

SUMMARY

Substitute Senate Bill 6604 requires the Board to modify the majority of its rules for language to:

- Include out-of-state individuals and firms and the employees of those persons
- Remove references to practice privileges as it currently exists and expand or modify consistent with SSB 6604 because notification, fee, and discipline no longer applies
- Remove references to agency practice of issuing notifications on January 1
- Remove references to the exclusion of out-of-state sole practicing CPAs from the licensing requirements because this reference is UNNECESSARY AND DELETED (current WACs ...745, 746,756, 782, 791, 792, 793, and 795)
- Make ethics and prohibited practices found in board rules 610-670 applicable to all persons because the definition of licensee, includes persons exercising practice privileges.
- Repeal current WAC ...756 because “entering the state” and notification for “practice privileges” is UNNECESSARY;
- Replace current WAC ...756 with a proposed rule summarizing the practice privileges requirements of SSB 6604;
- Remove reference in the licensure rules that “notices will be mailed ... on January 1... is recommended to be removed from all rules since this is an agency policy issue not a requirement of regulated persons.
- Clarify that the validation of license status or status as a CPA-Inactive certificateholder, or resident nonlicensee firm owner occurs at the time the license number is entered into the Board’s licensee database and available for public confirmation.

Chapter 4-25 WAC GENERAL PROVISIONS

AUTHORITY

WAC 4-25-400 What is the authority for and the purpose of the board's rules? The Public Accountancy Act (act), chapter 18.04 RCW, establishes the board as the licensing and disciplinary agency for certified public accountants (CPA), CPA-Inactive certificateholders, CPA firms, and owners of CPA firms. The act authorizes the board to promulgate rules to carry out the purpose of the act, which include:

- Protecting the public interest;
- Enhancing the reliability of information used for guidance in financial transactions or for accounting for or assessing financial status or performance;
- Establishing one set of qualifications to be a licensee of this state;
- Assuring that CPAs practicing in Washington have substantially equivalent qualifications to those practicing in other states;
- Assuring that CPAs from other states granted practice privilegesreciprocal licenses in Washington have substantially equivalent qualifications to Washington licensees;
- Regulating ownership of CPA firms;
- Publishing consumer alerts and public protection information regarding persons and firms who violate the act or board rules; and
- Providing general consumer protection information to the public.

The board's rules, contained in chapter 4-25 WAC, encompass these subjects:

- Definitions;
- Administration of the board;
- Ethics and prohibited practices;
- Entry and renewal requirements;
- Continuing competency; and
- Regulation and enforcement.

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- Definitions;
- Administration of the board;
- Ethics and prohibited practices;
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- Regulation and enforcement.

DEFINITIONS

WAC 4-25-410 Definitions. For purposes of these rules the following terms have the meanings indicated unless a different meaning is otherwise clearly provided in these rules:

- (1) **"Act"** means the Public Accountancy Act codified as chapter 18.04 RCW.
- (2) **"Active individual participant"** means an natural person ~~individual~~ whose primary occupation is at the firm or affiliated entity's business. An individual whose primary source of income from the business entity is provided as a result of passive investment is not an active individual participant.
- (3) **"Affiliated entity"** means any entity, entities or persons that directly or indirectly through one or more relationships influences or controls, is influenced or controlled by, or is under common influence or control with other entities or persons. This definition includes, but is not limited to, parents, subsidiaries, investors or investees, coinvestors, dual employment or management in joint ventures or brother-sister entities.
- (4) **"Applicant"** means an individual who has applied:
 - (a) To take the national Uniform CPA exam ~~Examination~~
 - (b) For an CPA-initial individual license, an CPA-initial firm license, or initial registration as a resident nonlicensee owner, ~~or practice privileges~~;
 - (c) To renew an CPA-individual license, a CPA-Inactive certificate, a CPA-firm license, or registration as a resident nonlicensee firm owner;
 - (d) To reinstate an individual ~~CPA~~-license, a CPA-Inactive certificate, ~~or~~ registration as a resident nonlicensee firm owner, or practice privileges.
- (5) **"Attest services"** ~~DELETED; INCLUDED IN RCW (SSB 6604 AMENDMENTS) are-~~ services performed by a licensee in accordance with:
 - ~~(a) Statements on Auditing Standards and related Auditing Interpretations issued by the American Institute of Certified Public Accountants (AICPA);~~
 - ~~(b) Statements on Standards for Accounting and Review Services and related Accounting and Review Services Interpretations issued by the AICPA;~~
 - ~~(c) Statements on Standards for Attestation Engagements and related Attestation Engagements Interpretations issued by the AICPA; or~~
 - ~~(d) Auditing standards issued by the Public Company Accounting Oversight Board (PCAOB).~~
- (6) **"Audit," "review," and "compilation"** are terms reserved for use by licensees, as defined in subsection (24) of this section ~~and individuals granted practice privileges under the act.~~
- (7) **"Board"** means the board of accountancy created by RCW 18.04.035.
- (8) **"Certificate"** means a certificate as a CPA-Inactive issued in the state of Washington prior to July 1, 2001, as authorized by the act, unless otherwise defined in rule.
- (9) **"Certificateholder"** means the holder of a valid CPA-Inactive certificate where the individual is not a licensee and is prohibited from practicing public accounting.
- (10) **"Client"** means the person or entity that retains a CPA firm, a CPA, the CPA's firm, or a firm owner, a licensee, as defined subsection (24) of this section, a CPA-Inactive certificateholder, a

~~nonlicensee firm owner of a licensed firm, or -an entity affiliated with a licensed firm entity, or the owner of an affiliated entity to perform professional services~~ through other than an employer/employee relationship.

(~~11~~10) "**Commissions and referral fees**" are compensation arrangements where:

(a) The primary contractual relationship for the product or service is not between the client and the ~~CPA firm, the CPA, the CPA's firm, or a firm owner~~ licensee, as defined in subsection (24) of this section, CPA-Inactive certificateholder, nonlicensee firm owner of a licensed firm, or a person affiliated with a licensed firm;

(b) ~~The CPA firm, the CPA, the CPA's firm, or a firm owner is~~ Such persons are not primarily responsible to the client for the performance or reliability of the product or service;

(c) ~~The CPA firm, the CPA, the CPA's firm, or a firm owner~~ Such persons adds no significant value to the product or service; or

(d) A third party instead of the client pays the persons ~~CPA firm, the CPA, the CPA's firm, or a firm owner~~ for the products or services.

(~~12~~11) "**Contingent fees**" are fees established for the performance of any service pursuant to an arrangement in which no fee will be charged unless a specified finding or result is attained, or in which the amount of the fee is otherwise dependent upon the finding or result of such service.

(~~13~~12) "**CPA**" or "**certified public accountant**" means an ~~person individual~~ holding a ~~CPA~~ license to practice public accounting under 18.04 RCW or recognized by the board in the state of Washington, including a person ~~granted-exercising~~ practice privileges pursuant to RCW 18.04.350(2).

(~~14~~13) "**CPA-Inactive**" means an ~~natural person individual~~ holding a CPA-Inactive certificate recognized in the state of Washington. An individual holding a CPA-Inactive certificate is prohibited from practicing public accounting and may only use the CPA-Inactive title if they are not offering accounting, tax, tax consulting, management advisory, or similar services to the public.

(~~15~~14) "**CPE**" means continuing professional education.

(~~16~~) "**Entering the state**" ~~DELETED DUE TO SSB 6604 means an individual is practicing public accounting in the state of Washington and that individual spends more than ten percent of his or her total work hours on activities conducted within the state of Washington, maintains an office or workstation in the state of Washington or advertises to provide his or her services within the state of Washington.~~

(~~17~~15) "**Firm**" means a sole proprietorship, a corporation, or a partnership. "Firm" also means a limited liability company or partnership formed under chapter 25.15 RCW and 18.100 RCW and a professional service corporation formed under 23B.02 RCW and 18.100 RCW.

(~~18~~16) "**Generally accepted accounting principles**" (GAAP) is an accounting term that encompasses the conventions, rules, and procedures necessary to define accepted accounting practice at a particular time. It includes not only broad guidelines of general application, but also detailed practices and procedures. Those conventions, rules, and procedures provide a standard by which to measure financial presentations.

(~~19~~17) "**Generally accepted auditing standards**" (GAAS) are guidelines and procedures, promulgated by the AICPA, for conducting individual audits of historical financial statements.

(~~20~~18) "**Holding out**" means any representation to the public by the use of restricted titles as set forth in RCW 18.04.345 by a person ~~or firm~~ that the person ~~or firm~~ holds a license or practice privileges under the act and that the person ~~or firm~~ offers to perform any professional services to the public ~~as a licensee~~. "Holding out" shall not affect or limit a person ~~or firm~~ not required to hold a license under the act from engaging in practices identified in RCW 18.04.350.

(~~21~~19) "**Inactive**" means the ~~person individual~~ held a valid certificate on June 30, 2001, has not met the current requirements of licensure and has been granted CPA-Inactive certificateholder status through the renewal process established by the board. A CPA-Inactive may not practice public accounting nor may the individual use the CPA-Inactive title if they are offering accounting, tax, tax consulting, management advisory, or similar services to the public.

(2220) "**Independence**" means an absence of relationships that impair a licensee's impartiality and objectivity in rendering attest services.

(2321) "**Interactive self-study program**" means a CPE program that provides feedback throughout the course.

(2422) "**IRS**" means Internal Revenue Service.

(2523) "**License**" means a license to practice public ~~accountancy~~ accounting issued to an individual or a firm under the act or the act of another state.

(2624) "**Licensee**" means an individual or firm holding a valid license to practice public ~~accountancy~~ accounting issued under the act, including out-of state individuals qualifying for practice privileges in this state under RCW18.04.350(2) and out-of-state firms permitted to offer or render certain professional services in this state under the conditions prescribed in RCW 18.04.195(1)(b).

(2725) "**Manager**" means a manager of a limited liability company licensed as a firm under the act.

(2826) "**NASBA**" means the National Association of State Boards of Accountancy.

(29) "~~Natural person~~ **DELETED** means a living, human being.

(3027) "**Nonlicensee firm owner**" means an individual, not licensed in any state to practice public accounting, who holds an ownership interest in a ~~CPA~~ firm permitted to practice public accounting in this state ~~owner who is not licensed in any state to practice public accountancy~~.

(3128) "**PCAOB**" means Public Company Accounting Oversight Board.

(3229) "**Peer review**" means a study, appraisal, or review of one or more aspects of the attest work of a licensee or licensed firm in the practice of public ~~accountancy~~ accounting, by a person or persons who hold licenses and who are not affiliated with the person or firm being reviewed, including a peer review, or any internal review or inspection intended to comply with quality **control policies** and procedures, but not including the "quality assurance review" under ~~RCW 18.04.025(14)~~ subsection (33) of this section.

(3330) "**Practice privileges**" means ~~an individual or firm~~ a person:

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

(3431) "**Principal place of business**" means a single fixed location designated by the individual from which the individual directs, controls, and coordinates the majority of his or her business activities.

(3532) "**Public practice**" or the "**practice of public accounting**" means performing or offering to perform by a person or firm holding itself out to the public as a licensee, or as an individual holding practice privileges, for a client or potential client, one or more kinds of services involving the use of accounting or auditing skills, including the issuance of "audit reports," "review reports," or "compilation reports" on financial statements, or one or more kinds of management advisory, or consulting services, or the preparation of tax returns, or the furnishing of advice on tax matters. The "practice of public accounting" shall not include practices that are permitted under the provisions of

RCW 18.04.350(6) by persons or firms not required to be licensed under the act.

(3633) "**Quality assurance review or QAR**" is the process, established by and conducted at the direction of the board, of study, appraisal, or review of one or more aspects of the attest or compilation work of a licensee or licensed firm in the practice of public ~~accountancy~~ accounting, by a person or persons who hold licenses and who are not affiliated with the person or firm being reviewed.

(3734) "**Reciprocity**" means board recognition of licenses, permits, certificates or other public accounting credentials of another jurisdiction that the board will rely upon in full or partial satisfaction of licensing requirements.

(3835) "**Referral fees**" see definition of "commissions and referral fees" in subsection (11) of this section.

(3936) "**Reports on financial statements**" means any reports or opinions prepared by licensees, based on services performed in accordance with generally accepted auditing standards, standards for attestation engagements, or standards for accounting and review services, as to whether the presentation of information used for guidance in financial transactions or for accounting for or assessing the status or performance of an entity, whether public, private, or governmental, conforms with generally accepted accounting principles or an "other comprehensive basis of accounting," or the presentation and disclosure requirements of other professional standards. **EXPANDED TO INCLUDE OTHER ATTESTATION STANDARDS** "Reports on financial statements" does not include services referenced in RCW 18.04.350(~~6~~)(10) provided by persons not holding a license under the act.

