



ANNUAL BOARD MEETING AGENDA

Date, Time: Friday, October 16, 2020 – Annual Board Meeting – 9:00 a.m.
Location: Microsoft Teams Meeting
Notices: None

Chair Introductions

ANNUAL MEETING AGENDA

1. Minutes – July 31, 2020, Board Meeting 10-18
2. Chair’s Report
 - a. Election of Officers for Calendar Year 2021
 - b. Board Meeting Schedule and Locations for Calendar Year 2021
 - c. Committee Chair and Member Appointments for Calendar Year 202119
 - d. NASBA Annual Meeting Reminder
 - e. Licensee Geographic Location..... 20-21
3. Board Policy Review
 - a. Proposed New Board Policy – 2020-2 Public Officials and Public Employees 22-23
 - b. 2002-4 International Reciprocity 24-25
4. Washington State Executive Ethics Board – Board Member Training 26-46
5. ACB Request for Attorney General Formal Opinion47
6. Legal Counsel’s Report
7. NASBA Update
8. Executive Director’s Report
 - a. Budget Status Report 48-50
 - b. IT Modernization Project Update
 - c. Legislative Update
 - d. Other Matters as Needed

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)**

9. Committee/Task Force Reports

- a. Executive Committee – Mark Hugh, CPA, Chair
- b. Peer Review Oversight Committee – Jacqueline Meucci, CPA, Chair51-52
- c. Request Oversight Committee – Joel Cambern, Public Member, Chair 53
- d. Scholarship Oversight Committee – Brian R. Thomas, CPA, Chair54-55
- e. Title Reform Task Force – Mark Hugh, CPA, Chair..... 56-91
- f. Succession Task Force – Joel Cambern, Public Member, Chair

10. Enforcement Report

- a. Quarterly Enforcement and Resolved Complaint Reports..... 92-93
- b. Current Enforcement Topics.....94

11. Executive and/or Closed Sessions with Legal Counsel

12. Public Input - The public has an opportunity to address its concerns and the Board has an opportunity to ask questions of the public. Individual speakers will be provided 10 minutes each.



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**WASHINGTON STATE
BOARD OF ACCOUNTANCY
ANNUAL BOARD MEETING – OCTOBER 16, 2020
SUMMARY**

Date and Time: Friday, October 16, 2020 - 9:00 a.m.
Location: Microsoft Teams Meeting
Notices: None

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

October 16, 2020 – ANNUAL BOARD MEETING

1. Minutes – July 31, 2020, Board Meeting

Board staff presents the draft minutes of the July 31, 2020, Board meeting at **pages 10-18** for the Board’s consideration.

Does the Board approve the minutes as drafted?

Does the Board authorize the use of their electronic signatures on file for the signing of the approved meeting minutes?

2. Chair’s Report

a. Election of Officers for Calendar Year 2021

The Board must vote in officers for calendar year 2021:

Chair _____

Vice Chair _____

Secretary _____

The newly elected officers will assume their duties on January 1, 2021.

b. Board Meeting Schedule and Locations for Calendar Year 2021 - Board meeting dates are set by Board rule as the last Friday of the month in the months of January, April, July, and October or as otherwise determined by the Board. Board staff with direction from the Board Chair has selected the following meeting dates and locations:

- January 29, 2021 – Virtual Meeting
- April 30, 2021 – Virtual Meeting
- July 30, 2021 – Virtual Meeting
- October 29, 2021 – Virtual Meeting

Board meeting locations will change to physical sites if it becomes safe to do so.

Does the Board approve the selected dates and locations?

NASBA Meeting Schedule for Calendar Year 2021 (for reference)

- June 8-10, 2021 – Western Regional Meeting, Colorado Springs, CO
- June 21-23, 2021 – Eastern Regional Meeting, White Sulphur Springs, WV
- October 31 - November 3, 2021 – 114th Annual Meeting, San Diego, CA

c. Committee Chair and Member Appointments for Calendar Year 2021

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

Page 19 contains a copy of the 2020 committee and task force spreadsheet for reference.

Peer Review Oversight Committee

Chair: _____

Members: _____

Current Members:

- Jackie Meucci, CPA, Committee Chair
- Joel Cambern, Public Member
- Carol Morgan, CPA
- Mark Hugh, CPA

Non-board Volunteers:

- Robert Loe, CPA
- Laura Lindal, CPA

Request Oversight Committee

Chair: _____

Member: _____

Current Members:

- Joel Cambern, Public Member, Committee Chair
- Brian Thomas, CPA
- Tom Sawatzki, CPA

Scholarship Oversight Committee

Chair: _____

Member: _____

Current Members:

- Brian Thomas, CPA, Committee Chair
- Jackie Meucci, CPA
- Kate Dixon, Public Member
- Carol Morgan, CPA

Title Reform Task Force

Chair: _____

Member: _____

Current Members:

- Mark Hugh, CPA, Committee Chair
- Rajib Doogar, Public Member
- Kate Dixon, Public Member
- Tom Sawatzki, CPA

Succession Task Force

Chair: _____

Member: _____

Current Members:

- Joel Cambern, Public Member, Committee Chair
- Brian Thomas, CPA
- Carol Morgan, CPA
- Kate Dixon, Public Member

d. NASBA Annual Meeting Reminder

e. Licensee Geographic Location

Pages 20-21 contain charts of Washington licensees' geographic location by country and by state.

3. Board Policy Review

a. Proposed New Board Policy – 2020-2 Public Officials and Public Employees

Pages 22-23 contain a draft of the proposed policy. The Washington State Public Accountancy Act generally does not apply to government officials and employees. The purpose of this policy is to explain both the application and the limitations of this exception.

The Executive Director will lead the discussion.

Does the Board wish to adopt as written, adopt with revisions, or withdraw this proposed policy?

If adopted, does the Board Chair authorize the use of his electronic signature on file for the signing of Policy 2020-2?

b. 2002-4 International Reciprocity

Pages 24-25 contain a copy of the policy.

Board staff proposes retiring the policy, as the contents of the policy were incorporated into the Board Rules.

The Executive Director will lead the discussion.

Does the Board wish to retire or retain the policy?

4. Washington State Executive Ethics Board – Board Member Training

Training is scheduled to begin at 10:00 a.m., so flexibility within the agenda is needed to accommodate the start time.

Kate Reynolds, Executive Director, Washington State Executive Ethics Board, will conduct this training, including a question and answer session at the end. **Pages 26-46** contain a copy of the presentation.

5. ACB Request for Attorney General Formal Opinion

Page 47 contains the request to be sent to the Attorney General's Office.

Michelle Carr, AAG, will explain the Attorney General's formal opinion process to the Board.

The Board Chair will lead the discussion on the request for AG formal opinion on:

“Does the Board have disciplinary authority, for violations of the Public Accountancy Act and Board rules, over a Certified Public Accountant licensee who is an employee of a state agency, for acts performed within the scope of employment?”

Does the Board approve the letter as drafted for submission to the Attorney General?

6. Legal Counsel's Report

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

7. NASBA Update

The Executive Director will inform the Board on current NASBA activities.

8. Executive Director's Report

a. Budget Status Report

Pages 48-50 contain the Allotment Expenditure/Revenue BTD Flexible Report, the Certified Public Accountant's Account Fund Balance, and the CPA Scholarship Transfer Account Fund Balance for transactions through September 30, 2020.

b. IT Modernization Project Update

c. Legislative Update

d. Other Matters as Needed

9. Committee/Task Force Reports

- a. **Executive Committee** – Chair: Mark Hugh, CPA; Vice Chair: Rajib Doogar, Public Member; Secretary: Joel Cambern, Public Member

Annual Meeting Summary – October 16, 2020

Mark will give a verbal report.

- b. **Peer Review Oversight Committee** – Chair: Jackie Meucci, CPA; Members: Joel Cambern, Public Member; Mark Hugh, CPA; Carol Morgan, CPA

Page 51 contains the 2020 Quality Assurance Review (QAR) Results report.

Page 52 contains the summary report of the committee's activities.

Jackie will give a verbal report.

- c. **Request Oversight Committee** – Chair: Joel Cambern, Public Member; Members: Brian Thomas, CPA; Tom Sawatzki, CPA

Page 53 contains a report on the 3rd quarter approval and denials from the committee.

Joel will give a verbal report.

- d. **Scholarship Oversight Committee** – Chair: Brian Thomas, CPA; Member: Jackie Meucci, CPA; Carol Morgan, CPA; Kate Dixon, Public Member

Pages 54-55 contain the Projected Fund Balance and Estimated Expenses for Administering the WA Certified Public Accounting Scholarship Program reports – for the Year Ending September 30, 2021.

Brian will give a verbal report.

- e. **Title Reform Task Force** – Chair: Mark Hugh, CPA; Members: Rajib Doogar, Public Member; Kate Dixon, Public Member; Tom Sawatzki, CPA

Pages 56-91 contain a copy of Bill Request#: Z-0035.1/21. The “Z Bill” is the copy received back from the Office of the Code Reviser (OCR) after the Board's draft has been reviewed by an OCR staff attorney and revised for errors and/or formatting, as needed.

Mark will give a verbal report.

- f. **Succession Task Force** – Chair: Joel Cambern, Public Member; Members: Brian Thomas, CPA; Kate Dixon, Public Member; Carol Morgan, CPA

Joel will give a verbal report.

Annual Meeting Summary – October 16, 2020

10. Enforcement Report

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

a. Quarterly Enforcement and Resolved Complaint Reports – *pages 92-93*

b. Current Enforcement Topics – *page 94*

11. Executive and/or Closed Sessions with Legal Counsel - The Board's legal counsel requests the agenda for regular Board meetings contain a placeholder item identifying the Board and legal counsel may enter into executive or closed session when determined appropriate.

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

WASHINGTON STATE BOARD OF ACCOUNTANCY

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

Time and Place of Meeting 9:00 a.m. – 12:01 p.m. Friday, July 31, 2020
Microsoft Teams Meeting

Attendance

Board Members

Mark Hugh, CPA, Chair, Board Member
Rajib Doogar, Vice Chair, Public Member (called in at 10:22 a.m.)
Joel Cambern, Secretary, Public Member
Brian R. Thomas, CPA, Board Member
Jacqueline Meucci, CPA, Board Member
Kate Dixon, Public Member
Carol A. Morgan, CPA, Board Member
Thomas P. Sawatzki, CPA, Board Member
Brooke Stegmeier, CPA, Board Member

Staff and Advisors

Charles E. Satterlund, CPA, Executive Director
Bruce Turcott, Assistant Attorney General, Board Advisor
Michelle Carr, Assistant Attorney General, Board Advisor
Jennifer Sciba, Deputy Director
Taylor Shahon, CPA, Lead Investigator
Kirsten Donovan, Board Clerk
Tia Landry, Data and Systems Administrator

Public Rule-Making Hearing

The Board held a public rule-making hearing from 9:04 a.m. to 9:14 a.m. The Board Chair presided. The Board proposed to amend:

- WAC 4-30-080 How do I apply for an initial individual CPA license?

The proposed changes eliminate the initial licensing requirement to achieve and document a passing grade of ninety percent or better on a board-approved initial course covering the Washington State Public Accountancy Act, related board rules, and board policies and rename the rule.

Foreign Reciprocity

- WAC 4-30-100 What are the rules governing reciprocity for accountants from foreign countries?
- WAC 4-30-102 How do I apply for an initial Washington state license through foreign reciprocity?

The proposed changes rename the rules, add requirements from board policy into the rules, and specify the requirements for foreign reciprocity licensure.

The Executive Director presented a brief statement on each rule.

The Board did not receive any written comments regarding the proposed rule changes.

No public input was received during the hearing.

Call to Order

Board Chair, Mark Hugh, called the regular meeting of the Board to order at 9:14 a.m.

Rules Review

Board Deliberation on Proposed Rules Considered at the Public Rule-making Hearing

- WAC 4-30-080 How do I apply for an initial individual CPA license?

The Board voted unanimously to adopt the rule as proposed.

The Board voted for an implementation date of January 1, 2021.

Foreign Reciprocity – These two rules are dependent on each other and were considered together.

- WAC 4-30-100 What are the rules governing reciprocity for accountants from foreign countries?
- WAC 4-30-102 How do I apply for an initial Washington state license through foreign reciprocity?

The Board voted unanimously to adopt the rules as proposed.

The Board voted for an implementation date of 31 days after filing.

Minutes – April 24, 2020, Board Meeting

The Board approved the minutes of the April 24, 2020, Board meeting with a minor change to the meeting end time.

NASBA Update

AICPA Proposed Revised Interpretation on Records Requests

Tom Neill, CPA, NASBA Ethics Committee Member and AICPA UAA Committee Chair, advised the Board on the following areas of particular interest from the exposure draft:

- When a client makes a request for client-provided records, the member should return those records in the member's custody or control to the client. Such client-provided records cannot be withheld regardless of nonpayment of fees. Further, although the member may charge the client a reasonable fee for the time and expense incurred to retrieve, copy, and ship such records, the client-provided records may not be withheld or delayed due to non-payment of such fees.
- In fulfilling a request for client-provided records member-prepared records, or a member's work products, or the member's copy of client-provided records previously provided to the client (as referenced in paragraph .08), the member may
 - a. charge the client a reasonable fee for the time and expense incurred to retrieve and, copy and ship such records and require that the client pay the fee before the member provides makes the records available to the client.
 - b. provide make the requested records available in any format usable by the client. However, the member is not required to convert records that are not in electronic format to electronic format. If the client requests records in a specific format and the records are available in such format within the member's custody and control, the client's request should be honored. In addition, the member is not required to provide make formulas available to the client with formulas, unless the formulas support the client's underlying accounting or other records or the member was engaged to provide make such formulas available as part of a completed work product.
 - c. make and retain copies of any records that the member returned or provided to the client.

Tom advised the committee is looking into client portal access to records as a potential area of concern.

The Board Chair noted Board Rule changes will not be necessary if the proposal is adopted.

Remote Proctoring for the CPA Exam

The Executive Director advised he was on a NASBA led Executive Director call during which remote proctoring of the CPA Exam was discussed. Many EDs expressed concern over the prospect of cheating on the Exam. The remote proctoring will be discussed at the NASBA annual meeting.

Update on CPA Evolution

The Board Chair advised CPA Evolution was discussed at the NASBA Western Regional Meeting. NASBA will be moving forward with their plan which may require Board Rule changes to the education rule once the changes are implemented.

Legal Counsel's Report

Bruce Turcott, the Board's legal counsel, and the Executive Director presented and led the discussion on the PowerPoint, Washington State Board of Accountancy Disciplinary Process.

Introduction of New Board Member

The Board Chair reported the Governor appointed Brooke Stegmeier, CPA as the newest Board Member. Brooke said she was looking forward to working with the Board.

The Board and staff welcomed Brooke to the Board.

Chair's Report

Farewell to Legal Counsel

The Chair and Executive Director thanked out-going AAG Bruce Turcott for all of his work throughout his years as the Board's legal counsel. The Chair stated he is looking forward to working with in-coming AAG Michelle Carr.

