

WASHINGTON STATE BOARD OF ACCOUNTANCY

ANNUAL BOARD MEETING AGENDA

Date, Time: Friday, October 17, 2008 – Annual Board Meeting

Location: The Doubletree Hotel Seattle Airport
18740 International Boulevard
Seattle, Washington (206) 246-8600

Notices:

Chair Introductions/Special Notices

CONSENT AGENDA

1. Minutes - July 17, 2008, Regular Board Meeting
2. Request Review Committee Report – Robin Clark, CPA, Chair

ANNUAL MEETING AGENDA

3. Delegations of Authority – *Vote*
 - a. Executive Director – Investigations/Subpoena – Dated July 29, 2005
 - b. Chief Investigator – Investigations/Subpoena - Dated July 28, 2006
 - c. Administrative Sanctions – Dated April 28, 2006
 - d. Withdrawal - Chief Investigator - Investigation – Dated January 27, 2006
4. Policy Revisions – *Vote*
 - a. 2002-1 Substantial Equivalency
 - b. 2002-2 Expert Witness
 - c. 2002-4 International Reciprocity
 - d. 2003-1 Safe Harbor
 - e. 2004-1 Sanction and Penalty Guidelines
5. Motion for Entry of Order – Richard L. Nelson – ACB-1085 – *Vote*
6. Agency Request Legislation – *Update*
 - a. Confidential Records
 - b. Technical Correction
7. NASBA - Government Referral Agency Task Force - *Update*
8. Legal Counsel's Report
9. Chair's Report
 - a. Election of 2009 Officers – *Vote*
 - b. 2009 Board Meeting – Schedule and Location - *Vote*
 - c. Committee/Task Force Assignments
 - i. Quality Assurance Review (QAR) Committee

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- ii. Rule Review Task Force – QAR
 - iii. Rule Review Task Force - Electronic Records
 - iv. Rule Review Task Force- Experience
10. Committee Reports
- a. CPA Exam Liaison - Robin A. Clark, CPA – *No Report*
 - b. CPE – Ronald Sabado, CPA, Chair – *No Report*
 - c. Education Rule Review – Ronald Sabado, CPA, Chair – *No Report*
 - d. Mobility – Laurie Tish, CPA, Chair – *Update*
 - e. Legislative Liaison – Edwin Jolicoeur, CPA, Chair – *No Report*
 - f. Outreach – Ronald Sabado, CPA, Chair – *No Report*
 - g. Policy and Rule Review – *No report*
 - h. Peer Review Oversight – Thomas J. Sadler, CPA, Chair – *Update*
 - i. Qualifications – *No report*
 - j. Quality Assurance Review (QAR) – *Update*
 - k. Request Review – Robin Clark, CPA, Chair – *See Consent Agenda - Vote*
11. Executive Director’s Report
- a. Meeting with Board Officers – *Update*
 - b. CPE Waivers (16 hours and under) – *Update*
 - c. WBOA-News – *Update*
 - d. Investigation Management/Administrative Violations Reports - *Updat*
 - e. Status of Online Services and Web Site Redesign – *Update*
 - f. Recurring Canadian Issues - *Discussion*
 - g. Other
12. Executive Session with Legal Counsel
- a. Pending and Potential Litigation
13. Public Input - To ensure the public has an opportunity to address its concerns and the Board has an opportunity to ask questions of the public. Individual speakers will be provided 10 minutes each.

WASHINGTON STATE BOARD OF ACCOUNTANCY

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

Time and Place of Meeting	9:07 a.m. – 3:20 p.m. Friday, July 18, 2008 The Heathman Lodge, Klickitat Room 7801 NE Greenwood Drive Vancouver, Washington
Attendance	Edwin G. Jolicoeur, CPA, Chair Laurie J. Tish, CPA, Vice-Chair Gerald F. Ryles, Secretary Donald F. Aubrey, CPA, Board Member Robert G. Hutchins, Public Board Member Lauren C. Jassny, Public Board Member Mark W. Pearson, CPA, Board Member Ronald D. Sabado, CPA, Board Member Richard C. Sweeney, CPA, Executive Director Thomas J. Sadler, CPA, Strategic Advisor Sandra K. Shoemaker, CPA, Deputy Director Diane M. Bren, CPA, Chief Investigator Cheryl M. Sexton, Executive Assistant Lori Mickelson, Internal Financial and GMAP Data Manager Jennifer Sciba, Customer Service Specialist
Call to Order	Edwin G. Jolicoeur, Chair, called the Board meeting to order at 9:07 a.m.
Rules Hearing	<p>The Board held a public rule-making hearing from 9:07 a.m. to 10:45 a.m. on the following 28 rule proposals:</p> <ul style="list-style-type: none">• WAC 4-25-400 What is the authority for and the purpose of the board's rules?• WAC 4-25-410 Definitions• WAC 4-25-520 What public records does the board maintain?• WAC 4-25-521 How can the board be contacted?• WAC 4-25-540 What rules govern the proceedings before the board?• WAC 4-25-550 Do I need to notify the board if I change my address?• WAC 4-25-551 Must I respond to inquiries from the board?• WAC 4-25-610 Which rules govern the conduct of CPAs, CPA-Inactive certificateholders, CPA firms, and firm owners?• WAC 4-25-620 What are the requirements concerning integrity and objectivity?• WAC 4-25-622 When must a CPA or CPA firm be independent?

- **WAC 4-25-626** What restrictions govern commissions, referral, and contingent fees?
- **WAC 4-25-630** What are the requirements concerning competence?
- **WAC 4-25-631** With which rules, regulations and professional standards must a CPA, CPA firm and firm owner comply?
- **WAC 4-25-640** What are the requirements concerning records and clients confidential information?
- **WAC 4-25-650** What acts are considered discreditable?
- **WAC 4-25-660** What are the limitations on advertising and other forms of solicitation?
- **WAC 4-25-670** What enforcement actions must be reported to the board?
- **WAC 4-25-735** How does a CPA-Inactive certificateholder apply for licensure?
- **WAC 4-25-745** How do I apply for an initial CPA license?
- **WAC 4-25-746** How do I apply for a Washington state CPA license if I hold a valid CPA license in another state?
- **New section WAC 4-25-747** Must an individual holding a license from another state apply and obtain a Washington state license to hold out and practice in Washington state?
- **WAC 4-25-750** What are the CPA firm licensing requirements?
- **WAC 4-25-752** How do I register to be a resident nonlicensee owner of a licensed firm and with which rules must a nonlicensee firm owner comply?
- **New section WAC 4-25-753** Must a firm holding a license from another state apply and obtain a Washington state license to hold out and practice in Washington state?
- **Repealer WAC 4-25-756** I am licensed in another state – How do I notify the board of my intent to enter the state in order to obtain practice privileges in the state of Washington?
- **WAC 4-25-820** What are the requirements for participating in quality assurance review (QAR)?
- **WAC 4-25-830** What are the CPE requirements?
- **WAC 4-25-910** What are the bases for the board to impose discipline?

Written Testimony

Written comments were received from:

- Washington Association of Accountants (Jerry Miller)
- Managing partners of the Seattle offices of Deloitte LLP, Ernst & Young LLP, Grant Thornton LLP, KPMG LLP, and PricewaterhouseCoopers LLP. (Rich Jones, CPA)

The Board reviewed the written comments and asked questions of the representatives of each organization.

Oral Testimony

The following individuals provided oral testimony on the rules under consideration:

- Jerry Miller, Washington Association of Accountants
- Rich Jones, CPA, President and CEO, Washington Society of CPAs

The Board Chair announced that the Board would deliberate on the oral and written testimony and the proposed rules during its regularly scheduled Board meeting later in the day. All participants will be notified in writing of the Board's decision regarding the proposed rules.

**Consent
Agenda**

The Board unanimously approved the following items on the consent agenda as presented:

- Minutes of the June 27, 2008, Special Board Meeting
- Request Review Committee Report

The Board unanimously approved the minutes of the April 25, 2008, Regular Board Meeting with one correction.

NASBA

CPAES/Prometric Presentation

Patricia Hartman of NASBA and Kimberly Farace of Prometric made a presentation to the Board explaining the processes their organizations use to administer the computerized uniform CPA examination.

NASBA Western Regional Meeting

The Chair announced that Laurie Tish was elected to serve as the Pacific Regional Director of NASBA, and Ed Jolicoeur was elected to serve on NASBA's Nominating Committee.

Accountancy Licensee Database (ALD)

The Executive Director, Rick Sweeney, reviewed the progress of the ALD implementation nationwide with the Board. Rick also announced that he and the agency's IT Manager, Lisa Zolman, currently serve on NASBA's ALD Task Force.

**Rules
Review**

The Board deliberated on the public testimony (written and oral) received for the 28 proposed rules currently under consideration.

After discussion, the Board unanimously voted to adopt the proposed rules with minor changes to WAC 4-25-410, WAC 4-25-540, WAC 4-25-622, WAC 4-25-626, WAC 4-25-660, WAC 4-25-747, WAC 4-25-753 and WAC 4-25-910 to be effective 30 days after filing. The motion is contingent on the concurrence of Mary Tennyson, Senior

Assistant Attorney General, that the Board believes these minor changes are not substantive changes since they do not change the general subject matter of the proposed rules.

