

Board of Accountancy

WASHINGTON STATE



REGULAR BOARD MEETING AGENDA

Date, Time: Thursday, April 17, 2014 – Regular Board Meeting – 9:00 a.m.
Location: Hilton Seattle Airport & Conference Center – Orcas Meeting Room
17620 International Boulevard, SeaTac, Washington
(206) 439-6107
Notices: None

Chair Introductions/Special Notices

REGULAR MEETING AGENDA

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2. Board Policies – Annual Review
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 - b. 2002-1 Substantial Equivalency JurisdictionsC
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 - i. 2011-2 Interim Policy Guidelines Pending Rule ChangesJ
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3. Delegations of Authority – Annual Review
 - a. Charges, Subpoenas, Negotiate SettlementL
 - b. Administrative Notices of Non-Compliance/Administrative Sanctions.....M
 - c. CPE Waiver Extension Requests/Firm Names, Professional/Education Organizations
Recognition Requests; Late Fee Waiver Requests; Domestic or Foreign Education
Credential Evaluation Services/Appeal of Denials of Requests for Lists of IndividualsN
 - d. Authority to Conduct Investigations.....O
 - e. Quality Assurance Review (QAR) Program Remedial Actions/Review of Publicly
Available Professional Work.....P
4. Rules Review
 - a. WAC 4-30-130 What are the quality assurance review (QAR) requirements
for licensed CPA firms?.....Q
 - b. 2014 Proposed Rule Re: Military Personnel and SpousesR

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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)

5. NASBA Update – Dr. Raymond Johnson, CPA, at large director on the NASBA Board –
Verbal Report
6. Legal Counsel’s Report
7. Chair’s Report
8. Committee/Task Force Reports
 - a. Executive – Emily Rollins, CPA, Chair - *Verbal Report*
 - b. Compliance Assurance Oversight – Edwin Jolicoeur, CPA, Chair – *No Report*
 - c. Legislative Review – Don Aubrey, CPA, Chair – *No report*
 - d. Quality Assurance – Thomas Neill, CPA, Chair - *No Report*
 - e. Request Review – Karen Saunders, CPA, Chair – *Verbal Report*S
 - f. State Ethics Compliance – Lauren Jassny, Ethics Advisor – *No Report*
 - g. Qualifications – Thomas Neill, CPA, Chair – *No Report*
 - h. Executive Director Evaluation and Succession Task Force – Robert Hutchins, Chair –
Verbal Report
9. Executive Director’s Report
 - a. Fraudulent international education issue update.
 - b. Update on WA ethics requirement for initial applications.
 - c. 2015 legislative budget information.
 - d. WBOA legislative strategy.
10. Review of Dismissed Cases – Elizabeth Masnari, CPA – *Verbal Report*
11. Director of Investigation’s Report..... T
12. Executive and/or Closed Sessions with Legal Counsel
13. Public Input - 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 am – 11:52 am Friday, January 31, 2014 The Doubletree Hotel Seattle Airport Cascade 13 18740 International Boulevard SeaTac, Washington
Attendance	Emily R. Rollins, CPA, Chair, Board Member Karen R. Saunders, CPA, Vice Chair, Board Member Elizabeth D. Masnari, CPA, Secretary, Board Member Robert G. Hutchins, CPA, Board Member Lauren C. Jassny, Board Member (Departed 11:00 am) Edwin G. Jolicoeur, CPA, Board Member Thomas G. Neill, CPA, Board Member Gerald F. Ryles, Board Member Bruce L. Turcott, Assistant Attorney General, Board Adviser Richard C. Sweeney, CPA, Executive Director Jennifer Sciba, Deputy Director Charles E. Satterlund, CPA, Director of Investigations Tia Landry, Enforcement Administrator Mosar Asmath, Forms and Records Analyst Kirsten Donovan, Board Clerk
Call to Order	Board Chair, Emily Rollins, called the regular meeting of the Board to order at 9:00 am. The Board Chair excused the absence of Donald F. Aubrey, CPA, Board Member. Mr. Aubrey provided the Board Chair with detailed updates in preparation for this planned absence. The Board Chair excused the pre-requested early departure of Lauren C. Jassny, Board Member.
Minutes – October 17, 2013 Annual Board Meeting	The Board approved the minutes of the October 17, 2013, annual Board meeting as presented.
Rules Review	<u>WAC 4-30-130 What are the quality assurance review (QAR) requirements for licensed CPA firms?</u> The Executive Director led a discussion on the proposed rule change. The change will include the Board initiating a monitoring process beginning on the 31 st day after the reviewed firm is notified by the peer reviewer that such

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person is proposing a grade of pass with deficiency or fail.

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

New Rule Consideration

The Executive Director led a discussion on the new proposed rule regarding military personnel and spouses.

The Board directed staff to begin the rule-making process for a new rule regarding active and inactive military personnel and military spouses.

NASBA Nominations and Board Support

NASBA Vice-Chair: The Board Chair led a discussion on the submission of a letter to the nomination committee for the 2014-2015 NASBA Vice-Chair. The Board unanimously voted to support Janice L. Gray, CPA. The Board directed the Executive Director to draft a letter of support for Board approval.

NASBA Director-at-Large: The Board Chair led a discussion on the NASBA Director-at-Large position. The Board unanimously voted to support Laurie Tish, CPA. The Board directed the Executive Director to draft a letter of support for Board approval.

Board Response to Firm Mobility Proposal

The Board approved the draft letter submitted by the Board Chair and Executive Director.

The Board directed staff to submit the letter by close of business January 31, 2014.

NASBA Update

Emily Rollins provided the Board with an update on NASBA activities concerning firm mobility, on behalf of Don Aubrey, Pacific Regional Director for the National Association of State Boards of Accountancy (NASBA), who was unable to attend.

Legal Counsel's Report

Bruce Turcott, the Board's legal counsel, reported on his office's new Open Government Assistant Attorney General, Nancy Krier.

Chair's Report

The Board's Chair reported on:

The Review of Dismissed Cases: The Board Chair reviewed dismissed cases in the Olympia office in November 2013.

Quarterly reviews by a Board member will be performed, preferably before the Board meetings following the end of each calendar quarter.

Elizabeth Masnari volunteered to complete the first quarter review for 2014.

Edwin Jolicoeur volunteered to complete the second quarter review for 2014.

Financial Accounting Standards Board (FASB) Rules for Private Companies: The Board Chair discussed FASB's new Accounting Standards Updates, allowing alternative approaches to account for goodwill and interest rate swaps developed by the Private Company Council (PCC). She acknowledged that practitioners will need to consider the emerging variances in rules between private and public companies and the implications for private companies that may someday be designated as a "public business entity".

Executive Committee

The Board Officers met with the Executive Director via telephone on January 17, 2014. The Chair reported that the executive committee meeting topics were all discussed at different times during the Board meeting.

The Chair requested an update on the fraudulent transcript issue. Jennifer Sciba, Deputy Director, advised that NASBA was taking the lead on the issue.

**Compliance
Assurance Oversight
Committee**

Edwin Jolicoeur reported on the November 26, 2013 committee meeting and the discussion of peer reviews in process. Julie Phipps, WSCPA Manager of Practice Quality, will be issuing the report for the WSCPA.

Julie Phipps advised that 2012 Annual Oversight Report is now available to the WSCPA website.

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**Legislative Liaison
Committee**

Don Aubrey had nothing to report.

**Quality Assurance
Committee**

Tom Neill reported on the 2013 CPE audit. The Board discussed changes in future CPE audit reports.

The Board directed staff to include audit figures for all audits including self-reported/pre-lapsed reinstatement audits in subsequent CPE audit reports.

**Request Review
Committee**

Karen Saunders reported:

Firm Names: Approved:

K & J Accounting
Schwartz, Giannini, Lantsberger & Adamson
Yeadon & Co. CPAs, LLC
New Wave Financial Services, Inc
Meyer & Company CPAs PS
Berman & Company, P.A.
Bong Hillberg Lewis Fischesser LLP
Cynthia S. Dyck, CPA, MBA
Teuscher Ruf & Walpole LLC
Olympus Accounting Services LLC
Tombari Port Advisors, PLLC
Holthouse Carlin & Van Trigt LLP
Account Sense PLLC
Kobori Tax & Accounting, PLLC
Sarna & Company, Certified Public Accountants
Joseph Albert Lichtman Jr CPA A California Professional
Corporation
Olympic Tax And Business Consulting, LLC
Advocate Accounting, LLC
Pyramid Financial + Tax, PLLC
Myers and Stauffer LC
The Rieke Irwin Group, PS Inc

Professional/Educational Organization - Recognition

Requests: During the 4th quarter 2013, the Board did not receive any requests for recognition as an educational organization or professional association for purposes of obtaining a list of individual CPAs.

Domestic or Foreign Education Credential Evaluation Services – Applications: During the 4th quarter 2013, the Board did not receive any requests for recognition of domestic or international education credential evaluation services.

CPE Extension Requests

A Total of 28 Requests were received

- 6 requests were for hours 16 or under
 - 6 requests were approved
- 22 requests were for hours 17 or over
 - 15 requests were approved
 - 2 requests were withdrawn due to completion of hours prior to 12/31/2013
 - 5 requests were denied and set to the pre-lapsed status for reinstatement

**State Ethics
Compliance
Committee**

Tom Neill had nothing to report.

**Qualifications
Committee**

Tom Neill had nothing to report.

**Executive Director
Evaluation and
Succession Task
Force**

Executive Director Evaluation: Robert Hutchins reported that Executive Director evaluations were sent to the Board members, Board staff, and the WSCPA. Not all responses have been received. All responses from Board staff have been received, for which Mr. Hutchins thanked Jennifer Sciba, Deputy Director, for facilitating.

Robert Hutchins requests that everyone who has yet to complete the evaluation do so as soon as possible.

A full report will follow once all evaluations have been submitted.

