provisions of this section; however, such requirements may be imposed by state and federal statutes and regulations, and contractual agreements.

~~((7))~~ (8) In connection with any request for client-provided records, client records prepared by the licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner and employees of such persons, or supporting records, the licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner may:

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

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

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

~~((8))~~ (9) Where a licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner is required to return or provide records to the client, the licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner should comply with the client's request as soon as practicable but, absent extenuating circumstances, no later than forty-five days after the request is made. The fact that the statutes of the state in which the licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner practices grants the licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner a lien on certain records in his or her custody or control does not relieve the licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner of his or her obligation to comply with this section.

~~((9))~~ (10) A licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner is under no obligation to retain records for periods that exceed applicable professional standards, state and federal statutes and regulations, and contractual agreements relating to the service(s) performed.

~~((10))~~ (11) Audit and review record retention requirements: For a period of seven years after a licensee concludes an audit or review such persons must retain the following records and documents, including electronic records unless hard copies of such exist:

(a) Records forming the basis of the audit or review;

(b) Records documenting audit or review procedures applied;

(c) Records documenting evidence obtained including financial data, analyses, conclusions, and opinions related to the audit or review engagement; and

(d) Records documenting conclusions reached by the licensee in the audit or review engagement.

WAC 4-30-140 (~~What are the authority, structure, and processes for investigations and sanctions?~~) Disciplinary authority and process.

~~((Authority:))~~

~~(1) Investigations are responsive to formal complaints received or indications of a potential violation of the Public Accountancy Act, chapter 18.04 RCW and in all proceedings under RCW 18.04.295 or Administrative Procedure Act, chapter 34.05 RCW.~~

~~(2) The board ((chair may delegate investigative)) has delegated authority and responsibility for processing complaints, initiating and directing investigations, resolving certain cases and issuing charging documents to ((a designee including)) the executive director of the board ((+))RCW 18.04.045(7)((+)).~~

~~((Structure:))~~

~~Investigations must be directed and conducted by individuals sufficiently qualified and knowledgeable of the subject matter of an investigation.~~

~~The general responsibilities when directing an investigation are:~~

~~(1) Determine whether the complaint or other source of information is within the authority of the board;~~

~~(2) Determine the most likely sanction the board might impose if the alleged violation is proven;~~

~~(3) Determine the scope and type of evidence needed to reach a conclusion whether a violation occurred;~~

~~(4) Monitor communications to the person(s) affected by the investigative process;~~

~~(5) Monitor the progress of the evidentiary gathering process to ensure that the scope of inquiry and request for records is limited to that necessary to reach a conclusion whether the violation occurred;~~

~~(6) Upon completion of the investigation, evaluate the sufficiency of the evidence to support a conclusion as to whether a violation occurred;~~

~~(7) Develop a recommendation for dismissal or sanction for consideration by a consulting board member based upon the accumulated evidence and the board's "fair and equitable" standard for sanctioning.~~

~~Processes:~~

~~By board delegation, the executive director directs the complaint processes, investigative activities, and case resolution negotiations. The gathering of appropriate evidence should be assigned to staff or contract investigators who have no current or former close relationship to (or with) the complainant or the respondent.~~

~~Upon receiving a complaint or otherwise becoming aware of a situation or condition that might constitute a violation of the Public Accountancy Act (act) or board rules, the executive director will make a preliminary assessment.~~

~~If the executive director determines:~~

~~• The situation or condition is not within the board's authority, the executive director may dismiss the matter, but a record of the event will be documented and maintained in the board office in accord-~~

ance with the agency's approved retention schedule. A summary of dismissals will be reported regularly to the board.

- The situation or condition requires further evaluation, the executive director assigns the case to a staff or contract investigator.

Details of the additional evidence gathered and the resulting conclusion by the executive director will be documented. If the executive director determines that:

- Sufficient evidence does not exist to merit board action, the executive director may dismiss the case, but a record of the event will be documented and maintained in the board office in accordance with the agency's approved record retention schedule. A summary of dismissals will be reported regularly to the board.

- Sufficient evidence exists to merit board action and it is the first time an individual or firm is notified of a violation of the Public Accountancy Act or board rule, the executive director may impose administrative sanctions approved by the board for a first-time offense.

- Sufficient evidence exists to merit board consideration but the situation or condition, if proven, is not eligible for administrative sanctions, the executive director will discuss a resolution strategy and settlement parameters with a consulting board member. Once the executive director and consulting board member agree on those matters, the executive director and assigned staff or contract investigator will initiate a discussion for resolution with the respondent consistent with that agreed upon strategy and those settlement parameters.

The executive director may request guidance from a consulting board member and/or the assistance of the assigned prosecuting assistant attorney general at any time during the investigative and/or negotiation processes.

If the respondent is amenable to the suggested resolution and terminology of a negotiated proposal, the executive director will forward the proposal to the respondent for written acceptance. If accepted by the respondent, the proposal will be forwarded to the board for approval.

Upon receiving and considering the formal settlement proposal, the respondent may offer a counterproposal. The executive director and assigned staff or contract investigator will discuss the counterproposal with a consulting board member. The executive director and consulting board member may agree to the counterproposal, offer a counter to the counterproposal, or reject the counterproposal.

If the executive director and consulting board member reject the counterproposal or are unable to negotiate what they consider to be an acceptable alternative proposal with the respondent, the executive director will execute a statement of charges and refer the case to the assigned prosecuting assistant attorney general with the request that an administrative hearing be scheduled and the case prosecuted.

At the same time that the assigned prosecuting assistant attorney general is preparing the case for prosecution, the assigned prosecuting assistant attorney general, working with the executive director and consulting board member, will continue to seek a negotiated settlement (consent agreement) in lieu of a board hearing. If the case goes to hearing before the board, the assigned prosecuting assistant attorney general, with the concurrence of the executive director and consulting board member, will present the team's recommended sanction to the board.

Through this process, the consulting board member, the executive director and, when appropriate, the assigned prosecuting assistant at-

torney general must individually and jointly act objectively and cooperatively to:

- Draw conclusions as to the allegations based solely on the evidence;

- Develop and present to the respondent a suggested settlement proposal that they believe the board will accept because the proposal is fair and equitable and provides public protection; and

- If the case goes to a hearing before the board, recommend an appropriate sanction or sanctions to the board.

No proposed negotiated settlement is forwarded to the board unless the respondent, the executive director, consulting board member and, when appropriate, the assigned prosecuting assistant attorney general concur that the proposal is an acceptable resolution to the matter.

If the participants in the negotiation concur with the negotiated resolution and terminology of the agreement, a proposed consent agreement is to be signed by the respondent, and signed by the assigned prosecuting assistant attorney general if the settlement was negotiated by the assigned prosecuting assistant attorney general, and forwarded to the board members, along with the executive director's, consulting board member's and, when appropriate, assigned prosecuting assistant attorney general's recommendation to accept the proposal for consideration.