The Executive Director noted that due to the minor changes made by the Board, conforming changes will be required to WAC 4-25-910.

The Board will begin the process of a comprehensive review of its rules to include suggestions discussed. This review will be completed no later than July 2009.

Board Policy Revisions

The Board reviewed the proposed changes to the following Board policies:

- 2000-1 Continuing Professional Education
- 2006-1 Directions to Staff

The Board adopted the policies as revised effective July 18, 2008.

Education Credential Evaluators

Academic & Credential Records, Evaluation & Verification Service (ACREVS Inc.)

The Board reviewed a request from ACREVS Inc. for Board recognition as a foreign education credential evaluation service.

During the discussion, the Board determined that it is not necessary for evaluation service applicants to be members of the National Association of Credentials Evaluation Services (NACES) in order to be considered for recognition by the Board.

After discussion, the Board unanimously voted to recognize ACREVS Inc. as a foreign education credential evaluation service if ACREVS Inc. agrees to modify section 1.0 of their procedures to accept only original official transcripts directly from the institution of higher education as acceptable documentation.

Education Credential Evaluation Service (EDUCES)

The Board reviewed a request from EDUCES for Board recognition as a U.S. education credential evaluation service. After discussion, the Board unanimously voted to recognize EDUCES as a U.S. education credential evaluation service if EDUCES agrees to modify their procedures to accept only original official transcripts directly from the institution of higher education as acceptable documentation.

RCW 19.295

Rick Sweeney, Executive Director, advised the Board regarding RCW 19.295 concerning estate distribution documents. Rick reported that he met with Douglas Walsh, Chief, Consumer Protection Division of the Attorney General's office concerning this new RCW, and that an informal opinion will be issued stating that this RCW does not impact CPAs.

**Legal
Counsel's
Report**

No report.

Chair's Report

Governor Appointments

Ed Jolicoeur, Chair, announced that Robert Hutchins was appointed to the Board on June 6, 2008. Governor Gregoire also reappointed Laurie Tish to a fourth term. Their terms are effective through June 9, 2011. The Chair acknowledged and thanked Sharron O'Donnell for her service and leadership. She will be missed.

Committee Assignments

There are currently vacancies on the Board's Policy and Rule Review Committee, Qualifications Committee, and Quality Assurance Review (QAR) Committee that will need to be filled by current Board members. The officers will meet to discuss these vacancies and report to the Board in October. Mark Pearson volunteered to serve on the QAR Task Force.

**CPA Exam
Liaison
Committee
CPE
Committee**

No report.

No report.

**Education
Rule Review
Committee**

The following documents were presented to the Board for review:

- UAA Model Rules 5-1 and 5-2 April 2008
- Draft NASBA 120/150 Discussion

The Chair asked that the Board members review these documents carefully and be prepared to discuss them at the October meeting.

**Mobility
Committee**

No report.

**Legislative
Liaison
Committee**

No report.

**Outreach
Committee**

No report.

**Policy and
Rule Review
Committee**

No report.

Practice Review Committee	Thomas J. Sadler, CPA, Committee Chair presented a proposal to establish a "Compliance Assurance Oversight Committee." After discussion, the Board voted unanimously to establish this committee and directed Mr. Sadler to pursue the proposal with the Washington Society of CPAs (WSCPA).
Qualifications Committee	No report.
Quality Assurance Review (QAR) Committee	<p>Sandra Shoemaker, Deputy Director, reviewed the preliminary results of the 2008 QAR desk review session with the Board. Several QAR Committee members will meet again on July 30, 2008, to perform the final review of those files that received a preliminary grade of "unacceptable."</p> <p>Rick Sweeney, Executive Director, commended Jennifer Sciba for her outstanding work on administering the 2008 QAR program.</p>
Request Review Committee	<p>The following report was approved under the consent agenda:</p> <p><u>CPE Waivers</u> – The Board received one waiver request where the CPE deficiency was more than 16 CPE credit hours since the April 2008 Board meeting. The Executive Director and a Consulting Board Member denied the request.</p> <p><u>Firm Names</u> – The Board received three requests for firm name approval since the April 2008 Board meeting. The Executive Director and a Consulting Board Member from the Request Review Committee approved the following firm names:</p> <ul style="list-style-type: none">• GHP Horwath, PC• Business – Tax and Accounting Systems, Inc.• USJ Accounting and Consulting, LLC <p><u>Late Fee Waivers</u> – The Board received three late fee waiver requests since the April 2008 Board meeting. The Executive Director approved two of these requests, and denied one of the requests.</p> <p><u>Professional/Education Organization – Recognition Requests</u> – Since April 2008, the Board received one request from "MacKenzie, Patterson Fuller, LP" for recognition as an educational organization for purposes of obtaining lists of individual CPAs. The Executive Director and a Consulting Board Member from the Request Review Committee denied this request.</p>

**Executive
Director's
Report**

Meeting With Board Officers

Rick Sweeney announced that the meeting scheduled prior to the Board meeting was cancelled. These meetings will occur quarterly in the future.

WBOA News – As of July 18, 2008, there are 1,283 individuals that have subscribed. This is a net increase of 27 individuals (2%) since April 25, 2008. The Executive Director reported that a list of lapsed licensees and certificateholders was published in the last issue. These names will be posted to the Board's web site for 90 days.

Investigation Management Report – Rick Sweeney presented the "Case Status Report" and the "Activity Analysis of Administrative Violations Report" for the Board's review. Rick noted that the investigations unit is maintaining the investigations workload on cases in spite of an on-going public records request that is requiring significant staff time.

Status of Online Services and Web Site Redesign

Currently, the Executive Director expects the agency's web site will be redesigned by the end of the year, and online services will be available by the fall of 2009.

Other

The Governor's office authorized the Executive Director to take possession of the client records of Charles Benton for safe keeping and return to the clients. Benton was evicted from his Tacoma office for nonpayment of rent on July 3, 2008. Benton's confidential client records and computers were placed by the street upon his eviction. Some hard copies of tax returns and records were recovered. A press release will be issued today.

Next Meeting

The Executive Director will report on the following at the Board's October 2008 meeting:

- Tribal Consents to Cooperative Agreement for Board Authority
- Agency Budget Report
- Executive Director Fiscal Year 2008-2009 Priorities
- Staff Changes

**Executive
Session With
Legal Council**

None

Minutes, July 18, 2008, Board Meeting

- Public Input** The following individuals provided public input:
- Jerry Miller, Washington Association of Accountants
 - Rich Jones, CPA, Washington Society of CPAs

Adjournment The Board adjourned at 3:20 p.m.

Secretary

Chair

Vice-Chair

Member

Member

Member

Member

Member

Member

Request Review Committee Report October 17, 2008

Robin Clark, CPA, Chair

CPE Waivers – The Board did not receive any waiver requests where the CPE deficiency was more than 16 CPE credit hours since the July Board meeting.

Firm Names – The Board did not receive any requests for firm name approval since the July Board meeting.

Late Fee Waivers - The Board did not receive any late fee waiver requests since the July Board meeting.

Professional/Educational Organization – Recognition Requests – Since the July Board meeting, the Board received one request for reconsideration of the decision to deny recognition. The Executive Director and a Consulting Board Member from the Request Review Committee took the following action:

- *Recognized* the following as an educational organization for purposes of obtaining lists of individual CPAs:

MacKenzie, Patterson Fuller, LP

- *Denied* the following as an education organization for purposes of obtaining lists of individual CPAs:

None



Washington State Board of Accountancy

Policy Number: 2002-1

Title: ~~Substantially Equivalent~~
Jurisdictions

Revised: ~~October 27, 2006~~
Effective: January 17, 2008
January 25, 2002

Approved: _____
CPA, Chair ~~Ronald D. Sabado~~ Edwin G. Jolicoeur,

*This policy rescinds and supersedes any previous Board policy.

Purpose:

To provide guidance to:

- ~~Individuals~~ applying for a Washington state CPA license under the interstate reciprocity provision of WAC 4-25-746~~(3)(b)(2)~~ and ~~to provide guidance to~~
- CPAs licensed in other jurisdictions ~~seeking~~exercising practice privileges under RCW 18.04.350(2) and WAC 4-25-756(2)(a) and (2)(b)4-25-747.

I. **Individuals Applying for a CPA License ~~Under~~under the Interstate Reciprocity Provisions of WAC 4-25-746~~(3)(b)(2)~~**

Individuals deemed by the National Association of State Boards of Accountancy (NASBA) as being substantially equivalent to the education, examination, and experience requirements of the Uniform Accountancy Act are deemed to have met the requirements of WAC 4-25-746~~(3)(a)(1)(c)~~.

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

However, if the individual did not complete an ethics exam as part of applying for their home jurisdiction license, the individual must complete the AICPA's self-study course "Professional Ethics for CPAs" with a grade of 90% or better.

II. **Grant of Practice Privileges under ~~WAC 4-25-756~~RCW 18.04.350(2)(a)**

Individuals ~~meeting the Board's current education, CPA examination, ethics examination, and experience requirements~~ who hold a valid license issued by one of the states deemed "substantially equivalent" by NASBA are deemed to have met the requirements of ~~WAC 4-25-756(2)(a)~~ RCW 18.04.350(2)(a).

