



**Note: If any category is left blank, it will be calculated as zero.  
No descriptive text.**

**Count by whole WAC sections only, from the WAC number through the history note.  
A section may be counted in more than one category.**

**The number of sections adopted in order to comply with:**

<b>Federal statute:</b>	New	_____	Amended	_____	Repealed	_____
<b>Federal rules or standards:</b>	New	_____	Amended	_____	Repealed	_____
<b>Recently enacted state statutes:</b>	New	_____	Amended	_____	Repealed	_____

**The number of sections adopted at the request of a nongovernmental entity:**

New	_____	Amended	_____	Repealed	_____
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**The number of sections adopted in the agency's own initiative:**

New	<u>4</u>	Amended	<u>42</u>	Repealed	<u>1</u>
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**The number of sections adopted in order to clarify, streamline, or reform agency procedures:**

New	<u>4</u>	Amended	<u>42</u>	Repealed	<u>1</u>
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**The number of sections adopted using:**

<b>Negotiated rule making:</b>	New	_____	Amended	_____	Repealed	_____
<b>Pilot rule making:</b>	New	_____	Amended	_____	Repealed	_____
<b>Other alternative rule making:</b>	New	<u>4</u>	Amended	<u>42</u>	Repealed	<u>1</u>

**Citation of existing rules affected by this order:**

<b>WAC sections:</b>	<b>Title:</b>	<b>New WAC section:</b>	<b>Grouping</b>
WAC 4-25-400	What is the authority for and the purpose of the board's rules?	4-30-020	Board Administration
WAC 4-25-410	Definitions	4-30-010	Definitions
WAC 4-25-510	What is the board's meeting schedule and how are officers elected?	4-30-022	Board Administration
WAC 4-25-520	What public records does the board maintain?	4-30-024	Board Administration
WAC 4-25-521	How can the board be contacted?	4-30-026	Board Administration
WAC 4-25-530	Fees.	4-30-038	Board Administration
WAC 4-25-540	What rules govern the proceedings before the board?	4-30-028	Board Administration
WAC 4-25-550	Do I need to notify the board if I change my address?	4-30-032	Board Administration
WAC 4-25-551	Must I respond to inquiries from the board?	4-30-034	Board Administration
WAC 4-25-620	What are the requirements concerning integrity and objectivity?	4-30-040	Ethics and Prohibited Practices
WAC 4-25-622	When must a CPA or CPA firm be independent?	4-30-042	Ethics and Prohibited Practices
WAC 4-25-626	What restrictions govern commissions, referral, and contingent fees?	4-30-044	Ethics and Prohibited Practices
WAC 4-25-630	What are the requirements concerning competence?	4-30-046	Ethics and Prohibited Practices
WAC 4-25-631	With which rules, regulations and professional standards must a CPA, CPA-Inactive certificateholder, CPA firm, and firm owner comply?	4-30-048	Ethics and Prohibited Practices
WAC 4-25-650	What acts are considered discreditable?	4-30-052	Ethics and Prohibited Practices
WAC 4-25-660	What are the limitations on advertising and other forms of solicitation?	4-30-054	Ethics and Prohibited Practices
WAC 4-25-661	What are the limitations regarding individual and firm names?	4-30-056	Ethics and Prohibited Practices
WAC 4-25-710	What are the education requirements to qualify to apply for the CPA examination?	4-30-060	Uniform CPA Examination
WAC 4-25-720	How do I apply to take the CPA examination?	4-30-062	Uniform CPA Examination
WAC 4-25-721	What does the board consider to be cheating on the CPA examination, what actions may the board take if cheating is suspected, and what sanctions may the board impose if cheating occurs?	4-30-064	Uniform CPA Examination
WAC 4-25-730	What are the experience requirements in order to obtain a CPA license?	4-30-070	Individual Experience and Verification
WAC 4-25-735	How does a CPA-Inactive certificateholder apply for licensure?	4-30-082	Washington Resident Individual Licensing
WAC 4-25-745	How do I apply for an initial CPA license?	4-30-080	Washington Resident Individual Licensing
WAC 4-25-746	How do I apply for a Washington state CPA license if I hold a valid CPA license in another state?	4-30-092	Individual Licensing by Interstate Reciprocity
WAC 4-25-747	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?	4-30-090	Individual Licensing by Interstate Reciprocity
WAC 4-25-750	What are the CPA firm licensing requirements?	4-30-110	CPA Firm Organization and Ownership
WAC 4-25-752	How do I register to be a resident nonlicensee owner of a licensed firm and with which rules must a nonlicensee firm owner	4-30-116	Firm Licensing Requirements

<b>WAC sections:</b>	<b>Title:</b>	<b>New WAC section:</b>	<b>Grouping</b>
	comply?		
WAC 4-25-753	Must a firm holding a license from another state apply and obtain a Washington state license to hold out and practice in Washington state?	4-30-112	Firm Licensing Requirements
WAC 4-25-781	What are the rules governing reciprocity for accountants from foreign countries?	4-30-100	Individual Licensing by International Reciprocity
WAC 4-25-782	How do I apply for an initial Washington state license through foreign reciprocity?	4-30-102	Individual Licensing by International Reciprocity
WAC 4-25-783	How do I renew a Washington CPA-Inactive certificate and/or license granted through foreign reciprocity?	4-30-104	Individual Licensing by International Reciprocity
WAC 4-25-790	How do I renew my individual license, CPA-Inactive certificate, or registration as a resident nonlicensee firm owner?	4-30-094	Individual Licensing by Interstate Reciprocity
WAC 4-25-791	I am a CPA-Inactive certificateholder--Prior to July 1, 2001, I held a license--How do I apply to return to my previous status as a licensee?	4-30-120	Conversions, Retirements and Reinstatements
WAC 4-25-792	How do I reinstate a lapsed individual license, CPA-Inactive certificate, or registration as a resident nonlicensee firm owner?	4-30-124	Conversions, Retirements and Reinstatements
WAC 4-25-793	If I retire my license or CPA-Inactive certificate, how do I apply to return to my previous status as a licensee or a CPA-Inactive certificateholder?	4-30-122	Conversions, Retirements and Reinstatements
WAC 4-25-795	How do I reinstate a revoked or suspended license, CPA-Inactive certificate, or registration as a resident nonlicensee firm owner?	4-30-126	Conversions, Retirements and Reinstatements
WAC 4-25-820	What are the requirements for participating in quality assurance review (QAR)?	4-30-130	Continuing Competency
WAC 4-25-830	What are the CPE requirements?	4-30-134	Continuing Competency
WAC 4-25-831	What are the program standards for CPE?	4-30-132	Continuing Competency
WAC 4-25-832	How do I report my CPE to the board?	4-30-136	Continuing Competency
WAC 4-25-833	What documentation must I retain to support my eligibility for CPE credits?	4-30-138	Continuing Competency
WAC 4-25-910	What are the bases for the board to impose discipline?	4-30-142	Investigations, Discipline And Enforcement
WAC 4-25-930	Does the board authorize the use of any other titles or designations?	4-30-058	Ethics and Prohibited Practices

**New sections:**

<b>New WAC sections:</b>	<b>Title:</b>	<b>Grouping</b>
WAC 4-30-030	What are the requirements for communicating with the board and staff?	Board Administration
WAC 4-30-072	What are the responsibilities of a verifying CPA?	Individual Experience and Verification
WAC 4-30-114	How do I apply for and maintain a firm license?	Firm Licensing Requirements
WAC 4-30-140	What are the authority, structure, and processes for investigations and	Investigations,

	sanctions?	Discipline And Enforcement
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**Repeal:**

WAC section:	Title:
WAC 4-25-610	Which rules govern the conduct of CPAs, CPA-Inactive certificateholders, CPA firms, and firm owners?

**Statutory authority for adoption:**

WAC section:	Statutory authority for adoption
4-25-400	RCW 18.04.055
4-25-410	RCW 18.04.055; 18.04.025; 18.04.350
4-25-510	RCW 18.04.055; 42.30.070
4-25-520	RCW 18.04.055; 42.56.070
4-25-521	RCW 18.04.055; 42.56.040
4-25-530	RCW 18.04.055; 18.04.065; 18.04.105(1)(e), (3), and (4)(e); 18.04.195(10); 18.04.205(4); 18.04.215(3), (4), and (8); 42.56.120
4-25-540	RCW 18.04.055(1); 34.05.220; and 34.05.482
4-25-550	RCW 18.04.055(16)
4-25-551	RCW 18.04.055(16)
4-25-610	RCW 18.04.055(2)
<b>Repeal</b>	
4-25-620	RCW 18.04.055(2)
4-25-622	RCW 18.04.055(2)
4-25-626	RCW 18.04.055(2)
4-25-630	RCW 18.04.055(2)
4-25-631	RCW 18.04.055(2)
4-25-650	RCW 18.04.055(2)
4-25-660	RCW 18.04.055(2)
4-25-710	RCW 18.04.055(5); 18.04.105(1)
4-25-720	RCW 18.04.105(2)
4-25-721	RCW 18.04.105(2)
4-25-730	RCW 18.04.055(11); 18.04.105(1)(d)
4-25-735	RCW 18.04.055(12); 18.04.105(4)
4-25-745	RCW 18.04.055; 18.04.105(1); 18.04.215(1)
4-25-746	RCW 18.04.180; 18.04.215(6)
4-25-747	RCW 18.04.350(2), (3), (4), (5)
4-25-750	RCW 18.04.055(8); 18.04.195; 18.04.205
4-25-752	RCW 18.04.055(13); 18.04.195(11) and (12)
4-25-753	RCW 18.04.055(8); 18.04.195
4-25-781	RCW 18.04.183
4-25-782	RCW 18.04.183
4-25-783	RCW 18.04.183; 18.04.215(2)
4-25-790	RCW 18.04.215(2) and (4)
4-25-791	RCW 18.04.215(2) and (4)
4-25-792	RCW 18.04.215(2) and (4)
4-25-793	RCW 18.04.215(7)
4-25-795	RCW 18.04.215(2); 18.04.335; 34.05.220
4-25-820	RCW 18.04.055(9)
4-25-830	RCW 18.04.055(7); 18.04.215(5)
4-25-831	RCW 18.04.055(7); 18.04.215(5)
4-25-832	RCW 18.04.055(7); 18.04.215(5)

<b>WAC section:</b>	<b>Statutory authority for adoption</b>
4-25-833	RCW 18.04.055(7); 18.04.215(5)
4-25-910	RCW 18.04.055(16); 18.04.195(11)(d); 18.04.295; 18.04.305; 18.04.350(2)
4-25-930	RCW 18.04.350(13)

<b>WAC section:</b>	<b>Statutory authority for adoption</b>
WAC 4-30-030	RCW 18.04.055 (1), (8), (16); 18.04.183; 18.04.195(13)(b); 18.04.205; 18.04.215(9)(b); 34.05.220; and 34.05.482
WAC 4-30-072	RCW 18.04.055(11); 18.04.105(1)(d)
WAC 4-30-114	RCW 18.04.055(8); 18.04.195; 18.04.205
WAC 4-30-140	RCW 18.04.045(7) and (8); 18.04.055; 18.04.295; 18.04.350(6)

AMENDATORY SECTION (Amending WSR 08-18-016, filed 8/25/08, effective 9/25/08)

**WAC 4-25-410 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 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) of this section.

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

(8) "**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.

(9) "**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.

(10) "**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.

(11) "**Commissions and referral fees**" are compensation arrangements where(~~(a)~~

~~(a))~~ 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

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

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

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

(12) "**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.

(13) "**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.

(14) "**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).

(15) "**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.

(16) "**CPE**" means continuing professional education.

(17) "**Firm**" means a sole proprietorship, a corporation, or a partnership. "Firm" also means a limited liability company or partnership formed under chapters 25.15 and 18.100 RCW and a



professional service corporation formed under chapters 23B.02 and 18.100 RCW.

(18) "**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.

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

(20) "**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.

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

(22) "**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.

(23) "**Individual**" means a living, human being.

(24) "**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.

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

(26) "**IRS**" means Internal Revenue Service.

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

(28) "**Licensee**" means an individual or firm holding a valid license to practice public accounting issued under the act, including out-of-state individuals (~~(qualifying for)~~) 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)(b).

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

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

(31) "**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.

(32) **"PCAOB"** means Public Company Accounting Oversight Board.

(33) **"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.

(34) **"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.

(35) **"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.

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

(37) **"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 (~~holding~~) 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(~~(+6)~~) (10) by persons or firms not required to be licensed under the act.

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

(39) **"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.

(40) **"Referral fees"** see definition of "commissions and referral fees" in subsection (11) of this section.

(41) **"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.

(42) **"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.

(43) **"Rules of professional conduct"** means rules adopted by the board to govern the conduct of licensees, as defined in subsection (28) 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).

(44) **"SEC"** means the Securities and Exchange Commission.

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

(46) **"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).

(47) **"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.

(48) "**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.

(49) "**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 07-14-034, filed 6/26/07, effective 7/27/07)

**WAC 4-25-510 What is the board's meeting schedule and how are officers elected?** Regular board meetings begin at 9:00 a.m. on the last Friday of the month in the months of January, April and July or as otherwise determined by the board. The board holds an annual meeting beginning at 9:00 a.m. on the last Friday of October or as otherwise determined by the board.

The board consists of nine members. At the annual meeting the board elects the chair, vice-chair, and secretary from its members. The newly elected officers assume the duties of their offices on January 1 following the annual board meeting. Officers serve a term of one year and can be reelected for one additional term.

Either the chair or a quorum of the board has the authority to call meetings of the board. The chair presides at all meetings. In the event of the chair's absence or inability to act, the vice-chair presides. The board determines other duties of the officers.