The board is not bound by this recommendation.

All proposed consent agreements must be approved by a majority vote of the board. Five "no" votes mean the proposed settlement has been rejected by the board. In such circumstances, the case will return to the executive director, consulting board member, and assigned prosecuting assistant attorney general who will determine whether the situation merits additional attempts to negotiate a settlement or to immediately schedule the matter for an administrative hearing before the board.

All fully executed consent agreements and board orders become effective the date the document is signed by the board's presiding officer unless otherwise specified in the fully executed consent agreement or board order.)) (3) The board has established policies and administrative rules to define the responsibilities, process, and procedures for performing the disciplinary process.

(4) The board's investigative team reviews all complaints received to determine if the allegations are within the board's authority. If the complaint is not within the board's jurisdiction, then the executive director may close the complaint without action.

(5) If an investigation produces sufficient evidence for the executive director to conclude that a respondent has violated chapter 18.04 RCW, the executive director will work with a consulting board member (CBM) to review the case and recommend a resolution strategy.

(6) If at any time, the executive director and CBM determines there is not sufficient evidence of a violation, then the executive director may close the complaint without action.

(7) In most cases, the first step in the resolution strategy is to enter into a settlement negotiation. Settlement may be reached at any time.

(8) At any time, the executive director may issue a statement of charges which begins the formal disciplinary process. The executive director may also issue a temporary cease and desist order when deemed necessary to protect public safety and welfare.

(9) The respondent has the opportunity to answer the statement of charges and request administrative review. The board may hold a formal administrative hearing, in accordance with chapter 34.05 RCW. The board may impose a final order as a result of an administrative review.

(10) Any final order issued by the board may be appealed as described in chapter 34.05 RCW.

(11) The disciplinary process shall proceed in a timely manner in keeping with the circumstances of the individual case. There is no specific or absolute timeline for the disciplinary process of a case.

(12) The board has the power and authority to recover investigative and legal costs whether through consent order or final administrative order.

From: [Satterlund, Charles \(ACB\)](#)
To: [Donovan, Kirsten \(ACB\)](#)
Subject: FW: Regarding your question concerning changes to WAC 4-30-051
Date: Wednesday, December 13, 2017 7:50:32 AM

Kirsten,

Could you please include the preceding e-mail exchange in the Board Packet for the January meeting. I would like to consider Mr. Jorgensen's comments in the rules amendments process for WAC 4-30-051.

Regards,

Charles Satterlund, CPA
Executive Director
Washington State Board of Accountancy (ACB)
(360) 586-0785

From: Bruce Jorgensen, CPA [mailto:bruce@jorgensencpa.com]
Sent: Wednesday, December 13, 2017 6:01 AM
To: Satterlund, Charles (ACB) <Charless@cpaboard.wa.gov>
Subject: Re: Regarding your question concerning changes to WAC 4-30-051

Charles,

Thank you for the timely and complete response. I understand better the motivation behind the rule, however, I do believe the rule as stated is unnecessarily ambiguous and will lead to additional confrontational discussion rather than provide clarity. I will not be able to attend the board meeting as I live and work on the other side of the state and the meeting will occur during an extremely busy time of the year for me. Nevertheless, I strongly encourage that the board consider providing clarity on this rule such that it is obvious when the obligation to meet the demands of document delivery have been met. Perhaps you could propose language similar to your explanation included here. I also believe the board should directly address the clear issue—clients don't want just the records, they want the work product of the CPA's data entry as well.

I believe the rule as written promotes the adversarial side of CPA/client relationships. If the board is the one to decide whether or not a complaint is valid and action should be taken against the CPA, then the obvious approach is to provide better guidance in the rule. Whether or not a CPA has met the obligation imposed by a rule should not be left unstated until a subsequent decision making process of the board.

Bruce

I love tax accounting so you don't have to!

Bruce Jorgensen, CPA
ILUVTAX.COM
bruce@iluvtax.com
[509-531-1800](tel:509-531-1800)

On Dec 12, 2017, at 4:52 PM, Satterlund, Charles (ACB)
<Charless@cpaboard.wa.gov> wrote:

Bruce,

Thank you for your e-mail.

Concerning your question:

Will you supply me with information about what brought about this change? Also will you provide clarification whether or not the final phrase, "...format unusable to the client" means that if a hard copy is supplied that is a substitute of an original electronic version of a client document IS USABLE, that then this prohibition does not apply? If so, who decides whether or not the hard copy or dissimilar electronic formatted document is unusable? How long does the client (or other adjudicator) have to determine that the supplied document is unusable?

These changes were intended to address a number of issues that we have experienced in complaints to our office. Client records are a common source of complaints.

While this is only one scenario, a CPA may attempt to avoid providing an electronic accounting file to a client transitioning to another CPA or bookkeeper. Often there is contention at this point in the CPA client relationship. Some CPAs believe that the accounting file is a proprietary work product and believe that providing a paper (hard) copy of a ledger, that had originally compiled using a specific accounting program, will meet their obligation under the rule. Board members have expressed disagreement with this interpretation of the Rule (WAC 4-30-051).

There are many permutations of this type of complaint.

If the Board receives a complaint on this basis or any other, staff would evaluate the evidence and perform an investigation if deemed appropriate. Ultimately, it is the Board members that decide the outcome of a disciplinary case.

The 45 day time frame in the rule applies to the responsiveness by the CPA to client requests for records. We do not specify a time frame for the client to determine whether or not a particular record is unusable. Given the above scenario, a clients who received a hard copy of an accounting file may have complained because they are then tasked with re-entering all of the information in an electronic format. These complaints have not involved a lengthy time delay from the onset of the dispute with the respondent CPA, as there is usually some urgency to the matter.

The last part of your e-mail below looks to be more of a statement than a question. You are welcome to provide public comment on the rules process at our Board meeting:

Fri, January 26, 2018, 9am – 4pm

Where

Green River College, 12401 SE 320th St, Auburn, WA 98092, USA ([map](#))

Description

Green River College
Emerald City Room
12401 SE 320th Street
Auburn, WA 98092

If you are not available to attend the Board meeting in person, your comment can be entered into the packet for the Board to consider. Let me know if your e-mail will suffice, or if you would like to provide a more formal statement. Please let me know if you have any additional questions. You are welcome to call me directly at any time at the number below. If I am not at my desk when you call, please leave a message and a good time to call.

Regards,

Charles Satterlund, CPA
Executive Director
Washington State Board of Accountancy (ACB)
(360) 586-0785

You wrote:

Kirstend,

I am in receipt of the Board's most recent newsletter in which was kindly provided a link to the proposed rules that will be discussed at the January 2018 board meeting. I am particularly interested in the background of and desired outcome of:

WAC 4-30-051, (4) wherein it is stated:

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

Will you supply me with information about what brought about this change? Also will you provide clarification whether or not the final phrase, "...format unusable to the client" means that if a hard copy is supplied that is a substitute of on an original electronic version of a client document IS USABLE, that then this prohibition does not apply? If so, who decides whether or not the hard copy or dissimilar electronic formatted document is unusable? How long does the client (or other adjudicator) have to determine that the supplied document is unusable?