III. Grant of Practice Privileges under ~~WAC 4-25-756~~ RCW 18.04.350(2)(b)

~~Individuals who hold a valid license issued by one of the states deemed "substantially equivalent" by the National Association of State Boards of Accountancy (NASBA) are deemed to have met the requirements of WAC 4-25-756(2)(b). However, if the individual did not complete an ethics exam as part of applying for their home state license, then the individual must complete the AICPA's self study course "Professional Ethics for CPAs" with a grade of 90% or better.~~

The qualification of individuals licensed in other than a substantially equivalent state may be determined by the Board to meet the substantially equivalent requirement. For purposes of exercising practice privileges, the Board will exempt individuals from the 150 semester hour education requirement of RCW 18.04.350(2)(a) provided the individual holds a valid license issued by any other state issued prior to January 1, 2012 and meets the other requirements of RCW 18.04.350(2)(a).

IV. Substantially Equivalent States

A. The National Association of State Boards of Accountancy has found the following jurisdictions to have CPA licensure requirements that are substantially equivalent to those of the Uniform Accountancy Act. The Board recognizes these states as "substantially equivalent" states for purposes of issuing a Washington ~~s~~State CPA license under the interstate reciprocity provisions of ~~WAC 4-25-746(3)(b)(2)~~ and granting exercise of practice privileges under ~~WAC 4-25-756~~ RCW 18.04.350(2)(a):

Alabama*	Minnesota
Alaska	Mississippi
Arizona	Missouri*
Arkansas	Montana*
California (Limited to CPAs who obtained licensure in California under Section 5093 which requires 150 hours of education)	Nebraska*
	Nevada
	New Jersey
	New Mexico
	New York
Connecticut	North Carolina
Dist. of Columbia*	North Dakota
Georgia	Ohio
Guam	Oklahoma
Hawaii	Oregon
Idaho	Pennsylvania
Illinois*	Rhode Island

Indiana	South Carolina
Iowa*	South Dakota*
Kansas*	Tennessee
Kentucky	Texas
Louisiana*	Utah
Maine	Virginia
Maryland	Washington*
Massachusetts	West Virginia
Michigan	Wisconsin
	Wyoming*

** Multi-tiered States: Only includes individuals authorized to practice public accounting including [the issuance of attest reports professional services for which a report expressing assurance is prescribed by professional standards.](#)

- B. [The National Association of State Boards of Accountancy](#) **NASBA** has not found the following jurisdictions to have CPA licensure requirements that are substantially equivalent to those of the Uniform Accountancy Act. The Board does not recognize these states as “substantially equivalent” states for purposes of issuing a Washington state CPA license under the interstate reciprocity provisions of WAC 4-25-746 [\(2\)\(3\)\(b\) and granting of practice privileges under WAC 4-25-756\(2\)\(a\):](#)

Colorado
Delaware
Florida
New Hampshire
Puerto Rico
Vermont
Virgin Islands



Washington State Board of Accountancy

Policy Number: 2002-2

Title: Expert Witness Services

Revised: ~~April 27, 2007~~ October 17, 2008

Effective: January 25, 2002

Approved: Sharron J. O'Donnell Edwin G. Jolicoeur, CPA, Chair

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

Purpose:

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

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

Expert witness services may be performed by a licensed CPA using the title "CPA" in organizations other than CPA firms provided the organization does not:

- Also provide attest or compilation services, or
- Use "CPA" in the firm title.

If the expert witness' principle place of business [see WAC 4-25-410 (36)] is in Washington State, then the individual must be licensed by the Washington State Board of Accountancy.

II. Requirements for Washington State CPA-Inactive Certificate holders

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

- Accounting

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

CPA-Inactive certificate holders who testify on another matter (not related to the services, skills, or activities identified above) may use the title "CPA-Inactive" as mandated by RCW 18.04.105 provided they advise the court that they hold a Washington state CPA-Inactive certificate and they do not hold a Washington state CPA license to practice public accountancy.

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

III. Requirements for CPAs Licensed in Jurisdictions other than Washington State

The Board recognizes that CPAs not holding a Washington State CPA license may be called upon to provide expert witness testimony in Washington ~~c~~Gcourts or federal courts located in Washington.

Such ~~nonrecurring~~ testimony* is considered to be within the purview of the courts and does not require licensure with the Washington Board of Accountancy ~~or practice privileges in the state of Washington (see WAC 4-25-756)~~ provided the CPA clearly states to the court that s/he does not hold a Washington CPA license ~~or practice privileges in the State of Washington~~ and the CPA identifies the jurisdiction(s) in which s/he is licensed, permitted, or holds a certificate.

~~If the individual's principle place of business is not in Washington state, and if the anticipated expert witness services are of a level defined by Board rule WAC 4-25-410(16) as intent to enter, then the individual must meet the notification requirements of WAC 4-25-756 prior to performing such engagements in Washington state.~~

~~If the expert witness' principle place of business [see WAC 4-25-410(34)] is in Washington State, then the individual must be licensed by the Washington Board of Accountancy.~~

~~*For example: Nonrecurring would include entering Washington state to testify several times for one case; whereas, recurring would be entering Washington state to testify in association with more than one case.~~



Washington State Board of Accountancy

Policy Number: 2002-4

Title: International Reciprocity*

Revised: ~~July 30, 2004~~ October 17, 2008*

Effective: October 25, 2002

Approved:

~~Barbara J. Adams~~ Edwin G. Jolicoeur,
CPA, Chair

*This policy rescinds and supersedes any previous Board policy.

Purpose:

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

Statutory authority: RCW 18.04.183

I. Recognized credentials - The Board will recognize the following international accounting credentials:

A. Canada – Chartered Accountant (CA) issued by the Institutes of Chartered Accountants of **Alberta, British Columbia, Manitoba, New Brunswick, Nova Scotia, ~~and Ontario,~~ and Saskatchewan** based on the following:

- i. Canada is party to trade treaties with the United States (the US Canada Free Trade Agreement and the North American Free Trade Agreement) that encourage mutual recognition of professional licenses and credentials.
- ii. Canadian provincial and territorial bodies award more than one type of professional accounting credential. Various professional bodies award credentials as Chartered Accountants, Certified General Accountants, and Certified Management Accountants. The most stringent of these credentials, for purposes of this Board's recognition as basis for reciprocity, is the Chartered Accountant credential.
- iii. The National Association of State Boards of Accountancy (NASBA) and the American Institute of Certified Public Accountants (AICPA) have conducted studies (published as *Principles for Reciprocity*, September 16, 1991) of the

Chartered Accountant credentials issued by the Institutes of Chartered Accountants of the Canadian provinces and territories. NASBA and the AICPA agreed that the Canadian Chartered Accountant credential is based on education, examination, and ethics requirements that are substantially equivalent to those required for ~~certification~~ licensure as a CPA ~~(provided if~~ the Chartered Accountant credential was based, in part, on passing the Canadian Uniform Final Examination).

- iv. Canadian provincial and territorial Institutes of Chartered Accountants' experience requirements meet or exceed the requirements set by this Board for domestic candidates.
- v. Some Provincial Institutes of Chartered Accountants require Washington ~~CPAs~~ licensees to establish residency in the province as a condition of granting a Chartered Accountant credential by reciprocity. Provisions of the North American Free Trade Agreement discourage members from using residency requirements to inhibit the movement of professionals between countries. This Board does not impose residency as a condition of interstate or international reciprocity, unless the reciprocating credentialing authority imposes a residency requirement on this Board's licensees. The Institutes of Chartered Accountants of **Alberta, British Columbia, Manitoba, New Brunswick, Nova Scotia, and Ontario, and Saskatchewan** have ~~removed no~~ residency requirements for granting Chartered Accountant recognition to ~~this Board's CPAs~~ Washington State licensees.

The Board will consider extending reciprocity to ~~CPA applicants~~ individuals holding Chartered Accountant credentials from other Canadian Provincial Institutes at such time as ~~these~~ those credentialing bodies ~~remove~~ acknowledge that a residency ~~restrictions~~ requirement is not imposed on ~~this Board's~~ Washington State licensees.

B. Australia – Chartered Accountant (CA) issued by the Institute of Chartered Accountants in Australia (ICAA) based on the following:

- i. The General Agreement on Trade in Services (GATS) is an international trade agreement that came into effect in 1995 and operates under the umbrella of the World Trade Organization (WTO). This agreement encourages countries to set regulations that are not discriminatory or more burdensome for applicants from other countries. Provisions of the agreement discourage members from using residency or citizenship requirements to inhibit the movement of professionals between countries. Australia and the United States are members of the WTO.
- ii. The National Association of State Boards of Accountancy (NASBA) and the American Institute of Certified Public Accountants (AICPA), operating jointly as the U. S. International Qualifications Appraisal Board (IQAB), have completed a thorough study of the Chartered Accountant credential issued by the Institute of Chartered Accountants in Australia (ICAA).