(4037) "**Representing oneself**" for the purposes of RCW 18.04.295(2) ~~and WAC 4-25-910(3)~~, means having a license, practice privilege, certificate or registration that entitles the holder to use the title "CPA," "CPA-Inactive," or be a nonlicensee firm owner.

(4138) "**Rules of professional conduct**" means rules adopted by the board to govern the conduct of ~~CPAs and CPA firms~~ licensees, as defined in subsection (24) of this section, while representing themselves to others as CPAs licensees. These rules also govern the conduct of CPA-Inactive certificateholders, nonlicensee firm owners, and persons granted practice privileges pursuant to RCW 18.04.350(2).

(4239) "**SEC**" means the Securities and Exchange Commission.

(4340) "**State**" includes the states and territories of the United States, including the District of Columbia, Puerto Rico, Guam, ~~and the United States Virgin Islands~~, and the Commonwealth of the Northern Mariana Islands at such time as the board determines that the Commonwealth of the Northern Mariana islands is issuing licenses under the substantially equivalent standards of RCW 18.04.350(2)(a).

(4441) "**Statements on auditing standards (SAS)**" are interpretations of the generally accepted auditing standards and are issued by the Auditing Standards Board of the AICPA.

(4542) "**Statements on standards for accounting and review services (SSARS)**" are standards, promulgated by the AICPA, to give guidance to licensees who are associated with the financial statements of nonpublic companies and issue compilation or review reports.

(4643) "**Statements on standards for attestation engagements (SSAE)**" are standards, promulgated by the AICPA, for use by licensees in attesting to assertions involving matters other than historical financial statements and for which no other standards exist.

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

(3) "**Affiliated entity**" means any entity, entities or persons that directly or indirectly through

one or more relationships influences or controls, is influenced or controlled by, or is under common influence or control with other entities or persons. This definition includes, but is not limited to, parents, subsidiaries, investors or investees, coinvestors, dual employment or management in joint ventures or brother-sister entities.

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

(a) To take the national Uniform CPA Examination

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

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

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

(5) "**Audit**," "**review**," and "**compilation**" are terms reserved for use by licensees, as defined in subsection (24) of this section.

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

(7) "**Certificate**" means a certificate as a CPA-Inactive issued in the state of Washington prior to July 1, 2001, as authorized by the act, unless otherwise defined in rule.

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

(9) "**Client**" means the person or entity that retains a licensee, as defined subsection (24) of this section, a CPA-Inactive certificateholder, a nonlicensee firm owner of a licensed firm, or an entity affiliated with a licensed firm, to perform professional services through other than an employer/employee relationship.

(10) "**Commissions and referral fees**" are compensation arrangements where:

(a) The primary contractual relationship for the product or service is not between the client and the licensee, as defined in subsection (24) of this section, CPA-Inactive certificateholder, nonlicensee firm owner of a licensed firm, or a person affiliated with a licensed firm;

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

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

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

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

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

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

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

(15) "**Firm**" means a sole proprietorship, a corporation, or a partnership. "Firm" also means a limited liability company or partnership formed under chapter 25.15 RCW and 18.100 RCW and a professional service corporation formed under 23B.02 RCW and 18.100 RCW.

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

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

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

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

(20) "**Independence**" means an absence of relationships that impair a licensee's impartiality and objectivity in rendering attest services.

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

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

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

(24) "**Licensee**" means an individual or firm holding a valid license to practice public accounting issued under the act, including out-of state individuals qualifying for practice privileges in this state under RCW18.04.350(2) and out-of-state firms permitted to offer or render certain professional services in this state under the conditions prescribed in RCW 18.04.195(1)(b).

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

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

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

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

(29) "**Peer review**" means a study, appraisal, or review of one or more aspects of the attest work of a licensee or licensed firm in the practice of public accounting, by a person or persons who hold licenses and who are not affiliated with the person or firm being reviewed, including a peer review, or any internal review or inspection intended to comply with quality **control policies** and procedures, but not including the "quality assurance review" under subsection (33) of this section.

(30) "**Practice privileges**" means a person:

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

(31) "**Principal place of business**" means a single fixed location designated by the individual

from which the individual directs, controls, and coordinates the majority of his or her business activities.

(32) **"Public practice"** or the **"practice of public accounting"** means performing or offering to perform by a person or firm holding itself out to the public as a licensee, or as an individual holding practice privileges, for a client or potential client, one or more kinds of services involving the use of accounting or auditing skills, including the issuance of "audit reports," "review reports," or "compilation reports" on financial statements, or one or more kinds of management advisory, or consulting services, or the preparation of tax returns, or the furnishing of advice on tax matters. The "practice of public accounting" shall not include practices that are permitted under the provisions of RCW 18.04.350(6) by persons or firms not required to be licensed under the act.

(33) **"Quality assurance review or QAR"** is the process, established by and conducted at the direction of the board, of study, appraisal, or review of one or more aspects of the attest or compilation work of a licensee or licensed firm in the practice of public accounting, by a person or persons who hold licenses and who are not affiliated with the person or firm being reviewed.

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(37) **"Representing oneself"** for the purposes of RCW 18.04.295(2) means having a license, practice privilege, certificate or registration that entitles the holder to use the title "CPA," "CPA-Inactive," or be a nonlicensee firm owner.

(38) **"Rules of professional conduct"** means rules adopted by the board to govern the conduct of licensees, as defined in subsection (24) of this section, while representing themselves to others as licensees. These rules also govern the conduct of CPA-Inactive certificateholders, nonlicensee firm owners, and persons granted practice privileges pursuant to RCW 18.04.350(2).

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

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

(41) **"Statements on auditing standards (SAS)"** are interpretations of the generally accepted auditing standards and are issued by the Auditing Standards Board of the AICPA.

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

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

ADMINISTRATION

WAC 4-25-520 What public records does the board maintain? The board maintains the following public records:

- (1) A data base of licensees, certificateholders and individuals granted practice privileges;
- (2) A data base of CPA examination candidates;
- (3) A data base of registered resident nonlicensee firm owners;
- (4) Board orders;
- (5) Board meeting minutes;
- (6) Board policies;
- (7) Board rules-making files; and
- (8) Documents dealing with the regulatory, supervisory, and enforcement responsibilities of the

board.

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- (6) Board policies;
- (7) Board rule-making files; and
- (8) Documents dealing with the regulatory, supervisory, and enforcement responsibilities of the

board.

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

- [711 S Capitol Way, Suite 400, Olympia, WA 98501 \(physical address\)](#)
- P.O. Box 9131, Olympia, Washington 98507-9131 (mailing address);
- 360/753-2586 (telephone);
- 360/664-9190 (fax);
- 800/833-6388 (TT service);
- 800/833-6385 (Telebraille services);
- webmastercustomerservice@cpaboard.wa.gov (e-mail address); and
- www.cpaboard.wa.gov (website address).

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

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

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

For certain types of decisions, the board has adopted an appeal process authorized by RCW 34.05.482 through 34.05.494 which is called a brief adjudicative proceeding. Decisions to which this appeal process will be applied are: **INSERT: "STAFF" TO CLARIFY FOR STAFF THAT THEY MAKE THIS DETERMINATION AS SET FORTH THE REFERENCE IN SECOND PARAGRAPH.**

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

To appeal a decision you must submit your request for a brief adjudicative proceeding, **in writing**, to the board **within thirty days** after the decision by board staff is posted in the U.S. mail. The presiding officer for the brief adjudicative proceedings is the executive director, or designee. After consulting with a board member, the executive director, or designee, renders a decision either upholding or overturning the decision by board staff. This decision, called an order, is mailed to you.

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

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

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

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

default on a federally or state-guaranteed student loan or service conditional scholarship.

To appeal a decision you must submit your request for a brief adjudicative proceeding, **in writing**, to the board **within thirty days** after the decision by board staff is posted in the U.S. mail. The presiding officer for the brief adjudicative proceedings is the executive director, or designee. After consulting with a board member, the executive director, or designee, renders a decision either upholding or overturning the decision by board staff. This decision, called an order, is mailed to you.

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

WAC 4-25-550 Do I need to notify the board if I change my address? Yes. All individuals licensed in this state CPAs, CPA-Inactive certificateholders, CPA firms licensed in this state~~with the board~~, individuals registered with the board as resident nonlicensee firm owners, and applicants must notify the board **in writing** within thirty days of any change of address. Firms licensed in this state must notify the board of any opening, closing, or relocation of the main office or a branch office in this state.

WAC 4-25-550 Do I need to notify the board if I change my address? Yes. All individuals licensed in this state, CPA-Inactive certificateholders, CPA firms licensed in this state, individuals registered with the board as resident nonlicensee firm owners, and applicants must notify the board **in writing** within thirty days of any change of address. Firms licensed in this state must notify the board of any opening, closing, or relocation of the main office or a branch office in this state.

WAC 4-25-551 Must I respond to inquiries from the board? Yes. All CPAs licensees, including out-of state individuals qualifying for practice privileges in this state under RCW18.04.350(2) and out-of-state firms permitted to offer or render certain professional services in this state under the conditions prescribed in RCW 18.04.195(1)(b), CPA-Inactive certificateholders, CPA firms licensed with the board, individuals registered with the board as resident nonlicensee firm owners, and applicants must respond, **in writing**, to board communications requesting a response. Your response must be made within **twenty days of the date** the board's communication is posted in the U.S. mail. Communications from the board to you are directed to the last address you furnished the board.

WAC 4-25-551 Must I respond to inquiries from the board? Yes. All licensees, including out-of state individuals qualifying for practice privileges in this state under RCW18.04.350(2) and out-of-state firms permitted to offer or render certain professional services in this state under the conditions prescribed in RCW 18.04.195(1)(b), CPA-Inactive certificateholders, nonlicensee firm owners, and applicants must respond, **in writing**, to board communications requesting a response. Your response must be made within **twenty days of the date** the board's communication is posted in the U.S. mail. Communications from the board to you are directed to the last address you furnished the board.

ETHICS AND PROHIBITED PRACTICES

WAC 4-25-610 Which rules govern the conduct of CPAs, CPA-Inactive certificateholders, CPA firms, and firm owners? The rules that govern the conduct of CPAs, CPA-Inactive certificateholders, CPA firms, and firm owners are as follows:

(1) **Professional judgment** - In carrying out their responsibilities, a person representing oneself as a CPA licensee, CPA-Inactive certificateholder, or nonlicensee firm owner, and/or using the CPA or CPA-Inactive title, ~~CPA firms, and firm owners~~ and employees of such persons must exercise professional judgment in all their activities.

(2) **The public interest** - A person representing oneself as a, or including employees of such persons, and/or CPA licensee, CPA-Inactive certificateholder, or nonlicensee firm owner, and/or using the CPA or CPA-Inactive title, ~~CPA firms, and firm owners~~ and employees of such persons must accept the obligation to act in a way that will serve the public interest, honor the public trust, and demonstrate commitment to professionalism.

(3) **Integrity** - To maintain and broaden public confidence a person representing oneself as a CPA licensee, CPA-Inactive certificateholder, or nonlicensee firm owner, and/or using the CPA or CPA-Inactive title, ~~CPA firms, and firm owners~~ and employees of such persons must perform all professional responsibilities with the highest sense of honesty.

(4) **Objectivity** - Objectivity is to be maintained by a person representing oneself as a CPA licensee, CPA-Inactive certificateholder, or nonlicensee firm owner, and/or using the CPA or CPA-Inactive title, ~~CPA firms, and firm owners~~ and employees of such persons. Specifically, ~~a such~~ persons representing oneself as a CPA, CPA-Inactive, or using the CPA or CPA-Inactive title, CPA firms, and firm owners must:

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

(5) **Due care** - A person representing oneself as a CPA licensee, CPA-Inactive certificateholder, or nonlicensee firm owner and/or using the CPA or CPA-Inactive title, ~~CPA firms, and firm owners~~ and employees of such persons must comply with federal and state laws and the profession's technical and ethical standards, maintain competence and strive to improve the quality of services, and discharge professional responsibility to the best of the person's or the firm's ability.

WAC 4-25-610 Which rules govern the conduct of CPAs, CPA-Inactive certificateholders, CPA firms, and firm owners? The rules that govern the conduct of CPAs, CPA-Inactive certificateholders, CPA firms, and firm owners are as follows:

(1) **Professional judgment** - In carrying out their responsibilities, a person representing oneself as a licensee, CPA-Inactive certificateholder, or nonlicensee firm owner, and/or using the CPA or CPA-Inactive title, and employees of such persons must exercise professional judgment in all their activities.