Of all the changes I've read, this particular one seems both most unwieldily and onerous to successfully implement. I believe this rule, if passed as presented, will merely become yet another trap to be discovered and used by litigators and others looking to pass the burden of appropriate business behavior onto the backs of the CPA profession.

Your response is eagerly anticipated.

Warmest regards,

Bruce

I love tax accounting so you don't have to!

Bruce Jorgensen, CPA

ILUVTAX.COM

bruce@iluvtax.com

509-531-1800

WASHINGTON STATE BOARD OF ACCOUNTANCY

Unapproved Draft - Minutes of an Annual Meeting of the Board – Unapproved Draft

Time and Place of Meeting	9:02 a.m. – 12:04 p.m. Friday, October 27, 2017 University of Washington - Bothell Collaboratory in the Beardslee Building 18807 Beardslee Blvd., UWBB205 Bothell, WA 98011
Attendance	<u>Board Members</u> Thomas G. Neill, CPA, Chair, Board Member Elizabeth D. Masnari, CPA, Vice Chair, Board Member James R. Ladd, CPA, Secretary, Board Member Emily Rollins, CPA, Board Member Favian Valencia, Public Member (arrived at 9:07 a.m.) Rajib Doogar, Public Member Mark Hugh, CPA, Board Member Joel Cambern, Public Member <u>Staff and Advisors</u> Charles E. Satterlund, CPA, Executive Director Bruce L. Turcott, Assistant Attorney General, Board Advisor Jennifer Sciba, Deputy Director Taylor Shahon, Lead Investigator Kirsten Donovan, Board Clerk
Call to Order	Board Chair, Tom Neill, called the annual meeting of the Board to order at 9:02 a.m. The Board Chair excused the absence of Karen R. Saunders, CPA, Board Member.
Minutes – July 28, 2017 Regular Board Meeting	The Board approved the minutes of the July 28, 2017, regular Board meeting as presented.
Chair’s Report	<u>Election of 2018 Officers</u> – The Chair presented the following slate of officers to serve during 2018: <ul style="list-style-type: none">• Chair – Karen R. Saunders, CPA• Vice Chair – Elizabeth D. Masnari, CPA• Secretary – James R. Ladd, CPA No other nominations were made. The Board cast a unanimous vote for the slate of officers presented.

2018 Board Meeting Schedule – The Board established the following schedule for the 2018 Board meetings:

- January 26, 2018 – Green River College – Auburn
- April 20, 2018 – Everett Community College – Everett
- July 19, 2018 – Yakima Valley Community College – Yakima
- October 19, 2018 – John A. Cherberg Building – Olympia

Committee Appointments for 2018 – The Board made the following committee appointments for 2018:

- Compliance Assurance Oversight Committee
Chair:
Karen R. Saunders, CPA
Member:
Thomas G. Neill, CPA
- Legislative Review Committee
Chair:
Favian Valencia, Public Member
Member:
Mark Hugh, CPA
- Quality Assurance Committee
Chair:
Thomas G. Neill, CPA
Member:
Joel Cambern, Public Member
- Request Review Committee
Chair:
Elizabeth D. Masnari, CPA
Member:
Joel Cambern, Public Member
- State Ethics Compliance Committee
Ethics Advisor:
James R. Ladd, CPA
- Qualifications Committee:
Chair:
Emily R. Rollins, CPA
Members:
Elizabeth D. Masnari, CPA

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Rajib Doogar, Public Member

- Performance Review and Succession Committee

Chair:

Emily R. Rollins, CPA

Member:

Joel Cambern, Public Member

- Social Media Committee

Chair:

Favian Valencia, Public Member

Member:

Jennifer Sciba, Deputy Director

- WSCPA Education Fund Committee

Chair:

Elizabeth D. Masnari, CPA

Member:

Favian Valencia, Public Member

NASBA CPE Task Force Update and Nano-learning Conversation

The Board Chair reported that the task force met in September 2017 to review the comment letters they received and to redraft the model rule draft. The vote to adopt the revised model rules is taking place today.

The Board created a CPE task force with the following members:

- Rajib Doogar
- Mark Hugh
- Tom Neill

The task force will review the model rules to consider possible changes to the Board Rules. The primary areas of focus will be on the following sections of the model rules:

- Completion of a minimum of twenty (20) CPE credits during each annual period included in the CPE reporting period
- Completion of an average of two (2) ethics CPE credits for each annual period included within the CPE reporting period

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- Completion of a minimum of fifty percent (50%) of the total CPE credits required for the CPE reporting period in technical fields of study
- The sources of qualifying learning activities include but are not limited to the following:
 - Group programs
 - Self-study programs
 - Blended learning programs
 - Nano-learning programs
 - Instructor/developer of CPE programs
 - Technical reviewer of CPE programs
 - Independent study
- Participation and work on a technical committee of an international, national, or state professional association, council or member organization, or a governmental entity that supports professional services or industries that require unique and specific knowledge in technical fields of study
- The following are deemed to be qualifying CPE program sponsors provided they offer activities which comply with the Statement on Standards for CPE:
 - Persons, firms, associations, corporations, or other groups that are members of NASBA's National Registry of CPE sponsors
- Computation of CPE credits

The task force will also consider a change to the renewal cycle.

Disciplinary Actions Post SEC or PCAOB Investigations

The Board Chair led the discussion on Board disciplinary actions post SEC or PCAOB investigations. Typically the Board waits until after the investigation is complete before it takes any action. The Board Chair would like the Board Members and staff to consider the following when processing the case:

- Is taking action after the other entity has disciplined the CPA or CPA firm appropriate or is this just the “piling on” of penalties?
- Was harm done within our state?

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- Was the violation pervasive?
- Is the CPA or CPA firm participating in corrective action?

AICPA Rebranding

The Board Chair reported that the CGMA title use issue is not going to go away. We may need to look at the Board Rule regarding title for possible revision. The key is disclosure and the proximity to public accounting.

Familiarity Threat Update

The Board Chair reported on the AICPA Professional Ethics Executive Committee's (PEEC) Long Association of Senior Personnel with an Attest Client Exposure Draft. The potential for independence problems or pressure to breach the rules may exist in these situations. Many firms avoid the familiarity threat issue with partner rotation.

Rules Review

WAC 4-30-010 Definitions

The Executive Director presented the rule draft and led the discussion of the proposed revisions. The revisions add a definition for authorized person and delete the numbering of the definitions.