Succession: Robert Hutchins led a discussion concerning possible Board input into candidate selection for the next Executive Director, when the time arises. Mr. Hutchins will summarize key attributes and qualifications for the Board's consideration at a future meeting.

Executive Director's Report

Budget Review: The Executive Director provided the Board with an update on the agency's budget.

Public Records – Management Strategies: The Executive Director reported on building a public records grid and the possible use of redaction software.

Annual Report to the Governor: The Executive Director reported on the annual report to the governor and making changes to the report going forward.

Development in Education/ Student Apprenticeships: The Executive Director reported on student apprenticeships with Saint Martin's University students. Currently one apprentice is working on identifying links/partnerships between United States colleges and universities and foreign universities.

Other projects will include a series of videos for the Washington State Board of Accountancy website.

Director of Investigations Report

Investigation Statistics/Investigations & Administrative Sanctions: Charles Satterlund, CPA, Director of Investigations provided the following reports to the Board:

- Investigation Statistics January 2003 through December 31, 2013.
- Case Status Report for the period ended December 31, 2013
- Investigations Results/Statistics through December 31, 2013

International Issues: Charles Satterlund discussed issues related to international enforcement.

Investigative Resources: Charles Satterlund discussed issues in dealing with the application of investigative resources and prioritizing the investigative effort in light of some complex cases that the Board's Enforcement office is dealing with. Gerald Ryles stated that the Board had a responsibility to deal with all complaints regardless

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of complexity or size of the entity involved.

Board Orders: The enforcement team will be taking on the task of follow-up on Board Orders.

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

No executive or closed sessions with legal counsel held.

Public Input

The Board received input from representatives of the WSCPA throughout the meeting.

Adjournment

The Board meeting adjourned at 11:52 pm.



Washington State Board of Accountancy

Policy Number: 2000-1

Title: Continuing Professional Education*

Revised: July 22, 2013

Approved:



Emily R. Rollins, CPA, Chair

*This policy rescinds and supersedes any previous Board policy.

Purpose:

To provide clarification and direction on the Board's continuing professional education (CPE) rules.

I. Guidance Regarding the Appropriate Classification of a CPE Course

Continuing professional education (CPE) is intended to impart to licensees that knowledge necessary to stay current with the knowledge base required to meet contemporary public expectations and comply with professional and regulatory requirements when rendering public accounting services or performing in the employ of an employer.

CPE credits are generally allowable for courses with content related to the primary focus of the licensee's public practice or specific job requirements if in the employ of an employer including but not limited to accounting for transaction, preparation of financial statements, budgeting, data analysis, internal or external auditing, preparation of reports to taxing authorities, controllership functions, financial analysis, performance auditing, specific types of consulting, or forensic investigations.

Generally the Board does not pre-approve programs as meeting the Board's CPE requirements. However, upon receipt of a CPE course description and outline, the Executive Director may provide informal, oral guidance regarding the appropriate classification of a course.

II. Acceptable Evidence Supporting Eligibility for CPE Credit

The Board will accept original CPE documents or copies of documents submitted by mail fax, e-mail or other electronic means. The Board, in its discretion, may require the submission of the original of any of these documents.

If documents and/or forms are submitted to the Board or Board staff by mail, fax, e-mail or other electronic means, the sender is responsible for ensuring that the Board or Board staff receives the transmittal.

The Board may request additional documentation such as program outlines, or statements from the participant or sponsor to determine the validity of the CPE claimed.

III. CPE Credit for Self Study Learning Activities

The Board recognizes the Statement on Standards for Continuing Professional Education (CPE) Programs (Standards) approved and published jointly by the American Institute of Certified Public Accountants (AICPA) and the National Association of State Boards of Accountancy (NASBA).

CPE credit for self study learning activities offered by sponsors other than the AICPA or recognized by the NASBA National Registry of CPA Sponsors or Quality Assurance Service (QAS) Self Study sponsors must be based on one of the following methods identified in the Standards:

- Pilot test of the representative completion time
- Computation using the prescribed word count formula

The standards containing a full description of the above methods may be found at <http://www.aicpa.org/Advocacy/State/DownloadableDocuments/AICPA-NASBA-Final-CPE-Standards.pdf>.

Effective: January 1, 2000

*Revised: April 25, 2011; July 18, 2008; October 27, 2006; January 31, 2005;
October 31, 2003; January 31, 2003; January 25, 2002; April 27, 2001;
April 28, 2000



Washington State Board of Accountancy

Policy Number: 2002-1

Title: Substantially Equivalent Jurisdictions

Revised: October 23, 2012*

Approved:



Donald F. Aubrey, CPA, Chair

*This policy rescinds and supersedes any previous Board policy.

Purpose:

To provide guidance to:

- Individuals applying for a Washington State CPA license under the interstate reciprocity provision of WAC 4-30-092 and
- CPAs licensed in other jurisdictions exercising practice privileges under RCW 18.04.350(2) and WAC 4-30-090.

I. Exercise of Practice Privileges under RCW 18.04.350(2)(a)

Individuals who hold a valid license issued by one of the states deemed "substantially equivalent" by the National Association of State Boards of Accountancy (NASBA) are deemed to have met the requirements of RCW 18.04.350(2)(a).

II. Exercise of Practice Privileges under RCW 18.04.350(2)(b)

The qualification of individuals licensed in other than a substantially equivalent state may be determined by the Board to meet the substantially equivalent requirement. For purposes of exercising practice privileges, the Board will exempt individuals from the 150 semester hour education requirement of RCW 18.04.350(2)(a) provided the individual holds a valid license issued by any other state deemed "substantially equivalent" by NASBA.

III. Substantially Equivalent States

The Board recognizes the states and jurisdictions identified as "Substantially Equivalent States" by the National Association of State Boards of Accountancy (NASBA) for purposes of issuing a Washington State CPA license under the

interstate reciprocity provisions of WAC 4-30-092 and exercise of practice privileges under RCW 18.04.350(2)(a).

The Board does not recognize the states and jurisdictions identified by NASBA as "Non-Substantially Equivalent States" for purposes of issuing a Washington State CPA license under the interstate reciprocity provisions.

Listings of the substantially and non-substantially equivalent states and jurisdictions can be found at <http://www.nasba.org/licensure/substantialequivalency/>.

IV. Individuals Applying for a CPA License under the Interstate Reciprocity Provisions of WAC 4-30-092

Individuals deemed by the National Association of State Boards of Accountancy (NASBA) as being substantially equivalent to the education, examination, and experience requirements of the Uniform Accountancy Act are deemed to have met the requirements of WAC 4-30-092(2).

An individual holding a valid license from a substantially equivalent state is also deemed to have met this requirement.

Effective: January 25, 2002

*Revised: April 26, 2012; April 25, 2011; January 28, 2010; October 17, 2008;
October 25, 2002;

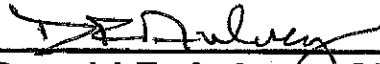


Washington State Board of Accountancy

Policy Number: 2002-2

Title: Expert Witness Services

Revised: April 25, 2011*

Approved: 
Donald F. Aubrey, CPA, Chair

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

Purpose:

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

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

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

II. Requirements for Washington State CPA-Inactive Certificate holders

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

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

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

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

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

Effective: January 25, 2002

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




Washington State Board of Accountancy

Policy Number: 2002-4

Title: International Reciprocity*

Revised: April 26, 2012*

Approved:



Donald F. Aubrey, CPA, Chair

*This policy rescinds and supersedes any previous Board policy.

Purpose:

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

Statutory authority: RCW 18.04.183

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

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

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

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

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

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

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

Effective: October 25, 2002

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



Washington State Board of Accountancy

Policy Number: 2003-1

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

Revised: October 17, 2013*

Effective: January 31, 2003

Approved: 
Emily R. Rollins, CPA, Chair

*This policy rescinds and supersedes any previous Board policy.

Purpose:

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

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

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

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

Safe harbor report language Sample #1:

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

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

Safe harbor report language Sample #2:

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

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



Washington State Board of Accountancy

Policy Number: 2004-1

Title: Sanction and Penalty Guidelines

Revised: April 23, 2013*

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

*This policy rescinds and supersedes any previous Board policy.

Background Information:

The Executive Director directs the Board's complaint processes, investigative activities, and case resolution negotiations.

Upon receiving a complaint or otherwise becoming aware of a situation or condition that might constitute a violation of the Public Accountancy Act (Act) or Board rules, the Executive Director or designee will make a preliminary assessment.

If the Executive Director or designee determines:

- The situation or condition is not within the Board's authority, the Executive Director may dismiss the matter, but a record of the event will be documented and maintained in the Board office. A summary of dismissals will be reported regularly to the Board.
- The situation or condition requires further evaluation, the Executive Director or designee may assign the case to an investigator.

Details of the additional evidence gathered and the resulting conclusion by the Executive Director or designee will be documented. If the Executive Director or designee determines that:

- Sufficient evidence does not exist to merit Board action, the Executive Director may dismiss the case after obtaining concurrence from a Consulting Board Member.
- Sufficient evidence exists to merit Board action and it is the first time an individual or firm is notified of a violation of the Public Accountancy Act or Board rule, the Executive Director may impose administrative sanctions approved by the Board for a first-time offense.
- Sufficient evidence exists to merit Board consideration but the situation or condition, if proven, is not eligible for administrative sanctions, the Executive Director or designee will discuss a resolution strategy and settlement parameters with a Consulting Board Member. Once the Executive Director or designee and Consulting

Board Member agree on those matters, the Executive Director or designee will initiate a discussion for resolution with the respondent consistent with that agreed upon strategy and those settlement parameters.

The objective of this process is to administer the enforcement process in a fair and equitable manner and, when appropriate, seek settlement in lieu of a formal Board hearing. The Executive Director or designee may request guidance from a Consulting Board Member and/or the assistance of the prosecuting Assistant Attorney General at any time during the investigative and/or negotiation processes.

