



**REGULAR BOARD MEETING AGENDA**

**Date, Time:** Friday, July 26, 2019 – Regular Board Meeting – 9:00 a.m.  
**Location:** Hilton Garden Inn Spokane Airport – Granite Room  
 9015 West SR Highway 2  
 Spokane, WA 99224  
 (509) 244-5866  
**Notices:** 9:00 a.m. Rules Hearing

Chair Introductions

**PUBLIC RULE- MAKING HEARING**

Attachments at page(s):

- 1. Public Rule-Making Hearing Script ..... 13-14
- 2. Rules Under Consideration
  - a. CR-102, Proposed Rule Making..... 15-17
  - b. WAC 4-30-010 Definitions ..... 18-22
  - c. WAC 4-30-132 What are the program standards for CPE?..... 23-27
  - d. WAC 4-30-133 Reporting periods, carry-forward/back, and limitations on continuing professional education (CPE) credit ..... 28-29
  - e. WAC 4-30-134 What are the continuing professional education (CPE) requirements for individuals? ..... 30-34
  - f. WAC 4-30-136 How do I report my CPE to the board? .....35
  - g. WAC 4-30-138 What documentation must I retain to support my eligibility for CPE credit?.....36
- 3. Written Stakeholder Comments

**REGULAR MEETING AGENDA**

- 4. Introduction of New Board Members
- 5. 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
  - b. Semi-annual Rules Development Agenda – July through December 2019..... 37-38
  - c. WAC 4-30-130 What are the quality assurance review (QAR) requirements for licensed CPA firms? ..... 39-54
  - d. Firm Licensing Rule Changes Needed Due to the Passage of HB 1208 ..... 55-63
    - i. WAC 4-30-056 What are the limitations regarding individual and firm names?

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

Kirsten Donovan, Washington State Board of Accountancy  
 PO Box 9131, Olympia, WA 98507-9131  
 Phone: 360-664-9191 Email: kirsten.donovan@acb.wa.gov

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

- ii. WAC 4-30-110 What are the allowable legal forms of organization and ownership requirements for a CPA firm?
  - iii. WAC 4-30-112 Must a firm holding a license from another state apply and obtain a Washington state license to hold out and practice in Washington state?
  - iv. WAC 4-30-114 How do I apply for and maintain a firm license?
- 6. Minutes – April 26, 2019, Regular Board Meeting ..... 64-71
  - 7. NASBA Update
  - 8. CPA Evolution Discussion and NASBA/AICPA Request for Comment..... 72-90
  - 9. Legal Counsel’s Report
  - 10. Chair’s Report
  - 11. Committee/Task Force Reports
    - a. Executive – Mark Hugh, CPA, Chair - *Verbal Report*
    - b. Compliance Assurance Oversight – Thomas G. Neill, CPA, Chair – *No Report*
    - c. Request Review – Joel Cambern, Public Member, Chair – *Verbal Report*..... 91
    - d. State Ethics Compliance – Brian R. Thomas, CPA, Ethics Advisor – *No Report*
    - e. Qualifications – Rajib Doogar, Public Member, Chair – *Verbal Report*..... 92-97
    - f. Performance Review and Succession – Joel Cambern, Public Member, Chair – *No Report*
    - g. WSCPA Education Fund – Jacqueline Meucci, CPA, Chair – *No Report*
    - h. CPE Task Force – Mark Hugh, CPA, Chair – *Verbal Report*
    - i. Peer Review Task Force – Thomas G. Neill, CPA, Chair – *Verbal Report*
  - 12. Executive Director’s Report
    - a. Budget Status Report ..... 98-100
    - b. CPA-Inactive Certificateholders – Consideration for Legislative Changes
    - c. Military Rule Discussion – WAC 4-30-088 ..... 101-103
    - d. Board Member Recruitment and Retention
    - e. Other Matters as Needed
  - 13. Enforcement Report..... 104-105
  - 14. Executive and/or Closed Sessions with Legal Counsel
  - 15. Public Input - The public has an opportunity to address its concerns and the Board has an opportunity to ask questions of the public. Individual speakers will be provided 10 minutes each.



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

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

**Date and Time:** Friday, July 26, 2019 - 9:00 a.m.  
**Location:** Hilton Garden Inn Spokane Airport  
Granite Room  
9015 West SR Highway 2  
Spokane, WA 99224  
(509) 244-5866

**Notices:** 9:00 a.m. Rules Hearing

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

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

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

1. **Public Rule-Making Hearing Outline** – The script the Chair will use as a guide during the hearing is at **pages 13-14** of the meeting materials.

2. **Rules Under Consideration** –

See **pages 15-17** for the CR-102, Proposed Rule Making Notice.

**WAC 4-30-010 Definitions**

**Pages 18-22** contain the filing for the proposed changes to the rule. The change adds a definition for “Nano learning” to the section.

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

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

**Pages 23-27** contain the filing for the proposed changes to the rule. The changes: (1)

incorporate aspects of the Uniform Accountancy Act (UAA) CPE model rules; (2) reorganize the CPE requirements between the various CPE rule sections for clarity; and (3) rename the rule.

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

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

**Pages 28-29** contain the filing for a proposed new rule. The proposed rule: (1) incorporates aspects of the Uniform Accountancy Act (UAA) CPE model rules; and (2) reorganizes the CPE requirements between the various CPE rule sections for clarity.

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

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

**Pages 30-34** contain the filing for the proposed changes to the rule. The changes: (1) incorporate aspects of the Uniform Accountancy Act (UAA) CPE model rules; (2) reorganize the CPE requirements between the various CPE rule sections for clarity, including a requirement for a minimum number of CPE hours for each year of the triennial reporting period; and (3) rename the rule.

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

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

**Page 35** contains the filing for the proposed changes to the rule. The changes: (1) simplify the rule language; and (2) rename the rule.

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

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

**Page 36** contains the filing for the proposed changes to the rule. The changes: (1) simplify the rule language; (2) remove the information and reference related to a retired board policy; and (3) rename the rule.

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

### 3. Written Stakeholder Comments

No written stakeholder comments were received.

## July 26, 2019 – REGULAR BOARD MEETING

### 4. Introduction of New Board Members

### 5. Rules Review

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

##### ➤ WAC 4-30-010 Definitions – Pages 18-22

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

**Does the Board wish to:**

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

**Effective date:** If the Board decides to adopt the rule, the Board must determine the effective date. Rules generally become effective 31 days after filing. The Executive Director recommends making the rule effective January 1, 2020.

**Does the Board wish to make the rule effective:**

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

##### ➤ WAC 4-30-132 What are the program standards for CPE? – Pages 23-27

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

**Does the Board wish to:**

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

**Effective date:** If the Board decides to adopt the rule, the Board must determine the effective date. Rules generally become effective 31 days after filing. The Executive Director recommends making the rule effective January 1, 2020.

**Does the Board wish to make the rule effective:**

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

➤ **WAC 4-30-133 Limitations on continuing professional education (CPE) credit – Pages 28-29**

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

**Does the Board wish to:**

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

**Effective date:** If the Board decides to adopt the rule, the Board must determine the effective date. Rules generally become effective 31 days after filing. The Executive Director recommends making the rule effective January 1, 2020.

**Does the Board wish to make the rule effective:**

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

➤ **WAC 4-30-134 What are the continuing professional education (CPE) requirements for individuals? – Pages 30-34**

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

**Does the Board wish to:**

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

**Effective date:** If the Board decides to adopt the rule, the Board must determine the effective date. Rules generally become effective 31 days after filing. The Executive Director recommends making the rule effective January 1, 2020.

**Does the Board wish to make the rule effective:**

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

➤ **WAC 4-30-136 How do I report my CPE to the board? – Page 35**

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

**Does the Board wish to:**

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

**Effective date:** If the Board decides to adopt the rule, the Board must determine the effective date. Rules generally become effective 31 days after filing. The Executive Director recommends making the rule effective January 1, 2020.

**Does the Board wish to make the rule effective:**

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

➤ **WAC 4-30-138 What documentation must I retain to support my eligibility for CPE credit? – Page 36**

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

**Does the Board wish to:**

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

**Effective date:** If the Board decides to adopt the rule, the Board must determine the effective date. Rules generally become effective 31 days after filing. The Executive Director recommends making the rule effective January 1, 2020.

**Does the Board wish to make the rule effective:**

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

**b. Semi-annual Rules Development Agenda – July through December 2019**

A copy of the agenda filed with the Office of the Code Reviser is provided at **pages 37-38**.

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

**c. WAC 4-30-130 What are the quality assurance review (QAR) requirements for licensed CPA firms?**

Materials in the packet for this agenda item:

- Peer Review Task Force Report – **pages 39-40**
- CR-101, Preproposal Statement of Inquiry, filed with the Office of the Code Reviser - **page 41**
- Draft of the proposed rule changes - **pages 42-54**

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

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

- **File the CR-102 as written (or with minor changes) for this proposal**



and schedule a public rule-making hearing in conjunction with the Board's October meeting

- Amend the rule proposal for consideration at the Board's October meeting
- Withdraw the rule proposal

**d. Firm Licensing Rule Changes Needed Due to the Passage of HB 1208**

- WAC 4-30-056 What are the limitations regarding individual and firm names?**
- WAC 4-30-110 What are the allowable legal forms of organization and ownership requirements for a CPA firm?**
- WAC 4-30-112 Must a firm holding a license from another state apply and obtain a Washington state license to hold out and practice in Washington state?**
- WAC 4-30-114 How do I apply for and maintain a firm license?**

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

Materials in the packet for this agenda item:

- Final Bill Report for HB 1208 – **pages 55-56**
- Executive Director Report with Draft of Changes - **pages 57-63**

**For the rules discussed above (WAC 4-30-056, 4-30-110, 4-30-112, and 4-30-114) the Office of the Code Reviser filings will be done as a group, as the rule changes are necessary to meet the requirements of HB 1208. The rules will be added to the October Board meeting agenda for further discussion.**

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

- **Wait on filing the rules with the Office of the Code Reviser**
- **File the CR-101 for these rules to begin the rule-making process**

**6. Minutes – April 26, 2019**

Board staff presents the draft minutes of the April 26, 2019, regular Board meeting at **pages 64-71** for the Board's consideration.

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

**7. NASBA Update**

The Executive Director will report on the NASBA Western Regional Meeting held June 18-20, 2019, in Salt Lake City, UT.

## 8. CPA Evolution Discussion and NASBA/AICPA Request for Comment

The Board Chair will present and lead the discussion on the PowerPoint - CPA Evolution: Trends in Education and Licensure.

Materials in the packet for this agenda item:

- A copy of the PowerPoint presentation - **pages 72-88**
- The NASBA/AICPA CPA Evolution: Request for Input - **pages 89-90**.

## 9. Legal Counsel's Report

## 10. Chair's Report

## 11. Committee/Task Force Reports

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

Mark will give a verbal report.

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

Tom has nothing to report.

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

**Page 91** contain a report on the 2nd quarter approvals and denials from the committee.

Joel will give a verbal report.

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

Brian has nothing to report.

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

Rajib will give a verbal report.

Materials in the packet for this agenda item:

- Institute of Chartered Accountants Education Summary – **page 92**
- NIES Overview PowerPoint Slides - **pages 93-97**

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

Joel has nothing to report.

- g. **WSCPA Education Fund** – Chair: Jacqueline Meucci, CPA; Member: Thomas G. Neill, CPA

Jackie has nothing to report.

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

Mark will give a verbal report.

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

Tom will give a verbal report.

## 10. Executive Director's Report

- a. **Budget Status**

Reports and balances through June 2019:

- Allotment Expenditure/Revenue BTD Flexible Report – **page 98**
- Certified Public Accountant's Account Fund Balance – **page 99**
- CPA Scholarship Transfer Account Fund Balance – **page 100**

- b. **CPA-Inactive Certificateholders – Consideration for Legislative Changes**

- c. **Military Rule Discussion – WAC 4-30-088**

**Pages 101-103** contain a copy of WAC 4-30-088, What is the effect on a Washington individual licensee or CPA-inactive certificateholder in the armed forces, reserves, or National Guard if the individual receives orders to deploy for active military duty?

