

## ANNUAL BOARD MEETING AGENDA

**Date, Time:** Friday, October 18, 2024 – Annual Board Meeting – 9:00 a.m.

**Location:** Capital Event Center  
6005 Tyee Drive SW  
Tumwater, WA 98512  
or by Microsoft Teams Meeting

**Notices:** Public Rules Hearing

Chair Introductions

### PUBLIC RULE-MAKING HEARING

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**BOARD MEETING AGENDA**

- 5. Rules Review
  - a. Board deliberation on proposed rules considered at the public rule making hearing. See listing above under Public Rule Making Hearing – Item 2
  - b. Rules Under Initial Review (CR-101 filing)..... 89-90
    - i. WAC 4-30-057 Restrictions on CPA- inactive and CPA-retired. (New rule) ..... 91-93
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- 6. Minutes – July 19, 2024, Board Meeting..... 97-109
- 7. Washington State Executive Ethics Board – Board Member Training
  - a. Kate Reynolds, Executive Director, Washington State Ethics Board
- 8. Budget Report..... 110-113
  - a. Ian Shelley, Senior Financial Consultant, Department of Enterprise Services (DES), Small Agency Financial Services (SAFS)
- 9. Chair’s Report
  - a. Election of Officers for Calendar Year 2025
  - b. Board Meeting Schedule and Locations for Calendar Year 2025
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- 10. NASBA Update
  - a. CPA Competency-Based Experience Pathway..... 115-133
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- a. Executive Committee – Kate Dixon, Public Member, Chair
- b. Peer Review Oversight Committee (PROC) – Mark Hugh, CPA, Chair .....189
- c. Request Oversight Committee (ROC) – Scott Newman, Public Member, Chair .....190
- d. Scholarship Oversight Committee (SOC) – Tonia Campbell, CPA, Chair..... 191-194
- e. Board/AICPA Rules Committee (BARC) – Brooke Stegmeier, CPA, Chair
- f. Licensing and Regulation Committee (LARC) – Rajib Doogar, Public Member, Chair

16. Enforcement Report

- a. Quarterly Enforcement and Resolved Complaint Reports..... 195-196

17. Executive and/or Closed Sessions with Legal Counsel

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

The Board of Accountancy schedules all public meetings at barrier free sites. Persons who need special assistance, please contact the Board's Americans with Disabilities Act contact person:

Kirsten Donovan, Board Clerk  
PO Box 9131, Olympia, WA 98507-9131  
Phone: 360-664-9191 Email: [kirsten.donovan@acb.wa.gov](mailto:kirsten.donovan@acb.wa.gov)

7-1-1 or 1-800-833-6388 (TTY) - 1-800-833-6385 (TeleBraille)  
(TTY and TeleBraille service nationwide by Washington Relay [www.washingtonrelay.com](http://www.washingtonrelay.com))

**WASHINGTON STATE  
BOARD OF ACCOUNTANCY  
ANNUAL BOARD MEETING – OCTOBER 18, 2024  
MEETING SUMMARY**

**Date and Time:** Friday, October 18, 2024 - 9:00 a.m.

**Location:** Capital Event Center  
6005 Tye Drive SW  
Tumwater, WA 98512  
or by Microsoft Teams Meeting

**Notices:** Public Rules Hearing

**Chair's Opening Announcements:** The Board of Accountancy Annual Board meeting is now in session. The date is Friday, October 18, 2024. The time is \_\_\_\_.

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

**Chair Introductions:** My name is Kate Dixon, Public Member; I am the Chair of the Board of Accountancy. (Have the Board Members introduce themselves - both those in person and virtually - then staff, and then Lisa Petersen, AAG, Board Advisor).

**October 18, 2024 - 9:00 a.m. – PUBLIC RULE MAKING HEARING**

**Rules Hearing** - The Board will hold its scheduled rules hearing to obtain public input on the proposed changes to Board rules. Individuals wishing to comment must sign in on the rule making public input roster at the back of the room. If you are attending by Teams meeting, advise me now in the Teams chat, and your name will be added to the roster.

- 1. Public Rule Making Hearing Outline** – The script the Chair will use as a guide during the hearing is at **pages 17-19** of the meeting materials.

## 2. Rules Under Consideration

### **WAC 4-30-053 Client record requests. (New rule)**

See **pages 20-22** for the CR-102, Proposed Rule Making Notice.

**Page 23-24** contain the draft language filing for the proposed new rule.

The new rule is intended to:

- Provide guidance to consumers regarding client records.

Mark Hugh will provide a summary of the proposed new rule.

### **Rules Alignment for HB 1920 RCW Revisions**

See **pages 25-27** for the CR-102, Proposed Rule Making Notice.

- WAC 4-30-010 Definitions. – **pages 28-32**
- WAC 4-30-024 Public records. – **pages 33-34**
- WAC 4-30-034 Responding to board inquiries. – **page 35**
- WAC 4-30-040 Integrity and objectivity. – **page 36**
- WAC 4-30-042 Independence. – **page 37**
- WAC 4-30-044 Contingent fees. – **page 38**
- WAC 4-30-045 Commission and referral fees. – **page 39**
- WAC 4-30-046 General standards. – **page 40**
- WAC 4-30-048 Compliance with standards. – **page 41**
- WAC 4-30-049 Accounting principles. – **page 42**
- WAC 4-30-050 Confidential client information. – **page 43**
- WAC 4-30-052 Acts discreditable. – **page 44**
- WAC 4-30-054 Advertising and other forms of solicitation. – **page 45**
- WAC 4-30-056 Form of organization and name. – **page 46**
- WAC 4-30-070 What are the experience requirements in order to obtain a CPA license? – **pages 47-48**
- WAC 4-30-090 Must an out-of-state individual holding a license from another state apply and obtain a Washington state license to hold out and practice in Washington state? – **page 49**
- WAC 4-30-112 In state and out-of-state firm licensing requirements. – **page 50**

- **WAC 4-30-114 How do I apply for and maintain a firm license? – pages 51-52**
- **WAC 4-30-130 Quality assurance review (QAR) requirements for licensed CPA firms. – pages 53-56**
- **WAC 4-30-132 Qualifying continuing professional education (CPE) activities. – pages 57-59**
- **WAC 4-30-142 Disciplinary actions. – pages 60-63**

**Pages 28-63** contain the draft language filings for the proposed rule changes (page numbers for each rule are individually listed above). The proposed changes:

- Align the rules with HB 1920 RCW revisions. On March 7, 2024, Governor Inslee signed into law HB 1920, which is effective June 6, 2024. WAC 4-30-010, 4-30-034, 4-30-040, 4-30-042, 4-30-044, 4-30-045, 4-30-046, 4-30-048, 4-30-049, 4-30-050, 4-30-052, 4-30-054, 4-30-056, 4-30-070, 4-30-090, 4-30-112, 4-30-114, 4-30-130, and 4-30-142.
- Update the quality assurance review (QAR) requirements. WAC 4-30-130.
- Update to gender neutral pronouns. WAC 4-30-024, 4-30-040, 4-30-049, 4-30-132, and 4-30-142.
- Rename the rule. WAC 4-30-070, 4-30-090, and 4-30-114.

The Acting Director will provide a summary of the proposed rule changes.

### 3. **Washington Peer Review Background**

**Pages 64-79** contain the *Washington Peer Review Background* report.

Mark Hugh will present and lead the discussion.

### 4. **Written Stakeholder Comments**

The Board emailed all licensed CPA firms seeking public input regarding the proposed changes to WAC 4-30-130, Quality assurance review (QAR) requirements for licensed CPA firms. In response the Board received public comments from 7 individuals which are in the meeting materials at **pages 80-88**.

The Acting Director will read the comments.

**October 18, 2024 – ANNUAL BOARD MEETING**

The annual Board meeting is now back in session, and the time is \_\_\_\_\_.

**5. Rules Review**

**a. Board deliberation on the proposed rules considered at the public rule making hearing.**

The Board Chair will introduce the rule under consideration.

**WAC 4-30-053 Client records requests. (New rule) – pages 23-24**

Mark Hugh is prepared to answer any questions for the Board during deliberation.

**Does the Board wish to:**

- **Adopt the rule as proposed; or**
- **Adopt the rule with minor changes that do not change the general subject matter of the proposed rule; or**
- **Amend the rule proposal and set another rules hearing date; or**
- **Withdraw the rule proposal?**

**Effective date:** If the Board decides to adopt the rule, the Board must determine the effective date. Rules generally become effective 31 days after filing. The Acting Director recommends making the rule effective 31 days after filing.

**Does the Board wish to make the rule effective:**

- **31 days after filing; or**
- **Another date?**

**Rules Alignment for HB 1920 RCW Revisions**

The Board Chair will introduce the rules under consideration.

- **WAC 4-30-010 Definitions. – pages 28-32**
- **WAC 4-30-024 Public records. – pages 33-34**
- **WAC 4-30-034 Responding to board inquiries. – page 35**
- **WAC 4-30-040 Integrity and objectivity. – page 36**
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- **WAC 4-30-114 How do I apply for and maintain a firm license? – pages 51-52**
- **WAC 4-30-130 Quality assurance review (QAR) requirements for licensed CPA firms. – pages 53-56**
- **WAC 4-30-132 Qualifying continuing professional education (CPE) activities. – pages 57-59**
- **WAC 4-30-142 Disciplinary actions. – pages 60-63**

The Acting Director is prepared to answer any questions for the Board during deliberation.

**Does the Board wish to:**

- **Adopt the rules as proposed; or**
- **Adopt the rules with minor changes that do not change the general subject matter of the proposed rules; or**
- **Amend the rule proposals and set another rules hearing date; or**
- **Withdraw the rule proposals?**

**Effective date:** If the Board decides to adopt the rules, the Board must determine the effective date. Rules generally become effective 31 days after filing. The Acting Director recommends making the rules effective 31 days after filing.

**Does the Board wish to make the rules effective:**

- **31 days after filing; or**
- **Another date?**



**b. Rules Under Initial Review**

**Pages 89-90** contain the CR-101 filing for WAC 4-30-057 and 4-30-058.

**i. WAC 4-30-057 Restrictions on CPA-inactive and CPA-retired. (New rule)**

**Pages 91-93** contain a draft copy of the proposed new rule.

The proposed new rule is intended to:

- Provide guidance for CPA inactive and CPA retired.

Mark Hugh will lead a discussion on the proposed new rule.

**Does the Board wish to direct staff to:**

- **File the CR-102 as written (or with minor changes) for this proposal and schedule a public rule making hearing in conjunction with the Board's January meeting; or**
- **Amend the rule proposal for consideration at the Board's January meeting; or**
- **Withdraw the rule proposal?**

**ii. WAC 4-30-058 Other authorized titles.**

**Pages 94-96** contain a draft copy of the proposed rule changes.

The proposed rule changes are intended to:

- Clarify authorized title usage.

Mark Hugh will lead a discussion on the proposed changes.

**Does the Board wish to direct staff to:**

- **File the CR-102 as written (or with minor changes) for this proposal and schedule a public rule making hearing in conjunction with the Board's January meeting; or**
- **Amend the rule proposal for consideration at the Board's January meeting; or**
- **Withdraw the rule proposal?**

**6. Minutes – July 19, 2024, Board Meeting**

Board staff presents July 19, 2024, Board meeting draft minutes at **pages 97-109** for the Board’s consideration.

**Does the Board approve the minutes as drafted?**

**Do the Board Members attending virtually authorize the use of their electronic signatures on file for the signing of the approved meeting minutes?**

**7. Washington State Executive Ethics Board – Board Member Training**

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

The Acting Director will provide an introduction.

Kate Reynolds, Executive Director, Washington State Executive Ethics Board, will conduct this training.

**8. Budget Report**

Ian Shelley, Senior Financial Consultant, Department of Enterprise Services (DES), Small Agency Financial Services (SAFS), will provide an update on the Board’s budget.

The Acting Director will provide an introduction.

**Page 110** contains the report, *August 2024 Financial Reports*.

**Pages 111-113** contain the Allotment Expenditure/Revenue BTD Flexible Report, the Certified Public Accountant’s Account Fund View, and the CPA Scholarship Transfer Account Fund View for transactions through September 30, 2024.

**9. Chair’s Report**

**a. Election of Officers for Calendar Year 2025**

The Board must vote in officers for calendar year 2025:

Annual Meeting Summary – October 18, 2024

Chair \_\_\_\_\_  
Vice Chair \_\_\_\_\_  
Secretary \_\_\_\_\_

The newly elected officers will assume their duties on January 1, 2025.

**b. Board Meeting Schedule and Locations for Calendar Year 2025**

Board meeting dates are set by Board rule as the last Friday of the month in the months of January, April, July, and October, or as otherwise determined by the Board. The meeting dates and locations for consideration are:

- January 31, 2025 – SeaTac Area
- April 25, 2025 – SeaTac Area
- July 18, 2025 – Spokane, WA
- October 17, 2025 – Tumwater, WA

The 2025 Board meetings will be hybrid with options to attend in-person or virtually through Microsoft Teams.

**Does the Board approve the selected dates and locations?**

**c. Committee Chair and Member Appointments for Calendar Year 2025**

The Board adopted a governance structure that includes the Executive Committee consisting of the Board officers and five other standing committees. Task forces are created when needed and dissolved once their work is done. The Board needs to appoint chairs and members for each of the committees and task forces at its annual meeting. The current committees with members are listed.

**Page 114** contains the 2024 committee and task force spreadsheet for reference.

**Peer Review Oversight Committee (PROC)**

Chair: \_\_\_\_\_

Members: \_\_\_\_\_

Current Members:

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

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Non-board Volunteers:  
Robert Loe, CPA  
Laura Lindal, CPA  
Tom Neill, CPA

**Request Oversight Committee (ROC)**

Chair: \_\_\_\_\_

Members: \_\_\_\_\_

Current Members:  
Scott Newman, Public Member, Committee Chair  
Rajib Doogar, Public Member  
Tonia Campbell, CPA

**Scholarship Oversight Committee (SOC)**

Chair: \_\_\_\_\_

Members: \_\_\_\_\_

Current Members:  
Tonia Campbell, CPA, Committee Chair  
Kate Dixon, Public Member  
Tom Sawatzki, CPA

**Board/AICPA Rules Committee (BARC)**

Chair: \_\_\_\_\_

Members: \_\_\_\_\_

Current Members:  
Brooke Stegmeier, CPA, Committee Chair  
Brian Thomas, CPA  
Mark Hugh, CPA  
Scott Newman, Public Member

**Licensing and Regulation Committee (LARC)**

Chair: \_\_\_\_\_

Members: \_\_\_\_\_

Current Members:

Rajib Doogar, Public Member, Committee Chair  
Kate Dixon, Public Member  
Tonia Campbell, CPA

Non-board Volunteers:

Tom Neill, CPA  
Kimberly Scott  
Mike Nelson

## 10. NASBA Update

### a. CPA Competency-Based Experience Pathway

**Pages 115-133** contain the report, *CPA Competency-Based Experience Pathway*, jointly issued by the AICPA and NASBA on September 12, 2024. Comments are requested by December 6, 2024.

The Acting Director will lead the discussion.

### b. Uniform Accountancy Act Exposure Draft

**Pages 134-142** contain the Uniform Accountancy Act Exposure Draft published jointly by the AICPA and NASBA on September 30, 2024. Comments must be received by December 30, 2024.

The Acting Director will lead the discussion.

## 11. Washington Mobility Presentation

**Pages 143-156** contain the *Washington Mobility* report. Mark Hugh will present and lead the discussion.

## 12. Board Policy Review

### a. 2004-1 Administrative Violations Guidelines – Pages 157-159

The Board tabled the policy draft at the last meeting after the Board's prosecuting Assistant Attorney General (AAG) expressed concerns with the policy and proposed updates.

The Acting Director and AAG discussed the policy and made further updates beyond those proposed at the July Board meeting.

The proposed revisions:

- Change the name of the policy.
- Add a citations column which provides the RCW or WAC references for the violation committed.
- Increase fine amounts for some administrative violations.
- Change verbiage for clarity.
- Change the time for which all terms of the settlement must be met from 90 days to 30 days.

**Does the Board wish to revise, retain, or retire this policy?**

### **13. Legal Counsel's Report**

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

### **14. Acting Director's Report**

#### **a. 2024 CPE Audit Report**

**Pages 160-161** contain the 2024 CPE Audit report.

The Acting Director will provide a summary of the report and lead the discussion.

#### **b. The Washington State Board of Accountancy from the Inside**

**Pages 162-188** contain the PowerPoint presentation, *The Washington State Board of Accountancy from the Inside*. The program was presented on August 14, 2024, by Mark Hugh and Jennifer Sciba through the WSCPA.

Mark and Jennifer will present and lead the discussion.

#### **c. Accountability Audit Report**

The Acting Director will report on the Accountability Audit being conducted by the State Auditor's Office.

## 15. Committee/Task Force Reports

- a. **Executive Committee** – Chair: Kate Dixon, Public Member; Vice Chair: Tom Sawatzki, CPA; Secretary: Brooke Stegmeier, CPA

Kate will give a verbal report.

- b. **Peer Review Oversight Committee (PROC)** – Chair: Mark Hugh, CPA; Members: Kate Dixon, Public Member; Tom Sawatzki, CPA; Non-Board Member Volunteers: Robert Loe, CPA; Laura Lindall, CPA; Tom Neill, CPA

**Page 189** contains the 2024 Quality Assurance Review (QAR) Results Report.

Mark will give a verbal report.

- c. **Request Oversight Committee (ROC)** – Chair: Scott Newman, Public Member; Members: Rajib Doogar, Public Member; Tonia Campbell, CPA

**Page 190** contains a report on the 3rd quarter approvals and denials from the committee.

Scott will give a verbal report.

- d. **Scholarship Oversight Committee (SOC)** – Chair: Tonia Campbell, CPA; Members: Kate Dixon, Public Member; Tom Sawatzki, CPA

**Pages 191-192** contain the Scholarship Oversight Committee report.

**Pages 193-194** contain the Projected Fund Balance Washington State Certified Public Accounting Scholarship Program and the Estimated Expenses for Administering the WA Certified Public Accounting Scholarship Program reports for year ending September 30, 2025.

Tonia will give a verbal report.

- e. **Board/AICPA Rules Clarification Task Force (BARC)** – Chair: Brooke Stegmeier, CPA; Members: Brian Thomas, CPA; Mark Hugh, CPA; Scott Newman, Public Member

Brooke will give a verbal report.

- f. **Licensing and Regulation Committee (LARC)** – Chair: Rajib Doogar, Public Member; Members: Tonia Campbell, CPA; Kate Dixon, Public Member; Non-Board Member Volunteers: Tom Neill, CPA; Kimberly Scott, Mike Nelson

Rajib will give a verbal report.

## 16. Enforcement Report

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

**Pages 195-196** contain the October 2024 enforcement reports.

- Quarterly Report – July 1, 2024, through September 30, 2024
- Twelve-Month Lookback – October 1, 2023, through September 30, 2024
- All Complaints – Resolved with and without discipline for periods October 2023 to September 2024 and October 2022 to September 2023
- CBM Report – July 1, 2024, through September 30, 2024

## 17. Executive and/or Closed Sessions with Legal Counsel

The Board's legal counsel requests the agenda for regular Board meetings contain a placeholder item identifying the Board and legal counsel may enter an executive or closed session when determined appropriate.

## 18. Public Input

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

**Meeting Closing** - Thank you all for your participation. The time is \_\_\_\_\_, and this quarterly Board meeting is now closed.



**WASHINGTON STATE BOARD OF ACCOUNTANCY**  
**RULES HEARING OUTLINE**  
**October 18, 2024**

**Presiding officer read or paraphrase BOLD type entries**

*Italics are explanatory notes to presiding officer*

*OPENING STATEMENT:*

**The Board of Accountancy rules hearing is now in session. The date is Friday, October 18, 2024. The time is \_\_\_\_\_. My name is Kate Dixon. I am the Chair of the Board of Accountancy.**

**Copies of the rule proposals are available in the Board packet materials either at the back of the room or online at [www.acb.wa.gov](http://www.acb.wa.gov).**

**If you would like to testify, please sign in on the rule making public input roster at the back of the room. If you are attending by Teams meeting and would like to testify, let me know now in the Teams chat, and your name will be added to the roster.**

*Explain hearing sequence and ground rules as follows:*

**The hearing will be conducted as follows:**

- 1. I will identify the rules presented for testimony and a brief statement for each proposal will be presented.**
- 2. I will use the attendance roster to invite testimony on the proposal. When you give testimony, please:**
  - State your name and organization if you speak for a group.**
  - Limit your testimony to the rule proposal currently before the Board.**
  - After you testify, please remain available for questions.**
  - If you are testifying from text, please provide a copy by email to Kirsten Donovan, Board Clerk at [kirsten.donovan@acb.wa.gov](mailto:kirsten.donovan@acb.wa.gov).**

**Testimony is limited to 10 minutes for each speaker.**

- 3. When the testimony is complete the hearing will be closed. The Board will consider the proposed rule changes during the regular Board meeting immediately following the rules hearing.**

### **First Rule Proposal**

**The rule proposal concerns:**

- WAC 4-30-053 Client record requests. (New rule)**

**Mark Hugh will present a brief statement for the proposal.**

*Mark presents the statement.*

**The rule proposal has been identified. We will now move on to the testimony.**

**1. TESTIMONY FROM ATTENDANCE ROSTER**

*Ask for testimony from the audience according to the order on the attendance roster.*

**Will (name of individual) please present testimony?**

*After the testimony is complete you will invite questions from the Board Members.*

**2. OTHER TESTIMONY**

*After all individuals listed on the attendance roster have testified, ask if others wish to testify.*

**Is there anyone who wishes to testify who has not had the opportunity?**

**Second Set of Rule Proposals**

**These rule proposals concern:**

**Rules Alignment for HB 1920 RCW Revisions**

- **WAC 4-30-010 Definitions**
- **WAC 4-30-024 Public records.**
- **WAC 4-30-034 Responding to board inquiries.**
- **WAC 4-30-040 Integrity and objectivity.**
- **WAC 4-30-042 Independence.**
- **WAC 4-30-044 Contingent fees.**
- **WAC 4-30-045 Commission and referral fees.**
- **WAC 4-30-046 General standards.**
- **WAC 4-30-048 Compliance with standards.**
- **WAC 4-30-049 Accounting principles.**
- **WAC 4-30-050 Confidential client information.**
- **WAC 4-30-052 Acts discreditable.**
- **WAC 4-30-054 Advertising and other forms or solicitation.**
- **WAC 4-30-056 Form of organization and name.**
- **WAC 4-30-070 What are the experience requirements in order to obtain a CPA license?**
- **WAC 4-30-090 Must an out-of-state individual holding a license from another state apply and obtain a Washington state license to hold out and practice in Washington state?**
- **WAC 4-30-112 In state and out-of-state firm licensing requirements.**
- **WAC 4-30-114 How do I apply for and maintain a firm license?**
- **WAC 4-30-130 Quality assurance review (QAR) requirements for licensed CPA firms.**
- **WAC 4-30-132 Qualifying continuing professional education (CPE) activities.**

- **WAC 4-30-142 Disciplinary actions.**

**Jennifer Sciba, Acting Director, will present a brief statement for the proposals.**

*Jennifer presents the statement.*

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

*1. TESTIMONY FROM ATTENDANCE ROSTER*

*Ask for testimony from the audience according to the order on the attendance roster.*

**Will (name of individual) please present testimony?**

*After the testimony is complete you will invite questions from the Board Members.*

*2. OTHER TESTIMONY*

*After all individuals listed on the attendance roster have testified, ask if others wish to testify.*

**Is there anyone who wishes to testify who has not had the opportunity?**

*3. PEER REVIEW BACKGROUND*

**Mark Hugh will now present and lead the discussion on the Washington Peer Review Background report.**

*4. WRITTEN STAKEHOLDER COMMENTS*

**The Board received emailed public comments regarding WAC 4-30-130 from 7 individuals. Jennifer Sciba, Acting Director, will read those comments. The comments have also been provided in the Board materials on pages 80-88.**

*CLOSING STATEMENT:*

**Thank you for your testimony.**

**The Board will deliberate on the oral and written testimony and the proposed rules later today during its Board meeting. The Board's decision regarding the proposed rules will be posted to the Board's rule making section of the website and reflected in the meeting minutes. Thank you all for your participation. The time is \_\_\_\_\_, and this hearing is now closed.**



# PROPOSED RULE MAKING

**CR-102 (June 2024)**  
**(Implements RCW 34.05.320)**  
Do **NOT** use for expedited rule making

CODE REVISER USE ONLY

OFFICE OF THE CODE REVISER  
STATE OF WASHINGTON  
FILED

DATE: July 30, 2024

TIME: 9:42 AM

WSR 24-16-042

Agency: Board of Accountancy

- Original Notice
- Supplemental Notice to WSR \_\_\_\_\_
- Continuance of WSR \_\_\_\_\_

- Preproposal Statement of Inquiry was filed as WSR 24-11-049 ; or
- Expedited Rule Making--Proposed notice was filed as WSR \_\_\_\_\_; or
- Proposal is exempt under RCW 34.05.310(4) or 34.05.330(1); or
- Proposal is exempt under RCW \_\_\_\_\_.

Title of rule and other identifying information: (describe subject) WAC 4-30-053 Client records.

**Hearing location(s):**

Date:	Time:	Location: (be specific)	Comment:
October 18, 2024	9:00 a.m.	Capital Event Center 6005 Tye Drive SW Tumwater, WA 98512  or Microsoft Teams Meeting	The link to join the meeting will be available on the Board's website approximately 2 weeks before the hearing date at: <a href="https://acb.wa.gov/next-board-meeting">https://acb.wa.gov/next-board-meeting</a> . A phone number will be provided as well in case you are unable to attend online.

Date of intended adoption: October 18, 2024 (Note: This is **NOT** the effective date)

**Submit written comments to:**

Name Kirsten Donovan, Rules Coordinator  
 Address P.O. Box 9131, Olympia, WA 98507  
 Email [Kirsten.donovan@acb.wa.gov](mailto:Kirsten.donovan@acb.wa.gov)  
 Fax 360-664-9190  
 Other

Beginning (date and time) \_\_\_\_\_  
 By (date and time) October 16, 2024

**Assistance for persons with disabilities:**

Contact Kirsten Donovan, Rules Coordinator  
 Phone 360-664-9191  
 Fax 360-664-9190  
 TTY 711  
 Email [Kirsten.donovan@acb.wa.gov](mailto:Kirsten.donovan@acb.wa.gov)  
 Other  
 By (date) \_October 16, 2024

**Purpose of the proposal and its anticipated effects, including any changes in existing rules:** The board of accountancy proposes adoption of new rule to provide guidance to consumers regarding client records.

**Reasons supporting proposal:** See purposes above

**Statutory authority for adoption:** RCW 18.04.055

**Statute being implemented:** RCW 18.04.055

**Is rule necessary because of a:**

- Federal Law?  Yes  No
- Federal Court Decision?  Yes  No
- State Court Decision?  Yes  No

If yes, CITATION:

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

**Name of proponent:** (person or organization) Board of Accountancy

**Type of proponent:**  Private.  Public.  Governmental.

Name of agency personnel responsible for:			
	Name	Office Location	Phone
Drafting Director	Jennifer Sciba, Deputy	711 Capitol Way S Suite 400 Olympia, WA 98501	(360) 586-0952
Implementation Director	Jennifer Sciba, Deputy	711 Capitol Way S Suite 400 Olympia, WA 98501	(360) 586-0952
Enforcement Director	Jennifer Sciba, Deputy	711 Capitol Way S Suite 400 Olympia, WA 98501	(360) 586-0952

Is a school district fiscal impact statement required under [RCW 28A.305.135](#)?  Yes  No

If yes, insert statement here:

The public may obtain a copy of the school district fiscal impact statement by contacting:

- Name
- Address
- Phone
- Fax
- TTY
- Email
- Other

Is a cost-benefit analysis required under [RCW 34.05.328](#)?