If the respondent is amenable to the suggested terms of a settlement proposal, the Executive Director will forward the proposal to the respondent for written acceptance. If accepted by the respondent, the proposal will be forwarded to the Board for approval.

Upon receiving and considering the formal settlement proposal, the respondent may offer a counterproposal. The Executive Director or designee will discuss the counterproposal with a Consulting Board Member. The Executive Director or designee and Consulting Board Member may agree to the counterproposal, offer a counter to the counterproposal, or reject the counterproposal.

If the Executive Director and Consulting Board Member reject the counterproposal or are unable to negotiate what they consider to be an acceptable alternative proposal with the respondent, the Executive Director will execute a Statement of Charges and refer the case to the prosecuting Assistant Attorney General with the request that an administrative hearing be scheduled and the case prosecuted.

At the same time that the prosecuting Assistant Attorney General is preparing the case for prosecution, the prosecuting Assistant Attorney General (working with the Executive Director and Consulting Board Member) will continue to seek to a negotiated settlement proposal in lieu of a Board hearing. If the case goes to hearing before the Board, the prosecuting Assistant Attorney General, with the concurrence of the Executive Director and Consulting Board Member, will present the team's recommended sanction to the Board.

Through this process, the Consulting Board Member, the Executive Director and, when appropriate, the prosecuting Assistant Attorney General must individually and jointly act objectively and cooperatively to:

- Draw conclusions as to the allegations based solely on the evidence,
- Develop and present to the respondent a suggested settlement proposal that they believe the Board will accept because the proposal is fair and equitable and provides public protection, and
- If the case goes to a hearing before the Board, recommend an appropriate sanction or sanctions to the Board

No settlement proposal is forwarded to the Board unless the respondent, the Executive Director, Consulting Board Member and, when appropriate, the prosecuting Assistant Attorney General concur that the proposal is an acceptable resolution to the matter.

If the negotiation participants concur with the settlement proposal, the proposed settlement is signed by the respondent (and signed by the prosecuting Assistant Attorney General if the settlement was negotiated by the prosecuting Assistant Attorney General) and forwarded to the Board members (along with the Executive Director's, Consulting Board Member's and, when appropriate, prosecuting Assistant Attorney General's recommendation to accept the proposal) for consideration.

The Board is not bound by this recommendation.

All proposed settlements must be approved by a majority vote of the Board. A vote of five "no's" means the proposed settlement has been rejected by the Board. In such circumstances the case will return to the Executive Director, Consulting Board Member and prosecuting Assistant Attorney General who will determine whether the situation merits additional attempts to negotiate a settlement or to immediately schedule the matter for an administrative hearing before the Board.

The Board has found negotiations utilizing this process to be quite successful. The key benefits to this process are:

- The respondent participates in the development of the corrective action plan and sanction which enhances compliance and more timely public protection
- Cases resolved through the negotiated settlement process reduce costs for the benefit of both the general public and the respondent

The Board recognizes that administrative hearings:

- Delay the corrective action and thereby delay public protection
- Are not the most effective mechanism to generate a positive resolution to Board cases
- Are costly in terms of staff and other resources
- Require significant use of the Board's limited attorney general resources

Policy:

The Board embraces the respondent's involvement in determining the settlement proposal. This provides the respondent the opportunity to participate in development of the corrective action plan and ultimately encourages compliance, public protection, and integrity of financial data.

To support the negotiation and settlement process, the Board provides the following guidance to the Executive Director or designee and Consulting Board Member in crafting a suggested settlement proposal for presentation to the respondent and for negotiating a settlement. This guidance is solely for the use of the Consulting Board Member and the Executive Director or designee. It is not applicable to the prosecuting Assistant Attorney General.

I. Legal and Investigative Costs

RCW 18.04 authorizes the Board to recover legal and investigative costs. The Board considers the following to be reasonable legal and investigative costs:

- A. Investigative staff salaries and benefits (based on actual salary and benefit rates) for state staff conducting the investigation, including reporting, review, and follow-up costs
- B. Investigator travel expenses and per diem based on the state travel regulations as established by the Office of Financial Management
- C. Contract investigator, specialist, and expert witness expenses including travel expenses and per diem based on the state travel regulations as established by the Office of Financial Management
- D. Salaries and benefits (based on actual salary and benefit rates) for state staff preparing and reviewing the Board's order and associated communications with the respondent
- E. Prosecuting Assistant Attorney General charges associated with the case including travel expenses and per diem based on the state travel regulations as established by the Office of Financial Management
- F. Expenses for an administrative law judge including travel expenses and per diem based on the state travel regulations as established by the Office of Financial Management
- G. Administrative hearing costs including, but not limited to:
 - Attorney General charges (both for the Board's legal counsel and the prosecuting Assistant Attorney General) associated with the case including travel expenses and per diem based on the state travel regulations as established by the Office of Financial Management
 - Salaries and benefits (based on actual salary and benefit rates) for state staff preparing and reviewing the Board's order and associated communications with the respondent
 - Salaries and benefits (based on actual salary and benefit rates) for state staff called as a witness by either party to the administrative hearing
 - Witness expenses including travel and per diem expenses based on the state travel regulations as established by the Office of Financial Management
 - Court reporter charges
 - Administrative hearing room costs and set-up charges

II. Publication of Board Orders

1. A general public notice will be posted on the Board's public web site that information on Board orders and other sanctioning agreements is available under the Public Disclosure Act by contacting the Board's office.
2. The Board will post notice of Board orders for revocation, suspension, stayed suspension, and practice restriction on the Board's web site for approximately three years following the year of the Board order. In addition, for license and certificate suspension and revocation:
 - Notice will be published in the Daily Journal of Commerce.
 - Notice will be provided to the AICPA and WSCPA.
 - Representative(s)/Senator(s) for the respondent's location(s) will be notified.
 - Other jurisdictions that have licensed the individual will be notified.
 - The complainant(s) will be notified.
 - Notice will be sent to the newspaper(s) in the respondent's location.

Board actions resulting in revocation, suspension, or practice restriction are noted in the Board's public licensee search database. Accordingly, these Board actions also become available to other state board administrative management personnel through a national Automated Licensee Database (ALD) maintained by the National Association of State Boards of Accountancy (NASBA) and to the general public through CPAVerify.org.

3. In cases of other matters of non-compliance not resulting in administrative sanction, revocation, suspension, stayed suspension, or a Board ordered practice restriction, the Executive Director, with a majority vote of the Board, may direct that a notation be made referencing each of the Board's sanctioning actions on the Board's public licensee search database for up to three years following the year the sanction was imposed.
4. In cases of administrative sanction, the Board will not publish the individual's or firm's name; however, the Board will:
 - Post statistics related to these sanctions on the Board's web site.
 - Comply with the Public Records Act.

III. The Board provides the following suggested considerations for the Executive Director or designee and Consulting Board Member when developing a suggested settlement; however, the Board does not intend that other factors, as deemed appropriate by the Executive Director or designee and Consulting Board Member, to be excluded:

- A. What are the enforcement goals of the particular case?
- B. What are the permissible sanctions that the Board could impose?
- C. What are the aggravating or mitigating factors relevant to the allegations?
- D. What is the individual's past disciplinary or criminal history (if any) ?
- E. Are there identifiable trends, if any, in the individual's behavior?
- F. What is the likelihood of the individual repeating the behavior?

- G. What is the potential for future public harm?
- H. What is the individual's potential for rehabilitation?
- I. What is the extent of damages or injury?
- J. What is the extent of public harm?
- K. What is the extent of harm to the profession and the public's trust in the profession?
- L. How can the public best be served and protected while implementing corrective action?
- M. What steps are necessary to ensure the integrity of financial information?
- N. What were the Board's sanctions with similar misconduct (if any exist) and has there been a trend in the Board's actions and/or changes in state law impacting the history of the Board's sanctions?
- O. Has the individual been sanctioned by other enforcement agencies or through civil findings:
 - Fine
 - Cost recovery
 - Disgorgement
 - Practice or license restriction
 - Publication
 - Jail
- P. What was the magnitude of the sanctions by other enforcement agencies/civil findings?
- Q. What impact did these other sanctions have on:
 - The individual's behavior
 - The individual's taking responsibility for her/his actions
 - The individual's ability to earn a livelihood
 - The public's awareness of the individual's misconduct
- R. Would a suspended license seriously impact the individual's livelihood and, if so, does the misconduct merit such an impact?
- S. Did the individual lose their job/employment/livelihood due to the misconduct?
- T. What is the individual's personal financial position?
- U. Did the individual recently go through bankruptcy?
- V. What is the individual's ability to pay cost recovery?
- W. What is the individual's ability to pay a fine?
- X. Has the individual already taken self-imposed corrective action (such as GPE, field review) ?
- Y. What is the length of time that has elapsed since the misconduct, the sanction, or the civil action?
- Z. What is the public's exposure to the individual?
- AA. Is the misconduct singular or repeated?
- BB. Is the misconduct a clear violation or does it involve a statute, rule or standard which is subject to different interpretations?
- CC. Was the misconduct intentional or unintentional?
- DD. Did the misconduct involve dealing with unsophisticated or vulnerable parties?
- EE. Did the CPA/individual profit or benefit from the misconduct?
- FF. Did the CPA/individual make an effort to limit the harm or solve problems arising out of the misconduct?

- GG. Did the misconduct take place after warnings from the agency?
 HH. What was the Board's sanctioning authority at the time the misconduct occurred?

IV. The Board suggests the following considerations when considering a counterproposal negotiating a settlement:

- A. All of the items in Section III above.
- B. What is the value to have the individual participate in the development of the corrective action?
- C. How many outstanding Board cases have been referred to the prosecuting Assistant Attorney General and remain to be resolved?
- D. What is the effect of a delay in resolution of this particular case and/or the effect of a delay in prosecution of other cases?
- E. What is the severity of the particular case under negotiation as compared to the number of, and severity of, the cases with the prosecuting Assistant Attorney General?
- F. What are the key objectives and goals of the enforcement action and what sanctions are absolutely necessary to ensure those goals are achieved?
- G. Is there value to the public, the agency, and Attorney General's Office that can be obtained by having the agreement settled without going to an administrative hearing?
- H. Consider the sanctioning guidelines in Section V.

