REGULAR BOARD MEETING AGENDA

Date, Time: Friday, July 29, 2016 – Regular Board Meeting – 9:00 a.m.
Location: North Seattle College
9600 College Way North Room CC1161
Seattle, Washington 98103
(206) 943-7704
Notices: 9:00 a.m. Rules Hearing

Chair Introductions

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

Attachments at tab:

1. Public Rule-Making Hearing Script

2. Rules Under Consideration
   - WAC 4-30-010 Definitions
   - WAC 4-30-034 Must I respond to inquiries from the board?
   - WAC 4-30-058 Does the board authorize the use of any other titles or designations?
   - WAC 4-30-090 Must an out-of-state individual holding a license from another state apply and obtain a Washington state license to hold out and practice in Washington state?
   - WAC 4-30-110 What are the allowable legal forms of organization and ownership requirements for a CPA firm?
   - WAC 4-30-112 Must a firm holding a license from another state apply and obtain a Washington state license to hold out and practice in Washington state?
   - WAC 4-30-114 How do I apply for and maintain a firm license?
   - WAC 4-30-130 What are the quality assurance review (QAR) requirements for licensed CPA firms?
   - WAC 4-30-142 What are the bases for the board to impose discipline?

3. Written Stakeholder Comments - None
REGULAR MEETING AGENDA

1. Rules Review
   a. Board’s deliberation on proposed rules considered at the public rule-making hearing. 
      See listing above under Public Rule-Making Hearing – Item 2

2. Minutes
   a. April 19, 2016, Regular Board Meeting .................................................................C
   b. June 8, 2016, Special Board Meeting .................................................................D

3. Chair’s Report
   a. Welcome to new Board Members
   b. Overview of rules concerning conflict of interest
      i. WAC 4-30-040 What are the requirements concerning integrity and objectivity?
      ii. WAC 4-30-048 Compliance is required with which rules, regulations and professional standards?
      iii. IRS Circular 230
      iv. AICPA Code of Professional Conduct 1.110.010
   c. Interaction with the public

4. NASBA Update

5. Legal Counsel’s Report
   b. Idemnification of Board Members
      i. What statutes or rules cover Washington State Board Members
      ii. Impact of the North Carolina Dental Board case ................................................E

6. Committee/Task Force Reports
   a. Executive – Thomas Neill, CPA, Chair - Verbal Report
   b. Compliance Assurance Oversight – Karen Saunders, CPA, Chair – No Report
   c. Legislative Review – Favian Valencia, Chair – No Report
   d. Quality Assurance – Thomas Neill, CPA, Chair – No Report
   e. Request Review – Elizabeth Masnari, CPA, Chair – Verbal Report..............................F
   f. State Ethics Compliance – James Ladd, Ethics Advisor – No Report
   g. Qualifications – Emily Rollins, CPA, Chair – No Report
   h. Performance Review and Succession – Emily Rollins, CPA, Chair – Verbal Report
   i. Social Media – Favian Valencia, Chair – No Report
   j. WSCPA Education Fund – Elizabeth Masnari, CPA, Chair – No Report

7. Executive Director’s Report
a. AICPA Peer Review Consolidation
b. Agency Enterprise Risk Management (ERM) Efforts to Respond to Governor’s Executive Order
c. Communicating Investigation Process on the Website
d. Current Budget Report

8. Investigations Report

9. Executive and/or Closed Sessions with Legal Counsel

10. 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.
Opening statement:

The Board of Accountancy rules hearing is now in session. The date is Friday, July 29, 2016. The time is ________. My name is Tom Neill. I am Chair of the Board of Accountancy.

Copies of the rule proposal are available at the back of the room. If you have not already done so, please register your attendance at this hearing on the attendance roster at the back of the room. Please indicate on the roster whether you wish to testify.

Have Board Members, legal counsel, and staff in attendance introduce themselves.

Explain hearing sequence and ground rules as follows:

The hearing will be conducted as follows:

1. I will identify the rules presented for testimony and present a brief statement for each proposal.

2. I will use the attendance roster to invite testimony on the proposal. When you give testimony, please:
   - Stand
   - State your name and organization if you speak for a group
   - Limit your testimony to the rule proposal currently before the Board.
   - After you testify, please remain standing for questions, and
   - If you are testifying from text, please provide a copy to Board staff.

   Testimony is limited to 10 minutes for each speaker.

3. When the testimony is complete the hearing will be closed. The Board will consider the proposed rule changes at its Board meeting later today.

The rule proposal concerns:

WAC 4-30-010 Definitions

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

WAC 4-30-058 Does the board authorize the use of any other titles or designations?

WAC 4-30-090 Must an out-of-state individual holding a license from another state apply and obtain a Washington state license to hold out and practice in Washington state?
WAC 4-30-110 What are the allowable legal forms of organization and ownership requirements for a CPA firm?

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

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

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

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

Tom Neill, the Board Chair, will present a brief statement for each proposal. Tom presents the statement.

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

1. TESTIMONY FROM ATTENDANCE ROSTER

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

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

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

2. OTHER TESTIMONY

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

3. CLOSING STATEMENT:

Thank you for your testimony.

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

Agency: Board of Accountancy

☑ Preproposal Statement of Inquiry was filed as WSR 16-06-075, 16-06-077, 16-09-107; 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).

Title of rule and other identifying information: (Describe Subject)
WAC 4-30-010 Definitions, WAC 4-30-034 Must I respond to inquiries from the board?, WAC 4-30-058 Does the board authorize the use of any other titles or designations?, WAC 4-30-090 Must an out-of-state individual holding a license from another state apply and obtain a Washington state license to hold out and practice in Washington state?, WAC 4-30-110 What are the allowable legal forms of organization and ownership requirements for a CPA firm?, WAC 4-30-112 Must a firm holding a license from another state apply and obtain a Washington state license to hold out and practice in Washington state?, WAC 4-30-114 How do I apply for and maintain a firm license?, WAC 4-30-116 What are the quality assurance review (QAR) requirements for licensed CPA firms?, WAC 4-30-140 What are the authority, structure, and processes for investigations and sanctions?, WAC 4-30-142 What are the bases for the board to impose discipline?

Hearing location(s):
North Seattle College
9600 College Way North, Room CC1161
Seattle WA 98103

Submit written comments to:
Name: Charles Satterlund, Executive Director
Address: PO Box 9131
Olympia, WA 98507
E-mail customerservice@cpaboard.wa.gov
fax (360) 664-9190 by (date) July 22, 2016

Assistance for persons with disabilities: Contact
Kirsten Donovan by 07/22/2016
TTY (800) 833-6388 or (800) 833-6385 (Telebraille)

Purpose of the proposal and its anticipated effects, including any changes in existing rules:
Due to the passage of Senate Bill ESHB 2433 on March 31, 2016, the effected rules must be updated.

Reasons supporting proposal:
Due to the passage of Senate Bill ESHB 2433 on March 31, 2016, the effected rules must be updated.