The Board directed staff to file the CR-102 with the Office of the Code Reviser, and schedule a public rule-hearing in conjunction with the Board's January meeting.

WAC 4-30-024 What public records are available?

The Executive Director presented the rule draft and led the discussion of the proposed revisions. The revisions eliminate the charge for copies of public records and rename the rule.

The Board directed staff to file the CR-102 with the Office of the Code Reviser, and schedule a public rule-hearing in conjunction with the Board's January meeting.

WAC 4-30-038 Fees

The Executive Director presented the rule draft and led the discussion of the proposed revisions. The revisions eliminate the charge for copies of public records.

The Board directed staff to file the CR-102 with the Office of the Code Reviser, and schedule a public rule-hearing in conjunction with the Board's January meeting.

WAC 4-30-050 What are the requirements concerning records and clients confidential information?

The Board Chair presented the rule draft and led the discussion of the proposed revisions. The revisions incorporate aspects of the AICPA Code of Professional Conduct into the rule and rename the rule.

The Board directed staff to file the CR-102 with the Office of the Code Reviser, and schedule a public rule-hearing in conjunction with the Board's January meeting.

WAC 4-30-051 What are the requirements concerning client records, including response to requests by clients and former clients for records?

The Board Chair presented the rule draft and led the discussion of the proposed revisions. The revisions incorporate aspects of the AICPA Code of Professional Conduct into the rule and rename the rule.

The Board directed staff to file the CR-102 with the Office of the Code Reviser, and schedule a public rule-hearing in conjunction with the Board's January meeting.

WAC 4-30-140 What are the authority, structure, and processes for investigations and sanctions?

The Executive Director presented the rule draft and led the discussion of the proposed revisions. The revisions

clarify the delegation of authority to the Executive Director, simplify, and rename the rule. The revisions allow for establishing policies to define the responsibilities, process, and procedures for performing investigations and resolving disciplinary matters.

The Board directed staff to file the CR-102 with the Office of the Code Reviser, and schedule a public rule-hearing in conjunction with the Board's January meeting.

Proposed New Board Policy

2017-2 Publication and Posting of Disciplinary Actions

The Executive Director presented a draft and led the discussion on the proposed new policy. The purpose of the policy is, in part, to protect the public interest by making accessible disciplinary actions taken by the Board.

The Board voted unanimously to adopt the new policy.

NASBA Update

Tom Neill reported on the following topics:

- Annual meeting in New York next week – four Board Members, the Executive Director, and the Deputy Director will attend
- Explanation of NASBA International Evaluation Services (NIES) and CPA Exam Services (CPAES) for the students attending the meeting
- Meeting scheduled with British Columbia officials concerning the cross border initiative
- Use of title question
- Board Member positions with NASBA for the upcoming year
 - Emily Rollins is on the Enforcement Committee
 - Tom Neill is on the Ethics Committee
 - Jim Ladd is the Pacific Regional Director on the Board of Directors
 - Jim Ladd is the Chair of the Bylaws Committee

Executive Director's Report

Current Budget Report and Appropriation Request for Electronic Content Management

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The Executive Director presented the Allotment Expenditure/Revenue BTD Flexible Report, the Certified Public Accountant's Account Fund Balance, and the CPA Scholarship Transfer Account Fund Balance for transactions run through September 29, 2017.

The Executive Director reported that an appropriation request has been submitted for an Electronic Content Management (ECM) system. The agency is currently waiting for the approval or denial of the request.

Updated Strategic Plan

The Executive Director presented the updated 2017-2019 Biennium Strategic Plan. He asked that Board Members contact him with any changes or questions.

Washington State Ethics & Regulations for CPA Applicants Test Revision

The Executive Director advised that he, Tom, and Mark are still working on the updates.

WAC 4-30-110 What are the allowable legal forms of organization and ownership requirements for a CPA firm?

The Executive Director reported that he has been receiving inquiries regarding trusts owning CPA firms. He believes that responsible regulators should be responsive to constituents and would like the Board Members to think about this issue for possible further discussion.

Non Appropriated Agency Status

The Executive Director reported that the agency has always been an appropriated agency and obtaining non appropriated agency status is difficult. The primary reason for wanting the status is to access the funds for expensive disciplinary matters.

Revisit of the Board's Marijuana Position Statement
from July 2014

The Executive Director presented the proposed website posting for guidance to CPAs regarding representing clients in the marijuana industry.

The Board voted unanimously to add the proposed posting as written.

Board Member Candidate Pool

The Executive Director advised that he would like to keep a pool of possible candidates for Board Member positions. He can advise these individuals to apply for these Governor appointed positions when vacancies open. He asked that the Board Members let him know of anyone who like to be added to the list.

**Virtual Office
Discussion**

The committee formed at the last Board meeting, Jim Ladd, Rajib Doogar, and Elizabeth Masnari, met by telephone with the Executive Director and Deputy Director to discuss virtual offices.

Board Rule requires that a firm located in Washington must have a licensed resident CPA managing the office. Virtual offices have addresses in the state, but do not have a physical office location.

The committee reported they felt it is not necessary for a Washington CPA firm to have a separate office from the virtual office as long as the firm has a resident CPA manager.

**Peer Review
and the Board's
Role in
Oversight**

Tom Neill and Jennifer Sciba led the discussion. Topics included:

- Peer review purpose shift – started out as corrective, but now seems to be more punitive
- Multiple Pass with Deficiency (PWD) or Fail ratings for a firm – what actions should the Board take
- Extent of the PWD or Fail cannot be determined with reports that the Board receives

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- Findings for Further Consideration and Matters for Further Consideration reports should be sent to the Board with PWD or Fail ratings – a shift in the current practice would allow the Board to look into the rating with more detail
- Possible development of a Board Policy after we receive more data

Executive Committee

Tom Neill reported that he spoke with the Vice Chair and the Secretary by phone. He has no issues to report.

Compliance Assurance Oversight Committee

Tom Neill advised that the committee had nothing to report.

Legislative Review Committee

Favian Valencia had nothing to report.

Quality Assurance Committee

Tom Neill reported on the 2017 Quality Assurance Review (QAR) results.

Request Review Committee

Elizabeth Masnari reported on the 3rd quarter 2017 approval and denials from the committee:

Firm Names: *Approved:*

- ALDARIS CPA GROUP
- OSPREY ACCOUNTING SERVICES, INC.
- KBF CPAS
- STARYKOV TAX & ACCOUNTING LLC
- NORTHWEST ACCOUNTANCY INC
- WELDON TAX ADVISORS, LLC
- WEST SOUND CPA
- CUC ACCOUNTING AND TAX LLC

Professional/Educational Organization - Recognition Requests: During the 3rd quarter 2017, the Board

received one request for recognition as an educational organization for purposes of obtaining list requests.

- WebCE (formerly APlusCPE) was approved for recognition

Domestic or Foreign Education Credential Evaluation Services – Applications: During the 3rd quarter 2017, the Board did not receive any requests for recognition of domestic or international education credential evaluation services.