- iii. The IQAB concluded (as summarized within *Principles Agreement for Reciprocal Licensing*, IQAB and ICAA, October 8, 1996 and within *Mutual Recognition Agreement*, IQAB and ICAA, August 15, 2002) the Australian Chartered Accountant credential is based on education and examination requirements that are substantially equivalent to those required by U.S. accountancy boards for ~~CPA certification~~domestic licensing.
- iv. The IQAB further concluded ICAA experience requirements for CAs meet or exceed the requirements set by this Board for ~~domestic CPA~~ candidates for domestic licensing.
- v. The Board has received the ICAA's written agreement to extend reciprocal credentialing to Washington ~~CPAs~~licensees in accordance with the *Mutual Recognition Agreement* (without conditioning the grant of the ICAA CA credential on either Australian residency or citizenship).

C. Australia – Certified Practising Accountant (CPA) issued by CPA Australia based on the following:

- i. The *General Agreement on Trade Services* (GATS) is an international trade agreement that came into effect in 1995 and operates under the umbrella of the World Trade Organization (WTO). This agreement encourages countries to set regulations that are not discriminatory or more burdensome for applicants from other countries. Provisions of the agreement discourage members from using residency or citizenship requirements to inhibit the movement of professionals between countries. Australia and the United States are members of the WTO.
- ii. The National Association of State Board of Accountancy (NASBA) and the American Institute of Certified Public Accountants (AICPA), operating jointly as the U.S. International Qualifications Appraisal Board (US IQAB), have completed a thorough study of the Certified Practising Accountant credential issued by CPA Australia.
- iii. The US IQAB concluded (as summarized with *Principles Agreement for Reciprocal Licensing, Recommended by CPA Australia and The U.S. International Qualifications Appraisal Board*, October 19, 2000, the Australian Certified Practising Accountant credential is based on education and examination requirements that are substantially equivalent to those required by U.S. accountancy boards for CPA licensure (with certain specific exceptions related to the completion the Auditing Module of CPA Australia's CPA Program.)
- iv. The U.S. IQAB further concluded CPA Australia experience requirements for Australian CPA's experience requirements for Australian CPAs meet or exceed the requirements set by this Board for domestic CPA candidates.
- v. The Board has received CPA Australia's written agreement to extend reciprocal credentialing to Washington ~~State CPAs~~ licensees in accordance with the *principles Agreement of Reciprocal Licensing* (without conditioning the grant of Australia CPA's Certified Practising Accountant credential on either Australian residency or citizenship).

II. International Qualifications Examination (IQEX) - The Board:

- A. Adopts the International Qualifications Examination (IQEX) prepared and graded by the American Institute of Certified Public Accountants as the appropriate examination to assess Canadian Chartered Accountants', Australian Chartered Accountants', and Australian Certified Practising Accountants' competence in accounting principles, auditing standards, commercial law, income tax law, and professional ethics unique to the United States. The Board will continue to recognize passing grades from the predecessor Canadian Chartered Accountant Uniform CPA Qualification Examination (CAQEX).
- B. Accepts International Qualifications Examination (IQEX) grades from examinations administered by other state boards of accountancy or by the National Association of State Boards of Accountancy
- C. Sets the passing score for the IQEX (and its CAQEX predecessor) at 75

III. Individuals applying for a CPA License based on International Reciprocity

The Board will grant a CPA license to an applicant who:

- A. Possesses a:
 - i. Canadian Chartered Accountant credential in good standing issued by the Provincial Institutes of Chartered Accountants of **Alberta, British Columbia, Manitoba, New Brunswick, Nova Scotia, ~~or Ontario,~~ or Saskatchewan** ~~and if the credential is~~ based, in part, on passing ~~of~~ the Canadian Chartered Accountant's Uniform Final Examination
 - ii. Chartered Accountant credential in good standing issued by the Institute of Chartered Accountants in Australia (ICAA).
 - iii. Australian Certified Practising Accountant (CPA) credential in good standing issued by CPA Australia. Note: Candidates who qualified as Australian CPA on the basis of recognition of credentials earned in other countries are not eligible to apply.
- B. Passes the International Qualifications Examination (IQEX) (or its CAQEX predecessor);
- C. Those applicants possessing an Australian Certified Practising Accountant credential issued by CPA Australia who have not passed CPA Australia's Audit Module must successfully complete the AUDITING AND ATTESTATION section of the US Uniform CPA Examination;
- D. Files such application forms and pays such license fees to this Board as would be required of an applicant for CPA licensure by reciprocity from another U.S. jurisdiction;
- E. Satisfactorily completes the AICPA's self-study course and examination, "Professional Ethics for CPAs";
- F. Demonstrates completion of 120 hours of acceptable continuing professional education with a limitation of 24 hours of non-technical subjects, within the 36 months immediately preceding the application for license; and

- G. Demonstrates one year of public accounting experience equivalent to the experience required under RCW 18.04.105(1)(d) within the eight years prior to applying for a license.



Washington State Board of Accountancy

Policy Number: 2003-1

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

Revised: ~~July 30, 2004~~ October 17, 2008*

Effective: January 31, 2003

Approved:

~~Barbara J. Adams~~ Edwin G. Jolicoeur, CPA,

Chair

*This policy rescinds and supersedes any previous Board policy.

Purpose:

RCW 18.04.350(~~610~~) states that persons or firms composed of persons not holding a license under RCW 18.04.215 (i.e., non-CPAs) may offer or render certain services to the public, including the preparation of financial statements and written statements describing how such financial statements were prepared, provided they do not:

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

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

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

Safe harbor report language Sample #1:

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

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

Substantially all of the disclosures and the statement of cash flows have been omitted from these statements.

(Presented in conformity with GAAP)
(Without statement of cash flows and disclosures)

Safe harbor report language sample #2:

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

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

Substantially all of the disclosures and the statement of cash flows have been omitted from these statements.

(Presented in conformity with GAAP)
(Without statement of cash flows and disclosures)



Washington State Board of Accountancy

Policy Number: 2004-1

Title: Sanction and Penalty Guidelines

Revised: ~~April 28, 2006~~ October 17, 2008*

Effective: October 29, 2004

Approved:

~~Ronald D. Sabado~~ Edwin G. Jolicoeur,

CPA, Chair

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

Background Information:

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

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

If the Executive Director or designee determines:

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

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

- Sufficient evidence does not exist to merit Board action, the Executive Director may dismiss the case after obtaining concurrence from a Consulting Board Member
- Sufficient evidence exists to merit Board action and it is the first time an individual or firm is notified of a violation of the Public Accountancy Act or Board rule, the Executive Director may impose administrative sanctions approved by the Board for a First-Time offense after obtaining concurrence from a Consulting Board Member

- Sufficient evidence exists to merit Board consideration but the situation or condition, if proven, is not eligible for administrative sanctions, the Executive Director or designee will discuss a resolution strategy and settlement parameters with a Consulting Board Member. Once the Executive Director or designee and Consulting Board Member agree on those matters, the Executive Director or designee will initiate a discussion for resolution with the respondent consistent with that agreed upon strategy and those settlement parameters.

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

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

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

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

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

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

- Draw conclusions as to the allegations based solely on the evidence,
- Develop and present to the respondent a suggested settlement proposal that they believe the Board will accept because the proposal is fair and equitable and provides public protection, and

- If the case goes to a hearing before the Board, recommend an appropriate sanction or sanctions to the Board

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

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

The Board is not bound by this recommendation.

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

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

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

The Board recognizes that administrative hearings:

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

Policy:

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

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

I. Legal and Investigative Costs

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

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

- Witness expenses including travel and per diem expenses based on the state travel regulations as established by the Office of Financial Management
- Court reporter charges
- Administrative hearing room costs and set-up charges

II. Publication of Board Orders

1. A general public notice will be posted on the Board's public web site that information on Board orders and other sanctioning agreements is available under the Public Disclosure Act by contacting the Board's office.
2. The Board will post notice of Board orders for suspension, stayed suspension, revocation, and practice restriction on the Board's web site for approximately three years following the year of the Board order. In addition, for license and certificate suspension (including stayed suspension) and revocation:
 - Notice will be posted in the Daily Journal of Commerce
 - Notice will be provided to the AICPA and WSCPA
 - Notice will be posted to NASBA's Enforcement Information Exchange (EIX)
 - Representative(s)/Senator(s) for the respondent's location(s) will be notified
 - Other jurisdictions that have licensed the individual will be notified
 - The complainant(s) will be notified
 - Notice will be sent to the newspaper(s) in the respondent's location
3. In cases of non-compliance not resulting in administrative sanction, suspension, stayed suspension, revocation, or a Board ordered practice restriction, the Executive Director, with a majority vote of the Board, may direct that a notation be made referencing each of the Board's sanctioning actions on the Board's web site licensee search database for up to three years following the year the sanction was imposed.
4. In cases of administrative sanction, the Board will not publish the individual's or firm's name; however, the Board will:
 - Post statistics related to these sanctions on the Board's web site
 - Comply with the Public Disclosure Act

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

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

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

- GG. Did the misconduct take place after warnings from the agency
- HH. What was the Board’s sanctioning authority at the time the misconduct occurred
- II. Consider the sanctioning guidelines in Section V

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

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

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

General Categories of Misconduct	Range and Types of Sanctions:	Examples of Sanctionable Acts:
Use of title or holding out in public practice with a lapsed license/certificate Use of the CPA title by a CPA-Inactive certificateholder	<ul style="list-style-type: none"> • Publication of the Board’s Order • Agreement to cease and desist use of title until license/certificate is reinstated • License reinstatement upon submission of a complete license reinstatement application including form, fee, and documentation of compliance with the CPE requirements for reinstatement 	<ul style="list-style-type: none"> • License/certificate lapsed because the individual failed to file a license/certificate renewal • License/certificate lapsed because the individual failed to notify the Board of