Statutory authority for adoption: RCW 18.04.055
Statute being implemented: RCW 18.04.055

Is rule necessary because of a:
Federal Law?
Federal Court Decision?
State Court Decision?
If yes, CITATION:
☐ Yes ☒ No
☐ Yes ☒ No
☐ Yes ☒ No

DATE
June 20, 2016

NAME (type or print)
Charles E. Satterlund, CPA, CIA

SIGNATURE

TITLE
Executive Director

(COMPLETE REVERSE SIDE)
### Agency comments or recommendations, if any, as to statutory language, implementation, enforcement, and fiscal matters:

<table>
<thead>
<tr>
<th>Name of proponent: (person or organization)</th>
<th>The Washington State Board of Accountancy</th>
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<tr>
<td>Name of agency personnel responsible for:</td>
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<tr>
<th>Name</th>
<th>Office Location</th>
<th>Phone</th>
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<tbody>
<tr>
<td>Drafting.............</td>
<td>Charles Satterlund, CPA</td>
<td>(360) 586-0785</td>
</tr>
<tr>
<td>Implementation........</td>
<td>Charles Satterlund, CPA</td>
<td>(360) 586-0785</td>
</tr>
<tr>
<td>Enforcement...........</td>
<td>Charles Satterlund, CPA</td>
<td>(360) 586-0785</td>
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</table>

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 __________________________

- [x] 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 __________________________

- [x] 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).
WAC 4-30-010 Definitions. For purposes of these rules the following terms have the meanings indicated unless a different meaning is otherwise clearly provided in these rules:

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

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

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

(4) "Applicant" means an individual who has applied:

(a) To take the national uniform CPA examination;

(b) For an initial individual license, an initial firm license, or initial registration as a resident nonlicensee owner;

(c) To renew an individual license, a CPA-Inactive certificate, a CPA firm license, or registration as a resident nonlicensee firm owner;

(d) To reinstate an individual license, a CPA-Inactive certificate, registration as a resident nonlicensee firm owner, or practice privileges.

(5) "Attest" means providing the following ((financial statement)) services:

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

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

(c) Any (examination of prospective financial information) engagement to be performed in accordance with the statements on standards for attestation engagements; and

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

(6) "Audit," "review," and "compilation" are terms reserved for use by licensees, as defined in subsection ((28)) (30) of this section.

(7) "Board" means the board of accountancy created by RCW 18.04.035.

(8) "Breach of fiduciary responsibilities/duties" means when a person who has a fiduciary responsibility or duty acts in a manner adverse or contrary to the interests of the person to whom they owe the fiduciary responsibility or duty. Such actions would include profiting from their relationship without the express informed consent of the beneficiary of the fiduciary relationship, or engaging in activities that represent a conflict of interest with the beneficiary of the fiduciary relationship.
(9) "Certificate" means a certificate as a CPA-Inactive issued in the state of Washington prior to July 1, 2001, as authorized by the act, unless otherwise defined in rule.

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

(11) "Client" means the person or entity that retains a licensee, as defined in subsection (28) of this section, a CPA-Inactive certificate holder, a nonlicensee firm owner of a licensed firm, or an entity affiliated with a licensed firm to perform professional services through other than an employer/employee relationship.

(12) "Commissions and referral fees" are compensation arrangements where the primary contractual relationship for the product or service is not between the client and licensee, as defined in subsection (28) of this section, CPA-Inactive certificate holder, nonlicensee firm owner of a licensed firm, or a person affiliated with a licensed firm; and

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

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

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

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

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

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

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

(17) "CPE" means continuing professional education.

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

(19) "Firm" means a sole proprietorship, a corporation, or a partnership. "Firm" also means a limited liability company or partner-
ship formed under chapters 25.15 and 18.100 RCW and a professional service corporation formed under chapters 23B.02 and 18.100 RCW.

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

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

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

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

"Home office" is the location specified by the client as the address to which a service is directed.

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

"Individual" means a living, human being.

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

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

"IRS" means Internal Revenue Service.

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

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

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

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

"Nonlicensee firm owner" means an individual, not licensed in any state to practice public accounting, who holds an ownership interest in a firm permitted to practice public accounting in this state.
"PCAOB" means Public Company Accounting Oversight Board.

"Peer review" means a study, appraisal, or review of one or more aspects of the attest or compilation work of a licensee or licensed firm in the practice of public accounting, by a person or persons who hold licenses and who are not affiliated with the person or firm being reviewed, including a peer review, or any internal review or inspection intended to comply with quality control policies and procedures, but not including the "quality assurance review" under subsection (38) of this section.

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

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

(a) Has a principal place of business outside of Washington state;
(b) Is licensed to practice public accounting in another substantially equivalent state;
(c) Meets the statutory criteria for the exercise of privileges as set forth in RCW 18.04.350(2) for individuals or RCW 18.04.195 (1)(b) for firms;
(d) Exercises the right to practice public accounting in this state individually or on behalf of a firm;
(e) Is subject to the personal and subject matter jurisdiction and disciplinary authority of the board in this state;
(f) Must comply with the act and all board rules applicable to Washington state licensees to retain the privilege; and
(g) Consents to the appointment of the issuing state board of another state as agent for the service of process in any action or proceeding by this state's board against the certificate holder or licensee.

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

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

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

(41) "Reciprocity" means board recognition of licenses, permits, certificates or other public accounting credentials of another jurisdiction that the board will rely upon in full or partial satisfaction of licensing requirements.

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

"Reports on financial statements" means any reports or opinions prepared by licensees, based on services performed in accordance with generally accepted auditing standards, standards for attestation engagements, or standards for accounting and review services, as to whether the presentation of information used for guidance in financial transactions or for accounting for or assessing the status or performance of an entity, whether public, private, or governmental, conforms with generally accepted accounting principles or an "other comprehensive bases of accounting," or the presentation and disclosure requirements of other professional standards. "Reports on financial statements" does not include services referenced in RCW 18.04.350(10) provided by persons not holding a license under the act.

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

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

(45) "Rules of professional conduct" means rules adopted by the board to govern the conduct of licensees, as defined in subsection (30) of this section, while representing themselves to others as licensees. These rules also govern the conduct of CPA-Inactive certificate holders, nonlicensee firm owners, and persons exercising practice privileges pursuant to RCW 18.04.350(2).

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

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

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

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

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

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

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

WAC 4-30-034 Must I respond to inquiries from the board? Yes. All licensees, including out-of-state individuals exercising practice privileges in this state under RCW 18.04.350(2) and out-of-state firms permitted to offer or render certain professional services in this state under the conditions prescribed in RCW 18.04.195 (1)(a) and (b), CPA-Inactive certificate holders, nonlicensee firm owners, and applicants must respond, in writing, to board communications requesting a response. Your response must be made within twenty days of the date the board’s communication is posted in the U.S. mail. Communications from the board to you are directed to the last address you furnished the board.