- d. **Board Member Recruitment and Retention**

- e. **Other Matters as Needed**

## **11. Enforcement Report**

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

**Pages 104-105** contain the Quarterly Enforcement Report for April 1, 2019, through June 30, 2019 and the Twelve-Month Lookback Reports for July 1, 2018, through June 30, 2019.

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

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

## **13. Public Input**

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

**WASHINGTON STATE BOARD OF ACCOUNTANCY  
RULES HEARING OUTLINE  
JULY 26, 2019**

**Presiding officer read or paraphrase BOLD type entries**

*Italics are explanatory notes to presiding officer*

*Opening statement:*

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

**Copies of the rule proposals 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 proposals concern:**

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

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

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

**1. TESTIMONY FROM ATTENDANCE ROSTER**

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

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

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

**2. OTHER TESTIMONY**

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

**3. CLOSING STATEMENT:**

**Thank you for your testimony.**

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



# PROPOSED RULE MAKING

## CR-102 (December 2017) (Implements RCW 34.05.320) Do NOT use for expedited rule making

CODE REVISER USE ONLY

OFFICE OF THE CODE REVISER  
STATE OF WASHINGTON  
FILED

DATE: May 22, 2019

TIME: 1:16 PM

WSR 19-12-003

Agency: Board of Accountancy

- Original Notice
- Supplemental Notice to WSR \_\_\_\_\_
- Continuance of WSR \_\_\_\_\_

- Preproposal Statement of Inquiry was filed as WSR 19-04-028 ; or
- Expedited Rule Making--Proposed notice was filed as WSR \_\_\_\_\_; or
- Proposal is exempt under RCW 34.05.310(4) or 34.05.330(1); or
- Proposal is exempt under RCW \_\_\_\_\_.

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

### Hearing location(s):

Date:	Time:	Location: (be specific)	Comment:
July 26, 2019	9:00 A.M.	Hilton Garden Inn Spokane Airport Granite Room 9015 West SR Highway 2 Spokane, WA 99224	

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

### Submit written comments to:

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

### Assistance for persons with disabilities:

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

**Purpose of the proposal and its anticipated effects, including any changes in existing rules:** The board of accountancy proposes amending :

WAC 4-30-010 to add a definition for nano learning to the section.  
 WAC 4-30-132 and 4-30-134 to incorporate aspects of the Uniform Accountancy Act (UAA) CPE model rules, reorganize the CPE requirements between the various CPE rule sections for clarity, including a requirement for a minimum number of CPE hours for each year of the triennial reporting period, and rename the rule.  
 WAC 4-30-136 to simplify the rule language and rename the rule.

WAC 4-30-138 to simplify the rule language, remove the information and reference related to a retired board policy, and rename the rule.  
The board of accountancy proposes adoption of new rule:  
WAC 4-30-133 to incorporate aspects of the Uniform Accountancy Act (UAA) CPE model rules and reorganize the CPE requirements between the various CPE rule sections for clarity.

**Reasons supporting proposal:** See purposes above

**Statutory authority for adoption:** RCW 18.04.055

**Statute being implemented:** RCW 18.04.055

**Is rule necessary because of a:**

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

If yes, CITATION:

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

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

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

**Name of agency personnel responsible for:**

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

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

If yes, insert statement here:

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

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

**Is a cost-benefit analysis required under RCW 34.05.328?**

Yes: A preliminary cost-benefit analysis may be obtained by contacting:

Name:  
Address:  
Phone:  
Fax:



TTY:  
Email:  
Other:

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

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

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

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

Citation and description:

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

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

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

- |   |  |
|---|--|
| <input type="checkbox"/> RCW 34.05.310 (4)(b)<br>(Internal government operations) | <input type="checkbox"/> RCW 34.05.310 (4)(e)<br>(Dictated by statute)   |
| <input type="checkbox"/> RCW 34.05.310 (4)(c)<br>(Incorporation by reference)     | <input type="checkbox"/> RCW 34.05.310 (4)(f)<br>(Set or adjust fees)  |
| <input type="checkbox"/> RCW 34.05.310 (4)(d)<br>(Correct or clarify language)    | <input type="checkbox"/> RCW 34.05.310 (4)(g)<br>((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. The overall amount of CPE hours required remains the same; therefore the costs to comply with the changes in the CPE requirements should remain the same.

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:** 5/22/2019

**Name:** Charles E. Satterlund, CPA

**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:

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

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

**"Affiliated entity"** means any entity, entities or persons that directly or indirectly through one or more relationships influences or controls, is influenced or controlled by, or is under common influence or control with other entities or persons. This definition includes, but is not limited to, parents, subsidiaries, investors or investees, coinvestors, dual employment or management in joint ventures or brother-sister entities.

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

- (a) To take the national uniform CPA examination;
- (b) For an initial individual license, an initial firm license, or initial registration as a resident nonlicensee owner;
- (c) To renew an individual license, a CPA-Inactive certificate, a CPA firm license, or registration as a resident nonlicensee firm owner;
- (d) To reinstate an individual license, a CPA-Inactive certificate, registration as a resident nonlicensee firm owner, or practice privileges.

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

- (a) Any audit or other engagement to be performed in accordance with the statements on auditing standards;
- (b) Any review of a financial statement to be provided in accordance with the statements on standards for accounting and review services;
- (c) Any engagement to be performed in accordance with the statements on standards for attestation engagements; and
- (d) Any engagement to be performed in accordance with the public company accounting oversight board auditing standards.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**"CPA-Inactive"** means an individual holding a CPA-Inactive certificate recognized in the state of Washington. An individual holding a CPA-Inactive certificate is prohibited from practicing public accounting and may only use the CPA-Inactive title if they are not offering accounting, tax, tax consulting, management advisory, or similar services to the public.

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

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

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

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

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

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

**"Holding out"** means any representation to the public by the use of restricted titles as set forth in RCW 18.04.345 by a person that the person holds a license or practice privileges under the act and that the person offers to perform any professional services to the public. "Holding out" shall not affect or limit a person not required to hold a license under the act from engaging in practices identified in RCW 18.04.350.

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

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

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

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

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

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

**"Licensee"** means an individual or firm holding a valid license to practice public accounting issued under the act, including out-of-state individuals exercising practice privileges in this state under RCW 18.04.350(2) and out-of-state firms permitted to offer or render certain professional services in this state under the conditions prescribed in RCW 18.04.195 (1)(a) and (b).

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

**"Nano learning"** is a stand-alone continuing professional education (CPE) course that is a minimum of ten minutes (.2 CPE credit hours) consisting of electronic self-study with a stated learning objective and a minimum of two final assessment questions.

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

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

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

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

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

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

(a) Has a principal place of business outside of Washington state;

(b) Is licensed to practice public accounting in another substantially equivalent state;

(c) Meets the statutory criteria for the exercise of privileges as set forth in RCW 18.04.350(2) for individuals or RCW 18.04.195 (1)(b) for firms;

(d) Exercises the right to practice public accounting in this state individually or on behalf of a firm;

(e) Is subject to the personal and subject matter jurisdiction and disciplinary authority of the board in this state;

(f) Must comply with the act and all board rules applicable to Washington state licensees to retain the privilege; and

(g) Consents to the appointment of the issuing state board of another state as agent for the service of process in any action or proceeding by this state's board against the certificate holder or licensee.

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

**"Public practice"** or the **"practice of public accounting"** means performing or offering to perform by a person or firm holding itself out to the public as a licensee, or as an individual exercising practice privileges, for a client or potential client, one or more kinds of services involving the use of accounting or auditing skills, including the issuance of "reports," or one or more kinds of management advisory, or consulting services, or the preparation of tax returns, or the furnishing of advice on tax matters. The "practice of public accounting" shall not include practices that are permitted under the provisions of RCW 18.04.350(10) by persons or firms not required to be licensed under the act.

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

**"Reciprocity"** means board recognition of licenses, permits, certificates or other public accounting credentials of another jurisdic-

tion that the board will rely upon in full or partial satisfaction of licensing requirements.

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

**"Report,"** when used with reference to any attest or compilation service, means an opinion, report, or other form of language that states or implies assurance as to the reliability of the attested information or compiled financial statements and that also includes or is accompanied by any statement or implication that the person or firm issuing it has special knowledge or competence in the practice of public accounting. Such a statement or implication of special knowledge or competence may arise from use by the issuer of the report of names or titles indicating that the person or firm is involved in the practice of public accounting, or from the language of the report itself. "Report" includes any form of language which disclaims an opinion when such form of language is conventionally understood to imply any positive assurance as to the reliability of the attested information or compiled financial statements referred to and/or special competence of the part of the person or firm issuing such language; and it includes any other form of language that is conventionally understood to imply such assurance and/or such special knowledge or competence. "Report" does not include services referenced in RCW 18.04.350 (10) or (11) provided by persons not holding a license under this chapter as provided in RCW 18.04.350(14).

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

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

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

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

**"State"** includes the states and territories of the United States, including the District of Columbia, Puerto Rico, Guam, and the United States Virgin Islands, and the Commonwealth of the Northern Mariana Islands at such time as the board determines that the Commonwealth of the Northern Mariana Islands is issuing licenses under the substantially equivalent standards of RCW 18.04.350 (2)(a).

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

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

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

**WAC 4-30-132** (~~What are the program standards for CPE?~~) **Qualifying continuing professional education (CPE) activities.** (1) (~~Qualifying program:~~ A program qualifies as acceptable CPE for purposes of RCW 18.04.215(5) if it is a formal program of learning which contributes to the CPA's professional knowledge and competence. A formal program means:

- ~~• The program is at least fifty minutes in length;~~
- ~~• Attendance is recorded;~~
- ~~• Participants sign in to confirm attendance and,)~~

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

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

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

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

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

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

• A minimum of fifty minutes of continuous instruction in length with participants signing in to record attendance;

• If the program (~~is greater than~~) exceeds four credit hours, participants must also sign out (~~during the last hour of the program~~); and

- Attendees are provided a certificate of completion.

(~~(2)~~) (3) **Formal learning formats can include:**

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

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

(c) Formal employer education programs;

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

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

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

(4) **CPE credit hours for volunteer**);

(f) Interactive and noninteractive self-study programs;

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

(h) Instructor/developer of a CPE course;

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

(j) Group study;

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

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

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

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

(5) **Subject areas:** ((Programs dealing with)) Activities relating to the following ((general)) subjects ((areas)) are acceptable ((se long as they meet)) for all formats provided they follow the standards ((in subsection (1)) of this section:

(a) **Technical subjects include:**

(i) Auditing standards or procedures;

(ii) Compilation and review of financial statements;

(iii) Financial statement preparation and disclosures;

(iv) Attestation standards and procedures;

(v) Projection and forecast standards or procedures;

(vi) Accounting and auditing;

(vii) Management advisory services;

(viii) Personal financial planning;

(ix) Taxation;

(x) Management information services;

(xi) Budgeting and cost analysis;

(xii) Asset management;

(xiii) Professional ethics ((other than those programs used to satisfy the requirements of WAC 4-30-134(3)));

(xiv) Specialized areas of industry;

(xv) Human resource management;

(xvi) Economics;

(xvii) Business law;

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

(xix) Business management and organization;

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

(xxi) Negotiation or dispute resolution courses;

(b) **Nontechnical subjects include:**

(i) Communication skills;

(ii) Interpersonal management skills;

(iii) Leadership and personal development skills;

(iv) Client and public relations;

(v) Practice development;

(vi) Motivational and behavioral courses; and

(vii) Speed reading and memory building.



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

~~(b) **Noninteractive self-study programs:** The amount of credit allowed for noninteractive self-study is one-half the average completion~~

time as determined by the program sponsor on the basis of appropriate "field tests." To claim CPE credit for noninteractive self-study programs, you must obtain evidence of satisfactory completion of the course from the program sponsor.