General Categories of Misconduct	Range and Types of Sanctions:	Examples of Sanctionable Acts:
	<ul style="list-style-type: none"> • Payment of a fine of \$500 to \$30,000 • Payment of prior unpaid individual license, firm license, or certificate renewal fees • Payment of the Board’s legal and investigative costs • Technical CPE • Ethics CPE • AICPA ethics examination with a score of 90% or better • Restitution • Board reprimand (if no suspension or revocation) • Referral or notice to appropriate law enforcement or regulatory agency 	<p>a change of address, failed to receive their renewal application, and failed to file a license/certificate renewal</p> <ul style="list-style-type: none"> • The individual disregarded the lapsed license and continued to knowingly hold out with a lapsed license • The individual discovered that their license/certificate lapsed and signed the reinstatement application stating that they did not use the title when the evidence demonstrates that they used the title • CPA-Inactive who is a corporate CFO uses the CPA title in filing corporate documents with the SEC • CPA-Inactive uses the CPA title to obtain a job in private industry • CPA-Inactive who is also an attorney uses the CPA title when offering legal services to the public

<p>Embezzlement, fraud, dishonesty, or negligence</p> <p>Fiduciary malfeasance or breach of fiduciary duties</p> <p>Noncompliance with code of conduct including conflict of interest and confidentiality</p> <p>Failure to comply with a Board order</p> <p>Failure to respond to Board inquiry IRS/SEC sanction/denial of practice privilege</p>	<ul style="list-style-type: none"> • Publication of the Board's Order • License, certificate, practice privilege, or registration <u>revocation</u> for up to 10 years. Must re-qualify for a license, practice privilege, or registration by meeting the then current exam, education, experience, and ethics requirements. Must serve up to 9½ years of the revocation prior to applying to take the CPA exam with application for the CPA exam contingent upon: <ul style="list-style-type: none"> ➤ Fully responding to the Board's inquiries ➤ Meeting any other requirements established by the Board (such as restitution) ➤ Payment of a fine of \$500 to \$30,000 ➤ Payment of the Board's legal and investigative costs ➤ Restriction on services that may be offered or provided to the public • License, certificate, practice privilege, or registration <u>suspension</u> for up to 10 years with reinstatement after serving up to 9½ years and contingent upon: <ul style="list-style-type: none"> ➤ Filing a reinstatement application including form, fee, CPE, supporting documents, letters of recommendation, etc. ➤ Additional CPE requirements (up to 40 hours times the number of years that the license is suspended) ➤ Meeting any other requirements established by the Board (such as restitution) ➤ Payment of a fine of \$500 to \$30,000 ➤ Payment of the Board's legal and investigative costs 	<ul style="list-style-type: none"> • Theft from employer • Felony obstruction of justice • Theft of trust funds where the CPA was the trustee • Manipulated a client's trust for the benefit of the CPA's child • Manipulated a mentally impaired client for self enrichment • Failed to file personal tax returns and pay personal FIT • Failed to transmit FICA and FIT withheld from employee's salary • Failed to pay employer's portion of FICA • Provided services to both the seller and the buyer during a business transaction • Provided services to both parties during a divorce • Failure to make restitution to injured parties as required by Board order • Repeated non compliance with stipulated Board Orders • Suspended from practice before the IRS due to
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	<ul style="list-style-type: none"> ➤ Restriction on services that may be offered or provided to the public • Stayed suspension of up to 10 years • Payment of a fine of \$500 to \$30,000 • Payment of the Board’s legal and investigative costs • Technical CPE • Ethics CPE • AICPA ethics examination with a score of 90% or better • Restitution • Notice to clients • Reporting of compliance with federal or other regulatory requirements • Board reprimand (if no suspension or revocation) • Referral or notice to appropriate law enforcement or regulatory agency • Restriction on services that may be offered or provided to the public 	<p>substandard tax work</p> <ul style="list-style-type: none"> • SEC practice restriction and/or sanction due to fraudulent SEC filing • SEC practice restriction and/or sanction due to substandard accounting practices
<p>Noncompliance with technical standards</p>	<ul style="list-style-type: none"> • Publication of the Board’s Order • License, certificate, practice privilege, or registration <u>suspension</u> for up to 10 years with reinstatement after serving up to 9½ years and with reinstatement contingent upon: <ul style="list-style-type: none"> ➤ Filing a reinstatement application including form, fee, CPE, supporting documents, letters of recommendation, etc. ➤ Additional CPE requirements (up to 40 hrs times the number of years the license is suspended) ➤ Meeting requirements established by the Board (such as restitution) ➤ A fine of \$500 to \$30,000 ➤ Payment of the Board’s legal 	<ul style="list-style-type: none"> • Attest work is graded as Unacceptable by the Board’s QAR program • CPA is referred to the Board by the SEC due to an audit failure as a result of the CPA performing substandard audit procedures • CPA is referred to the Board by HUD due to failure to comply with <i>Yellow Book</i> standards • Substandard tax work resulted in

	<ul style="list-style-type: none"> and investigative cost ➤ Restriction on services that may be offered to the public • Payment of the Board's legal and investigative costs • Payment of a fine of \$500 to \$30,000 • Restriction on services that may be offered or provided to the public • Pre-issue review of reports/financial statements/work papers by a Board appointed consultant with the costs to be borne by respondent • Technical CPE • Ethics CPE • Library enhancements • AICPA ethics examination with a score of 90% or better • Payment of a fine of \$300 to \$30,000 • Payment of the Board's legal and investigative cost recovery • Payment of field review cost • Restitution • Notice to clients • Board reprimand (if no suspension) • Referral or notice to appropriate law enforcement or regulatory agency 	<p>penalty to a tax client</p>
<p>Failure to provide client records upon reasonable notice and request</p>	<ul style="list-style-type: none"> • Publication of the Board's Order • License, certificate, privilege, or registration suspension for up to 2 years with reinstatement possible after serving up to 1½ years with reinstatement contingent upon: <ul style="list-style-type: none"> ➤ Filing a reinstatement application including form, fee, CPE, supporting documents, letters of recommendation, etc. ➤ Meeting the requirements established by the Board (such as restitution) ➤ Payment of a fine of \$500 to 	<ul style="list-style-type: none"> • Refused to return client records until the client paid the CPA's fees • Did not return multiple clients' records due to procrastination • Did not return client records because the client terminated the relationship and obtained a new

	<p>\$30,000</p> <ul style="list-style-type: none"> ➤ Payment of the Board’s legal and investigative costs • AICPA ethics examination with a score of 90% or better • Ethics CPE • Payment of a fine of \$500 to \$30,000 • Payment of the Board’s legal and investigative costs • Return of client records • Notice to clients • Restitution • Board reprimand (if no suspension or revocation) 	<p>CPA</p>
<p>Acts and omissions in filing an application for reinstatement or renewal of a license, certificate, or registration</p> <p>Failure to comply with a Board approved CPE waiver request</p>	<ul style="list-style-type: none"> • Publication of the Board’s Order • License, certificate, practice privilege, or registration <u>revocation</u> for up to 10 years. Must re-qualify for a license, practice privilege, or registration by meeting the then current exam, education, experience, and ethics requirements. Must serve up to 9½ years of the revocation prior to applying to take the CPA exam with application for the CPA exam contingent upon: <ul style="list-style-type: none"> ➤ Fully responding to the Board’s inquiries ➤ Meeting any other requirements established by the Board (such as restitution) ➤ Payment of a fine of \$500 to \$30,000 ➤ Payment of the Board’s legal and investigative costs ➤ Restriction on services that may be offered or provided to the public • License, certificate, practice privilege, or registration suspension for up to 3 years with reinstatement possible after serving up to 2½ years with reinstatement contingent upon: 	<ul style="list-style-type: none"> • Represented on the CPE audit form that CPE courses were obtained when evidence discloses that no or only a portion of the required CPE courses were taken • Signed the reinstatement or renewal form under the penalty of perjury that the CPE requirements were met and the individual obtained only a portion of the required hours • Signed the reinstatement or renewal form under the penalty of perjury that the CPE ethics requirements were met and the individual did not take the required ethics CPE

	<ul style="list-style-type: none"> ➤ Filing a reinstatement application including form, fee, CPE, supporting documents, letters of recommendation, etc. ➤ Meeting the requirements established by the Board (such as restitution) ➤ Payment a fine of \$500 to \$30,000 ➤ Payment of the Board’s legal and investigative cost recovery • AICPA ethics exam with a score of 90% or better • Ethics CPE • Completion of CPE deficit (CPE cannot be applied to future renewal periods) • Payment of a fine of \$500 to \$30,000 • Payment of the Board’s legal and investigative cost recovery • Board reprimand (if no suspension or revocation) 	
<p>Failed good character determination for initial licensure</p> <p>Cheating on CPA Exam</p>	<ul style="list-style-type: none"> • Publication of the Board’s Order • Grades nullified • Payment of a fine of \$500 to \$30,000 • Payment of the Board’s legal and investigative costs • Application for the CPA exam or licensure not accepted for up to 10 years and to include: <ul style="list-style-type: none"> ➤ Payment of a fine of \$500 to \$30,000 ➤ Payment of the Board’s legal and investigative costs ➤ Comply with other Board requirements (such as restitution) 	<ul style="list-style-type: none"> • The good character review was at the request of the applicant who was found guilty of a felony 3 years ago • The good character review as a result of the applicant’s disclosure that 7 years prior they failed to file an income tax return and pay their tax obligation • The good character review was the result of the prosecutor alerting the Board to the applicant’s being charged with a felony