(2) **The public interest** - A person representing oneself as a, or including employees of such persons, and/or licensee, CPA-Inactive certificateholder, or nonlicensee firm owner, and/or using the CPA or CPA-Inactive title, and employees of such persons must accept the obligation to act in a way that will serve the public interest, honor the public trust, and demonstrate commitment to professionalism.

(3) **Integrity** - To maintain and broaden public confidence a person representing oneself as a licensee, CPA-Inactive certificateholder, or nonlicensee firm owner, and/or using the CPA or CPA-Inactive title and employees of such persons must perform all professional responsibilities with the highest sense of honesty.

(4) **Objectivity** - Objectivity is to be maintained by a person representing oneself as a licensee, CPA-Inactive certificateholder, or nonlicensee firm owner, and/or using the CPA or CPA-Inactive title and employees of such persons. Specifically, such persons must:

(a) Avoid rendering professional services where actual or perceived conflicts of interest exist;

(b) Be independent in fact and appearance when providing attestation services.

(5) **Due care** -A person representing oneself as a licensee, CPA-Inactive certificateholder, or nonlicensee firm owner and/or using the CPA or CPA-Inactive title, and employees of such persons must comply with federal and state laws and the profession's technical and ethical standards, maintain competence and strive to improve the quality of services, and discharge professional responsibility to the best of the person's or the firm's ability.

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

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

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

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

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

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

WAC 4-25-622 When must a CPA or CPA firm be independent? When performing attest services, ~~CPAs and CPA firms~~ licensees, as defined in WAC 4-25-025(24), CPA-Inactive certificateholders, nonlicensee firm owners, and employees of such persons ~~are responsible for maintaining~~ evaluate and maintain their independence so that ~~attest~~ opinions, reports, conclusions, and judgments will be impartial and viewed as impartial by parties expected to rely on ~~the attest~~ any report expressing assurance by such persons. ~~CPAs and CPA firms~~ Such persons are required:

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

• (2) To decline attest engagements where ~~the CPA or CPA firm~~ such persons ~~has~~ have a relationship that could lead a reasonable and foreseeable user to conclude that ~~the CPA or CPA firm~~ such persons ~~is~~ are not independent.

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

WAC 4-25-622 When must a CPA or CPA firm be independent? When performing attest services, licensees, as defined in WAC 4-25-025(24), CPA-Inactive certificateholders, nonlicensee firm owners, and employees of such persons must evaluate and maintain their independence so that opinions, reports, conclusions, and judgments will be impartial and viewed as impartial by parties expected to rely on any report expressing assurance by such persons. Such persons are required:

- 1) To comply with all applicable independence rules, regulations, and the AICPA code of conduct as referenced in and required by WAC 4-25-631; and
- 2) To decline attest engagements where such persons have a relationship that could lead a reasonable and foreseeable user to conclude that such persons are not independent.

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

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

(1) ~~A CPA, CPA Inactive certificateholder, a firm owner, or a licensed firm~~ Licensees and/or their employees must not for a commission recommend or refer to a client any product or service, or for a commission recommend or refer any product or service to be supplied by a client, or receive a commission, when ~~the CPA, CPA Inactive certificateholder, the CPA's or CPA Inactive certificateholder's firm, the owner's firm, or the firm~~ such persons performs attest services for that client. This prohibition applies:

a. ~~During the period in which the CPA, CPA Inactive certificateholder, the CPA's or CPA Inactive certificateholder's firm, the owner's firm, or the firm~~ such persons ~~is~~ are engaged to perform the attest services and

b. During the period covered by any historical financial statements ~~involved in the~~ for which an attest services report was issued by such persons.

(2) ~~A CPA, CPA Inactive certificateholder, licensed firm, or firm owner who is not prohibited by this section from performing services for or receiving a commission and who is paid or expects to be paid a commission must disclose, consistent with the requirements set forth in subsection (7) of this section, that fact to any person or entity to whom the CPA, CPA Inactive certificateholder, the CPA's or CPA Inactive certificateholder's firm, the firm owner, the owner's firm, or the licensed firm recommends or refers a product or service to which the commission relates.~~

(3) ~~A CPA, CPA Inactive certificateholder, firm owner, or licensed firm accepting a referral fee for recommending or referring any services to any person or entity or who pays a referral fee to obtain a client must disclose, consistent with the requirements set forth in subsection (7) of this section, such acceptance or payment to the client.~~

(4) ~~A CPA, CPA Inactive certificateholder, firm owner, or licensed firm~~ Licensees and/or their employees must also not:

(a) Perform for a contingent fee any professional services for, or receive such a fee from a client for whom ~~the CPA, CPA Inactive certificateholder, the CPA's or CPA Inactive certificateholder's firm, the firm owner, the owner's firm, or the licensed firm~~ such persons performs attest compilation or other other professional services for which a report expressing assurance is prescribed by professional standards services; or

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

~~(5) The prohibition in subsection (4)(a) of this section~~ against contingent fees applies:

(a) ~~During the period in which the CPA, CPA Inactive certificateholder, the CPA's or CPA Inactive certificateholder's firm, the owner's firm, or the licensed firm~~ such persons ~~is~~ are engaged to perform the attest services; and

(b) During the period covered by any historical financial statements involved in the attest services.

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

(74) ~~All CPAs, CPA-Inactive certificateholders, firm owners, and licensed firms who accept commission, referral and contingent fee arrangements must:~~ Any person subject to board rules who is not prohibited by this section from performing services for, or receiving a commission, referral or contingent fee and who are paid or expect to be paid accordingly must disclose that fact to any person or entity to whom such persons recommend or refer a product or service to which the commission, referral or contingent fee relates in the manner prescribed below:

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

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

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

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

(84) Nothing in this rule shall be interpreted to preclude ~~a CPA licensees, as defined in WAC 4-25-025(24), CPA-Inactive certificateholder, or nonlicensee firm owner, or licensed firm~~ from purchasing, selling, or merging all or a portion of a CPA practice licensed firm or affiliated entity or to require disclosure to clients of terms or payments made or received pursuant to the purchase, sale, or merger.

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

(1) Licensees and/or their employees must not for a commission recommend or refer to a client any product or service, or for a commission recommend or refer any product or service to be supplied by a client, or receive a commission, when such persons perform attest services for that client. This prohibition applies:

(a) During the period in which such persons are engaged to perform the attest services and

(b) During the period covered by any historical financial statements for which an attest report was issued by such persons.

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

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

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

The prohibition against contingent fees applies:

(a) During the period in which such persons are engaged to perform the attest services; and

(b) During the period covered by any historical financial statements involved in the attest services.

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

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

- below:
- (a) Disclose the arrangement in writing and in advance of client acceptance;
 - (b) Disclose the method of calculating the fee or amount of fee;
 - (c) Specify the licensee's, CPA-Inactive certificateholder's, or nonlicensee firm owner's role as the client's advisor; and
 - (d) Obtain the client's consent to the fee arrangement in writing.
- (4) Nothing in this rule shall be interpreted to preclude licensees, as defined in WAC 4-25-025(24), CPA-Inactive certificateholder, or nonlicensee firm owner from purchasing, selling, or merging all or a portion of a licensed firm or affiliated entity or to require disclosure to clients of terms or payments made or received pursuant to the purchase, sale, or merger.

WAC 4-25-630 What are the requirements concerning competence? ~~CPAs Licensees~~, CPA-Inactive certificateholders, ~~CPA firms, and nonlicensee~~ firm owners, and employees of such persons must not undertake to perform any professional service ~~service as a CPA, CPA Inactive certificateholder, CPA firm, or as a firm owner~~ unless they such persons can reasonably expect to complete the service with professional competence.

WAC 4-25-630 What are the requirements concerning competence? Licensees, CPA-Inactive certificateholders, nonlicensee firm owners, and employees of such persons must not undertake to perform any professional service unless such persons can reasonably expect to complete the service with professional competence.

WAC 4-25-631 With which rules, regulations and professional standards must ~~a CPA licensees~~, including out-of state individuals qualifying for practice privileges in this state under RCW18.04.350(2) and out-of-state firms permitted to offer or render certain professional services in this state under the conditions prescribed in RCW 18.04.195(1)(b), CPA-Inactive certificateholders, CPA firm, and nonlicensee firm owners, and employees of such persons comply? ~~CPAs Licensees~~, including out-of state individuals qualifying for practice privileges in this state under RCW18.04.350(2) and out-of-state firms permitted to offer or render certain professional services in this state under the conditions prescribed in RCW 18.04.195(1)(b), CPA-Inactive certificateholders, ~~CPA firms, and nonlicensee~~ firm owners, and employees of such persons must comply with rules, regulations, and professional standards promulgated by the appropriate bodies for each service undertaken. However, if the requirements found in the professional standards listed in this section differs from the requirements found in specific board rules, board rules prevail.

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

Such standards include:

- (1) Statements on Auditing Standards and related Auditing Interpretations issued by the AICPA;
- (2) Statements on Standards for Accounting and Review Services and related Accounting and Review Services Interpretations issued by the AICPA;
- (3) Statements on Governmental Accounting and Financial Reporting Standards issued by GASB;
- (4) Statements on Standards for Attestation Engagements and related Attestation Engagements

Interpretations issued by AICPA;

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

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

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

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

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

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

(11) Professional Code of Conduct issued by the AICPA including interpretations and ethics rulings;

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

(13) AICPA Industry Audit and Accounting Guides;

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

(15) Standards issued by the PCAOB; and

(16) IRS Circular 230.

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

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

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

•(c) Demonstrate Comply with the applicable standards.

~~Copies of the above standards may be inspected at the board's office.~~

WAC 4-25-631 With which rules, regulations and professional standards must licensees, including out-of state individuals qualifying for practice privileges in this state under RCW18.04.350(2) and out-of-state firms permitted to offer or render certain professional services in this state under the conditions prescribed in RCW 18.04.195(1)(b), CPA-Inactive certificateholders, nonlicensee firm owners, and employees of such persons comply? Licensees, including out-of state individuals qualifying for practice privileges in this state under RCW18.04.350(2) and out-of-state firms permitted to offer or render certain professional services in this state under the conditions prescribed in RCW 18.04.195(1)(b), CPA-Inactive certificateholders, nonlicensee firm owners, and employees of such persons must comply with rules, regulations, and professional standards promulgated by the appropriate bodies for each service undertaken. However, if the requirements found in the professional standards listed in this section differ from the requirements found in specific board rules, board rules prevail.

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

Such standards include:

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

- (2) Statements on Standards for Accounting and Review Services and related Accounting and Review Services Interpretations issued by the AICPA;
- (3) Statements on Governmental Accounting and Financial Reporting Standards issued by GASB;
- (4) Statements on Standards for Attestation Engagements and related Attestation Engagements Interpretations issued by AICPA;
- (5) Statements of Financial Accounting Standards and Interpretations, and Staff Positions issued by FASB, together with those Accounting Research Bulletins and Accounting Principles Board Opinions which are not superseded by action of the FASB;
- (6) Statement on Standards for Consulting Services issued by the AICPA;
- (7) Statements on Quality Control Standards issued by the AICPA;
- (8) Statements on Standards for Tax Services and Interpretation of Statements on Standards for Tax Services issued by the AICPA;
- (9) Statements on Responsibilities in Personal Financial Planning Practice issued by the AICPA;
- (10) Statements on Standards for Litigation Services issued by the AICPA;
- (11) Professional Code of Conduct issued by the AICPA including interpretations and ethics rulings;
- (12) Governmental Auditing Standards issued by the U.S. Governmental Accountability Office;
- (13) AICPA Industry Audit and Accounting Guides;
- (14) SEC Rules, Concept Releases, Interpretative Releases, and Policy Statements;
- (15) Standards issued by the PCAOB; and
- (16) IRS Circular 230.

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

- (a) Maintain documentation of the justification for the departure from the standards listed in subsections (1) through (16) of this section;
- (b) Determine and document what standards are applicable; and
- (c) Demonstrate Comply with the applicable standards.

WAC 4-25-640 What are the requirements concerning records and clients confidential information?

(1) **Client:** The term "client" as used throughout this section includes former and current clients. For purposes of this section, a client relationship has been formed when confidential information has been disclosed by a prospective client in an initial interview to obtain or provide professional services.

(2) **Property of the licensee, CPA-Inactive certificateholder, and/or nonlicensee firm owner:** In the absence of an express agreement between ~~the~~ a licensee, CPA-Inactive certificateholder, and/or nonlicensee firm owner and the client to the contrary, all statements, records, schedules, working papers, and memoranda made by a licensee incident to or in the course of professional service to clients, except reports submitted by a licensee, are the property of the licensee.