The board's meetings are open public meetings conducted pursuant to chapter 42.30 RCW. WAC ((4-25-521)) 4-30-026 provides information on how to contact the board's office for meeting times and locations or additional information regarding the board's activities.

AMENDATORY SECTION (Amending WSR 08-18-016, filed 8/25/08, effective 9/25/08)

**WAC 4-25-520 What public records ((does the board maintain)) are available?** ((The board maintains the following public records:

- ~~(1) A data base of licensees and certificate holders;~~
- ~~(2) A data base of CPA examination candidates;~~
- ~~(3) A data base of registered resident nonlicensee firm owners;~~

~~(4) Board orders;~~  
~~(5) Board meeting minutes;~~  
~~(6) Board policies;~~  
~~(7) Board rule making files; and~~  
~~(8) Documents dealing with the regulatory, supervisory, and enforcement responsibilities of the board.)~~ All public records of the agency are available for public inspection and copying pursuant to these rules and applicable state law (chapter 42.56 RCW), as follows:

(1) Hours for inspection of records. Public records are available for inspection and copying during normal business hours of the office of the Washington State Board of Accountancy at 711 Capitol Way S., Suite 400, Olympia, Washington, Monday through Friday, 8:00 a.m. to 5:00 p.m., excluding legal holidays. Records must be inspected at the agency's office when the requestor has been notified of the availability of the requested documents and an appointment is made with the public records officer.

(2) Records index. An index of public records, consisting of the retention schedules applicable to those records, is available to members of the public at the agency's office.

(3) Organization of records. The agency maintains its records in a reasonably organized manner. The agency will take reasonable actions to protect records from damage and disorganization. A requestor shall not take original records from the agency's office. A variety of records are also available on the agency's web site at [www.cpaboard.wa.gov](http://www.cpaboard.wa.gov). Requestors are encouraged to view the documents available on the web site prior to submitting a public records request.

(4) Making a request for public records.

(a) Any person wishing to inspect or obtain copies of public records should make the request in writing by letter, fax, or e-mail addressed to the public records officer. **Written requests must include the following information:**

- Date of the request;
- Name of the requestor;
- Address of the requestor and other contact information, including telephone number and any e-mail address;
- Clear identification of the public records requested to permit the public records officer or designee to identify and locate the records.

(b) The public records officer may also accept requests for public records by telephone or in person. If the public records officer or designee accepts an oral or telephone request, he or she will confirm receipt of the request and the details of the records requested, in writing, to the requestor.

(c) If the requests received in (a) or (b) of this subsection are not sufficiently clear to permit the public records officer to identify the specific records requested, the public records officer will request clarification from the requestor in writing.

(d) If the requestor wishes to have copies of the records made instead of simply inspecting them, he or she should make that preference clear in the request and make arrangements to make

payment for the copies of the records prior to delivery or provide a deposit of the estimated copy costs provided by the agency upon request prior to the copies being made. Copies will be made by the agency's public records officer or designee. Costs for copying are fifteen cents per page, except that there is no charge for the first fifty pages of records included in any request by one requestor.

(e) When fulfilling public records requests the agency will perform its public records responsibilities in the most expeditious manner consistent with the agency's need to fulfill its other essential functions.

(f) By law, certain records and/or specific content of any specific record or document may not be subject to public disclosure. Accordingly, a reasonable time period may occur between the date of the request and the ability of the public records officer to identify, locate, retrieve, remove content not subject to disclosure, prepare a redaction log that includes the specific exemption, a brief explanation of how the exemption applies to the records or portion of the records being withheld, and produce the records for inspection and/or copying. The requestor will be kept informed of the expected delivery timetable.

(g) If the request includes a large number of records, the production of the records for the requestor may occur in installments. The requestor will be informed, in writing, of the agency's anticipated installment delivery timetable.

(h) In certain instances the agency may notify affected third parties to whom the record relates. This notice allows the affected third party to seek an injunction within fifteen days from the date of the written notice. The notice further provides that release of the records to the requestor will be honored unless timely injunctive relief is obtained by the affected third party on or before the end of the fifteen-day period.

(i) Requests for lists of credentialed individuals by educational organizations and professional associations:

In order to obtain a list of individuals under the provisions of RCW ((42.17.260(9))) 42.56.070(9), educational organizations and professional ((organizations)) associations must ((use the form provided by the board and)) apply for and receive recognition by the board. The requesting organization must provide sufficient information to satisfy the approving authority that the requested list of individuals is primarily for educational and professionally related uses. Fees ((for lists)) must be paid in advance before approved requests will be honored.

Board forms are available on the board's web site or upon request for your use.

AMENDATORY SECTION (Amending WSR 08-18-016, filed 8/25/08, effective 9/25/08)

**WAC 4-25-521 How can I contact the board?** The board's administrative office, executive director and staff are located in Olympia, Washington. You may utilize the following numbers or addresses to contact the board:

- 711 (~~South~~) Capitol Way South, Suite 400, Olympia, WA 98501 (physical address);
- P.O. Box 9131, Olympia, Washington 98507-9131 (mailing address);
- 360/753-2586 (telephone);
- 360/664-9190 (fax);
- 800/833-6388 (TT service);
- 800/833-6385 (Telebraille services);
- customerservice@cpaboard.wa.gov (e-mail address); and
- www.cpaboard.wa.gov (web site address).

AMENDATORY SECTION (Amending WSR 08-18-016, filed 8/25/08, effective 9/25/08)

**WAC 4-25-540 What rules govern the proceedings before the board?** Except where they are inconsistent with the rules in this chapter and subject to additional rules that the board may adopt from time to time, practice and procedure in and before the board are governed by the uniform procedural rules codified in the Washington Administrative Code, chapter 10-08 WAC.

For certain types of decisions, the board has adopted an appeal process authorized by RCW 34.05.482 through 34.05.494 which is called a brief adjudicative proceeding. Decisions to which this appeal process will be applied are:

- (1) Staff denials of initial individual license applications, renewals, or applications for reinstatement;
- (2) Staff denials of CPA-Inactive certificate renewals or applications for reinstatement;
- (3) Staff denials of practice privilege reinstatements;
- (4) Staff denials of initial resident nonlicensee firm owner registration applications, renewals, or applications or requests for reinstatement;
- (5) Staff denials of initial firm license applications, renewals, and amendments;
- (6) Staff denials of exam applications; and
- (7) A proposed suspension as a result of a determination by a lending agency of nonpayment or default on a federally or state-guaranteed student loan or service conditional scholarship.

To appeal a decision you must submit your request for a brief adjudicative proceeding, **in writing**, to the board **within thirty days** after the decision by board staff is posted in the U.S. mail.

The board chair or the board vice-chair, if the board chair is unavailable, will appoint one member of the board as the presiding officer for ((the)) brief adjudicative proceedings ((is the executive director, or designee)). ((After consulting with a board member, the executive director, or designee,)) The presiding officer renders a decision either upholding or overturning the ((decision by board staff)) **denial**. This decision, called an order, ((is mailed)) will be provided to you at the last address you furnished to the board.

If you are dissatisfied with the order in the brief adjudicative proceeding, you may appeal to the board's vice-chair, or designee. This appeal process is called an administrative review. Your appeal must be received by the board, **orally or in writing, within twenty-one days** after the brief adjudicative proceedings order is posted in the U.S. mail. The vice-chair, or designee, considers your appeal and either upholds or overturns the brief adjudicative proceeding order. The vice-chair's, or designee's, decision, also called an order, ((is mailed)) will be provided to you at the last address you furnished to the board.

AMENDATORY SECTION (Amending WSR 08-18-016, filed 8/25/08, effective 9/25/08)

**WAC 4-25-551 Must I respond to inquiries from the board?**

Yes. All licensees, including out-of-state individuals ((qualifying for)) 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 condition prescribed in RCW 18.04.195 (1)(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 08-18-016, filed 8/25/08, effective 9/25/08)

**WAC 4-25-620 What are the requirements concerning integrity and objectivity?** When offering or performing services, licensees, CPA-Inactive certificate holders, nonlicensee firm owners, and employees of such persons must:

- Remain honest and objective;



- Not misrepresent facts;
- Not subordinate their judgment to others; and
- Remain free of conflicts of interest unless such conflicts are specifically permitted by board rule or professional standards listed in WAC ((~~4-25-631~~)) 4-30-048.

If the language of the professional standards listed in WAC ((~~4-25-631~~)) 4-30-048 differ from or conflict with specific board rules, board rules prevail.

AMENDATORY SECTION (Amending WSR 08-18-016, filed 8/25/08, effective 9/25/08)

**WAC 4-25-622 When is independence required?** When performing professional services for which a report expressing assurance is prescribed by professional standards, licensees, as defined in WAC ((~~4-25-410~~)) 4-30-010, CPA-Inactive certificate holders, nonlicensee firm owners, and employees of such persons must evaluate and maintain their independence so that opinions, reports, conclusions, and judgments will be impartial and viewed as impartial by parties expected to rely on any report expressing assurance by such persons. Such persons are required:

(1) To comply with all applicable independence rules, regulations, and the AICPA code of conduct as referenced in and required by WAC ((~~4-25-631~~)) 4-30-048; and

(2) To decline engagements for which a report expressing assurance is prescribed by professional standards when such persons have a relationship that could lead a reasonable and foreseeable user to conclude that such persons are not independent.

Independence is not required when performing a compilation engagement provided the report discloses a lack of independence.

AMENDATORY SECTION (Amending WSR 08-18-016, filed 8/25/08, effective 9/25/08)

**WAC 4-25-626 What restrictions govern commissions, referral, and contingent fees?** For the purposes of this section, the term "licensed firm" includes any affiliated entity(ies) and the term "firm owner" includes the owner(s) of any affiliated entity(ies).

(1) Licensees and/or their employees must not for a commission recommend or refer to a client any product or service, or for a commission recommend or refer any product or service to be supplied by a client, or receive a commission, when such persons perform compilation, or other professional services for which a report expressing assurance is prescribed by professional standards for

that client. This prohibition applies:

(a) During the period in which such persons are engaged to perform professional services for which a report expressing assurance is prescribed by professional standards; and

(b) During the period covered by any information for which a report expressing assurance is prescribed by professional standards and a report was issued by such persons.

(2) Licensees and/or their employees must also not:

(a) Perform for a contingent fee any professional services for, or receive such a fee from a client for whom such persons perform compilation, or other professional services for which a report expressing assurance is prescribed by professional standards; or

(b) Prepare an original or amended tax return or claim for a tax refund for a contingent fee for any client.

(3) The prohibition against contingent fees applies:

(a) During the period in which such persons are engaged to perform professional services for which a report expressing assurance is prescribed by professional standards; and

(b) During the period covered by any information for which a report expressing assurance is prescribed by professional standards and a report was issued by such persons.

(4) Fees are not considered contingent if fixed by courts or other public authorities, or, in tax matters, if determined based on the results of judicial proceedings or the findings of governmental agencies. Fees may vary depending, for example, on the complexity of services rendered.

(5) Any person subject to board rules who is not prohibited by this section from performing services for, or receiving a commission, referral or contingent fee and who are paid or expect to be paid accordingly must disclose that fact to any person or entity to whom such persons recommend or refer a product or service to which the commission, referral or contingent fee relates in the manner prescribed below:

(a) Disclose the arrangement in writing and in advance of client acceptance;

(b) Disclose the method of calculating the fee or amount of fee;

(c) Specify the licensee's, CPA-Inactive certificate holder's, or nonlicensee firm owner's role as the client's advisor; and

(d) Obtain the client's consent to the fee arrangement in writing.

(6) Nothing in this rule shall be interpreted to preclude licensees, as defined in WAC ((~~4-25-410~~) 4-30-010, CPA-Inactive certificate holders, or nonlicensee firm owners from purchasing, selling, or merging all or a portion of a licensed firm or affiliated entity or to require disclosure to clients of terms or payments made or received pursuant to the purchase, sale, or merger.

**WAC 4-25-631 Compliance is required with which rules, regulations and professional standards?** Licensees, including out-of-state individuals (~~(qualifying for)~~) 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)(b), CPA-Inactive certificate holders, CPA firms, nonlicensee firm owners, and employees of such persons must comply with rules, regulations, and professional standards promulgated by the appropriate bodies for each service undertaken. However, if the requirements found in the professional standards listed in this section differ from the requirements found in specific board rules, board rules prevail.

Authoritative bodies include, but are not limited to, the Securities and Exchange Commission (SEC); the Public Company Accounting Oversight Board (PCAOB); the Financial Accounting Standards Board (FASB); the Governmental Accounting Standards Board (GASB); the Cost Accounting Standards Board (CASB); the Federal Accounting Standards Advisory Board (FASAB); the U.S. Governmental Accountability Office (GAO); the Federal Office of Management and Budget (OMB); the Internal Revenue Service (IRS); the American Institute of Certified Public Accountants (AICPA), and federal, state, and local audit, regulatory and tax agencies.

Such standards include:

(1) Statements on Auditing Standards and related Auditing Interpretations issued by the AICPA;

(2) Statements on Standards for Accounting and Review Services and related Accounting and Review Services Interpretations issued by the AICPA;

(3) Statements on Governmental Accounting and Financial Reporting Standards issued by GASB;

(4) Statements on Standards for Attestation Engagements and related Attestation Engagements Interpretations issued by AICPA;

(5) Statements of Financial Accounting Standards and Interpretations, and Staff Positions issued by FASB, together with those Accounting Research Bulletins and Accounting Principles Board Opinions which are not superseded by action of the FASB;

(6) Statement on Standards for Consulting Services issued by the AICPA;

(7) Statements on Quality Control Standards issued by the AICPA;

(8) Statements on Standards for Tax Services and Interpretation of Statements on Standards for Tax Services issued by the AICPA;

(9) Statements on Responsibilities in Personal Financial Planning Practice issued by the AICPA;

(10) Statements on Standards for Litigation Services issued by the AICPA;

(11) Professional Code of Conduct issued by the AICPA

including interpretations and ethics rulings;

(12) Governmental Auditing Standards issued by the U.S. Governmental Accountability Office;

(13) AICPA Industry Audit and Accounting Guides;

(14) SEC Rules, Concept Releases, Interpretative Releases, and Policy Statements;

(15) Standards issued by the PCAOB; and

(16) IRS Circular 230;

(17) Any additional national or international standards recognized by the AICPA, PCAOB, SEC and/or GAO.