Bruce stated he enjoyed all of his time working with the Board.

NASBA Regional Meeting Thank You

The Chair thanked the Board Members who were able to attend the meeting, which was held virtually. He stated the meeting was very interesting, as always, and encouraged attendance whenever possible.

NASBA Annual Meeting Reminder

The Chair reminded the Board Members and staff that the 113th NASBA Annual Meeting will be held virtually November 2-4, 2020.

Brief Adjudicative Proceeding (BAP) Process

The Chair advised he will begin a practice of delegating these reviews to different Board Members for more balanced assignments.

Committee/Task Force Reports

The Chair advised he would like to start the tradition of the committee and task force chairs reporting at every meeting.

A Succession Task Force was formed with the following members:

Chair: Joel Cambern, Public Member

Members: Brian Thomas, CPA; Carol Morgan, CPA; Kate Dixon, Public Member

The task force will work in an advisory role to the Governor's Office, if requested, for the appointment of the new Executive Director.

Executive Committee

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

Peer Review Oversight Committee

Jackie Meucci reported the committee did not meet, but she reviewed peer review reports with the Executive Director and the Deputy Director in April. Jackie advised that Robert Loe and Laura Lindel, members of the peer review oversight committee, reported the peer review process through the WSCPA is operating as it is supposed to be.

Request Oversight Committee

Joel Cambern reported:

Firm Names: *Approved:*

SQUAREUP TAX DBA SQUAREUP CPA
TEDDY ACCOUNTING AND TAX SERVICES
REESE TAX & ACCOUNTING
BAKER TILLY US, LLP

Professional/Educational Organization – Recognition Requests

During the second quarter of 2020, the Board received one request for recognition as an educational organization for purposes of obtaining list requests. The request from Halfmoon Education, Inc. was approved.

Domestic or Foreign Education Credential Evaluation Services – Applications

During the 2nd quarter 2020, 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 May 1, 2020 and June 30, 2020. The Board received 13 requests – 10 were approved due to COVID-19 related issues, and 3 were approved due to other reasons.

Scholarship Oversight Committee

Brian Thomas reported:

- Checks for this year's scholarships are currently being mailed in order to meet fall tuition deadlines
- Budget for next year's scholarships will be presented to the Board at the October meeting
- The application process will go live in early fall

Brian advised WSCPA magazine has profiles of this year's scholarship recipients included.

He also suggested the Board Members consider becoming scholarship reviewers, as it is a rewarding experience.

Title Reform Task Force

Mark Hugh reported the Board is moving forward with the title reform plan for legislation next session, if possible. A rules rewrite for the potentially affected Board Rules was drafted.

Executive Director's Report

Resignation

The Executive Director reported he will submit his letter of resignation next month for retirement in January 2021.

He stated the job announcement will be crafted and the recruitment will be handled by the Governor's Office. The Succession Task Force may have an opportunity to provide input in the process.

Budget Status

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 June 2020.

He reported all state agencies have been tasked with reducing expenditures by 15%.

COVID-19 has not caused a decline in the Board's revenue so far.

The agency will submit a decision package to reduce small agency IT desk top support services.

Mandatory Furloughs

The Executive Director reported the agency is subject to the State employee furloughs ordered by the Governor. The agency furloughed

one day a week in July and will furlough one day a month at least through November 2020.

Upcoming scheduled furlough days:

- August 24, 2020
- September 28, 2020
- October 12, 2020
- November 2, 2020

IT Modernization Project Update

The Deputy Director reported:

- New licensing system on track for release in December 2020
- Currently finishing Epic 1, Core Configuration, of 6 scheduled epics
- All staff is participating in the testing process

CPE Extension Requests for Renewal

The Deputy Director reported:

- 3,694 individual license renewals for 2020
- 332 CPE extension requests under the new CPE Rules
- The Board will need to establish procedures prior to the 2023 renewal period for individuals requesting back-to-back CPE extensions which are not allowed per the new CPE rules

Enforcement Report

Enforcement Reports

Taylor Shahon, CPA, Lead Investigator, presented:

- Quarterly Enforcement Report for April 1, 2020 through June 30, 2020
- Resolved Complaint Report for periods July 2019 through June 2020 and July 2018 through July 2019

Taylor reported that the caseload remains manageable. Common complaints for the quarter are taxes not being completed on time and records not being provided.

Basis for Sanctions, Fines, and Costs

Taylor reported that sanctions, fines, and costs are:

- Considered with the Consulting Board Member (CBM) who works

in isolation with staff

- Established based on consistency with historic cases
- Implemented from Board Policy 2004-1 guidelines

CPE Deficiencies

Taylor Shahon presented and led the discussion on the PowerPoint, CPE Deficiencies – and what to do about it.

Executive and/or Closed Session with Legal Counsel

No executive or closed session with legal counsel held.

Public Input

Ken Smith, PhD, thanked the Board for the opportunity to speak and provided the following comments:

- He is here on behalf of tens of thousands of individuals. Their concern/complaint is regarding State Auditor audits, and in particular one audit of a local government entity involving hundreds of millions of dollars.
- His request from the April Board meeting for formal Board discussion with public outreach concerning audits of Washington municipalities and state government has not yet been addressed. Additionally, his request to consider engaging in the process of fixing the RCW section regarding “governmental” and protecting the public interest has not been addressed.
- He stated the State Auditor does practice public accounting, but a submitted complaint against the auditor was not investigated by the Board because of its interpretation of RCW 18.04.350.12. He requests the Board ask for a detailed analysis of other states and their laws regarding State Auditors and reviews of their practice of public accounting.
- He found the State Auditor has an “audit dispute process”, but the process is not set up to help stakeholders of Washington government.

Adjournment

The Board meeting adjourned at 12:01 p.m.

Secretary

Chair

Vice-Chair

Member

Member

Member

Member

Member

Member

Washington State Board of Accountancy 2020 Committees and Task Forces

Member	Term Expires	Executive Committee	Peer Review Oversight Committee	Request Oversight Committee	Scholarship Oversight Committee	Title Reform Task Force	Succession Task Force
Mark Hugh, CPA	2022	Chair	Member			Chair	
Joel Cambern	2022	Secretary	Member	Chair			Chair
Rajib Doogar	2022	Vice Chair				Member	
Brian R. Thomas, CPA	2021			Member	Chair		Member
Jacqueline Meucci, CPA	2021		Chair		Member		
Kate Dixon	2020				Member	Member	Member
Carol A. Morgan, CPA	2022		Member		Member		Member
Thomas P. Sawatzki, CPA	2022			Member		Member	
Brooke Stegmeier, CPA	2023						
Nonboard Volunteers							
Robert Loe	N/A		Member				
Laura Lindal	N/A		Member				

Credentialed population worldwide

United States	16,230
Japan	2,220
China (Hong Kong)	640
China	550
South Korea	690
Canada	380
Other	530
Total	21,240
<i>Data is as of October 1, 2020</i>	

Credentialed population by U.S. State

Washington	13,400
California	670
Oregon	330
Texas	230
New York	150
Idaho	150
Arizona	110
Other	1,190
Total	15,680



Washington State Board of Accountancy

Policy Number: 2020-2

Title: Public Officials and Public Employees

Adopted: October 16, 2020

Approved: _____
Mark Hugh, CPA, Chair

Purpose:

The Washington Public Accountancy Act generally does not apply to government officials and employees. The Act provides “Nothing in this chapter prohibits any act of or the use of any words by a public official or a public employee in the performance of his or her duties.” RCW 18.04.350(12). The purpose of this policy is to explain both the application and the limitations of this exception.

Guiding Principles:

The Board has authority over licensees to revoke or suspend licenses, impose conditions on practice and to impose fines for a variety of causes under RCW 18.04.295 and RCW 18.04.345. However, that authority is limited by RCW 18.04.350(12) for actions performed by public employees in the normal course of their duties.

Public employees are not required to be licensed as CPAs. While RCW 18.04.345 prohibits a person from offering attest or compilation services without a license, RCW 18.04.350(12) creates a specific exception for public employees. Therefore, a non-licensed public employee is not prohibited from preparing audits as long as it within the scope of their employment.

A public employee who is a licensed CPA is still subject to ethics rules and standards for professional conduct under the Act. Under RCW 18.04.350(12), the Board may not have the authority to judge the quality of performance or judgement of a public employee in course of their employment. However, if the public employee is a licensed CPA, the Public Accountancy Act provides additional standards and rules of professional conduct that accompany that license, regardless of employment, and the Board has the duty to uphold those standards and rules.

Many of the requirements, and potential violations under Chapter 18.04 RCW and Chapter 4-30 WAC are not related to the performance of job duties. For example, neither obtaining or renewing a CPA license, nor performing accountancy work outside of the office are part of a public employee’s job duties and violations associated with those activities are subject to Board action.

Washington State Board of Accountancy
Board Policy Number: 2020-2

Page 2

A public employee who is a licensed CPA would be subject to Board enforcement action for committing fraud or deceit in renewing their CPA license, or in failing to report that they had been sanctioned by another public agency. In addition, a public employee CPA who refused to cooperate with the Board in its investigation of a case would be in violation of the Act.

Even when a public employee who is a licensed CPA is “at work” they may commit violations of the Public Accountancy Act. For example, criminal activity even if performed while “at work” would not be part of the public employee’s job duties and therefore, the CPA would be subject to enforcement. Likewise, it can be argued that engaging in acts of fiscal dishonesty, fraud, or self-dealing would not be included in the public employee’s job duties.

However, for actions in the normal course of their duties by public employees, even licensed CPAs, it is up to the employing public agency to determine whether the performance of a public employee is satisfactory. In that situation, by Washington law, the Board has no disciplinary authority over that agency and that employee.

This exception is not unique to Washington. Reviewing the legislative history of RCW 18.04.350(12), it is in Washington law because the legislature adopted it from the Uniform Accountancy Act, the national model licensing law developed to provide a uniform approach to regulation of the accounting profession. Currently 26 states, including Washington, have adopted similar exceptions.

Effective: October 16, 2020



Washington State Board of Accountancy

Policy Number: 2002-4

Title: International Reciprocity*

Revised: April 26, 2012*

Approved: 
Donald F. Aubrey, CPA, Chair

*This policy rescinds and supersedes any previous Board policy.

Purpose:

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

Statutory authority: RCW 18.04.183

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

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

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

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

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

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

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

Effective: October 25, 2002

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

GOT
ETHICS?

Why do we have the Ethics Act?

Holds us accountable to the public
for:

accountability

Access to Confidential information

Use of public equipment

Use of technology

Our time



Executive Ethics Board



Complaints and Investigations

- Public
- Agency
- Whistleblower investigations
- Co-worker



Conflicts of Interest



Conflicts of interest involve the concepts of Benefit and Bias.

Types of Conflict



Private business transactions



Volunteer activities

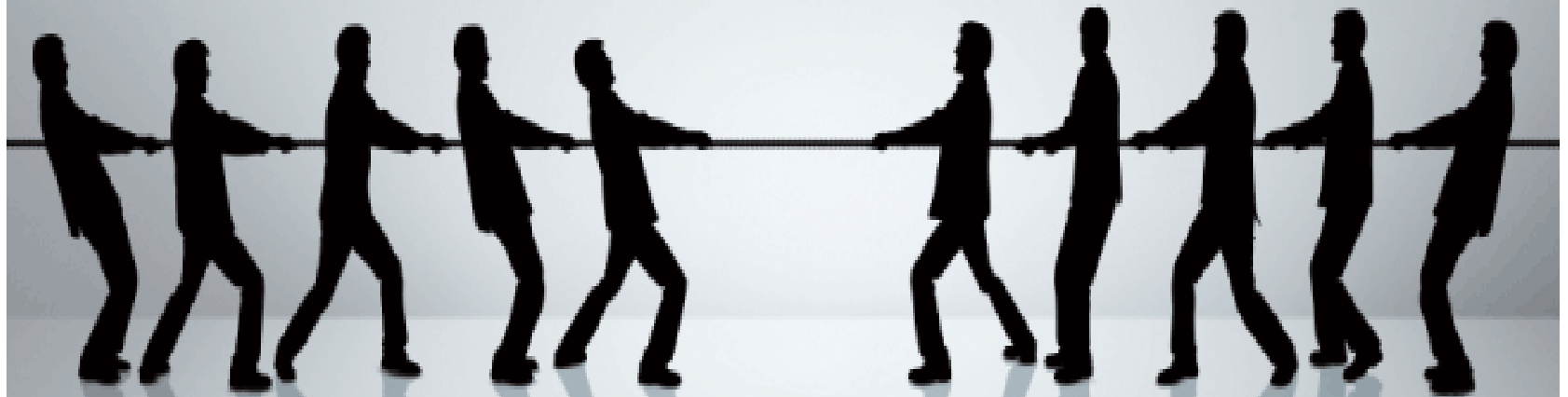


Professional conflicts

MANAGING CONFLICT OF INTEREST

Abstain

Disclose



Procedures

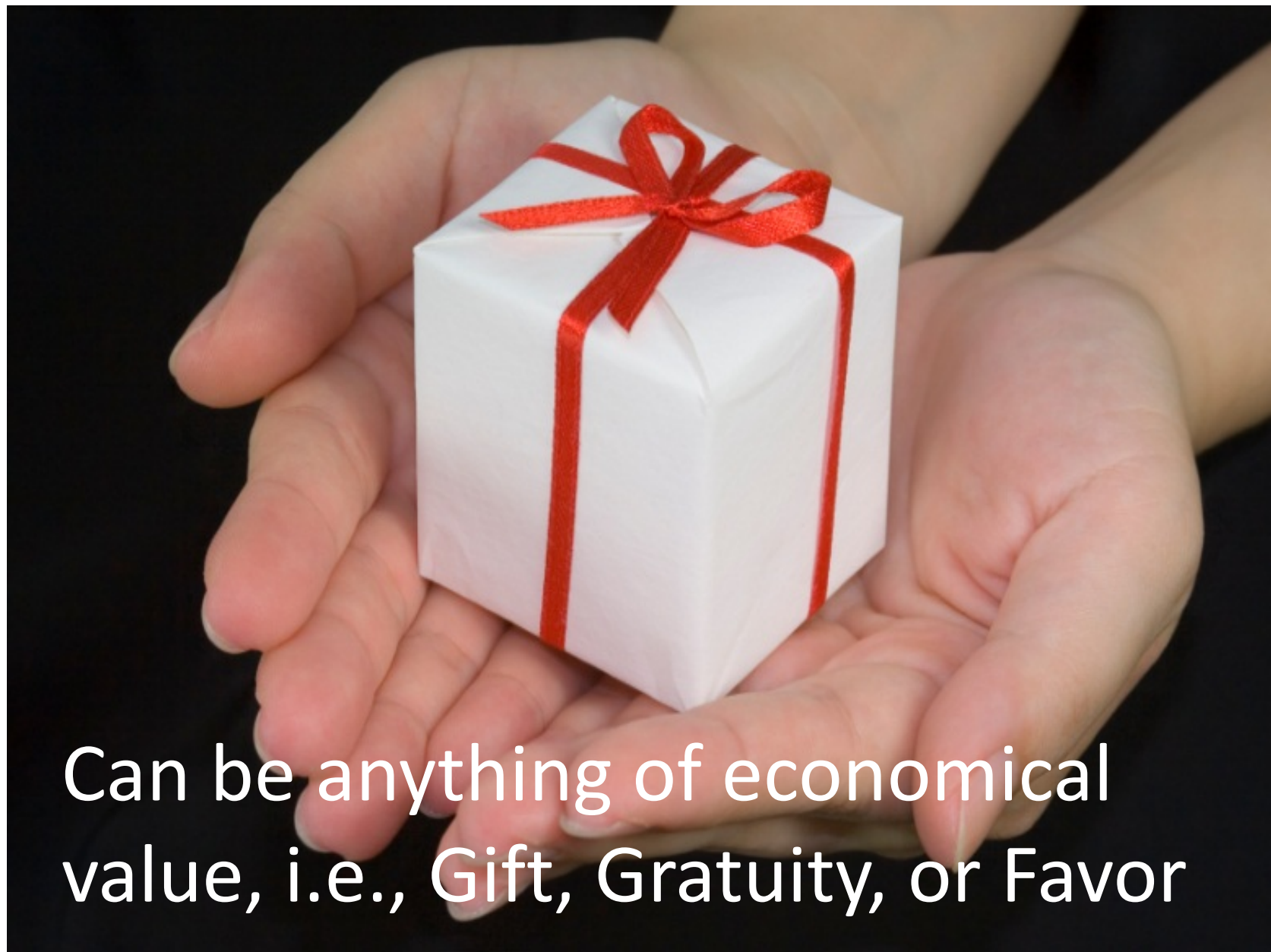
Screening Memo



Employment after state service

- Contract Restriction
- Beneficial Interest Restriction
- Continuing Restriction