(3) **Sale or transfer of client records:** No statement, record, schedule, working paper, or memorandum, including electronic records, may be sold, transferred, or bequeathed without the consent of the client or his or her personal representative or assignee, to anyone other than one or more surviving partners, shareholders, or new partners or new shareholders of the licensee, partnership, limited liability company, or corporation, or any combined or merged partnership, limited liability company, or corporation, or successor in interest.

(4) **Confidential client communication or information:** ~~A~~Licensees, CPA-Inactive certificateholders, nonlicensee firm owners, or employees of a licensee-such persons must not without the consent of the client or the heirs, successors or personal representatives of the client disclose any confidential communication or information pertaining to the client obtained in the course of performing professional services.

This rule does not:

(a) Affect in any way ~~a licensee's, CPA-Inactive certificateholder's, firm owner's, or employee of a licensee's obligation~~ the obligation of those persons to comply with a lawfully issued subpoena or summons;

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

(c) Preclude ~~a licensee, CPA-Inactive certificateholder, firm owner, those persons or employee of a licensee~~ from responding to any inquiry made by the board or any investigative or disciplinary body established by state or federal law or formally-recognized by the board as a professional association. ~~However, a licensee, CPA-Inactive certificateholder, firm owner, or employee of a licensee must not disclose or use to their own advantage any confidential client information that comes to their attention in carrying out their official responsibilities~~; or

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

(5) **Client records:** Licensees, CPA-Inactive certificateholders, ~~and nonlicensee~~ firm owners, and employees of such persons must furnish to their client or heirs, successors or personal representatives, upon request and reasonable notice:

(a) A copy of ~~the licensee's, CPA-Inactive certificateholder's or firm owner's~~ records, schedules, and electronic documents of those persons, to the extent that such records and schedules would ordinarily constitute part of the client's records and are not otherwise available to the client; and

(b) Any accounting or other records belonging to, or obtained from or on behalf of, the client, that the licensee, CPA-Inactive certificateholder, or nonlicensee firm owner, or employees of such persons removed from the client's premises or received for the client's account, including electronic documents; but ~~the licensee, CPA-Inactive certificateholder, or firm owner~~ such persons may make and retain copies of such documents of the client when they form the basis for work done by the professional services offered or rendered by ~~the licensee, CPA-Inactive certificateholder, or firm owner~~ those persons.

(c) Licensees, CPA-Inactive certificateholders, ~~and nonlicensee~~ firm owners, and/or employees of such persons must not refuse to return client records, including electronic documents, pending client payment of outstanding fees.

(6) **Audit and review record retention requirements:** For a period of seven years after a licensee concludes an audit or review the licensee-such persons must retain the following records and documents, including electronic records unless hard copies of such exist:

(a) Records forming the basis of the audit or review;

(b) Records documenting audit or review procedures applied;

(c) Records documenting evidence obtained including financial data, analyses, conclusions, and opinions related to the audit or review engagement; and

(d) Records documenting conclusions reached by the licensee in the audit or review engagement.

WAC 4-25-640 What are the requirements concerning records and clients confidential information?

(1) **Client:** The term "client" as used throughout this section includes former and current clients. For purposes of this section, a client relationship has been formed when confidential

information has been disclosed by a prospective client in an initial interview to obtain or provide professional services.

(2) Property of the licensee, CPA-Inactive certificateholder, and/or nonlicensee firm owner: In the absence of an express agreement between a licensee, CPA-Inactive certificateholder, and/or nonlicensee firm owner and the client to the contrary, all statements, records, schedules, working papers, and memoranda made by a licensee incident to or in the course of professional service to clients, except reports submitted by a licensee, are the property of the licensee.

(3) Sale or transfer of client records: No statement, record, schedule, working paper, or memorandum, including electronic records, may be sold, transferred, or bequeathed without the consent of the client or his or her personal representative or assignee, to anyone other than one or more surviving partners, shareholders, or new partners or new shareholders of the licensee, partnership, limited liability company, or corporation, or any combined or merged partnership, limited liability company, or corporation, or successor in interest.

(4) Confidential client communication or information: Licensees, CPA-Inactive certificateholders, nonlicensee firm owners, or employees of such persons must not without the consent of the client or the heirs, successors or personal representatives of the client disclose any confidential communication or information pertaining to the client obtained in the course of performing professional services.

This rule does not:

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

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

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

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

(5) Client records: Licensees, CPA-Inactive certificateholders, nonlicensee firm owners, and employees of such persons must furnish to their client or heirs, successors or personal representatives, upon request and reasonable notice:

(a) A copy of records, schedules, and electronic documents of those persons, to the extent that such records and schedules would ordinarily constitute part of the client's records and are not otherwise available to the client; and

(b) Any accounting or other records belonging to, or obtained from or on behalf of, the client, that the licensee, CPA-Inactive certificateholder, or nonlicensee firm owner, or employees of such persons removed from the client's premises or received for the client's account, including electronic documents; but such persons may make and retain copies of such documents of the client when they form the basis for the professional services offered or rendered by those persons.

(c) Licensees, CPA-Inactive certificateholders, nonlicensee firm owners, and/or employees of such persons must not refuse to return client records, including electronic documents, pending client payment of outstanding fees.

(6) Audit and review record retention requirements: For a period of seven years after a licensee concludes an audit or review such persons must retain the following records and documents, including electronic records unless hard copies of such exist:

(a) Records forming the basis of the audit or review;

(b) Records documenting audit or review procedures applied;

(c) Records documenting evidence obtained including financial data, analyses, conclusions, and opinions related to the audit or review engagement; and

(d) Records documenting conclusions reached by the licensee in the audit or review

engagement.

WAC 4-25-650 What acts are considered discreditable? CPAs Licensees, CPA-Inactive certificateholders, ~~CPA firms, and nonlicensee~~ firm owners and employees of such persons must not:

- (1) Commit, or allow others to commit in their name, any act that reflects adversely on their fitness to represent themselves as a CPA, CPA-Inactive certificateholder, CPA firm, or a firm owner;
- (2) Seek to obtain clients by the use of coercion, intimidation or harassing conduct; or
- (3) Permit others to carry out on their behalf, either with or without compensation, acts which violate the rules of conduct.

WAC 4-25-650 What acts are considered discreditable? Licensees, CPA-Inactive certificateholders, nonlicensee firm owners and employees of such persons must not:

- (1) Commit, or allow others to commit in their name, any act that reflects adversely on their fitness to represent themselves as a CPA, CPA-Inactive certificateholder, CPA firm, or a firm owner;
- (2) Seek to obtain clients by the use of coercion, intimidation or harassing conduct; or
- (3) Permit others to carry out on their behalf, either with or without compensation, acts which violate the rules of conduct.

WAC 4-25-660 What are the limitations on advertising and other forms of solicitation?

(1) CPAs Licensees, CPA-Inactive certificateholders, ~~CPA firms, and nonlicensee~~ firm owners, and employees of such persons must not make false, fraudulent, misleading, deceptive or unfair statements or claims regarding their services. Examples of such statements or claims include, but are not limited to, statements or claim which:

- (a) Contain a misrepresentation of fact;
- (b) Fail to make full disclosure of relevant facts;
- (c) Imply your professional services are of an exceptional quality, which is not supported by verifiable facts;
- (d) Create false expectations of favorable results;
- (e) Imply educational or professional attainments, specialty designations, or licensing recognition not supported in fact; or
- (f) Represent that professional services will be performed for a stated fee when this is not the case, or do not disclose variables that may reasonably be expected to affect the fees that will be charged.

(2) If you are a licensee, firm owner, or person qualified for practice privileges under RCW 18.04.350(2) offering or rendering professional services in this state or for clients located in this state or a firm rendering professional services in this state or for clients located in this state through such qualifying individuals, and/or using the CPA title to perform or solicit services via a website, you must either include a statement on the website that you hold a current Washington state license or are licensed in a substantially equivalent state to perform such services and are therefore legally authorized to render such services in this state or provide a name and contact information for an individual in your organization who will respond to inquiries regarding ~~individual~~ license information within seven business days. The required information must be clearly visible and prominently displayed.

(3) If you are a CPA-Inactive certificateholder using the CPA-Inactive title to perform or solicit services via a website you must clearly, visibly, and prominently display the following on the website:

- (a) That you hold a current Washington state CPA-Inactive certificate;
- (b) That you do not hold a license to practice public accounting in this state; and
- (c) That Washington state law does not allow a CPA-Inactive certificateholder to offer or

provide accounting, auditing, attest, reports on financial statements, tax preparation or advisory, management advisory, consulting or similar services to the public in association with the use of the title "CPA," "Certified Public Accountant," "CPA-Inactive," or "Certified Public Accountant-Inactive."

(4) If you are a an out of state person qualified only for restricted services by law or board order and are offering such restricted professional services either within in this state or for clients located in this state or a firm offering such restricted professional services through such restricted qualifying individuals within this state or for clients located in this state the website must clearly, visibly, and prominently display the following:

(a) That such persons offering to perform such services hold a restricted license by the named state in which they have their principal place of business limiting their services to those services enumerated in the restriction of the persons license;

(b) Such persons are subject to the personal and subject matter jurisdiction of the Washington State Board of Accountancy and the disciplinary authority of the Washington State Board;

(c) That such persons do not hold a license to practice public accounting in this state; and

(d) That Washington state law does not allow such persons to offer or provide any services other than those permitted by the state of licensure and enumerated on the website.

(5) If you are a ~~resident~~ nonlicensee firm owner ~~of a firm licensed by the board~~ and you perform or solicit services in association with the firm via a website, you must clearly, visibly, and prominently display a statement that you are a nonlicensee owner registered with the Washington state board of accountancy or provide a name and contact information for an individual in your organization who will respond to inquiries regarding registration information within seven business days.

WAC 4-25-660 What are the limitations on advertising and other forms of solicitation?

(1) Licensees, CPA-Inactive certificateholders, nonlicensee firm owners, and employees of such persons must not make false, fraudulent, misleading, deceptive or unfair statements or claims regarding their services. Examples of such statements or claims include, but are not limited to, statements or claim which:

(a) Contain a misrepresentation of fact;

(b) Fail to make full disclosure of relevant facts;

(c) Imply your professional services are of an exceptional quality, which is not supported by verifiable facts;

(d) Create false expectations of favorable results;

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

(f) Represent that professional services will be performed for a stated fee when this is not the case, or do not disclose variables that may reasonably be expected to affect the fees that will be charged.

(2) If you are a licensee, firm owner, or person qualified for practice privileges under RCW 18.04.350(2) offering or rendering professional services in this state or for clients located in this state or a firm rendering professional services in this state or for clients located in this state through such qualifying individuals, and/or using the CPA title to perform or solicit services via a website, you must either include a statement on the website that you hold a current Washington state license or are licensed in a substantially equivalent state to perform such services and are therefore legally authorized to render such services in this state or provide a name and contact information for an individual in your organization who will respond to inquiries regarding license information within seven business days. The required information must be clearly visible and prominently displayed.

(3) If you are a CPA-Inactive certificateholder using the CPA-Inactive title to perform or solicit services via a website you must clearly, visibly, and prominently display the following on the website:

(a) That you hold a current Washington state CPA-Inactive certificate;

- (b) That you do not hold a license to practice public accounting in this state; and
- (c) That Washington state law does not allow a CPA-Inactive certificateholder to offer or provide accounting, auditing, attest, reports on financial statements, tax preparation or advisory, management advisory, consulting or similar services to the public in association with the use of the title "CPA," "Certified Public Accountant," "CPA-Inactive," or "Certified Public Accountant-Inactive."
- (4) If you are a an out of state person qualified only for restricted services by law or board order and are offering such restricted professional services either within in this state or for clients located in this state or a firm offering such restricted professional services through such restricted qualifying individuals within this state or for clients located in this state the website must clearly, visibly, and prominently display the following:
 - (a) That such persons offering to perform such services hold a restricted license by the named state in which they have their principal place of business limiting their services to those services enumerated in the restriction of the persons license;
 - (b) Such persons are subject to the personal and subject matter jurisdiction of the Washington State Board of Accountancy and the disciplinary authority of the Washington State Board;
 - (c) That such persons do not hold a license to practice public accounting in this state; and
 - (d) That Washington state law does not allow such persons to offer or provide any services other than those permitted by the state of licensure and enumerated on the website.
- (5) If you are a nonlicensee firm owner and you perform or solicit services in association with the firm via a website, you must clearly, visibly, and prominently display a statement that you are a nonlicensee owner registered with the Washington state board of accountancy or provide a name and contact information for an individual in your organization who will respond to inquiries regarding registration information within seven business days.