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

- Name
- Address
- Phone
- Fax
- TTY
- Email
- Other

No: Please explain: The Board of Accountancy is not a listed agency in RCW 34.05.328(5)(a)(i).

### Regulatory Fairness Act and Small Business Economic Impact Statement

Note: The [Governor's Office for Regulatory Innovation and Assistance \(ORIA\)](#) provides support in completing this part.

#### (1) Identification of exemptions:

This rule proposal, or portions of the proposal, **may be exempt** from requirements of the Regulatory Fairness Act (see [chapter 19.85 RCW](#)). For additional information on exemptions, consult the [exemption guide published by ORIA](#). Please check the box for any applicable exemption(s):

This rule proposal, or portions of the proposal, is exempt under [RCW 19.85.061](#) because this rule making is being adopted solely to conform and/or comply with federal statute or regulations. Please cite the specific federal statute or regulation this rule is being adopted to conform or comply with, and describe the consequences to the state if the rule is not adopted.

Citation and description:

This rule proposal, or portions of the proposal, is exempt because the agency has completed the pilot rule process defined by [RCW 34.05.313](#) before filing the notice of this proposed rule.

This rule proposal, or portions of the proposal, is exempt under the provisions of [RCW 15.65.570\(2\)](#) because it was adopted by a referendum.

This rule proposal, or portions of the proposal, is exempt under [RCW 19.85.025\(3\)](#). Check all that apply:

- |   |   |
|---|---|
| <input type="checkbox"/> <a href="#">RCW 34.05.310</a> (4)(b)<br>(Internal government operations) | <input type="checkbox"/> <a href="#">RCW 34.05.310</a> (4)(e)<br>(Dictated by statute)  |
| <input type="checkbox"/> <a href="#">RCW 34.05.310</a> (4)(c)<br>(Incorporation by reference)     | <input type="checkbox"/> <a href="#">RCW 34.05.310</a> (4)(f)<br>(Set or adjust fees)   |
| <input type="checkbox"/> <a href="#">RCW 34.05.310</a> (4)(d)<br>(Correct or clarify language)    | <input type="checkbox"/> <a href="#">RCW 34.05.310</a> (4)(g)<br>(i) Relating to agency hearings; or (ii) process requirements for applying to an agency for a license or permit) |

This rule proposal, or portions of the proposal, is exempt under [RCW 19.85.025\(4\)](#). (Does not affect small businesses).

This rule proposal, or portions of the proposal, is exempt under RCW \_\_\_\_\_.

Explanation of how the above exemption(s) applies to the proposed rule:

**(2) Scope of exemptions:** *Check one.*

- The rule proposal: Is fully exempt. (*Skip section 3.*) Exemptions identified above apply to all portions of the rule proposal.
- The rule proposal: Is partially exempt. (*Complete section 3.*) The exemptions identified above apply to portions of the rule proposal, but less than the entire rule proposal. Provide details here (consider using [this template from ORIA](#)):
- The rule proposal: Is not exempt. (*Complete section 3.*) No exemptions were identified above.

**(3) Small business economic impact statement:** *Complete this section if any portion is not exempt.*

If any portion of the proposed rule is **not exempt**, does it impose more-than-minor costs (as defined by RCW 19.85.020(2)) on businesses?

- No Briefly summarize the agency's minor cost analysis and how the agency determined the proposed rule did not impose more-than-minor costs. \_\_\_\_\_
- Yes Calculations show the rule proposal likely imposes more-than-minor cost to businesses and a small business economic impact statement is required. Insert the required small business economic impact statement here:

The public may obtain a copy of the small business economic impact statement or the detailed cost calculations by contacting:

- Name
- Address
- Phone
- Fax
- TTY
- Email
- Other

**Date:** July 30, 2024

**Name:** Jennifer Sciba

**Title:** Deputy Director

**Signature:**



NEW SECTION

**WAC 4-30-053 Client record requests.** (1) For the purpose of this rule:

(a) "Client" includes current and former clients.

(b) "Client-provided records" are accounting or other records, including hard copy and electronic reproductions of such records, belonging to the client that were provided to a licensee by, or on behalf of, the client.

(c) "Licensee-prepared records" are accounting or other records that a licensee was not specifically engaged to prepare and that are not in the client's books and records or are otherwise not available to the client, thus rendering the client's financial information incomplete. Examples include adjusting, closing, combining, or consolidating journal entries (including computations supporting such entries) and supporting schedules and documents that a licensee proposed or prepared as part of an engagement (for example, an audit).

(d) "Licensee's work products" are deliverables set forth in the terms of the engagement, such as tax returns.

(e) "Working papers" are all other items prepared solely for purposes of the engagement and include items prepared by a licensee, such as audit programs, analytical review schedules, and statistical sampling results and analyses, or items prepared by the client at the request of a licensee and reflecting testing or other work done by a licensee.

(f) "Make records available" means to provide the records in any format that is usable and accessible, whether electronic or otherwise, regardless of the format in which they were received.

(2) When an initial request for client-provided records is received, a licensee should make those records in a licensee's custody or control available. A licensee may charge a reasonable fee for the time and expense incurred to retrieve, copy, and ship such records; however, the client-provided records may not be withheld for nonpayment of such fees.

(3) A licensee and the client may agree to terms other than those stated in this rule. When this occurs, a licensee should respond in accordance with such agreement. Otherwise, a licensee should respond to a request for licensee-prepared records or a licensee's work products that are in a licensee's custody or control and that have not previously been made available to the client as follows:

(a) A licensee should make available licensee-prepared records relating to a completed and issued work product; however, such records may be withheld if fees are due to a licensee for that specific work product.

(b) Licensee's work products should be made available; however, such work products may be withheld if fees are due to a licensee for the specific work product; the work product is incomplete; for purposes of complying with professional standards (for example, withholding an audit report with outstanding audit issues); or threatened or outstanding litigation exists concerning the engagement or a licensee's work.

(4) Once a licensee has complied with this rule, a licensee is under no obligation to:

(a) Comply with any subsequent requests to again make records or copies of records available. However, if after complying with a request, a loss of records due to a natural disaster or an act of war is

experienced, a licensee should, when practicable, comply with an additional request to make such records available.

(b) Retain records for periods that exceed applicable professional standards, state and federal statutes and regulations, and contractual agreements relating to the service performed.

(c) Make the records available to any other associated party, such as the general partner, majority shareholder, or spouse.

(5) Working papers are a licensee's property, and a licensee is not required to make such information available.

(6) In fulfilling a request for a licensee's copy of client-provided records that was previously made available to the client, licensee-prepared records, or a licensee's work products, a licensee may:

(a) Charge a reasonable fee for the time and expense incurred to retrieve, copy, and ship such records and require payment before a licensee makes the records available.

(b) Make the requested records available in any usable and accessible format. However, a licensee is not required to convert records that are not in electronic format to electronic format. If the records are requested in a specific format and the records are available in such format within a licensee's custody and control, the request should be honored. In addition, a licensee is not required to make formulas available, unless a licensee was engaged to make such formulas available as part of a completed work product or the formulas were used to create licensee-prepared records without which the client's financial information would be incomplete.

(c) Make and retain copies of any records that a licensee already made available.

(7) When a licensee is required to return or make records available, a licensee should comply as soon as practicable but, absent extenuating circumstances, no later than 45 days after the request is made.

(8) For the purposes of this rule, "licensees" includes licensees, CPA firms, nonlicensee firm owners, employees of such persons, out-of-state individuals with practice privileges under RCW 18.04.350(1), 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.





# PROPOSED RULE MAKING

## CR-102 (June 2024) (Implements RCW 34.05.320) Do NOT use for expedited rule making

CODE REVISER USE ONLY

OFFICE OF THE CODE REVISER  
STATE OF WASHINGTON  
FILED

DATE: July 30, 2024

TIME: 9:47 AM

WSR 24-16-043

Agency: Board of Accountancy

- Original Notice
- Supplemental Notice to WSR \_\_\_\_\_
- Continuance of WSR \_\_\_\_\_

- Preproposal Statement of Inquiry was filed as WSR 24-11-008 ; or
- Expedited Rule Making--Proposed notice was filed as WSR \_\_\_\_\_; or
- Proposal is exempt under RCW 34.05.310(4) or 34.05.330(1); or
- Proposal is exempt under RCW \_\_\_\_\_.

**Title of rule and other identifying information:** (describe subject) WAC 4-30-010 Definitions.; WAC 4-30-024 Public records; WAC 4-30-034 Responding to board inquiries.; WAC 4-30-040 Integrity and objectivity.; WAC 4-30-042 Independence.; WAC 4-30-044 Contingent fees.; WAC 4-30-045 Commission and referral fees.; WAC 4-30-046 General standards.; WAC 4-30-048 Compliance with standards.; WAC 4-30-049 Accounting principles; WAC 4-30-050 Confidential client information.; WAC 4-30-052 Acts discreditable.; WAC 4-30-054 Advertising and other forms of solicitation.; WAC 4-30-056 Form of organization and name.; WAC 4-30-070 What are the experience requirements in order to obtain a CPA license?; WAC 4-30-090 Must an out-of-state individual holding a license from another state apply and obtain a Washington state license to hold out and practice in Washington state?; WAC 4-30-112 In state and out-of-state firm licensing requirements.; WAC 4-30-114 How do I apply for and maintain a firm license?; WAC 4-30-130 Quality assurance review (QAR) requirements for licensed CPA firms.; WAC 4-30-132 Qualifying continuing professional education (CPE) activities.; WAC 4-30-142 Disciplinary actions.

**Hearing location(s):**

Date:	Time:	Location: (be specific)	Comment:
October 18, 2024	9:00 a.m.	Capital Event Center 6005 Tye Drive SW Tumwater, WA 98512  or Microsoft Teams Meeting	The link to join the meeting will be available on the Board's website approximately 2 weeks before the hearing date at: <a href="https://acb.wa.gov/next-board-meeting">https://acb.wa.gov/next-board-meeting</a> . A phone number will be provided as well in case you are unable to attend online.

**Date of intended adoption:** October 18, 2024 (Note: This is **NOT** the effective date)

**Submit written comments to:**

Name Kirsten Donovan, Rules Coordinator  
Address P.O. Box 9131, Olympia, WA 98507  
Email [Kirsten.donovan@acb.wa.gov](mailto:Kirsten.donovan@acb.wa.gov)  
Fax 360-664-9190  
Other

Beginning (date and time) \_\_\_\_\_

By (date and time) October 16, 2024

**Assistance for persons with disabilities:**

Contact Kirsten Donovan, Rules Coordinator  
Phone 360-664-9191  
Fax 360-664-9190  
TTY 711  
Email [Kirsten.donovan@acb.wa.gov](mailto:Kirsten.donovan@acb.wa.gov)  
Other

By (date) \_October 16, 2024

**Purpose of the proposal and its anticipated effects, including any changes in existing rules:** The board of accountancy proposes amending rules for the following reasons (rules may appear in more than one category):

- 1) Align the rules with HB 1920 RCW revisions. On March 7, 2024, Governor Inslee signed into law HB 1920, which is effective June 6, 2024. WAC 4-30-010, 4-30-034, 4-30-040, 4-30-042, 4-30-044, 4-30-045, 4-30-046, 4-30-048, 4-30-049, 4-30-050, 4-30-052, 4-30-054, 4-30-056, 4-30-070, 4-30-090, 4-30-112, 4-30-114, 4-30-130, and 4-30-142.
- 2) Update the quality assurance review (QAR) requirements. WAC 4-30-130.
- 3) Update to gender neutral pronouns. WAC 4-30-024, 4-30-049, 4-30-132, and 4-30-142.
- 4) Rename the rule. WAC 4-30-070, 4-30-090, and 4-30-114.

**Reasons supporting proposal:** See purposes above

**Statutory authority for adoption:** RCW 18.04.055

**Statute being implemented:** RCW 18.04.055

**Is rule necessary because of a:**

Federal Law?  Yes  No

Federal Court Decision?  Yes  No

State Court Decision?  Yes  No

If yes, CITATION:

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

**Name of proponent:** (person or organization) Board of Accountancy

**Type of proponent:**  Private.  Public.  Governmental.

**Name of agency personnel responsible for:**

	Name	Office Location	Phone
Drafting Director	Jennifer Sciba, Deputy	711 Capitol Way S Suite 400 Olympia, WA 98501	(360) 586-0952
Implementation Director	Jennifer Sciba, Deputy	711 Capitol Way S Suite 400 Olympia, WA 98501	(360) 586-0952
Enforcement Director	Jennifer Sciba, Deputy	711 Capitol Way S Suite 400 Olympia, WA 98501	(360) 586-0952

**Is a school district fiscal impact statement required under [RCW 28A.305.135](#)?**  Yes  No

If yes, insert statement here:

The public may obtain a copy of the school district fiscal impact statement by contacting:

Name  
Address  
Phone  
Fax  
TTY  
Email  
Other

**Is a cost-benefit analysis required under [RCW 34.05.328](#)?**

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

Name  
Address  
Phone  
Fax  
TTY  
Email  
Other

No: Please explain: The Board of Accountancy is not a listed agency in RCW 34.05.328(5)(a)(i).

**Regulatory Fairness Act and Small Business Economic Impact Statement**

Note: The [Governor's Office for Regulatory Innovation and Assistance \(ORIA\)](#) provides support in completing this part.

**(1) Identification of exemptions:**

This rule proposal, or portions of the proposal, **may be exempt** from requirements of the Regulatory Fairness Act (see [chapter 19.85 RCW](#)). For additional information on exemptions, consult the [exemption guide published by ORIA](#). Please check the box for any applicable exemption(s):

This rule proposal, or portions of the proposal, is exempt under [RCW 19.85.061](#) because this rule making is being adopted solely to conform and/or comply with federal statute or regulations. Please cite the specific federal statute or regulation this rule is being adopted to conform or comply with, and describe the consequences to the state if the rule is not adopted.

Citation and description:

This rule proposal, or portions of the proposal, is exempt because the agency has completed the pilot rule process defined by [RCW 34.05.313](#) before filing the notice of this proposed rule.

This rule proposal, or portions of the proposal, is exempt under the provisions of [RCW 15.65.570\(2\)](#) because it was adopted by a referendum.

This rule proposal, or portions of the proposal, is exempt under [RCW 19.85.025\(3\)](#). Check all that apply:

- |   |  |
|---|--|
| <input type="checkbox"/> <a href="#">RCW 34.05.310</a> (4)(b)<br>(Internal government operations) | <input type="checkbox"/> <a href="#">RCW 34.05.310</a> (4)(e)<br>(Dictated by statute)   |
| <input type="checkbox"/> <a href="#">RCW 34.05.310</a> (4)(c)<br>(Incorporation by reference)     | <input type="checkbox"/> <a href="#">RCW 34.05.310</a> (4)(f)<br>(Set or adjust fees)  |
| <input type="checkbox"/> <a href="#">RCW 34.05.310</a> (4)(d)<br>(Correct or clarify language)    | <input type="checkbox"/> <a href="#">RCW 34.05.310</a> (4)(g)<br>((i) Relating to agency hearings; or (ii) process requirements for applying to an agency for a license or permit) |

This rule proposal, or portions of the proposal, is exempt under [RCW 19.85.025\(4\)](#). (Does not affect small businesses).

This rule proposal, or portions of the proposal, is exempt under RCW \_\_\_\_\_.

Explanation of how the above exemption(s) applies to the proposed rule:

**(2) Scope of exemptions:** *Check one.*

- The rule proposal: Is fully exempt. (*Skip section 3.*) Exemptions identified above apply to all portions of the rule proposal.
- The rule proposal: Is partially exempt. (*Complete section 3.*) The exemptions identified above apply to portions of the rule proposal, but less than the entire rule proposal. Provide details here (consider using [this template from ORIA](#)):
- The rule proposal: Is not exempt. (*Complete section 3.*) No exemptions were identified above.

**(3) Small business economic impact statement:** *Complete this section if any portion is not exempt.*

If any portion of the proposed rule is **not exempt**, does it impose more-than-minor costs (as defined by RCW 19.85.020(2)) on businesses?

- No Briefly summarize the agency's minor cost analysis and how the agency determined the proposed rule did not impose more-than-minor costs. \_\_\_\_\_
- Yes Calculations show the rule proposal likely imposes more-than-minor cost to businesses and a small business economic impact statement is required. Insert the required small business economic impact statement here:

The public may obtain a copy of the small business economic impact statement or the detailed cost calculations by contacting:

Name  
Address  
Phone  
Fax  
TTY  
Email  
Other

**Date:** July 30, 2024

**Name:** Jennifer Sciba

**Title:** Deputy Director

**Signature:**



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

**"Act"** means the Public Accountancy Act codified as chapter 18.04 RCW.

**"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.

**"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 firm license, or registration as a resident nonlicensee firm owner;
- (d) To reinstate an individual license or registration as a resident nonlicensee firm owner;
- (e) To convert an inactive license to an active license.

**"Attest"** means providing the following 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 engagement to be performed in accordance with the statements on standards for attestation engagements; and
- (d) Any engagement to be performed in accordance with the public company accounting oversight board auditing standards.

**"Audit," "review," and "compilation"** are terms reserved for use by licensees, as defined in this section.

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

**"Breach of fiduciary responsibilities/duties"** means when a person who has a fiduciary responsibility or duty acts in a manner adverse or contrary to the interests of the person to whom they owe the fiduciary responsibility or duty. Such actions would include profiting from their relationship without the express informed consent of the beneficiary of the fiduciary relationship, or engaging in activities that represent a conflict of interest with the beneficiary of the fiduciary relationship.

**"Certificate"** issued under this act means an alternative license type previously issued by the board indicating that the certificate holder had passed the CPA examination, but had no verified experience, and was not fully licensed to practice public accounting. Certificates remained valid until June 30, 2024, at which time they convert to a CPA license in an inactive status. This definition does not include certificates issued by other jurisdictions which may be substantially equivalent to a Washington CPA license.

**"Client"** means the person or entity that retains a licensee, as defined in this section, 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.

**"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.

**"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))~~ (1).

**"CPE"** means continuing professional education.

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

**"Firm" or "CPA firm"** means a sole proprietorship, a corporation, ~~((or))~~ a partnership, a limited liability company, or other forms of organization issued a license under RCW 18.04.195. ~~((("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.))~~

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

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

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

**"Holding out"** means any representation to the public by the use of restricted titles as set forth in RCW 18.04.345 by a person that the person holds a license or practice privileges under the act and that the person offers to perform any professional services to the public. "Holding out" shall not affect or limit a person not required to hold a license under the act from engaging in practices identified in RCW ~~((18.04.350))~~ 18.04.345 (9)(b).

**"Inactive"** means a status of a license which prohibits a licensee from practicing public accounting. A person holding an inactive license may apply to the board to convert the license to an active status through an approval process established by the board.

**"Individual"** means a living, human being.

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

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

**"IRS"** means Internal Revenue Service.

**"License"** means a license to practice public accounting issued to an individual or a firm under the act, or a license or certificate to practice public accounting in another state or jurisdiction.

**"Licensee"** means an individual or firm holding a valid license to practice public accounting issued under the act, and individuals holding licenses or certificates to practice public accounting granted by an out-of-state jurisdiction who are allowed to exercise practice privileges in this state under RCW 18.04.350(~~(+2)~~) (1) and out-of-state firms permitted to offer or render certain professional services in this state under the conditions prescribed in RCW 18.04.195 (1)(a) and (b).

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

**"Nano learning"** is a stand-alone continuing professional education (CPE) course that is a minimum of 10 minutes (0.2 CPE credit hours) consisting of electronic self-study with a stated learning objective and a minimum of two final assessment questions.

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

**"Nonlicensee firm owner"** means an individual, not licensed in any state to practice public accounting, who holds an ownership interest in a firm permitted to practice public accounting in this state.

**"PCAOB"** means Public Company Accounting Oversight Board.

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

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

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

(a) Has a principal place of business outside of Washington state;

(b) Is licensed to practice public accounting in another substantially equivalent state;

(c) Meets the statutory criteria for the exercise of privileges as set forth in RCW 18.04.350(~~(+2)~~) for individuals or RCW 18.04.195 (1)(b) for firms;

(d) Exercises the right to practice public accounting in this state individually or on behalf of a firm;

(e) Is subject to the personal and subject matter jurisdiction and disciplinary authority of the board in this state;

(f) Must comply with the act and all board rules applicable to Washington state licensees to retain the privilege; and

(g) Consents to the appointment of the issuing state board of another state as agent for the service of process in any action or pro-

ceeding by this state's board against the certificate holder or licensee.

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

**"Professional services"** include all services requiring accountancy or related skills that are performed for a client, an employer, or on a volunteer basis. These services include, but are not limited to, accounting, audit and other attest services, tax, bookkeeping, management consulting, financial management, corporate governance, personal financial planning, business valuation, litigation support, educational, and those services for which standards are promulgated by the appropriate body for each services undertaken.

**"Public practice"** or the **"practice of public accounting"** means performing or offering to perform by a person or firm holding itself out to the public as a licensee, or as an individual exercising practice privileges, for a client or potential client, one or more kinds of services involving the use of accounting or auditing skills, including the issuance of "reports," or one or more kinds of management advisory, or consulting services, or the preparation of tax returns, or the furnishing of advice on tax matters. The "practice of public accounting" shall not include practices that are permitted under the provisions of RCW ((~~18.04.350(10)~~)) 18.04.345 (9)(b) by persons or firms not required to be licensed under the act.

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

**"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.

**"Report,"** when used with reference to any attest or compilation service, means an opinion, report, or other form of language that states or implies assurance as to the reliability of the attested information or compiled financial statements and that also includes or is accompanied by any statement or implication that the person or firm issuing it has special knowledge or competence in the practice of public accounting. Such a statement or implication of special knowledge or competence may arise from use by the issuer of the report of names or titles indicating that the person or firm is involved in the practice of public accounting, or from the language of the report itself. "Report" includes any form of language which disclaims an opinion when such form of language is conventionally understood to imply any positive assurance as to the reliability of the attested information or compiled financial statements referred to and/or special competence of the part of the person or firm issuing such language; and it includes any other form of language that is conventionally understood to imply such assurance and/or such special knowledge or competence. "Report" does not include services referenced in RCW ((~~18.04.350(10) or (11)~~)) 18.04.345 (9)(b) or (c) provided by persons not holding a license under this chapter as provided in RCW ((~~18.04.350(14)~~)) 18.04.345 (1)(b).

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

**"Rules of professional conduct"** means rules adopted by the board to govern the conduct of licensees, as defined in this section, while representing themselves to others as licensees. These rules also govern the conduct of licensees with an inactive status, nonlicensee firm owners, and persons exercising practice privileges pursuant to RCW 18.04.350(2).

**"SEC"** means the Securities and Exchange Commission.

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

**"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))~~) (1)(a).

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

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

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

**"Substantial equivalency"** (~~(or "substantially equivalent")~~) means a determination by the board or its designee that the education, examination, and experience requirements contained in the statutes and administrative rules of another jurisdiction are comparable to or exceed those listed in this chapter.



**WAC 4-30-024 Public records.** 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 website at [www.acb.wa.gov](http://www.acb.wa.gov). Requestors are encouraged to view the documents available on the website 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 email 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 email 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 or designee 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))~~ The requestor will receive a written confirmation 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))~~ the requestor should make that preference clear in the request. Copies will be made by the agency's public records officer or designee.

(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. Ac-

cordingly, 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))~~ 15 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))~~ 15-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 42.56.070 ~~((+9))~~ (8), educational organizations and professional associations must apply for and receive recognition by the board before requests will be honored. 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.

Board forms are available on the board's website or upon request ~~((for your use))~~.

**WAC 4-30-034 Responding to board inquiries.** All licensees, including out-of-state individuals exercising practice privileges in this state under RCW 18.04.350(~~(+2)~~) (1) and out-of-state firms permitted to offer or render certain professional services in this state under the conditions prescribed in RCW 18.04.195 (1)(a) and (b), non-licensee firm owners, and applicants must respond, **in writing**, to board communications requesting a response. Your response must be made within **20 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.

**WAC 4-30-040 Integrity and objectivity.** (1) In the performance of any professional service, a licensee shall maintain objectivity and integrity, shall be free of conflicts of interest, and shall not knowingly misrepresent facts or subordinate (~~his or her~~) judgment to others.

(2) For the purposes of this rule, "licensees" includes licensees, licensees with an inactive status, CPA firms, nonlicensee firm owners, employees of such persons, out-of-state individuals with practice privileges under RCW 18.04.350(~~(2)~~) (1), 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.

**WAC 4-30-042 Independence.** (1) A licensee in public practice shall be independent in the performance of professional services as required by standards promulgated by the appropriate body for each service undertaken.

(2) For the purposes of this rule, "licensees" includes licensees, CPA firms, nonlicensee firm owners, employees of such persons, out-of-state individuals with practice privileges under RCW 18.04.350(~~(+2)~~) (1), 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.

**WAC 4-30-044 Contingent fees.** (1) A licensee in public practice shall not:

(a) Perform for a contingent fee any professional services for, or receive such a fee from, a client for whom the licensee or the licensee's firm performs:

(i) An audit or review of a financial statement; or

(ii) A compilation of a financial statement when the licensee expects, or reasonably might expect, that a third party will use the financial statement and the licensee's compilation report does not disclose a lack of independence; or

(iii) An examination of prospective financial information; or

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

(2) The prohibition above applies during the period in which the licensee or licensee's firm is engaged to perform any of the services listed above and the period covered by any historical financial statements involved in any such listed services.

(3) Except as stated in the next sentence, a contingent fee is a fee 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. Solely for purposes of this rule, fees are not regarded as being 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.

(4) A licensee's fees may vary depending, for example, on the complexity of services rendered.

(5) Any licensee who is not prohibited by this rule from performing services for a contingent fee must:

(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 role as the client's advisor; and

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

(6) For the purposes of this rule, "licensees" includes licensees, CPA firms, nonlicensee firm owners, employees of such persons, out-of-state individuals with practice privileges under RCW 18.04.350(~~(+2)~~) (1), 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.

**WAC 4-30-045 Commission and referral fees.** (1) A licensee in public practice shall 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 the licensee or licensee's firm also performs for that client:

- (a) An audit or review of a financial statement; or
- (b) A compilation of a financial statement when the licensee expects, or reasonably might expect, that a third party will use the financial statement and the licensee's compilation report does not disclose a lack of independence; or
- (c) An examination of prospective financial information.

(2) This prohibition applies during the period in which the licensee is engaged to perform any of the services listed above and the period covered by any historical financial statements involved in such listed services.

(3) Any licensee who is not prohibited by this rule from performing services for, or receiving a commission or referral fee must:

- (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 role as the client's advisor; and
- (d) Obtain the client's consent to the fee arrangement in writing.

(4) For the purposes of this rule, "licensees" includes licensees, CPA firms, nonlicensee firm owners, employees of such persons, out-of-state individuals with practice privileges under RCW 18.04.350(~~(+2)~~) (1), 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.

**WAC 4-30-046 General standards.** (1) Licensees shall comply with the following general standards:

(a) Professional competence. Undertake only those professional services that the licensee or the licensee's firm can reasonably expect to be completed with professional competence.

(b) Due professional care. Exercise due professional care in the performance of professional services.

(c) Planning and supervision. Adequately plan and supervise the performance of professional services.

(d) Sufficient relevant data. Obtain sufficient relevant data to afford a reasonable basis for conclusions or recommendations in relation to any professional services performed.

(2) For the purposes of this rule, "licensees" includes licensees, licensees with an inactive status, CPA firms, nonlicensee firm owners, employees of such persons, out-of-state individuals with practice privileges under RCW 18.04.350(~~(2)~~) (1), 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.