Can be anything of economical value, i.e., Gift, Gratuity, or Favor

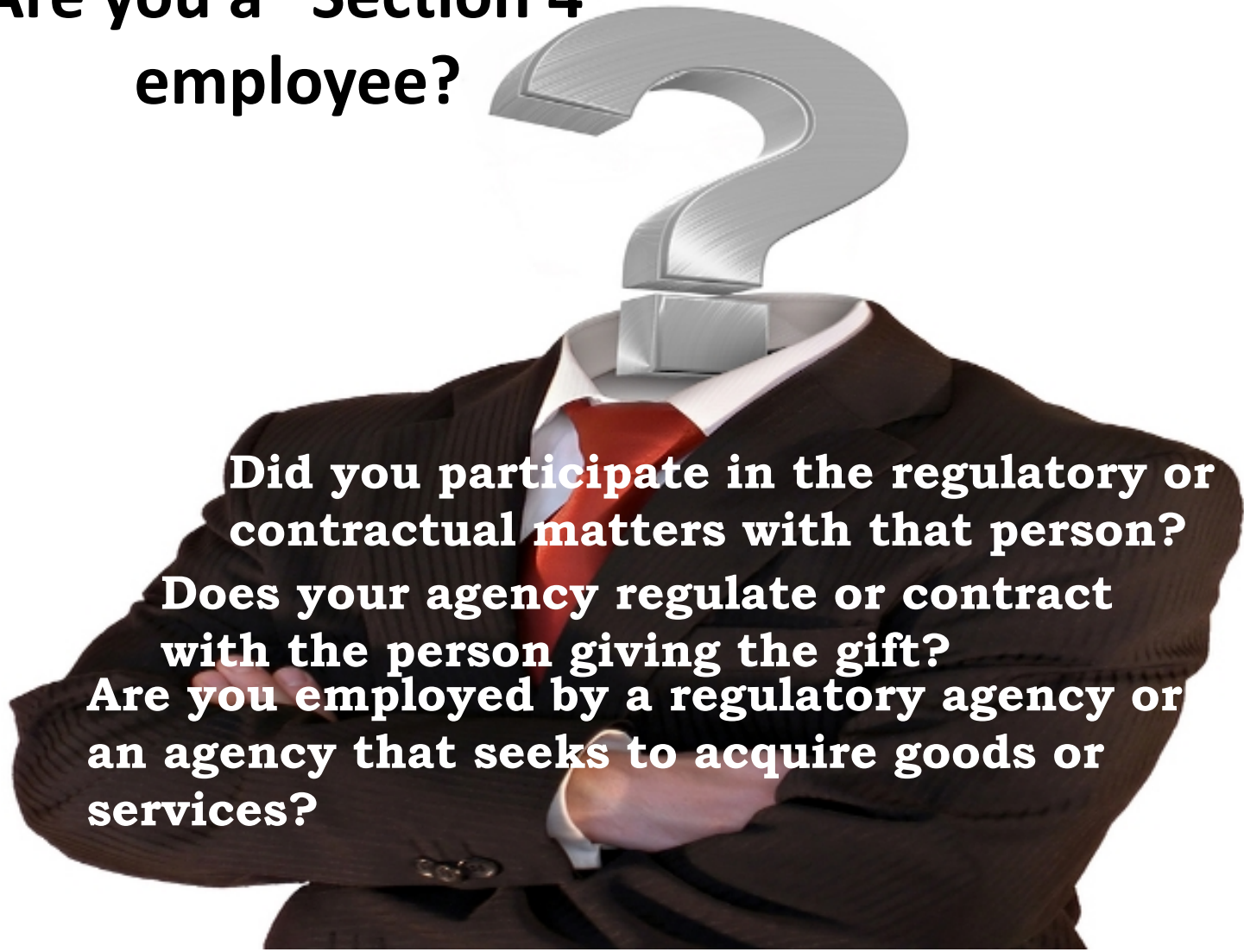


EXCEPTIONS

- **Tokens of appreciation, wall plaques, or desk items**
- **Gifts between coworkers**
- **Promotional items**
- **Items from your family**

\$50 Rule

Are you a “Section 4” employee?



Did you participate in the regulatory or contractual matters with that person?

Does your agency regulate or contract with the person giving the gift?

Are you employed by a regulatory agency or an agency that seeks to acquire goods or services?

Section 4 employees can ONLY accept:



Section 4 employees may NOT accept



Flowers



Travel expenses




Food & beverages



Use of State Resources

RCW 42.52.160(1) – Use of persons, money, or property for private gain, states:

No state officer or state employee may employ or use any person, money, or property under the officer's or employee's official control or direction, or in his or her official custody, for the **private benefit or gain** of the officer, employee, or another.

- 
- Any use occurs infrequently
 - Any use is brief
 - No interference with official duties
 - Little or no cost to the state
 - Not done to support an outside organization
 - Does not support your private business
 - Does not compromise the security or integrity of state property, information , or software.
- What about de minimis use?**



No use for political campaigns

- **Classroom training**

- **On-line training**

- **Materials on-line**





Questions

Executive Ethics Board

Phone: (360) 664-0871

E-mail: ethics@atg.wa.gov

Web: www.ethics.wa.gov

Kate Reynolds

Executive Director

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Investigator

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STATE OF WASHINGTON
Board of Accountancy
PO Box 9131 • Olympia WA 98507-9131
(360) 753-2586 • www.acb.wa.gov

October 16, 2020

The Honorable Bob Ferguson
Washington State Attorney General
Post Office Box 40100
Olympia, Washington 98504-0100

RE: Request for a Formal Opinion

Dear Attorney General Ferguson,

The Washington State Board of Accountancy (Board) is requesting guidance from you in the form of a formal opinion on the authority of the Board as it relates to public employees who are licensed Certified Public Accountants.

Under the provisions of Chapter 18.04 RCW, the Public Accountancy Act, the Board, among other things, ensures that those engaging in certain accounting activities are licensed and that work performed by licensed individuals meets the standards for professional accountancy. The Board's rules are codified at Chapter 4-30 WAC.

The Board has authority over licensees to revoke or suspend licenses, impose conditions on practice, and to impose fines for a variety of causes under RCW 18.04.295 and RCW 18.04.345. However, RCW 18.04.350(12) provides that "nothing in this chapter prohibits any act of or the use of any words by a public official or a public employee in the performance of his or her duties."

Therefore, we pose the following question to you:

- Does the Board have disciplinary authority, for violations of the Public Accountancy Act and Board rules, over a Certified Public Accountant licensee who is an employee of a state agency, for acts performed within the scope of employment?

Thank you for your formal opinion in this matter. Please let me know if there is any further information that we can provide that will assist you in rendering an opinion.

Sincerely,

Mark Hugh, CPA
Board Chair



OFM

1650 - State Board of Accountancy

Allotment Expenditure/Revenue RTD Flexible

Report Number: AEF04 As of Fiscal Month: Sep FY2 Date Run: Sep 30, 2020 11:50PM
 Biennium: 2021 Transactions Through: Sep 30, 2020 8:00PM
 Account: 02J Allotment Content: Approved & Adjusted Estimated Revenue Content: Approved & Adjusted Expenditure Content: Cash, Accr(all)
 Revenue Content: Cash, Accr(all)

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

	RTD Allotment	RTD Disbursement	RTD Accrual	RTD Encumbrance	RTD Variance	Biennium Remaining
By Account/Expenditure Authority						
02J - Certified Public Accountants' Acct						
030 - Salaries and Expenses	2,344,128	2,088,137.11	(4,138.12)	0.00	260,129.01	1,675,001.01
Total for Agency	2,344,128	2,088,137.11	(4,138.12)	0.00	260,129.01	1,675,001.01
By Account/Expenditure Authority						
By Object						
A - Salaries and Wages	942,254	908,676.99	0.00	0.00	33,577.01	601,365.01
B - Employee Benefits	338,730	331,138.24	0.00	0.00	7,591.76	214,609.76
C - Professional Service Contracts	144,630	10,417.23	0.00	0.00	134,212.77	220,990.77
E - Goods and Services	858,094	807,983.94	(4,138.12)	0.00	54,248.18	571,284.18
G - Travel	41,670	29,920.71	0.00	0.00	11,749.29	36,751.29
J - Capital Outlays	18,750	0.00	0.00	0.00	18,750.00	30,000.00
Total for Agency	2,344,128	2,088,137.11	(4,138.12)	0.00	260,129.01	1,675,001.01
By Object						

Fund

Balance As Of:	9/30/2020	Show Balances As Of:	09/30/2020
Book Balance:	2,611,629.28	<input type="button" value="Retrieve"/>	
Outstanding Warrants:	1,550.00		
Cash Balance:	2,613,179.28		

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:	9/30/2020	Show Balances As Of:	09/30/2020
Book Balance:	200,000.00	<input type="button" value="Retrieve"/>	
Outstanding Warrants:	0.00		
Cash Balance:	200,000.00		

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

Quality Assurance Review Results

Year	Peer Review				Sub Total	Enforcement	Limited	Exemption		Total Participation
	Pass	Pass W/ Deficiencies	Fail	Peer Review Extension Request				Scope Exemption	Limited Scope Exemption	
2013	36	7	5	0	48	0	Limited	91	139	
2014	9	5	0	0	14	0		8	22	
2015	289	33	15	0	337	1		399	737	
2016	212	20	20	0	252	4		371	627	
2017	73	7	5	0	85	0		250	335	
2018	234	26	21	6	287	3		415	705	
2019	135	19	12	29	195			375	570	
2020	54	1	2	16	73			279	352	
2021					0				0	
2022					0				0	
2023					0				0	
2024					0				0	



Peer Review Oversight Committee Report (PROC) Summary Report

Summary of activity since the July 31, 2020 Board meeting:

1. Request from NASBA to provide an annual PROC Report for Washington. Plan to provide an annual report for 2020 in early 2021 summarizing activity for the year.
2. Executive Director and PROC Chair attended the AICPA's Review Board Open Session meeting on August 20, 2020, where the primary topic of discussion was around difficulties and delays due to the pandemic and the need to extend deadlines.
3. Executive Director and PROC Chair scheduled meeting with PROC volunteers to discuss the current situation with peer review amid the delays and other difficulties associated with the pandemic and any other issues our PROC volunteers are experiencing with the Report Acceptance Bodies (RABs).
4. No review of peer review reports since July 29.
5. No reports from PROC representatives since July 29.

Request Review Committee Report October 2020

Joel Cambern, Chair

During the third quarter 2020, the Executive Director and a Consulting Board Member from the Request Review Committee took the following action:

Firm Names: *Approved:*

CAPITAL REMIX PLLC
BAILEY CPA, LLC
MASON ACCOUNTING
DIWAN ACCOUNTING LLP

Professional/Educational Organization – Recognition Requests – During the 3rd quarter of 2020, the Board received 3 requests for recognition of an educational organization for purposes of obtaining list requests.

Denied:

Pacific Financial Advisors, Inc.

Approved:

American CPE, Inc.
The Society for Financial Awareness (SOFA)

Domestic or International Education Credential Evaluation Services – During the 3rd quarter in 2020, the Board did not receive any requests for recognition of domestic or international education credential evaluation services.

Projected Fund Balance
Washington State Certified Public Accounting Scholarship Program
For the Year Ending September 30, 2021

Beginning Fund Balance (as of July 31, 2020)	\$	2,553,531
Revenues:		
Passive Earnings from Investments (Assumes a 3% return)	\$	76,606
Expenditures:		
WBOA Certified Public Accounting Scholarships (30 \$5,000 scholarships will be awarded)	\$	(150,000)
(30 \$8,000 masters scholarships will be awarded)	\$	(240,000)
Projected Fund Balance For the Year Ended 9/30/2021	\$	<u>2,240,137</u>

Washington Society of CPAs (WSCPA) Annual Administration Fee** to be reimbursed by the Washington State Board of Accountancy Annually	\$	25,000
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**Annual WSCPA Estimated Expense to Administer WA CPA Scholarship Program	\$	29,320
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**Estimated Expenses for Administering the WA Certified Public Accounting Scholarship Program
For the Year Ending September 31, 2021**

Program Employee Expenses	Shown in hours worked***												Total
	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	
Membership manager	27	10	6	25	27	32	16	15	10	7	5	12	192
Membership Outreach Coordinator	15	4	2	18	14	24	8	10	3	1	1	3	103
CEO	2	2	2	2	7	4	3	2	1	1	3	1	30
Director of Communications	0	0	0	1	0	0	0	0	5	1	1	1	11
Manager of Digital Marketing	6	2	4	4	0	2	1	1	1	2	1	5	28
CFO	1	1	1	1	1	1	1	1	1	1	1	1	7
Communications Coordinator	0	0	1	1	1	0	0	0	1	0	10	0	14
Staff Accountant	1	1	0	1	0	1	1	1	1	4	1	1	13
Membership Coordinator	0	0	0	0	0	0	1	1	1	0	0	0	3
Comm. Design/Social Media Coordina	0	0	0	0	0	0	1	1	1	12	0	2	31
Part-time Staff Accountant	1	1	0	1	0	1	0	0	1	2	1	1	6
TOTAL - In Dollars	\$ 2,627	\$ 1,020	\$ 803	\$ 2,703	\$ 2,525	\$ 3,239	\$ 1,581	\$ 1,581	\$ 1,275	\$ 1,530	\$ 3,111	\$ 1,326	\$ 23,320

*** This table shows the number of hours worked per position and totals those hours in terms of dollars.

Program Marketing Expenses	Shown in dollars												Total
	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	
Banners													500
Social Media (Facebook and LinkedIn)	\$ 250	\$ 550	\$ 550	\$ 300	\$ 200		\$ 200						2,300
Brochures and Posters											\$ 750		750
Promotional Materials											\$ 250		250
Scholarship Networking Event								\$ 1,500					1,500
Gift cards and Prizes			\$ 500									\$ 200	700
TOTAL	\$ 250	\$ 550	\$ 1,050	\$ 300	\$ 200	\$ -	\$ 200	\$ 1,500	\$ -	\$ -	\$ 1,500	\$ 450	\$ 6,000
Total Estimated Program Expenses													\$ 29,320

BILL REQUEST - CODE REVISER'S OFFICE

BILL REQ. #: Z-0035.1/21

ATTY/TYPIST: MW:lcl

BRIEF DESCRIPTION: Concerning certified public accountant title reform.