WAC 4-25-670 What enforcement actions must be reported to the board?

- (1) A licensee, CPA-Inactive certificateholder, or ~~resident~~ nonlicensee firm owner must notify the board, ~~on a form and~~ in the manner prescribed by ~~the~~ board ~~policy~~, within **thirty days** of the issuance of:
 - (a) A sanction, order, suspension, revocation, or modification of a license, certificate, permit or practice rights by the SEC, PCAOB, IRS, or another state board of accountancy for any cause other than failure to pay a professional license fee by the due date or failure to meet the continuing professional education requirements of another state board of accountancy; or
 - (b) Charges filed by the SEC, IRS, PCAOB, another state board of accountancy, or a federal or state taxing, insurance or securities regulatory body that the licensee, CPA-Inactive certificateholder, or nonlicensee firm owner committed a prohibited act that would be a violation of board ethical or technical standards
- (2) ~~Sole practitioners~~ **Individual licensees and sole proprietors** are to report action pursuant to subsection (1) of this section taken against the ~~sole practitioner, the sole practitioner's individual's license and/or the CPA license, the CPA firm, or the CPA firm license of the sole proprietorship.~~
- (3) Licensed CPA firms **with more than one licensed owner CLARIFY AND AVOID INCONSISTENCY WITH (2)** are not required to report on action taken against owners, principals, partners, or employees.
- (4) If you hold a license or CPA-Inactive certificate issued through the foreign reciprocity provisions of the act, you must notify the board of any investigations undertaken, or sanctions imposed, by a foreign credentialing body against your foreign credential within thirty days of ~~you~~ receiving notice that an investigation has begun or a sanction was imposed.

WAC 4-25-670 What enforcement actions must be reported to the board?

(1) A licensee, CPA-Inactive certificateholder, or nonlicensee firm owner must notify the board, in the manner prescribed by the board, within **thirty days** of the issuance of:

(a) A sanction, order, suspension, revocation, or modification of a license, certificate, permit or practice rights by the SEC, PCAOB, IRS, or another state board of accountancy for any cause other than failure to pay a professional license fee by the due date or failure to meet the continuing professional education requirements of another state board of accountancy; or

(b) Charges filed by the SEC, IRS, PCAOB, another state board of accountancy, or a federal or state taxing, insurance or securities regulatory body that the licensee, CPA-Inactive certificateholder, or nonlicensee firm owner committed a prohibited act that would be a violation of board ethical or technical standards

(2) Individual licensees and sole proprietors are to report action pursuant to subsection (1) of this section taken against the individual's license and/or the license of the sole proprietorship.

(3) Licensed CPA firms with more than one licensed owner are not required to report on action taken against owners, principals, partners, or employees.

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

WAC 4-25-735 How does a CPA-Inactive certificateholder apply for licensure? CPA-

Inactive certificateholders are ~~natural persons~~ **individuals** **NATURAL PERSONS WAS ELIMINATED BY BOARD ACTION AND NOT INCLUDED IN SSB 6604**. who held a valid certificate on June 30, 2001, but did not hold a valid Washington state license to practice public accounting on that date. Individuals who did not hold a valid certificate on June 30, 2001 and licensees are not eligible for CPA-Inactive certificateholder status.

(1) If you are a CPA-Inactive certificateholder you:

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

(b) Must satisfactorily complete 4 hours of continuing education in ethics and regulation in Washington state and meet the CPE supporting documentation requirements of WAC 4-25-833;

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

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

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

(2) If you are a CPA-Inactive certificateholder, to qualify for licensure you must:

(a) Meet the experience requirements of WAC 4-25-730 or have had an approved experience affidavit on file with the board on or before June 30, 2001; and

(b) Meet the CPE requirements of WAC 4-25-830(5).

(3) ~~To apply for a license you must use the form(s) provided by the board. An application is not complete and cannot be processed until all fees, required documentation, required information, and other documentation deemed necessary by the board are received by the board.~~ To apply for a license, you must submit to the board a certification that you meet the requirements of subsection (2) above and:

~~(a) A complete application form(s) including your certification, under the penalty of perjury, that you have:-~~

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

~~(ii) Met the CPE requirements in WAC 4-25-830(5); and~~

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

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

(4) An initial application is not complete and cannot be processed until all fees, required information, required documentation or other documentation or information the board may deem necessary is received by the board. ~~Upon approval of~~ When your application is approved, your license will be mailed to ~~the last address you provided to the board~~ your address of record.

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

(6) You may not use the title "CPA" or "Certified Public Accountant" until **CURRENT AGENCY GUIDANCE IS THAT THE LICENSE IS NOT VALID UNTIL THE APPLICANT RECEIVES A HARD COPY IN THE MAIL. HOWEVER, ONCE POSTED TO THE DATABASE THE LICENSE IS EFFECTIVE.** ~~you receive notice from the board that your license has been granted. With the exception of out-of-state sole practicing CPAs holding valid practice privileges in Washington state under WAC 4-25-756, attest services may only be offered or provided in a CPA firm licensed by the board and meeting the requirements of WAC 4-25-750.~~ the date the approval of your license is posted in the board's licensee's database and, therefore, made publicly available for confirmation. **THESE CHANGE (1) THE AGENCY LEGACY PRACTICE OF REQUIRING SIGNED FORMS AND (2) THE EFFECTIVE DATE OF LICENSURE AS IMPLIED BY CURRENT RULE.**

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

(1) If you are a CPA-Inactive certificateholder you:

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

(b) Must satisfactorily complete 4 hours of continuing education in ethics and regulation in Washington state and meet the CPE supporting documentation requirements of WAC 4-25-833;

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

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

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

(2) If you are a CPA-Inactive certificateholder, to qualify for licensure you must:

(a) Meet the experience requirements of WAC 4-25-730 or have had an approved experience affidavit on file with the board on or before June 30, 2001; and

(b) Meet the CPE requirements of WAC 4-25-830(5).

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

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

(b) Other required documentation or information deemed necessary by the board.
Board forms are available on the board's website or upon request for your use

(4) An initial application is not complete and cannot be processed until all fees, required information, required documentation or other documentation or information the board may deem necessary is received by the board. When your application is approved, your license will be mailed to

your address of record.

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

(6) You may not use the title "CPA" or "Certified Public Accountant" until the date the approval of your license is posted in the board's licensee's database and, therefore, made publicly available for confirmation.

WAC 4-25-745 How do I apply for an initial individual CPA license? TO CLARIFY THE THIS GUIDANCE ONLY APPLIES TO INDIVIDUALS

(1) To qualify to apply for an initial individual license you must meet the:

(1a) Good character requirements of RCW 18.04.105 (1)(a);

(2b) Education requirements of WAC 4-25-710;

(3c) Examination requirements of WAC 4-25-720;

(4d) Experience requirements of WAC 4-25-730; and

(5e) If more than four years have lapsed since you passed the examination, you must meet the CPE requirements of WAC 4-25-830 (1)(a) within the thirty-six month period immediately preceding submission of your license application. The continuing must include four CPE hours in ethics meeting the requirements of WAC 4-25-830(3) which must be completed within the six month period immediately preceding submission of your license application.

(2) To apply for an initial license you must fully provide the information above ~~use the application form(s) provided by the board. You must fully complete the form(s) and submit the form(s), all applicable fees, and all required documentation to the board's office.~~

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

(3) ~~An initial~~ Processing of your application ~~is not complete and cannot be processed~~ begin until all ~~fees, the~~ required information, applicable fees, and required documentation or other documentation or information the board may deem necessary is received by the board. When the processing of your application is complete, your license will be mailed to ~~the last address you provided to~~ your address of record with the board.

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

(5) You may not use the title CPA until ~~you receive notice from the board that your Washington state CPA license has been approved. With the exception of out of state sole practicing CPAs holding valid practice privileges in Washington state under WAC 4-25-756, attest services may only be offered or provided in a CPA firm licensed by the board and meeting the requirements of WAC 4-25-750~~ the date the approval of your license is posted in the board's licensee's database and, therefore, made publicly available for confirmation.

WAC 4-25-745 How do I apply for an initial individual CPA license?

(1) To qualify to apply for an initial individual license you must meet the:

(a) Good character requirements of RCW 18.04.105 (1)(a);

(b) Education requirements of WAC 4-25-710;

(c) Examination requirements of WAC 4-25-720;

(d) Experience requirements of WAC 4-25-730; and

(e) If more than four years have lapsed since you passed the examination, you must meet the CPE requirements of WAC 4-25-830 (1)(a) within the thirty-six month period immediately preceding submission of your license application. The continuing must include four CPE hours in ethics meeting the requirements of WAC 4-25-830(3) which must be completed within the six month period immediately preceding submission of your license application.

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

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

(3) Processing of your application cannot begin until all the required information, applicable fees, and required documentation or other documentation or information the board may deem necessary is received by the board. When the processing of your application is complete, your license will be mailed to your address of record with the board.

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

(5) You may not use the title CPA until the date the approval of your license is posted in the board's licensee's database and, therefore, made publicly available for confirmation.

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

(1) To qualify to apply for an individual Washington state CPA license entitling you to use the title CPA and/or offer or render attest or compilation services in Washington state under the interstate reciprocity provisions you must:

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

(b) ~~(2)~~ Meet the CPE requirements in WAC 4-25-830; and

(c) ~~(3)~~ You must have:

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

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

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

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

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

(b) The board may accept NASBA's designation of the applicant as substantially equivalent to national standards as meeting the requirements of (a) of this subsection.

(3) To apply for a ~~Washington state CPA~~ license under the ~~interstate~~ reciprocity provisions you must use the application form(s) provided by submit to the board's office information that you are qualified for reciprocity as outlined in subsection (2) above, including a certification that you:

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

(ii) Have met the CPE requirements in WAC 4-25-830.

~~Board form(s) are available on the board's website or upon request for your use. You must fully complete the form(s) and submit the form(s), all applicable fees, and all required documentation to the board's office.~~

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

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

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

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

~~initial licensure.~~

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

~~With the exception of out of state sole practicing CPAs holding valid practice privileges in Washington state under WAC 4-25-756, attest services may only be offered or provided in a CPA firm licensed by the board and meeting the requirements of WAC 4-25-750.~~

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

~~(9) If you are granted a license under these reciprocity provisions, y~~ou must notify the board within thirty days if your license or certificate issued by the other jurisdiction has lapsed or otherwise become invalid.

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

(1) To qualify to apply for an individual Washington state license entitling you to use the title CPA and/or offer or render attest or compilation services in Washington state under the interstate reciprocity provisions you must:

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

(b) Meet the CPE requirements in WAC 4-25-830; and

(c) You must have:

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

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

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

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

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

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

(3) To apply for a license under the reciprocity provisions you must submit to the board's office information that you are qualified for reciprocity as outlined in subsection (2) above, including a certification that you:

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

(ii) Have met the CPE requirements in WAC 4-25-830.

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

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

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

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

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

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

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

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? No. Non-resident individuals holding valid licenses to practice public accounting issued by a substantially equivalent state, may hold out and practice within Washington state and/or provide public accounting services in person, by mail, telephone, or electronic means to clients residing in Washington state without notice or payment of a fee.

(1) PROVIDE OVERVIEW OF SSB 6604 FOR EASE OF UNDERSTANDING As a condition of this privilege, the non-resident individual is deemed to have consented to:

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

(b) Comply with the Public Accountancy Act of this state, RCW 18.04, and this board's rules, WAC 4-25;

(c) Cease offering or rendering professional services in this state if the license from the individual's principal place of business becomes invalid;

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

(e) Render attest services for a client with a home office in this state only through a firm that has obtained a license from this state (RCW 18.04.195, RCW 18.04.205 and WAC 4-25-750);

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

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

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

WAC 4-25-750 What are the CPA firm licensing requirements? ~~With the exception of out-of-state sole practicing CPAs holding valid practice privileges in Washington state under WAC 4-25-756, attest services may only be offered or performed in a CPA firm licensed by the board and meeting the requirements of this section. An entity wishing to use "CPA(s)" or "certified public accountant(s)" in the firm name must first obtain a license from the board.~~

(1) How may a CPA firm be organized? A CPA firm may be organized as:

(a) A proprietorship;

(b) A partnership;

(c) A professional corporation (PC) or professional service corporation (PS);

(d) A limited liability company (LLC);

(e) A limited liability partnership (LLP); or

(f) Any other form of legal entity authorized by statute for use by a CPA firm.

(2) What happens when a CPA firm alters its legal form? A change in the legal form of a

firm constitutes a new firm. Accordingly, the new entity must first obtain a CPA firm license from the board.