**WAC 4-30-048 Compliance with standards.** (1) A licensee who performs professional services shall comply with standards promulgated by the appropriate body for each service undertaken.

(2) Authoritative bodies include, but are not limited to ~~((7))~~; the American Institute of Certified Public Accountants (AICPA), its Code of Professional Conduct, its definitions, and interpretations, and other AICPA standards; the Internal Revenue Code (IRC); the Internal Revenue Service (IRS); ~~((and))~~ federal, state, and local audit, regulatory, and tax agencies; 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); and the Federal Office of Management and Budget (OMB).

(3) However, if the requirements found in the professional standards differ from the requirements found in specific board rules, board rules prevail.

(4) For the purposes of this rule, "licensees" includes licensees, licensees with an inactive status, CPA firms, nonlicensee firm owners, employees of such persons, out-of-state individuals with practice privileges under RCW 18.04.350 ~~((2))~~ (1), 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.

**WAC 4-30-049 Accounting principles.** (1) A licensee shall not (a) express an opinion or state affirmatively that the financial statements or other financial data of any entity are presented in conformity with generally accepted accounting principles or (b) state that (~~he or she~~) the licensee is not aware of any material modifications that should be made to such statements or data in order for them to be in conformity with generally accepted accounting principles, if such statements or data contain any departure from an accounting principle promulgated by bodies appropriate to the service undertaken to establish such principles that has a material effect on the statements or data taken as a whole. If, however, the statements or data contain such a departure and the licensee can demonstrate that due to unusual circumstances the financial statements or data would otherwise have been misleading, the licensee can comply with the rule by describing the departure, its approximate effects, if practicable, and the reasons why compliance with the principle would result in a misleading statement.

(2) For the purposes of this rule, "licensees" includes licensees, licensees with an inactive status, CPA firms, nonlicensee firm owners, employees of such persons, out-of-state individuals with practice privileges under RCW 18.04.350(~~(+2)~~) (1), 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.

**WAC 4-30-050 Confidential client information.** (1) A licensee in public practice shall not disclose any confidential client information without the specific consent of the client.

(2) This rule does not:

(a) Affect in any way the obligation of those persons to comply with a disclosure required by law or a lawfully issued subpoena or summons;

(b) Prohibit disclosures in the course of a quality review of a licensee's attest, compilation, or other reporting services governed by professional standards;

(c) Preclude those persons from responding to any inquiry made by the board or any investigative or disciplinary body established by local, state, or federal law or recognized by the board as a professional association; or Board AICPA Rules;

(d) Preclude a review of client information in conjunction with a prospective purchase, sale, or merger of all or part of the professional practice of public accounting of any such persons.

(3) It is permissible for the successor in interest of a deceased or incapacitated licensee to contract with a responsible custodian to securely store client records until such time as consent to transfer records has been obtained.

(4) For the purposes of this rule, "licensees" includes licensees, CPA firms, nonlicensee firm owners, employees of such persons, out-of-state individuals with practice privileges under RCW 18.04.350(~~(-2)~~) (1), 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.

**WAC 4-30-052 Acts discreditable.** (1) A licensee shall not commit an act discreditable to the profession.

(2) For the purposes of this rule, "licensees" includes licensees, licensees with an inactive status, CPA firms, nonlicensee firm owners, employees of such persons, out-of-state individuals with practice privileges under RCW 18.04.350(~~(+2)~~) (1), 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.

**WAC 4-30-054 Advertising and other forms of solicitation.** (1) A licensee in public practice shall not seek to obtain clients by advertising or other forms of solicitation in a manner that is false, misleading, or deceptive. Solicitation by the use of coercion, overreaching, or harassing conduct is prohibited.

(2) For the purposes of this rule, "licensees" includes licensees, CPA firms, nonlicensee firm owners, employees of such persons, out-of-state individuals with practice privileges under RCW 18.04.350(~~(+2)~~) (1), 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.

**WAC 4-30-056 Form of organization and name.** (1) A licensee may practice public accounting only in a form of organization permitted by law or regulation.

(2) A firm name that does not consist of the name(s) of one or more present or former owners must be approved in advance by the board as not being deceptive or misleading.

(3) Misleading or deceptive firm names are prohibited. The following are examples of misleading firm names. The board does not intend this listing to be all inclusive. The firm name:

(a) Implies it is a legal entity when it is not such an entity (as by the use of the designations "P.C.," "P.S.," "Inc. P.S.," or "L.L.C.");

(b) Implies the existence of a partnership when one does not exist;

(c) Includes the name of a person who is neither a present nor a past owner of the firm;

(d) Implies educational or professional attainments, specialty designations, or licensing recognition not supported in fact; or

(e) Includes the terms "& Company", "& Associate", or "Group," but the firm does not include, in addition to the named partner, shareholder, owner, or member, at least one other unnamed partner, shareholder, owner, member, or staff employee.

(4) Licensed firms and unlicensed firms.

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

(b) A firm not required to be licensed may not operate under an alias, a firm name, title, or "DBA" that differs from the firm name that is registered with the secretary of state and/or the department of revenue.

(5) A licensee may not operate under an alias or title that differs from the name that is registered with the board.

(6) For the purposes of this rule, "licensees" includes licensees, CPA firms, nonlicensee firm owners, employees of such persons, out-of-state individuals with practice privileges under RCW 18.04.350(~~((+2))~~) (1), 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. Subsection (5) of this section also includes licensees in an inactive status.

**WAC 4-30-070 ((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 or government. 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.

(2) Employment experience 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 (3) of this section and:

(a) Covered a minimum ((twelve)) 12-month period (this time period does not need to be consecutive);

(b) Consisted of a minimum of ((two thousand)) 2,000 hours;

(c) Provided the opportunity to utilize the skills generally used in business and accounting 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 (5) of this section; and

(e) Be obtained no more than eight years prior to the date the board receives your complete license application.

(3) **Competencies:** The experience should demonstrate that the work environment and tasks performed provided the applicant an opportunity to obtain the following competencies:

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

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

(c) Understand transaction streams and information systems;

(d) Assess risk and design appropriate procedures;

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

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

(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:** A verifying CPA must have held a valid CPA license to practice public accounting in the state of Washington or be qualified for practice privileges as defined in RCW 18.04.350((+2+)) (1) 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.



**WAC 4-30-090 (~~(Must an out-of-state individual holding a license from another state apply and obtain a Washington state license to hold out and practice in Washington state?)~~) Practice privileges. ((No.))**

Out-of-state individuals holding valid licenses to practice public accounting issued by a substantially equivalent state, may hold out and practice within Washington state and/or provide public accounting services in person, by mail, telephone, or electronic means to clients residing in Washington state without notice or payment of a fee. An individual who qualifies for practice privileges under RCW 18.04.350(~~(+2)~~) (1), and who performs any attest service described in RCW (~~(18.04.010)~~) 18.04.025(1) may only do so through a firm that has obtained a license under RCW 18.04.195 and 18.04.215 or that meets the requirements for an exception from the firm licensure requirements under RCW 18.04.195 (1)(a)(~~(+iii)~~) (ii)(A) through (D) or (b).

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

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

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

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

(4) Not render any professional services in this state unless the out-of-state individual is licensed to render such services in the state of licensure upon which the privilege is contingent;

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

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

**WAC 4-30-112 In state and out-of-state firm licensing requirements.** (1) A firm license must be obtained from the board if the firm has an office in this state and performs attest or compilation services for clients in this state.

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

(3) 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))~~) (1) and WAC 4-30-090 or reciprocal license under RCW 18.04.180 and 18.04.183 and board rules;

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

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

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

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

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

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

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

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

(f) Not render those services described in subsection (1) 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.

**WAC 4-30-114 ((How do I apply)) Application for and ((maintain)) maintenance of a firm license((?)).** (1) ~~((How does a firm apply for an initial firm license?))~~ **Application.** To apply for an initial firm license an owner, or designee, or, in the case of an out-of-state firm, that does not meet the requirements to operate under firm mobility per RCW 18.04.195 (1)(a) ~~((+iii+))~~ (ii)(A) through (D), and is required to be licensed in this state, an individual qualified for practice privileges in this state under RCW 18.04.350 ~~((+2+))~~ (1) who has been authorized by the applicant firm to make the application must submit the following information to the board:

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

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

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

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

On the date the renewal application is approved, the firm's license will be included in the board's licensee database 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?))~~ **Notification of changes.** An individual authorized

by the firm must provide the board written notification and other documentation deemed necessary by the board within (~~ninety~~) 90 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?~~) **Firm amendments.** 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~~) 90 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?~~) **Correction of noncompliance.** The board must be notified in writing within (~~ninety~~) 90 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.

**WAC 4-30-130 Quality assurance review (QAR) requirements for licensed CPA firms.** (1) ~~((Purpose. The Washington state board of accountancy is charged with protection of the public interest and ensuring the dependability of information used for guidance in financial transactions or for accounting for or assessing the status or performance of commercial and noncommercial enterprises, whether public, private or governmental. The purpose of the QAR program, such as peer review, is to monitor licensees' compliance with audit, compilation, review, and other attestation standards. If the board becomes aware that a firm's performance and/or reporting practices for audit, review, compilation, and other engagements covered by relevant recognized professional standards as delineated in WAC 4-30-048, may not be in accordance with said professional standards, the board will take appropriate action to protect the public interest.~~

~~(2))~~ **Peer review.** Generally, all firms licensed in Washington state offering and/or performing attest services ~~((or compilation services)),~~ as defined by WAC 4-30-010, or other professional services for which a report expressing assurance is prescribed by professional standards, are required to participate in a board-approved peer review program as a condition of renewing each CPA firm license under RCW 18.04.215 and WAC 4-30-114 ~~((. However, certain exemptions are listed in subsection (10) of this section)).~~

**(2) Approved programs.** Board-approved peer review programs include:

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

(b) Peer review programs administered by the American Institute of CPAs (AICPA) and/or their assigned administering entities (AE); and

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

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

~~(a) ((Compilation on historical financial statements;~~

~~(b))~~ **Review** ~~((on))~~ of historical financial statements;

~~((c))~~ **(b) Audit** ~~((report on))~~ of financial statements, performance audits ~~((reports)),~~ or examination ~~((reports on))~~ of internal controls for nonpublic enterprises;

~~((d))~~ **(c) Other professional services** subject to Statements on Standards for Attestation Engagements.

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

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

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

(b) Any firm that is dropped or terminated by a peer review program for any reason shall have ~~((twenty-one))~~ 21 days to provide written notice to the board of such termination or drop and to request au-

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

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

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

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

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

(b) If the firm is subject to the peer review requirements, provide the name of the approved peer review program in which the firm is enrolled, and the period covered by the firm's most recent peer review;

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

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

(6) **Documents required.** Any firm required to undergo peer review per subsection ~~((2))~~ (1) of this section is required to ~~((participate))~~ provide unlimited access to all peer review documents to the board, including mandatory participation in the AICPA Facilitated State Board Access (FSBA). ~~((Other information the board deems important, may be requested for understanding the information submitted.))~~

(7) **Document retention.** RCW 18.04.390(4) ~~((and WAC 4-30-051(11)))~~ requires a firm to retain audit and review records and documentation for a period of seven years after the firm concludes an audit or review of a client's financial statements.

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

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

(10) **Compilations.** Compilations are excluded from board-approved peer review requirements.

(a) A firm may be required to include compilations in any peer review program to satisfy membership requirements for the AICPA or any other professional organization; to satisfy licensing requirements in other jurisdictions; or for any other reason whatsoever.

(b) A firm license is still required even if a firm only performs compilation services that are otherwise excluded from board-approved peer review.

(11) Exemption from peer review.

(a) Out-of-state firms that do not have a physical location in this state, but perform attest ~~((or compilation services))~~ in this state, and are otherwise qualified for practice privileges under RCW 18.04.195 (1)(a) ~~((-iii-))~~ (ii)(A) through (D) or (b) are not required to participate in the board's program if the out-of-state firm partic-

ipates in a board-approved peer review program or similar program approved or sponsored by another state's board of accountancy.

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

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

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

(a) The board will:

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

(ii) Consider reports from the peer review oversight committee;

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

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

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

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

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

~~((i) The peer review oversight committee's oversight procedures may consist of, but are not limited to:~~

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

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

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

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

~~(12))~~ **(13) Remedies.** The board will take appropriate action to protect the public's interest if the board determines through the peer review process or otherwise that a firm's performance and/or reporting practices are not or may not be in accordance with applicable professional standards, the firm does not comply with peer review program requirements, or the firm does not comply with all or some of the reporting, remedial action, and/or fee payment requirements of subsec-

tion (5) of this section. The board's actions may include, but are not limited to:

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

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

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

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

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

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

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



**WAC 4-30-132 Qualifying continuing professional education (CPE) activities.** (1) CPE activities are learning opportunities that contribute directly to an individual's knowledge, ability, and/or competence to perform (~~his or her~~) one's professional responsibilities. CPE activities should:

(a) Address the individual's current and future work environment, current knowledge and skills, and desired or needed knowledge and skills to meet future opportunities and/or professional responsibilities; and

(b) Maintain knowledge of current ethical and other regulatory requirements.

(2) An activity qualifies as acceptable CPE, under RCW 18.04.215, if it follows one of the following formats:

(a) **Nano learning format** - As defined in WAC 4-30-010. A nano learning course shall be considered a qualifying activity once a minimum of (~~ten~~) 10 minutes (0.2 credit hours) but less than (~~fifty~~) 50 minutes (1.0 credit hour) has been completed; or

(b) **Formal learning format** - Defined herein, as a formal activity of learning that is:

- A minimum of (~~fifty~~) 50 minutes of continuous instruction in length with participants signing in to record attendance;

- If the program exceeds four credit hours, participants must also sign out; and

- Attendees are provided a certificate of completion.

(3) **Formal learning formats can include:**

(a) Professional, technical, or education sessions of national, state, and local organizations and their chapters;

(b) Programs of other organizations (accounting, industrial, professional, etc.);

(c) Formal employer education programs;

(d) Dinner, luncheon, and breakfast meetings which are structured as formal education programs;

(e) Undergraduate and graduate courses. For both undergraduate and graduate courses, one quarter credit equals (~~ten~~) 10 CPE credit hours, and one semester credit equals (~~fifteen~~) 15 CPE credit hours;

(f) Interactive and noninteractive self-study programs;

(g) Instructor/developer of a college or university course;

(h) Instructor/developer of a CPE course;

(i) Authorship of published articles, books, and other publications relevant to maintaining or improving professional competence;

(j) Group study;

(k) Service on the Washington state board of accountancy, the board's committees, or volunteer service on one of the board approved peer review committees;

(l) CPE credit may not be claimed for CPA examination review courses; and

(m) 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 4-30-138.

(4) Formats other than those listed may be approved by the executive director provided you can demonstrate they contribute to your professional competence.

(5) **Subject areas:** Activities relating to the following subjects are acceptable for all formats provided they follow the standards 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;
- (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.
- (6) Subjects other than those listed above may be acceptable provided you can demonstrate they contribute to your professional competence.

(7) **Washington state board approved ethics.** Courses must meet the following requirements:

(a) The content of the course, which shall be approved by the board, must be specific to the laws and rules applicable to the regulatory framework in Washington state including the administrative requirements for an individual's initial and continued use of restricted titles in this state;

(b) All CPE authors must submit course materials for this course to the executive director of the board for approval prior to delivery of the content for credit;

(c) The ethics and regulations course material must cover all of the following topics, and instructors of approved courses must substantially address these topics in their presentations:

(i) General level information on the AICPA code of professional conduct.

(ii) General level information on the Public Accountancy Act, the board's rules, policies, including recent or pending changes therein, and the rule-making process.

(iii) Emphasis must be placed on key differences between Washington state law (chapter 18.04 RCW), this board's rules (Title 4 WAC), and the AICPA code of professional conduct.

(iv) Detailed information on the following:

(A) WAC 4-30-026 How can I contact the board?

(B) WAC 4-30-032 (~~Do I need to notify the board if I change my address?~~) Change of address.

(C) WAC 4-30-034 (~~Must I respond to inquiries from the board?~~) Responding to board inquiries.

(D) WAC 4-30-040 through 4-30-058 ethics and prohibited practices, including related board policies, if any.

(E) WAC 4-30-130 series - Continuing competency, including related board policies, if any.

(F) WAC 4-30-142 (~~What are the bases for the board to impose discipline?~~) Disciplinary actions.

(G) Other topics or information as defined by board policy;

(d) The course must also include case study scenarios demonstrating how to comply with the relevant provisions of the AICPA code of professional conduct and the board's statutory or regulatory framework when faced with ethical situations that might occur when offering or performing a specific type of professional service in the practice of public accounting or as a professionally regulated person not in the practice of public accounting; and

(e) At least (~~sixty~~) 60 percent of the course material content, presentation time, and commentary must include general level information on the Public Accountancy Act, the board's rules and policies, including recent or pending changes thereto, variances of key differences between Washington state law (chapter 18.04 RCW), the board's rules (Title 4 WAC), and the AICPA code of professional conduct, and scenarios demonstrating the different compliance outcomes that might result because the board's rules prevail when the board's rules vary from the AICPA code of professional conduct and/or related official AICPA interpretations.

**Limits on total hours that can be earned during any single renewal cycle for specified formats are detailed in WAC 4-30-133.**

**WAC 4-30-142 Disciplinary actions.** RCW 18.04.055, 18.04.295, ((18.04.305)) 18-04-345, and 18.04.350 authorize the board to revoke, suspend, refuse to issue, renew, or reinstate an individual or firm license the right to exercise practice privileges in this state, or registration as a resident nonlicensee firm owner; impose a fine not to exceed \$30,000; 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)) 18-04-345. 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 or 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 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 or a resident nonlicensee firm owner including, but not limited to:

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

(b) Offering or rendering public accounting services in this state by an out-of-state individual not qualified for practice privileges under RCW 18.04.350((+2)) (1);

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

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

(e) Engaging in acts of fiscal dishonesty;

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

(g) Unlawfully selling unregistered securities;

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

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

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

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

(b) An order of a federal, state, local or foreign jurisdiction regulatory body, or a PCAOB, finding that the licensee, as defined in WAC 4-30-010, 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)~~) oneself as a licensee, as defined in WAC 4-30-010, or a nonlicensee firm owner;

(c) Cancellation, revocation, suspension, or refusal to renew the right to practice as a licensee 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 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 4-30-010, or nonlicensee firm owner and the loan terms are not more favorable than loans extended to other persons of similar credit worthiness.

(10) A violation of the Public Accountancy Act or failure to comply with a board rule contained in Title 4 WAC, by a licensee, defined in WAC 4-30-010, 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)~~) (1) when not qualified;

(b) Submission of an application for firm license on behalf of a firm licensed in another state that does not meet the firm mobility requirements under RCW 18.04.195 (1)(a) ~~((iii))~~ (ii)(A) through (D) by an out-of-state individual not qualified under RCW 18.04.350 ~~((2))~~ (1) 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))~~ (1) 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))~~ (1) 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 an out-of-state firm operating under firm mobility per RCW 18.04.195 (1)(a) ~~((iii))~~ (ii), in this state to cease offering or performing professional services in this state through one or more out-of-state individuals whose license from the state of those individuals' principal place(s) of business is (are) no longer valid or is (are) otherwise restricted from performing the specific engagement services;

(f) Failure of a firm licensed in this state, or a firm operating under firm mobility to comply with the ownership requirements of RCW 18.04.195 within a reasonable time period, as determined by the board;

(g) Failure of a firm licensed in this state or another state to comply with the board's quality assurance program requirements, when applicable.

(11) Violation of one or more of the rules of professional conduct included in Title 4 WAC.

(12) Concealing another's violation of the Public Accountancy Act or board rules.

(13) Failure to cooperate with the board by failing to:

(a) Furnish any papers or documents requested or ordered to produce by the board;

(b) Furnish in writing a full and complete explanation related to a complaint as requested by the board;

(c) Respond to an inquiry of the board;

(d) Respond to subpoenas issued by the board, whether or not the recipient of the subpoena is the accused in the proceeding.

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

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

(16) Failure of a licensee, as defined by WAC 4-30-010, 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 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 or nonlicensee firm owner.

To: Washington State Board of Accountancy

From: Peer Review Oversight Committee (PROC) (Kate Dixon, Tom Sawatzki, Mark Hugh, Laura Lindal, Robert Loe, Jennifer Sciba, Tom Neill)

Re: Peer review

Date: October 18, 2024

Before the Board's deliberation on changes to WAC 4-30-130, the PROC thought it would be advisable to refresh the Board's understanding of the process as well as efforts by the PROC over the last few years to find alternatives to AICPA peer review.

That presentation is attached, as well as Board Policy 2020-1, the policy on peer review.



# Washington peer review

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WASHINGTON STATE BOARD OF ACCOUNTANCY

# Background

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- In 2019, the Board formed a Peer Review Task Force to review issues with peer review and propose changes
- As a result, the Board made rule changes and issued Board Policy 2020-1 on peer review
- Since 2020, issues with the AICPA program have continued to accelerate
- Over the last three years, the Board's Peer Review Oversight Committee (PROC) sought alternatives, including surveying other states for other programs and sending out an RFP for a third party to develop and operate an independent program

# The Board's purpose for peer review

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- The Public Accountancy Act notes a key purpose is to promote the dependability of information which is used for guidance in financial transactions or accounting . RCW 18.04.015(1)(a)
- The Act notes it protects the public by requiring persons who hold themselves out as CPAs must conduct themselves in a competent, ethical, and professional manner. RCW 18.04.015(b)(i)
- The Act notes the Board may by rule implement a quality assurance program as a means to monitor firms' quality of practice and compliance with professional standards. RCW 18.04.055(9)

# Washington requirements

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- All firms offering and/or performing attest, compilation, or other assurance services are required to have a firm license and are required participate in a Board-approved peer review program as a condition of renewing a firm license every three years
- As part of renewing its license, a firm must certify whether the firm does or does not perform attest, compilation, or other assurance services
- If the firm does perform these services it must provide the period covered by the firm's most recent peer review, and certify the result of the firm's most recent peer review

# Peer review definitions and acronyms

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- **AICPA**, the American Institute of CPAs
- **AE**, a state CPA society or group of state societies that locally administers the program
- **AE's Peer Review Committee**, a local body of the AE that reviews and accepts peer reviews performed under AICPA standards
- **RAB**, a local Report Acceptance Body that may be delegated a portion of the report acceptance function from the AE's Peer Review Committee
- **PROC**, a Board's Peer Review Oversight Committee that attends meetings of the AE's committees and boards to monitor the peer review process
- **PRIMA**, the AICPA's Peer Review Integrated Management System, a document management and reporting system for peer review
- **FSBA**, Facilitated State Board Access, discretionary Board access to PRIMA

# Types of peer reviews

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- **Peer review** is a form of practice monitoring and a review of one or more aspects of the professional work of a firm that issues attest, compilation, or other assurance reports by a CPA or firm who is not affiliated with the firm being reviewed
- **System reviews** are a more comprehensive review and required for firms that perform audits or other similar engagements
- **Engagement reviews** are a less comprehensive review and for firms that do not perform audits or other similar engagements but do perform other accounting work including reviews and compilations

# Peer review ratings

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- **Pass**, which may result in no additional training (CPE), and/or practice monitoring outside of the normal peer review process
- **Pass with deficiencies (PWD)**, which results in additional firm internal practice monitoring, such as internal inspections and internal post issuance reviews as determined by the reviewer and the report acceptance body or committee
- **Fail**, which results in Board notification and additional firm internal or external practice monitoring, such as internal inspections and internal or external preissuance or post issuance reviews as determined by the reviewer and the report acceptance body

# Washington 2024 peer review statistics

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- Currently, the AE for Washington peer review is the Colorado Society of CPAs
- For 2024, 516 licensed firms were included in the program
  - 343 were exempted as they performed no work subject to peer review, such as attest or compilations
  - 111 firms passed peer review
  - 15 firms received a score of pass with deficiencies
  - 4 firms failed peer review
  - 43 firms received an extension to complete peer review



# Board intervention in peer review

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- The Board believes remediation is the fundamental goal of peer review
- In the majority of instances where deficiencies are discovered through the peer review process, corrective action and follow through by the AE or RAB should be allowed to proceed
- In certain instances, the Board may impose a practice restriction or other measures through its disciplinary process when deemed appropriate
- Board Policy 2020-1 discusses potential Board actions for firms dropped or terminated from peer review, or firms that receive a score of fail/and or with sequential fails

# Board potential corrective actions

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- Require the firm to amend or develop quality control procedures
- Require the completion of specific courses or types of continuing education
- Require that the reviewed firm submit all or specified categories of its compilation or attest working papers and reports to a third party preissuance evaluation
- Require the reviewed firm to engage a third party to conduct an on-site field review of the firm's work product and practices
- Initiate an investigation

# Consumer protection issues

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- AICPA peer review continues to be detail oriented and stringent, leading to an increase in ratings of pass with deficiencies and fails for minor foot faults that do not affect the quality of the statements
- Smaller firms have abandoned this work and lack of attest, compilation, or assurance service providers, especially in smaller communities, harms the public by reducing access to required services
- Lack of competition among providers creates higher prices for services
- An aging pool of peer reviewers combined with more risk and demanding standards is reducing the available reviewers and increasing the cost of peer review
- More uncompromising standards and increased costs accelerates the existing enforcement problem of firms misrepresenting types of services performed on license renewals to avoid required peer reviews, despite performing attest, compilation, or assurance services

# A partial fix for compilations

---

- Over the last three years, the PROC sought alternatives to the AICPA run program, including surveying other states for alternatives, and sending out an RFP for a third party to develop and operate an alternative
- These efforts were unsuccessful, and ultimately the PROC developed its own suggestions for an alternative Board run program
- In early 2024, the PROC learned that eight other states exclude compilations from any type of peer review process, four states larger than Washington (Florida, New York, Pennsylvania, and Illinois), and four states smaller than Washington (Oklahoma, Maine, Kansas, and Alaska)
- The PROC surveyed five of the states in the group for issues with enforcement and compliance, and found no material problems
- Therefore, the PROC proposed the Board amend WAC 4-30-130 to exclude compilations from peer review

# An important note about the exclusion

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- **The exclusion should not be considered immunity**
- Firms that prepare compilations that qualify for the exclusion are still subject to:
  - Firm ownership requirements
  - Firm licensing requirements
  - Disclosure of compilation work on license renewals
  - All applicable professional standards for their compilation work
  - The Board's complaint process
  - The Board's discipline process for any complaints



# Washington State Board of Accountancy

**Policy Number:** 2020-1

**Title:** Peer Review

**Revised:** July 19, 2024

**Approved:** Kate Dixon  
Kate Dixon, Chair

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## **Purpose:**

The purpose of this policy is to clearly define the Board's process and procedures for interacting with licensed firms who are required under WAC 4-30-130 to undergo peer review and to report the results using the AICPA's Facilitated State Board Access (FSBA) database at the time of their firm license renewal.

## **Guiding Principles:**

The Board believes remediation is the fundamental goal of peer review. In the majority of instances where deficiencies are discovered through the peer review process, corrective action and follow through by the Administering Entity (AE) and/or Review Acceptance Body (RAB) should be allowed to proceed.

In certain instances the Board may impose a practice restriction or other measures through its disciplinary process when deemed appropriate.

## **Process for Dropped or Terminated Firms:**

The AICPA notifies the state boards when an AICPA member has been dropped or terminated from the peer review program.

Board staff will access FSBA to routinely review the list of firms that have been dropped or terminated from peer review. Per WAC 4-30-130, licensed firms who have provided attest or compilation services and who have been dropped or terminated from peer review by the AICPA must notify the Board. Board staff will generate reports detailing dropped firms and follow up with firms that have not reported.

Firms that have been dropped or terminated from peer review, have not responded to a board inquiry per WAC 4-30-034, and remain out of compliance will be referred to the Board's disciplinary process.