AMENDATORY SECTION (Amending WSR 12-10-085, filed 5/2/12, effective 6/2/12)

WAC 4-30-058 Does the board authorize the use of any other titles or designations? Yes. RCW 18.04.350((13)) (14), Practices not prohibited, authorizes the board to allow the use of other titles (designations) if the individual using the title or designation is authorized at the time of use by a nationally recognized entity sanctioning the use of board authorized titles or designations. Accordingly, the board authorizes the use of the following titles and designations:

(1) Designations or titles authorized by the American Institute of Certified Public Accountants (AICPA);
(2) Designations or titles authorized by the Accreditation Council for Accountancy and Taxation located in Alexandria, Virginia, or its successor:
• "Accredited Business Accountant" or "ABA";
• "Accredited Tax Preparer" or "ATP"; and
• "Accredited Tax Advisor" or "ATA."
Designations or titles authorized by the Certified Financial Planner Board of Standards in Denver, Colorado, or its successor:

- "Certified Financial Planner" or "CFP."

These authorized designations relate to title use only, are not limited to individuals who have held or are holding a license or certificate under the act, and do not authorize these other designated individuals to use the title "certified public accountant" or "CPA," or "CPA-inactive."

The board further authorizes the use of the designation "CPA retired" in this state by those individuals who, upon notice to the board to retire a license, meet the following criteria:

- Has reached sixty years of age and holds an active license in good standing; or
- At any age, has held an active license in good standing, not suspended or revoked, to practice public accounting in any state for a combined period of not less than twenty years.

AMENDATORY SECTION (Amending WSR 11-07-070, filed 3/22/11, effective 4/22/11)

WAC 4-30-090 Must an out-of-state individual holding a license from another state apply and obtain a Washington state license to hold out and practice in Washington state?

No. Out-of-state individuals holding valid licenses to practice public accounting issued by a substantially equivalent state, may hold out and practice within Washington state and/or provide public accounting services in person, by mail, telephone, or electronic means to clients residing in Washington state without notice or payment of a fee. An individual who qualifies for practice privileges under RCW 18.04.350(2), and who performs any attest service described in RCW 18.04.010(1) may only do so through a firm that has obtained a license under RCW 18.04.195 and 18.04.215 or that meets the requirements for an exception from the firm licensure requirements under RCW 18.04.195 (1)(a)(iii)(A) through (D) or (b).

As a condition of this privilege, the out-of-state individual is deemed to have consented to:

1. The personal and subject matter jurisdiction and disciplinary authority of this state's board;
2. Comply with the Public Accountancy Act of this state, chapter 18.04 RCW, and this board's rules contained in Title 4 WAC;
3. The appointment of the state board which issued the certificate or license as their agent upon whom process may be served in any action or proceeding by this state's board against the certificate holder or licensee;
4. Render the following services for a client with a home office in this state only through a firm that has obtained a license from this state (RCW 18.04.195, 18.04.205 and WAC 4-30-110):
   a. Any audit or other engagement to be performed in accordance with the statements on auditing standards;
   b. Any examination of prospective financial information to be performed in accordance with the statements on standards for attestation engagements; and
   c. Any engagement to be performed in accordance with the public company accounting oversight board auditing standards.
Not render any professional services in this state unless the out-of-state individual is licensed to render such services in the state of licensure upon which the privilege is contingent;

(5) Cease offering or performing professional services in this state, individually and/or on behalf of a firm, if the license from the state of the out-of-state individual's principal place of business is no longer valid; and

(6) Cease offering or performing specific professional services in this state, individually and/or on behalf of a firm, if the license from the state of the out-of-state individual's principal place of business is restricted from offering or performing such specific professional services.

AMENDATORY SECTION (Amending WSR 11-07-070, filed 3/22/11, effective 4/22/11)

WAC 4-30-110 What are the allowable legal forms of organization and ownership requirements for a CPA firm? (1) Permitted forms of organization. A CPA firm may be organized as:

(a) A proprietorship;
(b) A partnership;
(c) A professional corporation (PC) or professional service corporation (PS);
(d) A limited liability company (LLC);
(e) A limited liability partnership (LLP); or
(f) Any other form of legal entity authorized by Washington state statute for use by a CPA firm.

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

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

(a) All owners of a licensed CPA firm are required to:
   (i) Fully comply with the provisions of chapter 18.04 RCW; and
   (ii) Be subject to discipline by the board for violations of chapter 18.04 RCW and this board's rules contained in Title 4 WAC;
(b) A simple majority of the ownership of the licensed firm in terms of financial interests and voting rights of all partners, owners, or shareholders must be:
   (i) Licensees in this state or holders of a valid license to practice public accountancy issued by another state;
   (ii) Entitled to practice public accounting in Washington state; and
   (iii) Principally employed by the firm or actively engaged in its business.
(c) At least one general partner of a partnership, one shareholder of a corporation, and one member of a limited liability company must be a licensee.
(d) Each CPA proprietor, partner, shareholder or member who is either a resident or is entering the state and practicing public ac-
countancy in this state must hold a valid Washington state license or practice privileges.

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

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

g) A nonlicensee owner must:
   (i) Be an individual;
   (ii) Meet the good character requirements of RCW 18.04.105 (1)(a);
   (iii) Comply with the act and board rules; and
   (iv) Be an active individual participant in the licensed firm or affiliated entities as these terms are defined in WAC 4-30-010; and

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

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

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

AMENDATORY SECTION (Amending WSR 11-07-070, filed 3/22/11, effective 4/22/11)

WAC 4-30-112 Must a firm holding a license from another state apply and obtain a Washington state license to hold out and practice in Washington state? (1) A firm license must be obtained from the board if any of the following criteria apply:

(a) The firm has an office in this state and performs attest or compilation services for clients in this state; or

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

(c) The firm is licensed in another state and performs the following services for clients with a home office in this state:

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

   (ii) Any examination of prospective financial information to be performed in accordance with the statements on standards for attestation engagements; and

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

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

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

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

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

(c) The firm meets the board's quality assurance program requirements, when applicable.

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

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

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

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

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

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

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

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

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

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

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

(a) The firm name;

(b) Address and telephone number of the main office and any branch offices of the firm;
(c) Name of the managing licensee of the main office located and maintained in this state;
(d) Resident licensee owners' names;
(e) Name(s) of all resident nonlicensee owners; and
(f) Type of legal organization under which the firm operates.

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

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

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

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

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

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

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

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

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

(4) What events require a firm amendment? An individual authorized by the firm must provide written notification to the board, by
submitting the following information and the appropriate amendment fee, within ninety days of the following:
(a) Admission or withdrawal of a resident licensee owner;
(b) Any change in the name of the firm; or
(c) Change in the resident managing licensee of the firm's main office in this state; or
(d) Change in the resident managing licensee of any branch office of the firm.

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

AMENDATORY SECTION (Amending WSR 14-16-102, filed 8/5/14, effective 9/5/14)

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

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

(a) Compilation on historical financial statements;
(b) Review on historical financial statements;
(c) Audit report on financial statements, performance audit reports, or examination reports on internal controls for nonpublic enterprises;
(d) Other professional services subject to Statements on Standards for Attestation Engagements.

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

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

(a) It is the responsibility of the firm to anticipate its needs for review services in sufficient time to enable the reviewer to complete the review by the assigned review date.
(b) Any firm that is dropped or terminated by a peer review program for any reason shall have twenty-one days to provide written notice to the board of such termination or drop and to request authorization from the board to enroll in another board-approved peer review program.
(c) In the event a firm is merged, otherwise combined, dissolved or separated, the peer review program shall determine which firm is considered the succeeding firm. The succeeding firm shall retain its peer review status and the review due date.
(d) A firm choosing to change to another peer review program may do so only if there is not an open active peer review and if the peer review is performed in accordance with the minimum standards for performing and reporting on peer reviews.