State Ethics Compliance Committee

Jim Ladd reported that he reviewed the annual state ethics compliance checklists completed by Board staff. No matters were reported that require further attention or action.

Qualifications Committee

Emily Rollins reported on the following topics:

- Fraudulent education (transcripts) found during CPAES education reviews for the CPA Exam
 - Should those individuals be restricted from ever sitting for the CPA Exam?
 - Do our Board Rules allow us to restrict those individuals from taking the Exam in the future if they complete the required education?
 - How do we monitor these individuals?
 - How do we prevent them from getting licensed in another jurisdiction?
- Military Education

Performance Review and Succession Committee

Emily Rollins reported that the committee is working on revisions to the Executive Director Performance Evaluation.

Social Media Committee

Jennifer Sciba reported she will be:

- Meeting with NASBA for help with getting the Board's Facebook page up and running
- Working on our policy for citizen posts and comments
- Working on records retention requirements for the Facebook posting
- Looking at software to capture the records

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She stated that creating the Facebook page is the easy part – it's all the groundwork that needs to be done beforehand that takes time.

**WSCPA
Education Fund**

Elizabeth Masnari presented the Projected Fund Balance and Estimated Expenses for Administering Washington State Certified Public Accounting Scholarship Program – for the Year Ending September 30, 2018.

Kimberly Scott, President and CEO of the WSCPA, advised that the scholarship application deadline is February 14, 2018. They have received 60 applications at this time.

Monette Anderson, Academic Relations Coordinator of the WSCPA, provided marketing handouts for the program and advised of recruiting and workshops being held on college campuses throughout the state.

**Legal Counsel's
Report**

Bruce Turcott, the Board's legal counsel, had nothing to report.

**Enforcement
Report**

Taylor Shahon presented the Enforcement Report for July 1, 2017 through September 30, 2017.

Taylor reported that the 2017 CPE audit is underway. The current CPE audit failures are primarily due to double-counting of the Board approved Washington Ethics course for individuals who used the self-reported CPE deficiency process during their last renewal cycle.

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

No executive or closed sessions with legal counsel held.

Public Input

The Board received input from Kimberly Scott throughout the meeting.

Adjournment

The meeting adjourned at 12:04 p.m.

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Secretary

Chair

Vice-Chair

Member

Member

Member

Member

Member

Member

DELEGATION OF AUTHORITY

BY THE


WASHINGTON STATE BOARD OF ACCOUNTANCY

I, THOMAS G. NEILL, Chair of the Washington State Board of Accountancy (“Board”), acting under authorization by a vote of the Board, delegate to the Executive Director for the Board, the specific authority to:

- (a) **sign, issue, and withdraw Statements of Charges and/or Statements of Intent to Deny that seek to suspend, revoke, reprimand, refuse to issue, reinstate, or renew a certificate or license, or otherwise discipline or impose a fine upon a certified public accountant, a certificate holder, a licensee, a licensed firm, an applicant, or a nonlicensee holding an ownership interest in a licensed firm; and**
- (b) **make application to the appropriate court for an order enjoining any acts or practices which constitute, or will constitute, a violation of Chapter 18.04 RCW pursuant to RCW 18.04.360; to temporarily stay the practice rights or use of the restricted title by an order signed by the Executive Director initiating an emergency adjudicative proceeding pursuant to RCW 34.05.479 in situations requiring immediate agency action due to an immediate danger to the public health, safety, or welfare; and**
- (c) in making investigations concerning alleged violations of RCW 18.04 and in all proceedings under RCW 18.04.295, 18.04.305, or chapter 34.05 RCW, to issue subpoenas to compel the attendance of witnesses and require the production of documents, administer oaths or affirmations to witnesses appearing before the Board, take testimony, and require that documentary evidence be submitted; and
- (d) negotiate settlement proposals during investigations of alleged violations of RCW 18.04 or Board rules Title 4 WAC and in all proceedings under RCW 18.04.295, 18.04.305, or Chapter 34.05 RCW. Such proposals are subject to concurrence by a consulting Board member prior to submission to the Board for consideration.

This delegation is made pursuant to the authority of RCW 18.04.045, 18.04.295, and 18.04.305.

DATED this 27th day of January 2017.



Thomas G. Neill, CPA
Chair, Washington State Board of Accountancy

DELEGATION OF AUTHORITY BY THE WASHINGTON STATE BOARD OF ACCOUNTANCY

I, KAREN R. SAUNDERS, Chair of the State of Washington Board of Accountancy (“Board”), acting under authorization by a vote of the Board, delegate to the Executive Director the specific authority to:

Issue ~~Administrative Notices of Noncompliance~~Remedial Resolutions and execute ~~Respondent Agreements Consenting to Administrative Sanctions~~voluntary settlements including monetary ~~sanctions~~terms in accordance with the guidelines in Board Policy 2004-1.

This delegation is made pursuant to the authority of RCW 18.04.045, RCW 18.04.305, and RCW 18.04.295.

DATED this 26th day of January 2018.

Karen R. Saunders, CPA
Chair, Washington State Board of Accountancy

Effective: April 28, 2006

Revised: [Delegation Revised: January 26, 2018 by Board vote](#)

[Delegation Revised and Appendix Removed: February 12, 2016 by Board vote](#)

[Delegation and Appendix A Revised: April 23, 2013, by Board vote](#)

[Delegation and Appendix A Revised: January 26, 2012, by Board vote](#)

[Appendix A Revised: July 14, 2011, by Board vote](#)

DELEGATION OF AUTHORITY BY THE WASHINGTON STATE BOARD OF ACCOUNTANCY

I, THOMAS G. NEILL, Chair of the State of Washington Board of Accountancy (“Board”), acting under authorization by a vote of the Board, delegate the following specific authority:

1. CPE Waiver Extension Requests – To the Executive Director the specific authority to review, approve or deny Continuing Professional Education (CPE) waiver extension requests where individual hardship including, but not limited to, financial hardship, critical illness, or active military deployment, results in a CPE deficiency of not more than 16 CPE credit hours pursuant to applicable section(s) of Title 4 WAC.
2. Request Review Committee - To the Executive Director with concurrence of one member of the Request Review Committee, the specific authority to review and approve or deny:
 - a) **Continuing Professional Education (CPE) Waiver Extension Requests** where individual hardship including, but not limited to, financial hardship, critical illness, or active military deployment, results in a licensee CPE deficiency of more than 16 CPE credit hours pursuant to applicable section(s) of Title 4 WAC.
 - b) **Firm Names** that do not comply with the requirements of RCW 18.04.345 and applicable section(s) of Title 4 WAC to ensure the Board that the firm name is not deceptive or misleading.
 - c) **Professional/Education Organizations Recognition Requests** for purposes of obtaining lists of individual applicants for a license of “Certified Public Accountant” (CPA), individual CPA licensees, individual CPA-Inactive certificateholders, or CPA firms pursuant to RCW 42.56.070(9) and applicable section(s) of Title 4 WAC.
 - d) **Late Fee Waiver Requests** where individual hardship including, but not limited to, financial hardship, critical illness, or active military deployment is a factor pursuant to applicable section(s) of Title 4 WAC.
 - e) **Domestic or foreign education credential evaluation services** applications for approval pursuant to applicable section(s) of Title 4 WAC.
3. Appeal of Denials of Requests for Lists of Individuals – To one member of the Request Review Committee not involved in the review of the original request under delegation 2(c) of this delegation, the specific authority to review and uphold or overturn denials of requests for list of individuals pursuant to RCW 42.56.520. This Request Review Committee member shall complete the review by the end of the second business day following the denial. The Committee member’s decision is the final action the Board will take on the matter for purposes of judicial review.