If the professional services are governed by standards not included in subsections (1) through (16) of this section, individuals and firms including persons (~~(qualifying for)~~) exercising practice privileges under RCW 18.04.350(2) who offer or render professional services in this state or for clients located in this state and the firms rendering professional services in this state or for clients located in this state through such qualifying individuals must:

(a) Maintain documentation of the justification for the departure from the standards listed in subsections (1) through (16) of this section;

(b) Determine and document what standards are applicable; and

(c) Demonstrate compliance with the applicable standards.

AMENDATORY SECTION (Amending WSR 05-01-137, filed 12/16/04, effective 1/31/05)

**WAC 4-25-710 What are the education requirements to qualify to apply for the CPA examination? (1) Education requirements:** Effective July 1, 2000, to apply for the CPA examination you must have completed:

(a) At least one hundred fifty semester hours (two hundred twenty-five quarter hours) of college education, including;

(b) A baccalaureate or higher degree; and

(c) An accounting concentration as defined as at least:

(i) Twenty-four semester hours (thirty-six quarter hours) or the equivalent in accounting subjects of which at least fifteen semester hours must be at the upper level or graduate level (an upper level course is defined as a course that frequently carries completion of a lower level course(s) as a prerequisite). For the purposes of meeting this subsection, individuals will be given 1.5 credits for each 1.0 graduate level credit of accounting courses taken; and

(ii) Twenty-four semester hours (thirty-six quarter hours) or the equivalent in business administration subjects at the undergraduate or graduate level.

(d) The board will not recognize accounting concentration credits awarded for "life experience" or similar activities

retroactively evaluated and recognized by colleges or universities. This restriction is not intended to apply to internships prospectively approved by colleges or universities.

(2) **One hundred eighty-day provision:** If you expect to meet the education requirements of this section within one hundred eighty days following the examination, you will be eligible to take the CPA examination provided you submit (~~(, on a form provided by the board's designee,)~~) a signed ((confirmation)) Certificate of Enrollment from the ((university that)) educational institution in which you are enrolled ((in)) stating that you will meet the board's education requirements within one hundred eighty days following the day you first sit for any one section of the examination. If you apply for the exam using the one hundred eighty-day provision, then within two hundred ten days of first sitting for any section of the exam, you must provide the ((board)) examination administrator complete documentation demonstrating that you met the board's education requirements within one hundred eighty days of first sitting for any one section of the exam. If you do not provide such documentation within the required two hundred ten-day time period, your exam score(s) will not be released and you will not be given credit for any section(s) of the examination. Applicants failing to provide such documentation must reapply as a first-time applicant.

(3) **Education obtained outside the United States:** If you obtained all or a portion of your education outside the United States you must have your education evaluated by a board approved foreign education credential evaluation service. The board will establish the criteria for board approval of foreign education credential evaluation services. The board will not provide education credential evaluation services.

(4) **Semester versus quarter hours:** As used in these rules, a "semester hour" means the conventional college semester hour. Your quarter hours will be converted to semester hours by multiplying them by two-thirds.

(5) **Accreditation standards:** For purposes of this rule, the board will recognize colleges and universities which are accredited in accordance with (a) through (c) of this subsection.

(a) The accredited college or university must be accredited at the time your education was earned by virtue of membership in one of the following accrediting agencies:

(i) Middle States Association of College and Secondary Schools;

(ii) New England Association of Schools and Colleges;

(iii) North Central Association of Colleges and ((Secondary)) Schools, Higher Learning Commission;

(iv) Northwest Commission on Colleges and Universities (formerly the Northwest Association of Schools and Colleges);

(v) Southern Association of Colleges and Schools;

(vi) Western Association of Schools and Colleges; and

(vii) Accrediting Commission for Independent Colleges and Schools, or its predecessor, the Accrediting Commission of the Association of Independent Colleges and Schools.

(b) If an institution was not accredited at the time your education was earned but is so accredited at the time your application is filed with the board, the institution will be deemed to be accredited for the purpose of (a) of this subsection provided that it:

(i) Certifies that your total educational program would qualify the applicant for graduation with a baccalaureate degree during the time the institution has been accredited; and

(ii) Furnishes the board satisfactory proof, including college catalogue course numbers and descriptions, that the preaccrediting courses used to qualify you for a concentration in accounting are substantially equivalent to postaccrediting courses.

(c) If your degree was received at an accredited college or university as defined by (a) or (b) of this subsection, but the educational program which was used to qualify you for a concentration in accounting included courses taken at nonaccredited institutions, either before or after graduation, such courses will be deemed to have been taken at the accredited institution from which your degree was received, provided the accredited institution either:

(i) Has accepted such courses by including them in its official transcript; or

(ii) Certifies to the board that it will accept such courses for credit toward graduation.

(6) **Alternative to accreditation:** If you graduated from a four-year degree-granting institution that was not accredited at the time your degree was received or at the time your application was filed, you will be deemed to be a graduate of a four-year accredited college or university if a credentials evaluation service approved by the board certifies that your degree is equivalent to a degree from an accredited college or university as defined in subsection (5) of this section. The board does not provide education credential evaluation services.

AMENDATORY SECTION (Amending WSR 05-01-137, filed 12/16/04, effective 1/31/05)

**WAC 4-25-720 How do I apply to take the CPA examination?** (1) **Application ((form)) process and due dates:** Your application to take the CPA examination must be ~~((made on a form provided by the board's designee and filed with the board's designee by the due date specified by the board on the application form))~~ submitted to the board's examination administrator. Applicants must submit all required information, documents, and fees to complete their application within sixty days of the date their application is ~~((received by))~~ submitted to the board's ~~((designee. Applicants are responsible for submitting all required documentation, application forms, and fees))~~ examination administrator. Your

application is not considered complete until all of the following are ~~((received by the board's designee))~~ provided:

● ~~((A fully completed))~~ Complete application ((form)) information and requested documents;

- ~~Fee(s) ((7~~
- ~~Proof that you have met the education requirements;~~
- ~~Your proof of identity as determined by the board and specified on the application form;~~
- ~~Other required supporting documents; and~~
- ~~Proof from NASBA's National Candidate Data Base that you have not previously taken, or applied to take, the same section(s) of the exam during the current examination window)).~~

(2) **Fee refund and forfeiture:** Upon submission of your application to the ~~((board's designee))~~ examination administrator, no portion of the board's administrative fee is refundable. Upon the ~~((board's submission of your))~~ examination administrator's authorization to test ~~((to the National Association of State Boards of Accountancy))~~, no portion of the total exam fee (both administrative fee and section fee(s)) is refundable. If you fail to meet the board's scheduling or admission requirements, you forfeit all of the exam fee(s) and you must reapply to take the section(s) of the exam.

(3) **Notice of admittance to the examination or denial of your application:** ~~((Notice of the denial of your application, or notice of your eligibility to take the examination will be sent to you by the board's designee.))~~ You ~~((will))~~ must contact the approved test ~~((site))~~ provider to schedule the time and location for your examination. The notice of eligibility to take the examination is called a Notice to Schedule (NTS), the NTS will be valid for one taking of the examination within the six months following the date of the NTS.

Notice of a denial of your application, or notice of your eligibility to take the examination will be sent to you by the examination administrator.

(4) **Examination content and grading:** The CPA examination shall test the knowledge and skills required for performance as an entry-level certified public accountant. The examination shall include the subject areas of accounting and auditing and related knowledge and skills as the board may require. The examination will consist of the following four sections: Auditing and attestation; financial, accounting and reporting; regulation; and business environment and concepts. The board may accept the advisory grading services of the American Institute of Certified Public Accountants.

(5) **Examination ~~((, grading and conditioning))~~ process:**

(a) **Conditions for examinations held prior to January 1, 2004:** ~~((The board uses all parts of the uniform CPA examination and the advisory grading services of the American Institute of Certified Public Accountants. Seventy five or better is a passing grade for each section of the examination. Each time you sit for the examination you must take all sections you have not previously passed. You are required to pass all sections of the examination~~

~~in order to qualify for a license. If at a given sitting of the examination you pass two or more, but not all sections of the examination, then you will receive credit for those sections that you pass and you will not be required to take those sections again provided:~~

~~(i) You took all unpassed sections of the examination at that sitting;~~

~~(ii) You attained a minimum grade of fifty on each section of the examination not passed at that sitting;~~

~~(iii) You pass the remaining sections of the examination within six consecutive examinations given after the one at which the first sections were passed;~~

~~(iv) At each subsequent sitting you take all sections not yet passed and you attain a minimum grade of fifty on those sections taken but not passed at that sitting; and~~

~~(v) In order to receive credit for passing additional sections in a subsequent sitting you attain a minimum grade of fifty on sections taken but not passed at that sitting.)) Contact a customer service representative at customerservice@cpaboard.wa.gov or by phone at 360-753-2586.~~

**(b) For examinations ((held)) taken after December 31, 2003:**  
The board uses all parts of the uniform CPA examination and the advisory grading services of the American Institute of Certified Public Accountants.

(i) To ~~((qualify to apply))~~ satisfy the examination requirement for a license you must ~~((attain))~~ have achieved a score of seventy-five on all four sections of the examination within a rolling eighteen-month period.

(ii) You may take the required four sections individually and in any order. Credit for any section(s) taken and passed after December 31, 2003, will be valid for eighteen months from the actual date you ~~((took the))~~ successfully passed any particular section((, without having to attain a minimum score on any failed section(s) and without regard to whether you have taken other sections)) of the examination.

(iii) You must pass all four sections of the examination within a rolling eighteen-month period, which begins on the date that the first section(s) is passed. ~~((When determining the date that))~~ A section is considered passed on the date that is used is the date that you took the exam section and not the date that your grade(s) is released.

(iv) You may not retake a failed section(s) in the same examination window. An examination window refers to a three-month period in which candidates have an opportunity to take the examination (comprised of two months in which the examination is available to be taken and one month in which the examination will not be offered while routine maintenance is performed and the ~~((item bank))~~ examination is refreshed).

(v) In the event you do not pass all four sections of the examination within the rolling eighteen-month period, credit for any section(s) passed prior to the eighteen-month period will expire and you must retake ~~((that))~~ any expired section((s)).



~~((c) **Transitioning for candidates obtaining conditional credits under the provisions of (a) of this subsection:**~~

~~(i) If you earned conditional credit(s) under the provisions of (a) of this subsection and as of February 15, 2004, those conditional credits remained valid under the provisions of (a) of this subsection, you will retain conditional credit for the corresponding sections of the examination as follows:~~

<del>Examination section taken prior to January 1, 2004</del>	<del>Examination section taken after December 31, 2003</del>
<del>Auditing</del>	<del>Auditing and Attestation</del>
<del>Financial Accounting and Reporting (FARE)</del>	<del>Financial Accounting and Reporting</del>
<del>Accounting and Reporting (ARE)</del>	<del>Regulation</del>
<del>Business Law and Professional Responsibilities (LPR)</del>	<del>Business Environment and Concepts</del>

~~(ii) If you qualify for conditional credit(s) for a section of the examination under (c)(i) of this subsection, you will lose the conditional credit(s) for the section unless you complete all remaining section(s) of the examination within the transition period which is the lesser of:~~

~~• The maximum number of testing opportunities that you had remaining to complete all sections of the examination under the provisions of (a) of this subsection; or~~

~~• The number of remaining testing opportunities you had remaining to complete all sections of the examination under the provisions of (a) of this subsection multiplied by six months.~~

~~(iii) If you do not pass all remaining sections during the transition period, the conditional credit for the section(s) you passed under the provision of (a) of this subsection will become invalid. Any section you pass after December 31, 2003, will be subject to the provisions of (b) of this subsection with the following exception:~~

~~• You will not lose conditional credit for any section passed during the transition period, even though more than eighteen months may have elapsed from the date the section is passed, until the end of your transition period.~~

~~(iv) You will retain credit for any and all sections of an examination passed in another state if credit would have been given under the Washington state requirements in effect on the date you took the examination.~~

~~(v) If you pass a section of the examination, the date you took the section of the examination is the date you receive credit for passing the section.~~

~~(6) **Ethics exam:** Upon passing the CPA examination, applicants for licensure are required to attain and demonstrate a passing grade of ninety percent or better on the AICPA professional code of conduct examination.) )~~

**WAC 4-25-721** What does the board consider to be cheating on the CPA examination, what ~~((actions may the))~~ testing consequences or board ((take)) actions can result if cheating is suspected~~((and what sanctions may the board impose if cheating occurs))~~ or observed? (1) Cheating includes, but is not limited to:

(a) Unauthorized communication with others inside or outside of the examination room while the examination is in progress;

(b) Substitution by a candidate of another person to sit in the test site and take the examination on behalf of the candidate;

(c) Referencing crib sheets, text books, or other unauthorized material or electronic media inside or outside the examination room while the examination is in progress;

(d) Copying or attempting to copy another candidate's answers;

(e) Disclosing or attempting to disclose examination questions and/or answers to others;

(f) Bringing unauthorized prohibited items into the examination site or possessing unauthorized prohibited items in the examination site;

(g) Retaking or attempting to retake a section by an individual who holds a license or who has unexpired credit for passing the section, unless the individual has been expressly authorized by the board to participate in a "secret shopper" program.