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

(a) All owners of a licensed CPA firm are required to:

~~(i) Be natural persons;~~

~~(ii) Fully comply with the provisions of chapter 18.04 RCW; and~~

~~(iii) Be Ssubject to discipline by the board for violations of chapter 18.04 RCW or 4-25~~

WAC;

(b) A simple majority of the ownership of the licensed firm in terms of financial interests and voting rights of all partners, owners, or shareholders must be:

(i) Licensees in this state or holders of a valid license to practice public accountancy issued by another state;

(ii) Entitled to practice public accounting in Washington state; and

(iii) Principally employed by the corporation or actively engaged in its business.

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

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

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

(f) The principal officer of the corporation and any officer or director having authority over issuing reports on financial statements must be a licensee under the act or holder of a valid license to practice public accountancy issued by another state and must be entitled to practice public accountancy in this state.

(g) The ~~principal manager or managing~~ member of a limited liability company and any member having authority over issuing reports on financial statements must be a licensee under the act or holder of a valid license to practice public accountancy issued by another state and must be entitled to practice public accountancy in this state.

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

(i) A nonlicensee owner must:

(i) Be an ~~natural person~~ individual;

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

(iii) Comply with the act and board rules; and

(iv) Be an active individual participant in the licensed firm or affiliated entities as these terms are defined in WAC 4-25-410; and

(j) A resident nonlicensee firm owner must meet the requirements of WAC 4-25-752 and register with the board concurrent with submission of the firm license, or submission of an amendment to the firm license, to the board.

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

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

(5) How does a firm I apply for an initial ~~CPA~~ firm license? To apply for an initial ~~CPA~~ firm license an owner, or designee, must submit or, in the case of an out of state firm required to be licensed under amended RCW 18.04.195(1)(a), an individual qualified for practice privileges in this state under RCW 18.04.350(2) who has been authorized by the applicant firm to make the application must submit, you must use the application form(s) provided by the board and submit the completed-

form(s) following information, all applicable fees, and such other information the board deems necessary ~~all required documentation including the following~~ to the board's office:

- (a) The firm name;
- (b) Address and telephone number of the main office and any branch offices of the firm;
- (c) Name of the managing licensee of the main office located and maintained in this state;
- (d) Resident L licensee owners' names ~~and the states in which they hold CPA licenses~~;
- (e) Name(s) of all nonlicensee owners;
- ~~(f) Complete registration form(s), including the appropriate fee, for each resident nonlicensee owner; and~~
- (g) Type of legal organization under which the firm operates.

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

An initial application is not complete and cannot be processed until all fees, required information described in subsection (5) above, and required or other documentation or information the board may deem necessary is received by the board. ~~Upon completion of processing, a CPA firm license will be mailed to the main office at the last address provided to the board. On the date the application is approved the firm's license will be included in the board's licensee database and, therefore, made publicly available for confirmation. Confirmation of the approval of the firm's license will be mailed to the address of record with the board provided at the time of the application, or subsequently changed by formal notice to the board.~~

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

(6) **How do I renew a CPA firm license?** To renew a CPA firm license you-an owner, or designee must ~~use the form(s) provided by the board. In January of the year of expiration, a renewal form(s) will be mailed to the main office at the last address provided to the board. You must submit a properly completed renewal form(s), all applicable fees and all required documentation to the board by April 30th of the year of expiration. Failure to file a complete renewal form for a firm license by April 30 of the year of expiration will result in late fees. The board may waive, reduce, or extend the due date of renewal and/or late fees based on individual hardship including, but not limited to, financial hardship, critical illness, or active military deployment.~~ submit or, in the case of an out of state firm required to be licensed under amended RCW 18.04.195(1)(a), an individual qualified for practice privileges in this state under RCW 18.04.350(2) who has been authorized by the applicant firm to make the application must submit the information described in subsection (5) above that is current at the date the renewal application is submitted to the board. A renewal application is not complete and cannot be processed until all fees, required information, and required documentation, and other documentation deemed necessary by the board ~~is~~ are received by the board. ~~Upon completion of processing, the CPA firm license will be mailed to the main office at the last address provided to the board.~~

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

Failure to file a complete application for renewal of a firm license by April 30 of the year of expiration will result in late fees. The board may waive, reduce, or extend the due date of renewal and/or late fees based on reasonable cause including, but not limited to, financial hardship, critical illness, or active military deployment.

On the date the renewal application is approved the firm's license will be included in the board's licensee database and, therefore, made publicly available for confirmation. Confirmation of the validity of the renewed firm's license status will be mailed to the address of record with the board provided at the time of the application, or subsequently changed by formal notice to the board.

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

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

following of its occurrences:

- (a) Dissolution of a CPA the -firm;
- (b) The occurrence of any event that would cause the firm to be in violation of RCW 18.04.195 or this rule; or
- (c) An event that requires an amendment to a firm license.
- (8) **What events require a firm amendment?** A An individual authorized by the firm CPA- firm must provide written notification to the board, by submitting a firm amendment form the following information and the appropriate amendment fee, within ninety days of the following events' occurrence:
 - (a) Admission or departure of an owner;
 - (b) Any change in the name of the firm; or
 - (c) Change in the resident managing licensee of the main office in this state.
- (9) **How long do I have to correct noncompliance with licensure requirements due to a change in ownership or an owner's credentials?** An individual authorized by the firm A CPA firm must notify the board within ninety days of any change in ownership or lapse of an owner's license, certificate, registration or practice privilege that has caused the firm's license to be out of compliance with licensure requirements and must correct the noncompliance within ninety days of the lapse, unless the board grants a longer time period due to individual hardship reasonable cause including, but not limited to, financial hardship, critical illness, or active military deployment.

WAC 4-25-750 What are the CPA firm licensing requirements? (1) How may a CPA firm be organized? A CPA firm may be organized as:

- (a) A proprietorship;
 - (b) A partnership;
 - (c) A professional corporation (PC) or professional service corporation (PS);
 - (d) A limited liability company (LLC);
 - (e) A limited liability partnership (LLP); or
 - (f) Any other form of legal entity authorized by statute for use by a CPA firm.
- (2) **What happens when a CPA firm alters its legal form?** A change in the legal form of a firm constitutes a new firm. Accordingly, the new entity must first obtain a CPA firm license from the board.

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

- (a) All owners of a licensed CPA firm are required to:
 - (i) Fully comply with the provisions of chapter 18.04 RCW; and
 - (ii) Be subject to discipline by the board for violations of chapter 18.04 RCW or 4-25

WAC;

- (b) A simple majority of the ownership of the licensed firm in terms of financial interests and voting rights of all partners, owners, or shareholders must be:
 - (i) Licensees in this state or holders of a valid license to practice public accountancy issued by another state;
 - (ii) Entitled to practice public accounting in Washington state; and
 - (iii) Principally employed by the corporation or actively engaged in its business.
- (c) At least one general partner of a partnership, one shareholder of a corporation, and one member of a limited liability company must be a licensee.
- (d) Each CPA proprietor, partner, shareholder or manager who is either a resident or is entering the state and practicing public accountancy in this state must hold a valid Washington state license or practice privileges.
- (e) The principal partner of the partnership and any partner having authority over issuing reports on financial statements must be a licensee under the act or holder of a valid license to practice public accountancy issued by another state and must be entitled to practice public accounting in this state.

(f) The principal officer of the corporation and any officer or director having authority over issuing reports on financial statements must be a licensee under the act or holder of a valid license to practice public accountancy issued by another state and must be entitled to practice public accountancy in this state.

(g) The managing member of a limited liability company and any member having authority over issuing reports on financial statements must be a licensee under the act or holder of a valid license to practice public accountancy issued by another state and must be entitled to practice public accountancy in this state.

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

(i) A nonlicensee owner must:

(i) Be an individual;

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

(iii) Comply with the act and board rules; and

(iv) Be an active individual participant in the licensed firm or affiliated entities as these terms are defined in WAC 4-25-410; and

(j) A resident nonlicensee firm owner must meet the requirements of WAC 4-25-752 and register with the board concurrent with submission of the firm license, or submission of an amendment to the firm license, to the board.

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

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

(5) How does a firm apply for an initial firm license? To apply for an initial firm license an owner, or designee, must submit or, in the case of an out of state firm required to be licensed under amended RCW 18.04.195(1)(a), an individual qualified for practice privileges in this state under RCW 18.04.350(2) who has been authorized by the applicant firm to make the application must submit, the following information, all applicable fees, and such other information the board deems necessary to the board's office:

(a) The firm name;

(b) Address and telephone number of the main office and any branch offices of the firm;

(c) Name of the managing licensee of the main office located and maintained in this state;

(d) Resident licensee owners' names;

(e) Name(s) of all nonlicensee owners;

(g) Type of legal organization under which the firm operates.

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

An initial application is not complete and cannot be processed until all fees, required information described in subsection (5) above, or other documentation or information the board may deem necessary is received by the board. On the date the application is approved the firm's license will be included in the board's licensee database and, therefore, made publicly available for confirmation. Confirmation of the approval of the firm's license will be mailed to the address of record with the board provided at the time of the application, or subsequently changed by formal notice to the board.

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

(6) How do I renew a CPA firm license? To renew a CPA firm license an owner, or designee must submit or, in the case of an out of state firm required to be licensed under amended RCW 18.04.195(1)(a), an individual qualified for practice privileges in this state under RCW 18.04.350(2) who has been authorized by the applicant firm to make the application must submit the information described in subsection (5) above that is current at the date the renewal application is submitted to the board. A renewal application is not complete and cannot be processed until all fees, required

information, and required documentation, and other documentation deemed necessary by the board are received by the board.

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

Failure to file a complete application for renewal of a firm license by April 30 of the year of expiration will result in late fees. The board may waive, reduce, or extend the due date of renewal and/or late fees based on reasonable cause including, but not limited to, financial hardship, critical illness, or active military deployment.

On the date the renewal application is approved the firm's license will be included in the board's licensee database and, therefore, made publicly available for confirmation. Confirmation of the validity of the renewed firm's license status will be mailed to the address of record with the board provided at the time of the application, or subsequently changed by formal notice to the board.

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

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

(a) Dissolution of the firm;

(b) The occurrence of any event that would cause the firm to be in violation of RCW 18.04.195 or this rule; or

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

(8) What events require a firm amendment? An individual authorized by the firm must provide written notification to the board, by submitting the following information and the appropriate amendment fee, within ninety days of the following :

(a) Admission or departure of an owner;

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

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

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

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

(1) Be an ~~an natural person~~ individual;

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

(3) Comply with the act and board rules;

(4) Be an active individual participant in the licensed firm or affiliated entities as these terms are defined in WAC 4-25-410; and

(5) If you are a resident of Washington state, you must:

(a) File a complete registration with the board; and

(b) Demonstrate a passing grade of ninety percent or better on the AICPA professional ethics examination.

You must submit your registration concurrent with or prior to submission of the firm license application or firm license amendment, pursuant to WAC 4-25-750. ~~To register as a resident nonlicensee firm owner, you must use the form(s) provided by the board. You need to fully~~

~~complete the form(s) and submit the form(s), all applicable fees, and all required documentation to the board's office.~~

An initial registration is not complete and cannot be processed until all fees, required documentation, required information, and other ~~documentation~~ information deemed necessary by the board are received by the board. ~~When the processing of your registration is complete, your registration will be mailed to the last address you provided to the board. When the processing of your registration is complete, your registration will be mailed to the last address you provided to the board.~~

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

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

~~You must submit your registration concurrent with or prior to submission of the firm license application or firm license amendment, pursuant to WAC 4-25-750. If you are a Washington state resident, you may not hold ownership interest in a CPA firm licensed in Washington state until you receive written notice from the board of your Washington state registration number.~~

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

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

- (1) Be an individual;
- (2) Meet the good character requirements of RCW 18.04.105 (1)(a);
- (3) Comply with the act and board rules;
- (4) Be an active individual participant in the licensed firm or affiliated entities as these terms are defined in WAC 4-25-410; and
- (5) If you are a resident of Washington state, you must:
 - (a) File a complete registration with the board; and
 - (b) Demonstrate a passing grade of ninety percent or better on the AICPA professional ethics examination.

You must submit your registration concurrent with or prior to submission of the firm license application or firm license amendment, pursuant to WAC 4-25-750. An initial registration is not complete and cannot be processed until all fees, required documentation, required information, and other information deemed necessary by the board are received by the board.

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

Your initial registration will expire on June 30 of the third calendar year following initial issuance of the registration. All nonlicensee firm owners are subject to discipline for violation of the act or board rules.

NON-RESIDENT FIRM LICENSURE ISSUE

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?