This delegation shall remain in effect until rescinded or modified by a majority vote of the Washington State Board of Accountancy.

The Executive Director will report all actions taken pursuant to this delegation of authority at each regular quarterly Board meeting to assist the Board in evaluating whether this delegation should be rescinded or modified.

This delegation is made pursuant to the authority of RCW 18.04.045 and 42.56.070(9).

DATED this 27th day of January 2017.



Thomas G. Neill, CPA
Chair, Washington State Board of Accountancy

DELEGATION OF AUTHORITY BY THE WASHINGTON STATE BOARD OF ACCOUNTANCY

I, THOMAS G. NEILL, Chair of the State of Washington Board of Accountancy (“Board”), acting under authorization by a vote of the Board, delegate the following specific authority:

1. **Quality Assurance Oversight** - To the Executive Director, with concurrence of one member of the Board’s Quality Assurance Committee, the specific authority to take those actions deemed appropriate pursuant to the applicable section(s) of Title 4 WAC for any CPA firm:
 - That has unresolved matters relating to the peer review process or that has not complied with, or acted in disregard of the peer review requirements; and
 - When issues with a peer review may warrant further action.

To implement this delegation, the Executive Director may execute Respondent Agreements including one or any combination of the actions deemed appropriate after concurrence of the member of the Board’s Quality Assurance Committee. These actions may include requiring the firm/practitioner to:

- Develop and implement quality control procedures to provide reasonable assurance that similar occurrences will not occur in the future;
- Engage a Board-approved licensee to conduct a Board-prescribed on-site field review of the firm’s work product and practices to provide a more in-depth review of the practitioner’s work, previously taken continuing professional education, library and other practice support tools, knowledge, abilities, and system of quality control;
- Submit all or specified categories of its compilation, audit, review, or other attest working papers and reports to a preapproved independent practitioner review prior to issuance; and/or
- Obtain continuing education courses in specific areas.

Uncooperative CPA firms or CPA firms requiring more than one oversight will be subject to investigation and appropriate Board action.

This delegation does not include matters that require Board action such as acceptance of voluntary practice restriction.


2. **Review of Publicly Available Professional Work** – To the Executive Director the specific authority to review publicly available professional work of licensees pursuant to RCW 18.04.045(8) and the applicable section of Title 4 WAC.

This delegation shall remain in effect until rescinded or modified by a majority vote of the Washington State Board of Accountancy.

The Executive Director will report all actions taken pursuant to this delegation of authority at each regular quarterly Board meeting to assist the Board in evaluating whether this delegation should be rescinded or modified.

This delegation is made pursuant to the authority of RCW 18.04.045.

DATED this 27th day of January 2017.


Thomas G. Neill, CPA
Chair, Washington State Board of Accountancy

**DELEGATION OF AUTHORITY
BY THE
WASHINGTON STATE BOARD OF ACCOUNTANCY**

I, THOMAS G. NEILL, Chair of the State of Washington Board of Accountancy (“Board”), acting under authorization by a vote of the Board, delegate to the Executive Director the specific authority to:

File CR-101s with the Office of the Code Reviser to begin the rule-making process for revisions of current rules and proposed new rules.

This delegation is made pursuant to the authority of RCW 18.04.045 and RCW 18.04.055.

DATED this 28th day of July 2017.



Thomas G. Neill, CPA
Chair, Washington State Board of Accountancy

Effective: July 28, 2017

Washington State Board of Accountancy
Board Member Participation Summary
2017

Board Member: _____

Number of Board meetings attended: _____

Number of consent agreements voted on: _____

Board Committees on which served:

Outreach activities for the year:

NASBA participation:

Other Board related activities:

Request Review Committee Report January 2018

Elizabeth Masnari, CPA, Chair

During the fourth quarter 2017, the Executive Director and a Consulting Board Member from the Request Review Committee took the following action:

Firm Names: *Approved:*

**SKY VALLEY BUSINESS SOLUTIONS, INC
C.O.R.E. SERVICES, LLC
FULL POINT DESIGNED SERVICES, LLC
KIRK ACCOUNTING SOLUTIONS, PS
VMC ACCOUNTING & TAX SERVICES, LLC
AMC ACCOUNTING SERVICES, LLC
BHLF LLP
THE HALL OF TAX
RUSHALL, REITAL & RANDALL ACCOUNTANCY CORPORATION
L. C. MILLER CPA, PS
VICKERMAN CPA GROUP
GREEN NOOK TAX & ACCOUNTING
SOUTH SOUND CPA, PLLC
EFG CPAS PLLC
DAVE BANERJEE CPA, AN ACCOUNTANCY CORPORATION
MT VIEW CPAS PS**

Professional/Educational Organization – Recognition Requests – During the fourth quarter 2017, the Board did not receive any requests for recognition of an educational organization for purposes of obtaining list requests.

Domestic or International Education Credential Evaluation Services – Applications – During the fourth quarter 2017, 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 11/01/2017 and 12/31/2017.

A total of 48 requests were received:

- 4 requests for hours 16 or under:
 - 3 approved
 - 1 denied
- 44 requests for hours 17 or over:
 - 30 approved
 - 12 denied
 - 2 withdrawn

Donovan, Kirsten (ACB)

From: Masnari, Elizabeth D <Elizabeth.Masnari@providence.org>
Sent: Thursday, January 04, 2018 12:00 PM
To: Donovan, Kirsten (ACB)
Subject: FW: Scholarship Program
Attachments: 2017 WBOA Disbursements and Receipts.pdf

Hi Kirsten, please include the attached information in the packet. Can you also print out the email below and include? I think the board members will find this information interesting as well. Thanks, Elizabeth

From: Kimberly Scott [mailto:kscott@wscpa.org]
Sent: Wednesday, January 03, 2018 1:24 PM
To: 'Satterlund, Charles (ACB)' <Charless@cpaboard.wa.gov>; Masnari, Elizabeth D <Elizabeth.Masnari@providence.org>
Cc: 'Sciba, Jennifer (ACB)' <JenniferS@cpaboard.wa.gov>
Subject: Scholarship Program

Charles and Elizabeth,

Happy New Year! Attached is the year-end report for the WBOA Scholarship program. As it did last year, the first page reflects the overall fund. The second page is an itemized list of scholarship recipients, the amount of the scholarship and their school.