1 AN ACT Relating to Washington certified public accountant title
2 reform; amending RCW 18.04.015, 18.04.025, 18.04.055, 18.04.065,
3 18.04.105, 18.04.215, 18.04.215, 18.04.295, 18.04.320, 18.04.335,
4 18.04.345, 18.04.345, 18.04.350, 18.04.350, 18.04.370, 18.04.380,
5 18.04.405, and 18.04.430; providing an effective date; and providing
6 an expiration date.

7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

8 **Sec. 1.** RCW 18.04.015 and 2001 c 294 s 1 are each amended to
9 read as follows:

10 (1) It is the policy of this state and the purpose of this
11 chapter:

12 (a) To promote the dependability of information which is used for
13 guidance in financial transactions or for accounting for or assessing
14 the status or performance of commercial and noncommercial
15 enterprises, whether public, private or governmental; and

16 (b) To protect the public interest by requiring that:

17 (i) Persons who hold themselves out as licensees (~~or certificate~~
18 ~~holders~~)) conduct themselves in a competent, ethical, and
19 professional manner;

20 (ii) A public authority be established that is competent to
21 prescribe and assess the qualifications of certified public

1 accountants (~~(, including certificate holders who are not licensed for~~
2 ~~the practice of public accounting))~~);

3 (iii) Persons other than licensees refrain from using the words
4 "audit," "review," and "compilation" when designating a report
5 customarily prepared by someone knowledgeable in accounting;

6 (iv) A public authority be established to provide for consumer
7 alerts and public protection information to be published regarding
8 persons or firms who violate the provisions of chapter 294, Laws of
9 2001 or board rule and to provide general consumer protection
10 information to the public; and

11 (v) The use of accounting titles likely to confuse the public be
12 prohibited.

13 (2) The purpose of chapter 294, Laws of 2001 is to make revisions
14 to chapter 234, Laws of 1983 and chapter 103, Laws of 1992 to:
15 Fortify the public protection provisions of chapter 294, Laws of
16 2001; establish one set of qualifications to be a licensee; revise
17 the regulations of certified public accountants; make revisions in
18 the ownership of certified public accounting firms; assure to the
19 greatest extent possible that certified public accountants from
20 Washington state are substantially equivalent with certified public
21 accountants in other states and can therefore perform the duties of
22 certified public accountants in as many states and countries as
23 possible; assure certified public accountants from other states and
24 countries have met qualifications that are substantially equivalent
25 to the certified public accountant qualifications of this state; and
26 clarify the authority of the board of accountancy with respect to the
27 activities of persons holding licenses (~~(and certificates)~~) under
28 this chapter. It is not the intent of chapter 294, Laws of 2001 to in
29 any way restrict or limit the activities of persons not holding
30 licenses (~~(or certificates)~~) under this chapter except as otherwise
31 specifically restricted or limited by chapter 234, Laws of 1983 and
32 chapter 103, Laws of 1992.

33 (3) (~~(A purpose of chapter 103, Laws of 1992, revising provisions~~
34 ~~of chapter 234, Laws of 1983, is to clarify the authority of the~~
35 ~~board of accountancy with respect to the activities of persons~~
36 ~~holding certificates under this chapter. Furthermore, it)) It is not
37 the intent of chapter 103, Laws of 1992 to in any way restrict or
38 limit the activities of persons not holding (~~(certificates)~~) licenses
39 under this chapter except as otherwise specifically restricted or
40 limited by chapter 234, Laws of 1983.~~

1 (4) The purpose of this act is to make revisions to chapter 294,
2 Laws of 2001 to eliminate CPA inactive certificates.

3 **Sec. 2.** RCW 18.04.025 and 2016 c 127 s 1 are each amended to
4 read as follows:

5 Unless the context clearly requires otherwise, the definitions in
6 this section apply throughout this chapter.

7 (1) "Attest" means providing the following services:

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

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

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

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

17 (2) "Board" means the board of accountancy created by RCW
18 18.04.035.

19 (3) "Certificate" means a ~~((certificate as a certified public~~
20 ~~accountant issued prior to July 1, 2001, as authorized under the~~
21 ~~provisions of this chapter))~~ paper or electronic document
22 memorializing the granting of a certified public accounting license
23 issued by a United States jurisdiction authorized under law to grant
24 such a license.

25 (4) "Certificate holder" means the holder of a certificate as a
26 certified public accountant who has not become a licensee(~~(, has~~
27 ~~maintained CPE requirements))~~ prior to June 30, 2022, and who does
28 not practice public accounting.

29 (5) "Certified public accountant" or "CPA" means a person holding
30 a certified public accountant license or certificate.

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

36 (7) "CPE" means continuing professional education.

37 (8) "Firm" means a sole proprietorship, a corporation, or a
38 partnership. "Firm" also means a limited liability company formed
39 under chapter 25.15 RCW.

1 (9) "Holding out" means any representation to the public by the
2 use of restricted titles as set forth in RCW 18.04.345 by a person or
3 firm that the person or firm holds a license under this chapter and
4 that the person or firm offers to perform any professional services
5 to the public as a licensee. "Holding out" shall not affect or limit
6 a person or firm not required to hold a license under this chapter
7 from engaging in practices identified in RCW 18.04.350.

8 ~~(10) ("Inactive" means the certificate is in an inactive status~~
9 ~~because a person who held a valid certificate before July 1, 2001,~~
10 ~~has not met the current requirements of licensure and has been~~
11 ~~granted inactive certificate holder status through an approval~~
12 ~~process established by the board.~~

13 ~~(11))~~ "Individual" means a living, human being.

14 ~~((12))~~ (11) "License" means a license to practice public
15 accountancy issued to an individual under this chapter, or a license
16 issued to a firm under this chapter. Licenses can be held in one of
17 the following status: Active, inactive, lapsed, retired, dissolved,
18 suspended, or revoked. Individuals holding the status of inactive,
19 lapsed, retired, suspended, or revoked are prohibited from practicing
20 public accounting under RCW 18.04.345(1).

21 ~~((13))~~ (12) "Licensee" means the holder of a license to
22 practice public accountancy issued under this chapter.

23 ~~((14))~~ (13) "Manager" means a manager of a limited liability
24 company licensed as a firm under this chapter.

25 ~~((15))~~ (14) "NASBA" means the national association of state
26 boards of accountancy.

27 ~~((16))~~ (15) "Peer review" means a study, appraisal, or review
28 of one or more aspects of the attest or compilation work of a
29 licensee or licensed firm in the practice of public accountancy, by a
30 person or persons who hold licenses and who are not affiliated with
31 the person or firm being reviewed, including a peer review, or any
32 internal review or inspection intended to comply with quality control
33 policies and procedures, but not including the "quality assurance
34 review" under subsection ~~((20))~~ (19) of this section.

35 ~~((17))~~ (16) "Person" means any individual, nongovernmental
36 organization, or business entity regardless of legal form, including
37 a sole proprietorship, firm, partnership, corporation, limited
38 liability company, association, or not-for-profit organization, and
39 including the sole proprietor, partners, members, and, as applied to
40 corporations, the officers.

1 (~~(18)~~) (17) "Practice of public accounting" means performing or
2 offering to perform by a person or firm holding itself out to the
3 public as a licensee, for a client or potential client, one or more
4 kinds of services involving the use of accounting or auditing skills,
5 including the issuance of "reports," or one or more kinds of
6 management advisory, or consulting services, or the preparation of
7 tax returns, or the furnishing of advice on tax matters. "Practice of
8 public accounting" shall not include practices that are permitted
9 under the provisions of RCW 18.04.350(10) by persons or firms not
10 required to be licensed under this chapter.

11 (~~(19)~~) (18) "Principal place of business" means the office
12 location designated by the licensee for purposes of substantial
13 equivalency and reciprocity.

14 (~~(20)~~) (19) "Quality assurance review" means a process
15 established by and conducted at the direction of the board of study,
16 appraisal, or review of one or more aspects of the attest or
17 compilation work of a licensee or licensed firm in the practice of
18 public accountancy, by a person or persons who hold licenses and who
19 are not affiliated with the person or firm being reviewed.

20 (~~(21)~~) (20) "Report," when used with reference to any attest or
21 compilation service, means an opinion, report, or other form of
22 language that states or implies assurance as to the reliability of
23 the attested information or compiled financial statements and that
24 also includes or is accompanied by any statement or implication that
25 the person or firm issuing it has special knowledge or competence in
26 the practice of public accounting. Such a statement or implication of
27 special knowledge or competence may arise from use by the issuer of
28 the report of names or titles indicating that the person or firm is
29 involved in the practice of public accounting, or from the language
30 of the report itself. "Report" includes any form of language which
31 disclaims an opinion when such form of language is conventionally
32 understood to imply any positive assurance as to the reliability of
33 the attested information or compiled financial statements referred to
34 and/or special competence on the part of the person or firm issuing
35 such language; and it includes any other form of language that is
36 conventionally understood to imply such assurance and/or such special
37 knowledge or competence. "Report" does not include services
38 referenced in RCW 18.04.350 (10) or (11) provided by persons not
39 holding a license under this chapter as provided in RCW
40 18.04.350(14).

1 (~~(22)~~) (21) "Review committee" means any person carrying out,
2 administering or overseeing a peer review authorized by the reviewee.

3 (~~(23)~~) (22) "Rule" means any rule adopted by the board under
4 authority of this chapter.

5 (~~(24)~~) (23) "Sole proprietorship" means a legal form of
6 organization owned by one person meeting the requirements of RCW
7 18.04.195.

8 (~~(25)~~) (24) "State" includes the states of the United States,
9 the District of Columbia, Puerto Rico, Guam, the United States Virgin
10 Islands, and the Commonwealth of the Northern Mariana Islands at such
11 time as the board determines that the Commonwealth of the Northern
12 Mariana Islands is issuing licenses under the substantially
13 equivalent standards in RCW 18.04.350(2)(a).

14 **Sec. 3.** RCW 18.04.055 and 2019 c 71 s 1 are each amended to read
15 as follows:

16 The board may adopt and amend rules under chapter 34.05 RCW for
17 the orderly conduct of its affairs. The board shall prescribe rules
18 consistent with this chapter as necessary to implement this chapter.
19 Included may be:

20 (1) Rules of procedure to govern the conduct of matters before
21 the board;

22 (2) Rules of professional conduct for all licensees(~~(7~~
23 ~~certificate holders,7)~~) and nonlicensee owners of licensed firms, in
24 order to establish and maintain high standards of competence and
25 ethics including rules dealing with independence, integrity,
26 objectivity, and freedom from conflicts of interest;

27 (3) Rules specifying actions and circumstances deemed to
28 constitute holding oneself out as a licensee in connection with the
29 practice of public accountancy;

30 (4) Rules specifying the manner and circumstances of the use of
31 the titles "certified public accountant," (~~and~~) "CPA," "CPA
32 inactive," and "CPA retired" by holders of (~~certificates who do not~~
33 ~~also hold licenses~~) a license under this chapter;

34 (5) Rules specifying the educational requirements to take the
35 certified public accountant examination;

36 (6) Rules designed to ensure that licensees' "reports" meet the
37 definitional requirements for that term as specified in RCW
38 18.04.025;

1 (7) Requirements for CPE to maintain or improve the professional
2 competence of licensees as a condition to maintaining their license
3 (~~and certificate holders as a condition to maintaining their~~
4 ~~certificate~~) under RCW 18.04.215;

5 (8) Rules governing firms issuing or offering to issue attest or
6 compilation reports or providing public accounting services as
7 defined in RCW 18.04.025 using the title "certified public
8 accountant" or "CPA" including, but not limited to, rules concerning
9 their style, name, title, and affiliation with any other
10 organization, and establishing reasonable practice and ethical
11 standards to protect the public interest;

12 (9) The board may by rule implement a quality assurance review
13 program as a means to monitor licensees' quality of practice and
14 compliance with professional standards. The board may exempt from
15 such program, licensees who undergo periodic peer reviews in programs
16 of the American Institute of Certified Public Accountants, NASBA, or
17 other programs recognized and approved by the board;

18 (10) The board may by rule require licensed firms to obtain
19 professional liability insurance if in the board's discretion such
20 insurance provides additional and necessary protection for the
21 public;

22 (11) Rules specifying the experience requirements in order to
23 qualify for a license;

24 (~~Rules specifying the requirements for certificate holders~~
25 ~~to qualify for a license under this chapter which must include~~
26 ~~provisions for meeting CPE and experience requirements prior to~~
27 ~~application for licensure;~~

28 ~~(13))~~ Rules specifying the registration requirements, including
29 ethics examination and fee requirements, for resident nonlicensee
30 partners, shareholders, and managers of licensed firms;

31 (~~(14))~~ (13) Rules specifying the ethics CPE requirements for
32 (~~certificate holders~~) an individual with an inactive license and
33 owners of licensed firms, including the process for reporting
34 compliance with those requirements;

35 (~~(15))~~ (14) Rules specifying the experience and CPE
36 requirements for licensees offering or issuing reports; and

37 (~~(16))~~ (15) Any other rule which the board finds necessary or
38 appropriate to implement this chapter.

1 **Sec. 4.** RCW 18.04.065 and 2015 c 215 s 6 are each amended to
2 read as follows:

3 The board shall set its fees at a level adequate to pay the costs
4 of administering this chapter. All fees for licenses, registrations
5 of nonlicensee partners, shareholders, and managers of licensed
6 firms, renewals of licenses, renewals of registrations of nonlicensee
7 partners, shareholders, and managers of licensed firms, (~~renewals of~~
8 ~~certificates,~~) reinstatements of lapsed licenses, (~~reinstatements~~
9 ~~of lapsed certificates,~~) reinstatements of lapsed registrations of
10 nonlicensee partners, shareholders, and managers of licensed firms,
11 practice privileges under RCW 18.04.350, and delinquent filings
12 received under the authority of this chapter shall be deposited in
13 the certified public accountants' account created by RCW 18.04.105.
14 Appropriation from such account shall be made only for the cost of
15 administering the provisions of this chapter or for the purpose of
16 administering the certified public accounting scholarship program
17 created in chapter 28B.123 RCW.