**Board Evaluation of the Results of Peer Review:**

One member of the Board's Peer Review Oversight Committee and the Executive Director (ED) will review all failed reports. Board staff will make all files available electronically for the Board member's review.

**Fails and/or Sequential Fails:**

If there is one instance of a fail, the Board member and ED will review the peer review report for unusual facts or troubling trends, especially if the prior peer review was a Pass with Deficiencies (PWD). Board staff will follow up to ensure that corrective action, as recommended by the AE/RAB, is completed by the firm.

If a firm has two sequential fail reports over two renewal periods, a Board member and ED will evaluate the two fail reports to determine if the same topic is at issue in both periods. If not, Board staff will follow up to ensure that corrective action, as recommended by the AE/RAB, is completed by the firm.

If the firm is dropped or terminated from the peer review program, the disciplinary process noted above will be undertaken. The Board will determine what action is appropriate under the circumstances. Options, beyond the corrective action, include but are not limited to the following:

- Required remedial training through Consent Agreement
- Practice restriction through Consent Agreement or Board Order
- Discipline including fine and/or firm license revocation through Consent Agreement or Board Order

Effective: January 31, 2020

Revised: July 19, 2024; April 28, 2023; April 24, 2020

**From:** [ANDREW JOHNSON](#)  
**To:** [Donovan, Kirsten \(ACB\)](#)  
**Subject:** Fwd: Upcoming Rule Making for Peer Review  
**Date:** Thursday, September 5, 2024 12:44:48 PM

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External Email

Excluding compilations from peer review is great.... The low level of technicality and variety of ways to compile and present are many so it is hard to get a "review" that is more than differing opinions.

Also I feel there is confusion in the industry with regard to what is a compilation and to be more specific to those providing services would also be appreciated.

We have bookkeepers putting together profit and loss statements/ balance sheets based on quickbooks categorizations and we also have accounting/ cpa practices offering bookkeeping services that includes the downloading of transactions, categorizing those per the client communication and then providing the financials each month based on those bookkeeping duties.

Are those compilations?

Those financials are used at year end for taxes or loans or other purposes that the management of the company feels they need to use them for.

Of course, they are prepared for the client "for management purposes only...." and are part of ongoing engagement for monthly services.

Those are my thoughts..

Thank you for considering them in your decisions.

Andrew Johnson, CPA MST  
Office: 509-283-2664  
Cell: 818-825-5669  
Fax: 509-497-7066  
Website: [ajohnsoncpa.com](http://ajohnsoncpa.com)

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----- Forwarded message -----

From: **Washington State Board of Accountancy** <[customerservice@acb.wa.gov](mailto:customerservice@acb.wa.gov)>  
Date: Thu, Sep 5, 2024 at 12:35 PM  
Subject: Upcoming Rule Making for Peer Review



**From:** [Broom Perry](#)  
**To:** [Donovan, Kirsten \(ACB\)](#)  
**Subject:** Compilations  
**Date:** Thursday, September 5, 2024 12:56:38 PM

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External Email

It is about time. Now small firms can provide compilations to their clients again..

**From:** [Walter Schultz](#)  
**To:** [Donovan, Kirsten \(ACB\)](#)  
**Subject:** Peer Review proposed changed  
**Date:** Thursday, September 5, 2024 1:39:18 PM  
**Attachments:** [image001.jpg](#)

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External Email

Hi Kristen,

I am ecstatic that the board is considering the change to drop peer review related to compilations. However, it seems to me that this change really offers no benefit to any CPA or firm that wants to retain its AICPA membership. I must maintain that membership for insurance purposes (life and professional liability), so this change seems to be of little to no value to us.

Best Regards,  
Walt Schultz

Walter Schultz, CPA



A Division of RMW Accounting, Inc.

P.O. Box 1265  
Poulsbo, WA 98370  
Phone: 360-779-5606 or 206-842-3408  
360-779-7121 (fax)

[Click here](#) if you wish to securely send encrypted files to me via our portal.

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**From:** [Dan Mortensen](#)  
**To:** [Donovan, Kirsten \(ACB\)](#)  
**Subject:** Compilation Services not being subject to Peer Review  
**Date:** Thursday, September 5, 2024 1:41:44 PM

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External Email

Kirsten,

In response to the Board of Accountancy's proposal to revise the rules related to compiled services, I would like to make the following response.

It is common in our industry to be required to draft the financial statements as a nonattest service while also providing compilation services. The removal of the peer review requirements would create a lack of oversight regarding those financial statements meeting acceptable standards. The disclosures and appropriate formatting according to accounting standards are the biggest reasons to have peer review requirements. Our firm does our best to keep up on applicable accounting standards and required disclosures, and we still have areas of improvement. The peer review is part of that improvement and verification.

I understand that compilations are not providing assurance to customers, but oversight related to the drafting of the financial statements, especially the required disclosures, is needed. I also believe that in some cases, the elimination of the peer review for compilations will cause regulatory agencies and internal committees to increase the desired assurance level to select a firm that has been peer reviewed. The increase in assurance level will increase fees to those clients.

The change will also create inconsistencies between CPA firms. A CPA tax practice could begin to prepare compilations without adequate training and experience to report the financial information correctly and represent that they are no different than any other CPA firm. Those that have peer reviews will be held to a higher standard than those firms that have no peer review requirement and will create a financial advantage over small firms like mine that have a peer review due to the required documentation to be able to issue compiled financial statements.

Thanks,

**Daniel Mortensen CPA, CFE, CGMA**  
PO Box 11699 Olympia, WA 98508 | PO Box 1156 Shelton, WA 98584  
(360) 426-5667 | fax (360) 426-5853 | [dan@dnmassociates.com](mailto:dan@dnmassociates.com)

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**From:** [Brian Bircher](#)  
**To:** [Donovan, Kirsten \(ACB\)](#)  
**Cc:** [Debbie B](#)  
**Subject:** compilations and peer review  
**Date:** Thursday, September 26, 2024 5:00:44 PM

---

External Email

Hello Kirsten

For whatever it is worth we would be in favor of a ruling excluding compilations from peer review. Since preparation of financial statements services are excluded from peer review it seems the next logical step is to exclude compilations and leave peer review for reviews and audits where there is some level of assurance. We are a 15 person local firm in Kirkland and do a few compilations. Thanks for listening.

***Brian***

Martin, Bircher, Thompson, PC  
Direct 425.284.4309 | Fax 425.889.0464 | Email [Brian@MartinBircherCPA.com](mailto:Brian@MartinBircherCPA.com)  
[www.MartinBircherCPA.com](http://www.MartinBircherCPA.com)

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**From:** [Eric Rasmussen](#)  
**To:** [Donovan, Kirsten \(ACB\)](#)  
**Subject:** Rule change  
**Date:** Thursday, September 5, 2024 8:58:29 PM

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External Email

Hi Kirsten,

I don't think it is a good idea to exclude compilations. We need to maintain our standards. Especially these days. Unfortunately, I see a lot of not just poor accounting/reporting, but unethical accounting/reporting.

Eric



ROBERT P. MCKINLEY, CPA, P.C.

*Strategically Helping Businesses Achieve their Goals*

October 1, 2024

Board of Accountancy  
Washington State  
PO Box 9131  
Olympia, WA 98507-9131

**Re: Rule Change for Peer Review**

Dear Mark Hugh:

In August, I talked with Michael Paquette, former Executive Director, regarding required removing compilations from peer review. Mr. Paquette encouraged me to send you my concerns.

I have been a licensed CPA in the state of Washington since 1994. I have owned my own firm or been a partner in a firm since 1996. As an owner, I have been directly involved in peer review and responding to issues of the review program. My firm prepares, compiles, and reviews financial statements.

According to the Board of Accounting's website, the Board's purpose is to:

*Promote the dependability of financial and other information used by providers of capital when assessing the status and performance of those seeking financial resources.*

My concern is that by exempting compilations, especially low volume firms, does not meet the purpose of the board in promoting dependability of financial and other information. The concern is that a low volume firm will not be current on changes in financial standards thus issuing financial statements that are misleading. Since the financial statement preparation is not a major part of their firm, their fees on education on standards will be lacking.

By requiring peer review, which is only required every three years, it forces us as accountants to remain as current when at least one of the financial statements will be reviewed by a peer. In turn, the public is protected with quality financial statements.

The reason for removing compilations from peer review is the financial burden on the firm. This appears to be a weak argument. The firm has chosen to provide this service and the cost of service is peer review. If the board finds the current peer review program is onerous, the board needs to promote chances to the program. Personally, the current program though the AICPA is challenging.

505 N Argonne Rd Ste A103  
Spokane Valley, WA 99212

robertmckinleycpa.com  
bob@robertmckinleycpa.com

(509) 892-5905  
FAX (509) 892-7838

The program does not foster a relationship before the peer reviewer and the review to improve the quality of the financial statement.

In conclusion, I believe the board needs to provide some sort of oversight on compilations to protect the public that is using the financial information. Feel free to contact me if you would like further information.

Thank you for your time.

Sincerely,

A handwritten signature in black ink, appearing to read 'Bob McKinley', written in a cursive style.

Bob McKinley  
President





# PREPROPOSAL STATEMENT OF INQUIRY

**CR-101 (October 2017)**  
**(Implements RCW 34.05.310)**  
Do **NOT** use for expedited rule making

CODE REVISER USE ONLY

OFFICE OF THE CODE REVISER  
STATE OF WASHINGTON  
FILED

DATE: May 03, 2024

TIME: 10:11 AM

WSR 24-11-009

**Agency:** Board of Accountancy

**Subject of possible rule making:** WAC 4-30-057 Limitations on CPA inactive and CPA retired.; WAC 4-30-058 Other authorized titles.

**Statutes authorizing the agency to adopt rules on this subject:** RCW 18.04.055

**Reasons why rules on this subject may be needed and what they might accomplish:**

The board of accountancy proposes amending:  
WAC 4-30-058 to clarify authorized title usage.

The board of accountancy proposes adoption of new rule:  
WAC 4-30-057 to provide guidance on CPA inactive and CPA retired.

**Identify other federal and state agencies that regulate this subject and the process coordinating the rule with these agencies:** None


**Process for developing new rule (check all that apply):**

- Negotiated rule making
- Pilot rule making
- Agency study
- Other (describe)

**Interested parties can participate in the decision to adopt the new rule and formulation of the proposed rule before publication by contacting:**

Name: Kirsten Donovan, Rules Coordinator	(If necessary) Name:
Address: Washington State Board of Accountancy PO Box 9131 Olympia, WA 98507-9131	Address:
Phone: 360-664-9191	Phone:
Fax: 360-664-9190	Fax:
TTY: 1-800-833-6388	TTY:
Email: Kirsten.donovan@acb.wa.gov	Email:
Web site: <a href="https://acb.wa.gov/">https://acb.wa.gov/</a>	Web site:
Other:	Other:

Additional comments:

<b>Date:</b> May 3, 2024	<b>Signature:</b> 
<b>Name:</b> Michael J. Paquette, CPA,	
<b>Title:</b> Executive Director	

## NEW RULE

### WAC 4-30-057

#### Restrictions on CPA-inactive and CPA-retired

(1) **Introduction.** Effective July 1, 2024, persons holding a license may renew their license in an inactive status. The purpose of this rule is to explain restrictions on the activities of persons while their license is in an inactive status, as well as persons who wish to use the title “CPA-retired.”

(2) **CPA-inactive restrictions.** Persons holding an inactive license are prohibited from the practice of public accounting. RCW 18.04.025(9). 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, for a client or potential client, one or more kinds of services involving the use of accounting or auditing skills, including the issuance of "reports," 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. RCW 18.04.025(17).

(3) **CPA-inactive allowable activities.** Persons holding an inactive license may perform or offer to perform services in an employer-employee relationship in industry, government, nonprofit, or education, or uncompensated work such as a volunteer, trustee, director, or executor.

(4) **CPA-inactive prohibited activities.** Persons holding an inactive license may not perform or offer to perform public accounting services:

- (a) As an independent contractor in industry, government, nonprofit, or education,
- (b) For compensation as a trustee, director, or executor,
- (c) As a sole practitioner offering to perform services for a client or potential client, or
- (d) As part of a CPA firm either offering to perform services for a client or potential client or working in purely an administrative role.

For the purpose of this section, “compensation” does not include reimbursement of actual expenses or a limited per diem allowance for expenses.

(5) **CPA-inactive conversion to active status.** At any time, persons holding an inactive license may apply to convert their license status from inactive to active. See WAC 4-30-120.

(6) **CPA-inactive professional conduct rules.** Persons holding an inactive license are subject to the following rules for ethics and prohibited practices:

- (a) Integrity and objectivity. See WAC 4-30-040.

- (b) General standards. See WAC 4-30-046.
  - (c) Compliance with standards. See WAC 4-30-048.
  - (d) Accounting principles. See WAC 4-30-049.
  - (e) Acts discreditable. See WAC 4-30-052.
  - (f) Form of organization and name. See WAC 4-30-056.
  - (g) Other authorized titles. See WAC 4-30-058.
- (7) **CPA-inactive continuing professional education (CPE).** Persons holding an inactive license have limited CPE requirements for renewal. See WAC 4-30-134. However, persons holding an inactive license are still required to maintain professional competence in all their allowable roles regardless of limited CPE requirements for renewal.
- (8) **CPA-inactive restricted title use.** Persons holding an inactive license may only use the title “CPA-inactive” and are prohibited from using the titles “certified public accountant” or “CPA.” Persons holding an inactive license may not perform any of the activities in section (4) regardless of whether or not they use the title “CPA-inactive.”
- (9) **CPA-retired.** Persons who have reached 60 years of age and hold a license in good standing in either an active or inactive status, may apply to retire their license. When their license is in a retired status, they may then use the title “CPA-retired.”
- (10) **CPA-retired allowable activities.** The title “CPA-retired” may be used when performing uncompensated services such as a volunteer, trustee, director, or executor.
- (11) **CPA-retired prohibited activities.** Persons who have retired their license may not use the title “CPA-retired” to perform or offer to perform services:
- (a) In an employer-employee relationship in industry, government, nonprofit, or education,
  - (b) As an independent contractor in industry, government, nonprofit, or education,
  - (c) For compensation as a trustee, director, or executor,
  - (d) As a sole practitioner offering to perform services for a client or potential client, or
  - (e) As part of a CPA firm either offering to perform services for a client or potential client or working in purely an administrative role.
- For the purpose of this section, “compensation” does not include reimbursement of actual expenses or a limited per diem allowance for expenses.
- (12) **Renewal out of retirement.** At any time, persons who have retired their license may apply to renew as an active licensee. See WAC 4-30-122.

(13) **CPA-retired restricted title use.** Persons who have retired their license are prohibited from using the titles “certified public accountant”, “CPA”, or “CPA-inactive.” However, persons who have retired their license may perform any of the activities in section (11) without use of the title “CPA-retired.”

(14) **Lapsed licensees.** Persons with a lapsed license are prohibited from using the titles “CPA-inactive”, “CPA-retired”, as well as the titles “certified public accountant”, or “CPA.”

**WAC 4-30-058 Other authorized titles.** (1) The board allows the use of other titles by any person regardless of whether the person has been granted a certificate or holds a license if the person using the titles or designations is authorized at the time of use by a nationally recognized entity sanctioning the use of board authorized titles.

(2) Nothing in this chapter prohibits the use of the title "accountant" by any person regardless of whether the person holds a license under this chapter.

(3) Nothing in this chapter prohibits the use of the title "enrolled agent" or the designation "EA" by any person regardless of whether the person holds a license under this chapter if the person is properly authorized at the time of use to use the title or designation by the Internal Revenue Service (IRS).

(4) The board also authorizes titles and designations authorized by:

(a) The American Institute of Certified Public Accountants (AICPA);

(b) The Association of International Certified Professional Accountants (AICPA);

(c) The Institute of Management Accounts (IMA);

(d) The Accreditation Council for Accountancy and Taxation;  
and

(e) Certified Financial Planner Board of Standards (CFP Board).

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

~~(6) The board further authorizes the use of the designation "CPA retired" in this state by those individuals who, upon notice to the board to retire a license, meet the following criteria:~~

~~(a) Has reached 60 years of age and holds an active license in good standing; or~~

~~(b) At any age, has held an active license in good standing, not suspended or revoked, to practice public~~

~~accounting in any state for a combined period of not less than  
20 years.~~

[Statutory Authority: RCW 18.04.055. WSR 23-04-088, § 4-30-058, filed 1/31/23, effective 3/3/23; WSR 16-17-036, § 4-30-058, filed 8/9/16, effective 9/9/16. Statutory Authority: RCW 18.04.350(13). WSR 12-10-085, § 4-30-058, filed 5/2/12, effective 6/2/12; WSR 10-24-009, recodified as § 4-30-058, filed 11/18/10, effective 12/19/10. Statutory Authority: RCW 18.04.350(9). WSR 02-17-051, § 4-25-930, filed 8/15/02, effective 9/15/02.]



## WASHINGTON STATE BOARD OF ACCOUNTANCY

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

<b>Time and Place of Meeting</b>	9:01 a.m. – 1:45 p.m. Friday, July 19, 2024 DoubleTree by Hilton Spokane City Center Suites A & B 322 North Spokane Falls Court Spokane, WA 99201 or by Microsoft Teams Meeting
<b>Attendance</b>	<u>Board Members</u> Kate Dixon, Public Member, Chair Thomas P. Sawatzki, CPA, Vice Chair Brooke Stegmeier, CPA, Secretary Mark Hugh, CPA Rajib Doogar, Public Member Brian R. Thomas, CPA Scott S. Newman, Public Member Tonia L. Campbell, CPA Cindy Kay, CPA  <u>Staff and Advisors</u> Michael Paquette, CPA, Executive Director Jennifer Sciba, Deputy Director Leo Roinila, Assistant Attorney General, Board Advisor (Arrived at 9:16 a.m.) Elizabeth Lagerberg, Assistant Attorney General, Board Prosecutor Taylor Shahon, CPA, Lead Investigator Kirsten Donovan, Board Clerk Tia Landry, Data and Systems Administrator Kelly Wulfekuhle, Lead Solutions Analyst
<b>Call to Order – Board Meeting</b>	Board Chair, Kate Dixon called the meeting to order at 9:01 a.m. Board Members, staff, and advisors introduced themselves.
<b>Minutes – April 26, 2024, Board Meeting</b>	The Board approved the minutes of the April 26, 2024, Board meeting.  The Board Members attending virtually authorized the use of their electronic signatures for the signing of the meeting minutes.
<b>Board Policies Annual Review</b>	The Board completed its annual review of all Board policies.  <u>Safe Harbor Report Language for Use by Non-CPAs</u>  The Executive Director reported on the proposed revisions which will: <ul style="list-style-type: none"><li>• Update RCW reference numbers.</li></ul>

- Remove CPA-inactive certificate holder language.
- Add licensee in an inactive status guidance.
- Update dates in the report language examples.

The Board voted unanimously to revise the policy as proposed.

#### 2004-1 Administrative Violations Guidelines

The Executive Director reported on the proposed revisions which will:

- Add a citations column which provides the RCW or WAC references for the violation committed.
- Increase some fine amounts.
- Change verbiage for clarity.

During the discussion the Board's prosecuting AAG expressed some concerns regarding the policy. The Board tabled the policy until AAG concerns can be addressed with staff. The draft policy with potential additional revisions will be brought to the next Board meeting for Board consideration.

#### 2015-1 Board Member Travel and Attendance at Group Gatherings

The Executive Director reported no revisions are proposed.

The Board voted unanimously to retain the policy.

#### 2017-1 Investigative and Disciplinary Processes

The Executive Director reported on the proposed revisions which will:

- Remove the Charging and Administrative Review section.
- Update or remove RCW reference numbers.
- Modify Consulting Board Member (CBM) review from all complaints to complaints within the Board's jurisdiction.
- Change verbiage for clarity.

The Board voted unanimously to revise the policy as proposed.

#### 2017-2 Publication and Disclosure of Disciplinary Actions

The Executive Director reported on the proposed revision which will:

- Add data.wa.gov and the Board's website as disciplinary action posting locations.

The Board voted unanimously to revise the policy as proposed.

2020-1 Peer Review

The Executive Director reported on the proposed revision which will:

- Add “Pass with Deficiencies” where only PWD was present.

The Board voted unanimously to revise the policy as proposed.

2020-2 Public Officials and Public Employees

The Executive Director reported on the proposed revisions which will:

- Update RCW reference numbers.

However, the Executive Director reported the policy is no longer needed since recent RCW changes clarified the content of the policy and addressed the AGO opinion on the policy.

The Board voted unanimously to retire the policy.

**NASBA Update**

The Executive Director reported on the 2024 NASBA Western Regional Meeting held June 25-27, 2024, in Omaha, NE. The main topic of conversation was alternate pathways to licensure.

**Rules Review**

Semi-annual Rules Development Agenda

The Executive Director presented the July – December 2024 Semi-annual Rules Development Agenda filed with the Office of the Code Reviser. The agenda is informational for the public, and the noted dates of anticipated activity are estimates.

CR-101 Filings for Rules under Review

The Executive Director presented the CR-101s for the Rules under review.

Rules Review/Discussion

The Executive Director led the discussion on all proposed rule changes.

- WAC 4-30-010 Definitions.

The proposed rule changes will:

- Update RCW reference numbers to align the rule with HB 1920 RCW revisions.
- Update the “Firm” definition.

- WAC 4-30-024 Public records.

The proposed rule changes will:

- Update to gender-neutral nouns.
- Change verbiage for clarity.

- WAC 4-30-034 Responding to board inquiries.

The proposed rule changes will:

- Update RCW reference numbers to align the rule with HB 1920 RCW revisions.

- WAC 4-30-040 Integrity and objectivity.

The proposed rule changes will:

- Update RCW reference numbers to align the rule with HB 1920 RCW revisions.
- Remove pronouns which are not gender neutral.

- WAC 4-30-042 Independence.

The proposed rule changes will:

- Update RCW reference numbers to align the rule with HB 1920 RCW revisions.

- WAC 4-30-044 Contingent fees.

The proposed rule changes will:

- Update RCW reference numbers to align the rule with HB 1920 RCW revisions.

- WAC 4-30-045 Commission and referral fees.

The proposed rule changes will:

- Update RCW reference numbers to align the rule with HB 1920 RCW revisions.

- WAC 4-30-046 General standards.

The proposed rule changes will:

- Update RCW reference numbers to align the rule with HB 1920 RCW revisions.

- WAC 4-30-048 Compliance with standards.

The proposed rule changes will:

- Update RCW reference numbers to align the rule with HB 1920 RCW revisions.

- WAC 4-30-049 Accounting principles.

The proposed rule changes will:

- Update RCW reference numbers to align the rule with HB 1920 RCW revisions.
- Update to gender-neutral nouns.

- WAC 4-30-050 Confidential client information.

The proposed rule changes will:

- Update RCW reference numbers to align the rule with HB 1920 RCW revisions.

- WAC 4-30-052 Acts discreditable.

The proposed rule changes will:

- Update RCW reference numbers to align the rule with HB 1920 RCW revisions.

- WAC 4-30-053 Client records. (New rule)

The he proposed new rule is intended to:

- Make client records information more accessible to non-CPA consumers.

- WAC 4-30-054 Advertising and other forms of solicitation.

The proposed rule changes will:

- Update RCW reference numbers to align the rule with HB 1920 RCW revisions.
- WAC 4-30-056 Form of organization and name.

The proposed rule changes will:

- Update RCW reference numbers to align the rule with HB 1920 RCW revisions.
- WAC 4-30-070 What are the experience requirements in order to obtain a CPA license?

The proposed rule changes will:

- Update RCW reference numbers to align the rule with HB 1920 RCW revisions.
- Rename the rule.
- WAC 4-30-090 Must an out-of-state individual holding a license from another state apply and obtain a Washington state license to hold out and practice in Washington state?

The proposed rule changes will:

- Update RCW reference numbers to align the rule with HB 1920 RCW revisions.
- Rename the rule.
- WAC 4-30-112 In state and out-of-state firm licensing requirements.

The proposed rule changes will:

- Update RCW reference numbers to align the rule with HB 1920 RCW revisions.
- WAC 4-30-114 How do I apply for and maintain a firm license?

The proposed rule changes will:

- Update RCW reference numbers to align the rule with HB 1920 RCW revisions.
- Rename the rule.
- Update subsection headings.

- WAC 4-30-130 Quality assurance review (QAR) requirements for licensed CPA firms.

The proposed rule changes will:

- Exclude compilations from Board approved peer review requirements.
- Change verbiage for clarity.

- WAC 4-30-132 Qualifying continuing professional education (CPE) activities.

The proposed rule changes will:

- Update to gender-neutral nouns.
- Update rule names contained within this rule.
- Add “professional” to AICPA code of conduct.

- WAC 4-30-142 Disciplinary actions.

The proposed rule changes will:

- Update RCW reference numbers to align the rule with HB 1920 RCW.
- Update to gender-neutral nouns.

The Board considered all rules together and voted unanimously to:

- Edit WAC 4-30-130 to remove “report” once and “reports” twice from subsection (3)(b), file the CR-102, and schedule the public rule-making hearing in conjunction with the Board’s October meeting.
- Direct staff to file the CR-102 as written for all remaining proposals and schedule a public rule-making hearing in conjunction with the Board’s October meeting.

**Legal Counsel’s Report**

Leo Roinila, the Board’s legal counsel, had nothing to report.

**Chair’s Report**

The Chair reported that the Executive Director has taken a position outside of the Board of Accountancy. She thanked him for his hard work and wished him well in his new position.

The Executive Director thanked the Board and staff for their commitment, dedication, and hard work.

The Board Chair also thanked the Deputy Director for her steadfast commitment to the Board and her willingness to step in until a new Executive Director is appointed. The Executive Director position will not be posted/appointed until after the new administration takes office in the new year.

The Board Chair reported five Board Members attended the NASBA Western Regional Meeting. She added that their input to the discussion was valuable. She encourages Board Members to attend the upcoming annual meeting.

**Executive Committee**

The Board Chair had nothing to report.

**Peer Review Oversight Committee (PROC)**

Mark Hugh reported on committee activities.

- The committee worked on drafting Board Rule, WAC 4-30-130, Quality assurance review (QAR) requirements for licensed CPA firms.
- Next up for the committee is drafting a Board Policy for compilations.
- Tom Sawatzki will attend the AICPA Peer Review Committee Conference in two weeks.

**Request Oversight Committee (ROC)**

Scott Newman reported on the committee's 2nd quarter activities.

Request Oversight Committee Report – July 2024:

- Firm Names Approved:  
M4 CPA  
Fagerland & Associates INC  
SmartCloud Tax & Accounting PLLC  
Gavac & Associates LLC  
Dendron Studio 26, PLLC  
DTBCPAS, PLLC
- Professional/Educational Organization – Recognition Requests  
  
During the second quarter 2024, the Board did not receive any requests for recognition of an educational organization for purposes of obtaining list requests.
- Late Fee Waiver Requests



Late Fee Waiver Requests were received between 05/01/2024 and 06/30/2024.

As reported in the Board packet materials, the Board received 5 late fee waiver requests:

- Approved – 1
- Denied – 1
- Pending – 3

Scott provided an update stating that all pending late fee waiver requests were now approved.

**Scholarship  
Oversight  
Committee (SOC)**

Tonia Campbell reported the committee met on June 10, 2024. The current scholarship fund balance is approximately \$1.9 million with \$400,000 in scholarships given out annually. At this rate the fund would run out in approximately 5 years. Committee discussion points included:

- Increasing scholarships for underrepresented populations and identifying strategies to boost the number of scholarships available.
- Barriers to application and assessing potential obstacles that may deter individuals from applying for scholarships.
- Application criteria and reviewing the current requirements for applicants, including maintaining a 3.5 GPA and being enrolled in a Washington college.
- Requirements and process for increasing awards and evaluating the feasibility of increasing the number of scholarship awards.
- Impact of accelerated fund reduction and considering the implications of depleting scholarship funds at a quicker rate.
- Opportunities for additional budget authorization and exploring avenues to request additional budget funds from the state to support more scholarships.