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

(a) Certify whether the firm does or does not perform attest services or compilation services as defined by WAC 4-30-010 (5), (12), or other professional services for which a report expressing assurance is prescribed by professional standards in Washington state.
(b) If the firm is subject to the peer review requirements, provide the name of the approved peer review program in which the firm is enrolled, and the period covered by the firm's most recent peer review;
(c) Certify the result of the firm's most recent peer review.

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

(6) A firm must notify the board within thirty days of the date the peer reviewer or a team captain advises the firm that a grade of pass with deficiencies or fail will be recommended. The notification must include the details of any required corrective action plan being recommended by the peer reviewer or team captain, and the planned date (or time period within which) the firm would intend to complete such remedial action or actions if the proposed corrective action plan is approved by the appropriate peer review acceptance committee.
Notwithstanding any extensions of time by the peer review program administrator, failure by the firm to meet its planned schedule for completing its specific corrective action plan required by the peer review program and/or timely pay for the peer review services can result in board action.

(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.

(8) **Document retention.** RCW 18.04.390(4) and WAC 4-30-051(10) require a firm to retain audit and review records and documentation for a period of seven years after the firm concludes an audit or review of a client's financial statements.

(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.

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

(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)(a)(iii)(A) through (D) or (b) are not required to participate in the board's program if the out-of-state firm participates in a board-approved peer review program or similar program approved or sponsored by another state's board of accountancy.
   (b) Firms that do not perform attest services as defined by WAC 4-30-010(5), compilation services, as defined by WAC 4-30-010(12), or other professional services for which a report expressing assurance is prescribed by professional standards are not required to participate in a peer review program, and shall request exemption on each firm license renewal application.
   (c) Firms that prepare financial statements which do not require reports under Statements on Standards for Accounting and Review Services (management use only compilation reports) and that perform no other attest or compilation services, are not required to participate in a peer review program; however, any such engagements performed by a firm that is otherwise required to participate in a peer review program shall be included in the selection of engagements subject to peer review.

(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 re-
view programs in order to provide reasonable assurance that peer reviews are being conducted and reported on in accordance with the minimum standards for performing and reporting on peer reviews;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

AMENDATORY SECTION (Amending WSR 11-07-070, filed 3/22/11, effective 4/22/11)

WAC 4-30-142  What are the bases for the board to impose discipline?  RCW 18.04.055, 18.04.295, 18.04.305, and 18.04.350 authorize the board to revoke, suspend, refuse to issue, renew, or reinstate an individual or firm license, CPA-Inactive certificate, the right to exercise practice privileges in this state, or registration as a resident nonlicensee firm owner; impose a fine not to exceed thirty thousand dollars; recover investigative and legal costs; impose full restitution to injured parties; impose remedial sanctions; impose conditions precedent to renew; or prohibit a resident nonlicensee from holding an ownership interest in a firm licensed in this state for the specific acts listed below.

The following are specific examples of prohibited acts that constitute grounds for discipline under RCW 18.04.295, 18.04.305, and 18.04.350. The board does not intend this listing to be all inclusive.

  (1) Fraud or deceit in applying for the CPA examination, obtaining a license, registering as a resident nonlicensee firm owner, or in any filings with the board.

  (2) Fraud or deceit in renewing or requesting reinstatement of a license, CPA-Inactive certificate, registration as a resident nonlicensee firm owner.

  (3) Cheating on the CPA exam.

  (4) Making a false or misleading statement in support of another person's application or request to:

      (a) Take the national uniform CPA examination;

      (b) Obtain a license or registration required by the act or board;

      (c) Reinstated or modify the terms of a revoked or suspended license, certificate, or registration as a resident nonlicensee firm owner in this state;

      (d) Reinstated revoked or suspended practice privileges of an individual or firm licensed in another state.

  (5) Dishonesty, fraud, or negligence while representing oneself as a licensee, CPA-Inactive certificate holder, or a resident nonlicensee firm owner including but not limited to:

      (a) Practicing public accounting in Washington state prior to obtaining a license required (by) per RCW 18.04.215 ((end)), obtaining
a firm license as required by RCW 18.04.195, or without qualifying to operate under firm mobility;

(b) Offering or rendering public accounting services in this state by an out-of-state individual ((or firm)) not qualified for practice privileges under RCW ((18.04.195 or)) 18.04.350(2);

(c) Offering or rendering public accounting services in this state by an out-of-state firm not qualified for practice privileges under firm mobility per RCW 18.04.195.

(d) Making misleading, deceptive, or untrue representations;

((e)) (e) Engaging in acts of fiscal dishonesty;

((f)) (f) Purposefully, knowingly, or negligently failing to file a report or record, or filing a false report or record, required by local, state, or federal law;

((g)) (g) Unlawfully selling unregistered securities;

((h)) (h) Unlawfully acting as an unregistered securities salesperson or broker-dealer;

((i)) (i) Discharging a trustee's duties in a negligent manner or breaching one's fiduciary duties, acting in a manner not in compliance with RCW 11.96A.070 (1)(b); or

((j)) (j) Withdrawing or liquidating, as fees earned, funds received by a licensee, CPA-Inactive certificate holder, or a resident nonlicensee firm owner from a client as a deposit or retainer when the client contests the amount of fees earned, until such time as the dispute is resolved.

(6) The following shall be prima facie evidence that a licensee, as defined in WAC 4-30-010, CPA-Inactive certificate holder, a nonlicensee firm owner, or the employees of such persons has engaged in dishonesty, fraud, or negligence while representing oneself as a licensee, as defined in WAC 4-30-010, CPA-Inactive certificate holder, a nonlicensee firm owner, or an employee of such persons:

(a) An order of a court of competent jurisdiction finding that the person or persons committed an act of negligence, fraud, or dishonesty or other act reflecting adversely on the person's fitness to represent himself, herself, or itself as a licensee, as defined in WAC 4-30-010, CPA-Inactive certificate holder, or a nonlicensee firm owner;

(b) An order of a federal, state, local or foreign jurisdiction regulatory body, or a PCAOB, finding that the licensee, as defined in WAC 4-30-010, CPA-Inactive certificate holder, or nonlicensee firm owner, or employee of such persons committed an act of negligence, fraud, or dishonesty or other act reflecting adversely on the person's fitness to represent himself, herself, or itself as a licensee, as defined in WAC 4-30-010, a CPA-Inactive certificate holder, or a nonlicensee firm owner;

(c) Cancellation, revocation, suspension, or refusal to renew the right to practice as a licensee, certificate holder, or a nonlicensee firm owner by any other state for any cause other than failure to pay a fee or to meet the requirements of continuing education in the other state; or

(d) Suspension or revocation of the right to practice before any state agency, federal agency, or the PCAOB.

(7) Sanctions and orders entered by a nongovernmental professionally recognized standard-setting body for violation of ethical or technical standards in the practice of public accounting by a licensee, CPA-Inactive certificate holder, or nonlicensee firm owner;
Any state or federal criminal conviction or commission of any act constituting a crime under the laws of this state, or of another state, or of the United States.