V. The Board acknowledges the following general sanctioning guidelines for the Executive Director or designee's and the Consulting Board Member's consideration as part of their process to develop a suggested settlement. The Board does not intend these guidelines to be a prescription or binding; nor does the Board wish to exclude or limit other sanctions or considerations that the Executive Director or designee and Consulting Board Member consider appropriate.

General Categories of Misconduct	Examples of Sanctionable Acts:
<p>ADMINISTRATIVE NON COMPLIANCE</p> <p>Use of title or holding out in public practice with a lapsed license/certificate</p> <p>Use of the CPA title by a CPA-Inactive certificateholder</p>	<ul style="list-style-type: none"> • License/certificate lapsed because the individual failed to file a license/certificate renewal. • License/certificate lapsed because the individual failed to notify the Board of a change of address, failed to receive their renewal application, and failed to file a license/certificate renewal. • The individual disregarded the lapsed license and continued to knowingly hold out with a lapsed license. • The individual discovered that their license/certificate lapsed and signed the reinstatement application stating that they did not use the title when the evidence demonstrates that they used the title.

General Categories of Misconduct	Examples of Sanctionable Acts:
	<ul style="list-style-type: none"> • CPA-Inactive who is a corporate CFO uses the CPA title in filing corporate documents with the SEC. • CPA-Inactive uses the CPA title to obtain a job in private industry. • CPA-Inactive who is also an attorney uses the CPA title when offering legal services to the public.
<p>CONSUMER/EMPLOYER HARM</p> <p>Embezzlement, fraud, dishonesty, or negligence</p> <p>Fiduciary malfeasance or breach of fiduciary duties</p> <p>Noncompliance with code of conduct including conflict of interest and confidentiality</p> <p>Failure to comply with a Board order</p> <p>Failure to respond to Board inquiry</p> <p>IRS/SEC sanction/denial of practice privilege</p>	<ul style="list-style-type: none"> • Theft from employer. • Felony obstruction of justice. • Theft of trust funds where the CPA was the trustee. • Manipulated a client's trust for the benefit of the CPA's child. • Manipulated a mentally impaired client for self-enrichment. • Failed to file personal tax returns and pay personal FIT. • Failed to transmit FICA and FIT withheld from employee's salary. • Failed to pay employer's portion of FICA. • Provided services to both the seller and the buyer during a business transaction without consent. • Provided services to both parties during a divorce without consent. • Failed to make restitution to injured parties as required by Board order. • Repeated non compliance with stipulated Board Orders. • Suspended from practice before the IRS due to substandard tax work. • SEC practice restriction and/or sanction due to fraudulent SEC filing. • SEC practice restriction and/or sanction due to substandard accounting practices.
<p>CONSUMER/EMPLOYER HARM</p> <p>Noncompliance with technical standards</p>	<ul style="list-style-type: none"> • CPA is referred to the Board by the SEC due to an audit failure as a result of the CPA performing substandard audit procedures. • CPA is referred to the Board by federal agencies due to failure to comply with <i>Yellow Book</i> standards. • Substandard tax work resulted in penalty to a tax client.

<p>CONSUMER/EMPLOYER HARM</p> <p>Failure to provide client records upon reasonable notice and request</p>	<ul style="list-style-type: none"> • Refused to return client records until the client paid the CPA's fees • Did not return multiple clients' records due to procrastination. • Did not return client records because the client terminated the relationship and obtained a new CPA.
<p>ADMINISTRATIVE NON COMPLIANCE</p> <p>Acts and omissions in filing an application for reinstatement or renewal of a license, certificate, or registration</p> <p>Failure to comply with a Board approved CPE waiver request</p>	<ul style="list-style-type: none"> • Represented on the CPE audit form that CPE courses were obtained when evidence discloses that no or only a portion of the required CPE courses were taken. • Signed the reinstatement or renewal form under the penalty of perjury that the CPE requirements were met and the individual obtained only a portion of the required hours. • Signed the reinstatement or renewal form under the penalty of perjury that the CPE ethics requirements were met and the individual did not take the required ethics CPE.
<p>CONSUMER/EMPLOYER HARM</p> <p>Failed good character determination for initial licensure</p> <p>Cheating on CPA Exam</p>	<ul style="list-style-type: none"> • The good character review was at the request of the applicant who was found guilty of a felony 3 years ago. • The good character review as a result of the applicant's disclosure that 7 years prior they failed to file an income tax return and pay their tax obligation. • The good character review was the result of the prosecutor alerting the Board to the applicant's being charged with a felony. • Cheating observed by the exam proctor.
<p>CONSUMER/EMPLOYER HARM</p> <p>Use of title or holding out in public practice by a nonCPA</p>	<ul style="list-style-type: none"> • Used title after passing the exam but without a license. • Used title to intentionally defraud investors.

Effective: October 29, 2004

*Revised: April 26, 2012; April 25, 2011; October 17, 2008; April 28, 2006; January 28, 2005



Washington State Board of Accountancy

Policy Number: 2004-2

Title: Exam Applicant Disability Documentation and Testing Modification Guidelines

Revised: April 17, 2014~~25, 2011~~*

~~Effective: May 15, 2001~~

(Formerly Agency Administrative Policy #17)

Approved:

Emily R. Rollins~~Donald F. Aubrey~~, CPA,
Chair

*This policy rescinds and supersedes any previous Board policy.

PURPOSE:

Applicants with disabilities (physical or mental impairment) that substantially limit one or more major life activities may need testing modifications for the computer-based Uniform CPA Examination. This policy is established to describe the necessary components of acceptable evidence of a disability. Qualified individuals with disabilities are required to request accommodations every time they apply to take a section of the examination, and the request must be made at the time of application. This requirement allows the Board to determine if the qualified individual is "disabled" under the Americans with Disabilities Act of 1990 and to arrange reasonable and appropriate testing modifications prior to the administration of the examination. It is in candidate's best interests to provide recent and appropriate documentation clearly defining the extent and impact of the impairment(s) upon current levels of academic and physical functioning.

PROCEDURES:

- A. Request for accommodations and appropriate, complete, supporting documentation, must be submitted with each application. Determinations of reasonable accommodations for testing modifications will be made on a case-by-case basis and will pertain to all sections applied for in a single application.
- B. Testing must be performed by a licensed and/or qualified (expert) specialist or physician (at the candidate's expense). Information about their area of specialization and their professional credentials, including certification and licensure, should be clearly delineated.

- C. Documentation should be submitted on official letterhead from a licensed and/or qualified (expert) physician who has conducted a clinical examination of the individual and diagnosed a physical or mental impairment. Depending on the disability and written evaluation, documentation may include a letter from a physician or a lengthy assessment report.
- D. Documentation should provide evidence of a substantial limitation to physical or academic functioning. For invisible disabilities, the following areas must be assessed (these suggested tests are not meant to preclude assessment in other relevant areas):
1. Ability – The Weschler Adult Intelligence Scale (WAIS-III), with subtest scores, should be included as a standard measure of overall intelligence. The WAIS is only one component of a full documentation report. This test alone is not acceptable.
 2. Achievement – A comprehensive academic achievement battery, with subtest scores, is essential. Current levels of academic functioning in relevant areas, such as reading (decoding and comprehension), mathematics, and oral/written language are required. Tests must be reliable, standardized, and valid for use in an adolescent/adult population.
 3. Processing Skills – Other tests in processing areas may warrant evaluation as indicated by the tests above. These areas include information processing, visual and auditory processing, and processing speed.
- E. Documentation should be recent (no more than three years old).
- F. Documentation for all disabilities should describe the extent of the disability, the criteria for the diagnosis, the diagnosis, the type and length of treatment and/or recommended testing modification. Terms such as learning “problems,” “deficiencies,” “weaknesses,” and “differences” are not the equivalent of a diagnosed learning disability. The following testing modifications are available for the Uniform CPA Examination and may be granted to an applicant by the Board if deemed eligible:
1. Additional Break Time – Extension of scheduled breaks or inclusion of additional breaks
 2. Additional Testing Time – Typically time and a half or double time
 3. Logistical Provisions – Adjustment of height of workstation table, monitor, or other similar accommodation, or allowance of specific items that have been approved by the Board (i.e. back wedge or pillow)
 4. Separate Room – Must be monitored throughout test administration
 5. Reader – An individual to read information verbatim from screen for examinees, separate room required
 6. Amanuensis – An individual to operate mouse and/or keyboard for examinee; separate room required
 7. Sign Language Interpreter – An individual to sign instructions and serve as interpreter between the testing center administrator and examinee. Sign language interpreters are normally not allowed to accompany examinees into the testing room

8. Intellikeys Keyboard – Allows examinees with limited use of hands to operate keyboard
9. Intellikeys Keyboard with Magic Arm and Super Clamp Attachment – Swivel arm that allows precise placement of keyboard
10. Kensington Expert Mouse – Trackball mouse
11. Headmaster Plus Mouse Unit – Mouse operated by head movements
12. Selectable Background and Foreground colors – Allows selection of text and background colors for ease of reading on-screen
13. Screen Magnifier – Attaches to monitor and enlarges screen
14. Zoomtext Software – Screen magnification

The following testing modifications are not required by the ADA and are not available as testing modifications for the Uniform CPA Examination:

1. Separate room in order to use breast pump;
2. English as a second language;
3. Audiotape, CD, or any electronic format;
4. Written examination; or
5. Braille

All denials of accommodations must be preapproved by the Executive Director ~~or designee~~.

Effective: May 15, 2001

*Revised: April 25, 2011



Washington State Board of Accountancy

Policy Number: 2011-1

Title: Principles Underlying Board Rules

Revised Effective: April 17, 2014~~23, 2013~~*
(Formerly WAC 4-25-610)

Approved:

Emily R. Rollins, CPA, Chair

*This policy rescinds and supersedes any previous Board policy.