Our Manager of Student Relations provided some statistics from our winners over the last 2 years that you may find interesting.

- Twenty-two of the 46 winners* from 2016-2017 retained their student membership status with the WSCPA (one year of membership was provided free with award). Continued membership status indicates that the student is still pursuing the designation, and allows the WSCPA and WA CPA Foundation to keep updated contact information with the student.
- The WA CPA Foundation noted that six scholarship recipients from 2017 are second time awardees from 2016-2017 program year. Students must re-apply each year.
- We also know that nine of the 2016-2017 awardees are working in public accounting currently, as per their membership record.
- One of the student members has upgraded his student status to Student- Exam Passer (self-identified). Looking forward to seeing our first scholarship winner receive their Washington CPA license.

The WSCPA's ability to track conversion of applicants is limited due to factors that include:

- Non-renewal of membership
- Last name changes
- Out-of-State relocation
- Unable to verify if a student is an exam-passer due to change in ability to receive information

*These represent all the WA CPA Foundation Scholars, including 2 endowments, 8 firm/name scholarships, 1 WA CPA Foundation, and 35 SBOA awards.

Please let me know if you would like any other information.

Thank you,

Kimberly Scott, CAE | President & CEO

Washington Society of CPAs

425.586.1108 | kscott@wscpa.org

www.wscpa.org



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Accounting of Receipts and Disbursements
Washington State Certified Public Accounting Scholarship Program
For the Program Year Ending September 30, 2017

January 1, 2017

Beginning Fund Balance \$ 2,978,697

Receipts

Additional Funds from the State Board of Accountancy \$ -

Dividend and Interest Income \$ 41,230

Unrealized Gains \$ 237,872

Total Receipts \$ 279,102

Disbursements

WBOA Certified Public Accounting Scholarships
(45 - \$5,000 scholarships awarded) - See next page for detail \$ (225,000)

Management Fees \$ (9,210)

Total Disbursements \$ (234,210)

9/30/2017 (Program Year)

Ending Fund Balance \$ 3,023,589

WBOA Certified Public Accounting Scholarships

Scholarship Recipients	Scholarship Amount	University
ora ee (Ru)	\$ 5,000	n er t o a h ngton
roo e c nnon	\$ 5,000	n er t o a h ngton
chelle en er on	\$ 5,000	n er t o a h ngton
Rolan Dee	\$ 5,000	n er t o a h ngton
Jen er Tran	\$ 5,000	e tern a h ngton n er t
h tne o	\$ 5,000	e tern a h ngton n er t
A gal el an	\$ 5,000	eattle n er t
hel ea ren	\$ 5,000	n er t o a h ngton Taco a
chelle Rou e	\$ 5,000	on aga n er t
uen All on	\$ 5,000	on aga n er t
ha orr	\$ 5,000	eattle n er t
eng J n	\$ 5,000	eattle n er t
hut ng (hr tne) hen	\$ 5,000	eattle n er t
a en u	\$ 5,000	eattle n er t
Ah e a e a	\$ 5,000	n er t o a h ngton
Dan el er urg	\$ 5,000	n er t o a h ngton
o eph choe	\$ 5,000	n er t o a h ngton
ra hneel u ar	\$ 5,000	n er t o a h ngton
ean t atrc	\$ 5,000	n er t o a h ngton
To o a aguch	\$ 5,000	n er t o a h ngton
a htta er	\$ 5,000	n er t o a h ngton Taco a
elan eAa or (n er)	\$ 5,000	n er t o a h ngton Taco a
Thu e	\$ 5,000	n er t o a h ngton Taco a
Je ca eng	\$ 5,000	a tern a h ngton n er t
John nn	\$ 5,000	a tern a h ngton n er t
ha eRon ero	\$ 5,000	on aga n er t
l ch t	\$ 5,000	on aga n er t
Jor an err	\$ 5,000	on aga n er t
ourtne chott	\$ 5,000	on aga n er t
atthe ort er	\$ 5,000	on aga n er t
arah la e c	\$ 5,000	on aga n er t
aler e rel	\$ 5,000	on aga n er t
Jeanette l ernale (ett)	\$ 5,000	eattle ac c n er t
Anna o an	\$ 5,000	eattle n er t
arlo (organ) onte a or	\$ 5,000	eattle n er t
Ale an ra tt	\$ 5,000	n er t o a h ngton
her l ar on	\$ 5,000	n er t o a h ngton
hel arr on	\$ 5,000	n er t o a h ngton
u	\$ 5,000	n er t o a h ngton othell
r an un	\$ 5,000	a h ngton tate n er t ull an
a tl nAune	\$ 5,000	a h ngton tate n er t ull an
John olla	\$ 5,000	a h ngton tate n er t ancou er
ra enton	\$ 5,000	ht orth n er t
T erenl ha T og a ra h(T egg)	\$ 5,000	ht orth n er t
nn ha ee	\$ 5,000	n er t o a h ngton

1650 - State Board of Accountancy

Allotment Expenditure/Revenue BT/D Flexible

Report Number: AEF04
Biennium: 2019

As of Fiscal Month: Dec FY1

Date Run: Dec 31, 2017 9:52AM
Transactions Through: Dec 29, 2017 8:00PM

Account: 02J
Revenue Content: Cash, Acct(all)

Allotment Content: Approved & Adjusted
Estimated Revenue Content: Approved & Adjusted
Expenditure Content: Cash, Acct(all)

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

By Account/Expenditure Authority	Allotment	BT/D		Accrual	BT/D		Encumbrance	BT/D		Biennium Remaining
		BTD	Disbursement		BTD	Variance				
02J - Certified Public Accountants' Acct		633,116	566,670.43	2.90	0.00	0.00	66,442.67	2,208,326.67		
Total for Agency		633,116	566,670.43	2.90	0.00	0.00	66,442.67	2,208,326.67		
By Account/Expenditure Authority										
By Object										
A - Salaries and Wages		308,628	283,496.63	0.00	0.00	0.00	25,131.37	982,437.37		
B - Employee Benefits		113,878	108,323.62	0.00	0.00	0.00	5,554.38	358,344.38		
C - Professional Service Contracts		2,502	15,360.00	0.00	0.00	0.00	(12,858.00)	(5,360.00)		
E - Goods and Services		187,354	143,144.18	2.90	0.00	0.00	44,206.92	806,250.92		
G - Travel		18,252	15,569.48	0.00	0.00	0.00	2,682.52	57,430.52		
J - Capital Outlays		2,502	776.52	0.00	0.00	0.00	1,725.48	9,223.48		
Total for Agency		633,116	566,670.43	2.90	0.00	0.00	66,442.67	2,208,326.67		
By Object										