18 **Sec. 5.** RCW 18.04.105 and 2016 c 127 s 3 are each amended to
19 read as follows:

20 (1) A license to practice public accounting shall be granted by
21 the board to any person:

22 (a) Who is of good character. Good character, for purposes of
23 this section, means lack of a history of dishonest or felonious acts.
24 The board may refuse to grant a license on the ground of failure to
25 satisfy this requirement only if there is a substantial connection
26 between the lack of good character of the applicant and the
27 professional and ethical responsibilities of a licensee and if the
28 finding by the board of lack of good character is supported by a
29 preponderance of evidence. When an applicant is found to be
30 unqualified for a license because of a lack of good character, the
31 board shall furnish the applicant a statement containing the findings
32 of the board and a notice of the applicant's right of appeal;

33 (b) Who has met the educational standards established by rule as
34 the board determines to be appropriate;

35 (c) Who has passed an examination;

36 (d) Who has had one year of experience which is gained:

37 (i) Through the use of accounting, issuing reports, management
38 advisory, financial advisory, tax, tax advisory, or consulting
39 skills;

1 (ii) While employed in government, industry, academia, or public
2 practice; and

3 (iii) Meeting the competency requirements in a manner as
4 determined by the board to be appropriate and established by board
5 rule; and

6 (e) Who has paid appropriate fees as established by rule by the
7 board.

8 (2) The examination described in subsection (1)(c) of this
9 section shall test the applicant's knowledge of the subjects of
10 accounting and auditing, and other related fields the board may
11 specify by rule. The time for holding the examination is fixed by the
12 board and may be changed from time to time. The board shall prescribe
13 by rule the methods of applying for and taking the examination,
14 including methods for grading examinations and determining a passing
15 grade required of an applicant for a license. The board shall to the
16 extent possible see to it that the grading of the examination, and
17 the passing grades, are uniform with those applicable to all other
18 states. The board may make use of all or a part of the uniform
19 certified public accountant examination and advisory grading service
20 of the American Institute of Certified Public Accountants and may
21 contract with third parties to perform administrative services with
22 respect to the examination as the board deems appropriate to assist
23 it in performing its duties under this chapter. The board shall
24 establish by rule provisions for transitioning to a new examination
25 structure or to a new media for administering the examination.

26 (3) The board shall charge each applicant an examination fee for
27 the initial examination or for reexamination. The applicable fee
28 shall be paid by the person at the time (~~he or she applies~~) they
29 apply for examination, reexamination, or evaluation of educational
30 qualifications. Fees for examination, reexamination, or evaluation of
31 educational qualifications shall be determined by the board under
32 this chapter (~~(18.04—RCW)~~). There is established in the state
33 treasury an account to be known as the certified public accountants'
34 account. All fees received from candidates to take any or all
35 sections of the certified public accountant examination shall be used
36 only for costs related to the examination.

37 (4) (~~Persons~~) Individuals who on June 30, 2001, held a valid
38 (~~certificates~~) certificate previously issued under this chapter
39 (~~shall be~~) that is subsequently deemed to be (~~certificate holders,~~
40 ~~subject to the following~~) a valid certificate under RCW

1 18.04.015(4), as of June 30, 2022, are designated as licensees in an
2 inactive status. To become an active licensee, the individual must
3 meet the following requirements:

4 ~~(a) ((Certificate holders may, prior to June 30, 2006, petition~~
5 ~~the board to become licensees by documenting))~~ For petitions
6 submitted prior to January 1, 2024, provide documentation to the
7 board that they have gained one year of experience through the use of
8 accounting, issuing reports, management advisory, financial advisory,
9 tax, tax advisory, or consulting skills, without regard to the eight-
10 year limitation set forth in (b) of this subsection, while employed
11 in government, industry, academia, or public practice((-));

12 ~~(b) ((Certificate holders who do not petition to become licensees~~
13 ~~prior to June 30, 2006, may after that date petition the board to~~
14 ~~become licensees by documenting))~~ For petitions submitted on or after
15 January 1, 2024, provide documentation to the board that they have
16 one year of experience acquired within eight years prior to applying
17 for a license through the use of accounting, issuing reports,
18 management advisory, financial advisory, tax, tax advisory, or
19 consulting skills in government, industry, academia, or public
20 practice((-));

21 ~~(c) ((Certificate holders who petition the board pursuant to (a)~~
22 ~~or (b) of this subsection must also meet))~~ Meet competency
23 requirements in a manner as determined by the board to be appropriate
24 and established by board rule((-));

25 ~~(d) ((Any certificate holder petitioning the board pursuant to~~
26 ~~(a) or (b) of this subsection to become a licensee must submit))~~
27 Submit to the board satisfactory proof of having completed an
28 accumulation of one hundred twenty hours of CPE during the thirty-six
29 months preceding the date of filing the petition((-));

30 ~~(e) ((Any certificate holder petitioning the board pursuant to~~
31 ~~(a) or (b) of this subsection to become a licensee must pay))~~ Pay
32 the appropriate fees established by rule by the board.

33 ~~(5) ((Certificate holders shall comply with the prohibition~~
34 ~~against the practice of public accounting in RCW 18.04.345.~~

35 ~~(6) Persons who on June 30, 2001, held valid certificates~~
36 ~~previously issued under this chapter are deemed to hold inactive~~
37 ~~certificates, subject to renewal as inactive certificates, until they~~
38 ~~have petitioned the board to become licensees and have met the~~
39 ~~requirements of subsection (4) of this section. No individual who did~~

1 ~~not hold a valid certificate before July 1, 2001, is eligible to~~
2 ~~obtain an inactive certificate.~~

3 ~~(7) Persons deemed to hold inactive certificates under subsection~~
4 ~~(6) of this section shall comply with the prohibition against the~~
5 ~~practice of public accounting in subsection (8) (b) of this section~~
6 ~~and RCW 18.04.345, but are not required to display the term inactive~~
7 ~~as part of their title, as required by subsection (8) (a) of this~~
8 ~~section until renewal. Certificates renewed to any persons after June~~
9 ~~30, 2001, are inactive certificates and the inactive certificate~~
10 ~~holders are subject to the requirements of subsection (8) of this~~
11 ~~section.~~

12 ~~(8) Persons holding an inactive certificate:~~

13 ~~(a) Must use or attach the term "inactive" whenever using the~~
14 ~~title CPA or certified public accountant or referring to the~~
15 ~~certificate, and print the word "inactive" immediately following the~~
16 ~~title, whenever the title is printed on a business card, letterhead,~~
17 ~~or any other document, including documents published or transmitted~~
18 ~~through electronic media, in the same font and font size as the~~
19 ~~title; and~~

20 ~~(b) Are prohibited from practicing public accounting.)~~

21 Individuals who did not hold a valid certificate prior to June 30,
22 2022, and who wish to apply for a license must apply as a new
23 licensee and meet the requirements under subsection (1) of this
24 section.

25 (6) Any licensee in good standing may request to have their
26 license placed on inactive status subject to the following
27 conditions:

28 (a) The licensee is prohibited from practicing public accounting.

29 (b) The licensee must pay a renewal fee on a triennial basis to
30 maintain this status.

31 (c) The licensee must comply with the CPE requirements.

32 (d) The licensee is subject to the requirements of this chapter
33 and the rules promulgated by the board.

34 (7) As of July 1, 2022, prior certificate holders who wish to
35 apply for a license must apply and meet the requirements for
36 licensure under subsection (1) of this section.

37 **Sec. 6.** RCW 18.04.215 and 2018 c 224 s 5 are each amended to
38 read as follows:

39 (1) Three-year licenses shall be issued by the board:

1 (a) To persons meeting the requirements of RCW 18.04.105(1),
2 18.04.180, or 18.04.183.

3 ~~((To certificate holders meeting the requirements of RCW
4 18.04.105(4).~~

5 ~~(e))~~ To firms under RCW 18.04.195, meeting the requirements of
6 RCW 18.04.205.

7 (2) The board shall, by rule, provide for a system of
8 ~~((certificate and))~~ license renewal and reinstatement. Applicants for
9 renewal or reinstatement shall, at the time of filing their
10 applications, list with the board all states and foreign
11 jurisdictions in which they hold or have applied for certificates,
12 permits or licenses to practice.

13 ~~((An inactive certificate is renewed every three years with
14 renewal subject to the requirements of ethics CPE and the payment of
15 fees, prescribed by the board. Failure to renew the inactive
16 certificate shall cause the inactive certificate to lapse and be
17 subject to reinstatement. The board shall adopt rules providing for
18 fees and procedures for renewal and reinstatement of inactive
19 certificates.~~

20 ~~(4))~~ A license is issued every three years with renewal subject
21 to requirements of CPE and payment of fees, prescribed by the board.
22 Failure to renew the license shall cause the license to lapse and
23 become subject to reinstatement. Persons holding a lapsed license are
24 prohibited from using the title "CPA," ~~((or))~~ "certified public
25 accountant," "CPA inactive," or "CPA retired." Persons holding a
26 lapsed license are prohibited from practicing public accountancy. The
27 board shall adopt rules providing for fees and procedures for
28 issuance, renewal, and reinstatement of licenses.

29 ~~((5))~~ (4) The board shall adopt rules providing for CPE for
30 active and inactive licensees ~~((and certificate holders))~~. The rules
31 shall:

32 (a) Provide that ~~((a))~~ an active licensee shall verify to the
33 board that ~~((he or she has))~~ they have completed at least an
34 accumulation of one hundred twenty hours of CPE during the last
35 three-year period to maintain the active license;

36 (b) Provide that an individual with an inactive license shall
37 verify to the board that they have completed a board-approved ethics
38 course for CPE during the last three-year period to maintain the
39 inactive license;

40 (c) Establish CPE requirements; and

1 ~~((e))~~ (d) Establish when new licensees shall verify that they
2 have completed the required CPE.

3 ~~((f))~~ (5) A certified public accountant who holds a license
4 issued by another state, and applies for a license in this state, may
5 practice in this state from the date of filing a completed
6 application with the board, until the board has acted upon the
7 application provided the application is made prior to holding out as
8 a certified public accountant in this state and no sanctions or
9 investigations, deemed by the board to be pertinent to public
10 accountancy, by other jurisdictions or agencies are in process.

11 ~~((g))~~ (6) A licensee shall submit to the board satisfactory
12 proof of having completed an accumulation of one hundred twenty hours
13 of CPE recognized and approved by the board during the preceding
14 three years. Failure to furnish this evidence as required shall make
15 the license lapse and subject to reinstatement procedures, unless the
16 board determines the failure to have been due to retirement or
17 reasonable cause.

18 The board in its discretion may renew a ~~((certificate or))~~
19 license despite failure to furnish evidence of compliance with
20 requirements of CPE upon condition that the applicant follow a
21 particular program of CPE. In issuing rules and individual orders
22 with respect to CPE requirements, the board, among other
23 considerations, may rely upon guidelines and pronouncements of
24 recognized educational and professional associations, may prescribe
25 course content, duration, and organization, and may take into account
26 the accessibility of CPE to licensees ~~((and certificate holders))~~ and
27 instances of individual hardship.

28 ~~((h))~~ (7) Fees for renewal or reinstatement of ~~((certificates~~
29 ~~and))~~ licenses in this state shall be determined by the board under
30 this chapter. Fees shall be paid by the applicant at the time the
31 application form is filed with the board. The board, by rule, may
32 provide for proration of fees for licenses ~~((or certificates))~~ issued
33 between normal renewal dates.

34 ~~((i))~~ (8) (a) Licensees ~~((, certificate holders,))~~ and
35 nonlicensee owners must notify the board within thirty days after:

36 (i) Sanction, suspension, revocation, or modification of their
37 professional license or practice rights by the securities exchange
38 commission, internal revenue service, or another state board of
39 accountancy;

1 (ii) Sanction or order against the licensee(~~(, certificate~~
2 ~~holder,)~~) or nonlicensee owner by any federal or other state agency
3 related to the licensee's practice of public accounting or the
4 licensee's(~~(, certificate holder's,)~~) or nonlicensee owner's
5 violation of ethical or technical standards established by board
6 rule; or

7 (iii) The licensee(~~(, certificate holder,)~~) or nonlicensee owner
8 is notified that he or she has been charged with a violation of law
9 that could result in the suspension or revocation of a license (~~(or~~
10 ~~certificate)~~) by a federal or other state agency, as identified by
11 board rule, related to the licensee's(~~(, certificate holder's,)~~) or
12 nonlicensee owner's professional license, practice rights, or
13 violation of ethical or technical standards established by board
14 rule.

15 (b) The board must adopt rules to implement this subsection and
16 may also adopt rules specifying requirements for licensees(~~(, certificate holders,)~~) and nonlicensee owners to report to the board
17 sanctions or orders relating to the licensee's practice of public
18 accounting or the licensee's(~~(, certificate holder's,)~~) or
19 nonlicensee owner's violation of ethical or technical standards
20 entered against the licensee(~~(, certificate holder,)~~) or nonlicensee
21 owner by a nongovernmental professionally related standard-setting
22 entity.
23

24 (~~(10)~~) (9) A chartered professional accounting firm registered
25 in the Canadian province of British Columbia and its owners and
26 employees that provide compilation or attest services in accordance
27 with RCW 18.04.350(15) are not required to obtain a CPA firm license
28 or individual CPA licenses and will not be subject to license fees.

29 **Sec. 7.** RCW 18.04.215 and 2003 c 290 s 2 are each amended to
30 read as follows:

31 (1) Three-year licenses shall be issued by the board:

32 (a) To persons meeting the requirements of RCW 18.04.105(1),
33 18.04.180, or 18.04.183.

34 (~~(To certificate holders meeting the requirements of RCW~~
35 ~~18.04.105(4).~~

36 ~~(e))~~ To firms under RCW 18.04.195, meeting the requirements of
37 RCW 18.04.205.

38 (2) The board shall, by rule, provide for a system of
39 (~~(certificate and)~~) license renewal and reinstatement. Applicants for

1 renewal or reinstatement shall, at the time of filing their
2 applications, list with the board all states and foreign
3 jurisdictions in which they hold or have applied for certificates,
4 permits or licenses to practice.

5 ~~(3) ((An inactive certificate is renewed every three years with
6 renewal subject to the requirements of ethics CPE and the payment of
7 fees, prescribed by the board. Failure to renew the inactive
8 certificate shall cause the inactive certificate to lapse and be
9 subject to reinstatement. The board shall adopt rules providing for
10 fees and procedures for renewal and reinstatement of inactive
11 certificates.~~

12 ~~(4))~~ A license is issued every three years with renewal subject
13 to requirements of CPE and payment of fees, prescribed by the board.
14 Failure to renew the license shall cause the license to lapse and
15 become subject to reinstatement. Persons holding a lapsed license are
16 prohibited from using the title "CPA_L" ~~((or))~~ "certified public
17 accountant," "CPA inactive," or "CPA retired." Persons holding a
18 lapsed license are prohibited from practicing public accountancy. The
19 board shall adopt rules providing for fees and procedures for
20 issuance, renewal, and reinstatement of licenses.