PURPOSE:

The purpose of this policy is to provide and communicate the Board's principles underlying the development and implementation of Board rules.

PRINCIPLES:

Board rules are intended to promote the following professional obligations:

- (1) **Serve the public interest** -A person representing oneself as a CPA, CPA-Inactive certificate holder, or using the CPA or CPA-Inactive title, CPA firms or firm owner and professional employees of such persons must accept the obligation to act in a way that will serve the public interest, honor the public trust, and demonstrate a commitment to professionalism.
- (2) **Exercise Reasoned Professional Judgment** -In carrying out their responsibilities, a person representing oneself as a CPA, CPA-Inactive certificate holder or firm owner and professional employees of such persons must exercise reasoned professional judgment in all their activities.
- (3) **Demonstrate Integrity** - To maintain and broaden public confidence a person representing oneself as a CPA, CPA-Inactive certificate holder or firm owner and professional employees of such persons must perform all professional responsibilities with the highest sense of honesty.
- (4) **Maintain Personal Objectivity** – A person representing oneself as a CPA, CPA-Inactive certificate holder or firm owner and professional employees of such persons must maintain objectivity at all times when rendering professional services.

Specifically, a person representing oneself as a CPA or CPA-Inactive, firm owners, and professional employees of such persons must:

- (a) Avoid rendering professional services where actual or perceived conflicts of interest exist;
- (b) Be independent in fact and appearance when required by professional standards.

In sum, a person representing oneself as a CPA or CPA-Inactive certificate holder, firm owners, and professional employees of such persons must exercise due professional care to:

- (a) Comply with federal and state laws and the profession's technical and ethical standards;
- (b) Maintain competence and strive to improve the quality of services; and
- (c) Personally discharge professional responsibility with the highest sense of integrity, objectivity and ethical commitment.

POLICY STATEMENTS:

Board rules should be developed to promote and enhance the forgoing personal qualities as well as ensure that violations of the forgoing principles are adequately addressed.

Implementation of Board rules should ensure that violators of the public trust receive appropriate discipline on a "fair and equitable" basis.

Effective: [April 23, 2013](#)



Washington State Board of Accountancy

Policy Number: 2011-2

Title: Interim Policy Guidelines Pending Rule Changes

Revised Effective: ~~October 23, 2012~~ April 17, 2014*

Approved:

Donald F. Aubrey Emily R. Rollins, CPA, Chair

*This policy rescinds and supersedes any previous Board policy.

POLICY STATEMENT:

The Executive Director periodically finds it appropriate to seek Board concurrence prior to providing agency staff necessary guidance to implement the Public Accountancy Act or codified Board Rules, 4-30 WAC. The practice and regulatory environments are periodically subject to rapid changes due to economic and/or state and federal regulatory developments. Board rule changes are subject to state rule making processes that can delay formal and responsive guidance to address emerging issues. This policy is to provide for public input and temporary guidance to facilitate responsible agency responses to changing circumstances.

This temporary Board guidance will be requested by the Executive Director for discussion at any open public Board meeting. The guidance will become effective on the date approved by the Board. The guidance will be subsequently posted on the agency's website in a conspicuous location to enhance the awareness of consumers and the members of the regulated population.

The temporary guidance will be simultaneously superseded upon the effective date of any adopted codified rule or rules addressing the issue as an outcome of the rule making process.

PROCEDURES 2010-2011 Interim Policy Guidance:

I. CPE Deficiencies Continuing Professional Education (CPE):

A. Deficiencies and Penalties:

- 1. Applicants for license renewal that self-report continuing professional education (CPE) deficiencies during renewal have six months until June 30 of the renewal year to obtain the required CPE. Such applicants must pay the \$480 reinstatement fee and carry the deficient CPE credits taken by June 30 back to the reporting period preceding the renewal**

- ~~year. The applicant is subject to CPE audit to avoid double counting.~~
2. If the CPE deficiency is self-reported after June 30 or if the CPE deficiency is determined during CPE audit, staff is to follow the Board's delegation related to the issuance of Administrative Notices of Noncompliance:
 - 1.a) Applicants with CPE deficiencies up to and including 16 deficient hours are subject to delegated administrative sanctioning guidelines; and
 - 2.b) Applicants deficient 17 hours and above shall be referred to investigations and enforcement.

II. Electronic Transcripts:

Electronic transcripts are acceptable *provided that the sender* is either:

1. The educational institution responsible for the credits and/or degrees granted; or
2. The electronic transcript service provider engaged by the educational institution responsible for the credits and/or degree granted.

Effective: April 25, 2011

*Revised: October 23, 2012



Washington State Board of Accountancy

Policy Number: 2012-1

Title: Social Media

Effective: April 23, 2013

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

PURPOSE:

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

DEFINITIONS:

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

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

EMPLOYEE USE:

I. Permitted Use

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

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

II. Personal Use

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

III. Records and Privacy Guidelines

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

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

DELEGATION OF AUTHORITY BY THE WASHINGTON STATE BOARD OF ACCOUNTANCY


I, EMILY R. ROLLINS, Chair of the Washington State Board of Accountancy ("Board"), acting under authorization by a vote of the Board, delegate to Richard C. Sweeney, Executive Director for the Board, the specific authority to:

- (a) sign, issue, and withdraw Statements of Charges and/or Statements of Intent to Deny that seek to suspend, revoke, reprimand, refuse to issue, reinstate, or renew a certificate or license, or otherwise discipline or impose a fine upon a certified public accountant, a certificate holder, a licensee, a licensed firm, an applicant, or a nonlicensee holding an ownership interest in a licensed firm; and
- (b) in making investigations concerning alleged violations of RCW 18.04 and in all proceedings under RCW 18.04.295, 18.04.305, or chapter 34.05 RCW, to issue subpoenas to compel the attendance of witnesses and require the production of documents, administer oaths or affirmations to witnesses appearing before the Board, take testimony, and require that documentary evidence be submitted; and
- (c) negotiate settlement proposals during investigations of alleged violations of RCW 18.04 or Board rules Title 4 WAC and in all proceedings under RCW 18.04.295, 18.04.305, or Chapter 34.05 RCW. Such proposals are subject to concurrence by a consulting Board member prior to submission to the Board for consideration.

This delegation shall remain in effect for so long as Richard C. Sweeney is the Executive Director for the Washington State Board of Accountancy.

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

DATED this 1st day of May 2013.


EMILY R. ROLLINS, CPA
Chair, Washington State Board of Accountancy


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

I, EMILY R. ROLLINS, Chair of the State of Washington Board of Accountancy ("Board"), acting under authorization by a vote of the Board, delegate to the Executive Director the specific authority to:

Issue Administrative Notices of Noncompliance and execute Respondent Agreements Consenting to Administrative Sanctions including monetary sanctions in accordance with the guidelines in Appendix A attached hereto.

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

DATED this 23rd day of April 2013.



Emily R. Rollins, CPA
Chair, Washington State Board of Accountancy

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These guidelines will be used when (a) it is the first time an individual or firm has been notified of an alleged specific type of violation of the Public Accountancy Act or Board rule, (b) the alleged violation occurred during any period the individual or firm is or was subject to Board jurisdiction, and (c) sufficient evidence is obtained by investigation to merit Board action.

	Administrative Violation:	Board Approved Sanction:
1.	First noncommercial use of a restricted title on <i>Business Cards, Resumes</i> or other <i>Applications for Employment</i> in Washington state after establishing residency in this state but prior to obtaining credentialed status in Washington State, <i>Provided:</i> the individual did not use the title while a resident in conjunction with offering or rendering professional services.	Administrative Notice to Cease and Desist
2.	First-time use of a restricted title by an individual within the 18-month period following successful completion of the Uniform CPA Examination but who has not yet been credentialed by the Board	\$500 fine + cost recovery + submission of proof of completion of Board approved course in ethics and regulation in Washington State regulation applicable to the practice of public accounting to be received by the Board's office within 90 days of signing an agreement consenting to an <i>Administrative Sanction.</i>
3.	First-time use of a restricted title with a lapsed individual license or CPA-Inactive status. <i>Provided:</i> The individual did not use the CPA or CPA-Inactive title for more than 90 days after the date of transmittal by Board staff of a <i>Notice of Noncompliance.</i>	\$750 fine+ late fee + cost recovery to be received by the Board's office within 90 days of signing an agreement consenting to an <i>Administrative Sanction.</i>
4.	First time representation on a reinstatement application that the CPA title had not been used when in fact the title had been used.	\$750 fine+ late fee + cost recovery to be received by the Board's office within 90 days of signing an agreement consenting to an <i>Administrative Sanction.</i>
5.	First time failure to obtain a firm license by a Washington resident firm owned by one individual for more than 90 days after the date of transmittal by Board staff of a notice of noncompliance.	\$750 fine + cost recovery + submission of proof of completion of Board approved course in ethics and regulation in Washington State to be received by the Board's office within 90 days of signing an agreement consenting to an <i>Administrative Sanction.</i>