(2) Cheating on the CPA examination is dishonesty directly related to the professional responsibilities of a CPA and demonstrates a lack of good character. When determining appropriate sanctions for cheating, the board may impose one or more of the following penalties:

(a) Enter a failing grade for any or all parts of the candidate's examination;

(b) Bar a candidate from taking future examinations;

(c) Notify other jurisdictions of the board's conclusions and order;

(d) Fine up to thirty thousand dollars;

(e) Recovery of investigative and legal costs; or

(f) Referral to the appropriate law enforcement agency(ies) for prosecution.

(3) If a candidate is suspected of cheating, the board or its representative(s) may expel the candidate from the examination or move the candidate suspected of cheating to a position in the test center that is away from other examinees or where the candidate may be more closely observed. The board or its representatives may require a candidate suspected of cheating, or a candidate who may have observed cheating, to respond to board inquiry. The board may schedule a hearing to determine the validity of the charge of cheating.

**WAC 4-25-730 What are the experience requirements in order to obtain a CPA license?** (1) Qualifying experience may be obtained through the practice of public accounting and/or employment in industry(~~(, academia,)~~) or government. ((Your)) In certain situations, employment in academia may also provide experience to obtain some or all of the competency requirements. Qualifying experience may be obtained through one or more employers, with or without compensation, and may consist of a combination of full-time and part-time employment.

~~((1) Your))~~ (2) Employment experience ((must support the attainment of)) should demonstrate that it occurred in a work environment and included tasks sufficient to have provided an opportunity to obtain the competencies defined by subsection ((2)) (3) of this section and:

(a) ~~((Cover))~~ Covered a minimum twelve-month period (this time period does not need to be consecutive);

(b) ~~((Consist))~~ Consisted of a minimum of two thousand hours;

(c) ~~((Be obtained through the use of))~~ Provided the opportunity to utilize the skills generally used in business and accounting(~~(, attest, management advisory, financial advisory, tax, tax advisory or consulting skills))~~) and auditing including, but not limited to, accounting for transactions, budgeting, data analysis, internal auditing, preparation of reports to taxing authorities, controllership functions, financial analysis, performance auditing and similar skills;

(d) Be verified by a licensed CPA as meeting the requirements identified in subsection ~~((3))~~ (5) of this section; and

(e) ~~((Unless you meet the requirements of subsection (4) of this section,))~~ Be obtained no more than eight years prior to the date the board receives your complete license application.

~~((2))~~ (3) Competencies: The experience ~~((must support the attainment of))~~ should demonstrate that the work environment and tasks performed provided the applicant an opportunity to obtain the following competencies:

(a) ~~((Understand the rules of professional conduct contained in chapter 4-25 WAC,))~~ Knowledge of the Public Accountancy Act and related board rules applicable to licensed persons in the state of Washington;

(b) Assess the achievement of an entity's objectives;

(c) Develop documentation and sufficient data to support analysis and conclusions;

(d) Understand transaction streams and information systems;

(e) Assess risk and design appropriate procedures;

(f) Make decisions, solve problems, and think critically in the context of analysis; and

(g) Communicate scope of work, findings and conclusions effectively.

~~((3))~~ (4) The applicant's responsibilities: The applicant for a license requesting verification is responsible for:

(a) Providing information and evidence to support the applicant's assertion that their job experience could have reasonably provided the opportunity to obtain the specific competencies, included on the applicant's Experience Affidavit form presented for the verifying CPA's evaluation;

(b) Producing that documentation and the completed Experience Affidavit form to a qualified verifying CPA of their choice;

(c) Determining that the verifying CPA meets the requirements of subsection (5) of this section; and

(d) Maintaining this documentation for a minimum of three years.

(5) Qualification of a verifying CPA: ~~((To verify a candidate's experience you))~~ A verifying CPA must have held a valid CPA license to practice public accounting in the state of Washington or ~~((another jurisdiction on the date that you verified the candidate's experience and also))~~ be qualified for practice privileges as defined in RCW 18.04.350(2) for a minimum of five years prior to verifying the candidate's experience, including the date that the applicant's experience is verified. The five years do not need to be consecutive.

~~((4) CPA Inactive certificate holders applying for a license:~~ If you held a Washington state certificate on June 30, 2001, and you submit your application for a license by June 30, 2006, you may include experience obtained at any time during your lifetime.

~~(5) Experience affidavit:~~ The applicant must verify that they have met the experience requirements of this section on the appropriate form(s) provided by the board. The verifying CPA must certify that the applicant's experience meets subsection (2) of this section.

~~(6) Records retention:~~ Candidates must maintain documentation supporting the representations made on their experience affidavit for a minimum of three years after the date the candidate's initial license is issued by the board.

~~(7) Audit:~~ The board may audit compliance with these experience requirements at any time during the three-year period following the date the candidate's initial license is issued.)

AMENDATORY SECTION (Amending WSR 08-18-016, filed 8/25/08, effective 9/25/08)

**WAC 4-25-735 How does a CPA-Inactive certificate holder apply for licensure?** CPA-Inactive certificate holders are individuals who held a valid certificate on June 30, 2001, but did not hold a valid Washington state license to practice public accounting on that date. Individuals who did not hold a valid certificate on June 30, 2001 and current licensees are not eligible for CPA-Inactive certificate holder status.

~~(1) ((If you are a CPA-Inactive certificate holder you:~~

~~(a) May not "practice public accounting" as that term is defined in WAC 4-25-410;~~

~~(b) Must meet the CPE requirements of WAC 4-25-830(1) and supporting documentation requirements of WAC 4-25-833;~~

~~(c) Must comply with the act and board rules;~~

~~(d) Must meet the renewal requirements of WAC 4-25-790; and~~

~~(e) Must use the title CPA Inactive and print or display the word "Inactive" immediately following the initials CPA or certified public accountant whenever the initials CPA or certified public accountant is printed on a business card, letterhead, or other document including documents published or transmitted through electronic media, in exactly the same font and font size as the initials CPA or certified public accountant.~~

~~(2) If you are a CPA Inactive certificate holder,)) To qualify for licensure ((you)) a CPA-Inactive certificate holder must meet the:~~

~~(a) ((Meet the)) Good character requirements of RCW 18.04.105 (1)(a);~~

~~(b) Experience requirements of WAC ((4-25-730 or have had an approved experience affidavit on file with the board on or before June 30, 2001)) 4-30-070 within the eight-year period immediately preceding your application; and~~

~~((b) Meet the)) (c) CPE requirements of WAC ((4-25-830)) 4-30-134(5).~~

~~((3)) (2) To apply for a license, you must also submit to the board a certification that you meet the requirements of subsection ((2)) (1) of this section and:~~

~~(a) Have not held out in public practice during the time in which you were a CPA-Inactive certificate holder; and~~

~~(b) Other required documentation or information deemed necessary by the board.~~

~~((Board forms are available on the board's web site or upon request for your use.)) (3) You must provide the required information, documents, and fees (if applicable) to the board either by making application through the board's on-line application system or on a form provided upon request.~~

~~((An initial application is not complete and cannot be processed until)) You must submit all ((fees, required)) requested information, ((required documentation, or other documentation or information the board may deem necessary is received by the board)) documents, and fees (if applicable) to the board before the application will be evaluated.~~

~~((When your application is approved)) (5) Upon assessment of your qualifications and approval of your application, your license ((will be mailed to your address of record)) status will be posted in the board's licensee data base and, therefore, made publicly available for confirmation. A hard copy of your credential can be provided upon request.~~

~~((5)) (6) Your CPE reporting period and your renewal cycle will remain the same.~~

~~((6)) (7) You may not use the title "CPA" or "Certified Public Accountant" until the date the approval of your license is posted in the board's licensee data base and, therefore, made~~

publicly available for confirmation.

AMENDATORY SECTION (Amending WSR 08-18-016, filed 8/25/08, effective 9/25/08)

**WAC 4-25-745 How do I apply for an initial individual CPA license?** (1) To qualify to apply for an initial license you must meet the:

(a) Good character requirements of RCW 18.04.105 (1)(a);  
(b) Education requirements of WAC (~~(4-25-710)~~) 4-30-060;  
(c) Examination requirements of WAC (~~(4-25-720)~~) 4-30-062;  
(d) Ethics course requirements by achieving and documenting a passing grade of ninety percent or better on a course covering the complete content of the AICPA Code of Professional Conduct;

(e) Experience requirements of WAC (~~(4-25-730)~~) 4-30-070; and  
~~((e))~~ (f) If more than four years have lapsed since you passed the examination, you must meet the CPE requirements of WAC (~~(4-25-830)~~) 4-30-134 (1)(a) within the thirty-six month period immediately preceding submission of your license application ~~((and)).~~ That CPE must include ((four)) CPE hours in ethics and regulation applicable to the practice of public accounting in Washington state meeting the requirements of WAC (~~(4-25-830(3) which)) 4-30-134(3). The regulatory ethics portion of the combined one hundred twenty-hour CPE requirement must be completed within the six month period immediately preceding submission of your license application.~~

(2) ~~((To apply for an initial license))~~ You must ((fully)) provide the required information ((above.

~~Board form(s) are available on the board's web site or upon request for your use.~~

~~(3) Processing of your application cannot begin until all the required information, applicable fees, and required documentation or other documentation or information the board may deem necessary is received by the board. When the processing)), documents, and fees to the board either by making application through the board's on-line application system or on a form provided upon request. You must provide all requested information, documents and fees to the board before the application will be evaluated.~~

(3) Upon assessment of your qualifications and approval of your application ((is complete)), your ((license)) licensed status will be ((mailed to your address of record with the board)) posted in the board's licensee data base and, therefore, made publicly available for confirmation. A hard copy of your license can be provided upon request.

(4) Your initial license will expire on June 30 of the third calendar year following initial licensure.

(5) You may not use the title CPA until the date the approval of your license is posted in the board's licensee data base and,

therefore, made publicly available for confirmation.

AMENDATORY SECTION (Amending WSR 08-18-016, filed 8/25/08, effective 9/25/08)

**WAC 4-25-746 How do I apply for a Washington state CPA license if I hold a valid CPA license in another state?** ((Pursuant to RCW 18.04.180 and 18.04.215(6) the board may issue an individual license through interstate reciprocity if you hold a CPA license to practice public accounting issued by another state provided your state of licensure makes similar provisions for granting reciprocity to holders of a valid certificate or license in this state.))

(1) To qualify to apply for an individual Washington state license ((entitling you to use the title CPA and/or offer or render compilation, or other professional services for which a report expressing assurance is prescribed by professional standards in Washington state under the interstate reciprocity provisions)) by reciprocity you must:

(a) Hold a license to practice public accounting issued by a state that makes a similar provision for holders of a license issued by this state;

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

~~((b))~~ (c) Meet the CPE requirements in WAC ((4-25-830)) 4-30-134; and

~~((c))~~ (d) You must have:

(i) Passed the examination required for issuance of your certificate or license in the other state with grades that would have been passing grades at that time in this state and:

(ii) Met all current requirements for licensure at the time you apply; or

(iii) Met, at the time of the issuance of your license in the other state, all the requirements applicable at that time to obtain a license in this state; or

(iv) Had five years of experience in the practice of public accounting within the ten years immediately preceding your filing an application for licensure in this state; or

(v) Had three years of experience in the practice of public accounting within the five years immediately preceding your filing an application for licensure in this state; or

(2) The board may accept NASBA's designation of the applicant as substantially equivalent to national standards as meeting the requirements of subsection (1) ~~((c))~~ (d) of this section.

(3) ~~((To apply for a license under the reciprocity provisions you must submit to the board's office information that you are qualified for reciprocity as outlined in subsections (1) and (2) of this section.))~~ You must provide all required information,

documents, and fees to the board either by making application through the board's on-line application system or on a form provided by the board upon request. You must provide all requested information, documents, and fees to the board before the application will be evaluated, including a certification that you

~~((a)) have not held out in public practice during any time prior to submitting your application unless expressly permitted by then existing board rule ((then existing; and~~

~~(b) Have met the CPE requirements in WAC 4 25 830.~~

~~Board form(s) are available on the board's web site or upon request for your use.~~

~~(4) An initial application is not complete and cannot be processed until all fees, required information, required documentation, or other documentation or information the board may deem necessary is received by the board.~~

~~(5) At date of approval of your application, it will be posted in the board's licensee data base and, therefore, made publicly available for confirmation.~~

~~(6) Your license will be mailed to the address of record with the board provided at the time of your application, or subsequently changed by formal notice to the board).~~

~~((+7)) (4) Provided no sanctions or investigations by other jurisdictions are in process and you have met the requirements for applying for licensure through interstate reciprocity, ((upon filing a completed application with the board,)) you may use the CPA title in Washington state upon submission of a complete application to the board.~~

~~(5) Upon evaluation of your qualifications and approval of your application your licensed status will be posted in the board's licensee data base and, therefore, made publicly available for confirmation. A hard copy of your license can be provided upon request.~~

~~((+8)) (6) Your ((initial)) reciprocal license will expire on June 30 of the third calendar year following ((initial)) the date of licensure.~~

~~((+9)) (7) You must notify the board within thirty days if your license or certificate issued by the other jurisdiction has lapsed or otherwise become invalid.~~

AMENDATORY SECTION (Amending WSR 08-18-016, filed 8/25/08, effective 9/25/08)

**WAC 4-25-747 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.

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, chapter 4-25 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 ((4-25-750) 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.

(5) 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;

(6) 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

(7) 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 08-18-016, filed 8/25/08, effective 9/25/08)

**WAC 4-25-750 What are the ((CPA firm licensing)) allowable legal forms of organization and ownership requirements for a CPA firm?** (1) **((How may a CPA firm be organized?)) 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~~)) 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 or 4-25 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 ((~~corporation~~)) firm or actively engaged in its business.