(9) A conflict of interest such as:
(a) Self dealing as a trustee, including, but not limited to:
(i) Investing trust funds in entities controlled by or related to the trustee;
(ii) Borrowing from trust funds, with or without disclosure; and
(iii) Employing persons related to the trustee or entities in which the trust has a beneficial interest to provide services to the trust (unless specifically authorized by the trust creation document).
(b) Borrowing funds from a client unless the client is in the business of making loans of the type obtained by the licensee, as defined in WAC 4-30-010, CPA-Inactive certificate holder, or nonlicensee firm owner and the loan terms are not more favorable than loans extended to other persons of similar credit worthiness.

(10) A violation of the Public Accountancy Act or failure to comply with a board rule contained in Title 4 WAC, by a licensee, defined in WAC 4-30-010, CPA-Inactive certificate holder, or employees of such persons of this state or a licensee of another substantially equivalent state qualified for practice privileges, including but not limited to:
(a) An out-of-state individual exercising the practice privileges authorized by RCW 18.04.350(2) when not qualified;
(b) Submission of an application for firm license on behalf of a firm licensed in another state (and required to obtain a license) that does not meet the firm mobility requirements under RCW 18.04.195 (1)(a)(i)(A) through (D) by an out-of-state individual not qualified under RCW 18.04.350(2) or authorized by the firm to make such application;
(c) Failure of an out-of-state individual exercising the practice privileges authorized under RCW 18.04.350(2) to cease offering or performing professional services in this state, individually or on behalf of a firm, when the license from the state of the out-of-state individual's principal place of business is no longer valid;
(d) Failure of an out-of-state individual exercising the practice privileges authorized under RCW 18.04.350(2) to cease offering or performing specific professional services in this state, individually or on behalf of a firm, when the license from the state of the out-of-state individual's principal place of business has been restricted from performing those specific services;
(e) Failure of ((a)) an out-of-state firm ((not licensed)) operating under firm mobility per RCW 18.04.195 (1)(a)(i)(A), in this state to cease offering or performing professional services in this state through one or more out-of-state individuals whose license from the state of those individuals' principal place(s) of business is (are) no longer valid or is (are) otherwise restricted from performing the specific engagement services;
(f) Failure of a firm licensed in this state, or a firm operating under firm mobility to comply with the ownership requirements of RCW 18.04.195 within a reasonable time period, as determined by the board;
(g) Failure of a firm licensed in this state or another state to comply with the board's quality assurance program requirements, when applicable.

(11) Violation of one or more of the rules of professional conduct included in Title 4 WAC.
(12) Concealing another's violation of the Public Accountancy Act or board rules.

(13) Failure to cooperate with the board by failing to:
   (a) Furnish any papers or documents requested or ordered to produce by the board;
   (b) Furnish in writing a full and complete explanation related to a complaint as requested by the board;
   (c) Respond to an inquiry of the board;
   (d) Respond to subpoenas issued by the board, whether or not the recipient of the subpoena is the accused in the proceeding.

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

(15) Adjudication of a licensee, as defined by WAC 4-30-010, CPA-Inactive certificate holder, or a nonlicensee firm owner as mentally incompetent is prima facie evidence that the person lacks the professional competence required by the rules of professional conduct.

(16) Failure of a licensee, as defined by WAC 4-30-010, CPA-Inactive certificate holder, nonlicensee firm owner, or out-of-state person exercising practice privileges authorized by RCW 18.04.195 and 18.04.350 to timely notify the board, in the manner prescribed by the board, of any of the following:
   (a) A sanction, order, suspension, revocation, or modification of a license, certificate, permit or practice rights by the SEC, PCAOB, IRS, or another state board of accountancy for any cause other than failure to pay a professional license fee by the due date or failure to meet the continuing professional education requirements of another state board of accountancy;
   (b) Charges filed by the SEC, IRS, PCAOB, another state board of accountancy, or a federal or state taxing, insurance or securities regulatory body that the licensee, CPA-Inactive certificate holder, or nonlicensee firm owner committed a prohibited act that would be a violation of board ethical or technical standards;
   (c) Sanctions or orders entered against such persons by a nongovernmental professionally related standard-setting body for violation of ethical or technical standards in the practice of public accounting by a licensee, CPA-Inactive certificate holder, or nonlicensee firm owner.
WASHINGTON STATE BOARD OF ACCOUNTANCY

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

Time and Place of Meeting
9:00 a.m. – 1:15 p.m. Tuesday, April 19, 2016
Evergreen Plaza
Second Floor Conference Room
711 Capitol Way South
Olympia, Washington

Attendance
Thomas G. Neill, CPA, Chair, Board Member
Elizabeth D. Masnari, CPA, Vice Chair, Board Member
James R. Ladd, Secretary, Public Member
Emily R. Rollins, CPA, Board Member
Donald F. Aubrey, CPA, Board Member
Lauren C. Jassny, Public Member
Edwin G. Jolicoeur, CPA, Board Member
Favian Valencia, Public Member
Bruce L. Turcott, Assistant Attorney General, Board Adviser
Charles E. Satterlund, CPA, Executive Director
Jennifer Sciba, Deputy Director
Kirsten Donovan, Board Clerk

Public Rule-Making Hearing
The Board held a public rule-making hearing from 9:01 a.m. to 9:10 a.m. The Board Chair presided. The Board proposed to amend:

- WAC 4-30-060 – What are the education requirements to qualify to apply for the CPA examination?

The Executive Director presented a brief statement.

No written comments were received.

- WAC 4-30-062 How do I apply to take the CPA examination?

The Executive Director presented a brief statement.

No written comments were received.

Call to Order
Board Chair, Tom Neill, called the regular meeting of the Board to order at 9:10 a.m.

The Board Chair excused the absence of Karen Saunders, CPA, Board Member.
Minutes, April 19, 2016, Regular Board Meeting

Rules Review

WAC 4-30-060 What are the education requirements to qualify to apply for the CPA examination?

The Board voted unanimously to adopt the rule with minor changes that do not change the general subject matter of the proposed rule. The Board voted for an implementation date 31 days after filing.

WAC 4-30-062 How do I apply to take the CPA examination?

The Board voted unanimously to adopt the rule with minor changes that do not change the general subject matter of the proposed rule. The Board voted for an implementation date 31 days after filing.

Minutes – January 29, 2016, Regular Board Meeting

The Board approved the minutes of the January 29, 2016, Board meeting as presented.

Board Policies Annual Review

The Board completed its annual review of all Board policies.

