

Board of Accountancy

WASHINGTON STATE

Summer Edition 2014

A MESSAGE FROM THE BOARD CHAIR

“Education is what remains after one has forgotten what one has learned in school.”

- Albert Einstein

In my previous message, I described several of the Board’s responsibilities, including protecting the public and promoting the profession. Part of promoting the profession is providing a vision for students to seek careers in Accounting, Finance, and Business Law. From my interviews with hundreds of recruits and experienced professionals, these are the most common responses to what brought them to careers in Accounting:



- I really liked math in school.
- I want to run a business someday and heard that knowing about accounting and controls would provide a solid foundation.
- Someone I trust [parent, close family friend] told me about a career in accounting.

As graduations abound during this time of the year, I reflect on the limitless possibilities for the next generation and the difference between what is “taught” versus what is “instilled” to create successful business professionals:

What We Are Taught	What Should Be Instilled
Reading, writing, and arithmetic	Lifelong passion for learning, solving problems, and adapting
Obey Rules	Desire for justice, accountability, and good citizenship
Money does not grow on trees	Strong work ethic and perseverance to provide for the future
If you can’t beat them, join them	Adherence to moral and ethical principles... Integrity

With the above in mind, along with consideration of the rapidly evolving nature of education today and our primary mandate of protecting the public, the Board is currently evaluating how much, if any, we should adapt our education requirements. This project is not expected to be quick and easy. There are many facets to consider, including curriculum delivered primarily online (sometimes referred to as “MOOCs”- massive open online courses), relevant classes taught in accredited high schools and less than four-year accredited colleges, foreign education, and other accounting certification programs. We are most interested in the substance of what the aforementioned provide to the competence and character of our candidates. And, we welcome your perspective.

In closing, I have a request of you. As noted further above, most accounting professionals were originally inspired by someone they trusted. Please take a moment to...

- Talk with a junior high school or high school student about the value you bring to your clients.
- Share stories of how you helped a client submit their financial statements for a new financing to accelerate their business.
- Describe difficult moments in your career when you had to choose between doing the right thing or sacrificing your integrity; and how it made you feel to do the right thing.

Thank you for all you do to promote the profession,

Emily R. Rollins, CPA
Board Chair

In This Edition

A Message From The Board Chair	1
Doing Business in Washington State.....	2
2014 - Notice of Lapsed Individual Credential.....	2
2014 - Notice of CPA Firm Dissolution	2
Candidate Performance	3
Elijah Watt Sells Award	3
Records and You	4
Did You Just Pass the CPA Exam?	5

CONTACT US:

Website:
www.cpaboard.wa.gov/

If you cannot find an answer to your question on our website, please contact us directly for more information.

Hours of Operation:
8:00 AM to 5:00 PM (Pacific Time)
Monday through Friday with the exception of state holidays.

E-mail:
customerservice@cpaboard.wa.gov

Phone: (360) 753-2586

Fax: (360) 664-9190

Mailing Address:
P.O. Box 9131
Olympia, WA 98507-9131

Physical Address - Overnight
(mail with NO payment)
711 Capitol Way S, Suite 400
Olympia, WA 98501

Payment Mailing Address:
P.O. Box 41465
Olympia, WA 98504-1465

Physical Address - Overnight
(mail with payment)
1500 Jefferson Street
Olympia, WA 98501

DOING BUSINESS IN WASHINGTON STATE

CPA Firms (including Sole Proprietorships) doing business in Washington State must:

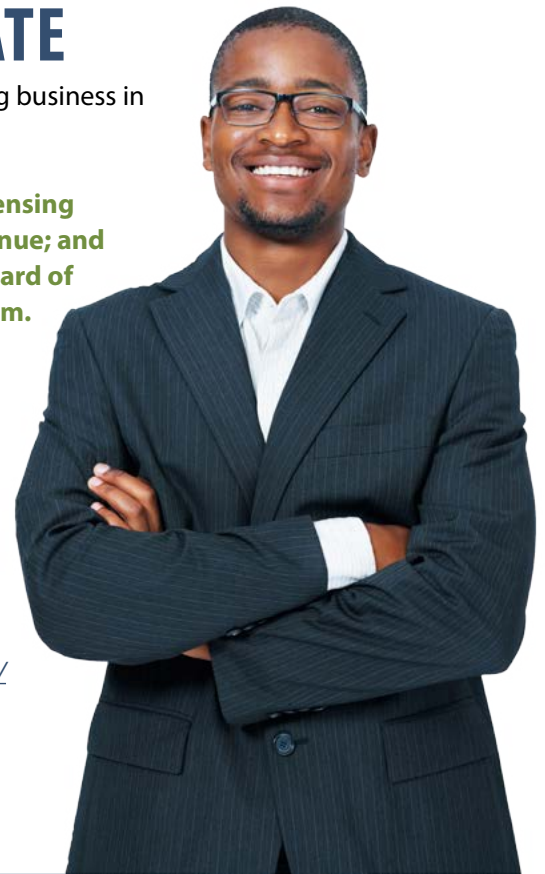
1. Register through the On-Line Master Licensing Service (MLS) at the Department of Revenue; and
2. Obtain a CPA firm license through the Board of Accountancy's On-Line registration system.