		<ul style="list-style-type: none"> • Cheating observed by the exam proctor
<p>Use of title or holding out in public practice by a nonCPA</p>	<ul style="list-style-type: none"> • Publication of the Board's Order • Agreement to cease and desist illegal use of title • Referral or notice to appropriate law enforcement or regulatory agency • Payment of a fine of \$500 to \$30,000 • Payment of the Board's legal and investigative costs • Application for the CPA exam or licensure not accepted for up to 10 years and to include: <ul style="list-style-type: none"> ➤ Payment of a fine of \$500 to \$30,000 ➤ Payment of the Board's legal and investigative costs ➤ Comply with other Board requirements (such as restitution) 	<ul style="list-style-type: none"> • Used title after passing the exam but without a license • Used title to intentionally defraud investors

AGENCY REQUEST LEGISLATION – Z-02 1

AN ACT Relating to the Confidentiality of Accountancy Information
STATEMENT OF NEED

Certified Public Accountants in Washington State are required to keep client records and their own work products derived from client records confidential. However, when those records are provided to the Washington State Board of Accountancy as a result of an inquiry, complaint or investigation, those records become subject to the Public Disclosure Act.

There are exemptions in the Public Records Act Chapter 42.56 RCW for financial and medical records provided to other agencies such as the Department of Revenue, Department of Financial Institutions, Gambling Commission and Department of Health (to name a few), but the confidential records provided to the Board of Accountancy from a client or CPA regarding a complaint or investigation are currently available for public disclosure. A client will be less likely to complain about a CPA if they know that providing the evidence for the Board to conduct an investigation may result in their financial or medical information being made public. Likewise, CPAs will be less likely to comply and provide documents requested by the Board.

MAJOR PROVISIONS OF NEW LAW

The bill provides an exemption for these records from the Public Records Act by amending RCW 42.56.270 and RCW 18.04.405 of the Public Accountancy Act to clarify that these records remain confidential when in the possession of the Board of Accountancy.

CURRENT LAW & PRACTICE

Clients and CPAs will not be willing to provide records to the Washington State Board of Accountancy if they are concerned that those records will not remain confidential; this will impede the Board's investigation process and its duty to protect the public interest. Review of the financial records of clients of CPAs is often essential to determining whether a violation of the Public Accountancy Act has occurred.

Currently, the agency may redact only social security numbers and bank account numbers from client documents contained in completed investigation case files when they are requested per the Public Records Act.

IMPACTS

This legislation provides that the personal and financial records of CPAs and their clients will remain confidential while in the possession of the Washington State Board of Accountancy, the same as they are while in the possession of the CPAs.

OTHER GOVERNMENT AGENCIES AFFECTED: Possibly the Attorney General's Office

STAKEHOLDERS: *Pro:* The Washington Society of Certified Public Accountants: Rich Jones, President and CEO – 425-586-1124; Judy Love, Director of Advocacy – 425-586-1130; Lisa Thatcher, WSCPA Lobbyist – 253-627-0963. The Washington Association of Accountants: Jerry Miller, Legislative Committee Chair - 509-927-1040. The State Auditor's Office: Brian Sonntag, State Auditor – 360-902-0360. *Neutral:* The Attorney General's Office: Doug Walsh, Consumer Protection Division Chief – 206-464-6388 and Tim Ford, Public Records Unit – 360-586-3568.

BOA LEGISLATIVE LIAISON: Diane Bren, 360-664-9196
EXECUTIVE DIRECTOR: Richard Sweeney, 360-586-0163
ASSISTANT ATTORNEY GENERAL: Mary Tennyson, 360-753-0225

BILL REQUEST - CODE REVISER'S OFFICE

BILL REQ. #: Z-0208.2/09 2nd draft

ATTY/TYPIST: AL:seg

BRIEF DESCRIPTION: Regarding the confidentiality of accountancy information.

1 AN ACT Relating to the confidentiality of accountancy information;
2 amending RCW 18.04.405 and 42.56.270; providing an effective date; and
3 declaring an emergency.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 **Sec. 1.** RCW 18.04.405 and 2001 c 294 s 22 are each amended to read
6 as follows:

7 (1) A licensee, certificate holder, or licensed firm, or any of
8 their employees shall not disclose any confidential information
9 obtained in the course of a professional transaction except with the
10 consent of the client or former client or as disclosure may be required
11 by law, legal process, the standards of the profession, or as
12 disclosure of confidential information is permitted by RCW 18.04.350
13 ~~((+3))~~ (7) and ~~((+4))~~ (8), 18.04.295(8), 18.04.390, and this section
14 in connection with quality assurance, or peer reviews, investigations,
15 and any proceeding under chapter 34.05 RCW.

16 (2) This section shall not be construed as limiting the authority
17 of this state or of the United States or an agency of this state, the
18 board, or of the United States to subpoena and use such confidential
19 information obtained by a licensee, or any of their employees in the

1 course of a professional transaction in connection with any
2 investigation, public hearing, or other proceeding, nor shall this
3 section be construed as prohibiting a licensee or certified public
4 accountant whose professional competence has been challenged in a court
5 of law or before an administrative agency from disclosing confidential
6 information as a part of a defense to the court action or
7 administrative proceeding.

8 (3) The proceedings, records, and work papers of a review committee
9 shall be privileged and shall not be subject to discovery, subpoena, or
10 other means of legal process or introduction into evidence in any civil
11 action, arbitration, administrative proceeding, or board proceeding and
12 no member of the review committee or person who was involved in the
13 peer review process shall be permitted or required to testify in any
14 such civil action, arbitration, administrative proceeding, or board
15 proceeding as to any matter produced, presented, disclosed, or
16 discussed during or in connection with the peer review process, or as
17 to any findings, recommendations, evaluations, opinions, or other
18 actions of such committees, or any members thereof. Information,
19 documents, or records that are publicly available are not to be
20 construed as immune from discovery or use in any civil action,
21 arbitration, administrative proceeding, or board proceeding merely
22 because they were presented or considered in connection with the
23 quality assurance or peer review process.

24 (4) The financial records of clients, including asset transfer
25 documents and related legal documents prepared by those authorized to
26 practice law, the CPA's work product derived from the confidential
27 financial records of clients, tax returns, and confidential medical
28 information pertaining to the CPA or clients that are provided to the
29 board in the course of an investigation or in conjunction with an
30 application for licensure under this chapter shall not be subject to
31 disclosure under the public records act, chapter 42.56 RCW.
32 Information, documents, or records that are publicly available are not
33 to be construed as exempt from disclosure merely because they were
34 presented or considered in connection with a board investigation or
35 application to the board in conjunction with licensure.

36 **Sec. 2.** RCW 42.56.270 and 2008 c 306 s 1 are each amended to read
37 as follows:

1 The following financial, commercial, and proprietary information is
2 exempt from disclosure under this chapter:

3 (1) Valuable formulae, designs, drawings, computer source code or
4 object code, and research data obtained by any agency within five years
5 of the request for disclosure when disclosure would produce private
6 gain and public loss;

7 (2) Financial information supplied by or on behalf of a person,
8 firm, or corporation for the purpose of qualifying to submit a bid or
9 proposal for (a) a ferry system construction or repair contract as
10 required by RCW 47.60.680 through 47.60.750 or (b) highway construction
11 or improvement as required by RCW 47.28.070;

12 (3) Financial and commercial information and records supplied by
13 private persons pertaining to export services provided under chapters
14 43.163 and 53.31 RCW, and by persons pertaining to export projects
15 under RCW 43.23.035;

16 (4) Financial and commercial information and records supplied by
17 businesses or individuals during application for loans or program
18 services provided by chapters 43.325, 43.163, 43.160, 43.330, and
19 43.168 RCW, or during application for economic development loans or
20 program services provided by any local agency;

21 (5) Financial information, business plans, examination reports, and
22 any information produced or obtained in evaluating or examining a
23 business and industrial development corporation organized or seeking
24 certification under chapter 31.24 RCW;

25 (6) Financial and commercial information supplied to the state
26 investment board by any person when the information relates to the
27 investment of public trust or retirement funds and when disclosure
28 would result in loss to such funds or in private loss to the providers
29 of this information;

30 (7) Financial and valuable trade information under RCW 51.36.120;

31 (8) Financial, commercial, operations, and technical and research
32 information and data submitted to or obtained by the clean Washington
33 center in applications for, or delivery of, program services under
34 chapter 70.95H RCW;

35 (9) Financial and commercial information requested by the public
36 stadium authority from any person or organization that leases or uses
37 the stadium and exhibition center as defined in RCW 36.102.010;