~~(9) **Instructor, discussion leader, or speaker:** If you serve as an instructor, discussion leader or speaker at a program which meets the standards in subsections (1) and (5) of this section, the first time you present the program you may claim CPE credit for both preparation and presentation time. One hour of credit is allowed for each fifty minutes of instruction. Additionally, you may claim credit for actual preparation time up to two times the presentation hours. No credit is allowed for subsequent presentations. A maximum of seventy-two CPE credit hours are allowed for preparation and presentation during each CPE reporting period.~~

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

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

~~(12) **Carry-back:** As specified in WAC 4-30-134(8), CPE credit hours you complete during one CPE reporting period can be carried back to the previous reporting period only after the board has approved your extension request or has required the carry-back as part of sanctions for failure to complete required CPE.~~

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

(7) **Washington state board approved ethics.** Courses must meet the following requirements:

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

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

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

(i) General level information on the AICPA code of conduct.

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

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

(iv) Detailed information on the following:

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

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

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

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

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

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

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

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

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

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

NEW SECTION

**WAC 4-30-133 Reporting periods, carry-forward/back, and limitations on continuing professional education (CPE) credit.** (1) **CPE reporting period** is a calendar year time period beginning in the calendar year a credential is first issued by this board and ending on December 31st of the subsequent third calendar year.

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

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

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

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

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

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

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

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

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

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

(iii) First time instructor/developer of a CPE course.

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

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

(7) **Further requirements and clarifications:**

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

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

program sponsor on the basis of the average completion time under appropriate "field tests."

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

(b) **Instructor, discussion leader, or speaker:** If you serve as an instructor, discussion leader, or speaker at a program which meets the standards of WAC 4-30-132, the first time you present the program you may claim CPE credit hours for both preparation and presentation time. One hour of credit is allowed for each fifty minutes of instruction. Additionally, you may claim credit for actual preparation time up to two times the presentation hours. No credit is allowed for subsequent presentations of a course constituted of substantially the same material.

(c) **Undergraduate and graduate courses:** For both undergraduate and graduate courses one semester credit equals fifteen CPE credit hours and one quarter credit equals ten CPE credit hours.

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

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

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

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

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

(a) ~~A licensee must complete a total of 120 CPE hours, including four CPE credit hours in ethics meeting the requirements of subsection (6) of this section. The total 120 CPE hour requirement is limited to~~) **Renewal.**

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

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

**(c) CPA licensee.**

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

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

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

(iv) Completion of no more than ((24)) sixty CPE credit hours in nontechnical subject areas((-

~~(b) A) as specified in WAC 4-30-132.~~

Exception: If the licensee qualifies for CPE reciprocity, see the CPE requirements under the provisions of subsection (7) of this section.

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

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

(3) **Exceptions to the general CPE requirements:** ~~CPE requirements for the initial CPE renewal period)~~ **nonlicensee firm owner.** Completion of a four credit hour Washington state board approved ethics course meeting the requirements of WAC 4-30-132.

**(2) First renewal cycle.**

(a) After license issuance:

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

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

(b) After conversion of a CPA-Inactive (~~certificate to a Washington state license-~~

~~(a)) to a CPA license.~~

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

~~(b)) WAC 4-30-132.~~

(ii) If your license was issued during the **second calendar year** of your CPE reporting period, you must have completed (~~40~~) forty CPE credit hours which is limited to (~~8~~) eight CPE credit hours in nontechnical subject areas and must include a four ((CPE)) credit hour((s in)) Washington state board approved ethics course meeting the requirements of ((subsection (6) of this section)) WAC 4-30-132.

(~~e~~) (iii) If your license was issued during the **third calendar year** of your CPE reporting period, you must have completed a four ((CPE)) credit hour((s in)) Washington state board approved ethics course meeting the requirements of ((subsection (6) of this section.

~~(4)) WAC 4-30-132.~~

**(3) Extension requests for renewal.**

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

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

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

**(4) Failure to obtain required CPE for renewal.** Under the following circumstances the board will serve notice that a license, CPA-Inactive certificate, or nonlicensee firm owner registration will lapse and the individual will have an opportunity to request a brief adjudicative proceeding:

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

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

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

(5) Applications other than renewal.

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

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

~~(b))~~

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

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

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

~~((5)) (b) For the following ((circumstances)) applications, you must have completed ((the)) a four ((CPE)) credit hour((s in)) Washington state board approved ethics ((meeting the requirements of subsection (6) of this section)) course within the six-month period immediately preceding the date your application and the CPE documentation ((is)) are submitted to the board:~~

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

~~(b))~~

~~(ii) You are applying to reinstate a lapsed, suspended, or revoked CPA-Inactive certificate((7)); or~~

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

~~(b) CPE deficiencies taken by June 30th of the renewal year under this subsection will be carried back to the reporting period ending on December 31st of the preceding calendar year and be subject to CPE audit in the next renewal period to ensure that inadvertent double counting does not occur.)~~ **Individuals operating under mobility.** Licensees from other substantially equivalent U.S. states or jurisdictions, eligible to exercise practice privileges under RCW 18.04.195, are exempt from the CPE requirements of this section provided that they have met the CPE requirements of the state in which they are licensed.

**(7) CPE reciprocity.**

(a) A nonresident licensee seeking renewal of a license in this state shall be determined to have met the CPE requirements of this rule by meeting the CPE requirements for renewal of a license in the state in which the licensee's principal place of business is located.

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

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

AMENDATORY SECTION (Amending WSR 10-24-009, filed 11/18/10, effective 12/19/10)

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

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

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

**WAC 4-30-138 ((What)) Continuing professional education (CPE) documentation ((must I retain to support my eligibility for CPE credits?)) requirements.**

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

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

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

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

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

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

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

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

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

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



STATE OF WASHINGTON  
**BOARD OF ACCOUNTANCY**  
PO Box 9131 • Olympia, Washington 98507-9131  
(360) 753-2585 • FAX (360) 664-9190 • [www.cpaboard.wa.gov](http://www.cpaboard.wa.gov)

Semi-Annual Rules Development Agenda  
July 2019 through December 2019

The Washington State Board of Accountancy's semi-annual, rules development 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 activity are estimates. Additional rule development activity not on the agenda may occur as conditions warrant.

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

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

WAC Citation	Subject Matter	Current activity		
		Preproposal (CR-101)	Proposed (CR-102) or Expedited (CR-105)	Permanent (CR-103)
WAC 4-30-056	What are the limitations regarding individual and firm names?	August 2019	January 2020	February 2020
WAC 4-30-088	What is the effect on a Washington individual licensee or CPA-inactive certificateholder in the armed forces, reserves, or National Guard if the individual receives orders to deploy for active military duty?	August 2019	January 2020	February 2020

OFFICE OF THE CODE REVISER  
STATE OF WASHINGTON  
FILED  
**DATE: June 04, 2019**  
**TIME: 3:31 PM**  
**WSR 19-12-099**

WAC 4-30-110	What are the allowable legal forms of organization and ownership requirements for a CPA firm?	October 2019	April 2020	May 2020
WAC 4-30-112	Must a firm holding a license from another state apply and obtain a Washington state license to hold out and practice in Washington state?	August 2019	January 2020	February 2020
WAC 4-30-114	How do I apply for and maintain a firm license?	August 2019	January 2020	April 2020
WAC 4-30-130	What are the quality assurance review (QAR) requirements for licensed CPA firms?	August 2019	January 2020	February 2020



Charles Satterlund, CPA, CIA  
Executive Director

To: Washington State Board of Accountancy  
From: WSBOA Peer Review Task Force  
Re: Recommendations  
Date: July 11, 2019

As a result of the discussion at the April Board meeting and discussions of the Peer Review Task Force, the task force concluded that in the short term it would request the Board amend the existing rule and problematic reporting requirements in WAC 4-30-130, sections (6) and (7).

WAC 4-30-130(5) currently requires as part of renewing its license, a firm must certify whether the firm does or does not perform attest, compilation, or other assurance services. If the firm does perform these services, it is subject to peer review requirements and must provide the name of the approved peer review program in which the firm is enrolled, the period covered by the firm's most recent peer review, and certify the result of the firm's most recent peer review. This requirement will not change.

WAC 4-30-130(6) currently requires that a firm must notify the Board within 30 days of the date the peer reviewer advises the firm that a grade of pass with deficiencies or fail will be recommended. The notification must include the details of any required corrective action plan being recommended by the peer reviewer, and the planned date the firm would intend to complete such remedial action or actions if the proposed corrective action plan is approved by the appropriate peer review acceptance committee.

This notification requirement for potential scores of pass with deficiencies or fail increasingly inserts the Board into the peer review process before it is completed, and regardless that the process is designed to be confidential until completion and the firm license renewal process has begun. Therefore, the task force recommends this section be removed.

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

WAC 4-30-130(7) currently provides that FSBA access by the Board is optional in Washington and is at the discretion of the reviewed firm.

Peer review recommendations

July 11, 2019

Page 2

With any score of pass with deficiencies or fail reported as part of a firm's license renewal, the Board needs to obtain documentation from the peer review process to evaluate the magnitude of the deficiency or fail, and whether any additional practice monitoring required by the peer reviewer, the peer review committee, or any report acceptance body is adequate remediation and appropriately protects the public. With optional participation in FSBA, this documentation is often difficult to obtain. Therefore, the task force recommends FSBA to PRIMA is required for Washington firms that undergo peer review.

In order to facilitate any rule revision, the task force requested that agency staff file a CR-101 to notify the public of possible future rulemaking. In addition, the task force collaborated on a redraft of WAC 4-30-130 for review by the Board at its July 2019 meeting.

If the Board is in agreement on any recommendations and revisions, the task force recommends that at the July 2019 meeting the Board approve the draft of the rule and request a CR-102 filing, including publication of any draft rule, for anticipated public hearing at the Board's October 2019 meeting.

The task force also notes the AICPA's peer review program will continue to be in flux at the national level for several years. Therefore, it will require continued long-term attention and knowledge by the Board to evaluate whether future changes may impact the Board's reliance on AICPA peer review as a safeguard to monitor of the quality of firms in Washington performing attest, compilation, or other assurance services.





# PREPROPOSAL STATEMENT OF INQUIRY

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

Do NOT use for expedited rule making

CODE REVISER USE ONLY

OFFICE OF THE CODE REVISER  
STATE OF WASHINGTON  
FILED

DATE: May 22, 2019

TIME: 11:40 AM

WSR 19-11-133

**Agency:** Board of Accountancy

**Subject of possible rule making:** WAC 4-30-130 What are the quality assurance review (QAR) requirements for licensed CPA firms?

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

**Reasons why rules on this subject may be needed and what they might accomplish:** The board of accountancy proposes amending WAC 4-30-130 to: (1) Rename the rule (2) Eliminate the thirty day notification requirement for peer review (3) Require participation in the AICPA Facilitated State Board Access (FSBA) program (4) Correct reference numbers to various WAC sections and subsections where the numbers have changed or been eliminated..

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

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

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

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

	(If necessary)
Name: Kirsten Donovan, Rules Coordinator	Name:
Address: Washington State Board of Accountancy PO Box 9131 Olympia, WA 98507-9131	Address:
Phone: (360) 664-9191	Phone:
Fax: (360) 664-9190	Fax:
TTY: 7-1-1	TTY:
Email: Kirsten.donovan@acb.wa.gov	Email:
Web site: www.acb.wa.gov	Web site:
Other:	Other:

Additional comments:

**Date:** May 22, 2019

**Name:** Charles E. Satterlund, CPA

**Title:** Executive Director

**Signature:**

WAC 4-30-130 ~~What are the Quality assurance review~~

(QAR) or peer review requirements for licensed CPA firms? (1)

**Purpose.** The Washington state board of accountancy is charged with protection of the public interest and ensuring the dependability of information used for guidance in financial transactions or for accounting for or assessing the status or performance of commercial and noncommercial enterprises, whether public, private or governmental. The purpose of the QAR or peer review program is to monitor licensees' compliance with audit, compilation, review, and other attestation standards. If the board becomes aware that a firm's performance and/or reporting practices for audit, review, compilation, and other engagements covered by relevant recognized professional standards as delineated in WAC 4-30-048, ~~statements on standards for attestation engagements~~ may not be in accordance with applicablesaid professional standards, the board will take appropriate action to protect the public interest.