The committee's next steps include:

- WSCPA leadership will present the request to the WA CPA Foundation Board and provide a recommendation for increasing scholarship awards at the next meeting.
- Board staff will review the process for obtaining additional Board budget funding if necessary to authorize more scholarships.

The committee will meet again on August 23 and an update will be presented at the October Board meeting.

**Board/AICPA  
Rules Committee  
(BARC)**

Brooke Stegmeier deferred to Mark Hugh to present the *Recommendations for CPA-inactive and CPA-retired Rule* report. A Board Rule is needed for limits and restrictions on use of these titles.

Mark reported and led the discussion on the following BARC recommendations:

- A CPA-inactive is allowed to hold out:
  - In industry, government, nonprofit, or education in an employer-employee relationship, or
  - Performing uncompensated work such as a volunteer, trustee, director, or executor.
- A CPA-inactive is not allowed to hold out:
  - In industry, government, nonprofit, or education as an independent contractor,
  - Perform compensated work such as a trustee, director, or executor,
  - As a sole practitioner offering to perform services for a client or potential client, or
  - As part of a CPA firm either offering to perform services for a client or potential client or working in purely an administrative role.
- A CPA-retired using the title may not hold out:
  - In industry, government, nonprofit, or education in an employer-employee relationship,
  - In industry, government, nonprofit, or education as an independent contractor,
  - Perform compensated work such as a trustee, director, or executor,
  - As a sole practitioner offering to perform services for a client or potential client, or
  - As part of a CPA firm either offering to perform services for a client or potential client or working in purely an administrative role.

The committee will draft the new rule, WAC 4-30-057, and revise the existing rule, WAC 4-30-058, and present the rule proposals at the October Board meeting for full Board consideration.

**Licensing and  
Regulation  
Committee  
(LARC)**

Rajib noted that licensing requirements are currently a complicated puzzle with many moving pieces. He had nothing further to report at this time.

**Executive  
Director's Report**

Board Member Appointments

The Executive Director welcomed Cindy Kay, CPA to the Board. Governor Inslee appointed Cindy to the Board on June 27, 2024. She brings governmental and firm experience and knowledge to the Board.

Brian Thomas, CPA was reappointed on June 10, 2024, for his third term on the Board.

Budget Status Report

The Executive Director presented the Allotment Expenditure/Revenue BTD Flexible Report, the Certified Public Accountant's Account Fund View, and the CPA Scholarship Transfer Account Fund View for transactions through June 28, 2024.

The Executive Director reported the agency is financially healthy.

Board Members asked about the variance in Goods and Services on the report. Staff will ask the agency's budget analyst for an explanation and report back to the Board at the October meeting.

2024 Renewal and CPE Extension Request Report

The Executive Director presented and led the discussion on the *2024 Renewal and CPE Extension Request Report*.

Pro-Equity Anti-Racism (PEAR) Update

The Executive Director reported:

- The Board's PEAR Advisory Team is complete with 5 public members (4 CPAs and 1 non-CPA) to go along with the Internal PEAR Team consisting of Board Members and staff.
- The May PEAR meeting focus was on students and diversity of the profession.

Regional Mobility

The Executive Director reported that a few states, including Oregon and California, will be changing their licensing requirements within the next year or so. This may create a mobility issue. Washington will need to do what is best for Washington with our licensing requirements.

The Deputy Director stated that a solution may come from uncoupling mobility and education/licensing requirements.

The Board discussed creating a task force to consider the mobility/licensing requirements issue, decided a new task force was not needed, and assigned the project to the LARC. New members may be added to the LARC for this project. The LARC will report on their discussions, including potential Board Rule revisions, at the next Board meeting.

**Enforcement Report**

Quarterly Enforcement and Resolved Complaint Reports

Taylor Shahon, CPA presented the following reports:

- Quarterly Report – April 1, 2024, through June 30, 2024
- Twelve-Month Lookback – July 1, 2023, through June 30, 2024
- All Complaints – Resolved with and without discipline for periods July 2023 to June 2024 and July 2022 to June 2023
- CBM Report – April 1, 2024, through June 30, 2024

Taylor reported the following on enforcement activities:

- The caseload currently stands at 26 open cases.
- The primary complaint received is CPAs not responding or not responding in a timely manner.
- The CBM process will be initiated by the Acting Director until a new Executive Director is appointed.

**Public Input**

The Board received no public input.

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

A Board held a closed session for the deliberation of a proposed Consent Order. The session times were:

- Closed session from 11:50 a.m. to 12:54 p.m.
- Public meeting reopened at 12:54 p.m. to announce additional time needed for closed session.
- After a break a closed session resumed from 1:15 p.m. to 1:45 p.m.
- Public meeting reopened at 1:45 p.m.

**Board Action from Closed Session**

After extensive deliberation, the Board Members requested that the enforcement team and the prosecuting AAG continue negotiations with the respondent.

**Adjournment**

The Board meeting adjourned at 1:45 p.m.

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Member

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Member

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Member



STATE OF WASHINGTON  
DEPARTMENT OF ENTERPRISE SERVICES

1500 Jefferson Street SE, Olympia, WA 98501

September 18, 2024

**TO:** Washington State Board of Accountancy

**FROM:** Ian Shelley, Senior Financial Consultant  
DES, Small Agency Financial Services

**SUBJECT: August 2024 FINANCIAL REPORTS**

August highlights

- 02J fund ended the month with a balance of \$3.65 million.
- \$67k in revenue this month

Biennium to date highlights

- Expenses: \$319k underspend year to date. Underspend largely composed of:
  - EY software licenses: \$263k underspend to date.
  - Salaries/Benefits: Approx \$40k underspent to date. This will increase with Director vacancy.
- Revenues:
  - FY24 ended 11.3% higher than FY21. \$2.55 million FY24 versus \$2.29 million in FY21.
  - July and August FY25 came in 1.5% higher than FY22. \$177k versus \$174k.
  - FY25 projections are being held at 10% higher than FY22 for now.

Projected BI25 end highlights

- Fund 02J balance of \$4.16 million. This is an increase from the BI25 starting balance of \$3.60 million.
- ACB is projecting to underspend authority by \$449k.

Changes from last month

- Director position assumed vacant until March 2025.
- EM Attorney General expense projections increased due to increased costs in July and August.

Ian Shelley  
DES Small Agency Financial Services  
360-489-5779  
[ian.shelley@des.wa.gov](mailto:ian.shelley@des.wa.gov)

1650 - State Board of Accountancy

Allotment Expenditure/Revenue BTD Flexible

Report Number: AEF04

Date Run: Sep 30, 2024 11:58PM

Biennium: 2025

As of Fiscal Month: Sep FY2

Transactions Through: Sep 30, 2024 8:00PM

Account: 02J

Allotment Content: Approved & Adjusted

Estimated Revenue Content: Approved & Adjusted

Expenditure Content: Cash, Accr(all)

Revenue Content: Cash, Accr(all)

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

	BTD Allotment	BTD Disbursement	BTD Accrual	BTD Encumbrance	BTD Variance	Biennium Remaining
<b>By Account/Expenditure Authority</b>						
02J - Certified Public Accountants' Acct						
030 - Salaries and Expenses	3,222,544	2,723,664.86	979.17	0.00	497,899.97	2,463,355.97
<b>Total for Agency</b>	<b>3,222,544</b>	<b>2,723,664.86</b>	<b>979.17</b>	<b>0.00</b>	<b>497,899.97</b>	<b>2,463,355.97</b>
<b>By Account/Expenditure Authority</b>						
<b>By Object</b>						
A - Salaries and Wages	1,029,899	969,067.21	0.00	0.00	60,831.79	687,406.79
B - Employee Benefits	349,676	320,823.17	0.00	0.00	28,852.83	236,314.83
C - Professional Service Contracts	127,500	128,770.00	0.00	0.00	(1,270.00)	75,230.00
E - Goods and Services	1,663,594	1,259,718.91	979.17	0.00	402,895.92	1,427,709.92
G - Travel	39,125	43,848.31	0.00	0.00	(4,723.31)	17,731.69
J - Capital Outlays	12,750	1,437.26	0.00	0.00	11,312.74	18,962.74
<b>Total for Agency</b>	<b>3,222,544</b>	<b>2,723,664.86</b>	<b>979.17</b>	<b>0.00</b>	<b>497,899.97</b>	<b>2,463,355.97</b>
<b>By Object</b>						

# Fund View

Fund  
 02J - CERTIFIED PUBLIC ACCOUNTANTS' ACCT  
 Fund Type  
 BA - SPECIAL REVENUE FUNDS  
 Agency  
 1650 - STATE BOARD OF ACCOUNTANC  
 Budget Type  
 A - Appropriated  
 GAVF Fund Type  
 B - SPECIAL REVENUE FUNDS  
 Rollup Fund  
 FBD - CENTRAL ADMIN AND REGULATORY FU

Treasury Type  
 Treasury  
 Status  
 18.04.105  
 Status  
 Active  
 TALS Only  
 No  
 DOT Fund  
 No

Sep 2024 

Balance Date ↓	Cash Balance	Book Balance	Outstd. Warrants
09/30/2024	3,670,149.81	3,669,919.81	230.00
09/29/2024	3,664,799.81	3,664,569.81	230.00
09/28/2024	3,664,799.81	3,664,569.81	230.00
09/27/2024	3,664,799.81	3,664,569.81	230.00
09/26/2024	3,655,482.22	3,653,849.81	1,632.41
09/25/2024	3,653,742.22	3,652,109.81	1,632.41
09/24/2024	3,696,074.73	3,687,842.32	8,232.41
09/23/2024	3,693,764.73	3,685,532.32	8,232.41
09/22/2024	3,691,005.60	3,682,773.19	8,232.41
09/21/2024	3,691,005.60	3,682,773.19	8,232.41
09/20/2024	3,691,005.60	3,682,773.19	8,232.41
09/19/2024	3,689,120.60	3,680,888.19	8,232.41
09/18/2024	3,688,255.87	3,680,023.46	8,232.41
09/17/2024	3,689,148.37	3,682,318.37	6,830.00
09/16/2024	3,688,008.37	3,681,178.37	6,830.00
09/15/2024	3,703,074.70	3,702,844.70	230.00
09/14/2024	3,703,074.70	3,702,844.70	230.00
09/13/2024	3,703,074.70	3,702,844.70	230.00
09/12/2024	3,701,374.70	3,701,144.70	230.00
09/11/2024	3,773,248.99	3,773,018.99	230.00
09/10/2024	3,771,448.99	3,771,218.99	230.00
09/09/2024	3,810,826.35	3,810,596.35	230.00
09/08/2024	3,805,856.35	3,805,626.35	230.00
09/07/2024	3,805,856.35	3,805,626.35	230.00
09/06/2024	3,805,856.35	3,805,626.35	230.00
09/05/2024	3,803,246.35	3,803,016.35	230.00
09/04/2024	3,810,507.44	3,810,277.44	230.00
09/03/2024	3,812,440.01	3,808,807.44	3,632.57
09/02/2024	3,808,180.01	3,804,547.44	3,632.57
09/01/2024	3,808,180.01	3,804,547.44	3,632.57



# Fund View

Fund  
 20D - CPA SCHOLARSHIP TRANSFER ACCOU  
 Fund Type  
 BA - SPECIAL REVENUE FUNDS  
 Agency  
 1650 - STATE BOARD OF ACCOUNTANC  
 Budget Type  
 N - Nonappropriated/Nonallotted  
 GAVF Fund Type  
 B - SPECIAL REVENUE FUNDS  
 Rollup Fund  
 FBG - HIGHER EDUCATION FUND

Treasury Type  
 Treasury Trust  
 Statute  
 28B.123.050  
 Status  
 Active  
 TALS Only  
 No  
 DOT Fund  
 No

Sep 2024 

Balance Date ↓	Cash Balance	Book Balance	Outstd. Warrants
09/30/2024	100,000.00	100,000.00	0.00
09/29/2024	100,000.00	100,000.00	0.00
09/28/2024	100,000.00	100,000.00	0.00
09/27/2024	100,000.00	100,000.00	0.00
09/26/2024	100,000.00	100,000.00	0.00
09/25/2024	100,000.00	100,000.00	0.00
09/24/2024	100,000.00	100,000.00	0.00
09/23/2024	100,000.00	100,000.00	0.00
09/22/2024	100,000.00	100,000.00	0.00
09/21/2024	100,000.00	100,000.00	0.00
09/20/2024	100,000.00	100,000.00	0.00
09/19/2024	100,000.00	100,000.00	0.00
09/18/2024	100,000.00	100,000.00	0.00
09/17/2024	100,000.00	100,000.00	0.00
09/16/2024	100,000.00	100,000.00	0.00
09/15/2024	100,000.00	100,000.00	0.00
09/14/2024	100,000.00	100,000.00	0.00
09/13/2024	100,000.00	100,000.00	0.00
09/12/2024	100,000.00	100,000.00	0.00
09/11/2024	100,000.00	100,000.00	0.00
09/10/2024	100,000.00	100,000.00	0.00
09/09/2024	100,000.00	100,000.00	0.00
09/08/2024	100,000.00	100,000.00	0.00
09/07/2024	100,000.00	100,000.00	0.00
09/06/2024	100,000.00	100,000.00	0.00
09/05/2024	100,000.00	100,000.00	0.00
09/04/2024	100,000.00	100,000.00	0.00
09/03/2024	100,000.00	100,000.00	0.00
09/02/2024	100,000.00	100,000.00	0.00
09/01/2024	100,000.00	100,000.00	0.00

## Washington State Board of Accountancy 2024 Committees and Task Forces

Member	Term Expires	Executive Committee	Peer Review Oversight Committee (PROC)	Request Oversight Committee (ROC)	Scholarship Oversight Committee (SOC)	Board/AICPA Rules Committee (BARC)	Licensing and Regulation Committee (LARC)
Kate Dixon	2026	Chair	Member		Member		Member
Thomas P. Sawatzki, CPA	2025	Vice Chair	Member		Member		
Brooke Stegmeier, CPA	2026	Secretary				Chair	
Mark Hugh, CPA	2025		Chair			Member	
Rajib Doogar	2025			Member			Chair
Brian R. Thomas, CPA	2024					Member	
Jacqueline Meucci, CPA	2024				Member		
Scott S. Newman	2025			Chair		Member	
Tonia L. Campbell	2025			Member	Chair		Member

### Nonboard Volunteers

Robert Loe, CPA	Member	
Laura Lindal, CPA	Member	
Tom Neill, CPA	Member	Member
Kimberly Scott		Member
Mike Nelson		Member



NASBA

Exposure Draft

# CPA Competency-Based Experience Pathway

Issued September 12, 2024

**Comments are requested by December 6, 2024**

## Contents

- 1 Explanatory Memorandum
- 3 Comment Period Guide
- 5 Introduction to the CPA Competency-Based Experience Pathway
- 12 Appendix

## Explanatory Memorandum

### Introduction

This memorandum summarizes a proposed solution to help CPA candidates meet the requirements for initial licensure. Jointly developed by the American Institute of CPAs (AICPA) and National Association of State Boards of Accountancy (NASBA), the “CPA Competency-Based Experience Pathway” (Pathway) aims to provide flexibility for candidates without compromising the rigor needed to protect the public. This additional option would not replace existing pathways to licensure, but instead respond to market changes and expand opportunities for the next generation of accountants.

Under this Pathway, CPA candidates could meet initial licensing requirements by exhibiting their competency in specific professional and technical areas. For example, professional competencies include ethical behavior, critical thinking skills, and effective communication. Technical competencies include options in audit and assurance services, tax engagements, and financial reporting. **These candidates would still be required to earn a bachelor’s degree, complete one year of general experience, and pass the CPA Exam.**

#### EQUIVALENT TO 150 HOURS

Bachelor’s degree	Master’s degree	1 year experience	CPA Exam
Bachelor’s degree	Up to 30 credits	1 year experience	CPA Exam
Bachelor’s degree	Competency-Based Experience Pathway	1 year experience	CPA Exam

The draft Pathway is still in development and requires further evaluation and input from across the profession. We invite you to review the proposal, consider the questions on page 3, and **submit your feedback through [this form](#)**.

### Background

#### Why are AICPA and NASBA exposing this proposal?

AICPA and NASBA believe that a strong pipeline of accounting talent is essential for a robust economy. An ample number of CPAs is also critical to protecting the public. Along with an aging workforce with many CPAs nearing retirement age, there is a need for CPAs with evolving competencies and experiences. Recent years have also seen a steady decline in the number of

accounting graduates and new candidates taking the CPA Exam. The importance of a strong talent pool has led AICPA, NASBA, and other key stakeholders from across the accounting profession to examine root causes of the recent decline in entrants and consider potential initiatives that could address talent challenges.

With this solution, AICPA and NASBA are seeking to address the financial and time constraints some individuals face in completing the education needed post-bachelor's degree to achieve CPA licensure. The Pathway outlined in this proposal would facilitate and supplement an additional pathway to licensure that is responsive to those challenges.

**How was this proposal developed?**

In November 2023, the [Professional Licensure Task Force \(PLTF\)](#) was established by NASBA's chair to consider new concepts for CPA licensure that may be included in the Uniform Accountancy Act (UAA) to update the current licensure model. The task force included representatives from NASBA's board of directors, board of accountancy members and executive directors, state CPA society board members and executive leadership, AICPA executive leadership, and NASBA executive leadership. The task force's primary focus was to develop an equivalent pathway to be included in the UAA that focused on enhanced experience for licensure.

Concurrently, AICPA was reviewing various competency models and researching the competencies needed by newly licensed CPAs. In July 2024, the AICPA Council-designated, multistakeholder [National Pipeline Advisory Group \(NPAG\)](#) recommended moving toward a competency-based CPA licensure model. This pathway represents a first step toward NPAG's goal by incorporating competency-based concepts into the licensure path. Currently, candidates develop or enhance these competencies by either earning a master's or bachelor's degree and up to 30 additional credit hours at an institute of higher learning.

With certain boards of accountancy and state CPA societies evaluating additional pathways with educational requirements at a bachelor's degree or 120 semester credit hours, the AICPA & NASBA UAA Committee elected to pursue equivalent pathways to licensure that could preserve mobility for CPA licensees.

The AICPA and NASBA boards of directors, seeking alignment of these initiatives, agreed to review existing data and develop a potential experience framework for comment. The proposal is based on the [AICPA Foundational Competencies Framework for Aspiring CPAs](#), a Global Accounting Alliance (GAA) competency framework, feedback from firms, on-transcript firm models, and feedback from various stakeholders. Thank you to the NPAG-PLTF and NPAG Substantial Equivalency working groups, which contributed to ongoing conversations about the proposed framework.

**How would the main provisions differ from current UAA guidance?**

This proposal identifies model competencies that would be exhibited by a candidate during work experience prior to being granted CPA licensure. The proposal also describes how a candidate, the candidate's employer, and boards of accountancy could implement this pathway. Another key goal

includes creating an evergreen framework that can be adapted to the evolution of the profession, as well as regulatory updates at the state level.

**How would this pathway be integrated into the UAA?**

The UAA is jointly developed by AICPA and NASBA. Changes are approved by the boards of directors of both organizations. The AICPA and NASBA UAA Committee is exploring potential updates that could facilitate adoption of a competency-based pathway. Individual boards of accountancy would determine whether this particular pathway should become an additional option for initial licensure in their jurisdiction.

**Who would be affected by this proposal?**

This proposal would affect CPA candidates, entities hiring and overseeing candidates' work, and boards of accountancy. More broadly, it would have an impact on the entire accounting ecosystem, including universities and colleges.

**When would the amendments be effective?**

Adoption and implementation will vary by jurisdiction because some boards of accountancy may need to update their laws and/or rules.

## **Comment Period Guide**

**The comment period for this exposure draft ends December 6, 2024.**

Respondents are asked to comment on the proposed pathway. Comments are most helpful when they refer to specific paragraphs or sections, include the rationale for the comments, and, when appropriate, make specific suggestions for any proposed changes to wording. When a respondent agrees with proposals in the exposure draft, it would be helpful for the joint committee to be made aware of this viewpoint as well.

**Responses should be submitted through [this form](#) by December 6, 2024.**

**Questions for consideration and comments**

1. Is the proposed pathway understandable?
2. Is the proposed framework relevant and applicable to the work of candidates applying for licensure?
3. Does the framework sufficiently describe the competencies, performance indicators, and tasks you would expect?
4. Does the framework include sufficient example performance indicators and tasks to ensure adequate certification of the required competencies?

5. Is it clear that the performance indicators and tasks are *examples* of what a candidate may do to exhibit the competencies, and that candidates may use different performance indicators or tasks to adequately exhibit the competencies?
6. Component 1 discusses how the professional and technical competencies are related. Is it clear that the professional and the technical competencies must work in tandem?
7. Component 2 outlines the requirements for a CPA evaluator to certify candidate experience. Are these requirements sufficient?
8. Component 2(e) outlines a three-year certification requirement for CPA evaluators. Do you agree with this requirement? If not, why?
9. Component 2(f) outlines a board of accountancy possible request when a CPA evaluator refuses to certify a qualified candidate's competency to the board of accountancy. What does your board of accountancy require of licensees who refuse to certify a candidate's work experience for general experience?
10. Component 3(b) proposes a maximum of five years to complete the Pathway. Should there be a maximum time frame?
11. Component 3(c) proposes credit for prior work experience. Should there be a maximum time frame for this lookback period?
12. What type of legislative support and time would state boards of accountancy need to implement the framework?
13. What other types of support, administratively, would boards of accountancy, employers, and candidates need to implement the framework?
14. If the Pathway is adopted, should NASBA create an electronic tracking system to automatically report completion of the CPA Competency-Based Experience Pathway to the boards of accountancy?
15. Would your board utilize a NASBA electronic tracking system if developed? If not, would your board create its own reporting mechanism?
16. Provide any other comments that you may have.

## Introduction to the CPA Competency-Based Experience Pathway

The UAA outlines the education requirements and experience requirements (pathways) for CPA licensure in Sections 5(c) and 5(f), respectively. The UAA Model Rules explaining the provisions of these sections are found in Articles 5 and 6.

The CPA Competency-Based Experience Pathway (the Pathway) would serve as an additional potential pathway that may be prescribed in a revised UAA Section 5. Each pathway is designed to allow a licensure Candidate to obtain the minimum qualification needed to be a CPA and would therefore be sufficient for licensure purposes. This document is intended to describe the pathway that allows for licensure with a bachelor's degree, combined with evidence of competencies exhibited through relevant work experience, and other requirements for licensure detailed in the "Pathway Requirements" section that follows. The Pathway represents an approach to licensure that ensures Candidates build upon the content knowledge and skills obtained during the required education for licensure. Candidates following the Pathway enhance their skills through work experience, either in one or multiple industries and on a paid or voluntary basis. The Pathway uses a model competency framework to guide the "competency-based experience," and the framework could be used by a licensed CPA for certification of exhibited competencies. (See appendixes A and B for the CPA Competency-Based Experience Pathway Framework [the Framework] and the CPA Competency-Based Experience Certification Form).

### Pathway Requirements for Licensure

The Pathway has Education, Competency-Based Experience, General Experience, and the CPA Exam requirements (and Ethics, if applicable) for licensure. These requirements — other than education — should be completed in the order specified, if any, by the Candidate's board of accountancy.

#### A. Education:

1. Candidates must complete a bachelor's degree, fulfilling state board education requirements for accounting and business courses, prior to completing other requirements for licensure under the Pathway.

#### B. Competency-Based Experience:

1. Competency-Based Experience may consist of providing any type of services or advice using accounting, attestation, compilation, management advisory, financial advisory, tax, or consulting skills. The applicants shall have their experience certified to the board of accountancy by a licensee as defined in the UAA (called a CPA Evaluator).



2. Acceptable Competency-Based Experience shall include employment or volunteer<sup>1</sup> work in industry, government, academia, or public practice. The board of accountancy shall consider such factors as the complexity and diversity of the work.
3. One year of Competency-Based Experience shall consist of full- or part-time employment over a period of no less than 1 and no more than 5 years and includes no fewer than 2,000 hours of performance of services described previously in B(1). These 2,000 hours of performance may be earned in a period of less than one year, but the Candidate will not have met this requirement until completion of at least 1 year of employment. See General Experience requirement C(2) below for guidance when a Candidate needs more than 1 year or more than 2,000 hours of performance to complete the Competency-Based Experience.
4. Internship credit earned toward the bachelor's degree will not be allowed for Competency-Based Experience hours.
5. Candidates work with CPA Evaluators to ensure that the Candidates exhibit the competencies outlined in the Framework.
6. After a minimum of one year as described in requirement B above, a Candidate's competencies are certified by a CPA Evaluator using the Competency-Based Experience Certification Form (see appendix B), or on a board-approved form, either via a national tracking system developed by NASBA or per a specific board of accountancy process for submission to the relevant board of accountancy.

**C. General Experience:**

1. Candidates must complete one additional year of general experience as required in Section 5(f) of the UAA and outlined in UAA Model Rule 6-2.
2. If a Candidate requires more than 1 year or 2,000 hours to complete the Competency-Based Experience requirement, then the additional hours (over 2,000) and time (over 1 year) would be applied to the General Experience requirement (that is, Competency-Based Experience must equal a minimum of 2,000 hours and a minimum of 1 year; combined Competency-Based and General Experience must equal a minimum of 4,000 hours and a minimum of 2 years of combined Competency-Based Experience and General Experience).

**D. The CPA Exam:**

1. Completion of the CPA Exam is required for licensure.
2. The CPA Exam will remain focused on assessing the knowledge and skills required of an individual with one to two years of experience to ensure public protection, as outlined in the Uniform CPA Examination Blueprints.

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<sup>1</sup> The terms *employer* and *employment* are used to comprise the entity in which a Candidate completes experience, regardless of whether experience is gained under employment or with an associated entity with whom the Candidate volunteers.

The remainder of the document describes the Competency-Based Experience requirement of the Pathway.

## Components of Competency-Based Experience

The components of the Competency-Based Experience requirement form the Pathway to licensure from defining the competencies being evaluated to the reporting by the CPA Evaluator to the Candidate's board of accountancy. These components are as follows:

1. Defined competencies
2. A process for evaluating and certifying competencies
3. Timing and transition provisions
4. Tracking and reporting

### 1. Defined Competencies

The CPA Competency-Based Experience Framework (the Framework) defines the competencies to meet the Competency-Based Experience requirement. The Framework is a model that boards of accountancy can adapt as needed for use by Candidates and employers to ensure the Candidates have the opportunities necessary to exhibit the identified competencies. It incorporates elements from the AICPA Foundational Competencies Framework, the Global Accounting Alliance Competency Framework, and other relevant sources.

#### Structure of the Competency Framework

The Framework identifies competencies to be exhibited during a minimum of one year of Competency-Based Experience. *Competency*, as defined in the Framework, is an identified set of knowledge, skills, abilities, and behaviors to be exhibited by a Candidate. Competencies are classified as either professional or technical, and each competency has associated performance indicators or tasks providing examples of how Candidates typically exhibit the competencies in practice. These indicators or tasks are for example purposes and are not exhaustive, and certain indicators provided may apply to more than one competency. In practice, Candidates may exhibit competencies through other performance indicators and tasks. These indicators or tasks are representative of a base level of performance that would be expected of a Candidate.

Candidates build upon the content knowledge and skills obtained in education and develop the professional and technical competencies required to promote public protection. The professional and technical competencies are blended in practice. They are applied jointly and in context by the Candidate under the guidance of a CPA.