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6.	First-time failure to timely change either or both individual and/or firm addresses.	\$0-\$200 fine + cost recovery (unless <i>the failure to timely change the address results in a more severe first-time administrative violation and sanction</i>) to be received by the Board's office within 90 days of signing an agreement consenting to an Administrative Sanction.
7.	First-time failure by a firm to timely notify the Board of changes in the firm name, ownership, or managing licensee of the firm's main office after <i>the date of transmittal</i> by Board staff of a <i>Notice of noncompliance</i> .	\$500 fine + cost recovery to be received by the Board's office within 90 days of signing an agreement consenting to an Administrative Sanction.
8.	First-time CPE deficiency by a licensee, CPA-Inactive certificateholder, or nonCPA firm owner <i>not exceeding 16 hours</i> .	<p><u>Licensee:</u> Exclusive of the required 4 hour course addressing ethics and regulation in Washington State a <u>sliding scale:</u></p> <p style="padding-left: 40px;">\$250 fine for a deficiency up to and including 8 hours;</p> <p style="padding-left: 40px;">\$500 fine for deficiency up to and including 16 hours;</p> <p style="padding-left: 40px;">Additional (separate) \$500 fine if the deficiency includes or is limited to failure to complete the required 4-hour course addressing ethics and regulation in Washington State.</p> <p><u>CPA-Inactive Certificateholder or NonCPA firm owner:</u></p> <p style="padding-left: 40px;">\$500 fine + cost recovery for failure to complete the required 4-hour course addressing ethics and regulation in Washington State</p> <p>All amounts assessed are <i>to be received by the Board's office within 90 days of signing an agreement consenting to an Administrative Sanction.</i></p>
9.	First-time misunderstanding of courses qualifying for the CPE in regulatory ethics specific to Washington State.	\$100 fine + cost recovery + submission of proof of completion of Board approved course in ethics and regulation in the state of Washington <i>to be received by the Board's office within 90 days of signing an agreement consenting to an Administrative Sanction.</i>

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10.	First-time failure to meet CPE documentation requirements <u>determined by CPE audit</u> provided the documentation deficiency results from a cause or circumstance beyond the control of the credentialed person.	\$250 fine + cost recovery + submission of proof of completion of Board approved course in ethics and regulation in the state of Washington <i>to be received by the Board's office within 90 days of signing an agreement consenting to an Administrative Sanction.</i>
11.	First-time use of titles likely to be confused with CPA, Certified Public Accountant, or CPA-Inactive by person never credentialed by this Board or not qualified for practice privileges pursuant to RCW 18.04.350(2).	\$1,500 fine + cost recovery + <i>to be received by the Board's office within 90 days of signing an agreement consenting to an Administrative Sanction.</i>
12.	First-time failure to timely deliver records requested by a client as required by WAC 4-30-051, UNLESS the lack of "timely delivery" results in financial harm to the client by a state or federal regulatory agency or governmental unit.	\$1,500 fine + cost recovery + restitution for proven client costs incurred to reconstruct essential records incurred as a result of the lack of availability of such records + submission of proof of completion of Board approved course in ethics and regulation in the state of Washington <i>to be received by the Board's office within 90 days of signing an agreement consenting to an Administrative Sanction..</i>
13.	First-time failure to timely respond to a request for administrative information or documents directly related to information and/or documents specified in Board rules (Title 4 WAC).	\$1,500 fine + cost recovery + submission of proof of completion of Board approved course in Ethics and Regulation in the state of Washington <i>to be received by the Board's office within 90 days of signing an agreement consenting to an Administrative Sanction.</i>

If an individual or firm's conduct includes multiple first-time administration violations, the Executive Director is to impose the more severe first-time administrative sanction.

In cases of Administrative Sanction, the Board will not publish the individual's or firm's name; however, the Board will:

- Post statistics related to these sanctions on the Board's web site
- Comply with the Public Records Act

Effective: April 28, 2006

Revised: Delegation and Appendix A Revised: January 26, 2012, by Board vote

Appendix A Revised: July 14, 2011, by Board vote

Delegation and Appendix A Revised: April 23, 2013, by Board vote

DELEGATION OF AUTHORITY BY THE WASHINGTON STATE BOARD OF ACCOUNTANCY

I, EMILY R. ROLLINS, Chair of the State of Washington Board of Accountancy ("Board"), acting under authorization by a vote of the Board, delegate the following specific authority:

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

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

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

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

DATED this 15th day of May 2013.

Emily B. Rollins, CPA

Emily R. Rollins, CPA
Chair, Washington State Board of Accountancy

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


Delegation Number: D-201

Dated: April 23, 2013

Delegation For: Authority to Conduct Investigations*

Delegation To: Director of Investigations

Approved:


Emily R. Rollins, CPA
Chair

I, EMILY R. ROLLINS, Chair of the Washington State Board of Accountancy ("Board"), acting under authorization of a vote of the Board, delegate to the Director of Investigations, the specific authority to:

Conduct investigations concerning alleged violations of the provisions of chapter 18.04 RCW and Title 4 WAC as directed by the Executive Director of the Washington State Board of Accountancy. This also includes specific authority to administer oaths or affirmations to witnesses, subpoena witnesses and compel their attendance, take testimony, and to require that documentary evidence be submitted in the course of the investigation of alleged violations of chapter 18.04 RCW and Title 4 WAC.

This delegation does not include the authority to extend confidentiality to any testimony or evidence.

This delegation shall remain in effect for so long as the Executive Director has designated a Director of Investigations for the Washington State Board of Accountancy to exercise this authority, and through any necessary testimony at administrative hearings, should same be held.

In the event that the Executive Director is recused or otherwise unable to exercise responsibility for investigations, enforcement, and settlement, the Board delegates authority to the Director of Investigations to assume those responsibilities including the authority to:

- (a) Sign, issue, and withdraw Statements of Charges and/or Statements of Intent to Deny that seek to suspend, revoke, reprimand, refuse to issue, reinstate, or renew a certificate or license, or otherwise discipline or impose a fine upon a certified public accountant, a certificate holder, a licensee, a licensed firm, an applicant, or a nonlicensee holding an ownership interest in a licensed firm; and

- (b) Negotiate settlement proposals during investigations of alleged violations of RCW 18.04 or Board rules Title 4 WAC and in all proceedings under RCW 18.04.295, 18.04.305, or chapter 34.05 RCW. Such proposals are subject to concurrence by a consulting Board member prior to submission to the Board for consideration. Settlement proposals negotiated under this authority are not binding on the Board or respondent until the settlement is accepted by a quorum vote of the Board.
- (c) Issue Administrative Notices of Noncompliance and execute Respondent Agreements Consenting to Administrative Sanctions including monetary sanctions in accordance with the Board's delegation to the Executive Director.

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

DELEGATION OF AUTHORITY BY THE WASHINGTON STATE BOARD OF ACCOUNTANCY

I, EMILY R. ROLLINS, Chair of the State of Washington Board of Accountancy ("Board"), acting under authorization by a vote of the Board, delegate the following specific authority:

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

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

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

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

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

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

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

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

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

DATED this 23 day of April 2013.



Emily R. Rollins, CPA
Chair, Washington State Board of Accountancy



PROPOSED RULE MAKING

CR-102 (June 2012)

(Implements RCW 34.05.320)

Do NOT use for expedited rule making

Agency: Board of Accountancy

Preproposal Statement of Inquiry was filed as WSR 14-03-037; or
 Expedited Rule Making--Proposed notice was filed as WSR _____; or
 Proposal is exempt under RCW 34.05.310(4) or 34.05.330(1).

Original Notice
 Supplemental Notice to WSR _____
 Continuance of WSR _____

Title of rule and other identifying information: (Describe Subject)

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

Hearing location(s):

Hilton Seattle Airport
 Orcas Meeting Room
 17620 International Boulevard
 SeaTac, Washington

Date: July 18, 2014 Time: 9:00 AM

Submit written comments to:

Name: Richard C. Sweeney, Executive Director
 Address: PO Box 9131
 Olympia, WA 98507-9131
 e-mail info@cpaboard.wa.gov
 fax (360) 6649190 by (date) July 01, 2014

Assistance for persons with disabilities: Contact

Kirsten Donovan by 07/01/2014
 TTY (800) 833-6388 or (800) 833-6385 (Telebraille)

Date of intended adoption: July 18, 2014
 (Note: This is NOT the effective date)

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

- To enhance public protection by specifying the timing and conditions under which a reviewed firm must notify the board of disagreements on a proposed grade and /or fees charged for a firm's peer review;
 To clarify that withholding compensation for a peer review as a result of a disagreement about a proposed grade may result in Board action; and
- To clarify when the Board will take its own action to evaluate the subject firm's conformity with professional standards.

Reasons supporting proposal: To specify corrective actions for those firms who do not comply with the peer review requirements.

Statutory authority for adoption: RCW 18.04.055(9)

Statute being implemented: RCW 18.04.055(9)

Is rule necessary because of a:

Federal Law? Yes No
 Federal Court Decision? Yes No
 State Court Decision? Yes No
 If yes, CITATION:

CODE REVISER USE ONLY

DATE

NAME (type or print)
Richard C. Sweeney, CPA

SIGNATURE

TITLE
 Executive Director

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

Name of proponent: (person or organization) The Washington State Board of Accountancy

- Private
- Public
- Governmental

Name of agency personnel responsible for:

Name	Office Location	Phone
Drafting..... Richard C. Sweeney, CPA	711 Capitol Way S, Suite 400, Olympia, WA	(360) 586-0163
Implementation....Richard C. Sweeney, CPA	711 Capitol Way S, Suite 400, Olympia, WA	(360) 586-0163
Enforcement..... Richard C. Sweeney, CPA	711 Capitol Way S, Suite 400, Olympia, WA	(360) 586-0163

Has a small business economic impact statement been prepared under chapter 19.85 RCW or has a school district fiscal impact statement been prepared under section 1, chapter 210, Laws of 2012?

Yes. Attach copy of small business economic impact statement or school district fiscal impact statement.

A copy of the statement may be obtained by contacting:

Name:

Address:

phone () _____

fax () _____

e-mail _____

No. Explain why no statement was prepared.

The proposed rules will not have more than minor economic impact on business.

Is a cost-benefit analysis required under RCW 34.05.328?

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

Name:

Address:

phone () _____

fax () _____

e-mail _____

No: Please explain: The Board of Accountancy is not one of the agencies required to submit to the requirements of RCW 34.05.328(5)(a).