A direct way to accomplish this is:

FIRST register through MLS at the Department of Revenue by entering <http://bls.dor.wa.gov/taxregistration.aspx>; and

SECOND apply for your firm license through the On-Line Application and Payment System at the Board of Accountancy by entering <https://secureaccess.wa.gov/>

If you encounter any difficulties in this process, please call the Board at (360) 753-2586.



2014 - NOTICE OF LAPSED INDIVIDUAL CREDENTIAL

Did you receive a notice that your CPA license, CPA-Inactive certificate, or non-licensee firm owner registration lapsed effective July 1, 2014? If yes, and you would like to reinstate, you must first meet the [Board's reinstatement requirements](#).

Once you have met the reinstatement requirements, log into the online services with SecureAccess Washington, enter your CPE information into the "Track CPE" feature, then apply for the reinstatement by selecting "Reinstate/Reactivate."

2014 - NOTICE OF CPA FIRM DISSOLUTION

Did you receive a notice that your CPA firm license expired effective July 1, 2014? If so, then the firm has 90 days to get back into compliance, which will require the firm to pay the renewal fee along with the \$100 late fee.

To get your firm back into compliance, you will need to e-mail your request for a paper copy of the 2014 CPA Firm Renewal form to customerservice@cpaboard.wa.gov. Please write "Firm Reinstatement" at the top of the form, fill out and e-mail or fax the form to jennifers@cpaboard.wa.gov or fax to (360) 664-9190 attention Jennifer. Once the form has been received, you will receive an e-mail with an invoice to pay the \$330 electronically.

If the firm does not comply within 90 days, the firm will need to apply as a new firm.

If you still have questions after reviewing the Board's requirements, please contact us at customerservice@cpaboard.wa.gov or (360) 753-2586.

CANDIDATE PERFORMANCE

The National Association of State Boards of Accountancy (NASBA) gathers data regarding candidate's CPA Exam application and performance information for all 55 Jurisdictions. Washington State's candidate summary for 2013 was:

SECTION PERFORMANCE			
	Sections	Score	%Pass
First-Time	3,894	72.31	55.68%
Re-Exam	2,569	69.86	38.96%
<hr/>			
AUD	1,801	70.80	43.59%
BEC	1,550	73.21	53.35%
FAR	1,632	70.42	49.33%
REG	1,480	71.04	50.81%

Of Those Candidates There Were

Demographics



Male Candidates
1,205
48.5%



Female Candidates
1,279
51.5%

Average Age

31.5

Degree Type

Candidate Count	
Bachelor's Degree	1,770
Advanced Degree	221
Enrolled/Other	494

% of Candidates	
Bachelor's Degree	71.23%
Advanced Degree	8.89%
Enrolled/Other	19.88%

ELIJAH WATT SELLS AWARD

In March 2014, the American Institute of CPAs announced the winners of the 2013 Elijah Watt Sells Award.

The Elijah Watt Sells Award program was established by the AICPA in 1923 to recognize outstanding performance on the CPA Examination.

Sells was one of the country's first CPAs. He was active in the establishment of the AICPA and played a key role helping to advance professional education in the profession.

The award is bestowed upon candidates who have obtained a cumulative average score above 95.50 across all four sections of the Uniform CPA Examination, completed testing during the 2013 calendar year and passed all four sections of the Examination on their first attempt. More than 94,154 individuals sat for the Examination in 2013, with 55 candidates meeting the criteria to receive the Elijah Watt Sells Award.

Virginia R.B. Jones, a Washington State candidate, received the Elijah Watt Sells award. Congratulations!