#### Professional Competencies

The professional competencies in the Framework are necessary in the accounting profession, regardless of career path.

The professional competencies include the following:

- Ethical behavior
- Critical thinking and professional skepticism
- Communication
- Collaboration, teamwork, and leadership
- Self-management and continuous learning
- Business acumen
- Technology mindset

Candidates should look to professional competencies as the tools needed to effectively manage themselves while undertaking technical accounting tasks. Many professional competencies, such as ethical behavior, are foundational and are pervasive and integral to all tasks completed by a CPA. Others may apply only in specific situations or need to be adapted depending on the context. The Candidate must exhibit all seven professional competencies.

#### **Technical Competencies**

The technical competencies in the Framework include both accountancy-specific and broad business knowledge and skills expected to be performed during employment work in industry, government, academia, or public practice. The technical competencies have been organized by area of practice. Candidates are required to exhibit only one technical competency. However, it is possible that more than one technical competency is exhibited based on the Candidate's employment. The CPA Evaluator should use professional judgment to evaluate if the exhibited technical competencies, in combination, are sufficient, in the aggregate, for licensure under the Pathway.

The three technical competencies include the following:

- Audit and assurance
- Tax
- Business and financial reporting

Candidates apply the content knowledge and skills obtained in education and develop the required technical competencies in the area or areas in which they practice. The technical competencies are exhibited in tandem with the professional competencies.

Candidates must apply their educational knowledge and develop technical skills in their practice area(s) while exhibiting professional competencies.

*See appendix A for the complete Framework, including the defined competencies and example performance indicators and tasks.*

## 2. Process for evaluating and certifying competencies

This section details the responsibilities for Candidates and CPA Evaluators related to expectations and completing the Competency-Based Experience requirement.

See appendix B for related CPA Competency-Based Experience Certification Form.

- a) The Candidate and the Candidate's employer work together to identify a CPA Evaluator or series of Evaluators, if necessary, depending on the nature of the Candidate's employment.
- b) The CPA Evaluator(s) uses the CPA Competency-Based Experience Certification Form (see appendix B), or board-approved form, to certify that the Candidate has exhibited the competencies as defined in the Framework, the number of hours certified, and the time frame in which the hours were completed.
- c) The CPA Evaluator should use due care and professional judgment based on their experience with the Candidate or understanding of the Candidate's experience.
- d) A Candidate may have multiple CPA Evaluators depending on the specific circumstances. For instance:
  - i. If a CPA Evaluator is no longer available to serve as the Candidate's Evaluator, the Candidate must identify another CPA Evaluator to document the Candidate's Competency-Based Experience. The employer should assist the Candidate where practical.
  - ii. If a CPA is not present in an employer, the Candidate takes the initiative to request a licensed CPA to become their CPA Evaluator.
  - iii. If a Candidate is no longer with the same employer that has provided a CPA Evaluator(s), the Candidate must identify a CPA Evaluator within the new entity and would be responsible for ensuring the new CPA Evaluator understands the Candidate's progress in completing their Competency-Based Experience requirement.
  - iv. When a CPA Evaluator certifies competencies based on less than full completion of the one-year requirement, the Evaluator must base their certification only on the time frame of which they have sufficient evidence of and experience with the Candidate's work experience. If a Candidate did not exhibit competency within this time frame, the CPA Evaluator may select "N/A" to indicate that the competency did not apply to this portion of the Candidate's certification.
- e) The CPA Evaluator is a licensed CPA in good standing with a minimum of 3 years of post-licensure experience.
- f) If the licensee has agreed to serve as a CPA Evaluator but refuses to certify a qualified Candidate to the board of accountancy, the board of accountancy may request the CPA Evaluator to provide in writing or in person the basis for such refusal.

- g) The board of accountancy may require any CPA Evaluator who has certified a Candidate's experience to substantiate the certification.

### 3. Timing and transition provisions

This section details the length, timing, and transition consideration for the Competency-Based Experience requirement.

- a) The one-year minimum requirement is defined consistently with UAA rules related to the one-year general experience requirement.
- b) The Candidate will have five years to complete the one-year Competency-Based Experience requirement. This is to allow for part-time work, life changes, or other unknown events that could occur.
- c) Credit for prior work experience is acceptable. The CPA Evaluator must use professional judgment to determine if there is sufficient evidence of and if they have had sufficient exposure to the Candidate's experience to certify the competencies. Boards of accountancy have flexibility to craft rules for the Competency-Based Experience requirement to align with current experience rules under current pathways.
- d) Transition provisions are acceptable. Boards of accountancy have flexibility to craft rules for the Competency-Based Experience requirement to align with current experience rules under current pathways.

### 4. Tracking and reporting

This section details considerations for tracking the Competency-Based Experience requirement and the creation of a voluntary national tracking system.

- a) Boards of accountancy should maintain a process for managing the documentation for this process, either electronically or manually. Documentation includes the CPA Competency-Based Experience Certification Form (appendix B) or a board-approved form.
- b) Periodic reporting of Candidate progress is not required, but boards of accountancy have the ability to require it per board rules.
- c) NASBA is willing to develop a voluntary tracking system that boards of accountancy could use to manage the tracking requirements of the Pathway. Boards of accountancy may elect to use or not use this tracking system.
  - i. The CPA Evaluator and Candidate would be electronically connected when submitting the Candidate's CPA Competency-Based Experience Certification Form (appendix B) or a board-approved form.
  - ii. The NASBA tracking system would require final evaluation of the competencies by the end of the Competency-Based Experience period as a minimum standard.



- iii. The tracking system would include Framework competencies. Upon the documented completion of the Competency-Based Experience requirement, a final report would be made available to the respective board of accountancy.

## Appendix A: CPA Competency-Based Experience Pathway Framework

Professional competencies (All required)	Example performance indicators
<p><b>Ethical behavior</b> CPAs must act ethically and behave with integrity at all times, consistently modeling and promoting ethical practices as an individual or as part of an organization.</p>	<ul style="list-style-type: none"> <li>Adhere to professional codes of ethics, professional standards, laws, and regulations, demonstrating ethical business practices, such as avoiding conflicts of interest or reporting illegal or unethical behavior to appropriate parties.</li> <li>Demonstrate a commitment to maintain objectivity and independence when responding to ethical issues.</li> <li>Raise potential ethical issues or illegal behavior to supervisors or appropriate professional or regulatory body.</li> </ul>
<p><b>Critical thinking and professional skepticism</b> CPAs must think critically when performing all tasks. They must research, investigate, and analyze issues, problems, and questions. They must also apply professional judgment to the evaluation of data and any information from a variety of sources and perspectives.</p>	<ul style="list-style-type: none"> <li>Investigate cognitive biases and other impediments to decision making.</li> <li>Develop and apply professional skepticism using processes and procedures that reduce cognitive biases and other impediments to decision making.</li> <li>Identify and articulate issues, problems, and questions.</li> <li>Access, manage, analyze, and evaluate quantitative and qualitative information from multiple sources and perspectives relevant to issues, problems, and questions.</li> <li>Exhibit a curiosity to embrace unfamiliar topics and opportunities for development and growth.</li> <li>Consider available solutions and decisions to issues, problems, and questions.</li> <li>Seek advice from experienced professionals or experts in complex and unique situations.</li> <li>Develop conclusions supported by logic and critical thinking processes.</li> </ul>
<p><b>Communication</b> CPAs must effectively convey information and ideas to individuals and groups in a variety of situations in a focused way using verbal, nonverbal, written, and graphic techniques and skills.</p>	<ul style="list-style-type: none"> <li>Document work in ways that can be easily reviewed, understood, and reperformed by other CPAs.</li> <li>Exhibit active listening to verify understanding of information provided.</li> <li>Engage and communicate clearly and concisely using accounting terminology and plain language, as appropriate.</li> <li>Prepare and deliver presentations, reports, and other documents to supervisors, clients, and stakeholders using a variety of technology and media, including visualizations.</li> <li>Clearly present a position supported by sufficient and appropriate evidence.</li> <li>Ensure that communication respects the data requirements of supervisors, clients, and stakeholders and adheres to privacy, confidentiality, and legal requirements.</li> </ul>
<p><b>Collaboration, teamwork, and leadership</b> CPAs must work effectively between and among teams, peers, supervisors, clients, and other stakeholders to meet organizational goals.</p>	<ul style="list-style-type: none"> <li>Serve as both an effective team member and leader, as appropriate.</li> <li>Identify the interests and needs of stakeholders and effectively explain them to others.</li> <li>Consider and use different interpersonal methods for addressing the needs of different team members, clients, stakeholders, and situations.</li> <li>Contribute to team planning, performance, and goal attainment.</li> <li>Participate appropriately, respectfully, and effectively in team, client, customer, or stakeholder meetings.</li> </ul>
<p><b>Self-management and continuous learning</b> CPAs must plan and manage personal development and appreciate how strengths and weaknesses may affect work, learning, and meeting goals. These skills relate to upskilling for new engagements, industries, technologies, and requirements and ensure a willingness to</p>	<ul style="list-style-type: none"> <li>Maintain self-awareness to be cognizant of how your behaviors affect others.</li> <li>Exhibit social awareness to respond to the needs of others.</li> <li>Build relationships to achieve common goals.</li> <li>Plan and allocate time and resources to achieve professional commitments.</li> <li>Critically review work and interactions to ensure they meet organization and quality standards.</li> <li>Proactively seek advice and feedback from supervisors and team members, responding to positive and negative feedback.</li> </ul>

<p>Identify where learning and expertise are needed.</p>	<ul style="list-style-type: none"> <li>• Identify skills, experiences, and knowledge that represent areas for professional improvement and recommend strategies for professional development, paying particular attention to areas relevant to individual needs.</li> <li>• Adapt to ongoing challenges and changes in the context of being a professional.</li> </ul>
<p><b>Business acumen</b> CPAs must understand how a business fits within the broader context of an industry and the geopolitical environment so they can optimize opportunities, minimize risks, and execute planned objectives.</p>	<ul style="list-style-type: none"> <li>• Perform research to identify the impact of trends, issues, technologies, and the legal environment emerging in the business environment and explain their relevance to clients and organizations.</li> <li>• Identify risks and opportunities arising from industry and global environments.</li> <li>• Understand how strategies, goals, and objectives of a team or entity are developed.</li> <li>• Review and understand team and entity strategies, goals, and objectives.</li> <li>• Understand and use key performance indicators to measure results of progress toward strategies, goals, and objectives.</li> </ul>
<p><b>Technology mindset</b> CPAs must use technology and data ethically as an enabler to optimize decision making and to promote business efficiencies and controls.</p>	<ul style="list-style-type: none"> <li>• Identify and compare available tools to recommend options, needs, and constraints.</li> <li>• Leverage relevant technologies to facilitate data analyses that support organizational goals.</li> <li>• Understand frameworks for systems of efficient and effective controls for both operations and analyses and reporting.</li> <li>• Identify and understand the impact of emerging technologies on the organization, performance, clients, and stakeholders.</li> <li>• Conduct data analysis activities and techniques.</li> <li>• Identify opportunities where data visualization can help in analysis and communication of results.</li> <li>• Perform data cleaning and preparation activities, addressing quality issues.</li> </ul>

<b>Technical competencies (Only one required)</b>	<b>Example tasks</b>
<p><b>Audit and assurance</b> CPAs participate in assurance engagements, including audit, attestation, and accounting and review services or work internal to an organization such as internal audit. These services are performed across many clients and industries and under multiple regulatory environments. By the end of their experience, a Candidate must have sufficient experience in audit- and assurance-related tasks based on the nature and scope of the specific engagements on which they work.</p>	<ul style="list-style-type: none"> <li>• Perform research with a focus on reviewing and using source materials (for example, relevant accounting standards, industry news, and related contextual information) to address a challenging issue relevant in an assurance task.</li> <li>• Explore relevant external and internal factors that may affect risk and suggest responses to address those risks.</li> <li>• Analyze a business process to document (for example, flow charts, process diagrams, narratives) the flow of relevant data from initiation through reporting and disclosure. This includes documenting and determining the effect of the relevant automated and manual controls the accountant intends to test within the business process on identified risk.</li> <li>• Design procedures to (1) assess the operating effectiveness of relevant automated and manual controls and (2) test relevant assertions for each significant class of transactions or accounts within a business process. This includes verifying that the procedures comply with the requirements in the appropriate professional standards.</li> <li>• Apply data analytic techniques to structured and unstructured datasets to identify transactions or events that may have higher risk and design procedures to test those transactions or events.</li> <li>• Perform a test of details to identify potential misstatements based on the application of the appropriate financial accounting and reporting framework. This includes applying appropriate sampling techniques to identify the population of items to be tested as well as materiality at the appropriate level and concluding on the sufficiency and appropriateness of evidence obtained.</li> </ul>



- Apply data analytic techniques to structured and unstructured datasets to complete analytical procedures and design and perform follow-up procedures to obtain sufficient appropriate evidence to explain fluctuations and/or variances. This includes performing procedures to validate the completeness and accuracy of the datasets obtained as well as appropriately selecting and using the tools or applications to complete the analytic techniques.
- Perform tests of the operating effectiveness of internal controls to identify and evaluate exceptions. This includes applying appropriate sampling techniques to identify the population of items to be tested as well as concluding on the operating effectiveness of the controls and the sufficiency and appropriateness of evidence obtained.
- Determine the effect of deficiencies or uncorrected misstatements identified during an engagement. This includes researching and documenting how deficiencies or uncorrected misstatements do not comply with the requirements of the appropriate professional standards.
- Prepare relevant statements in accordance with financial accounting and reporting frameworks as allowed by professional standards.

**Tax**

CPAs participate in tax engagements, including tax preparation and planning. These services are performed across many clients, both individual and entities, industries, and under multiple systems, including federal, state, and local laws and regulations. By the end of their experience, a Candidate is expected to perform tax-related tasks based on the nature and scope of the specific engagements on which they work.

- Participate in preparation of materials and supporting documentation to respond to federal, state, and local tax authority notices, proceedings, audits, and other administrative issues.
- Perform research with a focus on reviewing and using primary source materials (for example, Internal Revenue Code, Treasury Regulations) and secondary source materials (for example, industry journals, interpretive guidance, editorial materials, internal research memos) to complete a range of tasks, including identifying issues, analyzing facts, and determining appropriate responses with supportable evidence and citations. This includes researching the implications of new or proposed laws and regulations on client situations.
- Collect and review information and data provided by clients to ensure that it is complete and accurate and substantiates client and accountant calculations, schedules, and positions with an understanding of how automated calculations, checks, diagnostic tools, and other system processes may highlight or cause errors in other parts of the tax preparation process.
- Prepare and review tax calculations and schedules for clients (both individual and entity) for routine and nonroutine transactions and scenarios in accordance with federal, state, and local tax laws and regulations. This includes considering relevant factors in tax calculations, compliance, and tax planning, such as specific tax rates, tax brackets, limitations indexed to inflation, and other specific and relevant factors (for example, reference rates).
- Analyze the implications and tax treatment of various transactions, data, and scenarios on client tax outcomes (for example, gross income, taxable income, tax liability, estimated taxes), in relation to individual or entity strategy and planning and personal or organizational constraints.
- Participate in the analysis and evaluation of proposed tax planning scenarios for individual and entity clients, understanding the implications of different scenarios, entity structures, and decisions on applicability of different tax treatment, in relation to individual or entity strategy and planning and personal or organizational constraints.
- Review individual tax returns to identify tax planning and financial planning opportunities to better serve the individual (for example, minimize tax liability, take all available tax deductions, plan for retirement, plan education funding for dependents).
- Prepare, extract, and review tax schedules, reports, and filings (whether manual or automated) to perform quality control or analyze and meet tax planning, cash flow, operational, decision-making, and other engagement needs. This includes

considering diagnostic tools and automated validation checks highlighting potential errors and anomalies.

**Business and financial reporting, including financial, not-for-profit, and governmental**

CPAs participate in recording transactions, as well as preparing and analyzing financial reports, fluctuation analyses, and projections. These tasks are performed across many entity types, including for-profits, not-for-profits, as well as federal, state, and local governments, reporting under generally accepted reporting standards as defined by FASB, IFRS, GASB, and FASAB. By the end of their experience, a Candidate is expected to perform tasks based on the nature, size, and scope of the specific entity or entities and industries in which they work.

- Prepare periodic reconciliations, roll-forwards, and analyses for accounts affected by recurring and routine transactions that are automated (for example, sales and accounts receivable, purchases and accounts payable, payroll) as part of the financial statement close process to ensure the balances recognized in the trial balance are complete and accurate and comply with the relevant accounting and reporting standards. This includes preparing adjusting journal entries to correct any identified errors or discrepancies and preparing sufficient documentation and support that demonstrates the work was completed in accordance with the entity's policies and procedures.
- Prepare analyses and journal entries for routine manual transactions as part of the financial statement close process. This includes extracting and transforming relevant data to determine the amounts to be recognized and preparing sufficient documentation and support that demonstrates the work was completed in accordance with the entity's policies and procedures.
- Participate in determining the appropriate accounting policies for nonroutine transactions. This includes reviewing contracts, agreements, and other source documents to identify key terms, researching the relevant accounting and reporting standards, and documenting an accounting position based on that research.
- Participate in the development, maintenance, and implementation of policies and procedures that establish sufficient internal controls over financial reporting.
- Perform analytical procedures and ratio analysis of both financial and nonfinancial data to identify fluctuations and variances (current period versus prior period, actual versus budget) that require further investigation and to measure the entity's progress in achieving strategic objectives or meeting key performance indicators. This includes drafting commentary that sufficiently explains variances or deviations from expectations.
- Prepare analyses, budgets, and forecasts for ongoing operations (that is, monthly, quarterly, annual financial forecasts) and for proposed transactions (for example, capital investment, research and development, expansion, reorganization). This includes considering the impact of external factors (for example, economic, environmental, financial reporting framework, government policy, industry, regulatory, supply chain, technology) and internal factors (for example, ownership and governance structure, investment and financing plans, selection of accounting policies) on the entity.
- Participate in the preparation and review of financial statements and regulatory filings. This includes verifying that reported amounts agree with underlying source data (that is, trial balance, sub-ledgers, management reports) and that qualitative commentary is consistent with the reported amounts.
- Participate in the allocation of expenses between program expenses and general and administrative expenses or the classification of restricted and nonrestricted revenues.
- Participate in the analysis of or balancing of transfers between funds.

Note: Candidates are required to exhibit only ONE technical competency. However, Candidates may exhibit multiple technical competencies if they work in more than one area of practice. In this case, the CPA Evaluator should use professional judgment to evaluate if the exhibited technical competencies are sufficient for licensure under the Pathway.

## Appendix B: Draft CPA Competency-Based Experience Certification Form

*Note: This document will be integrated into the tracking app developed by NASBA.*

Each CPA Evaluator should use this to document the Candidate’s exhibition of competencies for licensure with a board of accountancy under the Competency-Based Experience Pathway. Exhibition of competency means that the Candidate has had the opportunity to display the competency, as defined below, in the course of their work experience, such as when completing performance indicators and tasks set forth in the CPA Competency-Based Experience Pathway Framework.

**Candidate Name:** \_\_\_\_\_

**Candidate Address:** \_\_\_\_\_

**Candidate Email:** \_\_\_\_\_

**Candidate ID/Position:** \_\_\_\_\_

The certification on this form applies to the following time frame:

Beginning date: \_\_\_\_\_ Ending date: \_\_\_\_\_

**Evaluation key**

**Yes:** The Candidate’s experience was applicable to this competency, and the Candidate did exhibit the competency.

**No:** The Candidate’s experience was applicable to this competency, and the Candidate did not exhibit the competency.

**NA:** The Candidate’s experience was not applicable to or measured for this competency, or I do not have sufficient evidence to certify this competency.

### Professional competencies

By the conclusion of the Competency-Based Experience, the Candidate must exhibit all seven professional competencies.

#### Professional competency 1

#### Ethical behavior

CPAs must act ethically and behave with integrity at all times, consistently modeling and promoting ethical practices as an individual or as part of an organization.

Did the Candidate exhibit the **ethical behavior** competency?

Yes	No
<input type="checkbox"/>	<input type="checkbox"/>

#### Professional competency 2

#### Critical thinking and professional skepticism

CPAs must think critically when performing all tasks. They must research, investigate, and analyze issues, problems, and questions. They must also apply professional judgment to the evaluation of data and any information from a variety of sources and perspectives.

Did the Candidate exhibit the **critical thinking and professional skepticism** competency?

Yes	No	NA
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Professional competency 3**

**Communication**

CPAs must effectively convey information and ideas to individuals and groups in a variety of situations in a focused way using verbal, nonverbal, written, and graphical techniques and skills.

Did the Candidate exhibit the **communication** competency? Yes No NA

**Professional competency 4**

**Collaboration, teamwork, and leadership**

CPAs must work effectively between and among teams, peers, supervisors, clients, and other stakeholders to meet organizational goals.

Did the Candidate exhibit the **collaboration, teamwork, and leadership** competency? Yes No NA

**Professional competency 5**

**Self-management and continuous learning**

CPAs must plan and manage personal development and appreciate how strengths and weaknesses may affect work, learning, and meeting goals. These skills relate to upskilling for new engagements, industries, technologies, and requirements and ensure a willingness to identify where learning and expertise are needed.

Did the Candidate exhibit the **self-management and continuous learning** competency? Yes No NA

**Professional competency 6**

**Business acumen**

CPAs must understand how a business fits within the broader context of an industry and the geopolitical environment so that they can optimize opportunities, minimize risks, and execute planned objectives.

Did the Candidate exhibit the **business acumen** competency? Yes No NA

**Professional competency 7**

**Technology mindset**

CPAs must use technology and data ethically as an enabler to optimize decision making and to promote business efficiencies and controls.

Did the Candidate exhibit the **technology mindset** competency? Yes No NA

**Technical Competencies**

Candidates are required to exhibit only one technical competency. However, Candidates may exhibit multiple technical competencies if they work in more than one area of practice. In this case, the CPA Evaluator should use professional judgment to evaluate if the exhibited technical competencies, in combination, are sufficient for licensure under the Pathway.

**Technical competency 1**

**Audit and assurance**

CPAs participate in assurance engagements, including audit, attestation, and accounting and review services, or work internal to an organization such as internal audit. These services are performed across many clients and industries and under multiple regulatory environments. By the end of their experience, a Candidate must have sufficient experience in audit- and assurance-related tasks, such as those detailed in the Framework based on the nature and scope of the specific engagements on which they work.

Did the Candidate exhibit the **audit and assurance** competency as defined by the framework? Yes No NA

**Technical competency 2**

**Tax**

CPAs participate in tax engagements, including tax preparation and planning. These services are performed across many clients, both individual and entities, industries, and under multiple systems, including federal, state and local laws, and regulations. By the end of their experience, a Candidate is expected to perform the types of tasks detailed in the Framework, based on the nature and scope of the specific engagements on which they work.

Yes      No      NA

Did the Candidate exhibit the **tax competency** as defined in the Framework?

**Technical competency 3**

**Business and financial reporting**

CPAs participate in recording transactions, as well as preparing and analyzing financial reports, fluctuation analyses, and projections. These tasks are performed across many entity types, including for-profits, not-for-profits, as well as federal, state, and local governments, reporting under generally accepted reporting standards as defined by FASB, IFRS, GASB, and FASAB. By the end of their experience, a Candidate is expected to perform the types of tasks detailed in the Framework, based on the nature, size, and scope of the specific entity or entities and industries in which they work.

Yes      No      NA

Did the Candidate exhibit the **reporting competency** as defined in the Framework?

**Certification of CPA Evaluator**

During the course of the Competency-Based Experience, the Candidate exhibited the professional and technical competencies as defined in the CPA Competency-Based Experience Pathway Framework.

The Candidate has completed \_\_\_\_\_ hours of the required minimum of 2,000 hours of Competency-Based Experience working hours.

I hereby certify that the Candidate has been supervised or employed by me or my organization for the period indicated herein and, in the course of such employment, has obtained the experience indicated on this Certificate of Experience.

I hereby certify that I have met the CPA Evaluator requirements as defined in the Competency-Based Experience Framework.

**Organization Name:** \_\_\_\_\_

**Organization Address:** \_\_\_\_\_

**Contact Name:** \_\_\_\_\_

**Contact Title:** \_\_\_\_\_

**Contact Email & Phone:** \_\_\_\_\_

**CPA Evaluator Name:** \_\_\_\_\_

**CPA Evaluator License Number:** \_\_\_\_\_

**State and Date of Issuance:** \_\_\_\_\_

**CPA Evaluator Signature:** \_\_\_\_\_

**Date:** \_\_\_\_\_

Exposure Draft

**Issued September 30, 2024**

Joint AICPA/NASBA UAA Committee Exposure

Amendments to UAA Section 5: Education requirements to sit for the CPA Exam and education requirements for a certificate; UAA Section 23: Substantial Equivalency for individuals licensed through a non-substantially equivalent pathway

NASBA UAA Committee Exposure

UAA Model Rules Article 3: Definition of the CPA Competency-Based Experience Pathway and Article 6: experience requirements for a certificate under the CPA Competency-Based Experience Pathway

# **Uniform Accountancy Act Eighth Edition - January 2018**

**Published jointly by the**

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**and**

**National Association of State Boards of Accountancy  
150 4th Avenue, North, Nashville, TN 37219**

**Comments must be received by December 30, 2024.**

Please [click here](#) to submit your comments.

## EXPOSURE DRAFT OF CHANGES

### Overview

#### Model Act

In September 2024, the boards of directors of the American Institute of CPAs (AICPA) and the National Association of State Boards of Accountancy (NASBA) each approved for exposure changes to the Uniform Accountancy Act (UAA) that would:

- Specify the education required to sit for the Uniform CPA Examination;
- Define the requirements for an additional pathway for licensure as a CPA;
- Retain mobility for those licensed under a pathway defined in the UAA; and
- Provide a mechanism for those who are licensed under a pathway that is not defined in the UAA but who later meet the mobility requirements defined in the UAA.

#### Model Rules

Separately, the NASBA board of directors approved for exposure UAA Model Rule changes updating the definitions to reflect the additional pathway for licensure and the experience required for the issuance of an initial certificate under the proposed additional pathway.

Comments on the proposal are requested via [this form](#) by **December 30, 2024**.

### **Uniform Accountancy Act Background**

The AICPA and NASBA have worked together since 1984 to produce the Uniform Accountancy Act (UAA), also referred to as the Model Act, and UAA Model Rules to serve as reference documents for all U.S. states and jurisdictions as they update their own statutes and regulations. These evergreen documents are regularly reviewed and updated by the Joint AICPA/NASBA UAA Committee. The UAA Model Act is subject to the final approval of the two organizations' boards of directors, while the Model Rules are subject to the final approval of NASBA's board of directors.

### **Additional Licensure Pathway: Competency-Based Experience Pathway**

AICPA and NASBA believe that a strong pipeline of accounting talent is essential for a robust economy and public protection. Along with an aging workforce with many CPAs nearing retirement age, recent years have also seen a steady decline in the number of accounting graduates and new candidates taking the CPA Exam. At the same time, there is a need for CPAs with evolving competencies and experiences. The importance of a strong talent pool has led AICPA, NASBA, and other key stakeholders from across the accounting profession to examine the root causes of the recent decline in entrants and consider potential initiatives that could address talent challenges.

With the concurrent exposure draft, [CPA Competency-Based Experience Pathway](#) ("pathway"), AICPA and NASBA are seeking to address the financial and time constraints some individuals face in completing the education needed post-bachelor's degree to achieve CPA licensure. The pathway would provide an additional pathway to licensure that is responsive to those challenges.

The AICPA/NASBA UAA Committee elected to pursue equivalent pathways to licensure that

could preserve mobility for CPA licensees amid a changing market and regulatory environment.