(2) **Peer review.** Generally, all firms licensed in Washington state offering and/or performing attest services ~~as defined by WAC 4-30-010(5),~~ or compilation services, as defined

by WAC 4-30-010~~(12)~~, or other professional services for which a report expressing assurance is prescribed by professional standards, are required to participate in a board-approved peer review program as a condition of renewing each CPA firm license under RCW 18.04.215 and WAC 4-30-114. However, certain exemptions are listed in subsection (~~1110~~) of this section.

Board-approved peer review programs include:

(a) The inspection processes of the Public Company Accounting Oversight Board (PCAOB);

(b) Peer review programs administered by the American Institute of CPAs (AICPA) and/or their assigned administering entities (AE); and

~~(c) Peer review programs administered by the Washington Society of CPAs (WSCPA); and~~

~~(d)~~ Other programs recognized and approved by the board.

(3) **Enrollment in peer review:** A licensed firm must enroll in a board-approved peer review program **before** issuing a report for each of the following types of service ~~or any other service the board determines:~~

(a) Compilation on historical financial statements;

(b) Review on historical financial statements;

(c) Audit report on financial statements, performance audit reports, or examination reports on internal controls for nonpublic enterprises;

(d) Other professional services subject to Statements on Standards for Attestation Engagements.

The schedule for the firm's peer review shall be established according to the peer review program's standards. The board does not require any licensee to become a member of any organization administering a peer review program.

(4) **Participation in peer review.** Every firm that is required to participate in a peer review program shall have a peer review in accordance with the peer review program standards.

(a) It is the responsibility of the firm to anticipate its needs for review services in sufficient time to enable the reviewer to complete the review by the assigned review date.

(b) Any firm that is dropped or terminated by a peer review program for any reason shall have twenty-one days to provide written notice to the board of such termination or drop and to

request authorization from the board to enroll in another board-approved peer review program.

(c) In the event a firm is merged, otherwise combined, dissolved or separated, the peer review program shall determine which firm is considered the succeeding firm. The succeeding firm shall retain its peer review status and the review due date.

(d) A firm choosing to change to another peer review program may do so only if there is not an open active peer review and if the peer review is performed in accordance with the minimum standards for performing and reporting on peer reviews.

(5) **Reporting requirements.** Every firm must provide the following information, along with the appropriate fees, with every application for renewal of a firm license by April 30th of the renewal year:

(a) Certify whether the firm does or does not perform attest services or compilation services as defined by WAC 4-30-010~~(5), (12)~~, or other professional services for which a report

expressing assurance is prescribed by professional standards in Washington state;

(b) If the firm is subject to the peer review requirements, provide the name of the approved peer review program in which the firm is enrolled, and the period covered by the firm's most recent peer review;

(c) Certify the result of the firm's most recent peer review.

Failure to timely submit complete information and the related fee by the April 30th due date can result in the assessment of late fees. The board may waive late fees based on individual hardship including, but not limited to, financial hardship, critical illness, or active military deployment.

~~\_(6) A firm must notify the board within thirty days of the date the peer reviewer or a team captain advises the firm that a grade of pass with deficiencies or fail will be recommended. The notification must include the details of any required corrective action plan being recommended by the peer reviewer or team captain, and the planned date (or time period within which) the firm would intend to complete such remedial action or actions if~~

~~the proposed corrective action plan is approved by the appropriate peer review acceptance committee.~~

~~Notwithstanding any extensions of time by the peer review program administrator, failure by the firm to meet its planned schedule for completing its specific corrective action plan required by the peer review program and/or timely pay for the peer review services can result in board action.~~

~~(76) **Documents required.** Any firm that ~~that~~ has opted out of is required to undergo peer review per section (2) is required to participate in the AICPA Facilitated State Board Access (FSBA) program shall provide to the board copies of the following documents related to the peer review report:~~

~~(a) Peer review report issued;~~

~~(b) Firm's letter of response, if any;~~

~~(c) Letter of acceptance from peer review program;~~

~~(d) Recommended action letter from the peer review program, if any;~~

~~(e) A letter from the firm to the board describing corrective actions taken by the firm that relate to recommendations of the peer review program;~~

~~(f) Other information the firm deems important for the board's understanding of the information submitted; and~~

~~(g) Other information the board deems important, may be requested for ~~the~~ understanding ~~of~~ the information submitted.~~

~~(87) Document retention.~~ RCW 18.04.390(4) and WAC 4-30-051(~~1011~~) require a firm to retain audit and review records and documentation for a period of seven years after the firm concludes an audit or review of a client's financial statements.

~~(98) Extensions.~~ The board may grant an extension of time for submission of the peer review report to the board. Extensions will be determined by the board on a case-by-case basis.

~~(109) Verification.~~ The board may verify the certifications of peer review reports that firms provide.

~~(1110) Exemption from peer review.~~

(a) Out-of-state firms that do not have a physical location in this state, but perform attest or compilation services in this state, and are otherwise qualified for practice privileges under RCW 18.04.195 (1)(a)(iii)(A) through (D) or (b) are not required to participate in the board's program if the out-of-



state firm participates in a board-approved peer review program or similar program approved or sponsored by another state's board of accountancy.

(b) Firms that do not perform attest services ~~as defined by WAC 4-30-010(5), or~~ compilation services, as defined by WAC 4-30-010~~(12)~~, or other professional services for which a report expressing assurance is prescribed by professional standards are not required to participate in a peer review program, and shall request exemption on each firm license renewal application.

(c) Firms that prepare financial statements **which do not require reports** under Statements on Standards for Accounting and Review Services (management use only compilation reports) and that perform no other attest or compilation services, are not required to participate in a peer review program; however, any such engagements performed by a firm that is otherwise required to participate in a peer review program shall be included in the selection of engagements subject to peer review.

~~(1211)~~ **Quality assurance oversight.**

(a) The board will:

(i) Annually appoint a compliance assurance oversight committee, and such other committees as the board, in its discretion deems necessary, to provide oversight of the administration of approved peer review programs in order to provide reasonable assurance that peer reviews are being conducted and reported on in accordance with the minimum standards for performing and reporting on peer reviews;

(ii) Consider reports from the compliance assurance oversight committee;

(iii) Direct the evaluation of peer review reports and related documents submitted by firms;

(iv) Determine the appropriate action for firms that have unresolved matters relating to the peer review process or that have not complied with, or acted in disregard of the peer review requirements;

(v) Determine appropriate action for firms when issues with a peer review report may warrant further action; and

(vi) Take appropriate actions the board, in its discretion, deems appropriate to carry out the functions of the quality

assurance review program and achieve the purpose of the peer review requirement.

(b) The **compliance assurance oversight committee** shall conduct oversight of approved peer review programs at least semiannually to provide reasonable assurance that such programs are in compliance with the minimum standards for performing and reporting on peer reviews.

(i) The compliance assurance oversight committee's oversight procedures may consist of, but are not limited to:

(A) Attending the peer review program's report acceptance body (RAB) meetings during consideration of peer review documents;

(B) Observing the peer review program administrator's internal review of program and quality control compliance;

(C) Observing the peer review program's review of the administrator's process.

(ii) The compliance oversight assurance committee shall report to the board any modifications to approved peer review programs and shall make recommendations regarding the continued approval of peer review programs.

(~~13~~12) **Remedies.** The board will take appropriate action to protect the public's interest if the board determines through the peer review process or otherwise that a firm's performance and/or reporting practices are not or may not be in accordance with applicable professional standards, the firm does not comply with peer review program requirements, or the firm does not comply with all or some of the reporting, remedial action, and/or fee payment requirements of subsection (5) of this section. The board's actions may include, but are not limited to:

(a) Require the firm to develop quality control procedures to provide reasonable assurance that similar occurrences will not occur in the future;

(b) Require any individual licensee who had responsibility for, or who substantially participated in the engagement(s), to successfully complete specific courses or types of continuing education as specified by the board;

(c) Require that the reviewed firm responsible for engagement(s) submit all or specified categories of its compilation or attest working papers and reports to a

preissuance evaluation performed by a board-approved licensee in a manner and for a duration prescribed by the board. Prior to the firm issuing the reports on the engagements reviewed, the board-approved licensee shall submit to the board for board acceptance a report of the findings, including the nature and frequency of recommended actions to the firm. The cost of the board-approved preissuance evaluation will be at the firm's expense;

(d) Require the reviewed firm to engage a board-approved licensee to conduct a board-prescribed on-site field review of the firm's work product and practices or perform other investigative procedures to assess the degree or pervasiveness of nonconforming work product. The board-approved licensee engaged by the firm shall submit a report of the findings to the board within thirty days of the completion of the services. The cost of the board-prescribed on-site review or other board-prescribed procedures will be at the firm's expense; or

(e) Initiate an investigation pursuant to RCW 18.04.295, 18.04.305, and/or 18.04.320.

(f) Absent an investigation the specific rating of a single peer review report is not a sufficient basis to warrant disciplinary action.

(14) The board may solicit and review licensee reports and/or other information covered by the reports from clients, public agencies, banks, and other users of such information. [Statutory Authority: RCW 18.04.055. WSR 16-17-036, § 4-30-130, filed 8/9/16, effective 9/9/16. Statutory Authority: RCW 18.04.055(9). WSR 14-16-102, § 4-30-130, filed 8/5/14, effective 9/5/14; WSR 12-17-054, § 4-30-130, filed 8/10/12, effective 9/10/12. WSR 10-24-009, amended and recodified as § 4-30-130, filed 11/18/10, effective 12/19/10; WSR 08-18-016, § 4-25-820, filed 8/25/08, effective 9/25/08; WSR 07-14-036, § 4-25-820, filed 6/26/07, effective 7/27/07; WSR 05-01-135, § 4-25-820, filed 12/16/04, effective 1/31/05; WSR 02-04-064, § 4-25-820, filed 1/31/02, effective 3/15/02. Statutory Authority: RCW 18.04.055. WSR 94-02-071, § 4-25-820, filed 1/4/94, effective 2/4/94.]

# FINAL BILL REPORT

## HB 1208

---

C 71 L 19  
Synopsis as Enacted

**Brief Description:** Concerning public accounting services.

**Sponsors:** Representatives Vick, Kirby and Wylie; by request of State Board of Accountancy.

**House Committee on Consumer Protection & Business**  
**Senate Committee on Labor & Commerce**

**Background:**

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

Certified Public Accountants and CPA firms perform various services that, depending on the service, must meet certain professional standards.

The "practice of public accounting" means performing or offering to perform 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 consulting services on tax matters.

The CPAs and CPA firms may also provide "attest" services. "Attest" means providing the following financial statement services:

- any audit or other engagement to be performed in accordance with the Statements on Auditing Standards;
- any review of a financial statement to be provided in accordance with the Statements on Standards for Accounting and Review Services;
- any examination of prospective financial information to be performed in accordance with the Statements on Standards for Attestation Engagements; and
- any engagement to be performed in accordance with the Public Company Accounting Oversight Board Auditing Standards.

The CPAs and CPA firms may also provide "compilation" services. "Compilation" means providing a service to be performed in accordance with statements on standards for

---

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

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.

**Summary:**

Various provisions of the Public Accountancy Act (Act) are amended to include attest and compilation services as included functions of CPAs and CPA firms. The CPA firms that do not provide or offer to provide attest services or compilations are not required to obtain or renew a CPA firm license.

Various provisions related to the use of "certified public accountant" and "CPA" in firm or office titles are amended. The firm offering accounting and other regulated services must be licensed by the Board; however, specific language prohibiting the use of the "certified public accountant" and "CPA" are removed.

**Votes on Final Passage:**

House	96	0
Senate	46	0

**Effective:** July 28, 2019  
June 30, 2023 (Sections 3 and 6)



**Purpose:**

To amend the following rules to accommodate the changes to RCW 18.04 brought about by the passage of HB 1208. This limits the requirement for firm license to only those firms engaged in or offering to perform compilation or attest services. HB 1208 also amended RCW 18.04.055 to provide authority to the Board to make rule changes governing the use of the CPA title in business names.