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

- 2000-1 Continuing Professional Education and Licensing Requirements
- 2002-1 Substantially Equivalent Jurisdictions
- 2002-2 Expert Witness Services
- 2002-4 International Reciprocity
- 2003-1 Safe Harbor Report Language for Use by Non-CPAs
- 2004-1 Sanction and Penalty Guidelines
- 2004-2 Exam Applicant Disability Documentation and Testing Modification Guidelines
- 2011-1 Principles Underlying Board Rules
- 2011-2 Interim Policy Guidelines Pending Rule Changes
- 2012-1 Social Media
- 2015-1 Board Member Travel and Attendance at Group Gatherings
The following policies may be considered at future meetings:

- 2002-4 International Reciprocity
- 2003-1 Safe Harbor Report Language for Use by Non-CPAs
- 2004-1 Sanction and Penalty Guidelines

**NASBA Update**

Ed Jolicoeur, CPA, Pacific Regional Director for the National Association of State Boards of Accountancy (NASBA), reported on the following NASBA activities:

- Use of title project
- Education accreditation
- Implementation of the new CPA Examination
- Western Regional meeting being held in Denver, CO, June 22-24
- Ed intends on running for the Pacific Regional Director position for a third and final term

The Executive Director reported on the following topics from the Executive Director Conference:

- AICPA – Designation Chartered Global Management Accountant (CGMA)
- Education Accreditation

**Rules Review**

**House Bill ESHB 2433 – Firm Mobility**

The Board Chair led the discussion on the new law and the related necessary changes to WAC 4-30-010, WAC 4-30-034, WAC 4-30-058, WAC 4-30-090, WAC 4-30-110, WAC 4-30-112, WAC 4-30-114, WAC 4-30-130, WAC 4-30-140, and WAC 4-30-142.

The Board directed staff to file the CR-101 with the Office of the Code Reviser for the affected rules.

The Board scheduled a special meeting to be held by teleconference on June 8, 2016, at 1:30 p.m. The meeting will address the proposed revisions to the rules and the potential filing of the CR-102.
WAC 4-30-010 Definitions

The Executive Director presented the CR-101 draft, and Don Aubrey led the discussion on the proposed revisions. The revisions included adding definitions for:

- Fiduciary duty
- Breach of fiduciary duty

The Board directed staff to include minor changes to the current proposed revisions with the CR-102 filing for the revisions related to the passing of ESHB 2433.

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

The Executive Director presented the CR-101 draft, and Don Aubrey led the discussion on the proposed revisions. The revision added language to WAC 4-30-142(5)(h) to include not issuing an asset distribution report not containing all the disclosures outlined in RCW 11.96a.070 under the description of discharging a trustee’s duties in a negligent manner of breaching one’s fiduciary duties.

The Board directed staff to include minor changes to the current proposed revisions with the CR-102 filing for the revisions related to the passing of ESHB 2433.

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

The Board Chair led the discussion on revisions to the rule requesting that Board Members begin considering potential changes.

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

The Board Chair led the discussion on revisions to the rule requesting that Board Members begin considering potential changes.
The Board Chair led the discussion on the Board Member Participation Summary. The summaries are to be completed annually for the October Board meeting.

<table>
<thead>
<tr>
<th>Legal Counsel’s Report</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bruce Turcott, the Board’s legal counsel, reported on:</td>
</tr>
<tr>
<td>• Revisions to the Open Public Meetings Act, which increased the penalties for violations</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Chair’s Report</th>
</tr>
</thead>
<tbody>
<tr>
<td>AICPA – NASBA UAA Update</td>
</tr>
<tr>
<td>Changes to Model Rules discussed at the Ft. Lauderdale conference:</td>
</tr>
<tr>
<td>• International pathway</td>
</tr>
<tr>
<td>• SSARS 21</td>
</tr>
<tr>
<td>• Continuing education</td>
</tr>
<tr>
<td>• Peer review</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>The Role of a Consulting Board Member (CBM)</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Review case/investigation file</td>
</tr>
<tr>
<td>• Discussion with other Board Member not allowed</td>
</tr>
<tr>
<td>• Brief Adjudicative Process (BAP) discussed</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>New Board Member Training in July</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Investigation process training to take place at July meeting</td>
</tr>
<tr>
<td>• Open Public Meetings Act training available online</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Farewell to Board Members</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tom thanked Ed Jolicoeur, Don Aubrey, and Lauren Jassny for their commitment, contribution, and time dedicated to the Board throughout their years of service.</td>
</tr>
</tbody>
</table>

| Charles also thanked the outgoing Board Members for all of their help. |

<table>
<thead>
<tr>
<th>Executive Committee</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Chair reported that the following topic was discussed during the committee teleconference:</td>
</tr>
<tr>
<td>• The Board meeting agenda</td>
</tr>
</tbody>
</table>
Compliance Assurance Oversight Committee  Ed Jolicoeur reported on the Peer Review Oversight Committee’s 2015 Annual Report.

Legislative Review Committee  Favian Valencia had nothing to report.

Quality Assurance Committee  Tom Neill reported on the results of the 2015 Continuing Professional Education (CPE) Audit.

Request Review Committee  Elizabeth Masnari reported:

Firm Names: Approved:

Access Accounting and Tax Services PS
Long Enterprises, PLLC
Burt Tax & Accounting, Inc.
Fruci & Associates II, PLLC
H&M Associates, PLLC
Harris Accounting Associates PLLC
LTSP, Inc.
PKF O’Connor Davies, LLP
M E Bravos CPA
US&CO CPA’s – WA, PLLC DBA US&CO Certified Public Accountants PLLC

Professional/Educational Organization - Recognition Requests: During the 1st quarter 2016, the Board did not receive any requests for recognition of an educational organization for purposes of obtaining list requests.

Domestic or Foreign Education Credential Evaluation Services – Applications: During the 1st quarter 2016, the Board did not receive any requests for recognition of domestic or international education credential evaluation services.

State Ethics Compliance Committee  Jim Ladd had nothing to report.
Minutes, April 19, 2016, Regular Board Meeting

<table>
<thead>
<tr>
<th>Committee</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Qualifications Committee</td>
<td>Emily Rollins had nothing to report.</td>
</tr>
<tr>
<td>Performance Review and Succession Committee</td>
<td>Emily Rollins requested that the committee schedule a meeting to review the performance review report.</td>
</tr>
<tr>
<td>Social Media Committee</td>
<td>Favian Valencia had nothing to report.</td>
</tr>
<tr>
<td>WSCPA Education Fund Committee</td>
<td>Elizabeth Masnari reported that the committee is scheduled to meet on May 10, 2016 with the Washington Society of CPAs (WSCPA).</td>
</tr>
<tr>
<td>Executive Director’s Report</td>
<td>The Executive Director presented the Allotment Expenditure/Revenue BTD Flexible report.</td>
</tr>
</tbody>
</table>

### Enforcement
- Two classified employees make up the enforcement team
- The case load is currently down to 19 cases

### Peer Review
- Risk to the public exists from firms with failures and pass with deficiency results
- Looking at discipline for firms with repeat failures

### Board Member Appointments and Reappointments
- Three open positions for appointments – multiple applications have been submitted to the Governor’s office
- Two Board Members up for reappointment – applications must be completed by May 30, 2016

### Scholarship Foundation and Governance
- Process is currently unknown
- Details still being sorted out

### AICPA and CGMA
The Executive Director expressed concerns over the use of the CGMA title.
Investigations Report

**Investigation Statistics/Investigations & Administrative Sanctions:** The Executive Director presented the following report to the Board:

- Enforcement Report: January 1, 2016, through March 31, 2016

Public Input

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

Kimberly Scott reported on the WSCPA scholarships.