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

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

(e) ((~~The~~)) A principal ((~~partner of the partnership~~)) owner and any ((~~partner~~)) 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) ((~~The principal officer of the corporation and any officer or director 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 accountancy in this state.~~

(g) ~~The managing member of a limited liability company and any member 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 accountancy in this state.~~

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

~~((i))~~ (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 ~~((4-25-410))~~ 4-30-010; and

~~((j))~~ (h) A resident nonlicensee firm owner must meet the requirements of WAC ~~((4-25-752))~~ 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.

~~((5) How does a firm apply for an initial firm license?~~ To apply for an initial firm license an owner, or designee, must submit or, in the case of an out of state firm required to be licensed under RCW 18.04.195 (1)(a), 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, all applicable fees, and such other information the board deems necessary to the board's office:

- ~~(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 nonlicensee owners; and~~
  - ~~(f) Type of legal organization under which the firm operates.~~
- Board form(s) are available from the board's web site or upon request for your use.

An initial application is not complete and cannot be processed until all fees, required information described in subsection (5) of this section, or other documentation or information the board may deem necessary is received by the board. On the date the 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 approval of the firm's license will be mailed to the address of record with the board provided at the time of the application, or subsequently changed by formal notice to the board.

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

**(6) 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), 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 (5) 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 fees, required information, and required documentation, and other documentation deemed necessary by the board are received by the board.~~

~~Board form(s) are available from the board's web site or upon request for your use. Failure to file a complete application for renewal of a firm license by April 30 of the year of expiration will result in late fees. The board may waive, reduce, or extend the due date of renewal and/or late fees based on reasonable cause including, but not limited to, financial hardship, critical illness, or active military deployment.~~

~~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 validity of the renewed firm's license status will be mailed to the address of record with the board provided at the time of the application, or subsequently changed by formal notice to the board.~~

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

~~**(7) 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 rule; or~~

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

~~**(8) 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 departure of an owner;~~

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

~~(c) Change in the resident managing licensee of the main office in this state.~~

~~**(9) How long do I have to correct noncompliance with licensure requirements due to a change in ownership or an owner's credentials?** An individual authorized by the firm must notify the board within ninety days of any change in ownership or lapse of an owner's license, certificate, registration or practice privilege that has caused the firm's license to be out of compliance with licensure requirements and must correct the noncompliance within ninety days of the lapse, unless the board grants a longer time period due to reasonable cause including, but not limited to, financial hardship, critical illness, or active military deployment.) )~~

AMENDATORY SECTION (Amending WSR 08-18-016, filed 8/25/08, effective 9/25/08)

**WAC 4-25-752 How do I initially register to be a resident nonlicensee owner of a licensed firm and with which rules must a nonlicensee firm owner comply?** To qualify as a nonlicensee owner of a licensed firm, you must:

- (1) Be an individual;
  - (2) Meet the good character requirements of RCW 18.04.105
- (1) (a);
- ~~(3) ((Comply with the act and board rules;~~
  - ~~(4))~~ Be an active individual participant in the licensed firm or affiliated entities as these terms are defined in WAC ~~((4-25-410))~~ 4-30-010; and
  - ~~((5))~~ (4) If you are a resident of Washington state, you must:

(a) ~~((File a complete registration with the board))~~ Provide all required information, documents, and fees to the board either by registering through the board's on-line application system or on a form provided upon request; and

(b) ~~((Demonstrate))~~ Achieve and document a passing grade of ninety percent or better on ~~((the AICPA professional ethics examination))~~ a course covering the complete content of the AICPA Code of Professional Conduct.

~~((You must))~~ (c) Submit your registration concurrent with or prior to submission of the firm license application or firm license amendment ~~((, pursuant to WAC 4-25-750))~~ by the firm with which you are associated.

An initial registration is not complete and cannot be processed until all ~~((fees, required documentation,))~~ required information, ~~((and other information deemed necessary by the board are received by))~~ documents, and fees are submitted to the board.

If you are a Washington state resident, you may not hold ownership interest in a CPA firm licensed in Washington state until you receive written notice from the board of your Washington state registration number. On the date the registration is approved, your registration number will be included in the board's licensee data base and, therefore, made publicly available for confirmation. ~~((Confirmation of the approval of your initial registration will be mailed to the address of record with the board provided at the time of the application, or subsequently changed by formal notice to the board.))~~ A hard copy of your registration can be provided upon request.

Your initial registration will expire on June 30 of the third calendar year following initial issuance of the registration.

If you withdraw as a nonlicensee owner of a CPA firm, the firm must notify the board. Your registration as a nonlicensee firm

owner will lapse and be subject to reinstatement.

All nonlicensee firm owners are subject to discipline for violation of the act or board rules.

AMENDATORY SECTION (Amending WSR 08-18-016, filed 8/25/08, effective 9/25/08)

**WAC 4-25-753 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;

(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 to perform other professional services in this state, including compilation, review and other services for which reporting requirements are provided in professional standards, if the firm complies with the following:

(a) The firm performs such services through individuals with practice privileges under RCW 18.04.350(2) and WAC ((~~4-25-747~~) 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) As a condition of this privilege, the nonresident firm 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, chapter 4-25 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 01-22-036, filed 10/30/01, effective 12/1/01)

**WAC 4-25-781 What are the rules governing reciprocity for accountants from foreign countries?** (1) Under the authority provided by RCW 18.04.183, the board may rely on the National Association of State Boards of Accountancy, the American Institute of Certified Public Accountants, or other professional bodies for evaluation of foreign accounting credential equivalency.

(2) Your foreign accounting credential may be accepted in partial satisfaction of licensing requirements if:

(a) You met the foreign issuing body's education, examination, and ethical requirements used to qualify its domestic candidates;

(b) Your foreign accounting credential is valid and in good standing at the time you apply for a Washington state license; and

(c) The foreign issuing body granting your foreign accounting credential permits Washington CPAs an equivalent opportunity to receive the foreign accounting credential by reciprocity.

(d) You demonstrate satisfactory experience within the eight years prior to submitting your application in ((a foreign or domestic professional accounting firm. The board will, by policy, specify experience standards for each foreign accounting credential accepted by the board)) public accounting or other experience meeting the requirements of RCW 18.04.105 (1)(d).

The board will, by policy, identify acceptable foreign accounting credentials and acknowledge reciprocal agreements with bodies granting foreign accounting credentials.

(3) The board may require a qualifying examination(s) to determine if you possess adequate knowledge of U.S. practice standards and the board's regulations. The board will, by policy, specify the form of qualifying examination(s) and passing grade(s).

(4) You must:

(a) Meet the CPE requirements of WAC ((4-25-830)) 4-30-134 for subsequent renewal of an initial license issued pursuant to the board's authority; and

(b) Achieve and document a passing grade of ninety percent or better on a course covering the complete content of the AICPA Code of Professional Conduct.

(5) If you hold a Washington state CPA license or certificate issued through the foreign reciprocity provisions of the act, you must notify the board of any investigations undertaken, or sanctions imposed, by a foreign credentialing body against your foreign credential within thirty days of your receiving notice that an investigation has begun or a sanction was imposed.

(6) If you hold a Washington state license or certificate issued through the foreign reciprocity provisions of the act, you must notify the board within thirty days if your foreign license, permit, or certificate has lapsed or otherwise becomes invalid.

AMENDATORY SECTION (Amending WSR 09-01-166, filed 12/23/08, effective 1/23/09)

**WAC 4-25-782 How do I apply for an initial Washington state license through foreign reciprocity?** ((Pursuant to RCW 18.04.183 the board may issue a license through foreign reciprocity provided you meet the requirements for application through foreign reciprocity established by the act, WAC 4-25-781 and 4-25-830(7).))

To apply for an initial Washington state CPA license through foreign reciprocity, you must ((use the foreign reciprocity application)) provide all required information, documents, and fees to the board either by making application through the board's on-line application system or on a form((s)) provided by the board upon request.

You ((need to fully complete the form(s), and submit the form(s), all applicable fees, required)) must provide all requested information, ((required documentation)) documents, ((or other documentation deemed necessary by)) and fees to the board ((to the board's office)) before the application will be evaluated.

((An application is not complete and cannot be processed until all fees, required information, required documentation, or other documentation deemed necessary by the board are received by the board. When the processing of your application is complete,)) Upon assessment of your qualifications and approval of your application, your license status will be ((mailed to the last address you provided to the board)) posted in the board's licensee data base and, therefore, made publicly available for confirmation. A hard copy of your license can be provided upon request.

Your Washington state CPA license will expire on June 30 of the third calendar year following the calendar year of initial



licensure.

You may not use the title CPA until ~~((you have received notice from the board that your Washington state license has been approved))~~ your status has been posted to the board's licensee data base and, therefore, made available to the public.

AMENDATORY SECTION (Amending WSR 05-01-137, filed 12/16/04, effective 1/31/05)

**WAC 4-25-783 How do I renew a Washington CPA-Inactive certificate and/or license granted through foreign reciprocity?**

~~((In January of the year of expiration, a renewal form will be mailed to the last address you provided to the board.))~~ You must provide all required information, documents, and fees to the board either by making application through the board's on-line application system or on a form provided by the board upon request.

To renew your individual license or CPA-Inactive certificate originally granted through foreign reciprocity, you must ~~((submit to))~~ provide the board by April 30th of the year of expiration a renewal application including:

~~(1) ((A completed renewal application form including:~~

~~(a)) Your certification that you have complied with the CPE requirements of WAC ((4-25-830)) 4-30-134(1) and the supporting documentation requirements of WAC ((4-25-833; and~~

~~(b)) 4-30-138;~~

~~(2) All requested documentation ((from the foreign issuing body certifying:~~

~~(i) Your foreign credential is in good standing and valid for the practice of public accountancy in the foreign jurisdiction; and~~

~~(ii) You are not currently under disciplinary investigation or action; or~~

~~(iii) If you are currently under disciplinary investigation or action, a statement as to the nature of the allegations; and~~

~~(c) If you no longer hold the foreign credential used to qualify for a Washington state CPA license and/or certificate, you must submit documentation from the foreign issuing body certifying that you were not the subject of any investigations or disciplinary proceedings at the time the foreign credential lapsed.~~

~~(2)) ; and~~

~~(3) All applicable fees( ; and~~

~~(3) All required documentation.~~

~~A renewal application is not complete and cannot be processed until all fees, required)).~~

You must provide all requested information, ((required documentation, or other documentation deemed necessary by the board is received by)) documents, and fees to the board before the application will be evaluated.

~~Upon ((completion of processing, your individual license or~~

~~confirmation of your CPA Inactive certificate renewal will be mailed to the last address you provided to the board)) assessment of your continued qualifications and approval of your application, your renewed status will be posted in the board's licensee data base and, therefore, made publicly available for confirmation. A hard copy of your credential can be provided upon request.~~

An individual license or CPA-Inactive certificate renewal expires on June 30 of the third calendar year following the calendar year of renewal.

Failure to file a complete application for an individual license or CPA-Inactive certificate renewal by April 30 of the year of expiration will result in late fees. The board may waive, reduce, or extend the due date of renewal and/or late fees based on individual hardship.

If you fail to file a complete application for individual license or CPA-Inactive certificate renewal by June 30 of the year of expiration, your individual license or CPA-Inactive certificate will lapse.

If you are a CPA-Inactive certificate holder and are renewing your CPA-Inactive certificate, as a CPA-Inactive you are prohibited from using the title CPA or certified public accountant. You are prohibited from practicing public accountancy. You must use the title CPA-Inactive and print or display the word "Inactive" immediately following the title CPA or certified public accountant whenever the initials CPA or certified public accountant is printed on a business card, letterhead, or other document including documents published or transmitted through electronic media, in exactly the same font and font size as the title CPA or certified public accountant.

If your individual license or CPA-Inactive certificate has lapsed, you may not use the title CPA or CPA-Inactive.

AMENDATORY SECTION (Amending WSR 05-01-137, filed 12/16/04, effective 1/31/05)

**WAC 4-25-790 How do I renew my individual license, CPA-Inactive certificate, or registration as a resident nonlicensee firm owner?** A licensee may not renew as a CPA-Inactive certificate holder.

To renew your individual license, CPA-Inactive certificate, or registration as a resident nonlicensee firm owner, you must ~~((use the))~~ by April 30th of the year of expiration make application through the board's on-line application system or on a form ~~((s))~~ provided by the board ~~((and satisfy CPE requirements in WAC 4-25-830(1)). In January of the year of expiration, a renewal form will be mailed to the last address you provided to the board.—~~

~~To renew your individual license, CPA Inactive certificate, or registration as a resident nonlicensee firm owner, you must submit~~

~~to the board by April 30th of the year of expiration)) upon request and provide the board with:~~

~~(1) ((A)) Complete renewal ((form)) information including:~~

~~(a) Your certification that you have complied with the CPE requirements of WAC ((4-25-830)) 4-30-134(1) and the supporting documentation requirements of WAC ((4-25-833)) 4-30-138; and~~

~~(b) A listing of all states and foreign jurisdictions in which you hold or have applied for a license, certificate, or permit to practice;~~

~~(2) All required documentation, required information, and other documentation deemed necessary by the board; and~~

~~(3) All applicable fees((; and~~

~~(3) All required documentation, required information, and other documentation deemed necessary by the board.~~

~~A licensee may not renew as a CPA-Inactive certificate holder)).~~

~~A renewal ((form)) application is not complete and cannot be processed until all ((fees,)) required information, ((required documentation, and other documentation deemed necessary by the board)) documents, and all applicable fees are ((received by)) submitted to the board. ((Upon completion of processing, confirmation of your individual license, CPA Inactive certificate renewal, or registration as a resident nonlicensee firm owner will be mailed to the last address you provided to the board.))~~

~~Upon assessment of your continued qualifications and approval of your application, your status will be posted in the board's licensee data base and, therefore, made publicly available for confirmation. A hard copy of your credential can be provided upon request.~~

~~An individual license, CPA-Inactive certificate, or registration as a resident nonlicensee firm owner renewal expires on June 30 of the third calendar year following the calendar year of renewal.~~

~~**Late renewal application:** Failure to file a complete application for renewal ((form for)) of an individual license, CPA-Inactive certificate, or registration as a resident nonlicensee firm owner by April 30 of the year of expiration will result in late fees. The board may waive, reduce, or extend the due date of renewal and/or late fees based on individual hardship including, but not limited to, financial hardship, critical illness, or active military deployment.~~

~~**Failure to file a renewal application:** If you fail to file a complete application for renewal ((form for)) of an individual license, CPA-Inactive certificate, or registration as a resident nonlicensee firm owner by June 30 of the year of ((expiration)) renewal, your individual license, CPA-Inactive certificate, or registration as a resident nonlicensee firm owner will lapse.~~

~~**Failure to Complete CPE:** If you did not complete the credit hours of continuing professional education (CPE) required to renew your credential or did not submit a timely extension request and/or was not granted an extension of time for reasonable cause within which to complete the deficiency, your individual license, CPA-~~

Inactive certificate, or registration as a resident nonlicensee firm owner will lapse on June 30th of the year of renewal.