21 ~~((5))~~ (4) The board shall adopt rules providing for CPE for
22 active and inactive licensees ~~((and certificate holders))~~. The rules
23 shall:

24 (a) Provide that ~~((a))~~ an active licensee shall verify to the
25 board that ~~((he or she has))~~ they have completed at least an
26 accumulation of one hundred twenty hours of CPE during the last
27 three-year period to maintain the active license;

28 (b) Provide that an individual with an inactive license shall
29 verify to the board that they have completed a board-approved ethics
30 course for CPE during the last three-year period to maintain the
31 inactive license;

32 (c) Establish CPE requirements; and

33 ~~((e))~~ (d) Establish when new licensees shall verify that they
34 have completed the required CPE.

35 ~~((6))~~ (5) A certified public accountant who holds a license
36 issued by another state, and applies for a license in this state, may
37 practice in this state from the date of filing a completed
38 application with the board, until the board has acted upon the
39 application provided the application is made prior to holding out as
40 a certified public accountant in this state and no sanctions or

1 investigations, deemed by the board to be pertinent to public
2 accountancy, by other jurisdictions or agencies are in process.

3 ~~((+7))~~ (6) A licensee shall submit to the board satisfactory
4 proof of having completed an accumulation of one hundred twenty hours
5 of CPE recognized and approved by the board during the preceding
6 three years. Failure to furnish this evidence as required shall make
7 the license lapse and subject to reinstatement procedures, unless the
8 board determines the failure to have been due to retirement or
9 reasonable cause.

10 The board in its discretion may renew a ~~((certificate or))~~
11 license despite failure to furnish evidence of compliance with
12 requirements of CPE upon condition that the applicant follow a
13 particular program of CPE. In issuing rules and individual orders
14 with respect to CPE requirements, the board, among other
15 considerations, may rely upon guidelines and pronouncements of
16 recognized educational and professional associations, may prescribe
17 course content, duration, and organization, and may take into account
18 the accessibility of CPE to licensees ~~((and certificate holders))~~ and
19 instances of individual hardship.

20 ~~((+8))~~ (7) Fees for renewal or reinstatement of ~~((certificates~~
21 ~~and))~~ licenses in this state shall be determined by the board under
22 this chapter. Fees shall be paid by the applicant at the time the
23 application form is filed with the board. The board, by rule, may
24 provide for proration of fees for licenses ~~((or certificates))~~ issued
25 between normal renewal dates.

26 ~~((+9))~~ (8)(a) Licensees ~~((, certificate holders,))~~ and
27 nonlicensee owners must notify the board within thirty days after:

28 (i) Sanction, suspension, revocation, or modification of their
29 professional license or practice rights by the securities exchange
30 commission, internal revenue service, or another state board of
31 accountancy;

32 (ii) Sanction or order against the licensee ~~((, certificate~~
33 ~~holder,))~~ or nonlicensee owner by any federal or other state agency
34 related to the licensee's practice of public accounting or the
35 licensee's ~~((, certificate holder's,))~~ or nonlicensee owner's
36 violation of ethical or technical standards established by board
37 rule; or

38 (iii) The licensee ~~((, certificate holder,))~~ or nonlicensee owner
39 is notified that he or she has been charged with a violation of law
40 that could result in the suspension or revocation of a license or

1 certificate by a federal or other state agency, as identified by
2 board rule, related to the licensee's(~~(, certificate holder's,)~~) or
3 nonlicensee owner's professional license, practice rights, or
4 violation of ethical or technical standards established by board
5 rule.

6 (b) The board must adopt rules to implement this subsection and
7 may also adopt rules specifying requirements for licensees(~~(, certificate holders,)~~) and nonlicensee owners to report to the board
8 sanctions or orders relating to the licensee's practice of public
9 accounting or the licensee's(~~(, certificate holder's,)~~) or
10 nonlicensee owner's violation of ethical or technical standards
11 entered against the licensee(~~(, certificate holder,)~~) or nonlicensee
12 owner by a nongovernmental professionally related standard-setting
13 entity.
14

15 **Sec. 8.** RCW 18.04.295 and 2004 c 159 s 4 are each amended to
16 read as follows:

17 The board shall have the power to: Revoke, suspend, or refuse to
18 issue, renew, or reinstate a license (~~(or certificate)~~); impose a
19 fine in an amount not to exceed thirty thousand dollars plus the
20 board's investigative and legal costs in bringing charges against a
21 certified public accountant, (~~(a certificate holder,)~~) a licensee, a
22 licensed firm, an applicant, a non-CPA violating the provisions of
23 RCW 18.04.345, or a nonlicensee holding an ownership interest in a
24 licensed firm; may impose full restitution to injured parties; may
25 impose conditions precedent to renewal of a (~~(certificate or a)~~)
26 license; or may prohibit a nonlicensee from holding an ownership
27 interest in a licensed firm, for any of the following causes:

28 (1) Fraud or deceit in obtaining a license, or in any filings
29 with the board;

30 (2) Dishonesty, fraud, or negligence while representing oneself
31 as a nonlicensee owner holding an ownership interest in a licensed
32 firm(~~(, a)~~) or licensee(~~(, or a certificate holder)~~);

33 (3) A violation of any provision of this chapter;

34 (4) A violation of a rule of professional conduct promulgated by
35 the board under the authority granted by this chapter;

36 (5) Conviction of a crime or an act constituting a crime under:

37 (a) The laws of this state;

1 (b) The laws of another state, and which, if committed within
2 this state, would have constituted a crime under the laws of this
3 state; or

4 (c) Federal law;

5 (6) Cancellation, revocation, suspension, or refusal to renew the
6 authority to practice as a certified public accountant by any other
7 state for any cause other than failure to pay a fee or to meet the
8 requirements of CPE in the other state;

9 (7) Suspension or revocation of the right to practice matters
10 relating to public accounting before any state or federal agency;

11 For purposes of subsections (6) and (7) of this section, a
12 certified copy of such revocation, suspension, or refusal to renew
13 shall be prima facie evidence;

14 (8) Failure to maintain compliance with the requirements for
15 issuance, renewal, or reinstatement of a (~~certificate or~~) license,
16 or to report changes to the board;

17 (9) Failure to cooperate with the board by:

18 (a) Failure to furnish any papers or documents requested or
19 ordered by the board;

20 (b) Failure to furnish in writing a full and complete explanation
21 covering the matter contained in the complaint filed with the board
22 or the inquiry of the board;

23 (c) Failure to respond to subpoenas issued by the board, whether
24 or not the recipient of the subpoena is the accused in the
25 proceeding;

26 (10) Failure by a nonlicensee owner of a licensed firm to comply
27 with the requirements of this chapter or board rule; and

28 (11) Failure to comply with an order of the board.

29 **Sec. 9.** RCW 18.04.320 and 1986 c 295 s 13 are each amended to
30 read as follows:

31 In the case of the refusal, revocation, or suspension of a
32 (~~certificate or a~~) license by the board under the provisions of
33 this chapter, such proceedings and any appeal therefrom shall be
34 taken in accordance with the administrative procedure act, chapter
35 34.05 RCW.

36 **Sec. 10.** RCW 18.04.335 and 2001 c 294 s 16 are each amended to
37 read as follows:

1 (1) Upon application in writing and after hearing pursuant to
2 notice, the board may:

3 (a) Modify the suspension of, or reissue a (~~certificate or a~~)
4 license to, an individual whose (~~certificate or~~) license has been
5 revoked or suspended; or

6 (b) Modify the suspension of, or reissue a license to a firm
7 whose license has been revoked, suspended, or which the board has
8 refused to renew.

9 (2) In the case of suspension for failure to comply with a
10 support order under chapter 74.20A RCW, if the person has continued
11 to meet all other requirements for reinstatement during the
12 suspension, reissuance of a (~~certificate or a~~) license shall be
13 automatic upon the board's receipt of a release issued by the
14 department of social and health services stating that the individual
15 is in compliance with the order.

16 **Sec. 11.** RCW 18.04.345 and 2019 c 71 s 5 are each amended to
17 read as follows:

18 (1) Except when performing services as an employee or owner of a
19 firm that performs or offers to perform attest or compilation
20 services as defined in RCW 18.04.025 in accordance with RCW
21 18.04.350(15), no individual may assume or use the designation
22 "certified public accountant-inactive" or "CPA-inactive" or any other
23 title, designation, words, letters, abbreviation, sign, card, or
24 device tending to indicate that the individual is a certified public
25 accountant-inactive or CPA-inactive unless the individual holds a
26 (~~certificate~~) license in inactive status. Individuals holding only
27 a (~~certificate~~) license in inactive status may not practice public
28 accounting.

29 (2) No individual may hold himself or herself out to the public
30 or assume or use the designation "certified public accountant" or
31 "CPA" or any other title, designation, words, letters, abbreviation,
32 sign, card, or device tending to indicate that the individual is a
33 certified public accountant or CPA unless the individual qualifies
34 for the privileges authorized by RCW 18.04.350(2) or holds a license
35 under RCW 18.04.105 and 18.04.215, or is providing compilation or
36 attest services as an employee or owner of a firm operating in
37 accordance with RCW 18.04.350(15).

38 (3) No firm with an office in this state may perform or offer to
39 perform attest services as defined in RCW 18.04.025(1) or compilation

1 services as defined in RCW 18.04.025(6) unless the firm is licensed
2 under RCW 18.04.195 and all offices of the firm in this state are
3 maintained and registered under RCW 18.04.205. This subsection does
4 not limit the services permitted under RCW 18.04.350(10) by persons
5 not required to be licensed under this chapter, nor does it prohibit
6 compilation or attest services performed in accordance with RCW
7 18.04.350(15).

8 (4) No firm may perform the services defined in RCW 18.04.025(1)
9 in this state unless the firm is licensed under RCW 18.04.195, renews
10 the firm license as required under RCW 18.04.215, and all offices of
11 the firm in this state are maintained and registered under RCW
12 18.04.205. This subsection does not prohibit services performed in
13 accordance with RCW 18.04.350(15).

14 (5) Except when performing services as an employee or owner of a
15 firm operating in accordance with RCW 18.04.350(15), no individual,
16 partnership, limited liability company, or corporation offering
17 public accounting services to the public may hold himself, herself,
18 or itself out to the public, or assume or use along, or in connection
19 with his, hers, or its name, or any other name the title or
20 designation "certified accountant," "chartered accountant," "licensed
21 accountant," "licensed public accountant," "public accountant," or
22 any other title or designation likely to be confused with "certified
23 public accountant" or any of the abbreviations "CA," "LA," "LPA," or
24 "PA," or similar abbreviations likely to be confused with "CPA."

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

28 (7) Except when performing services as an employee or owner of a
29 firm operating in accordance with RCW 18.04.350(15), no individual
30 with an office in this state may sign, affix, or associate his or her
31 name or any trade or assumed name used by the individual in his or
32 her business to any report prescribed by professional standards
33 unless the individual holds a license to practice under RCW 18.04.105
34 and 18.04.215, a firm holds a license under RCW 18.04.195, and all of
35 the individual's offices in this state are registered under RCW
36 18.04.205.

37 (8) No individual licensed in another state may sign, affix, or
38 associate a firm name to any report prescribed by professional
39 standards, or associate a firm name in conjunction with the title
40 certified public accountant, unless the individual:

1 (a) Qualifies for the practice privileges authorized by RCW
2 18.04.350(2);

3 (b) Is licensed under RCW 18.04.105 and 18.04.215, and all of the
4 individual's offices in this state are maintained and registered
5 under RCW 18.04.205; or

6 (c) Is performing services as an employee or owner of a firm in
7 accordance with the provisions of RCW 18.04.350(15).

8 (9) No individual, partnership, limited liability company, or
9 corporation not holding a license to practice under RCW 18.04.105 and
10 18.04.215, or firm not licensed under RCW 18.04.195 or firm not
11 registering all of the firm's offices in this state under RCW
12 18.04.205, or not qualified for the practice privileges authorized by
13 RCW 18.04.350(2), or not operating in accordance with the provisions
14 of RCW 18.04.350(15), may hold himself, herself, or itself out to the
15 public as an "auditor" with or without any other description or
16 designation by use of such word on any sign, card, letterhead, or in
17 any advertisement or directory.

18 (10) For purposes of this section, because individuals practicing
19 using practice privileges under RCW 18.04.350(2) are deemed
20 substantially equivalent to licensees under RCW 18.04.105 and
21 18.04.215, every word, term, or reference that includes the latter
22 shall be deemed to include the former, provided the conditions of
23 such practice privilege, as set forth in RCW 18.04.350 (4) and (5)
24 are maintained.

25 (11) Notwithstanding anything to the contrary in this section, it
26 is not a violation of this section for a firm that does not hold a
27 valid license under RCW 18.04.195 and that does not have an office in
28 this state to use the title "CPA" or "certified public accountant" as
29 part of the firm's name and to provide its professional services in
30 this state, and licensees and individuals with practice privileges
31 may provide services on behalf of such firms so long as it complies
32 with the requirements of RCW 18.04.195(1). An individual or firm
33 authorized under this subsection to use practice privileges in this
34 state must comply with the requirements otherwise applicable to
35 licensees in this section.

36 **Sec. 12.** RCW 18.04.345 and 2019 c 71 s 6 are each amended to
37 read as follows:

38 (1) No individual may assume or use the designation "certified
39 public accountant-inactive" or "CPA-inactive" or any other title,

1 designation, words, letters, abbreviation, sign, card, or device
2 tending to indicate that the individual is a certified public
3 accountant-inactive or CPA-inactive unless the individual holds a
4 ((certificate)) license in inactive status. Individuals holding only
5 a ((certificate)) license in inactive status may not practice public
6 accounting.

7 (2) No individual may hold himself or herself out to the public
8 or assume or use the designation "certified public accountant" or
9 "CPA" or any other title, designation, words, letters, abbreviation,
10 sign, card, or device tending to indicate that the individual is a
11 certified public accountant or CPA unless the individual qualifies
12 for the privileges authorized by RCW 18.04.350(2) or holds a license
13 under RCW 18.04.105 and 18.04.215.

14 (3) No firm with an office in this state may perform or offer to
15 perform attest services as defined in RCW 18.04.025(1) or compilation
16 services as defined in RCW 18.04.025(6) unless the firm is licensed
17 under RCW 18.04.195 and all offices of the firm in this state are
18 maintained and registered under RCW 18.04.205. This subsection does
19 not limit the services permitted under RCW 18.04.350(10) by persons
20 not required to be licensed under this chapter.