- 311 applications received
- 172 qualified applicants
- 46 scholarships granted
- 16 schools represented
- 3.83 GPA average of recipients
- $175,000 distributed from WBOA funds transferred to the scholarship fund

Executive and/or Closed Session with Legal Counsel

A closed session was held regarding adjudicative proceedings which are not subject to the Open Public Meeting Act under RCW 42.30.140(3).

James Ladd recused himself from the discussion.

Adjournment

The Board meeting adjourned at 1:15 p.m.
Minutes, April 19, 2016, Regular Board Meeting

__________________________________________
Secretary

__________________________________________
Chair

__________________________________________
Vice-Chair

__________________________________________
Member

__________________________________________
Member

__________________________________________
Member

__________________________________________
Member

__________________________________________
Member
WASHINGTON STATE BOARD OF ACCOUNTANCY

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

Time and Place of Meeting

1:35 p.m. – 2:13 p.m. Wednesday, June 8, 2016
Evergreen Plaza
Washington State Board of Accountancy Office
711 Capitol Way South Suite 400
Olympia, Washington

Attendance

Thomas G. Neill, CPA, Chair, Board Member
Elizabeth D. Masnari, CPA, Vice Chair, Board Member
James R. Ladd, Secretary, Public Member
Emily R. Rollins, CPA, Board Member
Donald F. Aubrey, CPA, Board Member
Favian Valencia, Public Member
Bruce L. Turcott, Assistant Attorney General, Board Adviser
Charles E. Satterlund, CPA, Executive Director
Jennifer Sciba, Deputy Director
Kirsten Donovan, Board Clerk

Call to Order

Board Chair, Tom Neill, called the special meeting of the Board to order at 1:35 p.m.

Board Members attended by teleconference.

The Board Chair excused the absence of Ed Jolicoeur, CPA, Board Member, Karen Saunders, CPA, Board Member, and Lauren Jassny, Public Member.

ESHB 2433 Firm Mobility

The Board Chair led the discussion on the new law and the related necessary changes to Board Rules.

The Executive Director thanked Jennifer Sciba, Deputy Director, for her assistance in identifying the rules that required changes. The Executive Director also thanked Bruce Turcott, AAG Board Adviser, for his assistance in drafting the changes.

Rules Review

WAC 4-30-010 Definitions

The Board Chair presented the CR-101 draft and led the discussion on the proposed revisions.

The Board directed staff to make minor edits, file the CR-102 with the Office of the Code Reviser combining the proposed changes from these current revisions and the prior agreed upon revisions concerning fiduciary,
and schedule a public rule-making hearing in conjunction with the Board’s July meeting.

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

The Board Chair presented the CR-101 draft and led the discussion on the proposed revisions.

The Board directed staff to file the CR-102 with the Office of the Code Reviser as written for this proposal and schedule a public rule-making hearing in conjunction with the Board’s July meeting.

WAC 4-30-058 Does the board authorize the use of any other titles or designations?

The Board Chair presented the CR-101 draft and led the discussion on the proposed revisions.

The Board directed staff to file the CR-102 with the Office of the Code Reviser with minor edits for this proposal and schedule a public rule-making hearing in conjunction with the Board’s July meeting.

WAC 4-30-090 Must an out-of-state individual holding a license from another state apply and obtain a Washington state license to hold out and practice in Washington state?

The Board Chair presented the CR-101 draft and led the discussion on the proposed revisions.

The Board directed staff to file the CR-102 with the Office of the Code Reviser with minor edits for this proposal and schedule a public rule-making hearing in conjunction with the Board’s July meeting.

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

The Board Chair presented the CR-101 draft and led the discussion on the proposed revisions.
The Board directed staff to file the CR-102 with the Office of the Code Reviser as written for this proposal and schedule a public rule-making hearing in conjunction with the Board’s July meeting.

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

The Board Chair presented the CR-101 draft and led the discussion on the proposed revisions.

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

The Board Chair presented the CR-101 draft and led the discussion on the proposed revisions.

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

The Board Chair presented the CR-101 draft and led the discussion on the proposed revisions.

WAC 4-30-142 What are the bases for the board to impose discipline?
The Board Chair presented the CR-101 draft and led the discussion on the proposed revisions.

The Board directed staff to make minor edits, file the CR-102 with the Office of the Code Reviser combining the proposed changes from these current revisions and the prior agreed upon revisions concerning fiduciary, and schedule a public rule-making hearing in conjunction with the Board’s July meeting.

Public Input

Kimberly Scott stated that the WSCPA has no statements at this time.

Executive and/or Closed Session with Legal Counsel

A closed session was held regarding litigation which is not subject to the Open Public Meeting Act under RCW 42.30.140(3).

Adjournment

The Board meeting adjourned at 2:13 p.m.
<table>
<thead>
<tr>
<th>Bill Summary</th>
<th>Active Legislation</th>
<th>Date Filed</th>
<th>Bill #</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reviewing board actions for unreasonable rates on trade, contract for the services of independent audit experts for purposes of board decision or action.</td>
<td>SB 1195</td>
<td>2/19/16</td>
<td>California</td>
</tr>
<tr>
<td>Gives the director of consumer affairs upon his or her own initiative, to review a decision of another action of a board to determine whether it unreasonably restricts trade, and to approve, disapprove, or modify the decision. Upon the request of a consumer or licensee, to require the director of consumer affairs, upon his or her own initiative, and</td>
<td></td>
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<tr>
<td>Clearly articulates state policy to displace competition, competition and, if so, whether the action was proposed pursuant to a proposed rule of action submitted by a board controlled by a number of members of which are active market participants in the profession, to provide for further review by the legislative reference service of each</td>
<td>SB 80</td>
<td>2/2/16</td>
<td>Alabama</td>
</tr>
</tbody>
</table>

**Dental Board Fallout - Legislation**
<table>
<thead>
<tr>
<th>Bill Summary</th>
<th>Action Taken</th>
<th>Date Filed</th>
<th>Jurisdiction</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Dental Board Fallout - Legislation</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>State</td>
<td>Legislation Status</td>
<td>Bill Number</td>
<td>Action Taken</td>
</tr>
<tr>
<td>-------</td>
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</tr>
<tr>
<td>North Carolina</td>
<td>Active Legislation</td>
<td>HB 1077</td>
<td>Died in Committee</td>
</tr>
<tr>
<td>Utah</td>
<td>Active Legislation</td>
<td>HB 32</td>
<td></td>
</tr>
<tr>
<td>Nebraska</td>
<td>Bill Died</td>
<td>LR 346</td>
<td>Committee</td>
</tr>
<tr>
<td>South Dakota</td>
<td>No action taken</td>
<td>HB 1245</td>
<td>2/5/16</td>
</tr>
<tr>
<td>Oklahoma</td>
<td>Active Legislation</td>
<td>SB 1426</td>
<td>1/23/16</td>
</tr>
</tbody>
</table>

**Bill Summary**

**Dental Board Fallout – Legislation**

An act to accommodate legislation relating to occupational licensure.