**Lapsed credentials:** A lapsed credential is subject to reinstatement.

If your individual license, CPA-Inactive certificate, or registration as a resident nonlicensee firm owner has lapsed, you may not use the restricted title(s) ((CPA)) or exercise other privileges that are dependent upon the renewal of ~~((the license))~~ your credential.

~~((If your CPA Inactive certificate has lapsed, you may not use the title CPA Inactive or exercise other privileges that are dependent upon the renewal of the certificate.))~~

AMENDATORY SECTION (Amending WSR 09-01-166, filed 12/23/08, effective 1/23/09)

**WAC 4-25-791 I am a CPA-Inactive certificate holder--Prior to July 1, 2001, I held a license--How do I apply to return to my previous status as a licensee?** CPA-Inactive certificate holders who held a license at any time prior to July 1, 2001, may apply to return to their previous status as a licensee. If you are a CPA-Inactive certificate holder, you may not use the title "CPA" or "Certified Public Accountant" until you return to your previous status as a licensee.

If you hold a valid CPA-Inactive certificate, ~~((to apply to return to your previously held status as a licensee, you must use the form provided by the board and satisfy CPE requirements in WAC 4-25-830(5)))~~ you must provide certain information to the board either by making application through the board's on-line application system or on a form provided by the board upon request. An application is not complete and cannot be processed until all required information, required documentation, fees, and other documentation deemed necessary by the board are ~~((received by))~~ submitted to the board.

To apply to return to your previous status as a licensee you must submit to the board:

(1) ~~((A))~~ Complete application ((form)) information including your certification~~((, under the penalty of perjury,))~~ that you have:

(a) Not held out in public practice during the time in which you were a CPA-Inactive certificate holder; and

(b) Met the CPE requirements of WAC ~~((4-25-830))~~ 4-30-134(5);

(2) All other required ((documentation, required)) information, ((and other documentation deemed necessary by the board)) documents, and all fees.

Upon ~~((approval of your application, your license will be mailed to the last address you provided to the board))~~ assessment of your continued qualifications and approval of your application,

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

You may not use the title CPA until (~~you receive notice from~~) your status as a licensee is posted in the (~~board that your CPA license has been approved~~) board's licensee data base.

AMENDATORY SECTION (Amending WSR 09-01-166, filed 12/23/08, effective 1/23/09)

**WAC 4-25-792 How do I reinstate a lapsed individual license, CPA-Inactive certificate, or registration as a resident nonlicensee firm owner?** If your individual license (~~or~~), CPA-Inactive certificate, or registration as a resident nonlicensee firm owner has lapsed, you may not use the restricted title(s) (~~CPA or CPA-Inactive~~) until your individual (~~license or CPA Inactive certificate is~~) credential has been reinstated by the board.

Individuals who held a valid license on June 30, 2001, and individuals obtaining a license after June 30, 2001, are not eligible to reinstate as CPA-Inactive certificate holders.

~~((If your registration as a resident nonlicensee firm owner has lapsed, you may not be an owner of a CPA firm until your registration is reinstated by the board.))~~

To reinstate a lapsed individual license, CPA-Inactive certificate, or registration as a nonlicensee firm owner you must (~~use the form provided by the board and satisfy CPE requirements in WAC 4-25-830(6). An application is not complete and cannot be processed until all fees, required information, required documentation, and other documentation deemed necessary by the board are received by the board~~) provide certain information to the board either by making application through the board's on-line application system or on a form provided by the board upon request. An application is not complete and cannot be processed until all required information and documents, and fees have been submitted to the board.

To reinstate, you must submit to the board:

(1) (~~(A)~~) Complete reinstatement (~~(form)~~) information including your certification(~~(, under the penalty of perjury,)~~) that you have:

(a) *For those who wish to reinstate a license or CPA-Inactive certificate:* Not used the title CPA or CPA-Inactive during the time in which your individual license or CPA-Inactive certificate was lapsed; or

(b) *For those who wish to reinstate a registration as a resident nonlicensee firm owner:* Not participated as an owner in a CPA firm during the time in which your registration as a resident nonlicensee firm owner was suspended or revoked; and

(c) Met the CPE requirements for reinstatement in WAC (~~4-25-~~

~~830~~) 4-30-134(6); and

(d) Met the CPE supporting documentation requirements in WAC ((~~4-25-833~~)) 4-30-138;

(2) Source documents as evidence of eligibility for CPE credit for all courses claimed in order to meet CPE requirements as defined by WAC ((~~4-25-833~~)) 4-30-138;

(3) A listing of all states and foreign jurisdictions in which you hold or have applied for a license, certificate, or practice privileges;

(4) ((~~All applicable fees~~)) Other required documents; and

(5) ((~~Other required documents, required information, and other documentation deemed necessary by the board.~~)) All applicable fees.

Upon approval of your reinstatement((~~, notice that your license, registration as a resident nonlicensee firm owner, or CPA-Inactive certification has been reinstated~~)) application, your status will be ((mailed to the last address you provided to the board)) posted in the board's licensee data base and, therefore, made publicly available for confirmation. A hard copy of your credential can be provided upon request.

Your license, CPA-Inactive certificate, or registration as a nonlicensee firm owner will expire on June 30th of the third calendar year following approval of the reinstatement. The CPE reporting period for your next renewal begins on January 1 of the calendar year in which the reinstatement of your license, CPA-Inactive certificate, or registration as a nonlicensee firm owner was approved by the board and ends on December 31 of the second calendar year following approval of the reinstatement. CPE credit hours utilized to qualify for reinstatement cannot be utilized for ((~~this CPE reporting period~~)) subsequent renewal of your reinstated credential.

You may not use the ((~~title CPA or CPA Inactive~~)) restricted title(s) until your reinstatement application has been approved and posted to the board's data base.

AMENDATORY SECTION (Amending WSR 09-01-166, filed 12/23/08, effective 1/23/09)

**WAC 4-25-793** **If I retire my license or CPA-Inactive certificate, how do I apply to ((return to my previous status as a licensee)) renew my license or a CPA-Inactive certificate ((holder)) out of retirement?** If you ((notified)) notify the board that you wish to retire your license or CPA-Inactive certificate prior to the end of your renewal cycle, pursuant to RCW 18.04.215((+7)), you may renew your license or CPA-Inactive certificate out of retirement at a later date and are not subject to the requirements of reinstatement; however, you may not use the title CPA or CPA-Inactive or exercise the privileges related to

those titles until you ~~((return to your previous status))~~ renew out of retirement.

If you previously held a license and requested that the license be retired, you are not eligible to apply for CPA-Inactive certificate holder status.

To apply to ~~((return to your previously held status as either a licensee))~~ renew a license or a CPA-Inactive certificate ~~((holder))~~ out of retirement, you must ~~((use the form(s) provided by the board and satisfy CPE requirements in WAC 4-25-830(4))~~ provide certain information to the board either by making application through the board's on-line application system or on a form provided by the board upon request. An application is not complete and cannot be processed until all ~~((fees,))~~ required information, ~~((required documentation, or other documentation deemed necessary by the board are received by the board.~~

If you previously held a license, you are not eligible to apply for CPA Inactive certificate holder status)) documents, and fees are submitted to the board.

To apply to ~~((return to your previous status))~~ renew out of retirement, you must submit to the board:

(1) ~~((A))~~ Complete application ((form)) information including your certification((, under the penalty of perjury,)) that you have:

(a) Not used the title CPA or CPA-Inactive during the time in which your license or CPA-Inactive certificate was retired; and

(b) Met the CPE requirements to ~~((return to your previous status))~~ renew out of retirement in WAC ~~((4-25-830))~~ 4-30-134(4); and

(2) All applicable fees~~((, and~~

~~((3) Other required documentation, required information, or other documentation deemed necessary by the board)).~~

Upon ~~((approval of your application, your license or notification of))~~ assessment of your continued qualifications and approval of your application, your status ~~((as a CPA-Inactive certificate holder))~~ will be ~~((mailed to the last address you provided to the board))~~ posted in the board's licensee data base and, therefore, made publicly available for confirmation. A hard copy of your credential can be provided upon request.

Your license or CPA-Inactive certificate will expire on June 30th of the third calendar year following ~~((approval))~~ the calendar year of the renewal out of retirement. The CPE reporting period for your next renewal begins on January 1 of the calendar year in which the renewal of your retired license or CPA-Inactive certificate was approved by the board and ends on December 31 of the second calendar year following approval of the renewal out of retirement. CPE credit hours utilized to qualify for renewal of a retired license or CPA-Inactive certificate cannot be utilized for ~~((this CPE reporting period))~~ subsequent renewal of your credential renewed out of retirement.

You may not use the title CPA or CPA-Inactive until your renewal out of retirement application has been approved.

**WAC 4-25-795 How do I reinstate a revoked or suspended license, CPA-Inactive certificate, or registration as a resident nonlicensee firm owner?**

If your license or CPA-Inactive certificate was revoked or suspended by the board pursuant to the act, you may not use the title CPA or CPA-Inactive until your license or CPA-Inactive certificate is reinstated by the board.

If your registration as a resident nonlicensee firm owner was revoked or suspended by the board pursuant to the act, you may not be a firm owner until your registration is reinstated by the board.

You may request that the board modify the suspension or revocation after three years have elapsed from the effective date of the board's order revoking or suspending your license ~~((or)),~~ CPA-Inactive certificate, or registration as a resident nonlicensee firm owner unless the board sets some other period by order. However, if you made a previous request with respect to the same order, no additional request will be considered before the lapse of an additional three years following the board's decision on the last such previous application for reinstatement.

To request reinstatement of a revoked or suspended license, CPA-Inactive certificate, or registration as a resident nonlicensee firm owner you must ~~((use the form provided by the board and satisfy CPE requirements in WAC 4-25-830(6))~~ provide the board with certain information either by making application through the board's on-line application system or on a form provided by the board upon request. ~~((A request))~~ An application is not complete and cannot be processed until all ~~((fees,))~~ required information, ~~((required documentation))~~ documents, and ~~((other documentation deemed necessary by the board are received by))~~ fees are submitted to the board.

To request reinstatement, you must submit to the board:

(1) ~~((A))~~ Complete ~~((reinstatement form))~~ information including your certification ~~((under the penalty of perjury,))~~ that you have:

(a) *For those who wish to reinstate a license or CPA-Inactive certificate:* Not used the title CPA during the time in which your license or CPA-Inactive certificate was suspended or revoked; or

(b) *For those who wish to reinstate a registration as a resident nonlicensee firm owner:* Not participated as an owner in a CPA firm during the time in which your registration as a resident nonlicensee firm owner was suspended or revoked; and

(c) Met the CPE requirements for reinstatement in WAC ~~((4-25-830(6); and~~

~~((d) Met the CPE supporting documentation requirements in WAC 4-25-833))~~ 4-30-134(6), by submitting the documentation to support the CPE claimed;

(2) A listing of all states and foreign jurisdictions in which you hold or have applied for a license, CPA-Inactive certificate, permit, or practice privilege under substantial equivalence;

(3) All applicable fees;



~~(4) ((Source documents as evidence of eligibility for CPE credit for all courses claimed in order to meet CPE requirements as defined by WAC 4-25-833;~~

~~(5))~~ Written substantiation of the reasons constituting good cause for the reinstatement; and

~~((6))~~ (5) Two supporting recommendations (~~(, under penalty of perjury,)~~) from licensees who have personal knowledge of your activities since the suspension or revocation was imposed (~~(, and~~

~~(7) Other required documentation, required information, and other documentation deemed necessary by the board)~~).

In considering the reinstatement application, the board may consider all relevant factors, including but not limited to:

(a) The offense for which you were disciplined;

(b) Your activities since the disciplinary penalty was imposed;

(c) Your activities during the time the license, CPA-Inactive certificate, or registration as a resident nonlicensee firm owner was in good standing;

(d) Your rehabilitative efforts;

(e) Restitution to damaged parties in the matter for which the penalty was imposed; and

(f) Your general reputation for ~~((truth and professional ethics))~~ integrity, objectivity, and ethical commitment.

If the board decides to consider the merits of your application for reinstatement, in the board's discretion, a hearing may be held following such procedures as the board deems suitable for the particular case. If the board decides that it will not consider the merits of your application for reinstatement, then this constitutes final agency action and there is no further administrative review available to you. As a condition of reinstatement, the board may impose such terms and conditions as it deems suitable.

The board will not consider a request for reinstatement while you are under sentence for any criminal offense, including any period during which you are on court-imposed probation or parole.