(1) :A firm license must be obtained from the board if any of the following criteria apply:

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

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

(c) The firm is licensed in another state and performs audit or examination services for clients with a home office in this state.

(2) A firm license is not required to perform other professional services in this state, including compilation, review and other services for which reporting requirements are provided in professional standards , only if:

(a) The firm performs such services through individuals with practice privileges under RCW 18.04.350(2) and WAC 4-25-746 or reciprocal license under RCW 18.04.180 and RCW 18.04.183 and board rules;

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

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

(3) As a condition of this privilege, the non-resident firm is deemed to have consented to:

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

(j) Comply with the Public Accountancy Act of this state, RCW 18.04, and this board's rules,

WAC 4-25;

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

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

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

(n) Not render audit or examination services for a client with a home office in this state unless the firm that has obtained a license from this state (RCW 18.04.195, RCW 18,04.295) and this section and

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

CONTINUING COMPETENCY

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

(1) **Purpose.** The Washington state board of accountancy is charged with protection of the public interest and ensuring the dependability of information used for guidance in financial transactions or for accounting for or assessing the status or performance of commercial and noncommercial enterprises, whether public, private or governmental. The purpose of the QAR program is to monitor licensees' compliance with audit, compilation and review, and other attest-attestation standards.

(2) Out-of-state firms otherwise qualified for practice privileges under RCW 18.04.195(1)(b)

are responsible for compliance with this rule. These firms are exempt from the registration requirements set forth in this rule.

(23) Structure and implementation.

(a) The board will annually appoint a quality assurance review committee to perform the following functions:

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

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

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

(iv) Such other functions as the board may assign to the committee.

(b) Once every three years the board ~~will require each~~requires a licensed firm with an office in this state to participate in the board's quality assurance review program. ~~Participating firms will be notified by the board in January of the reporting requirement, and p~~Participating firms will be required to submit a quality assurance review status form, along with the appropriate fee, by the following April 30th. Failure to submit a complete quality assurance review status form postmarked by the April 30th due date, will result in the assessment of late fees. The board may waive late fees based on individual hardship including, but not limited to, financial hardship, critical illness, or active military deployment.

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

- (i) Compilation report on historical financial statements;
- (ii) Review report on historical financial statements;
- (iii) Audit report on historical financial statements;
- (iv) Agreed-upon procedures;
- (v) Forecasts;
- (vi) Internal controls;
- (vii) Performance audits; and
- (viii) Projections.

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

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

(f) The board may exempt from the requirement of (c) of this subsection any firm that has participated in a board-approved peer review program within the three years immediately preceding the date of board request.

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

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

(gh) Reports submitted to the committee pursuant to (c) of this subsection and comments of reviewers, the committee and the board on such reports or workpapers relating thereto, shall also be

preserved in confidence except to the extent that they are communicated by the board to the licensees who issued the reports or disclosure is required under administrative procedure rules or by direction of a court of law.

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

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

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

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

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

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

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

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

(d) Require the licensee responsible for a substandard report to submit to a peer review conducted in accordance with standards acceptable to the board. The cost of the peer review will be at the licensee's expense;

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

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

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

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

(1) **Purpose.** The Washington state board of accountancy is charged with protection of the public interest and ensuring the dependability of information used for guidance in financial transactions or for accounting for or assessing the status or performance of commercial and noncommercial enterprises, whether public, private or governmental. The purpose of the QAR program is to monitor licensees' compliance with audit, compilation and review, and other attestation standards.

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

(3) Structure and implementation.

(a) The board will annually appoint a quality assurance review committee to perform the following functions:

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

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

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

(iv) Such other functions as the board may assign to the committee.

(b) Once every three years the board requires a licensed firm with an office in this state to participate in the board's quality assurance review program. Participating firms will be required to submit a quality assurance review status form, along with the appropriate fee, by the following April 30th. Failure to submit a complete quality assurance review status form postmarked by the April 30th due date, will result in the assessment of late fees. The board may waive late fees based on individual hardship including, but not limited to, financial hardship, critical illness, or active military deployment.

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

(i) Compilation report on historical financial statements;

(ii) Review report on historical financial statements;

(iii) Audit report on historical financial statements;

(iv) Agreed-upon procedures;

(v) Forecasts;

(vi) Internal controls;

(vii) Performance audits; and

(vii) Projections.

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

(e) If reports issued by all offices of a firm are reviewed and issued in a controlled, centralized process, only one each of the type of licensee reports, including the information covered by the reports, specified above need be submitted by the firm as a whole. (f) The board may exempt from the requirement of (c) of this subsection any firm that has participated in a board-approved peer review program within the three years immediately preceding the date of board request.

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

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

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

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

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

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

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

practice of public accounting.

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

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

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

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

(d) Require the licensee responsible for a substandard report to submit to a peer review conducted in accordance with standards acceptable to the board. The cost of the peer review will be at the licensee's expense;

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

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

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

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

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

(a) CPAsAn individual licensed to practice in this state must complete 120 CPE credit hours which is limited to 24 CPE credit hours in nontechnical subject areas and must include 4 CPE credit hours in ethics meeting the requirements of subsection (3) of this section;

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

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

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

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

(b) If your license was issued during the second calendar year of your CPE reporting period, you must have completed 40 CPE credit hours which is limited to 8 CPE credit hours in nontechnical subject areas and must include 4 CPE credit hours in ethics meeting the requirements of subsection (3) of this section.

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

section.

(3) **Ethics and regulations applicable to practice in Washington state:** During each CPE reporting period all ~~CPAs individuals licensed in this state, individual~~ CPA-Inactive certificateholders ~~in this state~~, and resident nonlicensee firm owners are required to complete four CPE credit hours in ~~approved professional~~ ethics and regulations with specific application to the practice of public accounting in Washington state; ~~however, for CPE reporting periods beginning January 1, 2006, and later, during each CPE reporting period all CPAs, CPA-Inactive certificateholders, and resident nonlicensee firm owners are required to complete four hours in board approved ethics and regulations~~ ~~CPE~~. In order to be approved by the board, the CPE sponsor or instructor must submit documentation associated with the ethics and regulations CPE to the board for approval and the sponsor or instructor must obtain written approval from the board. The ethics and regulations CPE must cover all of the following topics, and the ethics and regulations CPE must substantially address these topics:

- (a) Chapter 18.04 RCW and chapter 4-25 WAC. The CPE must include general level information on the Public Accountancy Act, the board's rules, policies, and the rule-making process.
- (b) WAC 4-25-521 How can I contact the board?
- (c) WAC 4-25-550 Do I need to notify the board if I change my address?
- (d) WAC 4-25-551 Must I respond to inquiries from the board?
- (e) WAC 4-25-600 Series--Ethics and prohibited practices. The CPE must include detailed information on each rule and all related board policies.
- (f) WAC 4-25-800 Series--Continuing competency. The CPE must include detailed information on each rule and all related board policies.
- (g) WAC 4-25-910 What are the bases for the board to impose discipline?
- (h) AICPA Code of Conduct: The CPE must include general level information on the AICPA Code of Conduct.
- (i) Variances or key differences between Washington state law (chapter 18.04 RCW and chapter 4-25 WAC) and the AICPA Code of Conduct.

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

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

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

(b) In order to renew ~~your~~ a retired CPA-Inactive certificate, you must meet the CPE requirements of subsection (1)(b) of this section within the six-month period immediately preceding the date your renewal application was received by the board.

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

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

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

(b) If you seek to reinstate a lapsed, suspended, or revoked CPA-Inactive certificate, or

registration as a resident nonlicensee firm owner, you must satisfy the requirements of subsection (1)(b) of this section within the six-month period immediately preceding the date your application for reinstatement was received by the board.

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

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

A form useful for this purpose is available from the board's web site or will be provided to you upon request.

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

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

(a) An individual licensed to practice in this state must complete 120 CPE credit hours which is limited to 24 CPE credit hours in nontechnical subject areas and must include 4 CPE credit hours in ethics meeting the requirements of subsection (3) of this section;

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

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

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

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

(b) If your license was issued during the second calendar year of your CPE reporting period, you must have completed 40 CPE credit hours which is limited to 8 CPE credit hours in nontechnical subject areas and must include 4 CPE credit hours in ethics meeting the requirements of subsection (3) of this section.

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

(3) **Ethics and regulations applicable to practice in Washington state:** During each CPE reporting period all individuals licensed in this state, individual CPA-Inactive certificateholders in this state, and resident nonlicensee firm owners are required to complete four CPE credit hours in approved ethics and regulations with specific application to the practice of public accounting in Washington state.

In order to be approved by the board, the CPE sponsor or instructor must submit documentation associated with the ethics and regulations CPE to the board for approval and the sponsor or instructor must obtain written approval from the board. The ethics and regulations CPE must cover all of the following topics, and the ethics and regulations CPE must substantially address these topics:

- (a) Chapter 18.04 RCW and chapter 4-25 WAC. The CPE must include general level information on the Public Accountancy Act, the board's rules, policies, and the rule-making process.
 - (b) WAC 4-25-521 How can I contact the board?
 - (c) WAC 4-25-550 Do I need to notify the board if I change my address?
 - (d) WAC 4-25-551 Must I respond to inquiries from the board?
 - (e) WAC 4-25-600 Series--Ethics and prohibited practices. The CPE must include detailed information on each rule and all related board policies.
 - (f) WAC 4-25-800 Series--Continuing competency. The CPE must include detailed information on each rule and all related board policies.
 - (g) WAC 4-25-910 What are the bases for the board to impose discipline?
 - (h) AICPA Code of Conduct: The CPE must include general level information on the AICPA Code of Conduct.
 - (i) Variances or key differences between Washington state law (chapter 18.04 RCW and chapter 4-25 WAC) and the AICPA Code of Conduct.
 - (j) Other topics or information as defined by board policy.
- (4) CPE requirements to renew a retired license or CPA-Inactive certificate:
- (a) In order to renew a retired license you must meet the CPE requirements of subsection (1)(a) of this section within the thirty-six month period immediately preceding the date the renewal application is received by the board; however, the four CPE hours in ethics meeting the requirements of subsection (3) of this section must be completed within the six-month period immediately preceding the date your renewal application was received by the board.
 - (b) In order to renew a retired CPA-Inactive certificate, you must meet the CPE requirements of subsection (1)(b) of this section within the six-month period immediately preceding the date your renewal application was received by the board.
- (5) CPE requirements for a CPA-Inactive certificateholder to either qualify to apply for a license or return to their previously held status as a licensee: If you hold a valid CPA-Inactive certificate and you wish to apply for a license or you want to return to your previously held status as a licensee, you must meet the CPE requirements of subsection (1)(a) of this section within the thirty-six month period immediately preceding the date your application is received by the board.
- (6) Reinstatement of a lapsed, suspended, or revoked license, certificate, or registration as resident nonlicensee firm owner:
- (a) If you seek to reinstate a lapsed, suspended, or revoked license, you must satisfy the requirements of subsection (1)(a) of this section within the thirty-six month period immediately preceding the date the application for reinstatement was received by the board; however, the four CPE hours in ethics meeting the requirements of subsection (3) of this section must be completed within the six-month period immediately preceding the date your application for reinstatement was received by the board.
 - (b) If you seek to reinstate a lapsed, suspended, or revoked CPA-Inactive certificate, or registration as a resident nonlicensee firm owner, you must satisfy the requirements of subsection (1)(b) of this section within the six-month period immediately preceding the date your application for reinstatement was received by the board.
- (7) **Reciprocity:** If you are applying for an initial Washington state CPA license under the reciprocity provisions of the act, you must satisfy the requirements in subsection (1)(a) of this section within the thirty-six month period immediately preceding the date your application was received by the board. For purposes of initial licensure, you do not need to satisfy the ethics requirements of subsection (1)(a) of this section. Thereafter, in order to renew your Washington state license, you must comply

with all the renewal requirements in subsection (1)(a) of this section.

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

A form useful for this purpose is available from the board's web site or will be provided to you upon request.

ENFORCEMENT

WAC 4-25-910 What are the bases for the board to impose discipline? RCW 18.04.055, 18.04.295, ~~and~~ 18.04.305, and 18.04.350 authorize the board to revoke, suspend, refuse to issue, renew, or reinstate an individual or firm license, CPA-Inactive certificate, persons exercising practice privileges in this state, or registration as a resident nonlicensee firm owner ~~approved by the board of this state~~; impose a fine not to exceed thirty thousand dollars; recover investigative and legal costs; impose full restitution to injured parties; impose remedial sanctions; impose conditions precedent to renew; or prohibit a resident nonlicensee from holding an ownership interest in a firm licensed in this state ~~firm~~ for the specific acts listed below:

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

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

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

(3) Cheating on the CPA exam.