- Discipline against an individual or business
- Promulgated by state boards, and any amendments by boards regulating professions
- Promulgated by boards, the review committee shall review rules
- Legislative Review of the occupational licenses
- Legislation that creates the occupational licenses
- Review System Act to boards are exempt to liability under existing laws.
- Legislative Resolution to examine whether, under the North Carolina State Board of Dentistry, a person who is not a dentist may practice dentistry.

**Notes:**

- NC Dental Board:
  - Acts to propose the language from the FTC’s order against the board.
  - Any violation of a violation or has any indication that the board has made any finding of a violation. However, the notification shall not be required to investigate unlicensed activity.

- The board shall have the authority to investigate unlicensed conduct.

- Taking enforcement actions against persons not licensed by the board.

- The legislation also requires the board to:
  - Adopt rules for the receipt and resolution of complaints, for taking disciplinary or enforcement action against an occupationally licensed person.
  - The legislation also requires the board to:
    - Permits the board to act on any complaint.
    - The legislation requires the board to:
      - Adopt rules for the receipt and resolution of complaints, for taking disciplinary or enforcement action against an occupationally licensed person.
      - The legislation also requires the board to:
        - Permits the board to act on any complaint.

- Legislation consistent with section 21400.

- Legislation also creates an analytic position to analyze occupational licensure.

- Extends the jurisdiction of the boards and committees consistent with the policies in this section.

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<tr>
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<th>Bill #</th>
<th>Date Filed</th>
<th>Action Taken</th>
<th>Summary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wyoming</td>
<td>1/29/16</td>
<td>SF 55</td>
<td>in committee</td>
<td>Legislation requires the Attorney General to designate an attorney or members and staff (both current and former) to act as a supervising official to carry out such duties.</td>
</tr>
<tr>
<td>Vermont</td>
<td>1/15/16</td>
<td>SB 71</td>
<td>introduced</td>
<td>Legislation requires mandatory training for all members and representatives from the Attorney General's office and their respective boards.</td>
</tr>
<tr>
<td>West Virginia</td>
<td>1/28/16</td>
<td>HB 4312</td>
<td>committee</td>
<td>Legislation reduces the number of active CPA's on the WV BOA from five to three.</td>
</tr>
<tr>
<td>Virginia</td>
<td>1/26/16</td>
<td>HB 1388</td>
<td>subcommittee</td>
<td>Legislation states that the agency heads are responsible for determining the board's policy.</td>
</tr>
</tbody>
</table>

**As of June 1, 2016**
Elizabeth Masnari, CPA, Chair

During the second quarter 2016, the Executive Director and a Consulting Board Member from the Request Review Committee took the following action:

Firm Names: Approved:
Right CPA LLC
TJ CPA PC
J K Baerwald, CPA
ALP Tax & Accounting Services, Inc
Sanneson LLC
Whatcom CPA Group PLLC
Trans-Pacific Accounting and Business Consulting, LLC
Viridian CPA LLC
CIL Consulting Inc
Keene.cpa, PS
KWC Tax, LLC
EKL Accounting Solutions, PLLC

Professional/Educational Organization – Recognition Requests – During the 2nd quarter in 2016, the Board approved the University of Washington, School of Law as an educational organization for the purposes of obtaining a list of individual CPAs.

Domestic or International Education Credential Evaluation Services – During the 2nd quarter in 2016, the Board did not receive any requests for recognition of domestic or international education credential evaluation services.

Late Fee Waiver Requests – Late Fee Waiver Requests were received between 05/01/2016 and 06/30/2016.

A Total of 9 Requests were Received
- 6 requests for an Individual CPA License
  - 6 Request Approved
  - 0 Requests Denied
- 1 requests for a CPA-Inactive Certificateholder
  - 1 Requests Approved
  - 0 Requests Denied
- 2 requests for a CPA Firm License
  - 2 Requests Approved
  - 0 Requests Denied
<table>
<thead>
<tr>
<th>By Object</th>
<th>Total for Agency</th>
</tr>
</thead>
<tbody>
<tr>
<td>N - Other Services</td>
<td></td>
</tr>
<tr>
<td>F - Goods and Services</td>
<td></td>
</tr>
<tr>
<td>Q - Special Revenue</td>
<td></td>
</tr>
<tr>
<td>E - Professional Service Contracts</td>
<td></td>
</tr>
<tr>
<td>B - Employee Benefits</td>
<td></td>
</tr>
<tr>
<td>A - Salaries and Wages</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>By Account/Expenditure Authority</th>
<th>Total for Agency</th>
</tr>
</thead>
<tbody>
<tr>
<td>C1 - Capital Public Accountability</td>
<td></td>
</tr>
<tr>
<td>C2 - Other Public Accountability</td>
<td></td>
</tr>
<tr>
<td>C3 - General Public Accountability</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>By Account/Expenditure Authority</th>
<th>Total for Agency</th>
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</thead>
<tbody>
<tr>
<td>C1 - Capital Public Accountability</td>
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</table>

<table>
<thead>
<tr>
<th>By Account/Expenditure Authority</th>
<th>Total for Agency</th>
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</thead>
<tbody>
<tr>
<td>C2 - Other Public Accountability</td>
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</table>

<table>
<thead>
<tr>
<th>By Account/Expenditure Authority</th>
<th>Total for Agency</th>
</tr>
</thead>
<tbody>
<tr>
<td>C3 - General Public Accountability</td>
<td></td>
</tr>
</tbody>
</table>

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For a complete list of all major categories, please see the full page of the report.

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Account 2017: 1650 - State Board of Accountability
<table>
<thead>
<tr>
<th>Fund Code:</th>
<th>02J</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund Name:</td>
<td>CERTIFIED PUBLIC ACCOUNTANTS' ACCT</td>
</tr>
<tr>
<td>Fund Type:</td>
<td>SPECIAL REVENUE FUNDS (BA)</td>
</tr>
<tr>
<td>Treasury Type:</td>
<td>Treasury (1)</td>
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<td>Budget Type:</td>
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<tr>
<td>Roll-Up Fund:</td>
<td>CENTRAL ADMIN AND REGULATORY FUND (FBD)</td>
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<tr>
<td>Agency:</td>
<td>STATE BOARD OF ACCOUNTANCY (1650)</td>
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<tr>
<td>Statute:</td>
<td>18.04.105</td>
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<td>SPECIAL REVENUE FUNDS (B)</td>
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<tr>
<td>Active:</td>
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</tr>
<tr>
<td>DOT Fund:</td>
<td>No</td>
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Balance As Of: 6/30/2016
Book Balance: 4,072,320.21
Outstanding Warrants: 1,800.00
Cash Balance: 4,074,120.21

Show Balances As Of: 06/30/2016
### Fund Data

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<th>Balance As Of:</th>
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<th>Show Balances As Of:</th>
<th>06/30/2016</th>
<th>Retrieve</th>
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<tr>
<td>Book Balance:</td>
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<tr>
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<td>DOT Fund:</td>
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### Board of Accountancy
**Washington State**
**Enforcement Report**
Quarter Report (Apr 01, 2016 through Jun 30, 2016)

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<th></th>
<th>Complaints</th>
<th>Investigations</th>
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<td>Ongoing at start of period</td>
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<tr>
<td>Received during period</td>
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<tr>
<td>Cases Dismissed (investigated &gt; 180 days)</td>
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