AMENDATORY SECTION (Amending WSR 12-17-054, filed 8/10/12, effective 9/10/12)

WAC 4-30-130 What are the quality assurance review (QAR) requirements for licensed CPA firms? (1) **Purpose.** The Washington state board of accountancy is charged with protection of the public interest and ensuring the dependability of information used for guidance in financial transactions or for accounting for or assessing the status or performance of commercial and noncommercial enterprises, whether public, private or governmental. The purpose of the QAR program is to monitor licensees' compliance with audit, compilation, review, and other attestation standards. If the board becomes aware that a firm's performance and/or reporting practices for audit, review, compilation, and other engagements covered by statements on standards for attestation engagements may not be in accordance with applicable professional standards, the board will take appropriate action to protect the public interest.

(2) **Peer review.** Generally, all ~~licensed~~ firms licensed in Washington state offering and/or performing attest services as defined by WAC 4-30-010(5), compilation services, as defined by WAC 4-30-010(12), or other professional services for which a report expressing assurance

is prescribed by professional standards ~~in Washington state~~, are required to participate in a board-approved peer review program as a condition of renewing each CPA firm license under RCW 18.04.215 and WAC 4-30-114. However, certain exemptions are listed in subsection ~~((+10+))~~ (11) of this section. Board-approved peer review programs include:

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

(b) Peer review programs administered by the American Institute of CPAs (AICPA);

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

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

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

(a) Compilation on historical financial statements;

(b) Review on historical financial statements;

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

(d) ~~Agreed-upon procedures;~~ Other professional services subject to Statements on Standards for Attestation Engagements.

~~(e) Forecasts; and~~

~~(f) Projections.~~

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

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

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

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

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

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

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

(5) **Reporting requirements.** Every firm must provide the following information, along with the appropriate fees, with every application for renewal of a firm license by April 30th of the renewal year (~~of expiration that may consist of but is not limited to~~):

(a) Certify whether the firm does or does not perform attest services or compilation services as defined by WAC 4-30-010 (5), (12), or other professional services for which a report expressing assurance is prescribed by professional standards in Washington state;

(b) If the firm is subject to the peer review requirements, provide the name of the approved peer review program in which the firm is

enrolled, and the period covered by the firm's most recent peer review;

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

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

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

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

(7) **Documents required.** A firm that has opted out of participating in the AICPA Facilitated State Board Access (FSBA) program shall provide to the board copies of the following documents related to the peer review report:

(a) Peer review report issued;

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

(c) Letter of acceptance from peer review program;

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

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

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

(g) Other information the board deems important for the understanding of the information submitted.

~~((7))~~ (8) **Document retention.** Firms shall retain all documents relating to peer review reports, including working papers of the underlying engagement subject to peer review that was reviewed, until the acceptance of a subsequent peer review by the peer review program

or for five years from the date of acceptance of the most recent peer review (~~by the peer review program~~), whichever is sooner.

~~((+8))~~ (9) **Extensions.** The board may grant an extension of time for submission of the peer review report to the board. Extensions will be determined by the board on a case-by-case basis.

~~((+9))~~ (10) **Verification.** The board may verify the certifications of peer review reports that firms provide.

~~((+10))~~ (11) **Exemption from peer review.**

(a) Out-of-state firms that do not have a physical location in this state, but perform attest or compilation services in this state, and are otherwise qualified for practice privileges under RCW 18.04.195 (1)(b) are not required to participate in the board's program if the out-of-state firm participates in a board-approved peer review program or similar program approved or sponsored by another state's board of accountancy.

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

(c) Firms that prepare financial statements **which do not require reports** under Statements on Standards for Accounting and Review Services ~~(SSARS) 8 as codified in SSARS 19~~ (management use only compilation reports) and that perform no other attest or compilation services, are not required to participate in a peer review program; however, any such engagements ~~conducted~~ performed by a firm that is otherwise required to participate in a peer review program shall be included in the selection of engagements subject to peer review.

~~((11))~~ (12) **Quality assurance oversight.**

(a) The board will:

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

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

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

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

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

(vi) Take appropriate actions the board, in its discretion, deems appropriate to carry out the functions of the quality assurance review program and achieve the purpose of the peer review requirement.

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

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

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

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

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

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

~~((12))~~ (13) Remedies. ~~((The board's quality assurance review program is intended to monitor the quality of a firm's attest and compilation practices and compliance with professional standards (RCW 18.04.065(9)). If the board determines that a firm's attest or compilation engagement performance and/or reporting practices are not in accordance with applicable professional standards and, therefore, the board determines that one or more of the engagements are, or could be, substandard or seriously questionable, the board will take appropriate action to protect the public interest including, but not limited to:))~~
The board will take appropriate action to protect the public's interest if the board determines through the peer review process or otherwise that a firm's performance and/or reporting practices are not or may not be in accordance with applicable professional standards, the firm does not comply with peer review program requirements, or the firm does not comply with all or some of the reporting, remedial action, and/or fee payment requirements of subsection (5) of this sec-

tion above. The board's remedies—actions may include, but are not limited to:

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

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

(c) Require that the reviewed firm responsible for one or more substandard or seriously questionable compilation or attest engagement(s) submit all or specified categories of its compilation or attest working papers and reports to a preissuance evaluation performed by a board-approved licensee in a manner and for a duration prescribed by the board. Prior to the firm issuing the reports on the engagements reviewed, the board-approved licensee shall submit to the board for board acceptance a report of the findings, including the nature and frequency of recommended actions to the firm. The cost of the board-approved preissuance evaluation will be at the firm's expense;

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

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

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

~~((13))~~ (14) The board may solicit and review licensee reports and/or other information covered by the reports from clients, public agencies, banks, and other users of such information.

[Statutory Authority: RCW 18.04.055(9). WSR 12-17-054, § 4-30-130, filed 8/10/12, effective 9/10/12. WSR 10-24-009, amended and recodified as § 4-30-130, filed 11/18/10, effective 12/19/10; WSR 08-18-016, § 4-25-820, filed 8/25/08, effective 9/25/08; WSR 07-14-036, § 4-25-

820, filed 6/26/07, effective 7/27/07; WSR 05-01-135, § 4-25-820,
filed 12/16/04, effective 1/31/05; WSR 02-04-064, § 4-25-820, filed
1/31/02, effective 3/15/02. Statutory Authority: RCW 18.04.055. WSR
94-02-071, § 4-25-820, filed 1/4/94, effective 2/4/94.]

DRAFT

2014 Proposed Rule Re: Military Personnel and Spouses

WAC 4-30-XXX

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

For purposes of this rule:

- (a) "Active Military Duty" means:
 - i. Deployed upon order of the President of the United States, the U.S. Secretary of Defense or Homeland Security in the case of a member of the armed forces or armed force reserves; or
 - ii. Deployed upon order of the Governor of this state in the case of the National Guard.
- (b) "Armed Forces" means the Army, Navy, Air Force, Marine Corps, and Coast Guard and Reserves of each branch of the armed forces.
- (c) "Active Duty" means full-time employment in the Armed Forces of the United States. Such term does not include National Guard duty.
- (d) "Military Individual" means a living human being serving full time in the United States Armed Forces.
- (e) "Military Spouse" means the husband, wife, or registered domestic partner of a military individual.

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

An applicant who obtains an initial license or a military individual holding a current license issued by this board will be classified as "military" if the services provided to the armed forces include services included within the definition of the practice of public accounting. Individuals holding the status of "military" are not authorized to provide public accounting services to the general public.

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

- (1) The request for waiver of renewal fees and continuing professional education may be made through the board's online application and payment system or on a form provided by the board upon request;
- (2) The request for waiver must be supported by submitting documentation to substantiate the military individual's "active military duty" status.
- (3) Upon approval the waiver will serve to classify the individual as "military inactive";
- (4) The CPE reporting period and renewal year will not be affected by this reclassification of status.
- (5) The waiver will continue to maintain an individual's "military inactive" status without fee or CPE until the individual is released from "active military duty" or discharged from the armed forces, reserves, or national guard;

2014 Proposed Rule Re: Military Personnel and Spouses

- (6) During the time period the waiver is effective the military individual may not provide professional services to the general public;
- (7) The board must be notified within six months after the date of release from "active military duty" or discharge from the armed forces. The board must be notified within six months of the date of release from a treatment facility if the individual is or has been in a treatment facility and a discharge was the result of injury or other reasons.

Return to previously held status after release from "active military duty" or discharge from the armed forces:

- (8) If a military individual desires to return to a previously held status after release from "active military duty" or discharge from the armed forces, all required information, documents, and fees must be submitted to the board before the application will be evaluated. An application for return to previously held status may be made through the board's online application and payment system or on a form provided by the board upon request and must include the following:
 - a. Documentation to substantiate:
 - i. Release from "active military duty", or
 - ii. Type of discharge from the armed forces.
 - b. Documentation to substantiate completion of the following qualified continuing professional education (CPE):
 - i. If the application is submitted in the last year of the previous CPE reporting period the individual must have completed 4 CPE credit hours in Ethics and Regulation in Washington State and receive a passing grade of 90% on the Board prepared examination available on the board's website. The renewal fee is waived in this circumstance.
 - ii. If the application is submitted in the second year of the previous CPE reporting period the individual must have completed 40 CPE credit hours including 4 CPE credit hours in Ethics and Regulation in Washington State and receive a passing grade of 90% on the Board prepared examination available on the board's website;
 - iii. If the application is submitted in the first year of the previous CPE reporting period the individual must have completed 80 CPE credit hours including 4 CPE credit hours in Ethics and Regulation in Washington State and receive a passing grade of 90% on the Board prepared examination available on the board's website.
 - c. A military individual may receive an expedited license while completing any specific requirements that are not related to CPE or other Board rules.

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

2014 Proposed Rule Re: Military Personnel and Spouses

Military Spouses

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

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

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

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

1. The military issued identification card showing the individual's military information and the applicant's relationship to that individual;
2. A marriage license; or
3. Documentation verifying a state registered domestic partnership.

A military spouse or state registered domestic partner may only use a restricted title and practice public accounting under another state's license without an expedited license issued by this board for 90 days from the date the spouse entered this state for temporary residency during the military individual's transfer to this state.