The proposed additional pathway identifies model competencies that would be exhibited by a candidate during work experience prior to being granted CPA licensure. The proposed pathway framework also describes how a candidate, the candidate's employer, and boards of accountancy could implement this pathway. Another key goal includes creating evergreen standards that can be adapted as the profession evolves, as well as regulatory updates at the state level.

It is anticipated that if adopted, the model framework and competencies would be included as an evergreen appendix to the UAA Model Act.

In addition to the UAA Model Act amendments, the Model Rules would be updated by:

- Adding a definition of the Competency-Based Experience Pathway.
- Updating the experience required for an initial certificate to include the completion of the Competency-Based Experience Pathway.

### **Substantial Equivalency**

The exposure would also amend Section 23 Substantial Equivalency by acknowledging that a board of accountancy or NASBA's National Qualification Appraisal Service (NQAS) may verify, once a new pathway to licensure is established by a jurisdiction, that a jurisdiction's licensure requirements are in substantial equivalence with the CPA licensure requirements of the UAA. Section 23 also acknowledges that licensees shall be presumed to have met the qualifications of substantial equivalency if the individual was issued an original certificate under the education, examination, and experience rules contained in 5(c)2, or their equivalent, which were in effect at the time of issuance.

The amendments also provide a process for boards of accountancy in jurisdictions that have adopted licensure pathways not substantially equivalent to the UAA, to identify those CPAs licensed through these pathways by providing licensure information to a national licensee database.

Should a jurisdiction enact legislation that includes one or more pathways that are not substantially equivalent to the UAA, the amendments provide a process for boards of accountancy to identify in a national licensee database the pathway used to license CPAs and to verify whether the CPA meets the licensure requirements defined in the UAA. This will allow for easier determination of a CPA's eligibility to practice through mobility with a practice permit.

In addition, the amendments provide a way for CPAs licensed through a pathway, not substantially equivalent to the UAA, to later have their post-licensure credentials reevaluated to determine if the CPA meets one of the licensure pathways defined in the UAA. Thereby, allowing the CPA to practice in another jurisdiction with a practice privilege.

The AICPA, NASBA, and the Joint UAA Committee welcome comments on the proposal.

Thomas Neill, CPA  
Chair, AICPA UAA Committee

Nicola Neilon, CPA  
Chair, NASBA UAA Committee



The base documents are the January 2018 edition of the UAA (pertinent parts) and April 2023 edition of the UAA Model Rules. Additions are shown in single underlined text, and deletions are shown in ~~single strike through~~ text.

UAA – 8<sup>th</sup> Edition, January 2018

SECTION 5  
QUALIFICATIONS FOR A CERTIFICATE AS A CERTIFIED PUBLIC  
ACCOUNTANT

(c) **(1)** The education requirement ~~for a certificate~~, which must be met before an applicant is eligible to apply for the examination prescribed in subsection (d), shall be ~~at least 150 semester hours of college education including a~~ baccalaureate or higher degree conferred by a college or university acceptable to the Board, the total educational program to include an accounting concentration, ~~or equivalent as determined by Board rule to be appropriate.~~

**(2)** The education requirement for a certificate shall be met through any of the following pathways:

**(A)** a post baccalaureate degree with a cumulative 150 semester credit hours, conferred by a college or university acceptable to the Board, the total educational program to include an accounting concentration or equivalent as determined by Board rule, or

**(B)** a baccalaureate degree plus additional credits totaling 150 semester credit hours, conferred by a college or university acceptable to the Board, the total educational program to include an accounting concentration or equivalent as determined by Board rule, or

**(C)** a baccalaureate degree conferred by a college or university acceptable to the Board, the total education program to include an accounting concentration, or equivalent as determined by Board rule and the completion of competency-based experience prescribed in section 5(f)(2).

*Comment:* In situations where the Candidate is enrolled in a dual degree five- year accounting program where the bachelor's degree is conferred after the completion of the master's degree, the candidate is eligible to sit for the CPA Exam upon the completion of the bachelor's degree requirements and the accounting concentration.

(f) ~~An applicant for initial issuance of a certificate under this Section shall show that the applicant has had one year of experience. This experience shall include providing any type of service or advice involving the use of accounting, attest, compilation, management advisory, financial advisory, tax or consulting skills all of which was verified by a licensee, meeting requirements prescribed by the Board by rule. This experience would be acceptable if it was gained through~~

~~employment in government, industry, academia or public practice.~~

**(1) The experience required in section 5(c)2(A) and 5(c)2(B) shall include one year providing any type of service or advice involving the use of accounting, attest, compilation, management advisory, financial advisory, tax or consulting skills all of which was verified by a licensee, meeting requirements prescribed by the Board by rule. This experience would be acceptable if it was gained through employment in government, industry, academia, or public practice.**

**(2) The experience required in section 5(c)2(C) shall include two years of experience:**

**(A) At least one year of competency-based experience performed in accordance with a competency framework developed by a national accounting organization and administered in accordance with Board rule, and**

**(B) The remainder of experience as set forth in section 5(f)(1).**

*Comment:* In meeting the two-year experience requirement, the Candidate works with a CPA Evaluator to ensure the Candidate demonstrates the competencies outlined in the CPA Competency-Based Experience Pathway, which was approved by the National Association of State Boards of Accountancy (NASBA) and the American Institute of CPAs (AICPA) boards of directors is included as an appendix to the UAA Model Act. In addition to demonstrating the competencies in the Framework, the Candidate must also complete one additional year of general relevant, supervised or verified, work experience. A candidate may apply additional competency-based experience toward the general experience requirement.

The board of accountancy may specify any reasonable approach to meeting the competency-based experience requirement using as a guideline the Competency-Based Experience Pathway jointly approved by NASBA and the AICPA.

SECTION 23  
SUBSTANTIAL EQUIVALENCY

(a) (1) **An individual whose principal place of business is not in this state and who holds a valid license as a Certified Public Accountant from any state which the board of accountancy or the NASBA National Qualification Appraisal Service has verified to be in substantial equivalence with the CPA licensure requirements of the AICPA/NASBA Uniform Accountancy Act shall be presumed to have qualifications substantially equivalent to this state's requirements and shall have all the privileges of licensees of this state without the need to obtain a license under Sections 6 or 7. Notwithstanding any other provision of law, an individual who offers or renders professional services, whether in person, by mail, telephone or electronic means, under this section shall be granted practice privileges in this state and no notice or other submission shall be provided by any such individual. Such an individual shall be subject to the requirements in Section 23(a) (2).**

**(2) An individual whose principal place of business is not in this state and who holds a valid license as a Certified Public Accountant from any state which the board of accountancy or NASBA Qualifications Appraisal Service has not verified to be in substantial equivalence with the CPA licensure requirements of the AICPA/NASBA Uniform Accountancy Act shall be presumed to have qualifications substantially equivalent to this state's requirements and shall have all the privileges of licensees of this state without the need to obtain a license under Sections 6 or 7 if the individual was issued an original certificate under the education, examination and experience rules contained in 5(c)2, or their equivalent, which were in effect at the time of issuance and the issuing board of accountancy has identified the individual's applicable licensure pathway in a national licensee database which reports the individual has met licensure requirements substantially equivalent to obtain those provided under Section 23(a)(3).**

*Comment:* Subsection 23(a)(3) is intended to seamlessly facilitate substantial equivalency and mobility whenever the Uniform Accountancy Act is modified to establish equivalent pathways to licensure. Individuals who have met any of the recognized equivalent pathways would be allowed to practice under interstate mobility without the need to obtain a separate certificate or permit to practice in any other jurisdiction.

NASBA has created a national licensee database that is provided at no cost to the boards of accountancy. That database may be used by boards of accountancy to satisfy the requirements defined in section 23(a)(2). NASBA has also created

CPAverify.org, a public facing database, that provides limited licensure information to the public regarding U.S. licensed CPAs. This database is available free to the public

- (23) **An individual whose principal place of business is not in this state and who holds a valid license as a Certified Public Accountant from any state which the board of accountancy or the NASBA National Qualification Appraisal Service has not verified to be in substantial equivalence with the CPA licensure requirements of the AICPA/NASBA Uniform Accountancy Act shall be presumed to have qualifications substantially equivalent to this state's requirements and shall have all the privileges of licensees of this state without the need to obtain a license under Sections 6 or 7 if such individual obtains from the board of accountancy or the NASBA National Qualification Appraisal Service verification that such individual's CPA qualifications are substantially equivalent to the CPA licensure requirements of the AICPA/NASBA Uniform Accountancy Act, including:**

**(A) Having met the education requirement for a certificate through any of the following pathways:**

**(i) a post baccalaureate degree with a cumulative 150 semester credit hours, conferred by a college or university acceptable to the Board, the total educational program to include an accounting concentration or equivalent as determined by Board rule, or**

**(ii) a baccalaureate degree plus additional credits totaling 150 semester credit hours, conferred by a college or university acceptable to the Board, the total educational program to include an accounting concentration or equivalent as determined by Board rule, or**

**(iii) a baccalaureate degree conferred by a college or university acceptable to the Board, the total education program to include an accounting concentration or equivalent as determined by Board rule and the completion of competency-based experience prescribed in section 5(f)(2), and**

**(B) Having passed the examination required for licensure as defined in section (5)(d), and**

**(C) Having met the experience requirement required for licensure as defined in section 5(f).**

~~Any individual who passed the Uniform CPA Examination and holds a valid license issued by any other state prior to January 1, 2012, may be exempt from the education requirement in Section 5(e) for purposes of this Section 23 (a)(2).~~

Notwithstanding any other provision of law, an individual who offers or renders

**professional services, whether in person, by mail, telephone or electronic means, under this section shall be granted practice privileges in this state and no notice or other submission shall be provided by any such individual. Such an individual shall be subject to the requirements in Section 23(a) (3).**

*Comment:* Board verification may include an update of the national licensing database that the individual has met the licensing requirements set forth in section 23(a)(3).

(34) ...

(45) ...

UAA Model Rules – January 2024

ARTICLE 3  
DEFINITIONS

**Rule 3–11 - CPA Competency-Based Experience Pathway.**

**“CPA Competency-Based Experience Pathway (“the Pathway”) means a twelve-month experience program performed in accordance with generally accepted standards developed and administered by a joint committee established and maintained by the National Association of State Boards of Accountancy and the American Institute of Certified Public Accountants.**

ARTICLE 6  
ISSUANCE OF CERTIFICATES AND RENEWAL OF CERTIFICATES  
AND REGISTRATIONS, CONTINUING PROFESSIONAL EDUCATION  
AND RECIPROCITY

**Rule 6-2 - Experience required for initial certificate.**

**(a) The experience required to be demonstrated for issuance of an initial certificate pursuant to Section 5(f)(1) of the Act shall meet the requirements of this rule.**

**(1) Experience may consist of providing any type of services or advice using accounting, attest, compilation, management advisory, financial advisory, tax or consulting skills.**

**(2) The applicants shall have their experience verified to the Board by a licensee as defined in the Act or an individual licensed in another state. Acceptable experience shall include employment in industry, government, academia or public practice. The Board shall look at such factors as the complexity and diversity of the work.**

**(3) One year of experience shall consist of full or part-time employment that extends over a period of no less than a year and no more than three years and includes no fewer than 2,000 hours of performance of services described in subsection (a) above.**

**(b) The experience required to be demonstrated for issuance of an initial certificate pursuant to Section 5(f)(2) of the Act shall include one year of work experience as defined in Rule 6-2(a) and the completion of the CPA Competency-Based Experience Pathway.**

# Washington mobility

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WASHINGTON STATE BOARD OF ACCOUNTANCY

# CPA mobility

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- Mobility is the ability of a licensee from a **substantially equivalent** state to gain practice privileges outside of a home state without getting an additional license in the state where they will be serving a client or an employer
- **“Substantial equivalency” means comparable education, examination, and experience requirements for individual licensing between states**
- “Practice privileges,” allow a licensee to temporarily enter a state to practice public accounting without any required state board notification or fees
- Over the last twenty years, both consumers and CPAs throughout the country have benefited from the ability of CPAs to practice across state lines with no requirements for licensing or notification of local boards



# Mobility is not reciprocity

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- “Mobility” does not involve the issuing of a Washington license, but “reciprocity” does involve a Washington license
- With reciprocity, the Board issues a license to a holder of a valid certificate or license issued by another state that entitles the holder to practice public accountancy, provided that:
  - The other state makes similar provision to grant reciprocity to a holder of a valid certificate or license in Washington;
  - The applicant has three years of experience within the five years immediately preceding application or had five years of experience within the ten years immediately preceding application in the practice of public accountancy that meets the requirements prescribed by the Board;
  - And other requirements. RCW 18.04.180

# Benefits of mobility and uniformity

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- For the public
  - Removing state boundaries creates more consumer choices to choose a CPA or firm or employee to serve their individual and business needs
  - Removing state boundaries creates more price competition among providers
  - A state board's ability to discipline is based on the consumer location, whether contact is physical or electronic, rather than where a license is issued
- For licensees and firms
  - Licensees and firms are free to serve clients or employers in other states physically, electronically, or otherwise, which expands markets for services
  - As an ethical violation in the state in which the consumer of professional services is based, whether client or employer, is also considered a violation in the state which issued the CPA license, uniform individual or firm mobility creates less risk of a chance of an inadvertent administrative violation in the state in which the consumer is based

# But times, they are a changin'

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- Individual licensing requirements are poised to enter a period of rapid divergence as different states modify education, experience, and other requirements for individual CPA licensing
- The timing will differ among the 55 boards in the U.S., which creates for each board two separate, but related considerations:
  - What will a board accept as substantially equivalent requirements from another state; and
  - What modifications should a board make to its own education, experience, and other initial and reciprocal licensing requirements?
- Two West Coast states, California and Oregon, are emerging as leaders in the national movement to modify these requirements, making the first consideration a priority for Washington

# Statutory practice privileges

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- Practice privileges allow an individual whose principal place of business is outside of Washington to not be required to have a Washington license to hold out or practice public accountancy in Washington. RCW 18.04.350(1)
- “Principal place of business” means the office location designated by the licensee for purposes of **substantial equivalency** and reciprocity. RCW 18.04.025(19)
- “**Substantial equivalency**” means a **determination by the board** or its designee that the education, examination, and experience requirements contained in the statutes and administrative rules of another jurisdiction **are comparable to** or exceed the education, examination, and experience requirements contained in this chapter or that an individual CPA's education, examination, and experience qualifications are comparable to or exceed the education, examination, and experience requirements contained in this chapter.... RCW 18.04.025 (25)

# Statutory deemed consent

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- An individual who qualifies for practice privileges may offer or render professional services, whether in person or by mail, telephone, or electronic means, and no notice, fee, or other submission required. RCW 18.04.350(2)
- As part of providing any such professional services, the individual is deemed to consent:
  - To the personal and subject matter jurisdiction and disciplinary authority of the Board;
  - To comply with the Public Accountancy Act and the Board's rules;
  - That in the event the license from the state of the individual's principal place of business is no longer valid, the individual will cease offering or rendering professional services in this state individually and on behalf of a firm; and
  - 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. RCW 18.04.350(3)

## WAC 4-30-090, the Board rule

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

# Defining substantial equivalency

---

- At the national level and among boards, different models of substantial equivalency are emerging
- **Automatic/open mobility**, an unconditional reliance that another state is substantially equivalent
- **NASBA suggested mobility**, requirements that defer the decision on substantial equivalency to NASBA, with alternatives for 150 hours of education

# An example of automatic mobility

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- **Nevada:** Except as otherwise provided in this chapter, a natural person who holds a valid license in good standing as a certified public accountant or a certified public accounting firm organized as a partnership, corporation, limited-liability company or sole proprietorship that holds a valid registration in good standing from any state other than this State shall be deemed to be a certified public accountant or a certified public accounting firm for all purposes under the laws of this State other than this chapter. Nev. Rev. Stat. Ann. § 628.315(1)
- Similar automatic mobility statutes already exist in Alabama, Nebraska, and North Carolina, and other states are proposing to follow this approach



# NASBA suggested mobility

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- NASBA's current proposal is lengthy changes to the Uniform Accountancy (UAA) that include:
  - Automatic mobility, but only if the state board or the NASBA National Qualification Appraisal Service has verified the other state as substantial equivalent
  - If the other state has not been verified by the state board or NASBA as substantially equivalent, enhanced educational requirements of 150 semester hours in an accounting concentration whether a Bachelor's degree or a Master's degrees plus one year of experience, or a Bachelor's degree in an accounting concentration with two years of experience
  - Having CPAs listed with a code in a national database with the conditions under which their original license was issued, suggesting NASBA's Accountancy Licensee Database
- At this time, no states appear to be following this approach

# Coming soon: California changes

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- The California Board is moving forward with drafting legislation to modify California requirements to create two alternative pathways to licensure and mobility
- The pathways are:
  - A Bachelor's degree with a concentration in accounting, two years of professional experience, and passage of the Uniform CPA Exam
  - A Master's degree in accounting or tax (or laws in taxation), one year of professional experience and passage of the Uniform CPA Exam
  - Both pathways include elimination of total unit requirements (i.e., 150 units)
- The California Board is protecting mobility by allowing an automatic (open) mobility approach

# Coming soon: Oregon changes

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- The Oregon Board is moving forward with drafting legislation to modify Oregon licensing requirements
- The Oregon Board is moving away from a specific college hour requirement to closely follow the model being proposed in California, with a requirement of a Master's Degree plus one year of experience, or a bachelor's degree plus two years of experience, with the ability to address non-accounting degrees in rule
- The Oregon Board is also protecting mobility by adopting an open mobility approach

# For Board discussion

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- Unlike most other states, Washington statutes defer substantial decision making to the Board
- Regarding mobility, this provides additional safeguards, as in the case of a rogue state, Washington can implement changes rapidly and unilaterally through the rule making process with no legislation required
- Questions for consideration:
  - Does the Board believe it is reasonable to separate the decision regarding mobility from its own decision regarding Washington requirements for initial and reciprocal licensure?
  - If so, what model is preferred, automatic mobility, NASBA suggested mobility, or some other methodology?
  - With other states, especially western states, moving forward with revised licensing requirements, what is the timing for any rule change?
  - Should the Board open its rule, WAC 4-30-090 for changes?



# Washington State Board of Accountancy

**Policy Number:** 2004-1

**Title:** Administrative Violations  
**Guidelines Delegation and Process for Remedial Resolution**

**Revised:** ~~April 24, 2020~~ October 18, 2024

**Approved:** \_\_\_\_\_  
**Mark Hugh, CPA Kate Dixon, Chair**

~~\*This policy rescinds and supersedes any previous Board policy.\*~~

## **Purpose:**

The purpose of this policy is to authorize the Washington State Board of Accountancy's (Board) Executive Director to resolve certain violations through a Remedial Resolution process which might resulting in an ~~administrative process of~~ voluntary settlements without further review by the Board ~~approval~~.

## **Authority and Delegation:**

The Board delegates to the Executive Director the authority to ~~administer negotiate~~ Remedial Resolutions for the administrative violations listed in Table 1. The Board does not intend ~~these guidelines this process~~ to be mandatory; nor does the Board wish to exclude or limit other sanctions or considerations in other disciplinary action.

## **Guiding Principles:**

~~These guidelines~~ This policy will be used when the Executive Director has sufficient evidence of an administrative violation. ~~These guidelines~~ The policy only ~~apply applies~~ to first time administrative violations; repeat or non-administrative violations shall be subject to the Board's formal disciplinary process. At any time, the respondent may refuse the Remedial Resolution and request ~~a formal hearing before the~~ Board review in accordance with the Administrative Procedure Act RCW 34.05.

A Remedial Resolution is an informal settlement between the Executive Director on behalf of the Board and the respondent and must be signed by both parties. The Executive Director will consider the facts and circumstances of each violation and negotiate resolution based upon Table 1. The maximum fines are listed in Table 1. As part of the Remedial Resolution, the Executive Director may ~~include recover investigative and legal costs s. recovery.~~ All terms must be satisfied within ~~90~~ 30 days of service unless otherwise specified. Failure to comply with the terms may result in commencement of formal disciplinary action.

**Table 1**

	<b><u>Administrative Violation:</u></b>	<b><u>Remedial Resolution Proposed Settlement termsTerms:</u></b>	<b><u>Citation(s)</u></b>
1.	<del>First-time Use</del> use of a restricted title with a lapsed credential.	<ul style="list-style-type: none"> <li>• <del>\$500-1,000</del> fine</li> <li>• <del>Obtain a license or cease</del> <u>Cease</u> use of title <u>while not licensed</u></li> </ul>	<u>RCW 18.04.345</u>
2.	Failure to obtain a firm license by a firm who offers or performs attest services or compilations.	<ul style="list-style-type: none"> <li>• \$1,500 fine</li> <li>• <u>Completion of Board approved Washington State Ethics course</u></li> <li>• <u>Comply with requirements under RCW 18.04.195(1)(a)</u></li> </ul>	<u>RCW 18.04.195 (1)(a)</u>
3.	<del>First-time Use</del> Use of title(s) <del>in violation of RCW 18.04.345(5)</del> by an un-credentialed individual.	<ul style="list-style-type: none"> <li>• <del>\$1,500</del><u>2,000</u> fine</li> </ul>	<u>RCW 18.04.345</u>
4.	Failure to provide records <del>in compliance with WAC 4-30-051</del> to clients when requested, so long as the failure does not result in client financial harm.	<ul style="list-style-type: none"> <li>• <del>\$1,500</del><u>2,000</u> fine</li> <li>• Completion of Board approved Washington State Ethics course</li> </ul>	<u>WAC 4-30-052</u>
5.	Failure to timely inform the Board of matters in compliance with WAC 4-30-030, or to respond to a request for administrative information or documentation.	<ul style="list-style-type: none"> <li>• \$750 fine</li> <li>• Completion of Board approved Washington State Ethics course</li> </ul>	<u>WAC 4-30-030</u>

**Non-Administrative Violations:**

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**Washington State Board of Accountancy**  
**Board Policy Number: 2004-1**

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**Page 3**

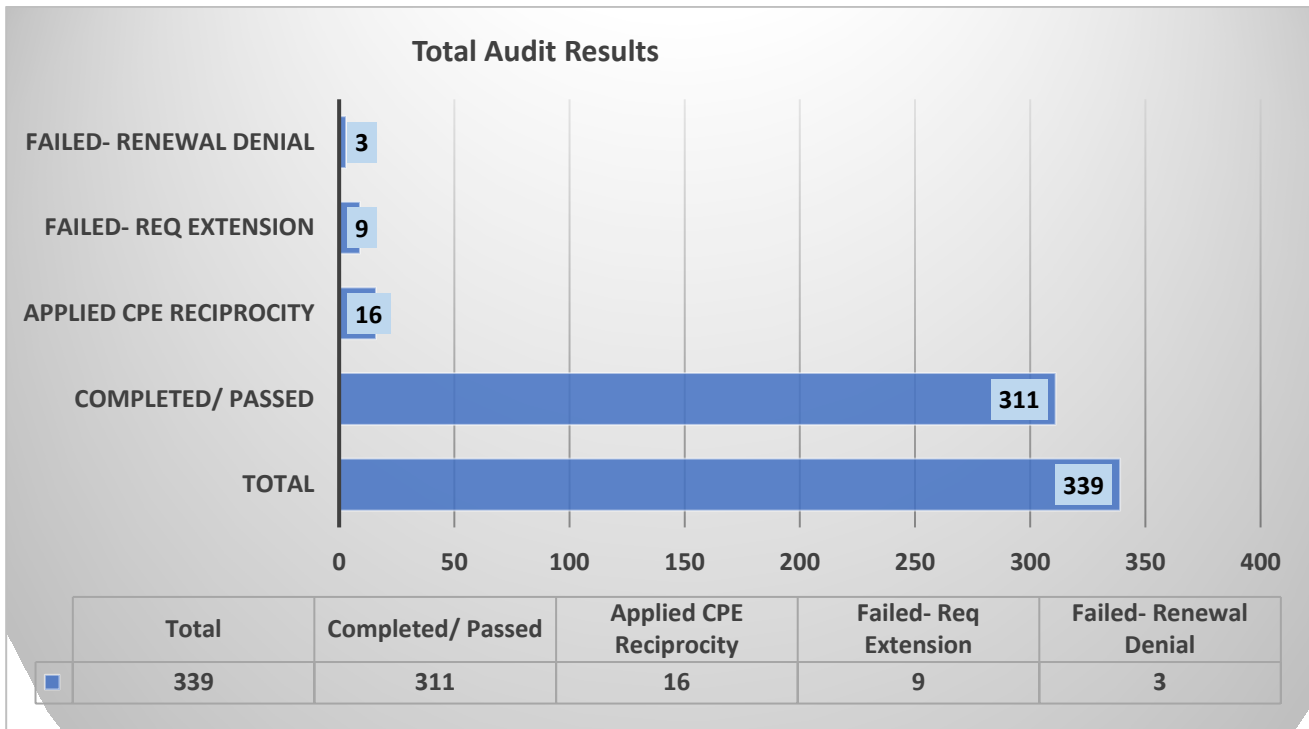
~~The Executive Director may pursue formal disciplinary action in accordance with the Administrative Procedures Act 34.05 RCW for these violations or any other Misconduct misconduct that is not listed above, are acts that the Board finds too significant to be handled through a Remedial Resolution. The Executive Director may open an investigation into the alleged conduct. Board Policy 2017-1 provides guidance on the Board's investigative and disciplinary process.~~

Effective: October 29, 2004

\*Revised: October 18, 2024; April 24, 2020; July 28, 2017; October 24, 2014; April 23, 2013; April 26, 2012; April 25, 2011; October 17, 2008; April 28, 2006; January 28, 2005

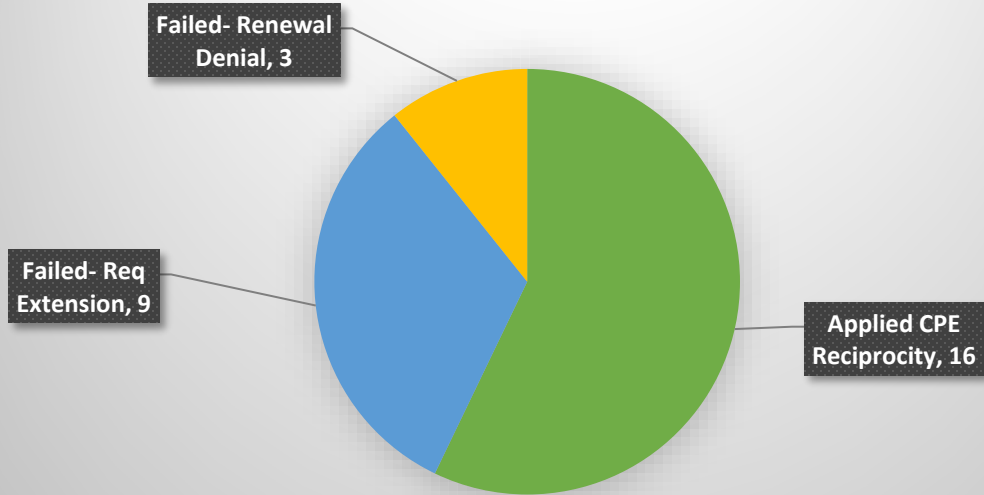
## 2024 CPE Audit Report

Credential Type	Total	Completed/ Passed	Applied CPE Reciprocity	Failed- Request Extension	Failed- Renewal Denial
License	322	294	16	9	3
Cert	15	15	0	0	0
NLFO	2	2	0	0	0
	339	311	16	9	3

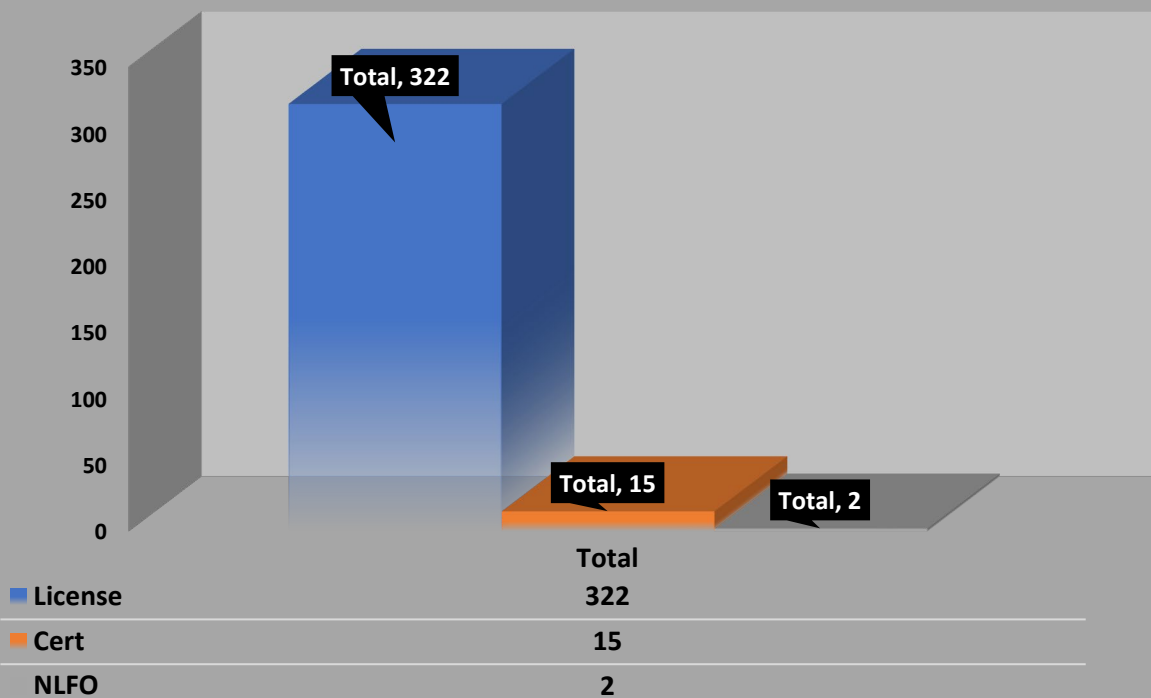




## Incomplete Auditees-Licenses



## TOTAL AUDIT POPULATION



To: Washington State Board of Accountancy  
From: Jennifer Sciba, Mark Hugh  
Re: WSCPA presentation  
Date: October 18, 2024

For your information, attached are the PowerPoint slides from the webcast “The Washington State Board of Accountancy from the Inside,” that we presented to approximately 320 WSCPA members on August 14, 2024.