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

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

WAC 4-30-112 Must a firm holding a license from another state apply and obtain a Washington State license to hold out and practice in Washington State?

WAC 4-30-114 How do I apply for and maintain a firm license?

**What are the objectives of these rule changes?**

The main objective of these rule changes is to limit the use of the CPA title in the business name or DBA of an unlicensed firm in a manner that ensures it does not misrepresent non licensed individuals as being licensed CPAs.

We also want to make clear that the Board is no longer requiring registration of a firm using the title CPA and not engaged to offer or perform compilation or attest services.

## WAC 4-30-056

What are the limitations regarding individual and firm names?

### A. For firms requiring a license under chapter 18.04 RCW:

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

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

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

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

### B. For non-licensed CPA firms and individual CPA practices

- (1) Firms and individual CPA practices that do not require a firm license must not imply through the use of the term CPA in their business name or ~~DBA~~trade name that persons who are not CPAs are licensees.

WAC 4-30-110 Firm ownership and business organization requirements (new heading for this WAC section) ~~What are the allowable legal forms of organization and ownership for CPA firms?~~

A. The following are the allowable legal forms of organization and ownership requirements for a CPA firm that requires a license?

- (1) Permitted forms of organization. A CPA firm may be organized as:
  - (a) A proprietorship;
  - (b) A partnership;
  - (c) A professional corporation (PC) or professional service corporation (PS);
  - (d) A limited liability company (LLC);

(e) A limited liability partnership (LLP); or

(f) Any other form of legal entity authorized by Washington state statute for use by a CPA firm.

(2) What happens when a CPA firm alters its legal form? A mere change in the legal form of an existing firm constitutes a new firm for licensing purposes. Accordingly, the new entity must first obtain a CPA firm license from the board and then dissolve the former firm unless the owners desire to maintain more than one licensed firm. Affiliated entities using a restricted title or offering or performing restricted services are subject to board rules.

(3) What are the ownership requirements for a CPA firm?

(a) All owners of a licensed CPA firm are required to:

(i) Fully comply with the provisions of chapter 18.04 RCW; and

(ii) Be subject to discipline by the board for violations of chapter 18.04 RCW and this board's rules contained in Title 4 WAC;

(b) A simple majority of the ownership of the licensed firm in terms of financial interests and voting rights of all partners, owners, or shareholders must be:

(i) Licensees in this state or holders of a valid license to practice public accountancy issued by another state;

(ii) Entitled to practice public accounting in Washington state; and

(iii) Principally employed by the firm or actively engaged in its business.

(c) At least one general partner of a partnership, one shareholder of a corporation, and one member of a limited liability company must be a licensee.

(d) Each CPA proprietor, partner, shareholder or member who is either a resident or is entering the state and practicing public accountancy in this state must hold a valid Washington state license or practice privileges.

(e) A principal owner and any individual having authority over issuing reports must be a licensee under the act or holder of a valid license to practice public accountancy issued by another state and must be entitled to practice public accounting in this state.

(f) A nonresident CPA owner must be licensed to practice public accountancy in at least one state.

(g) A nonlicensee owner must:

(i) Be an individual;

(ii) Meet the good character requirements of RCW 18.04.105 (1)(a);

(iii) Comply with the act and board rules; and

(iv) Be an active individual participant in the licensed firm or affiliated entities as these terms are defined in WAC 4-30-010; and

(h) A resident nonlicensee firm owner must meet the requirements of WAC 4-30-116 and register with the board concurrent with submission of the firm license application, or submission of an amendment to the firm license status, to the board.

(4) What are the requirements for the firm's main office and a branch office? A firm's main office located in this state must be under the direct supervision of a resident licensee.

A branch office is an office of a licensed CPA firm which is physically separated from the main office. A branch office operates under the license of the main office

For non-licensed CPA firms and individual CPA practitioners

(1) Individual CPAs or CPAs grouped into a practice do not require an additional firm license from the board, beyondbesides the normal business licensing requirements of the State of Washington.}

(2) CPAs or CPAs grouped into a practice are however always able to apply for a firm license under the conditions outlined in A above.

(i) Under the- mobility provisions of other US jurisdictions, firms may require a firm license from the board to work outside of -Washington State

#### WAC 4-30-112

Must a firm holding a license from another state apply and obtain a Washington state license to hold out and practice in Washington state? ~~Let's talk about this.~~ (1) ~~A firm license must be obtained from the board if the firm has an office in this state and, by any means, represents to the public that the firm is composed of certified public accountants and performs or offers to perform attest or compilation services for clients in this state~~

(1) A firm license must be obtained from the board if ~~any of the following criteria apply:~~  
(a) ~~The~~ the firm has an office in this state and, by any means, represents to the public that the firm is composed of certified public accountants and performs or offers to perform attest or compilation services for clients in this state; ~~or,~~

(b) ~~The firm has an office in this state and, by any means, represents the firm to the public that the firm is a firm of certified public accountants.~~

(2) A firm license is not required for a firm that does not have an office in this state but offers or renders attest services described in RCW 18.04.025(1), and meets the requirements listed in RCW 18.04.195

(1)(a)(iii)(A) through (D).

(3) A firm license is not required to perform other professional services in this state, including compilation, review and other services for which reporting requirements are provided in professional standards, if the firm complies with the following:

(a) The firm performs such services through individuals with practice privileges under RCW 18.04.350(2) and WAC 4-30-090 or reciprocal license under RCW 18.04.180 and 18.04.183 and board rules;

(b) The firm is licensed to perform such services in the state in which the individuals with practice privileges have their principal place of business; and

(c) The firm meets the board's quality assurance programs, ~~such as~~ [peer review](#) requirements, when applicable.

(4) As a condition of this privilege, any nonresident firm meeting the requirement of subsection (2) or (3) of this section is deemed to have consented to:

(a) The personal and subject matter jurisdiction and disciplinary authority of this state's board;

(b) Comply with the Public Accountancy Act of this state, chapter 18.04 RCW, and this board's rules contained in Title 4 WAC;

(c) Cease offering or rendering professional services in this state through a specific individual or individuals if the license(s) of the individual(s) through whom the services are offered or rendered becomes invalid;

(d) Cease offering or rendering specific professional services in this state through an individual or individuals if the license(s) from the state(s) of the principal place of business of such individual(s) is restricted from offering or performing such specific professional services;

(e) The appointment of the state board which issued the firm license as their agent upon whom process may be served in any action or proceeding by this state's board against firm licensee;

(f) Not render those services described in subsection (1) (c) of this section for a client with a home office in this state unless the firm that has obtained a license from this state (RCW 18.04.195 and 18.04.295) and this section; and

(g) Not render any professional services in this state through out-of-state individual(s) who are not licensed to render such services by the state(s) in which the principal place of business of such individual(s) is (are) located.

WAC 4-30-114

How do I apply for and maintain a firm license?

(1) How does a firm apply for an initial firm license? To apply for an initial firm license an owner, or designee, or, in the case of an out-of-state firm, that does not meet the requirements to operate under firm mobility per RCW 18.04.195 (1)(a)(iii)(A) through (D), and is required to be licensed in this state, an individual qualified for practice privileges in this state under RCW 18.04.350(2) who has been authorized by the applicant firm to make the application must submit the following information to the board:

(a) The firm name;

(b) Address and telephone number of the main office and any branch offices of the firm;

(c) Name of the managing licensee of the main office located and maintained in this state;

- (d) Resident licensee owners' names;
- (e) Name(s) of all resident nonlicensee owners; and
- (f) Type of legal organization under which the firm operates.

The required information must be submitted to the board either by making application through the board's online application system or on a form provided by the board upon request. All requested information, documents and fees must be submitted to the board before the application will be evaluated.

Upon approval of the firm's application the firm's licensed status will be posted in the board's licensee database and, therefore, made publicly available for confirmation. A hard copy of the firm license can be provided upon request.

The initial CPA firm license will expire on June 30th of the third calendar year following initial licensure.

(2) How do I renew a CPA firm license? To renew a CPA firm license an owner or designee or, in the case of an out-of-state firm that does not meet the requirements to operate under firm mobility per RCW 18.04.195 (1)(a)(iii)(A) through (D), an individual qualified for practice privileges in this state under RCW 18.04.350(2) who has been authorized by the applicant firm to make the application, must submit the information described in subsection (1) of this section that is current at the date the renewal application is submitted to the board. A renewal application is not complete and cannot be processed until all required information, requested documents, and all fees are submitted to the board.

An individual authorized by the firm must provide the required information to the board either by making application through the board's online application system or on a form provided by the board upon request. All requested information, documents and fees must be submitted to the board before the application will be evaluated.

On the date the renewal application is approved, the firm's license will be included in the board's licensee database and, therefore, made publicly available for confirmation. Confirmation of the renewed status can be provided upon request.

The CPA firm license will expire on June 30th of the third calendar year following the calendar year of renewal.

(3) When and how must the firm notify the board of changes in the licensed firm? An individual authorized by the firm must provide the board written notification and other documentation deemed necessary by the board within ninety days of any or all of the following occurrences:

- (a) Dissolution of the firm;
- (b) The occurrence of any event that would cause the firm to be in violation of RCW 18.04.195 or this section, including the retirement, lapse, revocation or suspension of the license of a sole proprietor or sole owner of another legal form of organization, for example, a limited liability company (LLC) or professional service corporation (PS) owned by a single person, licensed by the board for the practice of public accounting, and holding out to the public for the practice of public accounting and/or offering or performing professional services restricted to licensees; or

(c) An event that requires an amendment to a firm license.

(4) What events require a firm amendment? An individual authorized by the firm must provide written notification to the board, by submitting the following information and the appropriate amendment fee, within ninety days of the following:

(a) Admission or withdrawal of a resident licensee owner;

(b) Any change in the name of the firm; or

(c) Change in the resident managing licensee of the firm's main office in this state; or

(d) Change in the resident managing licensee of any branch office of the firm.

(5) How long do I have to correct noncompliance with licensure requirements due to a change in ownership or an owner's credentials? The board must be notified in writing within ninety days of the first date the firm is not in compliance with the firm's licensure requirements due to changes in firm ownership and propose a time period in which the firm will achieve compliance. The board may grant a reasonable period of time for a firm to become compliant. The board may revoke, suspend, or impose conditions on the firm's license for failure to bring the firm into compliance within the approved time period.

# WASHINGTON STATE BOARD OF ACCOUNTANCY

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

<b>Time and Place of Meeting</b>	9:00 a.m. – 12:00 p.m. Friday, April 26, 2019 DoubleTree by Hilton Hotel Seattle Airport Cascade Room 13 18740 International Blvd Seattle, WA 98188
<b>Attendance</b>	<u>Board Members</u> Mark Hugh, CPA, Chair, Board Member Thomas G. Neill, CPA, Vice Chair, Board Member Joel Cambern, Secretary, Public Member Karen R. Saunders, CPA, Board Member Elizabeth D. Masnari, CPA, Board Member Rajib Doogar, Public Member Brian R. Thomas, CPA, Board Member Jacqueline Meucci, CPA, Board Member Kate Dixon, Public Member  <u>Staff and Advisors</u> Charles E. Satterlund, CPA, Executive Director Bruce Turcott, Assistant Attorney General, Board Advisor Jennifer Sciba, Deputy Director Taylor Shahon, CPA, Lead Investigator Caitlin Upshall, Communication Specialist
<b>Introduction of New Board Member</b>	The Executive Director reported that the Governor’s Office has appointed Kate Dixon as the newest public Board Member. The Board and staff welcomed Kate to the Board.
<b>Public Rule-Making Hearing</b>	The Board held a public rule-making hearing from 9:02 a.m. to 9:06 a.m. The Board Chair presided. The Board proposed to amend: <ul style="list-style-type: none"><li>• WAC 4-30-062 – How do I apply to take the CPA examination?</li></ul> The Executive Director presented a brief statement on the rule.  The Board did not receive any written comments regarding the proposed rule change.
<b>Call to Order</b>	Board Chair, Mark Hugh, called the regular meeting of the Board to order at 9:06 a.m.
<b>Rules Review</b>	<u>WAC 4-30-062</u> How do I apply to take the CPA examination?  The Board voted unanimously to adopt the rule as proposed. The Board voted for an implementation date 31 days after filing.