1 (10)(a) Financial information, including but not limited to account
2 numbers and values, and other identification numbers supplied by or on
3 behalf of a person, firm, corporation, limited liability company,
4 partnership, or other entity related to an application for a horse
5 racing license submitted pursuant to RCW 67.16.260(1)(b), liquor
6 license, gambling license, or lottery retail license;

7 (b) Internal control documents, independent auditors' reports and
8 financial statements, and supporting documents: (i) Of house-banked
9 social card game licensees required by the gambling commission pursuant
10 to rules adopted under chapter 9.46 RCW; or (ii) submitted by tribes
11 with an approved tribal/state compact for class III gaming;

12 (11) Proprietary data, trade secrets, or other information that
13 relates to: (a) A vendor's unique methods of conducting business; (b)
14 data unique to the product or services of the vendor; or (c)
15 determining prices or rates to be charged for services, submitted by
16 any vendor to the department of social and health services for purposes
17 of the development, acquisition, or implementation of state purchased
18 health care as defined in RCW 41.05.011;

19 (12)(a) When supplied to and in the records of the department of
20 community, trade, and economic development:

21 (i) Financial and proprietary information collected from any person
22 and provided to the department of community, trade, and economic
23 development pursuant to RCW 43.330.050(8); and

24 (ii) Financial or proprietary information collected from any person
25 and provided to the department of community, trade, and economic
26 development or the office of the governor in connection with the
27 siting, recruitment, expansion, retention, or relocation of that
28 person's business and until a siting decision is made, identifying
29 information of any person supplying information under this subsection
30 and the locations being considered for siting, relocation, or expansion
31 of a business;

32 (b) When developed by the department of community, trade, and
33 economic development based on information as described in (a)(i) of
34 this subsection, any work product is not exempt from disclosure;

35 (c) For the purposes of this subsection, "siting decision" means
36 the decision to acquire or not to acquire a site;

37 (d) If there is no written contact for a period of sixty days to
38 the department of community, trade, and economic development from a

1 person connected with siting, recruitment, expansion, retention, or
2 relocation of that person's business, information described in (a)(ii)
3 of this subsection will be available to the public under this chapter;

4 (13) Financial and proprietary information submitted to or obtained
5 by the department of ecology or the authority created under chapter
6 70.95N RCW to implement chapter 70.95N RCW;

7 (14) Financial, commercial, operations, and technical and research
8 information and data submitted to or obtained by the life sciences
9 discovery fund authority in applications for, or delivery of, grants
10 under chapter 43.350 RCW, to the extent that such information, if
11 revealed, would reasonably be expected to result in private loss to the
12 providers of this information;

13 (15) Financial and commercial information provided as evidence to
14 the department of licensing as required by RCW 19.112.110 or
15 19.112.120, except information disclosed in aggregate form that does
16 not permit the identification of information related to individual fuel
17 licensees;

18 (16) Any production records, mineral assessments, and trade secrets
19 submitted by a permit holder, mine operator, or landowner to the
20 department of natural resources under RCW 78.44.085;

21 (17)(a) Farm plans developed by conservation districts, unless
22 permission to release the farm plan is granted by the landowner or
23 operator who requested the plan, or the farm plan is used for the
24 application or issuance of a permit;

25 (b) Farm plans developed under chapter 90.48 RCW and not under the
26 federal clean water act, 33 U.S.C. Sec. 1251 et seq., are subject to
27 RCW 42.56.610 and 90.64.190;

28 (18) Financial, commercial, operations, and technical and research
29 information and data submitted to or obtained by a health sciences and
30 services authority in applications for, or delivery of, grants under
31 RCW 35.104.010 through 35.104.060, to the extent that such information,
32 if revealed, would reasonably be expected to result in private loss to
33 providers of this information; ~~((and))~~

34 (19) Information gathered under chapter 19.85 RCW or RCW 34.05.328
35 that can be identified to a particular business; and

36 (20) Financial information required to be held confidential by a
37 licensee under chapter 18.04 RCW including, but not limited to, account
38 numbers and values, federal income tax returns, financial statements,

1 other identification numbers, asset transfer documents and related
2 legal documents prepared by those authorized to practice law,
3 proprietary information protected by federal and state law, and
4 confidential medical information supplied by or on behalf of a licensee
5 or the client of a licensee regarding an inquiry by the board of
6 accountancy or an application for licensure under chapter 18.04 RCW.

7 NEW SECTION. **Sec. 3.** If any provision of this act or its
8 application to any person or circumstance is held invalid, the
9 remainder of the act or the application of the provision to other
10 persons or circumstances is not affected.

11 NEW SECTION. **Sec. 4.** This act is necessary for the immediate
12 preservation of the public peace, health, or safety, or support of the
13 state government and its existing public institutions, and takes effect
14 June 1, 2009.

--- END ---

AGENCY REQUEST LEGISLATION – Z-0210.1

AN ACT Relating to Prohibited Practices in Accountancy.**STATEMENT OF NEED**

In 2008, RCW 18.04.195 and 18.04.345 were both amended by SSB 6604.

Per RCW 18.04.025, 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 "audit reports," "review reports," or "compilation reports" on financial statements, or one or more kinds of management advisory, or consulting services, or the preparation of tax returns, or the furnishing of advice on tax matters.

RCW 18.04.345(3) currently states that no firm with an office in this state may practice public accounting in this state unless the firm is licensed under RCW 18.04.195. RCW 18.04.195 requires a firm with an office in this state to be licensed if it uses the title CPA or certified public accountants, or it performs or offers to perform attest or compilation services. Firms with an office in this state that are providing tax services only, which falls within the definition of the practice of public accounting, would be prohibited from providing those services without a CPA firm license in the current version of RCW 18.04.345(3). This is in conflict with RCW 18.04.195, because RCW 18.04.195 only requires the firm to be licensed if it uses the title CPA or offers attest or compilation services. This bill provides a technical correction for this conflict.

MAJOR PROVISIONS OF NEW LAW

Revises RCW 18.04.345(3) so that the prohibited practice for a firm with an office in this state performing or offering to perform attest or compilation services as defined in RCW 18.04.025 without a firm license is aligned with the requirements for a firm license in RCW 18.04.195. Without this change, a firm with an office in this state (not using the title CPA) practicing public accounting without a firm license is in violation since the practice of public accounting is much broader than performing attest or compilation services. Retroactivity is requested to avoid this being a violation.

CURRENT LAW & PRACTICE

The Board requires firms to be licensed per RCW 18.04.195 requirements. RCW 18.04.345(3) makes it a violation for a CPA (not utilizing the title) to have a tax practice in this state without a firm license.

IMPACTS

Allows the agency to consider a firm in violation of the Public Accountancy Act if the firm is not licensed per RCW 18.04.195.

OTHER GOVERNMENT AGENCIES AFFECTED: None.

STAKEHOLDERS: The Washington Society of Certified Public Accountants agrees with the proposal. Rich Jones, President and CEO – 425-586-1124; Judy Love, Director of Advocacy – 425-586-1130; Lisa Thatcher, WSCPA Lobbyist – 253-627-0963. The Washington Association of Accountants agrees also. Jerry Miller, Legislative Committee Chair - 509-927-1040.

BOA LEGISLATIVE LIAISON: Diane Bren, 360-664-9196
EXECUTIVE DIRECTOR: Richard Sweeney, 360-586-0163
ASSISTANT ATTORNEY GENERAL: Mary Tennyson, 360-753-0225

BILL REQUEST - CODE REVISER'S OFFICE

BILL REQ. #: Z-0210.1/09

ATTY/TYPIST: AL:seg

BRIEF DESCRIPTION: Regarding prohibited practices in accountancy.

1 AN ACT Relating to prohibited practices in accountancy; amending
2 RCW 18.04.345; creating a new section; and declaring an emergency.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 **Sec. 1.** RCW 18.04.345 and 2008 c 16 s 5 are each amended to read
5 as follows:

6 (1) No individual may assume or use the designation "certified
7 public accountant-inactive" or "CPA-inactive" or any other title,
8 designation, words, letters, abbreviation, sign, card, or device
9 tending to indicate that the individual is a certified public
10 accountant-inactive or CPA-inactive unless the individual holds a
11 certificate. Individuals holding only a certificate may not practice
12 public accounting.

13 (2) No individual may hold himself or herself out to the public or
14 assume or use the designation "certified public accountant" or "CPA" or
15 any other title, designation, words, letters, abbreviation, sign, card,
16 or device tending to indicate that the individual is a certified public
17 accountant or CPA unless the individual qualifies for the privileges
18 authorized by RCW 18.04.350(2) or holds a license under RCW 18.04.105
19 and 18.04.215.

1 (3) No firm with an office in this state may (~~practice public~~
2 ~~accounting in this state~~) perform or offer to perform attest services
3 as defined in RCW 18.04.025(1) or compilation services as defined in
4 RCW 18.04.025(6) or assume or use the designation "certified public
5 accountant" or "CPA" or any other title, designation, words, letters,
6 abbreviation, sign, card, or device tending to indicate that the firm
7 is composed of certified public accountants or CPAs, unless the firm is
8 licensed under RCW 18.04.195 and all offices of the firm in this state
9 are maintained and registered under RCW 18.04.205.