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

(a) Take the national Uniform CPA examination;

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

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

(d) submission of notification of Reinstatement revoked or suspended practice privileges of an individual or firm licensed in another state, renewal, or reinstatement.

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

(a) Practicing public accounting in Washington state prior to obtaining a license required by RCW 18.04.215 or RCW 18.04.195;

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

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

(d) Engaging in acts of fiscal dishonesty;

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

(ef) Unlawfully selling unregistered securities;
(fg) Unlawfully acting as an unregistered securities salesperson or broker-dealer;
(gh) Discharging a trustee's duties in a negligent manner or breaching one's fiduciary duties; or
(hi) Withdrawing or liquidating, as fees earned, funds received by a CPA licensee, CPA-Inactive certificateholder, CPA firm, or a resident nonlicensee firm owner from a client as a deposit or retainer when the client contests the amount of fees earned, until such time as the dispute is resolved.

(6) The following shall be prima facie evidence that a CPA licensee, as defined in WAC 4-25-025(24), CPA-Inactive certificateholder, CPA firm, or a nonlicensee firm owner, or the employees of such persons has engaged in dishonesty, fraud, or negligence while representing oneself as a CPA licensee, as defined in WAC 4-25-025(24), CPA-Inactive certificateholder, CPA firm, or a nonlicensee firm owner, or an employee of such persons:

(a) An order of a court of competent jurisdiction finding the that the CPA, CPA-Inactive certificateholder, CPA firm, or the nonlicensee firm owner person or persons ~~to have~~ committed an act of negligence, fraud, or dishonesty or other act reflecting adversely on the a CPA's, CPA-Inactive certificateholder's, CPA firm's, or nonlicensee firm owner's person's fitness to represent himself, ~~or herself,~~ or itself as a CPA licensee, as defined in WAC 4-25-025(24), CPA-Inactive certificateholder's, CPA firm, or a nonlicensee firm owner;

(b) An order of a federal, state, local or foreign jurisdiction regulatory body, or ~~the a~~ PCAOB, finding that the CPA licensee, as defined in WAC 4-25-025(24), CPA-Inactive certificateholder, CPA firm, or nonlicensee firm owner, or employee of such persons ~~to have~~ committed an act of negligence, fraud, or dishonesty or other act reflecting adversely on a CPA's, CPA-Inactive certificateholder's, the nonlicensee firm owner's, or CPA firm's the person's fitness to represent himself, herself, or itself as a CPA licensee, as defined in WAC 4-25-025(24), a CPA-Inactive certificateholder, or a nonlicensee firm owner, ~~or a CPA firm;~~

(c) Sanctions and orders entered against such persons by a nongovernmental professionally related standard-setting body for violation of ethical or technical standards in the practice of public accounting by a licensee, CPA-Inactive certificateholder, or nonlicensee firm owner.

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

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

(7) Any state or federal criminal conviction or commission of any act constituting a crime under the laws of this state, or of another state, or of the United States.

(8) A conflict of interest such as:

(a) Self dealing as a trustee, including, but not limited to:

(i) Investing trust funds in entities controlled by or related to the trustee;

(ii) Borrowing from trust funds, with or without disclosure; and

(iii) Employing persons related to the trustee or entities in which the trust has a beneficial interest to provide services to the trust (unless specifically authorized by the trust creation document).

(b) Borrowing funds from an individual client residing in this state, not-for-profit organization, or nongovernmental commercial client required to register with the appropriate Washington state agency to conduct business in this state unless the client is in the business of making loans of the type obtained by the CPA licensee, as defined in WAC 4-25-025(24), CPA-Inactive certificateholder, CPA firm, or nonlicensee firm owner and the loan terms are not more favorable than loans extended to other persons of similar credit worthiness.

(9) A violation of the Public Accountancy Act or failure to comply with a board rule contained in chapter 4-25 WAC, by a licensee, defined in WAC 4-25-025(24), CPA-Inactive certificateholder, or employees of such persons of this state or a licensee of another substantially equivalent state qualified

for practice privileges, including but not limited to:

(a) An individual exercising the practice privileges authorized by RCW 18.04.350(2) when not qualified;

(b) Submission of an application for firm license on behalf of a firm licensed in another state and required to obtain a license under RCW 18.04.195(1)(a)(iii) by an individual not qualified under RCW 18.04.350(2) or authorized by the firm to make such application;

(c) Failure of an individual exercising the practice privileges authorized under RCW 18.04.350(2) to cease offering or performing professional services in this state, individually or on behalf of a firm, when the license from the state of the individual's principal place of business is no longer valid;

(d) Failure of an individual exercising the practice privileges authorized under RCW 18.04.350(2) to cease offering or performing specific professional services in this state, individually or on behalf of a firm, when the license from the state of the individual's principal place of business has been restricted from performing those specific services;

(e) Failure of a firm not licensed in this state to cease offering or performing professional services in this state through one or more individuals whose license from the state of the those individuals' principal place(s) of business is(are) no longer valid or is(are) otherwise restricted from performing the specific engagement services;

(f) Failure of a licensed firm to comply with the ownership requirements of RCW 18.04.195 within a reasonable time period, as determined by the board;
Failure of a firm licensed in this state or another state to comply with the board's quality assurance program requirements, when applicable.

(10) Violation of one or more of the rules of professional conduct included in chapter 4-25 WAC. ~~or~~

(11) eConcealing another's violation of the Public Accountancy Act or board rules.

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

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

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

(c) Respond to an inquiry of the board;

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

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

(14) A CPA's, CPA-Inactive certificateholder's, or nonlicensee firm owner's aAdjudication of a licensee, as defined in WAC 4-25-025(24), CPA-Inactive certificateholder or a nonlicensee firm owner as mentally incompetent is prima facie evidence that the CPA, CPA-Inactive certificateholder, or nonlicensee firm owner person lacks the professional competence required by the rules of professional conduct.

(15) Failure of a licensee, as defined in WAC 4-25-025(24), CPA-Inactive certificateholder, or nonlicensee firm owner, or person exercising practice privileges authorized by RCW 18.04.195(b) and RCW 18.04.350 to timely notify the board, on a form and in the manner prescribed by the board policy, within thirty days of any of the issuance of following:

(a) A sanction, order, suspension, revocation, or modification of a license, certificate, permit or practice rights by the SEC, PCAOB, IRS, or another state board of accountancy for any cause other than failure to pay a professional license fee by the due date or failure to meet the continuing professional education requirements of another state board of accountancy; ~~or~~

(b) Charges filed by the SEC, IRS, PCAOB, another state board of accountancy, or a federal or state taxing, insurance or securities regulatory body that the licensee, CPA-Inactive certificateholder, or nonlicensee firm owner committed a prohibited act that would be a violation of board ethical or technical standards.

WAC 4-25-910 What are the bases for the board to impose discipline? RCW 18.04.055, 18.04.295, 18.04.305, and 18.04.350 authorize the board to revoke, suspend, refuse to issue, renew, or reinstate an individual or firm license, CPA-Inactive certificate, persons exercising practice privileges in this state, or registration as a resident nonlicensee firm owner; impose a fine not to exceed thirty thousand dollars; recover investigative and legal costs; impose full restitution to injured parties; impose remedial sanctions; impose conditions precedent to renew; or prohibit a resident nonlicensee from holding an ownership interest in a firm licensed in this state for the specific acts listed below:

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

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

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

(3) Cheating on the CPA exam.

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

(a) Take the national Uniform CPA examination;

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

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

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

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

(a) Practicing public accounting in Washington state prior to obtaining a license required by RCW 18.04.215 or RCW 18.04.195;

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

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

(d) Engaging in acts of fiscal dishonesty;

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

(f) Unlawfully selling unregistered securities;

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

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

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

(6) The following shall be prima facie evidence that a licensee, as defined in WAC 4-25-025(24), CPA-Inactive certificateholder, a nonlicensee firm owner, or the employees of such persons has engaged in dishonesty, fraud, or negligence while representing oneself as a licensee, as defined in WAC 4-25-025(24), CPA-Inactive certificateholder, , a nonlicensee firm owner, or an employee of such persons:

(a) An order of a court of competent jurisdiction finding the that the person or persons committed an act of negligence, fraud, or dishonesty or other act reflecting adversely on the person's fitness to represent himself, herself, or itself as a licensee, as defined in WAC 4-25-025(24), CPA-Inactive certificateholder's, or a nonlicensee firm owner;

(b) An order of a federal, state, local or foreign jurisdiction regulatory body, or a PCAOB,

finding that the licensee, as defined in WAC 4-25-025(24), CPA-Inactive certificateholder, nonlicensee firm owner, or employee of such persons committed an act of negligence, fraud, or dishonesty or other act reflecting adversely on the person's fitness to represent himself, herself, or itself as a licensee, as defined in WAC 4-25-025(24), a CPA-Inactive certificateholder, or a nonlicensee firm owner;

(c) Sanctions and orders entered against such persons by a nongovernmental professionally related standard-setting body for violation of ethical or technical standards in the practice of public accounting by a licensee, CPA-Inactive certificateholder, or nonlicensee firm owner.

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

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

(7) Any state or federal criminal conviction or commission of any act constituting a crime under the laws of this state, or of another state, or of the United States.

(8) A conflict of interest such as:

(a) Self dealing as a trustee, including, but not limited to:

(i) Investing trust funds in entities controlled by or related to the trustee;

(ii) Borrowing from trust funds, with or without disclosure; and

(iii) Employing persons related to the trustee or entities in which the trust has a beneficial interest to provide services to the trust (unless specifically authorized by the trust creation document).

(b) Borrowing funds from an individual residing in this state, not-for-profit organization, or nongovernmental commercial client required to register with the appropriate Washington state agency to conduct business in this state unless the client is in the business of making loans of the type obtained by the licensee, as defined in WAC 4-25-025(24), CPA-Inactive certificateholder, or nonlicensee firm owner and the loan terms are not more favorable than loans extended to other persons of similar credit worthiness.

(9) A violation of the Public Accountancy Act or failure to comply with a board rule contained in chapter 4-25 WAC, by a licensee, defined in WAC 4-25-025(24), CPA-Inactive certificateholder, or employees of such persons of this state or a licensee of another substantially equivalent state qualified for practice privileges, including but not limited to:

(a) An individual exercising the practice privileges authorized by RCW 18.04.350(2) when not qualified;

(b) Submission of an application for firm license on behalf of a firm licensed in another state and required to obtain a license under RCW 18.04.195(1)(a)(iii) by an individual not qualified under RCW 18.04.350(2) or authorized by the firm to make such application;

(c) Failure of an individual exercising the practice privileges authorized under RCW 18.04.350(2) to cease offering or performing professional services in this state, individually or on behalf of a firm, when the license from the state of the individual's principal place of business is no longer valid;

(d) Failure of an individual exercising the practice privileges authorized under RCW 18.04.350(2) to cease offering or performing specific professional services in this state, individually or on behalf of a firm, when the license from the state of the individual's principal place of business has been restricted from performing those specific services;

(e) Failure of a firm not licensed in this state to cease offering or performing professional services in this state through one or more individuals whose license from the state of the those individuals' principal place(s) of business is(are) no longer valid or is(are) otherwise restricted from performing the specific engagement services;

(f) Failure of a licensed firm to comply with the ownership requirements of RCW 18.04.195 within a reasonable time period, as determined by the board;

Failure of a firm licensed in this state or another state to comply with the board's quality assurance

program requirements, when applicable.

(10) Violation of one or more of the rules of professional conduct included in chapter 4-25 WAC.

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

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

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

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

(c) Respond to an inquiry of the board;

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

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

(14) Adjudication of a licensee, as defined in WAC 4-25-025(24), CPA-Inactive certificateholder or a nonlicensee firm owner as mentally incompetent is prima facie evidence that the person lacks the professional competence required by the rules of professional conduct.

(15) Failure of a licensee, as defined in WAC 4-25-025(24), CPA-Inactive certificateholder, nonlicensee firm owner, or person exercising practice privileges authorized by RCW 18.04.195(b) and RCW 18.04.350 to timely notify the board, in the manner prescribed by the board, of any of the following:

(a) A sanction, order, suspension, revocation, or modification of a license, certificate, permit or practice rights by the SEC, PCAOB, IRS, or another state board of accountancy for any cause other than failure to pay a professional license fee by the due date or failure to meet the continuing professional education requirements of another state board of accountancy;

(b) Charges filed by the SEC, IRS, PCAOB, another state board of accountancy, or a federal or state taxing, insurance or securities regulatory body that the licensee, CPA-Inactive certificateholder, or nonlicensee firm owner committed a prohibited act that would be a violation of board ethical or technical standards.