**Minutes –  
January 18, 2019,  
Regular Board  
Meeting**

The Board approved the minutes of the January 18, 2019, Board meeting as presented.

**Board Policies  
Annual Review**

The Board completed its annual review of all Board policies.

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

- 2002-2 Expert Witness Services
- 2002-4 International Reciprocity
- 2003-1 Safe Harbor Report Language for Use by Non-CPAs
- 2004-1 Administrative Violations Guidelines
- 2012-1 Social Media
- 2015-1 Board Member Travel and Attendance at Group Gatherings
- 2017-1 Investigative and Disciplinary Process
- 2017-2 Publication and Disclosure of Disciplinary Actions

**NASBA Update**

The Executive Director reported on the following topics from the NASBA 37<sup>th</sup> Annual Conference for Executive Directors and Board Staff held March 26-28, 2019, in San Antonio, TX:

- Second pathway to CPA
  - NASBA received feedback against creating a second CPA Exam
  - Now considering counting data analytics as business administration credits
- CPA and cannabis industry in Washington State
- New threats to testing security
- Americans with Disabilities Act (ADA)
- NASBA International Education Services (NIES) Transcript evaluations
- Update on anti-regulatory efforts
- Substantial equivalence break-out session regarding experience requirement

Tom Neill reported on Uniform Accountancy Act (UAA) committee work:

- Continuous Exam testing was approved with a 2020 window for implementation
- NOCLAR
- Attest experience requirement for signing attest reports or delegating assignments to other CPA staff – committee to vote in next three weeks

The Board Chair encouraged everyone to attend the NASBA Western Regional Meeting in Salt Lake City from June 18-20.

**Legal Counsel's Report**

Bruce Turcott, the Board's legal counsel, reported that the legislative session will end Sunday, April 28, 2019.

The Board Chair advised that the Board will go into an executive session at the end of the meeting.

**Chair's Report**

Farewell to Board Members

The Chair presented plaques of appreciation to Karen Saunders and Elizabeth Masnari and thanked them for their service to the Board and the profession. Karen and Elizabeth's Board service will end June 2019.

**Executive Committee**

The Chair reported that he and the other committee members had a teleconference to discuss the Board meeting agenda.

**Compliance Assurance Oversight Committee**

Tom Neill reported on the results of the 2018 Continuing Professional Education (CPE) Audit.

The Deputy Director advised of the new CPE audit timeline for both random and prelapsd reinstatement audits.

**Request Review Committee**

Elizabeth Masnari reported:

Firm Names: *Approved:*

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

Professional/Educational Organization – Recognition Requests

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

Joel Cambern was selected to replace out-going chair, Elizabeth Masnari.

**State Ethics Compliance Committee**

Brian Thomas had nothing to report. The committee will report at the October 2019 Board meeting.

**Qualifications Committee**

Rajib Doogar had nothing to report.

**Performance Review and Succession Committee**

Joel Cambern had nothing to report.

**WSCPAs Education Fund Committee**

Elizabeth Masnari asked WSCPAs President and CEO, Kimberly Scott, to report on scholarship activities. Kimberly Scott reported on:

- Accounting of receipts and disbursements for the program for year ending September 30, 2018
- Scholarship recipients for this year
- 2019 Scholarship Winner Statistics (full program)
- Scholarship recipient dinner will be held May 15, 2019, from 6:00 – 8:00 p.m. at the WSCPAs. Board Members and staff are encouraged to attend
- Elizabeth Masnari has been nominated to the WSCPAs Foundation Board. Her position on the WSCPAs Foundation Board will begin after her position on the Board of Accountancy ends.

Jacqueline Meucci was selected to replace out-going chair, Elizabeth Masnari.

**CPE Task Force**

Mark Hugh reported:

- CPE draft rules have not changed since the prior meeting
- Rule review is coming later in the meeting

**Peer Review Task Force**

Tom Neill reported:

- The task force has not met but individuals from the task force have done research
- They will meet as a group and will have a report for the next Board meeting

**Peer Review Discussion**

The Board Chair delivered the PowerPoint presentation, “Peer Review Background and Trends – Washington State Board of Accountancy” and led the discussion on peer review.

Julie Phipps, WSCPA, and Robert Loe, CPA, Peer Review Oversight Committee (PROC) Chair, assisted with the discussion and questions.

**Rules Review**

The Board Chair read the summary of CPE changes from the Board packet materials.

WAC 4-30-010 Definitions

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

The Board had no revisions to the draft.

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

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

The Board provided two revisions to the draft. One adds, “,which shall be approved by the Board,” to subsection (7)(a). The second one removes “taken after initial licensure” from subsection (3)(e).

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

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

The Board had no revisions to the draft.

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

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

The Board had no revisions to the draft.

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

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

The Board had no revisions to the draft.

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

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

The Board provided one revision that removes “taken after initial licensure” from subsection (1)(c) of the draft.

The Board directed staff to file the CR-102 with the Office of the Code Reviser with the change noted above and to schedule a public rule-making hearing in conjunction with the Board’s July meeting for all reviewed rules.

**Peer Review  
Oversight  
Committee  
(PROC) Report**

Robert Loe, PROC Chair, provided the Board with a report from the January 29, 2019, meeting of the System Report Acceptance Body (RAB).

**Executive  
Director’s Report**

Budget Status Report

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 through March 29, 2019.

Firm Licensing House Bill (HB) 1208 Update

The Executive Director reported that HB 1208 passed. Agency revenue is expected to decrease as fewer CPA firms will have a licensing

requirement.

### Annual Report to the Governor

The Executive Director advised the Board that the 2018 Annual Report was submitted to the governor's office.

Rajib Doogar suggested that we include Board outreach in future reports. He also mentioned that he and his University of Washington - Bothell graduate students attended the Governor's bill signing for HB 1208.

### New Board Member Search

The Executive Director thanked Karen Saunders and Elizabeth Masnari for their service to the Board and the profession.

The Executive Director reported that six Board Member applications have been received.

He reminded the Board that members can serve up to three full terms. Three members are due for reappointments in June 2019. If they wish to remain on the Board, they must reapply before the conclusion of their term.

### **Enforcement Report**

Taylor Shahon provided the following report to the Board:

- Enforcement Report – Quarter Report (January 1, 2019 through March 31, 2019)

Taylor Shahon reported on enforcement activities for the first quarter 2019:

- Caseload update – 8 cases – mostly concerning CPE audit issues
- Larger cases have concluded
- Kate Dixon volunteered to complete the next dismissed case review

### **Public Input**

Two members of the public provided input at the conclusion of the meeting.

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

An executive session was held from 11:47 a.m. – 11:59 a.m. regarding litigation or potential litigation under RCW 42.30.110(1)(i).

### **Adjournment**

The Board meeting adjourned at 12:00 p.m.

---

Secretary

---

Chair

---

Vice-Chair

---

Member

---

Member

---

Member

---

Member

---

Member

---

Member

# CPA Evolution

## Trends in Education and Licensure

---

WASHINGTON STATE BOARD OF ACCOUNTANCY



# Table of contents

---

- ▶ Organizations involved in initial CPA licensure
- ▶ The Uniform CPA Exam
- ▶ The New Pathway to CPA initiative
- ▶ The CPA Evolution initiative
- ▶ Questions from NASBA delegates at the regional meeting
- ▶ Board considerations

# The American Institute of CPAs (AICPA)

---

- ▶ The AICPA is the world's largest association representing the accounting profession, with over 400,000 members in 130 countries
- ▶ Its mission is to provide members with the resources, information, and leadership that enable them to provide valuable services in the highest professional manner to benefit the public as well as employers and client
- ▶ The AICPA controls and sets many professional and technical standards that by rule are adopted by state boards, including both its Professional Code of Conduct and statements on standards for auditing, review, accounting, attestation engagements, tax services, and others

# National Association of State Boards of Accountancy (NASBA)

---

- ▶ NASBA serves as a forum for the 55 boards of accountancy
- ▶ Its mission is to enhance the effectiveness of state boards of accountancy
- ▶ Its goals are to identify, research and analyze major current and emerging issues, strengthen and maintain communications with state boards to facilitate the exchange of ideas and opinions; and foster relationships with organizations that affect the regulation of public accounting
- ▶ NASBA does not control any professional or technical standards

# NASBA and the WSBOA

---

- ▶ The WSBOA is a dues paying member of NASBA
- ▶ A WSBOA member who attends NASBA meetings is called a “delegate”
- ▶ For its fiscal year ending July 2018, NASBA reported gross revenue of \$32,270,000 and of that gross revenue, \$302,000 was membership dues, \$409,000 was conference fees, and \$3,270,000 was from CPE programs
- ▶ Gross revenue from CPA examination related services was \$25,456,000
- ▶ NASBA provided \$10,300,000 of mission spending in support of state boards

# NASBA and CPAES

---

- ▶ NASBA's CPA Examination Services (CPAES) provides outsourcing services for state boards related to the Uniform CPA Examination, include application processing, credential evaluations, and score reporting
- ▶ CPAES is currently processing CPA candidate information for 32 Boards of Accountancy including Washington
- ▶ CPAES also provides some form of licensing service for 11 states
- ▶ NASBA's International Evaluation Service (NIES) evaluates international transcripts and NASBA also provides a Wall Certificate Service

# The Uniform CPA Examination

---

- ▶ The Uniform CPA Examination is developed by the AICPA with significant input and assistance by NASBA and state boards of accountancy
- ▶ It is designed to assess the knowledge and skills entry-level CPAs need to practice public accountancy and is a requirement for initial licensure in all 55 jurisdictions
- ▶ The exam is owned one third by the AICPA, one third by NASBA, and one third by Prometric, which operates the testing centers

# Format of the CPA exam

---

- ▶ The exam is a 16-hour, computer-based test comprised of four sections
- ▶ The four sections are Auditing and Attestation (AUD), Business Environment and Concepts (BEC), Financial Accounting and Reporting (FAR), and Regulation (REG)
- ▶ The CPA exam employs a combination of question formats, including traditional multiple choice questions and essays, as well as simulation questions that replicate workplace situations and require the application of knowledge and skills to arrive at solutions

# The New Pathway Initiative (2017)

---

- ▶ In response to technology changing the CPA profession, in 2017 NASBA created a CPA pathway taskforce to consider how the traditional requirements of education, examination, and experience to become a CPA could be modified to allow data technologists into the profession
- ▶ The task force examined whether different requirements would be appropriate for these professionals and still allow them to become a licensed CPA
- ▶ The results of the initiative were not well received by NASBA delegates at regional and national meetings in 2018



# The CPA Evolution Initiative (2019)

---

- ▶ In 2018, the AICPA and NASBA formed a working group to explore changes to initial licensure while maintaining a single pathway a CPA licensure
- ▶ The group recommended that education and exam requirements be evolved to address the increased demand for technological and analytical expertise
- ▶ The group's progress and five guiding principles were presented to NASBA delegates for input at the 2019 regional meetings both in general sessions and breakout sessions

# NASBA and the AICPA's five principles

---

- ▶ The working group is seeking guidance from stakeholders on a set of principles for revising the education requirement and the CPA exam
- ▶ They are requesting stakeholders comment if they believe these principles directionally correct or not
- ▶ They are also requesting stakeholders comment if they believe these principles would help put the profession in a continued position of strength and relevance while protecting the public interest
- ▶ Feedback is due by August 9, 2019

# The five guiding principles

---

- ▶ The CPA profession must adapt quickly due to the technological disruptions in areas such as data analytics, robotics, artificial intelligence and more. As such, the competencies, services and attitudes of CPAs need to continually evolve in order to protect the public interest
- ▶ The CPA profession and state boards of accountancy recognize that technological and analytical expertise are essential to performing assurance work, as well as the other services that are currently, or will be in the future, core to professional accounting

# The five guiding principles (continued)

---

- ▶ The CPA profession and state boards of accountancy acknowledge that sustaining the profession and continued public protection require rethinking initial licensure requirements
- ▶ The profession, and therefore entry into the profession, must be redesigned to attract individuals with technological and analytical expertise. This includes non-CPA professionals whose technology and analytics skills are critical to the performance of assurance and other core services, as well as non-accounting major students. All must demonstrate minimum required competencies necessary to perform professional accounting services as a CPA

# The five guiding principles (continued)

---

- ▶ The changes must be rapid, transformational and substantive without negatively impacting candidates currently in the pipeline

# Thoughts from NASBA regional delegates

---

- ▶ Do non-CPA technology professionals at CPA firms want or desire a path to ownership at a CPA-firm?
- ▶ Does this change the standard CPA firm model of using other professionals, such as actuaries and valuation professionals, for specialized services?
- ▶ Does this mean a minor or dramatic changes to the CPA exam?
- ▶ Should there be different optional exam sections for different competencies such as technology, audit, tax, etc. or should the exam be a uniform base line for all new licensees?