Request Review Committee Report April 2014

Karen Saunders, CPA, Chair

During the first quarter 2014, the Executive Director and a Consulting Board Member from the Request Review Committee took the following action:

Firm Names: Approved:

Sutherland Tax PLLC
Bean Counter Accounting, Inc.
Chambers & Co, P.C. DBA Chambers &
Hammock, CPA, P.C.
Rainer Merchant Services
Day Yang & Company PLLC (Cost Sharing
Partnership)
TKCPA PLLC
Vonderharr Wagner Associates, LLC
Kroschel Accounting Services, PLLC
Marcum LLP
Arkley Accounting Group
Pyramid San Juan Islands PLLC
GlobalTaxHelp LLC

Professional/Educational Organization – Recognition Requests – During the 1st quarter in 2014, the Board approved Web CPE as an educational organization for purposes of obtaining a list of individual CPAs.

Domestic or International Education Credential Evaluation Services – Applications – During the 1st quarter in 2014, the Board did not receive any requests for recognition of domestic or international education credential evaluation services.

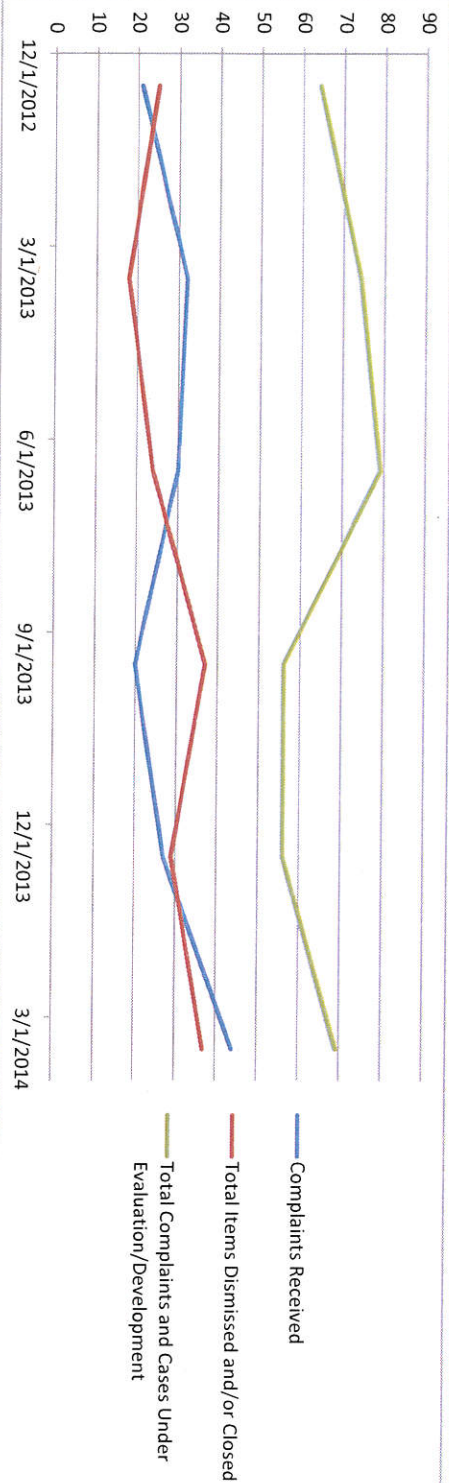
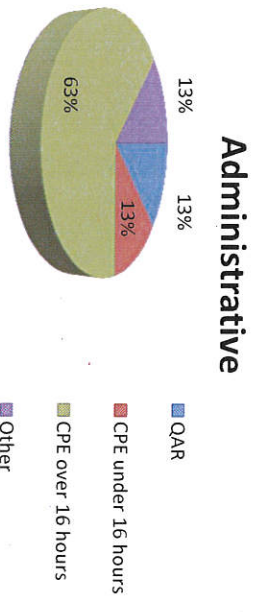
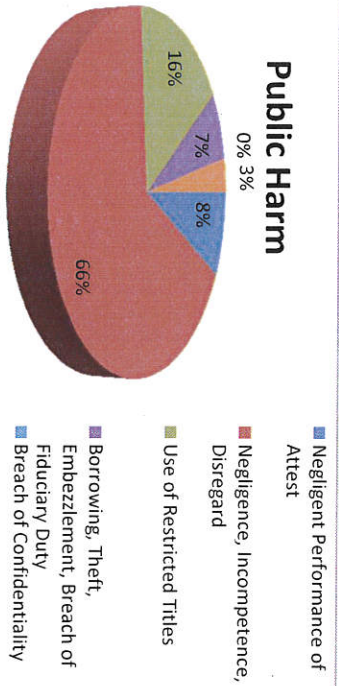
ENFORCEMENT

Broad Overview

Initial Caseload, as of 1/1/2014		61
+ Complaints Received		44
- (Complaints Dismissed)	-18	
- (Cases Dismissed)	-8	
- (Cases Closed)	-10	-36
= Caseload, Net Change		8
= Total Caseload, as of 3/31/2014		69

Caseload Breakdown, as of 3/31/2014

Public Harm		
Negligent Performance of Attest	5	
Negligence, Incompetence, Disregard	40	
Use of Restricted Titles	10	
Borrowing, Theft, Embezzlement, Breach of Fiduciary Duty	4	
Breach of Confidentiality	0	
Records Retention Causing Harm	2	61
Administrative		
QAR	1	
CPE under 16 hours	1	
CPE over 16 hours	5	
Other	1	8
Total Items		69



Washington State Board of Accountancy

Caseload Status Report	6/30/2013	9/30/2013	12/31/2013	3/31/2014
Complaint Summary				
Complaints at Start of Quarter	39	41	21	25
Complaints Received	30	20	27	44
Complaints Dismissed	(18)	(25)	(20)	(14)
Moved to Developing Cases	(10)	(7)	(3)	(19)
Total Complaints Under Evaluation	41	21	25	36
Status of Developing and Developed Cases				
Working Cases	19	14	14	18
Cases Awaiting External Action	5	4	2	1
Developed Cases Moved Forward	14	17	13	14
Developing Cases In Investigative Monitoring				0
Total Developing and Developed Cases	38	35	31	33
Total Complaints and Cases Under Evaluation/Development	79	56	56	69
Investigative Monitoring Summary (included in Caseload)				
Total Investigative Monitoring at Start of Quarter	0	0	9	10
Items Added to Investigative Monitoring		9	2	6
Items Reactivated (Moved to Active Caseload)		0	0	(4)
Items Dismissed/Closed from Monitoring (No Action)		0	(1)	(6)
Items Currently Under Investigative Monitoring	0	9	10	6
Aging of All Developing and Developed Cases				
> 4 Years	3	3	3	3
> 3 Years, <= 4 Years	1	1	0	0
> 2 years, <= 3 years	2	5	6	6
> 1 year, <= 2 years	7	6	6	8
< 1 year, > 180 days	8	11	11	2
<= 180 days	17	9	3	14
Total Developing and Developed Cases	38	35	29	33

Washington State Board of Accountancy

Caseload Status Report (continued)	6/30/2013	9/30/2013	12/31/2013	3/31/2014
Classification of All Developing and Developed Cases				
Public Harm				
Negligent Performance of Attest	2	2	2	4
Negligence, Incompetence, Disregard	26	24	18	15
Use of Restricted Titles	3	1	2	2
Borrowing, Theft, Embezzlement, Breach of Fiduciary Duty	3	3	2	3
Breach of Confidentiality	0	0	0	0
Records Retention Causing Harm	4	4	4	2
Subtotal	38	34	28	26
Administrative				
QAR	0	0	0	0
CPE under 16 hours	0	0	0	1
CPE over 16 hours	0	0	0	5
Good Character Evaluation	0	1	1	1
Subtotal	0	1	1	7
Total	38	35	29	33

Cases Closed - Disposition By				
Board Order/Agreed Order				
Revocation -- Public Harm	0	1	1	0
Suspension -- Public Harm	0	0	0	0
Suspension -- Other	0	0	0	0
Practice Restriction -- Public Harm	0	0	0	0
SAO -- Fine/costs/other sanctions -- Public Harm	0	3	3	5
SAO -- Fine/costs/other sanctions	0	1	1	0
Subtotal	0	5	5	5
Administrative Sanctions	0	0	1	1
Reinstatements	0	0	0	0
Dismissals -- Public Harm	5	7	3	8
Dismissals	1	0	0	4
Subtotal	6	7	4	13
Total Cases Closed	6	12	9	18
Total Complaints Dismissed (including Monitoring)	18	25	20	19
Total Items Dismissed and/or Closed	24	37	29	37

All figures as of March 31, 2014, include investigative monitoring items, which were previously excluded from this report.

Investigation Statistics

Historical data: January 2003 through March 31, 2014

Year Opened	Number of credentialed persons (at year end)		Number of Cases		% opened / Licensees
	Licensees	Certificate Holders	Opened	Closed	
2003	9,418	4,948	83	62	0.88%
2004	10,382	3,107	144	92	1.39%
2005	10,909	3,055	83	85	0.76%
2006	11,217	2,474	131	64 *	1.17%
2007	11,552	2,114	143	176 *	1.24%
2008	12,282	2,102	90	99 **	0.73%
2009	12,654	1,848	130	76 **	1.03%
2010	13,104	1,555	99	182 **	0.76%
2011	13,874	1,573	82	133 **	0.59%
2012	14,403	1,343	64	75	0.44%
2013	15,150	1,265	42	41	0.28%
2014 (to date)	15,249	1,267	19	18	0.12%
Total	15,249	1,265	1,091	1,085	7.15%
Average	12,516	2,147	99	99	0.79%

As of March 31, 2014

Active Cases	18 (open cases actively worked by Enforcement)
Pending Cases	15 (cases awaiting action/otherwise moved forward)
Total Open Cases	33

* Clean up backlog (new Executive Director)

** Interrupted by significant public records requests and litigation