WA STATE BOARD OF ACCOUNTANCY BOARD MEMBERS:

Officers:

Emily Rollins, CPA
Chair

Karen R. Saunders, CPA
Vice-Chair

Elizabeth Deak Masnari, CPA
Secretary

CPA Members:

Donald F. Aubrey, CPA
Edwin G. Jolicoeur, CPA
Thomas G. Neill, CPA

Public Members:

Lauren C. Jassny
Gerald F. Ryles
Favian Valencia

WA STATE BOARD OF ACCOUNTANCY BOARD STAFF:

Richard C. Sweeney, CPA
Executive Director

Jennifer Sciba
Deputy Director

Charles Satterlund, CPA, CIA
Director Of Investigations

Lori Mickelson
Management Analyst

Taylor Shahon
Special Advisor

Tia Landry
IT Specialist

Kelly Wulfekuhle
Administrative Assistant

Kirsten Donovan
Special Assistant

The Washington State Board of Accountancy is a consumer protection agency that initially qualifies and continues to monitor the professional performance and ethical behavior of Certified Public Accountants (CPAs), CPA-Inactive certificate holders, CPA firms, and non-licensure CPA firm owners, serving individual and enterprise consumers in Washington State.

Unlike most state agencies, the Board of Accountancy is not funded by public tax dollars. CPAs, CPA-Inactive certificate holders, CPA firms, non-licensure CPA firm owners and CPA examination applicants pay an administrative fee or reimburse examination costs to cover all of the agency's operating expenses.

We are a very small agency with only eight employees. We are here to protect the public interest and provide the following services:

- Test approximately 2,000 candidates each year.
- Evaluate the initial qualifications of applicants and firms and approve or deny licenses.
- Review and monitor the continuing qualifications and performance of the almost 17,000 individuals and 2,100 firms licensed in Washington.

RECORDS AND YOU

PART ONE OF "STAYING OUT OF TROUBLE"

Effectively managing your records goes a long way toward managing your professional risk. As a certified public accountant, considerable onus is placed in your custody of client information and distinguishing among what records must be provided, when and how. Also, the cost of providing these records is an important consideration. In the Board's Enforcement division, the question of client records is often a source of concern. Board rule, or more specifically, Title 4 WAC 4-30-051, is the clarifying rule of guidance.

The What

Records are not all the same. Board rule breaks records into four separate categories: client provided records, licensee prepared records, supporting records, and working papers. Rule states that client provided, licensee prepared, and supporting records must be provided to the client upon request.

What are these different types?

- Client provided records are, quite simply, accounting or other records that have been provided to a licensee by the client.
- Licensee prepared records are those created by the licensee, and are generally the purpose of the engagement: tax returns, general ledgers, subsidiary journals, and supporting schedules.
- Supporting records are typically not reflected in the client's books and records, and not otherwise available to the client. Adjusting, closing, combining, or consolidating journal entries are just a few examples of documents that support an engagement.
- Working papers would usually hold little interest to a client. Audit programs, analytical review schedules, statistical sampling results, and analyses guide a licensee's work, but are not work product, or supportive of such.

The When

The urgency of conveying records to client upon request varies according to format, and some of these records are not as readily deliverable as others. "Soon as practical" is the guidance in the rule, but barring extenuating circumstances, 45 days from date of request is the deadline.

If a licensee has previously provided a client with a record, there is no obligation to do so again, barring some unusual circumstance. While such consideration may help in client relations, a licensee is not required to deliver records that have already been delivered, but that is a decision up to the CPA.

The How

Some client records may be in a format that is unusable by the client. Licensees may use software or hardware that makes a record unusable to someone without the same tools. WAC 4-30-051 requires that the requested records be provided in any format usable by the client. Today's world empowers people with more tools than ever before, but what may be usable by one person may not be the same for another. Discussing the deliverable format with a client can help prevent any potential hiccup, or redundant work, in the future.

Read more about 'Records and You' on page 6.

DID YOU JUST PASS THE CPA EXAM?

Missing documentation is the leading cause of application approval delays. Check out the handy checklists below for submitting an application for initial licensure with Washington State.

Checklists: The following steps **MUST** be completed by **ALL** applicants prior to submitting your application.

[Obtain Qualifying Experience](#)

While obtaining experience, we advise that you foster a relationship with a Qualified CPA to verify your experience once it has been completed.

Complete pages 1&2 of the [Experience Affidavit](#)

Complete the interview process with your verifying CPA.