# More thoughts

---

- ▶ Technology is disrupting many other professions such as medicine, law, and others, and how are these other professions handling the impact of disruptive technology on initial licensing requirements?
- ▶ Is it the role of a state board to reinvigorate a profession or is it the role of a state board to license it and monitor the quality of the firms and licensees already in that profession?
- ▶ With occupational licensing under scrutiny in many states, the current environment would be a difficult one for any statutory licensing changes

# Board considerations

---

- ▶ The NASBA/AICPA working group has requested feedback by August 9, 2019 and more information is available at [www.evolutionofcpa.org](http://www.evolutionofcpa.org)
- ▶ The Board may choose to respond or not respond, but it is unlikely that either NASBA or the AICPA will let this issue disappear and a discussion of the CPA Evolution initiative is likely to be a significant topic for discussion at the NASBA Annual meeting being held October 27-30 in Boston
- ▶ It would be useful for any WSBOA delegates at the meeting to understand the Board's thoughts and considerations regarding the initiative



## CPA Evolution: Request for Input

The vision of CPA Evolution, a joint project of NASBA and the AICPA, is to transform the CPA profession and its licensure model in recognition of the need for rapidly changing CPA skills and competencies necessitated by constantly escalating technological disruption.

The environment in which CPAs operate is changing at a rapid pace, and the biggest driver of that change is technological innovation.

Starting in 2017, NASBA and the AICPA began speaking with stakeholders to better understand how the profession is changing. We sought input from firms of all sizes, state CPA societies, state boards of accountancy, academia and various other groups. Across the board, we heard that technology is changing the services CPAs provide and how they provide them.

### What finance executives report:

- 94% feel advanced technologies promote the quality of the audit
- 78% say auditors should use more sophisticated technologies

Sources: Forbes Insights/KPMG. *Audit 2025: The Future is Now*, March 2017 and *Next Generation Audit*, 2018.

We're hearing that innovations in areas like artificial intelligence, automation and data analytics are creating new opportunities for CPAs, both in terms of the types of services they perform and in how those services are delivered. We're also hearing that the services clients are demanding require skills and knowledge in areas like IT risks and controls, business intelligence and cybersecurity risk management.

### Skills and knowledge newly licensed CPAs increasingly need:

- Business intelligence
- Data management, analysis and reporting
- Predictive analytics
- Cybersecurity risk management
- IT risks, controls and assurance
- Information security governance

As the skills required to perform the profession's core services evolve, CPA licensure requirements must evolve as well. For this reason, NASBA and the AICPA are exploring how to adapt the CPA licensure model so it better aligns with the work CPAs do and continues to serve the public interest.

In 2018, our two organizations formed a diverse working group of stakeholder representatives to consider possible changes to licensure. The group recommended that education and exam requirements need to evolve to address the increased demand for technological and analytical expertise.

This brings us to today, and the purpose of this Request for Input. We're seeking your feedback on five guiding principles on which we believe any new licensure model should be based. Tell us:

- Are these principles directionally correct?
- Would they help put the profession in a continued position of strength and relevance while protecting the public interest?

Throughout the summer, we will be collecting your thoughts and suggestions to inform our decision making. Then, this October, we plan to share what we've heard, along with recommended next steps, at the NASBA Annual Meeting and AICPA Fall Council.

Help us reimagine CPA licensure. Review the guiding principles on the next page and let us know what you think.

For more information, visit [EvolutionOfCPA.org](http://EvolutionOfCPA.org)

## CPA Evolution: NASBA's and the AICPA's Guiding Principles

- The CPA profession must adapt quickly due to the technological disruptions in areas such as data analytics, robotics, artificial intelligence and more. As such, the competencies, services and attitudes of CPAs need to continually evolve in order to protect the public interest.
- The CPA profession and state boards of accountancy recognize that technological and analytical expertise are essential to performing assurance work, as well as the other services that are currently, or will be in the future, core to professional accounting.
- The CPA profession and state boards of accountancy acknowledge that sustaining the profession and continued public protection require rethinking initial licensure requirements.
- The profession, and therefore entry into the profession, must be redesigned to attract individuals with technological and analytical expertise. This includes non-CPA professionals whose technology and analytics skills are critical to the performance of assurance and other core services, as well as non-accounting major students. All must demonstrate minimum required competencies necessary to perform professional accounting services as a CPA.
- The changes must be rapid, transformational and substantive without negatively impacting candidates currently in the pipeline.

In addition, NASBA and AICPA volunteer leadership have developed the following specific concepts that support the guiding principles.

We need a degree of flexibility in the education requirements in order to best position the profession for the future.

- This means candidates with different degrees would all be required to have education around a common core of both accounting and technology, as well as elective coursework that aligns with the work they are interested in performing as a CPA.
- The existing accounting graduate would need a greater understanding of technology, and the existing technology graduate would need a greater understanding of accounting.
- This may necessitate reducing educational requirements on certain existing concepts and adding educational requirements on other concepts.

We need an exam that tests a common core of accounting and technology, and that allows candidates to demonstrate knowledge in their chosen area of study and interest.

- One examination would serve all candidates, with variations allowed within exam sections that correspond to area of study and interest.
- Using the current exam structure, significantly modify the breadth and depth of the exam based on future looking practice analyses.
- Certain advanced and unique accounting and auditing concepts currently required for licensure are applicable to only a segment of practicing CPAs, while knowledge of systems controls and emerging technologies is increasingly relevant.

Do you think these principles are directionally correct in guiding the development of a new CPA licensure model? Would they help put the profession in a continued position of strength and relevance while protecting the public interest? Tell us your thoughts by emailing [Feedback@EvolutionOfCPA.org](mailto:Feedback@EvolutionOfCPA.org) or filling out our input form at [EvolutionOfCPA.org](http://EvolutionOfCPA.org). Input is requested by August 9, 2019.

For more information, visit [EvolutionOfCPA.org](http://EvolutionOfCPA.org)

## Request Review Committee Report July 2019

Joel Cambern, Chair and Elizabeth Masnari, CPA (former Chair)

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

Firm Names: *Approved:*

TERIE ELLIS CONSULTING PLLC  
TRAIL CPA CORPORATION  
NORTH PACIFIC TAX & ACCOUNTING  
SOLID CHOPS ACCOUNTING LLC  
LAKE STEVENS TAX SERVICE  
ASPEN FINANCIAL & TAX SERVICES, INC  
ALTUM LLP  
ENCOMPASS TAX SOLUTIONS PLLC

Professional/Educational Organization – Recognition Requests – During the 2nd quarter of 2019, the Board received one request for recognition of an educational organization for purposes of obtaining list requests. The request was denied for:

- Accounting Broker Acquisition Group

Domestic or International Education Credential Evaluation Services – During the 2nd quarter of 2019, the Board did not receive any requests for recognition of domestic or international education credential evaluation services.

Late Fee Waiver Requests – Late Fee Waiver Requests were received between 05/01/2019 and 06/30/2019.

The Board received 6 late fee waiver requests:

- 1 Request was approved
- 5 Requests were denied

## **Institute of Chartered Accountants Education**

### **Objective:**

The Board will allow NASBA International Evaluation Services (NIES) to evaluate and determine the academic pathway of Chartered Accountants and accept those credits deemed equivalent to education obtained in the United States to sit for the exam.

### **History:**

Prior to 2012, the Board relied on the various board approved evaluation services to determine and accept those credits obtained through Chartered Accountants education as equivalent to education obtained in the United States.

The Board became aware of instances where some of the evaluators were accepting credits that were from a non-academic pathway as credits deemed equivalent. Candidates were able to take their education to different evaluators and receive different responses.

As of 2012, based on the discussions with the Board, it was determined that we would no longer accept the credits obtained from Chartered Accountants membership. However, if either a U.S. college or University or equivalent foreign college or university accepted those credits we would accept them.

### **Evaluation Services:**

Due to the inconsistencies of the education evaluation acceptance criteria, the Board made a decision on October 1, 2014 to use only one evaluation service which is NIES.

# NASBA and Accounting Boards

## **NIES Implementation**

- Requested by many Boards of Accounting since early 2000s.
- Issues with consistency, transparency, standardization.
- One-size-fits-all approach did not meet needs of the profession.
- Developed and implemented solution in 2012.
- Grew to over 50 Boards in 2 years, currently handling approximately 8,000 applications annually for 52 Jurisdictions.
- Allowed profession to control quality of candidates and reduce public risk.



# NIES – What do we do?



Standardize international credential evaluations

Provide excellent client relations

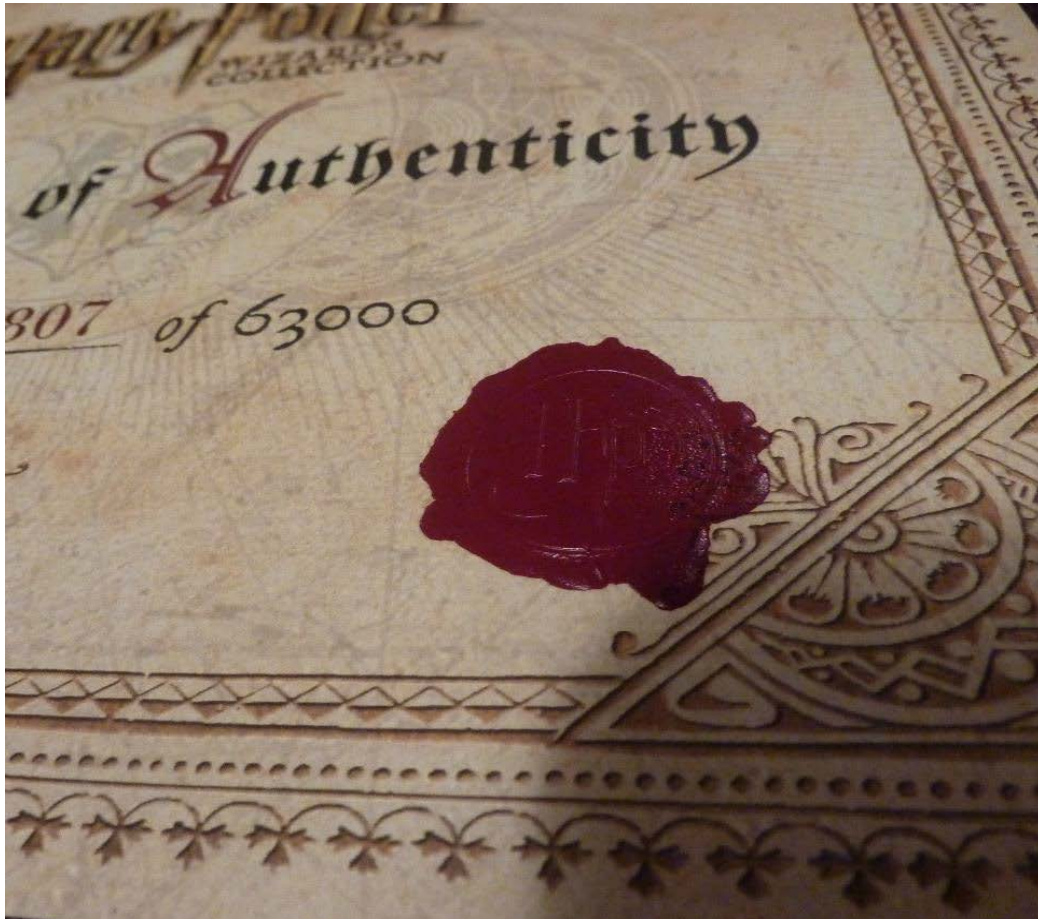
Protect the accounting profession

Present transparent pricing to applicants

Customize reports for Board-specific needs

Leverage accounting knowledge

# Education Verification Service



**Document verification is a critical part of the international evaluation process.**

- Industry standard for document verification was outdated.
- “Original Document” process ineffective.
- Candidates are given option to have the university send NIES documents or apply to have copies verified by NIES.
- NIES will make direct contact with the institution to confirm the document’s authenticity.
- Once the document’s authenticity is verified, we will use the copies provided.