10 (4) No firm may perform the services defined in RCW 18.04.025(1)
11 (a), (c), or (d) for a client with its home office in this state unless
12 the firm is licensed under RCW 18.04.195, renews the firm license as
13 required under RCW 18.04.215, and all offices of the firm in this state
14 are maintained and registered under RCW 18.04.205.

15 (5) No individual, partnership, limited liability company, or
16 corporation offering public accounting services to the public may hold
17 himself, herself, or itself out to the public, or assume or use along,
18 or in connection with his, hers, or its name, or any other name the
19 title or designation "certified accountant," "chartered accountant,"
20 "licensed accountant," "licensed public accountant," "public
21 accountant," or any other title or designation likely to be confused
22 with "certified public accountant" or any of the abbreviations "CA,"
23 "LA," "LPA," or "PA," or similar abbreviations likely to be confused
24 with "CPA."

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

28 (7) No individual with an office in this state may sign, affix, or
29 associate his or her name or any trade or assumed name used by the
30 individual in his or her business to any report prescribed by
31 professional standards unless the individual holds a license to
32 practice under RCW 18.04.105 and 18.04.215, a firm holds a license
33 under RCW 18.04.195, and all of the individual's offices in this state
34 are registered under RCW 18.04.205.

35 (8) No individual licensed in another state may sign, affix, or
36 associate a firm name to any report prescribed by professional
37 standards, or associate a firm name in conjunction with the title
38 certified public accountant, unless the individual:

1 (a) Qualifies for the practice privileges authorized by RCW
2 18.04.350(2); or

3 (b) Is licensed under RCW 18.04.105 and 18.04.215, and all of the
4 individual's offices in this state are maintained and registered under
5 RCW 18.04.205.

6 (9) No individual, partnership, limited liability company, or
7 corporation not holding a license to practice under RCW 18.04.105 and
8 18.04.215, or firm not licensed under RCW 18.04.195 or firm not
9 registering all of the firm's offices in this state under RCW
10 18.04.205, or not qualified for the practice privileges authorized by
11 RCW 18.04.350(2), may hold himself, herself, or itself out to the
12 public as an "auditor" with or without any other description or
13 designation by use of such word on any sign, card, letterhead, or in
14 any advertisement or directory.

15 (10) For purposes of this section, because individuals practicing
16 using practice privileges under RCW 18.04.350(2) are deemed
17 substantially equivalent to licensees under RCW 18.04.105 and
18 18.04.215, every word, term, or reference that includes the latter
19 shall be deemed to include the former, provided the conditions of such
20 practice privilege, as set forth in RCW 18.04.350 (4) and (5) are
21 maintained.

22 (11) Notwithstanding anything to the contrary in this section, it
23 is not a violation of this section for a firm that does not hold a
24 valid license under RCW 18.04.195 and that does not have an office in
25 this state to provide its professional services in this state so long
26 as it complies with the requirements of RCW 18.04.195(1)(b).

27 NEW SECTION. **Sec. 2.** If any provision of this act or its
28 application to any person or circumstance is held invalid, the
29 remainder of the act or the application of the provision to other
30 persons or circumstances is not affected.

31 NEW SECTION. **Sec. 3.** This act is necessary for the immediate
32 preservation of the public peace, health, or safety, or support of the
33 state government and its existing public institutions, and takes effect
34 immediately.

1 NEW SECTION. Sec. 4. This act applies retroactively to June 12,
2 2008, as well as prospectively.

--- END ---

Summary QAR Statistics – 2008 Cycle As of October 17, 2008

2008 QAR Statistics

Total Licensed Firms (at January 1, 2008)	1,928	
Firms in 2008 QAR Cycle (543 Less 21 Deleted)	522	27.07%

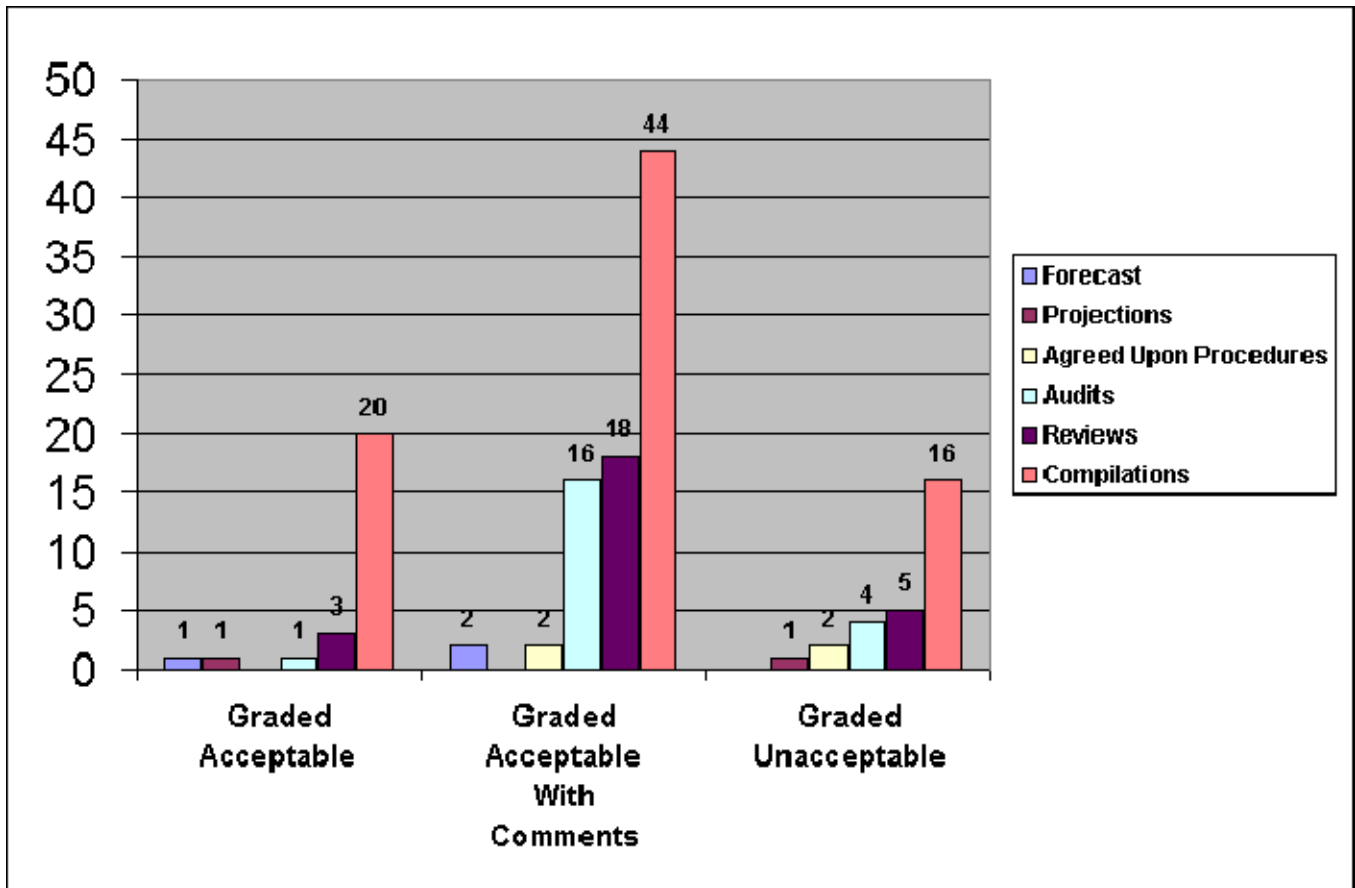
Summary – Firms In 2008 Cycle

➤ Firms Requesting Peer Review Exemption	181	34.68%
➤ Firms Requesting Limited Scope Exemption	212	40.61%
➤ Firms Submitting Reports For Review **	129	24.71%
Total	522	100.00%

** Note: Seven firms submitted 2 reports for review – total reports submitted 129 +7=136

Total Reports Submitted For Review

All Reports (136)	Forecasts	Projections	AUP	Audits	Reviews	Compilations	Total	Percent
Graded Acceptable	1	1			1	3	26	19.12%
Graded Acceptable With Comments	2		2	16	18	44	82	60.29%
Graded Unacceptable		1	2	4	5	16	28	20.59%
Total	3	2	4	21	26	80	136	100.00%



QAR Statistics - 2008 Cycle								
Grades Issued By Type of Firm								
	Acceptable		Comments		Unacceptable		Total	
	Count	%	Count	%	Count	%	Count	%
P.S. Corporation	11	18.0%	38	62.3%	12	19.7%	61	100.0%
Limited Liability Company	5	22.7%	13	59.1%	4	18.2%	22	100.0%
Limited Liability Partnership	0	0.0%	1	100.0%	0	0.0%	1	100.0%
Partnership	1	100.0%	0	0.0%	0	0.0%	1	100.0%
Sole Proprietorship	9	17.6%	30	58.8%	12	23.5%	51	100.0%
Totals	26		82		28		136	

2007 QAR Cycle - Three Year Rotation Report Submission Grade Analysis

	2007		2004		2001	
Graded Acceptable	24	16.55%	24	15.29%	30	17.65%
Graded Acceptable With Comments	78	53.79%	89	56.69%	86	50.59%
Graded Unacceptable	43	29.66%	44	28.03%	54	31.76%
Total	145	100.00%	157	100.00%	170	100.00%