21 (4) No firm may perform the services defined in RCW 18.04.025(1)
22 in this state unless the firm is licensed under RCW 18.04.195, renews
23 the firm license as required under RCW 18.04.215, and all offices of
24 the firm in this state are maintained and registered under RCW
25 18.04.205.

26 (5) No individual, partnership, limited liability company, or
27 corporation offering public accounting services to the public may
28 hold himself, herself, or itself out to the public, or assume or use
29 along, or in connection with his, hers, or its name, or any other
30 name the title or designation "certified accountant," "chartered
31 accountant," "licensed accountant," "licensed public accountant,"
32 "public accountant," or any other title or designation likely to be
33 confused with "certified public accountant" or any of the
34 abbreviations "CA," "LA," "LPA," or "PA," or similar abbreviations
35 likely to be confused with "CPA."

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

39 (7) No individual with an office in this state may sign, affix,
40 or associate his or her name or any trade or assumed name used by the

1 individual in his or her business to any report prescribed by
2 professional standards unless the individual holds a license to
3 practice under RCW 18.04.105 and 18.04.215, a firm holds a license
4 under RCW 18.04.195, and all of the individual's offices in this
5 state are registered under RCW 18.04.205.

6 (8) No individual licensed in another state may sign, affix, or
7 associate a firm name to any report prescribed by professional
8 standards, or associate a firm name in conjunction with the title
9 certified public accountant, unless the individual:

10 (a) Qualifies for the practice privileges authorized by RCW
11 18.04.350(2); or

12 (b) Is licensed under RCW 18.04.105 and 18.04.215, and all of the
13 individual's offices in this state are maintained and registered
14 under RCW 18.04.205.

15 (9) No individual, partnership, limited liability company, or
16 corporation not holding a license to practice under RCW 18.04.105 and
17 18.04.215, or firm not licensed under RCW 18.04.195 or firm not
18 registering all of the firm's offices in this state under RCW
19 18.04.205, or not qualified for the practice privileges authorized by
20 RCW 18.04.350(2), may hold himself, herself, or itself out to the
21 public as an "auditor" with or without any other description or
22 designation by use of such word on any sign, card, letterhead, or in
23 any advertisement or directory.

24 (10) For purposes of this section, because individuals practicing
25 using practice privileges under RCW 18.04.350(2) are deemed
26 substantially equivalent to licensees under RCW 18.04.105 and
27 18.04.215, every word, term, or reference that includes the latter
28 shall be deemed to include the former, provided the conditions of
29 such practice privilege, as set forth in RCW 18.04.350 (4) and (5)
30 are maintained.

31 (11) Notwithstanding anything to the contrary in this section, it
32 is not a violation of this section for a firm that does not hold a
33 valid license under RCW 18.04.195 and that does not have an office in
34 this state to use the title "CPA" or "certified public accountant" as
35 part of the firm's name and to provide its professional services in
36 this state, and licensees and individuals with practice privileges
37 may provide services on behalf of such firms so long as it complies
38 with the requirements of RCW 18.04.195(1). An individual or firm
39 authorized under this subsection to use practice privileges in this

1 state must comply with the requirements otherwise applicable to
2 licensees in this section.

3 **Sec. 13.** RCW 18.04.350 and 2018 c 224 s 2 are each amended to
4 read as follows:

5 (1) Nothing in this chapter prohibits any individual not holding
6 a license and not qualified for the practice privileges authorized by
7 subsection (2) of this section from serving as an employee of a firm
8 licensed under RCW 18.04.195 and 18.04.215. However, the employee
9 shall not issue any report as defined in this chapter, on the
10 information of any other persons, firms, or governmental units over
11 his or her name.

12 (2) An individual whose principal place of business is not in
13 this state shall be presumed to have qualifications substantially
14 equivalent to this state's requirements and shall have all the
15 privileges of licensees of this state without the need to obtain a
16 license under RCW 18.04.105 if the individual:

17 (a) Holds a valid license as a certified public accountant from
18 any state that requires, as a condition of licensure, that an
19 individual:

20 (i) Have at least one hundred fifty semester hours of college or
21 university education including a baccalaureate or higher degree
22 conferred by a college or university;

23 (ii) Achieve a passing grade on the uniform certified public
24 accountant examination; and

25 (iii) Possess at least one year of experience including service
26 or advice involving the use of accounting, attest, compilation,
27 management advisory, financial advisory, tax, or consulting skills,
28 all of which was verified by a licensee; or

29 (b) Holds a valid license as a certified public accountant from
30 any state that does not meet the requirements of (a) of this
31 subsection, but such individual's qualifications are substantially
32 equivalent to those requirements. Any individual who passed the
33 uniform certified public accountant examination and holds a valid
34 license issued by any other state prior to January 1, 2012, may be
35 exempt from the education requirements in (a)(i) of this subsection
36 for purposes of this section.

37 (3) Notwithstanding any other provision of law, an individual who
38 qualifies for the practice privilege under subsection (2) of this
39 section may offer or render professional services, whether in person

1 or by mail, telephone, or electronic means, and no notice, fee, or
2 other submission shall be provided by any such individual. Such an
3 individual shall be subject to the requirements of subsection (4) of
4 this section.

5 (4) Any individual licensee of another state exercising the
6 privilege afforded under subsection (2) of this section and the firm
7 that employs that licensee simultaneously consent, as a condition of
8 exercising this privilege:

9 (a) To the personal and subject matter jurisdiction and
10 disciplinary authority of the board;

11 (b) To comply with this chapter and the board's rules;

12 (c) That in the event the license from the state of the
13 individual's principal place of business is no longer valid, the
14 individual will cease offering or rendering professional services in
15 this state individually and on behalf of a firm; and

16 (d) To the appointment of the state board which issued the
17 certificate or license as their agent upon whom process may be served
18 in any action or proceeding by this state's board against the
19 certificate holder or licensee.

20 (5) An individual who qualifies for practice privileges under
21 subsection (2) of this section who performs any attest service
22 described in RCW 18.04.025(1) may only do so through a firm which has
23 obtained a license under RCW 18.04.195 and 18.04.215 or which meets
24 the requirements for an exception from the firm licensure
25 requirements under RCW 18.04.195(1) (a) (~~(iii)~~) (ii) or (b).

26 (6) A licensee of this state offering or rendering services or
27 using their CPA title in another state shall be subject to
28 disciplinary action in this state for an act committed in another
29 state for which the licensee would be subject to discipline for an
30 act committed in the other state. Notwithstanding RCW 18.04.295 and
31 this section, the board shall cooperate with and investigate any
32 complaint made by the board of accountancy of another state or
33 jurisdiction.

34 (7) Nothing in this chapter prohibits a licensee, a licensed
35 firm, any of their employees, or persons qualifying for practice
36 privileges by this section from disclosing any data in confidence to
37 other certified public accountants, quality assurance or peer review
38 teams, partnerships, limited liability companies, or corporations of
39 certified public accountants or to the board or any of its employees
40 engaged in conducting quality assurance or peer reviews, or any one

1 of their employees in connection with quality or peer reviews of that
2 accountant's accounting and auditing practice conducted under the
3 auspices of recognized professional associations.

4 (8) Nothing in this chapter prohibits a licensee, a licensed
5 firm, any of their employees, or persons qualifying for practice
6 privileges by this section from disclosing any data in confidence to
7 any employee, representative, officer, or committee member of a
8 recognized professional association, or to the board, or any of its
9 employees or committees in connection with a professional
10 investigation held under the auspices of recognized professional
11 associations or the board.

12 (9) Nothing in this chapter prohibits any officer, employee,
13 partner, or principal of any organization:

14 (a) From affixing his or her signature to any statement or report
15 in reference to the affairs of the organization with any wording
16 designating the position, title, or office which he or she holds in
17 the organization; or

18 (b) From describing himself or herself by the position, title, or
19 office he or she holds in such organization.

20 (10) Nothing in this chapter prohibits any person or firm
21 composed of persons not holding a license under this chapter from
22 offering or rendering to the public bookkeeping, accounting, tax
23 services, the devising and installing of financial information
24 systems, management advisory, or consulting services, the preparation
25 of tax returns, or the furnishing of advice on tax matters, or
26 similar services, provided that persons, partnerships, limited
27 liability companies, or corporations not holding a license who offer
28 or render these services do not designate any written statement as a
29 report as defined in RCW 18.04.025(~~((21))~~) or use any language in any
30 statement relating to the financial affairs of a person or entity
31 which is conventionally used by licensees in reports or any attest
32 service as defined in this chapter.

33 (11) Nothing in this chapter prohibits any person or firm
34 composed of persons not holding a license under this chapter from
35 offering or rendering to the public the preparation of financial
36 statements, or written statements describing how such financial
37 statements were prepared, provided that persons, partnerships,
38 limited liability companies, or corporations not holding a license
39 who offer or render these services do not designate any written
40 statement as a report as defined in RCW 18.04.025(~~((21))~~), do not

1 issue any written statement that purports to express or disclaim an
2 opinion on financial statements that have been audited, and do not
3 issue any written statement that expresses assurance on financial
4 statements that have been reviewed. The board may prescribe, by rule,
5 language for the written statement describing how such financial
6 statements were prepared for use by persons not holding a license
7 under this chapter.

8 (12) Nothing in this chapter prohibits any act of or the use of
9 any words by a public official or a public employee in the
10 performance of his or her duties.

11 (13) Nothing contained in this chapter prohibits any person who
12 holds only a valid (~~(certificate)~~) license in inactive status from
13 assuming or using the designation "certified public accountant-
14 inactive" or "CPA-inactive" or any other title, designation, words,
15 letters, sign, card, or device tending to indicate the (~~(person)~~)
16 person's license is (~~(a certificate holder)~~) inactive, provided, that
17 such person does not perform or offer to perform for the public one
18 or more kinds of services involving the use of accounting or auditing
19 skills, including issuance of reports or of one or more kinds of
20 management advisory, financial advisory, consulting services, the
21 preparation of tax returns, or the furnishing of advice on tax
22 matters.

23 (14) Nothing in this chapter prohibits the use of the title
24 "accountant" by any person regardless of whether the person (~~(has~~
25 ~~been granted a certificate or)~~) holds a license under this chapter.
26 Nothing in this chapter prohibits the use of the title "enrolled
27 agent" or the designation "EA" by any person regardless of whether
28 the person (~~(has been granted a certificate or)~~) holds a license
29 under this chapter if the person is properly authorized at the time
30 of use to use the title or designation by the United States
31 department of the treasury. The board shall by rule allow the use of
32 other titles by any person regardless of whether the person has been
33 granted a certificate or holds a license under this chapter if the
34 person using the titles or designations is authorized at the time of
35 use by a nationally recognized entity sanctioning the use of board
36 authorized titles.

37 (15) Nothing in this chapter prohibits any firm holding a license
38 or registration as a chartered professional accounting firm in the
39 Canadian province of British Columbia from performing any of the
40 following services: (a) An attest or compilation engagement of a

1 business entity operating in Washington state that is the
2 consolidated, subsidiary, or component entity of another entity that
3 is operating in Canada who acts as the issuer of the report; or (b) a
4 stand-alone attest or compilation engagement of a wholly or majority-
5 owned subsidiary and/or component of an entity that is operating in
6 Canada.

7 **Sec. 14.** RCW 18.04.350 and 2016 c 127 s 7 are each amended to
8 read as follows:

9 (1) Nothing in this chapter prohibits any individual not holding
10 a license and not qualified for the practice privileges authorized by
11 subsection (2) of this section from serving as an employee of a firm
12 licensed under RCW 18.04.195 and 18.04.215. However, the employee
13 shall not issue any report as defined in this chapter, on the
14 information of any other persons, firms, or governmental units over
15 his or her name.

16 (2) An individual whose principal place of business is not in
17 this state shall be presumed to have qualifications substantially
18 equivalent to this state's requirements and shall have all the
19 privileges of licensees of this state without the need to obtain a
20 license under RCW 18.04.105 if the individual:

21 (a) Holds a valid license as a certified public accountant from
22 any state that requires, as a condition of licensure, that an
23 individual:

24 (i) Have at least one hundred fifty semester hours of college or
25 university education including a baccalaureate or higher degree
26 conferred by a college or university;

27 (ii) Achieve a passing grade on the uniform certified public
28 accountant examination; and

29 (iii) Possess at least one year of experience including service
30 or advice involving the use of accounting, attest, compilation,
31 management advisory, financial advisory, tax, or consulting skills,
32 all of which was verified by a licensee; or

33 (b) Holds a valid license as a certified public accountant from
34 any state that does not meet the requirements of (a) of this
35 subsection, but such individual's qualifications are substantially
36 equivalent to those requirements. Any individual who passed the
37 uniform certified public accountant examination and holds a valid
38 license issued by any other state prior to January 1, 2012, may be

1 exempt from the education requirements in (a)(i) of this subsection
2 for purposes of this section.

3 (3) Notwithstanding any other provision of law, an individual who
4 qualifies for the practice privilege under subsection (2) of this
5 section may offer or render professional services, whether in person
6 or by mail, telephone, or electronic means, and no notice, fee, or
7 other submission shall be provided by any such individual. Such an
8 individual shall be subject to the requirements of subsection (4) of
9 this section.

10 (4) Any individual licensee of another state exercising the
11 privilege afforded under subsection (2) of this section and the firm
12 that employs that licensee simultaneously consent, as a condition of
13 exercising this privilege:

14 (a) To the personal and subject matter jurisdiction and
15 disciplinary authority of the board;

16 (b) To comply with this chapter and the board's rules;

17 (c) That in the event the license from the state of the
18 individual's principal place of business is no longer valid, the
19 individual will cease offering or rendering professional services in
20 this state individually and on behalf of a firm; and

21 (d) To the appointment of the state board which issued the
22 certificate or license as their agent upon whom process may be served
23 in any action or proceeding by this state's board against the
24 certificate holder or licensee.

25 (5) An individual who qualifies for practice privileges under
26 subsection (2) of this section who performs any attest service
27 described in RCW 18.04.025(1) may only do so through a firm which has
28 obtained a license under RCW 18.04.195 and 18.04.215 or which meets
29 the requirements for an exception from the firm licensure
30 requirements under RCW 18.04.195(1) (a) (~~(iii)~~) (ii) or (b).

31 (6) A licensee of this state offering or rendering services or
32 using their CPA title in another state shall be subject to
33 disciplinary action in this state for an act committed in another
34 state for which the licensee would be subject to discipline for an
35 act committed in the other state. Notwithstanding RCW 18.04.295 and
36 this section, the board shall cooperate with and investigate any
37 complaint made by the board of accountancy of another state or
38 jurisdiction.

39 (7) Nothing in this chapter prohibits a licensee, a licensed
40 firm, any of their employees, or persons qualifying for practice

1 privileges by this section from disclosing any data in confidence to
2 other certified public accountants, quality assurance or peer review
3 teams, partnerships, limited liability companies, or corporations of
4 certified public accountants or to the board or any of its employees
5 engaged in conducting quality assurance or peer reviews, or any one
6 of their employees in connection with quality or peer reviews of that
7 accountant's accounting and auditing practice conducted under the
8 auspices of recognized professional associations.