With three open positions this coming winter (an Executive Director, a CPA Member, and a Public Member), and a need on the Board for those with experience in public practice, the presentation was designed to raise awareness among hopefully a pool of qualified candidates of the Board’s structure and activities, as well as discuss the interesting and engaging parts of Board service.

# The WSBOA from the Inside

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WASHINGTON STATE BOARD OF ACCOUNTANCY

# Today's speakers

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- Jennifer Sciba, Acting Executive Director, Washington State Board of Accountancy
  - Washington State Board of Accountancy (2006-Present)
  - Washington State Board of Accountancy, Acting Executive Director (2016, 2021, 2022, 2024)
- Mark Hugh, CPA Member, Washington State Board of Accountancy
  - Washington licensed CPA (1990-Present)
  - Washington Society of CPAs Board Member (2005-2013)
  - Washington Society of CPAs Board Chair (2011-2012)
  - American Institute of CPAs Council (2010-2013)
  - Washington State Board of Accountancy (2016-Present, 2019-2020 Chair, 2023 Vice Chair)

# Today's topics

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- The Washington State Board of Accountancy
  - Board structure, mission, and operations
  - Board professional standards
- The enforcement process
  - Common complaints from the public
  - Common self-inflicted errors
  - Board investigations and hearings
- Recent and upcoming changes
  - Measuring CPE hours
  - Compilations and peer review
  - CPA-inactive and CPA-retired guidance
  - Revised standards for interstate practice and licensing
- Applying for the Board

# Board name and structure

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- Externally known as the Washington State Board of Accountancy, the Board is internally called the “Board of Accountancy” or “ACB”
- The Board is comprised of nine members, each is appointed by the Governor for three-year terms
- Six of the Board members are CPAs licensed and practicing in Washington State continuously for the previous ten years
- Three of the Board members are public members who are qualified to judge whether the qualifications, activities, and professional practice of those regulated by the Board conform to standards to protect the public interest
- Board members are term limited to three, three-year successive terms, partial terms do not count against the three-term limit

# Board mission and operations

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- The Board is a consumer protection and occupational licensing agency
- The Governor appoints the executive director who becomes a member of the Governor's cabinet
- The Washington State Attorney General's Office assigns two assistant attorney generals to the Board, one as advisor to the Board and one for prosecutions
- The Board operates as a collaboration between the executive director, staff, the Board, and the Office of the Attorney General
- The operations of the Board are funded solely by fees and the Board receives no budgetary allocation from the state's general fund

# Agency operations

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- The nine appointed Board members collaborate on consumer protection and occupational licensing with a nine-person state agency:
  - Executive Director, appointed by the Governor
  - Deputy Director
  - Chief Administration Officer
  - Operations Manager who also functions as the Board Clerk
  - Data and Systems Administrator
  - Lead Solutions Analyst
  - Lead Investigator
  - Licensing Specialist
  - Customer Service Specialist



# Professional standards

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- The Board operates as a consumer protection and occupational licensing organization and does not set professional standards
- Instead, the Board adopts the professional standards of a variety of standard setting organizations in WAC 4-30-048
- It is the duty of the licensee, as part of Board required competence, to identify the correct professional standards that apply to any professional service and follow them
- The Board has many rules governing initial licensing, continuing competence, renewal, and for its rules for professional conduct, it adopts the ten rules of the AICPA Code of Professional Conduct and applicable AICPA interpretations of those rules

# Residency of Washington licensees

State/country	Oct 2020	Oct 2021	Oct 2022	Oct 2023	Aug 2024	Percent
Washington	13,400	13,286	13,104	13,261	12,878	54%
Other US States	2,830	3,076	3,181	3,463	3,481	14%
Japan	2,220	2,542	2,932	3,410	3,720	15%
China	1,190	1,193	1,177	1,182	1,161	5%
South Korea	690	905	1,075	1,190	1,283	5%
Other Countries	530	570	671	788	928	4%
Canada	380	408	464	548	606	3%
<b>Totals</b>	<b>21,240</b>	<b>21,980</b>	<b>22,604</b>	<b>23,842</b>	<b>24,057</b>	<b>100%</b>
<b>Wash. Residents</b>	<b>63%</b>	<b>60%</b>	<b>58%</b>	<b>56%</b>	<b>54%</b>	

# Complaints from the public

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- Frequent complaints
  - Negligence, errors, and disregard of standards
  - Conflicts of interest by representing both parties to a transaction or divorce
  - Failure to provide client records or required licensee working papers upon request
  - Use of titles by non-CPAs
  - Actions by other government or regulatory authorities self-reported to the Board
- Less frequent complaints
  - Embezzlement, theft, or breach of fiduciary duties
  - Confidentiality breaches

# Common self-inflicted errors

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- Failure to have a firm license by an individual or firm providing attest or compilation services
- Failure to have a peer review by an individual or firm providing attest or compilation services
- Failure to meet the annual CPE minimum of 20 hours per year, or failing to meet the triennial 120 hour minimum CPE requirement
- Failing to remember that the licensee claimed a CPE extension in their prior renewal cycle
- Failing to respond to the Board

# First time failures to notify the Board

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- Remedial resolution for first-time failures to notify the Board are available for:
  - Failure to timely inform the Board of an individual's change in address within 30 days
  - Failure to timely inform the Board of a change in the physical address of a firm's main office or branch offices within 30 days
  - Failure to respond to Board requests for information or documents within 20 days
  - Failure to timely inform the Board of orders or sanctions imposed by the SEC, PCAOB, IRS, or another state board of accountancy within 30 days
  - Failure to timely inform the Board of charges filed by the SEC, IRS, PCAOB, another state board of accountancy or a federal or state taxing, insurance or securities regulatory body within 30 days

# Other first-time notification failures

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- Remedial resolution for first-time failures to notify the Board also available for:
  - Failure to timely inform the Board of any investigations undertaken or sanctions imposed by a foreign credentialing body against a foreign credential within 30 days
  - Failure to timely inform the Board of changes to firm legal form, dissolution, changes in resident managers or owners, changes in branch or main office location, changes in firm name, or noncompliance with firm ownership requirements, within 90 days
  - Failure to timely inform the Board that a foreign license, permit, or certificate has lapsed or otherwise becomes invalid

# Enforcement

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- The Board investigates approximately 100 complaints a year
- Enforcement activities are driven primarily by complaints received from the public; however, the findings of federal, state, or other disciplinary entities may serve as the basis of a complaint with the Board
- Enforcement is a balancing act between the right of citizens to complain to the government and the due process rights of respondents. Not every complaint has merit and will be dismissed unless there is clear, cogent, and convincing evidence of a violation
- Any violation of the Public Accountancy Act is considered a misdemeanor and in some cases, a Class C felony

# Board investigations

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- The enforcement process reflects both the collaborative structure of the Board and the final administrative disciplinary authority of the Board
- The executive director works with staff, a Consulting Board Member (CBM), and a prosecuting assistant attorney general during the enforcement process
- Other than the CBM, no other Board members are involved during the investigation to preserve the impartiality and objectivity of the Board in the event of an administrative hearing
- Most, if not all, disciplinary cases are resolved through informal consent agreements, settlement, rather than hearings
- A majority of the Board, excluding the CBM, must vote in favor of any consent agreement



# Hearings before the Board

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- If settlement is not reached, the executive director issues a Statement of Charges against the respondent, the case is referred to the prosecuting assistant attorney general, and a hearing is scheduled for prosecution
- Hearings before the Board are subject to the state's Administrative Procedures Act: testimony is sworn, there is discovery, the rules of evidence apply, the Board is presented by the Attorney General's office, and the CPA may only be represented by himself or herself or an attorney, and after the Board order, the respondent has 30 days to appeal the Board's order to Superior Court
- The Board chair is the presiding officer over all scheduled hearings and therefore the Board chair does not participate in the discipline process as a CBM

# Brief adjudicative proceedings (BAP)

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- For certain appeals, the Board has adopted a process called a brief adjudicative proceeding (BAP):
  - Staff denials of initial individual license applications, renewals, or applications for reinstatement
  - Staff denials of initial resident nonlicensee firm owner registration applications, renewals, or applications or requests for reinstatement
  - Staff denials of initial firm license applications, renewals, and amendments
  - Staff denials of exam applications
  - 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
  - Lifts of stays of suspension from a Board order

# New CPE credit adjustments

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- Formerly, CPE credit was given only in half-hour increments and only after the first full CPE credit hour was been earned except for nano learning. WAC 4-30-133
- While one of Washington's oldest rules for CPE, this led to a frequent failure rate on CPE audits, as licensees would not round down their hours to the nearest half hour when counting CPE during their reporting period
- For example, 1.8 hours of CPE counted as 1.5 hours of CPE credit on a renewal application
- Effective January 1, 2024, the Board amended its CPE rule to allow for credit in .1 hour increments after the first full hour for learning formats other than nano learning. WAC 458-20-133(2)

# Compilations and peer review

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- Currently, eight other states exclude compilations from any type of peer review process: four states larger than Washington (Florida, New York, Pennsylvania, and Illinois) and four states smaller than Washington (Oklahoma, Maine, Kansas, and Alaska)
- The Board is redrafting its rule on peer review to exclude compilations from peer review
- Note that licensees or firms that perform compilations would still be required to have a firm license, a current requirement
- AICPA peer review will still be required for compilations performed by AICPA members and AICPA member firms by virtue of the contractual membership relationship between the member, the firm, and the AICPA

# New CPA-inactive status

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- Effective July 1, 2024, a licensee may renew as a “CPA-inactive”, which limits CPE required for the triennial renewal to four hours of Board approved ethics
- A CPA-inactive has an inactive license and can no longer use the title “CPA”, but is allowed to use the title “CPA-inactive”
- A CPA-inactive is prohibited from the practice of public accountancy, which means they cannot offer to perform any professional services for ***a client or potential client***
- At any time a CPA-inactive can readily convert to an active status

# Examples of CPA-inactive activities

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- A person holding an inactive license may perform or offer to perform services in an employer-employee relationship in industry, government, nonprofit, or education, or uncompensated work such as a volunteer, trustee, director, or executor
- A CPA-inactive is not allowed to perform services:
  - As an independent contractor in industry, government, nonprofit, or education,
  - For compensation as a trustee, director, or executor,
  - As a sole practitioner offering to perform services for a client or potential client, or
  - As part of a CPA firm either offering to perform services for a client or potential client or working in purely an administrative role.

# CPA-retired clarifications

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- The existing CPA-retired title may be used by a licensee who has retired their license with the Board and:
  - Has reached 60 years of age and holds an active license in good standing; or
  - At any age, has held an active license in good standing to practice public accounting in any state for a combined period of not less than 20 years
- CPA-retired is not considered a license or a status, therefore there are no CPE requirements, no renewal requirements, and no further contact with the Board
- With the new CPA-inactive status licenses now have an alternative to retirement or lapsing, and therefore the use of the CPA-retired title will be limited to licensees who have reached 60 years of age and hold active licenses in good standing

# Examples of CPA-retired activities

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- Using the title CPA-retired by a former licensee is only allowed when performing uncompensated services such as a volunteer, trustee, director, or executor
- A CPA-retired using the title may not perform services:
  - In an employer-employee relationship in industry, government, nonprofit, or education,
  - As an independent contractor in industry, government, nonprofit, or education,
  - For compensation such as a trustee, director, or executor,
  - As a sole practitioner offering to perform services for a client or potential client, or
  - As part of a CPA firm either offering to perform services for a client or potential client or working in purely an administrative role
- A former licensee not using the title CPA-retired may perform any of the services noted above



# Upcoming changes to initial licensing

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- The 150 hours of college education and the one year of experience requirements have over time been adopted by all 55 state boards
- However, to reduce barriers to entry to the profession, many states are considering alternatives, such as 120 hours of college education and two years of experience, or alternatively a bachelor's degree and two years of experience for licensure
- Over the next few years, the adoption of differing rules on a state-by-state basis may limit the ability of CPAs to serve clients in other states without potentially first obtaining a license in that other state

# Applying for the Board

---

- The Board will have three open positions this coming winter
  - An Executive Director, a full-time employee who must be a CPA by law and is a member of the Governor's cabinet
  - A CPA Member, a person who has been licensed in this state continuously for the previous ten years
  - A Public Member, a person qualified to judge whether the qualifications, activities, and professional practice of licensed persons and firms conform with standards to protect the public interest
- Qualified persons interested in Board service apply on the Governor's website at <https://govforms.dynamics365portals.us/application-form/>
- **Note that the decision to appoint any Director or Board member rests solely with the Governor's Office**

# Time commitment for Board Members

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- Four quarterly Board meetings of less than one day each
- Active participation in Board Committees
- Active participation in the discipline process as both a Consulting Board Member and Brief Adjudicated Process Hearing Officer
- Participation at National Association of State Board of Accountancy (NASBA) regional and annual meetings

# More information and resources

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- Laws and rules are available on either the Board's website or the Legislature's website at [www.leg.wa.gov](http://www.leg.wa.gov)
- Board policies are available on its website at [www.acb.wa.gov](http://www.acb.wa.gov)
- The AICPA Code of Professional Conduct and its interpretations are at <https://pub.aicpa.org/codeofconduct/Ethics.aspx>
- The acting executive director and staff can be contacted by phone or email
- Board Members can be contacted by email
- Note all emails through the state system are considered public records subject to disclosure

# Quality Assurance Review Results

<i>Year</i>	<i>Peer Review Pass</i>	<i>Pass W/ Deficiencies</i>	<i>Fail</i>	<i>Peer Review Extension Request</i>	<i>Sub Total</i>	<i>Enforcement</i>	<i>Scope Exemption Limited Scope Exemption</i>	<i>Total Participation</i>
<b>2019</b>	142	22	15	0	<b>179</b>	<b>1</b>	371	<b>551</b>
<b>2020</b>	54	2	3	0	<b>59</b>	<b>2</b>	279	<b>338</b>
<b>2021</b>	173	19	9	0	<b>201</b>	<b>1</b>	309	<b>511</b>
<b>2022</b>	120	13	5	0	<b>138</b>	<b>1</b>	354	<b>493</b>
<b>2023</b>	53	4	2	0	<b>59</b>	<b>0</b>	264	<b>323</b>
<b>2024</b>	111	15	4	43	<b>173</b>	<b>0</b>	343	<b>516</b>
<b>2025</b>					<b>0</b>			<b>0</b>

## **Request Oversight Committee Report October 2024**

Scott Newman, Chair

During the third quarter 2024, the Acting Director and a Consulting Board Member from the Request Oversight Committee took the following action:

### **Approved Firm Names:**

Forvis Mazars LLP  
StratIQ  
LBMC, PC  
Blantyre Business Services, PLLC  
United States X Advisors Washington CPAs P.S  
SUM16  
CBIZ CPAs P.C.  
Brava Certified Public Accountants

### **Professional/Educational Organization – Recognition Requests**

During the third quarter in 2024, the Board did not receive any requests for recognition as an educational organization or professional association for purposes of obtaining list requests.

**Scholarship Oversight Committee (SOC)**  
**Committee Meeting**  
**August 23, 2024**

**To:** WA State Board of Accountancy

**Attendees:** Scholarship Oversight Committee (SOC) Board members (*Tonia L. Campbell, CPA, Kate Dixon, Thomas P. Sawatzki, CPA, Board Staff: Jennifer Sciba, Interim Executive Director*)

**Guests from WSCPA:** *Kimberly Scott, CEO of WSCPA, Monette Anderson, Executive Director of The WA CPA Foundation*

**RE:** WA State CPA Scholarship Program

Dear Board Members,

**Purpose:** Scholarship Expansion to Support the CPA Pipeline

**Meeting Overview**

The scholarship committee met with the Washington State CPA (WSCPA) on August 23, 2024, as a follow up to the last board report, to discuss recommendations to increase the number of scholarships awarded in support of the CPA Pipeline.

**Current Scholarships Status:**

- **Annual Funding:** \$400,000
- **Scholarships Awarded:** 49
- **Fund Balance:** ~ \$1.9M, 5yr runout @ \$400k annual fund level

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**Recommendations from the WA CPA Foundation:**

To support the goal of increasing scholarships in support of the CPA Pipeline, the WA CPA Foundation made the following recommendations:

**1. Proposed Budget Increase:**

- Increase the annual scholarship budget by \$50,000 to fund **10 additional awards at \$5,000 each**, to expand the reach and impact.

**2. Modify Application Criteria:**

- **Lower Minimum GPA Requirement:** Adjust the minimum GPA from 3.5 to 2.5 to allow more students to qualify.

- **Confirm Part-Time Eligibility:** Confirm that the scholarship is open to both part-time and full-time students, ensuring greater accessibility.
  - **Capture Underrepresented Populations:** Implement a questionnaire to identify applicants from underrepresented groups, such as:
    1. First Generation College Students
    2. Veterans
    3. Opt-In Diversity-Based Scholarship
    4. Introduce **two named scholarships** specifically for diverse students.
- 

### **Measuring the Impact of Proposed Changes:**

The committee also discussed potential methods to measure the success and impact of these changes on scholarship recipients:

1. **Track Scholarship Recipients' CPA Exam Completion:**
    - Conduct studies on the percentage of scholarship recipients who successfully complete the CPA exam.
  2. **Exam Success and Failure Factors:**
    - Analyze factors contributing to success or failure in the CPA exam for scholarship recipients to assess program effectiveness.
  3. **Licensee Follow-Up Survey:**
    - Conduct surveys to gather data on the licensure status of past scholarship recipients.
- 

### **Committee Decision:**

The Scholarship Committee agreed to accept the proposed changes, including \$50k increase in budget, revised GPA criteria, part-time inclusion and underrepresented populations. These changes will enhance accessibility to scholarships and better support the CPA pipeline.

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### **Meeting Adjournment:**

The meeting was adjourned following the discussion and agreement on recommendations.

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**Projected Fund Balance**  
**Washington State Certified Public Accounting Scholarship Program**  
**For the Year Ending September 30, 2025**

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Beginning Fund Balance (as of July 31, 2024)	\$	2,178,810
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Revenues:

Passive Earnings from Investments (Assumes a 3% return)	\$	65,364
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Expenditures:

WBOA Certified Public Accounting Scholarships		
(25 \$5,000 scholarships will be awarded)	\$	(125,000)
(10 \$5,000 under represented student scholarships will be awarded)	\$	(50,000)
(30 \$10,000 masters scholarships will be awarded)	\$	(300,000)

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Projected Fund Balance For the Year Ended 9/30/2025	\$	<u>1,769,174</u>
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Washington Society of CPAs (WSCPAs) Annual Administration Fee** to be reimbursed by the Washington State Board of Accountancy Annually	\$	30,000
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**Annual WSCPAs Estimated Expense to Administer WA CPA Scholarship Program	\$	44,843
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**Estimated Expenses for Administering the WA Certified Public Accounting Scholarship Program  
For the Year Ending September 31, 2025**

**Program Employee Expenses**

Shown in hours worked***	<u>Oct-24</u>	<u>Nov-24</u>	<u>Dec-24</u>	<u>Jan-25</u>	<u>Feb-25</u>	<u>Mar-25</u>	<u>Apr-25</u>	<u>May-25</u>	<u>Jun-25</u>	<u>Jul-25</u>	<u>Aug-25</u>	<u>Sep-25</u>	<u>Total</u>
Membership manager	5.00	5.00	3.00	7.00	5.00	2.00	8.00	6.00	2.00	5.00	16.00	7.00	71
Membership Outreach Coordinator	14.50	21.00	31.00	41.00	85.50	48.00	61.00	43.00	33.50	37.00	10.00	20.00	446
CEO	-	1.00	-	-	-	-	-	-	-	1.00	-	-	2
Director of Communications	0.50	0.50	1.00	1.00	-	15.00	-	1.00	-	0.50	-	1.00	21
Manager of Digital Marketing	5.00	1.00	3.00	1.00	3.00	-	6.00	-	-	-	-	-	19
CFO	-	-	-	-	-	-	-	-	-	-	-	-	-
Communications Coordinator	0.50	-	-	1.83	-	-	1.00	3.75	-	0.50	-	1.00	9
Controller	-	1.00	1.00	2.00	2.00	2.00	2.00	1.00	2.50	17.00	1.50	-	32
Membership Coordinator	-	-	-	-	-	-	-	0.50	-	-	-	-	1
Comm. Design/Social Media Coordina	-	0.50	0.50	-	-	-	-	2.50	7.50	7.83	5.00	3.50	27
	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL - In Dollars</b>	<b>\$ 1,683</b>	<b>\$ 1,980</b>	<b>\$ 2,607</b>	<b>\$ 3,553</b>	<b>\$ 6,303</b>	<b>\$ 4,422</b>	<b>\$ 5,148</b>	<b>\$ 3,812</b>	<b>\$ 3,003</b>	<b>\$ 4,543</b>	<b>\$ 2,145</b>	<b>\$ 2,145</b>	<b>\$ 41,343</b>

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

**Program Marketing Expenses**

	<u>Oct-24</u>	<u>Nov-24</u>	<u>Dec-24</u>	<u>Jan-25</u>	<u>Feb-25</u>	<u>Mar-25</u>	<u>Apr-25</u>	<u>May-25</u>	<u>Jun-25</u>	<u>Jul-25</u>	<u>Aug-25</u>	<u>Sep-25</u>	<u>Total</u>
Banners											\$ -	\$ -	\$ -
Social Media (Facebook and LinkedIn)		\$ 200	\$ 200	\$ 200	\$ 200		\$ 200					\$ 200	\$ 1,200
Brochures and Posters											\$ 200		\$ 200
Promotional Materials											\$ 200		\$ 200
Scholarship Networking Event								\$ 1,500					\$ 1,500
Gift cards and Prizes			\$ 400										\$ 400
<b>TOTAL</b>	<b>\$ -</b>	<b>\$ 200</b>	<b>\$ 600</b>	<b>\$ 200</b>	<b>\$ 200</b>	<b>\$ -</b>	<b>\$ 200</b>	<b>\$ 1,500</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 400</b>	<b>\$ 200</b>	<b>\$ 3,500</b>
<b>Total Estimated Program Expenses</b>													<b>\$ 44,843</b>

# Board of Accountancy

## Washington State

### Enforcement Report

<b>Quarterly Report (Jul 01, 2024 through Sep 30, 2024)</b>			
<b>Complaint Workload</b>			
	Received in Previous Period	Received in Report Period	Total
Complaints Open	26	8	34
Closed with No Action	(13)	(4)	(17)
Closed with Action Taken	0	0	0
<b>Complaints at End of Period</b>	<b>13</b>	<b>4</b>	<b>17</b>
<b>Details of Complaint Closures</b>			
Closed Disposition	Administrative	Public Harm	Total
No Action Taken	0	17	17
Revocation, Suspension, Restriction	0	0	0
Fines, costs, and other sanctions	0	0	0
Remedial Resolution (Policy 2004-1)	0	0	0
<b>Total Closed</b>	<b>0</b>	<b>17</b>	<b>17</b>

<b>Twelve-Month Lookback (Oct 01, 2023 through Sep 30, 2024)</b>			
<b>Complaint Workload</b>			
	Received in Previous Period	Received in Report Period	Total
Complaints Open	9	56	65
Closed with No Action	(5)	(39)	(44)
Closed with Action Taken	(1)	(3)	(4)
<b>Complaints at End of Period</b>	<b>3</b>	<b>14</b>	<b>17</b>
<b>Details of Complaint Closures</b>			
Closed Disposition	Administrative	Public Harm	Total
No Action Taken	0	44	44
Revocation, Suspension, Restriction	0	1	1
Fines, costs, and other sanctions	0	0	0
Remedial Resolution (Policy 2004-1)	0	2	2
<b>Total Closed</b>	<b>0</b>	<b>47</b>	<b>47</b>

# Board of Accountancy Washington State

## All complaints - resolved with and without discipline

	<u>Oct 2023 to Sep 2024</u>		<u>Oct 2022 to Sep 2023</u>	
	<i>All</i>	<i>Action Only</i>	<i>All</i>	<i>Action Only</i>
<b>Public Harm</b>				
Negligence - Attest related	1	0	0	0
Negligence, Disregard of standards	36	0	40	0
Use of Restricted Titles	6	2	9	2
Embezzlement, Theft, Breach of Fid. Duty	4	2	0	0
Breach of Confidentiality	0	0	0	0
Records Retention Causing Harm	1	0	1	0
<u>Subtotal</u>	48	4	50	2
<b>Administrative</b>				
Peer Review	0	0	0	0
<u>Subtotal</u>	0	0	0	0
<b>Total</b>	<b>48</b>	<b>4</b>	<b>50</b>	<b>2</b>

<u>Jul 01, 2024 through Sep 30, 2024</u>				
<b>CBM Report</b>				
	<b>BAP</b>	<b>Action</b>	<b>No Action</b>	<b>Total</b>
Rajib Doogar	0	0	2	2
Brooke Stegmeier	0	0	2	2
Cindy Kay	0	0	1	1
Tonia Campbell	0	0	1	1
Kate Dixon	0	0	0	0
Mark Hugh	0	0	3	3
Scott Newman	0	0	0	0
Thomas Sawatzki	0	0	2	2
Brian Thomas	0	0	1	1
None	0	0	5	5
<b>Total</b>	<b>0</b>	<b>0</b>	<b>17</b>	<b>22</b>