~~((Upon approval of))~~ If the board approves your application, your ((license, notification of your)) status ((as a CPA Inactive certificate holder, or registration as a resident nonlicensee firm owner)) will be ((mailed to the last address you provided to the board)) posted in the board's licensee data base and, therefore, made publicly available for confirmation. A hard copy of your reinstated credential can be provided upon request.

Your reinstated license, CPA-Inactive certificate, or registration will expire on June 30th of the third calendar year following approval of the reinstatement. The CPE reporting period for your next renewal begins on January 1 of the calendar year in which the reinstatement of your license, CPA-Inactive certificate, or registration was approved by the board and ends on December 31 of the second calendar year following approval of the reinstatement. CPE credit hours utilized to qualify for reinstatement of a license, CPA-Inactive certificate, or registration cannot be utilized for ~~((this CPE reporting period))~~ subsequent renewal of your credential.

You may not use the title CPA or CPA-Inactive or hold an interest in a licensed CPA firm as a resident nonlicensee firm owner until your reinstatement application has been approved.

AMENDATORY SECTION (Amending WSR 08-18-016, filed 8/25/08, effective 9/25/08)

**WAC 4-25-820 What are the requirements for participating in quality assurance review (QAR)?** (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.

(2) Out-of-state firms otherwise qualified for practice privileges under RCW 18.04.195 (1)(b) are ~~((responsible for compliance with this section. These firms are exempt from the registration requirements set forth in this section))~~ 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.

(3) **Structure and implementation.** ~~((a))~~ The board will annually appoint a quality assurance review committee ~~((to perform))~~ co-chaired by a current or former board member and an individual selected by the board from the other committee members. The committee shall direct the following functions:

~~((i) Review))~~ (a) Evaluation of financial statements and the reports of licensees thereon to assess their compliance with applicable professional standards;

~~((ii) Review))~~ (b) Evaluation of licensees' reports and on other information covered by those reports for conformity with applicable professional standards;

~~((iii))~~ (c) Improvement of reporting practices of licensees through education and rehabilitative measures; ~~(and~~

~~(iv))~~ (d) Evaluation of licensees' peer review reports; and (e) Such other functions as the board may assign to the committee.

~~((b))~~ (4) **Process.**

(a) Once every three years the board requires a licensed firm with an office in this state to participate in the board's quality assurance review program. Participating firms will be required to submit ((a)) quality assurance review status ((form)) information, along with the appropriate fee, by the following April 30th.

Failure to timely submit ~~((a))~~ complete quality assurance review status ~~((form))~~ information and the related fee postmarked

by the April 30th due date, (~~will~~) 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.

~~((c))~~ (b) Participating firms may request exemption from the requirements of (e) of this subsection if within the three years immediately preceding the date of board request:

(i) The firm has not issued any attestation or compilation reports; or

(ii) The firm has participated in a board-approved peer review program. The board has approved:

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

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

(C) Peer review programs administered by the Washington Society of CPAs (WSCPAs).

(c) Participating firms requesting exemption based on peer review must submit a copy of the peer review report, response to the peer review report, if applicable, and letter of acceptance from the reviewing organization. Firms that fail a peer review may request exemption, but must submit a copy of the peer review report and related correspondence, at the discretion of the board, for consideration on an individual basis.

(d) Each participating firm shall submit, for each of its offices, one licensee report and the information covered by that report, for each of the following types of service or any other service the board determines:

(i) Compilation report on historical financial statements;

(ii) Review report on historical financial statements;

(iii) ~~(Audit report on historical financial statements;~~

~~(iv))~~ Agreed-upon procedures;

~~((v))~~ (iv) Forecasts;

~~((vi))~~ Internal controls;

~~(vii) Performance audits;))~~ and

~~((viii))~~ (v) Projections.

~~((d))~~ (e) Firms issuing audit reports on financial statements, performance audit reports, or examination reports on internal controls for nonpublic enterprises must participate in a board-approved peer review program administered by the American Institute of CPAs (AICPA) or the Washington Society of CPAs (WSCPAs).

(f) A participating firm shall select these reports from all reports prepared during the twelve months preceding the date of board request or, if no reports have been issued within the last twelve months, from all reports during the preceding three years.

~~((e))~~ (g) If reports issued by all offices of a firm are reviewed and issued in a controlled, centralized process, only one each of the type of licensee reports, including the information covered by the reports, specified above need be submitted by the firm as a whole.

~~((f))~~ The board may exempt from the requirement of (c) of this subsection any firm that has participated in a board approved peer

~~review program within the three years immediately preceding the date of board request.~~

~~(g) Firms requesting exemption must submit a copy of an unmodified report, letter of comments, response to letter of comments, if applicable, and letter of acceptance from the reviewing organization. Firms that receive modified peer review reports may request exemption, but must submit copies of such reports and related correspondence, at the discretion of the board, for consideration on an individual basis.)~~

(h) Any documents submitted in accordance with ~~((c))~~ (d) of this subsection may have the name of the client, the client's address, and other identifying factors omitted, provided that the omission does not render the type or nature of the entity undeterminable. Dates may not be omitted.

(i) Reports submitted to the committee pursuant to ~~((e))~~ (d) of this subsection and comments of reviewers, the committee and the board on such reports or workpapers relating thereto, shall also be preserved in confidence except to the extent that they are communicated by the board to the licensees who issued the reports or disclosure is required under administrative procedure rules or by direction of a court of law.

(j) The committee's ~~(review)~~ evaluation of the licensee reports and other information covered by those reports shall be directed toward the following:

(i) Presentation of the financial statements covered by the licensee reports and/or other information covered by those reports in conformity with applicable professional standards for presentation and disclosure;

(ii) Compliance by licensees with applicable reporting standards; and

(iii) Compliance by licensees with the rules of the board and other regulations relating to the practice of public accounting.

~~((4))~~ (5) Remedies. If the board determines that a report and/or other information covered by the report referred to the board by the committee is substandard or seriously questionable with respect to applicable professional standards, the board may take one or more of the following actions:

(a) Send the licensee a letter of comment detailing the perceived deficiencies and require the licensee to develop quality control procedures to ensure that similar occurrences will not occur in the future;

(b) Require any licensee who had responsibility for issuance of a report, or who substantially participated in preparation of the report and/or related workpapers, to successfully complete specific courses or types of continuing education as specified by the board;

(c) Require that the licensee responsible for a substandard report submit all or specified categories of its reports to a preissuance review in a manner and for a duration prescribed by the board. The cost of the preissuance review will be at the firm's expense;

(d) Require the licensee responsible for a substandard report to submit to a peer review conducted in accordance with standards

acceptable to the board. The cost of the peer review will be at the licensee's expense;

(e) Require the licensee responsible for substandard work to submit to on-site field review or other investigative procedures of work product and practices by board representatives in order to assess the degree or pervasiveness of substandard work. The board may assess the costs of such field review or procedures to the licensee if the results of such investigative efforts substantiate the existence of substandard work product;

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

~~((5))~~ (6) 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 09-17-044, filed 8/11/09, effective 9/11/09)

**WAC 4-25-830 What are the CPE requirements for individuals?**

(1) The following CPE is required for individuals during the three calendar year period prior to renewal:

(a) An individual licensed to practice in this state must complete a total of 120 CPE hours, including 4 CPE credit hours in an approved Washington ethics and regulations course meeting the requirements of subsection (3) of this section. The total 120 CPE hours requirement is limited to no more than 24 CPE credit hours in nontechnical subject areas. All qualifying CPE hours must be taken after the date your initial CPA license was issued;

(b) A CPA-Inactive certificate holder or a resident nonlicensee firm owner must complete 4 CPE credit hours in ethics meeting the requirements of subsection (3) of this section; and

(c) Individuals holding practice privileges are exempt from the CPE requirements of this section.

(2) **CPE requirements for renewal of a license that was issued less than three years before the end of a CPA-Inactive certificate renewal cycle:** When you convert your status from a CPA-Inactive certificate holder to a licensee, your CPE reporting period (the three calendar year period prior to renewal) and renewal cycle will remain the same. The CPE requirements for renewal are as follows:

(a) If your license was issued during the first calendar year of your CPE reporting period, you must have completed 80 CPE credit hours which is limited to 16 CPE credit hours in nontechnical subject areas and must include 4 CPE credit hours in ethics meeting the requirements of subsection (3) of this section.

(b) If your license was issued during the second calendar year of your CPE reporting period, you must have completed 40 CPE credit hours which is limited to 8 CPE credit hours in nontechnical subject areas and must include 4 CPE credit hours in ethics meeting

the requirements of subsection (3) of this section.

(c) If your license was issued during the third calendar year of your CPE reporting period, you must have completed 4 CPE credit hours in ethics meeting the requirements of subsection (3) of this section.

(3) **Ethics and regulations applicable to practice in Washington state:** During each CPE reporting period all individuals licensed in this state, individual CPA-Inactive certificate holders in this state, and resident nonlicensee firm owners are required to complete 4 CPE credit hours in approved ethics and regulations with specific application to the practice of public accounting in Washington state. In order to be approved by the board, the CPE sponsor or instructor must submit documentation associated with the ethics and regulations CPE to the board for approval and the sponsor or instructor must obtain written approval from the board. The ethics and regulations CPE must cover all of the following topics, and the ethics and regulations CPE must substantially address these topics:

(a) Chapter 18.04 RCW and chapter 4-25 WAC. The CPE must include general level information on the Public Accountancy Act, the board's rules, policies, and the rule-making process.

(b) WAC (~~(4-25-521)~~) 4-30-026 How can I contact the board?

(c) WAC (~~(4-25-550)~~) 4-30-032 Do I need to notify the board if I change my address?

(d) WAC (~~(4-25-551)~~) 4-30-034 Must I respond to inquiries from the board?

(e) WAC (~~(4-25-600 Series)~~) 4-30-040 through 4-30-048 Ethics and prohibited practices. The CPE must include detailed information on each rule and all related board policies.

(f) WAC (~~(4-25-800)~~) 4-30-103 Series--Continuing competency. The CPE must include detailed information on each rule and all related board policies.

(g) WAC (~~(4-25-910)~~) 4-30-142 What are the bases for the board to impose discipline?

(h) AICPA Code of Conduct: The CPE must include general level information on the AICPA Code of Conduct.

(i) Variances or key differences between Washington state law (chapter 18.04 RCW and chapter 4-25 WAC) and the AICPA Code of Conduct.

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

(4) **CPE requirements to renew a ((retired)) license or CPA-Inactive certificate out of retirement:**

(a) In order to renew a ((retired)) license out of retirement, you must meet the CPE requirements of subsection (1)(a) of this section within the thirty-six month period immediately preceding the date the renewal application (~~(is received by)~~) is submitted to the board; however, the four CPE hours in ethics meeting the requirements of subsection (3) of this section must be completed within the six-month period immediately preceding the date your renewal application (~~(was received by)~~) is submitted to the board.

(b) In order to renew a ((retired)) CPA-Inactive certificate out of retirement, you must meet the CPE requirements of subsection

(1)(b) of this section within the six-month period immediately preceding the date your renewal application (~~((was received by))~~) is submitted to the board.

**(5) CPE requirements for a CPA-Inactive certificate holder to either qualify to apply for a license or return to their previously held status as a licensee:** If you hold a valid CPA-Inactive certificate and you wish to apply for a license or you want to return to your previously held status as a licensee, you must meet the CPE requirements of subsection (1)(a) of this section within the thirty-six month period immediately preceding the date your application is (~~((received by))~~) is submitted to the board.

**(6) Reinstatement of a lapsed, suspended, or revoked license, certificate, or registration as resident nonlicensee firm owner:**

(a) If you seek to reinstate a lapsed, suspended, or revoked license, you must satisfy the requirements of subsection (1)(a) of this section within the thirty-six month period immediately preceding the date the application for reinstatement (~~((was received by))~~) is submitted to the board; however, the four CPE hours in ethics meeting the requirements of subsection (3) of this section must be completed within the six-month period immediately preceding the date your application for reinstatement (~~((was received by))~~) is submitted to the board.

(b) If you seek to reinstate a lapsed, suspended, or revoked CPA-Inactive certificate, or registration as a resident nonlicensee firm owner, you must satisfy the requirements of subsection (1)(b) of this section within the six-month period immediately preceding the date your application for reinstatement (~~((was received by))~~) is submitted to the board.

**(7) Reciprocity:** If you are applying for an initial Washington state CPA license under the reciprocity provisions of the act, you must satisfy the requirements in subsection (1)(a) of this section, after you were licensed as a CPA and within the thirty-six month period immediately preceding the date your application (~~((was received by))~~) is submitted to the board. For purposes of initial licensure, you do not need to satisfy the ethics requirements of subsection (1)(a) of this section. Thereafter, in order to renew your Washington state license, you must comply with all the renewal requirements in subsection (1)(a) of this section.

**(8) CPE extension request:** In order to renew your license, CPA-Inactive certificate, or registration as a resident nonlicensee firm owner, you must complete the required CPE by the end of the CPE reporting period preceding your renewal unless you can demonstrate your failure to meet the CPE requirements was due to reasonable cause. The board may provide limited extensions to the CPE requirements for reasons of individual hardship including, but not limited to, financial hardship, critical illness, or active military deployment. You must request such an extension in writing by the end of the CPE reporting period. The request must include justification for the request and identify the specific CPE you plan to obtain to correct your CPE deficiency.

A form useful for this purpose is available from the board's

web site or will be provided to you upon request.

AMENDATORY SECTION (Amending WSR 09-17-044, filed 8/11/09, effective 9/11/09)

**WAC 4-25-831 What are the program standards for CPE? (1)**

**Qualifying program:** A program qualifies as acceptable CPE for purposes of RCW 18.04.215(5) if it is a formal program of learning which contributes to the CPA's professional knowledge and competence. A formal program means:

- The program is at least fifty minutes in length;
- Attendance is recorded;
- Participants sign in to confirm attendance and, if the program is greater than four credit hours, participants sign out during the last hour of the program; and
- Attendees are provided a certificate of completion.