Fund

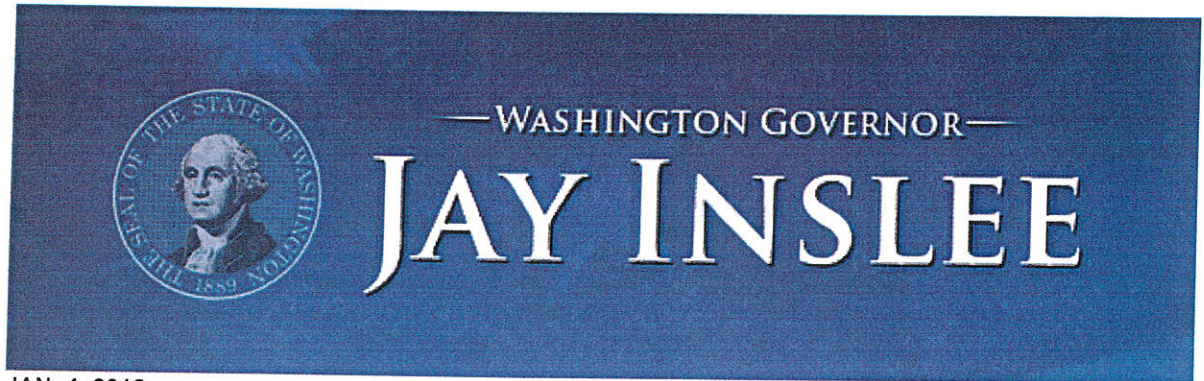
Balance As Of:	12/31/2017	Show Balances As Of:	12/31/2017
Book Balance:	2,299,854.58	<input type="button" value="Retrieve"/>	
Outstanding Warrants:	702.50		
Cash Balance:	2,300,557.08		

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:	12/31/2017	Show Balances As Of:	12/31/2017
Book Balance:	250,000.00	<input type="button" value="Retrieve"/>	
Outstanding Warrants:	0.00		
Cash Balance:	250,000.00		

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



JAN. 4, 2018

Tara Lee | tara.lee@gov.wa.gov

360.902.4136

Statement from Inslee regarding reports that USDOJ will rescind Cole Memo

Gov. Jay Inslee issued the following statement today upon news that the U.S. Department of Justice would announce its decision to rescind the Cole Memorandum that has allowed Washington and other states to implement common-sense marijuana laws:

"If news reports are accurate, today's forthcoming announcement from Attorney General Sessions is the wrong direction for our state. It is also disrespects Washington voters who have chosen a different path for our state. I am especially frustrated that this announcement comes after Sessions has refused offers from Attorney General Ferguson and myself to meet with him to discuss these policies in person, after he has disregarded the input that we and other state leaders have provided to his department.

"In Washington state we have put in place a system in place that adheres to what we pledged to the people of Washington and the federal government; it's well regulated, keeps criminal elements out, keeps pot out of the hands of kids and tracks it all carefully enough to clamp down on cross-border leakage. We are going to keep doing that and overseeing the well-regulated market that Washington voters approved.

"Make no mistake: As we have told the Department of Justice ever since I-502 was passed in 2012, we will vigorously defend our state's laws against undue federal infringement."

Last year Inslee and Ferguson wrote to Attorney General Sessions urging him to respect Washington state's marijuana laws, and offering to meet with him to discuss federal treatment of marijuana laws. Inslee also joined with the governors of Alaska, Colorado in Oregon in sending another letter to Sessions and U.S. Treasury Secretary Mnuchin telling them to retain the Cole Memo and the Financial Crimes Enforcement Network (FinCEN) guidance that respects state marijuana systems.

[July 2017 letter from Attorney General Sessions responding to Gov. Inslee and state Attorney General Ferguson](#)

[May 2017 letter from Gov. Inslee and state Attorney General Ferguson to AG Sessions](#)

[April 2017 letter from the governors of Washington, Oregon, Colorado and Alaska to AG Sessions](#)

[February 2017 letter from Gov. Inslee and state Attorney General Ferguson to AG Sessions](#)



STATE OF WASHINGTON
BOARD OF ACCOUNTANCY
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Semi-Annual Rule-Making Agenda

January 2018 through June 2018

The Washington State Board of Accountancy's semi-annual, rule-making agenda follows for publication in the Washington State register pursuant to RCW 34.05.314.

This agenda is for information purposes, and the noted dates of anticipated rule-making actions are estimates. There may be additional rule-making activity not on the agenda as conditions warrant.

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

Charles Satterlund, CPA, Executive Director
PO Box 9131, Olympia, WA 98507-9131
Phone: (360) 586-0785; Fax: (360) 664-9190; Email: charless@cpaboard.wa.gov

WAC Citation	Subject Matter	Current activity		
		Preproposal (CR-101)	Proposed (CR-102) or Expedited (CR-105)	Permanent (CR-103)
WAC 4-30-110	What are the allowable legal forms of organization and ownership requirements of a CPA firm?	CR-101 Expected April 2018	CR-102 Expected July 2018	CR-103 Expected in October 2018
WAC 4-30-130	What are the quality assurance review (QAR) requirements for licensed CPA firms?	CR-101 Expected April 2018	CR-102 Expected July 2018	CR-103 Expected in October 2018
WAC 4-30-132	What are the program standards for CPE?	CR-101 Expected April 2018	CR-102 Expected July 2018	CR-103 Expected in October 2018
WAC 4-30-134	What are the continuing professional education (CPE) requirements for individuals?	CR-101 Expected April 2018	CR-102 Expected July 2018	CR-103 Expected in October 2018

Charles Satterlund, CPA, CIA
Executive Director

OFFICE OF THE CODE REVISER
STATE OF WASHINGTON
FILED

DATE: December 19, 2017
TIME: 2:38 PM

WSR 18-01-126

Enforcement Report

Annual Report (Jan 01, 2017 through Dec 31, 2017)

	Complaints	Investigations	Quarter Total
Ongoing at start of period	9	10	19
Received during period	69		69
Total	78	10	88
Complaints opened as investigations	(30)	30	
Total	48	40	88
Complaints Dismissed (Administrative)	0		0
Complaints Dismissed (investigated <= 180 days)	(32)		(32)
Complaints Dismissed (investigated > 180 days)	0		0
Total	16	40	56
Cases Dismissed (Administrative)		(2)	(2)
Cases Dismissed (investigated <= 180 days)		(4)	(4)
Cases Dismissed (investigated > 180 days)		(1)	(1)
Total	16	33	49
Cases Closed (Administrative)		(22)	(22)
Cases Closed (investigated <= 180)		(10)	(10)
Cases Closed (investigated > 180)		0	0
Total	16	1	17