At this meeting have your completed Experience Affidavit, Summary of Key Job Duties and/or Resume for your verifying CPA to review, and complete page 3 of the Experience Affidavit.

Complete a course and an examination on materials covering all of the AICPA Code of Professional Conduct and obtain a score of 90% or better on the exam (8 hour minimum course length).

Achieve and document a passing grade of 90% or better on a board delivered course covering the Washington State Public Accountancy Act, related Board Rules, and Board Policies.

- The only exam score that will fulfill this requirement is titled “Washington State Ethics & Regulations for New CPAs”
- The Washington State Ethics & Regulations for New CPAs examination is administered by the Washington State Board of Accountancy.
- Visit our website for [instructions](#).

For applicants that passed the CPA Examination as a candidate in a state other than Washington; you will have two additional steps to complete prior to applying for your CPA License.

Submit official college transcripts (bearing an official seal) and/or a Foreign Education Evaluation Report from a Board recognized evaluation service showing that you completed this Board’s education requirements in effect at the time you first sat for the CPA exam.

- You may apply course work taken after first sitting for the CPA exam and prior to submitting an application for licensure.
- Please note, a copy of the international transcript(s) must be included with the report sent to the Board for each individual evaluation from the evaluation service. The application will be considered incomplete without these documents.

Submit your CPA exam scores from the other State Board.

- Use this [form](#) to request your scores
- Scores must be submitted directly from that Board

It is advised that you contact your educational institutions and examination states to determine how long it will take to send your information to our board. Please wait a minimum of 14 days from your documentation requests to submit your application.

- Provide an electronic means for individuals and firms to renew their credentials, change their address, amend firm ownership information and pay fees via ACH or bank card.
- Investigate on average 200 complaints received and probable violations of the Public Accountancy Act discovered per year.
- Coordinate and collaborate with other State Boards of Accountancy regarding CPAs performing work across state borders.
- Maintain a statewide network of volunteers who assist in evaluating the work of CPA firms for compliance with professional standards.
- Answer questions from CPAs, certificateholders, firm owners and staff, future CPAs and CPA clients.



Read more about ‘Checklists’ on page 6.

HOW TO . . .

[Create an Online Service Account Through Secure Access Washington](#)

[Log back into your SAW account](#)

[Update your SAW profile](#)

[Update your Board \(WBOA\) profile](#)

[Find the List of Board Approved Ethics Courses](#)

[Next Board Meeting](#)

The purpose of the Board meeting is for the Board to conduct its business. However, to encourage citizen input, the Board's agenda specifically provides an opportunity for the public to give input directly to the Board.

Future meeting dates are as follows:

July 24, 2014
October 24, 2014

[View the WBOA Calendar](#)

You Have Completed Your Checklist. NOW WHAT!?!

To be prepared for your application submission you will want the following items in electronic format ready to upload:

1. Experience Affidavit
2. Summary of Key Job Duties and/or Resume
3. Verification of Exam Scores (Nothing to upload)
 - a. If you are a Washington Candidate we already have your scores on file
 - b. If you are an Out of State Candidate; this document should have been requested by you and submitted from the other State Board.
4. Official Transcript(s) and/or Foreign Education Evaluation(s)
 - a. Out of State Candidates Only
 - b. This documentation should have been requested by you and submitted from the educational establishment.
5. The certificate of completion for the required ethics course covering the entire AICPA Code of Professional Conduct.
6. The certificate of completion showing a passing score of 90% or better on the Exam "Washington State Ethics & Regulation for New CPAs"

Now it's time to apply for your license!

RECORDS AND YOU (CONTINUED)

The Cost

Many licensees may not keep client records in a manner that would facilitate easy delivery upon request. In such instances, where the retrieval and copying of records incurs time and expense by the licensee, WAC 4-30-051 allows the licensee to charge a reasonable fee. Licensees can require that such fees be paid prior to the production of records.

The Confusion

Each scenario may require a different approach. Clients are as diverse as the records they provide and need. If there is ever concern about client records, consult WAC 4-30-051. If that does not answer your question, do not hesitate to contact Board staff at (360) 753-2586 – we are happy to assist your practice.



License Renewal

Every year a number of CPAs forget to renew their license. The Board considers failure to renew the license a serious matter. Be sure to maintain a current mailing address and email address with the Board and renew your license on time!

For more information, visit www.cpaboard.wa.gov