# Chartered Accountancy

- NIES provides international evaluation reports for 52 jurisdictions.
- 11 of the 52 jurisdictions indicate they will accept chartered accounting if NIES deems it's comparable to academic education and include it on our international evaluation report.
- 3 of those 11 indicate it is acceptable on a “case by case” basis.





## Chartered Accountancy - High-Level Overview

---

- NIES will review various criteria when deciding if the program is comparable to academic credit.
- What educational programs can a candidate enter based on the completed credential?
- The breadth of work required to obtain the credential?
- Clock or learning hours for the credential?

1650 - State Board of Accountancy

Allotment Expenditure/Revenue RTD Flexible

Report Number: AEF04  
 Biennium: 2019  
 Account: 02J  
 Revenue Content: Cash, Acct(all)

As of Fiscal Month: Jun FY2  
 Estimated Revenue Content: Approved & Adjusted  
 Transactions Through: Jun 28, 2019 8:00PM  
 Date Run: Jun 30, 2019 9:52AM

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

Allotment	RTD	RTD	RTD	RTD	RTD	RTD	Biennium Remaining
	Disbursement	Accrual	Encumbrance	Variance			
<b>By Account/Expenditure Authority</b>							
02J - Certified Public Accountants' Acct	3,112,000	2,768,512.67	4,955.73	0.00	338,531.60	338,531.60	
030 - Salaries and Expenses	3,112,000	2,768,512.67	4,955.73	0.00	338,531.60	338,531.60	
<b>Total for Agency</b>							

By Object	Allotment		Disbursement		Accrual		Encumbrance		Variance		Biennium Remaining
	RTD	RTD	RTD	RTD	RTD	RTD	RTD	RTD	RTD		
A - Salaries and Wages	1,309,962	1,313,044.06	0.00	0.00	0.00	0.00	(3,082.06)	(3,082.06)			
B - Employee Benefits	488,082	485,093.71	0.00	0.00	0.00	0.00	2,988.29	2,988.29			
C - Professional Service Contracts	10,000	100,467.22	0.00	0.00	0.00	0.00	(90,467.22)	(90,467.22)			
E - Goods and Services	1,220,956	790,279.42	116.00	0.00	0.00	0.00	430,560.58	430,560.58			
G - Travel	73,000	54,929.74	4,839.73	0.00	0.00	0.00	13,230.53	13,230.53			
J - Capital Outlays	10,000	24,698.52	0.00	0.00	0.00	0.00	(14,698.52)	(14,698.52)			
<b>Total for Agency</b>	<b>3,112,000</b>	<b>2,768,512.67</b>	<b>4,955.73</b>	<b>0.00</b>	<b>338,531.60</b>	<b>338,531.60</b>					

Fund

Balance As Of:	6/30/2019	Show Balances As Of:	06/30/2019
Book Balance:	4,319,386.34	<input type="button" value="Retrieve"/>	
Outstanding Warrants:	2,046.12		
Cash Balance:	4,321,432.46		

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:	7/2/2019	Show Balances As Of:	06/30/2019
Book Balance:	225,000.00	<input type="button" value="Retrieve"/>	
Outstanding Warrants:	0.00		
Cash Balance:	225,000.00		

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

**WAC 4-30-088****What is the effect on a Washington individual licensee or CPA-inactive certificateholder in the armed forces, reserves, or National Guard if the individual receives orders to deploy for active military duty?**

(1) **Definitions.** For purposes of this rule:

(a) "Active military duty" means:

(i) Deployed upon order of the President of the United States, the U.S. Secretary of Defense or Homeland Security in the case of a member of the armed forces or armed force reserves; or

(ii) Deployed upon order of the governor of this state in the case of the National Guard.

(b) "Armed forces" means the Army, Navy, Air Force, Marine Corps, and Coast Guard and reserves of each branch of the armed forces.

(c) "Active duty" means full-time employment in the armed forces of the United States. Such term does not include National Guard duty.

(d) "Military individual" means a living human being serving full time in the United States armed forces.

(e) "Military spouse" means the husband, wife, or registered domestic partner of a military individual.

(2) **Active military duty.**

(a) An individual fully employed on active duty in the armed forces of the United States applying for an initial license in this state shall receive priority processing of the application for initial licensing.

(b) A military applicant who obtains an initial license or a military individual holding a current license issued by this board, will be classified as "military" if the services provided to the armed forces include services within the definition of the practice of public accounting.

(c) An individual in the armed forces, reserves or National Guard and called to "active military duty" while holding an active license or CPA-Inactive certificate issued by this board may apply for a waiver of renewal fees and continuing professional education (CPE):

(i) The request for waiver of renewal fees and continuing professional education may be made through the board's online application and payment system or on a form provided by the board upon request;

(ii) The request for waiver must be supported by submitting documentation to substantiate the military individual's "active military duty" status;

(iii) Upon approval the waiver will serve to classify the individual as "military inactive";

(iv) The CPE reporting period and renewal year will not be affected by this reclassification of status;

(v) The waiver will continue to maintain an individual's military inactive status without fee or CPE until the individual is released from active military duty or discharged from the armed forces, reserves, or National Guard;

(vi) The board must be notified within six months after the date of release from active military duty or discharge from the armed forces. The board must be notified within six months of the date of release from a treatment facility if the individual is or has been in a treatment facility and a discharge was the result of injury or other reasons.

(3) **Return to previously held status after release from "active military duty" or discharge from the armed forces.**

(a) If a military individual desires to return to a previously held status after release from active military duty or discharge from the armed forces, all required information, documents, and fees must be submitted to the board before the application will be evaluated. An application for return to previously held status may be made through the board's online application and payment system or on a form provided by the board upon request and must include the following:

(i) Documentation to substantiate:

- Release from "active military duty"; or
- Type of discharge from the armed forces.

(ii) Documentation to substantiate completion of the following qualified CPE:

- If the application is submitted in the last year of the previous CPE reporting period the individual must have completed four CPE credit hours in ethics and regulation in Washington state and receive a passing grade of ninety percent on the board prepared examination available on the board's web site. The renewal fee is waived in this circumstance;
- If the application is submitted in the second year of the previous CPE reporting period the individual must have completed forty CPE credit hours including four CPE credit hours in ethics and regulation in Washington state and receive a passing grade of ninety percent on the board prepared examination available on the board's web site;
- If the application is submitted in the first year of the previous CPE reporting period the individual must have completed eighty CPE credit hours including four CPE credit hours in ethics and regulation in Washington state and receive a passing grade of ninety percent on the board prepared examination available on the board's web site.

(iii) A military individual may receive an expedited license while completing any specific requirements that are not related to CPE or other board rules.

(b) The previously held status will not become effective until the status has been posted to the board's database and, therefore, made available to the general public.

**(4) Military spouses.**

(a) A military spouse or state registered domestic partner of an individual in the military may receive an expedited license while completing any specific additional requirements that are not related to training or practice standards for the profession, provided the military spouse or state registered domestic partner:

- (i) Holds an unrestricted, active license in another state that has substantially equivalent licensing standards for the same profession to those in Washington; and
- (ii) Is not subject to any pending investigation, charges, or disciplinary action by the regulatory body of another state or jurisdiction of the United States.

(b) To receive expedited license treatment, the military spouse or state registered domestic partner of an individual in the military must provide all required information, documents, and fees to the board either by making application through the board's online application and payment system or on a form provided by the board upon request before the application will be evaluated.

(c) The application for expedited licensing will not be processed until the applicant submits copies to the board of the military individual's orders and official documents to establish the applicant's relationship to the military individual, such as one or more following documents:

- (i) The military issued identification card showing the individual's military information and the applicant's relationship to that individual;
- (ii) A marriage license; or

(iii) Documentation verifying a state registered domestic partnership.

(d) A military spouse or state registered domestic partner may only use a restricted title and practice public accounting under another state's license without an expedited license issued by this board for ninety days from the date the spouse entered this state for temporary residency during the military individual's transfer to this state.

[Statutory Authority: RCW **18.04.055**, **14.04.105(1)** [18.04.105(1)], and **18.04.215(1)**. WSR 14-22-033, § 4-30-088, filed 10/28/14, effective 11/28/14.]

# Board of Accountancy Washington State Enforcement Report

<u>Quarterly Report (Apr 01, 2019 through Jun 30, 2019)</u>			
<b>Complaint Workload</b>			
	Received in Previous Period	Received in Report Period	Total
Complaints Open	15	12	27
Closed with No Action	(9)	(3)	(12)
Closed with Action Taken	(5)	(4)	(9)
<b>Complaints at End of Period</b>	<b>1</b>	<b>5</b>	<b>6</b>
<b>Details of Complaint Closures</b>			
Closed Disposition	Administrative	Public Harm	Total
No Action Taken	2	10	12
Revocation, Suspension, Restriction	1	1	2
Fines, costs, and other sanctions	3	2	5
Remedial Resolution (Policy 2004-1)	2	0	2
<b>Total Closed</b>	<b>8</b>	<b>13</b>	<b>21</b>

<u>Twelve-Month Lookback (Jul 01, 2018 through Jun 30, 2019)</u>			
<b>Complaint Workload</b>			
	Received in Previous Period	Received in Report Period	Total
Complaints Open	18	78	96
Closed with No Action	(9)	(39)	(48)
Closed with Action Taken	(9)	(33)	(42)
<b>Complaints at End of Period</b>	<b>0</b>	<b>6</b>	<b>6</b>
<b>Details of Complaint Closures</b>			
Closed Disposition	Administrative	Public Harm	Total
No Action Taken	5	43	48
Revocation, Suspension, Restriction	1	6	7
Fines, costs, and other sanctions	4	5	9
Remedial Resolution (Policy 2004-1)	25	1	26
<b>Total Closed</b>	<b>35</b>	<b>55</b>	<b>90</b>



## Board of Accountancy Washington State

### All complaints - resolved with and without discipline

	<u>Jul 2018 to Jun 2019</u>		<u>Jul 2017 to Jun 2018</u>	
	<i>All</i>	<i>Action Only</i>	<i>All</i>	<i>Action Only</i>
<b>Public Harm</b>				
Negligence - Attest related	2	1	6	2
Negligence, Disregard of standards	36	6	39	8
Use of Restricted Titles	11	3	6	0
Embezzlement, Theft, Breach of Fid. Duty	2	2	3	0
Breach of Confidentiality	0	0	1	0
Records Retention Causing Harm	4	0	4	0
<u>Subtotal</u>	55	12	59	10
<b>Administrative</b>				
Peer Review	0	0	2	2
CPE - Deficient 16 hours or less	9	6	8	8
CPE - Deficient 17 hours or more	7	5	3	3
CPE - Deficient eligible WA ethics	19	19	8	7
CPE - Failure to respond to CPE audit	0	0	1	1
<u>Subtotal</u>	35	30	22	21
<b>Total</b>	<b>90</b>	<b>42</b>	<b>81</b>	<b>31</b>