9 (8) Nothing in this chapter prohibits a licensee, a licensed
10 firm, any of their employees, or persons qualifying for practice
11 privileges by this section from disclosing any data in confidence to
12 any employee, representative, officer, or committee member of a
13 recognized professional association, or to the board, or any of its
14 employees or committees in connection with a professional
15 investigation held under the auspices of recognized professional
16 associations or the board.

17 (9) Nothing in this chapter prohibits any officer, employee,
18 partner, or principal of any organization:

19 (a) From affixing his or her signature to any statement or report
20 in reference to the affairs of the organization with any wording
21 designating the position, title, or office which he or she holds in
22 the organization; or

23 (b) From describing himself or herself by the position, title, or
24 office he or she holds in such organization.

25 (10) Nothing in this chapter prohibits any person or firm
26 composed of persons not holding a license under this chapter from
27 offering or rendering to the public bookkeeping, accounting, tax
28 services, the devising and installing of financial information
29 systems, management advisory, or consulting services, the preparation
30 of tax returns, or the furnishing of advice on tax matters, or
31 similar services, provided that persons, partnerships, limited
32 liability companies, or corporations not holding a license who offer
33 or render these services do not designate any written statement as a
34 report as defined in RCW 18.04.025(~~(-21)~~) or use any language in any
35 statement relating to the financial affairs of a person or entity
36 which is conventionally used by licensees in reports or any attest
37 service as defined in this chapter.

38 (11) Nothing in this chapter prohibits any person or firm
39 composed of persons not holding a license under this chapter from
40 offering or rendering to the public the preparation of financial

1 statements, or written statements describing how such financial
2 statements were prepared, provided that persons, partnerships,
3 limited liability companies, or corporations not holding a license
4 who offer or render these services do not designate any written
5 statement as a report as defined in RCW 18.04.025(~~((21))~~), do not
6 issue any written statement that purports to express or disclaim an
7 opinion on financial statements that have been audited, and do not
8 issue any written statement that expresses assurance on financial
9 statements that have been reviewed. The board may prescribe, by rule,
10 language for the written statement describing how such financial
11 statements were prepared for use by persons not holding a license
12 under this chapter.

13 (12) Nothing in this chapter prohibits any act of or the use of
14 any words by a public official or a public employee in the
15 performance of his or her duties.

16 (13) Nothing contained in this chapter prohibits any person who
17 holds only a valid (~~(certificate)~~) license in inactive status from
18 assuming or using the designation "certified public accountant-
19 inactive" or "CPA-inactive" or any other title, designation, words,
20 letters, sign, card, or device tending to indicate the (~~(person)~~)
21 person's license is (~~(a certificate holder)~~) inactive, provided, that
22 such person does not perform or offer to perform for the public one
23 or more kinds of services involving the use of accounting or auditing
24 skills, including issuance of reports or of one or more kinds of
25 management advisory, financial advisory, consulting services, the
26 preparation of tax returns, or the furnishing of advice on tax
27 matters.

28 (14) Nothing in this chapter prohibits the use of the title
29 "accountant" by any person regardless of whether the person (~~(has~~
30 ~~been granted a certificate or)~~) holds a license under this chapter.
31 Nothing in this chapter prohibits the use of the title "enrolled
32 agent" or the designation "EA" by any person regardless of whether
33 the person (~~(has been granted a certificate or)~~) holds a license
34 under this chapter if the person is properly authorized at the time
35 of use to use the title or designation by the United States
36 department of the treasury. The board shall by rule allow the use of
37 other titles by any person regardless of whether the person has been
38 granted a certificate or holds a license under this chapter if the
39 person using the titles or designations is authorized at the time of

1 use by a nationally recognized entity sanctioning the use of board
2 authorized titles.

3 **Sec. 15.** RCW 18.04.370 and 2004 c 159 s 5 are each amended to
4 read as follows:

5 (1) Any person who violates any provision of this chapter shall
6 be guilty of a crime, as follows:

7 (a) Any person who violates any provision of this chapter is
8 guilty of a misdemeanor, and upon conviction thereof, shall be
9 subject to a fine of not more than thirty thousand dollars, or to
10 imprisonment for not more than six months, or to both such fine and
11 imprisonment.

12 (b) Notwithstanding (a) of this subsection, any person who uses a
13 professional title intended to deceive the public, in violation of
14 RCW 18.04.345, having previously entered into a stipulated agreement
15 and order of assurance with the board, is guilty of a class C felony,
16 and upon conviction thereof, is subject to a fine of not more than
17 thirty thousand dollars, or to imprisonment for not more than two
18 years, or to both such fine and imprisonment.

19 (c) Notwithstanding (a) of this subsection, any person whose
20 license (~~or certificate~~) was suspended or revoked by the board and
21 who uses the CPA professional title intending to deceive the public,
22 in violation of RCW 18.04.345, having previously entered into a
23 stipulated agreement and order of assurance with the board, is guilty
24 of a class C felony, and upon conviction thereof, is subject to a
25 fine of not more than thirty thousand dollars, or to imprisonment for
26 not more than two years, or to both fine and imprisonment.

27 (2) With the exception of first time violations of RCW 18.04.345,
28 subject to subsection (3) of this section whenever the board has
29 reason to believe that any person is violating the provisions of this
30 chapter it shall certify the facts to the prosecuting attorney of the
31 county in which such person resides or may be apprehended and the
32 prosecuting attorney shall cause appropriate proceedings to be
33 brought against such person.

34 (3) The board may elect to enter into a stipulated agreement and
35 orders of assurance with persons in violation of RCW 18.04.345 who
36 have not previously been found to have violated the provisions of
37 this chapter. The board may order full restitution to injured parties
38 as a condition of a stipulated agreement and order of assurance.

1 (4) Nothing herein contained shall be held to in any way affect
2 the power of the courts to grant injunctive or other relief as above
3 provided.

4 **Sec. 16.** RCW 18.04.380 and 2001 c 294 s 20 are each amended to
5 read as follows:

6 (1) The display or presentation by a person of a card, sign,
7 advertisement, or other printed, engraved, or written instrument or
8 device, bearing a person's name in conjunction with the words
9 "certified public accountant" or any abbreviation thereof shall be
10 prima facie evidence in any action brought under this chapter that
11 the person whose name is so displayed, caused or procured the display
12 or presentation of the card, sign, advertisement, or other printed,
13 engraved, or written instrument or device, and that the person is
14 holding himself or herself out to be a licensee(~~(7)~~) or a certified
15 public accountant(~~(7, or a person holding a certificate)~~) under this
16 chapter.

17 (2) The display or presentation by a person of a card, sign,
18 advertisement, or other printed, engraved, or written instrument or
19 device, bearing a person's name in conjunction with the words
20 certified public accountant-inactive or any abbreviation thereof is
21 prima facie evidence in any action brought under this chapter that
22 the person whose name is so displayed caused or procured the display
23 or presentation of the card, sign, advertisement, or other printed,
24 engraved, or written instrument or device, and that the person is
25 holding himself or herself out to be a certified public accountant-
26 inactive under this chapter.

27 (3) In any action under subsection (1) or (2) of this section,
28 evidence of the commission of a single act prohibited by this chapter
29 is sufficient to justify an injunction or a conviction without
30 evidence of a general course of conduct.

31 **Sec. 17.** RCW 18.04.405 and 2001 c 294 s 22 are each amended to
32 read as follows:

33 (1) A licensee(~~(7, certificate holder,)~~) or licensed firm, or any
34 of their employees, shall not disclose any confidential information
35 obtained in the course of a professional transaction except with the
36 consent of the client or former client or as disclosure may be
37 required by law, legal process, the standards of the profession, or
38 as disclosure of confidential information is permitted by RCW

1 18.04.350 (~~(3)~~) (7) and (~~(4)~~) (8), 18.04.295(~~(8)~~) (9),
2 18.04.390, and this section in connection with quality assurance, or
3 peer reviews, investigations, and any proceeding under chapter 34.05
4 RCW.

5 (2) This section shall not be construed as limiting the authority
6 of this state or of the United States or an agency of this state, the
7 board, or of the United States to subpoena and use such confidential
8 information obtained by a licensee, or any of their employees in the
9 course of a professional transaction in connection with any
10 investigation, public hearing, or other proceeding, nor shall this
11 section be construed as prohibiting a licensee or certified public
12 accountant whose professional competence has been challenged in a
13 court of law or before an administrative agency from disclosing
14 confidential information as a part of a defense to the court action
15 or administrative proceeding.

16 (3) The proceedings, records, and work papers of a review
17 committee shall be privileged and shall not be subject to discovery,
18 subpoena, or other means of legal process or introduction into
19 evidence in any civil action, arbitration, administrative proceeding,
20 or board proceeding and no member of the review committee or person
21 who was involved in the peer review process shall be permitted or
22 required to testify in any such civil action, arbitration,
23 administrative proceeding, or board proceeding as to any matter
24 produced, presented, disclosed, or discussed during or in connection
25 with the peer review process, or as to any findings, recommendations,
26 evaluations, opinions, or other actions of such committees, or any
27 members thereof. Information, documents, or records that are publicly
28 available are not to be construed as immune from discovery or use in
29 any civil action, arbitration, administrative proceeding, or board
30 proceeding merely because they were presented or considered in
31 connection with the quality assurance or peer review process.

32 **Sec. 18.** RCW 18.04.430 and 1997 c 58 s 811 are each amended to
33 read as follows:

34 The board shall immediately suspend the (~~certificate or~~)
35 license of a person who has been certified pursuant to RCW 74.20A.320
36 by the department of social and health services as a person who is
37 not in compliance with a support order or a residential or visitation
38 order. If the person has continued to meet all other requirements for
39 reinstatement during the suspension, reissuance of the license or

1 certificate shall be automatic upon the board's receipt of a release
2 issued by the department of social and health services stating that
3 the licensee is in compliance with the order.

4 NEW SECTION. **Sec. 19.** Sections 6, 11, and 13 of this act expire
5 June 30, 2023.

6 NEW SECTION. **Sec. 20.** Sections 7, 12, and 14 of this act take
7 effect June 30, 2023.

--- **END** ---

Board of Accountancy Washington State Enforcement Report

<u>Quarterly Report (Jul 01, 2020 through Sep 30, 2020)</u>			
Complaint Workload			
	Received in Previous Period	Received in Report Period	Total
Complaints Open	11	16	27
Closed with No Action	(7)	(1)	(8)
Closed with Action Taken	0	0	0
Complaints at End of Period	4	15	19
Details of Complaint Closures			
Closed Disposition	Administrative	Public Harm	Total
No Action Taken	1	7	8
Revocation, Suspension, Restriction	0	0	0
Fines, costs, and other sanctions	0	0	0
Remedial Resolution (Policy 2004-1)	0	0	0
Total Closed	1	7	8

<u>Twelve-Month Lookback (Oct 01, 2019 through Sep 30, 2020)</u>			
Complaint Workload			
	Received in Previous Period	Received in Report Period	Total
Complaints Open	15	89	104
Closed with No Action	(10)	(63)	(73)
Closed with Action Taken	(5)	(8)	(13)
Complaints at End of Period	0	18	18
Details of Complaint Closures			
Closed Disposition	Administrative	Public Harm	Total
No Action Taken	9	63	72
Revocation, Suspension, Restriction	0	5	5
Fines, costs, and other sanctions	0	4	4
Remedial Resolution (Policy 2004-1)	4	0	4
Total Closed	13	72	85

Board of Accountancy Washington State

All complaints - resolved with and without discipline

	<u>Oct 2019 to Sep 2020</u>		<u>Oct 2018 to Oct 2019</u>	
	<i>All</i>	<i>Action Only</i>	<i>All</i>	<i>Action Only</i>
Public Harm				
Negligence - Attest related	5	3	2	0
Negligence, Disregard of standards	53	2	32	4
Use of Restricted Titles	7	2	10	3
Embezzlement, Theft, Breach of Fid. Duty	3	2	2	2
Breach of Confidentiality	0	0	0	0
Records Retention Causing Harm	5	0	2	0
<u>Subtotal</u>	73	9	48	9
Administrative				
Peer Review	2	0	1	0
CPE - Deficient 16 hours or less	2	2	10	7
CPE - Deficient 17 hours or more	4	1	6	4
CPE - Deficient eligible WA ethics	1	1	20	20
CPE - Failure to respond to CPE audit	3	0	0	0
<u>Subtotal</u>	12	4	37	31
Total	85	13	85	40

<u>Jul 01, 2020 through Sep 30, 2020</u>				
CBM Report				
	BAP	Action	No Action	Total
Mark Hugh	2	0	0	2
Rajib Doogar	0	0	1	1
Joel Cambern	0	0	0	0
Brian Thomas	0	0	0	0
Jacqueline Meucci	0	0	2	2
Kate Dixon	0	0	2	2
Carol Morgan	0	0	0	0
Thomas Sawatzki	0	0	2	2
Brooke Stegmeier	0	0	0	0
None	0	0	0	0
Total	2	0	7	9

Enforcement – Current Items

With the coronavirus pandemic, the nature of the business world has shifted. The Board has received complaints due to new dynamics and changing processes. Although these are not new topics for complaints, there is an uptick of complaints and inquiries on the topics below. We review each complaint on its own merits, and each may or may not rise to the level of a violation.

Failure to respond

Clients often reach out to their CPAs to ask questions, request records, or for other common reasons. New challenges have manifested for numerous reasons:

- The CPA's office made changes such as different hours, or temporary closure of the physical office.
- Various changes have resulted in increased delays in email responses and voice messages, full voicemail boxes, and busier USPS mail.

We have encouraged CPAs and clients to put in some extra effort for clear communication, and be patient and understanding given the surrounding circumstances.

Tax returns

Late or missing filing of tax returns is a regular source of complaints to the Board. Changing deadlines, business disruptions, and other issues have caused new reasons for delays in filings.

In addition, other prevailing issues have caused potential for difficulties, such as the Employment Security Department and unemployment claims, and the potential for bad actors to file fraudulent tax returns.

When receiving such complaints, we also consider any damage(s) to the complainant, such as any IRS penalties. We have encouraged CPAs and clients to try and resolve any outstanding issues, either with their current or a new CPA. A resolution does not preclude action by the Board.

Payment dispute

In the Board's complaint form, we state that the Board does not have authority over fee disputes. However, the Board periodically receives complaints and questions on these issues, and lately the amount of payment disputes have increased.

We have encouraged these individuals to seek venues that may be able to assist with their concerns, such as an attorney.

Non-CPAs

The Board receives complaints against non-CPAs, with the complainants indicating in the form that the person is a CPA. There has been an increased amount of these complaints, often where the client assumes that because an individual is an accountant or bookkeeper that they are also a CPA. The general global increase in issues has caused the additional outreach to the Board. The Board does not have jurisdiction over these matters, and we encourage the complainant to contact an agency with jurisdiction, such as the IRS or the Attorney General's Office.