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

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

(4) **CPE credit hours for volunteer service on the board and its committees and volunteer service on board approved peer review committees:** You may receive up to thirty-two hours of technical CPE credit each calendar year for actual time spent on board, board committee, or board approved peer review committee activities.

(5) **Subject areas:** Programs dealing with the following general subject areas are acceptable so long as they meet the standards in subsection (1) of this section:

(a) **Technical subjects include:**

- (i) Auditing standards or procedures;
- (ii) Compilation and review of financial statements;
- (iii) Financial statement preparation and disclosures;
- (iv) Attestation standards and procedures;
- (v) Projection and forecast standards or procedures;
- (vi) Accounting and auditing;
- (vii) Management advisory services;
- (viii) Personal financial planning;
- (ix) Taxation;
- (x) Management information services;
- (xi) Budgeting and cost analysis;
- (xii) Asset management;
- (xiii) Professional ethics (other than those programs used to satisfy the requirements of WAC ((~~4-25-830~~) 4-30-134(3)));



- (xiv) Specialized areas of industry;
- (xv) Human resource management;
- (xvi) Economics;
- (xvii) Business law;
- (xviii) Mathematics, statistics, and quantitative applications in business;
- (xix) Business management and organization;
- (xx) General computer skills, computer software training, information technology planning and management; and
- (xxi) Negotiation or dispute resolution courses;
- (b) **Nontechnical subjects include:**
  - (i) Communication skills;
  - (ii) Interpersonal management skills;
  - (iii) Leadership and personal development skills;
  - (iv) Client and public relations;
  - (v) Practice development;
  - (vi) Motivational and behavioral courses; and
  - (vii) Speed reading and memory building.

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

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

- (a) Professional education and development programs of national, state, and local accounting organizations;
- (b) Technical sessions at meetings of national, state, and local accounting organizations and their chapters;
- (c) Formal in-firm education programs;
- (d) Programs of other organizations (accounting, industrial, professional, etc.);
- (e) Dinner, luncheon, and breakfast meetings which are structured as formal educational programs;
- (f) Firm meetings for staff and/or management groups structured as formal education programs. Portions of such meetings devoted to communication and application of general professional policy or procedure may qualify, but portions devoted to firm administrative, financial and operating matters generally will not qualify.

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

- Twenty-five minutes of continuous instruction counts as zero

CPE credit hour if that instruction is the first CPE course taken;

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

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

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

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

(a) **Interactive self-study programs:** The amount of credit allowed for interactive self-study is that which is recommended by the program sponsor on the basis of the average completion time under appropriate "field tests." In order to claim CPE credit for interactive self-study programs, you must obtain evidence of satisfactory completion of the course from the program sponsor.

(b) **Noninteractive self-study programs:** The amount of credit allowed for noninteractive self-study is one-half the average completion time as determined by the program sponsor on the basis of appropriate "field tests." To claim CPE credit for noninteractive self-study programs, you must obtain evidence of satisfactory completion of the course from the program sponsor.

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

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

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

(12) **Carry-back:** As specified in WAC ((~~4-25-830~~)) 4-30-134(8), CPE credit hours you complete during one CPE reporting period can be carried back to the previous reporting period only after the board has approved your extension request or has required the carry-back as part of sanctions for failure to complete

required CPE.

(13) **Credential examination:** CPE credit may not be claimed for CPA examination review courses. You may not claim CPE credit for preparing for or taking a credential examination unless you complete a formal review course and receive a certificate of completion meeting the requirements of WAC (~~(4-25-833)~~) 4-30-138. CPE credit may not be claimed for CPA examination review courses.

AMENDATORY SECTION (Amending WSR 01-22-036, filed 10/30/01, effective 12/1/01)

**WAC 4-25-832 How do I report my CPE to the board?** In order to apply for renewal of your license, certificate, or registration as a resident nonlicensee firm owner, you must satisfy the board's CPE and supporting documentation requirements.

The reporting of compliance with CPE requirements is concurrent with filing your renewal application. When you complete your application for renewal (~~(form)~~), you are required to (~~sign a statement certifying under the penalty of perjury~~) certify that you complied with the board's CPE requirements as defined in WAC (~~(4-25-830)~~) 4-30-134 and supporting documentation requirements as defined in WAC (~~(4-25-833)~~) 4-30-138.

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

AMENDATORY SECTION (Amending WSR 08-18-016, filed 8/25/08, effective 9/25/08)

**WAC 4-25-910 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) Reinstate or modify the terms of a revoked or suspended license, certificate, or registration as a resident nonlicensee firm owner in this state;

(d) Reinstate 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 RCW 18.04.215 or 18.04.195;

(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) Making misleading, deceptive, or untrue representations;

(d) Engaging in acts of fiscal dishonesty;

(e) 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;

(f) Unlawfully selling unregistered securities;

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

(h) Discharging a trustee's duties in a negligent manner or breaching one's fiduciary duties; or

(i) 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 ((~~4-25-410~~)) 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 ((~~4-25-410~~)) 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 ((~~4-25-410~~)) 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 ((~~4-25-410~~)) 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 ((~~4-25-410~~)) 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 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;

(8) 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 ((~~4-25-410~~)) 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 chapter 4-25 WAC, by a licensee, defined in WAC ((~~4-25-410~~)) 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

under RCW 18.04.195 (1)(a)(iii) 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 firm not licensed 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 licensed firm 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 chapter 4-25 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 (~~(4-25-410)~~) 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 (~~(4-25-410)~~) 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.

#### NEW SECTION

The following sections of the Washington Administrative Code are decodified as follows:

Old WAC Number	New WAC Number
4-25-400	4-30-020
4-25-410	4-30-010
4-25-510	4-30-022
4-25-520	4-30-024
4-25-521	4-30-026
4-25-530	4-30-038
4-25-540	4-30-028
4-25-550	4-30-032
4-25-551	4-30-034
4-25-620	4-30-040
4-25-622	4-30-042
4-25-626	4-30-044
4-25-630	4-30-046
4-25-631	4-30-048
4-25-650	4-30-052
4-25-660	4-30-054
4-25-661	4-30-056
4-25-710	4-30-060
4-25-720	4-30-062
4-25-721	4-30-064
4-25-730	4-30-070
4-25-735	4-30-082
4-25-745	4-30-080
4-25-746	4-30-092

4-25-747	4-30-090
4-25-750	4-30-110
4-25-752	4-30-116
4-25-753	4-30-112
4-25-781	4-30-100
4-25-782	4-30-102
4-25-783	4-30-104
4-25-790	4-30-094
4-25-791	4-30-120
4-25-792	4-30-124
4-25-793	4-30-122
4-25-795	4-30-126
4-25-820	4-30-130
4-25-830	4-30-134
4-25-831	4-30-132
4-25-832	4-30-136
4-25-833	4-30-138
4-25-910	4-30-142
4-25-930	4-30-058

REPEALER

The following section of the Washington Administrative Code is repealed:

WAC 4-25-610

Which rules govern the conduct of CPAs, CPA-Inactive certificate holders, CPA firms, and firm owners?



**Chapter 4-30 WAC**

**GENERAL PROVISIONS**

**DEFINITIONS**

**BOARD ADMINISTRATION**

**ETHICS AND PROHIBITED PRACTICES**

NEW SECTION

**WAC 4-30-030 What are the requirements for communicating with the board and staff?** Individuals and firms must communicate with the board as follows:

Note: (1) Failure to timely inform the board of matters required by WAC 4-30-032, 4-30-036, 4-30-100, and 4-30-110 can result in late fees and/or board discipline.  
(2) Failure to timely respond to board requests for information may result in board discipline.

<b>Condition</b>	<b>Time Period</b>	<b>Preferred Form of Contact</b>	<b>WAC</b>
Complete and/or submitted applications, including requested information, documents, and fees.	Prior to holding out as a credentialed person.	On-line system, board form, letter, or e-mail with required information.	Various
Request for brief adjudicative proceeding (BAP).	Within 30 days after the staff decision is posted in U.S. mail.	E-mail or written correspondence.	4-30-028
Request for appeal of brief adjudicative proceeding (BAP).	Within 21 days after the BAP decision is posted in U.S. mail.	Oral, e-mail or written correspondence.	4-30-028

<b>Condition</b>	<b>Time Period</b>	<b>Preferred Form of Contact</b>	<b>WAC</b>
1. Change of individual physical address; or	Within 30 days of any change of address.	On-line system, board form, letter, or e-mail with required information.	4-30-32
2. Change in the physical address of a firm's main office or branch office(s).			
Board requests for information or documents from licensees, certificate holders, nonlicensee firm owners, or applicants.	Within 20 days after the date of the request.	E-mail or written correspondence with requested information.	4-30-34
1. Notification of orders or sanctions imposed by the SEC, PCAOB, IRS, or another state board of accountancy for reasons other than payment of a license fee or failure to meet the CPE requirements of another state board of accountancy.	Within 30 days of receipt of an initial notice.	Board form, letter, PDF, or e-mail with required information.	4-30-036
2. Charges filed by the SEC, IRS, PCAOB, another state board of accountancy or a federal or state taxing, insurance or securities regulatory body.			
Licensees or certificate holders granted issued through foreign reciprocity. Any investigations undertaken or sanctions imposed by a foreign credentialing body against a foreign credential.	Within 30 days of receiving notice that an investigation has begun or a sanction was imposed.	Board form, letter, PDF, or e-mail with required information.	4-30-036
Reporting firm changes:	Within 90 days after the condition occurs.	Board form, letter, PDF, or e-mail with required information.	4-30-110
<ul style="list-style-type: none"> <li>● Change in legal form;</li> <li>● Dissolution of a firm;</li> </ul>			

<b>Condition</b>	<b>Time Period</b>	<b>Preferred Form of Contact</b>	<b>WAC</b>
<ul style="list-style-type: none"> <li>● Change in resident manager(s) or owner(s);</li> <li>● Change in branch or main office location(s);</li> <li>● Change in firm name;</li> <li>● Noncompliance with firm ownership requirements.</li> </ul>			
A foreign license, permit, or certificate has lapsed or otherwise becomes invalid.	Within 30 days after the credential issued by the other jurisdiction has lapsed or otherwise becomes invalid.	Board form, letter, PDF, or e-mail with required information.	4-30-100

## **UNIFORM CPA EXAMINATION**

### **INDIVIDUAL EXPERIENCE AND VERIFICATION**

#### NEW SECTION

**WAC 4-30-072 What are the responsibilities of a verifying CPA?** The verifying CPA is expected to:

(1) Obtain the applicant's completed Experience Affidavit form and supporting documentation to support the jobs the applicant held which provided the experience supporting the applicant's assertion that by performing the specific job functions, she/he was provided the opportunity to obtain each specific competency (this expectation may be met if the applicant is employed by the verifying CPA's firm or organization);

(2) Verify the applicant's relevant employment history;

(3) Interview the candidate or otherwise obtain or possess knowledge sufficient to understand the skill sets applied, tasks performed, and time spent in the applicant's represented job functions;

(4) Assess whether the skill sets applied, tasks performed,

and time spent would likely provide an opportunity to obtain each specific competency, excluding knowledge of the Washington state Public Accountancy Act and related board rules;

(5) Determine, by interview or course completion certificate, etc., that the applicant is knowledgeable of the Public Accountancy Act and related board rules applicable to individuals licensed in the state of Washington;

(6) Document this process and the basis for the conclusions reached by the verifying CPA relative to each specific competency, and maintain this documentation for a minimum of three years.

## **WASHINGTON RESIDENT INDIVIDUAL LICENSING**

### **INDIVIDUAL LICENSING BY INTERSTATE RECIPROCITY**

### **INDIVIDUAL LICENSING BY INTERNATIONAL RECIPROCITY**

## **CPA FIRM ORGANIZATION AND OWNERSHIP**

### **FIRM LICENSING REQUIREMENTS**

#### NEW SECTION

##### **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 required to be licensed under RCW 18.04.195 (1)(a), 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 on-line 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), 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 on-line 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.

## **CONVERSIONS, RETIREMENTS AND REINSTATEMENTS**

### **CONTINUING COMPETENCY**

## **INVESTIGATIONS, DISCIPLINE AND ENFORCEMENT**

NEW SECTION

**WAC 4-30-140 What are the authority, structure, and processes for investigations and sanctions?** Investigations are responsive to formal complaints or indications of a potential violation of chapter 18.04 RCW and in all proceedings under RCW 18.04.295 or chapter 34.05 RCW.

Investigations must be directed and conducted by individuals sufficiently qualified and knowledgeable of the subject matter of an investigation.

The board chair may delegate investigative authority and responsibility for initiating and directing investigations to a designee including the executive director of the board (RCW 18.04.045(7)).

The general responsibilities when directing an investigation are:

(1) Determine whether the complaint or other source of information is within the authority of the board;

(2) Determine the most likely sanction the board might impose if the alleged violation is proven;

(3) Determine the scope and type of evidence needed to reach a conclusion whether a violation occurred;

(4) Monitor communications to the person(s) affected by the investigative process;

(5) Monitor the progress of the evidentiary gathering process to ensure that the scope of inquiry and request for records is limited to that necessary to reach a conclusion whether the violation occurred;

(6) Upon completion of the investigation, evaluate the sufficiency of the evidence to support a conclusion as to whether a violation occurred;

(7) Develop a recommendation for dismissal or sanction for consideration by a consulting board member based upon the accumulated evidence and the board's "fair and equitable" standard for sanctioning.

The gathering of appropriate evidence should be assigned to staff or contract investigators who have no current or former close relationship to (or with) the complainant or the respondent.